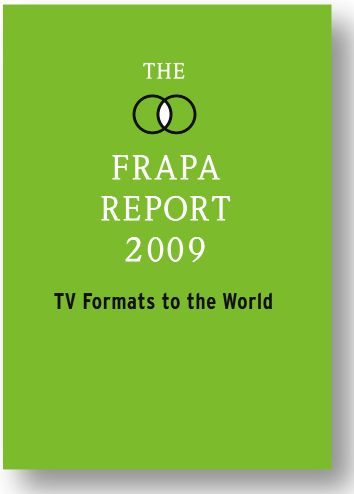
# THE FRAPA REPORT 2009
# TV Formats to the world




## 144 pages essential knowledge for your business.

Multiple billion dollarbusiness in international TV Formats –
global details for insiders!

**Order now:**

**www.frapa.org**
**T: 49 (0) 221 - 577 75 30**

## Special offers:

**For members:***
**150 € only.**

*you must be a member since at least August 2009

**Buy a copy of the FRAPA Report 2009 –**
**Get one year free membership!***

*350,– € per copy,
free membership until January 2011

500,– € per copy without membership

This amazingly thorough report is unique

*This report which is the result of thousand of hours of careful compilation based on the detailed WIT research is a must-have, contemporary study of the multiple billion dollar annual business in international TV Formats.*

*It is aimed at format creators, producers and distributor of scripted and unscripted formats. The report gives a detailed description of the latest production/broadcast trends in the major territories and how the trends are related to the format business. As well, the report gives an overview of the global format business during '06, '07 and '08 – how the format trade has evolved, which sub-genres have generated the most international versions, the most hours of production and the most production dollars/euros/pounds etc.*

*Most people in the format business are knowledgeable about a couple of markets but to get a world view and understand the peculiarities of many of the worlds top markets requires something like the FRAPA 2009 – TV Formats to the World.*

*If there was another report covering similar ground the FRAPA 2009 report could be compared to it but there is not.*

David Lyle,
President FOX Reality Channel

THE

# FRAPA REPORT 2009

## TV Formats to the World

Although the global recession is hitting the TV industry hard, the format business appears well-positioned to face the emerging and uncertain economic challenges ahead. It is a vibrant industry and new players continue to enter the market.

In view of the rapidly changing economic and broadcast landscapes, it became clear to FRAPA (Format Recognition and Protection Association) that the format industry needed a new roadmap.

The FRAPA Report: TV Formats to the World outlines the changes that have taken place in the global format business during the last three years and addresses the questions:

- **Which formats travelled well?**
- **Which companies created them?**
- **Which networks took risks with untested formats?**
- **Who rolled them out?**
- **What are the apparent effects of the economic crisis on the format business?**

excerpt

FRAPA

TV SISTERS

www.thewit.com
World > Information > Tracking

Minister for Federal Affairs
Europe and the Media
of North Rhine-Westphalia

# Content

excerpt

# *Introduction*

The international format trade has seen enormous growth and acceleration over the past few years. While the traditional players are engaging in this game-changing process by breathtaking M&A activity, newcomers are scrambling to claim some share of the approximately 3bn Euros up for grabs each year.

The FRAPA Report 2009 – TV Formats to the world traces the extraordinary changes in the format business between 2006 and 2008 and sheds light on the industry's response to the global economic downturn during the first months of 2009.

Fourteen countries comprise the focus of this study and via our analysis of their format industries we hope to create an accurate and in-depth picture of the global format export trade. The countries were selected because they are either traditional players in the format business with a correspondingly large impact on it, or because of their above-average growth during the research period covered by our study.

## The countries are:

**Argentina, Australia, Canada, France, Germany, Italy, Japan, The Netherlands, Spain, UK, USA** and three Nordic countries, Denmark, Norway and Sweden, that were treated as one region (**Scandinavia**) in the country profiles.

We acknowledge that many interesting territories did not find their way into the FRAPA Report 2009 in form of a country profile. However, as our focus was on format export, we believed the selection appropriate for the purposes of the study.

## The report consists of two main parts:

**Economic evaluation of the format trade** (2006 – 2008), by David Lyle, founding chairman of FRAPA and President of Fox Reality Channel.

Based on financial information provided by FRAPA members and statistics from The Wit; this chapter sheds light on the import/export trade balance of the countries in question. Furthermore it analyses production spend and licence revenues of the format trade in different genres.

**Country Profiles**, by the TV Sisters, Elfi Jäger and Sonja Behrens.

This chapter is dedicated to the evolution of the format business in the individual territories. It examines the most important developments among producers, broadcasters and distributors that are significant for the country's performance in the export of formats.

The analysis within both chapters is based on data provided by format tracking agency The Wit, though the country profiles don't stop there. In the business since 1995, The Wit has a comprehensive data base on format launches in more than 30 territories. However, not all format sales have been tracked, as many countries entered the game quite recently. Examples would include some Eastern European and Asian territories.

# Main Findings of The FRAPA Report 2009 – TV Formats to the World:

- The number of traded formats has substantially increased. During our research period, a total of **445** original formats found their way to foreign screens. In the first FRAPA study on the format trade covering the years 2002 – 2004, there were **259.**[1]

- The production volume generated by traded formats has grown from **€6.4bn** for the years 2002 – 2004 to approximately **€9.3bn** for the years 2006 – 2008.

- The **UK** is still leading in the number of exported formats, followed by the **USA**, **The Netherlands** and **Argentina**, in that order.

- Countries such as Germany, Spain and Italy, which were not particularly proactive in format exports, meanwhile jumped on the bandwagon and are now keen to improve their format business with promising results already in evidence. Even Japan, a self-sufficient giant, is showing a growing interest in the format trade.

- Format global heavyweights such as Endemol and Fremantle face growing competition from many new players; most recently several US studios invested heavily in local production abroad as well as in their format distribution businesses.

- Talent shows, studio game and quiz shows are the top earning genres, along with makeover/coaching shows. The sales in such scripted formats as dramas and telenovelas are growing.

The global format trade is a fascinating subject to research. We hope you enjoy reading our findings in The FRAPA Report 2009 – TV Formats to the World and can make use of them in your daily business.

Cologne, September 2009

*Elfi Jäger and Sonja Behrens (TV Sisters)*

**1 Screen Digest/Daniel Schmitt, Guy Bisson, Christoph Fey:**
*The Global Trade in Television Formats*, 2005

excerpt

# *Economic Evaluation*

While the discussion of the production issues in our 14 major territories is as up to date as we can make it, the data of this report comes from the calendar years 2006, 2007 and 2008. That means that this snapshot of the international television format business pre-dates the current economic downturn. Even if it can be argued that the start of the downturn occurred in the middle of 2008, the decision to produce any of the shows that made air in '08 took place before the financial gloom descended on television.

In this study of three years, 445 formats have been tracked that provided 1262 adaptations in 57 territories.

The core of the analysis is the format output of 14 territories (Argentina, Australia, Canada, Denmark, France, Germany, Japan, Italy, Netherlands, Norway, Spain, Sweden, U.K. and U.S.A.) These territories' formats will be examined in terms of the territories that they went to, their episode count, their production budgets and the rate that those elements have changed during our study period. As well, each territory is both an importer as well as an exporter of formats so it will be judged by the net results of its Format Balance of Trade.

## In Terms of Format Numbers

**Count of imported & exported Formats**
(by territory for 2006 to 2008)

| | 2006 | 2007 | 2008 | Total | Total Unique For |
|---|---|---|---|---|---|
| ARGENTINA | | | | | |
| Imported Formats | 4 | 4 | 4 | 12 | 11 |
| Exported Formats | 16 | 19 | 20 | 55 | 28 |
| AUSTRALIA | | | | | |
| Imported Formats | 20 | 23 | 22 | 65 | 40 |
| Exported Formats | 10 | 11 | 12 | 33 | 16 |
| CANADA | | | | | |
| Imported Formats | 10 | 20 | 17 | 47 | 24 |
| Exported Formats | 7 | 4 | 4 | 15 | 9 |
| DENMARK | | | | | |
| Imported Formats | 22 | 9 | 24 | 55 | 43 |
| Exported Formats | 7 | 7 | 6 | 20 | 11 |
| FRANCE | | | | | |
| Imported Formats | 46 | 32 | 44 | 122 | 79 |
| Exported Formats | 12 | 12 | 12 | 36 | 16 |
| GERMANY | | | | | |
| Imported Formats | 39 | 40 | 42 | 121 | 73 |
| Exported Formats | 14 | 11 | 12 | 37 | 21 |
| ITALY | | | | | |
| Imported Formats | 35 | 42 | 39 | 116 | 73 |
| Exported Formats | 7 | 3 | 9 | 19 | 13 |

**Count of imported & exported Formats**
(by territory for 2006 to 2008)

| | 2006 | 2007 | 2008 | Total | Total Unique For |
|---|---|---|---|---|---|
| JAPAN | | | | | |
| Imported Formats | 1 | 0 | 0 | 1 | 1 |
| Exported Formats | 6 | 11 | 12 | 29 | 16 |
| NETHERLANDS | | | | | |
| Imported Formats | 35 | 36 | 32 | 103 | 64 |
| Exported Formats | 20 | 20 | 23 | 63 | 35 |
| NORWAY | | | | | |
| Imported Formats | 19 | 20 | 30 | 69 | 48 |
| Exported Formats | 4 | 2 | 3 | 9 | 7 |
| SPAIN | | | | | |
| Imported Formats | 42 | 47 | 48 | 137 | 92 |
| Exported Formats | 7 | 10 | 12 | 29 | 17 |
| SWEDEN | | | | | |
| Imported Formats | 15 | 20 | 22 | 57 | 39 |
| Exported Formats | 10 | 15 | 16 | 41 | 22 |
| UK | | | | | |
| Imported Formats | 21 | 25 | 20 | 66 | 37 |
| Exported Formats | 84 | 93 | 98 | 275 | 146 |
| USA | | | | | |
| Imported Formats | 36 | 39 | 41 | 116 | 67 |
| Exported Formats | 47 | 56 | 56 | 159 | 87 |

Source: FRAPA analysis of The Wit data

To understand clearly, know that each format exported from a territory counts as only one entry even if it has been adapted once in one other territory or has been produced in many territories.

Since the life of a format as an import or export can go across multiple years the same format may be counted a number of times. Hence, the final column (Total unique formats) looks at the three year period ('06 – '08) for each territory and presents the number of unique format titles imported and exported.

The top exporter of formats to the world by almost 2-to-1 is the U.K. Not surprisingly the USA comes second and Netherlands, a territory that has traditionally punched above its weight in the format export business, comes third in pure number of formats exported.

The surprise fourth place holder in number of format titles exported during the period studied is Argentina. In the recent past it has become the format powerhouse of Latin America. It has out exported Sweden and Germany in the number of titles it has taken to the world.

Germany's relatively strong performance as a format exporter belies the image of the territory for not creating formats with international appeal. However, like many countries, it imports more (3.5 times more) format titles than it exports.

Looking at the Format Balance of Trade, Japan stands out for importing one format for 16 formats exported. Perhaps that has more to do with the Broadcasters doing so much of their production in-house. The UK not only leads the format export trade but also has a 4-to-1 dominance of exports over imports. Just looking at these raw numbers it is impossible to say whether the dominance of exports over imports is a cause or an effect of the UK's international power in the format business.

It is interesting to note that while Italy and Spain are exporters of formats, they are voracious importers of other countries' formats. The USA has a Format Trade Balance of almost 1-to-1. Perhaps this can be seen more clearly in a chart as a ratio of exported formats to imported formats.

**Ratio of exported to imported Formats**
**(by territory for 2006 to 2008)**

| | Exports-to-Imports - 2006 | Exports-to-Imports - 2007 | Exports-to-Imports - 2008 | Exports-to-Imports '06 - '08 | Exports-to-Imports (Uniques) |
|---|---|---|---|---|---|
| ARGENTINA | 4.00 | 4.75 | 5.00 | 4.58 | 2.55 |
| AUSTRALIA | 0.50 | 0.48 | 0.55 | 0.51 | 0.40 |
| CANADA | 0.70 | 0.20 | 0.24 | 0.32 | 0.38 |
| DENMARK | 0.32 | 0.78 | 0.25 | 0.36 | 0.26 |
| FRANCE | 0.26 | 0.38 | 0.27 | 0.30 | 0.20 |
| GERMANY | 0.36 | 0.28 | 0.29 | 0.31 | 0.29 |
| ITALY | 0.20 | 0.07 | 0.23 | 0.16 | 0.18 |
| JAPAN | 6.00 | No Imp. | No Imp. | 29.00 | 16.00 |
| NETHERL. | 0.57 | 0.56 | 0.72 | 0.61 | 0.55 |
| NORWAY | 0.21 | 0.10 | 0.10 | 0.13 | 0.15 |
| SPAIN | 0.17 | 0.21 | 0.25 | 0.21 | 0.18 |
| SWEDEN | 0.67 | 0.75 | 0.73 | 0.72 | 0.56 |
| UK | 4.00 | 3.72 | 4.90 | 4.17 | 3.95 |
| USA | 1.31 | 1.44 | 1.37 | 1.37 | 1.30 |

** Ratio was calculated by dividing the # of exported formats from a territory by the # of imported formats brought into that territory

Source: FRAPA analysis of The Wit data

Here, in the final column on the right, you see that the territories that export more than they import have a higher number (UK) and those territories importing about the same number of format titles imported as they export, approach a score of one (USA). The territories that are more importers than exporters score below one (Norway)

excerpt

# ITALY

There was Commedia in Italy during the summer of 2009, though perhaps not of the Divine variety. The omnipotent Prime Minister and media tycoon Silvio Berlusconi – he controls not only Mediaset but also exerts major influence on public broadcaster Rai via his office – was in the headlines week after week and the world was kept amazed by his seemingly endless talent for drama.

Il Cavaliere has a prominent, if not to say sole, contender in the country's TV landscape – Rupert Murdoch and his News Corp. owned pay-TV operation Sky Italia. In February 2009, local newspaper La Repubblica observed that the battle between the rivals was heating up. Sky Italia had improved its audience share to 9.27% in 2008, while Rai was at 41.86% and Mediaset at 40%. As the paper stressed, the loss of each share point was equivalent to a loss of €50m in advertiser money.[62] In a manner unique to Italy, the Prime Minister directly addresses his rival via his network. In other words, it's opera, it's comedy and it's drama, not scripted but reality.

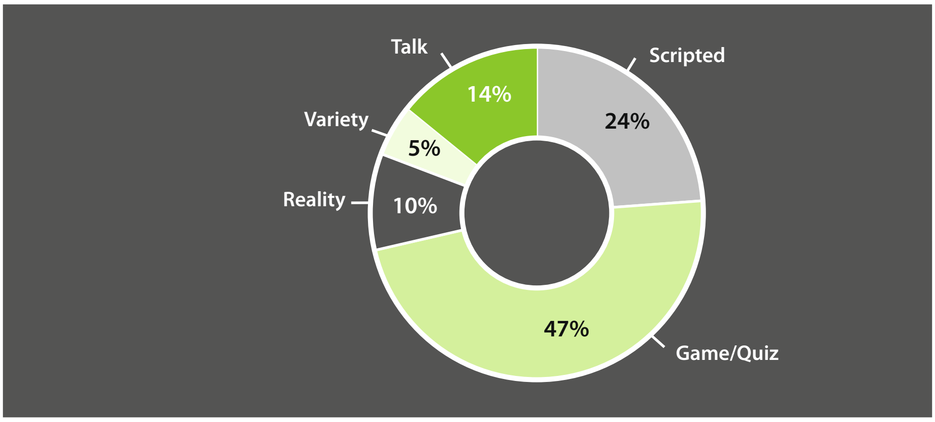
The country also puts its TV export focus on the drama genre. And all players (Rai, Mediaset and Sky Italia) contribute to this effort. The third edition of the **RomaFictionFest**, which took place in summer 2009, presented the first RomaTvScreenings showcase to promote the export of Italian TV fiction fare.

**Format import/export**
Italy is, as are most other countries, a net importer of formats, with the UK and the US providing 36 of the 73 imported formats. However, the country slightly improved its format trade balance within our research period. Between 2006 and 2008, Italy saw 21 different international versions of a total of 13 exported formats, according to The Wit data, while between 2002 and 2004, a total of only 10 adaptations based on 8 formats were counted.

Given the size of the TV market (a population of 56m, about 23m TV households, revenues in the TV sector 2008 at €8.4bn[63]) Italy's exports were not impressive. Considering that format exports have not been on the agenda of the big local players in recent decades, the country was a kind of sleeping giant. Of some relevance is the fact that local terms of trade did not provide producers with format rights to exploit internationally.

Almost 50% of the adaptations based on Italian formats were quiz and game shows. Then Italian fiction made its mark: A short comedy, **Quelli dell'Intervallo**, was successfully adapted in France and Spain, and crime drama series **RIS: Delitti imperfetti** (aka Crime Evidence) headed to Spain, France and Germany, therefore securing a nice piece of the cake (graph) for scripted format exports.

## Adaptation of Italian Formats by Genre
2006 – 2008




Source: TV Sisters analysis of The Wit data

**62 Assante, Ernesto:** *La prima guerra delle tv, la sfida a Rai e Mediaset,* in: La Repubblica, February 03, 2009

**63 www.agcom.it:** here: *Annual Report 2009, Presentation by the President of the Authority*

This August, Mediaset closed another format deal for scripted fare; Reveille picked up the rights for **About My Brother,** (15x50', original title E poi c'è Filippo) for a US adaptation. Local fiction remains center stage for Rai and Mediaset, and Sky Italia has also started to produce local fare. The export of scripted formats is slowly taking off. At the most recent MIPTV, Rai Trade announced format sales of medical series **Medicina Generale** (Grundy Italia) and of long-running medical soap **Incantesimo** (aka Enchantment/10 seasons) to Russia, the USA and Argentina.

## Format Producers

According to Italy's TV producers' association **APT** (Associazione Produttori Televisivi), its members – 49 independent production companies, most of them fiction producers– have a cumulative yearly turnover of approximately €600m (80% of the field's turnover).[64] In 2007, the association established APT Servizi with one of its goals being to promote Italy's audiovisual products abroad; APT is among the main sponsors of RomaFictionFest.

If one casts an eye on the companies that produced the formats travelling between 2006 – 2008, we find:

a) Subsidiaries of well-known international players

**Endemol Italia** (production company Aran joined the Endemol group in 1998), a heavyweight in the market, is behind Tutto x Tutto (aka **Show Me the Money**). Because the show premiered in Italy, it counts toward Italian TV exports in this report even though it was created by Dick de Rijk – the man behind Deal or No Deal.

FremantleMedia subsidiary **Grundy Italia** (in the market since 1994) is the creator and producer of short comedy **Quelli dell'Intervallo** for the Disney Channel. It also proved to be a hit among young viewers in its Spanish and French incarnations.

**Eyeworks** (now in the market via its acquisition of Cuatro Cabezas) produced Batti le bionde (aka **Beat the Blondes**) which counts toward Italy's exports because it was the first country to air the format.

b) Other Italian companies:

**Triangle Production**, set up in 1987 by Silvio Testi, became a member of format exchange net **Sparks Network** in 2004. The company successfully adapts foreign formats such as **The Mole** for Italia 1. Triangle saw its quiz show **Azzardo** travel to France, Spain and Turkey, and recently sold **The Persuaders** to Banijay in France.

**Ballandi** Entertainment, a big player in the TV business since the end of the 90s, is renowned for its variety and music shows (**RockPolitik**) and created the show with teenagers singing the hits of prominent Italian singers, **Ti lascio una canzone**, (aka I Leave You a Song) which quickly found its way to Portugal following its 2008 launch.

**TaoDue Film**, launched in 1991 by Pietro Valsecchi and Camilla Nesbitt, is the company behind successful scripted format export, crime drama series **RIS** (season 6 in production) and acclaimed mini-series such as **Paolo Borsellino.**

The short list of companies above seems to mirror the situation of a country that was not ambitious to export its formats. But things changed radically in 2007 when Italy entered the global format business with two major deals.

Berlusconi's **Mediaset** led a consortium (including John de Mol's Cyrte Fund and Goldman Sachs) that acquired a controlling stake in Dutch production giant **Endemol** from former owner Telefonica in the spring of 2007: The deal was worth €2.6bn. Endemol's revenues were at €1.1bn in 2006 and net profits at €96.8m. Endemol was de-listed from Euronext Amsterdam in 2007.

In November 2007, Mediaset subsidiary **Medusa** Film set-up a joint venture with indie TaoDue Film. The **TaoDue** founders bagged €107m and each holds a 25% share in the new company.

To the surprise of many in the industry, another family-owned private group, **De Agostini Group**, announced in June 2008 that it had acquired Scandinavian **Zodiak Television,** at that time already a Pan-European player.

Subsequently, **Zodiak Entertainment** was formed by adding De Agostini acquisitions such as **Magnolia Productions** (Italy) and **Marathon Group** (France). Magnolia is not only one of the leading production companies in Italy, it had bagged digital entertainment company **Neo Network** in 2006. With the French Marathon Group, De Agostini snapped prolific drama, documentary and animation producers.

64 **www.atp.it:** here: *About APT*

Zodiak Entertainment now comprises more than 30 production companies in 18 countries; a new giant was formed. In 2008, the newly formed company had pro forma revenues of €408m. De Agostini has ambitious plans for Zodiak Entertainment's near future, such as doubling the group's turnover (2011 target: €800m to €1bn) and EBITDA (2011 target: €130m-€150m), and finally, preparing the company to go public.

While Zodiak Entertainment is De Agostini's main business in the TV content area, Endemol co-exists within Berlusconi's empire. Mediaset is also pushing the TV production and distribution business with its own brands.

## Original Commissioning Broadcasters

For many years, TV producers in Italy had little choice when it came to a format pitch. Either the idea went to public broadcaster **Rai (Rai Uno, Rai Due, Rai Tre)** or to Berlusconi's **Mediaset (Canale 5, Italia 1, Rete 4),** with both groups filling their schedules with quite similar programmes. The seventh and smallest terrestrial channel, **La 7**, is a subsidiary of **Telecom Italia**, which also owns 51% of MTV Italia. It reached a share of only 3.08% in 2008 and was never a match for the two giants.

Rupert Murdoch's pay-TV platform **Sky Italia** has brought about change over the last six years. With growing numbers of subscribers (4.8m as of June 2009), the themed pay-TV channels increasingly ordered not just local fare from producers. They also pushed the envelope by ordering less mainstream programmes, a win-win situation for producers as well as viewers; to name an example: mockumentary **Boris**, the first home-grown series of Fox International Channels Italy (produced by Wilder). Boris 2 (2nd season) won the "best production" prize at RomaFictionFest 2009. In 2007, Fox International Channels Italy acquired a majority stake in production company Wilder.

Sky Italia cannot really rival the free-TV duopoly Rai and Mediaset with respect to viewer shares (in 2008 Sky had a combined share of 9.27%, Rai 41.86% and Mediaset 40%). However, it has reshuffled the TV landscape; it was the news of the day when the Communications Regulatory Authority (Agcom) announced this July that Sky Italia for the first time surpassed Mediaset in terms of overall revenue for 2008. Reported revenues per operator are: Rai – €2.72 billion; Sky Italia – €2.64 billion and RTI (Mediaset) – €2.53 billion.[65]

But, as the saying goes, 'the empire strikes back'. At the end of 2008, the government raised the value-added tax for pay-TV subscribers from 10% to 20%. Because Sky Italia is by far the biggest player in Italy's pay-TV market, its clients were directly hit by the new law. Furthermore, Mediaset's growing pay-TV offers cost only a fraction of Sky Italia's subscription fees.

The launch of free-to-air satellite platform **Tivù** in July 2009 was seen by many critics as direct attack on Sky Italia. Tivù is a joint venture of Mediaset (48.25%), Rai (48.25%) and Telecom Italia (3.5%). In addition, Rai turned down a €600m offer from Sky Italia to air Rai's channels for another seven years and withdrew them.

In the wake of the digital switch-over (2011) and also to counter Sky Italia's success, Mediaset has already invested €1.5bn on digital infrastructure and content. 2005 saw the launch of **Mediaset Premium**, a digital terrestrial TV service (payable via pre-paid card); the introduction of Premium Gallery followed in 2008. It started with three pay-TV channels in January (Joi, Mya, and Steel) and adds new channels to the bouquet regularly. Mediaset claims to have already won more than 3.5m subscribers with its pay-TV offerings. Rai launched digital terrestrial channel Rai 4 in July 2008 and in January 2009 followed with history channel Rai Storia.

That business comes first was proven in summer 2009, when Sky Italia and Mediaset bought the TV rights for the Italian Serie A football league thru 2012 for €900m. Sky Italia will air all the matches and Mediaset viewers will be able to watch matches of the top 12 teams on Mediaset's pay TV channel Premium Calzio. The domestic rights were too expensive for Rai.

## Distributors

Of the 13 formats traded during our research period, Mediatrade/Mediaset (now branded Mediaset Distribution) sold three, Rai Trade two; the others went abroad via Distraction Formats, FremantleMedia, Endemol, Eyeworks and ShineReveille.

Both Mediaset and Rai are keen to improve their format sales, according to statements from executives over the last few months, and for both it is quite a new venture.

However, the companies have been in the ready-made business for some time. Rai Trade has improved its audiovisual content sales to markets abroad by almost €2m, increasing from €6.7m in 2007 to €8.5m in 2008.[66]

**65 www.agcom.it:** here: *Annual Report 2009, Presentation by the President of the Authority*

**66** *Cresce L'export di Rai Trade* in **Tivù**, April 2009, p. 50 – 51

Mediaset Distribution claims to be the leading distribution company of Italian TV programs and scripted formats (it sold crime drama RIS). Additionally, for 2009, the company announced the launch of a new linear channel offering the best of Mediaset programming to the 60m Italians living abroad.

## Italy's Formats Travel to...?

France and Spain are favourite destinations for Italian formats, and in 2006 the most sought-after export destinations, the UK and the US, were also on the map. Germany imported RIS, and in 2008 Greece premiered its second format from Italy. New countries such as Russia, Turkey, Romania and Portugal also entered the ranks as importers of Italian formats in 2008.

As the world offers more and more format destinations, Italian distributors face a big challenge to measure up to other players in the global format business.

**Useful info:**

**Fondazione Rosselli – Istituto di Economia dei Media,** *L'industria della comunicazione in Italia, 1987 – 2008: le trasformazioni dell'industria della comunicazione in Italia.* Undicesimo rapporto IEM, **ed. Flavia Barca,** Turin 2008