

# Why Vox Media Studios Is Bullish on Video Content Licensing

**ARTICLE** | **JULY 31, 2019**

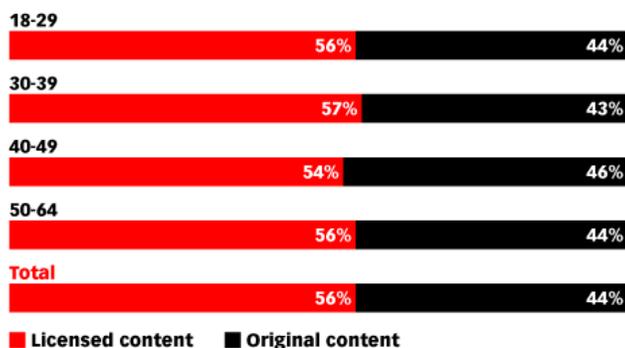
**Ross Benes**

**A**fter it became public that Netflix will soon lose *The Office* and *Friends*, naysayers said **the service was doomed**. The kerfuffle illustrated how, with more video streaming services launching next year, the battle to maintain licensing rights for high-profile shows is intensifying. One TV executive dubbed this fight “**the Great Reclamation of Content**.”

The debate over licensing existing shows vs. creating originals is only heating up. In March 2019, **PwC** surveyed 1,000 adults in the US who were video-on-demand viewers. It found that over half of the content that respondents streamed was licensed, while 44% of it was original to the platform it’s viewed on.

### Share of Licensed vs. Original Content Watched by US Video-on-Demand (VOD) Viewers, by Age, March 2019

% of total



■ Licensed content ■ Original content

Note: includes TV shows and movies

Source: PwC, "Streaming ahead: Making UX + content strategy work together," April 23, 2019

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Licensed content is **clearly resonating** with digital video viewers. We forecast that 182.5 million US residents, or 55.3% of the population, will be subscription over-the-top video viewers this year. In 2020, that figure will increase to 191.5 million viewers. With more people streaming video, the demand for licensed shows should only increase.

Chad Mumm, senior vice president and head of entertainment at Vox Media Studios, spoke with eMarketer about how the business of video content licensing is evolving as part of **our recent report collection on digital video**.

### Why did Vox Media start a **separate division** for licensing TV shows?

We didn't think there was a direct one-to-one relationship from shows that made sense for YouTube or digital distribution to TV. And a lot of folks who had tried that were unsuccessful.

We could achieve something that makes sense for a digital series and deliver it to our own audiences. We know what success looks like [on the internet], and it's very different than what it takes to be competitive in the Hollywood landscape. There are more buyers [of TV shows] than ever before, but the resources are controlled by a small number of networks, studios and executives who have the programming budgets. On the internet, however, you can just make content, where you're competing in a giant funnel.

The difference in the two businesses was enough that we created separate divisions. We now have a whole unit that's focused solely on developing shows that we think make sense in today's Hollywood marketplace.

**Do you ever contemplate licensing out a series that you had success with on YouTube?**

We've never had to make a distinction between putting our creative on our YouTube channel vs. selling it to Netflix. Frankly, the kind of thing that you could sell to Netflix is just not going to be something you could really afford to do on YouTube. Even from a talent perspective, they're just different universes in terms of economic models for productions.

**You've sold shows to digital streaming services like Netflix as well as to traditional TV networks like CNN. How do you balance the difference between their approaches to licensing?**

A giant war is going on between all these major [video and TV] companies, and we're an independent arms dealer. Right now, we can sell to everybody and be in business across the board.

Oftentimes, streaming services don't have a programming mandate that's as tight as a cable network's. For example, when MTV was in its heyday, every single show felt like a MTV show. The job of the executive team was to take a show from a producer and shape it into a MTV show. But a service like Netflix is so distributed, and such an aggregation of different kinds of tastes, that it's hard to distinguish what a Netflix show feels like. For [Vox Media Studios], we're able to go to a place like Netflix and deliver a show that has the point of view of a network, the same way that you might get if you licensed a show from Bravo or NBC.

**There are more video streaming services than ever and that number will continue to increase. How does that affect content licensing when you're trying to sell a show?**

In the past, only one or two services could really afford to spend the kind of money to go big and compete with cable networks. It used to be just Netflix, and Amazon for a little bit. Now, there are almost a

dozen [streaming services buying shows] that are all in the TV-budget levels, which has created a ton of demand. Apple and Facebook Watch are spending TV money. YouTube and Hulu are investing in originals significantly. Disney+ and Quibi are also coming up, and we haven't even started getting into the stuff coming from NBCUniversal (NBCU) and WarnerMedia.

**You mentioned Quibi. That platform is mobile-centric and will solely rely on short-form content, which sounds a lot different than streaming services like Hulu and Netflix. Are you planning to sell shows to Quibi?**

We plan to work with them, but they have a different idea about content length. Other than that, it feels very similar to dealing with the Netflixes, Hulus and HBOs of the world in terms of their taste and programming sensibility.

**Because Quibi is mobile-centric and is getting a lot of early investment, it has drawn comparisons to the failed mobile streaming service Go90. Do you think Quibi will have a similar fate?**

Quibi has a better shot for a couple of reasons. Go90 was an experiment out of a giant telecom company, and I think Quibi has a very different proposition of being able to figure out what it takes to be successful. And the leadership team with Jeffrey Katzenberg is just very different from the team that was running Go90.

I think the bigger question is: Will audiences want to use Quibi? Who knows. But the way Quibi is approaching the market, the way they're acting as buyers as well as the kind of access they have to talent, to the seller side, feels like totally different universes [than Go90] in terms of seriousness.

**With all these new streaming services coming out soon, doesn't it feel like we're in a bubble?**

We're in a bubble of some kind, for sure. But it also doesn't feel like the race has really started yet. Disney+ and NBCU's streaming service haven't even launched. There are so many more moves that are going

