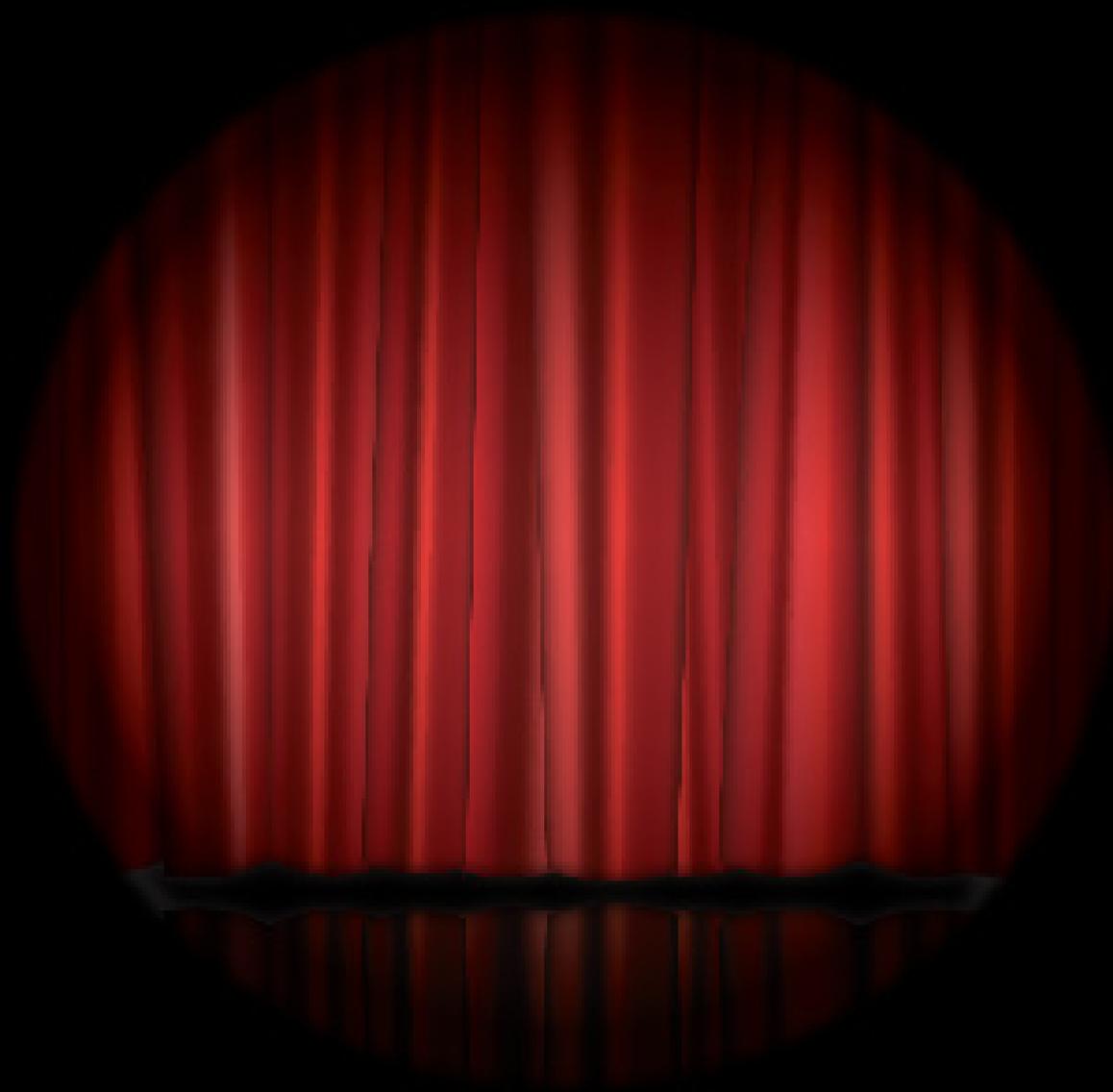


Deloitte.



The rise of digital studios Emerging trends in award winning television

The television industry is undergoing significant change, with new digital distribution platforms joining traditional broadcast television and cable operators in providing entertainment to viewers. To provide sustained access to quality content, these digital platforms have created their own digital studios in recent years that produce original television content to capture audiences from traditional television production companies.

One measure of the achievement of digital studios is the increasing recognition of the quality of their television production through wins in three major television award shows—the Emmy Awards, Golden Globe Awards, and Screen Actors Guild (SAG) Awards.

Deloitte has analyzed¹ the success rates over the past four years of television productions from digital studios in two significant genres, comedy and drama, as measured by their success in the key television awards. Our analysis covered television productions from 2013 to 2016, as recognized through award shows in the following years from 2014 to 2017.

This analysis shows that in both genres, the digital studios gained ground for both nominations and wins relative to their volume of television production over the past four years. Recent nominations for the 2018 award season for the Golden Globes and SAG Awards have shown a continuation, and indeed further acceleration of this trend.



Our findings

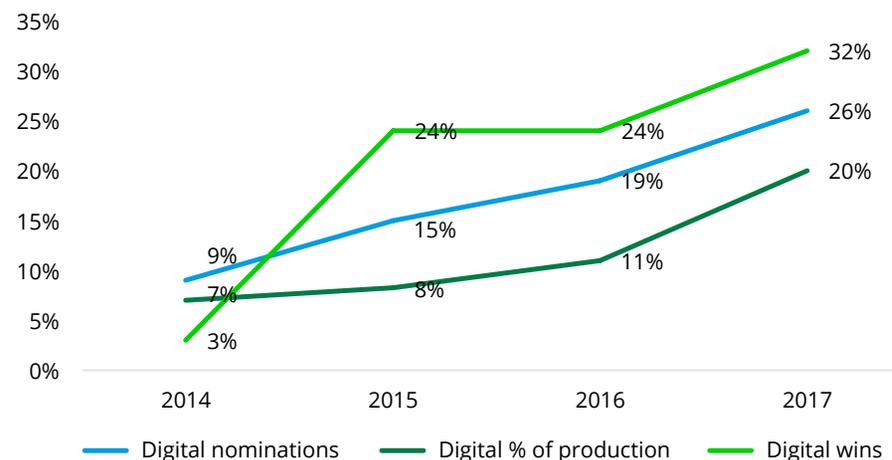
There has been a significant increase in digital studio television production over the past four years. In 2013, digital studios produced only 7 percent of total television production; by the end of 2016 that grew to 20 percent of total television production.²

Despite the smaller number of original content productions, the digital studios have been effective in gaining both nominations and awards. Original content from digital studios received 9 percent of many relevant nominations within the comedy and drama genres during the 2014 awards season (for 2013 productions) and increased to 26 percent of those same nominations by the 2017 awards season (for 2016 productions).¹

The rate at which digital studios have won awards has outpaced their performance in nominations. From a three percent win rate for comedy and drama awards in 2014, digital studios claimed 32 percent of wins in these categories in 2017 at the Emmy Awards, Golden Globe Awards, and the SAG Awards, more than a tenfold increase over four years.¹ In other words, despite producing only one television production out of every five in 2016, the digital studios achieved roughly one win out of every three in the 2017 awards season.

When considering the rise of the digital studios, it is important to consider the impact of a small number of highly successful shows. Of the 820 major award nominations analyzed for comedy and drama shows over

The rise of digital studio awards nominations



the past four years, 142 nominations have gone to digital studios, dominated by three successful shows—*House of Cards*, *Orange is the New Black*, and *Transparent*—which together accounted for over 50 percent of the digital studio nominations.¹

The 2017 awards season also saw the arrival of two prominent new shows from digital studios—*The Handmaid's Tale* and *The Crown*—that together accounted for three fourths of the wins for digital studios and demonstrated the emergence of new digital television franchises performing strongly in the award shows.

This analysis shows that in both genres—comedy and drama—the digital studios have gained significant ground for both nominations and wins relative to their volume of television production over the past four years. Recent nominations for the 2018 award season for the Golden Globes and SAG Awards have shown a continuation, and indeed further acceleration, of this trend.

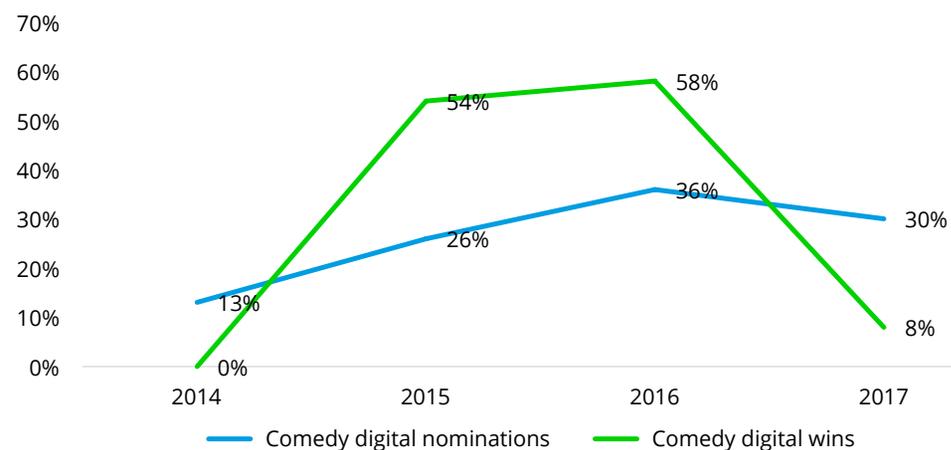
There are interesting differences in success rates between the comedy and drama genres. Digital studios first achieved success in the comedy genre, with 30 percent of comedy award nominations now going to digital studios, up from 13 percent four years ago.¹ The win rate grew even more quickly, from no wins in the 2014 awards season to 58 percent of wins by 2016 within the comedy genre,¹ although traditional studios regained ground in the 2017 awards season with digital studio win rates dropping to 8 percent.

After several years of limited achievements for the drama genre, the 2017 awards season saw a significant turnaround with 24 percent of nominations going to digital studios in 2017, a significant increase from 7 percent in 2014.¹ The win rates for digital studios in the drama genre have taken even

more time to gain traction. From 2014 to 2016, digital studios received award wins at a lower rate than the rate of nominations.¹ For the 2017 award period, however, the digital studios' performance in drama has rapidly accelerated the win rate to 44 percent.¹

The accelerating impact of digital studio productions on major television awards is indicative of the major investments made in original production by digital media companies over the past five years, and their ability to leverage high quality data about consumer media consumption habits into high-quality, popular programming choices.

Digital studios: Comedy awards trends



“The big question is not whether content will remain king or queen—quality content will normally find an audience. The real uncertainty is who will be the future dictator—the one to commission and control that premium content.”

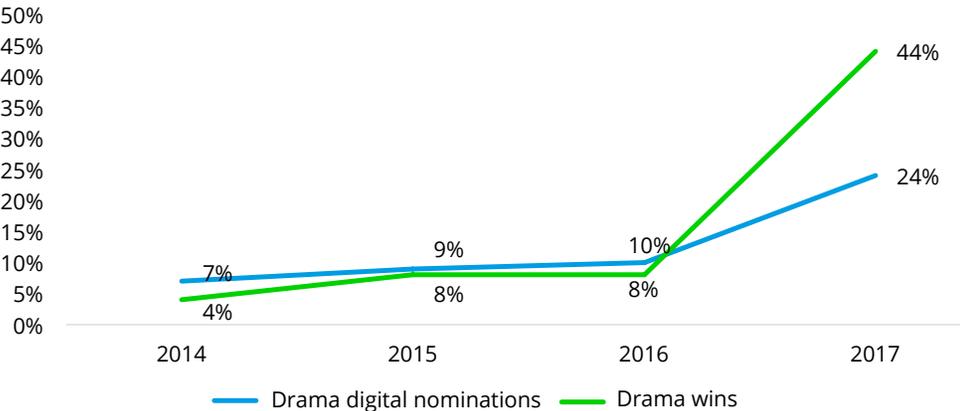
—David Cutbill, US Advisory Leader, Media & Entertainment, Deloitte & Touche LLP



Methodology

The Emmy Awards, Golden Globe Awards, and SAG Awards recognized 192 award categories and over 2,500 individual nominations for television content that was produced from 2013–2016. From those 192 categories, we selected the 20 categories and 820 nominations most relevant to comedy and drama shows. The comedy and drama genres are those in which digital video streaming companies have begun to compete with traditional production studios and cable networks. The Emmy Awards, Golden Globe Awards, and SAG Awards recognized each of the award categories selected.

Digital studio: Drama awards trends



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Data sources:

1Awards Data, http://www.emmys.com/
http://www.sagawards.org/
http://www.goldenglobes.com/

2Estimated Count by FX Networks Research as of 12/14/2016; culled from Nielsen, Online Services, Futon Critic, Wikipedia, Epguides, et al. Data categorization information from FX survey for distribution channels: "Broadcast" includes PBS, "Basic Cable" includes DIRECTV. "Online Services" = Amazon Prime, Crackle, Hulu, LouisCk.net, Netflix, Playstation, Seeso, Vemeo, Yahoo, and YouTube Red. Data excludes library, daytime dramas, one-episode specials, non-English language, children's programs, and short-form content (< 15 mins). Includes recently produced imports.



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