Kids’ TV and the Future of Entertainment
Gen Z & Gen ‘Alpha’: Driving the New TV Dynamic

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Cannes, France
Image: Alisa Knows What to Do! -- Bazelevs (producer) /Mirsand Ltd (distributor)
Kids undoubtedly have a huge impact on every aspect of life in the household. Entertainment consumption and behaviour is no exception. Service providers, channel owners and content producers face huge challenges in capturing and retaining children as an audience. Consumption patterns are markedly different from just a few years ago and as apps and devices proliferate, many are asking if the linear business model can survive. It’s a dramatic question. But what is certain is that the behavioural changes that most already associate with older ‘Millennials’ is just as prevalent, if not more prevalent, in homes with young children. The children of Generation Y don’t even have a confirmed name yet (although ‘Generation Alpha’ is a front runner), so what can we find out about the future impact on TV as this generation ages?

- Homes with young kids show the most dramatic shifts in content behaviour of any demographic segment, embracing non-linear viewing, SVoD and multi-device TV consumption.
- In many ways, the behaviour of homes with young kids mirrors closely that of the 18-24 age group but with several specific differences.
- There is a transitory segment in homes with older children where there is a marked drift away from non-linear, SVoD and devices, back towards more traditional consumption of media. Older children are often referred to as the ‘lost years’ for TV, being notoriously difficult to target. They are moving away from content aimed at younger kids but have yet to embrace the targetable suite of ‘teen’ apps like Snapchat, Instagram, Facebook Video and Periscope.
- All is certainly not lost for traditional players. Traditional pay TV remains highly relevant in homes with young kids and only in a small number of markets is their evidence that SVoD may be taking homes away from pay TV because of kids.

This report takes a walk through the kids’ TV value chain from content production to distribution on traditional and new media and examines the influence of kids of different ages on the way content is consumed within the home and the devices that are used to watch it. The report is divided into two sections: The first section of original Ampere research and analysis on the in-home environment and behaviour is followed by an industry-insight section, in which key players from the kids’ TV value chain give their views on where the sector stands today; and where it is heading.

Note: Throughout this report ‘young kids’ means under 10 years old. ‘Older kids’ means over 10 years old.
Kids drive in-home device landscape

‘Baby-sitting’ devices stand-out

They may only be little people, but kids (and young kids in particular) have a big impact on the in-home device landscape and the way in which content is consumed within the home. What’s clear from our research across Europe and the USA is that homes where young kids are present over-index noticeably for devices that could be classed as ‘baby-sitting electronics’.

Watching TV on the tablet

These are devices that allow either a one-on-one video/content consumption experience (tablets, games consoles, smart phones) or devices that fall into the ‘plonk and play’ entertainment category...that is, plonk child in front, press play (Blu-ray players, OTT boxes, Smart TVs). What’s particularly interesting is that the impact is very noticeable in homes with young children (under 10), but barely noticeable in homes with older children (over 10), suggesting that it really is the desire to keep young children quiet that drives device investment in these homes. The tablet, it seems, is today’s equivalent of a good shot of gin or laudanum in the baby bottle of old.

Sample: 10,500 homes across ten markets including USA
Kids also impact consumption patterns
Tablet is key for kids’ viewing

It’s also clear that young children are influencing content engagement. Homes with young kids are significantly more likely to watch TV on a tablet on a regular basis than all other types of household, surprisingly even more so than 18-24 year olds. Overall, 30% of homes with young kids watch TV on a tablet daily or weekly, compared to the typical home without kids where 20% view with this regularity. Across Europe and the US, young kids are more likely to have access to a tablet than all other age groups.

And while the overall uptake does show variation between markets, it is consistently higher than average. In some markets it exceeds 90% and on average across Europe and the US, 85% of young kids have access to a tablet in the home compared to 68% of homes in which there are no young children.

Clearly, for content owners, addressing the specific viewing environment that the tablet and other one-to-one devices facilitate must become a key part of the development process.

Options for short-form content grow in both an app and tablet environment and interactivity and personalization (to age appropriateness, gender and content preferences) become possible.

App and direct-to-consumer services will certainly become increasingly important. The big question: to what extent will apps replace linear channels?

Source: Ampere Analysis

Sample: 10,500 homes across ten markets including USA
Homes with kids mirror young adult viewing habits
The lost years: older children move back to linear

Kids’ TV execs talk about the ‘lost years’ when referring to the difficulty of reaching older children. What’s clear from our research on viewing habits is that there is an arc of behavior that shows a clear transitory period during the tween years.

*Homes with young kids watch considerably less linear TV than other types of household* but homes with older children watch slightly more linear TV than average. By the late teens, however, there is a sharp swing away from linear with the 18-24 age group watching even less linear TV than homes with young kids. A number of factors are likely to be influencing this transition period:

- Older children are seeking a wider breadth of content and engaging with more mature programming readily available on linear TV.
- The influence of ‘plonk and play’ behavior diminishes.
- Tweens have yet to fully engage with the social behavior and the apps and entertainment options that draw teens away from TV in general and towards a specific set of entertainment applications centred on interaction and social engagement.
- Tweens have less influence on control of the main TV, reducing non-linear engagement with pay TV on-demand services.
Major App providers key in young kid’s homes
But Tweens and Teens disengage with main providers

In the video app environment, there is a similar behaviour arc through the young age groups to that seen with overall viewing time throughout the day. **What is clear is that homes with young children are relying heavily on off-the-shelf video apps from the main international service providers and YouTube.** Homes with older children are either trending back to average behavior or even using video apps less than average.

By the late teens, however, a whole new set of video apps has ascended to become important. What does this tell us? Firstly, when placing content for young kids in an app environment, Netflix, Amazon, Apple and Google are potentially strong outlets. By contrast, when targeting older children, these providers are less significant and it’s likely that local pay TV or broadcaster apps are more engaging because of the mix with ‘transition’ and adult-focused content. For older teens it’s a whole new story around social rather than entertainment media. Interestingly, **both homes with young kids and teenagers over-index for locker, torrent and live streaming sites**, suggesting there is un-serviced demand for content.
Traditional pay TV and kids

Kids seem to influence change-behaviour

Given the impact of kids on the in-home device and content consumption landscape, it’s perhaps not surprising that **homes with young kids are far more likely to have an SVoD service than average**. As with a number of the trends we’ve looked at, in this respect homes with young kids very much mirror the profile of 18-24 year olds. By contrast, those with older kids trend to average or are a little less likely to have SVoD.

The good news for traditional players is that they are also slightly more likely to have a linear subscription pay TV service. Homes with both young and older kids are also much more likely to have premium linear channels than average. What’s not such good news, however, is that **homes with young kids are, with a couple of exceptions, far more likely to have changed pay TV service provider in the past six months**. This effect is particularly noticeable the USA, where having a young child in the home seems to encourage a change of pay TV provider.

*Source: Ampere Analysis*
Pay TV remains important for kids
Although Spanish homes looking elsewhere

Change doesn’t necessarily mean deserting pay TV altogether. While homes with kids in the USA are considerably more likely to have changed pay TV provider during the previous six months, they are actually a little less likely to have deserted pay TV altogether, meaning that, while they change, they change to another provider of pay TV. In fact, in many markets, including Denmark, France, and the Netherlands, homes that have changed pay TV provider and have young kids are less likely to have deserted pay TV than the average changer. In Poland, all homes with kids that changed provider went back to pay TV.

Only in Spain and Italy is there a marked effect of pay TV desertion in homes with young kids.

This shows clearly the on-going relevance of linear pay TV in the young child’s in-home entertainment mix. A conclusion further backed up by our analysis of viewing and channel behavior shown on the next page.

That doesn’t mean that linear channel providers can sit still. Many other trends, including the app behavior of kids’ households and the growing significance of YouTube, show that a new, holistic, model is needed to fully engage Generation Alpha.

![Leaving pay TV chart](https://example.com/leaving_pay_tv_chart.png)

Source: Ampere Analysis

Chart shows % of homes that changed pay TV provider in past six months that did not go to another pay TV provider (i.e. left pay TV altogether).
Homes with young kids less happy with nationals
But Disney, Sony, Turner and Sky engaging young

Of course, channel owners and content owners want to know where to place their bets for the future. While many are exploring Apps, Direct-to-Consumer subscription and embracing YouTube Multichannel Networks (MCNs), the core business for the major studios and producers still lies with the linear channel. It’s hardly surprising that homes with young children watch the channels of the main kids TV providers (Disney, Turner, Fox, Viacom) more than the average home,

but a few interesting trends do emerge from an examination of the UK market. **Homes with younger kids watch the main broadcast networks (BBC, ITV, Channel 4) a little less than average and homes with older kids watch them more.** Homes with young kids rate the major national broadcasters poorly, however, suggesting these channels are not servicing the children’s market as well as they could. **Disney, Sony and Sky channels emerge as the most highly rated for young kids** while **older kids rate Fox channels and the major national broadcasters** much better than average. Suggesting these channel groups are hitting successfully the difficult transition years.

Sample: 10,500 homes across ten markets including USA. NPS is a relative measure of satisfaction with service provider among groups that have actually used the service.
Kids content key for SVoD
Holy Trinity of programming: kids, comedy and drama

Kids content isn’t just a key driver for traditional pay TV, it’s also important for Subscription Video on Demand (SVoD) providers like Netflix and Amazon. While pay TV-operator driven services like Sky’s Now TV have the most kids’ content...driven by access to their suite of channel partners’ programming. Kids programming makes up a good proportion of content in pure-play SVoD services too.

Ampere’s content quality rating shows that there is a ‘Holy Trinity’ of genres that SVoD viewers rate most highly: kids’, comedy and drama. It’s also clear that the pure-play SVoD players in particular have been looking to increase the volume of kids’ content in their services in recent months. Hardly surprising given that we previously identified (see MIP White paper Capturing and Keeping the New TV Consumer) children’s content as an area where SVoD players seemed under-weight given the demographic profile of their customer base, which skew noticeably to homes with young children.
Engaging the parents
A key cog in the entertainment mix

It goes without saying that homes with young kids over-index massively for picking kids’ TV as a favourite genre. But what else engages these households? It’s interesting that in many respects these homes reflect the wider preferences of the general TV audience but with key differences that reflect young family life.

While homes with young children broadly rank comedy, sport and sci-fi as their favourite genres, they over-index in some specific areas, most notably lifestyle, reality and gameshows and indie and arthouse.

This suggests that programming centred around stay-at-home adults (at home for childcare) and content around home life (lifestyle) are key complimentary genres to kids programming.

Just as telling is the content for which households with young children under-index. They are notably less interested than average in documentary, news, arts, crime and thriller, music and drama. Again, this intuitively fits with life in a home with young children where much behavior centres on the needs of the child rather than the adults in the home.

Complimentary content: Homes Young Kids

Sample: 10,500 homes across ten markets including USA
Kids’ content on YouTube

Production gets more ‘TV-like’ in duration and volume

There is a vast amount of kids content on YouTube and a dedicated YouTube Kids’ app has been available since early 2015. The top fifty kids’ YouTube channels alone have nearly 28,000 programmes representing more than 3,994 hours worth of children’s content between them. The key question is: to what extent is this replacing rather than supplementing traditional TV content? What’s clear is that the duration and frequency of kids’ content on YouTube is growing. So while short-form still rules, there is a growing volume of compilation and longer-form video that can engage kids for traditional-TV programme lengths or longer. That said, the average length of content on the top 50 YouTube channels for young kids is eight and a half minutes.

What’s also clear is that the top YouTube channels are increasing the rate at which they produce content. On average, the number of pieces of content produced per channel each month among the top 50 YouTube kids’ channels is more than 20, up over 25% since last year and four times the rate of just two years ago. Kids have a voracious appetite for YouTube content. And that content is getting more ‘TV like’.

Based on analysis of top 50 Kids’ YouTube channels (by views). Years to June.
Impact of kids on entertainment is significant
Devices, app, viewing patterns all impacted

It’s clear from our research that kids have a huge impact on every aspect of the in-home entertainment environment and the way in which content is consumed within the home. Any parent could no doubt have told you that. What’s very clear from the data, however, is that there is a clear arc of influence that changes as kids age. Interestingly, there seems to be a convergence between very young kids and teenagers/young adults with a gap in the middle, making older (10+) children harder to reach than young kids or teens.

• Kids and especially young kids impact the device environment, with the tablet being the core non-TV screen in homes with younger children.
• The knock-on effect on content consumption is tangible, with homes with young kids watching considerably less linear TV than homes with older kids and actually converging on the non-linear behaviour of 18-24 year olds.
• The purchase of SVoD is also much higher in homes with young kids and this is reflected further in the content mix of SVoD service providers. Between 10 and 15 per cent of all content on SVoD services is aimed at children and kids’ content forms a ‘holy trinity’ of core content for SVoD providers alongside comedy and drama, according to Ampere’s content quality perception rating.
• Comedy, drama, lifestyle, sport, indie and reality content are also all important because these content types engage that most crucial of all elements in the kids’ entertainment value chain: the bill payer.
• But traditional pay TV is also really important to the mix. Having young kids seems to make homes a little more discerning in terms of being more likely to jump between pay TV providers, but generally, they are sticking with pay TV as a central part of the in-home entertainment mix.
• As the entertainment and device environment evolve, YouTube necessarily takes centre stage in homes with kids. Content producers on the platform are responding rapidly with longer-form programming (though still, obviously short-form compared to traditional TV formats) and greater volume and refresh rates. YouTube is becoming more TV like, perhaps leaving the door open for other social media platforms to fill the demand for newer formats of short-form kids’ content.
During the writing of this report, we spoke to a number of executives involved in the kids’ TV market, focusing on different parts of the value chain. Interview transcripts are reproduced here. The insights provided give a clear picture of the direction of the children’s entertainment market, from production, through distribution, linear channels, app development, platform and pay TV distribution, new content exploitation on platforms such as YouTube and the ascent of the Multi Platform Network (MPN).

Insights from the industry
The value-chain interviews
As will all sectors of the media industry, kids’ TV distribution is becoming increasingly complex. But kids’ TV has a number of added layers of complexity, driven by the multiple developmental stages that the segment ‘kids’ encompasses and the need/opportunity to integrate additional merchandising and character development pathways.

In particular, the differences our research has highlighted in the device and consumption patterns, as well as the app environment of young kids vs. older kids vs. teens, requires a multi-distribution approach to reach the best audience. That goes a long way to explaining why kids’ content developers and distributors have been some of the most forward-looking in terms of embracing new opportunities around apps, Direct-to-Consumer (DTC) and Subscription Video on Demand (SVoD).

Clearly there are now new opportunities for both consolidation and portfolio development on both sides of the value chain and we have already seen significant development from several major channel owners to embrace apps, DTC and Multi Platform Networks.
Kids TV is about passion and trust
But devices and new distribution are now key

A number of key trends emerge from the insights provided in these interviews. Chief among them is the passion that goes into producing and distributing kids content. Making content that is ‘great’; making content that ‘changes the world’ for kids: making ‘content kids love’, ‘content made from the heart, not from a marketer’...all these phrases emerged during the interviews with executives. Trust and engagement with parents is also key, as is thinking about the way kids interact with their environment and find and enjoy content. In summary, the interviewees profiled here had broadly converging views on the kids TV market, despite coming from different parts of the value chain:

• Linear TV is not dead for kids, but it is changing. There is a general realisation that while linear channels and the TV set remain the main way for kids to consumer content and while channels remain a really key part of a platform’s overall offer, behaviour is changing rapidly...it ‘won’t look the same in five years’, said one interviewee.

• It’s also very clear from both Ampere’s research and the executives interviewed here, that the demographic ‘kids’ is not one, but many audiences, each with very different content and device preferences.

• Beyond the TV set, there is a demographic delineation forming between young kids and older kids. Young kids increasingly consume on a tablet, older kids favour a mobile phone. Ampere research shows that not only the device, but the collection of apps used varies significantly with age. Older pre-teen children become difficult to reach as they move away from young-kid apps and environments, and then as children age and reach teenage years, more easily addressable social video apps ascend in importance.

• In respect of content, kids are no different from other age groups in demanding quality. While content can have a significant lifecycle—research by Sky Kids found recently that Scooby Doo (born 1969) is the UK’s most-loved kids show by both parents and kids—interviewees noted that content investment remains essential. Content needs to be kept fresh, needs a great story, great writing, and fantastic voice talent. Get it right and, Sky Kids research found, children will re-watch their favourite show 53 times in a year.

• But the type of content and the source of talent is also evolving, new shows can come from many sources that just didn’t exist a few years ago, from digital shorts, to apps, to games.
Content investment/curation now more important
Mobile devices bring families closer together

• Apps, shorts and games are also increasingly important as ancillary content and the increasing integration of content like games directly into the video entertainment stream is one trend to watch for the future. Again the app environment potentially facilitates such integration and development.
• It’s also clear that the changing app and device landscape has led to new opportunities for short-form content which arguably works better than long-form content in a close-proximity tablet or mobile environment. Sky’s first commission for its new kids app features clay model animated character Morph and includes interactive content showing kids how to make short-movies with their own Plasticine (modelling clay) characters, for example.
• There’s no doubt that kids content also plays a crucial role in family harmony. But kids are no longer simply plonked in front of a TV set. While content needs to be available on-demand on any screen at any time, technology, apps and consumption on mobile devices can actually bring families closer together. A child can engage with content one-on-one on a tablet and remain in the same room as the parent, rather than the room where the TV set happens to be located.
• That’s in part because technology allows a deeper and more immersive experience and that’s set only to get more the case as technologies like Virtual Reality develop. Already the creation of bespoke content targeted at engagement on specific devices is key and helps existing brands foster and maintain strong engagement. As one interviewee noted: ‘the channel brand becomes a universe that lives outside of TV’.
• While pushing content to YouTube and other online platforms through a Multi Platform Network (MPN) are essential to content producers and channel brand owners, the role of YouTube as a means of search and discovery also emerged clearly: ‘YouTube is absolutely essential for kids. They use it as a search engine – they don’t Google,’ noted one executive.
• But the need to push content to new platforms and ensure that kids are watching in a safe environment that parents know and trust means that the branded app can only ascend in importance. Direct-to-Consumer also presents new opportunities to not just extend the channel and brand portfolio, but also develop new experiences for children. There remains a question in executives’ minds, however, of how many direct-to-consumer apps the market can support, although Ampere research supports the notion that direct-to-consumer apps will simply become additional brands within the portfolios of all channel providers and the distinction between app and channel will rapidly disappear….and so to the interviews themselves:
The Producer/Merchandiser

Christopher Keenan
SVP, Content Development and Production &
Executive Producer,
Mattel Creations
The Producer & Merchandiser
Mattel Creations

Mattel Creations is part of US toy giant Mattel, Inc. and acts as the company’s theatrical, TV and digital content division. Mattel Creations encompasses Playground Productions and the UK’s HIT Entertainment, owner of kids’ characters Thomas & Friends, Mike the Knight, Fireman Sam, Bob the Builder, Barney, Angelina Ballerina, Pingu and Rainbow Magic.

The unit operates across television and home entertainment production, content distribution, digital media, publishing, consumer products and live events and attractions.
What makes a good kids’ character?

There are many aspects to creating a character that resonates for kids, but the two most important are relatability and likability. Creating a character that is multi-dimensional is always the aim, as these are the characters about whom the most stories can be told these are the characters that withstand the test of time.

To what extent do kids’ characters work globally. Is there a difference in what works in different regions or countries?

Regardless of geographic location or national origin, "growing up" and finding your place within the world is a universal truth that is shared by children everywhere. In this respect, any character who is experiencing things for the first time, learning by trial and error and, ultimately, growing emotionally will have global appeal with kids. Of course, individual personalities or circumstances of different characters may make them more popular in one region more than another, but this often has more to do with what audiences are accustomed to seeing, rather than the character itself.

What attributes does a character/TV show need to succeed globally?

While characters can come in all shapes and sizes, the two most important ingredients to any successful, global character are likability and relatability. Add to this a healthy dose of wish fulfilment and aspiration, and you have a recipe for a character that kids will want to spend time with, regardless of where they happen to live. Characters with the most global appeal tend to reflect attributes and outlooks that are common to all children – curiosity, optimism, resilience and a sense of humour about themselves and the world around them.
How important is merchandising to the success of a TV show and vice versa?
From a financial perspective, content funding relies on revenue from merchandise more and more as license fees decline and production costs rise; income from toy and other product is often integral to the overall financial planning. From an audience and consumer perspective, content and product are also increasingly linked these days, as kids want to engage with their favourite characters not only on screen, but in play... The storytelling continues, long after the content has been watched. And, more and more, kids are mashing up content and product (unboxing videos, real-time game play videos, etc.) and the two are more and more inseparable in kids’ minds.

What content and media outlets other than TV do you see as important for kids’ content in today’s market?
While the television screen is still extremely relevant as an outlet for kids’ content, kids’ are consuming content on every screen they have access to and digital content is more important than ever, particularly short form content that kids can watch and share easily and quickly. Aggregators such as YouTube are key destinations for kids and platforms such as Netflix and Amazon are growing exponential in their importance as content platforms. Kids expect to be able to watch their favourite programs when and where they choose to and SVoD and AVoD services serve this need beautifully.

How does kids’ changing content consumption impact their relationship to toys and engagement with characters?
Kids are engaging with their favourite characters and stories in more ways than ever before, often simultaneously. They may watch a program, play with the toys, play the game, use the app... It’s all about immersive engagement for them and they are experts at multitasking and engaging in different ways at the same time. Content is no longer just about passive viewing – it’s about interactivity, sharing and customizing. While there’s still plenty of room for narrative storytelling, content of this sort is only a piece of the content pie that kids are hungry for.
How do you ensure engagement with your characters and TV content given the huge number of entertainment choices a child is presented with today?

Kids are content connoisseurs and they experts at finding content that is unique, original and entertaining – as well as snubbing content that is too derivative or doesn’t reflect their sensibilities. The key to standing out amongst the competition is to offer something that kids’ can’t find elsewhere and is worth their time. All the marketing and advertising efforts in the world won’t matter if your content doesn’t engage once it’s found.

What is Mattel/HIT doing with platforms like YouTube, are there other (non-traditional) video platforms you see as crucial?

Mattel activates against an “always on” content strategy for YouTube across its 30+ owned channels. All of Mattel’s brands, including Barbie, Monster High, Hot Wheels, and Thomas & Friends, have a specific content strategy tailored to each brand. We produce original digital content for our channels both within Mattel Creations and in partnership with production partners. For example, Hot Wheels has three original series (Track Wars, Hot Hacks, and Hot Wheels Labs) on the channel with new episodes biweekly, and Barbie is the first animated vlogger with regular vlogs featuring popular YouTube formats such as, draw my life, challenges, and room tours. We leverage content formats to reflect how fans of our brands engage with the brands on YouTube. For Thomas & Friends, in addition to our animated content, we showcase original User Generated Content (UGC) from the Thomas Creator Collective, who are some of the most passionate and talented Thomas filmmakers in the YouTube community that came together to create serialized content for our channel. We are on all the platforms where our consumers engage with content the most. Last February, we launched our first live stream at New York Toy Fair, and we also leverage Facebook video and Instagram video for short form content. We also partner with distribution partners including Netflix, Amazon, and Hulu to distribute episodic and movie content.
The Distributor
Valeria Dobrolyubova
Head of Sales
Mirsand Ltd
Based in Cyprus, Mirsand Ltd distributes the 3D animated children’s TV series *Alisa Knows What To Do!* Produced by Russia’s Bazelevs studio, the series won a MIP Junior-supported award at the 2014 Open Russian Animation Festival in Suzdal for the animated series with the highest international potential. *Alisa Knows What To Do!* follows the adventures of 12-year old Alisa and her four friends as they navigate life in the near-future of 2093. A feature film based on the series is currently in production.
What makes good kids content these days?

Good kids content comes from a simple story, told simply. If the story has stood the test of time, then that’s even better. *Alisa Knows What to Do!* is based on a very famous Russian novel by K.Bulychov that has been popular for fifty years. We also find that zoomorphic characters are still popular with kids and, finally, it’s always best if the content is a comedy adventure. We try to follow all of these principles in *Alisa* the TV series and in our upcoming feature—*My Cool Dad*—that is based on the same characters.

To what extent is production/storyline and character development impacted by the multitude of devices and ways kids now watch and engage with video content?

Everybody is talking about trans-media content and I believe the time is right for that. It is already essential to place content not only on TV but also on the Web, and to develop smartphone apps. During pre-production the producer is already thinking of characters and the opportunities for trans-media exploitation. It’s key for both promotion and monetization of the content.

What considerations do you have to make to ensure kids content has a wide international appeal?

Kids’ content must have international appeal and so we need to avoid pushing specific cultural identities and instead embrace the multi-cultural world. *Alisa* takes place at the end of 21st century and being a sci-fi, allows us to give the content universal appeal. The themes in the content should bring children universal truths: in *Alisa* the main idea is that friendship and family will always help children to cope with the difficulties of the world...and even the Universe.

What key industry changes are most impacting the kids’ production/distribution market?

For me, as a sales person, it is very interesting to monitor the globalization of media. Previously we used to sell territory-by-territory, right-by-right, nowadays broadcasters tend to merge the broadcast windows; on-line services tend to move worldwide; and geo blocking of online content is vanishing....
How important is ancillary content like games and alternative platforms like YouTube?
Ancillary content like games and alternative platforms like YouTube are still not the main piece of the pie for distributors, but that doesn’t mean they can be ignored. I think ancillary content is becoming an increasingly important part of the mix.

How can a traditional content producer differentiate their content from the enormous amount of kids’ content available on YouTube?
The quality of the production and the quality of the story will always grab the attention of a child and endear a parent to the characters.

Have you seen a big change in the type of buyer for kids’ content in recent years or do you expect new buyer types to emerge in the near future?
Buyers have always been limited in their budgets but, due to the recent economic issues, we’re seeing in more than half of the world that buyers have become even less flexible negotiating prices. The media landscape is changing constantly and buyers and sellers have to foresee such changes and adjust rapidly and accordingly.

What’s your vision of the future of kids’ entertainment?
There is a famous Dostoyevsky quote: “beauty will save the world”. I think this applies to kids’ entertainment. The future lies with kids’ entertainment that aims to make the world better though the hearts and minds of creative people who were once children themselves. Children are quick to adopt new technologies, so the future of kids’ entertainment lies with simple and true stories coupled with new ways of delivering content.
The Channel Group
Patricia Hidalgo, SVP Chief Content & Creative Officer, EMEA Kids & International Kids Strategy, Turner
The Channel group

Turner

Turner International operates versions of core Turner brands, including CNN, TNT, Cartoon Network, Boomerang and TCM Turner Classic Movies, as well as country- and region-specific networks and businesses in Latin America, Europe, the Middle East, Africa and Asia Pacific. It manages the business of pay- and free-TV-channels, as well as Internet-based services, and oversees commercial partnerships with various third-party media ventures; it teams with Warner Bros. and HBO to leverage Time Warner’s global reach. Turner operates more than 180 channels showcasing 38 brands in 35 languages in over 200 countries. Turner International is a Time Warner company.
What changes have you seen in the way kids engage with and watch video content?
Despite the rapid growth of digital, TV is still the number one medium for our audiences, but we are very conscious that kids are going to other platforms and devices more and more for their entertainment. This trend seems to be more accentuated in developed countries and it looks like it’s the younger kids that are the ones still consuming more linear TV. The type of device thereafter depends on the age group we’re talking about: younger kids are going for tablets, whilst older kids are using their smart phones. What we know today is that kids want to engage with content on a deeper level than ever before and depending on who we are targeting, younger or older, we need to create bespoke content that lets kids engage with our brands and characters across all devices and platforms.

What do channels need to do to attract kids to their brand?
In a world where there is such huge fragmentation with so many different brands – not just channel brands, but content brands, game brands, toy brands – brand consistency and curation is key. We need to create clear and unique destinations that audiences will want to engage with and can easily navigate to through the vast amount of choice. In our case, depending on whether they come to Cartoon Network or Boomerang, they will expect to find a different voice and offer from each channel – so we must make sure we are true to our values and can meet their expectations. And, if we stay true to our values, a kid will always know when a show is a Cartoon Network show, which is very important when making editorial choices for the programmes we offer. We also have to be consistent with our brand positioning, not just on TV but everywhere, as we continue innovating and surprising our audience, creating experiences across whatever platform they come to that sparks their imagination.

How do you keep kids’ channels fresh?
Investing in content is key and we pride ourselves on investing a lot – this year we have nine returning shows for Cartoon Network, including two brand-new refreshes of hugely popular series, *The Powerpuff Girls* and *Ben 10*. For our second flagship kids’ channel, Boomerang, we announced last year a global multi-series deal with our sister company Warner Bros. for 450 half hours of original content; and we’re also looking for more of that classic-style, slapstick animation that encourages co-viewing among siblings and families to complement this great pipeline of content. (cont....)
Not just about long-form video
IP can start as a digital short, app or game

...we’re also continuously curating our channels’ offering, to create a sense of excitement but also familiarity. We have stunts and events that don’t just live on the channel but connect with all our other platforms and all our content out there – games, apps, short-form and so on. So the channel brand becomes a universe that lives outside of TV, making our channel feel fresh and alive all the time.

What do you look for from your content suppliers?
We’re looking for partners that know, love and understand our brands, and have content or ideas that fit with the positioning and values of our two flagship channels, Cartoon Network and Boomerang. Beyond that, we’re looking for individuals with creative ideas that we can develop together – but we’re not just looking for long-form video; we are also looking for short-form as we have a need to populate all our platforms and feel strongly that an IP could start, for example, as a digital short, as an app, or as a game, and then further down the line become a long-form series. So we’re very open to working on development that turns the traditional approach to content on its head to some extent.

Is there really a long-term future for linear scheduled TV in the kids’ entertainment space?
That is the million dollar question! Everybody says scheduled linear TV is dead, but I strongly believe that people are always going to want to lay back and be entertained somehow. What I don’t believe is that linear TV will be exactly the same in five years’ time. As we move more towards increasing digital SVoD TV offerings, the curation of schedules, whatever form they take, is going to become more and more important to differentiate you from competitors. Let’s not forget that we all want to be couch potatoes sometimes, and recommendations made just by algorithms might not be the only thing that works. The current Cartoon Network Watch app has been looking at this for some time and it now offers the possibility for a linear or non-linear schedule: you can create your own, or let the app do it for you with the type of shows it knows you will like – and you just sit back and watch!
YouTube is absolutely essential for kids.

Cross-over is now common

Where do new distribution outlets fit into the traditional channel business, is a YouTube MCN now essential?

YouTube is absolutely essential for kids. They use it as a search engine – they don’t Google, they now YouTube for anything they want to know. We need to be where kids are, and so we utilise YouTube in order to reach out to kids and in order to grow our brands. Our presence there is an extension of our brand and we have to create different content and experiences that fit this platform.

*Mighty Magiswords* is one example of how Cartoon Network is building and launching a new IP across different touchpoints globally, including YouTube. The show began its life last year as a series of digital shorts on the Cartoon Network Anything app in the US. Before the full-length series launches, the Studio is also custom developing around 400 pieces of platform-specific original content, all of which will be enhanced with proprietary technology that allows fans to participate in the world and collect their favourite swords. This will include shorts, web and mobile games, interactive narrative content and animated YouTube Vlogs, which is something that’s not been done before as far as we know. So a brand new Cartoon Network IP which is rolling out on all these different platforms before launching the show on the linear channel – a great innovation coming from our studios, which engages directly with our audiences wherever they are.
What is Turner doing with Direct-to-Consumer in the kids’ space, how does that fit with wider channel business?

The ability for content owners to reach audiences direct is exciting and is something that everyone must be looking at as the “traditional” media industry continues to be disrupted by these kind of developments. Turner is no different. We are looking at disruptive models, both to be aware of the threats and the opportunities. The flexibility that direct-to-consumer offers means that we have the potential to create amazing experiences for our audiences, which are new or different to what our distribution partners can offer – our Cartoon Network Anything app is a good example of that. It also gives us the opportunity to get a better idea of our audience behaviours and develop better products and services based on that knowledge. What’s not really clear right now is how many of these services the market can support, but we definitely see this as a complementary offering, not an either-or – there will always be a place for entertainment that is aggregated.

What’s your vision of the future of kids’ entertainment?

It’s going to be enriched. Technology allows us to create deeper and more immersive content and interactions. Virtual reality is a very exciting area and one that we are experimenting in, as well as many other ancillary touchpoints for our brands like experiential initiatives and themed entertainment. We’re very excited about the Cartoon Network zone that will feature in IMG Worlds of Adventure in Dubai when it opens in August 2016. There are so many other types of entertainment these days that we have to broaden the spectrum and kids have come to expect that the brands they love will be available everywhere. Creating great characters and stories is just the beginning of creating great entertainment.
Sky is Europe’s largest pay TV operator with services in the UK, Germany, Italy, Austria and Switzerland. It also owns stand-alone Over-the-Top (OTT) platforms Now TV in the UK and Sky Online in Italy and Germany as well as mobile TV streaming service Sky Go. Kids’ content has always been central to the group’s pay TV strategy and during 2016 it expanded its range of kids options with the launch of a Monthly Kids’ Pass on NOW TV and a new Kids’ app that is free for Sky TV customers and brings together content from its channel partners, targeted acquisitions, and original commissions into a single, child-safe environment.
Where does kids’ content fit into the wider pay TV offering?
Kids’ content has always been really important to Sky. We’ve always had a huge number of partner channels and still do. It fits with the overall philosophy of something for every household and something for everyone in that household. The way that we present that content is the bit that is changing. We are offering much more flexibility to those customers with kids so that they can watch what they want, when they want, and where they want.

What are the main changes to the way that kids are watching and engaging with content?
Most children’s content is still watched live on linear channels but there is undoubtedly a shift to viewing on-demand content and in a mobile form. I think 80% of children now have access to a tablet and 60% of 5-6 year olds own their own.

Why launch an app rather than a new linear kids’ TV channel?
We’ve got so many linear partner channels offering amazing content we saw there was value in including all the kids favourite shows in one safe easy to use space designed just for them. You can access Sky Kids on-demand content on the set-top but now also on the app. We spent a huge amount of time working with parents and kids. It’s important that we’re not just thinking about kids but about their parents and we wanted to make something that kids love and parents trusted and that’s really key to our strategy for this content...thinking about parents. One of the new features we will launch in July is a bedtime setting so that parents can set the app to turn off on the device at a set time.

What’s your content acquisition strategy for the new kids’ app?
We looked at all the content that we’ve got and we made some acquisitions to fill in the gaps. We have also been commissioning new content, the first of which is with Aardman Animations and is bringing Morph into some new adventures. We’re doing animation and also a new series showing kids how to make their own characters out of Plasticine and make short films using a phone or a tablet.
‘Kids’ is not a single audience: it’s many

There’s room for different content types in an app

What impact do kids have on the way a household engages with content and devices?
The fantastic thing about mobile (devices) is that rather than fragmenting viewing, they actually brings families closer together, because if you are upstairs doing something, your child can be sitting with you watching on a tablet instead of being left downstairs watching the TV.

Can linear channels survive in the kids sector?
It’s true that the wider ecology is now broader than it was, but linear channels are really important to us. Every linear channel we have has a very different personality, a very different programming strategy. The reason that Sky has such an incredibly broad range of content and that we are able to offer sixteen of the top 20 shows is because we’ve got that wide range of linear channels. We wouldn’t have that if they all disappeared.

Does the channel brand still holds a lot of power for kids?
During the development of the app we sat down with kids every other week for a year and talked to them about what they liked and how they wanted to use it. What we found was that the channel brands were really important to them....kids would say ‘I really love Cartoon Network’ and go there because they love the personality of that channel. But in the app there is always more than one way to find something, so you can find your particular show that you love or you can go via the channel (brand). But there is always in the app more than one way to find something, so you can find your particular show that you love or you go via the channel.

What are you looking for in acquired and commissioned kids content?
Kids is not ‘an audience’ it’s many different audiences...if you think developmentally, our content goes from two up to twelve and within that audience there is an enormous range. The app is aimed at three to nine year olds. Even within that group there’s many more than one audience.
In an app environment, is the content that works well any different from the content that works in linear? There is definitely room for different types of content on-demand...shorter-form content works really well. It can get very lost in a linear schedule but when it’s on demand kids can find it more quickly. There is also a different relationship that you have to certain content when you watch it in close proximity on the tablet than there is when you are sitting back with your family watching on a 50 inch TV screen. Different types of content work differently with different types of viewing

How important is ancillary content like games and the integration of that into kids’ entertainment going forward? Interactivity is really interesting creatively and that is something we are looking at...how we incorporate that as we evolve our app.

How do you build audience loyalty among children in an app environment? The viewing experience is very important and that is something that Sky has always put a huge amount of effort and money into...to develop products that not only work, but are a joy to use. Actually sitting down with kids and watching how they use apps and seeing how massive the developmental range is...the difference between a three-year old and a nine year old...really drove us into developing a user interface that gave a fabulous experience whether you were a three year-old girl or an eight year-old boy. When you use the app you know it is for you...it’s a very personal experience. It’s also very visual, if you are three and can’t read, the set-top box becomes a difficult environment to find content...in the app you can go straight to it because its pictures rather than words.

Is the sort of content kids engage with now universal? Animation tends to be the universal language of kids TV because it’s so easy to make localised versions. Drama tends to be less easy because of dubbing and lip-synching issues. So a huge amount of animation goes global for kids. Live action is trickier...the ones that work (in the UK) tend to originate in English language.
Find a subject kids love
Content always has to be great

How would you summarise the elements that make a kids’ show work globally?
Great design, great writing, fantastic voice talent and a subject matter that kids love. If you look at all the brands that have stood the test of time (Scooby Doo is a great example)...it speaks to something. The idea of going off on an adventure is still as appealing now as it was 40 years ago. When kids talk about shows, they talk about things they love...Kids are very good at weeding out the things that either speak down to them or are not entertaining.

What’s your vision of what kids TV will look like in ten years’ time?
I wish I had a crystal ball for what technology would look like in ten years’ time, because technology moves so quickly. More mobile...that’s obvious. Watching TV on a wearable....but at the heart of it, it still has to be great content. That content may shift and become broader, but it will always have to be great.
The YouTube Channel
Derek Holder, Founder, LittleBabyBum
London-based kids’ YouTube channel LittleBabyBum is owned by El Bebe Productions. Launched in August 2011, it has 6.7m subscribers and its content has had over 8.1bn views. It focuses on nursery rhymes coupled with custom HD animation which the company produces in-house. It is the claimed largest pre-school educational channel on YouTube and targets kids aged six months to four years. It operates channels in English, Spanish, Portuguese (for Brazil), German and Russian and plans further language launches in 2016.
What makes good kids’ YouTube content?
It might sound twee but content made from the heart and not from a marketer's perspective.

Are there fundamental differences between what works for kids on YouTube and what works on more traditional video outlets like TV channels?
YouTube (and other SVoD platforms) give users much more flexibility on what to watch. But crucially it allows this anywhere and any time which is really useful for parents who are out with their children.

With so much video on YouTube, how do you build audience loyalty for kids’ content?
Quality and consistency.

In a number of sectors of the entertainment industry we are increasingly seeing cross-over from non-traditional platforms like YouTube to more traditional outlets (like linear TV). Do you see this as an emerging opportunity?
Definitely. Cross-pollination is inevitable.

Beyond advertising, are there other monetisation opportunities available to YouTube creators of kids’ content?
Licensing and merchandising, co-productions, subscriptions, apps, downloads.

Beyond YouTube, what other apps/platforms do you see growing in popularity as an outlet for kids’ content?
Netflix, Amazon Prime and Sky.

What’s your vision of the future of kids’ entertainment?
Videos with games embedded into content.
About the Author

Guy Bisson, Ampere Analysis


Guy Bisson is research director of Ampere Analysis, a new breed of analyst firm founded January 2015 by an experienced team of sector-leading industry analysts. Ampere specialises in research, forecasts and insight on pay & multiscreen TV and next-generation content distribution. Market insight, data and forecasts are based on a variety of complimentary research methodologies and delivered through three online data services, all with global coverage:

• **Ampere Markets**: Global company-level KPIs, analysis and forecasts on the pay TV, OTT, broadband and multichannel markets covering customers, revenues, ARPUs and growth, providing an informed view on the future winners and losers in the fast-evolving TV distribution space.

• **Ampere Consumer**: Insight on the TV consumption behaviour, device trends and content preferences of TV viewers in ten key markets, including the USA, helping you to understand how your audience is reacting to the changing media landscape.

• **Ampere Analytics**: A deep-dive analysis of the content market and content licensing at a title level, Ampere Analytics' Content Track provides key metrics about the world’s leading VOD and SVoD services across international markets, focusing on the pricing and availability of TV and film titles by country and service.

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