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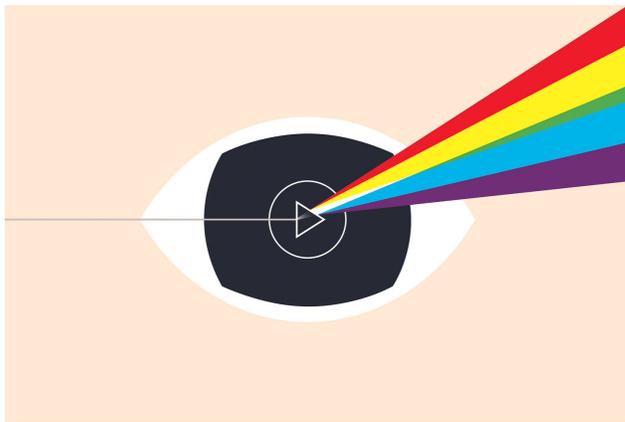
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MAGAZINE - CULTURE

The Future of Television? Binge-Watching is Only the Beginning

With providers like Netflix, Hulu and Amazon, and more creative risks, network leaders are placing bets on how audience experience will evolve



ON DEMAND "Our ambitions are to entertain the entire world's population," says Cindy Holland, Netflix's vice president of original content. ILLUSTRATION: BEN WISEMAN

By *Stinson Carter*

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STREAMING VIDEO on demand has changed the audience experience more in a few years than cable television did over a few decades, and industry executives are unanimous in the belief that the new model has not reached its full potential. Technology continues to revolutionize how we experience entertainment, which programming we have access to and which storytellers are given the means to tell the stories. Some of the most valuable companies in the world are placing big bets on what's coming next.

"What might we see coming down the road?" says Beau Willimon, creator of *The First*, Hulu's sci-fi drama starring Sean Penn and Natascha McElhone. "Perhaps like [the characters] in my new show, we're all wearing augmented reality glasses, and we're experiencing television shows in a more intimate way—a way that feels much more experiential than simply watching it on a rectangle."

When Willimon's first show, *House of Cards*, premiered in 2013, it was the first time an entire season of a Netflix-produced show had been made available all at once to audiences. "It had never been tried before," says Willimon. "It all felt very experimental. We were a bit shocked at how quickly the world glommed onto the idea of streaming shows over the internet and binge-

watching seasons.”



WATCHLIST From left: Some of the series that have helped change the television landscape, including 'Babylon Berlin,' 'Black Mirror' and 'House of Cards.' PHOTO: FROM LEFT, TOP TO BOTTOM: © NETFLIX/COURTESY OF EVERETT COLLECTION; COURTESY OF NETFLIX; DAVID GIESBRECHT/NETFLIX

Netflix has since grown from 34 million paid memberships in 40 countries to 130 million in more than 190 countries. Competing services such as Amazon Prime Video and Hulu have experienced similarly explosive growth, and successful cable channels have seen their business shift increasingly to a streaming, on-demand model. Apple has significant plans for original content in the works, but perhaps the biggest development on the horizon is Disney's direct-to-consumer service, coming in late 2019. After the Walt Disney Company's purchase of the entertainment assets of 21st Century Fox is complete, it will own an approximate 60 percent share of Hulu and will control an SVOD (subscription video on demand) portfolio that includes Hulu, ESPN+ and a Disney-branded subscription service called Disney+ that will be home to content from Disney, Star Wars, Marvel, Pixar and National Geographic. Disney+ will be global, and Disney intends to expand Hulu—currently available only in the U.S.—to international markets. Almost everything Disney companies have made in the past, and everything they'll make in the future, will eventually end up on their streaming service.

Television, as most people have known it for most of their lives, is no more. “At some point you'll get to a place where thinking about television from a linear standpoint will be like dial-up internet,” says Hulu CEO Randy Freer. “It's a great time for content; not a great time for cable networks. I think what will happen is: Cable networks that have been able to create brands for themselves will have an opportunity to expand and figure out how they present to consumers.”

Cable networks with a clear identity have a critical advantage in a subscription-based world, while networks with less-defined name recognition—those that have been just another channel in the cable lineup—will likely find it hard to entice the growing ranks of broadband-only consumers to buy an à la carte monthly subscription service.

HBO is moving into the new era. “In the domestic market of the United States, where there is a surfeit of content more than ever, I personally think that brands matter more than ever,” says HBO chairman and CEO Richard Plepler. In 2017, HBO had its biggest subscriber growth yet, proving that premium cable brands can still thrive alongside the likes of Netflix. “This isn't binary; Netflix can grow and HBO can grow,” Plepler says. “We've always wanted to make HBO available however, wherever and whenever a consumer wants it.”

David Nevins, chief creative officer of CBS Corporation and the chairman and CEO of Showtime Networks Inc., is also focused on the power of brand as the key to success in the new age: “The great thing about this era of television is, if you can create in customers' minds a sense of sustained excellence—“Their stuff is good, their stuff is consistent quality”—you get the benefit of the doubt.” But what is the limit to the number of subscriptions most people will shoulder? “We're all competing to be one of the five or six must-have subscription offerings,” says Nevins.



THE NEXT ACT From far left: Snapshots of the 'Red Dead Redemption II,' 'My Brilliant Friend' (HBO's first foreign language original series) and '3%.' "The model has changed everything for creators—liberating them from traditional episodic structures," says Jennifer Salke, head of Amazon Studios. PHOTO: COURTESY OF HBO; PEDRO SAAD/NETFLIX

"The thing that I fear is that at some point when people have five or six of these that they're paying for, they're gonna go, 'Wait a minute, let me go right back to cable.' Where does that end?" says Soumya Sriraman, president of the SVOD service BritBox, the joint venture between BBC Studios and ITV that provides classic and new British programming in the U.S. and Canada. Ann Sarnoff, president of BBC Studios-Americas and BritBox board chair, sees Netflix and Amazon as the broadcasters of today, with smaller platforms like BritBox "super-serving" specific fan bases, and she envisions a future in which both "hyper-local" and "hyper-global" programming will thrive.

"I think you're going to see a division," says Thomas Benski, CEO and founder of Pulse Films, a global content studio with offices in London, New York, Los Angeles and Paris. "I think it's going to be either very big and very broad or very specific. It's supermarket versus deli, and I think we're going to see more deli-sized platforms emerging."

Executives have learned that audiences are interested in bingeing 10-to-12-hour stories, at a time when some had predicted that ever-shortening attention spans spelled the end of long-form entertainment altogether. A recent survey conducted by Morning Consult and the *Hollywood Reporter* found that 76 percent of viewers ages 18 to 29 prefer to binge-watch, compared with 45 percent of viewers ages 55 to 64.

"Our ambitions are to entertain the entire world's population," says Cindy Holland, Netflix's vice president of original content. "In the old Hollywood model, a filmmaker in Italy would make a great Italian film and then would have to come to Hollywood and make an English-language film in order to have that next level of success. Now we're enabling that storyteller to stay home and make a movie or a series for us, and we will take that story around the world."

Mainstream U.S. audiences are finally shedding their historic aversion to subtitles—a fact proven by shows like *Narcos*, *3%*, *Money Heist* and *My Brilliant Friend*, HBO's first foreign language original series, filmed in Italian to remain faithful to the Elena Ferrante novels on which it's based.



SEASON OF CHANGE From left: Scenes from 'Narcos,' the upcoming videogame 'The Last of Us Part II' and 'The First.' "We're all competing to be one of the five or six must-have subscription offerings," says David Nevins, chief creative officer of CBS Corporation and the chairman and CEO of Showtime Networks Inc. PHOTO: JUAN PABLO GUTIERREZ/NETFLIX; ALAN MARKFIELD/COURTESY OF HULU

"The most important decision we made is that we stood with the idea to do [*Babylon Berlin*] in the German language," says Stefan Arndt, the Academy Award-nominated executive producer of the international hit series, distributed by Netflix in the U.S. in both subtitled and dubbed formats.

Worldwide, Netflix is spending big to keep pace with growing demand and competition, with Goldman Sachs predicting that the company will spend \$13.4 billion on content in 2018.

Shows like *Game of Thrones* set a new bar for global success—something Disney hopes to find with *The Mandalorian*, a scripted Star Wars series written by Jon Favreau that is currently in production, as well as a *Rogue One* prequel series starring Diego Luna. According to Plepler, however, original content made by and for individual markets abroad generally outperforms content exported from the U.S. “Once in a while there’s an exception like *Game of Thrones*, which resonates everywhere,” he says, “but mostly local trumps everything.”

‘Those who serve consumers in the way they want to be served will win. those who try to put up barriers will lose.’

—Kevin Mayer

HOLLYWOOD’S RULES about what works and what doesn’t work have been debunked by the whims of subscribers, which have pushed executives to take more creative risks. “Stories that in the past would have been seen as niche are suddenly becoming global phenomena,” says Benski, who points to the Israeli political thriller *Fauda* as an example: an international hit that “none of us would have heard of without Netflix,” he says.

There’s also been a loosening of structural conventions. “The model has changed everything for creators—liberating them from traditional episodic structures,” says Jennifer Salke, head of Amazon Studios. For example, writers of streaming shows don’t have to write around commercial breaks, episodes can be as long or as short as desired, and the number of episodes in a season is no longer dictated by the traditional network schedules.

Audiences drive programming decisions more than ever before, because platforms are able to monitor their habits, likes and dislikes with more detailed metrics than in the past. The same technology that provides people with complete control over their viewing experience gives information in equal measure to those providing it. “We can see from the data how many people start watching a show, how many people complete the season, and that tells us a lot about how popular it is and how sticky it is, so we use all that information to help us decide whether to make another season,” says Holland. “So when I have a producer or a creator come to us with a new idea, we look at the information we have and try to project what is the potential audience size and how much could we invest in an idea like that.”



From left: ‘Fauda,’ ‘Game of Thrones’ and ‘Money Heist.’ “This isn’t binary: Netflix can grow and HBO can grow,” says HBO chairman and CEO Richard Plepler. PHOTO: COURTESY OF NETFLIX; COURTESY OF HBO; COURTESY OF NETFLIX

Audience behavior can determine the fate of shows before they are produced, in unexpected ways. At YouTube, user data is a major factor when considering a pitch for original content. “When Sony [Pictures Television] asked me if we wanted to hear a spinoff [idea for] *The Karate Kid* as a series, I was able to map *Karate Kid*’s success on YouTube in terms of its search popularity and viewership of clips,” says Susanne Daniels, YouTube’s global head of original content. “That helped me know that if I liked the pitch, it would be something I wanted to aggressively pursue.” But shows can both live and die by the user-data sword: “Sony called us

recently and asked whether we wanted to hear the pitch of the *Mad About You* reboot, a show that I loved personally when it was on originally. My first instinct was, ‘Yes, I want to hear that pitch.’ But that’s not a title search at all on YouTube, so that was not a pitch [meeting] that I ended up scheduling.”

According to Kevin Mayer, the Walt Disney Company’s chairman of direct-to-consumer and international segment, whatever model consumers want is the one that will ultimately succeed: “Those who embrace that and serve consumers in the way they want to be served will win. And those who keep fighting and try to provide friction and try to put up barriers will lose. And be dinosaurs, very quickly.”

“Live TV will likely still have an appointment component to it, in that people will carve out time in their schedules to come together to engage with a live event,” says Salke. “We see our customers bingeing our series and putting them on their watchlists in anticipation of being able to see them as soon as they are available.”

If audience choice, enabled by technology, was enough to upend a television broadcast model decades in the making, then what changes may be in store when technology opens the door for audiences to not just influence programming but also participate in it? The Netflix series *Black Mirror* will reportedly feature an interactive episode in its upcoming season. (Netflix declined to comment.) Meanwhile, videogames like the recent blockbuster *Red Dead Redemption II* and the upcoming *The Last of Us Part II* are on a parallel course—delivering interactive sagas and mature drama rivaling anything on TV.

“What happens when you start giving choice to the audience member? You give them the tools to collaborate in the art form. Is that any less valuable or artistic?” says Beau Willimon. “The traditional part of me says yes, you need to be experiencing one person’s vision. But maybe we need to break out of that mind-set.”

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