

Australian content in SVOD catalogs: availability and discoverability

Submission to the Australian and Children's Screen Content Review
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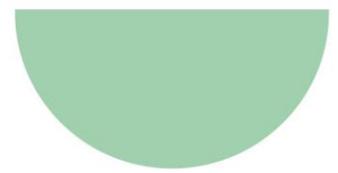
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About the authors

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Executive summary

SVOD (subscription video-on-demand) portals represent a new and disruptive category of entertainment service. The two leading SVOD portals in Australia are Netflix and Stan.

Netflix – which is not an Australian media company and cannot easily be regulated under Australian law – is unquestionably a central player in Australia’s audiovisual future. Stan, Australia’s first local SVOD, has led the way in commissioning Australian content for exclusive digital release.

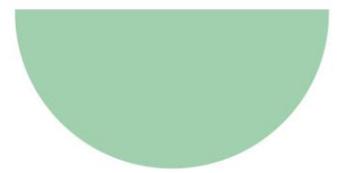
This submission contains findings from independent academic research we have been conducting since 2015 into SVOD services and related public policy issues, both in Australia and overseas.

Through this research we have been able to gain an understanding of the relative value of local content within current SVOD business models. Given that both Netflix and Stan are pure-play over-the-top (OTT) operations – and therefore immune from Australian content quotas – we believe such research can help policymakers to identify “Australian content types or formats... the market [is] likely to deliver and/or fail to deliver in the absence of Government support” (Review Consultation Paper, pg. 11).

Our submission addresses **Q2** and **Q6** from the Review’s terms of reference. We present findings from a **content analysis** of the Netflix and Stan catalogs and discuss related **discoverability** issues. Note that Foxtel – a legacy pay-TV company already subject to Australian content requirements – is not considered here.

Our key findings are:

- The Australian Netflix catalog presently features around **2.0%-2.5%** Australian content. The level of Australian content on Stan is higher (**9.5%**), though its catalog is smaller.
- Stan has led the way in producing the first Australian SVOD originals. These comprise **less than 1%** of its total catalog. Netflix has two Australian originals in production.
- SVOD services are reliant on a wider ecology of broadcast and film production. SVOD augments but does not replace older media. Existing policy frameworks therefore remain essential for satisfying the Review’s objectives regarding Australian content.
- In the absence of regulation, the SVOD market is unlikely to generate significant investment in new Australian content, though it adds some value to existing content rights. This underlines the need to preserve the Australian content quota framework in broadcast television.
- Netflix is increasingly important for the *international* distribution of Australian content.



Background

The growing importance of SVOD

A recent report from Deloitte (2017) notes that 32% of respondents have a SVOD subscription in their household, up from 22% last year. SVOD services are especially popular among younger demographics. Data from the Australian Bureau of Statistics (ABS 2016) also suggest considerable revenue growth for players in the subscription TV category (SVOD and conventional pay-TV), amounting to more than \$5 billion per year. This figure now exceeds the total income of commercial free-to-air (FTA) stations in Australia.

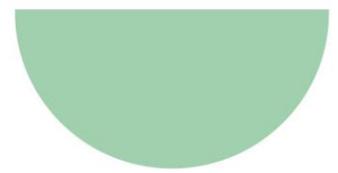
Netflix does not release country-by-country subscriber numbers, however Roy Morgan (2017) estimates that 7 million Australians live in households with access to Netflix. Telsyte (2017) estimates Netflix has more than 2 million paying Australian subscribers, compared to 867,000 Stan subscribers. As these figures suggest, SVOD services – especially Netflix – have become major players in the Australian media landscape, and require policy attention for this reason.

Understanding SVOD catalogs

SVOD catalogs are composed of a finite number of TV episodes, movies, and documentaries. Catalogs vary in size, depending on the nature of the service. Stan presently has over 1,000 titles in its catalog while Netflix Australia has over 3,000 titles (JustWatch 2017). At present, most of the content on both Stan and Netflix is licensed from other networks and producers. Although Netflix's original production has been growing fast, Netflix originals account for less than a quarter of the overall catalog in most countries (Veed Analytics 2016). Netflix is aiming to increase this to around half (Spangler 2016).

To measure the amount of Australian content hosted on Netflix and Stan, in August 2017 we manually inspected and coded titles in both catalogs that had been labelled as Australian according to the platforms' respective categorisation systems. We used search terms such as "Australia" and "Australian" to cross-check for discrepancies between content metadata and categories. We also consulted third-party indexing sites such as UNOGS.com and JustWatch.

It is possible that some Australian content in the catalogs was not marked as such via either metadata or categorisation, and was therefore missed. Nonetheless, we believe this method is sufficient to provide an approximate indication of the amount of *easily discoverable* Australian content in both catalogs. It is important to note that catalogs are constantly evolving, and this method can only provide a static snapshot of a single point in time. For this reason we also discuss findings from other research on SVOD catalogs, both here and overseas, to place our findings in a wider context.



Response to Q2:

What content types or formats is the market likely to deliver and/or fail to deliver in the absence of Government support?

SVOD, the fastest growing sector of the Australian video landscape, is unregulated by Australian local content quotas. We argue that analysis of the existing SVOD services' existing track record in licensing and commissioning new Australian content can inform predictions of market-driven provision of Australian content types and formats absent government quotas.

This section provides findings from our content analysis of Stan and Netflix. We consider each service separately. We then offer some contextual analysis and international comparisons.

Case study 1: Australian content on Netflix



How much Australian content is available in Netflix's Australian catalog?

Studies of Netflix's Australian catalog conducted shortly after the local launch in 2015 found that approximately 34 of the 1,047 films available on Netflix in Australia and 30 of the 317 television series available were Australian content, or at least categorised as such by Netflix. At the time, this amounted to 4% of the catalog (Scarlata 2015).

How has the situation changed since 2015? Our findings suggest that while the level of Australian content in the Netflix Australia catalog has grown in terms of absolute titles, it has decreased in overall proportion.

As of 1 August 2017, the Netflix catalog contains the following number of self-described "Australian" titles:

- 29 Australian movies
- 29 Australian documentaries
- 56 Australian TV shows



After adjusting for double-counting, we find the total number of discrete Australian titles is 88. This amounts to **just over 2% of the overall Australian Netflix catalog** of 3,738 titles (Unogs 2017).

These figures naturally fluctuate as license terms expire and come online. For example, when we conducted a follow-up study shortly before publication to test the finding (September 1 2017), we found that the Netflix AU catalog had increased to 3,903 titles (Unogs, 2017) and that a few new Australian films and TV series had been added, with others expiring. This increased the overall proportion of Australian content to **roughly 2.5% of the catalog**.

We conclude that Australian content presently amounts for **between 2% and 2.5%** of the overall Netflix Australia catalog.

What kinds of Australian content is Netflix licensing?

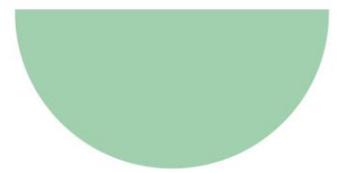
Film and TV licensing have different dynamics, so we will consider each separately.

Of the **Australian television** titles available in the Australian Netflix catalog, the majority are drama, documentaries, and kids programming, with some comedy also available. Over two-thirds of the licensed local content comes from the ABC (that is, the content was initially commissioned and distributed by the ABC and its multichannels). The ABC has also been licensing its content to Stan.

By tracking the year of production of each of these titles – thus giving an indication of back-catalog vs. new-release content – we found that Netflix is making an effort to license newer titles. Most Australian television content available in the Australian Netflix catalog was produced after 2010. There are also a few classic back-catalog titles such as *Power Without Glory* (1976) and *Round the Twist* (1989).

This is all licensed content that has previously been aired on Australian TV or pay-TV networks. Netflix is effectively acting as an additional window for existing Australian content, and competing as a buyer for ancillary rights to Australian content. This is good news for Australian rights-holders, who may be able to extract more value from their existing libraries. However, this is not the same thing as investing in new production (see pages 11-12).

The **Australian movies** available in the Australian Netflix catalog seem to be lower-value, lesser-known content. At the time of writing, there was only one well known title in the catalog (*Mad Max: Fury Road*).



Case study 2: Australian content on Stan



How much Australian content is there in the Stan catalog?

Our content analysis, conducted in September 2017, found that there is significantly more Australian content available on Stan than on Netflix, in both relative and absolute terms.

The Stan catalog offers the following amounts of self-described “Australian” content:

- 57 Australian movies
- 60 Australian TV series (including 3 Stan original titles and a series of 6 comedy specials)
- 7 Australian documentaries
- 14 Australian titles in the “ABC Kids” category

This equates to 138 discrete titles – almost a third more than the amount of Australian content available on Netflix. In relation to Stan’s overall catalog of 1457 discrete titles (Justwatch 2017), Australian content makes up **9.5%** of the total content available on Stan.

What kinds of Australian content is Stan licensing?

As with Netflix, much of the **Australian TV** content on Stan comes from the ABC or from Stan’s part-owner Nine Network, which has supplied shows such as *House Husbands*, *Love Child*, and the *Underbelly* and *Hamish & Andy* franchises. There is a significant focus here on comedy and variety entertainment. Stan has also produced and prioritised their original titles – Australian comedies *No Activity* and *The Other Guy*, and film spin-off *Wolf Creek*.

The **Australian films** available on Stan will be more recognisable to Australian audiences than those available on Netflix. Local classics such as *The Castle*, *The Adventures of Priscilla*, *Queen of the Desert*, and *Romper Stomper* all appear in the catalog. Compared to Netflix, Stan features fewer local documentaries.



Exclusive and nonexclusive licensing in SVOD catalogs

When studying the presence of Australian content in Stan and Netflix, we compared the results to assess whether there was any overlap between the catalogs – i.e., to see whether content was appearing in *both* catalogs.

Of the 86 Australian movies available on both Stan and Netflix, only **2** of these movies (*Rogue* and *Van Diemen's Land*) appeared on both services. The rest were exclusive either to Stan or to Netflix.

Of the 116 Australian TV series/telemovies available on both Stan and Netflix, **14** of these were available on both services. These were all high-profile ABC productions, including *Rake*, *Angry Boys*, *Miss Fisher's Murder Mysteries* and the *Jack Irish* telemovies.

In other words, exclusive licensing has become the norm for SVOD services in Australia. The ABC is the only content supplier that bucks the trend, offering its hit shows to both Stan and Netflix.

Is SVOD a “natural home” for priority genres (drama, documentary and children’s content)?

The consumer experience of VOD and SVOD – involving on-demand selection from a library of content – is fundamentally different from the linear broadcast model of television. One implication of this distribution model is that certain genres are especially well suited to SVOD distribution over linear distribution (Lotz 2017).

Netflix and Stan offer an extensive selection of **drama**, **comedy**, and **kids** content (and, in Netflix’s case, an extensive **documentary** library). Netflix and Stan do not, however, offer **sports** or **news programming**, because these time-sensitive genres are not well suited to SVOD distribution. Both services do offer some light-entertainment content, but relatively less than the FTA broadcasters do.

This association of SVOD with particular genres (drama, documentary, and kids content) has a policy implication. Drama, documentaries, and kids programming are three of the priority genres that are subject to production sub-quotas under the *Broadcast Services Act (1992)*. FTA networks are required to produce minimum hours of new content each year in these genres.



In other words, Australian FTA networks are strongly regulated to produce these genres but are arguably less well suited to their distribution in a multiplatform environment. The reverse is true of SVOD services, which are arguably ideal platforms for viewing these genres but which are not obliged to produce them.

This is certainly not an argument for deregulation of Australian FTA quotas to match SVOD. As we show below (see pp. 11-12), SVOD services are unlikely to produce significant amounts of new Australian content in these genres. Their general business model is to redistribute *existing content*, supplemented with some flagship original production. This may change over time as the sector evolves.

The international context

It is important to consider the above data in relation to global industry practices. This is especially the case for Netflix, which is an international platform that operates across 190 countries and does not have an Australian headquarters.

When we look at the issues from an international perspective, a number of implications arise.

Issue 1: Australian content in international Netflix catalogs

The first thing to consider is that, while there is little Australian content in the Netflix Australia catalog, there is a lot of Australian content to be found elsewhere within the Netflix catalog system (i.e., in other countries' Netflix catalogs). This content is not easily accessible to Australian consumers due to geoblocking. Nonetheless, its presence should be taken into account when considering the role of SVOD in promoting Australian content overseas.

Using VPNs (virtual private networks) and third-party index sites such as Unogs.com, we were able to investigate this topic. We found that many well-known Australian TV series are presently available to international Netflix audiences, including *Rake*, *The Code*, *The Principal*, *Miss Fisher's Murder Mysteries*, *Cleverman*, *Wentworth*, *Deep Water*, and *Mako Mermaids*.

The amount of Australian content in the Netflix catalog system varies significantly from country to country. For example, the United States Netflix catalog (the largest catalog with over 5,000 titles), contained 42 Australian TV series and 62 Australian movies. In terms of the number of available titles, **there is more Australian content in the Netflix US catalog than in the Netflix Australia catalog**. In relative terms, this amounts to **1.8%** of the US catalog – only slightly lower than the proportion of Australian content in the Australian catalog.



A smaller assortment of Australian content is also available in other national Netflix catalogs. In Brazil, for example, there are 22 Australian TV series available – almost as many as the number of Brazilian shows (25). In Switzerland, 15 Australian movies and 16 Australian TV series have been licensed. In France, there are 14 Australian movies and 21 Australian TV series available (compared to 169 French titles).

Case study: *Please Like Me's* SVOD journey

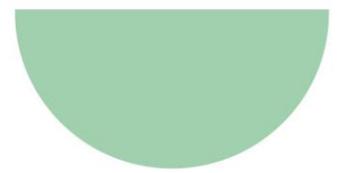
Please Like Me, created by and starring Josh Thomas, is an Australian comedy/drama series notable for its distinctive treatment of themes such as sexual identity and mental illness. The show was produced in association with the ABC. It premiered on ABC2 in 2013 before moving to ABC1.

The show ran for four seasons, from 2013–2016, thanks in large part to its international distribution. The first season aired in the US on Pivot – a fledgling satellite and cable network targeted at younger audiences seeking socially relevant entertainment. The success of the show in the US helped sustain the production of seasons 2-4. This came in the form of both extra funding and critical acclaim; the show drew praise from *Vanity Fair* and *Time*. Lena Dunham tweeted her love for *Please Like Me* in June 2015, and *Entertainment Weekly* included the programme in its annual best show list for 2 years running.

When Pivot was shut down in 2016, Hulu picked up the series for its last season. Hulu also made the earlier seasons available on its platform. The show was promoted as “Hulu’s *Please Like Me*” and was lauded as “one to watch” by *The New York Times*. The show is still licensed by Hulu in the US. Around the same time, Amazon Prime Video picked up the show for distribution in the United Kingdom, much to the relief of audiences that had previously found it difficult to access despite its reputation and cult following. *Please Like Me* remains available on Amazon Prime Video in the UK.

After the series ended, it was picked up by Netflix for global (minus US/UK) distribution. *Please Like Me* is now available on Netflix in over 229 countries, including Australia (Unogs, 2017). It is no longer locally available on ABC iView, but the show can be purchased here via iTunes, Google Play, and the ABC Shop.

What does the *Please Like Me* story tell us about SVOD and Australian content? Clearly SVOD (first Hulu and Amazon Prime, then Netflix) was important for introducing this Australian programme to a new international audience, specifically a young-adult audience who enjoy using SVOD services. Such interdependency of broadcast, cable, and online distribution is increasingly indicative of the international journey of Australian content.



Issue 2: How does Netflix Australia compare to other Netflix territories in terms of local content provision?

There has been no systematic comparative research comparing local content levels across Netflix's various international services, however a few studies are worth considering here.

Canada

An early local content analysis of Netflix Canada can be found in the report by Miller and Rudniski (2012) for the Canadian Radio-Television and Telecommunications Commission. Conducted shortly after the launch of Netflix Canada, its first international service, this report concluded that **3%** of feature films and **14%** of TV content in the Canadian Netflix catalog were Canadian.

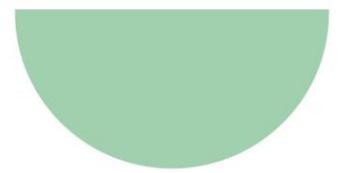
Europe

More recently, the European Audiovisual Observatory has produced two reports, Origin of Films in VOD Catalogs in the EU (Ene and Grece 2015) and Origin of Films and TV Content in the European Union (Fontaine and Grece 2016). Developed in response to ongoing policy debates within the EU about cultural and linguistic diversity, the Observatory research provides a richly textured account of diversity dynamics within European VOD and SVOD services, including Netflix's various services in the EU. Observatory researchers were able to assess the degree to which different VOD and SVOD services make an attempt to license local content for the different territories in which they operate, or rely instead on a mostly Hollywood cinema offering.

The most recent Observatory findings suggest that, across Netflix's 28 European catalogs, EU-originated movies make up **between 12 percent and 21 percent of the catalog** (depending on the market). The proportion of **local movies varied between 0 percent and 10 percent**. In most EU28 countries (including Austria, Bulgaria, Cyprus, the Czech Republic, Estonia, Finland, Greece, Croatia, Hungary, Lithuania, Latvia, Malta, Romania, Slovenia, and the Slovak Republic) there were no local films available at all. In contrast, **Hollywood movies typically account for over two-thirds of the titles on offer in Netflix's European catalogs**.

The range of TV content on Netflix's EU services tends to be more localised than the movie selection. The Observatory research found that, on average, roughly **half the TV titles in each catalog were American**, and around **a third were European**. British, French, and German TV content is well represented in certain markets. However, in small European countries national TV titles are largely absent from the catalog (Fontaine and Grece 2016).

These data suggest that Netflix is making an attempt to license both national and other European content for its various European catalogs. However, Netflix subscribers in smaller European markets expect to find little or no local content. In this sense, the situation is not dissimilar from Australia: Netflix appears to assume that most subscribers will be content with majority Hollywood content.



Incentives and disincentives for Australian original production by SVOD portals

How committed are SVOD services to investing in new Australian content? The answer to this question varies depending on the service in question. Stan, as an Australian service part-owned by the Nine network, is naturally different in its orientation and market position when compared to Netflix, a global SVOD service that is run out of California.

Stan

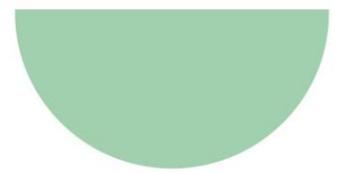
According to Stan CEO Mike Sneesby, production and distribution of original content is integral to Stan's brand-awareness: "It is really about taking that huge awareness of the Stan brand and accelerating the conversion of it by letting more and more consumers know about the value that we are bringing" (cited in Ward 2016). In its first two years of operation, Stan commissioned and exclusively released three original television programmes – *Wolf Creek*, *No Activity*, and *The Other Guy* – as well as a 'One Night Stan' series of six stand-up comedy specials. In 2016, Stan commissioned its first movie, psychological thriller *The Second*, which has been filmed in and funded by the state of Queensland. It also currently has at least four more television series in various states of production.

Netflix

Netflix executives have stated on many occasions that they are committed to producing "the world's stories, for the world's people", including for Australians. Upon Netflix's arrival in 2015, CEO Reed Hastings reassured Australian industry that Netflix wants to produce "not only for the local market but also for the global market" (ABC News 2015). According to Chief Content Officer Ted Sarandos, "Australia has such a rich production infrastructure and great talent, both in front of, and behind, the camera. There's no reason we would not [commission] original shows for Australia" (cited in Lallo 2016).

Since its arrival, Netflix has partnered with Australian commercial and public service broadcasters to globally distribute kids shows *Beat Bugs*, *Bottersnikes & Gumbles*, *Kazoops*, *Mako Mermaids: An H2O Adventure*, and the upcoming *Legend of Monkey*. Last year, Netflix also came on board ABC's *Glitch*, signing on as a co-producer of the series' second season. In 2016 it partnered with Beyond Television to distribute the science investigation series *White Rabbit Project*. These deals typically involve local producers partnering with Netflix to distribute their content in territories outside Australia, often with partial co-production funding.

In May 2017 Netflix announced its first Australian original production, the mystery series *Tidelands*, which will begin shooting in Queensland next year. In September 2017 it also announced a co-commission partnership with the ABC on the drama series *Pine Gap*, to be filmed in and with the support of South Australia. Both will be made exclusively available on the Netflix platform, globally.



In our view it is too soon to tell whether Netflix will become a significant player in original Australian content production (as opposed to a new distribution channel for existing production or an occasional co-production partner). However, we would emphasise that Netflix's commitment to local content production will vary naturally from country to country depending on the nature of each market and the perceived commercial value of local production within and from those markets.

In our view, analysis of market factors is likely to be a more accurate predictor of local content production agendas in the future than Netflix's public statements (or for that matter, criticism from local industry stakeholders). This means we need to acknowledge the specificities of the Australian media market. These include:

- Small population, with high disposable income
- Strong preference for English-language content
- Familiarity with, and arguable preference for, Hollywood storytelling and production values
- High cost of producing in Australia
- Demonstrated success of the Netflix formula in Australia already, notwithstanding lack of local content

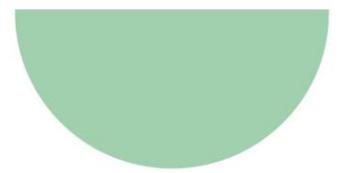
Taking these various factors into account, it is difficult to see a strong commercial incentive within Netflix for significant investment in Australian content – unless those original productions have a very strong chance of appealing to audiences outside the Australian market. Bearing in mind that circumstances could change in the future, our tentative conclusion is that the level of original Australian production by Netflix is likely to remain minimal. The same would apply to Amazon Prime Video, CBS All Access, and other US-based services. The returns from such production are generally seen as insufficient to warrant the high costs.

Conclusions

The Review asks for input on securing the future production and distribution of Australian content, both locally and overseas. We would observe that SVOD presents a mix of policy challenges and opportunities for these respective aims.

On the one hand, international SVOD services such as Netflix are very important for the distribution and promotion of Australian content to international audiences. These services will play an essential role in cultural policy objectives for disseminating local content overseas. However, SVOD services are – at least in the short to medium term – likely to have limited capacity for funding new Australian content (i.e., content that would not otherwise exist). This is because of the economics of Australian production and because SVODs are heavily reliant on the existing TV ecology – and thus the local content requirements that underpin it.

In our view current SVOD licensing may add some value to existing rights and may partially defray production costs for new content in the case of co-productions, but does not provide a basis for sustaining production long-term in these nationally significant genres.



Response to Question 6 - What factors constrain or encourage access by Australians and international audiences to Australian content?

Discoverability is an issue of vital importance when considering the circulation of national content within a digital platform ecosystem. We welcome the Review's attention to this issue.

This echoes best-practice internationally. Regulatory institutions including the Canadian Radio-television and Telecommunications Commission and the EU's European Audiovisual Observatory have recently been turning their attention to the problem of discoverability, foregrounding its importance for global media policy.

We would emphasise that regulatory discussions on discoverability are quite advanced overseas. In particular, the European Commission report "Promotion of European works in Practice" (2014) gives an indication of some of the rules that already apply to VOD services in Europe, and which may be instructive for Australian policymakers. For example,

- in Romania it is required that VOD providers indicate the country of origin of titles in the catalog
- in Poland, rules specify how platforms should promote European content in trailers, home pages and catalogs
- Estonian law requires that VOD providers give some prominence to recent European works, completed within the last five years (European Commission 2014).

Not all these precedents are directly applicable to SVOD portals, however there are many lessons to be learned from the EU's initiatives in this area.

Turning now to SVOD in Australia, we observe three key discovery mechanisms on today's SVOD platforms:

- browsing
- search
- recommendations

Different services prioritise these in different ways. Netflix makes extensive use of personalised recommendations – the company claims that 75% of viewing choices are based on recommendations (Vanderbilt 2013). Stan uses a more straightforward recommendation approach, with the effect that its content categories are more stable across the platform. Let us consider each mechanism in turn, and what it means for Australian content discoverability.



Discoverability of Australian content through browsing

Netflix

Users can access local content in the Australian Netflix catalog by browsing through content categories. Clicking/tapping on Browse provides direct access to the category **Australian Movies** (with sub-categories **Australian Documentaries** and **Australian Dramas**). Within the TV Shows category there is also a sub-category for **Australian TV Shows**.

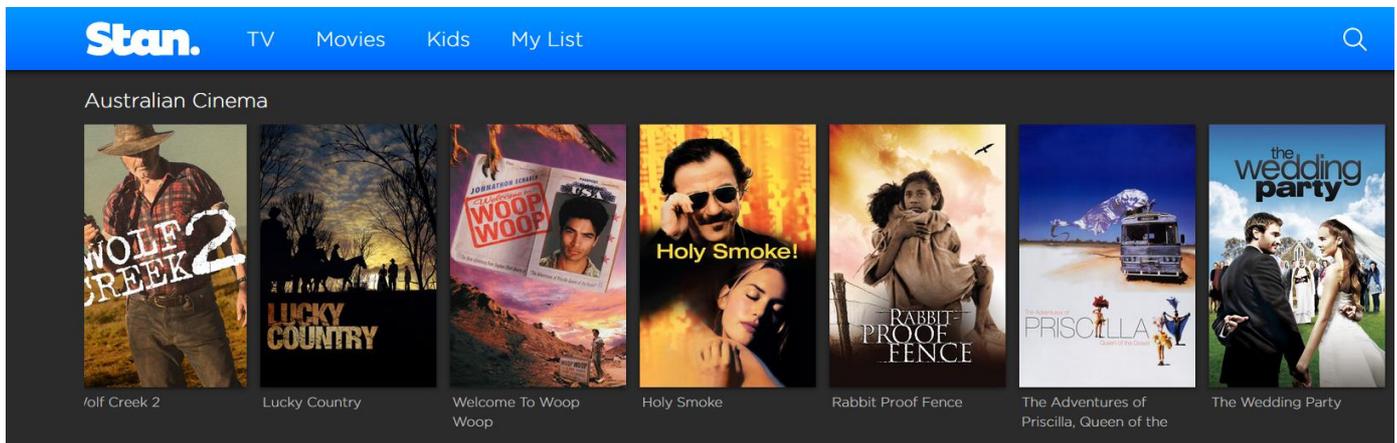


Netflix AU homepage, 06/08/17

This category provides some visibility for Australian content within the Netflix catalog. It is worth noting that not all Netflix services have a national content category – for example, Netflix customers in New Zealand, Iceland, Indonesia, and Thailand do not have such a category, despite the presence of some local content in those services.

Stan

In contrast, Stan’s interface is organised into broad categories such as TV, Movies, and Kids. Australian content sub-categories then appear as the user scrolls down the page. Within the Movies category, there are subcategories for **Australian Drama** and **Homegrown Comedy**. Within the Television section one can find sub-categories for **Australian Comedy**, **Australian Drama**, **Hamish & Andy**, and **One Night Stan** (standup comedy originals).



Stan homepage (Movies), 18/09/17

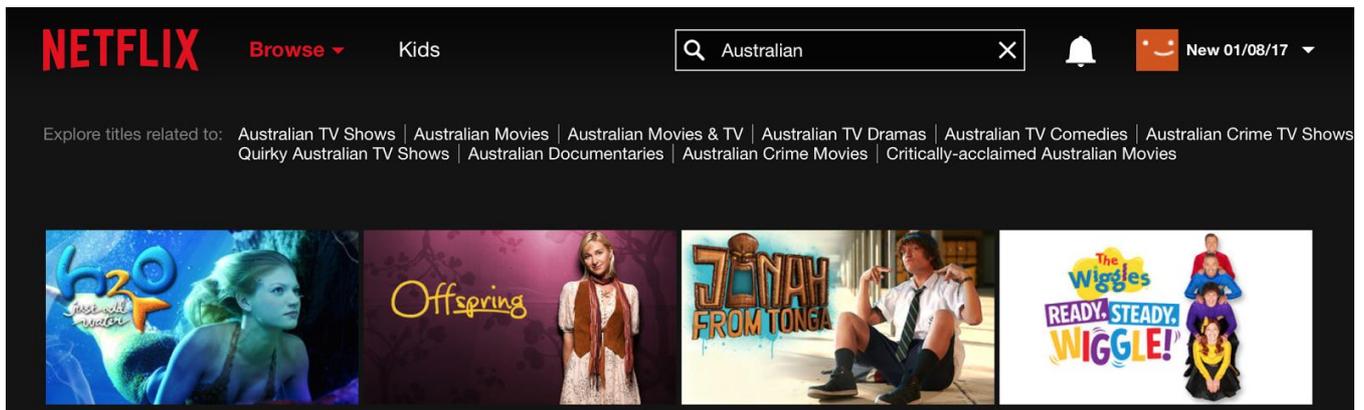




Discoverability of Australian content through search

Netflix

A Netflix search for “Australian” allows the user to access all content tagged as Australian by Netflix. This search also reveals various categories that are not directly available through browsing, such as Quirky Australian TV Shows and Critically-Acclaimed Australian Movies.



Netflix search for “Australian”, 07/09/17

These searches are subject to changes in metadata and category structure. For example, television programs *Better Man* and *Power without Glory* appeared within the **Australian TV Shows** category on August 1, but not on August 29. Netflix AU continues to license these shows, but their discoverability is somewhat limited, unless the user is searching directly for them.

Stan

Stan does not enable searching by national origin at this stage. Using search terms such as “Australian” only reveals content with that term in the title (e.g. *Australian Rules*). Nonetheless, Australian content is much more prominently featured on the Stan home page via both browsing categories and recommendations within those categories.

Discoverability of Australian content through recommendations

Both platforms use personalisation to recommend content to the user. Netflix is heavily reliant on algorithmic recommendation as the primary mechanism for discovering content. Its recommendations are based on viewing history, location, search activity, and other customer data. Netflix uses this data to inform both the categories presented to each user and the titles appearing within those categories. Stan, in contrast, does not appear to personalise its category architecture, though different users may see different titles within certain categories. Direct comparisons between Netflix and Stan are impossible because of the different system architectures.

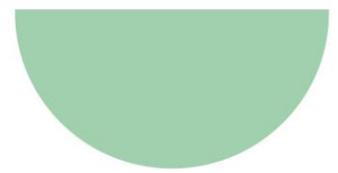


General observations regarding discoverability

Discoverability is an emerging policy area that may be of value for Government's current considerations. We would highlight the EU experience in this area as a benchmark for leading-edge approaches as well as challenges in regulating discoverability.

There is also much that can be done by platforms to enhance discoverability of the Australian content in their catalogs. Based on our analysis of Netflix and Stan we offer the following general suggestions:

- *The more categories, the better.* Categories and microgenres (Australian TV, Award-winning Australian Cinema, etc.) are beneficial to the discovery of Australian content. Netflix's architecture allows for an especially complex category taxonomy, though not all SVOD platforms operate in this way.
- *Accurate metadata matters.* Making sure that all Australian content is tagged with appropriate metadata (and therefore discoverable via user searching) is important.
- *Discoverability depends on catalog depth.* Discoverability techniques alone will not help users discover Australian content if it is not there to be discovered in sufficient quantity.



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