CONTENT VALUATION WHITEPAPER

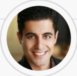
How Content Valuation Will Redefine The Industry

Re-evaluating True Value

For decades, content was valued by a couple of simple metrics. The industry used to operate a little simpler, but the internet's meteoric increase in household penetration led the way for new irrevocable consumer behaviors. Streaming, for example, changed the way content was valued. A title that brought in subscribers can be just as valuable to a title that kept someone from canceling. A movie that appeals to an audience demographic a platform is struggling to reach has more value than a film that may get lost in the noise.

How we value content has changed and, so with it, how we measure a piece of content's true value. Parrot Analytics is the only company that has created a measurement system for understanding how demand for a title translates to monetization for content suppliers and buyers.

EXECUTIVE INTRO



Wared Seger | CEO

"There's never been a greater need in the industry to understand the empirical value of content, understanding how each potential distribution path can help contribute to a title's full potential. Parrot Analytics' Content Valuation system is the only measurement tool of its kind that can provide an astoundingly accurate and fair value to any piece of content, talent, and IP."

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Although *Squid Game* has quickly become Netflix's most watched series of all time, with audiences obsessed with the dark thriller, it was originally passed on by South Korean distribution companies for more than a decade before the project landed at Netflix. The second season is currently in development.

Executive Summary

Squid Game is on track to be worth more than $2 billion to Netflix by 2027, according to Parrot Analytics' new Content Valuation measurement system. This means *Squid Game* is on a path to become Netflix's most valuable title if it adds two more seasons within that time frame. In addition, *Squid Game*'s decay rate is less than 3% a quarter, signaling there's little to no audience fatigue.

In an increasingly streaming-focused world, viewership alone doesn't translate into direct growth or subscribers. As the relationship between audiences and their content changes, so must the metric for what's considered valuable and what's not: Why are people subscribing to a streaming service, what does audience demand tell executives about their overall product, and how does that impact the number of customers subscribing month after month.

Parrot Analytics' Content Valuation measurement system can determine the valuation of any title for any platform or distribution avenue based on any scenario. There are a broad range of questions that come up at numerous points of a production cycle, from before the project is ordered to long after it airs. These can include, but are not limited to, determining whether to acquire or produce a title, determining where it should be released including whether to go theatrical or not, determining the overall value contribution to an existing library, determining the value of an entire library, or determining projected value across multiple seasons for a TV show, or the value of a film to a streamer five years after the fact. The paper will examine some of these key scenarios.

How Does Content Valuation Work?

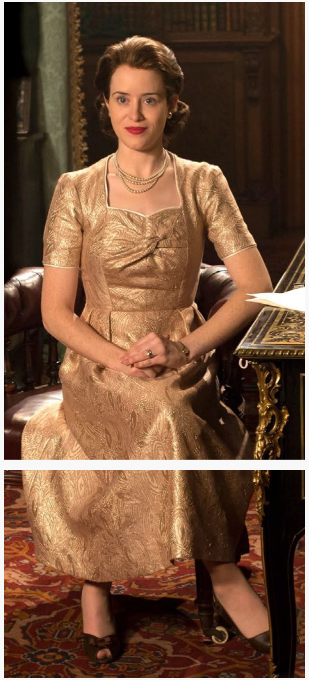
The Content Valuation system uses demand for a title to generate the percentage of revenue driven by that title's performance on a platform in a given time period, within each market.

This is applicable to any title on any platform in any territory. Demand is measured by combining billions of global audience inputs from search, social, and consumption. Since Parrot Analytics' demand metric has an r-square score of 0.98% — meaning that demand for Netflix titles, for example, is nearly 100% in-line with the streamer's quarterly subscriber performance — demand is one of the strongest metrics to determine a title's overall value to a platform.

Of course, revenue growth for a streaming service is both a function of adding new subscribers as well as retaining existing subscribers. This is where Parrot Analytics' Content Valuation system shines. Because the company is tracking global audience demand for all content across all platforms, the system can measure the "affinity" between the audiences of a given title and the rest of the library on that streaming service. This means the Valuation System is able to A) measure the total revenue contribution of any title to any platform, in each market, and B) is also able to measure the percentage make up of that revenue contribution that was derived from adding new subscribers or retaining existing subscribers.

In summary, Parrot Analytics' Content Valuation system can:

1. Measure the actual revenue contribution of any title to any platform in each market, and what percentage of that revenue was derived from adding new subscribers or retaining existing subscribers in that market.
2. Measure the forward-looking revenue potential (subscriber addition and retention) for new productions, new seasons, and library titles to any platform in each market.
3. Model scenarios determining the best distribution platform for any title to maximize its value.
4. Measure whether a movie would perform better theatrically or direct-to-streaming.
5. Measure the value contribution of talent to each title in each market.



Components of Content Valuation

Demand

Demand is a holistic audience measurement capturing the 21st Century consumer's interaction with content. We combine consumption data with research, social media, and social video activity to determine the cross-platform demand for content and talent.

Exclusivity Value

The additional value a title gets dependent on its exclusivity factor on a platform during the period of time queried.

Referral Value

The additional value a title gets dependent on the percentage of other titles, original and licensed, on a platform that it shares affinity with during the period of time queried.

Affinity

The relationship between demand for one title and demand for a platform's catalog. The stronger the affinity, the more overlap there is between series, and the higher the retention. The lower the affinity, the less overlap there is between series, and the higher potential it has to acquire new subscribers.

Decay

The rate at which demand slips for a title after its initial wave that usually accompanies a new season or installment in a franchise. The stronger the decay, the less likely that demand remains strong during off-season periods.

Baseline Value

The combination of demand and platform revenue for the quarter to discover what the most basic value measurement for a title is at the time of query.

Why It's Necessary Now: Current Measurement Systems Don't Tell The Whole Story

Determining the value of a TV show used to rely solely on viewership. It was a 1:1 relationship — if *The Big Bang The*ory netted 10 million viewers per episode, it proved there was an audience who would tune in weekly for that show. This helped network executives determine what type of show could work for an audience, but it really benefited advertisers. The more viewers a show brought in weekly, the higher networks could charge advertisers to run an ad during that time slot. Similarly, if 10 million people turned up to theaters to watch a movie, it was reflected in the box office results reported that Sunday.

Relying on 1:1 viewership metrics to determine the whole value of a title within a streaming ecosystem doesn't capture new audience behavior. The impact of a show, whether it brings in new customers or encourages those at risk of canceling their service (low engagement users) to stick around for another month, goes far beyond people tuning in. Is that single series the reason that someone continues to pay $15 a month? Is that series departure from one platform to land on another the reason someone may cancel a service they've had for three years and sign up for another? What is the true value of that title when advertisers aren't just looking for the best time slot to run a 30-second spot?

Understanding content valuation on a per-title basis requires analyzing the bundle offering — the perceived value of everything being offered to each individual subscriber — as a whole. *The Crown* isn't about to be canceled because its decay rate is higher than other series — Emmy award wins and creating "prestigious" programming that groups Netflix original series in with other high caliber titles that can help land the best talent is vital. *The Crown* is a high growth series, meaning that it also:

- Sees substantial growth in value with each new season thus far.
- That growth is inherently tied to demand.
- And that demand is empirically tied to subscriber growth or subscriber loss.

Programming remains as much an art as it is aided by science. Data can give teams the ability to determine future steps for a series based on subscriber acquisition, the number of relevant titles viewers watch afterward, and if decay rates increasing. It can also help determine what is needed to help grow a show into a franchise, leaning on the incredible potential within a certain taste cluster the company is trying to reach to expand its total addressable market.

How the Industry is Using Content Valuation

CONTENT TRIVIA

Ted Lasso started as a commercial for NBC after the network secured the rights to Premier League games. Jason Sudeikis, who starred on NBC's *Saturday Night Live* at the time, played the role of *Ted Lasso*. NBCUniversal and Warner Bros. Television eventually shopped the character as a full series, landing on Apple TV+.

Partner Testimonials

Parrot Analytics has partnered with clients and creatives on content valuation work, including some of the names below. Other creatives in the space have spoken about the need for a system like content valuation to better help them understand their project's true value at a rapidly changing time in Hollywood. Their sentiments are collected below.

"Creators deserve to know how their work is received. It takes a tremendous amount of effort to build an idea from nothing into something and release it into the wild. The fruits of this effort - win, lose, or draw - should be met with honest feedback on a given project's impact.

Streaming networks have access to the most granular audience data. Unfortunately, they've deemed these analytics off limits to their partners. This has created a widening power imbalance between companies and creators.

Lasting partnerships in business (and life) are the result of communication and mutual understanding based on a shared set of facts. Until studios and networks willingly share their audience data, outside analytics will remain the best way for a creator to truly understand the impact of their labor and intellectual property".

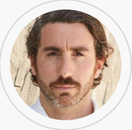
David Jenkins | Creator, Our Flag Means Death

"When I made the decision to end my show 'Dickinson', a launch show for Apple TV+, after three seasons, it would have been incredibly helpful and empowering to be informed of the kind of data that Parrot Analytics is capable of providing about the actual value and meaning of the show to the platform in terms of audience numbers, subscriber retention, and more. In the absence of such metrics, we as artists are flying blind, without full awareness of the impact our work is having, and no means to adjust our own creative plans or mission to that reality, be it positive or negative."

Alena Smith | Creator, Dickinson

"As the entertainment industry has shifted to meet audiences in new ways, so has the power dynamics that govern new platforms dominating film and television. The economics of steaming have made it so a title's true value is more difficult to parse, and compensation for all involved in a project more difficult to negotiate. Using Parrot Analytics' demand data to create an empirical valuation for a piece of content in the modern attention economy is a necessary tool that will help talent earn right and fair compensation for their work. It's a revolutionary technology that will change some of our approach to quantifying content valuation in the business of entertainment."

Kevin Yorn | Founding Partner, Yorn Levine



"Determining a title's value at every stage in the development, acquisition, and marketing process is vital to building a successful and sustainable content business. Parrot Analytics' content valuation model will power the modern attention economy by helping programming, financing, and distribution teams, as well as creatives"

Matthew Ball | VC & Author, "The Metaverse"

"As a longtime television producer and IP holder who has seen the industry shift from broadcast to cable to streaming, it's become increasingly clear that understanding and harnessing the value of our own shows has never been more necessary.

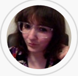
We worked with Parrot Analytics and their content valuation system to learn more about my award-winning series *Peaky Blinders*, and how to use that information to plan for the future of the *Peaky Blinders* franchise, and to better advocate for our business at a time when the information isn't as available as it used to be.

Knowing how, why and where our show is loved by audiences around the globe gives us the ability to better understand audiences' preferences and needs, as we look to expand the Peaky universe. Understanding what the show means to each potential partner's business helps create a fair middle ground between creatives and potential partners that has disappeared over the last decade."

Caryn Mandabach | Producer of Peaky Blinders

Author Bios

Parrot Analytics' Content Valuation white paper was authored by Julia Alexander, Director of Strategy, with input from Alejandro Rojas, Vice President of Applied Analytics.



Julia Alexander | Director of Strategy

Julia Alexander is Parrot Analytics' Director of Strategy. She consults clients, journalists, and industry insiders on tectonic shifts in the technology, media, and telecommunications industry, with a strong focus on streaming growth, theatricality, and M&A. She also writes expert commentary for multiple media organizations. She worked in media for nearly a decade prior to joining Parrot Analytics.

Alejandro J. Rojas | Vice President of Applied Analytics

Based in New York, Alejandro is the Vice President of Applied Analytics at Parrot Analytics where he covers industry dynamics, platforms, TV shows, movies and talent to help leading entertainment companies decide where to invest, how to value content libraries, and how to determine the value of new productions based on Parrot's proprietary consumer demand and supply measurement systems. Alejandro is also a former McKinsey consultant who went on to become an executive producer on multiple TV series in his native Venezuela. He earned his Master's Degree in Information and Data Science from the University of California, Berkeley; his MBA in Finance and Technology from MIT Sloan School of Management; and his BSE in Civil Engineering and Economics from Duke University and is a current member of the International Academy of Television Arts and Sciences.

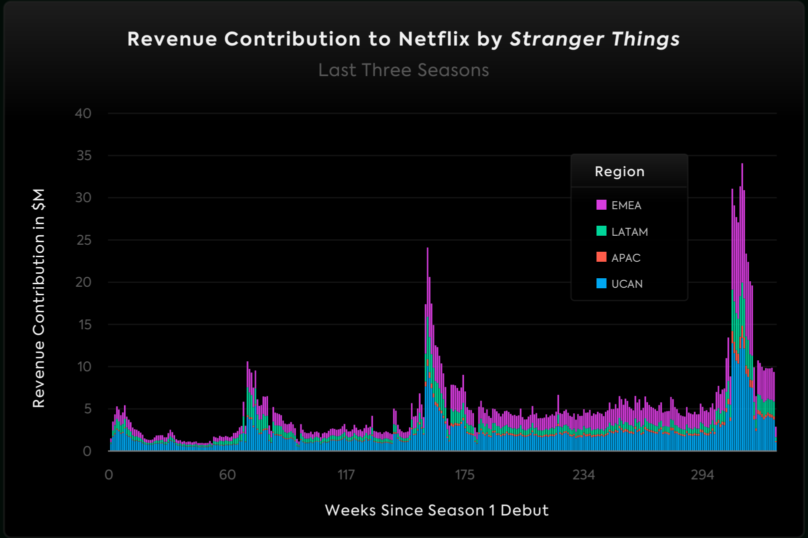
The True Value of Original Series On Streaming Platforms

CONTENT TRIVIA

The Crown creator Peter Morgan was actually tired of stories about Queen Elizabeth before starting work on his Emmy award winning Netflix series. Morgan only became interested in Elizabeth as a potential character in his story when he started thinking about the queen's marriage to Prince Phillip. Before he knew it, *The Crown* was on Netflix.

Case #1 — *Stranger Things, The Crown* Drive Acquisition

Both *Stranger Things* and *The Crown* are big budget series designed to attract subscribers with each new season. That means the revenue should increase per season, even as production and marketing budgets increase. When looking at *Stranger Things*'s revenue contribution over the last three seasons, we can see notable upticks: The third season generated an increase of 87% in revenue compared to season two, while the fourth season generated a further increase of 77% over season three. (NOTE: "Season" is defined as the first 13 weeks after release).



Since its release, season four has accumulated over $300 million, effectively recovering the amount invested in production after only one quarter.

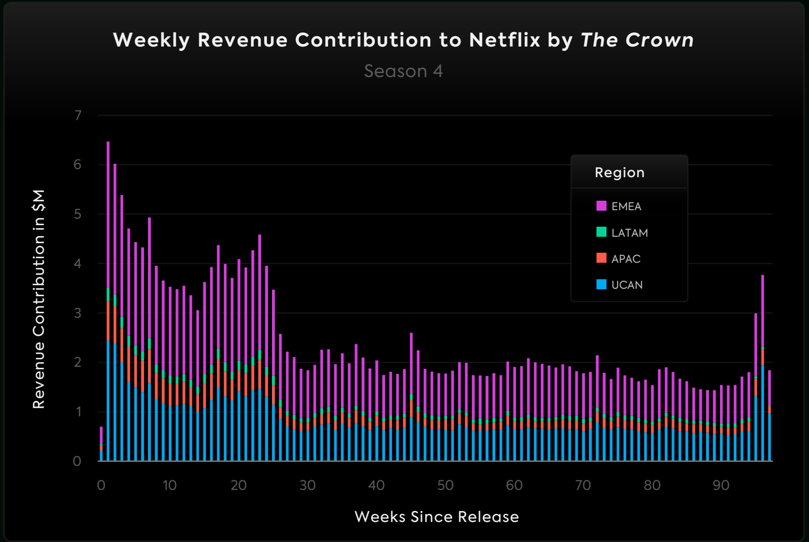
Revenue Contribution to Netflix in $M

Season #	Period	Domestic	International	Global	Episode #	$M per Episode
2	First 13 Weeks	39	48	97	9	11
3	First 13 Weeks	74	102	175	8	22
4	First 13 Weeks	130	210	340	9	38

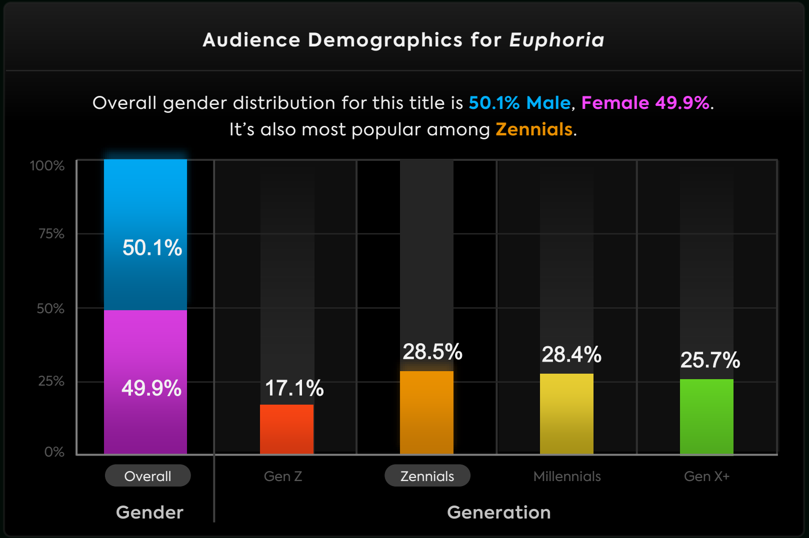
The composition of revenue by region for *Stranger Things* has shifted significantly over the years. Season two was mostly monetized in UCAN and LATAM, but by season four EMEA was a significant source of revenue, reflecting and perhaps helping Netflix's growth in penetration in that region.

This tells us that Netflix's bet on *Stranger Things* isn't just a successful one from a cultural perspective, but it's also become one of its most valuable titles from a financial standpoint. The show's decay rate — meaning the drop in value between seasons when there aren't any new episodes — is also lower than other premiere dramas on the service.

Another impressive title when looking at customer acquisition and retention is *The Crown*. The Emmy-award winning series has generated $243 million in revenue since the release of its fourth season, equivalent to $24.3 million per episode. If the cost of each episode was $15 million, as reported by some trades, Netflix is generating a total return of over 60% over the two years.



Big acquisition titles like these, in terms of drawing in new subscribers, are great at reaching new customers and different taste clusters, broadening the total addressable market for Netflix in several key regions. Their continued performance over the next several years is also a key indicator of strong value for a platform. To compare strong value, like the examples above, to cases where cumulative value may diminish, we can examine Netflix's foray into blockbuster-style films (see page 16).



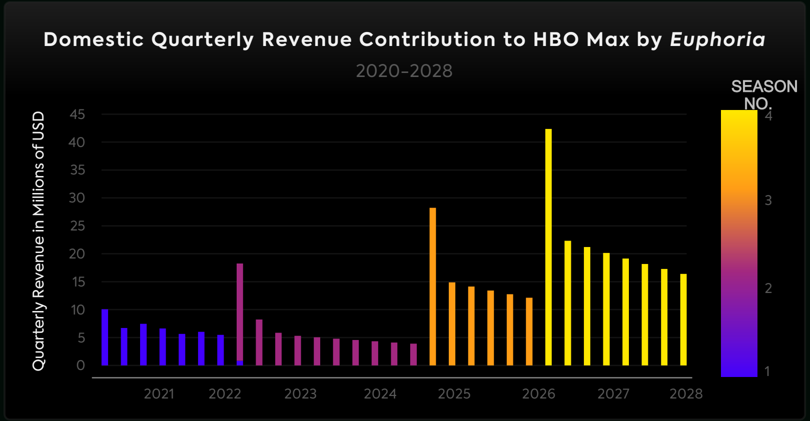
Brand Expansion — *Euphoria*

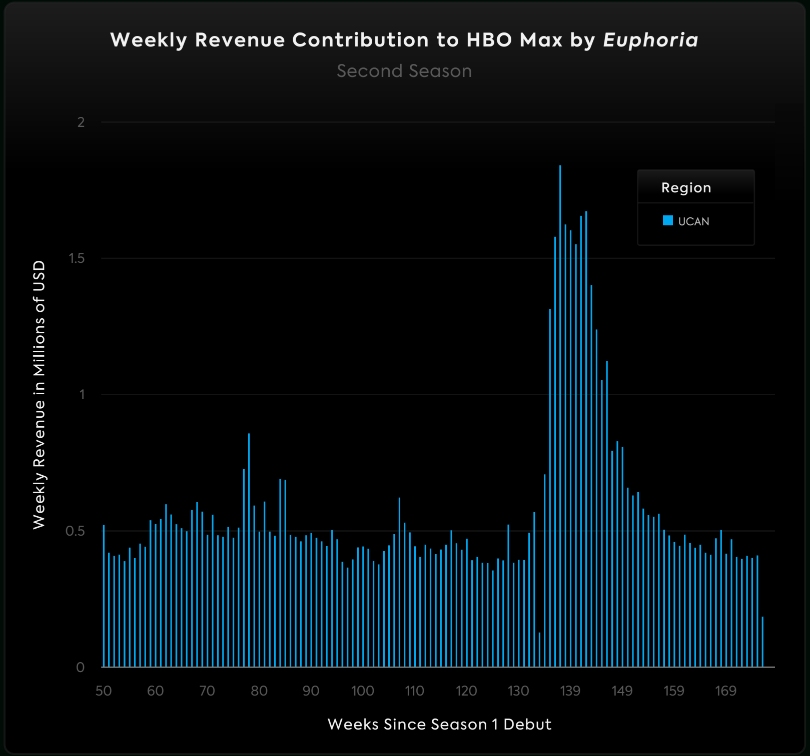
HBO's audience has historically skewed male and older. Shows like *Sex and the City* helped to bring in more women, but it was still a relatively older base. On the heels of HBO Max launching, and trying to diversify its audience base, HBO ordered *Euphoria*, its first proper teen series. The question is whether a teen show, like *Euphoria*, would be valuable to HBO and HBO Max.

Euphoria has contributed significantly to expanding the notion of what an HBO show could look like, and the value of having a series like *Euphoria* on the platform is paramount in the audience it brings in. *Euphoria*'s value is represented in the expansion of HBO's total addressable market, using a prestigious and premium series to expand on the initial brand offering while helping to create a four-quadrant general entertainment service. The show has already been renewed for a third season.

One of *Euphoria*'s key drivers of value for HBO Max is engaging with an audience who may not have signed up for the platform otherwise. HBO titles skew more male and older than other platforms, including Netflix and Peacock. Part of the goal with HBO Max and creating a general entertainment platform was to cater toward a new audience, including young women. Shows like *Euphoria*, which have a strong female base and are overwhelmingly young (appealing to Gen Z and Zennial age groups) help to bring in a younger cohort of viewers.

Euphoria does share some strong content affinity with HBO titles, including *House of the Dragon* and *Westworld*, but it also has strong overlap with non-HBO shows. These include titles that belong to genres not as present on HBO Max such as *New Amsterdam*, a medical procedural and *Brooklyn Nine-Nine*, which is a traditional network sitcom.

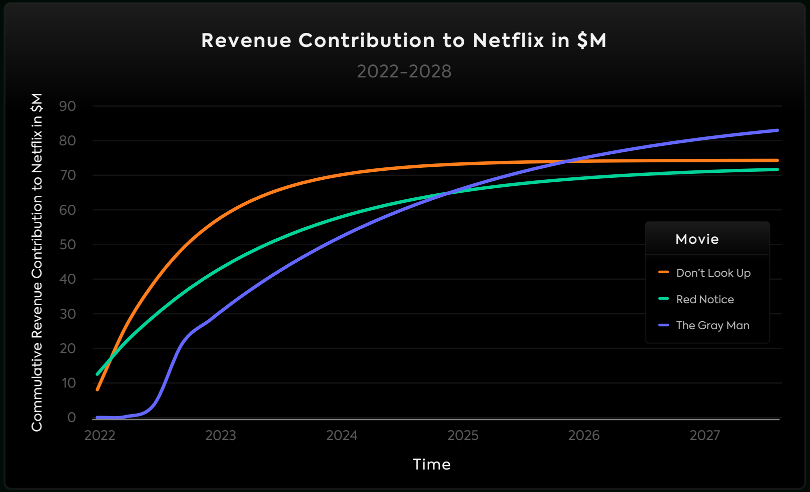




This means *Euphoria* is reaching an audience of viewers that HBO may not have reached, and that increases the breadth of HBO Max's subscriber base. *Euphoria* is a strong acquisition title for the platform, but there's just enough to keep customers engaged and the perceived value of the subscription high.

Case #2 — Netflix's Movie Slate

The film industry has largely debated whether Netflix's reluctance to bring a film to theaters, instead focusing on keeping all its pictures exclusive to the platform, can reap the same level of financial success that theatrical releases can yield. While *Don't Look Up* appears to have broken even, movies like *Red Notice* and *The Gray Man*, both of which cost Netflix $200 million to produce, cap out at $80 million in cumulative revenue contribution to Netflix over the next six years.



The direct-to-consumer movies Netflix is releasing are being subsidized by both the television series that have a stronger profit margin for Netflix, and cheaper films like the Holiday titles and teen jaunts that require less marketing, less reliance on A-list talent, and overall production budget. This leads to the inevitable next question: should Netflix have released *The Gray Man* or *Red Notice* as theatrical titles?

Just as important to a platform as subscriber acquisition is customer retention. This is a key indicator of a streaming business' health. The lifetime value of a customer increases with longer retention. The perceived value of the subscription increases in the eye of a subscriber if there's something beyond the initial reason that a subscriber first joined. It's here that catalog additions are key, often in the form of licensed content for many platforms.

Licensed Series and the Power of Strong Retention Titles

CONTENT TRIVIA

Manifest became the little series that could on Netflix. The show ran on NBC for three seasons where it found a smaller, but dedicated audience. After NBC canceled the series, the first three seasons were made available on Netflix where it became one of the most in-demand series. Netflix greenlit a fourth and final season not long after.

Licensed Series

If original series are what drives customers to sign up, reactivate, or engage with a platform again, licensed titles are often what keeps people's attention.

There are several names for this type of programming — comfort television, rewatchable series, or snackable TV. It's the type of show that people throw on before bed, while cooking, enjoying a lazy Sunday afternoon, or stuck sick on the couch. These are sitcoms, procedurals, medical dramas, and classic shows that audiences come back to over and over again. The relationship between these series and longtime fans who will continue paying month after month for access to their favorite show is essential, especially if demand for new originals falters in subsequent quarters.

Paramount Global, NBCUniversal, Warner Bros. Discovery, and Disney have massive catalogs of beloved series to license out because their various networks and studios have existed over decades. Newer companies, like Netflix and Amazon Prime Video, have less of these classic titles, and therefore still rely partially on other networks' titles to provide a robust catalog.

Much like original series, licensed titles have certain goals they should achieve to increase their value. Those are:

1. Reduce or prevent total customer churn.
2. Increase session engagement.
3. Spur additional discovery of other series.

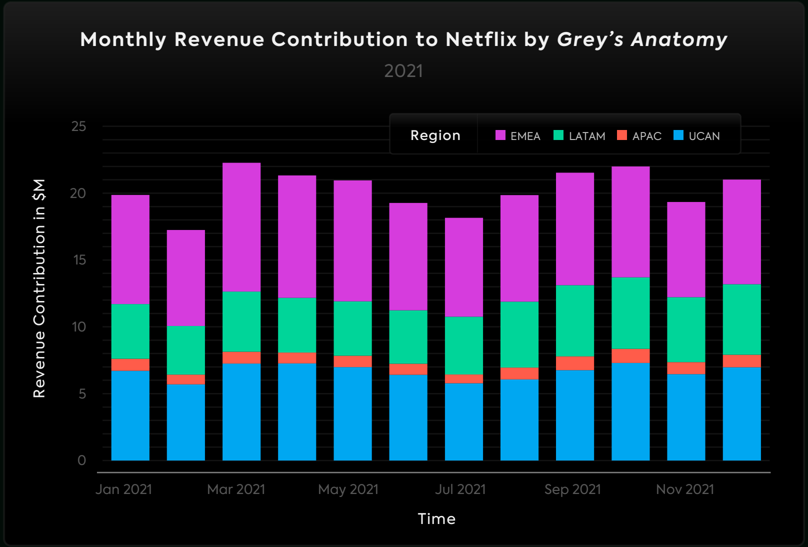
For newer platforms, having an array of licensed content that fulfills any subscriber's need, and ensures they're actively using the platform, is key to overall growth strategies. Take price increases: Annual or biennial price increases help strengthen average revenue per user (ARPU) and allow for more content and product investment, but it's difficult to know when to increase. Often, a good sign is the level of churn a platform is facing. If there are several original series bringing in new subscribers, and enough beloved classics or high-profile series keeping people from canceling, there's a good chance a price increase won't lead to many cancelations.

All of these individual assets increase a title's value. But one other key question this paper will answer is where does a title find the most of its value? Is *The Office* just as valuable to Peacock as it was to Netflix? Is *Mad Men* super valuable to IMDb TV, or would it work better on a Hulu or HBO Max? Is *Friends* really worth $450 million over five years?

Case #3 — *Grey's Anatomy, Seinfeld* retain

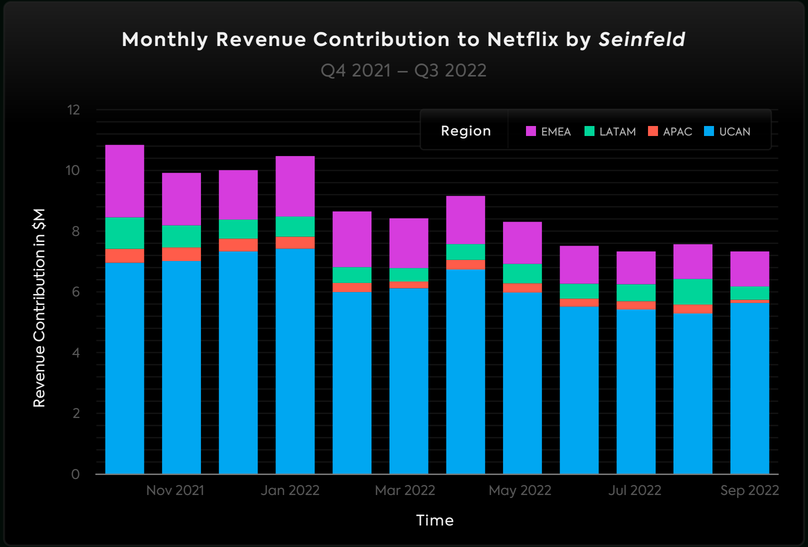
Grey's Anatomy's monthly revenue contribution to Netflix sits between $20 million and $25 million on average, with wide global appeal from each of Netflix's four key consumer regions. While there is less global appeal in the APAC region compared to EMEA and UCAN, the consistent level of demand for *Grey's Anatomy* in Netflix's key markets is a great example of licensed content supporting originals growth. The relative underperformance of the title in the APAC region can help Netflix executives better understand how to approach global licensing deals to generate the strongest return.

The biggest strength *Grey's Anatomy* presents Netflix is its retention abilities. *Grey's Anatomy* is a lucrative asset for Netflix, and Disney can point to that during renegotiations with the company and demand a higher licensing fee per episode.



Much like the stickiness that procedurals carry with them, long running comedies and specifically sitcoms, are often strong retention titles. *Friends* and *The Office* scored $450 million and $500 million deals respectively for Warner Bros. Discovery and NBCUniversal to pull them off Netflix and bring them back to their own platforms, HBO Max and Peacock. To compete, Netflix acquired the global rights to *Seinfeld* at a comparable price tag.

In the first year of its contract from October 2021 through October 2022, *Seinfeld* generated $106M in revenue contributions for Netflix. In other words, Netflix is getting almost exactly what the company paid for in global licensing rights. It was key for Netflix to pay $500 million for a five-year deal in order to stay competitive in the sitcom space.

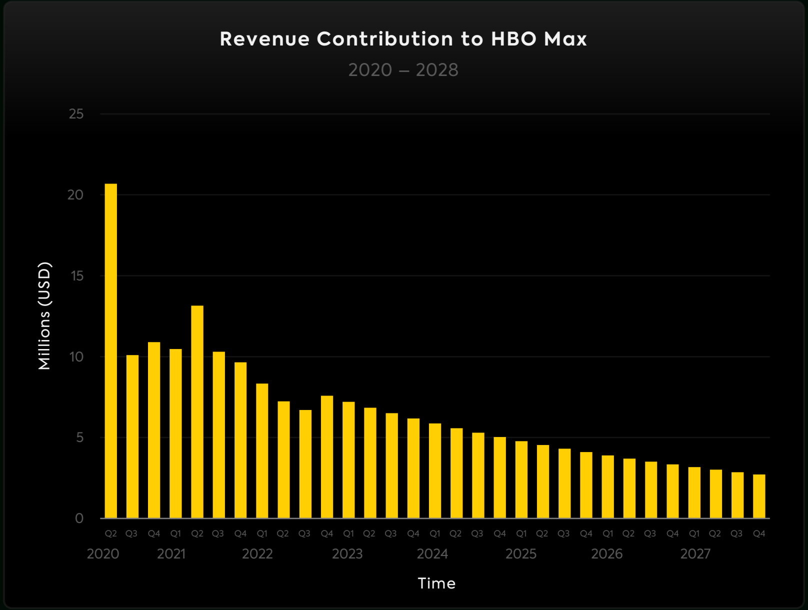


Though both shows are valuable to Netflix, and both reach different audiences, Parrot Analytics' Content Valuation measurement system can shine a light on which shows to increase attention on in order to better overall subscriber engagement. For example, both shows are incredibly high in demand and work better for retaining existing customers. This means that those who are watching these shows aren't joining to watch but are sticking around in part because they are available.

Seinfeld is relatively better, however, at attracting new subscribers. More importantly, it's also better at engaging subscribers who are at high risk of churning. This is the most important factor in the conversation about retention. If a show is retaining a subscriber base that shows low risk of canceling their subscription, then the value of that retention is much lower. Focusing on high-risk churn customers, finding programming that increases the perceived value of that subscription, and highlighting that programming so people can find it without the stress or frustration that often comes with discovery platforms is essential.

Last 30 days	Acquisition	Retention - High churning risk	Retention - Low churning risk
Grey's Anatomy	16%	11%	73%
Seinfeld	36%	13%	51%

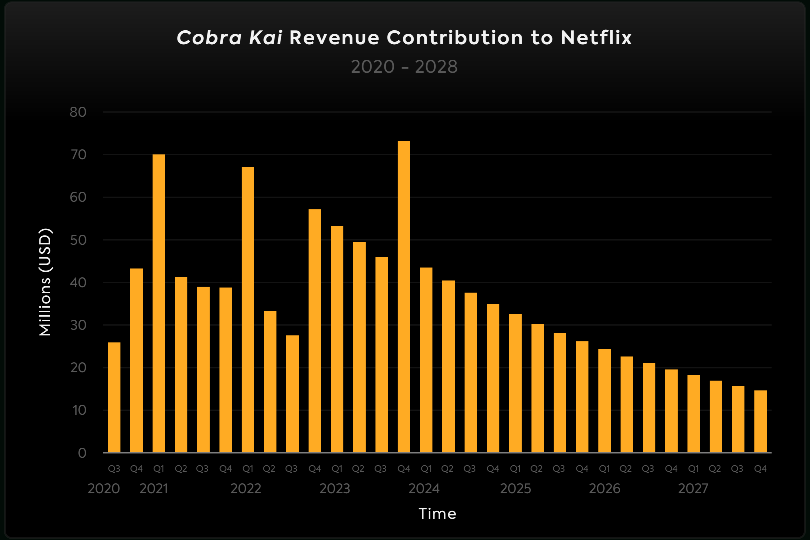
Of the total value that *Grey's Anatomy* generated for Netflix over the past 30 days (Q4 2022), 16% of it was generated by attracting new subscribers, 11% can be attributed to retaining high risk subscribers, and 73% for engaging low churn risk subscribers.



Sitcoms Rule — *Friends* (HBO Max + Netflix)

What happens if a streaming platform — like Netflix — loses one of its most significant series in the United States? The revenue loss from *Friends* moving to HBO Max in 2020 was significant. Not having the series between 2023 and 2028 will lead to a substantial loss in revenue. However, considering the cost of licensing the series (Warner Bros. Discovery paid $450 million for the rights to the series over a five-year period) would cost the same as the loss.

Therefore, licensing the series would have actually erased any profits the series generated for Netflix domestically. Globally, Netflix still maintains the rights to the series where it generates strong revenue. A title like *Friends*, which has low decay rate and strong appeal among young (41% Gen Z) women audiences (76%) means there is strong content affinity with other Netflix titles, but it doesn't reach a high-risk churn group. On HBO Max, *Friends* is therefore more valuable to Warner Bros. Discovery and HBO Max in the domestic region than Netflix because it retains a more valuable consumer group.

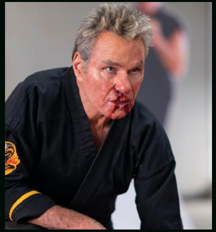


Finding Footing — *Manifest* and *Cobra Kai*

One opportunity that has presented itself over the years is moving a series from one platform to another. Two great examples are *Cobra Kai* and *Manifest*.

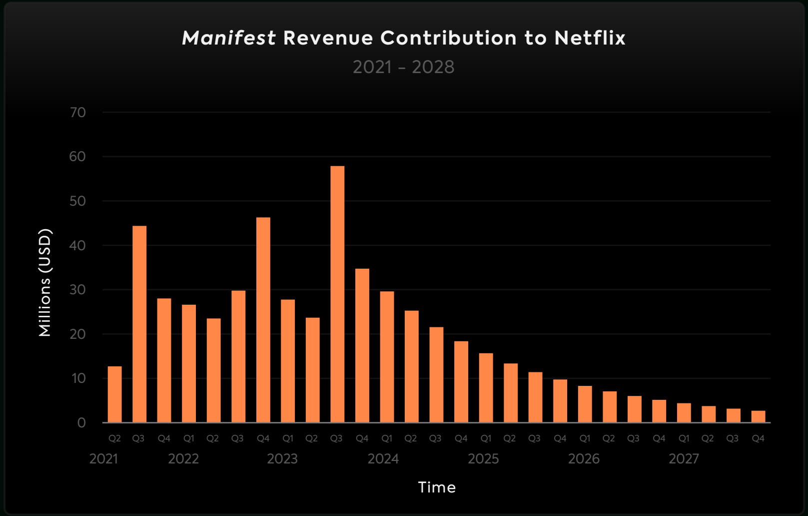
Cobra Kai moved from YouTube to Netflix in June 2020. The series didn't find much traction on YouTube as one of the platform's big original Premium series by YouTube standards, despite being one of the top performing YouTube Premium titles. Netflix bought the show assuming it would find a global audience and could benefit from the content affinity on the plaform. In the time since premiering on Netflix, the show has generated more than $500 million in revenue for Netflix.

Cobra Kai has an incredibly low decay rate, meaning that demand for the series is strong even in its off-season. That generates strong value for the show even 14 weeks post-the release of a new season. *Cobra Kai*'s third season generated just over $40 million in revenue for Netflix globally within the fourth to sixth month window. The series then generated an additional $38 million in global revenue following the sixth season and leading up to the fourth season.



Cobra Kai shares strong affinity with the majority of Netflix's catalog; people are finding other series to watch once they're finished with the *Karate Kid* spinoff. At a time when Netflix is trying to increase session time and overall engagement, especially as competition increases globally, having series that have strong overlap with other titles is crucial for ensuring that subscribers feel like the value proposition is solid.

Conversely, series with higher decay rates lose more value in off-seasons. This is why comedies like *Seinfeld* are increasingly valuable; the low decay rate means value continues to generate even after a show ends.



While the level of value generated by new seasons of *Cobra Kai* will hit a ceiling, as seen in the corresponding chart, the decay in off-season value is very little. *Cobra Kai* will be a valuable series for Netflix globally even after the show ends.

Similarly, *Manifest* sees an increase in off-season value globally with each new season. Demand for the series hasn't slowed down, and Netflix's decision to create a fourth and final season to get the most out of that demand will lead to increased value down the line. Longer form procedurals, especially those within the action-drama genre like *Manifest* and *Lucifer*, have performed well on Netflix globally. The length of the series allows hardcore fans to rewatch and new fans to sink their teeth into. That's why off-season revenue generated has increased.

When the show hit Netflix and was approaching a cliffhanger ending on the broadcast side (June 2021) it had 45x the daily average demand of any other show in the United States. *Manifest* stayed within the Top 10 trending row for weeks on end. It became a surefire hit on Netflix, much like *The Office* and *Friends* before it. Netflix is a platform built around discovery and availability; a show on Netflix may find an audience that a network governed by traditional time slots or a smaller streaming service cannot offer.

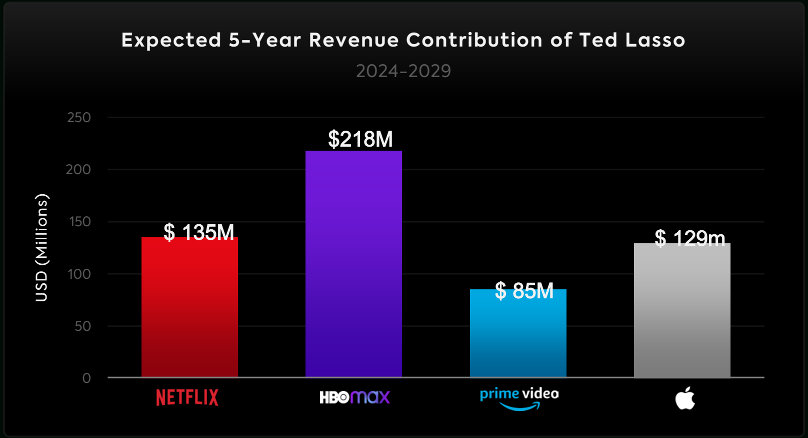
Measuring the Value of Talent to a Successful TV or Film Property

CONTENT TRIVIA

Jason Sudeikis helped turn *Ted Lasso* into Apple TV+'s most prolific, award-winning series. The actor, who plays the downright lovable and endlessly optimistic soccer coach Ted Lasso, has won a number of awards for his performance. Now, Parrot Analytics can value the financial contribution Sudeikis' role plays in *Ted Lasso*'s success for Apple.



Parrot Analytics' content valuation system takes into account subscriber behavior and it can determine if a series is more likely to retain subscribers, or whether it will lead to more churn. Parrot Analytics can furthermore determine if a title will bring more value to another platform in part due to this behavior. More simply, Content Valuation can determine the best streaming home for any given title. This chart shows the highest dollar contribution for *Ted Lasso* across multiple platforms:

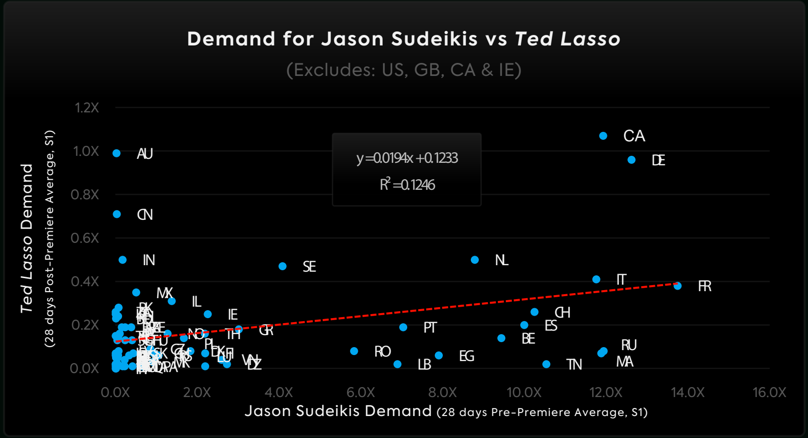


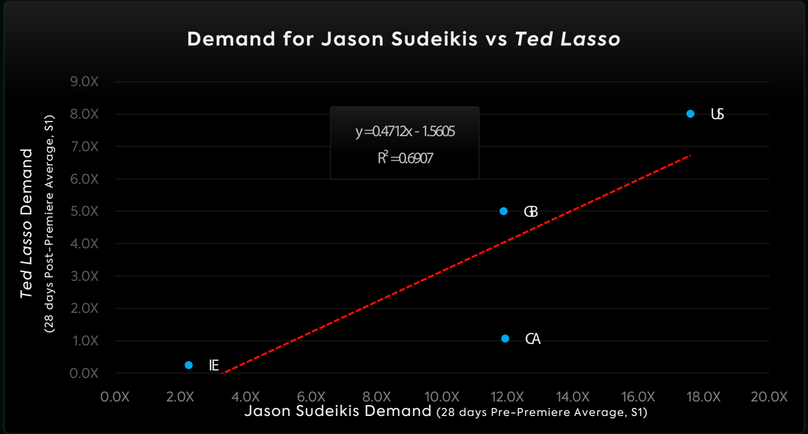
Ted Lasso is more valuable to a platform like HBO Max because it has a stronger content affinity with other titles on the platform and engages an audience that is more likely to churn than hyper engaged subscribers. While *Ted Lasso* is a strong acquisition title on Apple — with sentimentality for the entire platform increasing exponentially with each new season — there isn't as strong of a retention factor. On HBO Max, where *Ted Lasso* would help bring in a slightly older skewing audience, the title will also perform excellently as a retention tool. This makes it the best home for *Ted Lasso*, even as the show remains valuable to Apple TV+.

More importantly for Apple, however, is that *Ted Lasso* has a low decay rate (it's not losing much demand in the off-season) compared to other comedies. Shows with extremely low decay rates tend to drift toward sitcoms or procedurals — the type of "snackable television" that encourages repeat viewing even when the shows have ended or are off-season in a quarter. People may stay subscribed to Apple TV+ purely for *Ted Lasso*, increasing its value to the platform.

Case #5 — Jason Sudeiki's value contribution to *Ted Lasso*

Part of that low decay rate comes from consistent demand for Jason Sudeikis. Content Valuation can also determine the value an actor, showrunner, or director brings to a title. While Jason Sudeikis signed a reported deal for $1 million an episode, Parrot Analytics' Content Valuation system determined that in domestic markets, his contribution can be as large as 47%. Given that the value per episode for the first three seasons tops $14 million and that 42% of the value is generated in domestic markets, we estimate Jason Sudeikis' contribution at close to $3 million per episode.

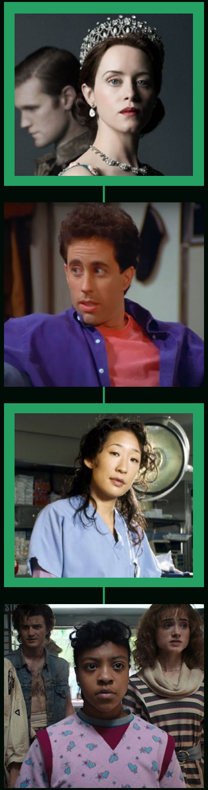




In markets where English-language programming was not the dominant form of entertainment, Sudeikis' inclusion had minimal impact. In English-speaking regions, however, Sudeikis' impact on total value for *Ted Lasso* and therefore Apple TV+ was paramount. This includes key regions where Apple TV+ is still trying to establish a primary subscriber base, including the United States and Canada. Effectively, in domestic markets, we find his contribution can be as large as 47%. Given that the value per episode for the first three seasons tops $14 million and that 42% of the value is generated in domestic markets, we estimate Jason Sudeikis' contribution at close to the aforementioned $3 million per episode.

It's an incredibly tough moment for talent in the industry. With more projects being picked up by OTT platforms, which aren't guaranteed to disclose viewership, engagement, or other traditional value metrics, it's nearly impossible to negotiate fairly. Talent, and the various agencies they work with, don't just miss out on the upper hand, they miss out on being able to have fair conversations. This paper has demonstrated so far how content valuation can help teams with financial planning and analysis, content programming, distribution and sales, and corporate strategy sides. Content valuation is also key to producers and talent looking to better negotiate in board rooms and better understand the value of their content at a time when the economics of entertainment are still changing and being formed.

Conclusion



What constituted a piece of content's value 20 years ago is not the same as it is today. Understanding the true value of a TV show, film, or even talent in a world where the very foundational economics of entertainment and media have seen revolutionary and irrevocable change is crucial to making better business decisions, entering negotiations with more conviction, and getting the most for your dollar.

It's challenging trying to predict what's going to be a global hit, what will become a key high acquisition title in a country or region with relatively low household penetration, or what's the type of sticky series that will keep a streaming platform a necessity in homes. Recognizing that not every piece of content has the same overall value because not every piece of content is trying to achieve the same goal is integral to prioritizing investment areas.

Parrot Analytics' new content valuation measurement system helps executives and creative teams evaluate how valuable a title, or a collection of titles, are to their audience base. Ascertaining how vital a film or TV show is for growing their streaming service is the difference between acquiring a title that brings in millions of subscribers or acquiring one that results in millions of dollars misspent.

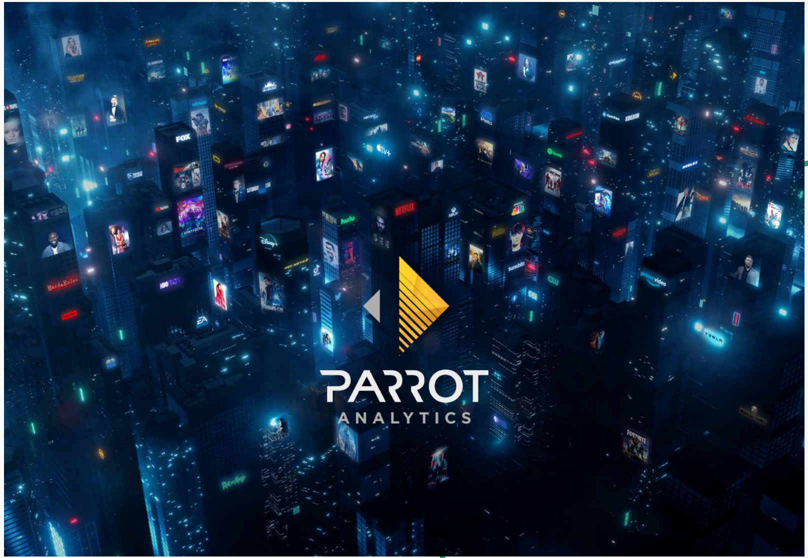
About Us

Parrot Analytics is the industry leader in global audience demand measurement. The company measures global supply and demand for entertainment, capturing over 2 billion audiences expressing demand for content and talent in over 100 languages, across all platforms, in 200+ countries. Parrot Analytics' partners use this knowledge to help better understand global supply and demand across all platforms to value content and talent, drive better production, distribution, acquisition and marketing decisions, as well as increase D2C growth and retention. For more information, visit www.parrotanalytics.com.

Our Mission

We are on a global mission to connect content creators with consumers by enabling data-driven decision making along the premium content value chain.

Our leadership and advisory team includes global media leaders, creators and scientists who are united in our vision of empowering the entire industry to make the very best content decisions. We do this because we believe in the magic of content and the impact it has on people's lives.



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