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The content bubble has finally burst

Article

In 2023, the number of original US scripted series declined by 14% YoY, according to FX Networks data cited by The Hollywood Reporter. For years, content production soared, with gains occurring nearly every single year. The exception was 2020 when scripted series production declined 7.3% due to pandemic-related shutdowns. The drop-off in 2023 is unprecedented.

Production reductions affected both linear TV and streaming. In 2023, US broadcast TV networks produced 55 fewer seasons than they did in 2022, according to Ampere Analysis. Subscription streaming services produced 77 fewer seasons during the same time frame.

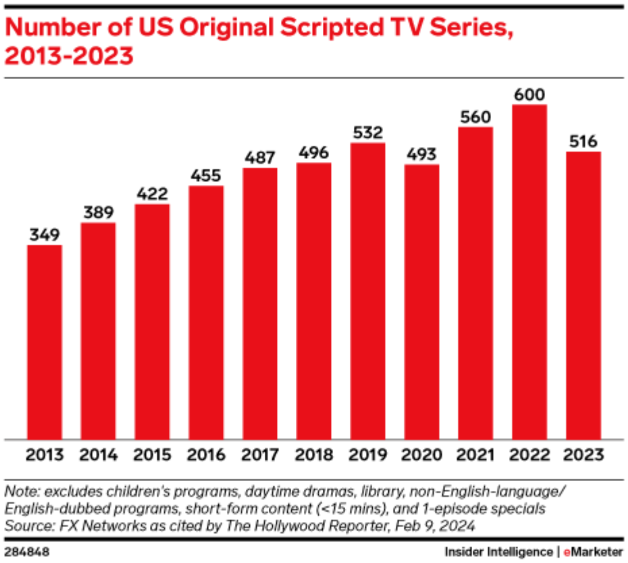
And the number of both scripted and unscripted series declined. Combined, scripted and unscripted premieres declined 21% in 2023, according to Luminate data cited by The Hollywood Reporter. Even though most unscripted series, such as reality TV shows, were able to continue during the strikes due to their lack of unionization, unscripted premieres still declined by about 20%.

Even Netflix made fewer shows. Ever since Netflix started making its own shows, it's been busy growing its massive library. But Netflix released about 130 fewer originals in 2023 than it did in 2022, according to What's on Netflix data cited by Bloomberg.

Strikes contributed to reduced production. With writers and actors striking, content production slowed down significantly for several months. TV networks were forced to scrap their planned fall lineups, which led to lower ratings.

Entertainment conglomerates face financial pressure. Warner Bros. Discovery (WBD), Paramount Global, Comcast, and Disney have all faced pressure to reduce financial losses related to their TV networks and streaming services. This financial pressure partially explains why Paramount has been rumored to be negotiating merger and acquisition deals. One way for all of these companies to reduce operating expenses and improve balance sheets is to cull content production.

Reducing content production will affect many companies. When less new content gets produced, studios will have to cut back projects. With actors getting less work, talent agencies will suffer. Streaming services that struggle to retain customers as they raise subscription costs will consider bundling with rivals when they have fewer new series to entice consumers to sign up for. And marketers will react to the effect reduced content production has on consumer viewing patterns.



This article was adapted from our recent report The End of Peak TV.

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The End of Peak TV