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Out from the shadow

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The Ukrainian content industry is [growing fast](#) ^[1], with a new wave of original programming and formats in development. Andrew Dickens looks at the changes ahead.



The House With The Lilies

dramas and comedies.

Its TV industry has been further stimulated by the launch of the Ukrainian Content Market, a media forum that takes place in Kiev annually. This September's event, part of Kiev Media Week this week, looks set to attract an "increasing number of acquisitions," according to Gleb Goncharenko, acquisition manager for the 2+2 network, part of Ukraine's 1+1 Media Group.

"It's going to be an extremely big market this time around and people are really looking at the Kiev market as a force in Europe," he says. "There seems to be a trend for more coproductions between Ukraine and Russia at the moment. But there remains a lot of Russian programming in our market, which is expected, as our cultures are very similar. Russia really has produced some excellent drama in the past.

"Another trend over the last few years is that Turkish drama series are proving really good for broadcasters, particularly for 1+1, our sister channel. For the next half a year, everybody will fight for the Turkish drama series."

While Russia remains a rich source of content for Central and Eastern European (CEE) buyers, Ukraine is today regarded by many as its main competitor in format production.

Recently, successful versions of formats have included ITV/Syco show Red or Black and travel adventure series The Amazing Race, produced for 1+1 by Active TV and Sisters Productions. Dozens more formats have also found huge success, with many of these first airing in Ukraine before being picked up in Russia.

Oxana Yanushkovskaya, VP of distribution strategy at Discovery Networks CEEMEA, agrees that an increasing number of shows are being exported. "The Ukrainian content production sector has a very strong proposition and this year we have seen a number of interesting formats produced by Ukrainian companies being broadcast on Russian TV channels," she says.

"One example, Orel I Reshka [Eagle or Tail], is a travel gameshow in which contestants flip a coin and if it lands eagle up, they receive a golden credit card and a large budget to spend at a destination of their choice, while the loser has only US\$100 to survive at the same location."

Two words usually spring up when buyers, sellers and producers are asked to describe the current state of the Ukrainian television industry: exciting and challenging.

In the past, the latter has perhaps been the most apt description, with broadcasters struggling to get original programming on to screens, often relying heavily on Russian imports or [adapting safe international formats](#) ^[2] such as The X Factor or So You Think You Can Dance, both of which air on STB.

But in recent years, Ukraine has begun to step out of Russia's shadow, emerging not only as a major market for Western TV formats for local production but also [developing a number](#) ^[3] of its own high-end local

But it is not all plain sailing. Sergei Sozanovsky, a group shareholder in Ukrainian production outfit Film.UA, says it's "virtually impossible" for his company to break even without considering the international prospects of its projects. "The Ukrainian market has developed quickly and now we are on the same technological level as our European or American colleagues," Sozanovsky says.

"But the market is not ready to accept the possibilities of local production. When we produce something we always have to think about other territories to cover – usually the former USSR but other countries as well. We hope the situation will change for the better and at some point will offer more coproduction opportunities."



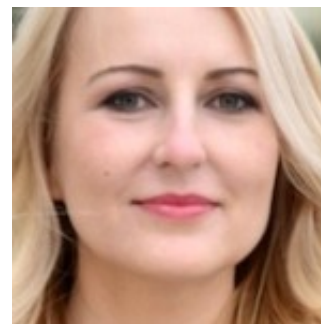
Sergey Sozanovsky

Despite this, an increasing number of Ukrainian programmes have been taking primetime slots on major TV channels in Russia, Kazakhstan and Belarus. Docudrama series such as *Great Dreamers* have become prominent on the sales catalogue of European sales house *Off The Fence*, which recently agreed a distribution deal with Film.UA.

More recently, Ukraine's Inter TV and Russia's First Channel ordered *The House With The Lilies* (working title), a 20-part family saga from Film.UA. The series, a coproduction with *Favourite Film*, centres on several generations of a war hero's family following the end of the Second World War.

Lena Vasilyeva, head of TV series and film at 1+1, believes locally produced shows are on the rise in Ukraine. "This is a new market for production, which for a long time relied very heavily on Russian imports," she says.

"It's only now that we are starting our own productions. The networks are starting to sign original Ukrainian content and these are the kinds of shows you could never buy from Russia, as a lot of these are comedies exclusive to Ukraine. Comedy is more dependent on local characters, ethics and situations that people can relate to, and a lot of the time you really have to do it locally."



Lena Vasilyeva

As C21 reported in July, 1+1 commissioned no fewer than four new series in a bid to increase its original comedy output for 2014. One of these was *The Last Moscal* (20x26'), a comedy series that follows a man from Moscow who is hiding from his father's creditors in western Ukraine.

"Comedies are doing extraordinarily well in Ukraine and this sort of show is the sort of stuff 1+1 is looking for at the moment," Vasilyeva adds. 1+1's other commissions included *Have a Nice Divorce* (20x26'), produced by *Sisters Productions*, in-house production *Sofia Pototska* (12x56') and *Patchwork Films' The Blackout* (12x52').

Film.UA's Sozanovsky agrees that top Ukrainian channels – including 1+1, Inter, STB, Ukraine Channel, Novy, NTN, TET, K1 and 2+2 – commission "at least a portion of their own content."

"Many of these channels produce content in-house rather than from independent producers, as there are not so many of them in Ukraine," he adds. "Western companies are continuing to attract Ukrainian companies with their formats. The number of acquisition deals signed during Kiev Media Week is growing every year."

"I am convinced that our market will face a lot of mergers and acquisitions both in Ukraine and in the CIS. I also believe that big American and Western European media companies will enter the Ukrainian market in the next three to five years as both TV content and media asset owners."

Yet the long-lasting stagnation in Ukraine's TV ad market – a trend familiar in other CEE



Oxana Yanushkovskaya

countries – continues to hit its domestic production capacity hard.

Alexander Bilkun, international acquisitions executive for Inter Media Group, believes Ukraine's TV industry continues to rely heavily on content from Russia during a time of economic downturn. "Essentially, all the broadcasters are struggling to survive the strangling financial constraints that, in turn, seriously undermine the domestic production capacity," he says.



Alexander Bilkun

"Therefore, speaking about any visible progress in the market would be overly optimistic. Other than replicating the success of international, proven shiny-floor formats like The Voice, The X Factor and Got Talent, Ukrainian broadcasters continue to rely on Russia-originated content, irrespective of the target demographics.

"The only brand new trend is that the Ukrainian TV industry is increasingly turning its face towards the East – Turkish and Korean dramas and formats, both scripted and non-scripted."

With an increasing number of video-on-demand (VoD) deals across CEE, Ukraine appears to be embracing the new technology too, despite the market remaining relatively small.

"Just two years ago VoD was available only after DVD release. Now VoD platforms are developing fast," says Sozanovsky. "Content for these platforms is usually available on catch-up terms, after the programme was aired on TV. Major Ukrainian TV channels, as well as niche channels and small local channels, release their content on the internet some minutes after analogue TV broadcast."



The Last Moscal

But any possible expansion of VoD platforms has often been hindered by the huge rise in web piracy of TV content, according to some broadcasters.

1+1's Vasilyeva says the VoD culture in Ukraine has "never really existed" due to a "prevalent web piracy problem." Inter's Bilkun, meanwhile, believes web piracy of TV content is "virtually uncontrolled" and there is "very little movement" towards VoD expansion.

For Discovery's Yanushkovskaya, there is a huge demand for new TV technology in Ukraine and she expects the country's HD pay TV market to increase by 127% over the next four years. "There is demand for new technologies to enjoy television

programmes and increased interest in HD channels. That said, linear TV viewing is still increasing and remains a core focus of our business, which now contains six standard definition channels and two HD channels in Ukraine."

Discovery Networks' recently published research entitled The Rise of the TV Everywhere Audience showed that demand for TV via VoD and mobile devices in Ukraine was among the highest of the countries surveyed, with 55% of respondents expressing interest. More than two-thirds of viewers also believe using the internet while watching TV enhances their viewing experience, according to the survey. The other countries surveyed were Bulgaria, the Czech Republic, Hungary, Poland, Romania, Russia, South Africa, Turkey and UAE.

Yanushkovskaya adds: "The good news for us is that factual content is most appealing in VoD format. We are excited to see these market developments as it provides us with an opportunity to increase our footprint and make our content more widely available, specifically to the younger generation who grew up in the internet environment and do not use conventional TV in the same way as several years ago."

As many European governments shut down their analogue TV signals, Ukraine, along with Russia and Romania, will have to wait until 2015 to completely switch over to digital

terrestrial television (DTT).

All of Ukraine's national broadcasters, along with several from the regions, now simulcast on DTT, but the situation is having a negative impact on their business, as the channels currently have to be broadcast in both analogue and digital. To help with this, the Ukrainian government has handed broadcasters a 50% discount. However, in 2014 this grant is expected to drop to 25% and by 2015, broadcasters will have to pay the entire sum.

Meanwhile, Ukrainian viewers are also hit as they have to choose to pay for analogue TV or buy a decoder, costing up to US\$70, to switch to digital. In addition, the government has allocated around UAH1m (US\$125,000) to provide decoders for the underprivileged.

For 2+2's Goncharenko, it's a case of "only time will tell," with regards to how analogue switch-off will affect the market. "It's not really known what the situation is, as so many people are currently working on the test period of digital TV, but we will see the true results next year."

For the most part, opportunities for growth in the Ukrainian content market appear plentiful, particularly as the industry enters a period of digital change.

The enormous progress the country's media industry has made was nowhere more evident than at April's MipTV. In their traditional conference wrap announcement, event organisers said the profile of companies in attendance had dramatically altered compared with the previous year, with those from Ukraine up 30% and from Russia up 16%.

Despite the rapid development of the Ukrainian market, the fact remains that some of the most successful series in the territory are local versions of international formats.

Last month, for instance, 1+1 picked up the rights to Irish dating format Date With Fate. The show was created by Irish indie Tyrone Productions and produced and distributed globally by FremantleMedia, which has long-established local offices in this part of the world.

But the fact that 1+1 was the first international channel to take on the format – it is currently preparing a 12x60' first run – demonstrates the foresight and strength of the Ukrainian format market.

Film.UA's Sozanovsky says the key is to collaborate with international players rather than compete with them. "When big production companies enter the market it is always a challenge for all the local companies. The level of production has to grow rapidly to compete with the world leaders," he says.

But with a new wave of original high-end drama and comedies now in development, it may not be long before Ukraine begins to cast its own shadow on the international content industry.

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