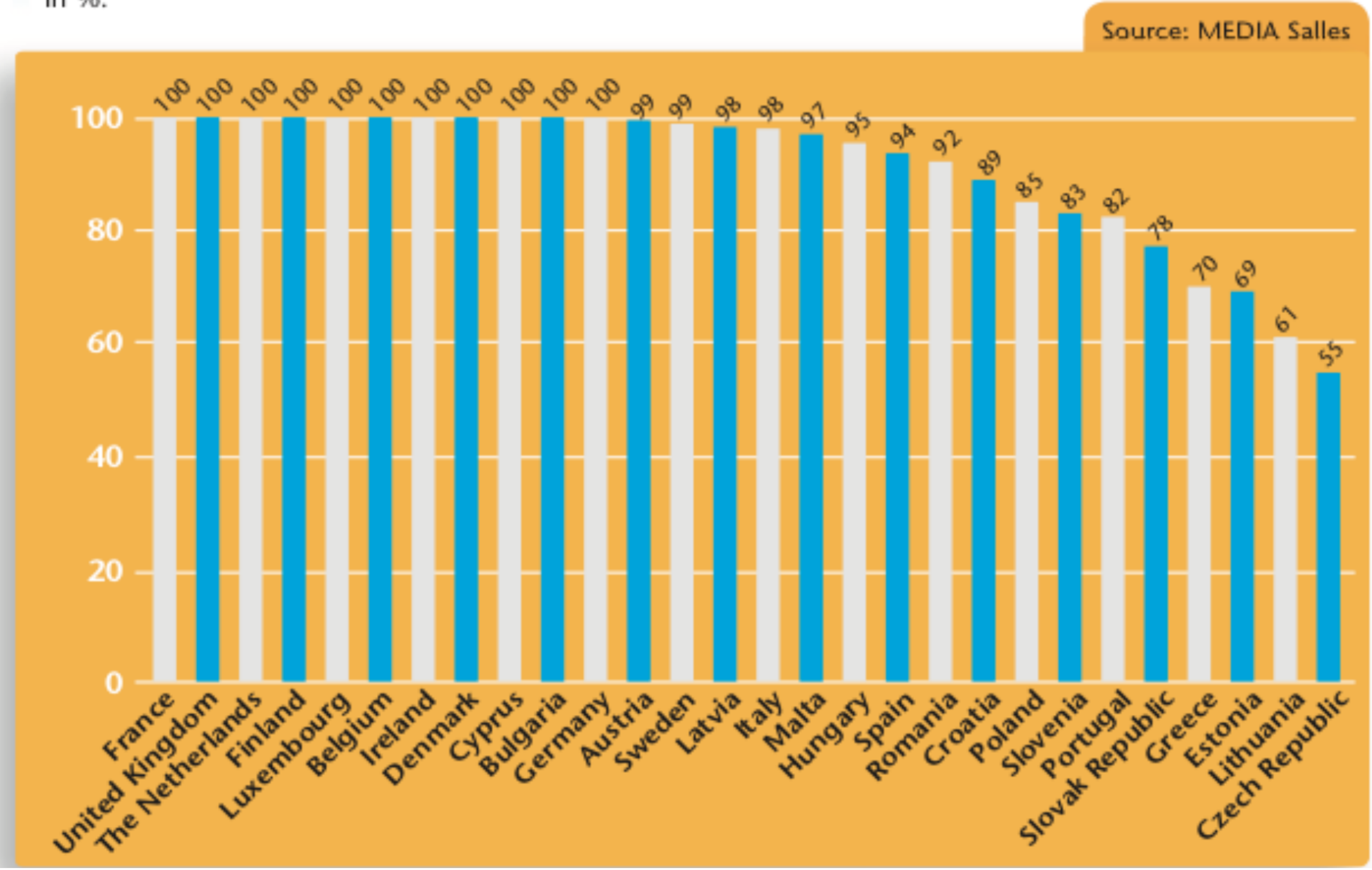
The Digitalization of the Filmindustry

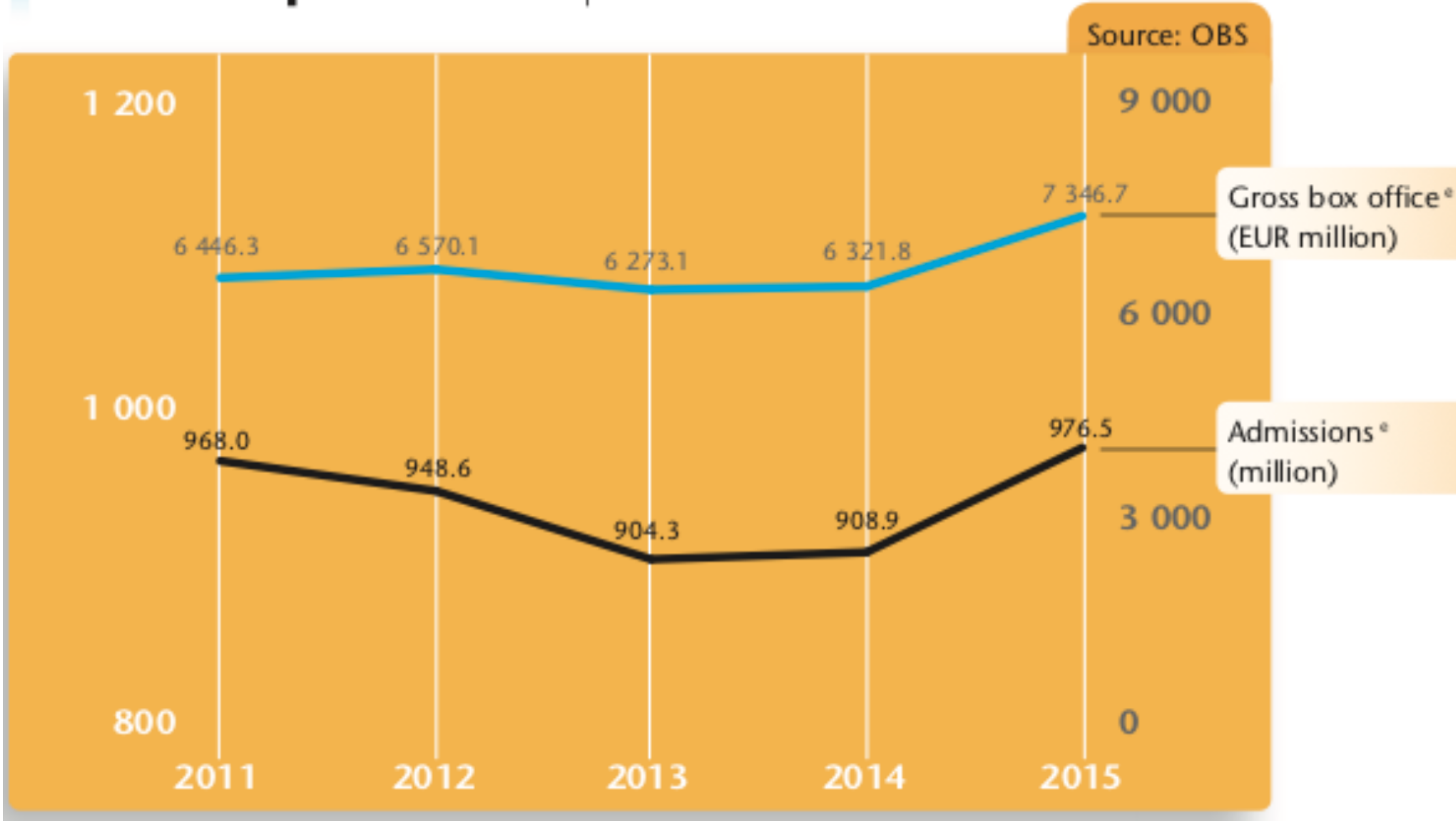
DPC 2016 LISBOA

Digital screen penetration in the European Union by country | December 2015 ^e

In %.



Admissions and gross box office in the European Union (1) | 2011-2015 e



EUROPE

2004 929 feature films

2015 1643 feature films (+43%)

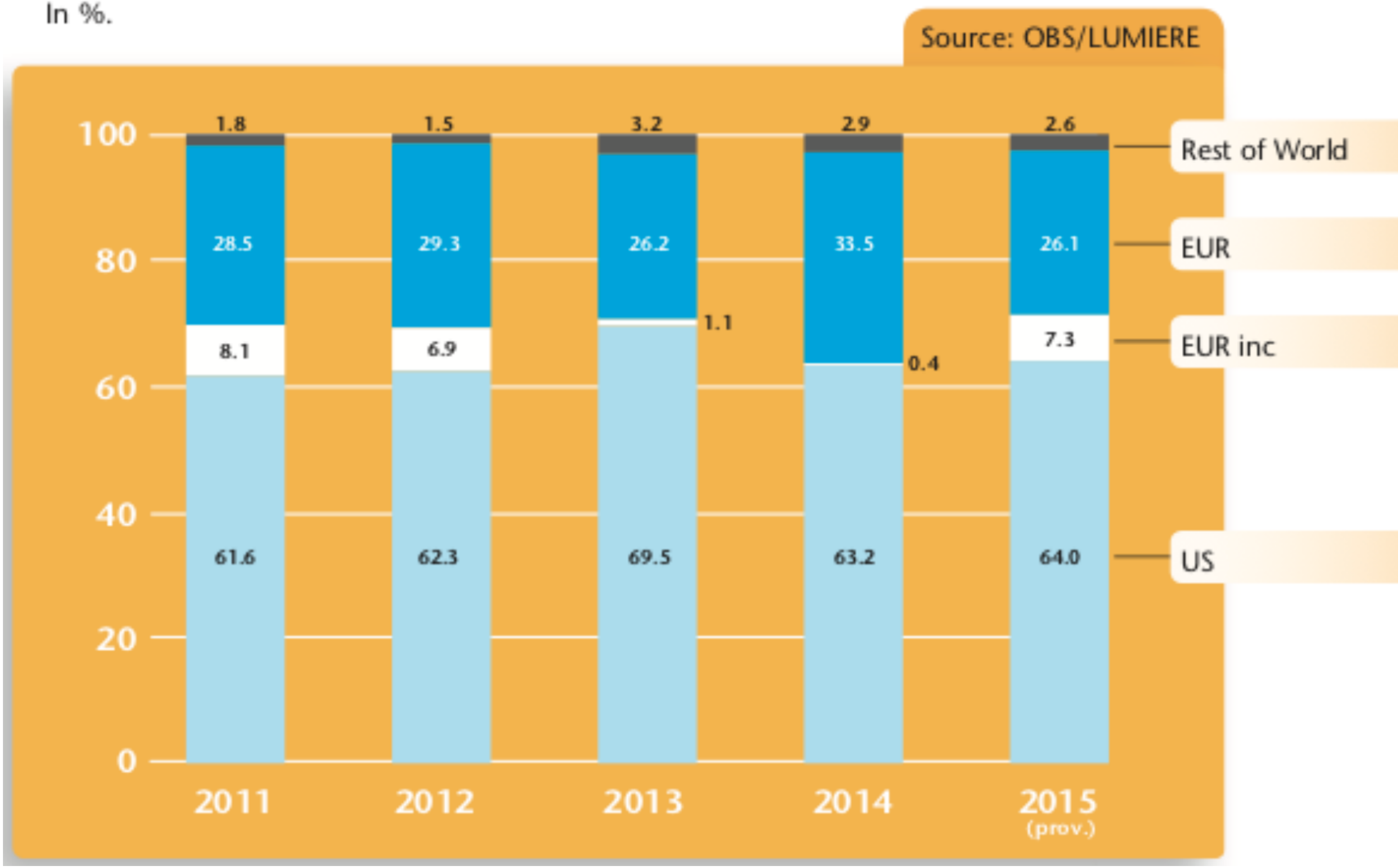
USA

2004 767 feature films

2014 800 feature films (+4%)

Breakdown of European Union admissions by nationality of films | 2011-2015[e]

In %.



Number of European films on theatrical release | 2010-2014 [e]

In units.

Source: *The Theatrical Market for European Films Outside of Europe - Key Figures 2014, 2015, OBS*

	2010	2011	2012	2013	2014	AVG
Total World	*4 474*	*4 469*	*4 730*	*4 916*	*6 188*	*4 955*
In Europe	*4 385*	*4 384*	*4 622*	*4 762*	*6 061*	*4 843*
Outside of Europe	*448*	*427*	*509*	*566*	*589*	*508*
US & CA	172	221	277	273	218	***232***
Latin America	270	205	216	226	318	***247***
AU & NZ	113	88	101	102	126	***106***
CN & KR	~	~	~	~	155	***155***
CA	~	98	149	133	94	***119***
US	~	183	217	202	188	***198***
AR	93	59	74	58	87	***74***
BR	97	79	93	111	144	***105***
CL	36	35	31	30	40	***34***
CO	63	44	61	63	94	***65***
MX	117	71	87	75	130	***96***
VE	16	21	34	24	23	***24***
AU	86	65	87	75	110	***85***
NZ	76	61	60	70	72	***68***
CN	~	~	~	~	22	***22***
KR	69	63	114	180	142	***114***

How do films circulate on EU VOD services?

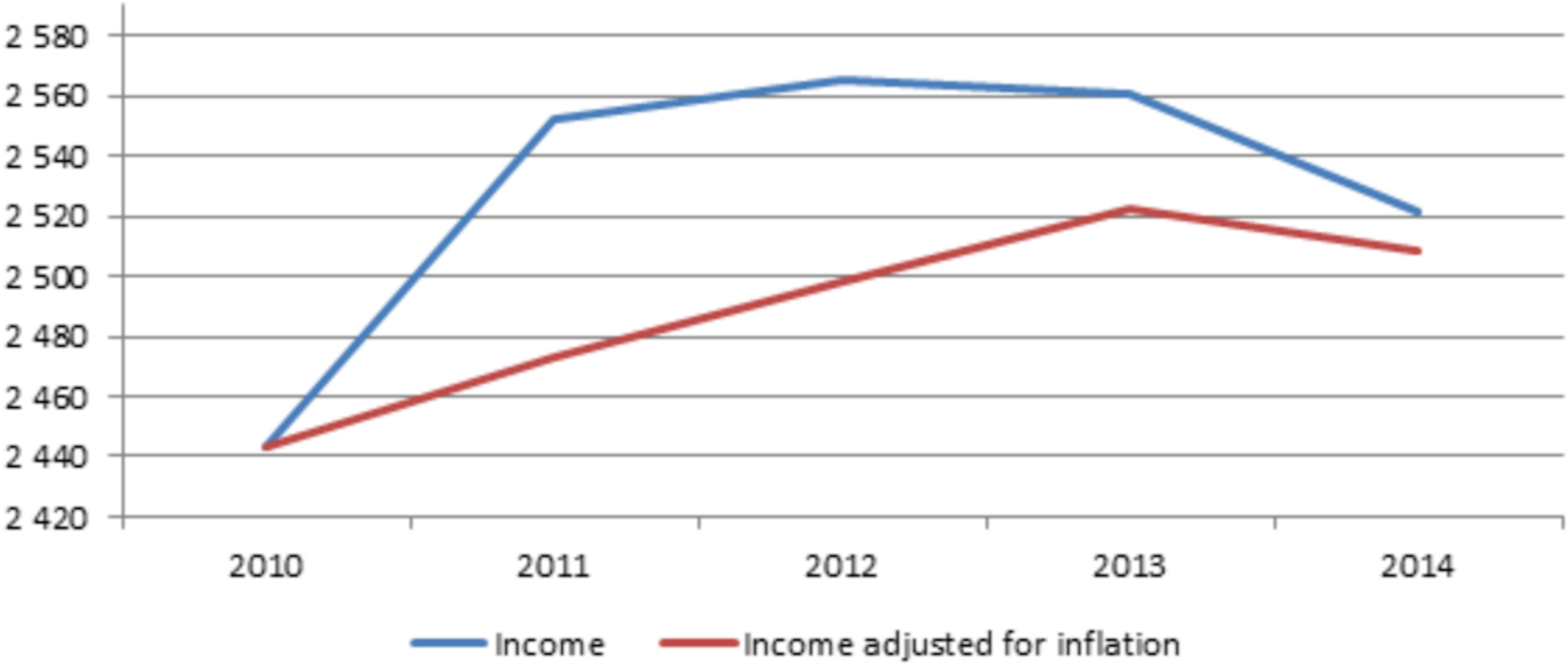
- EU films travel less well on VOD than US films: on average, EU films are available in 2.8 countries, US films in 6.8 countries.
- EU co-productions circulate better than EU films: on average, EU co-productions are available in 3.6 countries.
- Half of EU films are only available on VOD in one country.

. How many theatrical release films make it to VOD?

- 47% of EU films released between 2005 and 2014 in EU cinemas were available on at least one VOD service (5,046 films out of 10,828).
- 87% of US films released between 2005 and 2014 in EU cinemas were available on at least one VOD service (2,404 films out of 2,748).

Figure 1. Total income evolution of film and AV funds in Europe

In EUR million, base year = 2010

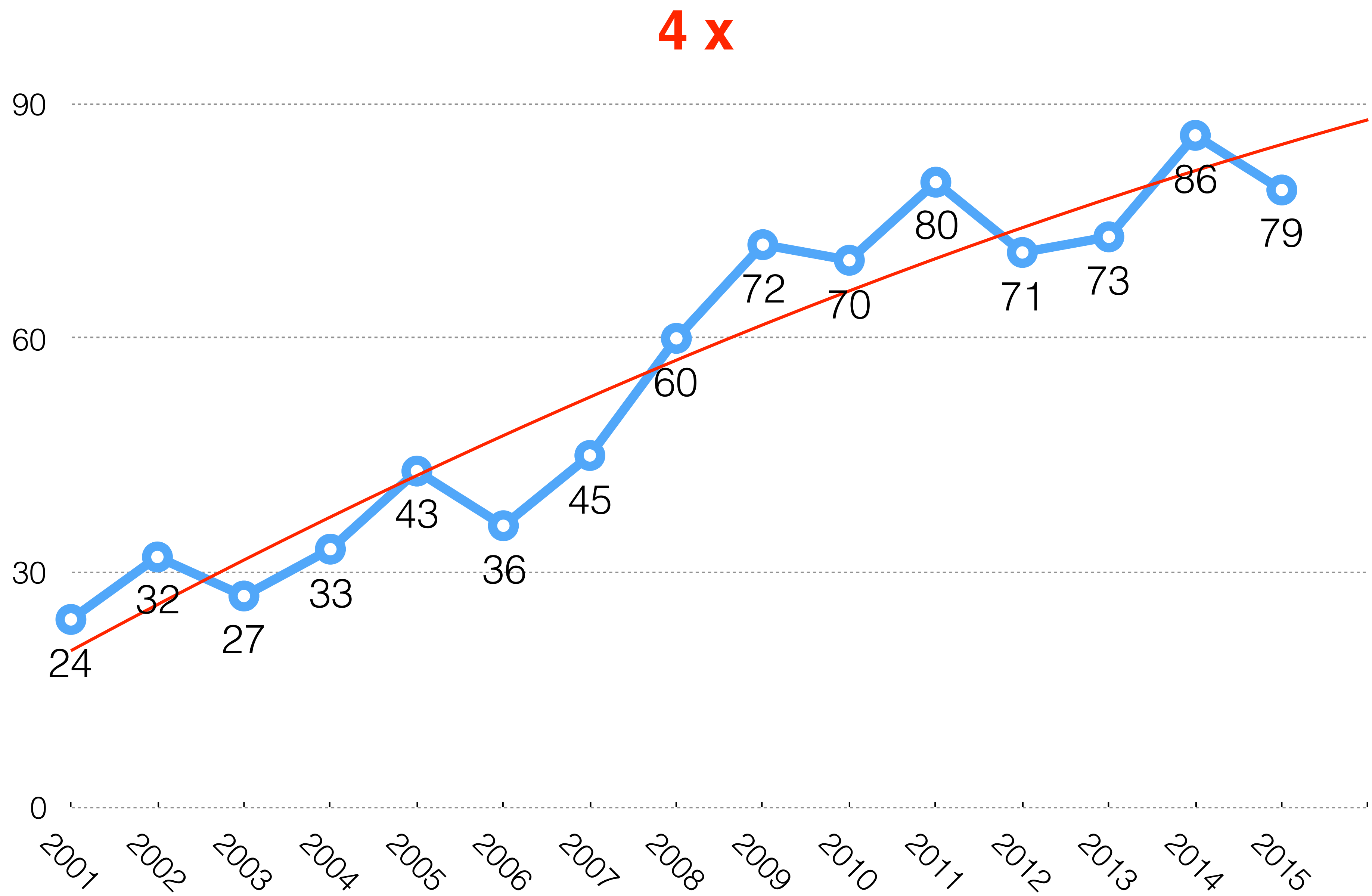


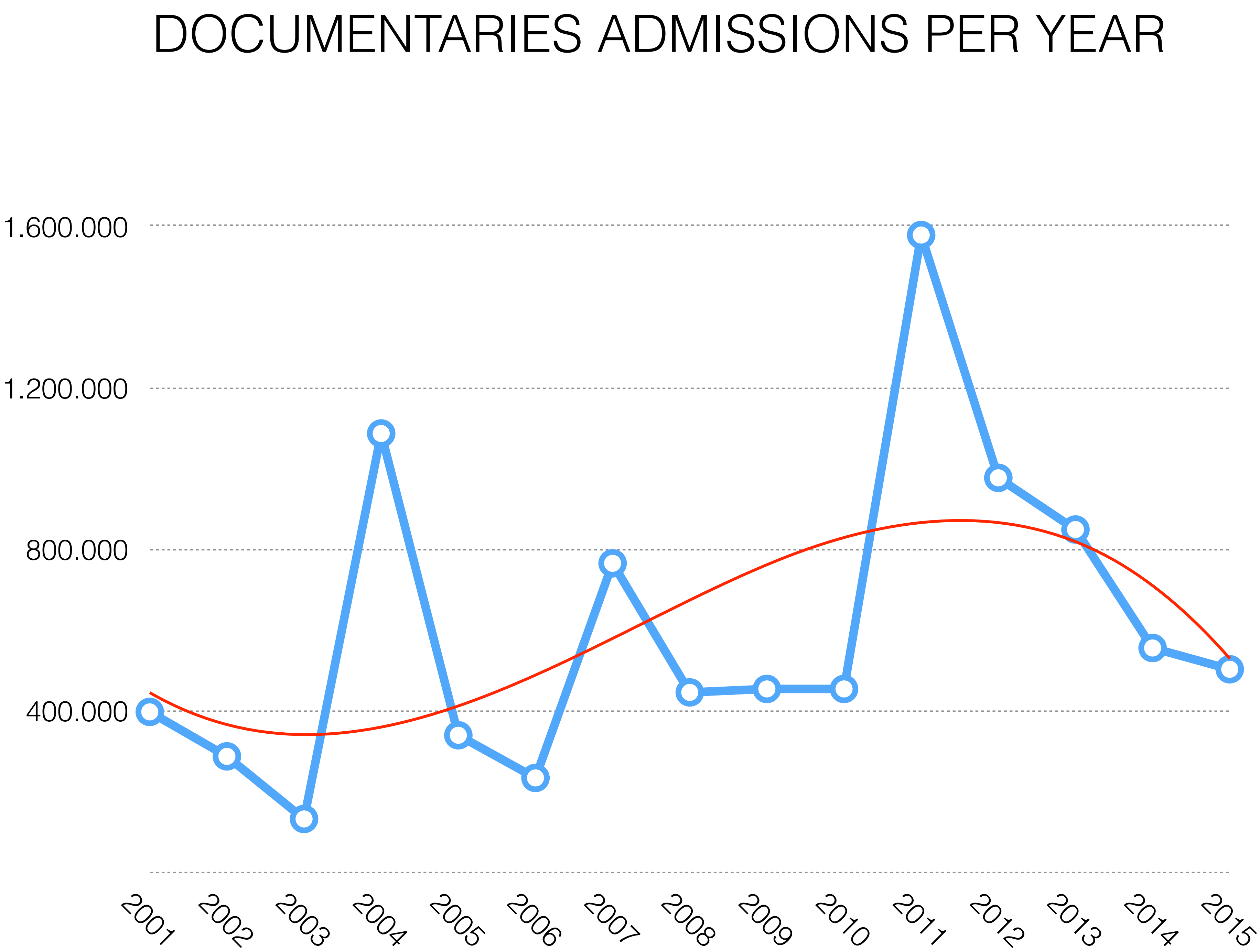
EUROPE

2001 average funding 31%
2003 EU laws allow 50% funding, but
„small and difficult films 80%

2013 average funding 49%
2014 EU laws allows
„small and difficult films 100% funding“

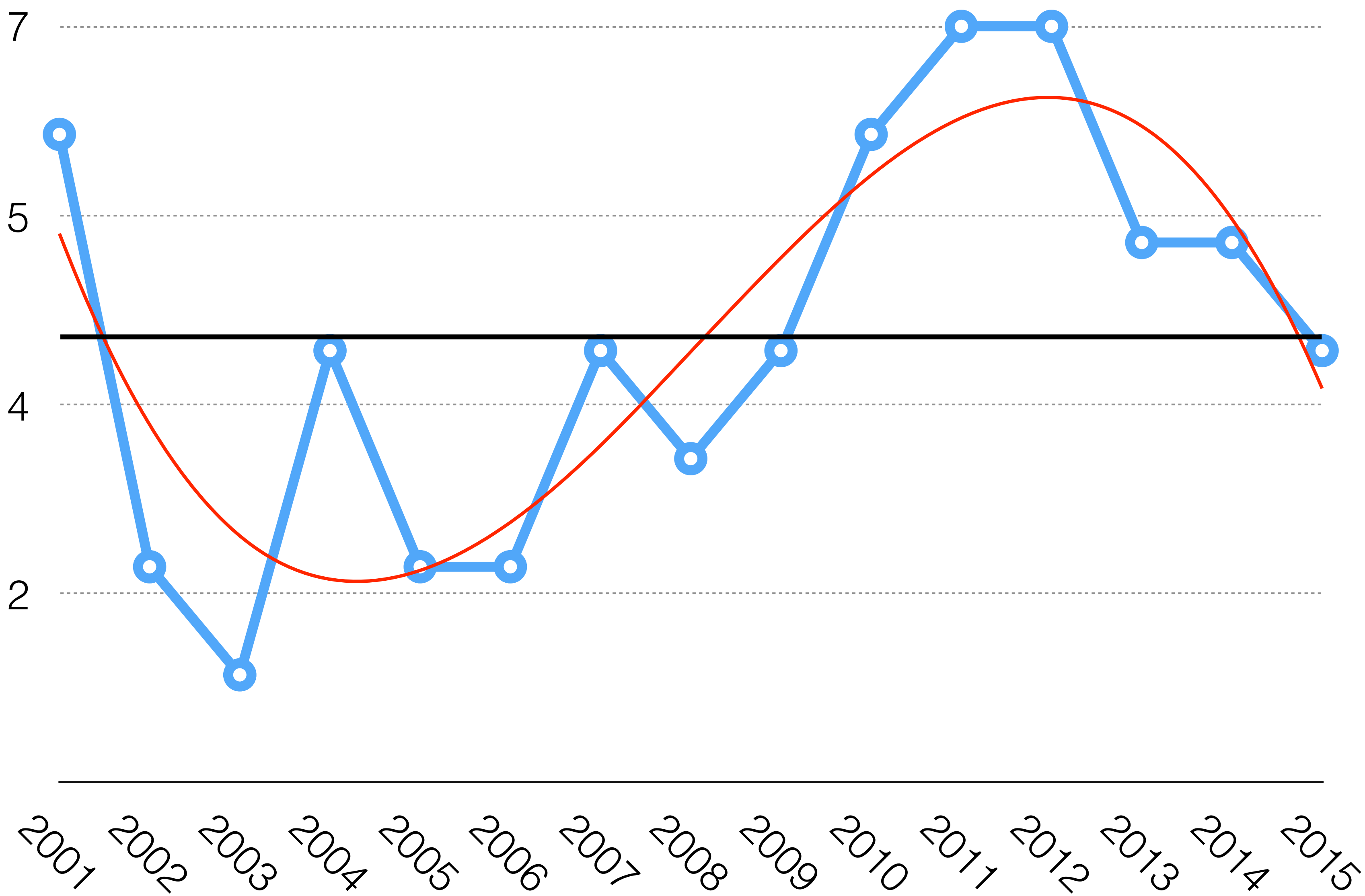
GERMANY DOCUMENTARY RELEASES PER YEAR



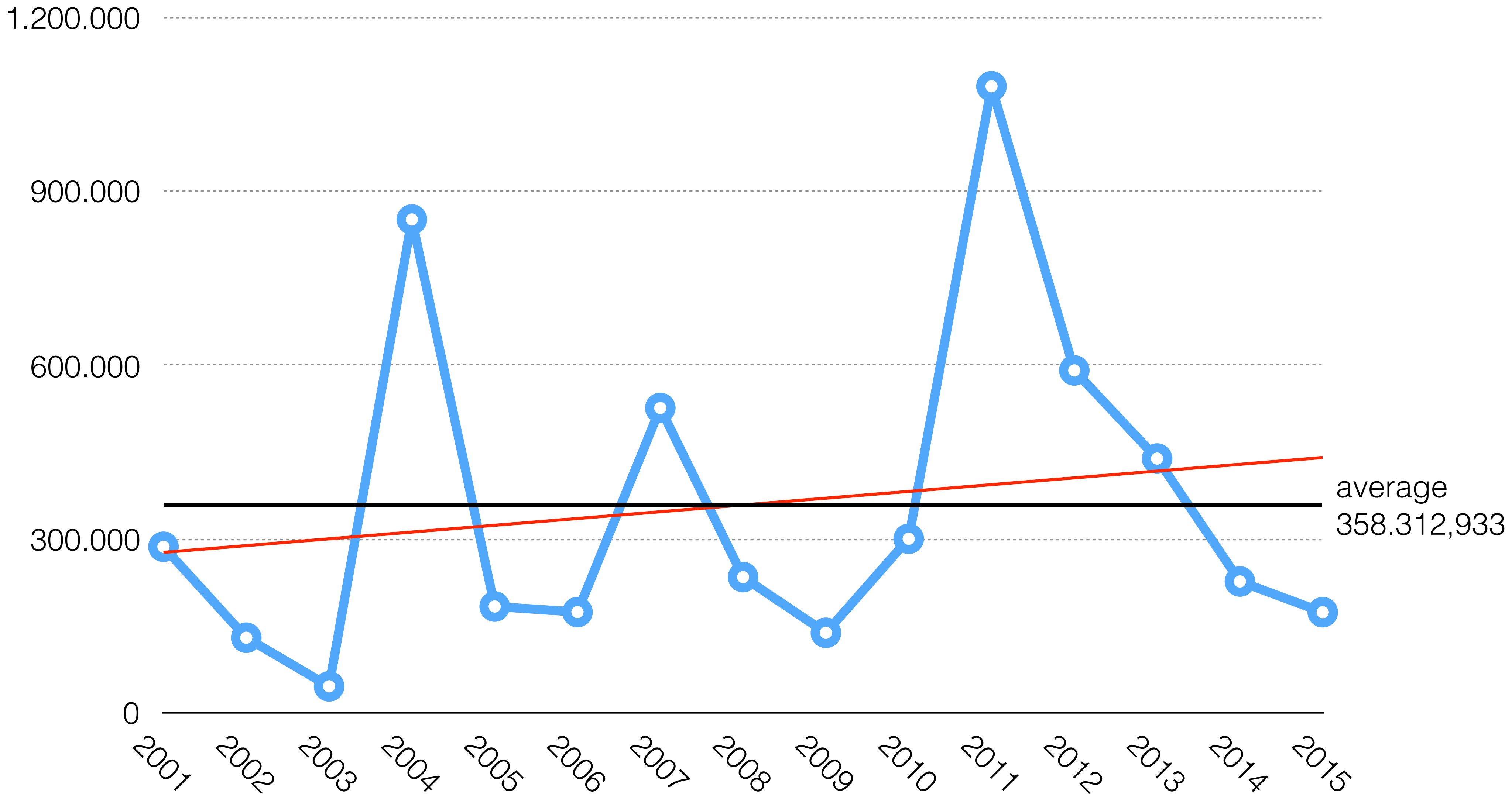


DOCUMENTARIES ADMISSIONS PER YEAR
1.600.000
1.200.000
800.000
400.000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

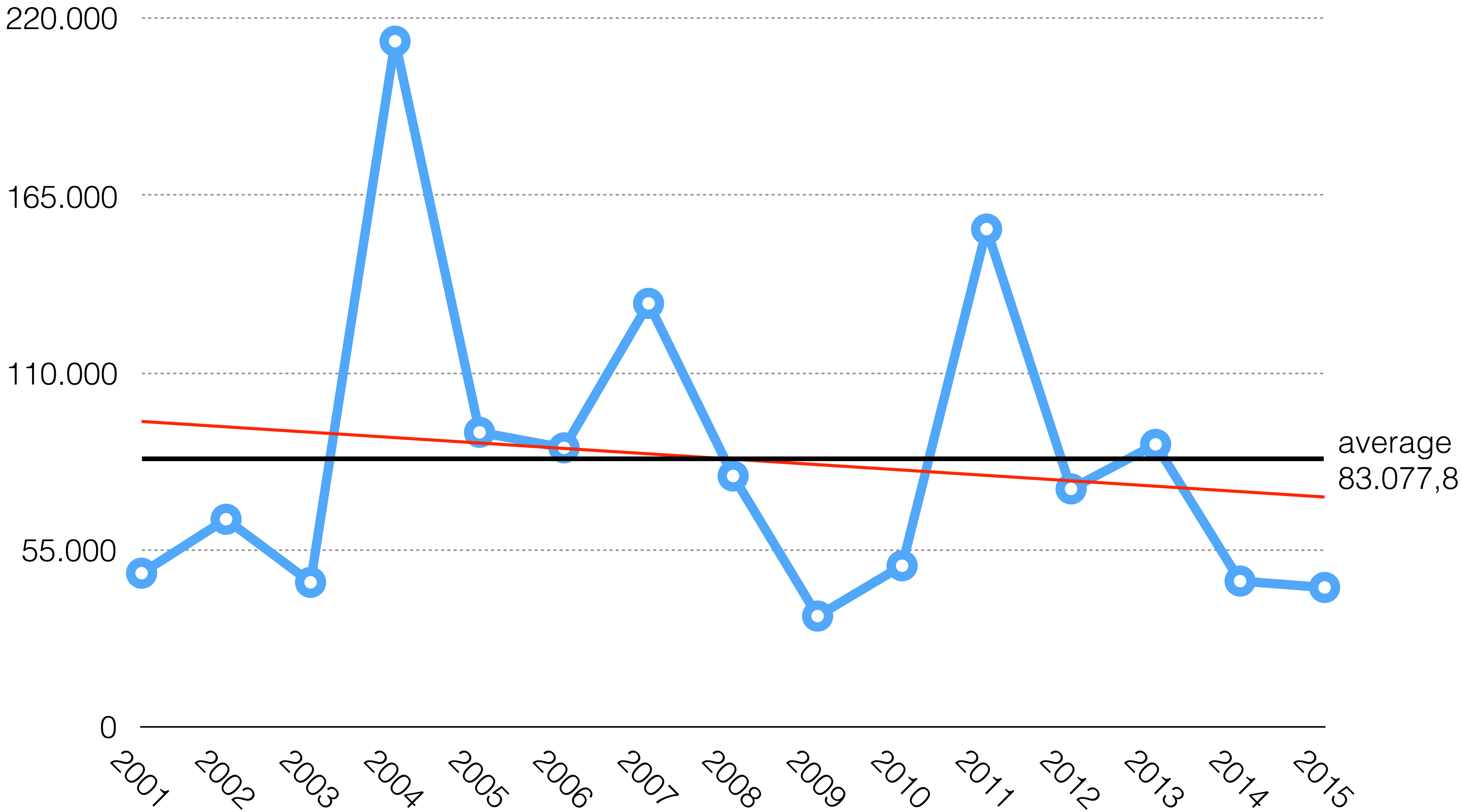
NUMBER OF SUCCESSFUL DOCUMENTARY FILMS
(25.000 tickets +)



ADMISSIONS SUCCESSFUL FILMS

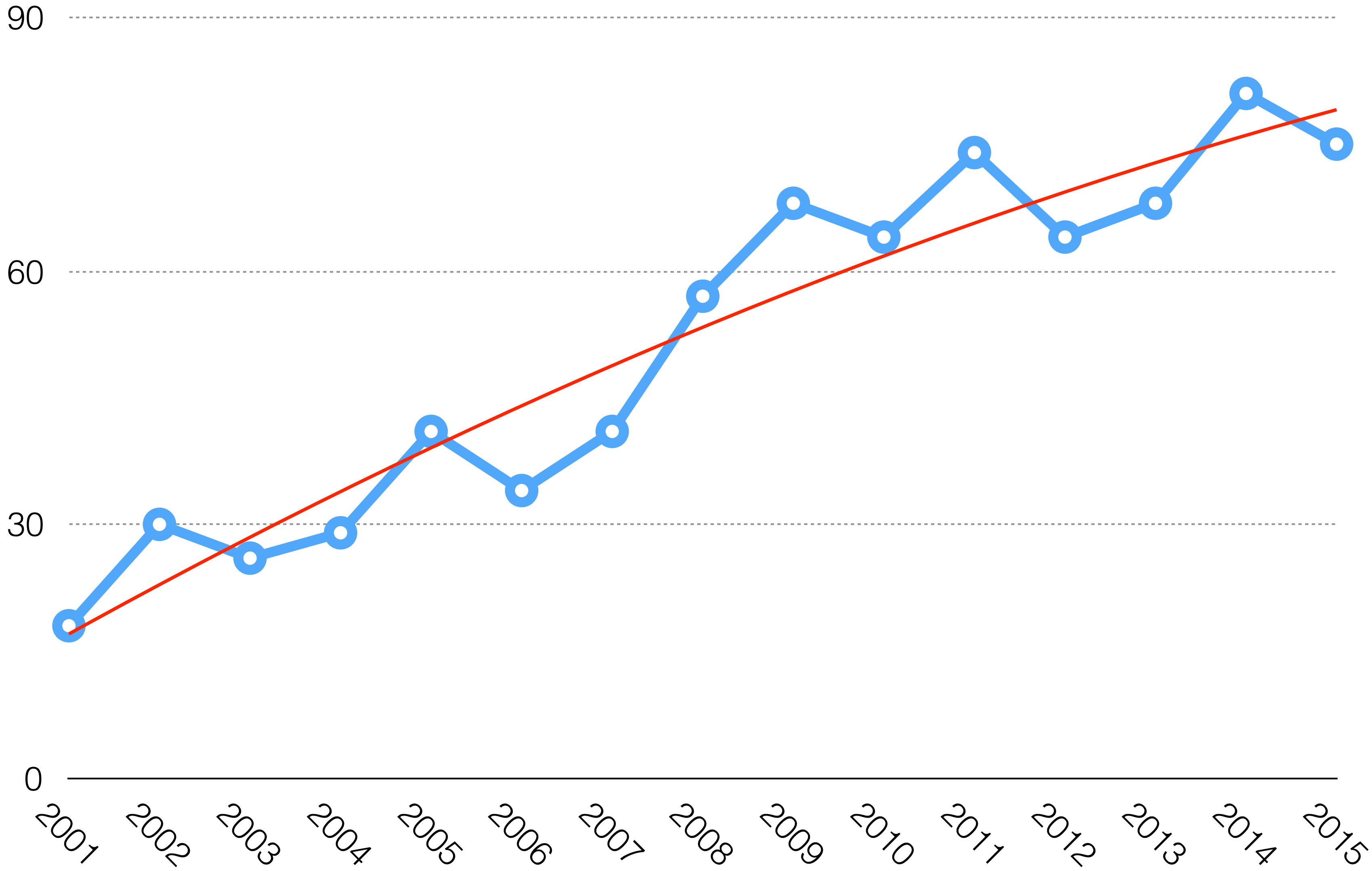


ADMISSIONS PER FILM IN SUCCESSFUL FILMS



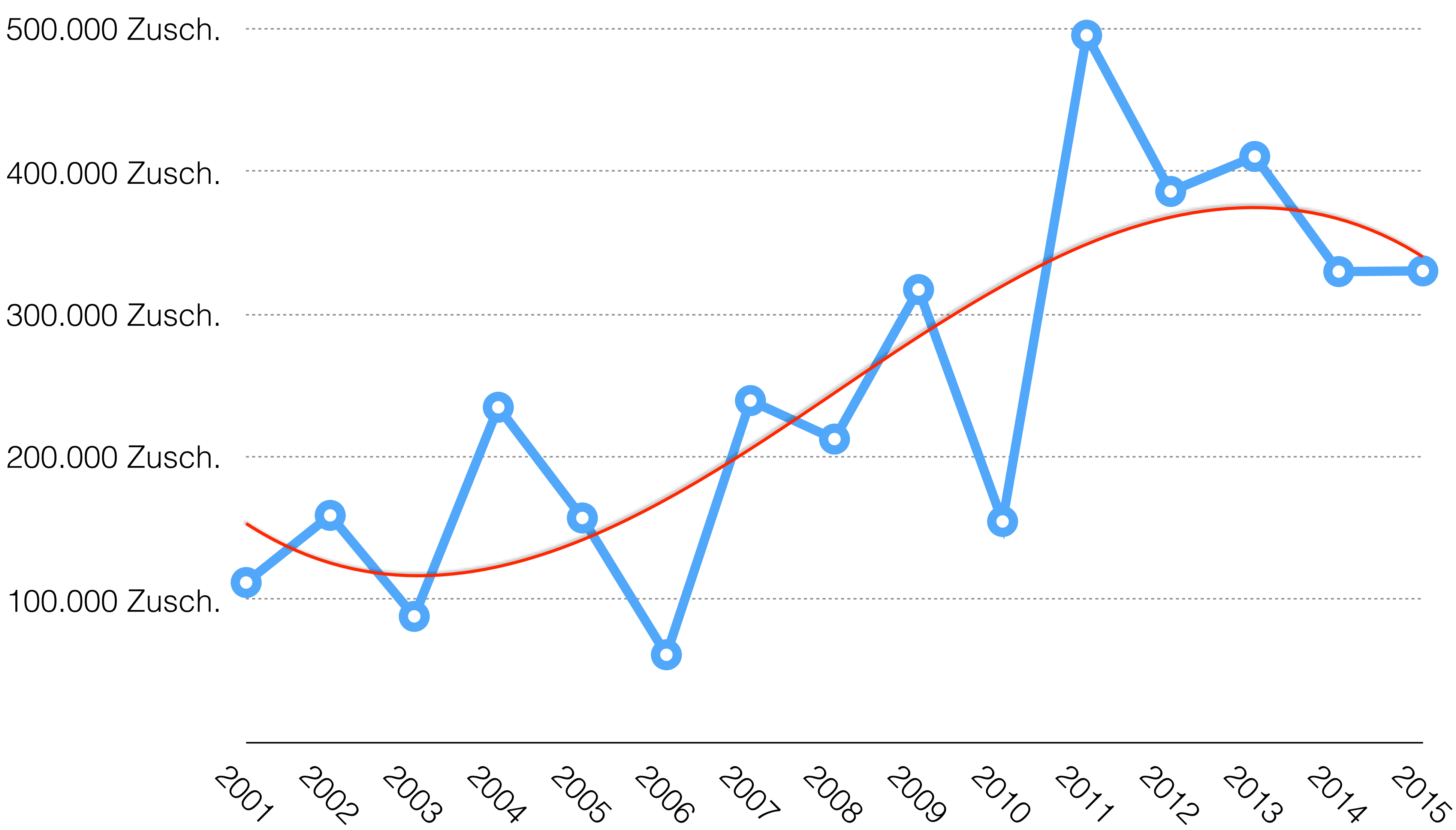
NUMBER OF „NOT SUCCESSFUL“ FILMS

4 x

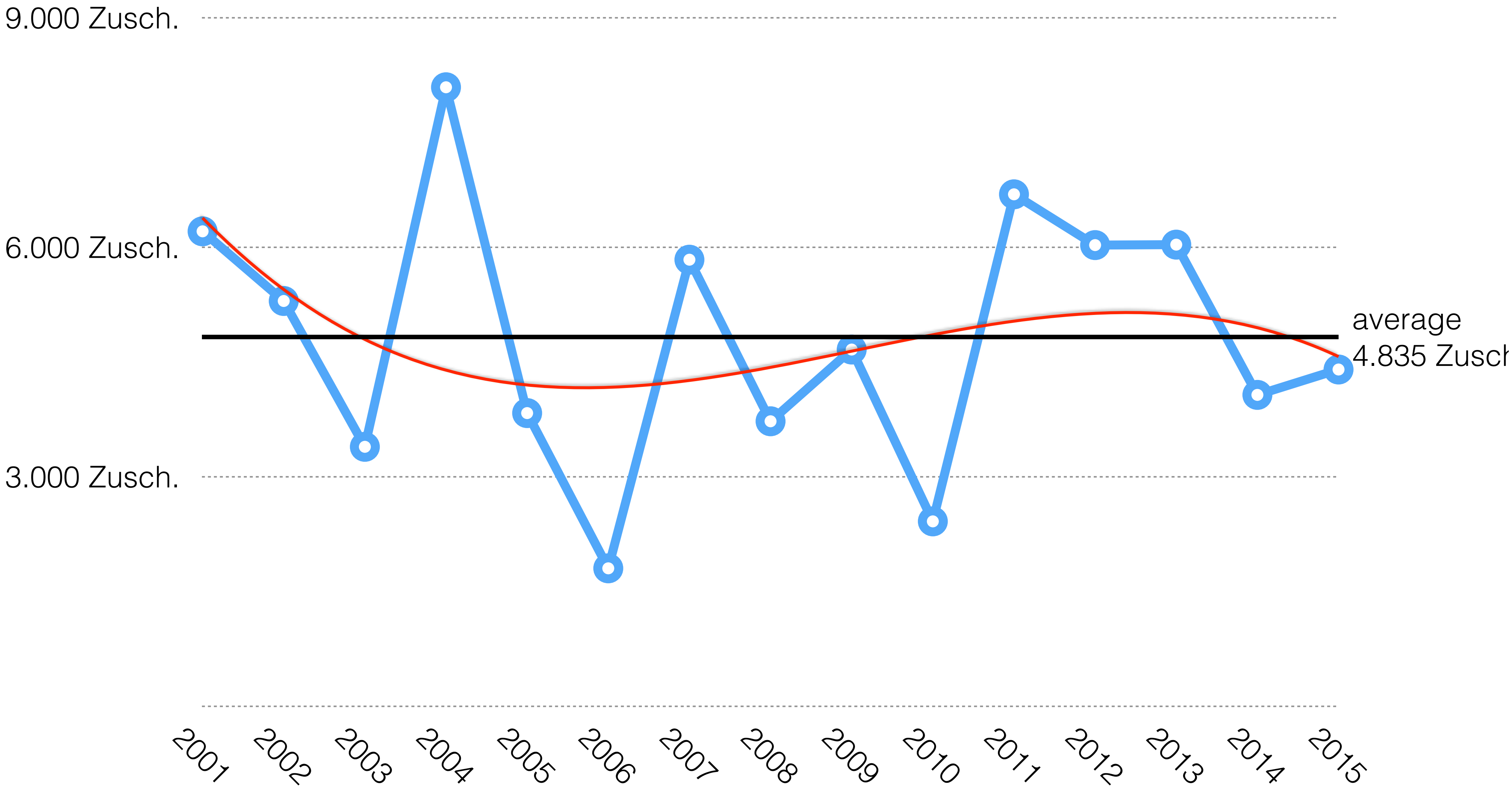


ADMISSIONS „NOT SUCCESSFUL“ FILMS

3 x

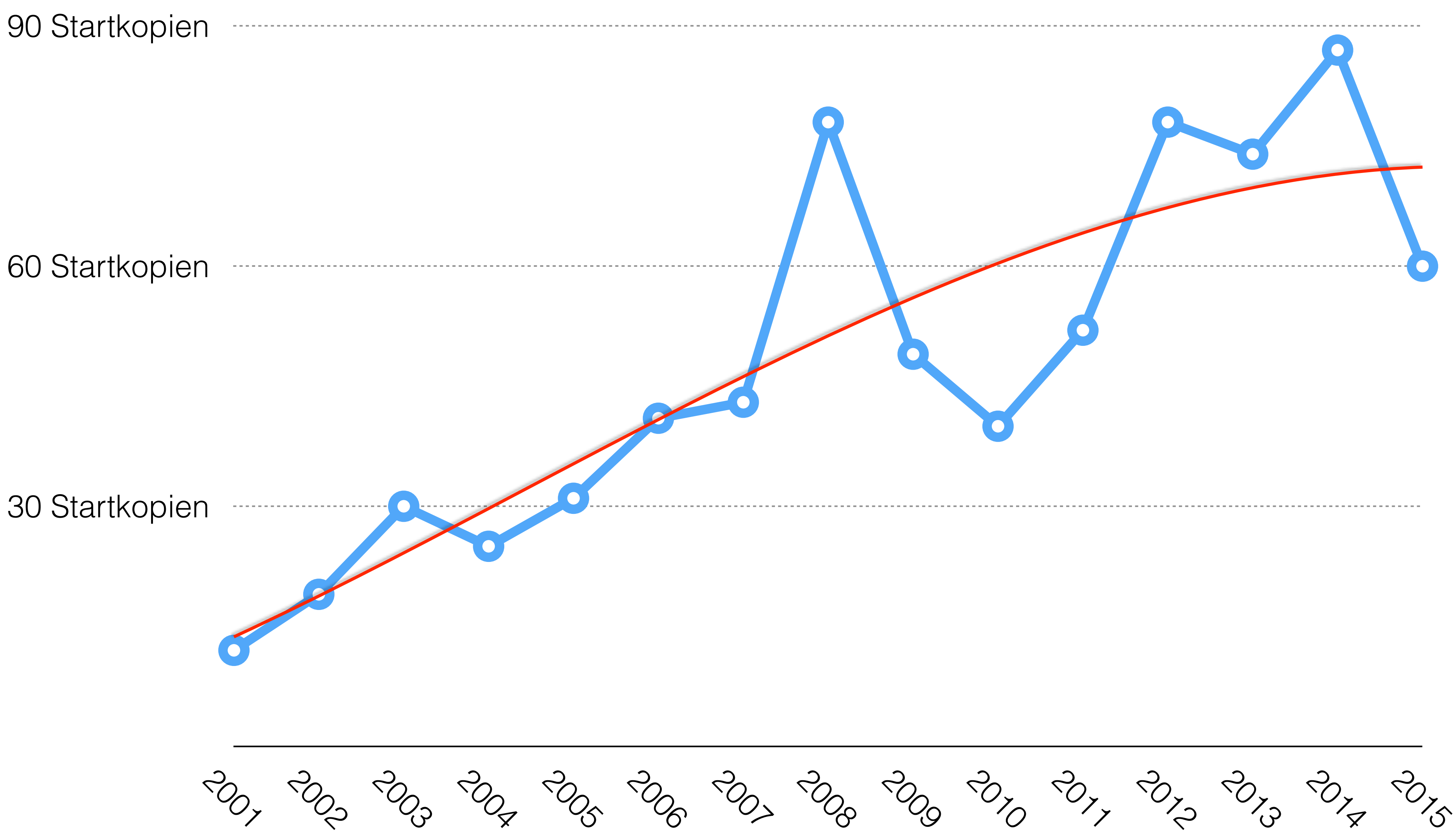


ADMISSIONS PER FILM IN „NOT SUCCESSFUL“ FILMS



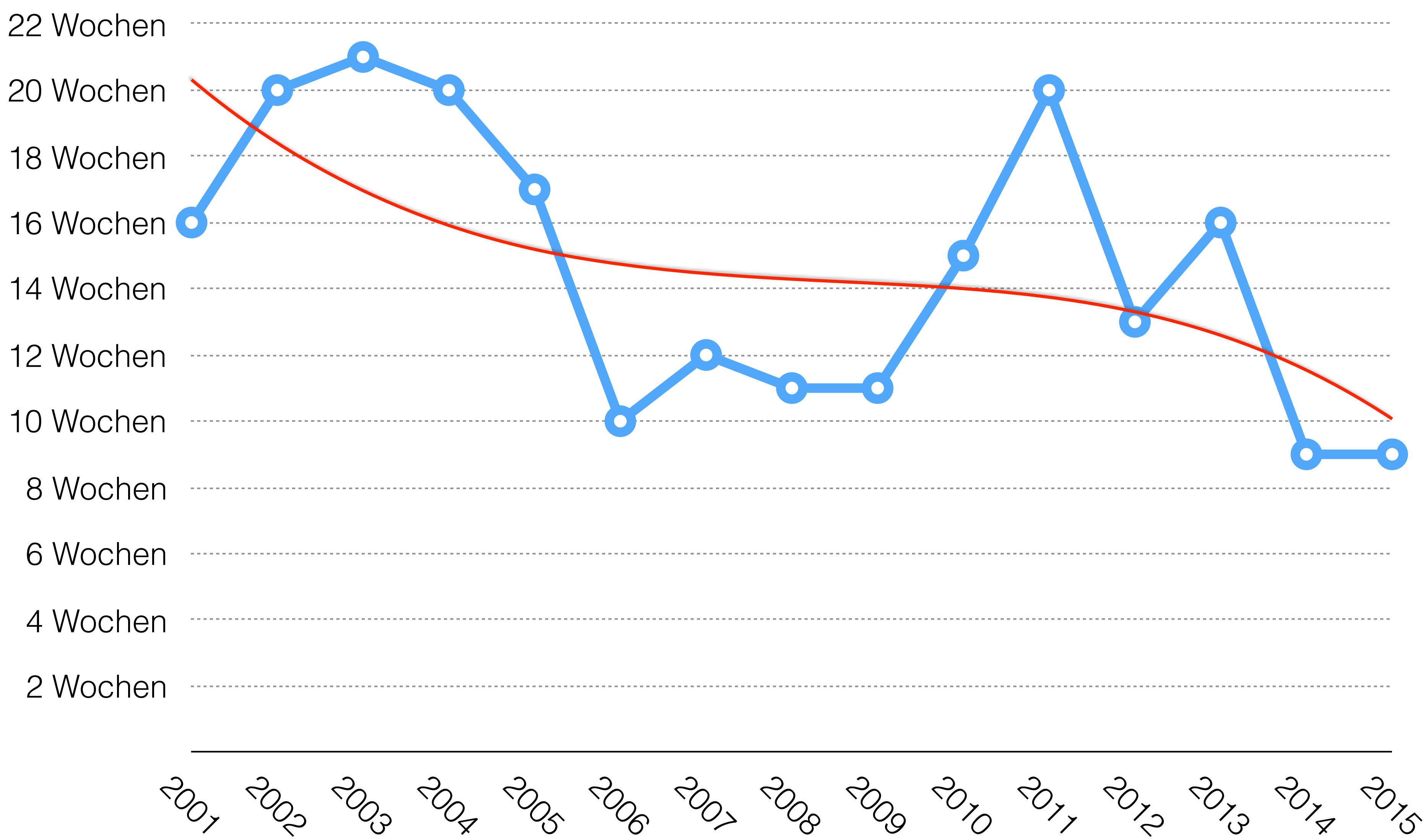
AVERAGE RELEASE PRINTS

5 x



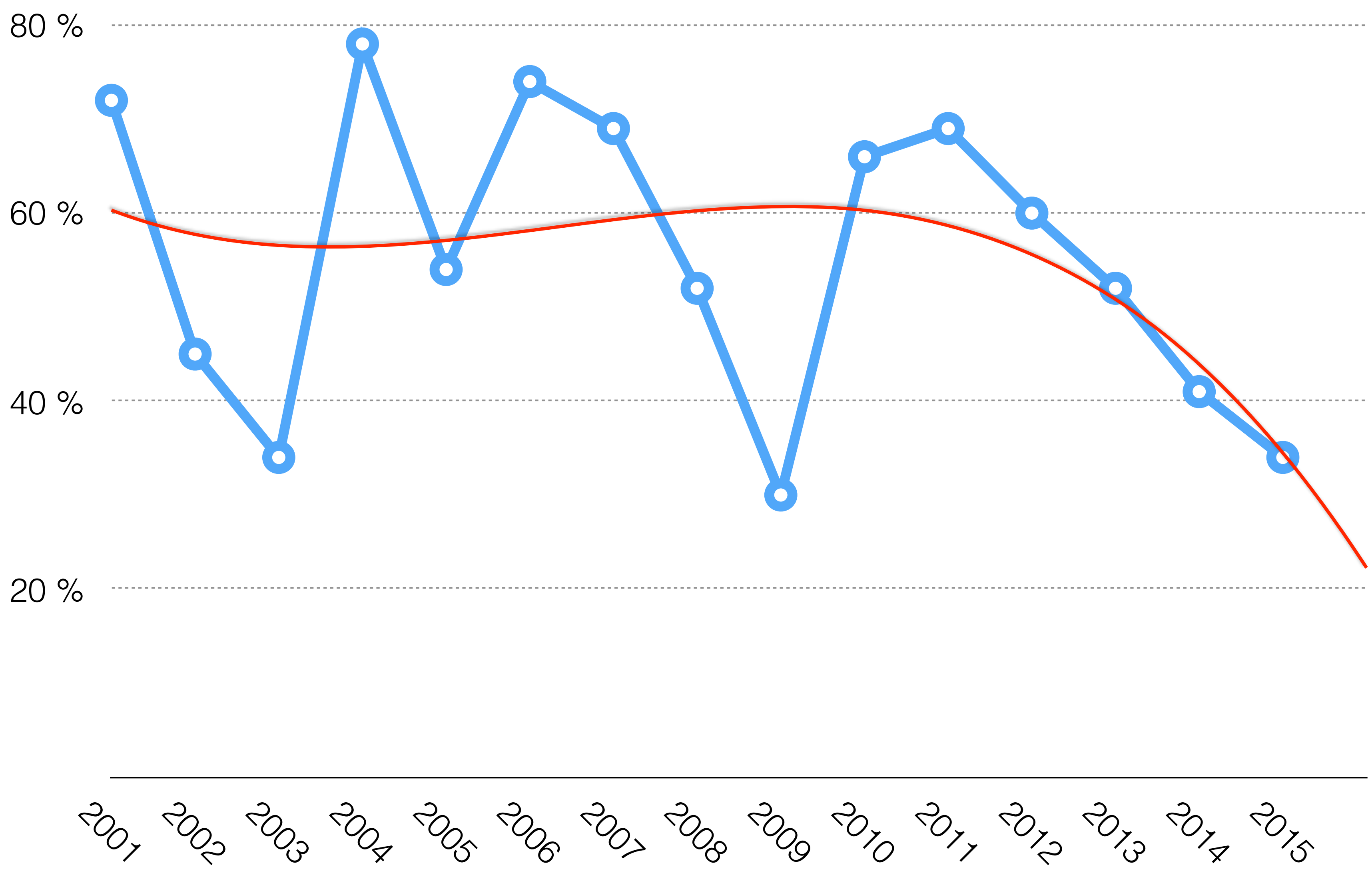
WEEKS IN CINEMAS (TILL 90% OF TICKETS SOLD)

half the time



2001		2015
24	**RELEASES** +230 %	79 (67)
400.000	**ADMISSIONS TOTAL** +25 %	500.000
16.700	**ADMISSIONS / FILM** -62 %	6.300
190	**RELEASE PRINTS TOTAL** +600 %	1.327
8	**RELEASE PRINTS / FILM** +150 %	20
2.200	**ADMISSIONS / PRINT** -82 %	380
16 Wochen	**90% box office reached** -12 Wochen	4 Wochen

SHARE OF SUCCESSFUL FILMS (25k+) IN THE DOCUMENTARY ENTIRE MARKET



THE CINEMA AUDIENCE IN DIGITAL TIMES IS NOT ONLY A MASS-AUDIENCE, THE DIFFERENTIATION OF INTEREST, TASTE AND HABITS HAS TO BE ANSWERED BY THE MAKERS.

A NEW RELATION BETWEEN FILMMAKERS, PRODUCERS AND DISTRIBUTORS HAS TO BE ESTABLISHED.

WITH DIFFERENT TERMS OF TRADE, EVEN LOOKING OUT FOR **DIRECT DISTRIBUTION**.

CONCERNING CINEMA:

- CINEMAS ARE THE EXPERTS OF FILM (still)
- THEY HAVE TO ESTABLISH A NEW RELATION TO THEIR SPECIFIC LOCAL (ANALOG) AUDIENCE !
- THEY HAVE TO TAKE THE DIGITALIZATION SERIOUS (CINEMA-VOD, EVENTS)

CONCERNING THE FILMMAKER:

TO GAIN ATTENTION MEANS TO BE

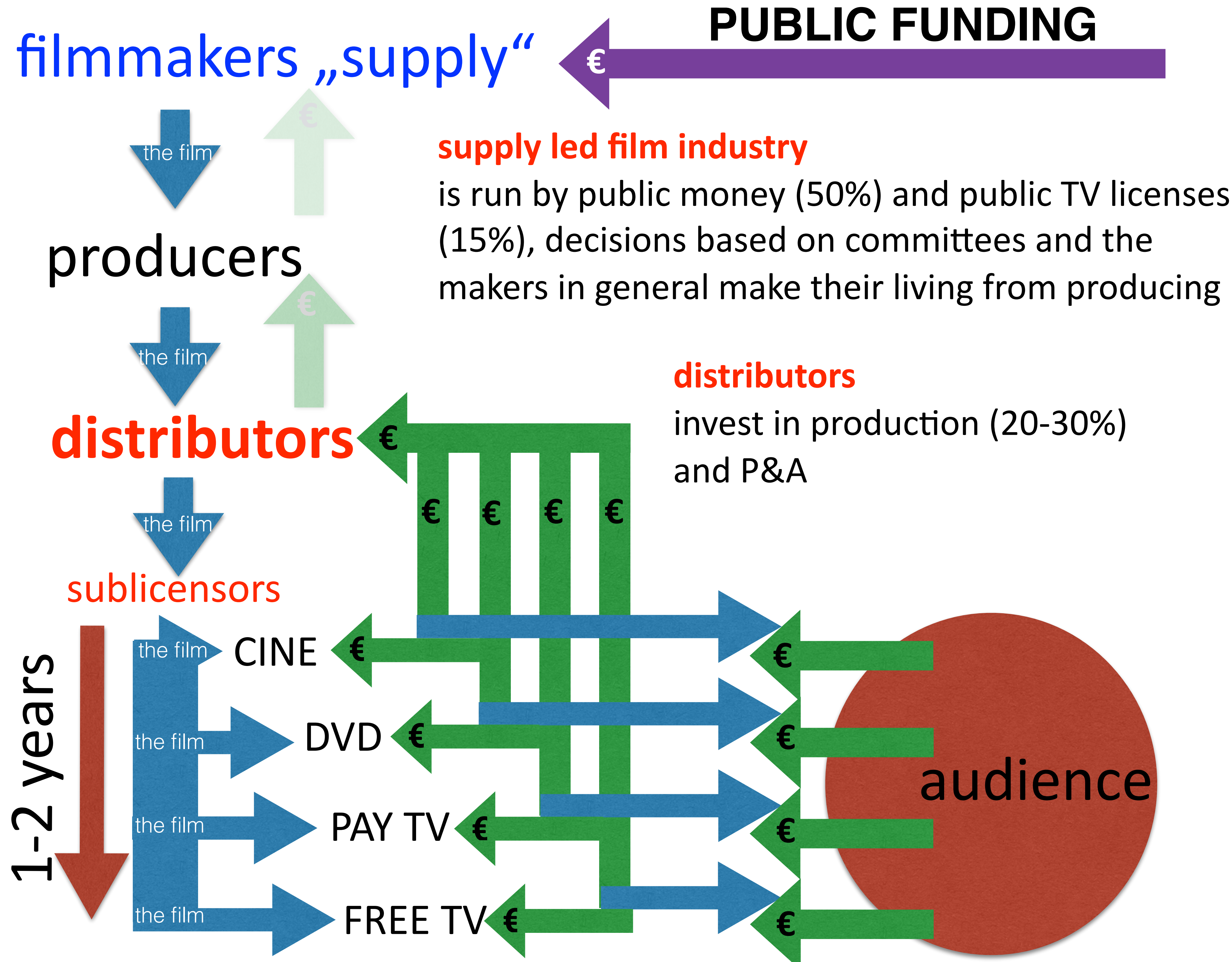
RECOGNIZABLE, WHICH IN THE END MEANS A

REDUCTION IN CREATIVE COMPROMISE.

AS PRINT MEDIA IS CONTINUING TO DIE (at least concerning the film critic) **NEW FORMS OF COMMUNICATION** WITH THE AUDIENCE HAVE TO BE ESTABLISHED.

Concerning Cinema, Distribution and Filmmakers:

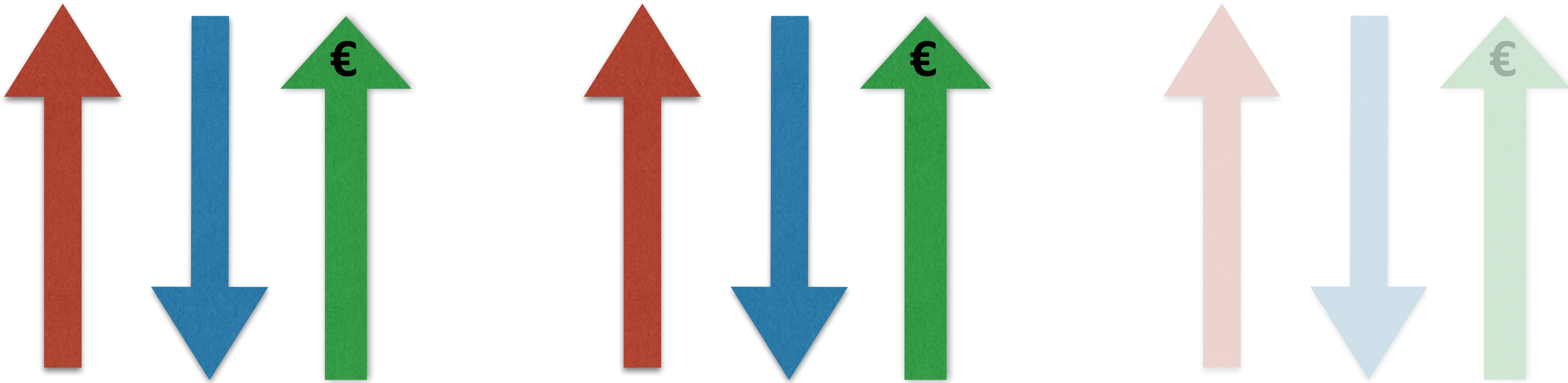
The anxiety toward the digitalization cost the music industry 50% of the global turnover and jobs. It took 10 years to overcome that crisis. There is more need and more possibilities for moving images than ever. Just nobody knows, where the journey goes.


PUBLIC FUNDING
€
filmmakers „supply“
the film
€
supply led film industry
is run by public money (50%) and public TV licenses (15%), decisions based on committees and the makers in general make their living from producing
producers
the film
€
distributors
invest in production (20-30%) and P&A
distributors
€
€
€
€
€
the film
sublicensors
1-2 years
the film
CINE
€
the film
DVD
€
the film
PAY TV
€
the film
FREE TV
€
€
€
€
€
audience

demand led industry

filmmakers——producers——(distributors)

react to a **demand** or create a demand by audience research and audience building, they construct/develop **single strategies**



cinema audience will communicate local and analog

platform audience will communicate digitally

TV audience will switch to VOD

I say to you that the VCR is to the American film producer and the American public as the Boston strangler is to the woman home alone.

TESTIMONY OF **JACK VALENTI**, PRESIDENT, MPAA,
APRIL 1982 on home recording copyright

thanks for your attention