

Medici

Stirin, Czech Republic, september 16, 2014

Europe : Diversity & Common values

• Diversity, in terms of languages, cultures, economies, is the **inherent nature of our continent**

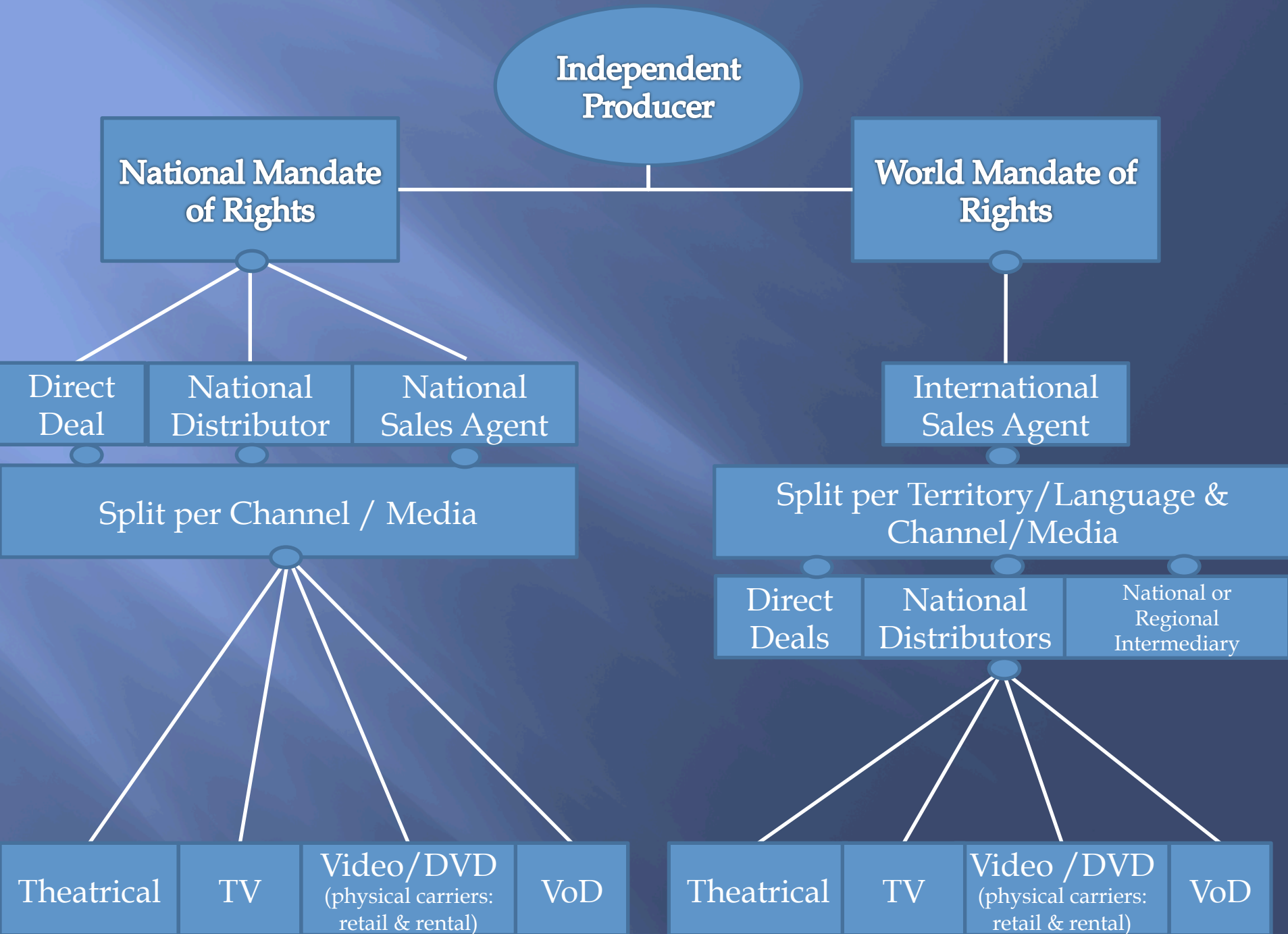
• This **natural sophistication** has structured the European audiovisual industries

• Production, distribution and exploitation of audiovisual content depend on **economic factors** – which vary from one country to another – but also on **linguistic and cultural specificities**:

Europeans may share fundamental common values, but they don't speak the same language and they don't think and watch content in the same way.

Promotion of cultural products is very closely related to local cultural references and spectators/customers preferences (e.g. dubbed vs subtitled versions).





Digital Environment: A New Time & Space Paradigm

The Digital (r)evolution:

- Brings a shift in the exploitation of audiovisual content by offering possibilities for delivering content to spectators/customers in new ways
- Creates new consumers' needs & practices (interest for new devices, for virtual and delinearized offers...)
- Leads to further adaptation of business models (complementary revenue streams, windows, impact on financing sources...)
- Opens new horizons (still unknown)

→ *According to the European Audiovisual Observatory, in May 2013 there were 2733 VoD services established in the EU, 447 of them were film VoD services.*

The European Audiovisual Industry & Markets

- Audiovisual content, especially films, does not cross cultural borders just because it is available. Films need active and adequate marketing and promotional efforts in order to reach the audience.
- European films rely on a network of national distributors and publishers with unique expertise on how to make foreign films relevant in their respective territories.

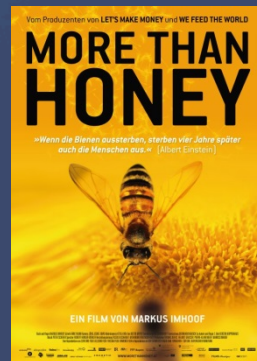
Each link in the chain (producer, sales agent, distributor, exhibitor, TV, DVD publisher, VoD operator) plays a very specific role and has an added value in the process of bringing audiovisual content to audiences.



The European Audiovisual Industry & Markets

- European filmmakers rely on the pre-sale of rights to future distributors and publishers in each country in order to finance European films and to ensure their best possible promotion.
- Films are ‘prototypes’ – each film has its own business model in terms of financing, distribution and exploitation scheme, therefore it needs all of these channels/media in order to reach its audience.

➔ *We need to ensure that rights holders continue to have the possibility to recoup their investment and be able to finance new productions. Therefore, it is necessary to preserve contractual freedom to pursue the best possible solution for each individual film, in terms of financing, distribution, promotion and exploitation.*



Portability of VoD Offers

Possible Technical Solutions for the EuroVoD Platforms:

- Combined identification of users through IP and their user's account;
- Possibility for cross-border access when travelling abroad;
- High level security for both customers' details and content licensors' rights

Legal and business implications:

- Necessary to inform users that if they act in contradiction with the Terms & Conditions, the service will be interrupted;
- Necessary to inform rights holders and re-sign contracts with them;
- Necessary to enable rights holders to authorize or not this type of exploitation of their films.

Availability of Linguistic Versions

Technology allows exploitation of several linguistic versions:

- Commercial platforms (iTunes) delivering content through national stores
- Institutional platforms (Institut Français / IF Cinema) exploiting non-commercial rights
- Local platforms in plurilingual countries (leKino.ch)

However, linguistic versions are closely related to the promotion and the exploitation of audiovisual content:

- A distinction to make between new films (in process of negotiations, sales, distribution and releases) and catalogue films.

➔ *Necessary to ensure flexibility for rights holders.*

➔ *Need for financing of subtitling / dubbing (MEDIA Programme incentives).*

Let us never forget...

- The **exploitation of audiovisual content according to territory, language, channel and/or media** corresponds to the reality of the European markets – Europe is a linguistic, cultural and economically diverse continent.
- The European audiovisual industry **builds and experiments new tools** for financing, distribution and broadcasting of audiovisual content, adapted to the digital age and to market demand. However, this evolution has to be managed intelligently, in order to ensure financial viability and sustainability of the new models and avoid damaging the industrial « ecosystem » in Europe
- Each film has its own business model, there is no ‘one size fits all solution’. It is crucial to ensure **flexibility** for rights holders when choosing the best way to exploit their content.
- Culture is one of Europe’s main assets and **the best vehicle for its values**. Therefore it deserves special attention.

New media & Funding criteria

- ▣ 1 - Economic
- ▣ 2 - Industrial
- ▣ 3 - Cultural

Economy

- ▣ The value chain in VoD
- ▣ How do the business models affect the value chain? : Transactional VoD versus Subscription VoD?
- ▣ The impact on the current financing system

Industry

- ▣ Where do the new media influence the development and well being of regional industries?

the revenues streams

ANALYSIS OF REVENUES ACCORDING TO TYPE OF VoD EXPLOITATION

	WEB.com		Conn. TV	IPTV	ITUNES	
	rental	EST	rental	National TELCO or ISP	RENTAL	EST
ALL TAXES included	4,99	14,99	4,99	4,99	3,99	13,99
VAT deducted	4,17	12,53	4,17	4,17		
Other Tax deductions	4,09	12,28	4,09	4,09		
- SGC/CMS operator's fee	3,84	11,55	3,84	3,84		
Net publisher	3,84	11,55	3,84	2,50	2,31	7,5
Publisher Fee	1,54	4,62	1,54	0,50	0,46	1,50
net RIGHT HOLDER	2,31	6,93	2,31	2,00	1,85	6,00

Culture

- ▣ The main goal : enhancing the « audience appetite » for non domestic content
- ▣ > **Prescription & Editorialization**
- ▣ Vod because its structure helps with the transnational circulation of films in Europe
- ▣ > **Acknowledging this is a new media, not simply a branch of video or pay TV**
- ▣ VoD create an awareness of a European identity in times when this is endangered

The main issues

- ▣ The **language** is the main issue since portability can be easily dealt with
- ▣ Can the funds be instrumental in suggesting the implementation of tools and financial measures?
- ▣ Privileging a bottom up approach
- ▣ Learning from the other cultural sectors

On the agenda....

- ▣ Redefining altogether the time and space of the exploitation of our films, adjusting them to the local environment
- ▣ Contributing to the necessary revolution of the mindset of the players, in all domains, from directors, actors, to producers, distributors and sales agents