

A BRIGHT FUTURE FOR CINEMA

Venice/Brussels: 3 September 2016 – As the international film and cinema community gathers for the Venice International Film Festival, and in the wake of the European Commission’s first European Film Forum exploring the future of cinemas, the Union Internationale des Cinémas/ International Union of Cinemas (“UNIC”) and the Confédération Internationale des Cinémas d’Art et d’Essai/ International Confederation of Art Cinemas (“CICAÉ”) have issued the following statement on the health of the sector and key trends and challenges.

The Central Role of Cinemas in Europe

All cinemas across Europe – whatever their size or location – make significant contributions to cultural diversity, are essential to the commercial and cultural success of the European film industry and have a powerful social influence.

Cinemas are creative meeting places that help stimulate dialogue on a range of important issues essential to Europe. Outside of the screening room, our members contribute to the well-being of local communities and facilitate urban regeneration and social cohesion.

The 30 000 cinema screens across the EU create awareness around and interest in national, European and international films, enabling nearly one billion visitors to discuss stories that entertain us, make us think and enable us to reflect on everyday life. 96 per cent of these screens are now digitised. The number of films screened in theatres has increased rapidly over the past 15 years, enabling operators to meet ever more diverse audience demands¹.

In a world where Europeans have a myriad of digital distractions available at their fingertips, the shared and exclusive experience of watching a film together on the big screen has become ever more important.

This continued strength, and the popularity of cinema-going, are reflected in both admissions and box office trends across Europe. In 2015, admissions in the EU increased by 7.4% to 976 million tickets sold. Box office returns increased to € 7.3 billion. As the home entertainment sector continues to struggle – to some degree due to high levels of copyright infringement – cinema-going remains the key pillar of the wider film economy. This strong performance of the sector in turn helps maintain hundreds of thousands of jobs for predominantly young people across urban as well as rural areas in all regions of Europe.

¹ Number of theatrical releases in sample of EU 7 from 2001 – 2015 (missing alternative content and specialised screenings): Estonia – 105 to 276, Denmark – 172 to 257, Poland – 187 to 343, Italy – 400 to 593, France – 504 to 654 UK, Germany – 375 to 596 (Source: UNIC members and national film agencies)

The theatrical success of films also helps drive their performance and audience awareness on other platforms. Growth in subsequent markets – including Video on Demand – can only develop on these strong foundations and should not come at the expense of theatrical exclusivity. With more than 1,600 films being made across the European Union each year, cinema operators stress the need for more audience-focused strategies in the European cinema sector.

There is a need to strengthen efforts in both film distribution and cinema exhibition to create more audience awareness around national and European releases. There is also an urgent need for an open dialogue with all industry stakeholders and film fund representatives around the reasons for further increasing film production levels, which does in our view not necessarily reflect audience demand nor the screening capacity of the cinema sector.

Strong Innovation Capacity and Creativity

Cinema-going across Europe has become an ever more engaging, diverse and immersive experience thanks to creative entrepreneurship and on-going investments into innovation by cinema operators.

European cinemas have invested massively to digitise their businesses. Over the past 10 years, operators across Europe – in partnership with film distributors and public film agencies – have invested more than € 1.5 billion in the digital conversion of their theatres.

Digital technology has led to a paradigm shift across the cinema landscape. Innovations in sound and projection quality, more flexible and efficient operations and more sophisticated audience engagement strategies continue to transform the experience and attract increasing numbers of guests to our theatres. As is made clear above, these changes have led to a significant increase in the number of films screened in cinemas.

The sector continues to embrace innovation and change. Operators of all sizes and locations are experimenting with a range of social media strategies, mobile apps, collaborative promotions and event formats to attract even more audiences.

In the coming years, sophisticated tracking and analysis of customer behaviour will become more essential. As cinema operators and their partners experiment and collaborate to further improve data analytics, an exciting opportunity arises for the promotion of local and European films, as well as for independent cinema operators, to use data-driven strategies to succeed. It is an opportunity that the European sector as well film agencies and the European Commission should carefully evaluate.

The experience inside the auditorium continues to be transformed also. Some operators invest in ground-breaking technologies – from immersive sound systems to extra-large screens – to provide an ever more immersive experience. Others have

invested in new theatre designs, service concepts and seating upgrades to provide more comfort. While these efforts help the sector to confidently compete with the myriad of online entertainment that is on offer today, there are also risks attached to the on-going diversification in the sector. Smaller and rural cinemas in particular lack the resources to invest in further upgrades and risk being left behind. There is an urgent need for increased information sharing around technological standards between all stakeholders in the cinema ecosystem to ensure that in the future all films can be screened in all types of theatres.

As the above – and hopefully the discussions during the European Film Forum in Venice – will show, cinema operators continue to experiment and innovate. From digital engagement to data analytics, from innovations in theatre design to new developments in presentation technology, the sector continues to change.

Furthermore, as the sector faces the opportunity to engage with a new generation of film lovers all cinemas actively experiment with new youth engagement initiatives. Cinemas across Europe – especially arthouse theatres – contribute massively to the discovery of new European talent and the preservation of the rich heritage of European film history. Especially cinemas with such diverse programming face the challenge that most European and smaller independent films are usually not equipped with large marketing budgets and often lack nation-wide or indeed international release strategies. This makes strong efforts in programming and local marketing by exhibitors even more important.

UNIC and the CICA E therefore strongly call upon the European Commission and on film agencies in all Member States to help ensure that the sector continues to thrive. There are a wide variety of opportunities for collaboration and film agencies and the Commission can help cinema operators – especially smaller theatres and single screen cinemas – to further develop their capacity, to the benefit of all.

Towards a Cinema-Centred Agenda for European Film

At a time when European Union leaders are required to navigate a political landscape that is increasingly Euro-sceptic and influenced by major international and institutional challenges, it is essential that Europe takes the right approach to culture and cinema.

Cinema – and the arts and cultural and creative sectors in general – can play a key role in re-establishing a positive and forward-looking narrative for the European project, at the same time strengthening cultural diversity, social cohesion and economic development across all Member States.

Perhaps counter-intuitively for some, the EU's approach around a range of legislative proposals – including attempts to mandate more cross-border access to European works – has in our view to be distinctively more 'hands-off' if the sector is to take its own decisions and thrive. At the same time, European support for the cinema sector

through the Creative Europe MEDIA programme, better co-ordination with national policy-makers and film agencies, the fairer involvement of new online stakeholders in the cinema ecosystem, as well as much stronger efforts in the fight against copyright infringement – are all absolutely essential. In this context, the Europa Cinemas network is a flagship initiative of European cultural policy making and should be further strengthened. The 25th anniversary of the Creative Europe MEDIA programme marks an important occasion to celebrate Europe's achievements in promoting non-national European films across the EU and in fostering cultural dialogue.

More specifically, UNIC and the CICAÉ call upon the European institutions to:

- strengthen support for the European cinema exhibition and distribution sectors in order to create more audience awareness and excitement around film releases;
- stop ill-advised support projects for synchronous theatrical and Video on Demand releases, not least given the weak evidence that such projects yield any positive results for the wider industry, and in return recognise the value of exclusive release periods in cinemas;
- increase its efforts in fighting commercial scale copyright infringement through the 'Follow the Money' strategy and through increased co-ordination of Member States' activities in this field;
- ensure that Member States that wish to do so can request from international Video on Demand platforms a levy to support their local cinema ecosystem – an obligation that cinema operators in several countries fulfil;
- continue to exclude audiovisual services from ongoing trade negotiations around the Transatlantic Trade and Investment Partnership;
- prevent the application of the Country of Origin Principle enshrined in the Satellite and Cable Directive to online services, as this could seriously harm theatrical exclusivity in certain territories;

UNIC and the CICAÉ look forward to continuing to collaborate with the European Commission, the European Parliament and all EU Member States to ensure that the European strategy for film and cinema is of the greatest benefit for European audiences and the European cinema sector.

Venice, 3 September 2016

A handwritten signature in black ink, appearing to read 'Roßmann'.

Dr. Detlef Roßmann,
Président,
Confédération Internationale
des Cinémas d'Art et d'Essai

A handwritten signature in black ink, appearing to read 'Phil Clapp'.

Phil Clapp,
Président,
Union Internationale des
Cinémas