A perfect storm?

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European Audiovisual Observatory
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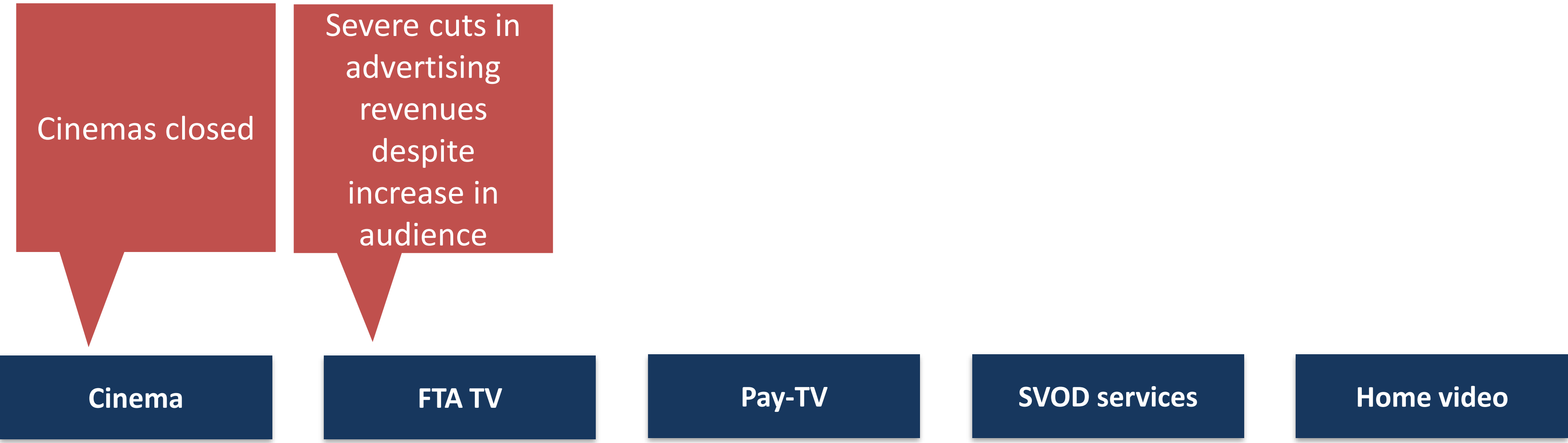
A perfect storm?

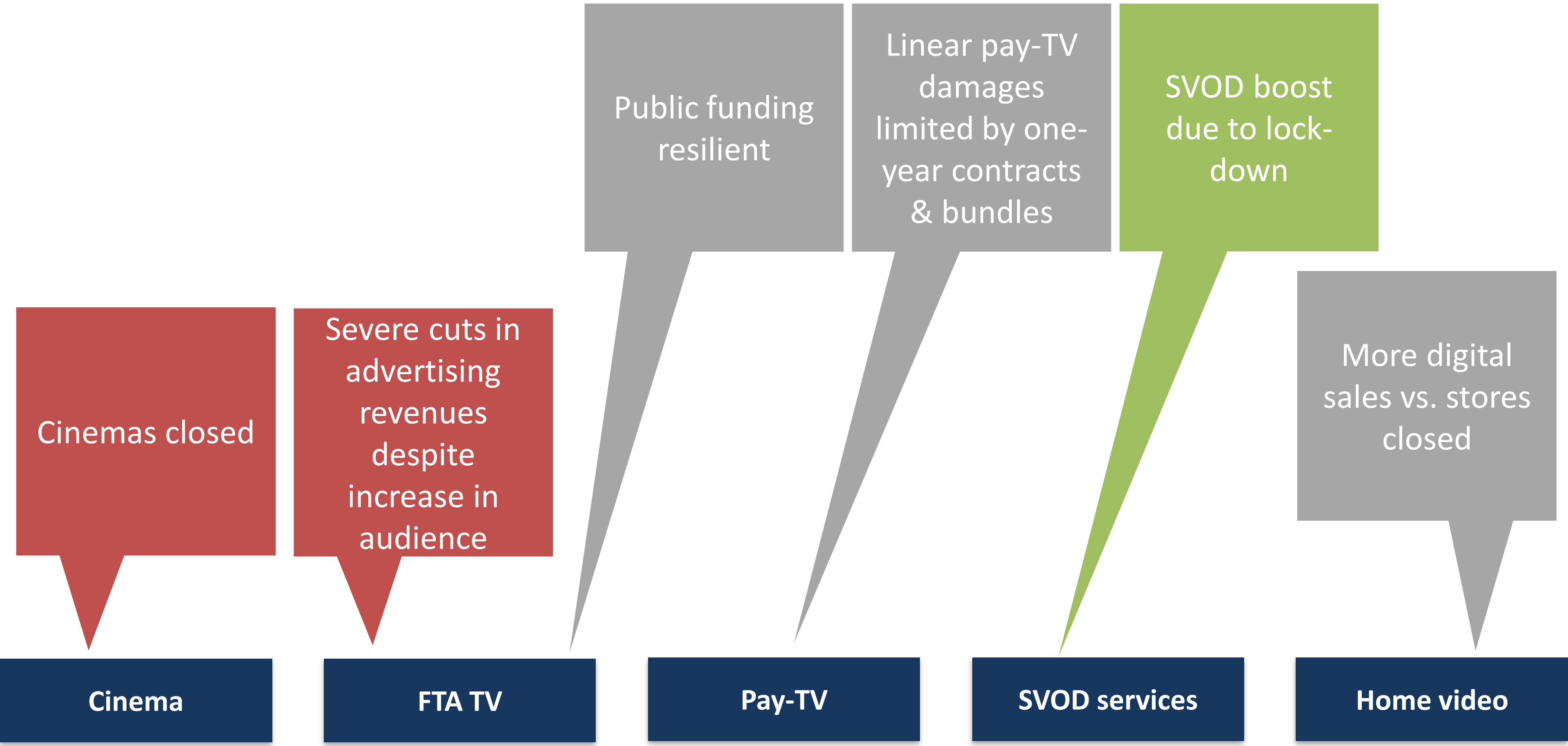
“a particularly violent storm arising from a rare combination of adverse meteorological factors”

Oxford Languages

2020



Cinemas closed
Severe cuts in advertising revenues despite increase in audience
Cinema
FTA TV
Pay-TV
SVOD services
Home video


Public funding resilient
Linear pay-TV damages limited by one-year contracts & bundles
SVOD boost due to lock-down
Cinemas closed
Severe cuts in advertising revenues despite increase in audience
More digital sales vs. stores closed
Cinema
FTA TV
Pay-TV
SVOD services
Home video

Losses of revenues in 2020: circa 10 bn EUR

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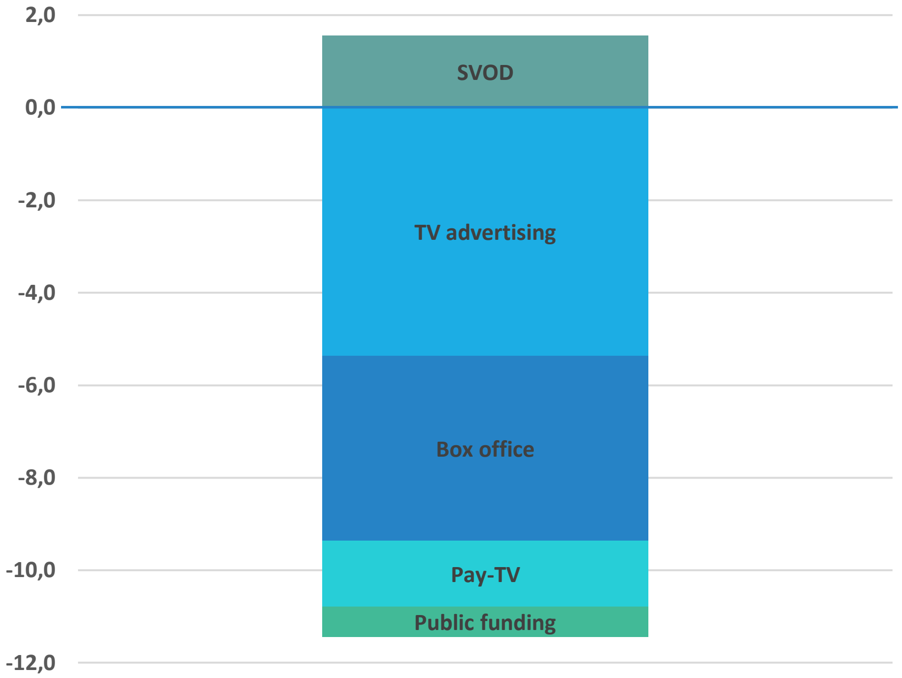
Estimate of the losses of revenues – 2020 vs.2019 – bn EUR



Scope: EU27

The context: transformation

Overall, the sector's revenues have been stagnating in real terms

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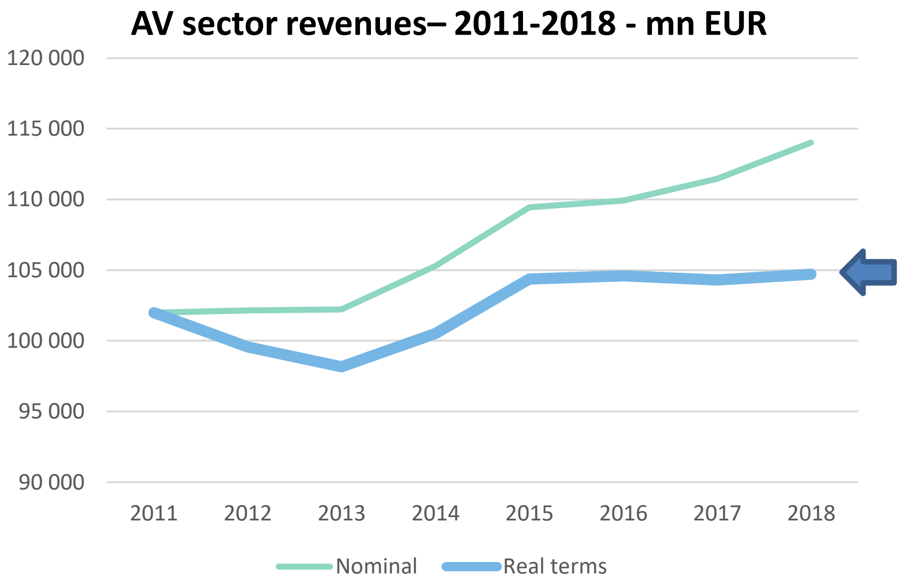

Scope: EU 28

The threat on cinema exploitation is a major disruption

…but
other impacts take place in a context of transformation

TV advertising vs. online advertising

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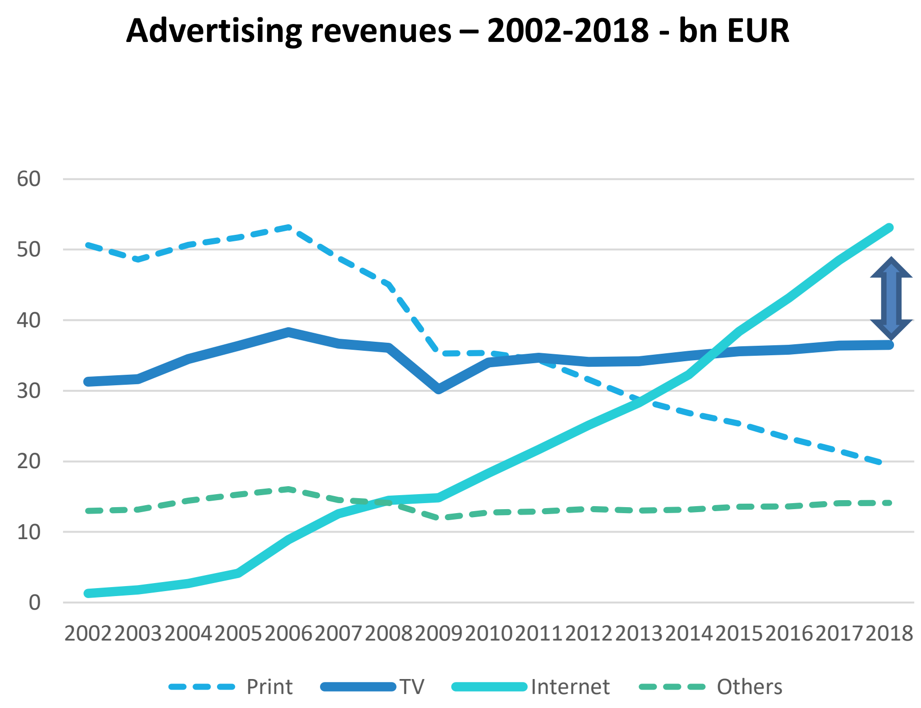
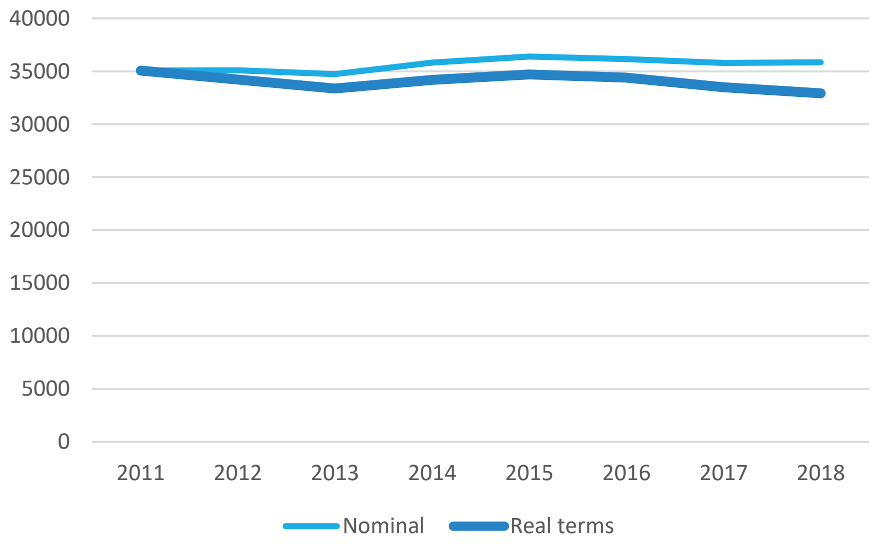


Scope: EUR-OBS

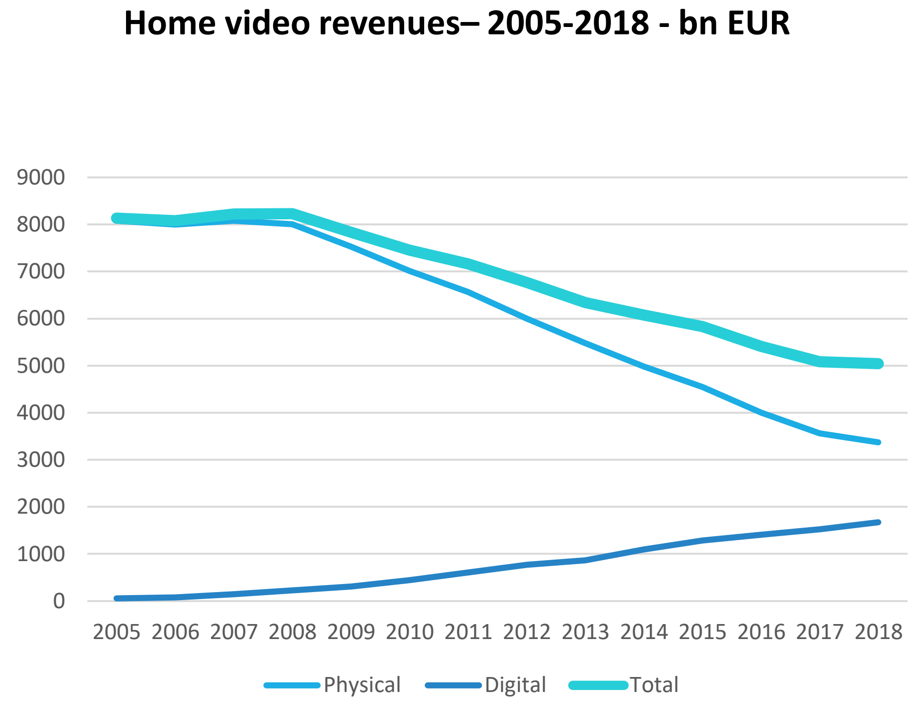
Stagnation of PSBs funding

PSBs revenues– 2011-2018 - bn EUR



Scope: EUR-OBS

Decline of home video



Scope: EUR-OBS

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Transformation of the pay model

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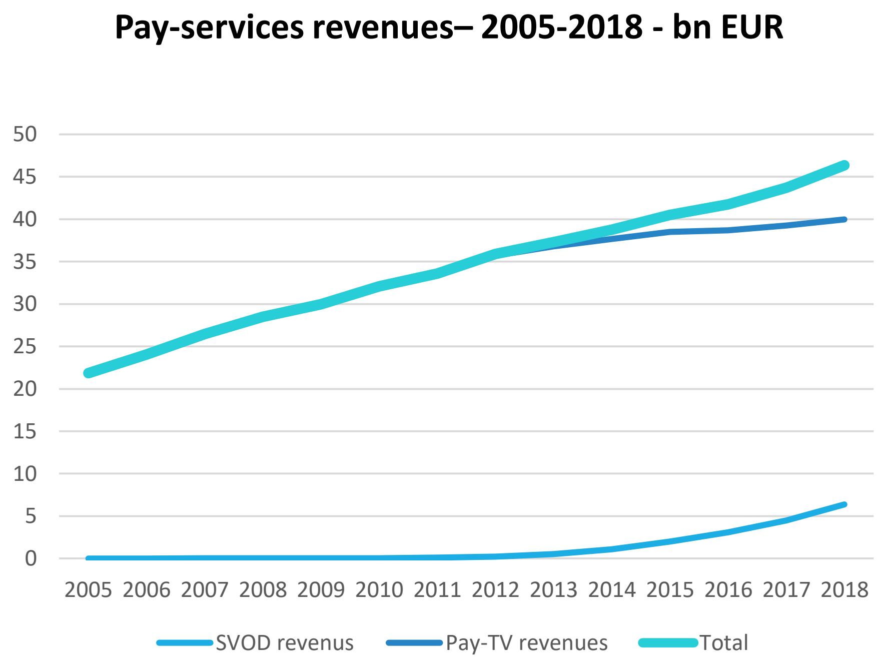
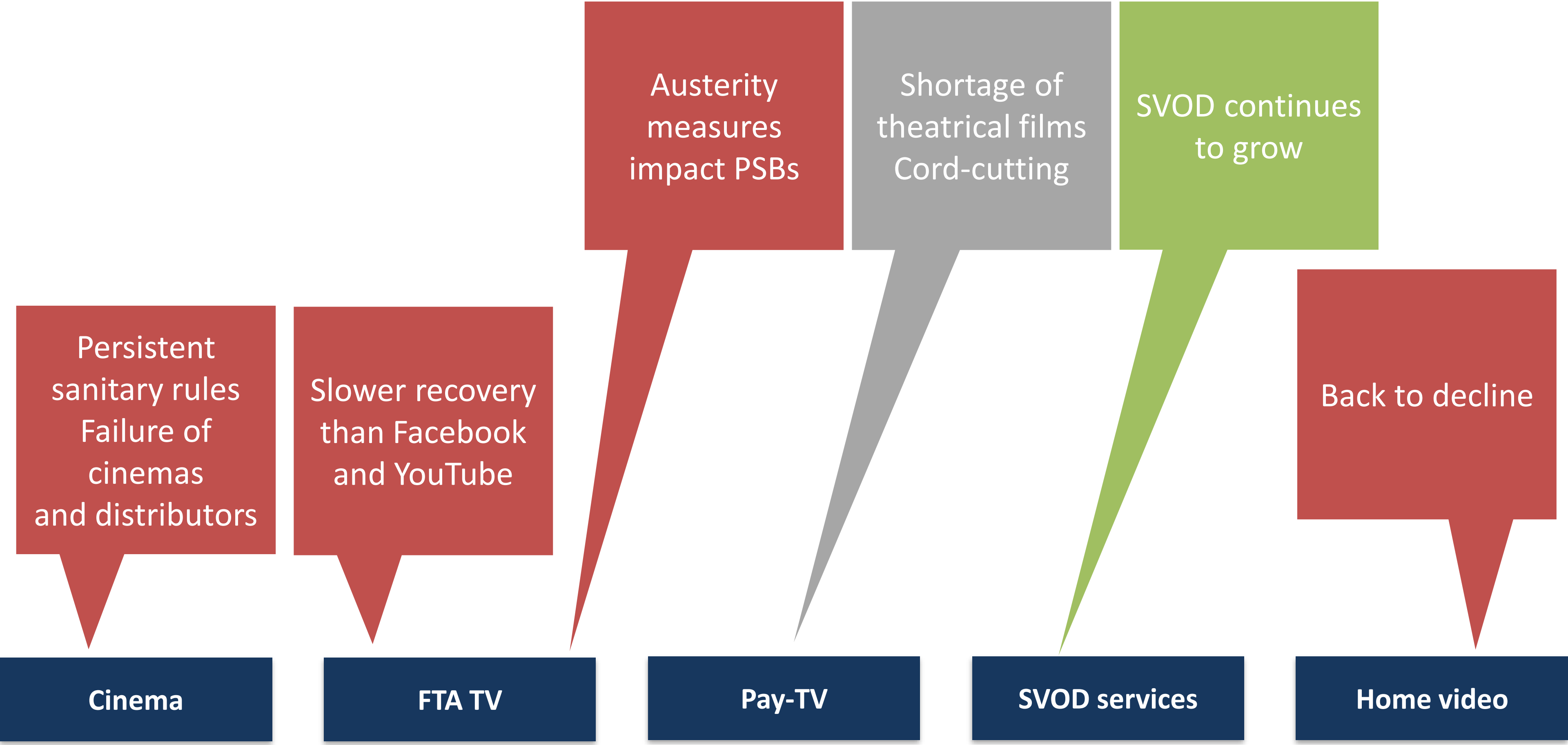


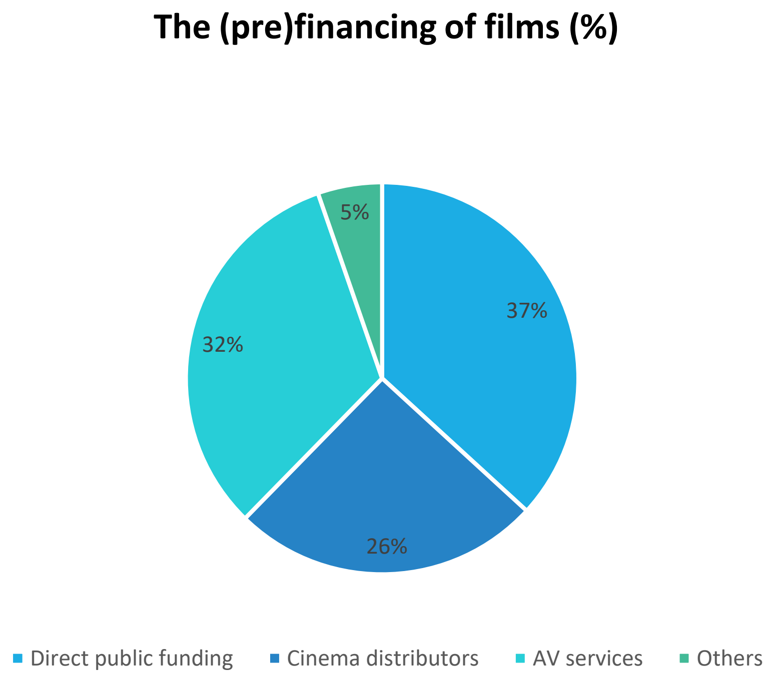
Scope: EUR-OBS

A perfect storm


Austerity measures impact PSBs
Shortage of theatrical films
Cord-cutting
SVOD continues to grow
Persistent sanitary rules
Failure of cinemas and distributors
Slower recovery than Facebook and YouTube
Back to decline
Cinema
FTA TV
Pay-TV
SVOD services
Home video

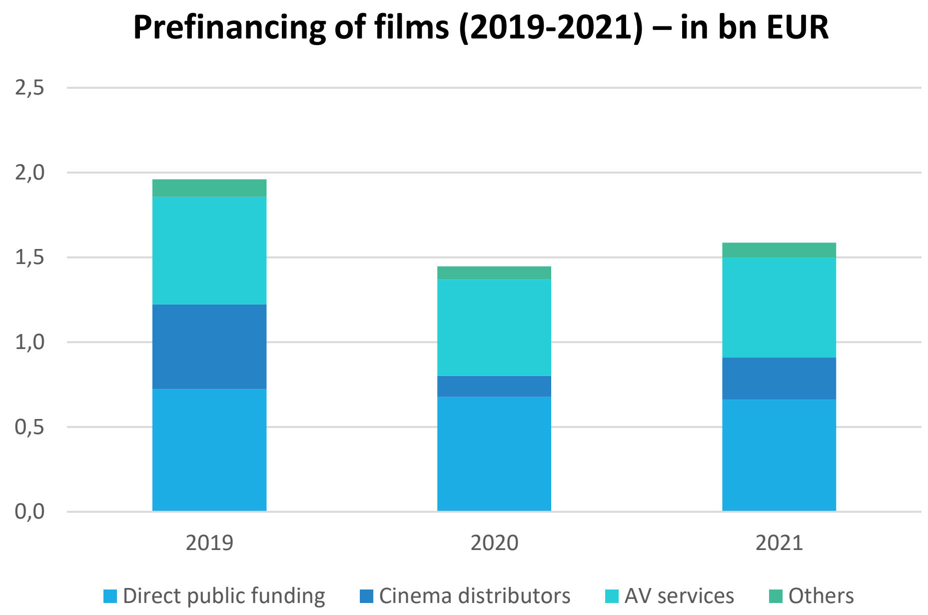
The impact on film financing

The business model of films relies primarily on (pre)financing



Scope: EU27

It is uncertain whether SVOD will compensate for the risk of decline of other financing sources



Scope: EU27

Public funding may become even more important

And, also, secondary revenues (acquisitions by AV services)

Open questions

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- **Can European films gain a higher market share of acquisitions? Will VOD quotas help?**
- **How will AV services will trade-off between acquisitions of US content and production of EU content?**
- **How will AV services will trade-off between film and high end TV content?**