



Cinema windows across Europe

Rome, 17 June 2019
#OBSPRES2019

European Audiovisual Observatory
2019 Italian Presidency conference



Setting the scene

The economic context for windows in Europe

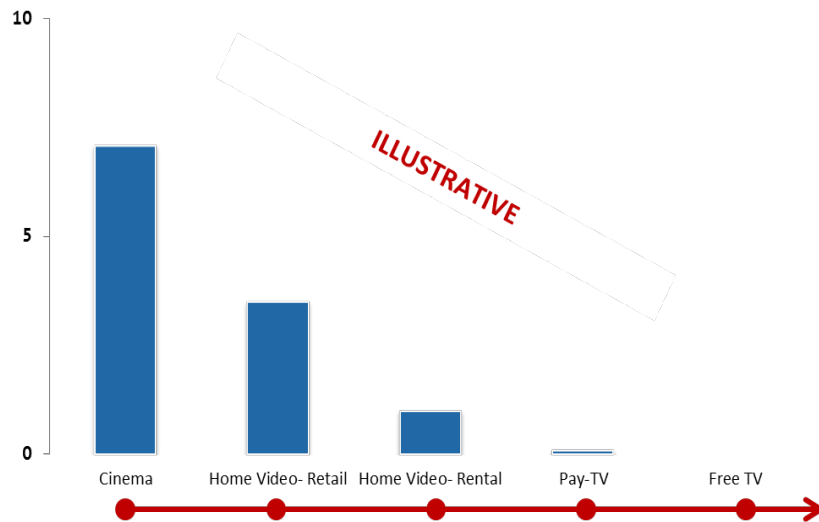
Gilles Fontaine

Head of the Department for Market Information
European Audiovisual Observatory

The two founding principles:

1. The multiplicity of exploitation windows benefits each of them.
2. Consumers are ready to pay more for an earlier access to film.

Price per viewer according to the exploitation windows – in EUR (illustrative)



And therefore windows maximise the revenues of films and hence of the film industry

Three remarks

1. Novelty is not the only differentiating feature of each exploitation mode
2. In a pre-financing world, windows are a counterpart to investments in production
3. Timeframe for promotion before the opening of windows also taken into account

Where viewpoints can begin to diverge

- **Market power:** the maximisation of the revenues generated by a film does not equal the maximisation of the revenues of each exploitation window.
- **Revenue sharing:** the distribution of revenues generated by the end market to the right holders may differ between exploitation windows.
- **Promotion:** the exploitation windows have also indirect impacts.

And where the evolution of the exploitation of films challenges the concept:

- **“Fighting piracy by making films available as early as possible”. But:**
 - What fraction of illegal usage would be monetised?
 - Is cinema or home video the real starting point of massive piracy?
- **“The cinema exploitation window is concentrated to the benefit of a limited number of films”. But:**
 - The cinema successes are not (all) predictable.
 - Time needed between the end of the cinema exploitation and the next windows to avoid anticipation.
 - Paradox: a too early release on home video would damage the cinema “spotlight effect” needed for home video.

And, even more fundamentally, the multiplication of windows

Cinemas

Free-to-air

And, more even more fundamentally, the multiplication of windows

Cinemas

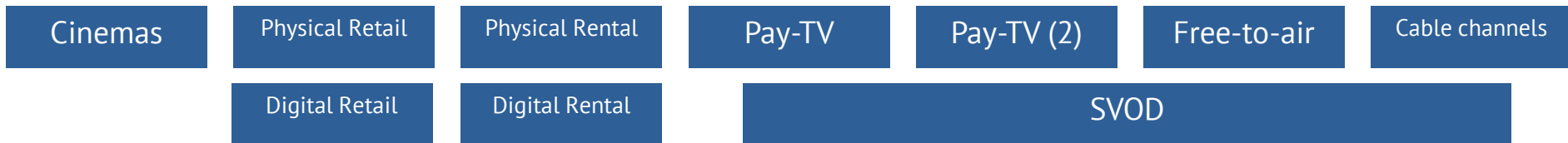
Physical Retail

Physical Rental

Pay-TV

Free-to-air

And, more even more fundamentally, the multiplication of windows



“The multiplicity of exploitation windows benefits each of them”

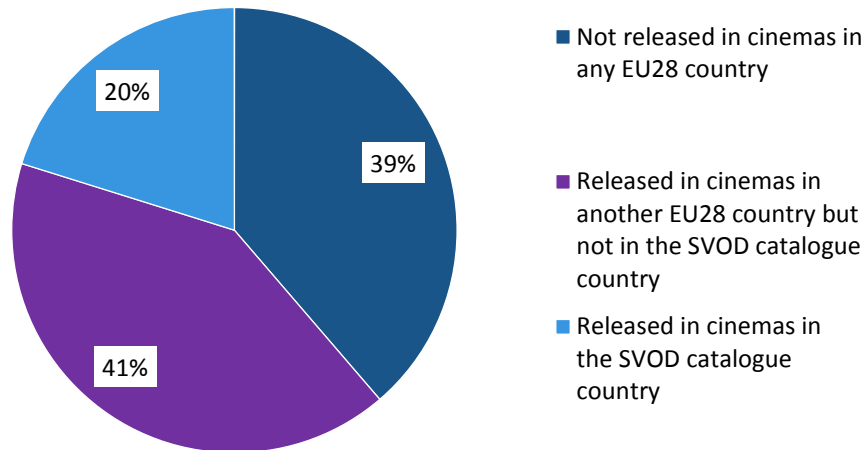
Vs.

Risk of overexposure and means to afford exclusivity

New global players get used to living outside the window system

- 80% of “films in SVOD” country catalogues have not been released in cinemas in the country.

Breakdown of SVOD recent “films” releases by statute of cinema release



Source: European Audiovisual Observatory

Does regulation distort the market?

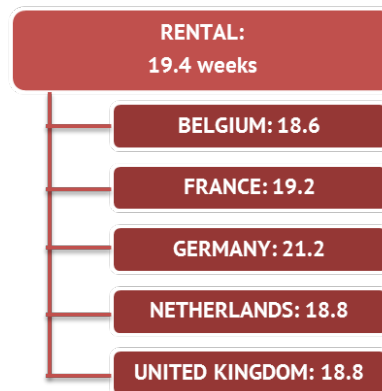
- Theatres to TVOD regulation in France aligned with non-regulated countries: windows meant as counterpart to investment obligations and to avoid free-riding.
- Longer theatres to TVOD windows for (public funded) German films, where home video performs comparatively well and cinemas are under pressure.
- Key role of exceptions.

Average theatrical to TVOD delay (weeks)

Retail TVOD: Windows by territory (in weeks)



Rental TVOD: Windows by territory (in weeks)



Source: European Audiovisual Observatory



Limited sample of most popular films in 5 EU countries

Thank you!

For any queries:
gilles.fontaine@coe.int