YEARBOOK 2020/2021 KEY TRENDS

TELEVISION, CINEMA,
VIDEO AND ON-DEMAND
AUDIOVISUAL SERVICES -
THE PAN-EUROPEAN PICTURE

European Audiovisual Observatory

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

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0 INTRODUCTION

COVID-19 as an accelerator

Sizing the COVID-19 short-term impact

Initial research by the European Audiovisual Observatory suggests the audiovisual sector lost over 10% of its revenues in 2020 compared to 2019, and close to 15% excluding on-demand services. This, in turn, translated into a loss in financing of original European production of over EUR 3 bn (for the EU27 only), and EUR 2 bn excluding sports. The sector is unlikely to return, in 2021, to 2019 activity levels, as the COVID-19 impact may continue well into the year. Moreover, the crisis appears to have accelerated some existing trends - and the sector may emerge deeply changed.

Theatrical exploitation: Adaptation or disruption?

Theatrical exploitation was an obvious COVID-19 casualty in 2020. Lockdowns repeatedly hit cinema attendance, with box-office takings dropping by 70% to 80% throughout Europe. The crisis came amidst a continuous consolidation wave in the industry and significant investment for new sites and the modernisation of existing ones.

The industry has tried to adapt to the new situation, either with a consensual approach (the Hollywood studio Universal and AMC Theatres signed a revenue-sharing agreement paving the way for a major shortening of the theatrical window), or more unilaterally (Warner decided to release its whole 2021 line-up on the same day in theatres and on its streaming service). Several experts estimate that bypassing theatrical release to favour subscription video on demand (SVOD) is not a viable business model for large blockbusters; still, the race for on-demand leadership may lead to integrated Hollywood studios running their own SVOD services, and favouring customer acquisition rather than the profitability of individual films.

The US studios' strategies will have important repercussions on the European exhibition landscape. On the one hand, exhibitors rely heavily on US films; on the other, European films appear to perform comparatively well when freed from the competition of Hollywood blockbusters and there is hope their market share may increase –albeit in a shrinking market.

TV advertising: A tipping point?

Until the COVID-19 crisis, TV advertising had resisted Internet advertising competition comparatively well. The year 2021 may however mark a tipping point. COVID-19 has again accelerated the weight gain of e-commerce, which is capturing an increasing share of Internet advertising. In the context of economic uncertainty, advertisers may choose to favour immediate sales rather than develop brand awareness.

Multiple launches of advertising-funded video on demand services (AVOD) also threaten the possibility for broadcasters to, through their catch-up services, compensate for the advertising revenues draining from their linear channels.

Pay services: SVOD and/or pay TV?

Clearly, the lockdowns have encouraged many more European households to experiment with SVOD or to stack subscriptions (cumulating several subscriptions from different services). Beyond this, though, the scope of content available on SVOD services has expanded, basically covering all genres previously assembled in pay TV packages, which, in turn, have been negatively impacted by chaotic sports seasons. Still, pay TV distributors are, in the short term, protected by the bundling of Internet access and pay services. But the possibility of significant cord-cutting (consumers switching from legacy television distribution networks to Internet services) has increased, with pay TV services reorienting their distribution towards Internet and network operators refocusing on broadband Internet access as their core activity.

Public funding: More sacrifice?

Public funding of the audiovisual sector mainly encompasses public financing of public service broadcasters, film funds and indirect production incentives. It proved resilient, to an extent, in 2020, insulated by annual budgets. But reductions loom because of the need to decrease public spending to pay back COVID-19 debt. Further pressure on public financing comes as the resources of public service broadcasters grow much more slowly than those of their private competitors.

Home video: Where did the money go?

Year after year, figures confirm that the transition of home video from physical to digital is resulting in massive revenue losses. One obvious explanation is piracy. Another hypothesis could be that digital rental competes with much cheaper SVOD services, even if the latter don't provide the same exclusive movies. More importantly, a parallel may be drawn with music - to highlight the transformation of consumer preferences from ownership of cultural products to 'all you can eat' subscription services.

Contrasting visions

In this transformation age, there are two strategic visions:

• A production-centric vision: Major platforms will inexorably become the dominant players in the audiovisual services landscape. The main policy objective will be to ensure the platforms contribute to European production by adapting the legal and financing ecosystem.

• An audiovisual services-centric vision: Reliance on US-based platforms results in losses for the audiovisual services in terms of wealth creation, employment, and creative control. The main policy objective is to support Europe's key players by for example supporting small cinemas, improving the competitiveness of TV vs. Internet advertising, fostering cooperation between broadcasters (including positivity about mergers), protecting the windows of legacy players, etc.

Designing the post-COVID-19 crisis recovery measures for the audiovisual sector will hopefully bring a unique opportunity to clarify policy vision or at least carefully balance the sometimes diverging objectives it embraces.

1 PRODUCTION

1.1 Film financing: Public support and broadcasters remain principal sources

Unique insights into the financing of European fiction films

In its third year analysing the financing structures of European fiction films, the Observatory, in collaboration with the European Film Agency Research Network (EFARN), collected detailed data about the financing plans for 568 European live-action fiction films theatrically released in 2018, from 23 European countries. The analysis covered a cumulative financing volume of EUR 1.8 billion and covered an estimated 49% of all European[1] fiction films released in 2018.

Median budget for European live-action fiction film releases: EUR 1.93 million

The data sample suggests the mean budget of a European theatrical fiction film released in 2018 was EUR 3.16 million, while the median sample budget was EUR 1.93 million. However, average budgets differ widely among countries. Not surprisingly, they are higher in larger markets and smaller in countries with lower box-office potential, as exploitation in national markets remains key for most films. The median budget of a European fiction film originating in the large sample markets was EUR 2.8 million, compared to EUR 1.7 million for fiction films produced in medium-sized European markets, and EUR 1.2 million for fiction films from small markets.

European fiction films primarily financed by direct public funding and broadcasters

European fiction films primarily financed by direct public funding and broadcasters

The two most significant financing sources of European theatrical fiction films remained direct public funding and broadcaster investments, which accounted for 26% and 21% of total financing, respectively, followed by producer investments (17%). Pre-sales and production incentives both accounted for 15% of total financing volume, respectively.

There appear, however, to be significant structural differences among individual countries regarding how films are financed. Some divergences are apparently linked to market size. The two most obvious ones concern direct public funding and pre-sales. The data clearly suggest that the weight of direct public funding in film financing decreases with increasing market size, and vice versa: While representing only 20% of total financing in the four large sample markets, direct public funding accounted for 43% in medium-sized and 54% in small sample markets. In contrast, the significance of pre-sales (other than those to broadcasters) as a financing source increases with market size. Pre-sales tend to carry most weight in large markets, where they in 2018 accounted for 17%, compared to 'only' 8% in medium-sized and small sample markets. The sample analysis also suggests there are structural differences in how films of different budget sizes are financed. Generally speaking, films with a budget up to EUR 3 million depend to a higher degree on direct public support.

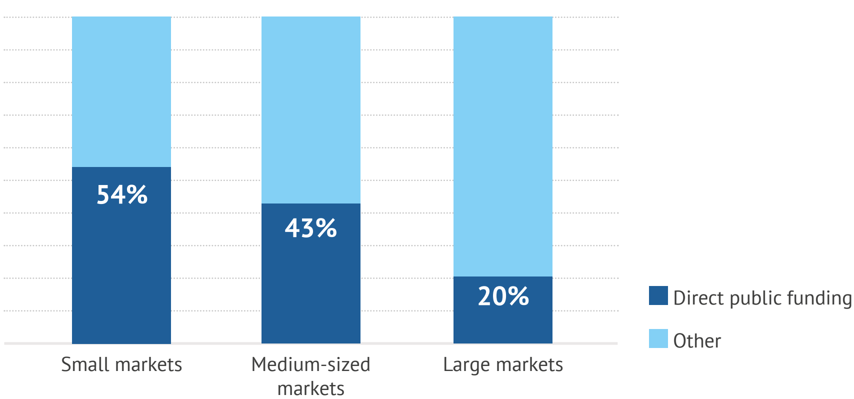
1 In the context of this analysis, Europe (EUR 35) is defined as the (then) 28 EU member states plus Bosnia-Herzegovina, Georgia, Iceland, Montenegro, North Macedonia, Norway and Switzerland.

What were the five most significant financing sources of European fiction films released in 2018?

- **26%** — Direct public funding
- **21%** — Broadcaster investments
- **17%** — Producer investments
- **15%** — Pre-sales
- **15%** — Production incentives

The smaller the market, the more significant the share of direct public funding

Percentage share of direct public funding in total financing volume by market size (2018 – est.)



Source: European Audiovisual Observatory

1.2 Gender equality: Still few female directors and screenwriters

The European Audiovisual Observatory (EAO) assessed the gender imbalance among directors and screenwriters of European feature films, TV films and fiction series produced between 2015 and 2018.[1]

Women are still a minority among directors and screenwriters

Overall, women only represented 22% of directors with at least one European feature film to their credit between 2015 and 2018. In TV fiction, female directors accounted for an even smaller share (19%) of all directors. Instead, women's presence was higher among screenwriters, where they represented 25% of active professionals in film and 34% in TV fiction. In all groups, the share of female professionals has remained comparatively stable over the timeframe analysed.

For each job category, and in both film and TV fiction, the EAO also looked at average female presence based on the gender ratio of all the professionals involved in each film or TV episode. Among directors, the resulting average female presence was 20% for feature films and 15% for TV fiction; and among screenwriters, the results were 24% for feature films and 31% for TV fiction.

Working dynamics by gender

In all groups, female professionals were slightly less active compared to their male counterparts. Between 2015 and 2018, 91% of female directors only worked on one single film, compared to 86% for male directors. On average, women directed seven fiction series episodes, compared to nine episodes for men.

Figures also show that, on average, women worked in teams with other colleagues more often than men and were proportionally more likely to work in gender-mixed teams, a pattern that can be detected across all sub-groups analysed. For instance, among feature films written by at least one female screenwriter, 67% were co-written, in most cases (87%) together with at least one male colleague.

Therefore, only 18% of the feature films in the sample were directed by a female-driven team, in other words by a majority of female professionals in the role of director. This share was lower (14%) for episodes of TV fiction series. Among screenwriters, the share of works written by female-driven teams was 17% for films and 21% for TV fiction. Documentary is the film genre with the highest share of titles by female-driven teams, both looking at teams of directors (25%) and screenwriters (25%).

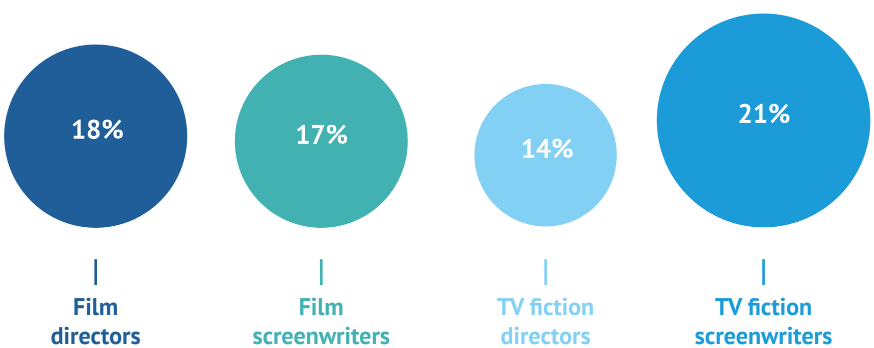
1 The full report can be downloaded from the European Audiovisual Observatory's website. See "Female directors and screenwriters in European film and audiovisual fiction production", July 2020 https://www.obs.coe.int/en/web/observatoire/industry/film

What is the share of European feature films directed by female-driven teams?*

18%

(Significant differences can be observed across countries)

Share of works by female-driven* teams of professionals (2015-2018)



* In this context, "female-driven" refers to feature films or TV fiction episodes by a majority (≥ 60%) of female professionals working in each role.

Source: European Audiovisual Observatory / LUMIERE, Plurimedia

1.3 TV fiction: High-end TV series lead production growth

Over 1 100 titles and 13 000 hours in 2019

A total of 1 131 new TV fiction titles[1] and 13 034 hours of TV fiction were produced in the European Union in 2019,[2] slightly above the average for the last five years (2015 to 2019). Compared to the previous year, more titles were produced, but fewer episodes and fewer hours. The trend in recent years shows growing interest in production of shorter formats: High-end series (2 to 13 episodes) represented three out of every five titles produced in 2019 – a 54% growth in titles since 2015. This boom in high-end series comes to the detriment of TV films: 29% fewer titles were produced in 2019 compared to 2015.

Still, TV series with more than 13 episodes represented the lion's share of episodes (75%) and hours (70%) produced, due to the weight of daily soaps and telenovelas. The average duration per episode was almost double for high-end series (a commercial hour) compared to series with more than 13 episodes (around half an hour) but continued decreasing for high-end series (from 53 mins. on average in 2015, to 49 mins. in 2019).

Half the TV series titles produced (51%) were new projects, but for high-end series, up to 59% were new projects and 41% were new seasons of returning titles.

Original TV fiction commissioned by subscription video on demand services continued expanding: 9% of high-end series titles produced in 2019 (5% for all formats) and 8% of high-end hours (2% for all formats).

Origin of TV fiction

National broadcasters drive the production of TV fiction and define the format focus: high-end series in the United Kingdom, Germany, France; TV films in Germany, France, Italy; longrunning soaps in Spain, Poland, and Greece.

In 2019, Germany was the main producer of TV titles, Poland of TV episodes, and Spain of TV hours, but 2015 to 2019 averages crown Germany as Europe's main TV fiction producer (titles, episodes and hours). It's a very different picture for 2 to 13 episode series, for which the United Kingdom was the main producer of high-end titles, episodes and hours in the 2015 to 2019 period. The five largest TV markets were also the five main producers of high-end series, but looking at all titles produced, Poland, Portugal and Hungary were strong episodes producers and Portugal, Poland and Greece provided big volumes of TV fiction hours.

While public broadcasters traditionally commission more titles than private ones, private broadcasters commission more TV fiction hours, as they usually favour long-running series. Looking at high-end series, with more titles originating from public broadcasters, private broadcasters are catching up: In 2019 they commissioned almost half of all high-end hours produced.

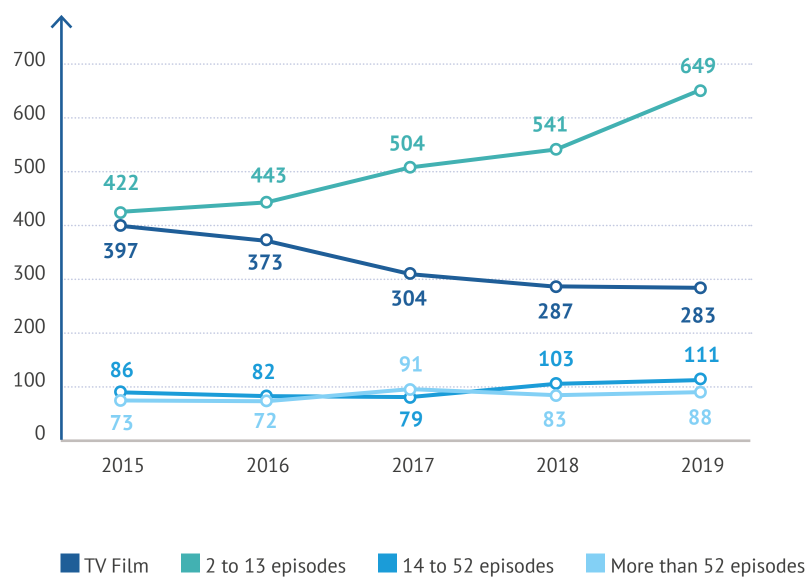
1 Title refers here to TV film title and TV series season.
2 EU28: Brexit in 2020; the United Kingdom is treated here as a still-EU member.

Which TV fiction format showed the biggest growth in Europe?

High-end TV series (2 to 13 episodes)

54% growth since 2015; 20% from 2018 to 2019

Number of TV fiction titles produced in the EU28 by format (2015-2019)



Source: European Audiovisual Observatory based on Plurimedia data

1.4 Investment, budget and production rebound

European film production grows again

Before the COVID-19 pandemic brought film shootings to a halt, the volume of film production in Europe increased by 6% in 2019, to an estimated total of 2 421 feature films produced (135 more films than in 2018), of which 1 926 were of EU[1] origin. This hike came after two years of stagnation, and represented a rise of 13% compared to 2015.

The 2019 rebound was mainly driven by robust interannual growth (+13%) in the number of documentaries, to a total of 912 titles (of which 782 were produced in the EU), while the number of fiction features only increased by 2%, to a total of 1 509 films (of which 1 144 in the EU).

Of all European feature films produced in 2019, 81% were entirely national films, compared to 19% for majority co-productions. Between 2015 and 2019, the number of entirely national films grew by 16%, while the number of majority co-productions remained comparatively stable over the same period, in contrast to the first half of the decade, during which majority co-productions grew rapidly (+94% between 2010 and 2014).

In 2019, Italy was the EU country with the highest number of national film productions (312 films, 192 of them fiction), followed by France (240 films), and Germany (237). Spain was the most prolific country for documentary titles (131 films). Film production levels developed in a heterogeneous manner across Europe, registering a notable rise in most Eastern European countries, particularly in Poland (+114%, +42 films, 31 of them documentaries) and Russia (+27%, +38 films). In contrast, film production declined by 13% in Turkey (-24 films compared to 2018) after years of sustained of growth.

Budgets and investment increased in 2019

In 2019, average production budget increased in 14 out of the 22 European countries for which data were available. The increase was most notable for Czech productions (+187%), followed by Danish productions (+69%) and GB domestic films (+47%). Average budgets dropped in eight countries, including Belgium (-9%), France (-7%) and Norway (-7%), and they remained relatively stable in Austria and Portugal. Once again, GB inward investment films[2] were the productions with the highest average budgets in Europe, at GBP 7.7 million (EUR 8.8 million), despite a sharp decrease over the previous year (-26%). Danish productions ranked second, with an average budget of DKK 31.8 million (EUR 4.3 million), followed by French productions (EUR 3.8 million), and German films (EUR 3.7 million).

In 2019, overall film production investment grew in eight out of the 13 countries for which data were available. Total film investment increased considerably in Italy (+25%), Denmark (+23%) and Germany (+21%), and decreased in Sweden (-5%), Ireland (-28%) and Belgium (-32%).

1 Includes the UK.

2 According to the BFI, inward investment films are productions substantially financed and controlled from outside the UK but drawn, in practical terms, to the UK because of script requirements, filmmaking infrastructure or incentives system advantages.

How many feature films were produced in Europe in 2019?

2 421 films (of which 1 926 of EU origin)

+6% over 2018, +13% over 2015

Source: European Audiovisual Observatory

Top 3 European countries for number of feature films produced (2019)

1 **Italy** 312 films	**2** **France** 240 films	**3** **Germany** 237 films

Source: European Audiovisual Observatory

1.5 The nationality of European works and the revised AVMSD

Assessing the nationality of audiovisual works, that is, knowing when a work is to be considered 'national' or 'European' according to relevant legislation, is paramount for producers, public film funds, regulators and service providers. The nationality of a film or audiovisual work is usually defined by domestic authorities based on criteria which may vary from country to country and even among institutions within the same country. This notion is particularly relevant with regard to eligibility of funding.

The status of 'European work' is, in turn, homogeneously defined by Article 1(1)n of the Audiovisual Media Services Directive (AVMSD).[1] The latter is fundamental in the calculation of the transmission quotas traditionally imposed on broadcasters (more than 50% of their transmission time, excluding news, sports and other categories, must be devoted to European works).[2] The revised AVMSD[3] extends these obligations to video on demand (VOD) services (a minimum 30% share of their catalogues – and ensured prominence).[4]

A work that is considered to be 'national' by a member state according to rules on film funding may not qualify as 'European' pursuant to the AVMSD. This is notably the case for minority co-productions with third countries, as the AVMSD stipulates a majority share of production costs for quota qualification.

A recent comparative analysis by the European Audiovisual Observatory[5] – focused on the, at the time, 28 EU member states – showed that the vast majority of them have obligations in their respective national legislation that are the same as those in the AVMSD. Member states are obliged to report every two years to the European Commission (EC) on the application of the obligations. Generally, it appears that the regulatory authorities rely on information submitted by the AVMS providers, with reports indicating a high level of trust in the data submitted. The EC guidelines are used as guiding principles in this respect.

Reports show that assessments occur on a limited, case by case basis, predominantly when the information received does not appear reliable. The main challenges in the execution of these obligations include the volume of data to be processed, a lack of resources on the part of the regulatory authorities, and the lack of centralised databases of audiovisual works with homogeneous indicators.

1 Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 (Audiovisual Media Services Directive - AVMSD). Available at https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32010L0013.

2 Article 16, AVMSD.

3 Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018 amending Directive 2010/13/EU. Available at https://eur-lex.europa.eu/legal-content/FR/ALL/?uri=CELEX:32018L1808.

4 Article 13, AVMSD.

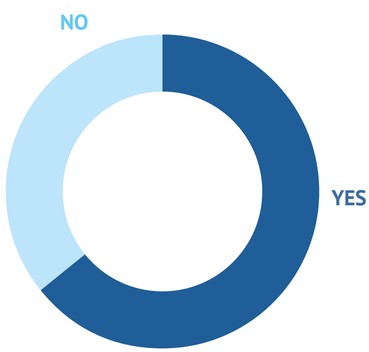
5 European Audiovisual Observatory (2020) *Mapping of the regulation and assessment of the nationality of European audiovisual works*. European Audiovisual Observatory: Strasbourg. Available at https://rm.coe.int/mapping-of-the-regulation-and-assessment-of-the-nationality-of-europea/16809ebe39.

Does national legislation define domestic and European works in the EU?

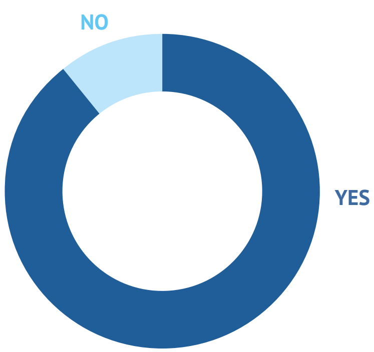
In most cases: Yes

Domestic works defined in 18 out of 28 countries
European works defined in 25 out of 28 countries

Definition of 'domestic works'



Definition of 'European works'



Source: European Audiovisual Observatory

2.1 VOD: TVOD driven by films, SVOD by TV series

The European Audiovisual Observatory monitors, on an ongoing basis, the composition of video on demand catalogues (VOD), for films or TV content – a key topic as European audiences consume more video on demand and VOD players become obliged to offer a 30% European content share in their catalogues, as required by the revision of the AVMS directive.

A 30% share for European films in VOD catalogues in the EU27

Films, especially more recent ones, are the bread and butter of transactional video on demand (TVOD) services, with an average 5 216 film titles for TVOD services compared to an average 1 031 for subscription video on demand (SVOD) services in May 2020. TVOD services also had a slightly higher share of European films in their catalogues compared to SVOD services, with 31% and 29%, respectively.

The biggest EU27 film exporters on TVOD catalogues were France with a share of 30%, Germany with 22%, Italy with 9% and Spain with 7%. For SVOD, these same four countries represented 66% of all exported EU27 films.

Films produced in the United Kingdom represented 8% of all films available on TVOD and 6% on SVOD.

Most recent TV content found on SVOD, but more European content on TVOD

While there are on average more TV seasons on TVOD, TV content is the core business for SVOD services. TV seasons on SVOD are more recent than on TVOD, with the bulk less than five years old. In May 2020, there was a larger choice of different TV seasons on SVOD, but a bigger proportion of European TV content on TVOD. EU27 TV content was predominantly of German, French, Spanish and Italian origin; these EU4 comprised 75% of the total. German TV seasons dominated the export of EU27 TV content on TVOD services, and French TV content was the most exported EU27 content on SVOD.

Cumulated TV content represented almost 150 000 TV seasons available on European VOD, most of it on SVOD. On TVOD, European content comprised 37% of the total, 23% on SVOD. Furthermore, with UK content now counted as 'other European', the EU27 accounted for 24% on TVOD but 10% on SVOD.

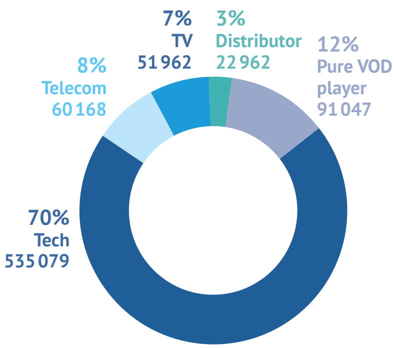
National VOD services provided more European content, more specifically on TVOD, with 43% of the offering, while multi-country services relied more heavily on US content. The highest number of TV seasons was found on tech players for TVOD and pure VOD players for SVOD, and European-owned services provided more European TV content.

What types of VOD businesses offer the most content in Europe?

Tech and pure VOD players offer the highest number of films and TV seasons

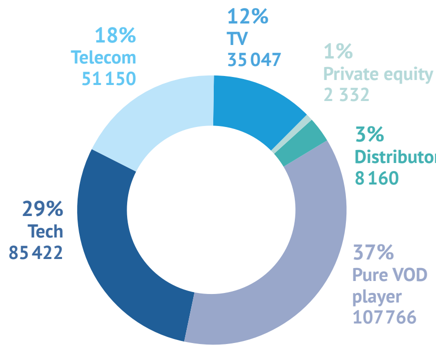
82% for TVOD and 66% for SVOD

TVOD - Films and TV seasons in catalogues in 2020 (in number of titles and %)



Core business	Number of TVOD catalogues	Average number of films and TV seasons per catalogue
Distributor	15	2 038
Pure VOD player	44	2 690
Tech	94	8 475
Telecom	19	5 574
TV	13	7 637

SVOD - Films and TV seasons in catalogues in 2020 (in number of titles and %)



Core business	Number of SVOD catalogues	Average number of films and TV seasons per catalogue
Distributor	27	461
Pure VOD player	90	2 394
Tech	100	1 708
Telecom	56	1 811
TV	65	1 074
Private equity	7	602

Source: JustWatch, Filmtoro, La Pantalla Digital, EUROVOD catalogue data.

2.2 Prominence on TVOD: European films are not discriminated

Prominence on TVOD services reflects their business-model

The analysis of the prominence of films and TV content highlights the very characteristics of transactional video on demand services (TVOD). On the one hand, TVOD's business model primarily relies on the sale or rental of a limited number of recent high potential films. On the other hand, these high potential films are supplemented by a 'long tail' offering of older films and TV shows, which are hardly promoted. High-potential films are 'pushed' towards consumers through intensive promotion, whereas other programmes are made available for consumers looking for specific titles.

Primarily recent theatrical films

In this context, only a very small share of a catalogue (1 to 2% of titles) is promoted each month. Moreover, promotion is not distributed evenly between titles: out of about 1 800 films promoted in October 2020, the 10 most promoted ones captured about 44% of all promotion efforts.

Among these few highly-promoted works, the bulk were recent films, with 75% of film promotion spots going to films produced in 2019 or 2020. A total of 94% of promotion spots were dedicated to films as opposed to only 6% for TV content (mainly TV series).

It is also worth noting that films promoted by TVOD services are mainly theatrical films, either released in cinemas in the country of the service (87% of all films) or in another country (2%). The rest (11%) are direct to VOD (and also sometimes direct to DVD) films, not released in cinemas in any country.

No significant gap between the share of European works in catalogues and their share of promotion

A relatively high share of EU27 or European works are promoted (26% and 39% of all titles promoted at least once, respectively). However, each EU27 or European work is, on average, promoted less intensively than a US film: EU27 and European works account for 18% and 37% of promotion spots, respectively

The promotion of European films is even more concentrated than on average: the top 10 most promoted European films accounted, in the sample, for 76% of all promotion spots dedicated to European films.

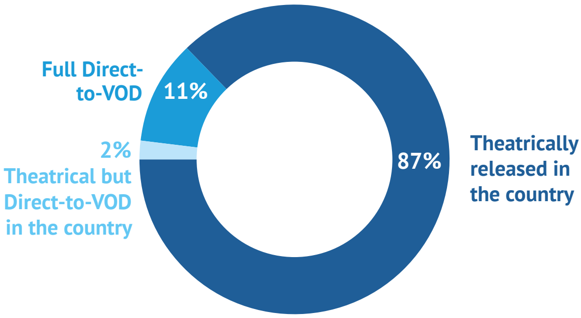
Figures also suggest strong differences in the promotion of European works between categories of TVOD services: on average, TVOD services with a multi-country presence tend to promote a lesser share of EU27 and European films (11% and 25% of all promotion spots, respectively); and, for these services, the promotion of European films is even more concentrated (the top 10 most promoted European films accounted for 84% of all promotion spots dedicated to European films).

Do TVOD services promote primarily theatrical films?

Yes

89% of films promoted on TVOD were theatrically released

Breakdown of films promoted at least once by a sample of 57 TVOD services in 8 countries (October 2020)



Source: European Audiovisual Observatory analysis of AQOA data

2.3 Do films make it from cinemas to VOD?

More than 60% of films released in cinemas available on VOD

A total of 62% of all films on first release in European cinemas between 1996 and 2019 were present on video on demand (VOD) in May 2020 in at least one European country.[1] The share is slightly lower than the average for European films (56%), but, in terms of absolute value, the number of European films that made it from cinemas to VOD was 2.6 times higher than the number of US films.

The most successful films were widely present: films available on VOD (in at least one country) accounted for about 98% of all cinema admissions. Indeed, figures suggest that the more admissions a film generates, the more likely it is to be present on VOD: on average, films not present on VOD generated about 10 000 admissions

Present in roughly seven countries, on average

When released on VOD, films were present in an average of 6.9 European countries. The circulation of films was lower for European films with, on average, 4.6 countries. Availability on VOD was chiefly driven by transactional video on demand (TVOD) services, which accounted for 59% of total VOD presence, vs. 41% for subscription video on demand (SVOD) services. However, the share of SVOD was higher for films with a higher number of admissions in cinemas.

On a country basis, TVOD vs. SVOD exclusivity appeared to be the rule, with some exceptions: films with higher admissions or originating from the US were more often available both on TVOD and on SVOD.

VOD increases circulation for films with fewer admissions

Films were present in more countries on VOD, on average, than in cinemas: 6.9 countries for films on VOD vs. 5.4 for films in cinemas; of the 6.9 countries, about half were countries where the film had not been previously released in cinemas. As regards European films, VOD brought the greatest number of additional territories for films with 50 000, or fewer, admissions.

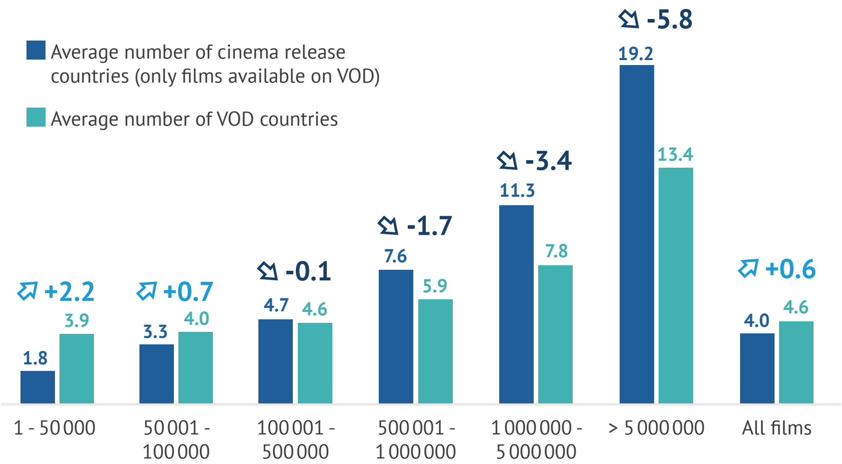
1 In this analysis, Europe refers to the European Union + the United Kingdom.

Is VOD improving the circulation of European films?

Yes

But mostly for films with fewer than 50 000 cinema admissions

Average number of countries of presence for European films in cinemas and on VOD by admission clusters (2015-2019)



Source: European Audiovisual Observatory

2.4 European film exports down in Europe, up in North America

Admissions to European film exports in 2019

The European Audiovisual Observatory estimates that European films cumulatively generated 444 million admissions in cinemas worldwide[1] in 2019. This was 24 million tickets fewer than in 2018 and 11 million below the 2015-2019 average of 455 million admissions.

While the overall number of export admissions to European films (i.e. tickets generated in non-national markets, both within and outside Europe[2]) remained comparatively stable in 2019, at 180 million (1 million fewer than in 2018), admissions generated in national home markets fell to 264 million admissions, down 23 million from the record 2018 high of 287 million. At the same time, the share of admissions to European films in non-national markets increased slightly from an estimated 39% in 2018, to 41% in 2019.

US drove export admissions to European films in 2019

Outside of Europe, European films generated a total of 94 million tickets in 2019 (7 million more than in 2018), accounting for 52% of total export admissions for the year. In Europe, on the other hand, admissions to European films in non-national markets totalled only 86 million in 2019 (8 million fewer than in 2018), marking a five-year low.

As export admissions to European films declined in most non-European territories in 2019, interannual growth outside Europe was clearly the result of an 11.1 million ticket jump in the number of tickets sold in the North American market (9.6 million in the US). Excluding the admissions generated in the US, the annual market volume for European films outside Europe would have been the lowest in five years.

Admissions to European films in China remained comparatively stable at 20.4 million, below the five-year average of 24 million. The country remained the second largest export market for European export films in terms of admissions worldwide, ahead of Germany (12.2 million), France (11.6 million) and Mexico (11.5 million).

UK films dominated European film exports

A total of 730 European films were tracked as on release in cinemas outside Europe in 2019, while as many as 3 752 European films were released in at least one non-national market in Europe. In both cases, 2019 figures represented the highest number in five years.

Once again, films produced in the UK took the lion's share of export admissions in 2019, accounting for 44% of admissions to European export films worldwide, driven by the success of historical drama *Downton Abbey* (17.2 million tickets in non-national markets worldwide).

1 The term "worldwide" refers to cumulative data for the 34 European and 14 non-European markets for which comprehensive title-by-title data were available for compilation in the Observatory's LUMIERE database.

2 Data available for the following 14 non-European markets: Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Hong Kong, Japan, South Korea, Mexico, New Zealand, Singapore, USA.

What were the three most important export markets for European films in 2019?

1 US

(162 films selling 36.1 million tickets)

2 China

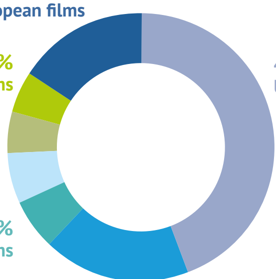
(62 films selling 20.4 million tickets)

3 Germany

(887 non-national European films selling 12.2 million tickets)

Source: European Audiovisual Observatory / LUMIERE, Comscore

Breakdown of admissions to European export films worldwide, by production country (2019)



Source: European Audiovisual Observatory / LUMIERE, Comscore

3 AUDIOVISUAL SERVICES

3.1 Pre-Brexit fragmentation of TV channel supply

Over 11 000 TV channels available in Europe

At the end of 2019, 11 418 TV channels were available in Europe,[1] 4 757 of them local. Further, there were 3 069 on-demand services[2] available in Europe – 1 832 catch-up TV; 1 040 pay on demand; and 197 free on demand.

There were 6 420 TV channels established in Europe (excluding local channels) at the end of 2019, of which 4 657 were based in the EU28. Regulatory authorities issued 5 496 TV broadcasting licences for the TV channels (other than local) established in Europe, of which 3 831 were issued in the EU28. Of the TV channels established in Europe, 91.5% belonged to a private company (similar figure for the EU28).

Of the 1 011 pay on demand services established in Europe, 919 were based in the EU28; among these, just 2% were owned by public service broadcasting organisations.

Migration and diversification of TV channels ahead of Brexit

The year 2019 saw the big US television networks seeking to secure distribution outside the United Kingdom (UK) for their portfolio of international channels ahead of Brexit. Traditionally UK-based networks such as Discovery, Viacom, Sony and SPI International applied for (and were granted) licenses chiefly in the Netherlands and Spain. On top of this relocation, the new host territories issued additional licences for newly launched localised versions of these international franchises. This type of diversification of flagship international channels was also observed in markets such as France and the Czech Republic.

Both migrations and specialisations led to the fragmentation of TV channel supply, and to call for a repositioning of the main EU28 hubs for channels targeting non-domestic EU28 markets. The UK (34%), the Netherlands (22%) and Spain (10%) stood out as the top three hubs for TV channels established in the EU28 and targeting other EU28 markets at the end of 2019, a sea change from the top three hub distribution figures at the end of 2018: the UK (52%); the Czech Republic (9%); and Luxembourg (8%).

UK share of EU28 TV channel supply drops below 25%

Despite pre-Brexit migrations of broadcasting licences, the UK remained the most prominent TV channel supplier in Europe, home to 1 026 TV channels. However, the United Kingdom's share of overall TV channel supply in the EU28 dropped by 6%, to 22%, year on year. This was chiefly driven by the relocation of TV channels targeting countries outside the UK which ultimately accounted for 33% of all UK-based channels in 2019 (down from 46% in 2018). The UK remained, though, the major hub for EU28-based TV channels targeting other EU28 markets in 2019.

Home to 237 pay on demand services, the UK also led pay on demand supply. Accounting for 37% of all pay on demand services targeting other EU28 markets it was also the major hub for international pay on demand networks, followed by Ireland (25%) and Spain (13%).

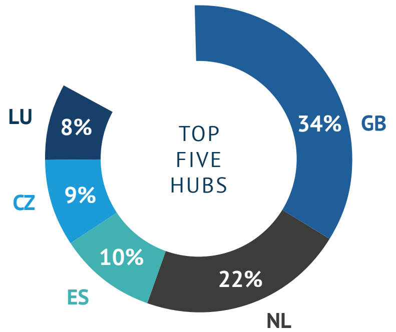
1 Europe includes the MAVISE territories: EU28, Albania, Armenia, Bosnia and Herzegovina, Switzerland, Georgia, Iceland, Liechtenstein, Montenegro, North Macedonia, Norway, Russia, Turkey as well as Morocco.
2 Figures for on-demand services available in Europe include both free and pay services.

Where did traditionally UK-based broadcasting licences migrate to primarily, ahead of Brexit?

The Netherlands

The main destination for the relocation and specialisation of broadcasting licences in 2019 was the Netherlands, followed by Spain

Concentration of TV channels established in the EU28 targeting other EU28 markets (2019 – in %)



Source: European Audiovisual Observatory analysis of MAVISE data

3.2 SVOD erodes linear TV viewing

Audiences are increasingly going online to consume audiovisual content. These changes in viewing behaviour have prompted TV broadcasters to adapt. With the Internet no longer just a supplement complementing traditional broadcasting, TV broadcasters are investing more in OTT delivery systems and broadcaster on-demand services to better connect with their audiences online. The strong competition for audiences across broadcasting and between global and local streaming players has left its mark on viewing trends.

Decline of television viewing

Average daily television viewing per person continues to decrease at a pace faster than anticipated. With a 3h34 daily average in 2019, people in the EU28 were watching 2% less television than the previous year, a decline of 4% over five years. The average time spent in front of TV screens by consumers in the countries covered by the European Audiovisual Observatory was even less with 3h25 in 2019, a 6% decline over a five-year period.

In the Nordic countries, where the subscription video on demand (SVOD) market is booming, people generally watched less TV than elsewhere in Europe and viewing figures there decreased faster than in other countries (20% less over five years). Consumers in Norway watched less than 2h of TV per day in 2019, a 33% decrease over five years. This was followed by Iceland (25% less), Denmark (22% less) and Sweden (18% less). Finland, which has below-EU-average television consumption, has lost a further 5% over five years.

Contraction of audience shares of main TV channels and groups

There has been a general decrease in the concentration of the European audience market due to a continued loss of share by market leaders over time. Over a five-year period from 2015 to 2019, average audience market shares of the four leading TV channels in Europe's[1] national markets contracted by 7%, slightly less than in the EU as a whole (-6%).

The four main TV groups recorded lower audience losses, though, indicating that industry consolidation processes have slowed the overall trend, enabling groups to better maintain cumulated shares in the European national markets. Over a five-year period (2015-2019), average audience market shares of the four leading TV groups in Europe's national markets contracted by 3.2%. In the EU as a whole, the average decline in audience shares was somewhat less pronounced (-1.7%).

The weight of public service broadcasting (PSB) groups in national audience markets is also in decline. From 2015 to 2019, the average audience market share of European[2] PSBs contracted by 3%.

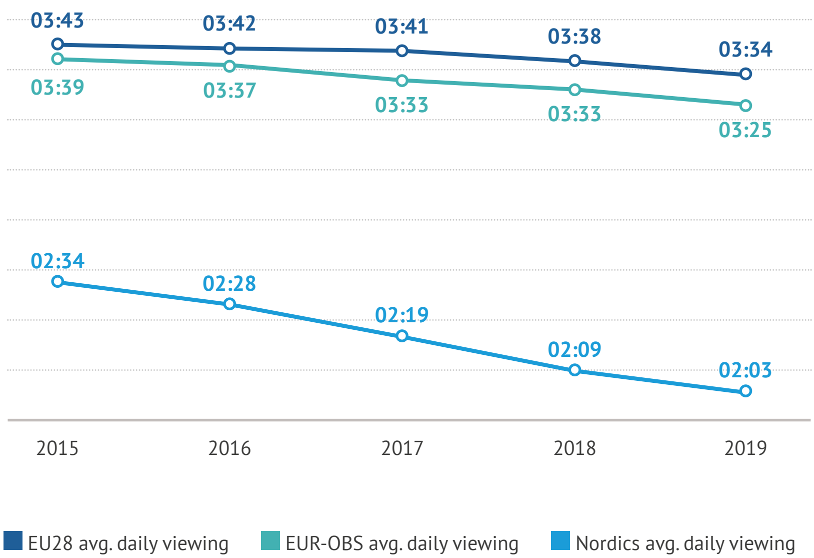
1 Europe includes the EU28, Bosnia and Herzegovina, Switzerland, Georgia, Iceland, North Macedonia, Norway and Turkey.
2 Includes EU (without Luxembourg and Malta) plus Armenia, Bosnia and Herzegovina, Switzerland, Georgia, Iceland, North Macedonia, Norway, and Turkey.

How much did average daily television viewing drop in the Nordic countries over five years (2015-2019)?

-20%

Five times as much as it did in the EU28 (-4%)

Average daily television viewing per person (2015-2019, in hh:mn)



Source: European Audiovisual Observatory analysis of GLANCE audience data

3.3 Diversity and inclusion in the audiovisual industries

The issue of diversity and inclusion (D&I) has gained momentum in recent years, overall and, in particular, within the film and audiovisual industries. D&I exists, as an issue, both on- and off-screen.

Off-screen, D&I refers not only to access to the workforce under equal conditions in terms of salary, career development and opportunities, as well as access to training, but also to a fair, proportional representation of society in decision-making positions – from creative executives and film and TV commissioners, to festival programmers and representatives of public funding selection committees.

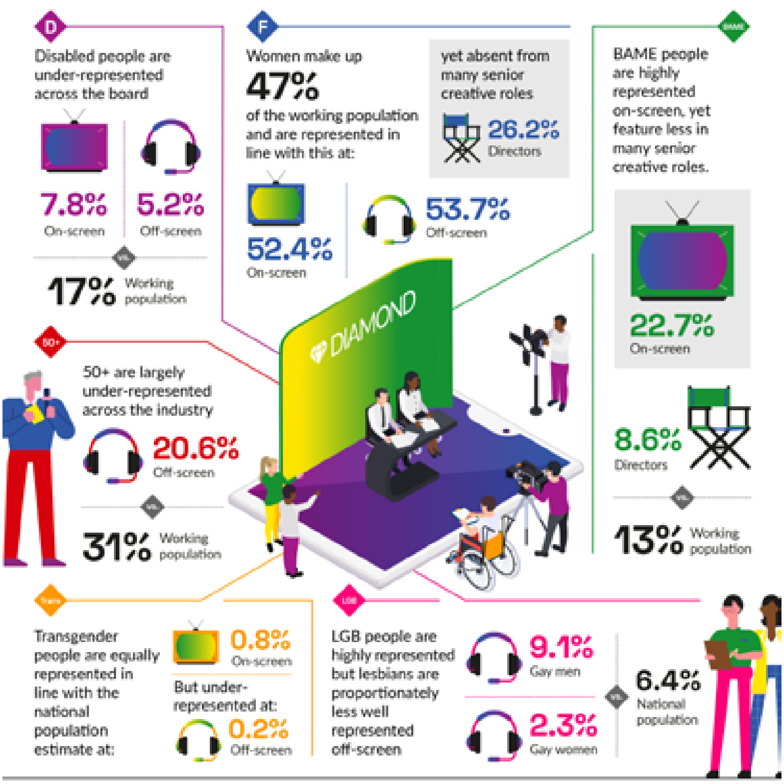
With regard to on-screen diversity, it is widely accepted that appropriate portrayal of under- or misrepresented groups in films and audiovisual works requires that people from those groups be actively and relevantly involved in their production. According to this interpretation, people tend to focus on stories which talk to and about them; following this logic, off-screen diversity at the creative and decision-making stages is a *conditio sine qua non* for the achievement of on-screen diversity.

Gathering and interpreting data on workforce diversity is fundamental for understanding the extent of the problem – and proposing solutions. A prominent example, in the UK, is the Creative Diversity Network's report *Diamond: The Third Cut*,[1] which reveals that while some progress has been made – for example women's representation is now aligned with that across the working population overall, both on and off-screen, and representation of Black, Asian & other Minority Ethnics (BAME) on-screen is higher when compared to the UK national population as a whole – there is more work to be done in many areas. These same two groups remain absent from many senior creative roles, BAME individuals are under-represented in off-screen roles more generally, and the over-50s are also largely under-represented across the industry. The industry as a whole is still struggling, in particular with employment of disabled people. The overall UK national figure for working-age disabled people is 17%, but disabled people only comprise 5.2% of contributions off-screen, and 7.8% on-screen.

Concerning solutions, there is a wide array of tools to close the diversity gap that are being implemented or promoted by public institutions (ministries, film funds, regulatory authorities, public service broadcasters [PSB]), private institutions (private broadcasters and other media services), industry associations and civil society. These are aimed at either assessing the situation (studies, reports, barometers, observatories), designing D&I plans and strategies (for instance, a PSB D&I charter), setting mandatory or flexible requirements (for instance, in a broadcaster's or film fund's commissioning guidelines), promoting the access of certain groups to the workforce in the audiovisual industries (mentoring, training, establishing quotas), and raising awareness about the lack of diversity (campaigns).

1 Available at: https://creativediversitynetwork.com/diamond/diamond-reports/diamond-the-third-cut-report/.

How diverse is the UK television sector?



Source: http://creativediversitynetwork.com/wp-content/uploads/2020/02/Diamond-Third-Cut-Infographic-CDN-Public.pdf.

4 MARKETS

4.1 Focus on Observatory presidency country: United Kingdom

Second largest audiovisual market in Europe

With EUR 21.5 bn, the United Kingdom is Europe's second-largest audiovisual market, second only to Germany. On a per capita basis, the UK market appears to be more developed than in the other largest European countries.

Distinctive features of the UK audiovisual market when compared to Europe averages include:

- a smaller share of revenues originating from TV advertising (in a context where Internet captures a much higher share of UK advertising expenditure than on average in Europe);
- a higher share for pay service revenues, in particular as regards consumer expenditure for video on demand services.

Pay television in the UK is mostly driven by satellite (78% of pay TV revenues), whereas IPTV remains comparatively small (and is stagnating).

Host to 3 major television groups

At 3h02, the average daily time spent viewing television in the United Kingdom is under the European average (3h25); the United Kingdom is also one of the European countries where TV viewing has decreased most (-15% between 2015 and 2019). The two major TV groups, the public service broadcaster, the BBC, and private group ITV, account together for about 58% of the audience, followed at a distance by public but TV-advertising-funded Channel 4 and pay TV provider Sky. Both the BBC and ITV rank among the top 10 largest audiovisual European companies; at the very top of the list is UK-based Sky, which was acquired by leading US cable operator Comcast in September 2018.

A major exporter of TV channels

By the end of December 2019, i.e. immediately before Brexit, a still limited number of TV channels had started to relocate, mainly to the Netherlands and Spain. Nonetheless, the United Kingdom remains by far the leading European country by number of TV channels established. It is also the main hub for TV channels serving other European countries.

A film and TV production powerhouse

The United Kingdom is among the top five European countries in terms of number of feature films produced and, by far, the main producer of high-end audiovisual TV series, boosted by a long tradition of investment by broadcasters and collaboration with the United States, and by a dedicated production incentive scheme. However, concern has recently emerged that the TV production boom in the United Kingdom may have undesirable effects, such as an inflation of budgets, a shortage of skills and the transformation of UK producers into executive producers with little control of exploitation rights.

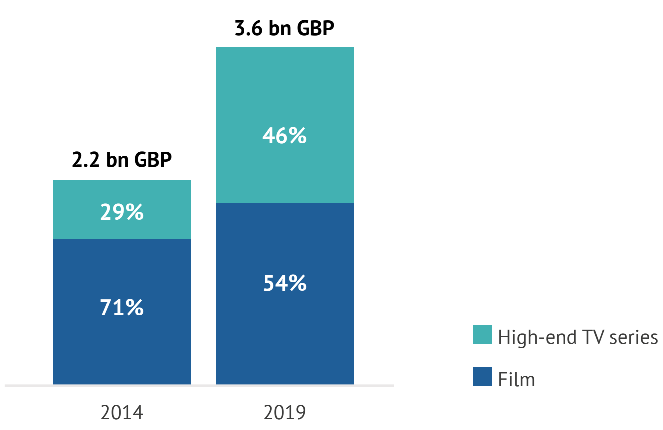
In any event, UK production excellence translates into strong exports, in particular as regards TV series on video on demand. For instance, the United Kingdom accounts for close to 50% of all TV seasons available on subscription video on demand in Europe.

How important are high-end TV series to the UK production sector?

High-end TV series account for 46% of production investment

→ **Up from 29% in 2014**

Investment in films and high-end TV series in the UK (2014-2019 – in % and bn GBP)



Source : BFI, *Screen sector production*, https://core-cms.bfi.org.uk/media/2833/download

4.2 Trouble began before the COVID-19 crisis

A declining market (for most segments)

Even before the 2020 COVID-19 crisis, the European audiovisual market showed additional signs of deceleration across its segments. In nominal value, the annual growth rate between 2015 and 2019 was 1.6%[1] on average. But, discounting inflation, the market remained flat. Excluding the on-demand segment, it even decreased by 1% per year in real terms.

Among the legacy audiovisual services, pay TV has resisted comparatively well, due, in part, to the termination of the cable TV digitisation process. Unlike in the United States, cord-cutting (i.e. consumers switching from pay TV to Internet on demand services) has not (as of end 2019) induced a massive decrease in pay TV subscribers.

But other market segments have been either flat or in the red over the last five years in real terms: TV advertising, increasingly affected by the progress of online advertising; the public funding of public service broadcasters, despite the evolution of the licence fee scheme in certain countries; and the cinema box office, despite a strong 2019.

Home entertainment continues to dive, as the digital purchase or rental of films and TV series, despite sustained growth, has nowhere near compensated for the shrinking of the physical market.

Over the last five years, on-demand services have been the growth engine of the audiovisual sector. But the segment is quite heteroclite. Transactional video on demand (i.e. the purchase or rental of an audiovisual work) is maturing - although annual growth is still running at a dapper 6%, the rate of growth is decreasing. Subscription video on demand, however, is growing seven times faster and now accounts for over 80% of the on-demand market.

Long-term trends

A bird's eye view of audiovisual market revenues shows slow but structural evolutions:

- consumer spending on pay services is tending to grow faster than resources (advertising, public funding) benefiting free services;
- the share of revenues going to audiovisual services vs. the share going to the purchase or rental of individual programmes is increasing;
- the share of public funding within the sector's revenues is decreasing;
- the share of on-demand services within revenues, although still modest (8% of all revenues; 17% of consumer spending in 2019) is constantly increasing.

COVID-19: Acceleration and disruption

Initial findings regarding the impact of the COVID-19 crisis on the audiovisual sector suggest that whereas pay TV and public funding will probably have shown some resilience, TV advertising will, on the one hand, have been deeply hurt by the economic recession and will, on the other, probably recover more slowly than its main competitor, online advertising. At the time of writing, it is unclear whether the second wave of confinement hitting Europe in autumn 2020 will induce a structural long-term impact on cinema exhibition. But figures do suggest that subscription video on demand revenues were boosted throughout the crisis.

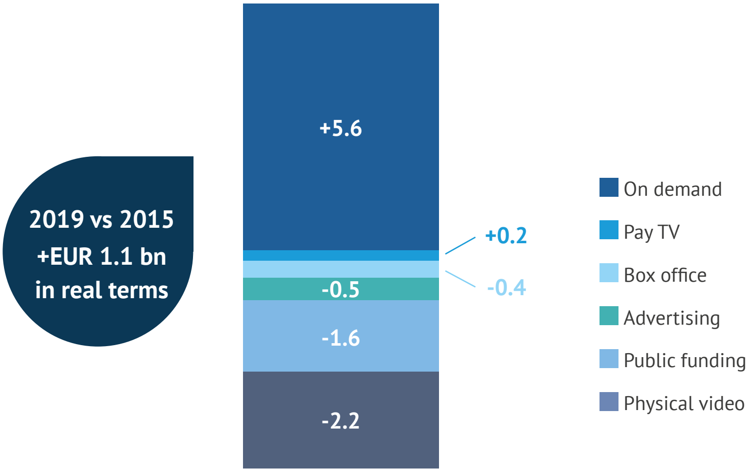
1 EU28 pre-Brexit data.

What was the annual growth rate of the audiovisual sector between 2015 and 2019?

0.2% in real terms

On-demand market progress barely outweighed losses from other segments

Evolution of the EU28 audiovisual sector (2015-2019 – bn EUR in real terms)



Source: European Audiovisual Observatory analysis of EBU/MIS, Warc, Ampere, LUMIERE data

4.3 COVID-19: Certain countries more at risk

Smaller markets catching up

The European audiovisual market is worth about 130 bn EUR. The top three countries (Germany, the United Kingdom and France) account for 47%, and the top 10 (including also Switzerland, Spain, Italy, the Netherlands, Poland, Portugal and Russia[1]) for 78%. Conversely, national markets are worth less than 1 bn EUR in 15 of the 38 European markets monitored by the European Audiovisual Observatory for which data are available.

Different levels of dependency on advertising revenues

TV and radio advertising are likely to be the segments most affected by the COVID-19-related recession, which will probably be long-lasting. In five countries (Bulgaria, Greece, North Macedonia, Portugal and the Slovak Republic), advertising revenues represent over 50% of total audiovisual sector revenues, and so the sector in those countries appears particularly at risk. Countries where the contribution of public funding to the sector is the highest (e.g. Switzerland, Cyprus, Germany, Croatia and Montenegro) are likely to better resist the crisis, at least in the short term.

On-demand services are, relatively speaking, much more advanced in certain countries in terms of their total share of audiovisual market revenues, than in others. Countries with an on-demand share higher than 10% include Denmark, the United Kingdom, the Netherlands, Norway, Sweden and Turkey.

Cinema exploitation (i.e. in terms of the share of box office revenue within total market revenue) is particularly strong in countries like Estonia, Lithuania, Latvia and Russia, where the box office accounts for more than 10% of total revenues. But cinema accounts for less than 3% of total revenues in Bulgaria, Montenegro, Portugal and Slovenia.

A potential for growth?

'Smaller' audiovisual markets tend to overperform in terms of growth. None of the top five European markets appears on the list of the fastest-growing countries, topped by Bulgaria, Portugal and the Slovak Republic.

Notable differences are still evident in per capita terms: on average, audiovisual revenue per capita (322 EUR) is 10 times higher in the top 10 countries than in the bottom 10 (36 EUR). Per capita revenue is highest in Switzerland, Norway and Portugal, followed by Austria, Denmark, Finland and the United Kingdom. It is well under the average in countries like Russia and Turkey, but also at the lower end in Poland and Romania. These four highly populated countries are therefore likely to contribute to the growth of the European audiovisual sector.

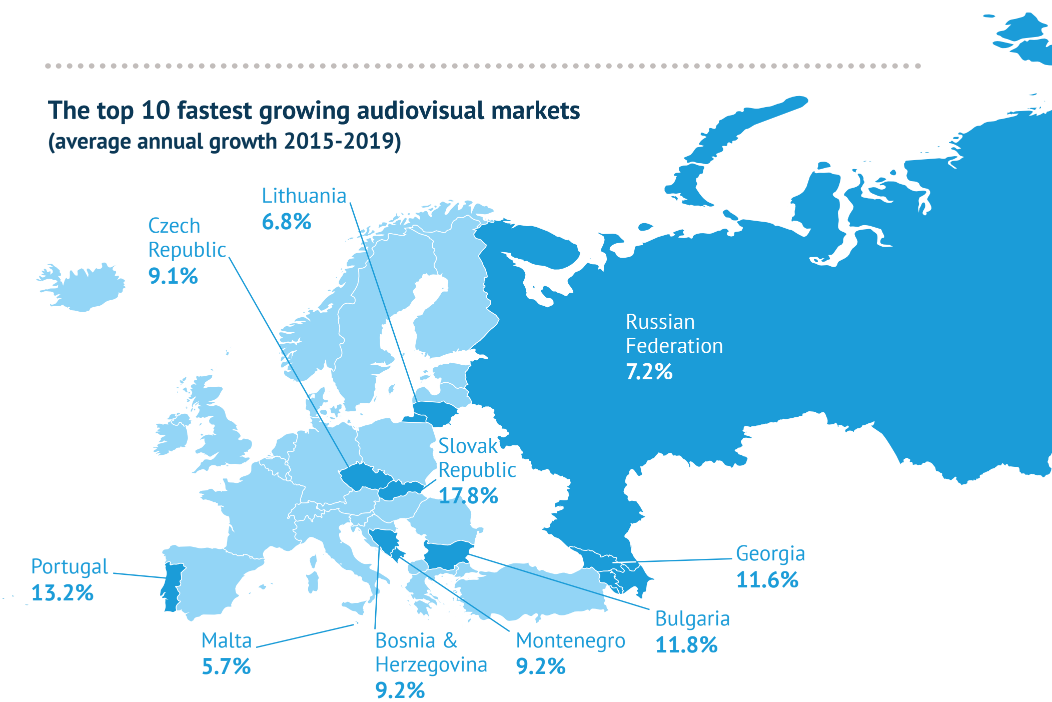
1 No data available for the public funding of public service broadcasters. The value of the audiovisual market is therefore underestimated.

Are smaller markets catching up?

Yes

None of the 5 biggest markets is in the fastest growing countries

The top 10 fastest growing audiovisual markets
(average annual growth 2015-2019)



Source: European Audiovisual Observatory analysis of EBU/MIS, Warc, Ampere, LUMIERE data

4.4 Cinema exhibition still developing in 2019

Before the COVID-19 crisis hit the theatrical sector in 2020, the EU exhibition infrastructure continued to grow in 2019, as 860 new screens opened, bringing estimated total screens to 34 181. This represents an increase of 2.6% on the previous year and 7.6% on 2015.[1] After slowing in 2018, the upward trend sharpened again in 2019 in the majority of EU countries, led by large Western European markets: Italy (+180 screens), the United Kingdom[2] (+140), France (+131), Germany (+112) and Spain (+106). Screen infrastructure also continued to expand in a number of Eastern European and Baltic countries, including the Czech Republic (+63 screens), Romania (+28), Bulgaria (+23) and Latvia (+15).

At the broader European level,[3] 1 106 new screens were unveiled in 2019, pushing up estimated total screens to 43 871 screens (+2.6% over 2018; +11.8% over 2015). This increase was driven by continued development in Russia, where the number of screens registered an interannual growth of 4.8% (+256 screens).

Across Europe generally, the overall number of cinema sites went up 3.8% in 2019, with significant variations from country to country. The rise in the number of sites was particularly pronounced in Russia (+203 sites), the Czech Republic (+68) and Germany (+62).

The level of screen density in Europe improved in 2019, growing by 2.3% over 2018 (+10.3% over 2015), for an estimated average of 5.7 screens per 100 000 inhabitants[4] (6.7 in the EU). A spike in screen density levels could be observed in 2019 across several Baltic and Eastern European markets (Latvia +23.6%, Estonia +11.6%, Bulgaria +11.3%) suggesting that the local exhibition infrastructures still have scope for development.

While the European theatrical infrastructure showed signs of growth and consolidation in 2019, it remains to be seen to what extent the lockdowns enforced in 2020 due to COVID-19 will impact the sector in the long run.

Screen digitisation in Europe almost complete

By the end of 2019, European cinema screens were almost fully digitised, with an overall digital penetration rate of 97.4%[5] (showing a marginal increase over 2018). The digital conversion was complete in 16 out of the 34 countries[6] for which data were available, while another 15 countries reached a digitisation rate higher than 90%. Figures remain below this threshold in Greece, Slovakia and the Czech Republic, where screen digitisation is still in progress.

1 Restated data series.
2 For the United Kingdom, it is not clear to what extent this increase is to be ascribed to actual growth or is rather linked to a change in the methodology used.
3 Includes the EU countries plus Bosnia and Herzegovina, Switzerland, Georgia, Iceland, Liechtenstein, Montenegro, North Macedonia, Norway, Russia and Turkey.
4 Source: European Audiovisual Observatory / EUROSTAT.
5 Source: Media Salles.
6 EU countries plus Switzerland, Iceland, Liechtenstein, Norway, Russia and Turkey.

How many new screens opened in Europe in 2019?

1 106 **screens (of which 860 in the EU).**

+2.6% on 2018

Source: European Audiovisual Observatory

Top 3 European countries for number of screens (2019)

1 **France**
6 114
screens

2 **Russia**
5 597
screens

3 **Italy**
5 385
screens

Source: European Audiovisual Observatory

4.5 Cinema: US market share in the EU up in 2019

European cinema market share dropped to 26.2% as US share surged in 2019

In contrast to 2017 and 2018, the surge in EU cinema admissions in 2019 was almost entirely driven by a strong increase in admissions to US blockbusters: cumulative admissions to US films jumped by an estimated 88 million in 2019, while estimated cumulative admissions to European films and European films produced in Europe with incoming US investment (EUR inc) actually declined by an estimated 16 and 28 million, respectively.

Against a 5.3% increase in overall cinema attendance in the EU in 2019, the estimated market share for US films therefore increased from 62.6% to 68.2%, the highest level observed since 2013, while the market share for European films in the European Union decreased from 29.3% to 26.2%, the lowest level since 2010. Market share for films produced with incoming US investment (EUR inc) decreased from 6.1% to 3.0%, while the estimated share for films from other parts of the world increased from 2.0% to 2.6%.

Admissions to European films within the EU decreased in both national and non-national markets

The European Audiovisual Observatory estimates that around 6 400 European feature films were on release in at least one EU market in 2019, cumulatively selling an estimated 257 million tickets. About 72% of these tickets (186 million compared to 190 million in 2018) were sold to EU films in their national home markets, while an estimated 71 million admissions were generated by European films in non-national EU markets, compared to 84 million in 2018. While national admissions to European films in the European Union decreased by only 2.4%, non-national admissions dropped by 16% year-on-year.

While *Qu'est-ce qu'on a fait au bon Dieu* (9.6 million tickets) and several UK films, including *Downton Abbey* (8.0 million), *The Favourite* (5.4 million) or *Yesterday* (5.4 million), represented the most successful export films across the EU with releases in at least 23 EU markets, many EU films performed particularly well in their respective national markets and contributed to high national market shares. Examples include: France [34.8%; top film: *Qu'est-ce qu'on a fait au bon Dieu* (6.7 million)]; UK [47.2% including GB inward investment films; top film *Avengers: Endgame* (12.3 million)]; Poland [27.1%; top film: *Miszmasz czyli Kogel Mogel* 3 (2.4 million)]; Denmark [26.7%; top film: *Ternet ninja* (0.6 million)]; the Czech Republic [26.5%; top film: *Zeny v behu* (1.5 million)]; Estonia (23.0%; top film: *Tõde ja õigus* (0.3 million)]; Germany [21.5%; top film: *Das perfekte Geheimnis* (4.6 million)]; Italy [21.2%; top film: *Il primo Natale* (2.1 million)]; and Latvia [20.2%; top film: *Dveselu putenis* (0.2 million)].

What were the three EU markets with the highest share of European films in 2019?

1 **United Kingdom / Ireland**
48.3%*

2 **Poland**
41.9%

3 **Estonia**
41.2%

Meanwhile, national market share was highest in the following three EU markets

1 **United Kingdom / Ireland**
47.2%*

2 **France**
34.8%

3 **Poland**
27.1%

* This market share refers to UK qualifying productions which include US studio-backed, UK-made titles like *Avengers: Endgame*. Independent UK productions captured only 13.1% of GBO in the UK and Ireland.

Source: European Audiovisual Observatory

4.6 Cinema: More than 1 billion admissions in the European Union in 2019

EU cinema attendance breaks through 1 billion barrier in 2019

Just before being crushed by the COVID pandemic in 2020, European theatrical markets showed the strongest results in over a decade. After two years of decrease, the European Audiovisual Observatory estimates that total admissions in the European Union increased by 5.3%, breaching the 1 billion admissions barrier, and reaching 1 005 million. This was 50.6 million admissions more than in 2018, making it the best result registered in the EU since 2004.

Having failed to pass the EUR 7 billion benchmark for the first time in four years in 2018, cumulative GBO in the EU member states bounced back, growing by an estimated 6.3% to EUR 7.20 billion. That is EUR 427 million more than in 2018 and represents – not adjusted for inflation – the second highest cumulative GBO since 2015. The increase in GBO was primarily driven by underlying growth in cinema attendance, as the average ticket price increased by only 1.0% to EUR 7.16.

In contrast to 2017 and 2018, the growth in admissions and GBO was comparatively homogeneous in 2019: cinema attendance increased in 19, and decreased slightly in only seven, of the 28 EU markets, while remaining comparatively stable in two EU markets. Geographically speaking, the growth in 2019 was primarily driven by a strong year-on-year recovery in Germany (+13.3 million, +12.6%), Italy (+12.8 million, +13.9%), France (+11.8 million, +5.9% -second best year on record since 1966), and Spain (+6.0 million, +6.1%).

Market growth driven by US films which continue to dominate EU box office charts

The surge in EU admissions was almost entirely driven by the comparatively strong performance of US blockbusters, which accounted for all the top 20 titles. In contrast to 2018, where only one title sold more than 30 million tickets, four films passed this benchmark in 2019. Disney´s live action remake of *The Lion King* topped the charts, selling 51.6 million tickets in the 26 EU markets for which title-by-title admissions were available. It was followed by *Avengers: Endgame* with over 43.8 million admissions in the European Union. Other successful titles include *Joker* (37.1 million), *Frozen 2* (34.7 million), *Star Wars Episode IX* (24.0 million), *Toy Story 4* (23.6 million), and *Aladdin* (21.1 million). In line with previous years, 2019 saw a high prevalence of film franchises, with as many as 18 titles out of the top 20 being sequels, prequels, spin-offs or reboots. Six films featured in the top 20 were family animation features, compared to four in 2018, six in 2017 and eight in 2016.

The French comedy sequel *Qu'est-ce qu'on a encore fait au bon Dieu* was the most successful European film in the European Union for the year, selling 9.6 million tickets (rank 21). It was followed by biopic *Bohemian Rhapsody* (produced with incoming US studio investment [EUR inc] which sold 8.1 million tickets), *Downton Abbey* (8 million) and biopic *Rocketman* [GB inc] (6.7 million).

What was the growth rate of EU cinema admissions in 2019?

5.3% **year-on-year growth**

1 billion tickets sold

the best result since 2004

With GBO increasing by

6.3% **year-on-year**

to EUR 7.20 billion

the second highest GBO figure after 2015

Source: European Audiovisual Observatory

4.7 Home video: Physical retail drops to 50%

Rental business: Downward trend comes to a halt

At the end of 2019, the home video market (physical and digital) amounted to EUR 3.7 billion in Europe[1] – a drop of over 30% in five years, mainly due to a reduction of retail home video revenue. The rental business in isolation depreciated at a much slower pace, returning to modest growth in 2019, driven by digital rentals.

Physical retail: 50% of the home video market

DVD and Blu-ray sales remain the principal pillar of the home video retail segment, delivering EUR 1.8 billion in revenue in 2019 at the European level. Nonetheless, the near-constant decline of physical retail over the past decade has seen its share of the retail segment drop to two thirds in 2019. And, in the same year, physical retail's contribution to total home video revenues dropped to only half of the total home video market.

Delivering 91% of the rental business in 2019, transactional video on demand (TVOD) will soon become the sole real support for home rental in Europe. Revenue generated by rental on physical support dropped in average by a third every year over the last five years (down to EUR 0.08 billion in 2019), while TVOD rentals steadily increased by an annual 8% on average over the same period. There are however markets such as Luxembourg (73%), Malta (66%), and Sweden (57%) where DVD and Blu-ray discs still comprise the lion's share of the home video rental business, but even there, their weight is steadily decreasing.

Digital home video: Retail catches up and surpasses rental

The digital segment of the home video market (i.e. TVOD) more than doubled its share over the last five years, to 48%. The jump was chiefly driven by retail, which has grown twice as fast, on average, year on year (CAGR +17%), as rental (CAGR +8%), over the last five years. By the end of 2019, digital retail had caught up and even slightly surpassed rental. Retail TVOD took the biggest portion of digital revenue in 18 out of the 32 European countries analysed.

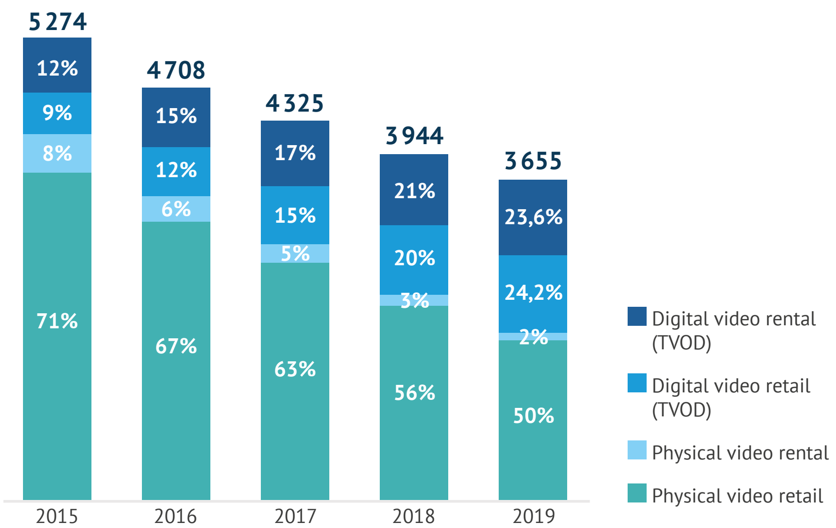
1 The 35 European countries covered by the European Audiovisual Observatory, for which data were available.

Which business model drives the TVOD market?

Digital retail

Grew twice as fast as rental TVOD over the last five years; lead revenue generator in 2019

Home video market evolution (2015-2019 – in EUR million and %)



Source: European Audiovisual Observatory analysis of Ampere Analysis data

4.8 E-commerce advertising, the new online advertising star

As consumers shift consumption online, so do advertisers

For traditional advertising, for TV, newspapers, outdoor platforms, or cinemas, 2020 has been an annus horribilis: advertising is often a lead casualty in an economic crisis such as the one provoked by COVID-19. In the EU28, the TV advertising sector is set to lose around EUR 4.5 billion in 2020 and will take years to recover. This economic crisis, and related changes in consumer behaviour induced by stay-at-home orders, may well have intensified the ongoing shift of advertising budgets online.

First, during 2020, consumers in Europe increased their online content consumption, on mobile devices, connected TVs and laptops, and streaming services, but also on video sharing platforms such as Google's YouTube and social networks such as Facebook, Instagram, Snapchat and TikTok. As consumers spent more and more attention on these services, entertained by short videos and other audiovisual content, advertisers increased their online ad spend, in a race to position ad spots in front of consumers' eyeballs.

Secondly, and even more importantly in terms of advertising shifts, consumers increased their e-commerce purchases. Stuck at home, and with non-essential shops closed for a large part of 2020, European consumers used e-commerce widely. Advertisers increased their ad spend on e-commerce accordingly, notably on Amazon and other e-commerce platforms.

This evolution in consumer content and purchase habits may have profound repercussions for the advertising sector.

A data-centric advertising future

It is no longer a secret that the 'oil' of the 'free' online space is data. For advertisers, data are crucial for targeting purposes, calculating return on ad investment and evaluating marketing strategy. In this space, tech players are far more experienced than traditional TV players, and they possess much larger data analytics capacities.

Recently, TV players have entered alliances with pay TV players (IPTV, cable), to allow targeted advertising on linear TV through the use of data on consumers, and set-top box capacities. This evolution is only nascent but shows the need for traditional linear TV players to adapt to a data-centric future.

What does this mean for traditional TV advertising?

Traditional TV advertising will still be used for brand building purposes and remains the only medium that can reach a mass audience at the same moment, notably related to major live events, but the future of advertising will be one in which each consumer is individually targeted, which also raises privacy concerns.

With the increased significance of advertising-financed video on demand (AVOD) and broadcaster video on demand (BVOD) services in content consumption by European audiences, these streaming services could also be a hedge for traditional commercial broadcasters considering the decline of linear advertising revenues.

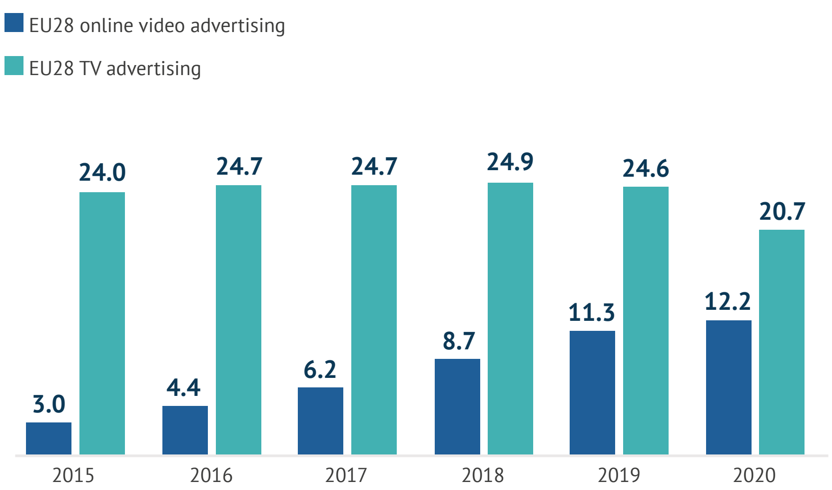
How do revenues for TV and online video advertising compare in the EU28?

Online video advertising revenues represented 59%

of TV advertising revenues in 2020

Up from 12% in 2015

EU28 online video advertising and TV advertising (2015-2020 – in EUR billion)



Source: Ampere Analysis

4.9 Pay TV: Italy weighs on European growth

Transition in the Italian pay TV market

Linear pay TV revenue continued to grow in 2019, albeit at a slower pace, both at the European[1] (+0.8%) and the EU (+0.5%) level, amounting to EUR 39 billion and EUR 34.5 billion, respectively.

The lower growth was caused by the -3.3% year on year drop in Southern Europe pay TV revenues and almost entirely accounted for by Italy (-9.1% year on year). The drop coincides with Mediaset's loss of its key sports rights and the sale of its DTT operations to Sky. A plan to launch a joint DTT offering didn't come through – instead, the Mediaset Premium channels were made available to Sky subscribers and moved to OTT distribution on the Infinity platform starting June 2019. All this came with the Italian pay TV market under pressure from changing video entertainment consumption habits expected to generate more SVOD than pay TV subscribing households by the end of 2020.

All other European regions saw their pay TV revenues increase in 2019.

Subscriptions growth trend comes to a halt in the EU28

Subscriptions continued to slowly drive pay TV market growth at the European level, reaching 202 million in 2019 (+0.7% year on year). However, without Russia, pay TV subscriptions in Europe as well as in the European Union dropped, for the first time in a decade, year on year, by -0.4% and -1.2%, respectively. Italy (-21% year on year) accounted for two thirds of the total pay TV subscription decrease in the European Union. A total of 14 out of the 36 countries analysed registered a drop in subscriptions in 2019, as opposed to only two countries in 2018.

Average revenue per user (ARPU) has been growing in the European Union (+0.6%) and stagnating in Europe (or even dropping by 0.3% excluding Russia). A total of 28 of the 36 countries analysed saw an ARPU increase, with the highest rates registered in Central & Eastern Europe (CEE) and Northern Europe. With pay TV still in the premiumisation process for most CEE countries, operators are able to both upsell and increase uptake without putting pressure on ARPU.

Pay DTT market share down to 1%

IPTV (58%) and cable (42%) together delivered incremental pay TV subscription growth in 2019. IPTV, backed by triple play offers, remained the fastest growing distribution network (+3.4% year on year) boosting its market share to 27% in 2019. Due to new digital subscriptions compensating for the erosion of analog, cable picked up the pace (+1.6% over 2018) and started to regain market share (up to 41% in 2019).

Pay digital terrestrial TV saw subscriptions plummet in 2019 (down by 42% year on year) and its market share shrink to 1%. Italy (-80% year on year) accounted for 86% of the total pay TV subscription drop for DTT in 2019.

Pay satellite TV subscriptions dropped by 0.9% year on year, disrupting the trend of slowly depreciating growth rates.

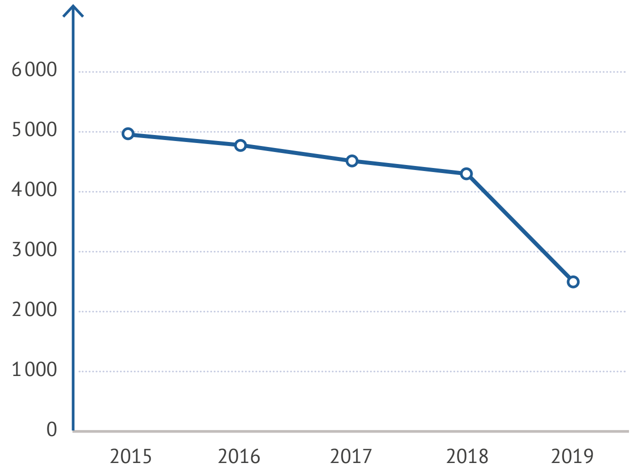
1 A total of 36 European countries covered by the European Audiovisual Observatory, for which data were available.

Which distribution network slowed the uptake of pay TV subscriptions at the European level?

DTT

Pay DTT market share down to 1% after 80% drop in Italy subscriptions in 2019

Pay digital terrestrial TV subscriptions in Europe (2015-2019 – in thousands)



Source: European Audiovisual Observatory analysis of Ampere Analysis data

4.10 Tipping point for direct-to-consumer streaming services?

Far-reaching changes in the European audiovisual market

The years 2019 and 2020 will be looked back on as the time when direct-to-consumer services entered the mainstream in terms of consumption habits of audiences in Western Europe (and elsewhere). At the same time, media players undertook a strategic shift to position streaming as a core focus in order to be able to compete with streaming giants Netflix and Amazon.

Stay-at-home orders throughout the European continent provided a major boost to streaming services, as consumers increased, and shifted, their content consumption online throughout 2020.

This consumer need for online entertainment options found fertile ground, as in the past years media players have pivoted towards direct-to-consumer streaming services.

Reorganisation of media players places streaming at centre of business strategies

In Europe, further major US entertainment and tech players entered the audiovisual market with their streaming services: Apple with Apple TV+ at the end of 2019, and the Walt Disney Company with the launch of Disney+ (its more adult-focused Star service will launch in 2021).

At the same time, WarnerMedia, ViacomCBS and Discovery Inc. announced the launch of their respective streaming services, HBO Max, Paramount+ and Discovery+, respectively, in several European countries in 2021.

European players also undertook major moves. They joined forces with other media players to launch their own direct-to-consumer services (e.g., in the United Kingdom, Britbox - BBC Studios and ITV plc; or, in France, Salto - France Télévisions, TF1 and M6). And they announced expansion, after encountering success in their home markets: NENT Group's Viaplay will launch in 10 international markets by 2023; Britbox will expand to 25 countries around the globe.

Intensive competition for subscribers, and possible consolidation

The so-called streaming wars are being fought over content, superior user experience and interface, outstanding brand, and data exploitation and analytics, to entice and retain subscribers.

A seismic shift occurred in the second half of 2020, when first Disney and then WarnerMedia announced that several of their theatrical films would be released on their streaming services.

At the same time, other players are announcing ever increasing content budgets and are entering exclusive deals with talent to tie them to their services, while US studios retain their content for their own subscription video on demand (SVOD) services.

This competition is capital intensive, and as streaming is still a loss-making enterprise for players, not all will survive. This could lead to consolidation in the sector in the coming years and the dominance of a handful of players.

In this crowded SVOD market, a growth relay for media players could be advertising-financed video on demand (AVOD), which is set for explosive growth in the coming years and could help European players weather the streaming storm.

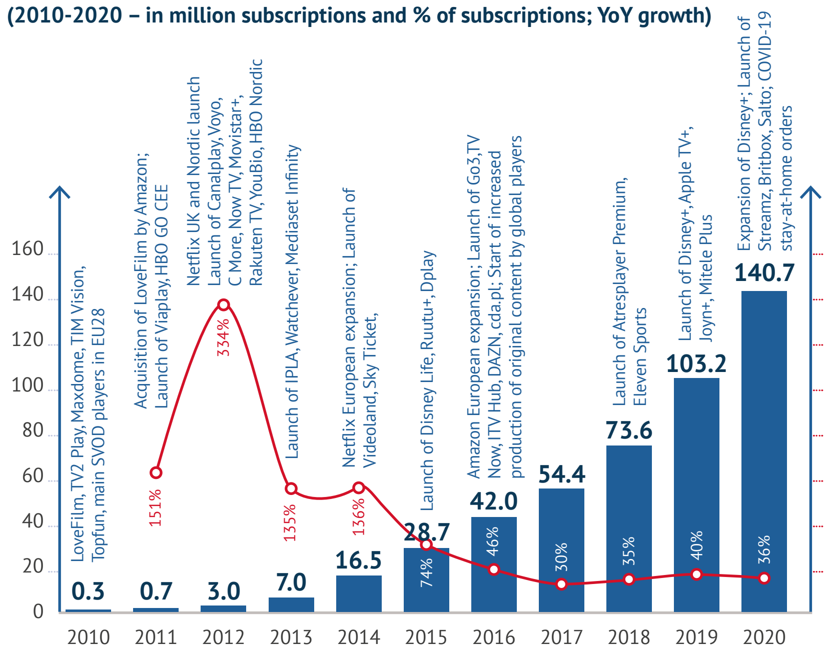
How many subscriptions did the OTT SVOD market add in a 10-year period in the EU28?

Over 140 million subscriptions

added from 2010 to 2020

From just 300 000 in 2010, to 140.7 million in 2020

EU28 subscriptions to OTT SVOD
(2010-2020 – in million subscriptions and % of subscriptions; YoY growth)



Source: Ampere Analysis

Not all SVOD services have been taken into account, only a selection, to show the most impactful

5 PLAYERS

5.1 The biggest are becoming bigger

More consolidation

Five out of the world's 12 largest audiovisual groups in 2016 no longer appear in the 2019 top 12 ranking: three have been taken over (Time Warner by AT&T; Twenty-First Century Fox by the Walt Disney Company; Sky by Comcast) and two have merged (CBS and Viacom). It's all evidence of intense consolidation in the audiovisual market triggered on the one hand by the need for telecommunications groups to diversify their activities and on the other by the challenge of responding to competition from Internet players.

Indeed, several Internet players are now among the top 50 audiovisual companies,[1] spanning subscription video on demand, video sharing platforms, mobile games, online advertising or a combination of all four. They include, from the United States, Netflix, Amazon Instant Video, and Google's YouTube; and from China, iQYI, Tencent, Alibaba and NetEase.

The surge of Internet players combined with the consolidation process has pushed up revenue for the top 50 worldwide leaders at an impressive annual rate of 15% since 2014, much faster than the growth rate of the broader market.

Out of the 10 leading audiovisual groups, only four are pure audiovisual players: the Walt Disney Company; ViacomCBS; Netflix and Vivendi. The other six are either telecommunications companies (Comcast; AT&T; Charter Communications) or consumer electronics manufacturers (Apple; Sony; Microsoft). The latter are more likely to resist downsides of the COVID-19 crisis, because their activities are more resilient than the exploitation of audiovisual works – affected by the closure of cinemas and the downturn in advertising.

The United States and China gaining steam; Europe losing ground

The geo-economics of the audiovisual market have also significantly changed. In 2011, US companies represented 62% of the top 50 companies by revenue; by 2019 it was 73%. No Chinese company was present in the top 50 in 2011; Chinese companies now account for 5% of revenues. Both the US and China shares have grown at the expense of Japan (whose share declined from 14% to 11% over the same period) and, even more significantly, of Europe (down from 20% to 10%).

10 European groups in the top 50

On average, the top 10 European groups' revenues grew annually by 4%, vs. 15% across the complete top 50. One standout was the UK cinema chain Cineworld, which took over Regal Entertainment, a leading cinema exhibitor in the United States. But the COVID-19 crisis is likely to bring Cineworld's growth to a halt. Other leading European groups include private companies Vivendi (France), the RTL Group (Luxembourg/Germany), ProSiebenSat.1 (Germany), ITV (United Kingdom), Mediaset (Italy) and the public broadcasters of big European countries: ARD (Germany); the BBC (United Kingdom); France Télévisions (France); and RAI (Italy).

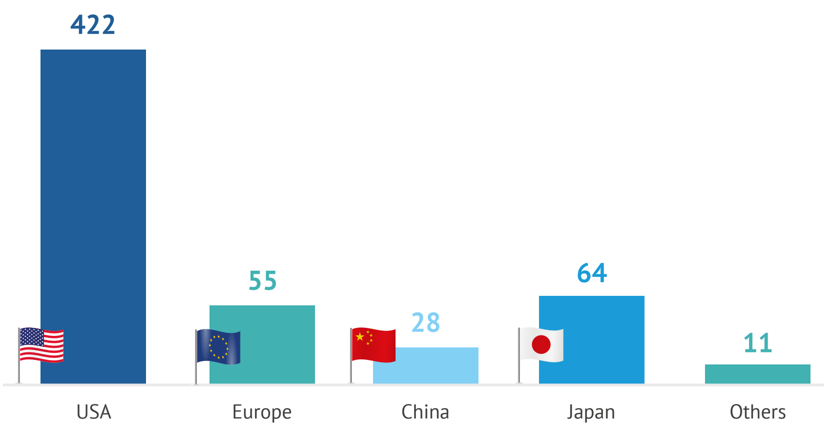
1 'Audiovisual' is here approached in the broader sense of the word, i.e. including music and videogames.

What is the US share of the worldwide leaders' revenues?

73%

Europe accounts for 10%

Revenues of the top 50 worldwide audiovisual players by region of origin (2019 – bn EUR)



Source: European Audiovisual Observatory analysis of EBU/MIS, Amadeus, company reports and Ampere data.

5.2 More US companies among main Europe players

Europe top 100 growth: faster than the market, slower than leaders worldwide

The revenues of the top 100 companies active in the European audiovisual market grew by 4.6% annually between 2014 and 2019. This is faster than the European audiovisual market more broadly (1.6%), but significantly slower than the top 50 companies worldwide (15%). Although there's a hint of consolidation in the European market, major mergers and acquisitions in recent years have been led by US players.

Private and public television groups have experienced very different trajectories. While private groups' revenues increased on average by 7% a year, their public equivalents saw a stagnation in revenues (0.1% a year), i.e., in real terms, a decrease of revenues. Public groups therefore now comprise a lower share of top 100 companies' revenues, dropping from 38% in 2014 to 31% in 2019.

Nonetheless, for a number of countries, the public broadcasters are the only companies represented in the top 100 companies by revenue (e.g. Austria's ORF; Croatia's Hrvatska Radiotelevizija; Hungary's MTVA; Ireland's RTE; Slovenia's RTVSLO; the Slovak Republic's RSTV).

Dominance of the top three countries; significant weight of network operators

Television groups based in the United Kingdom, Germany and France account for 56% of total revenue generated by the top 100 companies. Players whose main activity is the exploitation of networks to deliver a mix of telephony, Internet access and audiovisual services[1] account for about 28% of top 100 total revenue.

Expanding US interests

Among the private groups, companies controlled by US-based interests outperformed their Europe-based competitors with 11.6% growth per year. Takeovers of European TV groups by US companies plus the explosive growth of US-controlled subscription video on demand services explain why the share of Europe's top 100 companies by revenue captured by US-based groups increased from 19% in 2014 to 26% in 2019, significantly boosted by the takeover by Comcast of pay TV provider Sky. Other leading US-controlled companies active in Europe include Netflix, Discovery Communications, Amazon, and Viacom, with more than 1 bn EUR in revenues each.[2]

Excluding the public service broadcasters, the revenue share of US interests in Europe reaches 37%, with Sky alone accounting for 21%.

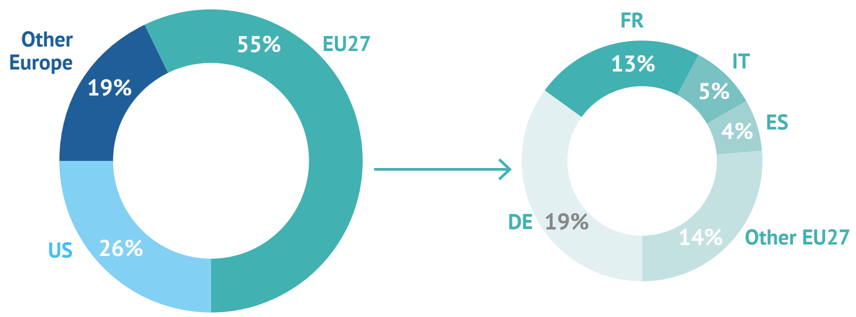
1 The calculation takes into account only the audiovisual revenues of these services.
2 No consolidated data is available regarding the turnover of The Walt Disney Company in Europe.

What is the share of the top European television groups' revenues captured by US companies?

26%

But Comcast's Sky alone accounts for 15%

Revenues of the top 100 European television groups by region of origin of its final owner (2019)



Source: European Audiovisual Observatory analysis of EBU/MIS, Amadeus, company reports and Ampere data

5.3 Downward financial trend for public broadcasters

Several public service broadcasters (PSBs) figure among the top 50 audiovisual companies worldwide.[1] But the space at the top is becoming increasingly crowded. Consolidation and the rise of new players, notably tech companies, have been pushing PSBs further down the top-players global table.

Growing funding disparity between top national PSBs and global players

In 2019, the total operating revenues of PSBs in the 38 European Audiovisual Observatory (EAO) countries for which data were available, were EUR 36.10 billion. The EU28 organisations accounted for 93% (EUR 33.44 billion) of this total income. The largest budgets in 2019 were those of PSBs in Germany (28% of total revenues in the EU28), the UK (20%) and France (14%). Together, they accounted for 62% of total PSB revenues in the EU28, a combined EUR 20.85 billion.

The five PSB players listed in the 2019 top 50 table – Germany's ARD, the United Kingdom's BBC, France's France Télévisions, Italy's RAI and Japan's NRK – faced a largely US-dominated competition. More than half of the global top 50 audiovisual companies were US companies with substantial financial prowess. Comcast, first in the top 50 table, had annual turnover of more than EUR 67.40 billion, 10 times more than the leading PSB by revenue leader, ARD (20th).

Erosion of PSB revenues

PSBs have seen their revenues decline in real terms. For the fourth year running, inflation in 2019 outpaced a moderate average PSB annual revenue increase of 0.8% (EUR 264.9 million) in the EU28 member states and those in the EAO countries (0.7%; an increase of EUR 261.7 million). Excluding Germany, there was zero annual growth both in the EU28 and in the EAO markets, further amplifying the inflation effect.

From 2018 to 2019, PSB revenues in two thirds of the EAO countries were either below inflation or subject to budget cuts. PSBs faced cuts totalling EUR 136.7 million in the EU28 and EUR 159.0 million in the EAO countries over the same period. PSBs in Bosnia and Herzegovina, Portugal and Romania experienced the most significant declines in annual revenues.

Variations in funding

PSB revenues varied strongly between countries, not only in absolute terms, but also per household: for example, the per inhabitant revenue of DR (Denmark) was EUR 170.8 in 2018, compared to EUR 4.6 in Georgia.

Both pressure on public funding and the advertising crisis explain this funding stagnation (a downward trend in real terms), as PSBs generally rely on these two resources, although to varying degrees: on average in the EU28 public funding accounted for 77% of PSB resources in 2019 (78% in the 38 EAO countries) but the share varied between 98% in Finland and 31% in Malta.

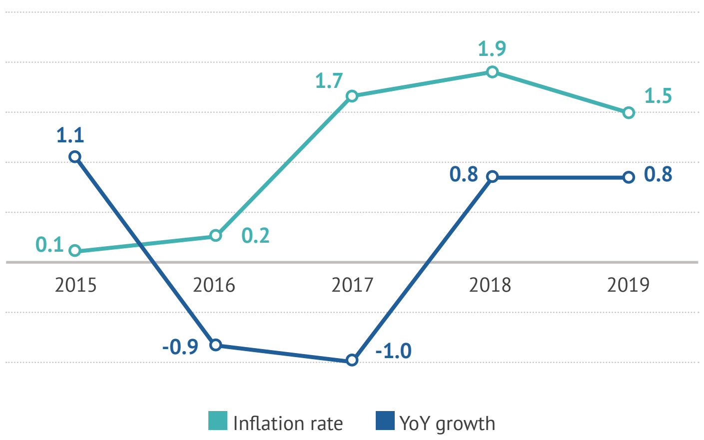
1 Source: Yearbook 2020 edition; table PLAY-GLOB - The worldwide 50 leading audiovisual companies by audiovisual turnover.

What was the annual growth of PSB operating revenues in the EU28 in 2019?

0.8%

Well below the 2019 average harmonised inflation rate of 1.5%

Average annual revenue growth of public service broadcasters and average harmonised inflation by year in the EU28 **(2015-2019 – in %)**



Source: European Audiovisual Observatory analysis of EBU/MIS and company reports data, Eurostat data.

5.4 TV production: European consolidation and internationalisation

Over 1 100 companies produced TV fiction in Europe in the last five years

A total of 1165 production companies or groups produced at least one TV fiction title[1] in Europe between 2015 and 2019, but only 8% were active in each of the five years. Meanwhile, 94% of companies produced one or two titles in that period. And 471 companies were active in the production of TV fiction in 2019.

The top 15 companies accounted for 37% of TV fiction titles and 52% of hours produced between 2015 and 2019. ARD alone produced 7% of European TV fiction titles in the five-year period, and RTL Group provided 9% of total TV fiction hours produced in Europe between 2015 and 2019.

Considering high-end TV fiction (series counting 2 to 13 episodes), 712 companies actively produced between 2015 and 2019, but only 6% were active every year. In 2019, 310 companies or groups produced European high-end TV content. The top 10 companies were the providers of almost one third of high-end titles and hours. Inversely, half of all high-end titles were produced by 5% of all companies.

Towards more consolidation

In 2019, again, the top production companies (either subsidiaries of large broadcasting groups or independent groups with no or limited activity in broadcasting) produced mainly TV content rather than films. A growing number of those companies combined production, distribution, broadcasting and other technical activities, covering the whole value chain.

Consolidation continues, with more media companies scaling up to maintain market strength. Recent significant mergers and acquisitions include: the Mediawan founder deal with US investor KKR to scale the company into pan-European player Mediawan Alliance (by also acquiring Lagardère Studios or Good Mood); KKR's acquisition of the Tele München Group; Banijay's announcement of its EndemolShine acquisition (completed in July 2020); the Sony Pictures Television acquisition of Eleven in the United Kingdom; the All3Media (Discovery/Liberty Global) acquisition of the United Kingdom's Silverback Films.

Independent groups and broadcaster subsidiaries

In 2019, again, the ranking of top TV fiction producers comprised the usual suspects: a) subsidiaries of broadcasting groups, either producing mainly for themselves (ARD, BBC Studios, Telefónica) or also for other broadcasters (ITV Studios, Vivendi's Bambú Producciones, TF1's Newen, Bonnier Group); b) independent European production companies with no or limited broadcasting activities (e.g. Banijay,[2] Mediawan, Leonine Holding, Mediapro, Beta Film, JLA Productions); c) subsidiaries of US companies (e.g. Discovery's All3Media, Warner Media).

The level of internationalisation of these leading groups is significant: between 2015 and 2019 RTL Group and Warner Media produced content in 11 EU countries, Banijay in 10, EndemolShine in nine, and ITV in seven.

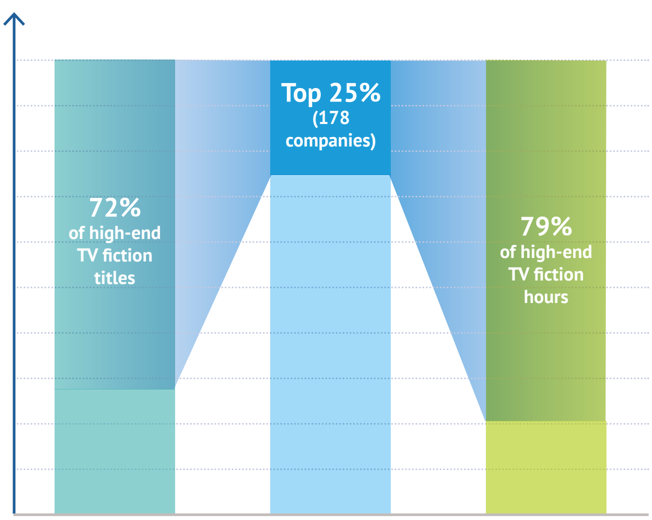
1 Counting each TV series season as a title.
2 Vivendi holds a 26% stake in Banijay..

How many production groups were active in the production of high-end TV fiction titles in Europe?

712 between 2015 and 2019

Top 25% companies provided 72% of titles and 79% of hours

European high-end fiction title /hour share delivered by top 25% of production groups (2015-2019)



Source: European Audiovisual Observatory analysis of Plurimedia data

5.5 Measures taken in the audiovisual sector

The audiovisual industry has been severely hit by the COVID-19 pandemic and by the general containment measures taken worldwide. The crisis has led to a drop in box office and advertising revenues, liquidity problems for SMEs in the sector, and a drastic increase in unemployment rates.

At the national, European and international level, various measures have been taken by public institutions (governments, national film agencies, media regulators…) and industry stakeholders to support and guide the audiovisual sector through the crisis. Some of these initiatives have specifically targeted the audiovisual or creative sector, while other general economic measures at the cross-sectoral level have also provided key support to companies in the audiovisual sector, including SMEs, to the self-employed, and to other professionals. From March 2020, the European Audiovisual Observatory (EAO) has collated such measures taken across the 41 EAO member states, in a monthly updated tracker (EAO Tracker).[1] The measures range, more concretely, from the setting up of new emergency funds, the relaxation of requirements and deadlines, the offering of loans and guarantees, the advancement of support payment and the adaptation of taxes and social security payments, to the offering of new services and hotlines, the issuing of operational guidelines, and the promotion of standards and best practices.

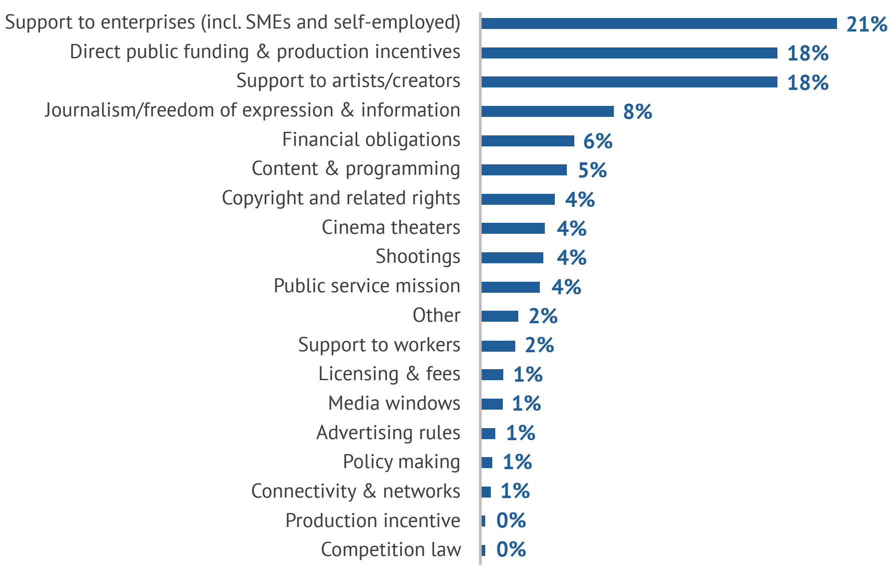
At the European Union level, the European Parliament and the EU Council reached a historic agreement, on 10 November 2020, on a long-term EU budget boosted by Next Generation EU,[2] an emergency temporary recovery instrument to help repair the immediate economic and social damages caused by the pandemic and to kickstart the recovery process. Formally adopted by the EU Council on 17 December 2020, the EUR 1.8 trillion package is the largest package ever financed through the EU budget. On the audiovisual side, the European Commission adopted in March 2020 a temporary framework to enable member states to maximise the flexibility foreseen under state aid rules, to support their economies in the context of the COVID-19 crisis.[3] In addition, an action plan to support recovery and transformation of the media and audiovisual sectors was launched on 3 December 2020.[4] The plan focuses on 10 concrete actions across three areas of activity: (i) facilite and broaden access to finance; (ii) stimulate investment to embrace twin digital and green transitions; and (iii) empower European citizens and companies.

1 As of the time of writing, the EAO Tracker counts 1136 measures, available at: https://rm.coe.int/covid-final-tracker/16809e17d4.
2 Long-term EU budget (2021-2027) & Next Generation EU, available at: https://ec.europa.eu/info/strategy/eu-budget/long-term-eu-budget/eu-budget-2021-2027_en.
3 European Parliament Resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences (2020/2616 (RSP)), available at: www.europarl.europa.eu/doceo/document/TA-9-2020-0054_EN.pdf. See also: https://ec.europa.eu/commission/presscorner/detail/en/IP_20_496.
4 Available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2239.

Which areas have been primarily targeted by support measures?

1. Support to enterprises
2. Direct public funding and production incentives
3. Support to artists/creators

Breakdown of areas per number of measures taken by governments/parliaments (March - May 2021 – in %)



Figures based on a sample of 970 measures tracked by the EAO in 41 countries.

Source: European Audiovisual Observatory

Free access

4 Databases

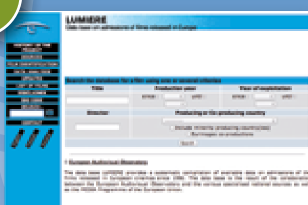
1

MAVISE

Database on television and audiovisual services and companies in Europe
More than 11 000 television channels and 3 000 on-demand audiovisual services.

http://mavise.obs.coe.int/

2



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