YEARBOOK 2021/2022 KEY TRENDS

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

30 Years

European Audiovisual Observatory

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

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List of abbreviations used in this publication

ARPU	average revenue per user
AVMSD	Audiovisual Media Services Directive
AVOD	advertising-funded video on demand
DTH	direct-to-home
DTT	digital terrestrial television
CEE	Central and Eastern Europe
EAO	European Audiovisual Observatory
EC	European Commission
FOD	free on demand (services)
IPTV	Internet Protocol TV
OTT	over-the-top
M&A	mergers and acquisitions
NRA	national regulatory authorities
PSB	public service broadcasters
SMEs	small and medium-sized enterprises
SVOD	subscription video on demand
TVOD	transactional video on demand
VOD	video on demand
VSP	video-sharing platforms

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INTRODUCTION

Hard data vs. cliches

This 2022 edition of Key Trends is marked by the continuing COVID-19 crisis, which is both disrupting and confirming long-lasting trends in the audiovisual industry. Our publication provides a wide array of data on: the production of works and their circulation; audiovisual services; market trends and key players; and some key regulatory issues. The data produced and gathered by the Observatory can help prompt discussion about some of the most common industry cliches.

'SVOD has benefited from COVID-19': Not that clear

Many observers suggest SVOD saw a boost in subscription numbers during the lockdowns. Perceived reasons include demand for entertainment when physical entertainment venues were closed. Actual figures for 2020 do not corroborate this hypothesis: The 2020 growth (+46% vs. 2019) of SVOD subscribers was similar to that of 2019 (+45% vs. 2018). COVID-19 may have contributed to maintaining SVOD momentum, but it certainly did not create it. Moreover, even if SVOD did grow sharply in 2020, this was not at the expense of the other types of pay services, namely pay TV, where subscribers increased by 1.9% in 2020.

'TV advertising is being captured by the Internet': A more nuanced take

Internet advertising displayed greater resilience vis-à-vis the COVID-19 crisis than other media segments. In fact, it grew by 3.9% in 2020 (albeit more slowly than the pre-COVID double-digit rate). The contrasts with the performance of other advertising sectors such as outdoor (-33%), print (-22%) and radio (-16%) is clear. TV did comparatively better, with 'only' an 11% drop.

Beyond COVID-19, and in a long-term sense, the advertising market is growing, mainly driven by the digitisation of non-media advertising. Within the advertising market, a huge transfer is taking place between print media and Internet advertising, notably because classified ads have fully migrated online. On the one hand, TV has not experienced such a loss of relevance as an advertising support platform; on the other, it has not benefited from overall advertising market growth. Even before COVID-19, TV advertising had been stagnating for 10 years, implying a decrease in real terms (discounting inflation). With its unique offering of mass media, and a more and more accurate measure of replay viewing, it is likely to remain safe from overly damaging competition from the Internet, but growth will not necessarily resume.

'SVOD accounts for the most commissions of TV series': Far from it

Producers rightly believe that SVOD is a brand-new opportunity to develop and sell projects. Indeed, SVOD services are increasingly investing in original European production – with +45% TV fiction titles released in 2020 despite the COVID-19 crisis. Hence, Netflix became in 2020 one of the main commissioners of TV series[1] released – second only to the BBC. Still, when considering all players across Europe, global streamers in 2020 delivered only about 10% of all TV series produced, with legacy broadcasters – and their SVOD services – accounting for the other 90%.

1 Series with 2 to13 episodes per season.

'European works do not circulate': A question of perspective

Comparison of the circulation of US and European films is disappointing. But are the figures relevant? Only US films with a degree of market potential are distributed in Europe: Out of about 800 films produced in 2019[2] by Hollywood studios, roughly 350 have been theatrically released in Europe.[3] A comparison with all European films thus seems rather unfair.

Moreover, the idea that all European films could be available on VOD must be considered in the context of high production volumes: More than 27 000 European films have been produced since 1996[4]; but a European TVOD catalogue comprises 5 000 films, and space limits in SVOD catalogues mean they too cannot host all European films.

One could reverse the perspective and ask whether European citizens have access to European films, including European non-national films. The Observatory figures show that, on the one hand, these European non-national films represent the lion's share of films on release both in cinemas and on VOD, and that, on the other hand, on average, a European citizen has access in his or her country to close to 7 000 different European non-national theatrical films produced.[5] In short, many non-national European films are available, but not the same in all countries.

'Cinemas and SVOD are competing for blockbusters': rather intertwined destinies

Subscription services continued growing in 2020 and 2021, while cinemas had to close. Will both windows compete for blockbusters? Until 2020, there was no evidence that the spectacular progress of video-on-demand services was hurting cinemas – indeed, 2019 was a record year for cinema admissions. Major film producers obviously still need cinemas to recoup their investments in candidate blockbusters, and cinemas mostly rely on these US and European blockbusters to fill their venues: out of the more than 4 000 films on first release in Europe in 2019, the top 300 accounted for about 90% of all admissions.[6]

'US players take control of the European audiovisual industry': An exaggeration … but

US interests[7] in European audiovisual services increased from 27% in 1996 to 31% in 2020. But, excluding European public players, the share climbs to 44%, with four players (Sky, Netflix, Amazon and Dazn) accounting for two thirds[8] of US interests. The weight of US-backed groups – obvious as regards SVOD, with about 80% of all subscribers – is also noticeable with respect to audiences (11%), thanks to a large portfolio of thematic channels (19% of all TV licences in Europe are granted to US-backed services).

2 Source: MPAA. The MPAA only records films produced and/or distributed by one Hollywood major. An unknown number of independent films are additionally produced each year.

3 As of December 2020. / 4 Launch of Observatory LUMIERE database.

5 Excluding films produced before 1996. / 6 Estimate based on the Observatory LUMIERE database.

7 Measured as share of the top 100 European players cumulated revenues. / 8 In revenues.

1 PRODUCTION

1.1 Film financing: Public funding principal financing source in 2019

Unique insights from the latest report on fiction film financing in Europe[1]

In its fourth year analysing the financing structures of European fiction films, the Observatory, in collaboration with the European Film Agency Research Network (EFARN), collected detailed financing plans for 651 European live-action fiction films theatrically released in 2019 in 25 European countries. The analysis covered a cumulative financing volume of EUR 2.04 billion and an estimated 56% of all European[2] fiction films released in 2019.

Median budget for European live-action fiction film releases: EUR 2.07 million

The data sample suggests the median budget of a European theatrical fiction film released in 2019 was EUR 2.07 million. However, median 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: EUR 3.1 million for fiction films produced in large markets, compared to EUR 1.6 million in medium-sized, and EUR 1.1 million in small, markets.

European fiction films primarily financed by direct public funding in 2019

In contrast to previous years, direct public funding stood out as the single most important financing source of European theatrical fiction films in 2019, as the financing share of broadcaster investments declined: Direct public funding accounted for 28% of the total financing volume tracked in the analysis, followed at a distance by producer investments and broadcaster investments, both of which accounted for 18% of total financing, slightly ahead of pre-sales (excl. broadcasting rights) and production incentives, which accounted for 16% and 14% of total financing, 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. For instance, the data clearly suggest that the importance of direct public funding decreases with increasing market size, and vice versa: While representing 'only' 21% of total financing in the five large sample markets, direct public funding accounted for 41% in medium-sized and 63% 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 accounted for 19% of total financing in large markets, compared to 'only' 9% in medium-sized and 4% in 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 See the report: Fiction film financing in Europe - 2021 Edition, European Audiovisual Observatory

2 In the context of this analysis, Europe (EUR 35) is defined as the 27 EU member states plus Bosnia and Herzegovina, Georgia, Iceland, Montenegro, North Macedonia, Norway, Switzerland and the UK

What were the five most significant financing sources of European fiction films released in 2019?

28%
Direct public funding

18%
Producer investments

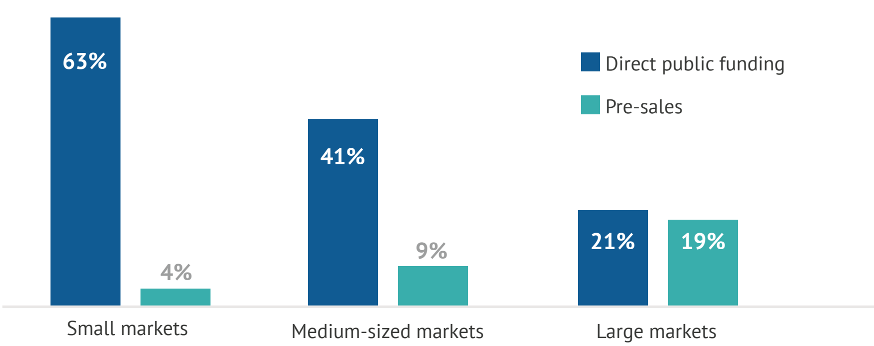
18%
Broadcaster investments

16%
Pre-sales

14%
Production incentives

Direct public funding is proportionally less important in large markets due to higher share of pre-sales financing

Percentage share of direct public funding and pre-sales in total financing volume by market size (2019 – est.)



Source: European Audiovisual Observatory analysis of Ampere Analysis data

1.2 Gender equality still a long way off in the film and audiovisual industry

The EAO recently published two reports[1] aimed at assessing gender imbalance within the film and audiovisual industry in Europe. The two studies provide an overview of the gender of professionals active in the following key roles: director, screenwriter, producer, cinematographer, composer and actor in a lead role. The sample includes professionals who worked on at least one European feature film between 2016 and 2020 and at least one audiovisual fiction episode or TV film between 2015 and 2019.

Women significantly underrepresented in key roles

Women represented only 23% of directors who worked on at least one theatrical feature film in Europe in the five-year period considered. This share was slightly smaller (20%) for directors of audiovisual fiction. Behind the camera, the gender gap was less pronounced among screenwriters (27% for feature films and 35% for TV fiction) and producers (33% for feature films and 41% for TV fiction). Instead, female presence was lowest among cinematographers (10% for film and 8% for TV fiction) and composers (9% for film and 7% for TV fiction). The picture appears more balanced on screen, with women accounting for 39% of all actors appearing in a lead role in feature films and 43% in TV fiction. In all job categories, the share of female professionals is progressing slowly and remained comparatively stable over the timeframe analysed, with variations across production countries.

Gender-specific working patterns

On average, female professionals worked on fewer works than their male counterparts. This was true for all job categories except producers of TV fiction and actors. For instance, among directors of audiovisual fiction, women only directed eight TV fiction episodes between 2015 and 2019, compared to 10 episodes for men.

The two studies also looked at the female share per work, calculated from the total number of professionals working in a given role on each film or TV episode. Among directors, the resulting average female share per work was 21% for feature films and 16% for TV fiction; and among screenwriters 25% for feature films and 33% for TV fiction. Significant variations were observed across European countries. These figures can be explained by the above-mentioned lower activity levels among female professionals.

Data also show that, on average, women in key professional roles tend to work in teams more often than their male colleagues. As an example, only 32% of feature films were written by one female screenwriter compared to 43% films by only one male writer. Women were also more likely than men to work in gender-mixed teams, a pattern more relevant to screenwriters and producers, who often work in teams, rather than in solitary jobs such as directors and cinematographers.

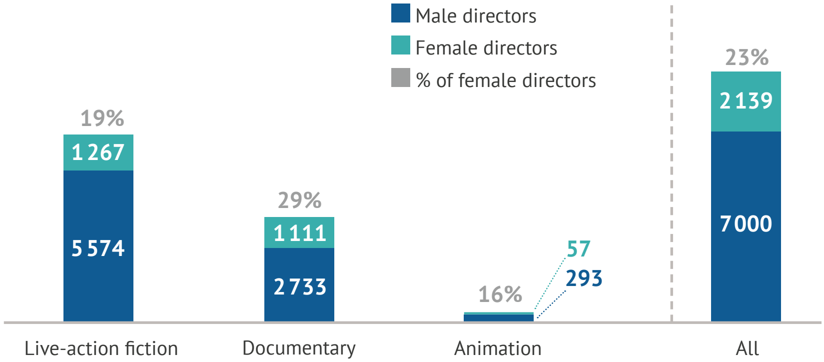
1 The reports can be downloaded from the EAO's website. See Female audiovisual professionals in European TV fiction production (July 2021) and Female professionals in European film production (December 2021).

Which is the film genre with the highest female presence?

Documentary

(This was observed for all crew positions, with significant differences across countries.)

Number and share of active directors* by gender and by film genre (2016-2020)



* at least one feature film (co)directed between 2016 and 2020.

Source: European Audiovisual Observatory / LUMIERE

1.3 TV fiction: Daily soaps hurt by COVID-19

Over 1 200 titles and 13 900 hours in 2020

A total of 1 214 titles and 13 937 hours of TV fiction[1] were produced in Europe in 2020[2] – a 5% increase in titles, but a decrease of 3% in hours,[3] compared to 2019.

There has been growing interest, in recent years, in the production of shorter formats: high-end series (2 to 13 episodes) represented three out of every five titles produced in 2020 – a 67% growth in titles since 2015.

Still, TV series with more than 52 episodes represented the lion's share of episodes (65%) and hours (60%) produced, due to the weight of daily soaps and telenovelas, but some of them were suspended due to the COVID-19 crisis. Series of 2 to 13 episodes accounted for 7.3 episodes per season, and average duration per episode was almost double (a commercial hour) that of series with more than 13 episodes (around half an hour), but continued decreasing from 49 mins. on average in 2015, to 43 mins. in 2020. More than half of all high-end TV series titles produced (54%) in 2020 were new projects.

Original TV fiction commissioned by global subscription video on demand services continued expanding: 10% of high-end series titles produced in 2020 (vs. 7% in 2019). The share was higher when considering only first seasons (12%).

Poland, Greece and Portugal among the leading producers of TV fiction hours

National broadcasters' preferences drive the production of TV fiction and define the format focus: proportionally more 2-to-13-episode seasons in Sweden, Finland and the United Kingdom; TV films more represented in Germany, France, and Italy; more long-running soaps in Portugal, Hungary and Greece. Global streamers, generally speaking, focus on 2 to 3 episodes per season.

In 2020, Germany was the main producer of titles (followed by the United Kingdom and France) and Greece was the main producer of TV hours (followed by Spain and Germany).

The picture is quite different for series with 2 to 13 episodes per season, of which the United Kingdom was in 2020 the main producer in number of titles (followed by Germany and France), and in hours (followed by Germany and Spain).

While public broadcasters traditionally commission more titles than private ones, private broadcasters commission more TV fiction hours, as they usually favour long-running series. On the high-end series front, with more titles originating from public broadcasters, private broadcasters are catching up: In 2020 they commissioned almost 42% of all high-end hours produced.

1 Provisional figures. Title refers either to TV film title or a TV series season. Animation not included.

2 Countries covered: EU27, United Kingdom and Norway.

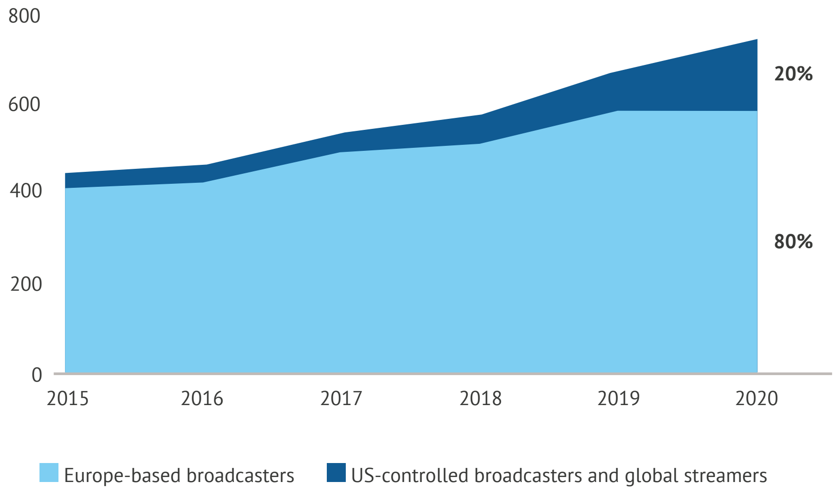
3 Production is accounted for when titles are broadcast or made available in VOD catalogues. 2020 programmes may have been produced before the COVID-19 crisis, whose impact is therefore not fully reflected in the 2020 figures.

What was the share of 2-to-13-episode series commissioned by US-backed groups?

20%

of which half were from global streamers and half from US-backed European broadcasters

Breakdown of commissioning of 2-to-13-episode seasons series by origin of final owner (in titles)



Note: 1 title = 1 TV film or 1 TV season

Source : European Audiovisual Observatory

1.4 Animation in Europe: Room for growth?

Production on the rise

On average, about 55 theatrical animation films and 830 hours of animated TV content were produced each year in Europe between 2015 and 2019. Figures suggest that film production remained stable over the period, although with an increase compared to previous research from the Observatory (on average, 50 films per year between 2010 and 2015). France, followed by Russia, Germany and the United Kingdom, accounts for the highest production volume.

Even if 2020 figures are not yet available and may have been impacted by the COVID-19 crisis, animation TV production appears to have increased since 2017/2018, which translated into more volume being broadcast or made available by video-on-demand services in 2019. The main producers of animation TV content are France and the United Kingdom.

Animation theatrical films and TV content share a common feature: the comparatively high share of coproductions applies to both animation theatrical films (37% of hours) and animation TV content (36% of hours).

Strong competition from US animation blockbusters in cinemas

The importance of export is a key characteristic of the animation sector. Two thirds of all admissions to European animation films (on average, 52 million per year between 2015 and 2019) originated outside the main producing country, approximately evenly divided between exports inside and outside Europe.

In the European markets, European animation films, facing competition from US animation blockbusters, tend to achieve a lower share of admissions than films of all categories; outside Europe, China is the primary export market for European animation films.

A production shortage?

On average, SVOD services dedicate 22% of their TV title[1] catalogues to animated content. The share of animated films among total film catalogues is much lower, whether for subscription or transactional video-on-demand services.

Facing US and Japanese competition, European animation content comprised a lower share of catalogues than for all categories of programmes: 25% in SVOD, and 21% in TVOD. In both cases, the comparatively low presence cannot be attributed to a lack of back catalogues as the gaps remain when considering only more recent productions. Moreover, individual European film and TV series tend to circulate better than European programmes of all categories. Figures therefore hint at a shortage of films and TV content production.

See also: Animation films and TV series in Europe - Key figures (December 2021), European Audiovisual Observatory.

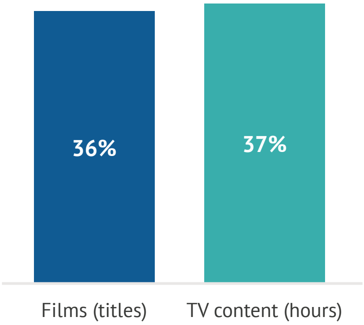
1 1 title = 1 TV film or 1 TV season

How global is the European animation industry?

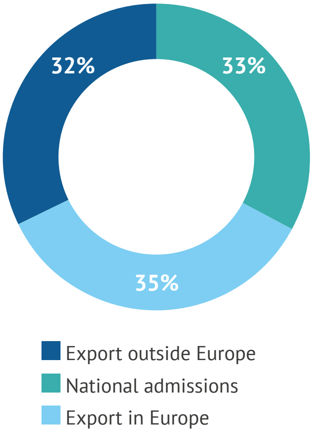
Coproductions account for more than 1/3 of films and TV hours;

exports account for 2/3 of cinema admissions

Share of coproductions in the production of European animation films and TV content (av. 2015-2019)



Breakdown of worldwide admissions to European animation films (av. 2015-2019)



Source: European Audiovisual Observatory

1.5 Film production in the time of COVID-19

Film production levels in Europe down by 32%

After reaching record levels in 2019, the volume of film production in Europe displayed the effects of the pandemic in 2020. Productions were put on hold during the first lockdown in March, before resuming in the summer under strict health protocols. However, in contrast to theatrical exhibition, film shoots were largely allowed to continue through the second wave of the pandemic. A number of public support measures also played a role in cushioning the impact of the crisis.

For these reasons, production levels did not collapse to the same extent as those of cinema exhibition. In Europe, the volume of film production decreased by 'only' 32% in 2020, to an estimated total of 1 704 theatrical films (795 fewer than in 2019). A similar decline was observed when considering only the EU and the UK, as the number of films produced dropped by 30% to a total of 1 402 theatrical titles (-609 over the previous year).

Production levels dropped to different degrees in most European countries, including Germany (-111 films, -47%), Italy (-77 films, -25%), Poland (-56 films, -71%) and France (-50 films, -21%). Outside of the EU, a significant decline in the number of films produced was registered in Turkey (-98 films, -63%) and Russia (-67 films, -38%). Production volume remained stable or marginally increased in only six European countries, including Hungary, Norway and Denmark.

It must be noted that variations across territories may also be due to different methodologies in counting productions: in countries where film production is measured as films released, the closing of cinemas had a direct negative impact on film production, whereas in markets where film production is measured in films receiving public support, the decline in production activity may only be observed in the coming years.

Budgets and investments dropped in 2020

The pandemic also had negative effects on overall film production investment in Europe, which declined in the majority of the 13 countries for which data were available. The downturn was especially sharp in Ireland (-59%), Germany (-52%), Latvia (-48%) and the Netherlands (-38%). Average production budgets similarly decreased in 14 out of the 26 European countries for which data were available. The decline was particularly pronounced in Ireland (-38%), Denmark (-33%), Norway and the Netherlands (-28%). By contrast, nine countries saw their average budgets increase, including Slovakia, Hungary, and Estonia. Despite a 17% decrease on the previous year, UK inward investment[1] films were once again the productions with the highest average budgets in Europe, at GBP 5.0 million (EUR 5.6 million). French productions ranked second with an average budget of EUR 3.4 million, ahead of Austrian films (EUR 3.0 million), and Danish productions (EUR 2.8 million).

1 According to the BFI, inward investment films are productions substantially financed and controlled from outside the UK but drawn to the latter because of script requirements, filmmaking infrastructure or incentive schemes.

How many feature films were produced in Europe in 2020?

1 704 films

(of which 1 402 originated in the EU or the UK)

Top 3 European countries for number of feature films produced (2020)

1 **Italy** 235 films (312 in 2019)	**2** **Spain** 202 films (238 in 2019)	**3** **France** 190 films (240 in 2019)

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 VOD catalogues for films or TV content – a key topic as European audiences consume more VOD, 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 34% share for European films in VOD catalogues in the EU27

Films, especially more recent ones, are the bread and butter of TVOD services, with an average of over 5 000 film titles for TVOD services compared to an average 800 for SVOD services in May 2021. SVOD services had a higher share of European films in their catalogues compared to TVOD services, with 38% and 30%, respectively.

The biggest EU27 film exporters with regard to TVOD catalogues were France with a share of 30%, Germany with 22%, Italy with 10% and Spain with 7%. For SVOD, these same four countries represented 59% of all exported EU27 films.

Films produced in the United Kingdom represented 8% of all films available on TVOD and 7% 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 2021, 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 and Spanish origin; these three EU countries comprised 81% of the total. German TV seasons dominated the export of EU27 TV content on both TVOD and SVOD services.

Cumulated TV content represented almost 200 000 TV seasons available on European VOD, most of it on SVOD. On TVOD, European content comprised 37% of the total, 26% on SVOD. Furthermore, with UK content now counted as 'other European', the EU27 accounted for 24% on TVOD but 13% on SVOD.

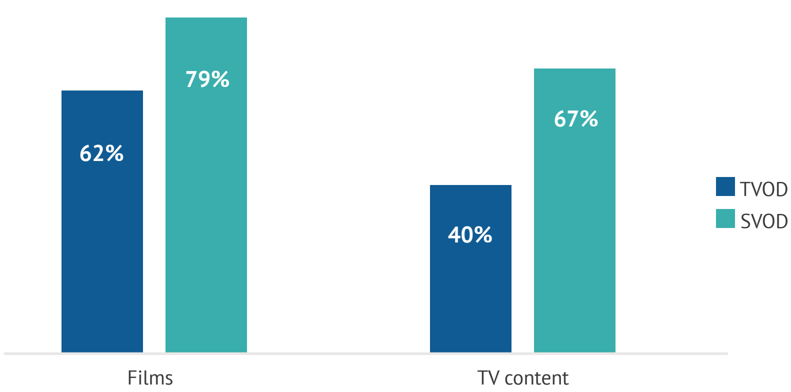
National VOD services provided more European content, more specifically on TVOD, with 50% of the offering, while multi-country services relied more heavily on US content. The highest number of TV seasons was found on tech players for TVOD and pure VOD players for SVOD, and European-owned services provided more European TV content.

How important is European non-national content in VOD catalogues?

EU27 non-national content accounts for by far the biggest share of EU27 content

with the exception of TV content in TVOD

Share of EU27 non-national content out of total EU27 content in VOD catalogues (May 2021)



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

2.2 Circulation of European non-national films on VOD in Europe

A large offering of European non-national films on VOD services for Europeans

The report "Circulation of European films on VOD and in cinemas in Europe"[1] shows that on average, on any given day, European citizens have access to close to 7 000 European non-national films (EUR non-nat.) on VOD services in their country, of which 3 715 had a theatrical release no earlier than 1996.[2] Furthermore, the report shows that between 1996 and 2020, on average 1 949 EUR non-nat. films were released in cinemas in each country (an average of 78 films per year).

The offering of theatrically released EUR non-nat. films on VOD was therefore 91% higher on average than the offering of EUR non-nat. films in cinemas from 1996 to 2020.[3] This is in particular due to the fact that EUR non-nat. films not theatrically released in the country of VOD availability but released in theatres in other European countries are made available on VOD: on average, 2 264 EUR non-nat. films not theatrically released in a given country were available on VOD in this country.

When considering all EU non-nat. films (whether theatrically released or not between 1996 and 2020),[4] the average number of EUR non-nat. films available to Europeans on VOD in their country rises to 6 958 films.

Which EUR non-nat. films were available on VOD?

Average admissions during theatrical release are the main explaining factor behind VOD availability. On average, available EUR non-nat. films on VOD had admissions of 85 005 while films not available had admissions of 11 240. Furthermore, for EUR non-nat. films released in cinemas in the countries included in the report, the films available on VOD represented 83% of admissions to these films while only accounting for 48% of the titles.

The number of theatrical release markets is closely correlated to the number of VOD-availability countries: the more theatrical release markets, the more countries the film will be available on VOD. Awards at film festivals[5] further boost the circulation of EUR non-nat. films but average IMDb ratings have no visible impact on circulation on VOD. The year of production also impacts VOD availability: the more recent a film, the greater its availability.

Finally, the country of production is another explaining factor. While 78% of all British and Danish films theatrically released were available on VOD, this was only true for 16% of all Latvian and Estonian films.

1 The report analyses the number of European non-national films available in catalogues of SVOD and TVOD services in 20 EU27 countries and in the UK on 15/05/2021 and the number of European non-national films released in cinemas in these countries during the period 1996 to 2020. See: https://rm.coe.int/circulation-of-european-films-on-vod-and-in-cinemas-in-europe-2021-edi/1680a5779d

2 Theatrical release from 1996 to 2020 in 20 EU27 countries and the UK.

3 18 countries had a higher number of EUR non-nat. films on VOD than in cinemas, 3 countries had a lower number.

4 Films produced before 1996, made for TV films and films released direct-to-video.

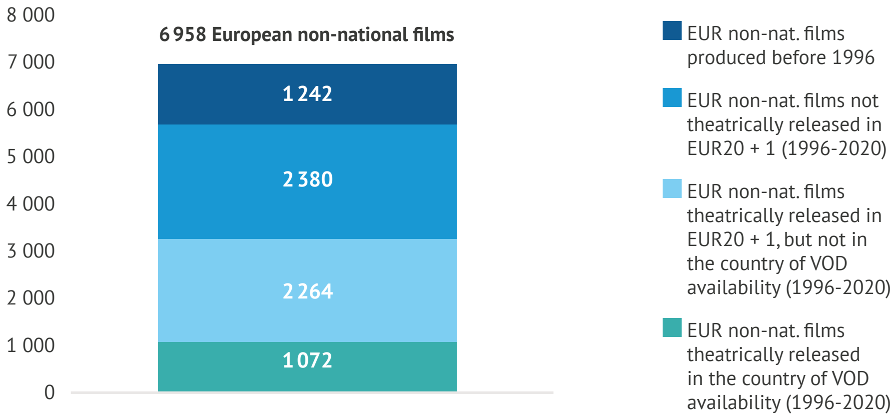
5 17 film festivals and 265 European award-winning films from 1996-2020.

How many European non-national films were available on VOD in a given country on average?

6 958

European non-national films were available on average on VOD in May 2021 in each country in EUR20+1[6]

Number of European non-national films available on VOD by country in function of theatrical distribution (In number of EUR non-national films)



Source: LUMIERE, JustWatch, LUMIERE VOD, European Audiovisual Observatory.

6 AT, BE, CZ, DE, DK, EE, ES, FI, FR, HU, IE, IT, LT, LV, NL, PL, PT, RO, SE, SK + GB

2.3 Prominence on TVOD: European films promoted less intensively than US films

Prominence on TVOD services: a reflection of the TVOD business model

Analysis of the prominence of films and TV content on TVOD highlights the essential characteristics of TVOD services. The TVOD business model relies primarily on the sale or rental of a limited number of recent high-potential films 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 (about 1% of titles) is promoted each month. Moreover, promotion is not distributed evenly between titles: out of about 2 100 films promoted in October 2021, the 10 most promoted ones accounted for about 37% of all promotion efforts.

Of these few, highly promoted works, the bulk were recent films, with 70% of film promotion spots going to films produced in 2020 or 2021. A total of 97% of promotion spots were dedicated to films, as opposed to only 3% for TV content (mainly TV series).

It is also worth noting that films promoted by TVOD services are mainly theatrical films released in cinemas in the country of the service (85% of all films) or in another country (2%). The catalogue is complemented by direct-to-VOD films, in other words films with no theatrical release in the country of service (15%).

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 (27% and 41% of all titles, respectively, are promoted at least once). However, an EU27 or a European work is, on average, promoted less intensively than a US film: EU27 and European works account for 18% and 32% of promotion spots, respectively.

The promotion of European films is even more concentrated than promotion of films on average: the top 10 most promoted European films in the sample accounted for 69% of all promotion spots dedicated to European films.

Figures also suggest 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 (13% and 26% 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 77% of all promotion spots dedicated to European films).

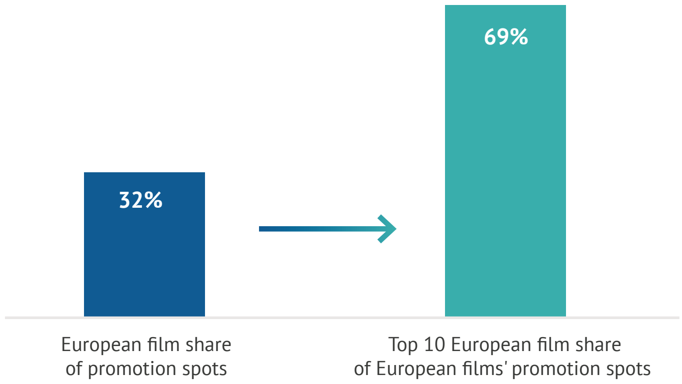
See: The visibility of audiovisual works on TVOD – 2021 Edition (December 2021), European Audiovisual Observatory

Prominence on TVOD: Do European films get a fair share?

Yes

Share of catalogues and promotion is similar. But promotion only benefits a few films.

European films' share of promotion spots on TVOD and share of the top 10 (October 2021)



Source: European Audiovisual Observatory analysis of Aqoa data

2.4 The revised AVMSD and the promotion of European works

The revised AVMSD[1] requires that VoD services promote the production and distribution of European works by ensuring that their catalogues contain at least a 30% share of European works, and that they are given sufficient prominence. Furthermore, EU member states can impose financial obligations not only on media service providers (linear and non-linear) established on their territory, but also on media service providers established in another member state that target its territory. Such financial obligations must be proportionate and non-discriminatory and must be based only on the revenues earned in the targeted member states.

Pursuant to Article 13(7) of the AVMSD, and following a targeted consultation among stakeholders, in July 2020 the European Commission released two sets of guidelines for the national transposition:

- On the calculation of the share of European works in the catalogues of on-demand providers
- On the definition of 'low audience' and 'low turnover' for the purposes of exemptions to the obligations concerning the promotion of European works.[2]

Regarding the quota obligation, out of the 19 countries that had implemented the Directive by 1 January 2022:

- 17 countries have set the quota obligation at 30%. In Italy, this obligation concerns works produced in the last five years. In Portugal, half of that percentage must be devoted to independently produced European creative works originally in Portuguese and produced less than five years ago.
- The French-speaking Community of Belgium foresees a gradual increase of this quota to 40%, after a transitional period of five years.
- France has set the quota obligation at 40% for original French-language works, and 60% for European works.

At the time of writing, Belgium (Flemish and French community), Croatia, Denmark, France, Germany, Greece, Italy, Poland and Portugal had decided to integrate financial obligations in a compulsory manner directly into their texts transposing the directive, and these obligations are also applicable to media service providers targeting audiences in their territories but established in other member states. The extension of the investment obligation rules to non-domestic VOD service providers is expected in several countries which are in the process of implementing the Directive (e.g. Slovenia, Spain).

1 Consolidated text: Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) (codified version) (Text with EEA relevance), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02010L0013-20181218.

2 Communication from the Commission Guidelines pursuant to Article 13(7) of the Audiovisual Media Services Directive on the calculation of the share of European works in on-demand catalogues and on the definition of low audience and low turnover 2020/C 223/03, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2020.223.01.0010.01.ENG&toc=OJ:C:2020:223:TOC.

What rules for the promotion of European works on VoD?

Article 13 of the revised AVMSD

MANDATORY

30% Minimum share in catalogues
+ Prominence

VOLUNTARY

Financial contribution:

- Production
- Direct investments
- National funds

Including targeting services

Under the previous Directive of 2010

General obligation to promote the production of and access to European works

- Financial contribution to production/rights acquisition in European works
- Share of European works in VOD catalogues
- Prominence obligation

OPTIONS

Source: European Audiovisual Observatory

2.5 Online piracy of audiovisual sports content

The issue of combating online piracy of protected audiovisual content, which is particularly crucial for European TV channels, has returned to the forefront of the European political agenda, especially with regard to the illegal streaming of live sports events. The European Commission has commissioned the European Audiovisual Observatory to produce a legal mapping report on national remedies against online piracy of sports content in the EU27 and the UK, focusing on the availability and functioning of blocking and take-down injunctions. The report was published in December 2021.[1]

The report first examines the scope of protection of sports content. While in most countries producers and broadcasters are entitled as rightsholders to take legal action on the basis of copyright law, the situation is more varied as regards sports event organisers. Only eight of the countries surveyed have granted them specific forms of protection in the law, either in the form of audiovisual rights (France, Greece, Italy, Spain) or through specific provisions (Bulgaria, Hungary, Romania, Slovakia). In the majority of the other countries, sports organisers hold either so-called domiciliary or "house" rights, linked to the sports venue, on the basis of which they can take legal action against illegal recordings taking place on the premises, or rights arising from contractual negotiation.

Civil and criminal remedies are available for copyright infringement in all the countries surveyed, although criminal cases are rather rare. At the civil level, in most countries, injunctions can be issued against infringers and online intermediaries whose services have been used in connection with online copyright infringement, including orders to block or disable access to an illegal website. In order to fight against repeated infringements more effectively, some national jurisdictions have allowed for the "dynamic" use of such blocking orders, that is, injunctions extended to future URLs and not only to existing websites. For the time being, "live blocking orders", or injunctions which allow the repeated blocking of a site every time a live broadcast is in process, have been applied only in Ireland, the Netherlands, Spain, Sweden and the UK. In all cases, such injunctions must respect the principle of proportionality and the fundamental rights of users and services. Other aspects are considered in the mapping report, such as: the use of notice and take-down procedures with respect to online piracy, where significant differences exist at the national level; the role of specific administrative authorities created to combat online piracy; and the adoption of codes of conduct or memorandums of understanding for this purpose.

This extensive mapping will serve as a basis for the Commission to follow up on a resolution of the European Parliament of 20 July 2021[2] and assess the need for specific rules in this field.

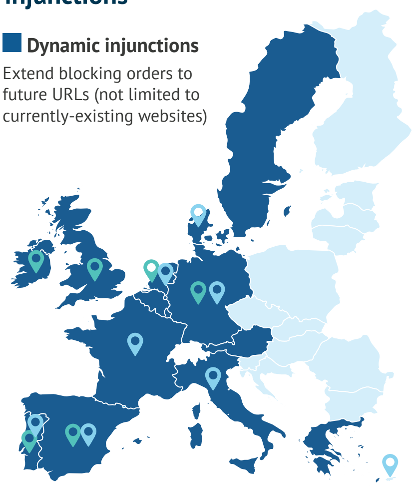
1 Mapping report on national remedies against online piracy of sports content, European Audiovisual Observatory, Strasbourg, 2021, https://rm.coe.int/mapping-report-on-national-remedies-against-online-piracy-of-sports-co/1680a4e54c.

2 https://www.europarl.europa.eu/doceo/document/TA-9-2021-0236_EN.html

Legal protection for sports events organisers

Dynamic and live-blocking injunctions

Dynamic injunctions
Extend blocking orders to future URLs (not limited to currently-existing websites)

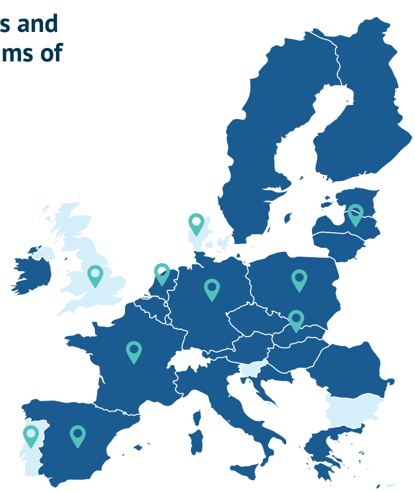


- Special form of protection by law
- Domiciliary ("house") rights
- Other contractual practices

Live blocking injunctions
Allow repeated blocking of a site every time a live broadcast is in process

De-indexing injunctions
Require search engine to remove the appearance of the results leading to pages containing illicit copyrighted content

Notice and take-down procedures and codes of conduct (or memorandums of understanding)



- Notice and take down (NTD)
- Codes of conduct and / or MoU

Source: European Audiovisual Observatory

3 AUDIOVISUAL SERVICES

3.1 Growing supply of AV services

One in five audiovisual media services in Europe is an on-demand service

At the end of 2020, audiences in 42 countries had access to 10 839 TV channels, 4 803 of them local, and 2 799 on-demand services, for a total of 13 638 audiovisual media services available across wider Europe[1] and Morocco. More than half of the TV channels, including local TV, were freely available and one in three was accessible via terrestrial television. The majority of on-demand services were available for free (58%), while two out of three pay on-demand services were SVOD.

Half of the 11 823 audiovisual media services originating from Europe were national or pan-European TV channels, with 40% local television services[2] and 10% pay on-demand services. The most common four genres for TV channels were generalist, sports, entertainment, and film & TV fiction, accounting for more than half of all TV services. In eight out of 10 cases, pay on-demand services belonged to the film & TV fiction, entertainment or generalist genre. One in 10 TV channels[3] and 3% of pay on-demand services were publicly owned.[4]

The supply of pay on-demand services was more concentrated than that of TV channels – 10 countries were home to 80% of all pay on-demand services and 65% of TV services. The market with the greatest supply of national and international TV channels was the UK, closely followed by the Russian Federation and the Netherlands – all three had more than 500 services each. With over 100 services originating from their territories, the main countries supplying pay on-demand services were Ireland, France, the UK and Spain.

Nearly 9 000 claims made under AVMSD jurisdiction

Media regulatory authorities in the European Economic Area claimed 8 946 audiovisual media services under AVMSD jurisdiction. This included 7 079 linear services, 1 864 non-linear services and three video-sharing platforms. Due to its many local television networks, Italy was by and large the country with the highest number of jurisdiction claims, totalling 1 707 services at the end of 2020. A total of 38% of all AVMSD jurisdiction claims came from Italy, the Netherlands or Spain.

Number of UK-based TV channels drops by more than 50%

Despite a dramatic drop of more than 50% in the number of UK-based TV channels from 2018-2020, the United Kingdom remained the most prominent TV channel supplier in Europe, home to 586 TV services.[5] A third of TV services leaving the UK pre- and post-Brexit migrated to the Netherlands (18%) and Spain (14%). At the same time, the UK is no longer the number one hub for TV channels aimed at non-domestic markets, now coming second after the Netherlands, but still ahead of Spain. A quarter (24%) of all TV channels and more than half (53%) of all pay on-demand services coming from Europe were aimed at non-domestic markets. Home to 106 pay on-demand services targeting other markets in 2020, here too the country lost the top spot, to Ireland, which counts 180 services.

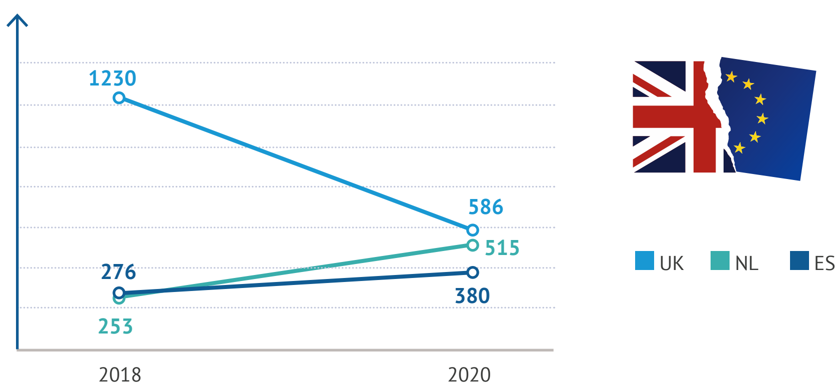
1 Europe includes: EU27, Albania, Armenia, Bosnia and Herzegovina, Georgia, Iceland, Liechtenstein, Montenegro, North Macedonia, Norway, the Republic of Serbia, the Russian Federation, Switzerland, Turkey and the United Kingdom.
2 Excluding local TV channels from the Russian Federation.
3 Excluding local TV channels.
4 Includes audiovisual media services with mixed ownership.
5 Excluding local TV channels.

How did the supply of TV channels change pre- and post Brexit (2018-2020)?

The UK lost more than half of its TV channels

A third migrated to the Netherlands (18%) and Spain (14%)

TV channels originating from the UK, NL and ES before and after Brexit (2018-2020 – In number of services)



Source: European Audiovisual Observatory analysis of MAVISE data

For the full report, see: Audiovisual media services in Europe: Supply figures and AVMSD jurisdiction claims - 2020 Edition

3.2 Pandemic increases TV consumption

The global pandemic has considerably changed media consumption. More time spent at home and the limitation of alternative leisure activities have left their mark on viewing trends, resulting in higher TV consumption.

Revival of television viewing during pandemic

Average television viewing time per person has experienced a revival since the start of the pandemic. With an average of 3h35 in 2020, people in Europe[1] were watching 5% more television than the previous year. The average time spent in front of TV screens by consumers in the EU27+1[2] was 3h43 in 2020, a 4% increase compared to the year before. How lasting this surge in TV consumption will be remains to be seen.

In the Nordic countries, where people generally watch less TV than elsewhere in Europe, viewing figures have risen significantly. Audiences in Norway watched almost 50% more TV in 2020 than the year before, the highest increase of all. This was followed by Iceland (+33%) and Denmark (+28%), with the second- and third-largest increases, respectively. People in Sweden spent 22% more time watching TV, coming in sixth place behind Ireland (+23%) and the Netherlands (+22%). Consumers in Finland watched 6% more TV, a more moderate increase – yet still above the European average.

Recovery of audience shares of main TV channels and public television

Mirroring the U-turn in TV consumption, the audience shares of the leading TV stations in Europe's national markets have recovered from a persistent downward trend over the past years. In 2020, average audience market shares of the four leading TV channels in Europe's national markets stabilised, displaying a moderate increase (+1%).

This momentary recovery of the most popular TV channels, however, has not been equally reflected in audience shares among the leading TV groups. In 2020, average audience market shares of the four leading TV groups in Europe's national markets contracted by -1% compared to the year before. The continued loss of audiences at group level indicates that increased consumption may have benefited certain TV genres but has not automatically extended to entire channel portfolios of network groups.

Public service broadcasting (PSB) groups benefited from the positive viewing trends in national audience markets. In 2020, the average audience market share of European[3] PSBs grew by 4% over the previous year. An increased need for news since the start of the pandemic is likely to be among the factors explaining this boost.

1 Europe includes the EU27, Switzerland, Georgia, Iceland, North Macedonia, Norway, Turkey and the United Kingdom.

2 EU27 and the United Kingdom.

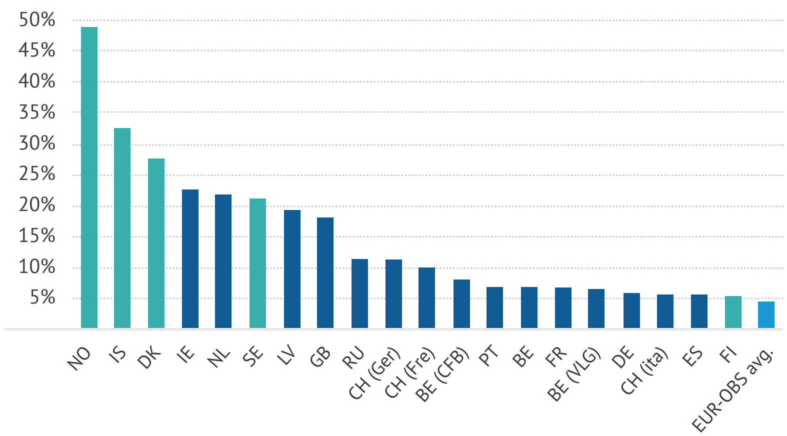
3 Includes the EU27 (without Luxembourg and Malta), Armenia, Bosnia and Herzegovina, Switzerland, Georgia, Iceland, North Macedonia, Norway, Turkey and the United Kingdom.

Which country experienced the strongest increase in television consumption (2020/19)?

Norway (+50%)

Nordic countries had highest increase in TV consumption

Ranking of countries by increase in average television viewing per person (2020/19 – in %)



Source: European Audiovisual Observatory analysis of GLANCE audience data

4 MARKETS

4.1 Focus on Observatory presidency country: Estonia

Market growing faster than Europe average

Despite COVID-19, the Estonian audiovisual market, worth about EUR 160 million in 2020, experienced a higher growth rate over the last five years than, on average, European countries. Distinctive features when compared to Europe averages include:

- a slightly higher contribution of public funding to total market revenues, with PSB Eesti Rahvusringhääling (ERR) 96%-funded by public funding;
- comparatively more revenues coming from pay television (40%) and less from TV advertising (20%);
- a contribution of cinema revenues to total revenues (7%) among the highest in Europe.

Strong presence of foreign groups for pay-TV services

The reception of television in Estonia is mainly driven by digital terrestrial television (39% of TV households) and IPTV (30%), complemented by cable and satellite, fully digitised.

The distribution landscape is dominated by two players, Finland Elisa, on the one hand, and Telia Eesti (a subsidiary of Sweden TeliaSonera), on the other hand. Elisa focuses on cable, following the takeover of cable operator Starman in 2016, but also operates a DTT pay service (Zuum TV). Telia Eesti, in turn, relies mainly on IPTV. Estonia is also host to the Viasat Home 3 satellite pay-TV service and cableco STV.

As regards VOD, most of the global players are present in SVOD with the exception, as of the beginning of 2021, of Disney+, alongside a variety of more focused services. PSB ERR entered the VOD scene in 2020 with its replay and archives service, Jupiter.

Public service leads in TV audience

Estonians watch slightly less linear television (3:35 a day) than Europeans on average (3:42). PSB ERR leads in audience share (main channel: ETV). ERR's audience share has significantly increased over the past years, from 15.5% in 2014 to 23.1% in 2020. Other key broadcasting groups are the Postimees Group (main channel: Kanal 2), which is active also in print and online content, and radio, and Sweden's Kinnevik (main channel: TV3).

High level of movie-going

Estonia produces around 20 theatrical films per year, with the vast majority 100% national, and participates in a couple of coproductions as a minority partner. Recent box-office successes include *1944* (2015) directed by Elmo Nüganen, which accounted for the highest number of admissions outside Estonia, *Tõde ja õigus* ("Truth and Justice", 2019) directed by Tanel Toom, and *Klassikokkutulek* ("Class Reunion", 2019) directed by René Vilbre. Estonia also entered the high-end TV series scene with titles such as *Pank* ("The Bank", 2018), *Reetur* ("Traitor", 2019) or *Lahutus Eesti moodi* ("Divorce in Peace", 2019).

Estonia ranks fourth among European countries for admissions per inhabitant, surpassed only by Iceland, Ireland, and France.[1] The cinema infrastructure in terms of number of screens per inhabitant is close to the European average, and is dominated by three main cinema chains, Estonia Apollo Group, Cinamon and US AMC.

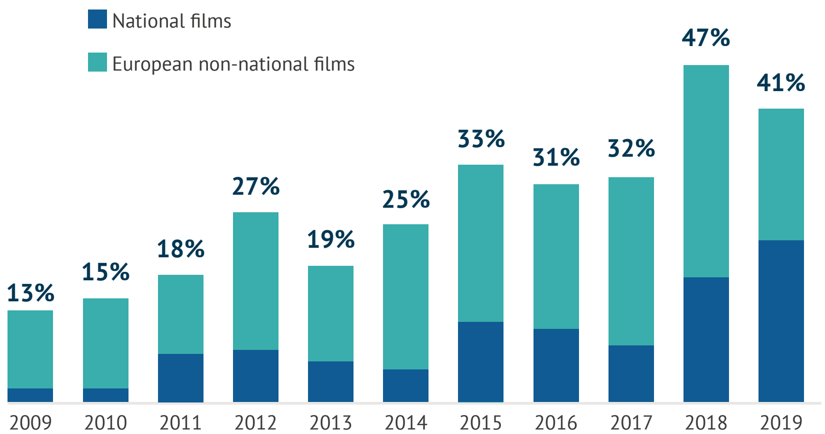
1 Average 2016-2019

Has the national film share of admissions grown in Estonia?

Yes, spectacularly

The share of non-national European films has also grown

Share of admissions to national and European non-national films in Estonia



Source: European Audiovisual Observatory analysis of Estonian Film Institute data

4.2 COVID-19: Highest impact on cinemas, and TV and radio advertising

Total revenues back to 2015 levels

Current 2020 figures provide a more precise snapshot of how the COVID-19 crisis has impacted European audiovisual markets. With a 7 bn EUR[1] loss between 2019 and 2020, the sector experienced a decrease of 6% in revenues, which fell back to 2015 levels. But COVID-19 happened at a time when the sector was already stagnating and, in real terms (i.e. discounting inflation) it has actually lost EUR 7 billion since 2015.

The 2019/2020 EUR 7 billion loss in revenues was obviously not evenly spread between market segments. Excluding SVOD service revenues, which have continued to increase sharply during the pandemic, the decrease amounts to EUR 11 billion (9%). SVOD, was immune to the crisis, which, however, did not boost the sector, figures suggest. In fact, SVOD grew at a slightly slower rate in 2020 than it did in 2019 (although still at an impressive rate of 41%).

Cinema and, to a lesser extent, advertising incurred most of the losses

The more traditional market segments were affected to varying degrees. Cinema box-office was the most severely hit not only in relative terms (a 70% decrease in revenues compared to 2019), but also in absolute terms. The close-to-6 billion EUR collapse of revenues accounted for more than half of total sector losses. Clearly, the decrease in revenues from cinema admissions has translated or will translate into massive losses for cinema distributors and film producers.

Advertising on TV and radio dropped by 12%, a loss of EUR 4.6 billion. Radio (-16%) was more severely affected than TV (-11%), which probably benefited from its status as a comparatively greater safe haven for advertisers. But COVID-19 also exacerbated a long-lasting trend of stagnation of TV and radio advertising revenues.

Pay TV, public funding and home video resisted

Like advertising, pay TV was also stagnating before the crisis, but was only marginally hurt by COVID-19, despite, among other impacts, the interruption of sport shows. Revenues decreased slightly in 2020 (-0.2% vs. only modest 0.6% growth in 2019). The bundling of pay-TV packages with Internet access is probably the main explanation for this resilience.

Public funding of public broadcasters was also resilient, and even grew marginally in 2020 (+1.2%), probably due to the inertia in state budgets. But over five years, public funding remained flat in nominal terms, implying a decrease in real terms. And public broadcasters were also affected by the fall of the advertising market, on which they partly depend.

Finally, the home video market experienced contrasting developments. The lockdowns accelerated the fall (-26%) in the physical market (i.e. the rental and primarily purchase of DVDs and Blu-rays) but they benefitted the digital market, i.e. transactional video on demand (+20%). As a result, the combined physical and market segments only decreased by 6%.

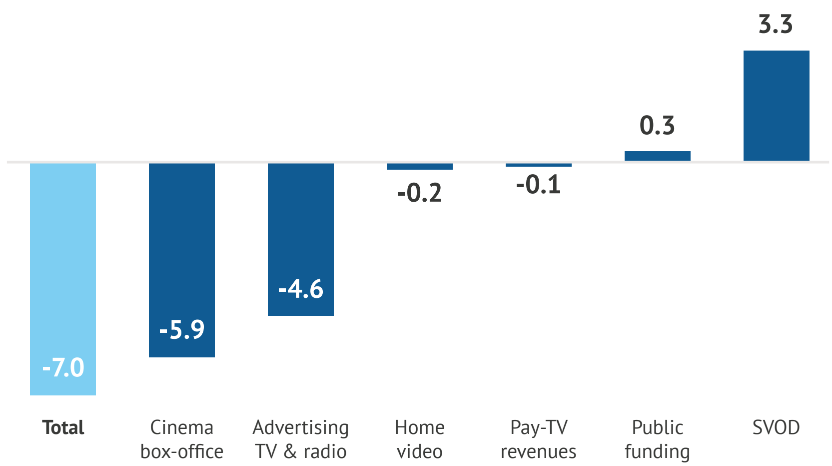
1 All figures quoted here are taken from the Observatory Yearbook and concern Greater Europe.

Which market segment suffered the greatest revenue losses due to COVID-19 in 2020?

Cinemas

55% of the sector's total revenue losses

Breakdown of 2019-2020 changes in revenues of the audiovisual sector in Europe by market segment (in EUR billion)



Source: European Audiovisual Observatory

4.3 Audiovisual markets: A very diverse landscape

Top 10 countries account for 78% of the European market

The European audiovisual market is worth about EUR 119 billion.[1] The top three countries (Germany, the United Kingdom and France) account for 49%, and the top 10 (also including Italy, Spain, the Russian Federation,[2] the Netherlands, Poland, Switzerland and Belgium) for 79%. Conversely, national markets are worth less than EUR 1 billion in 15 of the 37 European markets monitored by the European Audiovisual Observatory for which data are available.

A different mix of revenues

The relative importance of each market segment varies widely between countries: high share of TV and radio advertising revenues out of total revenues in Bulgaria (where public funding accounts for a very limited share) and in Greece; significant weight of pay TV in Denmark (where one of the public service TV channels is subscription-based) and in Malta; comparatively high contribution of public funding to total revenues in Germany and in Croatia.

On average, in the pre-COVID-19 era, cinema box-office revenues accounted for 7% of the European audiovisual market, but for a significantly higher share in the Baltics, and in France and Ireland albeit to a lesser extent.

The contribution of on-demand services to the total market also varies significantly and is the highest in Scandinavia.

Not all countries equally hurt by the COVID-19 crisis

On average, the European audiovisual market lost 5.6% of its revenues in 2020. But some countries were more affected, such as the Czech Republic, Estonia, Spain, Greece and Croatia, with a decrease in the audiovisual market of 8% or more. Beyond COVID-19, measuring the audiovisual market in per capita terms also highlights strong differences. While the European average is 160 EUR per inhabitant per year, it reaches, on average, 307 EUR in the top 10 countries, with Switzerland, Norway and Denmark topping the ranking.

1 All data in this text are taken form the Observatory's Yearbook and concern Greater Europe. Data are missing for certain market segments in certain countries.

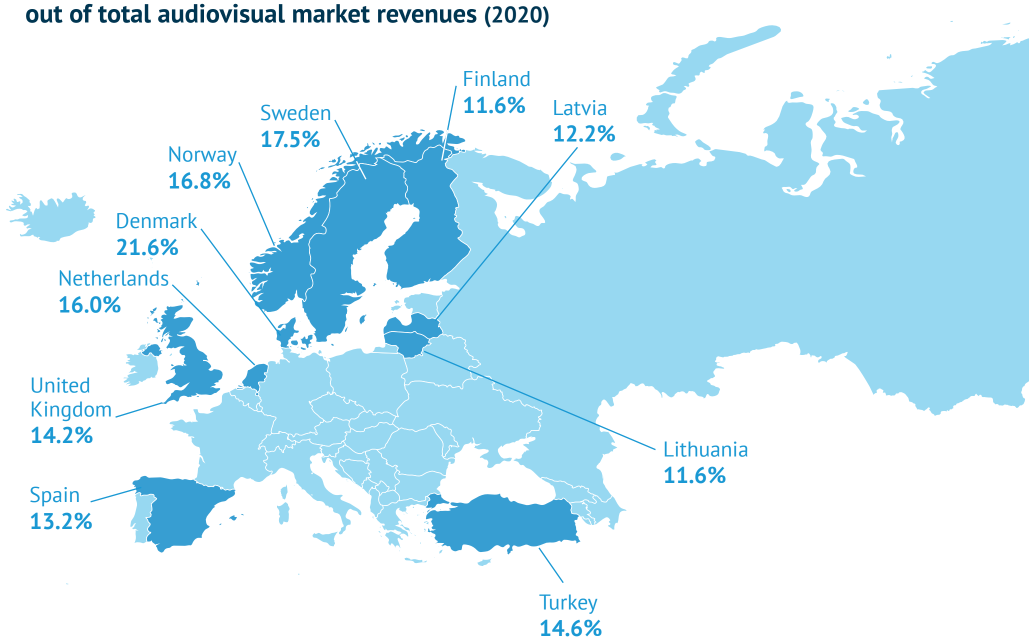
2 No data available for the public funding of public service broadcasters. The value of the audiovisual market is therefore underestimated.

Where does on-demand account for the highest share of the audiovisual market?

Denmark

10 countries are above the European average (11.1%)

Top 10 countries by highest share of on-demand revenues out of total audiovisual market revenues (2020)



Source: European Audiovisual Observatory

4.4 Cinema attendance plummets by 70.2% in the EU and the UK

Theatrical market crushed by COVID-19 crisis

The coronavirus outbreak took a heavy toll on the theatrical market, as cinema attendance in the EU and the UK nosedived by 70.2% in 2020, to an estimated 299.9 million tickets sold. This compares to over one billion admissions in 2019, the highest level on record since 2004. As the average ticket price remained stable at EUR 7.1, box office takings dropped from EUR 7.20 billion to EUR 2.14 billion in 2020, registering a 70.3% decrease over the previous year.

This staggering decline was clearly the result of the prolonged closure of cinemas, forced to lower their curtains in March in most countries in response to the pandemic. Theatres were allowed to reopen from mid-May in most territories, operating under strict safety protocols, before closing again in late autumn during the second wave of the pandemic. In addition, many blockbuster films originally scheduled for 2020 postponed their theatrical release or were directly distributed on VOD platforms.

While ticket sales dropped sharply in every European country, there were geographical differences in terms of the proportions of the crash. The lowest year-on-year decrease was registered in Denmark (-45.5%), Estonia (-51.2%), Finland (-53.9%) and the Netherlands (-55.9%). In contrast, the decrease in cinema attendance was significantly above the EU average in Cyprus (-79.4%), Romania (-76.9%), Slovenia (-76.2%), Portugal (-75.5%), Ireland (-75.4%) and the UK (-75.0%). Outside the EU and the UK, theatrical markets suffered comparatively less in Norway (-57.5%), Russia (-59.5%) and Iceland (-59.9%).

The pandemic also put a halt to the development of screen infrastructure: in 2020, about 100 screens shut down permanently in the EU and the UK, bringing the estimated total number of screens down to 34 439 (-0.3% over 2019).

US titles dominate European box office charts

In 2020, US productions continued to dominate the charts in the European Union and the UK, accounting for 17 out of the top 20 titles. The top grossing films took significantly fewer admissions in 2020 than in previous years. The most successful film, World War I drama *1917* (GB inc /US), sold 15.6 million tickets in the EU and the UK, far below the 51.6 million taken by the 2019 box office winner *The Lion King* (US/GB). While a total of 18 films generated more than 10 million tickets in 2019, only three films topped this threshold in 2020: above-mentioned *1917*, followed by *Tenet* (11.6 million) and *Bad Boys for Life* (10.5 million).

Excluding the EUR inc[1] production *1917*, the Italian comedy *Tolo Tolo* was the only European film to appear among the top 20 titles, selling 6.7 million tickets. Other successful European films included the Spanish family comedy sequel *Padre no hay más que uno 2: La llegada de la suegra* (1.9 million), Polish erotic thriller *365 dni* (*365 Days*) (1.6 million) and French comedy sequel *Ducobu 3* (1.5 million).

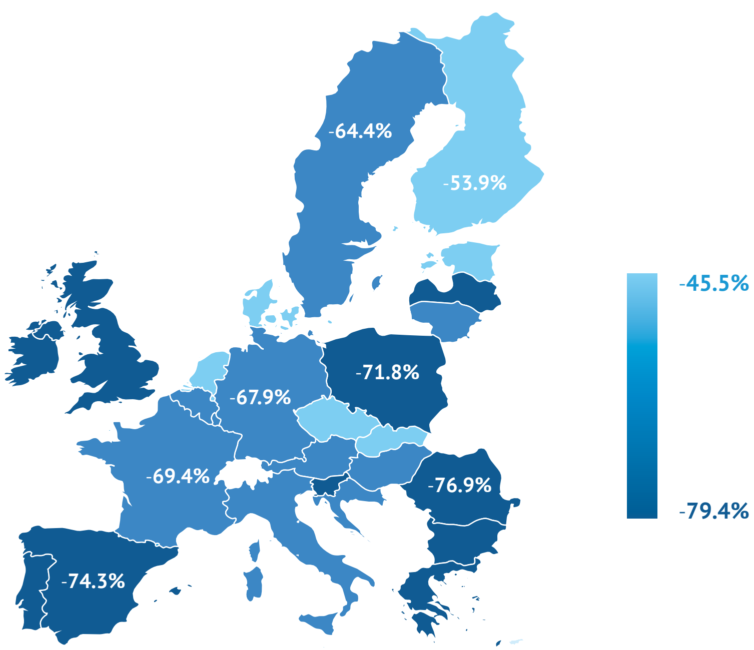
1 "EUR inc" refers to films produced in Europe with incoming investments from US studios.

What was the decrease rate of cinema admissions in the EU and the UK in 2020?

-70.2% year-on-year

299.9 million tickets sold – with significant differences across markets

Yearly decrease in cinema attendance in the EU 27 and the UK (2020/2019)



Source: European Audiovisual Observatory

4.5 Cinema: European market share in the EU and the UK up in 2020

Record surge in European cinema market share

Due to the lack of US blockbusters on release, cumulative admissions to US films in the EU and the UK decreased by an estimated 537 million tickets in 2020, -78.4% over the previous year.[1] The number of tickets sold to films produced in Europe[2] declined by an estimated 148 million, a decrease of 55.3% over 2019. This compares to an overall drop of 70.2% in cinema attendance in the EU and the UK. The market share for European films increased from 26.5% in 2019 to a record high of 39.7% of total admissions, mostly due to exceptionally high shares taken by local films in national markets. Conversely, the estimated market share for US films decreased from 68.0% to 49.4%, the lowest level registered in recent history. The market share of films produced with incoming US investment (EUR inc) increased from 3.0% to 6.0%, mostly driven by the success of the war drama *1917*, which generated around 15.6 million admissions. Similarly, the share of films originating from countries other than those in Europe and the US went from 2.5% in 2019 to 4.9% in 2020 in the EU and the UK, led by the Oscar-winning South-Korean film *Parasite*, which generated over 4.5 million admissions.

Local blockbusters drive national share in domestic markets

The EAO estimates that around 5 300 European feature films were on release in at least one market in the EU and the UK in 2020, cumulatively selling an estimated 117 million tickets. About 78% of these tickets (around 92 million admissions) were sold in national home markets (against 72% or 186 million admissions in 2019), while an estimated 22% (26 million admissions) were generated in non-national markets (compared to 73 million the previous year) in the EU and the UK. Thus, ticket sales to non-national European films dropped by 65%, while admissions to national films showed a year-on-year decrease of 'only' 51%.

As many US tentpole releases had been postponed or cancelled, in most European countries the market share of national films grew significantly in 2020 compared to 2019, driven by the success of local blockbusters. Italy registered the highest national market share in the EU (56.6%), with the top film, domestic comedy *Tolo Tolo*, selling a total of 6.7 million tickets. Other examples of countries with a high national market share include: Denmark (50.2%; top film: *Druk* [0.8 million tickets]); the Czech Republic (48.3%; top film: *V síti* [0.4 million tickets]); France (44.9%; top film: *Ducobu 3* [1.5 million tickets]); and Finland (41.3%; top film: *Teräsleidit* [0.2 million tickets]).

Outside the EU and the UK, national films attracted the highest attendance in Turkey (national market share of 80.1%) and in Russia (47.9%).

1 See the latest figures in Yearbook 2021, http://yearbook.obs.coe.int/
2 Excluding films with incoming US investment.

What were the three EU markets with the highest share of European films in 2020?

1 Italy
68.7%

2 Denmark
59.3%

3 Estonia
57.5%

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

1 Italy
56.6%

2 Denmark
50.2%

3 Czech Republic
48.3%

Source: European Audiovisual Observatory

4.6 Home video: Pandemic hits fast-forward on digital

Digital gets the lion's share of home video

Following a small but steady reduction in decrease rates over the past five years, the home video market (physical and digital) amounted to EUR 3.6 billion in Europe[1] at the end of 2020 (down by 5% year on year). The dynamics varied, however, between the two business segments, prompting a long-in-the-coming shift in revenues. With cinemas closed, people unable or unwilling to venture outside to purchase or rent discs, and surging demand for video content, the pandemic accelerated both the physical video decline (-26% year on year, down to EUR 1.5 billion) and the digital video rise (+20% year on year, up to EUR 2 billion). The year 2020 saw TVOD top DVD and Blu-ray revenues at last and claim 57% of the home video market.

Rental TVOD, the big winner

The shortening of cinema windows, day-and-date or straight-to-TVOD releases, straight-to-streaming movies also made available on TVOD platforms, and virtual cinemas launches all fostered an impressive jump in digital rental during the first year of the pandemic. Rental TVOD grew five times faster in 2020 than it did in 2019, and twice as fast in terms of yearly average over the last five years – surpassing EUR 1 billion (up by 24% year on year) and contributing 60% to total incremental TVOD revenues in the process. Rental took the biggest portion of digital revenue in over half of the European countries analysed. This spawned the rebound of the overall video rental market in which digital claimed 96% at the end of 2020. Revenues from home video rentals (physical and digital) jumped by 15% year on year and in 2020 captured 31% of the overall home video market (+6% over 2019).

Retail TVOD, historically driving the digital home video market, maintained a growth rate on average in 2020 (+16% year on year) relatively similar to that before the pandemic, thus losing 1% of its market share (down to 49%) to rental.

Physical video retail: No longer a dominant leader

The DVD and Blu-ray sales drop steepened (-24% year on year, down to EUR 1.5 billion) and accounted for almost 90% of the physical home video revenue loss in 2020. Dropping 10 points in market share year on year (down to 42% in 2020), disc sales continued to lead the home video market in terms of revenues but not from a dominant position. DVD and Blu-ray rentals – expected to be naturally phased out by the market in the near future – stayed on trend by once again dropping twice as fast as physical video retail (-55% year on year) and narrowing their market share down to 1% (EUR 0.05 billion) of the total home video market. Germany, Italy and the UK accounted cumulatively for over 75% of DVD and Blu-ray rental revenues in Europe at the end of 2020.

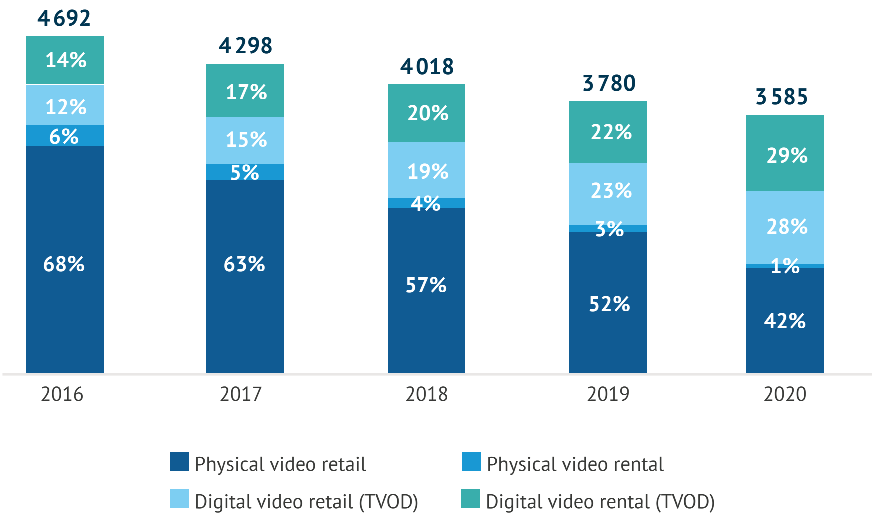
1 The 32 European countries covered by the European Audiovisual Observatory, for which data were available.

Did the COVID-19 crisis accelerate the DVD freefall?

Yes

The pandemic fast-tracked the physical home video revenue decline by 60%

Home video market evolution **(in EUR million and %, 2016-2020)**



Source: European Audiovisual Observatory analysis of Ampere Analysis data

4.7 Advertising in Europe in transition

Only online advertising showed resilience in the face of the COVID-19 crisis

While TV advertising revenues dropped by 11.3%, from EUR 32.5 billion in 2019 to EUR 28.8 billion in 2020, as a result of the COVID-19 crisis, online advertising was only marginally impacted in Europe: growth, although much lower than in previous years, still came in at 3.8%.

After this set-back for the European advertising sector in 2020, in which every advertising channel except online experienced drastic declines in their revenues, 2021 brought a return to growth, especially for online, TV and cinema/out-of-home advertising.

However, in the past two years the advertising sector has continued its transition towards a more data-centric and targeted future, and it is now commercial TV which must adapt to the increased demands and expectations of advertisers.

The slow roll-out of targeted advertising capabilities through set-up boxes and catch-up TV/replay services in Europe is one sign of this transition. The increased focus on return-on-investment by advertisers, demands for transparency of audience data (illustrated in 2021 in the US by tensions between audience measurement company Nielsen and leading broadcasting groups), and increased generalisation of mixed online and TV campaigns are other signs that TV is no longer the only medium via which advertisers are trying to reach their potential customers.

Online video, social networks and e-commerce are the growth drivers

While TV channels and their reach will remain relevant in the future for advertisers, not much growth will be generated. The bulk of growth currently comes from online advertising, and there three segments appear to be receiving the most attention:

- Social network advertising, as people spend more time on these platforms (Meta, TikTok, Snapchat ...)
- Online video advertising, as viewers watch more and longer-duration content online (YouTube, social networks and increasingly AVOD and catch-up TV/ replay services)
- E-commerce advertising, as customers increase their spending online (Amazon and other e-commerce platforms)

For commercial TV channels, the rise in online video advertising spend could mean a future in which the two mediums will increasingly be weighed against each other by advertisers. According to Ampere Analysis, online video advertising in the UE27+1[1] was already at EUR 20.1 billion in 2020 and was predicted to surpass TV advertising in 2021, continuing to grow as Europeans increasingly turn online to entertain, inform, or educate themselves.

This growth opportunity in online video advertising is currently marked by heavy competition. Incumbent TV players now don't just have to fear being outmanoeuvred by global tech competitors, they must also compete for the attention of the audience with relative newcomers on the audiovisual market: AVOD services which offer TV series and films to their viewers to retain their attention (and data), and which could in the long run compete for the same advertising campaigns as TV channels.

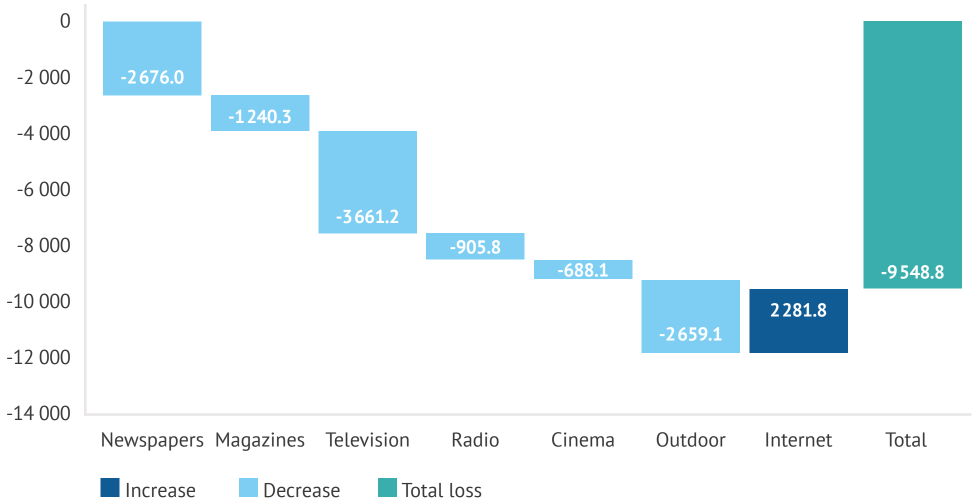
1 EU27 + GB

How much revenues were lost on the European advertising market in 2020?

EUR 9.5 billion were lost

TV advertising accounted for EUR 3.6 billion of total losses on the advertising market while online advertising reduced the loss with a growth of EUR 2.2 billion

Advertising revenues changes 2019/2020 in Europe (in EUR million)



Source: WARC

4.8 Pay TV: COVID-19 drives uptake but takes a toll on ARPU

Revenues: Growth slows significantly

Although relatively resilient to the pandemic as opposed to businesses relying on advertising, linear pay TV was also affected. Following a steady erosion of growth rates over the past decade, pay TV revenues dropped slightly in 2020 both at the European[1] (-0.2%) and the EU27 (-0.3%) level (down to EUR 39 billion and EUR 27 billion, respectively).

The setback was primarily accounted for by the drop in Northern Europe, nearly across the board (-3%), followed by Western Europe (-0.4%) and Southern Europe (-1.4%). The UK, Italy, Sweden, France, and Denmark contributed cumulatively to 80% of the drop.

With revenues up by +3.6% (2.4% outside Russia) and growing in almost all countries, CEE countries levelled out the fall at the European level. The region saw revenue growth against a particularly dynamic M&A backdrop, with operators aiming to build strong convergent telco offers, feed content into their platforms, or access new territories.

ARPU: Under pressure amid uptake rise

TV users moving to bundles or switching to OTT, operators losing TV rights, sports games being cancelled or moving online, satellite providers exploring service delivery through streaming apps, and TV channels preferring to go OTT for financial reasons were all part of a context that caused ARPU to drop in Europe in 2020 (-1.3%) as well as in the EU27 (-1.1%), triggering the pay-TV revenues fall.

But the pandemic didn't just accelerate a change in video entertainment consumption habits, it also bumped up overall demand. Uptake bounced back in 2020, with subscriptions rising by +1.9% year on year in Europe, and in the EU27.

Subscriptions grew faster in Southern Europe (+3.2%) and in the CEE countries (+3.0%) towards the end of 2020. Annual average subscriptions dropped, however, in Southern Europe due to the slow recovery of Italy, which had started from a small base after the Mediaset Premium channels were switched off on DTT in June 2019.

While net additions were captured by all regions, only the CEE countries managed to secure them at a higher price point (+1.1%). By contrast, Northern, Western and Southern Europe, all traded ARPU at the regional level (-3.3%, -0.9% and -0.8%, respectively) either to trigger adoption or at least to slow down base erosion in premium pay-TV markets.

DTH: Signs of resilience

Over 75% of the pay-TV revenue losses in Europe were accounted for by satellite TV. With both subscriptions and ARPU dropping by -0.8% and -2.2% respectively, the fall of DTH revenues was steeper in 2020 (-2.8% year on year). Nonetheless, DTH kept its market share loss under 1% and still claimed 30% of the TV subscriptions market.

To a lesser extent, DTT also contributed to the pay TV market decrease, mainly due to Italy and France cumulatively accounting for almost 80% of the terrestrial TV revenue drop.

Cable, due to digital, and IPTV offered the only distribution networks where linear pay TV was able to expand revenue market share in 2020, up to 33% and 26%, respectively, both through uptake and ARPU.

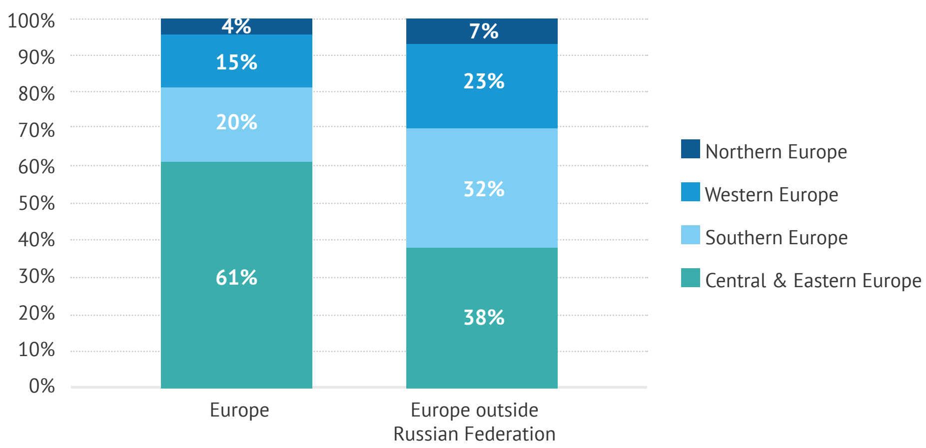
1 36 European countries covered by the European Audiovisual Observatory, for which data was available.

Which European region delivered the highest share of pay-TV subscription uptake at the end of 2020?

Central & Eastern Europe

Net additions were registered across all European regions at the end of 2020. Russia, France and Romania cumulatively delivered 70% of uptake.

Contribution to pay-TV subscriptions uptake by European region
(in %, 2020/2019 end of period)



Source: European Audiovisual Observatory analysis of Ampere Analysis data

4 MARKETS

4.9 The end of smooth growth for streaming services?

A stellar year for streaming services in 2020

Streaming services and the direct-to-consumer business model[1] are comparatively the biggest winners of the Covid-19 crisis in the audiovisual sector. In Europe, the number of SVOD subscriptions[2] rose by 46.1% in 2020, from 122.4 million subscriptions in 2019, to 178.9 million at the end of 2020. This convinced most incumbent media players to try to compete for subscribers and viewers by launching their own SVOD or AVOD service if they hadn't already done so before the crisis.

Global media players, mostly from the US, expanded their services into the 'old continent' in 2020 and 2021, and plan to continue doing so in the future – searching for growth as their home market becomes saturated (Disney+ launch in CEE, HBO Max, SkyShowtime, Paramount+ planned expansion in Europe in 2022 and 2023). Most national media players in Europe offer a streaming service, either subscription-based, or for free (mostly commercial TV and PSB groups).

However, the direct-to-consumer business model may not turn out to be the expected 'El Dorado' for many players, as competition for subscribers/viewers and content raises drastically the financial resources needed to be able to thrive in this new setting, for incumbents and newcomers.

Intensification of competition in 2021 and beyond

The high number of streaming services available to consumers (on average, 198 on-demand audiovisual services, 69 of them SVOD services, are available to Europeans in their country[3]) means consumers will become more budget-conscious when subscribing to services, and this could increase the churn rate for SVOD services in Europe to 25%, according to Deloitte.[4] Convincing subscribers to sign up and retain a streaming service requires a never-ending flow of fresh, capital-intensive content (USD 220 billion were spent on content in 2021, an increase of 14%[5]), with most players still losing money on their streaming business. Therefore, the coming years could see ongoing consolidation, as smaller players are forced out and the biggest players dominate the SVOD market.

1 See *Trends in the VOD market in EU28*, European Audiovisual Observatory, January 2021 https://rm.coe.int/trends-in-the-vod-market-in-eu28-final-version/1680a1511a.

2 Member countries of the EAO. Data source: Ampere Analysis.

3 MAVISE, http://mavise.obs.coe.int/ (comprises FOD, SVOD, TVOD, catch-up TV, sharing platforms).

4 Deloitte, "As the world churns: The streaming wars go global", https://www2.deloitte.com/xe/en/insights/industry/technology/technology-media-and-telecom-predictions/2022/streaming-video-churn-svod.html.

5 Ampere Analysis, https://www.ampereanalysis.com/press/release/dl/content-spend-sees-double-digit-growth-and-reaches-220-billion-in-2021-driven-by-svod-se.

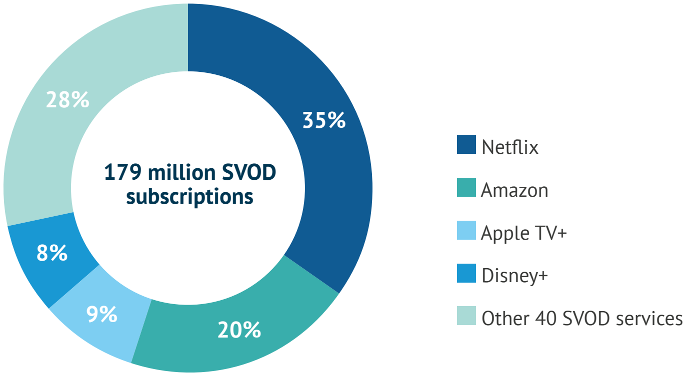
Which players dominate the European streaming market?

4 players

(Netflix, Amazon, Apple, Disney) accounted for 72% of all SVOD subscriptions in Europe in 2020

while 40 players made up 28% of all subscriptions

Subscriptions to OTT SVOD service in Europe **(2020, in million)**



Source: Ampere Analysis

5 PLAYERS

5.1 World top 50 players: More US, more online

Uneven impact of COVID-19 on the leading audiovisual players

The cumulated revenues of the top 50 audiovisual players[1] stagnated in 2020, year one of the COVID-19 crisis.

Obviously, players fully dedicated to online or with a strong online component (gaming), performed much better. Their audiovisual revenues grew by 16% in 2020, with the strongest growth recorded by Tencent, Nintendo, Google's YouTube, Amazon's video services, Electronic Arts, Activision Blizzard and Netflix.

Players more focused on the production of content, its exploitation across platforms, and TV channel operation conversely saw their revenues fall by 7% in 2020. But, in this category, public broadcasters resisted much better than their private counterparts, even if they depend to an extent on advertising revenues. The US group Sinclair Broadcasting stands out as an exception, with revenues growing by 34% as the result of its takeover of a portion of 20th Century Fox assets after the latter was taken over by the Walt Disney Company.

A third category of players, telecommunication companies, experienced a different trajectory in 2020. Telcos, which simply diversified into the audiovisual sector by becoming packagers of TV services bundled with Internet access, resisted well or even over-performed (e.g. Vodafone, which acquired part of the Liberty Global cable networks). But the two large US players, Comcast and AT&T, were affected by cord-cutting and the poor performance of their respective Hollywood studios.

Long-lasting trends

To an extent, COVID-19 has only accelerated an already sustained trend: top audiovisual players are increasingly either dedicated to the online market (e.g. Netflix, Tencent) or they are companies for which the audiovisual sector is only one of several fields of activity (e.g. Comcast, Apple, Sony, Microsoft, Google). Pure content players remain, however, powerful (e.g. The Walt Disney Company, ViacomCBS, Vivendi [before the sale of Universal], Fox Corporation) but their share of the top 50 players' cumulated revenues has tended to decrease, and other players from this category (primarily European and Japanese broadcasters) are of a much smaller size.

Geoeconomics: US mega-mergers and Internet giants

Over the years, US groups have increased their hold on the global audiovisual sector. Mega-mergers have compensated for the stagnation of the traditional audiovisual markets; pure Internet players have taken strong positions; consumer electronics giants have diversified into audiovisual and gaming. China is slowly emerging, but only in dedicated segments, gaming and online video. The relative weight of Europe and Japan, mostly represented among the world's top 50 players by legacy broadcasting groups, has therefore tended to decrease, as they – for the time being – are not participating in the consolidation process, and as no video Internet giant has so far been born there.

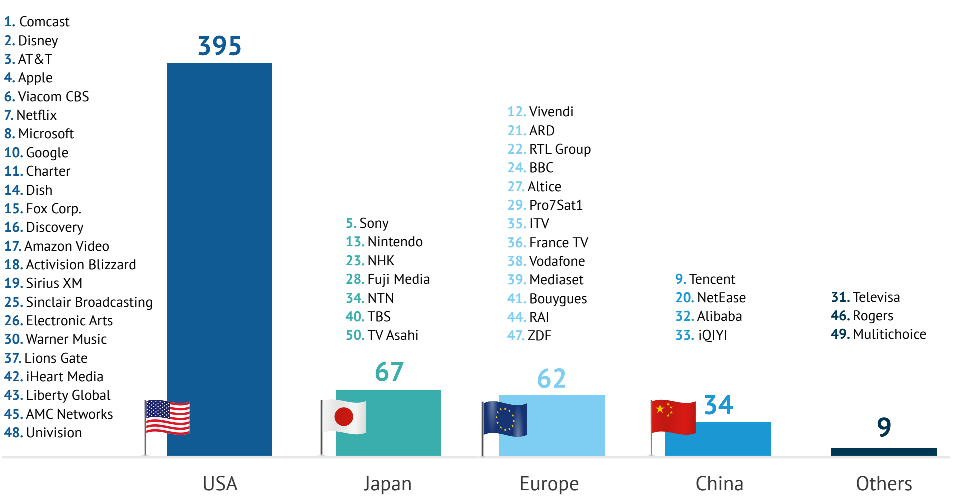
1 In in this section, audiovisual is considered in the broad sense, i.e. including TV, radio, online video, music, and gaming; only these audiovisual revenues are considered.

How many US-based groups are among the world's top 50 audiovisual players?

23

accounting for 70% of the top 50's 2020 revenues

Top 50 worldwide audiovisual players by region of origin (2020, bn EUR)



Note: Revenues include TV, radio, on demand, online video, gaming, music.

Source: European Audiovisual Observatory analysis of Ampere Analysis, EBU/MIS and WARC data.

5.2 SVOD race and COVID-19 crisis fuel M&A spree

Europe top 100: Resilient to the pandemic

The cumulated AV services operating revenues[1] of the top 100 audiovisual companies in Europe grew slightly more in 2020 (+7.7% over 2016 at the end of 2020) than average inflation and the overall market.

The revenues of the traditional players have stagnated, with businesses relying on advertising more severely affected. By contrast, pure SVOD players (Netflix, Amazon and DAZN),[2] accounted cumulatively for more than 75% of top 100 revenue growth between 2016 and 2020.

PSB revenues decreased over the same period by 0.4% in real terms and the weight of PSBs dropped by 3% down to 31% in 2020, with top 100 revenue growth driven solely by the private sector (+12% over the same period).

Concentration among the top 100 European AV groups remained similar between 2016 and 2020, with top 20 players accounting for 70% of top 100 revenues (85%, excluding PSB players).

US interests increased (+3% up to 30% of top 100 revenues in 2020). US players are starting to prioritise expansion by investing in direct-to-consumer business models (chiefly SVOD platforms) and producing locally as opposed to traditional indirect investments.

Swell of M&A activity driven by streaming rush

Between 2016 and 2020, Europe's top 100 audiovisual companies developed against a very dynamic backdrop of consolidations and divestments fuelled by streaming wars and the pandemic.

Obtaining more, premium content at competitive prices, seeking to pair that content with strong distribution, build strong convergent telco offers or just eyeing territorial expansion were just a few of the rationales underpinning horizontal moves by top 100 players (acquisition of Sanoma's Dutch unit by DPG Media Netherlands), vertical moves (acquisition of CEME by PPF Group), product extension moves (acquisition of UPC operations in Europe from Liberty Global by Vodafone), and market extension moves (acquisition of Forthnet and Vivacom by United Group).

A series of divestments were also registered, with several actors refocusing on their strongholds (MTG transformation into a global digital entertainment company; Kinnevik turning to their primary telco business).

Top 100 groups in Europe: Eclectic players

Top 100 AV companies in Europe by operating AV revenues tend to be active in several market segments. However, most appear to be driven by one leading activity, rendering the top 100 heterogeneous as regards their portfolios.

The highest-ranking companies tend to also hold a strong position in at least one additional activity. For broadcasters and TV packagers, diversifying into TV production appears a common strategy as, probably, an answer to the threat of on-demand over-the-top services.

1 For full definition of AV service operating revenues, see Observatory report Top players in the European audiovisual industry - Ownership and concentration (2021 Edition).

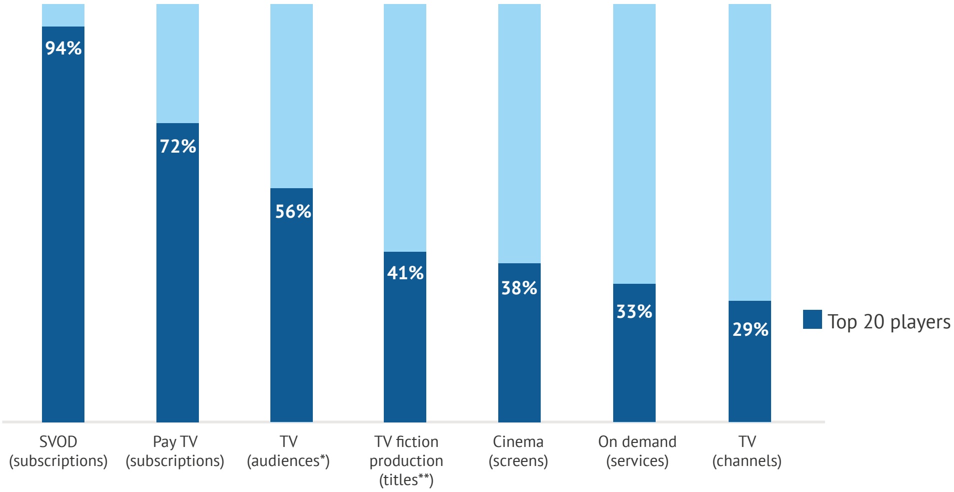
2 No separate data on European operations was available for Apple TV+.

Which AV industry is, relatively, the least concentrated?

TV broadcast services

Top 20 broadcasters cumulate 29% of TV channels in Europe. The relatively higher fragmentation is leveraged by national broadcasters, chiefly by the PSBs.

Weight of the top 20 audiovisual players by industry (in %, 2020)



* The European audience market share per individual audiovisual group corresponds to the sum of daily hours of TV channels belonging to that group divided by total daily hours in Europe, multiplied by 100.
**TV fiction titles broadcasted between 2015-2019 and cumulated at European production group level. One "title" refers to either a TV film or a TV season. Each different TV season of a TV series is counted as one title.

Source: Top players in the European audiovisual industry - Ownership and concentration / 2021 Edition, European Audiovisual Observatory, January 2022.

5.3 Public broadcasters losing ground to private competitors

Public service broadcasters (PSBs) are competing on an increasingly unequal financial footing against rival international competitors with revenue levels on a much bigger scale. Consolidation and revenue growth exclusively driven by the private sector, notably among SVOD companies, have further widened the revenue gap.

Growing financial disparity between top national PSBs and global players

Several public service broadcasters figure among the top 50 audiovisual companies worldwide[1] and many more among the top 100 audiovisual companies operating in Europe.[2] However, respectable positions in rankings cannot hide the fact that the pockets of the private sector competition are deeper than those of the PSBs. While almost half of the 100 leading European television and radio groups were PSBs, their revenue share stood at 35% in 2020. This financial chasm between public and private players was even more pronounced in the global ranking of the 50 world leading audiovisual companies by audiovisual turnover. The six PSBs that featured in the ranking held a share of 5% in total revenues.

Erosion of PSB funding

In 2020, the funding of the public audiovisual sector in Europe[3] was worth EUR 36.43 billion. The largest budgets in 2020 were those of PSBs in Germany (EUR 9.47 billion), the UK (EUR 6.83 billion), France (EUR 4.42 billion) and Italy (EUR 2.51 billion).

From 2019 to 2020, PSB revenues in two thirds of the EAO countries either stagnated or were subject to budget cuts. PSBs faced cuts totalling EUR 266.0 million in the EU28, and EUR 470.6 million in the EAO countries over the same period. The erosion of PSB funding is particularly apparent in a five-year comparison: the funding volume for PSBs in Europe contracted by EUR 801.0 million between 2015 to 2020.

Variations in funding

PSBs generally rely on two main resources, public funding and advertising revenues, although to varying degrees: On average, in Europe, public funding accounted for 78% of PSB resources in 2020 but the share varied between 99% in Finland and 31% in Malta.

PSB revenues varied strongly between countries, not only in absolute terms, but also per household: for example, the per inhabitant revenue of public television and radio companies in Denmark was EUR 166.7 in 2020, compared to EUR 4.2 in Armenia.

1 Source: Yearbook 2021; table PLAY-GLOB - The worldwide 50 leading audiovisual companies by audiovisual turnover.

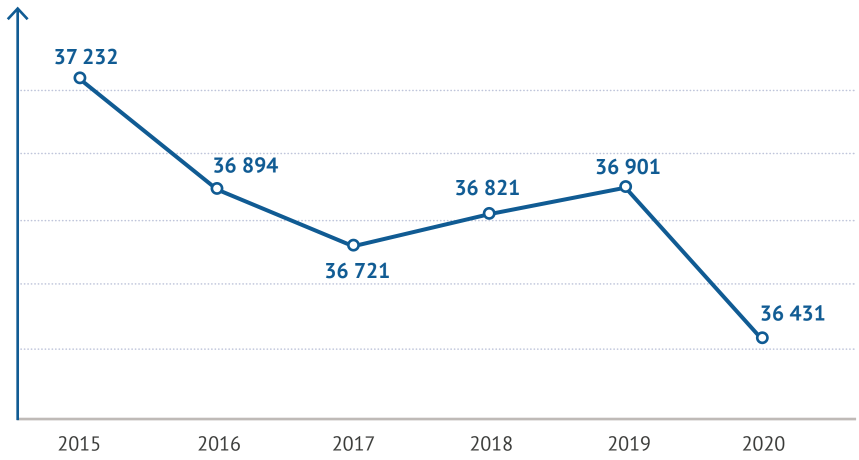
2 Source: Yearbook 2021; table PLAY-EU - The 100 leading European television and radio groups.

3 Europe includes the EU27, Bosnia and Herzegovina, Switzerland, Georgia, Iceland, North Macedonia, Norway, Turkey and the United Kingdom.

By how much did the volume of PSB funding contract between 2015 and 2020?

EUR 801 million

Funding of the public audiovisual sector in Europe (2015-2020 – in EUR million)



Sources: European Audiovisual Observatory analysis of EBU/MIS and company reports data.

5.4 TV fiction production: Even more consolidation

Almost 1 200 companies[1] produced TV fiction in Europe in the last six years

A total of 1 194[2] production companies or groups produced at least one TV fiction title in Europe between 2015 and 2020, but only 7% were active in each of these six years. In 2020 alone, 452 companies were active in the production of TV fiction.

The top 15 companies accounted for 37% of TV fiction titles and 50% of hours produced between 2015 and 2020. ARD alone produced 7% of European TV fiction titles in the five-year period, and RTL Group produced 8% of total TV fiction hours in Europe between 2015 and 2020.

With regard to high-end TV fiction (series counting 2 to 13 episodes), 820 companies actively produced between 2015 and 2020, but only 48 were active every year. The top 15 companies were the providers of more than one third of high-end titles and hours.

Towards more consolidation

In 2020, and 2021 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 these 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 in 2021 include: the takeover of Nent's unscripted production activities by Fremantle (RTL Group); the acquisition of Germany Flare Film by Newen (TF1); the acquisition of UK House Productions by BBC Studios; and the acquisition of Sweden's Unlimited Stories by Beta Film.

Independent groups and broadcaster subsidiaries

In 2020, 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, ZDF) or also for other broadcasters (ITV Studios, Vivendi's Bambú Producciones, TF1's Newen, Nent Studios, Bonnier Group); b) independent European production companies with no or limited broadcasting activities (e.g. Banijay,[3] Mediawan, Leonine, Constantin, Beta Film, Mediapro, Asasha); c) subsidiaries of US companies (e.g. Discovery's All3Media, Warner Media).

The level of internationalisation of these leading groups is significant: in 2020, RTL Group produced content in 14 European countries, Banijay in 12, and Warner Media, Vivendi and ITV in seven.

1 In this section, "production company" refers to the company in charge of executing production of the programme, whatever the rights it retains. A production company can be integrated into a broadcaster, or independent. It can act as delegate producer or executive producer. When the production company is the broadcaster, the number of titles produced does not refer to all programmes commissioned, but only to programmes produced internally.

2 Provisional figures – 1 title = 1 TV film or 1 TV season.

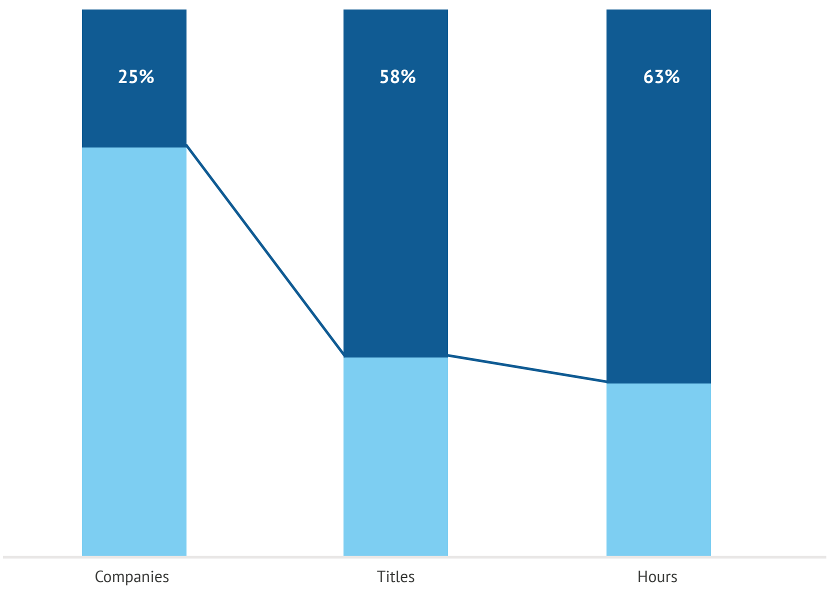
3 Vivendi holds a 26% stake in Banijay.

How many production groups were active in the production of high-end TV fiction titles in Europe in 2020?

306

Top 25% companies produced 58% of titles and 63% of hours

Share of European high-end fiction title/hours delivered by top 25% production groups (2020)



Source: European Audiovisual Observatory analysis of Plurimedia data.

5.5 A reforming wave from Brussels

EDAP, MAAP, DSA and DMA

In December 2020, the European Commission launched a series of far-reaching policy and legislative initiatives. At the beginning of the month, the European Commission presented a European Democracy Action Plan (EDAP), which aims at empowering citizens and building more resilient democracies across the European Union, and a Media and Audiovisual Action Plan (MAAP) to support the recovery and transformation of the media and audiovisual sector. A couple of weeks later, it presented a proposal for a comprehensive regulatory package, the so-called Digital Services Act package (composed of a Digital Services Act and a Digital Markets Act), which aims at modernising the current legal framework for digital services, including social media, online marketplaces, and other online platforms that operate in the European Union.

On the one hand, the Digital Services Act (DSA) will provide rules for intermediary services offering network infrastructure, with special rules for hosting services, online platforms and very large platforms (that is, platforms that reach more than 10% of the EU's population [i.e. 45 million users] and are considered systemic in nature). On the other hand, the Digital Markets Act (DMA) will provide a mechanism to designate certain very large platforms as "gatekeepers", that is, those online platforms that have a significant impact on the Internal Market, serve as an important gateway for business users to reach their customers, and which enjoy, or will foreseeably enjoy, an entrenched and durable position. Once thus designated, gatekeepers are then subject to an array of significant legal obligations under the DMA.

MFA

Later in April 2021, EU Commissioner Thierry Breton declared that the EU should "prepare a European Media Freedom Act (MFA) to complement our legislative arsenal in order to ensure that media freedom and pluralism are the pillars of our democracies". He spoke about "the central issue" of media freedom and pluralism in Europe, declared himself "very vigilant" about respect for EU rules on the independence of media regulators, and expressed the need for a complementary tool allowing intervention in the area of media freedom, as the Commission's current toolbox is limited.

In the Commission's view, the EU needs a mechanism to increase transparency, independence and accountability around actions affecting control and freedom of the press. This would also be an opportunity to look at the resilience of small actors and their innovative funding models, and at how to best strengthen the governance of public service media around a common framework, to better prevent the risks of politicisation and ensure diversity and pluralism. And finally, the Commission suggested reflection on funding supporting pluralism and media freedom, and on the structures that carry this funding.

What are the obligations under the DSA?

	Intermediary services	Hosting services	Online platforms	Very large platforms
Transparency reporting	●	●	●	●
Requirements on terms-of-service regarding fundamental rights	●	●	●	●
Cooperation with national authorities following orders	●	●	●	●
Points of contact and where necessary, legal representative	●	●	●	●
Notice and action and obligation to information to users		●	●	●
Complaint and redress mechanism and out-of-court dispute settlement			●	●
Trusted flaggers			●	●
Measures against abusive notices and counter-notices			●	●
Vetting credentials of third-party suppliers (Know your Business Customer)			●	●
User-facing transparency of online advertising			●	●
Reporting criminal offences			●	●
Risk management obligations and compliance officer				●
External risk auditing and public accountability				●
Transparency of recommender systems and user choice for access to information				●
Data sharing with authorities and researchers				●
Codes of conduct				●
Crisis response cooperation				●

Source: European Commission

5.6 New rules for VSPs on protection of minors and illegal content

New rules for VSPs

The revised Audiovisual Media Services Directive 2018/1808[1] (revised AVMS Directive) has introduced new rules for video sharing platforms. The EAO published a mapping report on the legal framework and current practices with regard to the protection of minors from harmful content and of the general public from illegal content and content that incites violence or hatred.[2]

Obligations, measures, regulation and enforcement

The new obligations of VSPs include the adoption and implementation of appropriate measures applicable to programmes, user-generated videos and audiovisual commercial communications for the purpose of the protection of minors and the general public from certain content, such as hate speech, and content which may impair the physical, mental, or moral development of minors.

Besides the prohibition of the most harmful and detrimental content, and the prohibition of the use of personal data of minors for commercial purposes, emphasis is placed on the implementation of technical measures and flagging/notification systems, as well as the obligation to ensure that effective systems are provided to handle and resolve user complaints.

The relevant NRAs have an important role to play in the assessment of the VSP measures, their supervision and enforcement, and dispute resolution, as well as in contributing to and developing self- and co-regulatory mechanisms. The mapping revealed that it is clear for most regulators that cooperation with other institutions as well as with NRAs in other countries will be needed, reflecting the mainly cross-border nature of the services offered by the VSPs.

The stakeholders' perspective

Several VSPs approached for the mapping feared that the lack of clarity may accentuate competition distortions between global and local players; therefore, a homogenous one-size-fits-all approach would not be a viable solution.

As for adapting terms & conditions to include obligations, some respondents warned of a possible overlap of different legal systems, which could inhibit development and innovation, as well as an overlap with initiatives to regulate online content in different jurisdictions, which could introduce regulatory uncertainty. Most of them called for strengthened cooperation between stakeholders and relevant authorities.

1 Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) in view of changing market realities, https://eur-lex.europa.eu/eli/dir/2018/1808/oj.

2 *Mapping of national rules applicable to video-sharing platforms: Illegal and harmful content online*, European Audiovisual Observatory, Strasbourg, 2021, https://rm.coe.int/mapping-on-video-sharing-platforms-2021-full-report/1680a43575

Appropriate measures to be implemented by VSPs include

- Terms and conditions
- Indication of commercial communications in UGC
- Reporting or flagging content
- Feedback and transparency
- Age-verification systems
- Content rating
- Parental control
- Complaint resolution
- Media literacy
- Protection of minors' data

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

LUMIERE

Database on film admissions in Europe
More than 50 000 films, including co-productions.

http://lumiere.obs.coe.int

3

IRIS MERLIN

Database on legal issues of the audiovisual industry in Europe
More than 9 000 articles and references to more than 8 600 source documents.

http://merlin.obs.coe.int

4

AVMSDatabase

Database on the transposition of the AVMS Directive into national legislation
More than 2 300 articles covering the 28 member states of the EU.

http://avmsd.obs.coe.int

European Audiovisual Observatory

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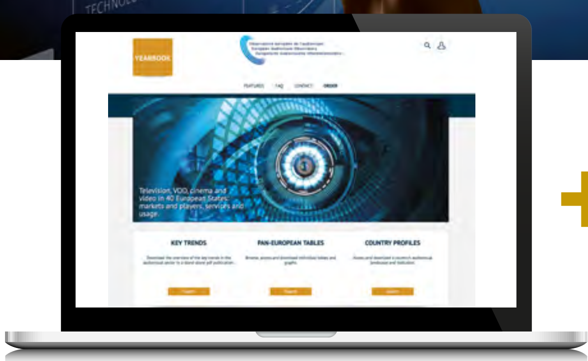

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www.obs.coe.int/events

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