YEARBOOK 2022/2023 KEY TRENDS

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

European Audiovisual Observatory

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

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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
FAST	free ad-supported streaming TV
FOD	free on demand (services)
IPTV	Internet Protocol TV
OTT	over-the-top
M&A	mergers and acquisitions
NRA	national regulatory authority
PSB	public service broadcaster
SMEs	small and medium-sized enterprises
SVOD	subscription video on demand
TVOD	transactional video on demand
VOD	video on demand
VSP	video-sharing platform

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INTRODUCTION

Selected insights in a post-COVID world

Banijay enters the world top 50

Banijay, the leading audiovisual production group, ranks 47 in the list of the largest audiovisual groups. Its 2021 revenues were similar to those of Italy's public broadcaster, Rai, of Japan's commercial broadcaster, the Tokyo Broadcasting System, or of telco Vodafone audiovisual revenues. Banijay is a case of its own in the worldwide top 50 as a production pure player (even if the company has launched several FAST channels), in contrast with other groups combining audiovisual services and production. Still, this illustrates the advent of new players and of production as a key component of the internationalisation of groups.

Banijay is one of the 13 European companies in the worldwide top 50. Most of the others have a very national focus (public service broadcasters like Germany's ARD, the UK's BBC, France's France Télévisions, Italy's Rai, and commercial broadcasters like ITV or Bouygues's TF1) or are active in the audiovisual sector through the distribution of audiovisual services (Altice – including its US operations, Vodafone). But some have expended beyond their domestic market (RTL Group; Groupe Canal+; MediaForEurope/ProSiebenSat1).[1] And ViaPlay is betting on the expansion of SVOD beyond Scandinavia.

Four US companies in the Europe top 10

The US powerhouses are aiming at capturing a higher share of the European market by extending their presence from the sale of programmes to audiovisual service operations. Looking at the 31 groups with revenues above EUR 1 billion in the European market, seven are US-owned; but four (Sky, Netflix, The Walt Disney Company and Warner Bros. Discovery) are in the top 10. And the Observatory estimates that US-backed groups comprise about 30% of the Europe top 100. Conversely, there is no presence of a Japan or China-backed group in the Europe top 100.

US citizens consume more audiovisual

The strength of the US companies can notably be explained by the size of their internal market.

The US audiovisual sector represents about EUR 180 billion[2] vs. EUR 120 billion for Europe[3] (including EUR 88 billion for the EU27), and Japan at EUR 35 billion. But, when looking at individual European countries, the two largest ones, Germany and the United Kingdom, are worth 'only' EUR 23 billion and EUR 22 billion, respectively.

Considering each region/country population, these figures translate into very different revenues per capita. Differences in standard of living explain part of the gap. But when factoring out this difference in GDP per capita, US and Japan citizens still spend more (directly and indirectly through advertising and public funding) than their European counterparts on average, with the exception, to an extent, of UK citizens.

The gap between the US and Europe widens when considering only consumer spending, i.e. excluding public broadcasters

1 MediaForEurope holds 29% of ProSiebenSat1.
2 2021 data.
3 Excluding Russia.

and advertising. Revenues per inhabitant are then four times higher in the US than in Europe, and 70% higher when factoring differences in GDP.

The cinema and TVOD question marks

However, consumer spending is showing some dynamism in Europe, and is continuing to grow despite COVID-19 and its aftermath. On average, it increased by 2.9% annually between 2017 and 2021, or by 5.5% excluding cinema box office. The growth was obviously driven by on-demand services (32% annual growth), whereas pay TV was stable, cinema was deeply affected by the COVID crisis and physical video pursued its downward trend.

Cinema tickets used to represent about 15% of direct consumer spending in Europe (i.e. not considering how films contribute to the sale of pay TV, SVOD subscriptions and DVDs). In 2021, the figure dropped to 6%. At the time of writing (December 2022), there was still much uncertainty whether cinema admissions would return to their pre-pandemic level. Figures for the first semester of 2022 were lower than the 2017-2019 average (-58% in Italy, -40% in Germany, -30% in France, -27% in the UK).

Within the on-demand segment, TVOD suffered a decrease in revenues for the first time ever, illustrating the cascading effect of the COVID-19 crisis in cinemas. Recent films shown in cinemas are the main driver of TVOD, and so the closure of screens and lack of films translated into a shortage of 'attractive' films on TVOD.

From one crisis to another

The invasion of Ukraine by Russia has cascaded into concerns for the whole economy, including the audiovisual sector. On the one hand, inflation may lead to cuts in consumer spending, in the form of more pay-TV cord cutting, of barriers to the return to cinemas and of less SVOD service stacking. The latter in particular could soon experience the limits of the paradigm of ever-increasing investments in programmes backed by the promise of continuous market growth.

On the other hand, inflation will generally affect the purchasing power of consumers and therefore push advertisers to limit their promotion efforts and possibly focus them on media with an immediate return on investments, including already-booming advertising on retail websites.

1.1 Writers and directors of European works: 'The vanishing'

The Observatory took a deep dive into the domain of writers and directors of about 11 500 films and 120 000 TV fiction episodes produced and released in Europe[1] between 2015 and 2020.[2]

Precarity in numbers

For films, figures point to a huge turnover and a low level of activity: on average, active[3] film writers and directors wrote or directed 1.3 films between 2015 and 2020, meaning that the vast majority (83% and 82%, respectively) were involved in only one film. No significant difference appears between films genres (live-action fiction, documentary, animation). The landscape looks better as regards TV fiction, with greater recurrence both for writers and directors as both work on multiple episodes and, sometimes, multiple seasons of the same TV show.

Nuancing the permeability of film and TV fiction-making

Working in TV fiction is often presented as a sort of lifeline for filmmakers. However, the Observatory figures do not confirm that film writers and directors are moving en masse to TV drama: only 11% of directors and 7% of writers worked for both film and TV between 2015 and 2020. While film production companies are increasingly investing in TV production, the diversification does not benefit filmmakers.

The 'film d'auteur' model does not apply to TV fiction

The prevalence in Europe of the 'film d'auteur' model, written and directed by the same author, is confirmed, as 61% of all European films produced between 2015 and 2020 followed this pattern. TV fiction has not inherited this scheme, whether for TV films (only 23%) or short TV series (20%).[4] There are also more writers involved in TV fiction, as the US showrunner[5] model comes to Europe.

'The vanishing'

Little recurrence in filmmaking combined with limited permeability between film and TV fiction translate into many filmmakers leaving the industry: out of 100 directors who directed a live-action film in 2015, 47 did not direct or write any film or TV fiction between 2016 and 2020. Figures are even higher for writers (53 out of 100 were not active anymore between 2016 and 2020).

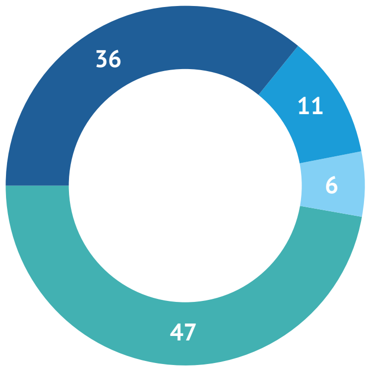
1 EU27+UK.
2 Writers and directors of European film and TV fiction 2015-2020.
3 "Active": credited for at least one work between 2015 and 2020.
4 TV series with fewer than 13 episodes per season.
5 The showrunner has overall creative authority for a television programme and coordinates a pool of writers.

What happened to 2015 fiction film directors?

47%

were not active anymore between 2016 and 2020

Out of 100 directors who directed a live-action film in 2015...



- 36 directed at least one other film
- 11 did not direct another film but directed at least one TV fiction episode

...between 2016 and 2020

- 6 did not direct another film or another TV fiction episode but wrote at least one film or one TV episode
- 47 were not active anymore

Source: European Audiovisual Observatory

1.2 Female professionals: Still a long way to go for equality

The EAO continues to pay close attention to the status and evolution of gender disparity within the European film and audiovisual industry. The two latest reports[1] on this topic provide an updated picture of the presence of female professionals working in the following key roles: director, screenwriter, producer, cinematographer, composer and actress in a lead role. The sample includes professionals who worked on at least one European feature film between 2017 and 2021 and at least one audiovisual fiction episode or TV film between 2015 and 2020.

Female professionals still a minority in key roles

Women still account for a minority of all active professionals in European film and audiovisual production. Overall, across all job categories, the share of female professionals either progressed slowly or remained relatively stable during the considered period, with variations across production countries.

Female directors represented only a quarter of all directors who worked on at least one feature film in Europe in the timeframe analysed. This figure was slightly lower (22%) for directors of TV fiction series. Documentary was the film genre with the highest share of female directors (30%), compared to 21% for live-action fiction and 19% for animation.

As for key roles behind the camera, the picture was more balanced for screenwriters and producers, particularly those working in TV fiction. Women accounted for 28% of writers and 34% of producers active in the production of feature films while for TV fiction, the female share reached 36% for writers and 43% for producers. Instead, the gender gap was far more pronounced among cinematographers (10% for feature films and 7% for TV fiction) and composers (10% for feature films and 6% for TV fiction).

On screen, women account for 39% of all actors appearing in a lead role in feature films and 43% in TV fiction.

Gender-specific working patterns

Figures show that on average, women working in key professional roles tend to be slightly less active compared to their male counterparts. This was observed for all positions except writers and producers of TV fiction and actors. In the considered timeframe, 90% of female directors made only a single film, compared to 84% for male directors, while in TV fiction, women directed on average 10 series episodes, versus 13 episodes for men.

In order to detect gender-specific working patterns, the studies also looked at the composition of professional crews. One key finding was that, on average, women in crucial roles tended to work in teams more often than their male colleagues and, therefore, were less likely to be the sole creator for a work. As an example, only 34% of feature films were written by one female screenwriter compared to 44% films by only one male writer. The data also shows that, on average, women worked in gender-mixed teams more often than men, a pattern that can be especially observed for roles usually involving work in teams, such as screenwriters and producers. For instance, among feature films co-authored by at least one female screenwriter, 86% were written in collaboration with at least one male colleague.

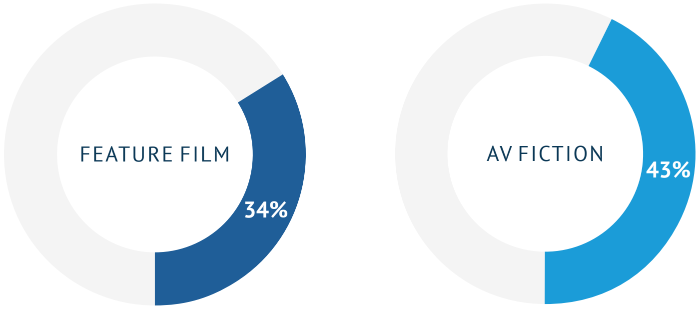
1 The reports can be downloaded from the EAO's website. See "Female audiovisual professionals in European TV fiction production – 2020 Figures" (March 2022) and "Female professionals in European film production" (October 2022).

Which is the crew category with the higher presence of female professionals?

Producers

This can be observed for both feature films and TV fiction

Share of female professionals among active producers* in feature film and audiovisual fiction production



* Active producer: at least one feature film (co)produced between 2017 and 2021;
at least one TV series episode (co)produced between 2015 and 2020.

Source: European Audiovisual Observatory / LUMIERE / Plurimedia

2 PRODUCTION

2.1 European film production bounces back in 2021

Production levels (seemingly) back to normal

After the slump due to the coronavirus crisis, film production picked up again in the EU and the UK, increasing by 30% to an estimated total of 1 832 feature films in 2021 (up from 1 412 in 2020). A similar increase was observed for broader Europe,[1] where the number of theatrical films rose from 1 610 in 2020 to 2 077 in 2021. The rebound in production activity was mainly driven by strong interannual growth in the number of fiction films (+34%), to a total of 1 306 titles (of which 1 155 were produced in the EU and the UK) while the number of documentary films increased by only 21% to a total of 771 films (677 in the EU and the UK).

Production levels recovered to differing degrees in most European countries, including France (+77 films), Italy (+58), Poland (+51), Spain (+51), Germany (+21) and Greece (+18). Variations across territories can also be ascribed to different methodologies in measuring production volume: where the latter is measured in films actually *released*, 2021 figures remained below pre-pandemic levels. Instead, in countries where statistics refer to the number of titles receiving public funding or starting principal photography, the number of films for 2021 often outmatched pre-COVID figures. It remains to be seen whether this recovery marks a stable return to old production levels or if it just indicates a catch-up of film shoots that were interrupted by the pandemic.

Total investment on the up but average budgets continue to drop

After declining in 2020, overall film production investment grew again in 10 out of the 15 countries for which data were available, bouncing back in most cases to pre-pandemic levels. Total investment significantly increased in Slovenia (+301%), Ireland (+268%), Austria (+75%) and France (+73%). By contrast, five countries saw their total investment decrease, including Estonia (-90%), Latvia (-40%) and Germany (-24%).

Unlike total investment, average production budgets continued to decline in 14 out of the 27 European countries for which data were available. The year-on-year decrease was especially sharp in Estonia (-94%), Sweden (-52%), Hungary (-37%) and Slovenia (-24%). In turn, budgets remained stable in two territories and increased in 11 countries. The upturn was particularly pronounced in Ireland (+286%), the UK (+78%), and Norway (+61%). Once again, UK inward investment[2] films were the productions with the highest average budgets in Europe, at GBP 4.4 million (EUR 5.1 million), despite a 12% decrease over the previous year. Irish productions ranked second, with an average budget of EUR 4.24 million, just ahead of French films (EUR 4.23 million).

1 In this context, Europe refers to the member states of the Council of Europe. Film production data were available for 37 territories.
2 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.

Which were the top producing European countries in 2021?

By number of feature films

Top 3 European countries for number of fiction films produced (2021)

1 **France**
221 films
(184 in 2019)

2 **Italy**
172 films
(192 in 2019)

3 **Spain**
120 films
(107 in 2019)

Top 3 European countries for number of documentary films produced (2021)

1 **Spain**
133 films
(131 in 2019)

2 **Italy**
121 films
(120 in 2019)

3 **Switzerland**
71 films
(63 in 2019)

Source: European Audiovisual Observatory

2.2 Competition between broadcasters and streamers benefits European production

Using a dataset provided by research company Ampere Analysis, the Observatory aimed at understanding how the rise of SVOD services in Europe since 2015 has impacted investment in original European content.[1]

More investment

Investment in European original content[2] sharply increased with the entry of global SVOD players into the market. The average annual growth rate surged from 1.4% between 2011 and 2015 to 4.7% between 2015 and 2019. COVID-19 triggered a halt in 2020 but the upward trend resumed in 2021. Since 2015, investment in original European content has grown faster than the audiovisual sector's revenues.

Global streamers accounted for most of the growth, but their investments did not substitute broadcasters'. On the contrary, the latter (at least the private ones), facing new competition, also increased their investments faster than before the entry of the former into the European market. And yet, at the same time, private broadcasters have faced a continuous increase in the cost of sports rights.

Broadcasters account for a large majority of investments

Broadcasters financed 84% of all European original content in 2021 (with roughly similar shares for public and private broadcasters). Global streamers funded the remaining 16%. These 16% would be less than 10% of all investments if sports rights were included in the analysis.[3] Public broadcasters, private broadcasters and global streamers manifest different content-category investment patterns: original content accounts for 61% of PSB and 28% of private broadcaster expenses. But sports rights represent 42% of private broadcaster content investment. Over time, global streamers have increased their investments in both acquired and original content, with the latter accounting for more than half since 2020.[4]

SVOD impacts the geography of investment in content

The increase of investment in original European content by global streamers has chiefly benefited Spain, and to a lesser extent the United Kingdom. Spain relies strongly on global streamers, whose investments account for 38% of all investments in Spanish content. Germany and France, by contrast, appear to be lagging behind in terms of ability to capture global streamer investment.

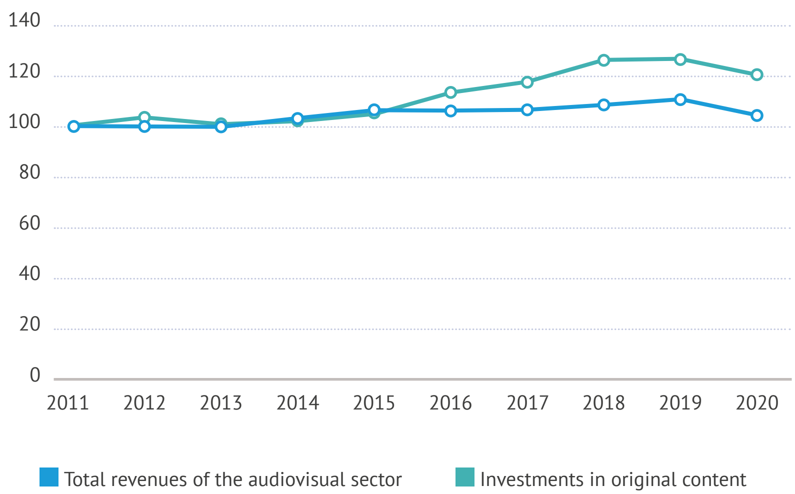
1 See "Investments in original European content" - 2011-2021 analysis.
2 "Original content" excludes here acquisitions of films and audiovisual works, news and sports rights (otherwise indicated in the text) but includes all categories of other original works (fiction, documentaries, game shows, talk shows, etc.). "European" refers to EU27 + UK + Norway.
3 Estimate, as investments in European sports rights by services like Amazon and Dazn are not monitored by Ampere Analysis.
4 Based on Netflix + Amazon Prime.

Does the competition between broadcasters and streamers benefit European original content?

Yes

Investments in original content have grown faster than the market

Compared evolution of Europe AV sector's total revenues and investments in original content (base 100 = 2011)



Source : European Audiovisual Observatory analysis of Ampere Analysis data

2.3 Film financing: Public funding was the principal financing source in 2020

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

In its fifth 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 482 European live-action fiction films theatrically released in 2020 in 27 European countries. While the sample covers a larger number of countries (25 for 2019), it comprises significantly fewer films (651 films in 2019), reflecting the limited number of film releases in 2020 during the first year of COVID-related restrictions. The analysis covered a cumulative financing volume of EUR 1.45 billion and an estimated 77% of all European[2] fiction films released in 2020.

Median budget for European live-action fiction films: EUR 2.06 million

The data sample suggests the median budget of a European theatrical fiction film released in 2020 was EUR 2.06 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 2.7 million for fiction films produced in large markets, compared to EUR 1.7 million in medium-sized, and EUR 1.1 million in small markets.

European fiction films primarily financed by direct public funding

As in 2019, direct public funding stood out as the single most important financing source of European theatrical fiction films in 2020, accounting for 26% of the total financing volume tracked in the analysis, followed at a distance by broadcaster investments (20%), producer investments (18%) and production incentives (17%), while the share of pre-sales (excl. broadcasting rights) declined somewhat to 14% of total financing.

Once more, there appear 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' 20% of total financing in the five large sample markets, direct public funding accounted for 44% in medium-sized and 58% in small sample markets. In contrast, the significance of production incentives and pre-sales (other than those to broadcasters) as a financing source increases with market size: Production incentives accounted for 19% of total financing in large markets, compared to 'only' 12% in medium-sized and 6% in small sample markets, and pre-sales accounted for 15% of total financing in large markets, compared to 10% in medium-sized and 9% 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.

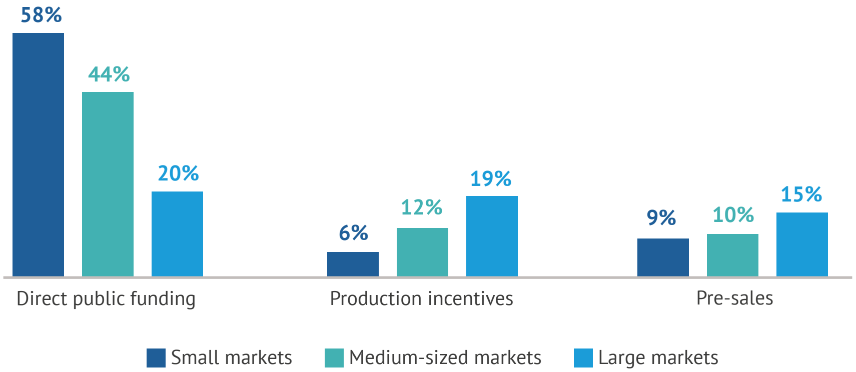
1 Fiction film financing in Europe - 2022 Edition, European Audiovisual Observatory.
2 In the context of this analysis, Europe (EUR 35) is defined as the 27 EU member states plus Bosnia and Herzegovina, Georgia, Iceland, Montenegro, North Macedonia, Norway, Switzerland and the UK.

What were the five most significant financing sources of European fiction films released in 2020?

1	2	3	4	5
Direct public funding (26%)	**Broadcaster investments** (20%)	**Producer investments** (18%)	**Production incentives** (17%)	**Pre-sales** (14%)

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

Percentage share of direct public funding, production incentives and pre-sales of total financing volume by market size (2020 – est.)



Source: European Audiovisual Observatory

2.4 TV fiction: More, but shorter high-end series

Over 1 300 titles and 14 800 hours in 2021

A total of 1 328 titles and 14 858 hours of TV fiction[1] were produced in Europe in 2021[2] – a 7% increase in titles, and 4% in hours[3] compared to 2020.

There has been growing interest, in recent years, in the production of shorter formats: High-end series (3 to 13 episodes) represented three out of every five titles produced in 2021 – a 72% growth in titles since 2015. However, the growth was less spectacular in hours (33%) as, on the one hand, the average number of episodes per season decreased between 2018 (9.4) and 2021 (8.6), and, on the other hand, the average duration per episode is also decreasing (38 min in 2021 vs. 46 min in 2015).

The increase in the number of 3-to-13-episode-per-season series contributed to an even greater increase in the weight of new series: In 2021, about half of all high-end TV series titles produced in 2021 were new projects (up from 54% in 2020). The figure is nuanced, as a portion of these new projects are 'mini-series' meant to last only one season.

Still, TV series with more than 52 episodes represented the lion's share of episodes (63%) and hours (60%) produced, due to the weight of daily soaps and telenovelas. After the suspension of some of them in 2020 during the COVID-19 crisis, the production level is back at its 2019 level.

Increase in production driven by broadcasters

For the first time since 2015, the number of titles produced by global streamers (mainly 3-to-13-episode seasons and TV films) stabilised in 2021 compared with 2020. This counter-intuitive development may be due to the delayed effects of the COVID-19 crisis, but also to a tightening of investment in European content. The plateau may be provisional, as research company Ampere Analysis points to an increase in commissioning in 2021, which would translate into more projects released in 2022.[4] In any case, 2021 marked an increase in fiction commissioned by broadcasters, both private and public.

United Kingdom, Germany and France lead the production of short fiction series

In 2021, Germany was the main producer both in terms of titles (followed by France and the United Kingdom) and hours (followed by Poland and Greece).

The picture is somewhat different for series with 3 to 13 episodes per season, for which the United Kingdom was in 2021 the main producer in terms of number of titles (followed by Germany and France), and Germany in hours (followed by the United Kingdom and France).

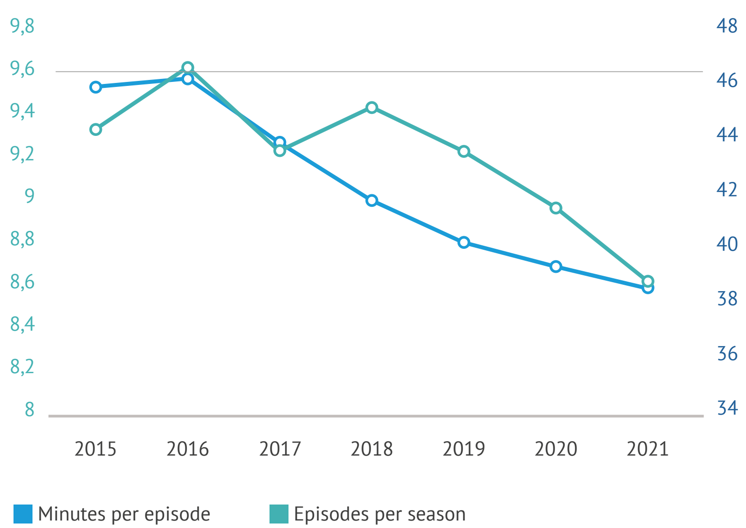
1 Provisional figures. Title refers either to TV film title or a TV series season. Animation is not included.
2 Countries covered: EU27, the United Kingdom, Norway and Switzerland.
3 Production is accounted for when titles are broadcast or made available in VOD catalogues. 2020 programmes may have been produced before the COVID-19 crisis, the impact of which is therefore not fully reflected in the 2020 figures.
4 The Observatory figures relate to the releases of series. Ampere Analysis figures relate to commissions, i.e. way ahead of the actual release of the project.

Are high-end TV series getting shorter?

Yes

Less and shorter episodes per season

3-to-13-episode seasons: number of episodes per season and average duration of episodes (in unit and minutes)



Source: European Audiovisual Observatory

3.1 The transposition process of the AVMSD is almost complete

The revised AVMSD was published in November 2018. Four years later, and while the Directive has already been in force for two years, the transposition process is only slowly coming to an end.[1]

By 19 September 2020, which set the deadline for transposition, only four EU member states had notified the European Commission (Denmark, Hungary, the Netherlands and Sweden), leading the latter to send a letter of formal notice to 23 member states and the UK and requesting each of them to provide further information. A reasoned opinion directed at nine non-complying member states followed in September 2021 (Czech Republic, Estonia, Ireland, Spain, Croatia, Italy, Cyprus, Slovenia and Slovakia). The European Commission initiated the third and final stage of the infringement procedure in May 2022 by referring the remaining five countries that failed to comply with EU law (Czech Republic, Slovakia, Ireland, Romania and Spain) to the Court of Justice of the European Union (CJEU) on the basis of article 258 of the Treaty on the Functioning of the EU (TFEU). It also requested the imposition of financial penalties under article 260 (3) TFEU. Summer 2022 therefore saw four of the remaining member states comply with transposition and notification obligations, Ireland being the only country to remain under the infringement procedure.

The lack of complete harmonisation two years after the deadline is preventing the new rules from being applied. The Directive currently covers a wider array of topics, including video-sharing platforms (VSPs). It also develops a number of measures on the protection of viewers, commercial communications and accessibility for people with disabilities, increased obligations regarding the promotion of European works and the independence of national regulatory authorities, and strengthened the accountability of audiovisual media service providers.

Ireland

Although slow, the adoption of the Irish Bill[2] is highly anticipated, both by the European institutions and by the audiovisual industry since the country hosts some of the major VSPs, such as YouTube. Ireland will therefore be the country of jurisdiction of many audiovisual media services, based on the country-of-origin principle. The process is however taking time: the Broadcasting Act 2009 is undergoing a major modernisation to adapt it to the new way of consuming content on the Internet and create a regulatory framework for online safety. The national media regulator, BAI, will also be replaced by a new Media Commission. Despite the referral to the CJEU, the adoption of the Bill will still take time as it is currently before the Dáil Éireann, in the second stage.

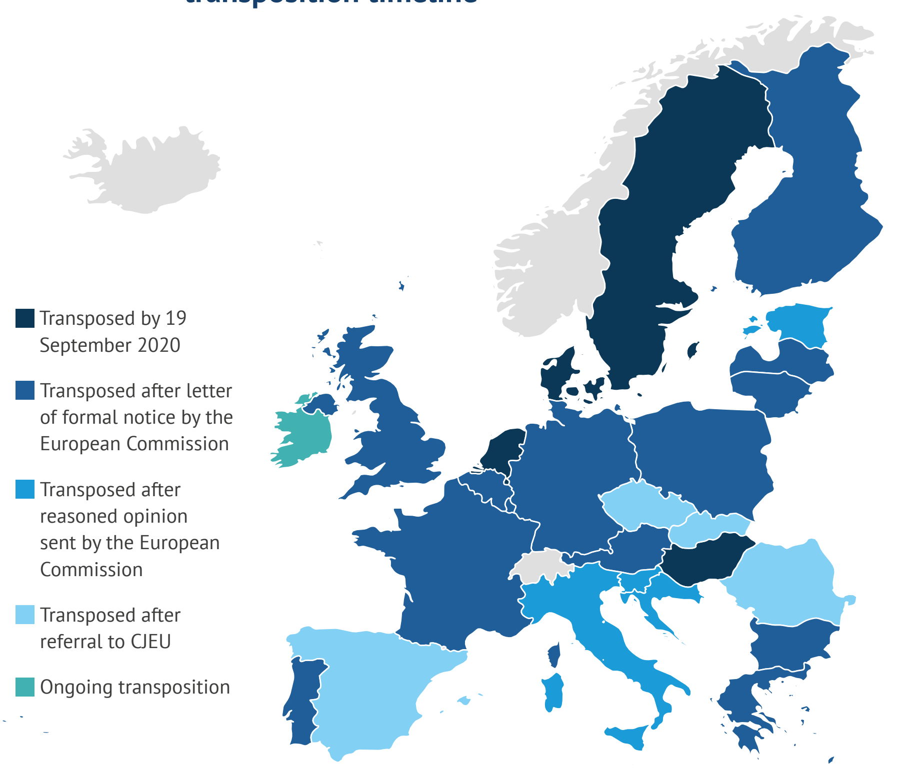
1 The EAO developed online tools allowing the tracking of the transposition process in member states and the UK (https://www.obs.coe.int/en/web/observatoire/avmsd-tracking) and access to the national texts in the AVMS Database (https://avmsd.obs.coe.int/)

2 Online Safety and Media Regulation Bill 2022, as passed by the Seanad Éireann (https://data.oireachtas.ie/ie/oireachtas/bill/2022/6/eng/ver_b/b06b22s.pdf)

What is the AVMSD transposition timeline?

AVMSD

transposition timeline



Source: European Audiovisual Observatory

3.2 Third country alignment with the AVMS Directive's rules and principles

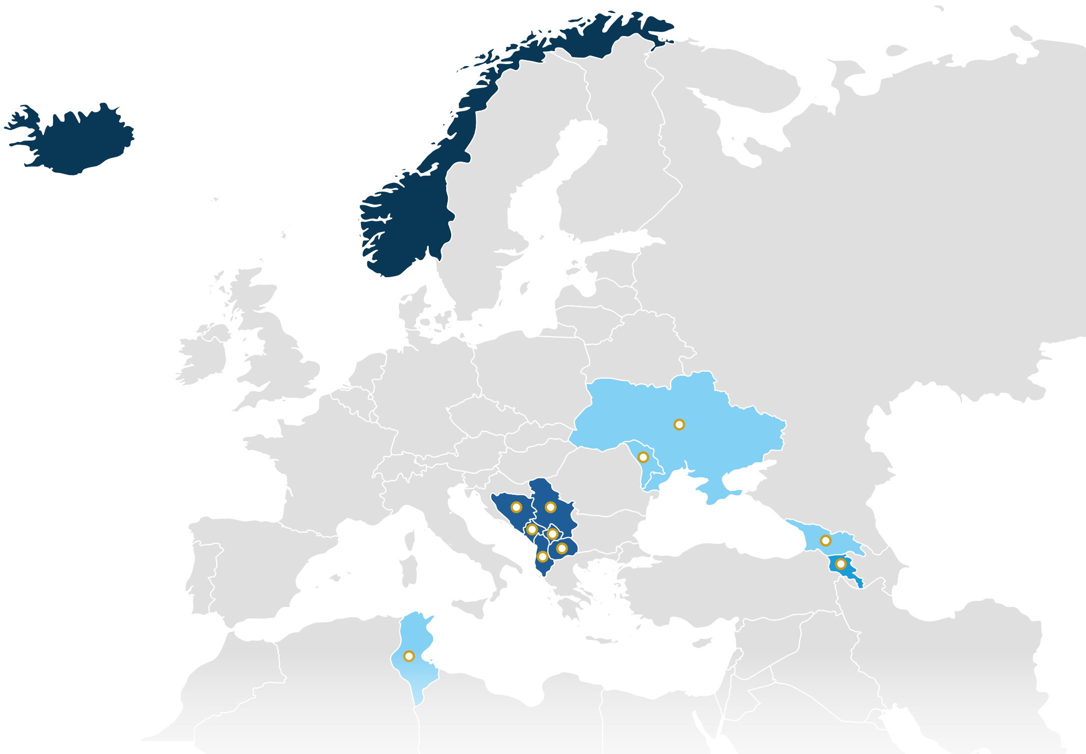
The Creative Europe programme is open to non-EU members ("third countries") depending on certain conditions linked to their specific status in relation to EU membership and their level of alignment with the rules and principles contained in the Audiovisual Media Services Directive (EU) 2018/1808 ("AVMS Directive"). This provisional participation in the MEDIA strand of the Creative Europe programme (2021-2027) will be pursued after 31 December 2022 if certain conditions are effectively met. The European Commission has asked the European Audiovisual Observatory to identify the various laws and draft legislative developments, rules and practices as well as ongoing reforms leading to an alignment with the AVMS Directive in a selection of 11 third countries.[1]

For the most part, there is a strong momentum in the analysed countries to push forward with the reform of their media legislative framework. The criteria for establishing jurisdiction of linear media services, the principle of freedom of reception and retransmission and general principles such as non-discrimination, prohibition of incitement to hatred, and of illegal content are enshrined in the legislation in the majority of countries. There are extensive legislative provisions which aim to protect freedom of expression and of the media and the work of journalists. In addition, many of the national frameworks refer to the role of the national regulatory authorities (NRAs) in safeguarding freedom of expression.

However, several crises have impacted on freedom of expression, including the COVID-19 pandemic, wars, and national political crises. The main common challenges identified in practice concern: the safety of journalists; the financial sustainability of the media; disinformation and the rise of hate speech; the independence and enforcement powers of NRAs; and accessibility to the media for disabled people. In contrast, the alignment with the rules on protection of minors is strong, and solid rules also exist in the majority of countries regarding the transparency of media ownership. Concerning the promotion of European works, the majority of countries are aligned as regards linear services and some countries have addressed in draft legislation the increased obligations for on-demand services. The majority of countries are also aligned with the rules on audiovisual commercial communications. Regarding video-sharing platforms, just six of the analysed countries have so far included them in the national legislative frameworks.

1 Candidate and potential candidate countries fully participating in Creative Europe 2014-2020 including the MEDIA strand (Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Serbia); European neighbourhood countries participating in Creative Europe 2014-2020 and included partially in the MEDIA strand (Georgia, Tunisia, and Moldova and Ukraine, which were both granted candidate status during the time-frame of the project); two other neighbourhood countries participating in Creative Europe 2014-2020 but not in the MEDIA strand: Kosovo (this designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence), Armenia.

Map of non-EU Participating Countries in the Creative Europe Programme



- EFTA countries part of the EEA
- Candidate and potential candidate countries participating fully in Creative Europe 2014-2020 including the MEDIA strand (Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Republic of Serbia)
- Countries participating in Creative Europe 2014-2020 but not at all in the MEDIA strand (Kosovo [potential candidate], Armenia)
- European Neighbourhood countries participating in Creative Europe 2014-2020 including partially in the MEDIA strand (Georgia, Moldova, Ukraine, Tunisia)
- Countries part of the "Analysis of alignment to AVSMD rules in third party countries" mapping

Source: European Audiovisual Observatory

3.3 Measures taken against Russian media outlets

Since March 2014, the EU has progressively imposed diverse restrictive measures in response to the Russian Federation's annexation of Crimea in 2014 and its decision of early 2022 to recognise the non-government-controlled areas of Donetsk and Luhansk oblasts as independent entities.

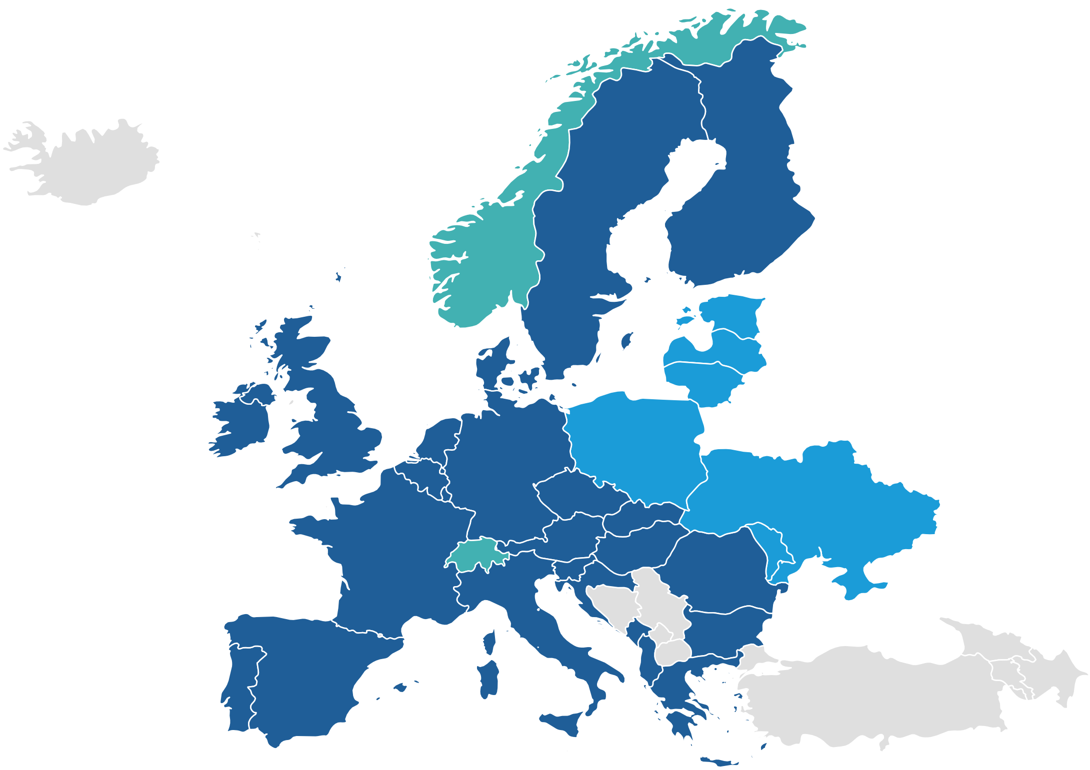
On 1 March 2022, following the invasion of Ukraine by the armed forces of the Russian Federation, the Council of the European Union adopted a Decision and a Regulation by which it is prohibited for "operators to broadcast or to enable, facilitate or otherwise contribute to broadcast", any content by RT and Sputnik, "including through transmission or distribution by any means such as cable, satellite, IPTV, internet service providers, internet video-sharing platforms or applications, whether new or pre-installed." All broadcasting licences or authorisations, transmissions and distribution arrangements with RT and Sputnik are suspended. Furthermore, it is prohibited to participate, knowingly and intentionally, in activities the object or effect of which is to circumvent the prohibitions laid down in Regulation (EU) No 833/2014. These restrictive measures will be maintained "until the aggression against Ukraine is put to an end, and until the Russian Federation, and its associated media outlets, cease to conduct propaganda actions against the Union and its Member States". These measures "do not prevent those media outlets and their staff from carrying out other activities in the Union than broadcasting, such as research and interviews". On 3 June 2022, the Council of the European Union adopted another Decision and Regulation, implemented on 25 June 2022, which added Rossiya RTR/RTR Planeta, Rossiya 24/Russia 24, and TV Centre International to the list of Russian media outlets sanctioned by the EU.[1]

On 8 March 2022, RT France initiated legal proceedings against the Council of the EU concerning the abovementioned sanctions. After rejecting on 30 March 2022 the application for interim measures submitted by RT France, the EU's General Court gave its judgment on 27 July 2022, dismissing RT France's action in its entirety, upholding thereby the competence of the Council of the EU to adopt restrictive measures against a TV broadcaster. The Court explained that freedom of expression and information may also be restricted in order to protect democracy. With regard to the exercise of the freedom to conduct a business, it may be subject to restrictions as long as they are justified by the EU's objectives of general interest and do not constitute a disproportionate interference.

Some EU member states did not wait for the European Union to act on Russian state-controlled media outlets. While some measures have been taken on the basis of the AVMSD and transposing national law (or simply because of lack of a licence, as in the German case), in some cases, the NRA in question or the relevant state body (e.g. Ministry of Economy) took the decision to ban channels on the basis of EU sanctions against legal or natural persons originating from a third country. Media regulatory authorities outside of the European Union have also taken measures against Russian channels, notably the Ukraine, the UK and Moldova.

Another unfortunate consequence of the war is that the Russian Federation is no longer a member state of the Council of Europe, or of the European Audiovisual Observatory.

Measures taken against Russian media outlets among EPRA members



Selective ban of Russian channels

Further ban of Russian channels

No information

Decision not to ban Russian channels

Source: European Audiovisual Observatory based on information available on the EPRA website (October 2022)

1 On 16 December 2022, additional sanctions adopted by the Council of the EU extended the suspension of the broadcasting licences in the EU to further Russian media outlets.

3.4 The European Commission's Proposal for a European Media Freedom Act

On 16 September 2022, the European Commission presented its proposal for a European Media Freedom Act (EMFA).[1] The EMFA proposal, in its current wording, aims at:

- Guaranteeing the independence of editorial offices by i) requiring additional transparency as to the media service provider ownership, ii) ensuring transparent appointment of head and governing board and stable funding of public service medium, and iii) establishing new transparency requirements for the allocation of state advertising;
- Safeguarding media pluralism, ensuring there is no major concentration in the sector;
- Ensuring media diversity online: media service providers will have the possibility to dialogue with very large online platforms in case of media content removal;
- Protecting the media industry as a whole, setting up safeguards against spyware.

Furthermore, the current European Regulators Group for Audiovisual Media Services (ERGA) will be replaced and will become the Board for Media Services. As with ERGA, the Board will be composed of representatives of national regulatory bodies. It will be tasked with new missions, such as supporting and advising the European Commission, giving opinions on media market concentration and ensuring a better system for cooperation among the national regulators to act against threats and propaganda.

Together with the EMFA proposal, the European Commission adopted a recommendation – a soft law tool – encouraging internal safeguards for editorial independence. It is a self-regulatory tool for the media sector, suggesting models towards which media groups can move to ensure more transparency and independence in the sector.

The European Commission's proposal will be discussed by the European Parliament and the member states under the ordinary legislative procedure. At the European Parliament, the procedure is registered under the number 2022/0277 (COD).[2] At the Council of the European Union, the Audiovisual and Media (AUDIO) Working Party is currently discussing the text.[3]

1 Proposal for a Regulation establishing a common framework for media services in the internal market (European Media Freedom Act) and a Recommendation on internal safeguards for editorial independence and ownership transparency in the media sector: https://digital-strategy.ec.europa.eu/en/library/european-media-freedom-act-proposal-regulation-and-recommendation
2 European Parliament, Ordinary legislative procedure setting a Common framework for media services in the internal market (European Media Freedom Act) (2022/0277(COD)): https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2022/0277(COD)&l=en
3 See the list of meetings of the AUDIO working party at: https://www.consilium.europa.eu/en/council-eu/preparatory-bodies/audiovisual-working-party/

European media freedom act

No interference in editorial decisions of media

No spyware against journalists

Independent and adequately funded public service media

Transparency of ownership

Transparent and fair audience measurement systems and allocation of state advertising

Establishment of a new European Board for Media Services

More protection for media against unjustified online content removal

Assessment of market concentrations and requirements on national measures affecting the media

Commission recommendation
Toolbox of good practices to promote interna safeguards on editorial independence and media ownership transparency

Examples of eu support to media freedom and pluralism

Press and media councils to strengthen the position of press and media councils in a converged media environment (Budget €500 000).

Media Ownership Monitoring System to provide a country-based database containing information on media ownership (Budget €1 million).

Collaborative and Investigative Journalism Initiative to equip media outlets and journalists with resources and infrastructure (Budget €1 million).

Grants to support innovation of local and regional media and boost pluralism (Budget: €2 million).

Rapid response mechanism to provide practical help to protect journalists under threat (Budget: €1.95 million).

Emergency support fund for investigative journalists and media organisations to ensure media freedom in the EU (Budget: €1.8 million).

Media Pluralism Monitor to identify potential risks to media pluralism (Budget €1.1 million).

Journalism Partnerships to support business transformation and collaborations between media (Budget: €7.5 million).

Source: European Commission[1]

1 European Commission's factsheet: https://ec.europa.eu/commission/presscorner/detail/en/fs_22_5507.

3.5 US players: substantial weight

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

The European audiovisual media services sector has been shaped by the development of its unique national media ecosystem. This diversity is reflected by a sector boasting a total of 12 275 audiovisual media services which are available in wider Europe[1] (May 2022). Around three quarters of these are linear services (9 080 TV channels) and one quarter are non-linear services (3 195 VOD services and video-sharing platforms).

Local TV channels make up 38% of the overall number of TV channels in Europe. However, there are vast differences in the volume of local services available in national markets. Around 85% of the Italian AV market is local channels – the equivalent of 41% of all local channels.

European AV sector is mainly the sum of national markets

TV and on-demand services targeting Europe from outside make up a small proportion of just 2%. Conversely, there are very few exports out of Europe (e.g. a small number of BBC Earth channels serving the former Soviet republics of Kyrgyzstan, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan).

Typically, most audiovisual services in Europe serve domestic markets, meaning that the country of establishment and operational scope of a service provider are identical. Around 85% of all linear channels and 74% of all non-linear services in Europe are active in domestic markets. Another group of services are pan-European services or those primarily targeting non-domestic markets (26% of on-demand services and 15% of TV channels).

Special interest linear programming versus non-linear film and TV fiction content

The content of AV services in Europe reveals significant differences between linear and non-linear services. TV programming is largely defined by thematic fragmentation while on-demand services have a clear focus on film and TV fiction content. The greater part of the TV offering caters to special interest in the form of thematic channels (76%) whilst around one quarter of TV channels provide generalist programming. In contrast, over a third of all on-demand services in Europe offer film and TV fiction programming (36%). At the same time more and more thematic streamers are taking foot in the market.

Public service media entering on-demand market

With regards to ownership, the European TV market is divided into a public sector with mainly generalist programming available on DTT networks and a private sector which has expanded into thematic cable and satellite channels. Almost all on-demand services are privately owned (97%). Public service media have entered the market as well, mostly offering catch-up for their linear programming. One in five public on-demand services are for pay, for example the international version of the BBC iPlayer.

US players prominent in TV and on-demand sector

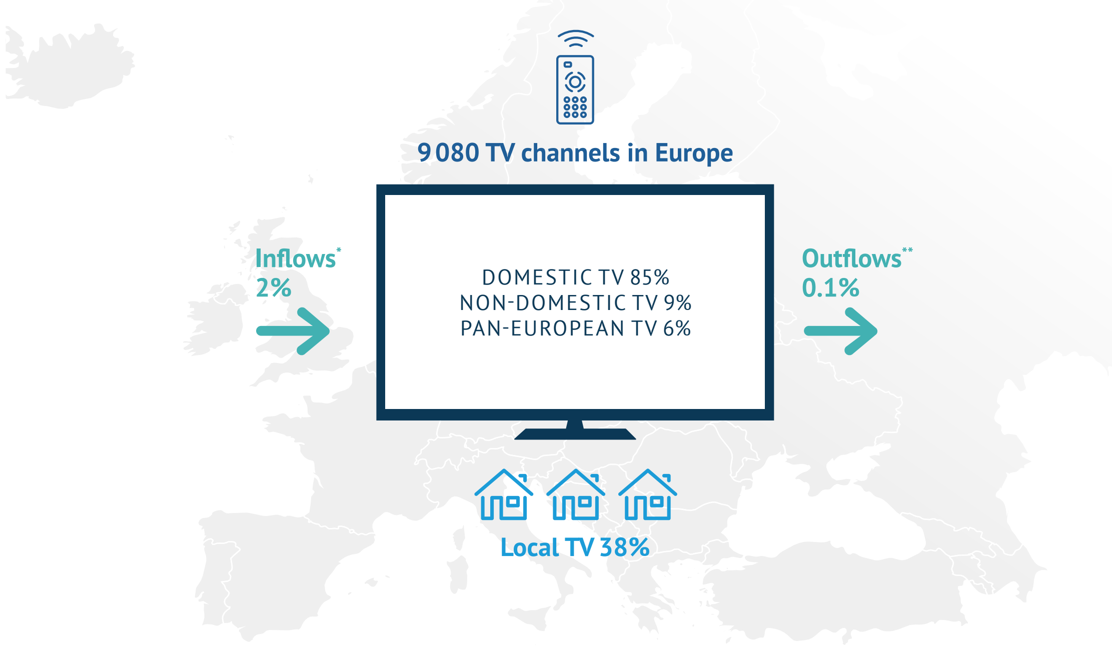
Around one in five (19%) of all TV channels (excluding local TV) are US-owned and over one third of all SVOD (38%) and TVOD (34%) services in Europe belong to a US company.[2]

1 Europe includes: EU27, Albania, Armenia, Bosnia and Herzegovina, Georgia, Iceland, Liechtenstein, Montenegro, North Macedonia, the Republic of Moldova, Norway, Serbia, Switzerland, Türkiye, the United Kingdom and Ukraine.
2 This includes services owned by a joint venture made up of at least one US-owned company.

How fluid is the European TV market?

Most TV channels serve domestic markets

9% of TV channels target primarily non-domestic markets and another 6% are pan-European TV channels



* Targeting Europe from outside
** Exports outside Europe

Sources: European Audiovisual Observatory analysis of MAVISE data (May 2022).
The MAVISE database can be accessed here https://mavise.obs.coe.int/

3.6 TV audiences: A post-COVID back-to-normal?

Less live TV, more catch-up

It comes as no surprise that television viewing, boosted by the 2020 lockdowns, returned to a more usual level in 2021. But what exactly is the 'usual level'? A global European view of the evolution of time spent watching TV over the last 10 years shows stagnation. This appears to contradict the standard suggestion that linear TV has been declining steadily. The contradiction is apparent: TV audience measurement organisations have been increasingly including in their figures off-line viewing of linear channels (mainly on catch-up services, but also recorded on set-top boxes) and will in the future also incorporate viewing of TV programmes beyond the TV set. Stable figures for TV viewing can therefore be interpreted as less live TV compensated for by deferred usage.

Despite this communicating effect, total TV viewing is declining significantly in certain countries, e.g. Scandinavia, the United Kingdom, the Netherlands, Ireland, among others.

Public broadcasters: Trend reversal?

On average in Europe, public broadcasters account for about 30% of all TV viewing. The figure was following a slow downward trend, until COVID-19 and the need for trusted information and support reversed the trend. The crisis may have long-lasting positive effects for PSBs whose audience share increased again in 2021.

But, obviously, the weight of public broadcasters varies strongly between countries, with audience shares ranging from more than 80% (Denmark,[1] Iceland) to less than 6% (Romania, Bulgaria).

Relative concentration at national level, but dispersion at European level

On average in a given country, the top four TV groups account for about 70% of TV viewing. But, in most cases, the leading groups are national players, both private and public, leading to a rather fragmented European landscape. There are exceptions, such as: WarnerBros. Discovery, in the top four audience rankings in nine countries; the RTL Group (6); Disney (5). Other examples include more regional players like PPF (four countries – Central and Eastern Europe), Bite Group (three countries – Baltics) and Viaplay (three countries – Scandinavia). Finally, several broadcasters originating from a large country have extended their audience in neighbouring countries sharing the same language, e.g. ARD (Germany, Austria, German-speaking Switzerland) and Bouygues (France, French-Speaking Belgium and French-speaking Switzerland).

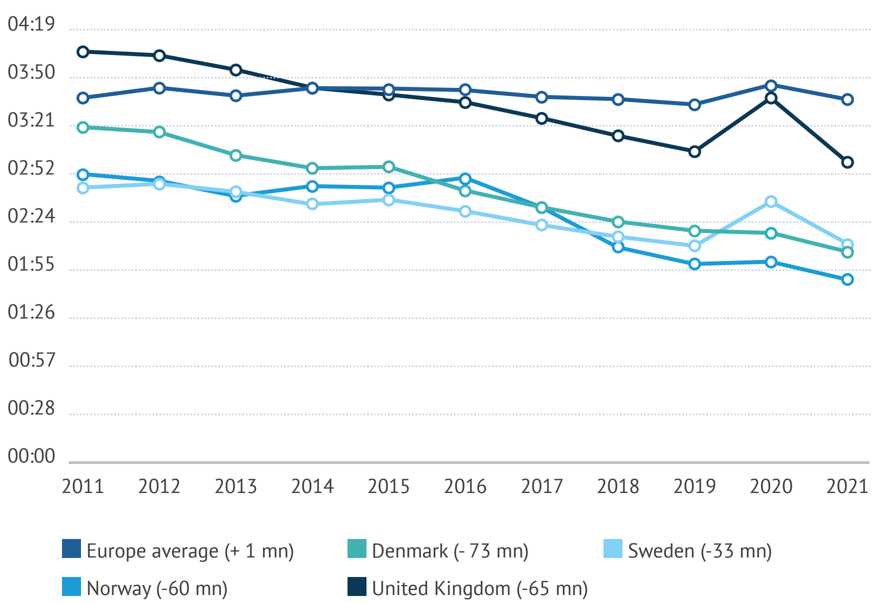
1 Including DR and TV2

Are TV audiences actually decreasing?

On average no, when taking into account replay TV

But some countries are experiencing a drop

Daily TV viewing time and change 2021 vs. 2011 in Europe and in selected countries



Note: Europe average based on last available data.

Source: European Audiovisual Observatory analysis of Glance data (until 2020) and press (2021)

3.7 Key role of European non-national works

This year's edition of the Observatory's annual report on "Films and TV content in VOD catalogues in the European Union"[1] integrated for the first time free on-demand services (FOD, which includes broadcaster replay services and pure AVOD services). The report is based on data from 1 023 VOD catalogues[2] in 25 EU countries[3] provided by JustWatch in September 2022.

The share of European works (films and TV content) in VOD catalogues

European films and TV content represented a share of 32% for all VOD catalogues; of this, 21% was of EU27 origin, with US works representing almost half of all works in VOD catalogues (49%) and other international works taking a 19% share.

In TVOD and SVOD catalogues, European works made up 32% of all works while in FOD catalogues the share of European works was slightly lower at 28%.

A significant difference in the origin of works between SVOD and TVOD/FOD catalogues is evident in the share of other international works. SVOD catalogues offered on average 27% of works of other international origin while for TVOD catalogues the share was 12% and for FOD catalogues the share was 15%. The differences in the composition of catalogues between SVOD and TVOD/FOD catalogues can also be seen in the share of US works: for SVOD catalogues, the average share of US works was 41%, while TVOD and FOD catalogues had a share of US works of respectively 56% and 57%.

More EU non-national works in SVOD catalogues

On SVOD, EU non-national works represented 79% of all EU works whereas TVOD catalogues had a share of 63% EU non-national works and FOD a share of 61%. This means that both TVOD and FOD catalogues rely more heavily on national works when it comes to EU content than SVOD services. One of the underlying reasons for this dominance of EU non-national works on SVOD could be the presence of several SVOD services in a higher number of EU countries whereas TVOD and FOD services are less pan-European or present in multiple EU countries.

The leading EU exporters of films and TV content in VOD catalogues

When it comes to the export of films and TV content, differences also appear between the different business models of VOD services.

For films, on TVOD the top three export countries were France, Germany and Italy; on SVOD, France, Spain and Germany; and on FOD, Sweden, France and Italy. When it comes to TV content, on TVOD the main export countries were Germany, France and Sweden, on SVOD the main exporting countries were France, Spain and Germany and on FOD they were Germany, France and Sweden.

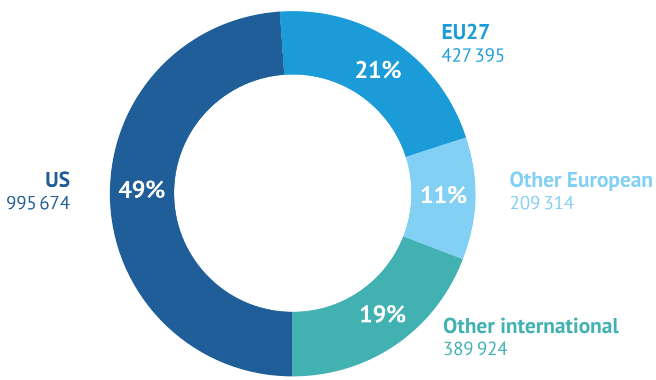
1 See "Film and TV content in VOD catalogues - 2022 edition".
2 For films: 673 in SVOD, 169 in TVOD and 129 in FOD catalogues; and for TV seasons: 391 SVOD, 48 TVOD and 58 FOD catalogues.
3 No data on LU and CY.

What is the share of European works in VOD catalogues in 25 EU countries?

32%

Share of works (films and TV content) in VOD catalogues by region of origin

Origin of films and TV seasons found on VOD (September 2022)



Source: European Audiovisual Observatory analysis of JustWatch data

4.1 Focus on Observatory presidency country: Portugal

Stronger than average growth, driven by SVOD and pay TV

With 10.3 million inhabitants and a EUR 1.5 billion market,[1] Portugal's audiovisual sector annual revenues per capita (EUR 168) are below the EU27 average (EUR 190). However the audiovisual market has in recent years been growing significantly faster than in the rest of the European Union. Besides SVOD (the two services with most subscribers are Netflix and Disney+), the growth has been mainly driven by pay television, the penetration rate (83%) for which is significantly higher than the European average (63%). The lead role of IPTV vs. the other distribution platform is a country's specificity and explains why the two leading pay-TV distributors are two telcos, (Meo, controlled by Altice Europe, and NOS).

High TV viewing rate, but flat advertising market

TV viewing time in Portugal is among the highest rates in Europe.[2] The three main broadcasting groups (by order of audience share) are Sociedade Independente De Comunicaçao (SIC), Televisão Independente (TVI), controlled by Spain's Grupo Prisa and PSB RTP (whose audience share is following a downward trend).

Even before the COVID-19 crisis, the advertising market was flat, as in most European countries. TV advertising accounts for 55% of all advertising expenses, well above the European average (25%), in particular because the Internet, unlike in many countries, still represents a comparatively small share.

Film is struggling

The film industry in Portugal is struggling. In the pre-COVID era, box office revenues accounted for 1% of total audiovisual market revenues, vs. 7% on average in Europe. Screen density is comparatively low, and so is the level of admissions per inhabitant. The two leading cinema chains are NOS cinemas and UCI, an AMC Entertainment company.

The number of films produced per annum rose between 2016 and 2018, from 23 to 41, but decreased to 31 in 2019, and of course dropped in 2020 (22)[3]. But national films only accounted for between 2% and 4% of total admissions; recent box office successes include "Variações" (2019, directed by João Maia) and *Fatima* (2020, directed by Marco Pontecorvo).

Portugal is also a significant producer of TV fiction, with a predominance of long-running daily soaps, but also, since 2017, an increasing number of higher-budget, less-than-13-episode TV series seasons, including RTP's *Terra Nova* (2020, directed by Artur Ribeiro) and Netflix's *Glória* (2021, created by Pedro Lopes).

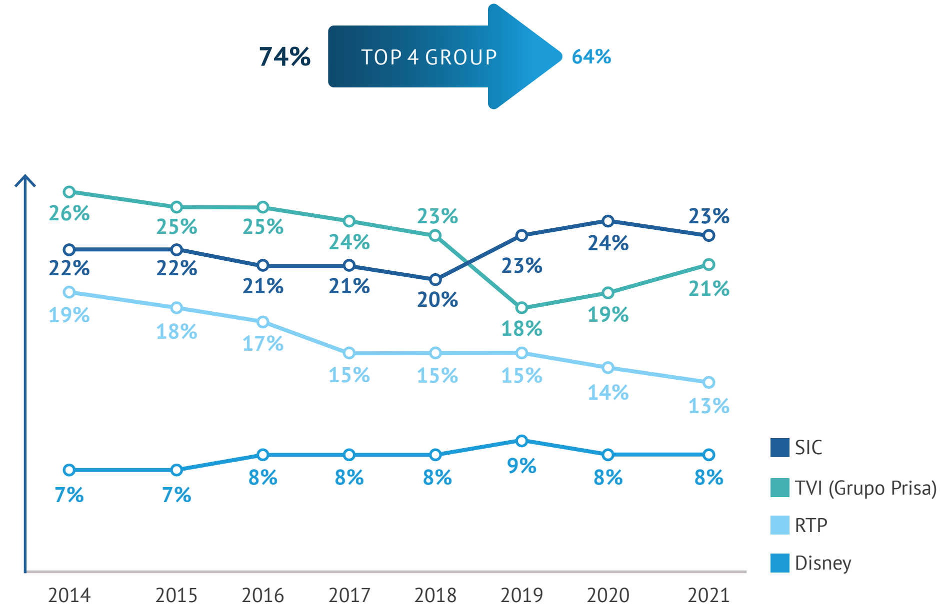
1 2020 data.
2 4h42 mn vs. an average of 3h43 mn in Europe (2020).
3 Including majority co-productions.

How concentrated is the TV audience market in Portugal?

Less than the European average

The top 4 groups account for 64% of TV audience vs. 72% in the EU27

TV audience market shares of the 4 leading broadcasting groups in Portugal (%)



Source: European Audiovisual Observatory analysis of Glance data

4.2 The irrepressible growth of VOD

Recovery mainly driven by on-demand

After a loss of EUR 7 billion in 2020, European[1] audiovisual revenues more than caught up in 2021 with an increase of EUR 10 billion, to EUR 123 billion. However, this overall recovery obscures a variety of realities when it comes to individual market segments.

TV advertising was back at its 2019 level, pay TV showed modest growth, public funding was up after years of stagnation. But radio advertising remained 7% below 2019, and, even more significantly, the cinema box office only partially recovered, with revenues about 60% below the pre-crisis level. Finally, the crisis obviously accelerated again the downward trend of physical video. Altogether, the more 'traditional' market segments still fell short by nearly EUR 4 billion when compared with 2019.

In contrast, on-demand services, and chiefly SVOD, kept on growing during and after the 2020 crisis. Revenues increased by close to 70% between 2019 and 2021 and more than compensated for the decrease or stagnation registered in the rest of the sector. Over a longer time period (2017-2021), on-demand revenues grew by EUR 11 billion and traditional segments decreased by EUR 5 billion.

Many different national landscapes

With Brexit, the European Union lost about 19% of the European audiovisual market but still accounts for about 74%. The United Kingdom is the second-biggest market, alongside Germany and ahead of France, Italy and Spain. Standards of living obviously directly impact the size of individual markets: for example, audiovisual revenues in Poland (37.8 m inhabitants) and the Netherlands (17.5 m inhabitants) were roughly comparable at around EUR 4 billion in 2021.

Not surprisingly, countries in Central and Eastern Europe showed higher growth rates between 2017 and 2021, especially Bulgaria, Slovakia, Ukraine, Moldova, Serbia and the Czech Republic. The impact of the COVID-19 crisis was also more or less severe depending on the structure of the audiovisual market in each country. Roughly speaking, the higher the share of TV advertising in revenues, the stronger the impact was. Conversely, countries with a higher weight of pay TV or public funding in the revenues mix suffered comparatively less. But the cinema crisis affected them all, although the intensity and level of recovery varied.

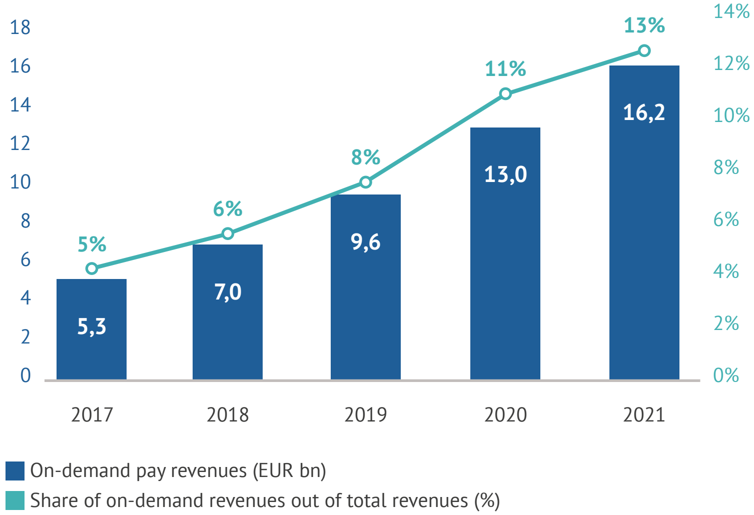
1 Europe refers to the Council of Europe countries as of 2022 for which data is available.

What is the share of on-demand in the audiovisual market?

13%

Revenues tripled between 2017 and 2021

The on-demand market in Europe: total revenues (EUR bn) and share of total revenues (%)



Source: European Audiovisual Observatory

4.3 Partial recovery of theatrical markets in the EU and UK in 2021

2021 admissions still down by 60% compared to pre-COVID era

After the crash of 2020, cinema attendance gradually picked in 2021. Amid the prolonged closure of theatres and other restrictions in several markets, ticket sales grew from 299 million to 394 million in the EU and the UK. While this figure represents a 31% increase year-on-year, it accounts for barely 40% of the average attendance level registered between 2017 and 2019. With average ticket prices on the up, GBO recovered to a higher degree than admissions, as revenues went up by 38% to an estimated EUR 2.94 billion in 2021. However, this only corresponds to 42% of the average box office levels from the pre-pandemic era.

2021 admissions even lower than 2020 in 9 countries

The box office developed in a heterogeneous manner across Europe, also depending on the varying degrees to which the individual markets had collapsed in 2020 and on the different restrictive measures applied in each territory. In 2021, admissions increased in 19 and decreased in nine markets in the EU and the UK. The year-on-year uptick in admissions was significantly above average in Bulgaria (+91%), Croatia (+77%), the United Kingdom (+68%), Malta (+63%), Cyprus (+57%) and Ireland (+56%). Conversely, the decline was particularly pronounced in Latvia (-44%), Estonia (-23%) and the Netherlands (-15%). Italy, the only large market to register a decline in admissions, saw attendance drop by 12%, also due to the extended closure of local theatres. Outside the EU and the UK, theatrical markets grew strongly on a year-to-year basis in Bosnia-Herzegovina (+186%), Montenegro (+125%) and Iceland (+51%). In contrast, attendance continued to decline in Türkiye (-28%), marking a record low in recent history. Preliminary figures available at the time of writing showed that the downward trend in admissions continued into 2022, as admissions in the first half of the year were still a far cry from pre-pandemic levels in key markets (-58% in Italy, -40% in Germany, -30% in France, -27% in the UK).

Limited impact of COVID on cinema screens so far

The COVID-19 crisis halted the development of the theatrical infrastructure in most European countries. However, thanks to public support measures, the overall number of screens remained relatively stable in the EU and the UK, decreasing only slightly to 32 623 in 2021 – 229 fewer than in the previous year.

Growth in admissions driven by US films

The rebound in attendance in 2021 was primarily driven by the return of US studio titles, which accounted for all the top 20 titles in the EU and the UK. The box office chart was once again dominated by franchise titles, led by *No Time to Die* (GB inc/US; 34.3 million admissions), ahead of *Spider-Man: No Way Home* (US; 26.7 million) and *Dune* (US/CA; 14.3 million). Only five films sold more than 10 million tickets, compared to three titles in 2020 and 18 in 2019. Leaving out 'EUR inc' productions,[1] French comedy *Kaamelott – Premier volet* was the most successful European film for the year (2.8 million admissions), followed by the psychological drama *The Father* (GB/FR; 2.4 million) and crime thriller *BAC Nord* (FR; 2.2 million).

1 'EUR inc' refers to films produced in Europe with incoming investment from US studios.

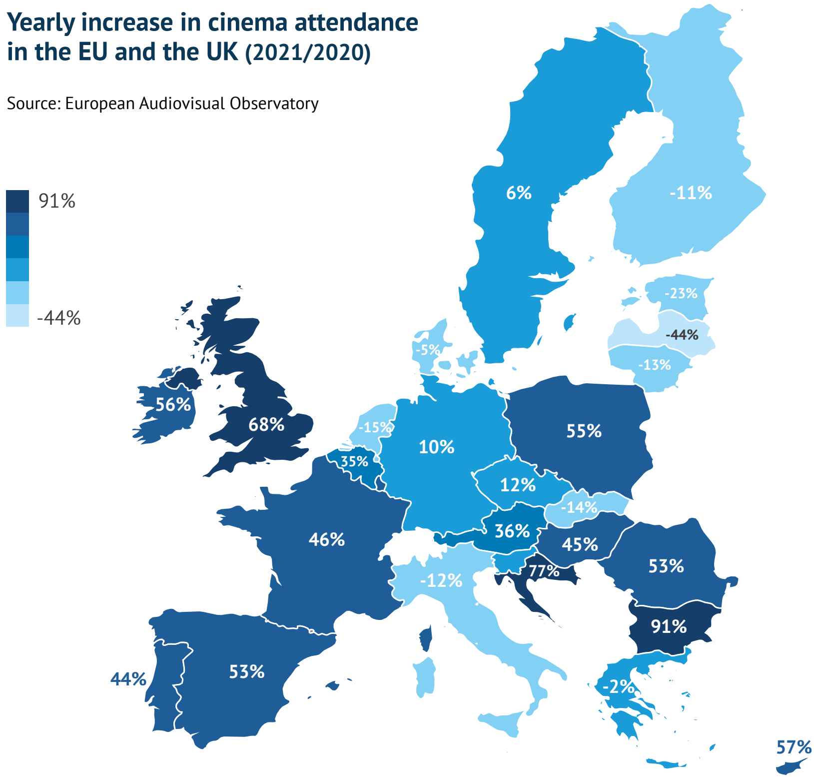
How did cinema attendance in the EU and the UK fare in 2021?

+31% year-on-year

- **394 million tickets sold**
- **Significant differences across markets**

Yearly increase in cinema attendance in the EU and the UK (2021/2020)

Source: European Audiovisual Observatory



4.4 Cinema: European market share in the EU and the UK down in 2021

European market share down to pre-pandemic levels

The rebound in cinema attendance in 2021 was mainly driven by the return of US blockbusters, as US titles generated an estimated 230 million admissions in the EU and the UK, up from 148 million in the previous year (against a pre-pandemic average of 644 million). Conversely, the number of tickets sold to films produced in Europe[1] declined from an estimated 117 million admissions in 2020 to 105 million in 2021 (compared to an average of 269 million before the COVID crisis). Therefore, the market share taken by US productions soared from its record low of 49.5% in 2020 to 58.2% in 2021 – but still below the pre-pandemic range. By contrast, the market share of European films dropped from the record high of 39.2% in 2020 to 26.7%, which was well in line with previous levels. The market share of films produced in Europe with incoming investment from US studios (EUR inc) increased from 5.9% to 9.3%, driven by the success of the latest instalment of the James Bond franchise – *No Time to Die* – generating an estimated total of 34.3 million admissions in the EU and the UK.

Admissions to domestic films decreased to a greater degree than those for non-national European films

The EAO estimates that in 2021 about 6 700 European feature films were on release in at least one market in the EU and the UK, cumulatively selling an estimated 101 million tickets. An estimated 77% of these tickets (around 78 million admissions) were sold in the home market (against 90 million admissions in 2020), while about 23% (23 million admissions) were generated in non-national markets (compared to 24 million in the previous year) in the EU and the UK. Ticket sales to national films hence dropped by 13%, while admissions to non-national European films decreased by only 2%. Apart from GB inc production *No Time to Die*, British-French co-production *The Father* was the most successful film export across the region (2.4 million admissions), ahead of Danish comedy *Druk* (1.8 million) and Spanish drama *Madres paralelas* (1.4 million).

National market shares still above average in some markets

After the exceptionally high levels registered in 2020, the share of admissions captured by national films declined year-on-year in most European markets in 2021. However, thanks to the strong box office performance of several domestic blockbusters the national market shares remained above the average pre-pandemic levels in some territories, such as the Netherlands (23.1%), Romania (20.0%) and Greece (16.6%). The UK and the Czech Republic registered the highest national market share in Europe with 42% of total admissions, marginally ahead of Denmark (41.6%) and France (40.6%). Other examples of countries with a high national market share include Finland (25.1%), Germany (21.7%), Poland (20.5%) and Italy (20.4%). Outside the EU and the UK, the highest national market share was observed in Norway (30.1%), while in Türkiye the domestic share plummeted from 80.1% to 23.4%, the lowest level in recent years.

1 Excluding films with incoming investment from major US studios.

What were the three markets in Europe with the highest share of European films in 2021?

1 **Denmark**
(61.8%)

2 **Romania**
(54.6%)

3 **France**
(54.5%)

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

1 **United Kingdom***
(42.0%)

2 **Czech Republic**
(41.9%)

3 **Denmark**
(41.6%)

*This market share refers to UK qualifying productions which include US studio-backed, UK-made titles like *No Time to Die*. In 2021, independent UK productions only captured 5.6% of the GBO in the UK.

Source: European Audiovisual Observatory

4.5 Heritage films in cinemas: A COVID effect?

How did heritage films (i.e. films 10 years old or more) perform in cinemas during the COVID-19 crisis? Figures suggest that they resisted comparatively better than the rest of the market but still portray the fundamental characteristics depicted in the Observatory 2018 report.[1]

Heritage film admissions decreased during COVID, but significantly less than those of other films

In 2020, admissions to films 10 years old or more dropped only by 16% compared with the 2017-2019 average[2] – unlike admissions for the market as a whole, which registered a notable uptick: 1.5% in 2020 vs. 0.5% between 2017 and 2019.

This comparatively strong performance may be explained by an increased share of heritage works among releases:[3] the average 2017-2019 figure was 20%; in 2020 it was 24%. This increase is mainly due to better circulation of heritage films (heritage films on release were distributed in more European countries).

Comparatively strong results of US heritage films in 2020

Unlike for admissions in general, where the lack of US blockbusters boosted the share of European films in terms of admissions, the resilience of the heritage film market is seemingly attributable to more successful US films. The market share of European works among heritage films was 39% between 2017 and 2019, but decreased to 33% in 2020; conversely, the share of admissions to US films increased from 47% to 55%.

2021: Back to normal?

2021 indicated a significant but still-limited recovery for cinemas. In this context, heritage films maintained some gains of 2020: the number of releases returned to its pre-COVID level; the share of total admissions decreased to 1.3%, but was still well above previous years; among heritage films, European films regained their pre-COVID share of 41%.

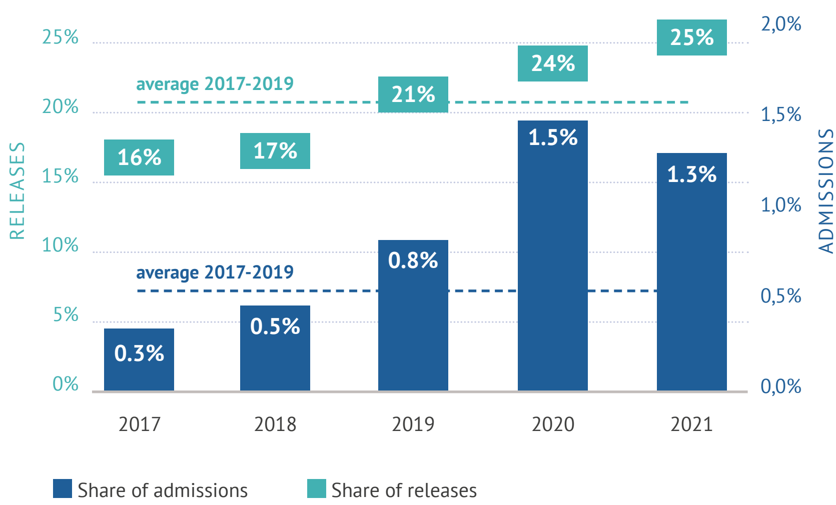
However, an assessment of the heritage film market is challenging, probably even more so than an assessment of the film market as a whole, as it is highly dependent on the success of a limited number of individual works: In 2021, the top 10 films accounted for 39% of all heritage film admissions (and the top 50 for 62%). The most successful heritage films are mostly of two broad types: US films widely distributed in Europe; European films rereleased in their country of origin. But there are exceptions: Italy's *Ladri di biciclette* and Germany's *Die Höhle des gelben Hundes* with over 100 000 admissions for their re-release in France; the UK's *The Rocky Horror Picture Show*, on release in nine European countries since 2017; and the various Harry Potter-based UK films.

1 The exploitation of catalogue films in the EU: Cinema, television and video on demand, Strasbourg, 2018.
2 2019 marked a particular high level of admission to heritage films due to the re-release of *Casino Royale* (2006), *Alien* (1979) and *Dumbo* (1941).
3 Each release in a country accounts for 1 release. Please note that the release can be very limited, e.g. in a festival.

How did COVID-19 impact heritage films in cinemas?

Heritage films resisted better than the market

Share of heritage films (10 years old or more) out of releases and admissions in Europe



Note: cumulated releases: each release in 1 country acount for 1 release

Source: European Audiovisual Observatory

4.6 Home video: Decrease in digital widens the gap

Home video plummets

Amid the cost of living crisis, the European home video market saw its revenues drop in 2021 (year-on-year) twice as fast as the yearly average recorded over the last five years, down by 25% to EUR 2.4 billion: on the one hand, digital video revenues, down in 2021 for the first time at European level, returned to 2017 levels (-24% down to EUR 1.3 billion) and accounted for 51% of the total home video market losses; on the other hand, Blu-ray and DVD revenues continued to fall (down by 26% to EUR 1.1 billion).

While the first year of the pandemic accentuated the shift in consumption behaviour by boosting digital video and weighing harder on physical due to mobility restrictions, 2021 also took a toll on TVOD. The second year of the pandemic saw a new reality for the industry brought forward by the accelerated changes registered in 2020: an appetite for outdoor entertainment and the development of new supply models for indoor consumption. The reopening of cinemas, new film releases, straight-to-streaming releases by the big US production houses, expansion of SVOD platforms and their catalogues, together with the emerging AVOD model and FAST channels made up compelling alternatives to the TVOD model. With cinema production on standby during 2020 and no backlog, unlike in the first year of the pandemic, TVOD was also challenged due to its poor market offering in terms of catalogues.

TVOD drops across the board

Retail and rental TVOD each lost around a quarter of their revenues at European level, down to EUR 0.7 billion and EUR 0.6 billion respectively in 2021. Digital rental dropped across all countries analysed, with France, the UK, Germany and the Netherlands cumulatively accounting for 70% of the fall. With 96% of rentals cashed on digital, and the drop in physical further steepening (-56% year on year), overall video rental revenues were down by 27% at the end of 2021.

Aside from Türkiye and Estonia, digital retail also registered revenue loss in all countries analysed, with the UK alone accounting for 45% of the drop. With DVD and Blu-ray losing a quarter of their sales (down to EUR 1.1 billion), 2021 saw the overall video retail market drop by 24%, down to EUR 1.8 billion.

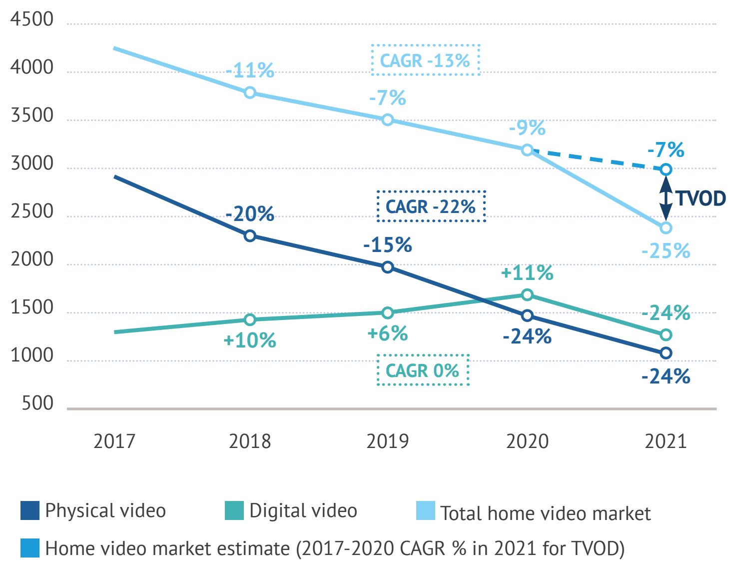
Since physical rental claimed only 1% of the home video market while the other three segments each dropped at the same pace, the market share of physical retail (45%), retail TVOD (28%) and rental TVOD (26%) remained relatively stable in 2021.

Is digital mitigating the fall in the home video market?

Not anymore

TVOD revenue dynamics changed for the first time in 2021, dropping to 2017 levels and widening the gap for the European home video market

Home video market evolution (in EUR million and %, 2017-2021)



Source: European Audiovisual Observatory analysis of Ampere Analysis data

4.7 Advertising: A post-COVID rebound before a decline?

A positive rebound for all advertising media in 2021 after a year of decline ...

After a disastrous 2020 in which the overall advertising market decreased in value by EUR 4.8 billion (-6% YoY) in the EU27, due to COVID restrictions, 2021 was a rebound year, as the advertising market increased in size by EUR 12.6 billion (+16.6% YoY). All advertising media segments experienced increases: the strongest were Internet advertising (+23.6%), outdoor advertising (+14.6%) and TV advertising (+13.4%). Advertisers were eager to market their products and services to EU consumers on all advertising mediums after a year of slowed consumption due to stay-at-home orders.

But 2021 was also the year in which the online advertising share of the overall EU27 advertising market represented, for the first time, more than half of the EUR 88.9 billion advertising market, with 51% of all advertising revenues (EUR 45.3 billion). The ever-increasing online activities by EU27 citizens – entertainment, e-commerce and other digital activities – are the clear driving force behind the Internet's rise as the dominant advertising media channel in Europe.

This trend is likely to continue, and as consumers spend more of their time online, other ways to reach them through advertising will rise in importance. The introduction of ad-supported options on SVOD streaming services, the increased focus on advertising by tech giants Amazon and Apple or the consumption of short videos on TikTok will also challenge traditional broadcasters with regard to ad spend by brands and advertisers.

...but clouds are forming in the advertising sector

In the second half of 2022, tensions in advertising could already be felt. Social media companies such as Meta's Facebook, Twitter or Snap Inc. reported lower ad revenues and even Google's video juggernaut YouTube reported for the first time ever a drop in advertising revenues. With fears of an upcoming economic recession putting pressure on consumer budgets, advertisers may choose to cut their ad spend and this will have an impact on all advertising markets.

Also, due to the rise of viable video advertising options online and a continuous shift in entertainment consumption towards digital services by consumers, incumbent broadcasters could feel pressure on their future advertising revenues. It does not help that online advertising allows for better targeting through the use of data on consumers than linear television and that the roll-out of digital advertising options (and thus targeting options) of European broadcasters remains slow when compared to their digital competitors.

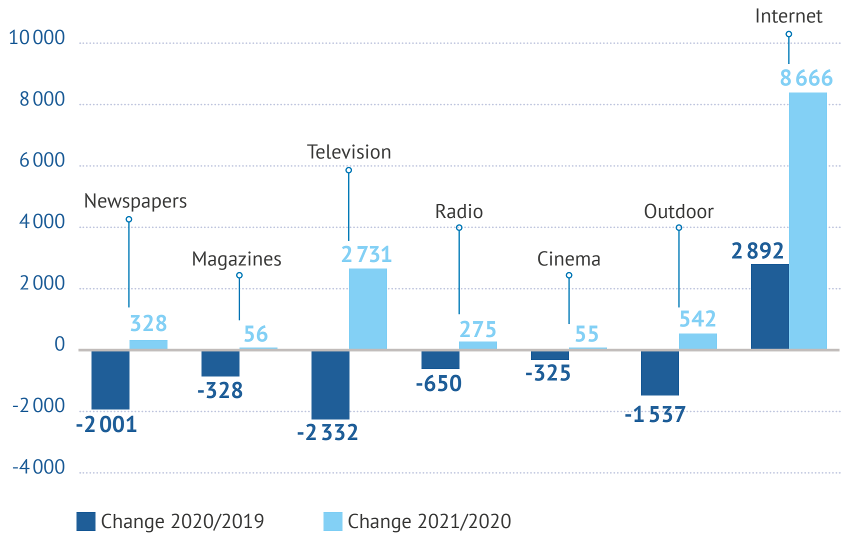
After a rebound year in 2021, the advertising market could prove to be once again cloudy for European players eager to obtain their share of the advertising pie.

Which advertising media experienced the strongest growth in the past 2 years?

Online advertising grew by EUR 11.5 billion in the past 2 years

The only other advertising media which experienced growth over the past two years is television, with a net growth of EUR 398.7 million, while all other advertising segments still have not returned to their 2019 levels.

Net growth or decline by advertising media in the EU27
(2020/2019 and 2021/2020 – in EUR million)



Source: European Audiovisual Observatory analysis of Warc data

4.8 Pay TV: Demand keeps on rising, in the face of inflation and cost-of-living crisis

Revenues bounce back

Following a steady erosion of growth, which culminated in a slight drop in 2020, pay-TV revenues grew more strongly than before in 2021, both at the European[1] (+3.1%) and the EU27 (+2.4%) level (to EUR 38 billion and EUR 27 billion, respectively). In real terms, however, accounting for average inflation, pay TV revenues dropped slightly year on year in the EU27 (-0.5%).

At current prices, growth was registered in Western Europe (+4.6%), the CEE (+3.8%) and Northern Europe (+1.0%). Western Europe accounted for 85% of the net growth delivered by the three regions, with the UK (37%), Germany (31%) and France (27%) accounting for 95% of the cumulated gain delivered by Western countries. Southern Europe was the only region to register a revenue drop (-2.1%) – almost entirely due to Italy.

The market developed against a highly dynamic M&A backdrop, particularly in the CEE (United Group acquired Nova Broadcasting, Wind Hellas and a majority stake in Optima Telecom; 4iG acquired DIGI operations in Hungary, as well as Telenor Montenegro, and agreed to acquire majority stakes in AlbTelecom and Antenna Hungária; Orange acquired Telekom Romania), but also in other regions (Virgin Media and O2 UK merged; Digital UK merged with Freesat [UK]; MasMovil acquired Euskaltel; Altice France became the largest shareholder in the BT Group and acquired Azur TV, Coriolis Télécom and Afone Participations; Stofa acquired AN-TV).

Subscriptions: Up and upselling

With demand still on the rise amid particularly high inflation and a cost-of-living crisis, 2021 saw uptake picking up further (+1% up to 166 million in Europe and +1.3% up to 129 million in the EU) and ARPU bouncing back (+2.1% in Europe and +1.2% in the EU). The higher ARPU development registered at the European level was primarily driven by a hike above inflation in the UK (+9%) which took a toll on the base (subscriptions down by -3.2%).

Northern Europe was the only region to register a net drop (-1.4%) in subscriptions in 2021. Western Europe (62%) and the CEE (19%) together contributed 81% to the increase of the three growing regions – with France (46%), Germany (12%), Türkiye (11%) and Romania (11%) as the main contributors.

ARPU dropped only at the Southern Europe level, and this was primarily due to Italy's Sky losing Serie A rights in 2021 while the country was still recovering from the pandemic effects registered in 2020.

IPTV: Sole platform with overall new adds

Pay-TV revenues and ARPU grew across all distribution networks in Europe. IPTV drove 61% of the revenue increase and was the only platform to record net additions (+4.1%) in 2021 in Europe. With a recovering drop rate (-0.7% in 2021) in subscriptions and the highest ARPU increase rate (+4.1%) among all platforms, DTH rebounded in 2021 and accounted for 23% of revenue growth. While France and Germany cumulatively contributed 50% of incremental revenues on IPTV, the UK accounted for 66% on DTH. Cable subscriptions stayed flat in 2021, while DTT registered a steep drop (-4.9%) primarily due to Germany (-12%).

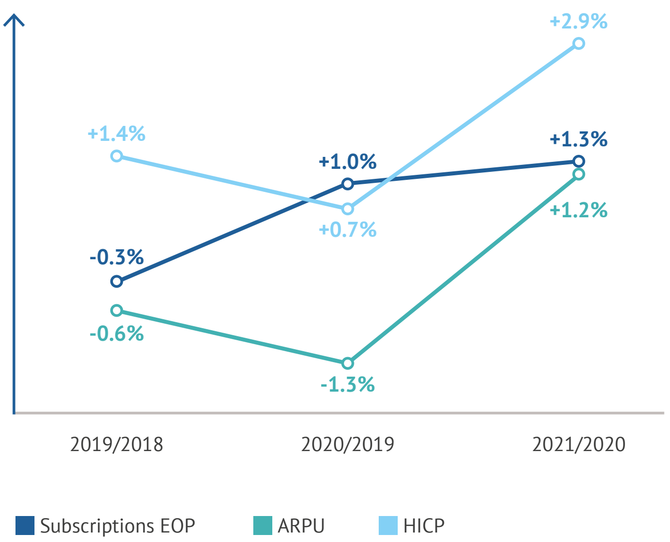
1 39 European countries covered by the European Audiovisual Observatory, for which data was available.

Are prices for pay-TV services still under pressure in Europe?

Yes

Gaining and retaining subscribers continued to weigh on prices and kept the ARPU increase well below the average inflation rate in 2021

Pay-TV yearly uptake and price evolution in the EU (2018-2021 – in %)



Source: European Audiovisual Observatory analysis of Ampere Analysis data

4.9 Streaming: A short period from explosive growth to a maturing market

A still-growing sector but challenges lie ahead

The European streaming market continued its growth in 2021 after an already stellar year in 2020, albeit at a slower pace, with 32% growth in 2021 compared to 40% in 2020. In the EU27, OTT SVOD services generated consumer revenues of EUR 10.7 billion (+34% YoY) and on the European level[1] revenues of EUR 4.1 billion (+27.5%).

The reduction in the pace of growth is more visible when it comes to subscriptions. In 2020, 47.9 million more subscriptions were taken up by European consumers (YoY growth of 41%), whereas in 2021 only 25.2 million additional subscriptions were taken up (YoY growth of 15%). In total, in Europe, 189.3 million subscriptions to SVOD services were taken up by European consumers in 2021 (EU27: 133.4 million).

This reduction in the growth of subscribers underscores the challenges for streaming services in 2022: how to convince new subscribers to join and keep current subscribers, to reduce churn, in a setting in which the level of competition has drastically increased. At the same time, shareholders and investors appear to have called the end of the period of limitless spending and are increasingly looking at other key metrics (such as ARPU, churn rate) instead of only subscriber addition.

Advertising, diversification and bundling as the answers?

Disney and Netflix dominated the news during a good part of 2022 with their announced launches of advertising-supported streaming services in the hope of attracting more subscribers and generating additional revenues through advertising. Disney is also exploring the idea of a membership programme for Disney+ while Netflix is investing in gaming and opened a video-game studio in Finland. Warner Bros Discovery stopped the development of originals in several European markets in order to concentrate on key markets and will bundle its HBO Max and Discovery+ streaming services into a unique service. Sky and Paramount launched their joint streaming service SkyShowtime in 22 European markets. Apple and Amazon are increasingly acquiring premium sports rights in the US and in Europe to bolster their content offering with more than films and TV shows.

All these changes happened in 2022 as quarterly financial results of these companies left investors less than impressed with the outlook for future growth and doubting the global size of addressable market for streaming. These are also signs of a market entering a maturing phase in which old tactics (impressive spend on content to acquire subscribers) must be revised and changed. What is sure, though, is that the streaming market remains a long way away from reaching the ceiling in terms of revenues and subscribers. The future holds intense competition (and probable consolidation) as players try to strengthen their positions under the increasingly watchful eyes of investors.

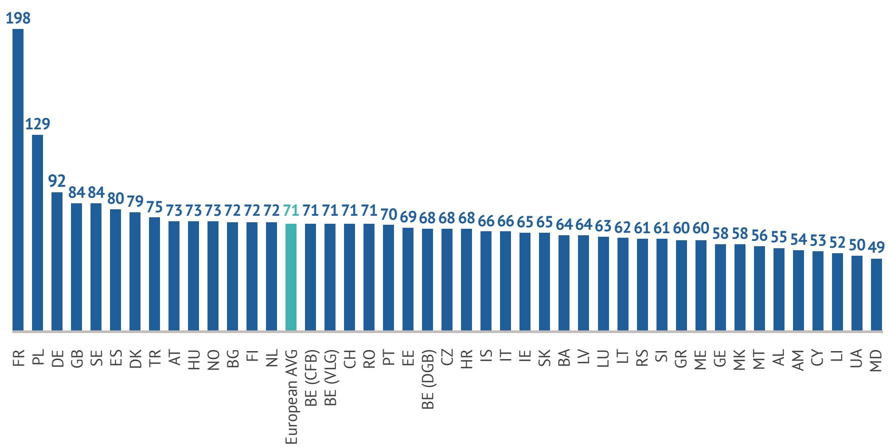
1 10 additional European countries covered by the Observatory for which SVOD data was available.

How many SVOD services are available to European consumers on average?

71 SVOD services

Consumers in Europe have a wide choice of SVOD services, ranging from niche and specialised to general entertainment services. With pressure on European consumers' entertainment budgets on the horizon, and thus a probable rationalisation of their entertainment spend, streaming services will strongly compete to remain relevant.

Number of available SVOD services by country (2022 – in number of services)



Source: European Audiovisual Observatory analysis of MAVISE data

5 PLAYERS

5.1 Worldwide leaders: Different in nature

A look at the greater audiovisual sector (including radio, gaming and music) provides interesting insights as to the origin of the main players and their portfolio of activities.

A look at the top

The top 10 worldwide audiovisual leaders illustrate how diverse the sector has become. It includes telcos which have diversified in the audiovisual sector, but with different fates: Comcast (owner of Universal) and AT&T (whose involvement has tended to decrease following the divestment of DirecTV and the merger of WarnerMedia with Discovery Inc.); legacy US content powerhouse Disney and Paramount (both active in production, TV and SVOD but also ancillary activities (theme parks, merchandising etc.); EGP/IT companies, with very different roles in the value chain (Apple – distribution of content through its app store; Sony – active in games, production, TV and music; Microsoft – mainly gaming); and pure Internet players, again with different profiles (SVOD service Netflix, Google's YouTube video-sharing platform).

Origin of the top 50 players: Focus on the rest of the world

The breakdown of the top 50 worldwide audiovisual leaders' cumulated revenues illustrates the predominance of US companies, which account for 70%.

Japan stands at 12%, with seven companies represented: conglomerate Sony, PSB NHK, private broadcasters Nippon Television Network and Fuji Media Holdings, and pure gaming players Nintendo and Bandai Namco.

Europe accounts for 10%, with companies mainly originating from: France (Canal+ Group owner Vivendi, PSB France Télévisions, independent TV production giant Banijay and telco/broadcaster Bouygues); Germany (PSB ARD, leading European broadcaster RTL Group and private broadcaster ProSiebenSat.1); the United Kingdom (the BBC PSB, private broadcaster ITV and telco Vodafone).

China's weight in the top 50 has been increasing (6% – Tencent, NetEase, Alibaba, iQIYI), driven by games, video-sharing and SVOD. Also members of the top 50 are Mexico's Televisa, Canada's Bell Canada (a telco with a strong content arm) and South Africa-based pan-African pay-TV group Multichoice.

Focus on gaming publishing

Gaming software accounts for about 15% of the top 50 worldwide audiovisual leaders' cumulated revenues, with nine videogame publishing and distribution companies in the ranking. Tencent (China) leads the pack and illustrates how important mobile games have become for the sector. Then come Sony (Japan) and Microsoft (USA) (whose software activities account for about 70-80% of gaming revenues), Nintendo[1] and pure publishers/distributors: Activision Blizzard (USA; acquisition by Microsoft pending regulatory approval), Netease (China), Electronic Arts (USA), Take-Two Interactive Software (USA) and Bandai Namco (Japan). Other significant players in the sector but not part of the top 50 are Square Enix (Japan) and UbiSoft (France).

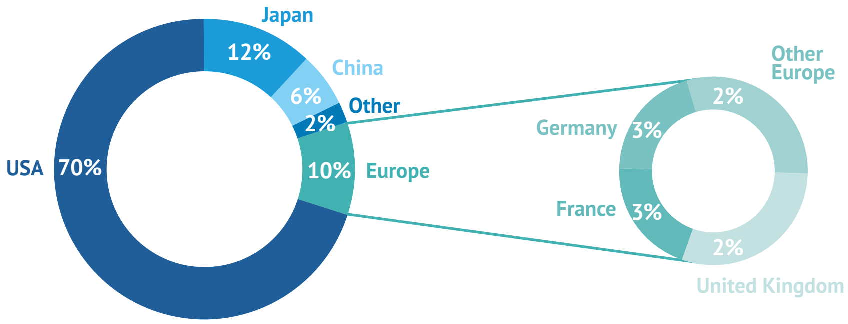
1 Nintendo does not disclose the breakdown of its revenues between hardware and software.

Where do the top audiovisual groups come from?

Massively from the USA

US groups account for 70% of the top 50 revenues

Breakdown of audiovisual revenues of the top 50 worlwide leaders by origin of ultimate owner (2021 – in %)



Note: 'Audiovisual revenues' include production,TV, SVOD, music, video games and ancillary revenues.

Source: annual reports, EBU/MIS

5.2 Top 100 players drive AV services market growth

Europe top 100: Highly resilient and dynamic

The cumulated AV service operating revenues[1] of the top 100 audiovisual companies in Europe grew twice as fast in 2021 (+17% over 2016) as the overall market and at a higher pace than that of average inflation. The positive evolution of the overall AV market was once again due to the highly dynamic development of OTT pay revenues. Among the top 100 audiovisual companies in Europe, pure SVOD players alone (Netflix, Amazon, DAZN and Apple), accounted cumulatively for 44% of top 100 revenue growth between 2016 and 2021.

Although the evolution was mainly due to organic growth, players also engaged in consolidations and divestments to bolster their revenues by creating better market propositions, scaling costs, or minimising losses. These market moves constituted a particular uptick between 2021 and mid-2022, driven by telco players and concentrated in the CEE region. The M&As were generally designed to expand business to new territories or even access complementary market segments, to obtain premium content at competitive prices, to pair the content with strong distribution, to optimise window exploitation, to build strong convergent telco offers, to increase footprint, to gain market share, to better compete in the streaming war, or to streamline and focus on strongholds. It was also a period in which the emergent trend of investments made in the audiovisual sector by equity funds, investors, and ICT players, as well as by the AV industry outside Europe became more visible.

Broadcasters put Europe on the pay AV services map

With regard to the pay AV services market, the cumulated pay AV subscriptions, signed off in 2021 to top players owning at least one prominent pay-TV channel or SVOD platform, show that the interests of European-owned players and those of US-backed groups are driven by two very different profiles.

Broadcasters of prominent pay-TV channels accounted for over 80% of interests in the European share of cumulated pay AV service subscriptions. As opposed to pure SVOD players in general, European-backed broadcasters tend to also be active in the pay-TV segment from which they resource on average half of their cumulated subscriptions to pay-AV services.

Conversely, pure SVOD platforms are the ones driving 70% of the US share of pay-AV service subscriptions, with the rest being signed off to US powerhouses and US-backed European broadcasters. As a broadcaster develops, an OTT service can be the next, feasible step; a pure SVOD platform can develop a business as specific as pay-TV distribution most likely only via acquisitions.

1 For a full definition of AV service operating revenue, see Observatory report "Top players in the European audiovisual industry - ownership and concentration" (2022 Edition)

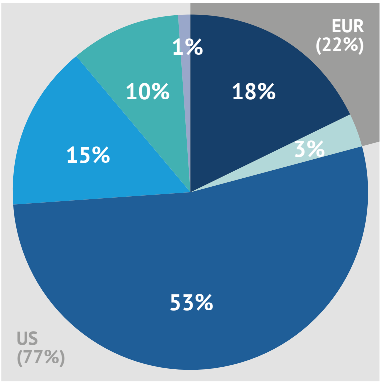
Which players are putting Europe on the pay-AV services map?

European broadcasters

83% of subscriptions to pay AV services cumulated by European-backed groups owning a prominent pay-TV channel or SVOD platform were signed off to broadcasters

Telco-driven players' contribution was marginal since very few are also owners of a prominent pay-AV service

Breakdown of subscriptions to pay-AV services by type and origin of group owning a prominent pay-TV channel or SVOD platform (2021 - in %)



1. Netflix
2. Amazon
3. Walt Disney
4. Comcast
5. Canal Plus
6. Warner Bros. Discovery
7. Apple
8. Cyfrowy Polsat
9. Viaplay
10. DAZN
11. RTL
12. Telia
13. Bein Media
14. Telecom Italia
15. Paramount
16. Turkcell
17. Orange
18. Türk Telecom
19. Acun Medya
20. MediaForEurope

Broadcaster (EUR)
Telco (EUR)
Pure SVOD (EUR)
Pure SVOD (US)
Broadcaster (US)
Broadcaster (US-backed EUR)
Telco (US)
Other

Note: for Telco groups, only SVOD subscriptions have been taken into account; as opposed to broadcasters, these players do not own prominent pay TV channels, they are only involved in their distribution.

Source: "Top players in the European audiovisual industry - ownership and concentration" (2022 Edition), European Audiovisual Observatory, January 2023.

5.3 Cinema chains in Europe: A diversity of players

The ranking of major cinema chains published by UNIC and BoxOffice Pro[1] highlights the diversity of the European cinema exhibition landscape.

Mostly Europe-focused groups ... with significant exceptions

The vast majority of the 40 leading cinema chains in Europe are only active on the continent. However several European exhibitors either belong to groups established outside Europe or have expanded their activities beyond Europe: the US's world-leading cinema chain AMC Entertainment; Cineworld, once mainly present in the UK but has now expanded to the US; Kinepolis, which grew from a Belgium local exhibitor into a major chain with about 45% of its screens in Canada and the US; Yelmo Cines (Spain), controlled by Mexico's Cinepolis; Cinemaxximum (Türkiye), a subsidiary of CJ-CGV, the largest cinema chain in South Korea and Vietnam.

Pan-European presence ...

The three European leaders in terms of number of cinema screens, Odeon Cinema Group (AMC Entertainment), Cineworld and Vue International are present in respectively nine, eight, and eight European countries. Their presence is quite complementary: the three groups are active in the same country only in the United Kingdom and in Ireland, and two of them are active together only in Italy and Poland. Although with significantly less screens, other groups have a significant international presence, including Kinepolis, which expanded from Belgium to the whole of Benelux and to France, Poland and Spain, and Cineplexx (Constantin Film Foundation), active in no less than 12 markets.

... and regional or national players

Another category comprises the bulk of groups included in the UNIC/BoxOffice Pro ranking: national champions mainly active in one European country (even if some of them have extended to neighbouring countries). Examples include France's Les Cinémas Pathé Gaumont (with a presence also in Belgium, the Netherlands and Switzerland) and UGC (also active in Belgium), Türkiye's Cinemaximum, Germany's Cineplex and Cinestar, Spain's Yelmo, Poland's Helios, and Nordisk Film Cinemas (Egmont Fonden; pan-regional presence in Denmark, Norway and Sweden).

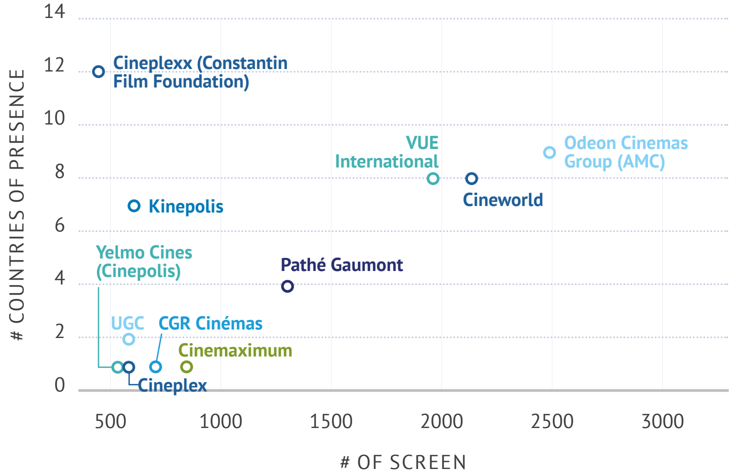
1 Giants of Exhibition: Europe.

How pan-European are the leading cinema chains?

The top 40

are players with national, regional and pan-European scope

Cinema chains with more than 400 screens in Europe by number of screens and number of countries of presence (2021)



Source: European Audiovisual Observatory analysis of UNIC/BoxOffice Pro data

5.4 Selective recovery of PSB revenues

In 2021, the revenues of the public audiovisual sector in Europe[1] were EUR 38.54 billion. From 2020 to 2021, this represented a nominal increase of 5.7% in the EU27, the first in five years above inflation. This development was driven in particular by the recovery of commercial revenues, since public funding only increased by 2.9%. Furthermore, the increase was not the result of a wider growth trend, but rather based on a limited funding expansion in some European countries. Germany, Spain, Italy and Sweden accounted for 76% of the revenue increase in the EU.

This selective recovery cannot compensate for the structural downward trend in revenues that affected public service broadcasters (PSBs) in the decade following the 2009 financial crisis and during COVID-19. Frozen budgets, rising inflation, expanding scopes of activities and accelerating programming costs, including sports rights, have taken their toll on the financial framework of PSB organisations.

Growing financial disparity between top national PSBs and global players

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 primarily driven by the private sector have widened the revenue gap even more.

Several public service broadcasters figure among the top 50 audiovisual companies worldwide[2] and many more among the top 100 audiovisual companies operating in Europe.[3] However, respectable positions in rankings cannot hide the fact that the pockets of the private sector competition are deeper than those of the PSBs. The revenue share of PSBs stood at 35% among the 100 leading European television and radio groups in 2020. In the 2020 global ranking of the 50 world leading audiovisual companies by audiovisual turnover, the PSBs held a share of 5% in total revenues.

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 77% of PSB resources in 2021 but the share varied between 98% in Finland and Luxembourg and 31% in Malta.[4]

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 169.9 in 2021, compared to EUR 1.6 in Ukraine.

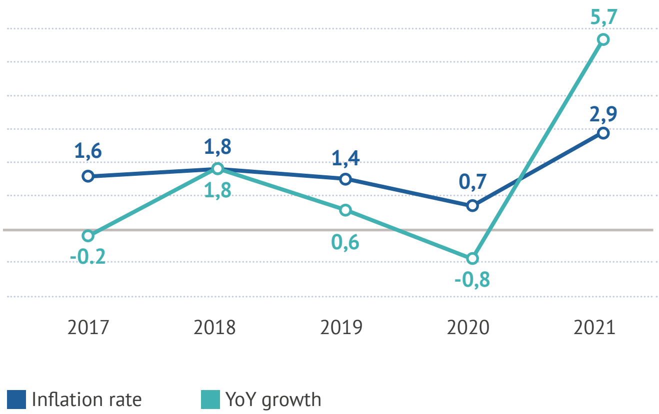
1 Europe includes the EU27, Albania, Armenia, Bosnia and Herzegovina, Georgia, Iceland, Moldova, Montenegro, North Macedonia, Norway, Serbia, Switzerland, Türkiye, Ukraine and the United Kingdom.
2 Source: Yearbook 2021 edition; table PLAY-GLOB - The worldwide 50 leading audiovisual companies by audiovisual turnover (2015-2020).
3 Source: Yearbook 2021; table PLAY-EU - The 100 leading European television and radio groups (2015-2020).
4 2019 data.

Is the 2021 growth of PSB revenues part of a wider trend in the EU?

No, the revenue expansion is limited to 4 EU countries

Germany, Spain, Italy and Sweden accounted for 76% of the revenue increase, the first above inflation in five years.

Average annual revenue growth of public service broadcasters and average harmonised inflation by year in the EU27 (2017-2021 – in %)



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

5.5 TV fiction production: The advent of large European groups

Many players but a significant level of concentration

In 2020, 554[1] different production companies were active in the production of original European[2] TV films and series. But the top 10 accounted for 27% of all titles[3] and 35% of all hours produced, and the top 20 for 36% and 51%, respectively. The higher concentration in hours compared to titles can be explained by the weight of long-running soaps and telenovelas in the total TV fiction production volume. When focusing on shorter, higher-end TV series with seasons between 3 and 13 episodes, the top 10 similarly account for 27% of all titles.

A segmentation of TV fiction producers

The top 10 producers of 3-to-13-episode-per-season TV series roughly comprise three main types:

- Pure independent production groups with no, or no significant, interest in broad-casting (e.g. Banijay, the Mediawan/ Leonine “alliance”).
- Subsidiaries of (mainly public) broadcasters, chiefly producing for their parent company[4] (e.g. ARD, ZDF, the BBC or CME from the PPF Group).
- Subsidiaries of broadcasters increasingly producing for non-affiliated broadcasters (e.g. ITV Studios, Fremantle from the RTL Group, TF1’s Newen, or even Warner Bros. Discovery). The lion’s share of TV fiction produced by ITV Studios, Fremantle and Newen is commissioned by third-party broadcasters (or SVOD services).

When looking at all producers, independent productions (including productions by broadcaster subsidiaries for third-party broadcasters) account for over 80% of 3-to-13-episode TV series produced in 2021, out of which the broadcaster subsidiaries account for 16%.

European presence of the leaders

The growth of the leading TV production groups, independent or not, goes along with extending their footprint, often through the acquisition of local television companies. Banijay seems to be the most advanced player, with 2020 fiction titles originating from 13 different countries, ahead of the RTL Group (9 countries), Warner Bros. Discovery (7 countries), and ITV, TF1 and Vivendi (6 countries). The Mediawan + Leonine “alliance”, although constituting one of Europe’s biggest producers, is more focused geographically speaking (5 countries).

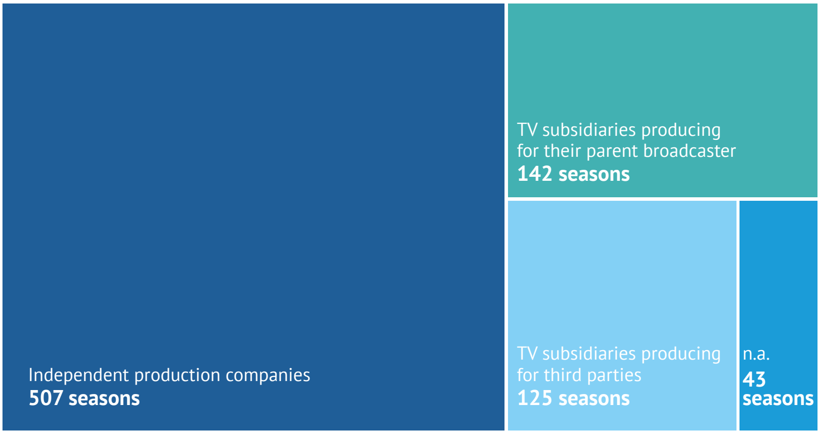
1 Provisional figures.
2 Europe refers here to EU27+UK+NO+CH.
3 title=1 TV film or 1 TV season.
4 In the specific case of Germany, ARD subsidiaries also significantly produce for ZDF, the other public broadcaster.

What is the market share of broadcaster subsidiaries in the production of high-end TV seasons?

34%

16% of which is accounted for by production for third-party broadcasters

Breakdown of 3-to-13-episode TV series produced in 2020 by category of producer



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 27 member states of the EU and in the UK.

http://avmsd.obs.coe.int

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European Audiovisual Observatory

Set up in December 1992, the European Audiovisual Observatory's mission is to gather and distribute information on the audiovisual industry in Europe. The Observatory is a European public service body comprised of 40 member states and the European Union, represented by the European Commission. It operates within the legal framework of the Council of Europe and works alongside a number of partners and professional organisations from within the industry and with a network of correspondents.

Major activities of the Observatory are

• the online-Yearbook, the online service for data and analysis on television, cinema, VOD and home video in 43 countries
www.yearbook.obs.coe.int

• the publication of newsletters and reports
www.obs.coe.int/publications

• the provision of information through the Observatory's Internet site
www.obs.coe.int

• contributions to conferences
www.obs.coe.int/events

The Observatory also makes available free online databases:

LUMIERE
Database on admissions to films released in Europe
www.lumiere.obs.coe.int

LUMIERE VOD
Database on European works available on VOD
https://lumierevod.obs.coe.int/

MAVISE
Database on TV and on-demand audiovisual services and companies in Europe
www.mavise.obs.coe.int

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