

Challenges and chances for the Russian film industry

St. Petersburg, 19/09/2018

14.30 – 17.00

Twitter hashtag

#EAORU2018



14:30 - 14:40

Welcome and Introduction

2

Vladimir Grigoriev

Deputy Head of the Federal Agency for
Press and Mass Communication

Susanne Nikoltchev

Executive Director
European Audiovisual Observatory

Twitter hashtag
#EAORU2018



14:40 - 14:55

The European Film Industry: facts and figures

3

Martin Kanzler

European cinema analyst

Department for Market Information

European Audiovisual Observatory

Twitter hashtag
#EAORU2018





The EU Film Industry - Facts & Figures 2017

Martin Kanzler

Film Industry Analyst

Department for Market Information

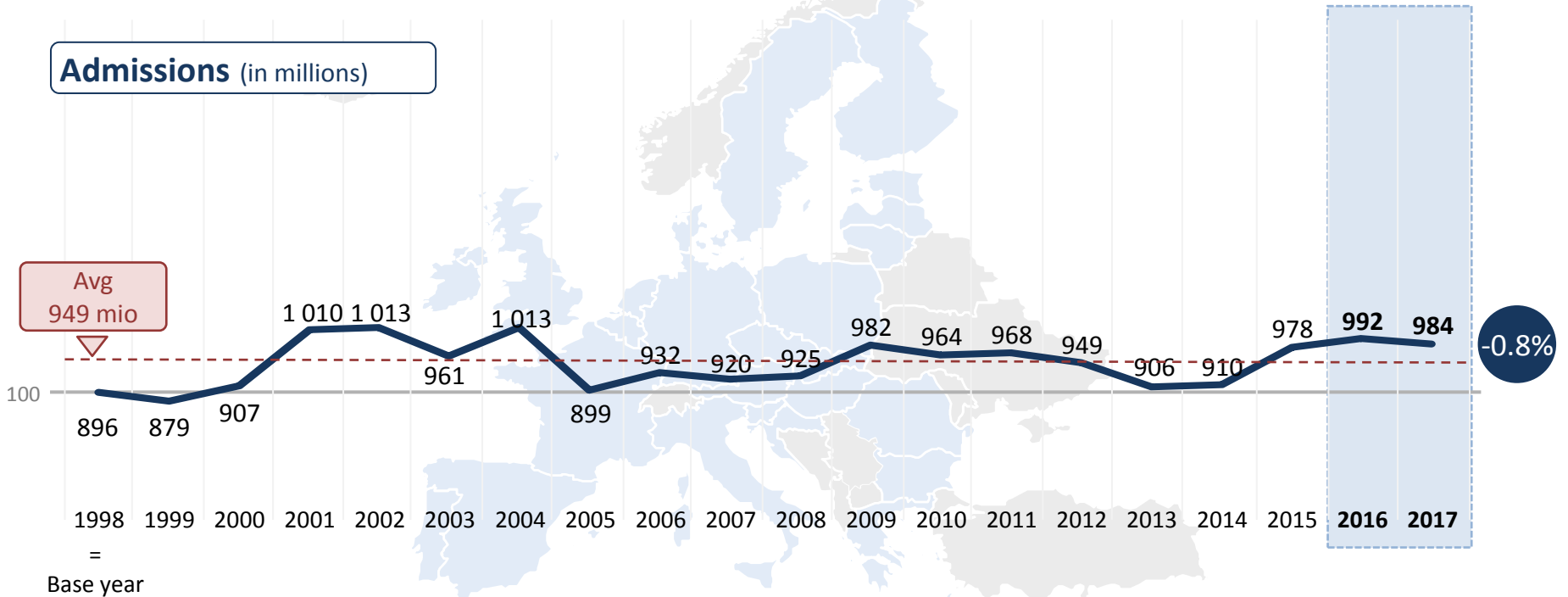
EU box office stabilising
at comparatively high level

EU admissions stable around 980 million ...

Cinema attendance in the EU (1998-2017)

In million tickets sold. Indexed development (base year = 1998).

Admissions (in millions)

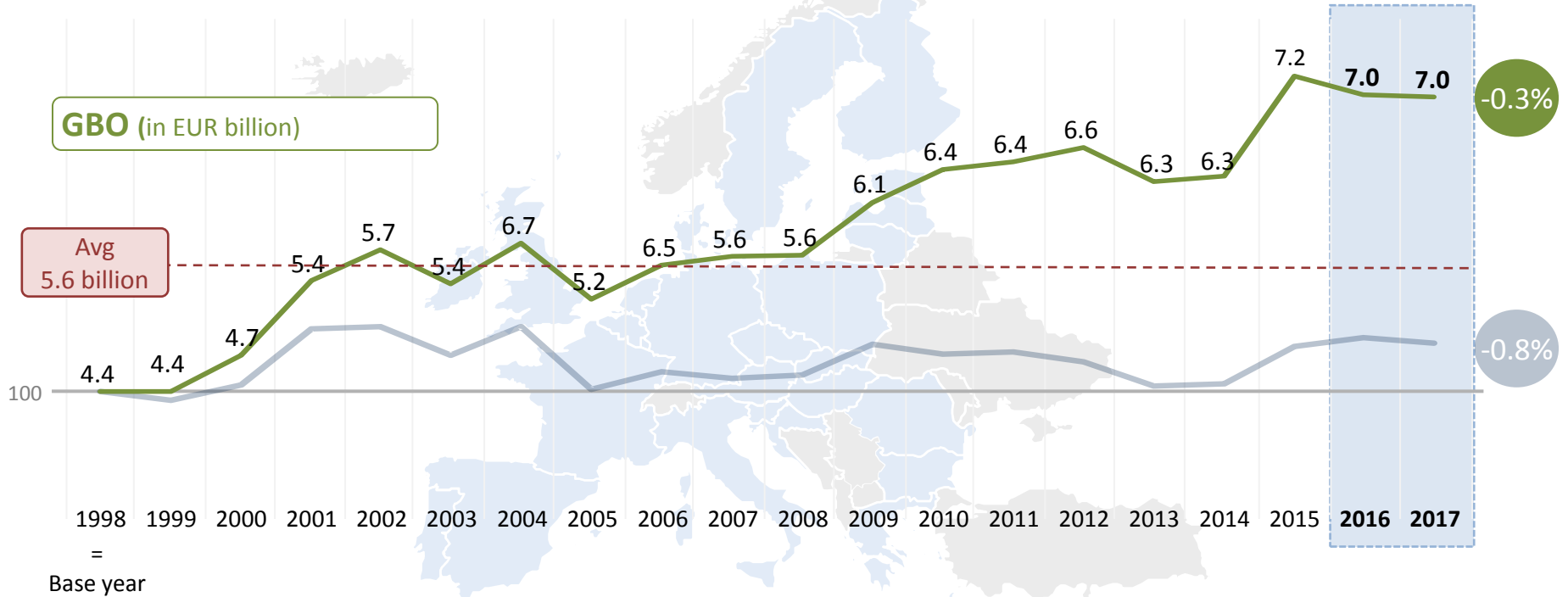


Source: European Audiovisual Observatory

... as GBO stays above EUR 7 billion ...

Gross box office in the EU (1998-2017)

Nominal values in EUR billion. Indexed development (base year = 1998).

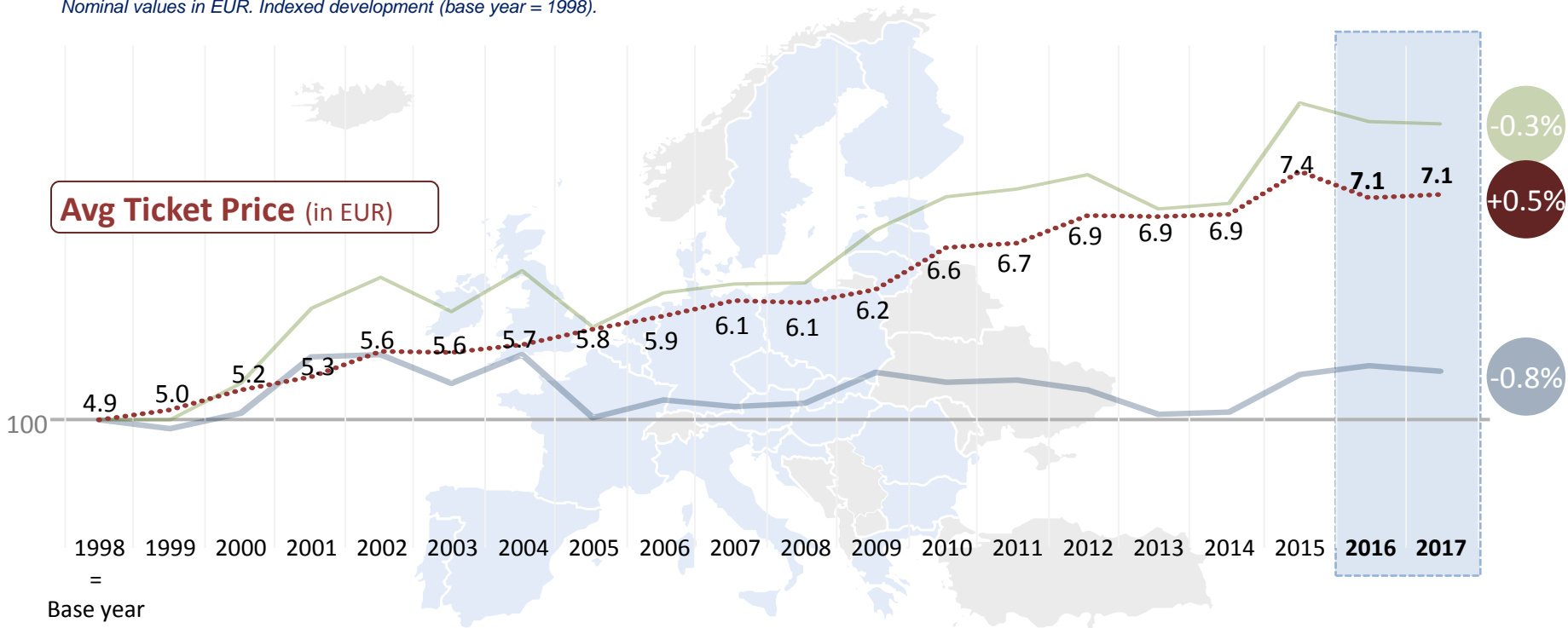


Source: European Audiovisual Observatory

... thanks to a marginal increase in ticket prices

Average cinema ticket prices in the EU (1998-2017)

Nominal values in EUR. Indexed development (base year = 1998).

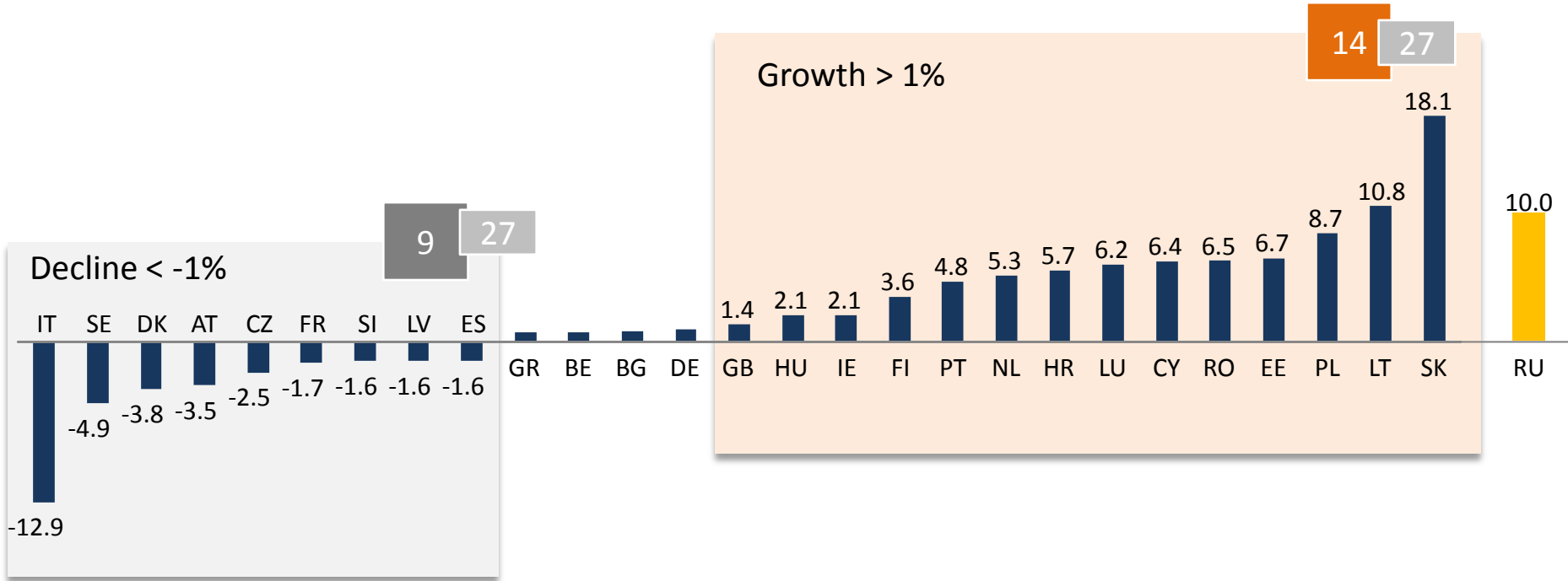


Source: European Audiovisual Observatory

Admissions growth differs across EU Member States

Admissions growth in EU Member States 2017 vs 2016

In %

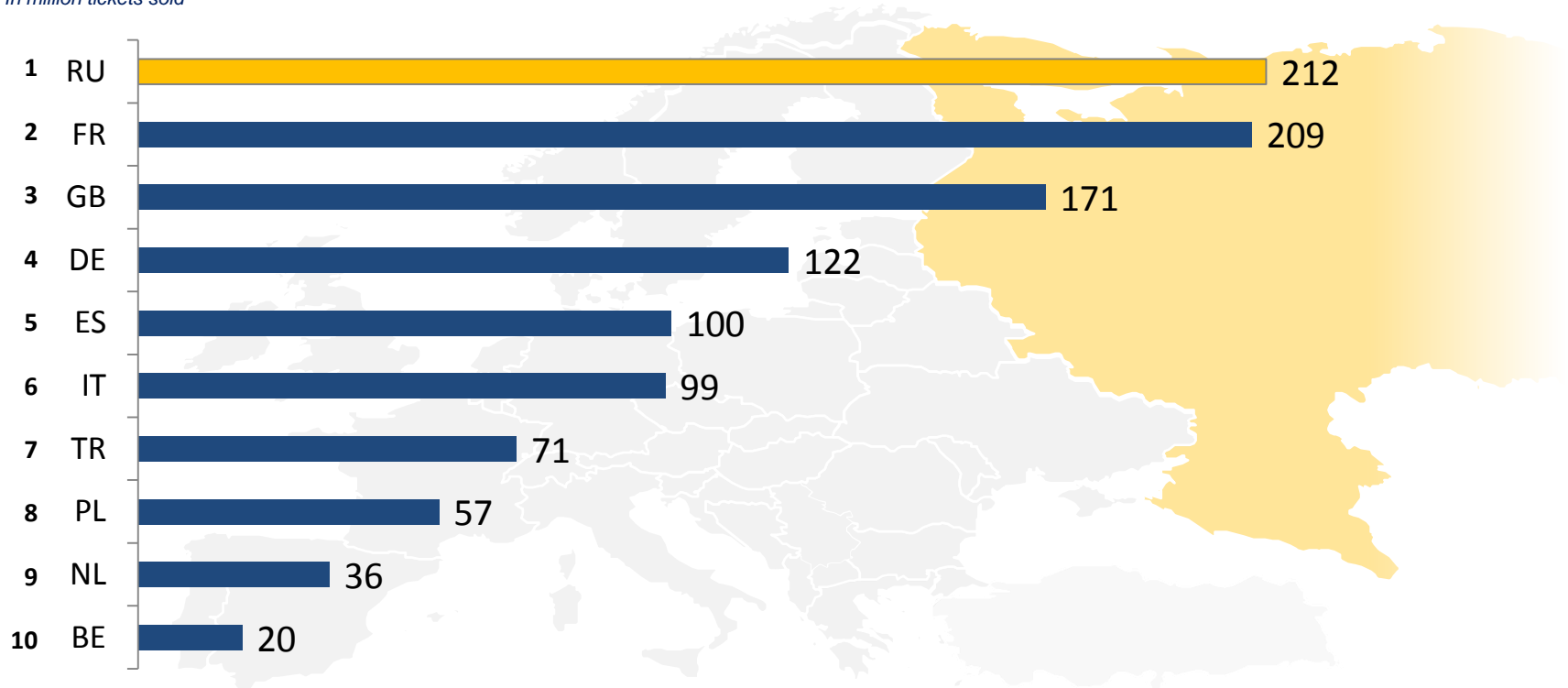


Source: European Audiovisual Observatory

Russia became the 1st European market for admissions

Top 10 European markets by admissions (2017)

In million tickets sold



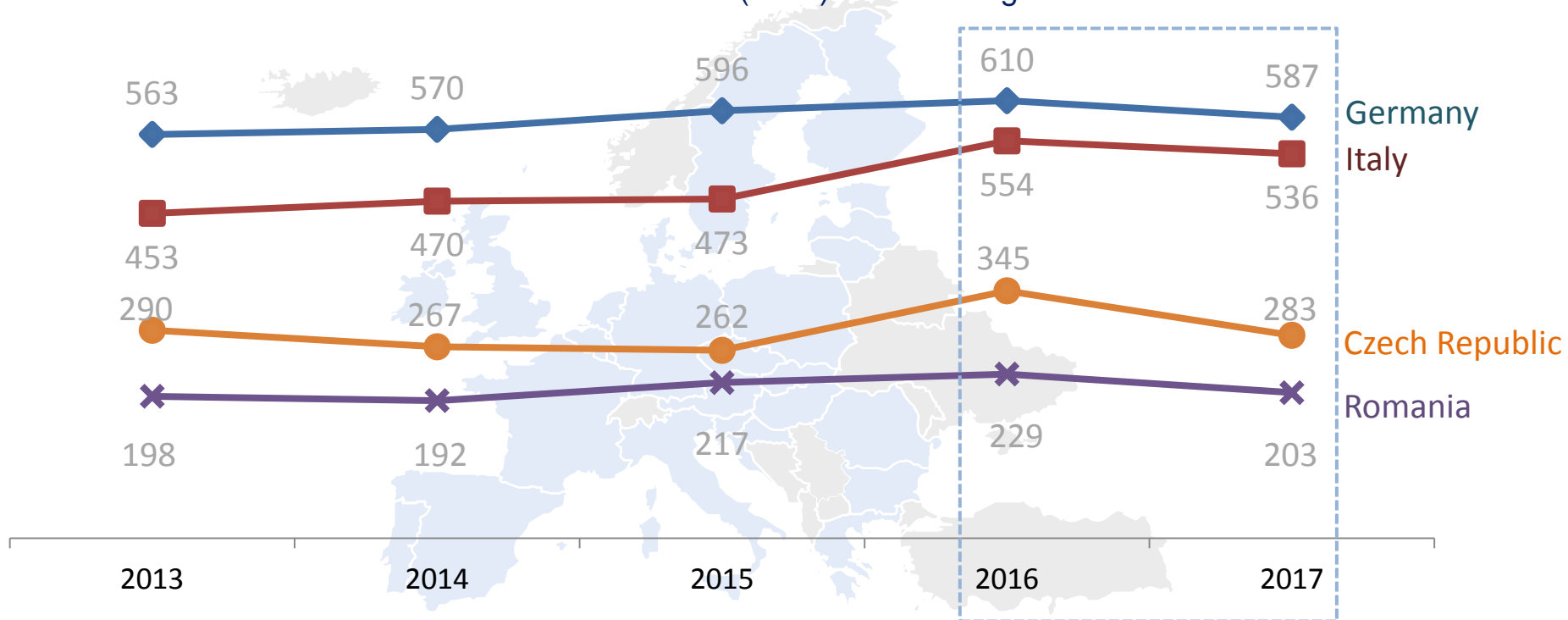
PROVISIONAL

Source: European Audiovisual Observatory

Increase in number of film releases
coming to a halt?

Less first releases in some EU markets ...

Number of first releases in selected EU countries (2017) - Decreasing

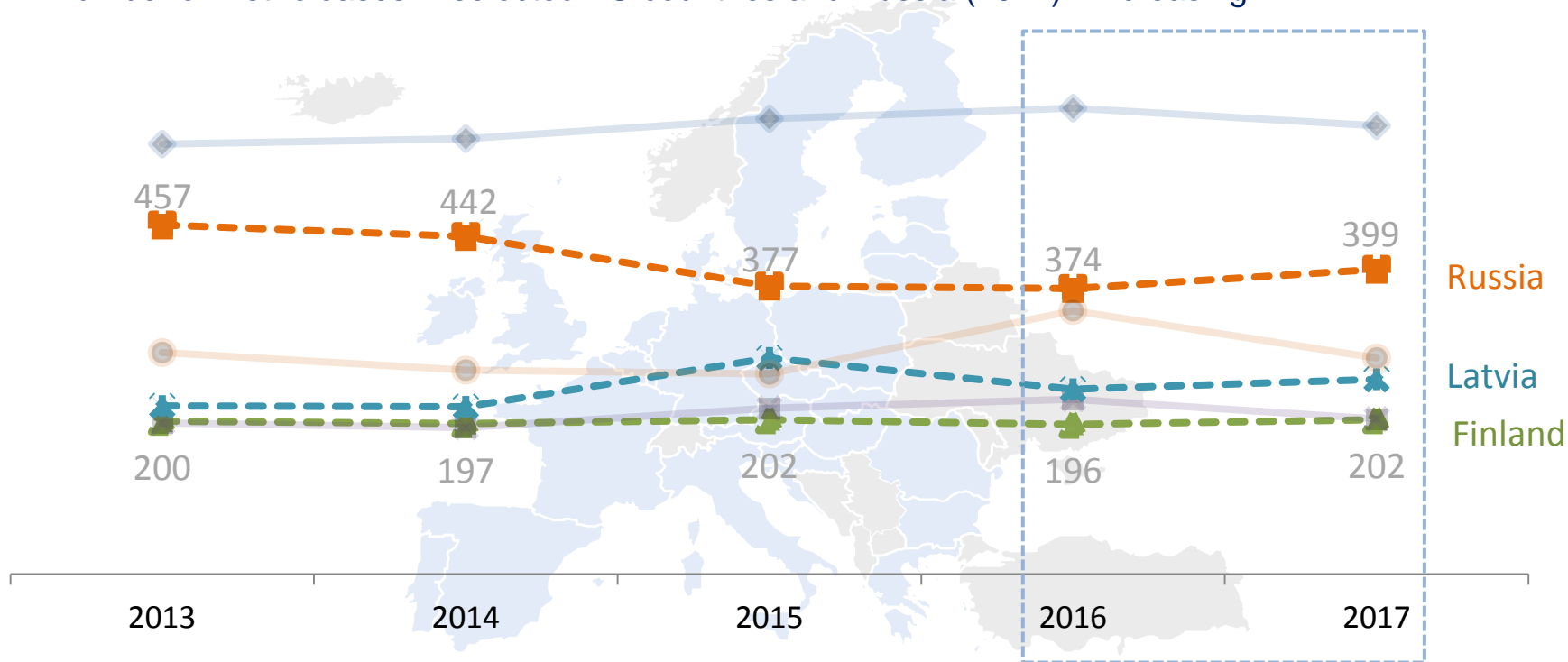


PROVISIONAL & ESTIMATED

Source: European Audiovisual Observatory

... while first release increase in others

Number of first releases in selected EU countries and Russia (2017) - Increasing



PROVISIONAL & ESTIMATED

Source: European Audiovisual Observatory

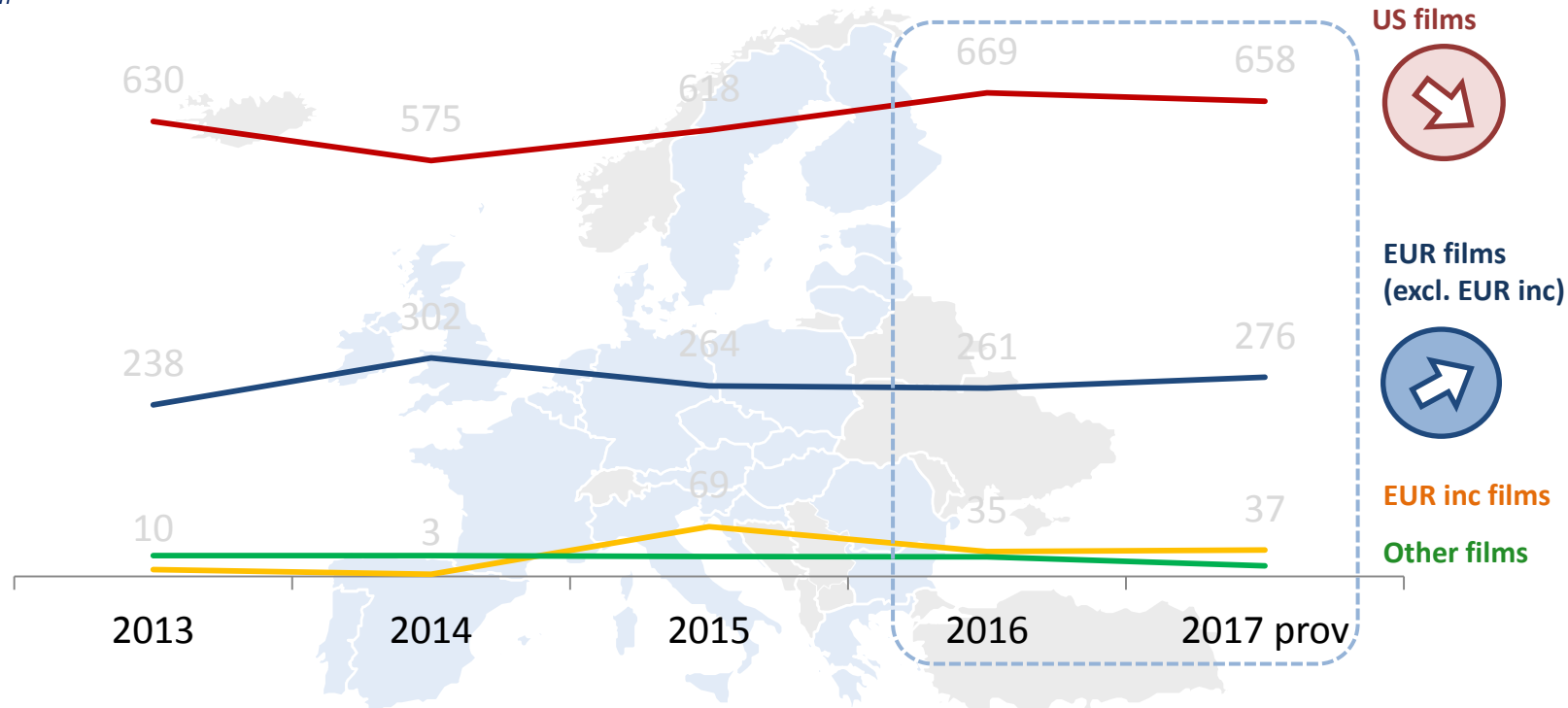
Admissions to European films
increased in 2017 ...

... while admissions to US films slightly declined



Breakdown of EU admissions by region of origin (2017)

In million



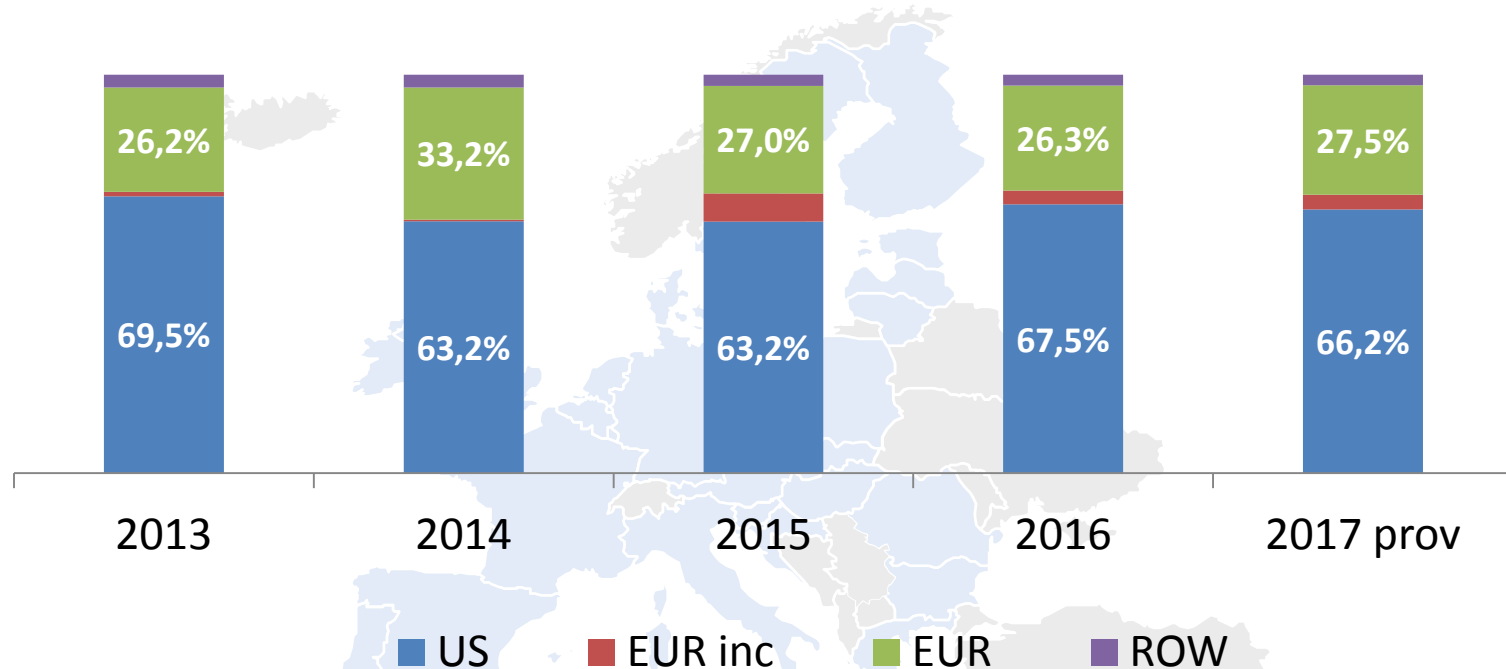
PROVISIONAL & ESTIMATED

Source: European Audiovisual Observatory / LUMIERE database

Market share of European films grows to 27.5%

EU market share by region of origin (2013-2017)

In %



Source: European Audiovisual Observatory / LUMIERE database

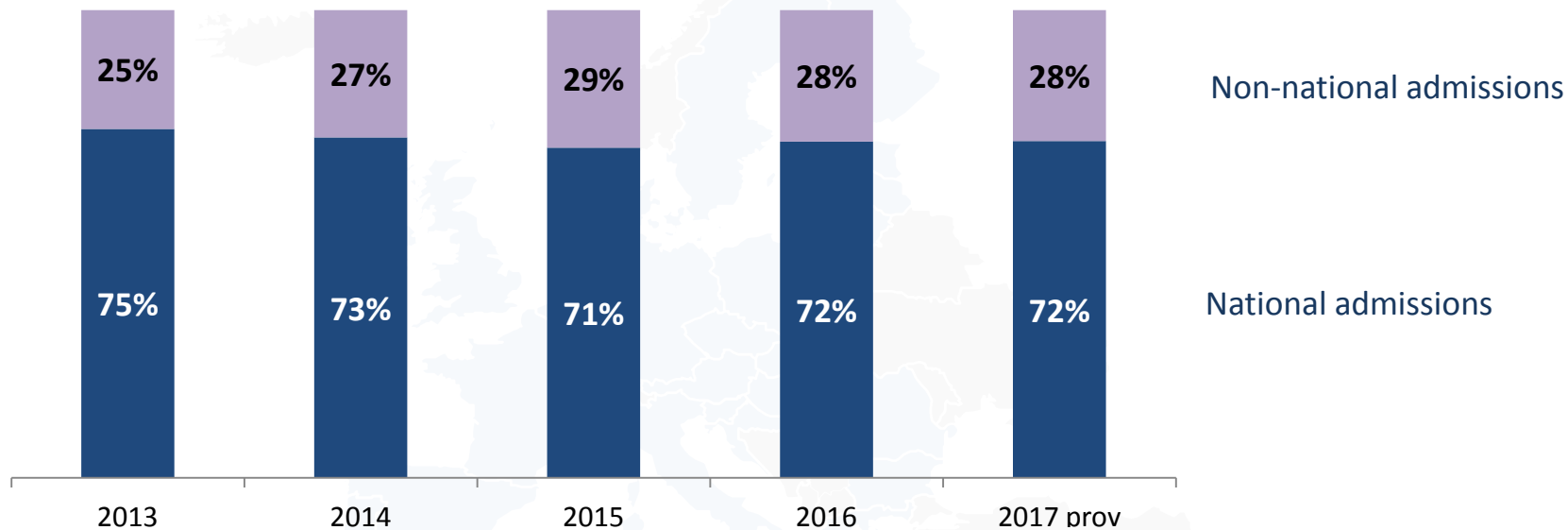
PROVISIONAL & ESTIMATED

The share of EU non-national admissions is stable



Breakdown of admissions to EU films in the EU by national and non-national market

In %



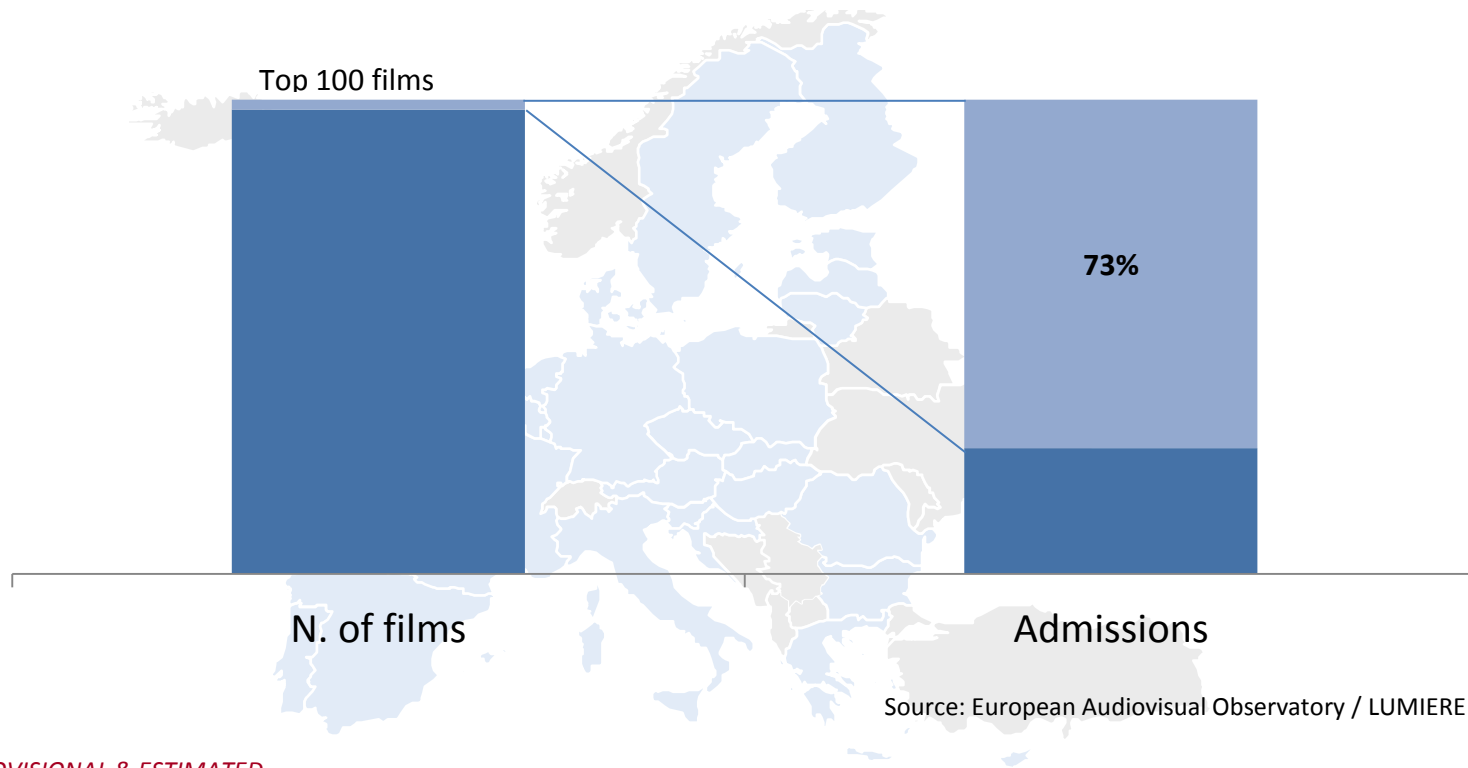
Source: European Audiovisual Observatory / LUMIERE database

PROVISIONAL & ESTIMATED

High concentration
at the EU box office

Top 100 films account for 73% of EU admissions

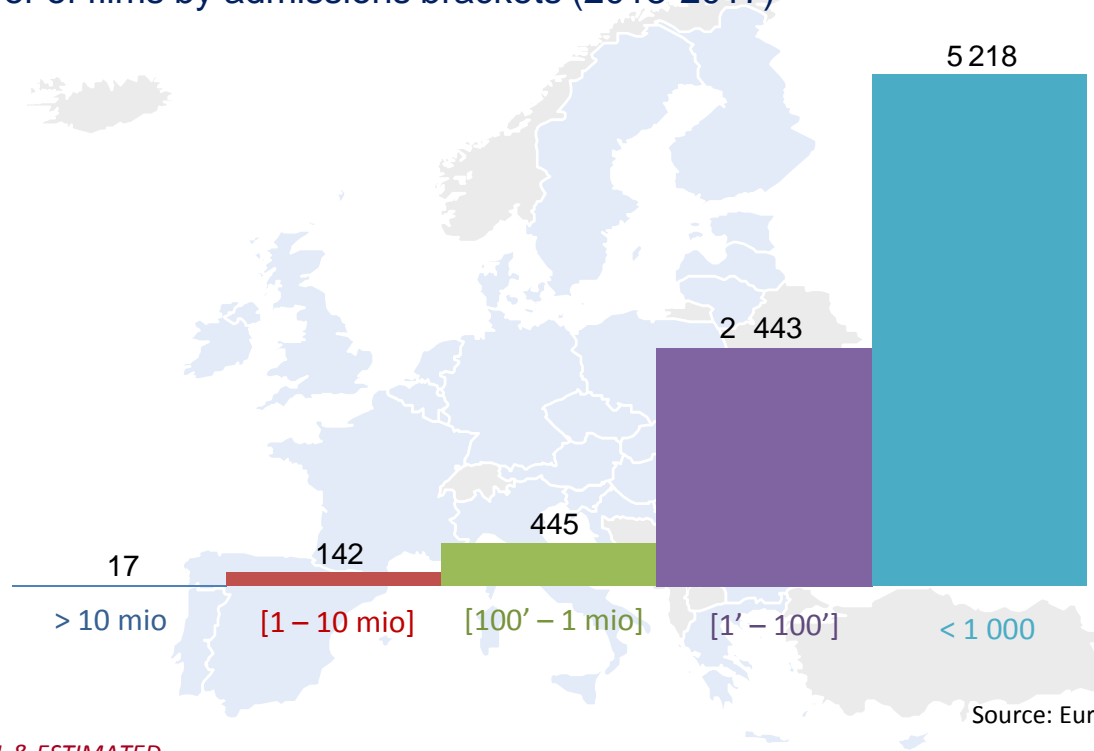
Concentration of EU admissions (2017)



PROVISIONAL & ESTIMATED

Only 16 to 18 films sell more than 10 mio tickets in the EU per year

Median number of films by admissions brackets (2013-2017)



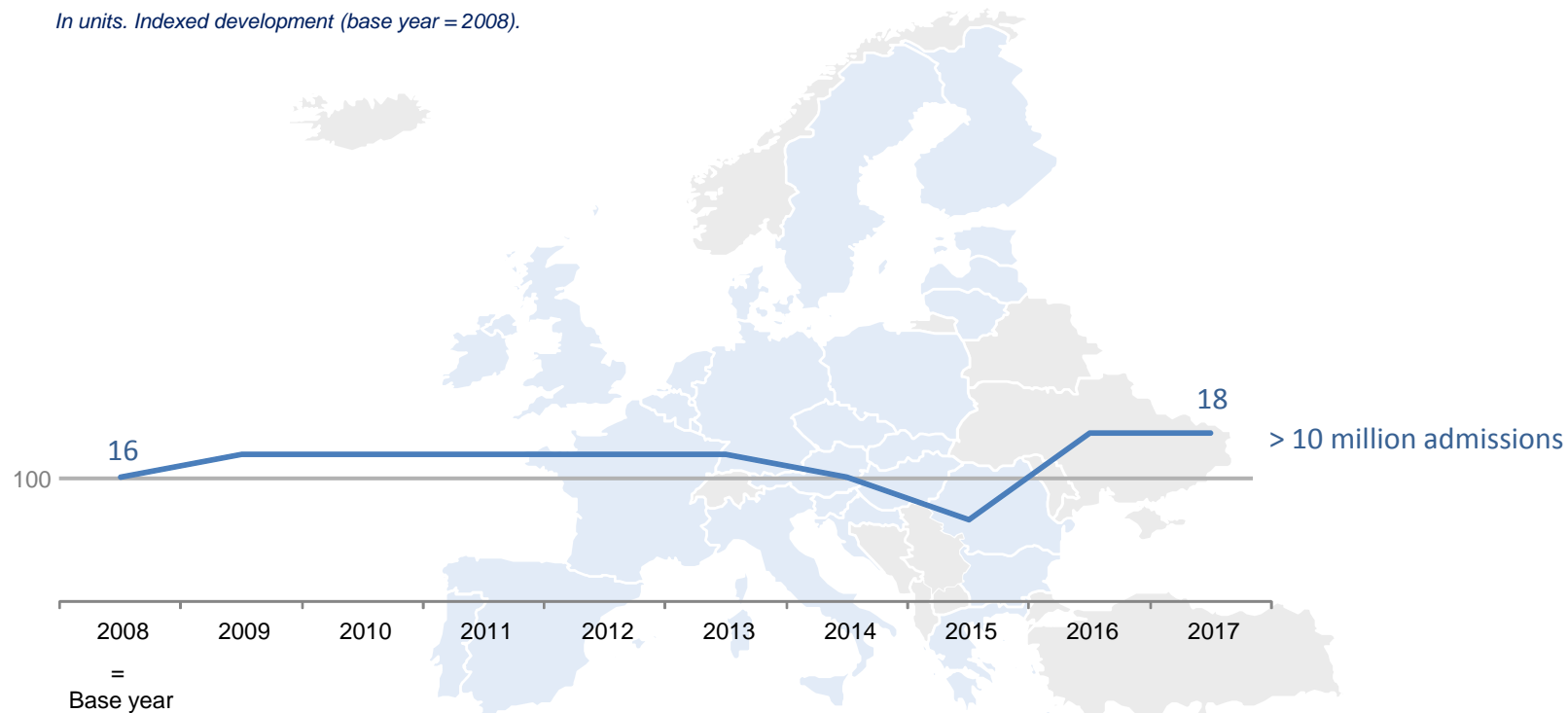
Source: European Audiovisual Observatory

PROVISIONAL & ESTIMATED

... and this number has been very stable over the past 10 years

Number of films by admissions brackets

In units. Indexed development (base year = 2008).



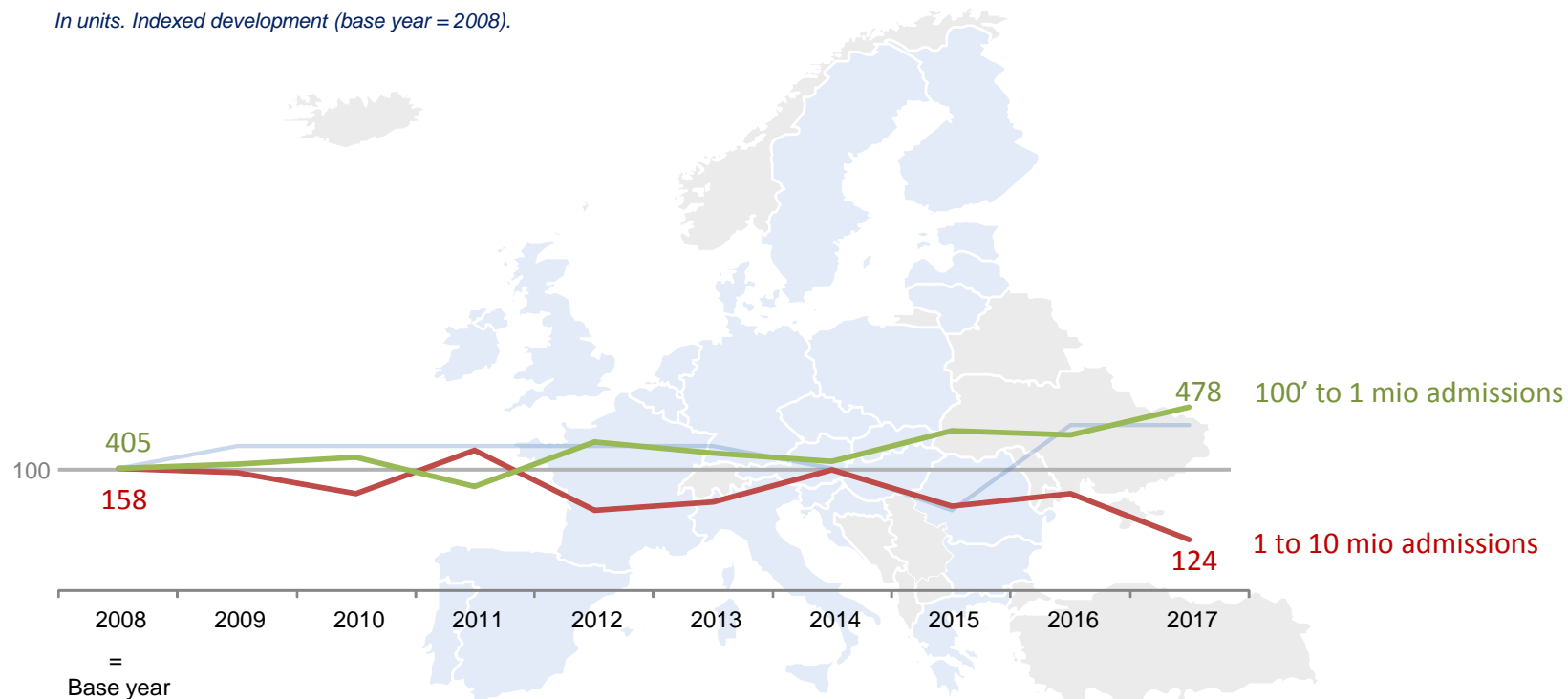
PROVISIONAL & ESTIMATED

Source: European Audiovisual Observatory

... whereas films generating 1 to 10 mio seem to decline

Number of films by admissions brackets

In units. Indexed development (base year = 2008).



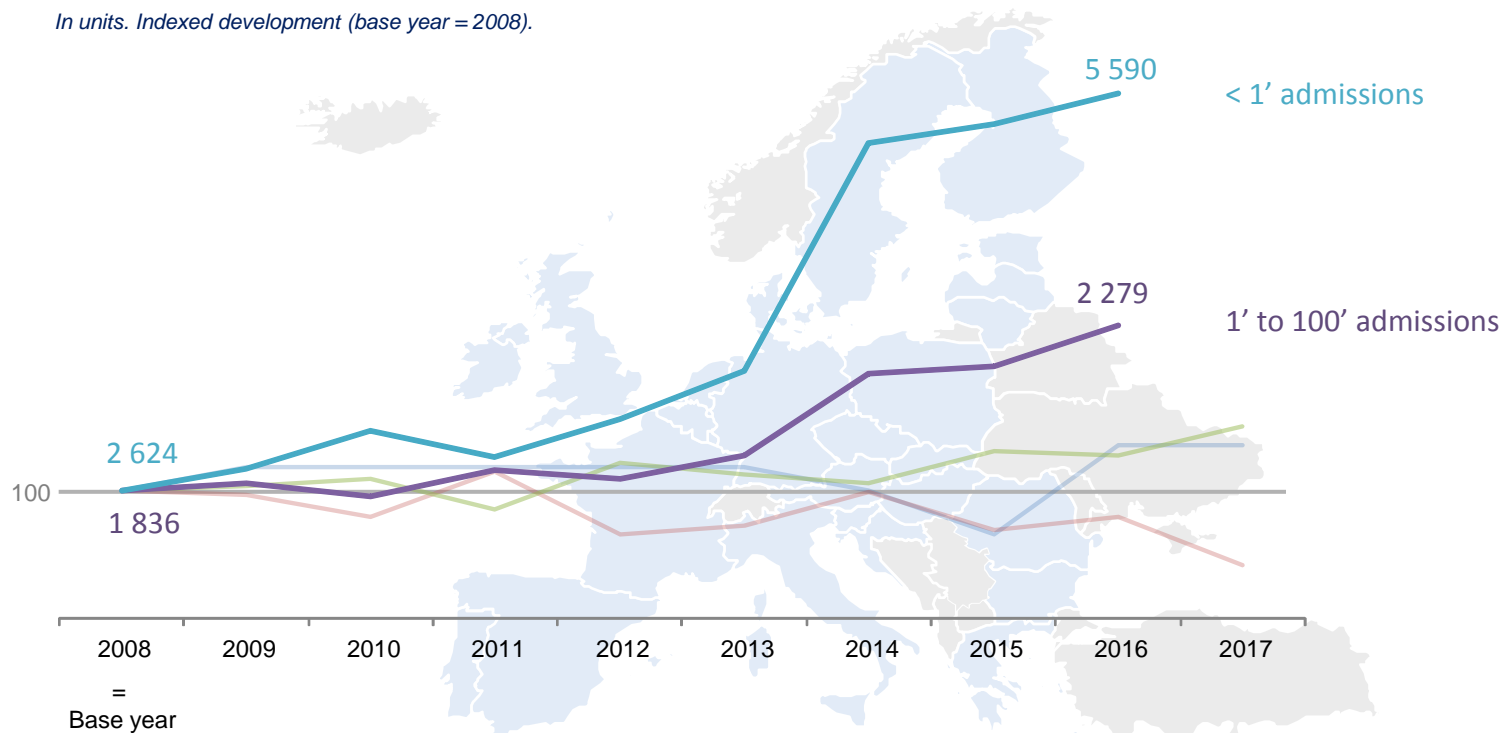
PROVISIONAL & ESTIMATED

Source: European Audiovisual Observatory

Clear increase in films with low admissions

Number of films by admissions brackets

In units. Indexed development (base year = 2008).



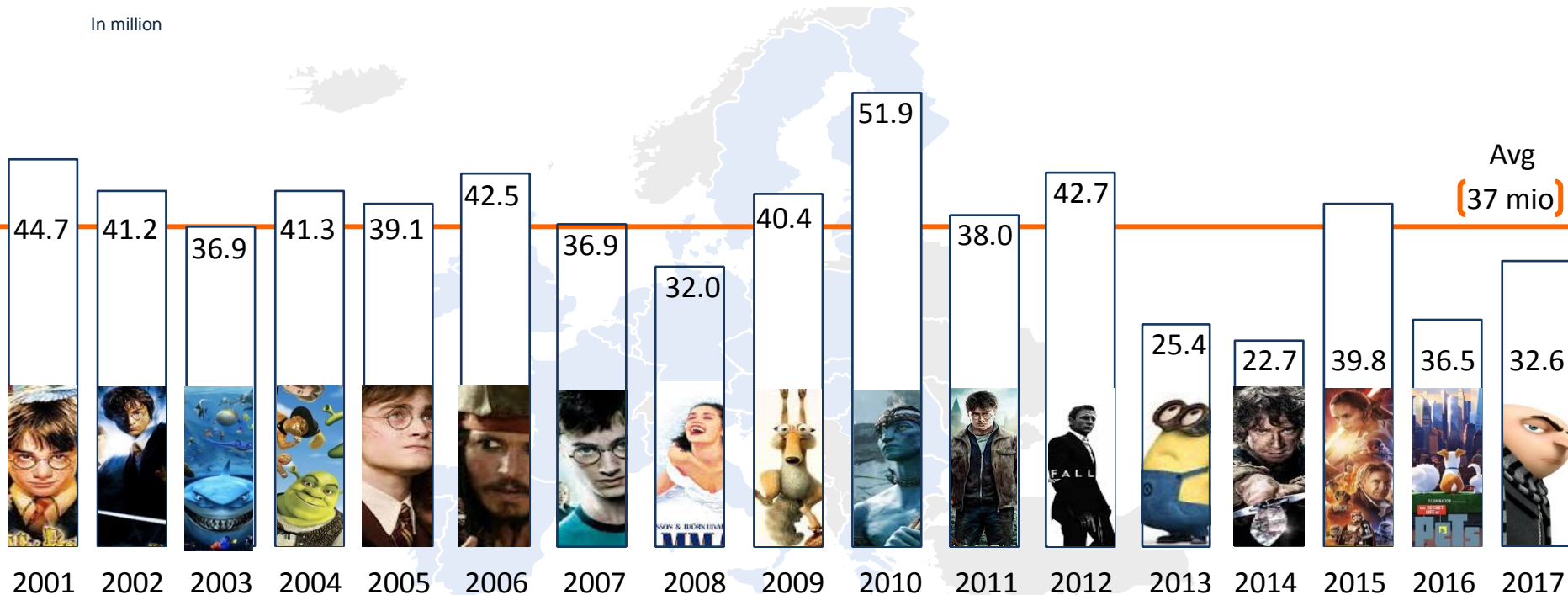
PROVISIONAL & ESTIMATED

Source: European Audiovisual Observatory

Top films tend to perform poorly compared to previous years

Admissions to top grossing films in the EU (2001-2017)

In million








Avg
(37 mio)





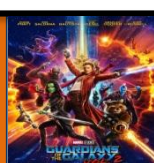
Source: European Audiovisual Observatory / LUMIERE database

Top films by admissions in the EU and Russia 2017

EU






1		Despicable Me 3 (US)	32.3 m.
2		Beauty and the Beast (US)	29.8 m.
3		Star Wars Episode VIII – The Last Jedi (US)	28.8 m.
4		The Fate of the Furious (US/CN/JP)	21.7 m.
5		Fifty Shades Darker (US/CN)	20.3 m.

Russia






1		Pirates of the Caribbean: Dead Men Tell no Tales (US)	8.0 m
2		Posledniy bogatyr (RU)	7.3 m
3		Despicable Me 3 (US)	6.6 m
4		The Boss Baby (US)	6.2 m
5		Guardians of the Galaxy 2 (US)	5.3 m

Top EU films by admissions in the EU and Russia 2017

EU

1		Dunkirk (GB inc/US/FR/NL)	17.2 m
2		Paddington 2 (GB/FR)	9.1 m
3		Kingsman: The Golden Circle (GB inc/US)	8.7 m
4		Valerian and the City of a Thousand Planets (FR/CN/US/DE/AE)	8.2 m
5		Fack ju Göhte 3 (DE)	6.5 m

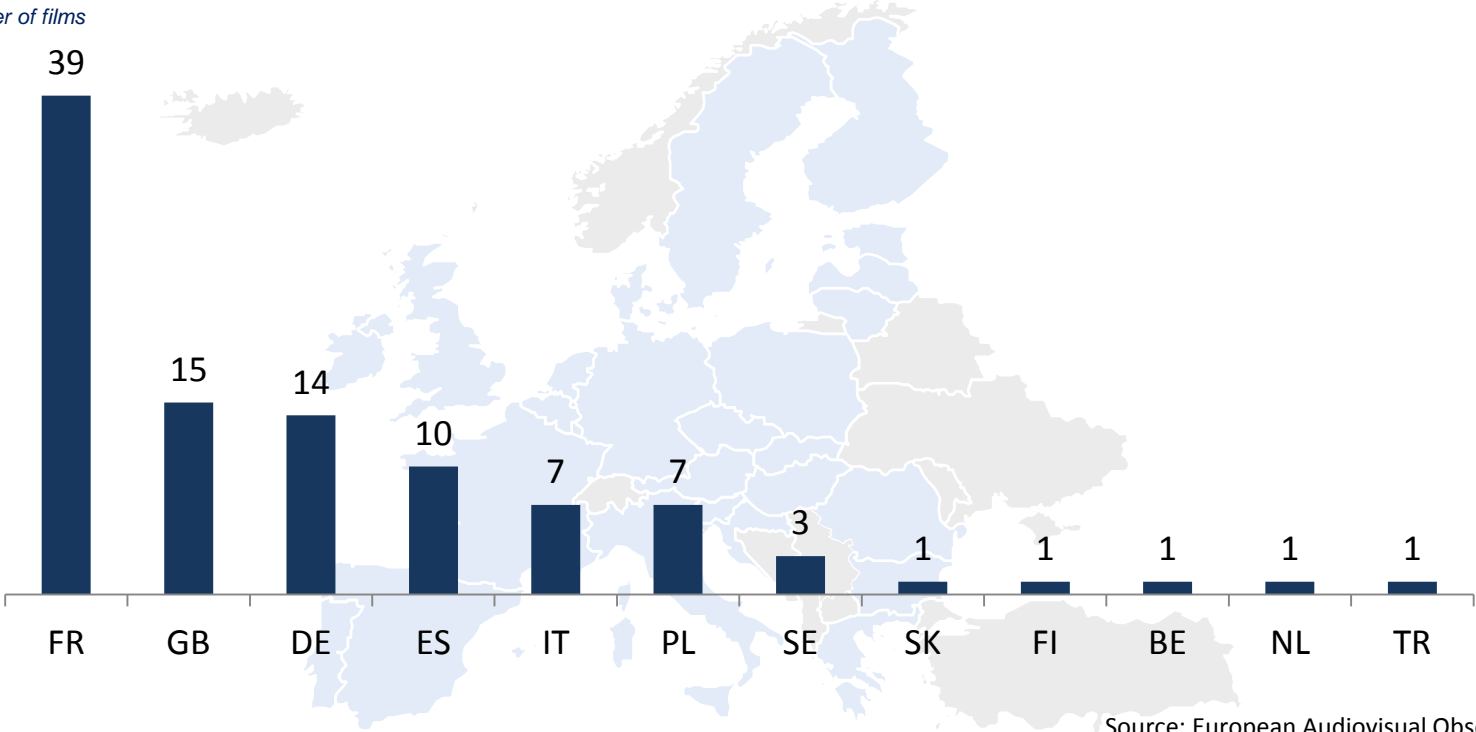
Russia

1		Valerian and the City of a Thousand Planets (FR/CN/US/DE/AE)	2.9 m
2		Kingsman: The Golden Circle (GB inc/US)	2.4 m
3		Baby Driver (GB/US)	1.2 m
4		Dunkirk (GB inc/US/FR/NL)	1.2 m
5		Ballerina (FR)	1.1 m

French films stand out among the top 100 EUR films

Breakdown of top 100 European films in the EU in 2017 by country of origin

In number of films



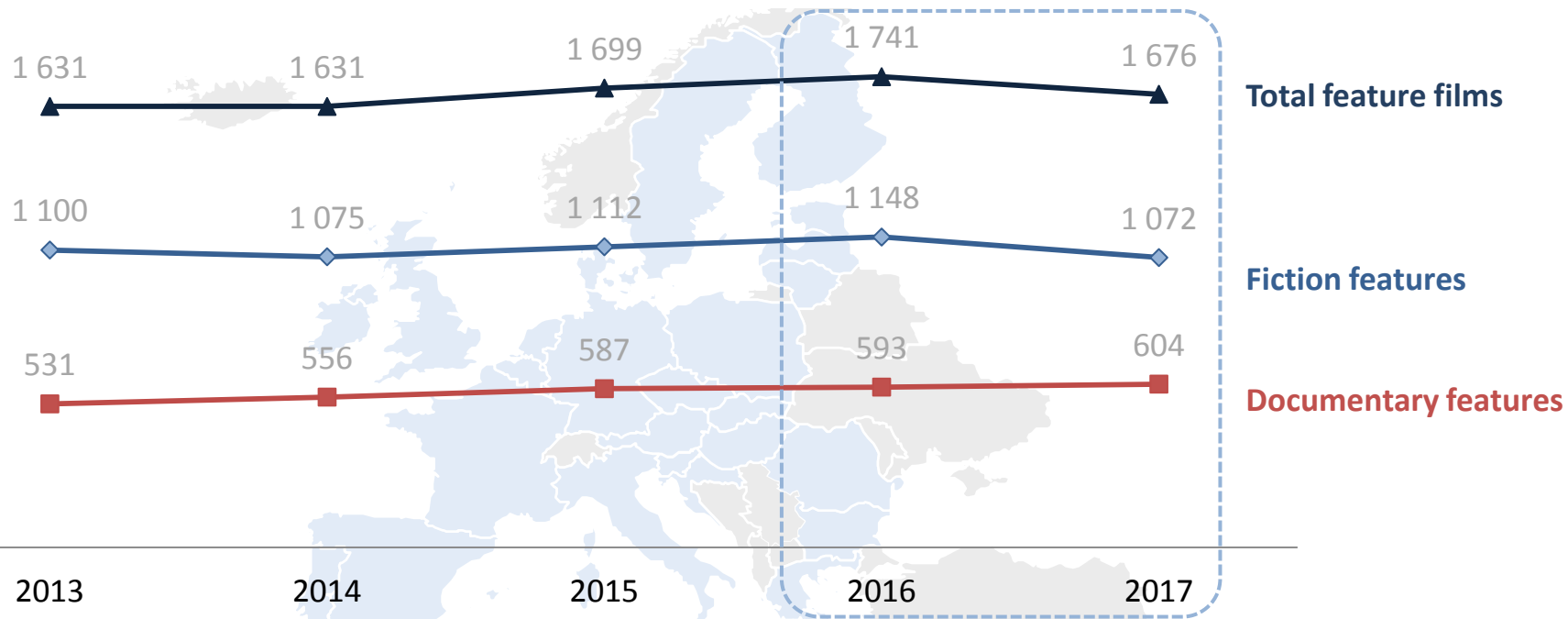
Source: European Audiovisual Observatory

PROVISIONAL & ESTIMATED

EU film production decreased
for the first time in years

EU fiction film production volume decreased

Number of EU films produced, 2013-2017

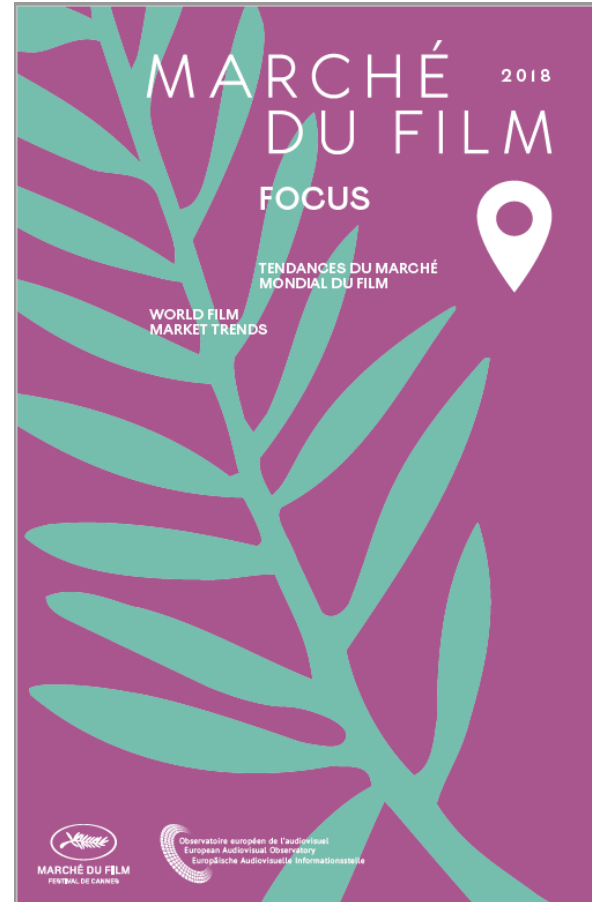


Source: European Audiovisual Observatory

PROVISIONAL & ESTIMATED

For more
information

www.obs.coe.int



14:55 – 15:10

Promoting European films: a multifaceted strategy²⁴

Maja Cappello

Head of Department for Legal Information
European Audiovisual Observatory

Twitter hashtag
#EAORU2018





The promotion of audiovisual works in Europe

Conference on “Challenges and Chances for the Russian Film Industry”
Saint Petersburg, 19 September 2018

Maja Cappello

Head of Department for legal information
European Audiovisual Observatory



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CONSEIL DE L'EUROPE

The WHY & The HOW

WHY?

The role of audiovisual works

AV works play an important role in **shaping European identities.**

- are **economic goods**, offering important opportunities for the creation of **wealth and employment**
- are also **cultural goods** which mirror and shape our societies.

The specificities of films

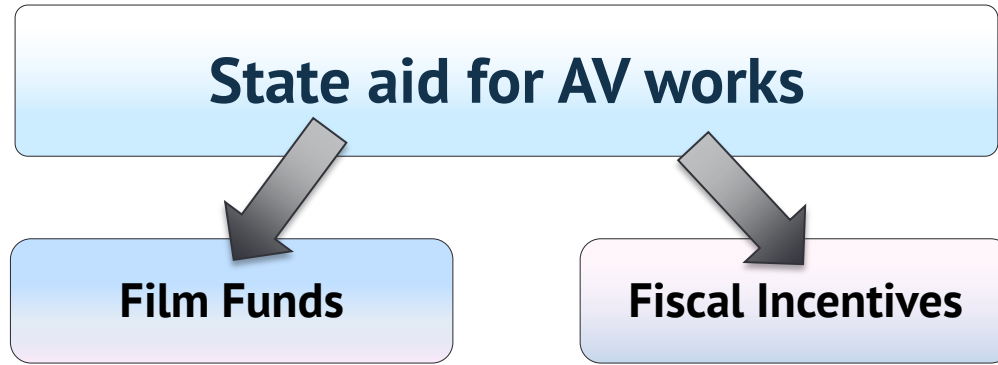
Among AV works, films have a particular **prominence:**

- production **budgets are substantially higher** than for other audiovisual content
- are more frequently the **subject of international co-production**
- The duration of their **exploitation life is longer.**

The problems faced by films

- films in particular face **strong competition from outside Europe.**
- there is **little circulation** of European audiovisual works **outside their country of origin.**
- this limited circulation results from the **fragmentation of the European audiovisual sector** into national or even regional markets.

HOW?



Legal obligations > TV & VoD

State aid

is important to sustain European audiovisual production:

- high **investment** required
- **limited audience** for European audiovisual works.

**...but there are
rules to respect**

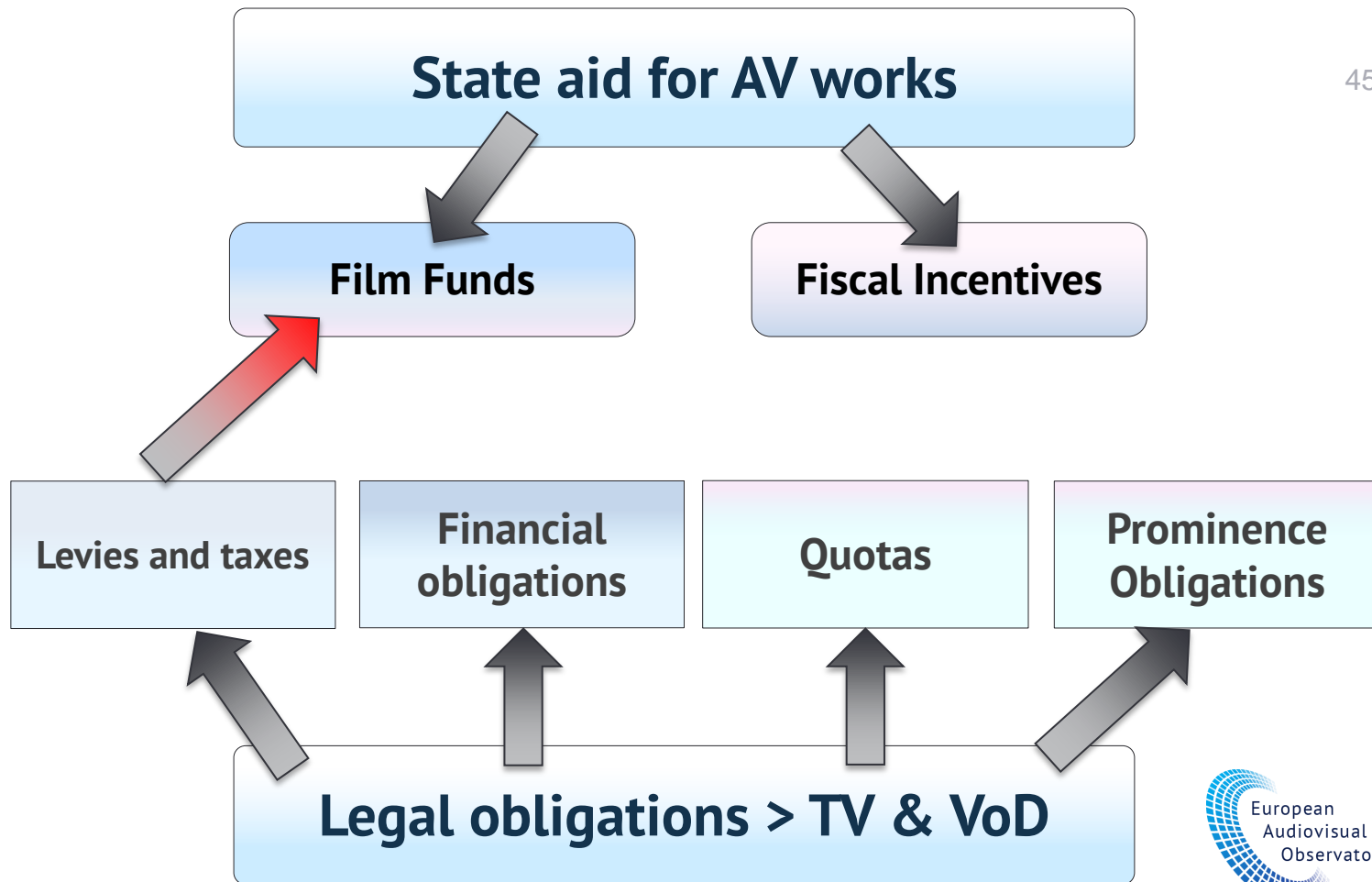
State aid

- **limited to 50%** of the production budget (with exceptions)
- MS may require that **160% of the aid** amount granted is **spent in their territory**.
- MS may also require that a minimum level of **production activity** is **carried out in their territory**. (up to **50%** of the production budget).
- **no territorial spending obligation** can ever **exceed 80%** of the production budget.

**...and is not
enough**

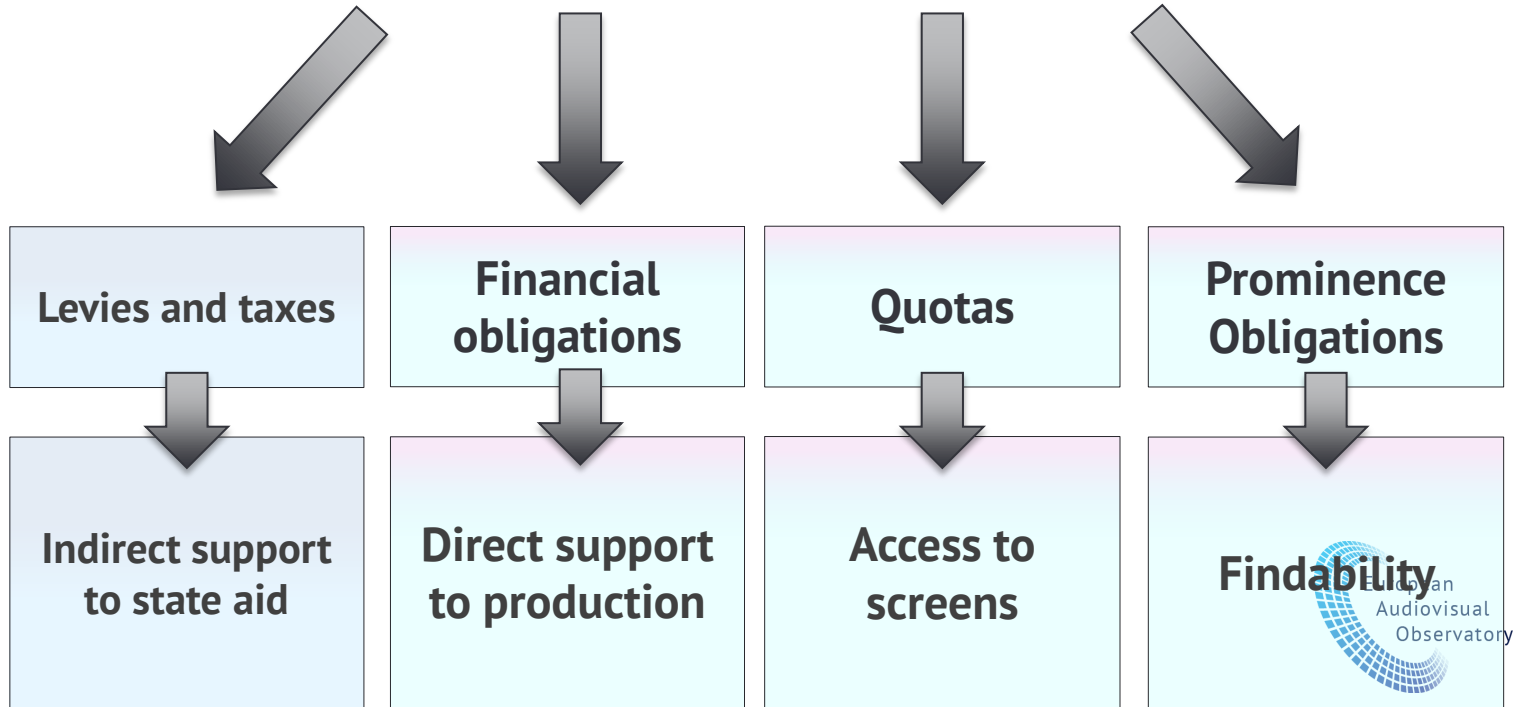
State aid is not enough...

- limited by **budgetary constraints** and by **competition law** at EU level.
- ...and **what is the point** of getting your **film financed** if you **do not manage to get it shown to an audience?**



...but WHY?

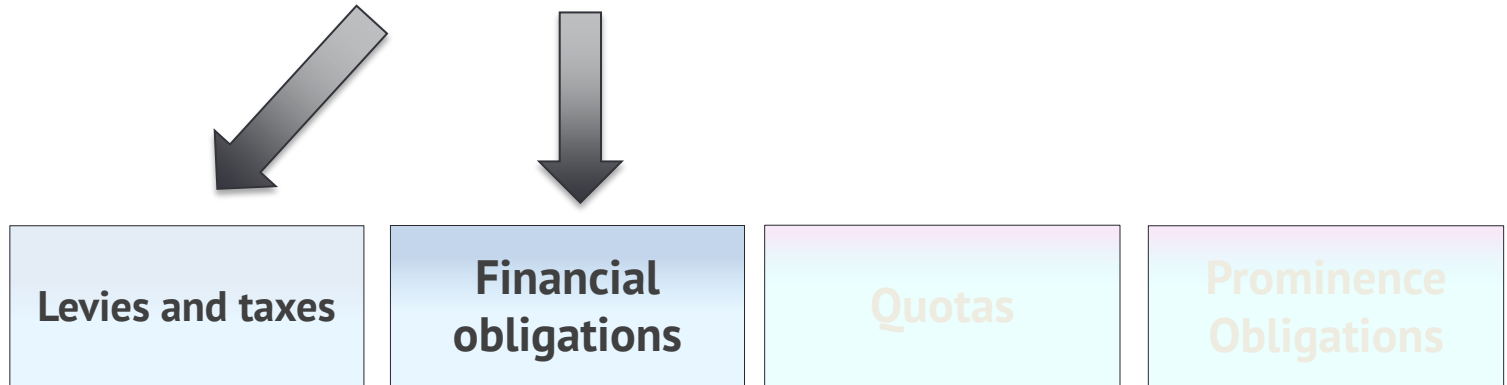
Legal obligations > TV & VoD



HOW

in detail...

Legal obligations > TV & VoD



Types of mandatory financial obligations 50

- **« Direct » financial obligations**
 - Programming budget
 - Pre-acquisition and/or production

- **« Indirect » financial obligations**
 - Financial contribution to film fund (restricted / unrestricted)

- **Diversity of national schemes**
 - Obligations on public and/or private broadcasters
 - Fixed in law / public service contract / framework agreement
 - Different calculation criteria (revenue threshold, programmes..)

Legal obligations > TV & VoD



Levies and taxes

**Financial
obligations**

Quotas

**Prominence
Obligations**

Contribution to film funds by broadcasters



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On-going mapping research – data will be available early 2019



al
itory

Contribution to film funds by VOD services (first overview)

-  Obligation
-  No obligation



Legal obligations > TV & VoD



Levies and taxes

Financial obligations

Quotas

Prominence Obligations

The Audiovisual Media Services Directive 55

Broadcasters (Art. 17 AVMSD)



- of transmission time OR
 - programming budget
- to independent EU works**

VOD services (Art. 13 AVMSD)



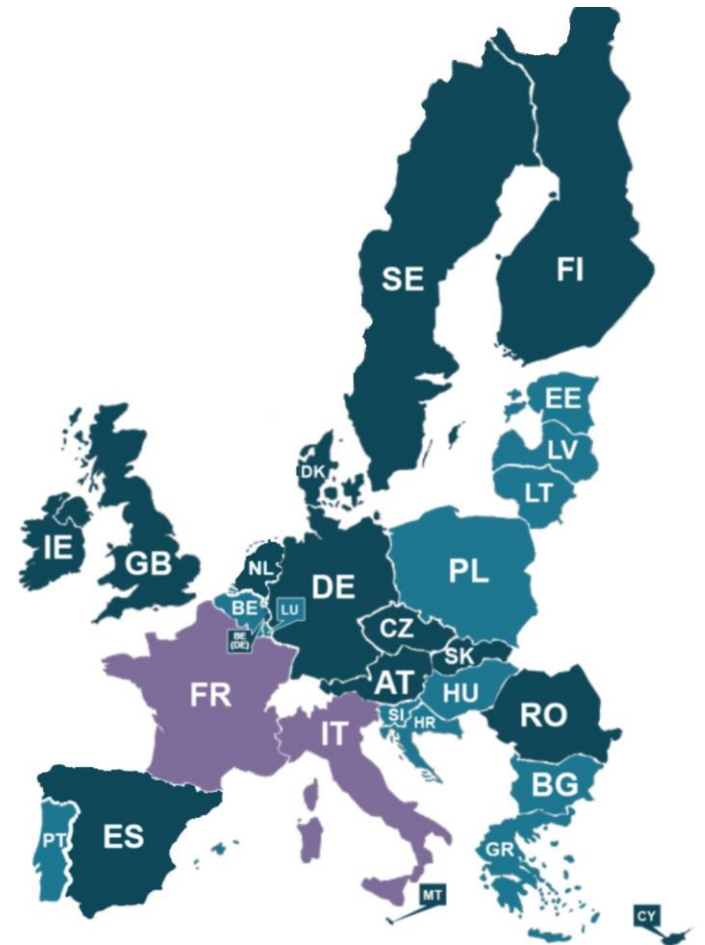
- **Financial contribution / Rights acquisition of EU works**
- Share in catalogues AND/OR
- Prominence obligations

Art. 17 AVMSD

Support to independent European AV works

- Transmission time
- Transmission time OR(*) financial contribution
- Financial contribution

* (AND) DE, ES, NL



Art. 13 AVMSD

financial obligations on VOD services

Direct contribution to production or acquisition of rights

- No obligation
- Mandatory
- Optional



Source: European Audiovisual Observatory's AVMSDatabase

Legal obligations > TV & VoD



The Audiovisual Media Service Directive

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Broadcasters (Art. 16-17 AVMSD)



- of transmission time to EU works



- of transmission time OR
 - programming budget
- to independent European works

VOD services (Art. 13 AVMSD)



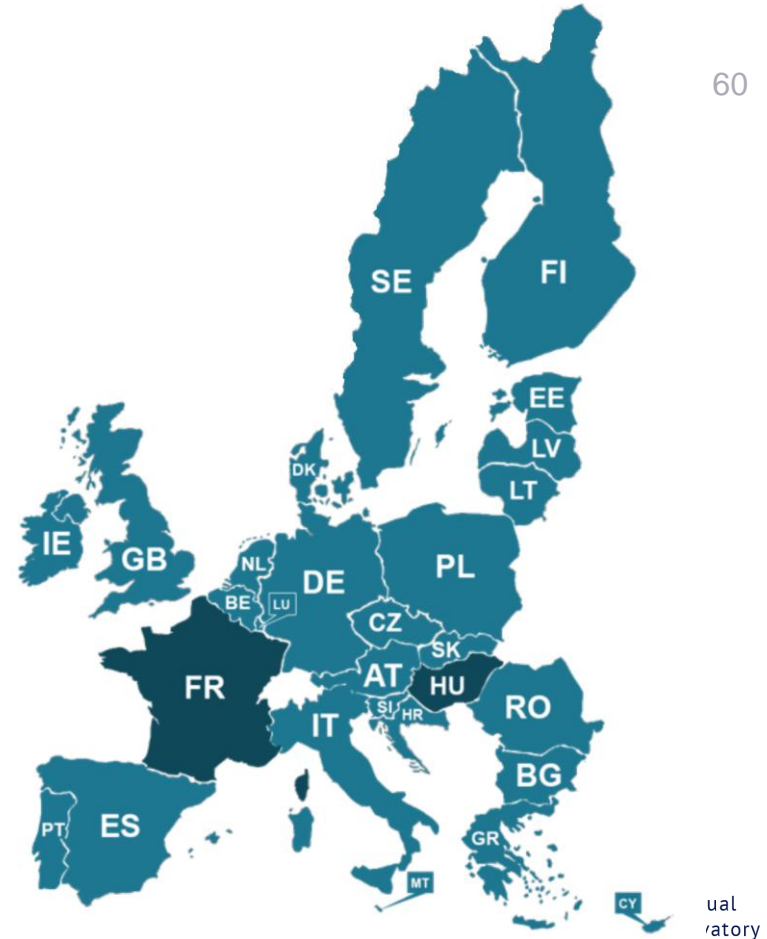
- Financial contribution/rights acquisition of EU works
- **(30%) Share in catalogues** and/or
- Prominence obligation

Art. 16 AVMSD

Minimum proportion of broadcasting time of European AV works

 >50% (as in AVMSD)

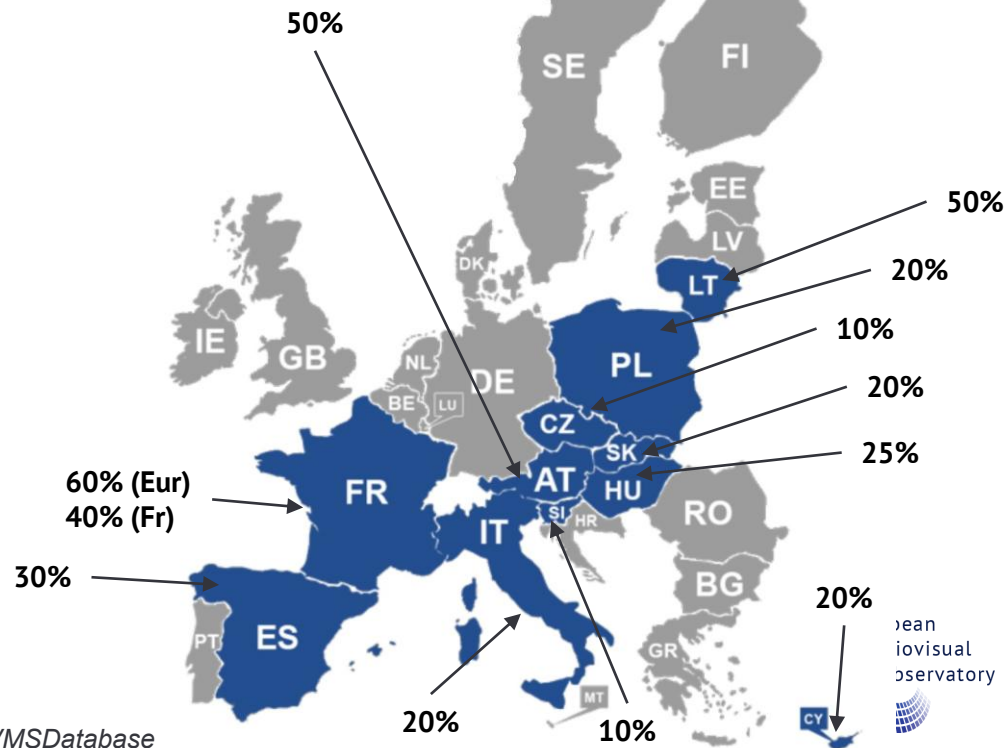
 60%



Art. 13 AVMSD

Share of European works in the catalogues

- Minimum quota
- No fixed quota



Source: European Audiovisual Observatory's AVMSDatabase

Legal obligations > TV & VoD



VOD services (Art. 13 AVMSD)

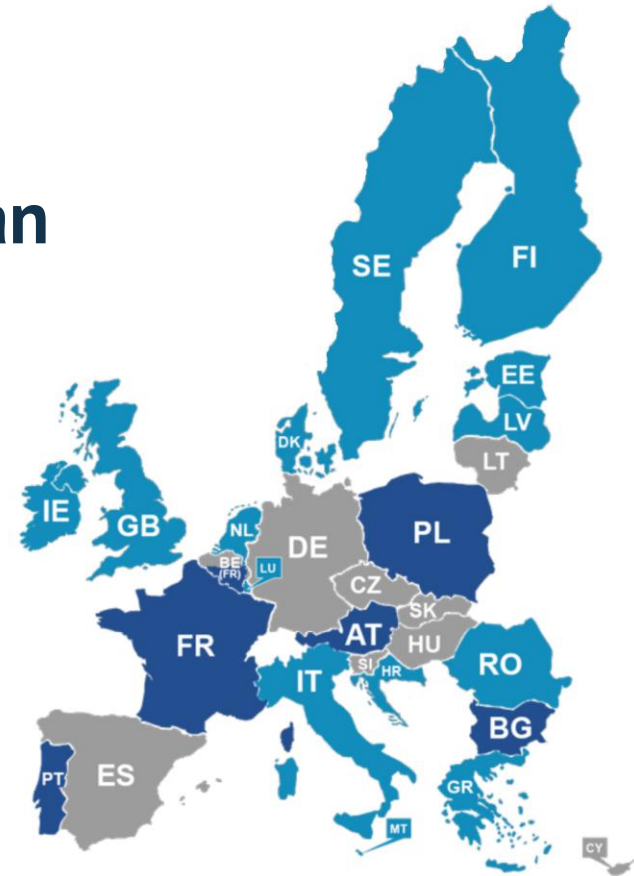
- Financial contribution / Rights acquisition of European works
- Share in VOD catalogues, and/or
- **Prominence of EU works in VOD catalogues**



Art. 13 AVMSD

Prominence of European works

- Mandatory
- Optional
- No obligation



Art. 13

Means used to ensure prominence

place particular emphasis on the European works in their catalogue [...] by using an attractive presentation to highlight the list of European works available.

exhibition of visuals and making trailers available

enable the public to search for such works by origin

proper identification of origin of programmes available in the catalogue as well as providing the option to search for European works, or the placement of information and materials promoting European works

shall promote European works in the presentation of their catalogue of programs by giving due prominence to or appropriately designating such works

accessible and attractive presentation of European works in the catalogue



Source: European Audiovisual Observatory's AVMSDatabase

Conclusion

66

- **Is there one model of audiovisual ecosystem in Europe to promote European works?**

- **NO**
 - EU member states have put in place many different approaches and formulas to support European works, based on the flexibility and alternatives offered in the AVMSD.

Further information from the European Audiovisual Observatory: www.obs.coe.int

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- VOD, Platforms and OTT: Which Promotion Obligations for European Works?, (IRIS *Plus*, EOA, 2016)
- The State of Soft Money in Europe, (EAO, 2016)
- The Visibility of Films and TV Content on VOD (EAO, 2017)
- The Legal Framework applicable to Video-Sharing Platforms (IRIS *Plus*, EAO, 2018)
- EAO's Legal Databases:
 - AVMSDatabase: National transposition of the AVMS Directive
 - MERLIN Database and Legal Newsletter

Thank You!

For any queries:
maja.cappello@coe.int

www.obs.coe.int



Observatoire européen de l'audiovisuel
European Audiovisual Observatory
Europäische Audiovisuelle Informationsstelle

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CONSEIL DE L'EUROPE

15:10 – 15:30

Challenges and chances for the Russian film industry – report presentation

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Xenia Leontyeva
Senior analyst
Nevafilm Research

Twitter hashtag
#EAORU2018



Challenges and opportunities for the Russian film industry

Xenia Leontyeva
Senior analyst
Nevafilm Research



НЕВАФИЛЬМ
RESEARCH



Structure of the report



Film production



Theatrical distribution



Cinema exhibition



Lawmaking in the film industry



Challenges and prospects for the development of the Russian film industry

**SWOT&PEST
analysis of the
industry**

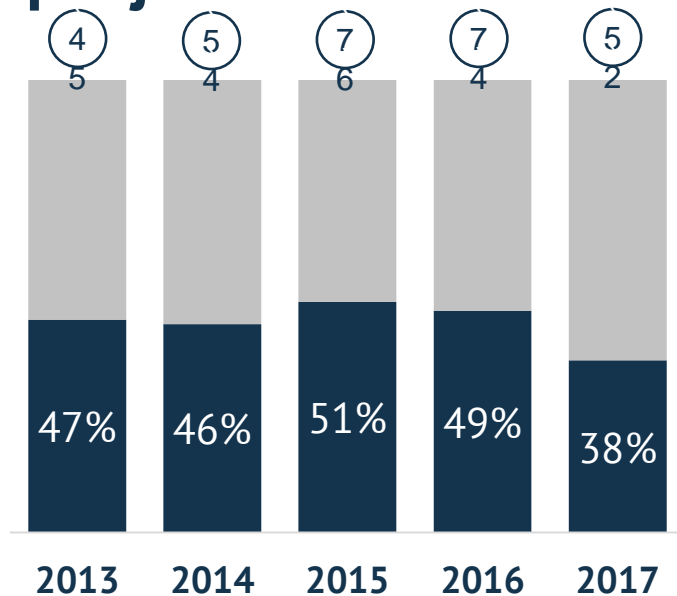


Summary



Politics

State as investor for big projects



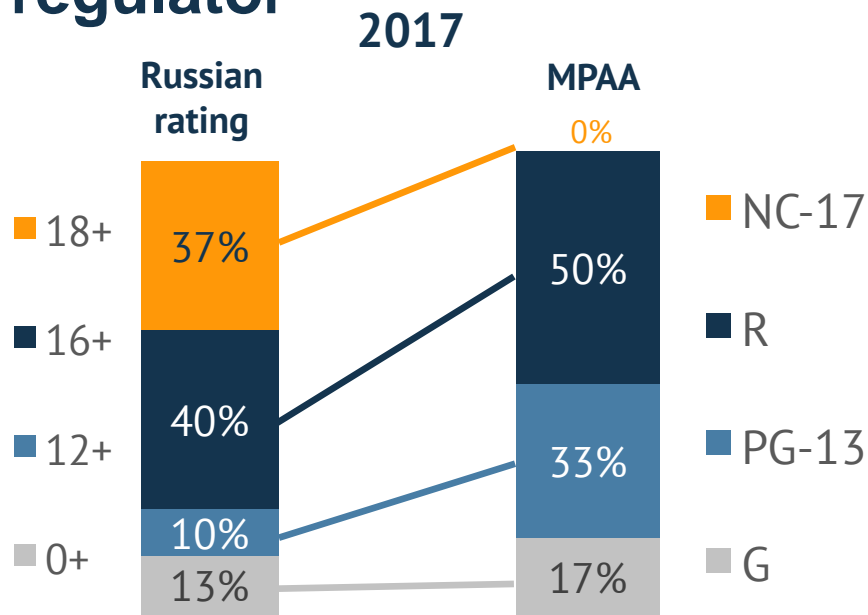
■ Share of films with state support

■ Share of films without state support

○ Number of films with state support

Politics

State as regulator



Share of films with state support
 Share of films without state support
 Number of films with state support

Economics

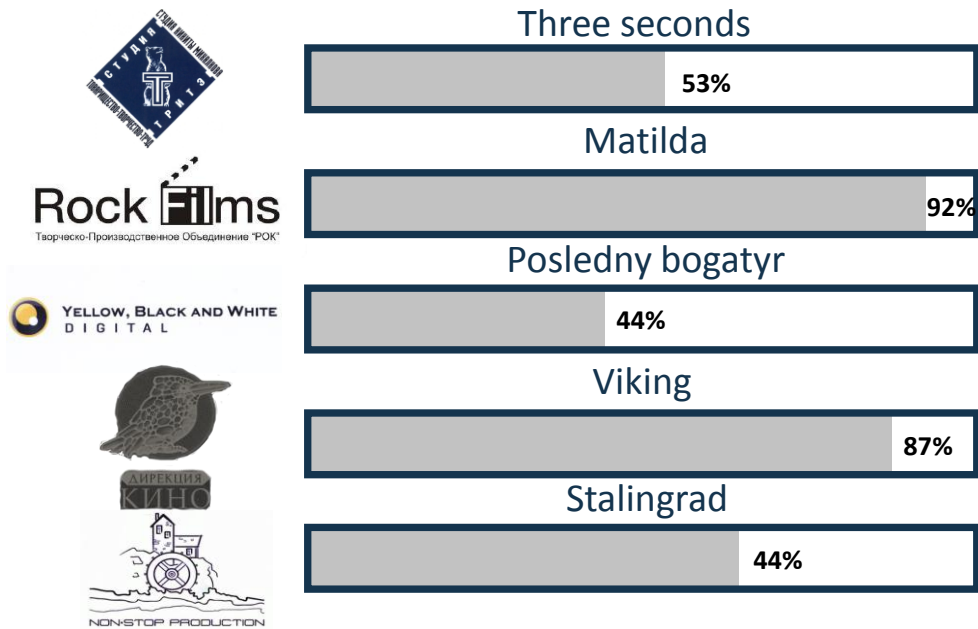
Developing regional film clusters





Economics

Dependence of the industry on a small number of films

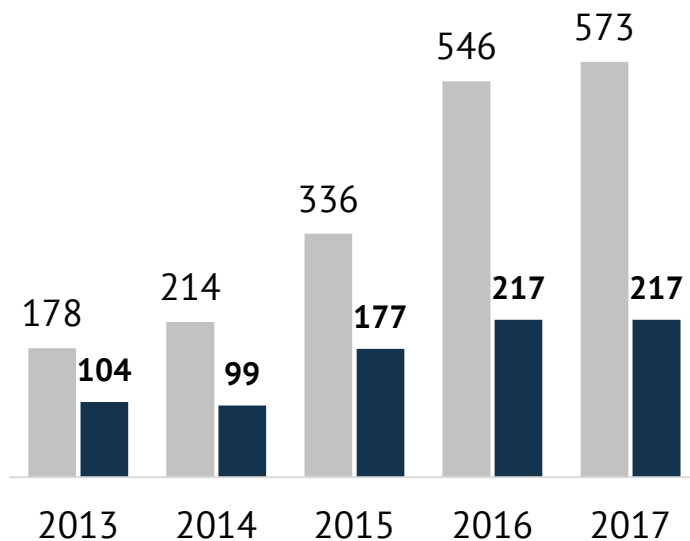


Share in attendance

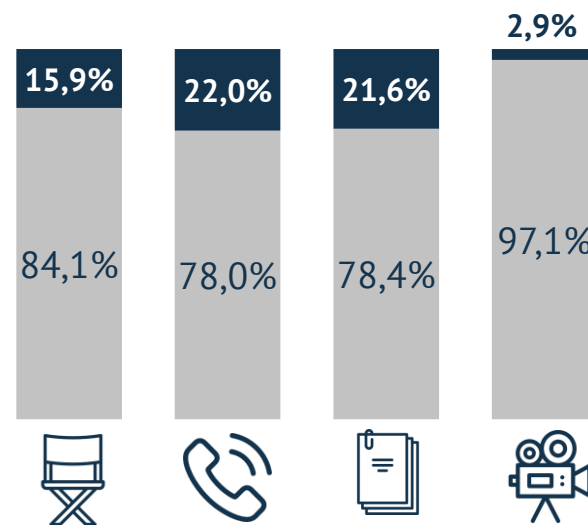
ДЛЯ ЗРИТЕЛЕЙ БОЛЬШЕ ШЕСТИ ЛЕТ

Society

Event cinema on the rise



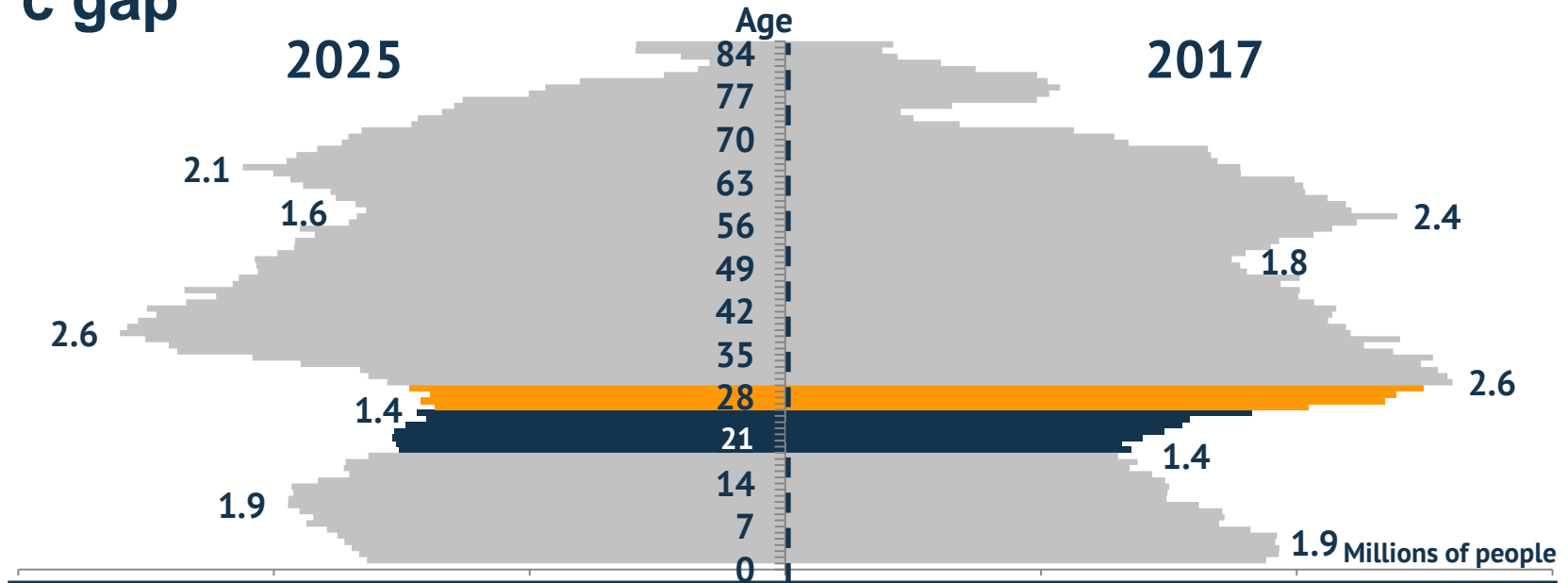
Attracting attention to gender equality issues



■ Number of films in event cinema programmes
 ■ Number of event cinema programmes

Society

Demographic gap





Disney Zootopia

MARCH 4
IN 3D

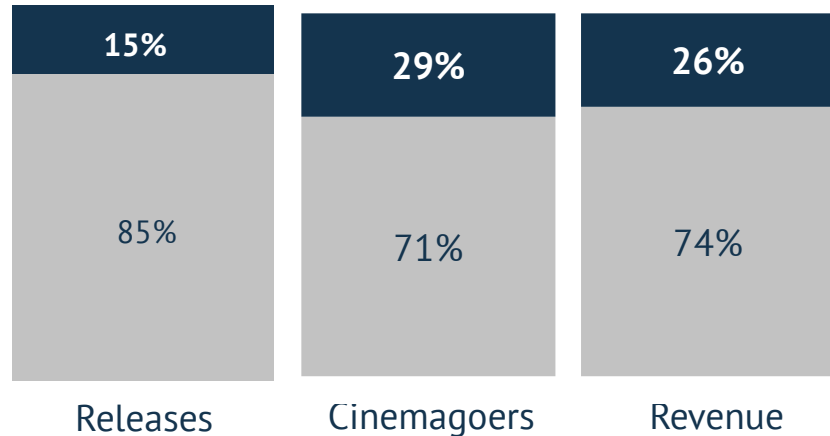


Technology

Prominent role of animation

Live-action feature films 
Animated feature films 

2016



Technology

50 video-on-demand services in Russia

1

services from
telecoms
operators

30

online
cinemas

2

digital
stores

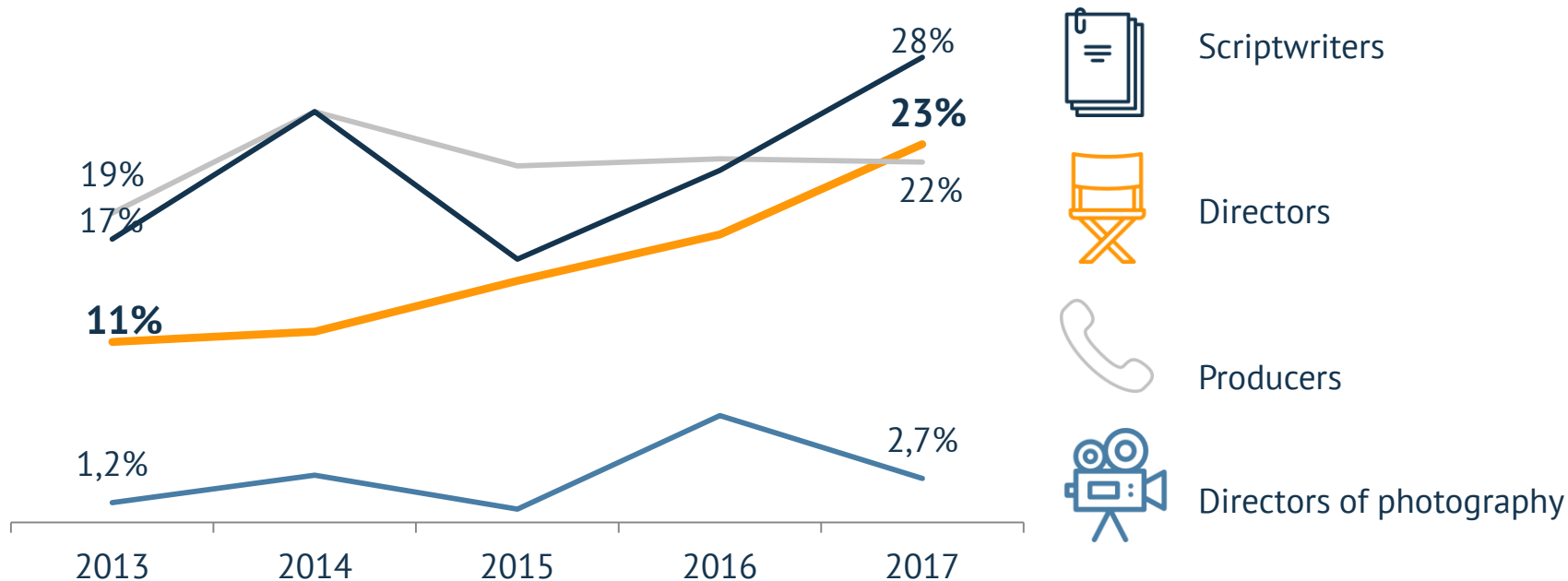
**VOD**

Features



Gender

Only share of female directors is rising



Scriptwriters



Directors



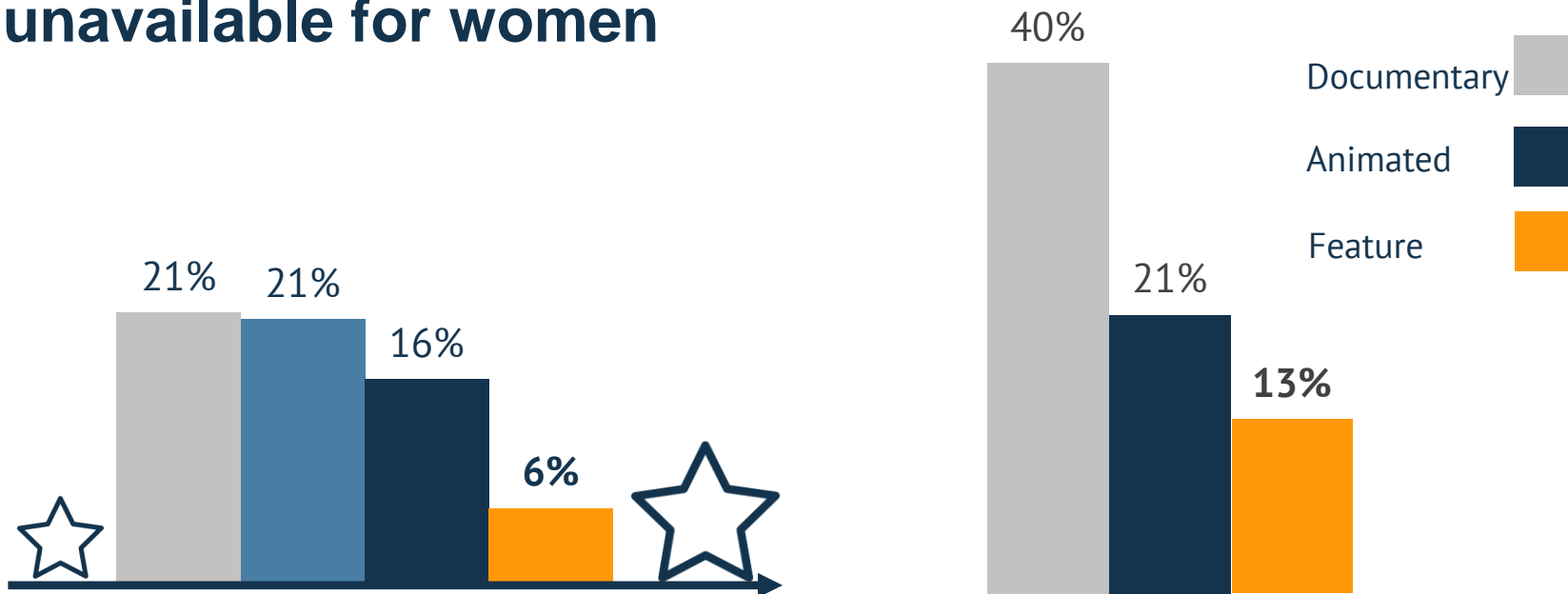
Producers



Directors of photography

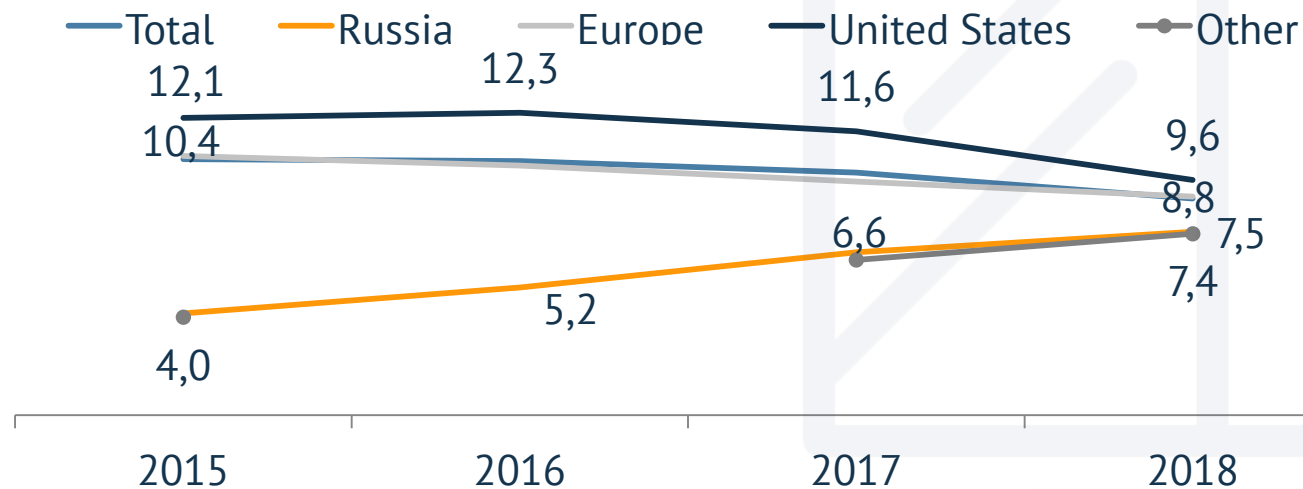
Gender

The most popular films and features are unavailable for women



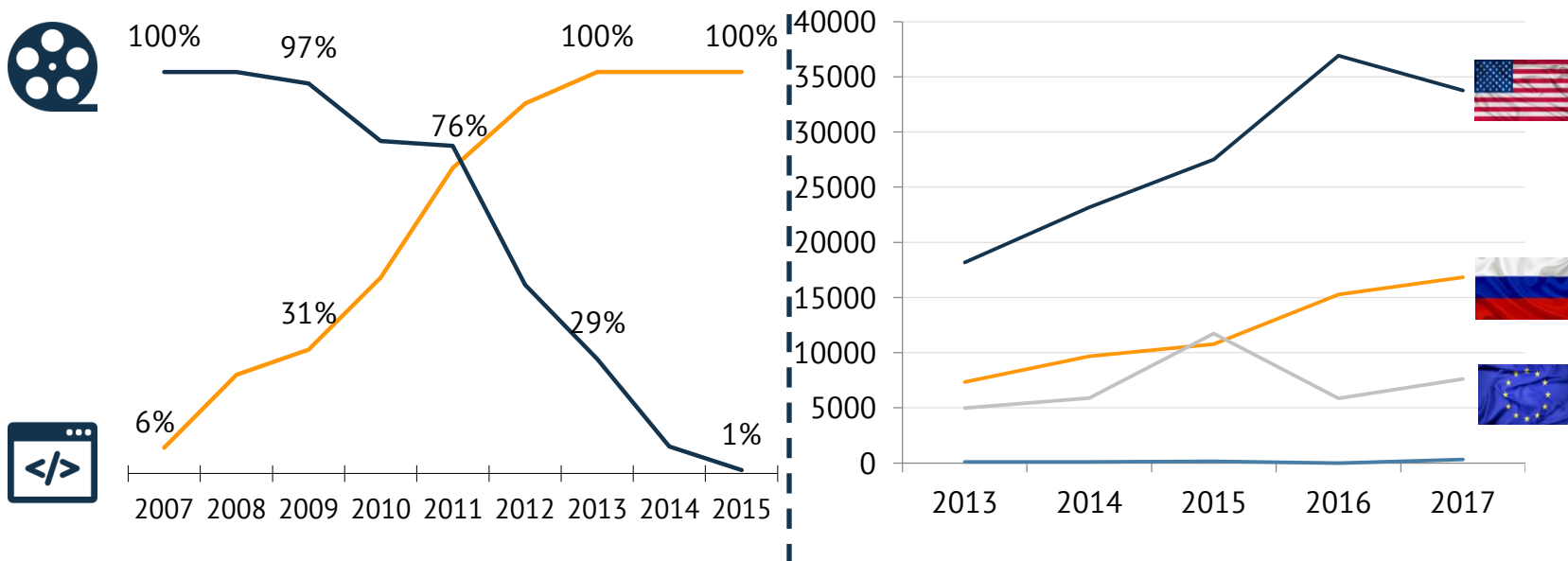
Windows

Foreign films digital windows are reducing,
while Russian films window is lengthening



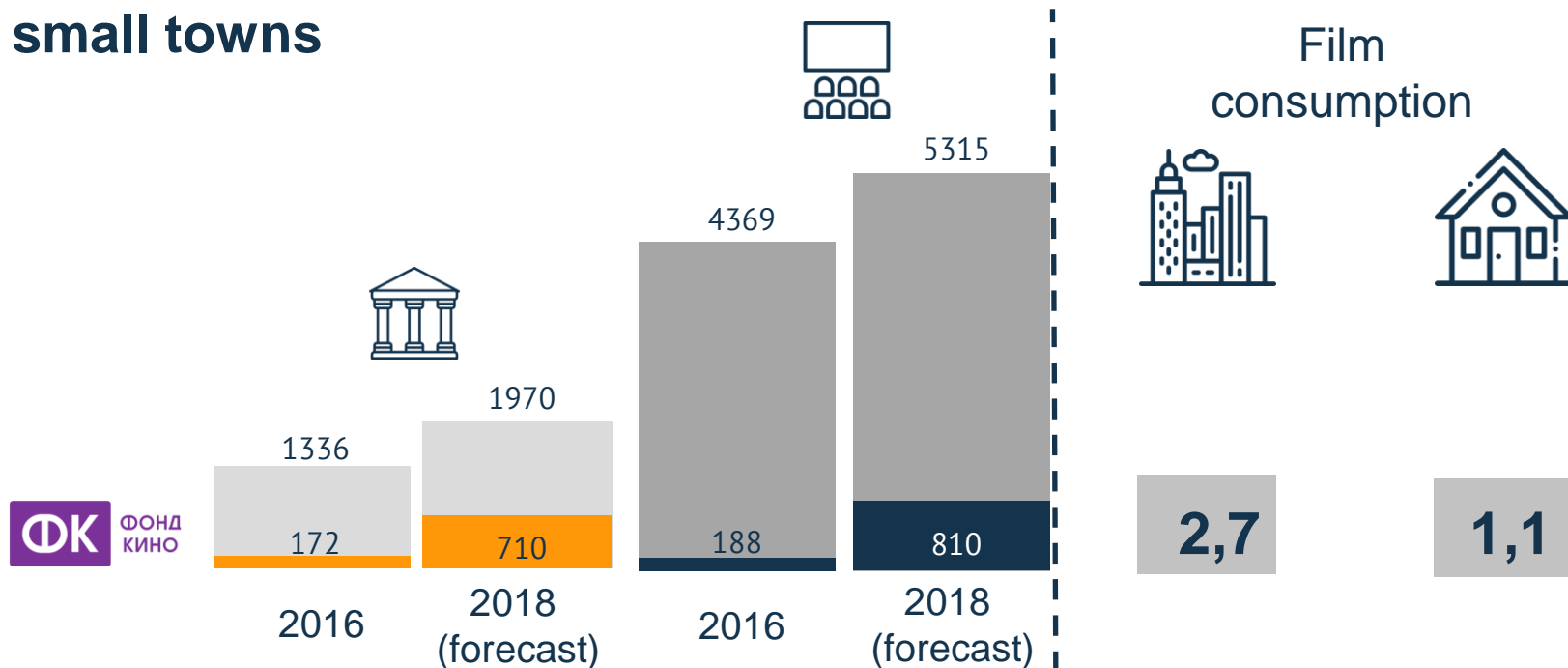
Ads

Film prints budgets are using for films advertising on TV



Cinemas

Limited capacity of markets in small towns



Read more



15:30 – 15:40

Russian cinema audiences

88

Anton Malyshev
Executive Director
Russian Cinema Fund

Twitter hashtag
#EAORU2018





ФОНД
КИНО



ИССЛЕДОВАНИЕ АУДИТОРИИ РОССИЙСКИХ ГОРОДСКИХ КИНОТЕАТРОВ 2017-2018



ФЕДЕРАЛЬНЫЙ ФОНД СОЦИАЛЬНОЙ И ЭКОНОМИЧЕСКОЙ ПОДДЕРЖКИ
ОТЕЧЕСТВЕННОЙ КИНЕМАТОГРАФИИ

ОПИСАНИЕ ИССЛЕДОВАНИЯ

КОГО ОПРОСИЛИ?

Посетители основных кинотеатров в крупных городах России

БОЛЕЕ 20 000 КИНОЗРИТЕЛЕЙ

ГДЕ И КОГДА ОПРОСИЛИ?

12 крупнейших городов по кинотеатральной посещаемости, 50 кинотеатров

Москва, Санкт-Петербург, Новосибирск, Екатеринбург, Нижний Новгород, Казань, Омск, Ростов-на-Дону, Краснодар, Уфа, Челябинск, Красноярск

КАК ОПРОСИЛИ?

15 мин.

**Личное интервью на выходе из кинозала
с использованием планшетов**

10 волн

ПОРТРЕТ КИНОЗРИТЕЛЯ

Возраст среднестатистического кинозрителя – 30 лет. Он посещает кинотеатр 15 раз в год, ходит в кино со своей второй половиной и выбирает фильм для просмотра более чем за сутки до сеанса. По сравнению с прошлым годом зрители стали старше, и выросла доля семейной аудитории.



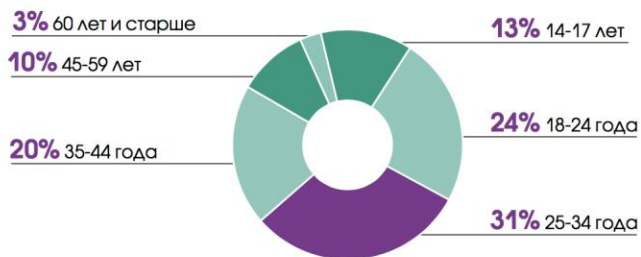
43%

Средний возраст
30 ЛЕТ ↑



57%

ВОЗРАСТ



ЧАСТОТА ПОСЕЩЕНИЯ



68% ↑

Выбирают фильм для просмотра более чем за сутки

ОБРАЗОВАНИЕ

57%

Высшее

ЗАНЯТОСТЬ

64%

Работающий

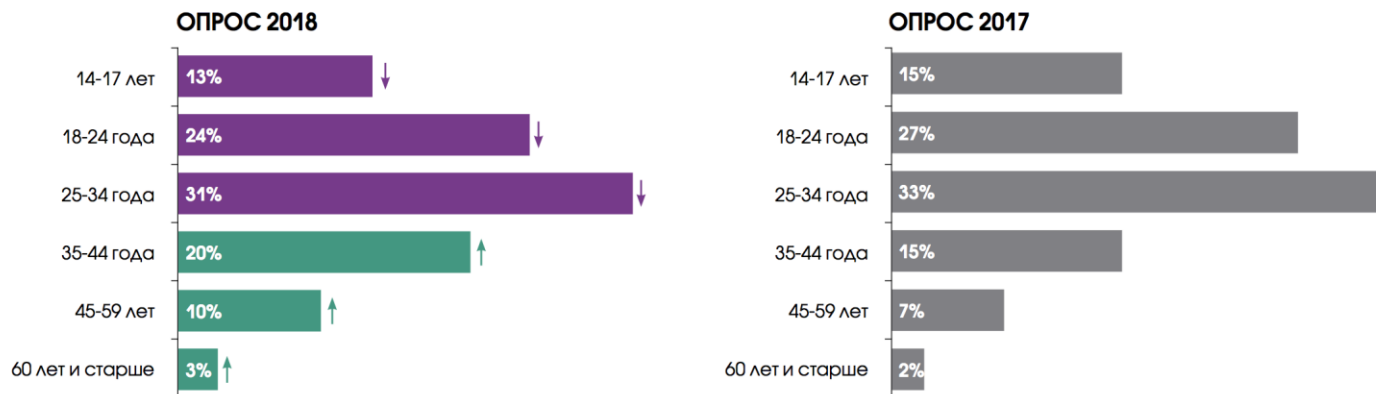
СРЕДНИЙ ДОХОД

46 431

Рублей

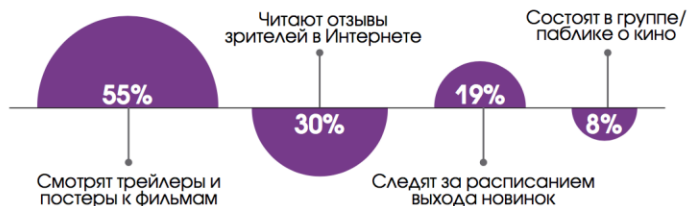
РОССИЙСКИЙ КИНОЗРИТЕЛЬ СТАНОВИТСЯ СТАРШЕ

РАСПРЕДЕЛЕНИЕ АУДИТОРИИ ПО ВОЗРАСТНЫМ ГРУППАМ

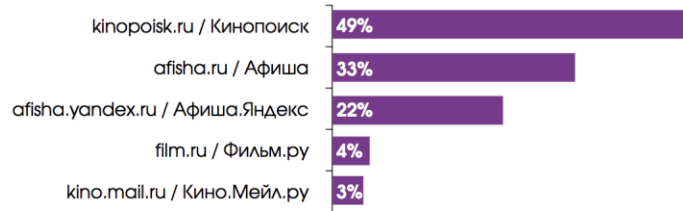


↑ ↓ Выше/ниже по сравнению со зрителями в целом год назад при доверительном интервале 95%

ВЫБОР ФИЛЬМА



САЙТЫ, НА КОТОРЫХ ПОЛУЧАЮТ ИНФОРМАЦИЮ О КИНО



77% интересуются дополнительными материалами к фильмам, среди которых наиболее востребованными являются трейлеры и отзывы зрителей в интернете. При этом за дополнительной информацией чаще обращается неновогодняя аудитория.

При этом на долю всех сайтов приходится не более 2,2% зрителей, оставляющих там свой отзыв после просмотра фильма в кинотеатре. В частности, на самом популярном портале kinopoisk.ru свой отзыв оставляют не более 0,3% реальных посетителей кинотеатров.

ОЦЕНКА КАЧЕСТВА РОССИЙСКОГО КИНО

За прошедший год интерес к российскому кино значительно вырос. При этом выросла и доля тех, кто отмечает улучшение качества российского кино в течение последних двух лет.

ЕСЛИ В КИНОТЕАТРЕ ИДУТ СЕАНСЫ ТОЛЬКО РОССИЙСКИХ ФИЛЬМОВ

НАЧАЛО 2018 ГОДА

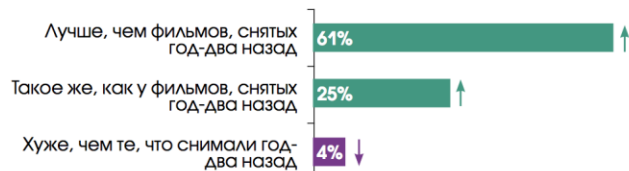
87% ↑

Пойдут на отечественный фильм, если он покажется интересным

10% ↓

Будут ждать, когда начнется зарубежный фильм, или уйдут из кинотеатра

КАЧЕСТВО РОССИЙСКИХ ФИЛЬМОВ 2017 ГОДА



НАЧАЛО 2017 ГОДА

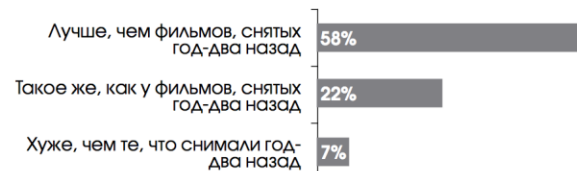
77%

Пойдут на отечественный фильм, если он покажется интересным

17%

Будут ждать, когда начнется зарубежный фильм, или уйдут из кинотеатра

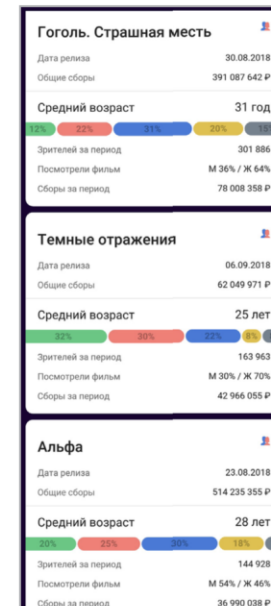
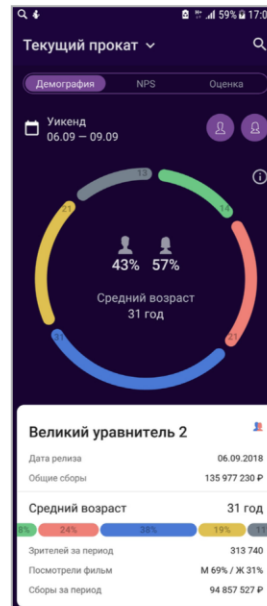
КАЧЕСТВО РОССИЙСКИХ ФИЛЬМОВ 2016 ГОДА



↑ ↓ Выше/ниже по сравнению с соответствующим показателем год назад при доверительном интервале 95%

С сентября 2018 года портрет российского кинозрителя станет доступен в мобильном приложении:

- половозрастной состав киноаудитории,
- индекс удовлетворенности и готовности рекомендовать фильм,
- общая оценка фильма
- критерии выбора фильма
- объем аудитории будущего уик-энда
- уровень ожидания будущих релизов.



Подробнее: 20 сентября | Конференц-зал D3 | 16:00

БЛАГОДАРИМ ЗА ВНИМАНИЕ!

15:40 - 16:40

Round Table

97

Round table on the challenges and chances for the Russian film industry moderated by Oleg Berezin, CEO Nevafilm

Anton Malyshev

Executive Director
Russian Cinema Fund

Dmitry Nartov

CEO
Kinomax cinema chain

Elena Brodskaya

VP Studio Marketing
The Walt Disney Company
Russia & CIS

Nikolay Larionov

Creative producer
Mars Media

Twitter hashtag
#EAORU2018

16.40 – 17.00

Networking Buffet



Thank you for coming!

A presentation of
The European Audiovisual Observatory

