

15th Network Conference
Conference Report

Paris

18th – 21st November 2010





**With 2,778 screens in 68 countries,
Europa Cinemas is the first international film theatre network
for the distribution and exhibition
of European and Third Countries films.**

*With the support
of the European Union's MEDIA Programme,
the Centre National du Cinéma et de l'Image animée (France),
Eurimages (Council of Europe)
and the French Ministry of European and Foreign Affairs.*



SPEAKERS

INAUGURATION OF THE 15th EUROPA CINEMAS NETWORK CONFERENCE

By **Frédéric Mitterrand**, French Minister for Culture and Communication

Claude Miller, Film Director, President of Europa Cinemas

Aviva Silver, Head of MEDIA Unit, European Commission

Claude-Éric Poiroux, General Director, Europa Cinemas

HOW TO DEVELOP THE PAYING OFFER IN FILM THEATRES IN THE ERA OF FREE ACCESS?

By **Olivier Bomsel**, Director, ParisTech Chair of Media and Brand Economics, France

CINEMA IN THE DIGITAL AGE: SOME ASSUMPTIONS

By **Prof. Dr. Gundolf S. Freyermuth**, Director, Cologne Game Lab

Professor, Cologne International Film School, Germany

SESSION I. HOW CAN THE FILM THEATRE APPEAL TO THE WEB GENERATION?

- How does a multi-platform, interactive culture affect cinema attendance among young audiences?
- Does the Internet increase cinematic choice among young consumers or push them towards the mainstream?
- Does European film respond to the desires and expectations of young audiences?
- Developing a “taste for the big screen” among young people: the role of national schemes and of exhibitors.
- How to guarantee access to film education for all young Europeans: the role of national and European policies.

Moderator: **Michael Gubbins**, Cinema Consultant and Industry Journalist, UK

Introduction by **Prof. Tom Troscianko**, Professor in Experimental Psychology, Bristol University & Founder of Bristol Vision Institute, UK

“Screen Science - What can we learn about cinema today from cognitive neuroscience?”

Claudio Franco, Research Manager, Dubit Limited, UK

Peter Buckingham, Head of Distribution & Exhibition, UK Film Council

Gian Luca Farinelli, Director & Exhibitor, Cineteca di Bologna & Cinema Lumière, Italy

Eugène Andreanszky, Director, Enfants de Cinéma, France

Koen Van Daele, Exhibitor, Kinodvor, Ljubljana, Slovenia

Catherine Lemaire, Programmer, Le Parc-Churchill-Le Sauvenière, Liège, Belgium

Nick Shaw, 27 Times Cinema, UK

Thomas Smolders, 27 Times Cinema, Belgium

Isabella Weber, 27 Times Cinema, Italy

Thomas Krüger, President of the German Federal Agency for Civic Education, Germany

Piotr Borys, Member of European Parliament, Culture & Education Committee, Poland

Aviva Silver, Head of MEDIA Unit, European Commission

Ian Christie, Professor of Film, Birbeck College, London UK, Vice-President of Europa Cinemas

Saturday 20 November 2010

SESSION II. CHOICE OF 2 WORKSHOPS:

WORKSHOP 1: TOWARDS THE DIGITAL ROLL-OUT IN THE EUROPEAN INDIE SECTOR

Moderator: **David Hancock**, Senior Analyst, Head of Film and Cinema, Screen Digest, UK

1st Part:

- After the Avatar phenomenon, what is the real impact of 3D on the digital transition and film offer?
- Is an alternative standard to 2K possible for small and medium-sized venues?
- Can the independent sector develop its own solutions? Examples of “funding groups”.
- How can the European Commission and public bodies supervise and contribute to the digital roll-out?

Presentation by **David Hancock** of current digital cinema statistics

Etienne Traisnel, Director, CN Films, France

Dr. Christian Bräuer, President, AG Kino / Managing Director, Yorck-Kino GmbH, Germany

Enrique Pérez Font, Exhibitor, Espectarama S.A, Spain

Steve Perrin, Chief Executive, Digital Funding Partnership, UK

Jean-Pierre Villa, President, Cinélia, France

Aviva Silver, Head of MEDIA Unit, European Commission

Peter Dinges, CEO, German Federal Film Board, Germany

Olivier Wotling, Head of Film Dept, Centre national du cinéma et de l'image animée, France

Erik Hamre, Exhibitor, Gentofte Kino, Denmark

Rolv Gjestland, Adviser Cinema Technology and Design, Film & Kino, Norway

Harri Ahokas, Head of Domestic Distribution, Finnish Film Foundation, Finland

Peter Buckingham, Head of Distribution & Exhibition, UK Film Council

2nd Part: Exhibitors-Distributors Bilateral (BED)

- What critical mass is necessary for the digital investment to become profitable?
- Third party investors/collectors: are the economic models on offer suited to the needs of the independents?
- How do savings and developments in digital benefit production, distribution and exhibition?
- How can digital guarantee freedom of choice and increase diversity of film offer to theatres and the public?
- Is the "VPF" practicable in the whole of Europe and for all structures? Are there any alternative models?
- The role of MEDIA support funding in the transition to digital across the field.

Peter Buckingham (Head of Distribution & Exhibition, UK Film Council)

Giovanni Dolci (Strategy and Business Development Executive, Arts Alliance Media, UK)

Jean Mizrahi (CEO, Ymagis, France)

Serge Plasch (CEO & Managing Director, XDC, Belgium)

Pierre-Franck Neveu (Digital Cinema Solutions Account Manager for France & Benelux, Sony PSE, France)

Torsten Frehse (Distributor, Neue Visionen GmbH / Exhibitor, Centralkino, Germany)

Ross Fitzsimons (Director of Strategy & Business Development, Curzon Artificial Eye, Distribution-Exhibition, UK)

Christian Thomas (Distributor, Imagine Films, Belgium)

Laurent Dutoit (Distributor, Agora Films, Switzerland)

Hans König (Exhibitor, Filmcasino / Distributor, Polyfilm Verleih, Austria)

Federico Mejia Guinand (Distributor-Exhibitor, Babilla Cine, Colombia)

Andrea Occhipinti (Distributor, Lucky Red, Italy)

Martin Bidou (Head of Sales, Haut et Court Distribution / Exhibitor, Racine Odéon, France)

Nico Simon (Exhibitor, Utopia S.A., Luxembourg)

Claude-Éric Poiroux (Exhibitor, Les 400 Coups, France)

WORKSHOP 2: RENEWING CINEMA AUDIENCES IN THE ERA OF MULTIMEDIA (CASE STUDIES)

- Effective strategies for targeting new audiences through innovative partnerships.
- How does the cinema's image take over from the distributor when promoting films?
- Beyond film: how can the film theatre open its doors to new content whilst respecting the primacy of film?
- Social Media: promoting film theatres and films to young internet users. Exhibitor/distributor initiatives.
- What are the essential new skills for the digital era and how do we train cinema staff?

Moderator: **Michael Gubbins**, Cinema consultant and industry journalist, UK

Introduction by **Ian Christie**, Professor of Film, Birbeck College, London UK; Vice-President of Europa Cinemas
"Between Old and New Media: How do we discover and value films today?"

Rob Kenny, Exhibitor, Curzon Artificial Eye, UK

Jean-Jacques Schpoliansky, Exhibitor, Cinéma Le Balzac, France

Maciek Jakubczyk, Member of Board, Education and Distribution coordinator, New Horizons Association, Poland

Etsuko Dohi, Exhibitor, Cine-monde, Kanazawa, Japan

Francine Pickel & Vincent Adatte, Co-Directors, Association La Lanterne Magique, Switzerland

Monica Törnblom, Film Booker & Cinema Consultant, Folkets Hus och Parker, Sweden
Christoph Ott, Marketing and Head of Campaign, NFP Marketing & Distribution, Germany
Efe Çakarel, Founder & CEO, MUBI, UK
Fabien Riggall, Founder and Director, Future Shorts & Secret Cinema, UK
Hamish Morrow, Operations Manager, Future Shorts ONE, UK
Tobias Bauckhage, Co-founder & Managing Director, MoviePilot, Germany
Rachael Castell, Project Coordinator, Support Your Local Cinema, MoviePilot, Germany
Gwen Joy, Development Manager, Watershed, UK
Jean-Baptiste Hennion, Film History Lecturer and Technical Training Provider, AFOMAV, France
Alain Modot, Vice President, Media Consulting Group, France
Thomas Isnard, Managing Director, 4Bridge, France

Sunday 21 November 2010

SUMMARY OF WORKSHOP CONCLUSIONS

Workshop 1: **David Hancock**, Senior Analyst, Head of Film and Cinema, Screen Digest, UK
Workshop 2: **Michael Gubbins**, Cinema consultant and industry journalist, UK

SESSION III. EUROPA CINEMAS: OUTLOOK AND DEADLINES FOR 2011

- MEDIA Programme: Evaluation. 2009-2013 contract. Support measures for digital equipment.
- MEDIA Mundus: Support for distribution and exhibition in non-EU countries and in Europe.
- Eurimages - Euromed Audiovisual 3: New prospects.
- Joint Activities and Partnerships: Prix LUX, Label Europa Cinemas, 27 Times Cinema, etc.

Led by **Claude-Éric Poiroux**, General Director, Europa Cinemas

Claude Miller, Film Director, President of Europa Cinemas
Aviva Silver, Head of MEDIA Unit, European Commission
Bertrand Peltier, Administrator, Responsible for LUX Film Prize, European Parliament
Jovan Marjanovic, Chairman of the Theatre Working Group of Eurimages, Council of Europe
Ian Christie, Professor of Film, Birbeck College, London UK, Vice-President of Europa Cinemas
Amélie Chatellier, Head of Distribution, Agence du court métrage, France
Fatima Djoumer, Head of International Relations, Europa Cinemas*

With the collaboration of Claire Soustiel

Thursday 18 November 2010

The Conference kicked off on 18th November at L'Entrepôt cinema, a member of the Europa Cinemas Network, with **12 European preview-premiere screenings:**

If I Want to Whistle, I Whistle, Florin Serban (RO/SE)

Black Bread / Pa Negre, Agustí Villaronga (ES/FR)

The Clink of Ice / Le Bruit des glaçons, Bertrand Blier (FR), EUROPA CINEMAS LABEL

Essential Killing, Jerzy Skolimowski (PL/NO/IE/HU)

Oxygen / Adem, Hans Van Nuffel (BE/NL)

No Fear / Niente Paura, Piergiorgio Gay (IT)

Le Quattro Volte, Michelangelo Frammartino (IT/DE/CH), EUROPA CINEMAS LABEL

Cirkus Columbia, Danis Tanović (EU)

Attenberg, Athina Rachel Tsangari (GR)

Just Between Us / Neka Ostane Medju Nama, Rajko Grlić (HR/RS/SI), EUROPA CINEMAS LABEL

Never Let Me Go, Mark Romanek (GB/US)

When We Leave / Die Fremde, Feo Aladag (DE), EUROPA CINEMAS LABEL

Friday 19 November 2010

INAUGURATION OF THE 15th EUROPA CINEMAS NETWORK CONFERENCE

By **Frédéric Mitterrand**, French Minister for Culture and Communication

Claude Miller, Film Director, President of Europa Cinemas

Aviva Silver, Head of MEDIA Unit, European Commission

Claude-Éric Poiroux, General Director, Europa Cinemas

Claude Miller:

In my capacity as President of Europa Cinemas I would like to welcome you to our 15th Conference, which this year is being held in Paris.

I was struck this morning by this impressive room, which can scarcely hold all of you. I mention this partly to express my pleasure that there are so many of you here today, which is already a clear demonstration of your commitment to this network. However, I would also like to be able to speak more directly to each and every one of you. Part of being a director is being acquainted with the exhibitors who show your films.

Today we have participants with us from 48 countries and from 4 continents. I find it deeply satisfying to see how this network, which began with 30 cinemas in 12 countries, has gained ground, first of all across Europe, initially thanks to European Union enlargement and the MEDIA programme, then further to the east, thanks to Eurimages and the French Ministry of Foreign and European Affairs, then towards the Mediterranean, thanks to Euromed Audiovisual and finally extending to the more distant continents of Asia and Latin America, thanks to MEDIA International and MEDIA Mundus.

I would also like to express a particularly warm welcome to our Mediterranean neighbours, from Turkey, Morocco, Israel and Palestine, and to colleagues from South Africa, Japan, India, Korea, Malaysia, Singapore, Brazil, Argentina, Ecuador and Columbia.

I mention all these countries with pleasure and interest, for I imagine that in each of them there are cinemas and distributors like you which make it possible for our films to travel and enjoy appreciative audiences far beyond our borders.

It is this cosmopolitan touch and this diversity that I wish to emphasise this morning, congratulating the network you constitute for having succeeded in the challenge of bringing together so many film business professionals who love our films, who take risks for them and who thus offer us the crucial conditions that allow the images and stories we produce to be circulated widely. It is thanks to you that films from the entire world can find audiences that understand and appreciate them around the globe.

Looking at the programme, it appears that the 3 days of this Conference will focus on precisely these audiences, which you strive to attract into your cinemas – an enterprise in which you show such outstanding success.

On behalf of my director colleagues, I would like to thank you for that and wish you every success.

Aviva Silver:

It is a particular honour for me to be with you today as a representative of the MEDIA programme. MEDIA has accompanied Europa Cinemas on its journey ever since its foundation and we have been able to observe how Europa Cinemas has grown and developed. Indeed, when I went to pick up my badge, I was told that this 15th Conference is the largest in the past 15 years, with 750 registered participants!

More than ever, the network is shaped by efforts to find new forms of exhibition, by innovation and above all by a passion for cinema. Support is even provided to promote this passion outside Europe thanks to the MEDIA International programme.

For the members of the Commission and the Executive Agency the network represents the best of European cinema. I am delighted to have this opportunity over the next three days to follow the debates, take part in the panel discussions and present our new initiatives to you. I wish you an excellent Conference.

Claude-Éric Poiroux:

This 15th Conference will mark an important staging-post in the progress of our reflections and practices.

Ever since its inception, Europa Cinemas has focused on two goals in respect of eligibility for EU support: programming of European films (as a priority non-national films) and special activities aimed at young audiences.

Over the past 18 years these two priority areas have seen real developments. European programming significantly exceeds the 50% goal. It represented 58.9% of screening last year. There is in particular excellent progress in terms of diversity of origin of films screened (an average of 15 European countries are represented across the network). The special activities organised have experienced constant growth too: now 2 out of 3 cinemas receive support for their work with young audiences.

About ten years ago, a further aspect joined these fundamental network activities, namely active reflection on digital projection, focusing primarily on exploring how this new technology could improve our work in improving dissemination of European films.

Our efforts on this question continue; many independent exhibitors and distributors are increasingly concerned about the high costs associated with this transition and about the collateral effects of this profound upheaval.

Digital projection should reduce the cost of disseminating films, offer scope to diversify content and open up new possibilities for promotion of European films.

One unresolved issue is how to ensure that all stakeholders in the sector find their place within this system. Certainly the market offers solutions for the most successful cinemas in the best locations; however many of us make an enormous effort in less favourable situations and obtain good results, striking an always fragile financial balance.

The financing difficulties the latter group encounters threatens to jeopardise their work.

The task we face today involves examining all the hypotheses that allow us to estimate as precisely as possible the cost and technical characteristics of the projection equipment to be purchased.

It is crucial that certain theatres are not sucked into spending sums which are excessive given their specific needs.

Meetings such as today's Conference also allow us to make submissions to the public authorities to ensure that they are well aware of this strategic challenge. In certain cities European cinema may lose many significant exhibition venues if market forces alone are allowed to decide their fate.

The MEDIA programme, which already offers scope for us to support European programming in cinemas with digital equipment, is preparing to put the finishing touches to funding plans for the most vulnerable and most deserving cinemas.

Several countries have also adopted measures to handle this transition. France for example is the first country to stipulate in legislation that distributors shall contribute to the investments made by exhibitors in this domain and to envisage appropriate support for theatres that do not have access to the VPF scheme. We shall go around Europe and take stock of the initiatives – or lack of initiatives – in numerous countries so that you can leave here with examples, models and proposals to explore in your national film cultures.

This year Europa Cinemas is inaugurating a bilateral group of independent exhibitors and distributors to share analyses and options for action in cases that affect their shared interests.

The link between us should be strengthened, not weakened, by digital projection, even if new technical or financial players are involved at our side.

We know that distributors are willing to contribute to equipping our cinemas with the requisite technology, provided, of course, that they can also make real savings.

We are aware however too that limited releases in numerous small markets will not be able to provide sufficient funds to put this distributor-exhibitor solidarity into practice.

We must therefore look together at questions that are of such strategic importance; the independent sector must become organised to avoid being sidelined or weakened by global distribution of American blockbusters in multiplexes bursting with the latest technology.

More than ever before, we must ensure by joining our forces that distributors and cinemas do not fall by the wayside in this sensitive transition.

Perhaps the most characteristic aspect of this Conference will be our desire to move beyond material concerns and begin to reflect on all the consequences of what is dubbed the digital revolution. For this revolution that affects much more than just the equipment in our projection booths. We have seen for a number of years now how the digital realm shapes our behaviour and alters our habits.

Nowadays every cinema has an Internet site.

Many of us have fans and followers on Facebook or Twitter. Many of the cinemagoers we number among our audiences are involved with these new means of communication and these new cultural practices. Our cinemas need to be at the heart of this movement.

They are and remain the place where audiences can experience cinema presented in its only true form as a spectacle and as a collective experience.

As spaces open to all, our cinemas offer room for meeting friends, getting to know other people, making statements and holding public debates. It is up to our film theatres to invent new ways of appreciating cinema and to educate and shape new audiences. Our cinemas must become actively involved in all the novel channels that this new digital civilisation is opening up to us nowadays, although of course without losing their soul in the process.

We must find ways to ensure that Europe's great creative wealth, the languages we speak, the images we produce, the cultures that shape us can mingle and be expressed freely in our cinemas.

This evening, in the cinema Balzac, we will be surprised and delighted by the wonderful continuity of the best European cinema and its impressive ability to re-invent itself, from the Frères Lumière's first stereoscopic images right through to Wim Wenders' first 3D images.

I hope that our film theatres will be better prepared than ever to be the best mediators in disseminating this cinematic culture to audiences, and wish everyone an excellent Conference.

Olivier Wotling (Head of Film Dept, CNC, France):

I would like to briefly present the situation in France. Over the summer, we introduced two complementary measures: a bill addressing the transition to digital and a support system for cinemas.

Thanks to the active involvement of the two chambers of the French Parliament (National Assembly and Senate), the bill entered into force on 2 October 2010. It comprises two central goals:

- Compelling distributors to pay a contribution, provided that certain conditions are met, to exhibitors when the latter show their films in a digital format.
- Guaranteeing exhibitors' programming freedom and ensuring that distributors can maintain control of their release schedules.

The key issue is limiting interference between payment of such contributions – and the question of the amounts due as contributions – and commercial negotiations on programming films.

As the situation is evolving rapidly, the bill envisages establishing an innovative instrument: a professional committee will be tasked with published recommendations based on the goals enumerated in the bill. This instrument will make it possible to adapt the legislation to the constantly changing reality of the situation.

Mr. Frédéric Mitterrand, French Minister for Culture and Communication

Version as spoken

Mr President, dear Claude Miller

Messrs Vice Presidents, dear Ian Christie, dear Nico Simon

Mr Director General, dear Claude-Éric Poiroux

Dear friends,

First of all, of course I'd like to wish a warm welcome to Paris to the some 700 participants from 48 different countries at Europa Cinemas' 15th Annual Conference: you are a striking image of what is and what will be cultural Europe, with which, as we know, Jean Monnet would have liked to have "started".

I know that you gathered yesterday evening for screenings – in a way the spice of this annual Conference – in the theatres of the "Entrepôt". As you can imagine this does not leave me indifferent... because it was I who built them in the crazy years of my youth.

Your Conference is patronised by two great directors: Claude Miller and Wim Wenders, both of whom are impassioned by the digital innovation and put it to use in their art. Over the years Europa Cinemas has shown itself to be a true success story of European cinema policy.

Bringing together these cinemas that foster the diversity of European cinema was an excellent idea from the start. Encouraging them in their programming efforts and promoting the emergence of a network of dynamic and creative entrepreneurs has further enhanced the positive outcome.

Thanks to your dedication to the cinema, you have enabled this idea to blossom by enlarging the network – which now comprises almost 3,000 theatres – even beyond the borders of the European Union. By opening notably to third countries, in particular those in the South, you have helped these countries to rekindle the activity of their cinemas. You have also been able to fix new objectives, such as awakening and educating the younger generations so as to stimulate a love for the cinema and the irreplaceable joys it procures.

The Europa Cinemas network does not merely exist thanks to subsidies and funding from Brussels. It forms a veritable "cultural crucible", rich in projects, talents and exchanges. You share a common principle: your commitment in favour of European cinema.

Thanks precisely to this commitment, the share of European cinema in the theatres of the European Union has progressed constantly for the last 18 years, reaching 30% in 2009. Thanks also to your commitment, theatres have been preserved and open-minded, diversified programmes have seen the light.

In addition you have been able to take account of and analyse the big issues of the past years, first and foremost the digital transition and the conditions under which it may take place so as to preserve the vitality and diversity of European cinemas.

I'll be frank, France has profited greatly from your discussions, and the political choices I have made – more on these in a moment – to accompany French cinemas on the road to digital technology have benefited from the fruit of your reflections.

Much more than a cultural requirement, it seems to me an absolute necessity in our "image society" that a programme of the European Union should be devoted to the cinemas. As you know, I still have a great fondness for the profession of cinema exhibitor, which I exercised at the start of my career. Having experienced all of the difficulties of this trade, I know it is both exquisite and very difficult. It will never be said often enough, without it the cinema simply would not exist.

I often remember with nostalgia the time when as an exhibitor-cum-projectionist I was confronted with the hazards of films that unfurled, twisted and emptied out into the projection booth and then onto the staircase before spilling into the theatre like diabolic snakes... scenes from comic silent films to which I was frequently subjected in my inexperience as exhibitor-projectionist. Digital technology will definitively put an end to such anguish, but it will just as certainly create others.

Because the "here and now" of the spectacle of cinema, to borrow Walter Benjamin's phrase, due to which this art of reproduction ultimately preserves its "aura", the shared emotion of the spectacle, is due to the cinema, the film theatre, the veritable birthplace of film!

The cinemas of Europe have weathered many storms in recent years. The appearance of the multiplexes, the disappearance of many small establishments. The changes in political culture that the continent has undergone have certainly weighed heavily on the cinemas and their relation to their audiences.

Several conclusions may be drawn regarding this recent history: after a long, often difficult and even cruel period of resistance, people's deep desire for the spectacle offered by the cinema has persisted, developed even, irregardless of the large increase in dissemination modes on small home screens, and today on tablets and digital devices.

This must reassure us that to the extent that we support it, the cinema still has a very bright future. The figures speak for themselves: today there are 29,000 screens in the 27 countries of the EU. A majority are in independent cinemas, a reminder that these play a determining role in bringing films to audiences. In addition there has been a continual rise in admissions in most of our countries. And I am particularly happy to say that in France we will no doubt reach a new high this year, with admissions attaining levels we haven't seen for over forty years.

Despite the revolution in practices and faced with technological upheaval, we must resolutely preserve the cinema as the founding location of motion pictures, a location of social intermingling and film education, a location that has

denied none of its popular, fairground origins, as the film pioneer Georges Méliès, the 150th anniversary of whose birth we will celebrate next year, reminds us.

Let's not forget that it's only when a film is projected in a theatre that it really becomes cinema. And let's not forget that if the cinema plays such an important role in fashioning our culture it's because it is able to bring us together for a great spectacle. And finally let's not forget that individual screens will never replace the poetic and aesthetic power of images projected on a large screen. This is why cinemas are so key for cultural policy.

The appearance of digital technology assuredly poses new challenges and profoundly redefines the professions of exhibitor and distributor, as well as their interrelationship.

Our country has gone to great lengths to preserve and modernise its network of independent cinemas. Without wanting to hold up France as a model, I would like to stress to our friends from Europe and elsewhere that we are sending a strong political signal.

Several weeks ago at the Forum d'Avignon I spoke at great length with the European Commissioners responsible for these subjects, Androulla Vassiliou and Neelie Kroes, about what's at stake in digital technology.

I believe in the solidarity of the network of European cinemas. I believe in the circulation of works and writings. For this vision to become reality, we must promote a veritable "European digital strategy" to favour the creation and circulation of works.

Two complementary instruments have recently been put in place in France to accompany and anticipate this technological change. It is my firm conviction that the cinema must not be the slave of technology. The "digital revolution" must not be perceived as a menace, but as an asset.

The first of these instruments is the law on the digitisation of cinemas, adopted almost unanimously by parliament in September. This law establishes the principle whereby distributors contribute to the costs of digitisation and puts in place a framework for relations between distributors and exhibitors adapted to the new digital situation. The law is based on a clear principle: since distributors will benefit from this modernisation which will reduce the cost of prints, it is only fair that they should contribute financially to digitally equipping exhibitors for a limited period of time.

The second instrument is the funding plan that has just been set up by the Centre national de la cinématographie et de l'image animée (CNC). Its objective is to guarantee that all cinemas may equip themselves with digital technology regardless of the level of contributions received from distributors.

The cost of this equipment (roughly 80,000 euros) is too high for some cinemas, in particular those unable to obtain sufficient contributions from distributors. For the most part these are independent cinemas in small or medium-sized cities and rural areas. But they also include the mobile cinemas – notably the cinema vans – which play such a fundamental part in bringing culture to these areas and without which many of our citizens would have no access to the cinema. Without the funds for digitisation they could be forced out of business. But we do not want them to disappear, nor do we want a multi-speed cinema.

It's for these cinemas, roughly one thousand in all, that the CNC has set up a specific aid mechanism with a budget of 125 million euros, in the form of new support for digitisation covering up to 90 percent of investments. Already France counts 1,500 cinemas equipped with digital technology. With this system it must be regarded as the first country in the world to plan and implement the transition of its total screenage to digital technology. Please understand me: far from being the expression of an over-administrated economy, this is much more the expression of a political will that fully recognises the role of cinema in our country's culture.

It would be a matter of profound satisfaction for me if the French experience could furnish the rest of Europe with a feasible plan for accompanying cinemas on the road to digital technology. You are the proof: for our cinema to develop and thrive we need a true European network. Here it cannot be a matter of every man for himself. We can only succeed together, on the basis of viable goals for the cinema in Europe and of course beyond.

This policy will serve the promotion of European cinema, as will the necessary regulation of the new services "on demand" which must also actively promote European films. This is the idea behind the decree on audiovisual media services on demand (SMAD) which has just come into effect in France.

In the 1960s Visconti's neo-realism coexisted alongside the "Nouvelle Vague" of Truffaut, Chabrol, Rohmer and Godard as well as the very personal visions of Bergman and Antonioni. With incredible aplomb, films and creative talents seemed to transcend the limits of nationality and simply comprise "European cinema", I would venture to say even cinema itself. The decades that followed were marked by Ken Loach's political combats, by Mike Leigh and Moretti, Werner Herzog's high formal standards, Manoel de Oliveira's subtle poetry and Pedro Almodóvar's very fertile imagination. After going through a veritable golden age and being nourished by major co-productions, the cinema encountered competition from the television, this "strange little window" which is not, as you know, such a stranger to me. Today – as television in turn faces competition from the non-linear services – I believe these apparent antagonisms are now behind us. I believe we have entered a phase of reconstruction, a renaissance of

European cinema. Film production in Europe is making great strides, both in quantity – with almost 1,000 new films, twice as many as in Hollywood – and in quality. Today's new generation of directors, including Fatih Akin, Danny Boyle, Cristian Mungiu and Paolo Sorrentino to name just a few, have taken their place alongside older hands like Almodóvar, Frears, Kaurismäki, Haneke and the Dardenne brothers. Together they contribute to the remarkable creativity of European cinema.

Theirs is a cinema that speaks to us, one that is anchored in the reality and history of each of their countries. At the same time it has a universal appeal and is perhaps the cinematographic translation of what it is to be European, including an essential openness to the world and the cinema of countries that lie further away. I am not forgetting the cinema of the non-EU countries, and the collective demands that we must bring to support the network of cinemas in countries to the South. Neither am I forgetting the vitality and creativity of the young Korean cinema as testified by "Poetry", which was shown at Cannes this year and is an absolute masterpiece.

This is the visual heritage, which must be championed by the Europa Cinemas Network. And I do not doubt that the redefinition of the MEDIA programme after 2013 will enable us to move towards a new stage of European culture and European film, notably regarding young audiences, the children of the digital era. We must now transmit and enhance this common heritage. Here digitisation represents a formidable tool for film education.

Now is the time to mobilise to ensure that our European film heritage, the treasures I spoke of just now, are digitised, restored and treated with the dignity they deserve by the new technologies at our disposal.

Consequently the plan we have established for the cinemas is complemented by a plan for digitising the French cinema heritage, making the masterpieces of cinema accessible on new networks and in digitised theatres as well as on the supports of the future: digital projection, high definition DVD, VoD, etc. This digitisation concerns thousands of feature films and will be undertaken with the help of future investments and new support from the CNC. Not long ago Europe witnessed a growing awareness of the importance of book digitisation with Europeana. I believe we must also have a common European strategy for digitising the film heritage that has been handed down to us by European history. Ours is an immense, infinitely rich continent, and we must now transmit this heritage to younger generations so that they may discover and appropriate it for themselves.

Tonight you will have the privilege to see the first images of the film that Wim Wenders dedicated to the brilliant and much regretted Pina Bausch, which he shot in digital 3D. So it's only fitting that I should end by quoting Wim Wenders's superb opening words from his marvellous film "Tokyo Ga".

In his German accent over the background music, he talks about Ozu's films. It's an enchanting, very profound cinematic moment, and what's more he's talking about the cinema: "For me neither before nor afterward has the cinema been so close to its essence, its very determination, that of providing a useful, true image of 20th century man, in which he not only recognises but above all discovers more about himself."

How to better express the nobility and ambition of your mission, of our mission – we who endeavour together to map out the future of cinema as Méliès did more than one hundred years ago – than with these words by Wim Wenders in homage to Ozu?

I wish you an excellent Conference and screenings of excellent European films in the excellent "Entrepôt". Thank you for your attention.

Claude-Éric Poiroux:

Thank you Minister. We recall your involvement with independent cinema, both as an exhibitor and as a director. Thank you for lending your support to our activity and to the subjects that we will be discussing over the next three days: we shall in turn be addressing the challenges of digital technology, the future of our cinemas and activities for young audiences. I would also like to thank you for reminding us that in 2 years' time the MEDIA programme and its budget will be redefined. We need to act, for it is not certain that support will be continued in an identical form.

Let us now move on to our debates with two economists, who will be looking at the challenges arising from the era of free access to films and examining possible links between digital projection and video games. I would like first to welcome Olivier Bomsel who is known in France for his research work, his books and also as member of the Anti-counterfeiting Committee of works on the Internet. He recently published two books: *Gratuit ! Du déploiement de l'économie numérique (Free! On the deployment of the digital economy)* and *L'économie immatérielle: Industries et marchés d'expériences (The Immaterial Economy: Experiential industries and markets)*. He currently holds the Brand and Media Chair at the renowned École des Mines.

HOW TO DEVELOP THE PAYING OFFER IN FILM THEATRES IN THE ERA OF FREE ACCESS?

By **Olivier Bomsel**, Director, ParisTech Chair of Media and Brand Economics, France

Olivier Bomsel:

Understanding cinema economics means first and foremost considering the mechanism for establishing prices. What purpose do prices serve? What do they reflect? What do they represent?

In classical economics, prices were associated with the cost of production, drawing on a productivist notion. Prices actually represent the intersection of production costs and utility for consumers, the value that consumers ascribe to goods and services.

Nowadays the increasing spread of the Internet means that the reproduction cost for goods and services with an information-based dimension is zero. Does that mean that prices should be established on the basis of this zero cost or set as a function of the utility the goods and services represent for consumers? This question arose when telecommunications networks were going digital. Initially the authorities preferred to make consumers pay for digital equipment rather than for content, which at that time was disseminated free of charge. However, about 3 years ago it transpired that all creditworthy consumers already had the requisite equipment. Industry professionals from the sector (media and telecommunications companies) wished to receive remuneration for their content and signed a voluntary agreement under the aegis of the Olivennes Committee, with a view to containing or neutralising attempts to bypass intellectual property rights. There is no longer any justification for free distribution of goods that offer significant experiences. The aim was that free access, which had become possible as a result of piracy, should be limited, in particular by launching Hadopi in France (*Haute Autorité pour la diffusion des oeuvres et la protection des droits sur l'Internet*, the agency promoting the distribution and protection of creative works on the internet).

There is therefore no reason to continue with the free-access phase, associated initially with subsidies to support the spread of digital equipment and subsequently with piracy.

Claude-Éric Poiroux:

To what extent is the consumer's willingness to pay developing nowadays? How can this be measured?

Olivier Bomsel:

Not all viewers do evaluate the experience of attending a film screening in a cinema in the same manner. In an ideal scenario, a film would be sold to each member of the audience at the maximum price he or she would be willing to pay. However it is very difficult to estimate precisely how much a viewer is willing to pay for a cinematic experience and the cost of implementing this mechanism to determine prices would be greater than the profit that might derive from this system.

There is however a differentiation mechanism: the keener viewers are to see a particular film, the higher the price that must be paid for this viewing experience. That is why the price to see a single screening in a cinema is higher than the price for the same film when it is released through the VOD channel and as a DVD several months later (several screenings and even possible re-sale) and higher than the price when the film is shown on free-to-air channels. That means that there are several versions of the film in several distinct time-frames with different pricing structures.

As a consequence, there is no reason for cinemas to reduce their prices. Cinemas need to remain profitable even when overheads increase (real estate prices have gone up by 10% in Paris).

Cinemas need to take steps to ensure they stand out from the crowd in order to justify ticket prices. The explosion in the number of films screened on television, the development of the video recorder and the scant differentiation achieved by cinemas may partly explain the drop in cinema attendance in the 1980s. Conversely, audience numbers in cinemas increased as soon as films shown in cinemas began to offer a much better viewing experience than home cinema: stadium seating, digital sound, 20-metre-wide screens...

Claude-Éric Poiroux:

Do you think that digital projection and the demise of 35mm will bring about changes in the nature of cinemas?

Olivier Bomsel:

While it is difficult to predict the consequences of the development of digital technology, it is nonetheless possible to put forward a number of hypotheses.

First of all, digital projection may generate a number of positive effects: it promises to enable more flexible programming, allowing cinemas to show fresh content more regularly – both for first-run films and classic works. In

addition, screenings of alternative content offer scope to attract audiences who do not usually frequent cinemas. That holds true for opera retransmitted to cinemas; although opera has an elite status, this formula can now make it accessible to a wider audience.

However, the abandonment of the oldest film business medium that still exists, 35mm, could lead to extremely profound changes for the entire cinema industry. As digitisation offers scope to screen alternative content in cinemas, it raises the question of film theatres' identity. Cinemas actually have significant symbolic weight; they transform a sequence of images into a cinematic work, conferring upon it the status of a film. In the future, the protocol for defining cinemas' identity might be blurred by competition with other forms of narration in film theatres, such as series, which have a particularly large following among young audiences.

The Internet has also played a significant role in creating this confusion. Considered as the first system that simultaneously develops communication instruments and instruments of production, the Internet has created hybrid forms such as Facebook, Twitter or blogs. The idea that anyone can become an author/creator has gained ground.

In reality however there is still a publication protocol, linked to peer recognition from the sector in question. In order to exist, a film must pass through several stages of validation, symbolising legitimisation and authorisation on the part of industry players. The film theatre is one of these steps and it continues to have an essential editorial function: ultimately, only cinemas can confer a public and symbolic dimension to a film. Functioning like a quality assurance label, cinemas act as guarantors of the promise made to consumers that they are purchasing an experience at a price proportional to its estimated utility. Cinemas, in their role of providing a quality guarantee for films, thus make it possible to establish a trust-based relationship with audiences, reducing the risk taken by viewers.

Claude-Éric Poiroux:

Is the astonishing diversity of the European mosaic well suited to the new economic configuration?

Olivier Bomsel:

Large single-language countries have very significant comparative advantages: they can benefit from economies of scale, products can rake in a sound return on investment in huge markets, commercial successes are more profitable, ensuring more propensity for risk-taking and a greater capacity to absorb failures. Furthermore, the Hollywood cinema industry has managed to create a real «star system» associated with successful films, which contributes to reducing the «risks » for consumers, making them more inclined to purchase a cinema ticket.

Conversely, the European Union, with 27 countries and 23 languages, has a significant handicap. Its products must be adapted in each country either by dubbing or subtitling films, which is an obstacle to wide circulation of European films. Policies must take this linguistic handicap into account and assist Europe's film industry, confronted by major single-language competitors.

CINEMA IN THE DIGITAL AGE: SOME ASSUMPTIONS

By **Prof. Dr. Gundolf S. Freyermuth**, Director, Cologne Game Lab
Professor, Cologne International Film School, Germany

I started out in an arthouse cinema in Berlin. I became a film critic and wrote film scripts. Then I got interested in games.

I'd like to start by presenting three recent innovations that are barely two weeks old. The first comes from Professor Peyghambarian of the University of Arizona, who has created a system of holographic telepresence. This system will revolutionise teleconferences and video games, but also films in one or two years. Oliver Kreylos has developed an open source system which allows 3D video capture, creating a 3D environment that he can manipulate as he pleases. Finally, Carl Bass, President and CEO of Autodesk (special effects company), is developing a system in which iPad users will be able to create films like *Avatar*.

Now to get to the crux of what I want to say:

As early as the 1930s we were told that the end of cinema was at hand. The cinema has gone through numerous crises, first with the development of television. After that came VCRs and DVDs. Currently we're going through a third crisis linked to the arrival of broadband. This crisis is different because it's not just a crisis of the cinema, but of film.

In my talk I will advance 5 hypotheses. The crisis of film is the first. It's the most important because it's linked to the appearance of non-linear content. We have a new perception of time and space. We're now in a transition phase between analogue (linear media, few formats, formatted standards) and digital (non-linear media, abundance of formats, fluidity of works, open standards). Here the question arises: in which sector are we situated?

On the very long term it can be noted that ever since the Renaissance people have always tried to reproduce at home contents available in public space. Which leads me to my second hypothesis: we are in the era of privatisation. Consumers now want to control their leisure time. But can digital cinema create non-privatisable contents? Are there works that by their very nature will remain in the public domain?

Parallel to this trend we've noticed that viewers appreciate the collective experience. That explains the passion for interaction – notably virtual – and the development of communities. Will digital cinema allow the development of hybrid communities while enriching its analogue reality (by better integrating the real into the virtual)?

We now come to the last part of my talk: the future. We believe there will be more and more amateur content. Amateur content is to the cinema what literacy is to writing. It's not because there were more literate people around that there were more writers. But with the increase in the number of literate people, the average level of literature improved (as readers became more critical) and there were more semi-professional attempts at production. This is also the case in the audiovisual area, where it will now be easier to achieve the level of semi-professional production. Which brings us to my 4th hypothesis: the democratisation of the audiovisual experience. Must digital cinema integrate semi-professional contents? Must viewers participate in cinema programming?

Finally, everyone agrees there will be a transition from multimedia to transmedia. Transmedia contents may be considered as both linear and non-linear, and can be associated with any form of art or discourse. Will transmedia contents ensure the immersion that is so essential to the cinema experience?

I'd like to end with a quote from McLuhan: "I am resolutely opposed to all innovation, all change, but I am determined to understand what's happening. Because I don't choose just to sit and let the juggernaut roll over me."

SESSION I. HOW CAN THE FILM THEATRE APPEAL TO THE WEB GENERATION?

- How does a multi-platform, interactive culture affect cinema attendance among young audiences?
- Does the Internet increase cinematic choice among young consumers or push them towards the mainstream?
- Does European film respond to the desires and expectations of young audiences?
- Developing a “taste for the big screen” among young people: the role of national schemes and of exhibitors.
- How to guarantee access to film education for all young Europeans: the role of national and European policies.

Moderator: **Michael Gubbins**, Cinema Consultant and Industry Journalist, UK

Introduction by **Prof. Tom Troscianko**, Professor in Experimental Psychology, Bristol University & Founder of Bristol Vision Institute, UK

“Screen Science - What can we learn about cinema today from cognitive neuroscience?”

Claudio Franco, Research Manager, Dubit Limited, UK

Peter Buckingham, Head of Distribution & Exhibition, UK Film Council

Gian Luca Farinelli, Director & Exhibitor, Cineteca di Bologna & Cinema Lumière, Italy

Eugène Andreanszky, Director, Enfants de Cinéma, France

Koen Van Daele, Exhibitor, Kinodvor, Ljubljana, Slovenia

Catherine Lemaire, Programmer, Le Parc-Churchill-Le Sauvenière, Liège, Belgium

Nick Shaw, 27 Times Cinema, UK

Thomas Smolders, 27 Times Cinema, Belgium

Isabella Weber, 27 Times Cinema, Italy

Thomas Krüger, President of the German Federal Agency for Civic Education, Germany

Piotr Borys, Member of European Parliament, Culture & Education Committee, Poland

Aviva Silver, Head of MEDIA Unit, European Commission

Ian Christie, Professor of Film, Birbeck College, London UK, Vice-President of Europa Cinemas

Michael Gubbins:

The Conference this afternoon is devoted to young audiences. Today, this audience is primarily studied through statistics, box office results. At Europa Cinemas, we want to take a broader view. We are going to consider the younger generation by looking at the projects they participate in (like Venice Days), and talking about projects created for them (the relationship between cinemas and schools, media education). We will try to develop strategies to attract those of this generation of 15-to-24-year-olds who are connected to the new media, into cinemas.

To do this, we're going first of all to try to understand what happens “in their heads”, with the help of a neuroscientist, Tom Troscianko.

Tom Troscianko:

Let us try to describe what happens in our brain when we watch a movie. When we're watching a film, are we watching something real? How do we react to it, compared to the way we react to the outside world? Was the world portrayed in the film different from the outside world?

To answer these questions, let's begin by examining the traditional understanding of vision. In the 1980s, we thought the brain contained representations of the real world, which originated in our awareness of the various elements of a scene. This awareness, working somewhat like a projector, then enabled us to construct a stable representation of reality.

However, several experiments have demonstrated that it is often impossible to detect changes in two images that are more or less similar.

A more modern view has then been described. First of all, ocular vision allows us to gather the basic information of a scene: the location, characters, an overall geometry of the action as a whole. In 2001, a researcher called O'Regan developed a theory of vision that describes the phenomenon as a way of exploring reality by probing it with our sensory apparatus. The external world is seen as an "outside memory": because it changes very little, we do not need a detailed model and we can always return to it through our senses, to confirm the stable internal representation we have of it.

This theory can be applied to film: even when there is a camera edit, the viewer does not try to reconstruct a coherent replica of the cut, but is satisfied with a formal logical interpretation: Y is talking to X, they are at the beach ... The viewer focuses on the film's plot, even if there are changes in the scenes.

How, then, can we pinpoint these changes? There are areas of our brain that detect the rapid changes that we observe thanks to "transient visual interfaces". So, as soon as there is a change, the brain is able to detect it. In a movie, if the basic signal is unstable (changes between each shot), rules of continuity are maintained. In a certain way, as defined by the researcher Cutting, movies tend to be unstable in a regular way, in particular since scenes of similar duration follow one another.

What implications does this have for our perception of a film? A group of Israeli researchers has assessed this perception according to the notion of "presence". Whenever there is a flash or a particular sound in the film, viewers draw a line. Their reaction time then reflects their "presence" in the film. While it might normally take ¼ of a second to react to a flash, viewers who are absorbed in the film, took more than two seconds to react. In this way it was possible to measure the effects of the film on the brain, scene by scene.

These results have also been correlated to the size of the screen (the larger the screen, the more the viewers feel they are "in" the movie), and to their degree of excitement (the more the viewers' pupils are dilated, the more they are drawn into the film). We are currently studying the effects of 3D on our perception and its impact on the viewers' "presence" in a film.

While one might have thought, as demonstrated by the theory of vision, that shots should be short and representation should be stable for the viewer to be drawn into the film, these recent experiments have shown the opposite is the case. The shorter the shots, and the higher the degree of instability, the more intense the cinematic illusion experienced by the viewer. This is because movies are different from reality that they deal with!

Peter Buckingham:

In order to promote cinema in the UK, we conducted a study on the relationship between cinemas and films for 15-to-24-year-olds. We wanted to understand what motivates young people to go to the movies and what it is that prevents them from doing so. We will present the results of the study here and the conclusions we have drawn in terms of strategy.

Claudio Franco:

Our study was divided into three phases (profiles, segmentation and proposal).

Firstly, we studied the profiles (lifestyles, preferences, interest in media other than cinema) of 15-to-24-year-olds. For young people, cinema is often connected with the experience of movie-going. The atmosphere in the theatre, the large screen, high definition sound and the trailers are all motivational factors. The major problem for them remains the issue of price.

Secondly, the study enabled us to classify 15-to-24-year-olds as belonging to one of five different groups, according to the importance they attached to cinema. We noted that three main factors influence young people in their social relationships: friendship networks, social networks, and fluctuations of influence within a group (leadership positions).

Thirdly, we wanted to develop new tools to encourage young people to go to the movies, without addressing price, as such. In awareness of the issues that are a disincentive to friends meeting at the cinema, we developed a Facebook application that promotes this. It provides a vehicle for sharing essential information on films, times, places and invitations to friends to participate. A second application was developed in the same vein - Doodle, an event planning software.

Finally, we would like to promote cinema on demand. Since we know that young people increasingly want interactivity with cinemas, operators could organize voting on films, also allowing the audience suggest new films or new themes. To compete successfully on the market, a cinema must sell not just a film, but an event.

Nicholas Shaw:

We were selected by exhibitors in the Europa Cinemas network to make up the 27 Times Cinema jury. With the support of the European Parliament, we attended many screenings and participated in discussions at the festival. Participating in a jury, being able to share your views, having discussions with other young Europeans, essentially with similar opinions, was most enriching for me.

Thomas Smolders:

Selection was based upon our applications. We had to write an article about a film, present a CV and draft a covering letter.

Nicholas Shaw:

I only discovered the world of films quite recently. When I arrived at university, I purchased a cheap camera and began to shoot films with friends. Our first films were full of mistakes but through them I developed a wish to explore the history of the cinema.

Isabella Weber:

I really discovered the cinema when I left for Australia as part of an exchange programme. Thanks to the film option which I chose, I began to watch films regularly, firstly for my studies and, later, for my own pleasure. While I have a different approach to film to Nick, I think that we both wanted to discover more than anything else the technical nature and history of the film industry. I think it is a shame that there is no education programme for the media in Italy. Training would be particularly useful for learning about European films.

Thomas Smolders:

To begin with, it was my parents who showed me the world of film. Then, when I started photography, I extended my liking for image and I am now teaching myself.

Isabella Weber:

I do not think the internet and social networking sites have a critical influence on our approach to film. I only use the internet to obtain information or to watch trailers.

Nicholas Shaw:

For me, the internet and in particular sites such as Wikipedia are great sources of information. However, I get the impression that it is mainly American films which benefit from the internet. The European film industry appears to have a more elitist approach, less accessible to the masses. Now, today, thanks to social media, you can create a real marketing buzz, even for low-budget films. Europa Cinemas should set up online projects or events to attract younger audiences.

Thomas Smolders:

The social dimensions of a film are very important. The cinema is, more than anything, an event and the Europa Cinemas network, which supports initiatives by independent exhibitors, proves this. And in a similar vein I think that festivals are essential in the promotion of European films. They provide an opportunity to attend screenings of many films, to discover the diversity of films on offer and to take part in the many events related to the festival.

Isabella Weber:

I think that young audiences are attracted more by comedies. We should be able to demonstrate to them that there are European comedies too. The European film industry, strongly committed to denouncing certain social realities, is perceived paradoxically as rather snobbish, too removed from its audience.

Michael Gubbins:

We are now going to hear from some professionals who have implemented creative approaches to attract these young audiences.

Gian Luca Farinelli:

While we may be proud of our photo and film library at Cineteca di Bologna, we resist the cult of nostalgia, seeking on the contrary a modern approach to these archives.

We have two theatres: a large one, where we screen current films, original version with subtitles (which is quite rare in Italy) and one smaller theatre reserved for the film club.

While attendance at our cinema has increased over 26 years, we did notice six years ago a slight drop in attendance and an increase in the average age of filmgoers.

To curb this phenomenon, we put a set of initiatives in place.

To begin with, we organise many cycles devoted to contemporary directors who we invite to screenings or for master classes. We also organise cycles based on B series, on the greatest filmmakers, tributes, etc.

We have close links with Bologna, a city of 400,000 inhabitants with particularly active organisations. And we are making the premises of the Cinemateca available to accommodate the "0 km market" bringing together farmers from the surrounding area. In this way, we have attracted new audiences.

Our premises also serve as a location for photo exhibitions, often visited by schools.

By way of educational programmes, 20,000 schoolchildren visited the Cinemateca in 2009. Through workshops, young people are taught to write a script and then to direct it. They can also take advantage of a specific programme during their free time at weekends. Finally, a great many of them consult our video game archives regularly.

And our activities are not confined to the film theatre: we also organise 40 days of giant screenings in the city's main square. We also screen silent films sometimes with a piano or orchestral accompaniment, in cooperation with Teatro Comunale. And an editorial policy has been in place for two years: DVDs and books sell fairly well.

Finally, we also have a strong internet presence and have our own Facebook page. We maintain constant links with the public to the point where we have managed to prevent the closure of one film theatre as a result of a petition launched on Facebook.

We restore many prints of films and, with the help of digital technology, we are constantly discovering new aspects or details of films, as was the case with Fellini's *Dolce Vita*.

Eugène Andreanszky:

Les Enfants de cinéma is an organisation which created and is responsible for the national project *École et Cinéma*, sponsored by the Ministers for Culture, Communication (via the CNC, the French centre for cinematography) and Education. The project currently involves 950 film theatres in France and overseas, half of which are part of the Europa Cinemas network.

Through three programmes, for schools, high schools and colleges, students can visit the cinema from three to five times per year, for dedicated screenings.

Our programme is based on a catalogue of 70 films (French, European and international) including around 40 heritage films. Furthermore, each of these films is accompanied by educational material.

Thanks to the willingness of national government, we can carry out a real policy of cultural film activities. Thus our project has a dual objective: to reveal the cinema as an art form (not just as entertainment), and to reveal the film theatre as a place of experience, a place for culture, a social location for sharing.

Partner film theatres are essential to our project since they provide students with equipment as well as their knowledge and professionalism. In return, they benefit, as does the entire cinematographic chain, from the approximately 3,400,000 admissions achieved by the three programmes in one academic year.

However, this project has suffered from the increasing lack of commitment by national government and regional authorities, particularly since 2002. Furthermore, this initiative, which is the result of 20 years of work and investment, is also being damaged by the development of a new VOD platform, Ciné Lycée. While it may be a useful initiative, it cannot replace cinema education and guidance on classic films.

Koen Van Daele:

I am assistant to the director of the Kinodvor in Ljubljana. The Kinodvor, an arthouse cinema, screens first releases and organises many activities for young audiences under the Kinobalon programme. We also have a specialist bookshop, unique in the country, and a café.

The Kinodvor, created in the 1920s, has experienced various changes. Following a brief closure in 2002, the city, the Ministry of Culture and the Cinematheque decided to make the Kinodvor a real arthouse cinema. Previously under the responsibility of the Cinematheque, the Kinodvor is now managed by an independent team which has a truly cultural mission, thanks partly to the wishes of the general public.

We offer not only an alternative to the films screened in multiplexes but also an alternative to the way they are presented. So each film is, for us, an opportunity to create a unique event for a target audience. While we invest some of our budget in traditional promotion, with posters and the purchase of publishing space, we cannot fight the aggressive marketing of the majors. To gain visibility, then, we organise meetings and develop partnerships with other cultural organisations (such as the national museum and the World Book Fair in Ljubljana). This strategy appears to have worked, if the success of a short documentary *The Shock Doctrine* is to be believed: 1,700 people travelled to see the film in a small 25-seat film theatre while this film was available on the internet!

According to a study carried out by the University of Sociology in Ljubljana, film lovers go to the Kinodvor since it offers a quality product different to that offered by the multiplexes, and for the friendly environment. And

researchers also recommend that we do not seek new customers but, on the contrary, that we concentrate our efforts on loyal customers who are demanding quality programmes. That reinforces our view that we must differentiate through quality.

Catherine Lemaire:

Les Grignoux is a non-profit making organisation. We manage three film theatres: Parc (single screen), Churchill (3 screens) and one more recent film theatre, opened in 2008, Sauvenière (4 screens).

We have four different programme schedules for young audiences:

- Morning screenings for schools: “Big screen on the Blackboard”
- School screenings
- Special pass for students over the age of 18
- Traditional screenings for young audiences

Our largest and most active programme is “Big Screen on the Blackboard” which is just for pupils in Wallonia. This is a set of screenings in the morning only, in the network’s cultural centres and film theatres. The organisation of screenings is the responsibility of each place of projection with the proviso that films must be selected from a predefined programme schedule. Each year we select 30 films, often very recent films, released in the current or previous year. The films, which reflect a great range of nationalities, are accessible but are not aimed exclusively at young audiences. These films are accompanied by educational material to assist teachers who lead discussions after screenings.

All Europa Cinemas film theatres are part of this programme and, for them, schools represent around 30% of their total admissions. In our three cinemas, we have had a total of 38,000 school admissions (nearly 10% of total admissions) this year.

To deliver this programme, we receive 150,000 euros per year, which allows us to offer preferential rates (2.30 euros for infant schools and 3.20 euros for other schools).

“Big Screen on the Blackboard” has great visibility through our direct contact with teachers: sending educational packs, brochures, and invitations to special screenings, preview screenings, etc. Posters freely available from film theatres, and the publication of a journal every 5 weeks, with 57,000 copies, are also very effective in promoting our initiatives.

Finally, it should be noted that we also organise activities for the youngest children, open-air screenings of classic films (the intention being to cultivate a liking for these films and give rise to a sort of cinephilia) and that we have developed a small company to distribute children's films.

There is an equivalent programme in Flanders, more centralised than ours. While we have good contacts with our colleagues, they have not, so far, resulted in any partnerships.

Michael Gubbins:

Having examined proactive approaches to encourage cinema education, we are now going to consider education in a political context at the national and European level.

Thomas Krüger:

In Germany education falls primarily within the ambit of the *Länder* (German federal states). As central government has only limited competence in this sphere, demand for cinema education has come primarily from the general public in the framework of programmes for schools.

The German Federal Agency for Civic Education has therefore worked with all these cultural associations and established the main objectives for this education in the course of a conference in Berlin. The key aspect for us is establishing a training course for secondary-school pupils, trainee teachers and teaching staff currently working in schools. This programme needs to be advertised (innovative marketing structures), to be set within a clear legal framework and to operate under the aegis of an institution, Vision Kino.

Working in partnership with representatives from the cultural realm and with film clubs, we enjoy support from industry professionals, who fund 50% of our one million Euro budget (the remaining 50% is financed by the Ministry of Culture).

This has allowed us to set up a one-week “Cinema in Schools” programme, encouraging pupils to see films in cinemas. In workshops with the children we teach them how to become immersed in the language of cinema, how to read film reviews and then to write reviews themselves. Part of our website concentrates on this cinema education and on technical training. We also publish numerous documents aimed at film professionals, exhibitors, teachers and pupils.

We encountered some obstacles whilst developing these initiatives: we had logistical difficulties; we had to define our goals clearly (do we wish to promote cinema and the film theatre or the film?): the teachers sometimes need more training; we need more networks of film fans as cooperation partners.

Despite these difficulties, we have succeeded in coordinating our activities in the various German federal states. These initiatives - network week, network development – could even be copied and put into practice across Europe.

Piotr Borys:

As a representative of the European Parliament, I felt it was essential to enter into a genuine dialogue with representatives from the world of film. The Parliament enacts 60% of all European legislation, which means it is important for us to develop an awareness of the issues and the difficulties you may encounter.

Above all I would like to thank you for having promoted our initiative, the Lux Prize, which is awarded to the best European films and now offers access to several thousand people.

We face two major challenges in the Parliament.

We would like to establish genuine cultural and cinema education. Many Member States are endeavouring to adopt new initiatives with a view to honing a critical spirit in tomorrow's audiences. As Wim Wenders reminded us during his public hearing in the Parliament, it is crucial that young people know how to read and decipher images.

Furthermore the topic will be addressed during the Polish Presidency of the European Union next year on the occasion of a major European conference on culture.

I would also like to underline the role played in this context by civil society, particularly through various associations. A Polish association, represented here today by Maciek Jakubczyk, organises a film festival every year that attracts more than 150,000 cinemagoers and also presents 180 films in special screenings for schoolchildren, with audiences of over 42,000.

In a press release the Council of Europe has underscored the opportunities and dangers associated with new technologies. The United States has twice as much digital film technology fitted as Europe, making the issue a challenge for all of us. The transition to digital is a major challenge, and is also linked to film education. Poland has thus introduced a digitisation programme: the state helps film theatres to acquire digital equipment if their programming includes 20% European films and 20% educational films. In the Malopolska region for example, the number of cinema tickets sold doubled in a year after cinemas were fitted with digital equipment.

Furthermore, whilst the single European digital market is a challenge, it may also constitute a threat, especially in terms of copyright protection. It is crucial to make access to culture universal without offering «everything for free». The role of the European Parliament is to facilitate access to cinema for as many people as possible, which is why we insist vis-à-vis the MEDIA programme that funding should be available to cover the additional expenses associated with subtitling.

Aviva Silver:

The MEDIA programme has existed for some time and although some of our support mechanisms have remained constant – such as support for Europa Cinemas for the past 15 years – others have evolved, for example support to festivals, in particular when young audiences are targeted. We believe that there are very important links between media education and dissemination of European films.

It was only relatively recently, in 2007, that we attempted to establish film and media education for the first time. The expert group set up in this context received many testimonies on the practices and activities aimed at young audiences in numerous countries across Europe.

What are the key aspects involved in this education? How can we educate the educators? Should the education be formal or informal? How can this education be incorporated into programmes in schools, given that the European Commission has no direct influence in this sphere? We are keen to respond to all these questions with a view to improving the way in which film education is integrated into the MEDIA programme in the future. In the context of this preparatory work, may I remind you that a public consultation has been launched on the future of the MEDIA programme, which is now in your hands.

Ian Christie:

In the 1960s we realised that cinema education should be different from education in the broad sense of the term, for it is conceived in terms of a new medium. Nowadays this is still the case and numerous countries have introduced programmes for this particular form of education.

Media education is indispensable in today's world, but there are still a whole host of unresolved questions. Where should this kind of education be provided – in cinemas, in schools, in partnerships (as in the French programme École

et Cinema/School and Cinema)? What role should it play within school syllabuses? Do we wish to introduce media education? Or to educate people about the imagination, art, creativity? Or indeed about cinema history and the films that constitute our heritage?

Over and above the question of the subject-matter addressed, thought should also be given to the way in which the education is mediated. Successful education must be interactive and ensure pupil participation, particularly if aimed at young teenagers. It is important not to force pupils to learn about the cinema, otherwise the young people involved will have no desire to set foot in a cinema once the course is over.

Whilst there is a degree of consensus on the topics addressed and the format chosen, the media used in the course still need to be defined, along with training for teachers. Too few teachers have training for cinema education or indeed for media education in general. In addition, they often run into difficulties when trying to obtain access to heritage films. This applies in particular in France: copyright law is an obstacle to screenings of heritage films. Finally, the phasing-out of 35mm projectors raises the question of how to transmit knowledge and preserve cinematic heritage: unless classic films are digitised, it will no longer be possible to screen them in cinemas.

The European Commission appears to be becoming aware of this educational challenge, particularly in the context of the future MEDIA programme. Europa Cinemas' film theatres also play an important role by increasing the number of activities aimed at young audiences and by developing partnerships with schools

**EUROPA CINEMAS PRIZE-GIVING CEREMONY WITH JULIE GAYET, CLAUDE MILLER AND CLAUDE-ERIC POIROUX
3D CINEMA OF THE PAST AND TOMORROW:**

The 2010 Europa Cinemas Awards for **the Best Network exhibitors** went out to:

- Best programming: **Skalvijos Kino Centras**, Vilnius (Lithuania)
- Best Young Audience Activities: **Kinodvor**, Ljubljana (Slovenia)
- Entrepreneur of the Year: **Watershed**, Bristol (United Kingdom)

The award-giving ceremony was held at **Cinéma Le Balzac**, a member of the Europa Cinemas Network. The prizes were awarded by actress and producer **Julie Gayet** and director **Claude Miller**, President of Europa Cinemas, in the presence of German director **Wim Wenders** and **Thierry Frémaux**, General Delegate of the Cannes Film Festival and Director of the Institut Lumière in Lyon. Images from Wender's documentary in 3D, *Pina* - an homage to the choreographer Pina Bausch - were screened for the first time in public. This was followed by a programme of short films by the Lumière Brothers, some of which were in 3D and in colour, presented by Frémaux and restored by the National French Film Archives and the Bologna Cinématheque.

SESSION II. CHOICE OF 2 WORKSHOPS:

WORKSHOP 1: TOWARDS THE DIGITAL ROLL-OUT IN THE EUROPEAN INDIE SECTOR

Moderator: **David Hancock**, Senior Analyst, Head of Film and Cinema, Screen Digest, UK

1st Part:

- After the Avatar phenomenon, what is the real impact of 3D on the digital transition and film offer?
- Is an alternative standard to 2K possible for small and medium-sized venues?
- Can the independent sector develop its own solutions? Examples of “funding groups”.
- How can the European Commission and public bodies supervise and contribute to the digital roll-out?

Presentation by **David Hancock** of current digital cinema statistics

Etienne Traisnel, Director, CN Films, France

Dr. Christian Bräuer, President, AG Kino / Managing Director, Yorck-Kino GmbH, Germany

Enrique Pérez Font, Exhibitor, Espectarama S.A, Spain

Steve Perrin, Chief Executive, Digital Funding Partnership, UK

Jean-Pierre Villa, President, Cinélia, France

Aviva Silver, Head of MEDIA Unit, European Commission

Peter Dinges, CEO, German Federal Film Board, Germany

Olivier Wotling, Head of Film Dept, Centre national du cinéma et de l'image animée, France

Erik Hamre, Exhibitor, Gentoftte Kino, Denmark

Rolv Gjestland, Adviser Cinema Technology and Design, Film & Kino, Norway

Harri Ahokas, Head of Domestic Distribution, Finnish Film Foundation, Finland

Peter Buckingham, Head of Distribution & Exhibition, UK Film Council

David Hancock:

Trends in the digital market

As of June 2010 there are 22,000 digital screens in the world, representing 24% of total screenage. Although digitisation started in the US, Europe and Asia have picked up speed in the last 18 months. Despite the crisis the number of digital screens has not stopped increasing, primarily thanks to 3D, a formidable motor for digital development. Throughout Europe there are 7,500 3D screens, for the most part located in Western Europe. There are 17,000 3D screens worldwide.

In Europe situations differ quite widely from country to country: France is in the lead with 1,400 screens, just over 1,000 of which are 3D. The long-time leader, the UK is second today with 1,200 screens, 900 of which are 3D. The rate of market penetration is quite different depending on the country, and often lower in Central and Eastern Europe.

Digitisation has been partly initiated with third-party investors, who have put in place VPF systems. At the end of September 2010, VPF agreements were in effect for 8,000 screens. However certain countries, often smaller ones like the Baltic states, have difficulty attracting third-party investors. Today 6,000 European screens are in a risky situation and will have difficulty financing a projector, which can cost up to 75,000 Euros.

Certain solutions have been explored. Several countries – the Scandinavian countries, Germany, Hungary, Poland, the Czech Republic, Ireland and France – have had recourse to their national support funds. Italy has set up a system of tax cuts, currently being examined by the Commission. In addition there are financing groups, notably in the Netherlands and the UK, to gather screens in networks to facilitate digitisation. Finally on the European level, Europa Cinemas, the Media Support Fund and the European Regional Development Fund are helping with the digitisation of cinemas, as is Eurimages which plans to equip 4,400 screens (notably in Turkey).

Coming back to 3D: numerous exhibitors equipped themselves to profit from the release of *Avatar*. 33 films in 3D were released in 2010, with 50 to 60 expected next year. The 3D films don't just come from American studios; an increasing number are made in Europe and Asia. The dominant genres remain horror and action. These generate

considerable takings (higher than 2D films), which explains the growing commitment on the part of distributors and exhibitors.

To conclude one can say that we're getting closer and closer to a complete transfer to digital technology. It's estimated that by 2014 digital screens will outnumber 35mm screens.

Etienne Traisnel:

France is the leader in Europe, with just less than 1,600 digital screens out of a total of 5,500, according to the last tally [1,801 screens / 528 cinemas according to cinego.net on 15 December 2010], or 29% of all screens in the country. Digitisation is progressing by 18.6% per year. According to estimates, 2,500 screens – half of the total screenage – will be equipped by the end of 2011.

53% of cinemas belonging to networks are digitally equipped, compared with 17% of independent cinemas.

We have carried out a case study based on the films of the independent French distributor Wild Bunch.

Jean-Luc Godard's pointed work *Film Socialism* was distributed in digital format in 20 cinemas, with 6 hard disks and 30 KDMs.

Piranha 3D was distributed in 344 cinemas on 254 hard disks with 558 KDMs and not a single 35mm print.

Finally, *The Clink of Ice*, also an independent film, had more difficulties finding its place in digital cinemas: it was projected in digital format in 39 cinemas, but with only 4 hard disks and 50 KDMs (a real feat on the part of the Wild Bunch team).

One can conclude that as far as digital technology goes, exhibitors are mainly interested in 3D.

In addition it can happen that independent cinemas must put a lot of energy into a film's digital release for just a few cinemas – notably in cases where major theatres no longer project 35mm films.

Regarding the transport of digital prints, physically sending the hard disks is predominant. SmartJog is the uncontested leader in France, with 271 connected sites (80% by satellite), of the 500 sites equipped with digital technology. 100% of connected sites receive trailers and advertisements via satellite. The satellite also allows connected cinemas to receive around 15 films per month.

Other solutions for dematerialised transfer (fibre optics, combining several ADSL lines) are currently not as efficient.

Finally, mention must be made of FICAM's establishment of a digital deployment observatory, which looks in particular at the situation of independent cinemas.

David Hancock:

Now to return to a subject I thought had been resolved: the question of standards and their future.

Christian Bräuer:

I'm the president of AG Kino, an association of arthouse cinemas in Germany. We want to reconsider the DCI norm. In 2002 the studios agreed on a norm so as to save money and guarantee the security of contents. But this norm requires projectors that cost a lot of money – 70,000 Euros – which jeopardises the existence of small cinemas. This investment is all the less realistic in that we have little idea of the life span of a projector.

We found ourselves in an impasse, with no solution for equipping arthouse cinemas. Certainly, Hollywood is keen to digitise thanks to the model of third-party investors. However this model doesn't work in our cinemas because we mainly distribute independent European films and documentaries. So the VPF model could endanger the quality of our programming. Today there is no VPF model in Germany adapted to small cinemas. We don't have contracts with independent distributors. Another problem: our cinemas need films from big distributors, and they can limit the projections of alternative contents. Furthermore, these contents aren't taken into consideration in the contract with third-party investors, so exhibitors must pay a very high price per screening.

To sum up, we hope to set up support programmes that are neutral from a technical point of view. The DCI norm and the costs it implies will result in a market concentration that would eventually also effect producers and distributors.

Despite the help of the German states and the FFA support fund for digitisation, only 70% of cinemas receive support. For the most part these are multiplexes, which benefit from support thanks to the appeal of 3D. The arthouse cinemas, which aren't intended for 3D, have no definite economic model and have received very little support.

David Hancock:

The DCI norm was set up by the Hollywood studios but today it's a global norm. By refusing it you exclude yourselves from the VPF support system and will have to finance the entire cost for projectors.

Enrique Pérez Font:

Before becoming an exhibitor I was a projectionist, so I'm a specialist in images. I'm in favour of a transition to digital technology and I support the use of the DCI norm.

I own the Verdi theatres in Barcelona and Madrid, and in my view technology should serve cultural diversity. We have two theatres equipped with 2K and several with 1.9 K. We project all kinds of films, American and independent. The films of small production companies which have most of their admissions in the big cities are released with few prints. Each DCP costs a lot of money. With the crisis distributors have had to cut their costs. Increasingly films are now available in 1.9K. Even if it's better known for personal projections – Blu Ray – 1.9K remains a professional format. 1.9K costs one fifth the price of 2K. In addition 2K projectors consume a lot of light and you have to buy another bulb in the second year of use, which suppliers don't tell you. So 2K isn't profitable enough for less popular films. Plus, if you go on using the bulbs after the indicated life span, you could lose the 10 year guarantee put in place by the suppliers. What we want is an ethical commitment, know-how and quality. For that it would be necessary to create a performance protocol for 1.9K, so that all cinemas can have quality equipment with professional cabling.

Steve Perrin:

I'd like to address solutions for financing digital technology in the independent sector. First off, a definition: by independents I mean all cinemas that are not part of a national network. Secondly, a fact: digital technology is an inevitable reality and the DCI norm is not negotiable (at least for commercial cinema). There is no public regulation in the UK. The Digital Funding Partnership proposes solutions for small exhibitors. Here are the principal elements.

First of all it's necessary to make sure all profiles are represented – from single-screen theatres in the countryside to downtown complexes. The resulting entity must have a critical mass sufficient to give it credibility. And it will be all the more credible if it demonstrates pragmatism and adopts a commercial approach, and is represented by a strong personality with a feeling for relations between the different partners. Finally, institutional support is necessary to represent, back and perhaps finance the group.

We currently represent 400 cinemas, and have the support of both the studios and the major exhibitors. Our objective is to start the digital roll-out in January 2011. It will then take between 12 and 18 months to digitise all of our theatres. With credible plans and determined exhibitors, this solution could be copied abroad.

Jean-Pierre Villa:

First of all I'd like to add a word on standards. As all cinemas in France have access to arthouse films (which represent an important part of their turnover), it is vital that independent cinemas adopt the same technical norms. Cinélia, an initiative of independent French distributors and exhibitors, has been made possible thanks to the new legal framework: according to the law of 30 September 2010, VPFs are obligatory, and will finance part of the digital equipment. Since all theatres cannot generate the same digital contributions, the system is corrected by support from the CNC and local communities.

Having financed the digital equipment up front, exhibitors are reimbursed in fixed instalments independently of the number of VPFs generated. As a mediator between distributors and exhibitors, Cinélia undertakes to secure reimbursements by negotiating the contractual relationship between distributors and exhibitors regarding the amount of VPFs paid, the duration of the payment period and what the distributors receive in return (notably information on the use of films). Cinélia ensures that the collection of VPFs is disconnected to programming, the idea being to establish a balance between the total VPFs paid and the sum of reimbursements.

Cinélia ensures that the distributors' economic model is viable: they must be able to save money despite the cost of VPFs, KDMs, digital prints and transport. Moreover, faced with the higher demands of film exhibition, distributors must continue to have equal access to screens so as to maintain cultural diversity – above all for single-screen theatres.

Cinélia has signed agreements with the arthouse distributors belonging to the GIE as well as 7 other French distributors, and negotiations with American distributors are currently underway. 500 screens have joined to date, 50 of which have been digitally equipped; the goal is to equip 50% by the end of 2011.

David Hancock:

There is a strong tradition of public sector presence in Europe, notably in the cinema sector. For that reason we will now hear from several participants regarding the role of the public sector and its evolution in the transition from 35mm to digital technology.

Peter Dinges:

Things are a bit complicated from a legal point of view in Germany, and we have not yet come up with a national support scheme for exhibitors. Nevertheless we have been able to put together a simple system: we grant direct support for all cinemas with 6 screens or less, as well as for cinemas with more than 6 screens in remote areas. We also take the cinema's financing capacity on the market into account. The cinema's box offices must figure between 40,000 and 260,000 euros over the three years. Finally, cinemas must have at least 8,000 admissions per year.

We wish to support roughly 1,500 theatres, without participating in the financing of 3D however. On the national level, the programme is financed by the FFA with 15 million euros and the Ministry of Culture with 20 million euros. The FFA gives 10,000 euros per screen. The Ministry aids theatres with 25% of the total cost (or 17,500 euros), but may raise this amount to 30% (or 21,000 euros) for cinemas presenting cultural or structural particularities. The two support mechanisms are conditional upon the exhibitor paying 20% of the total cost.

On the regional level, the federal states have put in place a specific system bringing together a total of 13.7 million euros.

Finally, distributors also participate in financing the equipment but the amounts vary, which can be problematic. There is no purchasing group or resource sharing mechanism. So we still need to define the transfer mechanism between distributors and exhibitors via third-party investors.

Olivier Wotling:

We have two major objectives: to assure the coherence of the legal framework on the one hand, and state intervention on the other.

Concerning the first point, the law now obliges distributors to pay VPFs provided they can still save money and as long as the exhibitors have not recouped their investment. Furthermore, our wish is to limit any connection between the payment of VPFs and screening conditions. To this effect, without fixing VPF amounts the law does create a framework for negotiations between exhibitors and distributors. These must take place on the basis of objective, transparent and equitable terms for both parties. The idea is to avoid situations prejudicial either to exhibitors (the distributor doesn't want to pay the VPF) or distributors (the exhibitor demands an exorbitantly high VPF for projecting the film).

Hence the main financing must come from distributors, and the support system must not be a substitute for this mechanism. Of the 5,500 screens in France, 4,000 are capable of generating VPFs. Consequently support is focussed on theatres outside this market, which have insufficient access to films. They are eligible if they do not belong to a national group of more than 50 screens, and if they project a minimum of 5 films per week. These conditions may be regrouped according to the number of screens, with support going to cinemas with less than 3 screens and those with more than 3 screens that don't generate sufficient VPFs.

Erik Hamre:

The Danish Parliament has resolved to set aside a fund of 70 million euros for the entire cinema sector as of 1 January 2011. Thanks to their very active lobbying, the producers have managed to receive a large part of this support, leaving only a small share for the theatres.

Support to theatres will be allocated according to two models. Exhibitors will have to choose between direct, immediate aid and ongoing support.

The first model consists of a single payment of 27,000 euros per theatre (and not per screen). Eligible cinemas must have at least 60 seats and project at least 40 films per year. They must be situated in a zone inhabited by more than 20,000 people and show 25% Danish films (for normal cinemas) and 60% non-American films (for arthouse cinemas). This model applies to 37 small theatres and 35 arthouse cinemas.

The second model comprises lump sum payments of 270 euros per Danish film screened over 5 years, with a maximum of 27,000 euros per cinema.

Rolv Gjestland:

When we realised that digital technology was coming, Film & Kino brought together all the main players in the cinema sector to define a common framework for digitisation.

We signed agreements with the American studios in 2009 according to the following terms: a quarter of the VPF sum is paid for the first screening, and the rate rises to reach 100% of the VPF after 5 screenings. We then signed agreements with the independent distributors. In view of their reluctance, we established a support system that commences with the 7th projection, notably for films that don't benefit from widespread distribution.

We then reached agreements with the exhibitors. All of the Norwegian theatres (420) wished to be part of the programme.

Then in January 2010 we issued an invitation to tender for equipping the theatres. The agreement was signed in March. Now distributors pay VPFs to Film & Kino, which transfers them, together with the part paid by exhibitors, to the suppliers of the equipment.

Our goal: to equip all screens by June 2011, and 50% of them with 3D.

Harri Ahokas:

For Finland the transition to digital is indispensable to guarantee the necessary quality of images and sound while respecting the demands of cultural diversity.

The Finnish cinema sector is weak and needs public support, but this must not disrupt the market. Attendance is weak, with 1.3 admissions per inhabitant. Of the 295 theatres, 50 % are single-screen. The largest cinema chain owns 75% of the market.

Digitisation is financed by public funds: 40 to 50 screens are equipped every year. This financing may not exceed 50% of the total cost, so as to respect the rules of competition.

As of 2010, 35% of cinemas are equipped. These now have better access to films (with organised premieres in small cities), while certain genres such as documentary films have benefited from new interest thanks to digital technology.

The only downside is the lack of 35mm prints, as distributors don't want to multiply their costs.

Our objective is to complete the digital roll-out by the end of 2013. We are also stressing training for exhibitors, to allow them to make full use of the possibilities offered by digital technology.

Aviva Silver:

The Commission adopted a communication on digital cinema in September, and two days ago the Belgian Presidency approved conclusions on the basis of this document. A new support mechanism for digitisation will be worked out by 2012. As the situation changes we are seeing increasing discrepancies between member states (in terms of markets, screens and films circulating). Through the national programmes established we hope to support theatres that schedule European films with a fund of 4 million euros per year, renewable over three years. Our support mechanism must be finalised in March.

As far as the discussion on norms is concerned, I don't think the debate is over as long as exhibitors use other norms than 2K.

We are currently finalising a production guarantee fund with two institutions (French and Spanish) which we would like to extend to exhibition and even distribution.

In a general way, we feel that digital technology in all its forms – even VOD – can have a positive effect on the entire sector.

2nd Part: Exhibitors-Distributors Bilateral (BED)

- What critical mass is necessary for the digital investment to become profitable?
- Third party investors/collectors: are the economic models on offer suited to the needs of the independents?
- How do savings and developments in digital benefit production, distribution and exhibition?
- How can digital guarantee freedom of choice and increase diversity of film offer to theatres and the public?
- Is the "VPF" practicable in the whole of Europe and for all structures? Are there any alternative models?
- The role of MEDIA support funding in the transition to digital across the field.

Peter Buckingham (Head of Distribution & Exhibition, UK Film Council)

Giovanni Dolci (Strategy and Business Development Executive, Arts Alliance Media, UK)

Jean Mizrahi (CEO, Ymagis, France)

Serge Plasch (CEO & Managing Director, XDC, Belgium)

Pierre-Franck Neveu (Digital Cinema Solutions Account Manager for France & Benelux, Sony PSE, France)

Torsten Frehse (Distributor, Neue Visionen GmbH / Exhibitor, Centralkino, Germany)

Ross Fitzsimons (Director of Strategy & Business Development, Curzon Artificial Eye, Distribution-Exhibition, UK)

Christian Thomas (Distributor, Imagine Films, Belgium)

Laurent Dutoit (Distributor, Agora Films, Switzerland)

Hans König (Exhibitor, Filmcasino / Distributor, Polyfilm Verleih, Austria)

Federico Mejia Guinand (Distributor-Exhibitor, Babilla Cine, Colombia)

Andrea Occhipinti (Distributor, Lucky Red, Italy)

Martin Bidou (Head of Sales, Haut et Court Distribution / Exhibitor, Racine Odéon, France)

Nico Simon (Exhibitor, Utopia S.A., Luxembourg)

Claude-Éric Poiroux (Exhibitor, Les 400 Coups, France)

David Hancock:

It was our wish to bring together all of the players for the first time at a round table discussion, to get a better understanding of what's at stake for each party. The seminar will be divided into three sections: first, a presentation of the economic models linked to VPFs. Then a look at the distribution sector. Finally we'll address the situation of exhibitors, in particular those unable to benefit from this economic model.

Before we start, let's define VPFs: these are sums paid to exhibitors or to third-party investors when a film is screened, allowing the gradual reimbursement of the exhibitors' digital equipment. For distributors this amount is added to the cost of digital prints.

Serge Plasch:

As third-party investors, we're setting up a sponsoring system to act as a channel between the different parties. Although the system may seem rather complex because of all the parties involved, in the last 12 months we've managed to put in place a model that also seems viable for the independents, and so holds for every type of cinema. There's no real difference between VPFs paid by the studios and those paid by independent distributors. And we're ready to work with all distributors.

Jean Mizrahi:

I'd like to add a few nuances to what's just been said. In theory the model is simple enough, but the difficulty starts when you try putting it into practice. Distributors on the national or international level haven't had any problems making the change. By contrast, small distributors face greater difficulties because there aren't enough digital arthouse screens. It's a bit of a chicken and egg situation: the exhibitors wait until there are enough digital films before equipping themselves, while the distributors wait for the theatres to be equipped before financing the digital masters. So as third-party investors, we're obliged to take risks: we've already equipped arthouse cinemas in France, Belgium, Germany and Spain, but for the moment there's no return on our investment. Part of our role is thus to create the critical mass of distributors necessary for the digitisation of the entire sector.

Even if the situation of small distributors isn't easy, we can't propose anything more advantageous and have got to count on the huge long-term savings that will come with the end of 35mm prints. In the transition phase it's up to public support mechanisms to pick up the slack and come to their aid.

Andrea Occhipinti:

We're a distributor for arthouse cinemas. A VPF agreement has been signed between distributors and exhibitors, however for all film releases in small cinemas we need at least 15 prints to avoid losing money. The problem is that there aren't enough digital screens. In fact we have organisations that cover up to 25% of the total costs, but there aren't any third-party investors or resource sharing mechanisms to help the arthouse theatres. We're ready to adapt in the best way possible, starting with paying digital contributions.

Torsten Frehse:

The presence of third-party investors is rather strange for me: in my view there's a confidentiality clause to be respected and I don't feel free to discuss the conditions of contracts.

Two points have to be cleared up. Firstly, why is there a difference in the amount of VPFs paid by the majors and the independent distributors? Above and beyond the additional costs, this difference is a disadvantage to the circulation of national films and makes small cinemas dependent on the majors to a certain extent. Then there's a lack of transparency in the contractual relationship binding exhibitors and third-party investors. For example, the association of German independent distributors has only been able to obtain information on rates from one third-party investor, XDC. But transparency regarding prices is essential in order to draw up budgets.

One last remark: arthouse films are often distributed over a long term, so the only viable model is one that takes maximums into account, and whereby the VPF is calculated starting the week when the film is projected in the greatest number of cinemas. I'm ready to pay the right price, but I don't want to pay more than anyone else. VPFs aren't meant to replace the cost of digital prints, they're a contribution to the costs of financing digital equipment.

Christian Thomas:

VPFs are the least bad solution for bringing about this transition in the best possible way. At first the offers that were made to us for Europa Distribution didn't suit us, because they didn't include all the costs linked to the transition. Today, even if the models proposed correspond better to our activity, we're still faced with a double-cost situation: certain cinemas are equipped only for digital prints, while others are equipped for 35mm. To my mind the solution is to sign with the third-party investors, even if it's just a limited contract, so as to send a strong message to other distributors. We've got to stop negotiating and get on with things. Moreover, bearing in mind the difficulties encountered by the exhibitors, we could join forces with them so that they can show films d'auteur.

Nico Simon:

My aim is to have 100% digital equipment in my group – the Utopia cinemas – by the end of 2012. If distributors want their films shown, they'll have to provide us with digital prints. I think the distributors have a better and better understanding of the challenges, even if difficulties subsist. Whereas beforehand when distributors purchased the rights to a film they received the negatives right away, now some agencies and producers are asking them for 10,000 to 20,000 euros for the digital master. This sort of mechanism is considerably hampering the digitisation of the whole sector.

Furthermore, some people complain about the big differences between VPFs paid by the majors and those paid by independent distributors. It's true that the majors have a long-term vision and have understood that they could infiltrate the market by keeping their prices low. Now it's time for European distributors to share this vision as well, to prevent digitally equipped theatres from being condemned to screening nothing but American films.

Pierre-France Neveu:

Our experience is quite recent, because only UK exhibitors have signed VPF contracts with us – in the context of agreements we've reached with the studios. I agree with Jean Mizrahi when he links the number of theatres equipped and the viability of the model. With this in mind, we negotiate with local distributors to find conditions acceptable to both parties.

David Hancock:

The VPF model has certain inherent difficulties, notably concerning the "rotation rate". This is the number of times a film is projected annually, and consequently of the number of VPFs it generates. The exhibitor's contribution will depend on this rate: the lower it is, the higher the contribution and vice versa. What's your average projection rate?

Giovanni Dolci:

We're studying various models, but the system can easily be adapted to different configurations. There may be models where the number of releases is very high. But there are also models where the individual rotation rate counts for little because it is averaged with those of other exhibitors. Consequently the financing group model is advantageous for all exhibitors, big and small. In addition, digital technology could allow small cinemas that were never able to screen films in the first week to project up to 20 nationally released films per year. So we think the VPF model is viable for independents.

Serge Plasch:

The cinemas that don't screen films in their first week will certainly encounter financing difficulties. If an exhibitor is acting alone and only shows a few films in their first week, he should contribute more to upgrading his equipment. So whereas an exhibitor with 14 or 15 national releases should pay a contribution of just 20%; one with only 7 national releases should pay 50%. This shows the advantage of consolidated purchasing groups, which allow the risks to be shared between exhibitors.

Claude-Éric Poiroux:

As exhibitor of a 7-screen arthouse cinema with 200 national releases per year, I have no particular problems accessing VPF or third-party investors. I do notice, however, that the screens I've equipped with 2K are only used to half their capacity. Does the problem lie with the third-party investors, or with distributors who don't provide enough films? We need more transparency regarding these questions which acts as impediments to our work.

Finally, Nico Simon mentioned the majors, who don't hesitate to pay very high VPFs despite the small savings that can be made with digital prints. This is no doubt a medium-term strategy which allows them to gain ground with exhibitors who are already equipped and gain a larger market share with digital and 3D; a process of building up a loyalty base which could be prejudicial to European film.

Jean Mizrahi:

Firstly it's worth stressing that distributors pay far more for their 35mm prints than the majors do. For us the amount of the VPFs is primarily determined in relation to the obligations to exhibitors and the banks that finance them.

The real problem lies in the independent distributors' belated understanding of what's at stake with digital technology. For example they think it will be expensive to disseminate films (notably because of the new prints that must be created). In fact all it really involves is producing a new key, copying a hard disk and organising the transport from one cinema to another. However you can only get an insight into the savings represented by digital technology when you compare the real cost of 35mm prints.

Concerning the rotation rate mentioned earlier, it's important to differentiate between the theoretical and the real rate. In France, where we are the most present with almost 400 screens serviced, we have a theoretical rotation rate of 16.5. In practice it's 8 or 9. In fact we realised that many films were blockbusters with long running times. Above and beyond these rates, the difference in price most often results from the difference in the cost of projectors. In fact, it's important to pay attention to the margins and demand the right price of the equipment, which is less than the 70,000 to 100,000 euros one hears about.

Christian Thomas:

I don't doubt that the majors are keen to acquire market hegemony. After developing the norms for the digital transition, they're doing all they can to promote and push through digital technology. We don't have the choice, we've got to go with the flow. The more time we lose with discussion, negotiation and reflection, the more theatres will close down.

Peter Buckingham:

This presentation aims to make clear the true facts about the cinema sector in the UK. The information comes from the website www.findacinema.co.uk, which groups all the information sent by theatres on their screenings, the films projected, etc. We used it to calculate the VPFs each distributor should have paid per film. Our results show a figure of 420 pounds per VPF for a run of 6 or 7 weeks; so not far from the agreements reached on the market.

This allowed us to compare VPF prices with the real costs of 35mm releases. For a certain number of independent films, we realised that digital releases were more expensive for distributors than 35mm. The fact is that with the advent of digital technology, the labs have radically reduced the price of 35mm prints, which now often cost less than digital prints in the UK. On a case by case basis, we've shown that for digital releases with less than 51 screens,

just one single film would actually save money. For releases with less than 150 screens, only subtitled films in the original version would save money. The VPF model is thus primarily adapted to big releases and doesn't allow distributors of small films to save money.

David Hancock:

That model only holds in cases where the price of 35mm prints stays that low. But if the laboratories are currently reacting to digital technology by slashing their prices to remain competitive, they won't be able to maintain those prices on the long term and will have to return to their original prices within a year or two.

Pierre Frank Neveu:

The UK has always had a different status because of the English language. In other countries the situation is very different because of the additional subtitling costs. As far as VPFs go, the UK is closer to the US than to the rest of

David Hancock:

We now come to the second topic of this roundtable: distribution. By pooling our experience, we hope to come to an understanding of the major issues facing the sector. Is digital technology already an integral part of your distribution activities, and if not is that where we're heading?

Hans König:

We've signed a VPF agreement and for the moment we haven't encountered any difficulties. For us digital technology has brought numerous advantages, principally because of the savings we make on digital prints. In Austria there are numerous small theatres equipped for e-cinema to whom we pay no VPFs.

Martin Bidou:

VPFs are the least bad, most logical solution, and the one everybody has adopted. The problem isn't the VPFs themselves, but how to fix their cost. In fact before fixing the distributor's final rate of coverage, the first step should be to reach an agreement on the cost of producing 35mm and digital prints. Despite what I've heard today, I don't find it normal that VPFs should be more expensive for independent distributors than for the majors, as the costs of 35mm prints are much lower for the majors.

Prints of independent films circulate over a longer period of time – with films being shown in 10 different cities – while a film by the majors will be billed for longer runs, but only in two cities. In other words, if you add transport – which today accounts for 80 euros per transfer – the duplication of the DCPs and the cost of keys, our costs are higher. While transport costs were paid by the exhibitors in the era of 35mm, today it's up to distributors to cover these new costs. Finally, there's little transparency on the use of DCPs. While a DCP can be recharged up to 5 times (to be used in 5 different theatres), it may nevertheless be "ingested" only once, and isn't reusable.

Hans König :

It's the keys that are expensive, more than the hard disks. We're obliged to make many films without keys, because otherwise the total cost of a digital print (including the cost of the VPF) is the same as that of a 35mm print. We've had very bad experiences with keys.

Laurent Dutoit:

In Switzerland only a few arthouse theatres are digitally equipped. I distribute arthouse films, and digital technology allowed me to put big release French films rapidly at the disposition of digitally-equipped theatres, whereas they would have had to wait 5 or 6 weeks for a 35mm print.

One point we haven't touched on yet: the relationship between distributors and international sales agents. These agents sell us films and make their margins with the price of DCPs. They fear they could lose control over the duplication of DCPs and their use for video or TV... Even if I understand their problem, the situation is very costly for me. One example: I recently released *Little White Lies*, and when I wanted to make a new DCP subtitled in German I had to pay 2,000 euros to the laboratory. The fact is that I don't have access to the master and so I have to negotiate with a company in a monopoly situation that sets whatever price it wants thanks to the fact that it has the master. It's the same if I want to re-release the film in 5 years: to obtain new keys I'll have to pay the laboratory the full price.

Andrea Occhipinti:

Of course these problems are very important, but let's imagine for a moment that they've been solved: a standard VPF amount is defined and applied for everyone. Nevertheless the situation of exhibitors is still as delicate as ever, because they'll have a hard time recouping their investment if the rotation rate is too low.

Ross Fitzsimons:

For the moment we're not part of the VPF system.

I'd like to bring up several points. First, no one's talking about the effects of 35mm prints on the environment (destruction of prints, transport...).

I understand the problems being raised here, but I think the focus should be on long-term digital structures, for example the development of widespread access to fibre optics. Furthermore, the DCP isn't adapted to other digital formats (Blu-ray, DVD, television...). However these are essential for the development of communication, websites and films on demand. So two distinct digital formats must be financed.

Torsten Frehse:

I think it would be necessary to put in place a fixed VPF amount, with a model that doesn't put national films at a disadvantage. Distributors risk having many costs during the transition period and rules have to be laid down to avoid having different VPF prices on the market.

Federico Mejia Guinand:

The situation in Latin America – and Colombia in particular – is far graver than in Europe. 90% of the market is dominated by the majors and saturated by 3D productions. For films in 3D the studios oblige us to pay VPFs and they set the amounts. This situation can be explained by the absence of national regulation. As a result independent films have less and less access to screens. Moreover in Latin America we're waging a major fight against piracy, a veritable menace. In Brazil Red Network, a network of independent theatres, has done much to get independent cinema to the screen. But we haven't been able to transpose this model to Colombia, and we're losing large shares of the market.

David Hancock:

There can be no doubt, independent cinema encounters numerous difficulties in Latin America and Africa.

I'd now like to ask what concrete influences digital technology has on your plans for film releases: do you distribute digital films in the same way as 35mm, or have you developed new systems?

Ross Fitzsimons:

Technology has influenced the way we work. Today we have greatly reduced the number of 35mm prints (one or two prints per film). So arthouse theatres that aren't digitally equipped only have limited access to prints. However thanks to the flexible, in-depth and long term exhibition allowed by digital technology, both exhibitors and distributors earn additional revenues.

Laurent Dutoit:

I think that the flexibility offered by digital technology is an advantage for exhibitors. But on the long term it may help limit cultural diversity. For example, in the 35mm system a cinema in a small city could project *Avatar* on one weekend and then transfer it to another city. But with digital technology, the theatre can keep the print and the small independent films that previously filled the gap between two big ones will no longer be shown. Digital technology allows a better exhibition of films with commercial potential but it penalises small films d'auteur.

Martin Bidou:

VPFs regulate the market today, but in 8 years after the end of the VPF model one can indeed ask if diversity can be maintained. I think independent films will be the first ones to suffer.

David Hancock:

We now come to the last topic: exhibition. Here too the goal is to understand what's at stake for programming strategies, financing funds, purchasing groups, relations with distributors and alternative contents.

Nico Simon:

I was rather shocked to hear in the previous panel that some distributors don't pay VPFs for their digital releases. That leads to an unfair competitive situation. As an exhibitor, for me digital technology is a way to make more money. I employ professionals in my cinema and so I have to turn a profit. The flexibility of digital technology lets me exhibit films better, often over a longer period. I have to explain to distributors that today it's possible to project their films less frequently but for a longer time. As far as alternative contents go, they aren't a substitute for films as some distributors may think. On the contrary, they attract new audiences. Generally speaking, digital technology provides an opportunity for exhibitors to make their theatres more attractive.

Martin Bidou:

It seems absurd to ask distributors to finance projectors that will disseminate other things than films, meaning alternative contents. I think it's important to bring new audiences into theatres, but as a distributor I run the risk that these audiences will stop going to see my independent films, especially if the alternative content is projected during the best screening times.

Digital technology gives exhibitors numerous functional advantages: better quality, easier programming, greater flexibility... The digital transition even allows certain large exhibitors to cut their costs: with digital technology a cinema with more than 15 screens and the corresponding number of projectionists can cut its payroll and save a good deal of money. On the other end of the spectrum, the CNC has set up a selective support programme that finances up to 90% of the equipment for very small theatres.

I'm not saying distributors don't have to contribute to financing equipment, but we should find a common denominator, whereby the VPF that I demand as an exhibitor is roughly equivalent to what I pay as a distributor.

Claude-Éric Poiroux:

In order to work towards more transparency on this subject, I'd like to give you an idea of the amounts I put forward as an exhibitor for equipping my seven screens with 2K, given that I have the assistance of a third party operator. When I add all the costs over 10 years (material acquisition, maintenance, bank charges), I see that I will pay 37% of the total costs, and so VPFs will provide 63%. Put another way, my part of the financing is 200,000 euros over 10 years, which is not insignificant, especially given that I am continually having to invest in maintaining the equipment! The question is thus how to secure a return on such an investment. The money saved by rationalising the work of projectionists is far from sufficient. Even with contributions from distributors, the cost of going digital is still a big weight for exhibitors.

Of course, we hope to gain in quality by having access to a more diverse range of films, a move which is appreciated by our audiences. But to what extent can we diversify our programming? I tread carefully with regard to this, because I am convinced that it is the "film product" which is the future for our theatres. I do, however, think it is useful to renew and expand our audiences with targeted offer such as operas. Everybody comes out winning if we attract new spectators to new products. But it is important, nevertheless, to remember that distributors are our priority partners and that it is with them that we should think up new ways to strengthen the release of their films with the help of the digital format.

David Hancock:

According to my information, opera projections are rarely programmed on Saturday evening. Even when they're live, they generally take place on Tuesday or Thursday evening.

Ross Fitzsimons:

I'd like to take *Fish Tank* as an example, which we exhibited and distributed about a year ago. It was distributed on more 35mm prints than digital prints. Whereas the revenues of the two formats were roughly the same for the first two weeks, after that there was a huge discrepancy: the exhibitors keep projecting the digital print, generating revenues over a longer period. Things are even more striking with the film *The White Ribbon*. After the 14th week of exhibition we continue to have revenues thanks to the circulation of the digital print. Here the earnings from the 35mm print are negligible. We only wanted a 35mm print for cultural reasons, so audiences without a digitally equipped cinema in the neighbourhood can also have access to the film. We're not against projecting alternative contents – opera, sports, theatre – for us the important thing is to bring audiences to the cinema.

Serge Plash:

For me it's above all a question of "timing". Digital technology can be compared to an aeroplane: the most dangerous moment is the takeoff. The plane is powered by two engines, exhibition on the right and distribution on the left, and they have to take it in the same direction.

So it's necessary to digitise a sizeable portion of exhibition, both commercial and arthouse. Here Austria is a good example because 75% of its theatres are digitised and the digital projections, including alternative contents, have brought a rise in box office takings. As for the distributors, once the problem of keys is solved, that plane could take off as well.

Federico Mejia Guinand:

Coming back to what Martin Bidou said, I'd like to stress that in my view people don't just go to the cinema to see films, they also go for an experience, an environment. I don't find it at all out of place to project alternative contents. On the contrary, it strikes me as difficult to screen nothing but films.

Nico Simon:

I completely agree. In my theatre alternative contents represent a mere 1.5 to 2% of screenings, so there's not really much riding on whether we show them or not. The whole subject is a non issue. Moreover when I use the equipment to screen alternative contents, it's the exhibitor or the distributor of the alternative content who pays for its use.

Finally I'd like to return to the notion of cinema and film. For certain speakers the cinema seems to be something like a church, and the film a religious rite. But that hasn't always been the case. Films used to be projected during carnivals and fairs. We have a narrow view of cinema. In other countries like the US, the theatre is a lively place where people come and go and have a bite to eat... Perhaps ours isn't the only truth.

WORKSHOP 2: RENEWING CINEMA AUDIENCES IN THE ERA OF MULTIMEDIA (CASE STUDIES)

- Effective strategies for targeting new audiences through innovative partnerships.
- How does the cinema's image take over from the distributor when promoting films?
- Beyond film: how can the film theatre open its doors to new content whilst respecting the primacy of film?
- Social Media: promoting film theatres and films to young internet users. Exhibitor/distributor initiatives.
- What are the essential new skills for the digital era and how do we train cinema staff?

Moderator: **Michael Gubbins**, Cinema consultant and industry journalist, UK

Introduction by **Ian Christie**, Professor of Film, Birbeck College, London UK; Vice-President of Europa Cinemas
"Between Old and New Media: How do we discover and value films today?"

Rob Kenny, Exhibitor, Curzon Artificial Eye, UK

Jean-Jacques Schpoliansky, Exhibitor, Cinéma Le Balzac, France

Maciek Jakubczyk, Member of Board, Education and Distribution coordinator, New Horizons Association, Poland

Etsuko Dohi, Exhibitor, Cine-monde, Kanazawa, Japan

Francine Pickel & Vincent Adatte, Co-Directors, Association La Lanterne Magique, Switzerland

Monica Törnblom, Film Booker & Cinema Consultant, Folkets Hus och Parker, Sweden

Christoph Ott, Marketing and Head of Campaign, NFP Marketing & Distribution, Germany

Efe Çakarel, Founder & CEO, MUBI, UK

Fabien Riggall, Founder and Director, Future Shorts & Secret Cinema, UK

Hamish Morrow, Operations Manager, Future Shorts ONE, UK

Tobias Bauckhage, Co-founder & Managing Director, MoviePilot, Germany

Rachael Castell, Project Coordinator, Support Your Local Cinema, MoviePilot, Germany

Gwen Joy, Development Manager, Watershed, UK

Jean-Baptiste Hennion, Film History Lecturer and Technical Training Provider, AFOMAV, France

Alain Modot, Vice President, Media Consulting Group, France

Thomas Isnard, Managing Director, 4Bridge, France

Ian Christie:

While endeavouring to renew the experience of cinema we must bear in mind the paradox that today cinema is an "old" support which has never stopped renewing itself. Edison, Lumière, and Eisenstein all contributed to modernising cinema, often favouring the experience of full immersion. IMAX is a good example: this technology dating from 1958 has been able to renew itself and is now present in numerous theatres.

The same goes for the locations, the film theatres: sometimes they're no more than old buildings which exhibitors must modernise to make them attractive. Watershed in Bristol is a good example: there the team has created a virtual architectural milieu starting with a commercial building, in which the environment extends far beyond the real space. Theatres must take inspiration from the innovative techniques employed by retail shops to stand out from the competition and attract new customers.

Digital technology offers a response to these problems. First of all, by improving distribution it enables the development of alternative contents, which are very popular among audiences. The Internet and social networks are also a means for rendering more accessible not only the theatres (by posting films and timetables on their websites) but also the films themselves (with the development of VOD for European films). As McLuhan said, the real challenge isn't necessarily to adopt new supports, but above all to comprehend them and communicate with those who use them. Amazon and iTunes haven't changed books or music – these venerable cultural formats – but simply renewed the way they're distributed and made it easier to access to them.

Jean-Jacques Schpoliansky:

When I took over my cinema in 1973, my goal was to preserve an independent theatre on the Champs Élysées by making a cultural contribution. To do that I had to give the cinema an image and associate it with a certain type of programming, essentially arthouse.

First of all I decided to present all of my films in person, to develop a closer relationship with my audiences.

At the same time I diversified my offer with musical and gastronomic events. Every year I hold more than 100 concerts in my theatre, and for the last 15 years I've brought in the winners of the first prize at the music

conservatory to play for 20 minutes on Saturday evening before the film starts. As far as gastronomy goes, I have chefs come and present their food, and I've also established partnerships with neighbouring restaurants that set out canapés at the theatre entrances. For children, the Sunday matinee screening called 'pocket surprise' features a special programme and free popsicles for everyone.

Digital technology, which I installed 7 years ago thanks to the support of Europa Cinemas, has allowed me to enhance my offer: I organise live broadcasts – notably a live screening of the opera *Carmen* which filled the house! There too I offered audience members a glass of champagne. The idea has always been to make my theatre more personal and give it its own identity through contact with the audience.

Christoph Ott:

I work for NFP Marketing & Distribution, and for the last 25 years I've been an exhibitor at the cinema Arri Kino in Munich. We recently distributed *Carlos*, the *Millenium* films, we're going to release *Of Gods and Men* in December as well as *Pina Bausch* by Wim Wenders. Our strategy has two components: ensuring true Internet coverage and building audience communities through social networks.

Before films are released, we present the trailers on very popular sites. We benefit from their high visitor numbers and in exchange we give them free interactive content – exclusive one-minute excerpts. Clips for *Carlos* and *Millenium* were shown on 12 sites. For *Millenium*, we even put the first 5 minutes of the film on press and television websites, hooking up at the same time with specific sites like that of the Swedish tourism office. And we also offer free tickets.

The second aspect of our strategy consists of encouraging the formation of communities for our films. For example, 4,000 people belong to the *Millenium* group on Facebook, where they can exchange their views on the film. Our goal is to have direct contact with the public. To this end we use other platforms like Youtube as well, where we upload trailers and interviews with the film crews. Finally, we also work with schools, providing teachers with pedagogical material for explaining the films to children. In this way we create another community that we keep regularly updated.

Efe Cakarel:

I'm the founding president of Mubi, a company that has received support from the MEDIA fund to develop a service for providing quality independent international films online.

Three and a half years ago when I was in Tokyo, one of the best-connected cities in the world, I realised it was practically impossible to see the films I love online on my laptop. So we started up our platform for viewing arthouse films, and have acquired the rights to over 200,000 titles. Users connect over Facebook (because that's where they spend the most time), and can communicate among themselves, note the films they see and of course download the title they want to watch. The number of users rises by 20% every month.

It was then our desire to expand, above all to allow users to view films on a bigger screen, namely the television. We persuaded Playstation to get involved and two weeks ago we were able to launch a new service for 300,000 people. Now Playstation users benefit from all the films we have online, and like our Internet users they can purchase a film or a subscription. Mubi also presents numerous previously unreleased contents on the films (interviews, making of's), and allows users to attend previews and special projections.

Mubi reaches the audiences that theatres try to contact: young people. This platform doesn't want to replace the cinema. On the contrary, the idea is to make classic and independent films accessible to young audiences, to develop their taste for this sort of cinema and ultimately bring them to your theatres. We have two principal ideas for cooperating with cinemas. Firstly, we enable you to create profiles for your theatres on Mubi. That facilitates the process of building social networks, gives you better access to young audiences and allows you to communicate your programme schedules free of charge. Eventually the idea is to create cinema on demand. Based on user demand, Mubi could organise projections in theatres thanks to agreements concluded with distributors.

Robert Kenny:

Curzon Artificial Eye is a group of exhibitors and distributors in London. It was founded in 2006, when the leader in arthouse film distribution – Artificial Eye Films – got together with several London cinemas. There are numerous advantages to this integrated system, the only one of its kind in the UK. We have 5 theatres in the centre of London, whose 12 screens are digitised (only half of which thanks to support from the UK Film Council). We invested in digital technology and don't regret it. In fact, it has made our programming much more flexible. We organise numerous events – sometimes live – and have no problem obtaining digital prints.

Then in 2009 we got together with HMV (a retail outlet for music, DVDs, games, etc.) to open a joint cinema. We installed 3 digital screens on the 2nd floor of the HMV store in Wimbledon. Even if it was at first difficult to attract audiences, we've organised numerous events and exhibitions, and in the future we even want to organise game tournaments in film environments.

Etsuko Dohi:

I run the arthouse cinema Cine-monde in the city of Kanazawa in Japan, which has 53 screens in 7 theatres. With a single screen, Cine-monde is the only arthouse theatre in the city. We opened ten years ago, and we screen 150 films per year.

We organise numerous activities to attract young audiences, and provide film education to instil a love for the cinema. In 2004 we created cinema workshops for elementary schoolchildren. Firstly, we teach them about how the cinema works through amusing activities. And we don't only screen children's films. Our films are always followed by a discussion, so we can also screen somewhat less accessible works like Ozu's *Good Morning*. Secondly, we run directing workshops where children can direct scenes themselves. The results aren't immediately visible, but the children come away more dynamic and sociable, and now when they go to the cinema they look up at the projection booth.

My wish is to develop this programme on a national level.

Gwen Joy:

Situated in the centre of Bristol, Watershed has evolved over the last 30 years and adapted to the needs of our young audiences – half our viewers are between 19 and 34. We've invested in digital equipment, and for the last 10 years we've developed an online profile on our website which now has 250,000 posted messages. Consequently the social networks – Facebook and Twitter – are really a continuation of our earlier brochures, blogs, podcasts, etc.

At first we saw Twitter as a place to post information and promote our films, with information on new screenings, the end of runs of classics and special events. Then the social medias evolved more into communication spaces: the team became more involved and we uploaded our photos, showing our personalities and engaging in personal dialogue with our visitors online. The users also communicate among themselves, above all about the films that are considered somewhat difficult. This allows us to gauge their reactions and better understand their tastes.

And recently we've put in place a new platform called Decalogue, proposing a series of events on films that marked the last decade. The site is very dynamic and interactive, and provides numerous articles, commentaries, tweets, videos...

Tobias Bauckhage:

Financed by the MEDIA programme, our project involves supporting cinema at the local level. I've already presented it at Cannes, so here I'd like to fill you in on recent developments.

It's our belief that there are audiences for independent films, you just have to bring the two together. That's the idea behind MoviePilot. More specifically, we've created an online application that's available on all supports and personalised per cinema. This platform gathers all the essential information audiences need (projection times, films, events, etc.) while developing practical tools like online ticket sales. This application will also be adapted to smartphones, reinforcing direct communication between cinemas and audiences (with the possibility of a subscription), as well as between viewers (via Facebook and Twitter). This service will be operable in December 2010 for 5 pilot cinemas, and depending on its success we hope to extend it to 30 to 50 cinemas in 2011.

Rachael Castell:

The goal of the programme Support Your Local Cinema is to organise exchanges between exhibitors on ideas and practices via our Internet site. We wish to develop an information and communication platform inspired by existing models – www.ffilm.co.uk and 38minutes.co.uk. Some examples of subjects that could be addressed are: How to promote the education of young people in film directing? How to create an Internet site? How to use social networks? What's at stake in the digital transition? How to organise festivals and film clubs? To complement these discussions and exchanges we hope to involve experts and bloggers in virtual meetings.

The project is still under construction and of course depends on the involvement of exhibitors. I'm currently writing a white paper which sets out the principal objectives of the site, and which will soon be put online.

Alain Modot:

We propose a new approach to cinema management thanks to improved, real-time understanding of audiences. This in-depth analysis of the needs and wishes of your viewers will allow you to optimise revenues by increasing profitability per seat. I'll let Thomas explain our model.

Thomas Isnard:

Even though we've seen that cinema has always remained a physical gathering place where emotions predominate, behaviour prior to seeing a film (the decision to go to the cinema) as well as afterwards (negative and positive word of mouth) is changing. Hence we propose to develop a model for the link between films and viewers to optimise the management of demand and profit. To do this we take 4 factors into account: the type of client, the type of offer, dissemination and reservation channels and viewer behaviour. This model could raise the return on investment by 10 to 15 %. In other words, the key is to optimise theatres' capacities at the right price through intelligent analysis of the data provided by social media by means of an efficient statistics tool.

A cinema must be competitive in three areas: experience (the subject of several previous speeches), customer relations, and transactions (ease of reservations for example). So what's needed is a fine-tuned, multi-criteria, predictive optimisation of the audience to ensure a marginal optimisation of box office takings and profitability. Supply and demand no longer reach equilibrium according to a single price, the key is to adopt the right price for each service. In other words, ticket pricing must be differentiated according to the type of offer and the type of cinemagoer. For example, for an evening screening exhibitors may ask a price of 13 euros of audiences who are ready to pay it. For those unwilling to pay such a price, it would then be a question of giving them the option of the evening screening for 13 euros or a less well-attended matinee for 7 euros. Another example: the exhibitor may ask a price of 50 euros for a preview screening followed by a discussion. Thanks to preliminary work defining the customers and the films proposed, the piloting tool will be an asset for exhibitors and furnish them with a series of suggestions for maximising the capacities of their theatres.

Of course there is an ethical dimension to be considered. We don't want to manipulate viewers who consent to have their data put online. Ultimately what it comes down to is payment. If customers pay, we consider them to be satisfied. In other words, we respect their freedom of choice.

In certain countries like the UK, price agreements between cinemas and distributors' associations would prevent the introduction of this model. We are aware of such reticence, but believe price differentiation would benefit everyone: we're not proposing lower prices, but the right price. In this way the increased box office takings would be passed on to the entire film sector.

Michael Gubbins:

We've spoken a lot until now about the need to personalise theatres and the services they offer. Now we turn to participation: What should be the viewers' commitment? How to involve young audiences? We'll now hear about several initiatives dealing with this topic.

Francine Pickel and Vincent Adatte:

La Lanterne Magique is a Swiss initiative created in 1992 to bring children to the cinema. A cinema club for children between 6 and 12, the association now counts between 30,000 and 40,000 members spread out over several European countries as well as Africa, Latin America and the Middle East. All materials are thus made available in at least 5 different languages and adapted to the various countries.

The idea is simple: parents purchase a membership card – corresponding to the price of two admissions – enabling their children to attend 9 projections, once a month. A week before each screening the children receive a small illustrated magazine which prepares them for the film. They are then welcomed to the cinema by two trained animators who have themselves received detailed material on how the films should be introduced, including a film script for organising small sketches before each screening.

The programming is divided into 3 cycles. Each cycle comprises 3 films and corresponds to one emotional focus: laughter, dreams, and fear or sadness. The cycle always reflects the technological evolution of cinema, dealing first with silent and black and white film, then with the films of the 1950s and 1960s, and finally with more recent films. The idea is to show the children different technologies while familiarising them with another type of cinema. And we don't only show children's films. Thanks to the work of the animators and the materials accompanying the film we can also project less accessible films. The children come unaccompanied and may then paradoxically "educate their parents", inciting them to go see the films screened. Finally, the clubs are often linked to local events like festivals or other get-togethers.

With the emergence of new technologies we wished to increase interaction with our young audiences. To this end we organise competitions and have developed an online portal for adults and children alike. One of the sections, "The cat who wanted to make a film", explains to the children in a playful way all the stages involved in making a film. We shall also develop a forum as well as a large database listing all children's films, definitions of professions, directors' careers, and more. Finally, we also appear on Swiss television in a programme dedicated to analysing current cinema.

Maciek Jakubczyk:

I'm part of the association New Horizons, where I coordinate educational projects. We're also directly involved in the Era New Horizons international film festival, which screens essentially films d'auteur. Our project for young audiences is geared towards schoolchildren between 7 and 18. The idea is to use films to address larger cultural and social issues. It's not just film education, it's an education through film. We organise roughly 9 screenings during school hours, spread throughout the year. Each screening is followed by presentations or discussions.

At present 2,000 teachers and 22 cinemas are involved in the project, allowing 42,000 pupils to discover 180 films. Both the teachers and the theatre staff receive pedagogical material adapted to the pupils' age for each film. This is a mass education programme: above all our goal is to show young people films that will make them want to come back and see more.

Finally, numerous films we'd like to see shown in our theatres have no distributors. Consequently our projections are an occasion for these films to be seen by young audiences. The films we show in this way are paid off in two years thanks to fixed revenues established on the basis of a relatively stable number of projections (roughly 20 per year).

Monica Törnblom:

FHP – the National Federation of People's Parks and Community Centres – is a non-profit organisation comprising 533 community centres and 223 cinemas. Most often these are single-screen theatres in rural areas. Even if we represent only a small part – 5.6% – of the Swedish market, we were the first network in Europe to go digital. In 2002 we started with 7 screens equipped with 1.4K; today we've equipped 92 theatres, 20 of which in 4K and 47 in 1.3K. These formats allow us to project alternative contents as well as live events. The 2010-2011 season is particularly rich in operas, plays, concerts and sporting events. The live projections of the Metropolitan Opera (MET), which started in 2007, are a terrific success. The number of admissions triples every year, with 70,000 tickets sold last season. In most of the cases it's people over 50 who come to these screenings, because they can afford the 18-euro ticket price. Sometimes broadcast on Saturday evenings, these screenings have been the cause of disagreements with distributors.

Our distinctive programming is the result of our status: our cinemas aren't just like all the others. Because of our long tradition as community centres they're more like "event cinemas". Even if we don't want to abandon films altogether, we do wish to diversify. We already have a theatre, restaurants... In our mind projecting alternative contents is a stimulus for audiences to come back to films afterwards.

We also organise numerous interactive events: question-and-answer periods during conferences, meetings with film teams, distance learning... For young audiences we've even set up an interactive football tournament on the silver screen: 22 players at theatres in 5 different cities clash simultaneously. In general we communicate with our audiences through marketing and promotional campaigns: social media, local sponsoring, advertisement, posters, competitions... In terms of results, in our three principal cinemas Rio, Roy and Spegeln we've programmed 3,711 screenings and 76 live events, generating 4.5 and 3.6 million kronor respectively.

Fabien Riggall:

Future Shorts is a distributor of short films, but also an interactive platform seeking to improve access to films for the greatest number of people. We want to make watching films a veritable experience. To that end, we organise events (music, performance, dance) around a film in each city every first Saturday of the month. Ultimately, with the support of Europa Cinemas exhibitors, we'd even like to project the same film in 1,000 theatres! Such a dynamic could create a distribution channel in its own right.

When viewers register for our events – paying 30 pounds for their tickets – they have no idea what film they're going to see or where it's going to play. For the last event in London 15,000 tickets were sold in the first week. More than 5,000 people got dressed up and headed across the city to an unknown destination. Dozens of animals and 150 actors were assembled to create a shared experience around the film *Lawrence of Arabia*. This brought us back to an era where the cinema was above all a mass event. We want to democratise the access to all films and we'll organise this type of event around classics as well as more recent films. The idea is to foster people's desire for films

by stressing interaction. It's entirely imaginable that one day directors will shoot films specifically to be viewed in such innovative surroundings, in the open air, with real actors who interact with the audience. A bit of an ultimate experience!

Jean-Baptiste Hennion:

Cinema training dates from 1910 in France, and the projectionist's diploma dates from 1912. Today with digital technology both the profession as well as the diploma have changed. AFOMAV, where I work, now trains 50% of 35mm projectionists and 50% of digital projectionists. Nowadays projectionists must receive training to become proficient at operating these new tools. For this reason a technical guide to the digital projection booth has been published and sent to all of the film theatres in France. The fact is that proper use of the equipment has become indispensable to ensure quality projections and satisfy viewers. At the same time, it's also become vital to know how to maintain the equipment, deal with possible breakdowns and take the machines apart to clean them. Finally, projectionists must be able to give immediate and efficient responses to external operators (film teams on location, special projections, etc.).

For all of these reasons the training proposed by suppliers of digital equipment seems insufficient. Of course projectionists must be trained, but so must exhibitors. In fact, exhibitors can only really benefit from the programming advantages offered by digital technology (in terms of flexibility) if they fully understand its potential.

In France there are several training models. The CST organises half a day of training per week for operators and half a day for exhibitors. AFOMAV also offers training courses attended by a large number of independent exhibitors and the entire UGC group. The training is divided into two stages. The first level is in its first year, and 321 people are enrolled. It deals with historical and practical questions: learning how to handle the equipment, the servers and everything to do with 3D projections. Level 2, with just 5 people enrolled, teaches projectionists to repair breakdowns by giving them a thorough knowledge of the equipment and settings. A third course, which lasts an entire year, has also been created for projectionists for cultural events. Finally, we at AFOMAV offer a one-year diploma programme (with 26 people enrolled in 2010). Graduates can start to work immediately as digital projectionists.

SCREENING OF EUROPEAN FILM TRAILER PROGRAMME

Preceded by a presentation of the **JAZZMIX** project
by its producer, **Amos Rozenberg** (www.barkingdogs.fr)

SUMMARY OF WORKSHOP CONCLUSIONS

Workshop 1: **David Hancock**, Senior Analyst, Head of Film and Cinema, Screen Digest, UK

Workshop 2: **Michael Gubbins**, Cinema consultant and industry journalist, UK

David Hancock:

The first workshop was devoted to digital cinema. The day was divided into two sessions.

The morning session was dedicated to formal presentations, taking stock of the current market and the different public approaches that have been set up. One quarter of the world's screens have been digitally equipped, and two years from now 35mm will be in the minority. Among the initiatives for financing the digital rollout we distinguished public funds (as in France), public/private partnerships and financing groups (as in the UK) with a more commercial approach. Certain European countries, excluded from the VPF system, don't benefit from activities organised for the digitisation of cinemas. The situation faced by these states could be the subject of a session next year. We concluded the morning session with the question of standards, which evoked numerous reactions and sparked a lively discussion. As far as I'm concerned, if we want cinema to remain universal we need a common norm.

During the more informal afternoon session we addressed three different topics: VPFs and relations with third party investors, relations with distributors, and relations with exhibitors. The VPF model is the only one that exists to this date and it works for certain independent distributors, as we've seen. However many independent distributors haven't been able to sign agreements yet, and consequently the third party investors have to improve their model. The last session was dedicated to exhibitors, who seem to have a good understanding of what's at stake in digitisation and the advantages it offers. The question of alternative contents was addressed but opinions vary. At the end of the day we turned our attention to the very nature of the cinema: must it be a place for entertainment or a "sacred" location like a church? In any case the cinema remains a "serious matter" in which digital technology has a vital role to play in multiplying the possibilities for taking action and the offers at our disposal.

Michael Gubbins:

Our session was based on three main themes: education, involvement and experience.

We were given countless examples of innovations to involve children in the film experience. For example, Etsuko Dohi showed us a film made by children. Maciek Jakubczyk and Vincent Adatte also shared their initiatives with us, emphasising the link between films and education. During special screenings, they show films to children but these are not necessarily films for children. And it is also advisable to train professionals. That is what Jean-Baptiste Hennion has developed, stating that projectionists should also be trained in good control of digital technology.

How do you encourage public involvement? Christoph Ott and Gwen Joy answered this question. They have managed to create a real online community, taking filmgoers from a virtual environment (social networks) to a physical environment, the film theatre. Rob Kenny, of Curzon Artificial Eye, presented the development of film theatres within HMV music stores. It is a question of pushing the cinema beyond its own boundaries. And that is also what the MUBI project has set up. This project offers a Playstation application allowing recent films and classics to be watched via VOD on television screens. And finally, MoviePilot wants to develop the network of local film theatres.

Experience, the last subject covered, was illustrated firstly by Jean-Jacques Schpoliansky. By creating many events around films, he has managed to give his film theatre, Balzac, a strong identity and personality. But if the film theatre organises special events, shouldn't it charge higher prices? This was demonstrated by Alain Modot and Thomas Isnard. They believe that prices, like for airline tickets, should be tailored to public demand and the product on offer. To some extent, there are already different prices, for example for opera. In Sweden, opera in film theatres is highly successful, as revealed by Monica Törnblom. Filmgoers are prepared to pay up to 35 euros to see a retransmission. Future Shorts and Secret Cinema are also good examples of this trend: 15,000 filmgoers paid £40 to see a film whose title they didn't even know! They were primarily purchasing an event.

As Ian Christie stated at the beginning of the session, innovation is not solely linked to technology. Technological advances are no more than a medium, with digital technology allowing products to be diversified and the public to be involved in new ways.

SESSION III. EUROPA CINEMAS : OUTLOOK AND DEADLINES FOR 2011

- MEDIA Programme: Evaluation. 2009-2013 contract. Support measures for digital equipment.
- MEDIA Mundus: Support for distribution and exhibition in non-EU countries and in Europe.
- Eurimages - Euromed Audiovisual 3: New prospects.
- Joint Activities and Partnerships: Prix LUX, Label Europa Cinemas, 27 Times Cinema, etc.

Led by **Claude-Éric Poiroux**, General Director, Europa Cinemas

Claude Miller, Film Director, President of Europa Cinemas

Aviva Silver, Head of MEDIA Unit, European Commission

Bertrand Peltier, Administrator, Responsible for LUX Film Prize, European Parliament

Jovan Marjanovic, Chairman of the Theatre Working Group of Eurimages, Council of Europe

Ian Christie, Professor of Film, Birbeck College, London UK, Vice-President of Europa Cinemas

Amélie Chatellier, Head of Distribution, Agence du court métrage, France

Fatima Djoumer, Head of International Relations, Europa Cinemas

Claude-Éric Poiroux:

The two workshops were particularly rich. However as David Hancock has pointed out, certain countries weren't able to express themselves. The professionals from these countries are concerned and ask how they could invest considerable sums to digitise their theatres without real political support or a strong professional organisation. The economic crisis only exacerbates these worries, when cultural industries are the first victims of budget cuts. This is the case in Hungary and Greece, where budget measures people had taken for granted are now being put in question.

This difficult situation is leading some exhibitors of small cinemas to question the necessity of investing in a 2K projector. In fact 1.9K projectors, technologically equivalent as far as audiences are concerned, cost 20,000 to 35,000 euros whereas a 2K projector goes for 70,000 euros. So the question seems justified when it comes to screens of under 10 metres, which actually accounts for the majority of screens in Europe. The DCI specification is not just linked to 2K technology but to a group of recommendations, notably for assuring content security. This security is essential for the protection of rights holders and a basic condition for the digital rollout. Moreover we need American films, which represent 32% of programming in our cinemas. We must consequently furnish a secure network, one that is recognised as such by the United States. It is therefore necessary to keep this security demand as an international standard, in order to protect the entire cinema sector. For the smallest theatres, however, one could envisage expanding the DCI recommendations to include 1.9K. In France the question is still unresolved for mobile cinemas. We therefore plan to address national governing bodies such as the MPAA and follow up the propositions you have made during this conference.

Aviva Silver:

The 2K norm was adopted at the instigation of the majors. Europe was never really consulted, and we were absent from discussion at these important moments. That explains why many countries like France rapidly adopted the 2K norm.

However as opposed to 35mm, digital technology is in constant evolution, and we don't have norms for 3D. A norm isn't an end in itself, it must serve the purpose of film. That's why we're going to study possible adaptations of these standards to European specifications. The discussion isn't over yet because the technology is not carved in stone.

Claude-Éric Poiroux:

I'd like to end on three points.

Firstly, it was our aim to formalise exhibitor-distributor relations at this conference with the 'bilateral' session. This involves bringing heads together on subjects of common interest between independent distributors and exhibitors. The majors and the multiplexes do this everywhere in Europe when planning with digital releases. So now it's the independents' turn to defend their common interests by joining forces for the transition to digital, which is full of risky challenges for our sector.

Next I'd like to bring to your attention a work in progress, which is the bringing up-to-date of the digital guide which we published several years ago. Early in 2011 we will put online a new edition by David Hancock, Michael Gubbins

and Thierry Delpit. This will update the information provided in the first edition and take into account the perspectives we've acquired during this Conference.

Finally I'd like to underline the importance of new initiatives towards young audiences. You are becoming more and more skilled at using the Internet and social networks to attract school kids and students to your venues and the European films programmed there. The educational facet of our job as exhibitors will become ever more important and we will promote it vis-à-vis our partners and those public powers who do not always recognise the importance and need for film education.

Aviva Silver:

A group of experts was created to gather, centralise and exchange information on the "good practices" of European cinemas. However the presentation of these initiatives has a much greater impact before 750 film professionals. These projects are intimately linked to the future of cinema.

Moreover schools must also be encouraged to become involved in these initiatives so as to create an "effervescence" of excitement around European cinema. The television must be part of this process as well via film education, notably by programming more European content.

Finally, I'd like to remind you that the MEDIA programme budget will be voted on in 2014. We need you to fill out the public consultation put at your disposal online. I've only received 800 responses to date, whereas the Erasmus programme has gathered 23,000. The negotiations will start as soon as the survey ends, and our fate will be decided before June 2011. It must be made clear to the politicians that in contrast to what they think, cinema is not a luxury: our sector is growing and employs thousands of people.

Claude-Éric Poiroux:

I'd like to thank Aviva Silver and the MEDIA programme, which has supported us for 18 years with an ever-growing budget. For 2011 the budget is estimated at 10,285,000 euros, an increase justified by excellent results. This year we had 59% European screenings (the goal was 50%), and 36.15% non-national European screenings (when the programme was started up the goal was 25%).

The largest part of the budget – 6,300,000 euros – is allocated to programming support. 800,000 euros goes to supporting activities for young audiences, now carried out by three quarters of network cinemas.

We've also set up a diversity bonus with a budget of 300,000 euros, as an incentive to cinemas to project films from all the countries of Europe. On average, 16 countries are represented in our network cinema programming. Finally, there's a support programme for digital projections with a budget of 250,000 euros. Here the idea is to help digitally equipped cinemas project European films. This support is provided over 5 years, with digressive amounts allocated in the last three years.

And there's been another slight modification: for Austria, Belgium, Luxembourg and the Netherlands, the minimum number of admissions necessary to join and stay in the Network rises from 20,000 to 25,000.

Finally, following Brussels' tightening of requirements, we will focus more on controlling data and could ask you to send us your documentation or receipts.

Aviva Silver:

The MEDIA MUNDUS programme, whose budget we're just putting together, was launched this year to finance projects and co-operation between professionals from Europe and third countries, or non-EU member states. Within this programme Europa Cinemas International is our most important project. Its goal is not just to promote Europe outside its borders but also to offer a showcase for the best films from third countries, which are then projected in European cinemas. There is a lively interest in MEDIA MUNDUS, the proof being the 27 million euros in subsidy applications we've received for next year! However our budget for the international project is only 5 million euros.

Currently the MEDIA and MEDIA MUNDUS programmes are separate. We will look into the possibility of merging the two, which could bring certain advantages (synergies between the two programmes) but also disadvantages (reduction of the overall budget).

Claude-Éric Poiroux:

We have two distinct programmes for international film circulation:

- the "Third country" programme – support for European cinema via distributors and exhibitors in these countries.
- the Europa Cinemas International (ECI) programme. Launched on 1 January 2009, it concerns both European professionals and those in Latin America, Asia and the Mediterranean, 19 of whom attended this Conference.

In 2009, 274,000 euros were accorded through these programmes to exhibitors of third countries to screen European films, and 213,000 euros went to European Network exhibitors to show films from these third countries.

Fatima Djoumer:

There have been some changes in these two programmes.

In the programme providing support to third countries, for which we're getting a growing number of applications, we grant a maximum of 20,000 euros to Latin American, Asian and Mediterranean distributors. Furthermore we will support two films per nationality (instead of three) and three films per distribution company (instead of five), to encourage the diversity of European films screened, all the while satisfying the greatest number of applicants.

And as far as the ECI programme goes, we've created a diversity bonus. European exhibitors will receive 300 euros and exhibitors from third countries 450 euros for 5 different nationalities per programme. This support is activated for a minimum of 2 films for partner countries and 3 films for European countries. Cinemas must also organise 28 screenings per film in partner countries, and 35 screenings per film in European countries. In addition, groups comprising exhibitors in more than 5 cities will see their support rise to 12,000 euros in Europe and over 30,000 in third countries. ECI has met with great success: 3 new territories – China, Hong Kong and Taiwan – have joined, and 19 new countries of the MEDIA programme – with 95 cinemas – wish to participate.

Finally, we've responded to an invitation to tender with the aim of supporting, together with Europa Distribution, European distributors who decide to acquire films from Latin America, Asia and the Mediterranean Region.

Claude-Éric Poiroux:

And now a few figures on this 15th Conference: 740 badges were produced for close to 700 people who attended and participated in the debates. The 12 preview premieres screened this year attracted 543 viewers, to which we should add the 400 who attended the screening at the Balzac on Friday night.

Jovan Marjanović:

Eurimages is a fund which supports the coproduction of films between Member States of the Council of Europe. Part of our budget is also allocated to distribution and exhibition in Turkey, the Balkans and former Yugoslavia. Thirty-seven film theatres, members of Europa Cinemas, are part of our programme. We decided to develop a new programme of assistance to support the digitisation of these film theatres. Thus we created a purchasing group comprising our 146 screens to enable our film theatres to benefit from economies of scale.

If we do not want our film theatres to close we must act urgently to assist them. For that reason, while we work with countries and local authorities wishing to take part in the transition to digital, we do not expect their support in the launch of our programme which is to commence in January 2011.

Thus we launched a call for tender and have selected one sole supplier. As part of this programme, one screen per film theatre will be equipped for digital films and will meet DCI standards. And these screens will be 3D-compatible. Film theatres wishing to benefit from this programme will have to demonstrate that they can assume some of the necessary investment (a business plan will be required to study the project's long-term viability) and that they have the technical knowledge to digitise their screens.

Should the film theatre meet these conditions it will submit a request for assistance. The supplier will then carry out a technical visit funded by Eurimages in order to determine the cost of digitisation. Following this visit, the exhibitor will provide a final document demonstrating that the transition to digital is technically and financially achievable. If the application is accepted, Eurimages will undertake to pay directly to the supplier a non-repayable loan of 20,000 € following installation of the equipment, which is itself guaranteed for 10 years by XDC International (which won the call for tender).

We have a tight schedule: we hope to receive applications by 14 January 2011 and install the first set of equipment by autumn in order to digitise at least one screen per film theatre by 2013.

Bertrand Peltier:

Here I would like to make a real plea for culture and the cinema. The two ideas must not be dissociated. The cinema and, more broadly, culture - a reflection of the society we wish for - must be protected, particularly during financially lean periods. That is the ethos of the LUX cinema prize, created by a member of the European Parliament. Under the aegis of the European Commission and the Eurimages programme, a panel of 17 members (including many in the Europa Cinemas network) select 10 European films, three of which subsequently become competition candidates. The winning film is translated into the 23 official languages of the European Union. One version is produced for visually- and hearing-impaired filmgoers.

Bolstered by the success of this initiative, the European Parliament and Europa Cinemas also set up a new project: 27 Times Cinema. Under the auspices of Giornate degli Autori, Venice Days, 27 young filmlovers participated in selection and screening of films, and in discussions. Naturally we would wish to follow up this project with a second event in September. Finally, we are to present a larger, more ambitious project to Parliament. This involves the simultaneous screening of the three films in the official competition in at least one city in each Member State. The three films, subtitled in the 23 official languages, would then be the subject of votes by inhabitants in all countries who thus make up the largest jury in the world. While Europa Cinemas approves this budget, we are awaiting the agreement of our authorities.

Ian Christie:

Created seven years ago, the seminar organised in Bologna brought together a small group of people (36 this year) during the Il Cinema Ritrovato festival. We are developing strategies to interest young audiences and make heritage films as attractive as possible. The first sign that our filmgoers are older may be seen in the buildings housing our film theatres, which are often themselves old. To what extent can the film theatre be multi-generational? While we can have only little impact on the architecture, our lever lies in the creation of the programme schedules. We must initiate young audiences in heritage films and ensure that the message is clear for the greatest number of people. To do this, it would be better to use social media rather than printed materials which are little read by the youngest people. Furthermore, communication works two ways: you have to listen to your audience's comments and feedback on your choice of films. Finally, exhibitors should talk with their audiences about the challenges and experiences they have had. Several guests participated in the seminar this year: Tom Troscianko, who explained to us the effects of films upon our cognitive senses (next year we shall see the results of his studies in 3D), Jonathan Rosenbaum, film critic and influential blogger, and Fiona Maxwell from ITV Global Entertainment's library. We also attended an open-air screening of the restored print of Visconti's *The Leopard*. And finally we redefined the "canon" of European films: *The 400 Blows* may not have been on this year's list but *Slumdog Millionaire* and the fantastic Swedish thriller *Let the Right One In* did feature on it for the very first time.

Amélie Chatellier:

The French short films agency, Agence du court métrage, is an association which promotes and distributes short films. It has been in existence for 30 years and now has a catalogue of around 10,000 films. We are currently based in Paris but would like to extend to other parts of Europe. For this reason, we have published a second edition of the European Guide of Short Film Distribution Organizations in partnership with Europa Cinemas. This involves compiling a list of our counterparts in the rest of Europe: we have recorded 40 organisations in 25 different countries. For each country, we give the key figures for the short film production and distribution sector, a description of the activities carried out by the supporting organisations and, alternatively, the key points of contact. Our goal is to create a unique document bringing together all this practical information to achieve improved circulation of films outside their country of origin. The guide will shortly be published online on our website: <http://www.agencecm.com/>. In the future we hope to form a real network with all the European agencies for short films in order to support larger projects.

Claude Miller:

I much appreciate the wise words of our friends Bertrand Peltier and Aviva Silver, warning us of certain commercial threats. This Conference has been a forum for a great deal of work but was also a great opportunity for entertainment with the event on Friday evening, an extraordinary concept with Wim Wenders and the marvellous performance by Thierry Frémaux on Frères Lumière films. The main quality of this Conference will be its response to legitimate concerns within your and therefore my profession. I hope that discussions have enlightened and stimulated you. What I like about this Conference is the fact that it does not provide false reassurances. I have felt great energy and great solidarity between professionals which gives me reassurance about the future of our industry. Thank you for attending in such numbers this year, and we shall see you again next year.