Focus France / Panel 1: Overview and development perspectives of the French market / Overview of the production, distribution and exhibition markets in France

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FOCUS FRANCE / PANEL 1: OVERVIEW AND DEVELOPMENT PERSPECTIVES OF THE FRENCH MARKET / OVERVIEW OF THE PRODUCTION, DISTRIBUTION AND EXHIBITION MARKETS IN FRANCE

Moderated by Laurent Cotillon, Executive Director, LFF MEDIA

Claude-Eric Poiroux, General Director, Europa Cinemas
1992 was the worst year for national audiences in France. The good news is that the following year, we reached much larger figures and Europa Cinemas helped to increase the number of tickets sold, along with other contributing factors. This morning we will hear a little about this history and how to help secure audiences.

Eric Marti, General Director, Comscore
Recovery is uneven, so we put together this data, which shows that the global recovery is at 35% lower than pre-pandemic figures. China is -31%, they were a driving force behind global box office between 2017-2019. 2019 was an exceptional year for box office, and France recovered well in 2022, 84.4% compared with 2021. While its comparative countries are further down on admissions - Germany -33/34%, US – 33% - France is -29%.

Spain's recovery was strong in 2021, thanks to the success of a Spanish film. Italy is still lagging behind the others, and hasn't achieved even half of the admissions of previous years. Countries like the US, UK & Ireland and Australia are faring well (though they use box office not admissions) but Australia for example had less catching up to do on figures from 2019. Mexico is recovering well, Japan and South Korea, too, but China is finding it very hard to recover. France and Germany are recovering well and they are the only two countries where there is a precise definition for arthouse cinema. The global market is -33% for arthouse and in Germany it's -36.4% and in France that's -21.9% compared with 2019 (87% recovery compared with 84% for the rest of the market), so that market is recovering stronger in France than elsewhere which is encouraging. In France, this is because, in France, there is a huge number of French films in the top 10 arthouse films, with *En Corps* leading the roll in 2022.

Lionel Bertinet, Director of Cinema, CNC, France
What I am struck by is: 1) the need for the market to be pushed by blockbusters, whatever the nationality, figures are similar to pre-pandemic 2) necessary to provide a wide range of films - including arthouse so that they can find their place in the market, and they are faring well in terms of audience admissions, 3) to support the release of films and to organise events and activities around the films to keep it buoyant.

We have succeeded in that we have not had bankruptcy. The budget for CNC during the crisis and ongoing will stay at current levels. To explain: the key to the French system is that it is distributing finances to various professionals. The income of cinemas, films in theatres, TV, VOD, the whole budget is taxed for about 700 million euros, and those funds are redistributed to professionals, which is key to the French system. There is also a certain obligation for divisions to finance the production of films, and there is furthermore various subsidies for regions of France. So, the whole list contributes to the promotion of French cinema.

Cécile Gaget, Head of Film, Wild Bunch
I'm surprised that the disparity between the recovery in France and elsewhere wasn't even starker. From March to June 2020, she said, was already a period when production was still underway, explaining their bigger offering of domestic content to other countries where production was halted or slowed to a greater degree.

Sylvain Béthenod, CEO, Vertigo Marketing Research
To give a marketing perspective behind what's changed and what has not we used Cinepert – a survey on the profiles of cinema audiences in France (and will also be doing the study in Belgium). It is a recreational activity for 15-24-year-olds and 60+ year olds. These two age groups can be brought together, even though their paths diverge when it comes to the types of films they watch. They are the driving force behind the market.

There are 12 million 15-24-year-olds in France, which is a small % of the population but accounts for a large number of admissions. Over 60s is a big population and they are targeted by arthouse distributors and are accustomed to going to the cinema. They are almost 30% of the French population, 20 million people. Owing to this volume of attendance, reaching out to them has a huge impact on admissions. Points of intersection show a large majority of French films target older populations over the age of 35.

From 2020, 35-59-year-olds have higher admissions. But for some minor variance, the % of attendees from 2016 to 2022 have largely stayed the same. In the long term, this target audience are increasingly watching American blockbusters and their behaviour is closer to 15-25-year-olds than over 60s, as seen with *Top Gun: Maverick* and *Black Panther (Wakanda Forever)*

CG: The admissions rebounded and the target audience are going to the cinema a lot (older audiences) but occasional moviegoers have dropped in terms of admissions. There is a structural change in audience groups and populations and that group has become more selective, they tend to stay home and watch more through streaming.

LB: In France, it is the diversity of content that accounts for the diverse age groups attending cinemas. From the CNC, the diversity of the offering stands out and has to be retained as a very important goal. Secondly, I agree that there are two challenges/concerns - the first is the 25-50-year-old market as seen in the survey presented in Cannes, that this target group is most price sensitive. There is also a split in terms of taste where 25-50 years olds are keen on French films, so we have to help that population to rediscover the joy of seeing French and arthouse films.

Marie Masmonteil, Producer, Elzevir Films
Even if we know it, intuitively, we wonder what kind of film we should produce, if we produce for 25-50s it will be a marginal film and 15-25-year-olds tend to go to the cinema in groups; it's a least costly form of entertainment in terms of culture, in France. CNC have made a short film to encourage people to go to the cinema, and it says, "go to the cinema to meet / flirt", so it's really for 15-25-year-olds to flirt and have a good time, which means more admissions. The older population go to see a film, maybe as a couple, but it's problematic because we have an intermediate age group that maybe only go once a year to see a film as a family - a Christmas film - across generation: parents, children and grandparents. We wonder why and they stay home to stream and use social networks.

What's striking in the graph is that the French offering doesn't do much for under 25s, there are very few films produced to target that age group.

CG: There are genre films, but for that age group it's infinitesimal. Before the pandemic, there were comedies that did very well, and *Les Mis* for 15-24-year-olds.

SB: It is a question of publicity. We asked people to grade the films, and the stranger grades were given by the younger group, but you have to get them *to go* to see the film, that's what's at stake. Perhaps later in life they'll go back to the cinema (25-59 age group; they have to get used to seeing films in order to resume the activity later in life.)

The behaviour that has disappeared is going to the cinema and choosing the film when there. We reach out to the same people all the time, but how can we broaden that audience? We can't move beyond that threshold.

LC: There is also a discussion on windows and ways to improve things.

LB: There are always negotiations in France and the purpose is to promote French cinema.

MM: Thanks to CNC, we were able to continue producing films [during the pandemic], thanks also to insurers. Public bodies and private bodies continue to discuss and impose new obligations for films going to new platforms, for example, and we all decided to co-operate in order to foster strict obligations for newcomers. France, compared with other countries, the obligations for streamers were at about 5% or 1% of the turnover, and in France we said, “It's a minimum of 20%,” which Netflix were not very happy about when they heard it. We negotiated with this mad decision for Netflix and others, and we produce simply because we have money: it is there and we have not lost it. We have imposed new obligations for financing for foreign streamers, and producers will keep the rights, and we’ve fostered the basic financing schemes that we had always had in France - by TV channels, for example. We have more money, a great number of theatres in France – no theatres closing down and new ones opening – and we have the possibility of working together and producing, distributing and exhibiting films. Now, we have to find out who the public is for whom we are working, so we work on 30-50-year-olds, to ensure there are films for this demographic, and if it doesn't work any longer, we will have a problem. The public for theatres will have a tendency to disappear.

CG: I will be a little more pessimistic than you on distribution. Financial schemes are being revised and none, except a few studios, continues to think as prior to the pandemic: we do not judge films as we used to. When we check them on a spreadsheet, we see the admissions are divided in two and, so, it will have consequences on budget and the new windows on certain types of films. There is a strong position for TV channels and platforms, which are all being more powerful, which is fine, but we have to reduce the risk for distribution; we have the same costs but the admissions have been halved, so we don't have to be a great mathematician to understand that we have a problem here.

LB: We have to improve our mastery over data.

MM: There is more money for production of series than for films; 200-300 million more than to produce films in France, which means technicians and script writers are scarce – there are not enough professionals.

CG: There were two producers who had lost an actor a month before shooting, and a partner in distribution dropped out, because talent is being poached for TV series, and they leave the film project if shooting starts there first.

LB: On the lack of technicians, the French government says: "France 2030" project, which aims to boost the economy in France including a new generation of nuclear plants, new developments in transportation and several billion euro investment, which also includes cinema and the AV industry. There will be the development of schools to train the technicians of tomorrow and the second aim is the development of studios of all types in France. 300 million euros will be dedicated to these types of projects, with new schools and studios for shooting launched in the coming years, technicians and managers of production.

Question from the audience: What about children's films? Animated films?

CG: This is a genre we believe in. We've always invested in it, and we believe in it. Films that do attract a big audience create a habit and a behaviour, with young people growing accustomed to going to the cinema. This is a market we remain focused on. Family films entail a lot of editorial costs, but certainly we continue to focus on this market segment.

FOCUS FRANCE / PANEL 2: CULTURAL EXCEPTION: THE FRENCH TOUCH? / FUTURE PROSPECTS

Moderated by Laurent Cotillon, Executive Director, LFF MEDIA

Richard Patry, Exhibitor and President, French Cinema Association
There is nothing more magical, pleasurable or addictive than going to see a film in a theatre. The health crisis is over and now we are going through another one, with citizens having less to spend, and they sacrifice what is less essential, but we do our work to make sure they go back to the theatre and we arrange activities around the films. I am not waiting for 2024, in 2023 we will get back to 100 million [admissions].

Hélène Herschel, General Representative, Fédération Nationale des Editeurs de films
Half our numbers are small independents, but we also have American studios and we have a vision of how everyone feels. We have gone through an unprecedented crisis, a whole year without income, practically, and then with health restrictions; we are in a post-crisis situation and the effects are still there. It takes a long time to produce and show a film.

I do share those views, we remain optimistic, there is a robust link between French films in the cinema touching people and them coming back. The cinema has fared well, we are confident in terms of durability. There is pleasure in switching off your phone for an hour and a half and being inside a cinema - we believe in that in a major way. There are new things if they stay at home but we are offering alternative forms of entertainment. We have to hold up in terms of the visibility of films, the films are known and attractive, that it is worth leaving your sofa and going to see a film in the movie theatre. Distributors have a paramount role to play in terms of the films they choose. People will also have to invest in marketing and promotion, in communicating with audiences. You can't criticise an audience for not going to see a film they've never heard of.

RP: I think we can reach 200 million [admissions] in 2023, I truly believe this. *Avatar* will be screened in 2023 - only for two weeks in 2022. I think we'll be at 160 million in 2022. It will be tough, but we can achieve this. There are two weeks empty with the World Cup, visible in the movie theatres - you can see how many TV viewers there are for the World Cup - the distributors anticipated this and the programming is weaker these two weeks. There are wonderful films but they are not designed to push the market for the whole of November. November is usually more admissions than June, when the World Cup usually is, but with the return of American and French blockbusters it will be astronomical. Then we will start comparing 2023 with 2022 instead of 2019, so we will have good news!

Marguerite Hitier, Head of Media & Cinema Division, French Ministry of European, Foreign Affairs
The Institute Français are providing tools to the network so that people can fulfil their mission. This network comprises 67 cinemas, not exclusively cinemas, they are often multi discipline spaces. There are 35 people in charge of these venues, some of them are here in Paris, they have the Europa Cinemas label, sometimes they are movie theatres.

Question: How do you work with professionals? Do they call on you?

MH: Yes, for the promotion of French cinema abroad, and we work on the structuring of AV abroad. We work with studies published by Unifrance, to find partner platforms for festivals, to finance the subtitling of French films, to propose films within the network. About 100 films are bought, non-commercial rights, so that the films can be shown, to flesh out the French ecosystem. We partner with Europa Cinemas, to provide information on admissions – and other info as well as this; turnover, to help professionals. And co-production is an important tool. We have co-production agreements with CNC, about 61.

Jérémie Kessler, Head of European and International Policy Unit, CNC
Yes, 61 agreements for the cinema, a major thrust for development. We sign with countries that share our values of cultural diversity and cultural exception. We defend the uniqueness of the offering and co-production is a tool for this, to further these values. Many distributors now won't just buy the films, but will co-produce it, which also means retaining the rights. They have a stake in the film, there are more and more producers.

LC: People talk about 'strategic cultural assets' what is it all about and what is this approach?

JK: There are four challenges as follows:

1. Resilience of the industry in the face of the crisis - one can be very optimistic in terms of prospects. 165 admissions success in 2022. We have also learnt to work on the resilience of the industry to respond to challenges. The health crisis hasn't finished and there may be other crises, so we are just at the beginning according to the IPCC, of many different challenges.
2. The circulation of work and the visibility of work: the discoverability of European work and how we can ensure it is as visible as possible. Europa Cinemas ensure the films circulate; they are deeply involved in this. There is a quota of 30% of broadcasting films, but we have to ensure that the films are known and people are aware of them. To ensure that European films are really seen by the public and education is key - people have to be educated in how to see images.
3. The singularity of films – that we continue to create special, unique European films.
4. Intellectual property rights are essential. European companies need to have this over work made in Europe. This is a big item on the agenda for today. What people are now buying are intellectual property rights. We need to enforce our goals: namely, international diversity. There is more to do is to ensure that European films and owners retain the rights and value too.

In the last two years, ever since we've been president of the EU, we have noted that there is a risk in terms of some cultural assets. Value has been created by players in the industry. The catalogue of films - we try to protect that in France, studios for films, games, etc. There is a risk for the strategic cultural assets but the danger is that they are acquired by foreign entities, people outside of Europe, from other continents. It could mean the value disappears. As with catalogues of films, if a company buys it they can divide it up, and deprive the European public of access to it, by only giving access to a blockbuster and not the films that bring in less money but have great cultural value. We are trying to think about how to best protect these cultural assets.

We have to try to work on all this and to protect movie theatres from this risk. We have to think together about the nature of the risk, its scope and what we can do to ensure movie theatres remain movie theatres. There shouldn't be pressure on the programming.

RP: We need stability. We should not spend too much time on windows. Films are less instantaneous than they used to be. November continues to have admissions, which no one would have thought at Cannes.

HH: There is room for change. according to the level of investments, and there is more room than what we think, generally. The agreement does protect theatres, it's great. It's the basis of our work and everyone, every professional will benefit from this, especially TV channels. It's a great tool. The film being screened in the theatre is more attractive than a film that is not being screened in theatres and people will want to see it again, on television. We have to be aware of secondary markets. We have -30% in France as far as admissions are concerned, so it is more and more risky to make money with theatres/exhibitors. Video after the window for theatres is not a great or dynamic market, but it is still something. So, we put attention on video and it should not disappear. The third point is television and platforms. If theatre screenings are a bit weak, distributors will be more keen to invest in platforms or television channels, so we all should benefit from this. The promotion is important to reach 200 admissions, we will have to work hard for this, as Richard dreams of.

RP: It's a matter of desire: we have to desire to leave our home, to go to a theatre, to pay and go through the immersion of seeing a film with other viewers. So, our distributors do a great job. As theatres we have a major role to play in marketing campaigns, and theatres are a kind of an addiction. It's great to see a few minutes of another film [trailers], and maybe tomorrow we'll go back to see that film. We have new behaviours. It is true that in theatres we have to work hard. It's not that we don't but, yet, we have to work harder. The job of an exhibitor is different to twenty or thirty years ago when we'd put posters in our windows and people would come in. Now, we have to be present on social media. We have to know our own public and work with these new tools. Today, we need to continue our development.

it is a job that needs a lot of competencies - architecture, marketing, animating a debate, to write, to welcome people, [we have to] know how to do everything. It is difficult to find people who can do all of this *and* we have to work evenings and weekends. We do have difficulties so far as recruitment of employees is concerned.

MH: I wanted also to mention education in the field of cinema. We train tomorrow's audiences. South Korea have a great success in this - the ministry for education in Korea has done a great job, aimed at diversifying publics and we can do this in France, too. In Korea, they work with local authorities. The Institut Francis has a factory programme, 17,500 screenings, which reached more than 200,000 young people. We are working on this, too, at the Ministry for Foreign Affairs.

Yoann Ubermulhin, Territory Manager for Austria/Germany, Unifrance
Cinema evenings are inspiring people. The first was in Italy with one million viewers, and we did this in the UK also. So, France is inspiring other countries. In Italy, they are working on windows, too. We have private operators. We have MUBI GO, which, once a week, gives the subscriber the option to go to a cinema. In Italy, for instance, not sure if it has been validated, when someone goes to see an Italian film, the price is less than for foreign films. Instead of seven euros, for example, it drops to three or four.

LC: There are investments in marketing, the average figure is 472,000 euros per film, and this is higher than previous years. We would have thought distributors would spend less in times of crisis but what do they have to do or change to reach the public again?

HH: The difficulty is that this is the right time to spend in order to attract audiences again. It is the time when subsidies from the government are being stopped. We need to think: is it for a small or large city? Is the film for a young or older audience? We should have real added value and try to target our own public.

LC: Exhibitors and distributors need to join forces.

RP: They are not transparent: data is a great tool; however, it has a tendency to make everything standard. We have to do something for the majority and then forget others: a producer, distributor and exhibitor may wish to programme a screening of a film that will lead to more admissions but a film that will make less - platforms have the same public - means our quality offer is more interesting. And today, the quality of the offer of platforms is less interesting than what it used to be. I do like that distributors start projects because of a passion. How to use data to target audiences and, even if we know everything about a cinemagoer, will that data improve our work? (How many blinks they do while looking at a post on social media, etc) I am sorry to know that certain films don't find their public and we don't know why. Some others have great success. We are craftsmen and should stay as we are, which will not stem from data but from passion.

HH: On speed of reaction: the films put forward are financed and regulated within a framework so then it's up to us to carry the films as far as we can.

YU: In the UK, digital marketing has a key role to play in terms of release plans. Online rather than traditional press or radio is very important in the UK. This also matches a drop in editorial expenses: we spend less to release the film as traditional modes don't bring in as many viewers. We've seen the same thing in Germany and German distributors are also thinking along these lines.

MH: We also, in special local environments, have electronic ticketing now. People ask us for advice and sometimes there's difficulties applying local VAT and working in environments that are fiscally different, and we have to know a lot about the venues and locations. Our ambassadors might not have the same advancements in each location, and we have major tools in France like Cinema du Monde that leads to co-productions.

JK: Other issues include; cinemas need to become greener, more aware and sustainable, replacing and changing technology like projectors and heating/cooling systems to save the environment and energy. The CNC is deeply involved as 400 million euros will need to be invested to achieve these aims and it's a vital point that counts for the economic balance of movie theatres.

RP: Almost every movie theatre has its own status, municipal movie theatres, and between those there are systems and associations, there are huge numbers of associations, volunteers who run the theatres, I believe, to remain optimistic, we have to believe it is the most beautiful thing in the world, the crisis isn't over and what covid taught us is that movie theatres were shut 300 days in France, which never happened before which taught us to go step by step, we are fortunate that cinema in France is a national treasure and we are lucky that we have ministry for culture, the CNC, and that there are people to help us move forwards. If subsidies disappear, and with the energy crisis, we are keeping an eye on it and constantly informing the government.