

NEW APPROACHES TO AUDIENCE BUILDING

A survey of innovation
in the Europa Cinemas network



Innovation Survey

President: Nico Simon. **General Director:** Claude-Eric Poiroux. **Head of International Relations:** Fatima Djoumer – fatim@djoumer.de
Press: Charles McDonald – charles@charlesmcdonald.co.uk.

This Innovation Survey has been commissioned by Europa Cinemas, with the financial support of MEDIA – Creative Europe.

Authors: Michael Gubbins (SampoMedia), Tara Judah. **Editors:** Fatima Djoumer, Sonia Ragone. **Design:** ★Bronx Agence – www.bronx.fr.

Client Director: Gisela Blanc. **Print:** Intelligence Publishing.

Founded in 1992, Europa Cinemas is the first international film theatre network for the circulation of European and partner countries films. Europa Cinemas 54 rue Beaubourg - 75003 Paris - France - T: + 33 1 42 71 53 70 - info@europa-cinemas.org

CONTENTS

02

CHAPTER ONE INTRODUCTION AND METHODOLOGY

- 03 Methodology
- 03 Survey respondents
- 03 Conclusions in brief

04

CHAPTER TWO EXECUTIVE SUMMARY

- 04 Attitudes to innovation
- 05 Europa Cinemas activities
- 05 Cinema activities
- 06 Changing patterns of demand
- 06 Incentives for innovation
- 06 Conclusions

07

CHAPTER THREE DEFINING INNOVATION

- 08 Drivers for innovation
- 08 Digitisation to audience development
- 09 Challenges for the exhibition sector
- 10 Challenges for European film

11

CHAPTER FOUR EUROPA CINEMAS INITIATIVES

- 12 Impact
- 12 CASE STUDY: Kino Tapiola (Finland)
- 13 Europa Cinemas programmes
- 15 Awareness

16

CHAPTER FIVE CINEMA ACTIVITIES

- 17 Websites and marketing
- 17 CASE STUDY: Kino Pod Baranami (Poland)
- 18 Social media
- 19 CASE STUDY: Kino Soprus (Estonia)

- 19 The cinema experience
- 20 CASE STUDY: Multicinema Modernissimo (Italy)
- 21 Extended experiences
- 21 Eventisation
- 22 Young Audiences
- 22 CASE STUDY: Le Méliès (France)
- 23 CASE STUDY: Kinodvor (Slovenia)
- 24 Diversity and inclusion
- 24 CASE STUDY: Yorck-Kino (Germany)

25

CHAPTER SIX NEW OPTIONS FOR CHANGING DEMAND

- 26 Interactive events and Cinema on Demand
- 26 CASE STUDY: Biografen Zita (Sweden)
- 27 CASE STUDY: Bio Paradis (Iceland)
- 27 Video On Demand
- 28 VOD developments
- 29 Divided opinion
- 30 CASE STUDY: Glasgow Film Theatre (UK)

31

CHAPTER SEVEN BARRIERS AND OPPORTUNITIES

- 32 Staff and training
- 32 Knowledge gaps
- 33 CASE STUDY: Elvire Popesco (Romania)
- 34 CASE STUDY: Showroom Workstation (UK)
- 34 Localised issues

35

CHAPTER EIGHT CONCLUSIONS

- 36 Pragmatic and practical
- 36 Europa Cinemas
- 37 A knowledge and communications hub
- 38 Prototyping and incubation
- 39 Rewarding innovation
- 40 Local and global
- 40 Final conclusions in brief

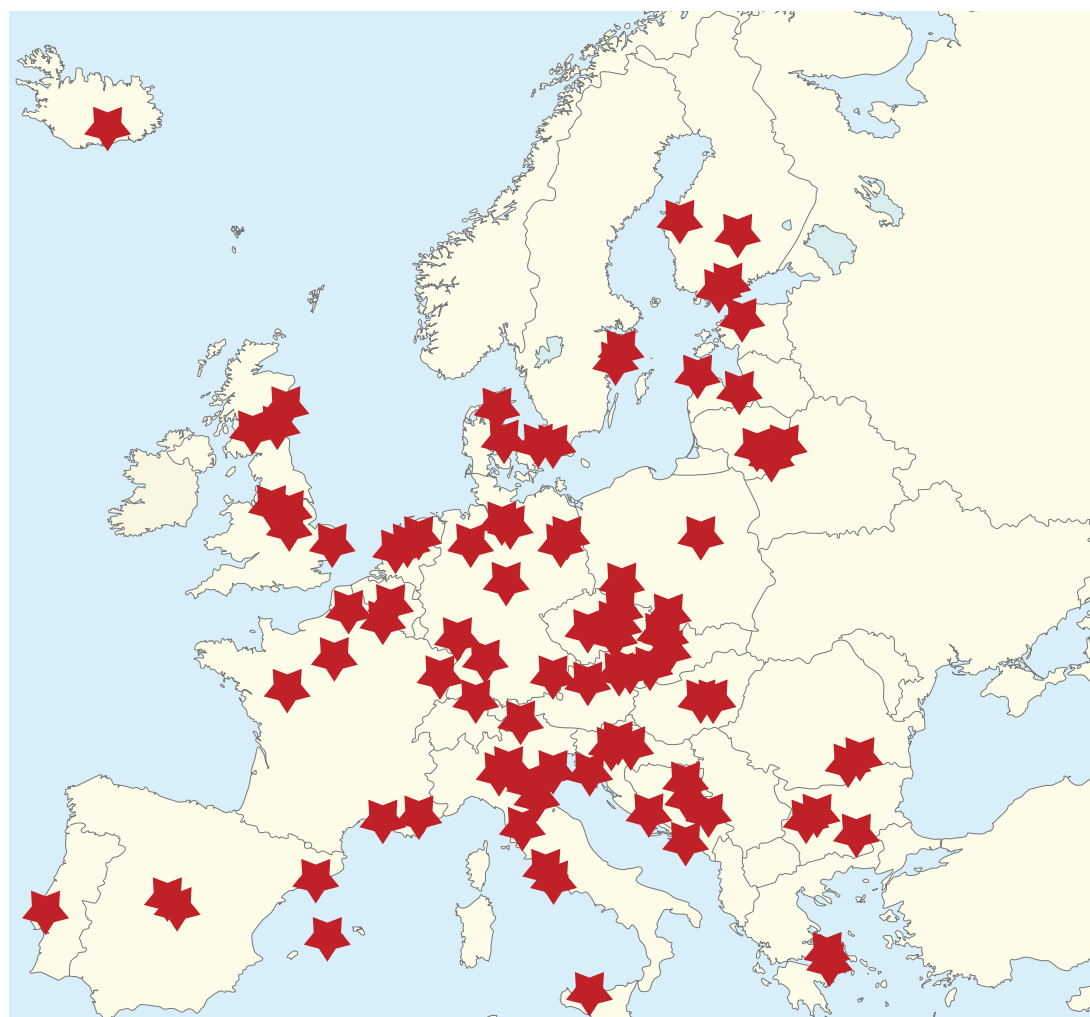


CHART 1
RESPONDENTS BY COUNTRY

CHAPTER ONE

INTRODUCTION

AND METHODOLOGY

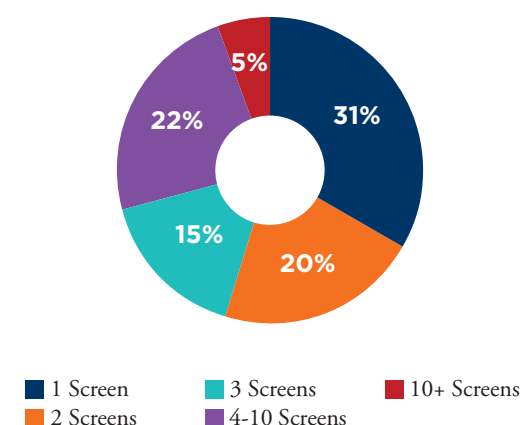
The following report, commissioned by Europa Cinemas with the support of Creative Europe, is a study of actions and attitudes towards innovation among independent cinemas. With close to 100 participants in 22 countries, it is among the largest studies of its kind. The cinemas are all members of the Europa Cinemas network, founded in 1992 and now comprising more than 1,000 cinemas in 41 countries. The main aim of the report is

to identify areas where innovation can advance the network's core goal of supporting audience engagement with European films.

The report will:

1. Evaluate the impact and effectiveness of existing Europa Cinemas innovation work (Audience Development and Innovation Labs, conferences, incentives, etc.)

CHART 2
RESPONDENTS BY SIZE



2. Identify gaps where innovation is needed but where obstacles are preventing the spread of new processes and practices inside the network.
 3. Identify the innovation readiness of network members in terms of resources, knowledge and skills.
 4. Evaluate possible strategies for spreading best practice across the network.
 5. Consider the potential of new strategies for the future structure and activities of Europa Cinemas.
- The report looks at innovation from the perspective of one part of the value chain, albeit the one that has the greatest direct contact with audience, so, the document is also intended to contribute to the broader debate taking place across the film and audiovisual industries about how to adapt to the changing realities of the market. It is designed so that industry, public bodies and policy-makers can better understand an exhibition sector which, from the evidence of this report (and contrary to myth), is already deeply engaged with new approaches to business.

METHODOLOGY

This report is centred on a survey, which was sent to a representative sample of cinemas across Europe (See Charts 1 and 2). The composition of the questionnaire was informed by a number of factors, including a series of meetings of an Innovation Group at the Berlin and Cannes Film Festivals, and was intended to assess a number of key issues:

- The value of initiatives already introduced by Europa Cinemas.
- Existing investment by members in innovative practices and processes.
- Attitudes of members towards various aspects of innovation.
- Perceptions of the barriers to growth in new areas of business.

- Priorities for the business in a changing environment.
- The potential role of Europa Cinemas in driving innovation.

The survey answers are the centre of this report but it is also based on other factors, including desk research on innovation in cinema and European film; interviews with venues and the Europa Cinemas team; meetings of the Europa Cinemas Innovation Group; and attendance as an observer at the 2016 Audience Development and Innovation Lab in Seville, 2016. The analysis was carried out by Michael Gubbins, founder of SampoMedia, and researcher Tara Judah, who conducted interviews with 10 respondents, offering insight into specific initiatives.

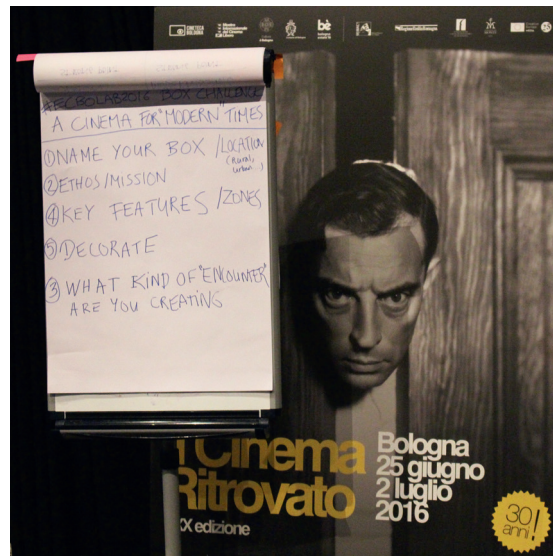
SURVEY RESPONDENTS

The survey participants were intended to represent a cross-section of cinemas, with a random sample (around one-in-10 of all network members) selected within clear categories in terms, based on cinema size, resources and geography. As Chart 2 above shows, the respondents represented roughly one-third single screen sites; one-third two and three screens; and one-third four screens and above. The analysis looked for differences in attitudes and approaches according to size, where relevant. Alongside screen numbers, the analysis also considered other factors, such as staff numbers and number of screenings. The selection was also based on geography, trying to ensure a balance between east and west, north and south; richer and poorer; and bigger and smaller populations. The map opposite indicates the locations of venues responding to the survey. The 93 respondents come from 26 countries.

CONCLUSIONS IN BRIEF

The report makes five core proposals, suggesting Europa Cinemas:

1. Becomes a hub, sharing best practice and data across the network, so that it can be used by the full diversity of members, and potentially outside the network.
2. Creates a structure for the testing and sharing of innovative products, processes and practices. That may involve a system of prototyping and evaluation, possibly built around the existing labs.
3. Builds on its work, supporting localised mini-networks, creating economies of scale for a variety of activities.
4. Provides a strong incentive for cinemas to generate innovation and/or to introduce new the innovations developed through the Europa Cinemas system.
5. And it builds and extends its partnerships across the film value chain and in the wider creative industries to ensure that the demand created in cinemas generates maximum impact and value for European film and film-makers.



CHAPTER TWO EXECUTIVE SUMMARY

The following is a summary of the key points of the survey and of conclusions. At the heart of the research is a questionnaire that was sent to random cinemas within set categories, based on the size of the venue and the location. Almost 100 cinemas (93) completed the survey.

ATTITUDES TO INNOVATION

The survey suggests that cinemas are strongly committed to innovation in audience building and particularly

capturing younger audiences. Most have already introduced new elements of digital communication, marketing and customer engagement. A minority of cinemas have experimented with innovations that go beyond the theatrical experience, including introducing their own VOD services. As Chapter Six will show, such experimentation is at an early stage and is one of the few areas in the survey that clearly divides opinion. The broad consensus seems to be that new products, processes and practices have become essential to take

on the challenge of the vastly-increased number of alternative choices of culture and entertainment. The survey suggests that the battle for consumer time has become widely recognised as the pre-eminent challenge for exhibitors today, ahead even of contentious issues, such as competition from home viewing and release windows. The overall results suggest an open mind to innovation across the spectrum.

EUROPA CINEMAS ACTIVITIES

Members overwhelmingly want and expect Europa Cinemas to take a leading role in the development, dissemination and direction of innovation. Its current work (*See Chapter Four*) is welcomed by the vast majority of respondents and 89% have taken part in at least one Europa Cinemas programme in the last three years. Europa Cinemas' support for young audience development has been particularly influential with, for example, 94% of respondents hosting school screenings. There are some areas of work, where network communication and the spread of best practice could be improved. While the attendances at labs and workshops are impressive, there is still work to be done in turning discussions and activities into resources for the whole network. While an impressive 74% say expanding the Audience Development and Innovation Labs is important, less than 10% say it is "essential." But 84% want Europa Cinemas to develop as an innovation hub for "sharing best practice and new ideas"

and 66% says that audience-building innovation is "as important" as financial support for screening of European film.

CINEMA ACTIVITIES

Most network members have introduced activities and events intended to enhance and extend the cinema experience (*See Chapter Five*). 80%, for example, run festivals and 72% have an Event Cinema programme of non-film screenings, normally including live opera, ballet and theatre. Investment in digital marketing, social media, and, for some, on-demand services is growing and seen as the key area of investment in the coming 12 months. Social media and websites have become essential to cinemas and 96% of members update their sites at least once a week and 34% at least once a day. 80% say their websites are 'essential' marketing tools and 70% say the same of their Facebook pages – far outweighing traditional media, such as newspapers. The overwhelming majority of cinemas says that lack of finances represents the biggest barrier to innovation. Almost all cinemas (98%) say lack of resources is at least sometimes an issue and 62% (including most smaller venues) see it as a "serious" issue (*See Chapter Seven*). Most cinemas (77%) say staff training is at least sometimes a problem and 73% have concerns about skills shortages among management. (In smaller venues, of course, staff and management are often the same person or people).



Lumière Cinemas, Maastricht, The Netherlands

CHANGING PATTERNS OF DEMAND

Much of the innovation in this survey is focused on adapting cinema activity to the changing demand patterns of audiences. There is a strong focus on how to ensure that cinemas are able to tap into the social networks and viewing habits of today's audiences. Demand creation is at the heart of a wide range of innovative marketing techniques, both online and offline. Direct – and more informed – relationships with audiences are critical and the survey throws up successful examples to be shared. For some, the logical extension of increased demand from theatrical release, is a share in the emerging on-demand platforms that are now exploiting that demand. Investment in VOD services is limited but nearly one-in-five (17%) of respondents to the survey say they are now running their own service and 27% have established a formal relationship with a VOD operator (*See Chapter Six*). The drivers for VOD include concerns about the domination of the market by global Subscription VOD (SVOD) players, such as Netflix; competitor involvement; and concerns about the impact of piracy. There are divisions in the sector that may be the cause of tension in the network. While it is a minority concern, 43% of respondents say they consider expanded home viewing of film to be a threat. Only 24% of cinemas said they believe VOD to be a threat to the theatrical sector, compared with 41% who believe it represents an opportunity for European film. But the feedback of cinemas responding to the survey suggests a high level of scepticism about VOD investment, given the lack of convincing, tangible data, and some clearly see such ideas a distraction from more important innovation, based on the core strengths of exhibitors.

INCENTIVES FOR INNOVATION

A clear pattern of activity and attitudes emerges from this survey, which might form the 57% of respondents agree that a financial bonus should be offered to support innovation with just 5% disagreeing. The relatively high number of unsure (38%) highlights a potential problem of how an incentive might work (*See Chapter Eight*). If Europa Cinemas was to build an innovation system like the one above, or any variation on the theme, there are tough questions about where rewards should be given. Should there be an incentive for creating innovative ideas? Such a bonus is likely to be dominated by bigger cinemas, and includes a high degree of subjectivity about what constitutes innovation. It also makes innovation an objective in its own right, rather than a means of solving issues. Or should there be an incentive for introducing innovations, devised elsewhere? That would encourage smaller venues and help spread best practice. There may be tough choices that will require a sound and transparent system to manage.

CONCLUSIONS

The conclusions can be read in full in Chapter Eight. They focus strongly on the creation of structures and processes that could identify, develop and share areas of innovation across the network and deliver value European film more widely. The potential development of Europa Cinemas as an innovation hub presents some challenges, in areas such as incentives, communication systems and efficient and effective organisation. But the survey seems to be clear that there is a strong appetite for new approaches and leadership amongst a wide range of exhibitors in the network.



28 Times Cinema 2016, workshop on virtual reality ©Kamil Klamut



Natlab Plaza Futura, Eindhoven, The Netherlands



Natlab Plaza Futura, Eindhoven, The Netherlands

CHAPTER THREE DEFINING INNOVATION

Innovation is a term that has been frequently abused in recent years with its meaning often reduced to a lazy synonym for 'digital.' The unprecedented speed of technological evolution in the last 20 years has certainly created a huge number of new products and processes that are by definition innovative, and often disruptive. On the other hand, the new Millennium has not been an unambiguously progressive, linear transition from analogue to digital and the value of innovation must be understood in the broader social, economic and

cultural environment. Technologies and technology brands can pass in a few short years through a hype cycle, from the brink of supposedly unstoppable domination to obsolescence. Nonetheless, there are clear consumer trends that are challenging to the exhibition business – expectations of content on demand, cheap and convenient content access on any platform and virtually unlimited choice. From those developments some of the world's biggest businesses have emerged, including Amazon, eBay and to an extent,

Netflix. But there have been other forces driving innovation, which have been much more positive – the Experience Economy, curation, community and connectivity.

Innovations in those areas have not only helped renew the exhibition industry but have driven the dramatic renaissance of live sport and music and much of the global advertising and marketing industries. They have also influenced the current iterations of on-demand services, including Netflix and Amazon, which have been much more centred on a curated service to support their own high-quality productions than volume. There may be a balance to be struck between trends that are occasionally contradictory, or at least in a state of dynamic tension: the value of the social experience, cut off from the always-on grid and thoroughly mediated, has actually increased in many cases, because, rather than in spite of, the ubiquity of endlessly replicable, ubiquitous entertainment.

Innovation ought to be seen as a means, rather than an end, with its value judged by outcomes rather than the act of innovating itself.

DRIVERS FOR INNOVATION

Innovation for cinemas is not an abstract idea. Venues live or die by their ability to connect to audiences, so there is little room for experimentation for the sake of it. Other parts of the value chain do not have that same immediacy. In recent years, producers have been encouraged by funding bodies to change their working practices but the incentive for innovation is limited.

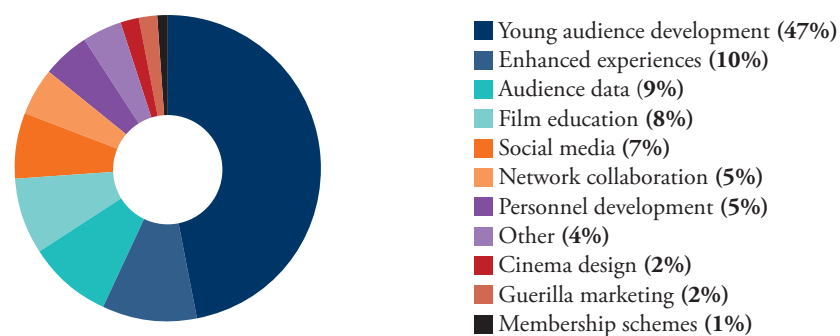
For cinemas, necessity is the mother of invention. Innovation needs to be assessed in three areas:

1. Changes to, and reforms of, the content pipeline and value chain to reduce costs and increase the efficient flow of content. That flow is both backwards through production, sales and distribution, and forward through television and the emerging world of video on demand (VOD).
2. Innovation to support existing audiences, build brand loyalty and help convert casual visitors into regular and committed audiences
3. New means of finding and capturing consumers, who have not been exposed to film culture, do not understand its relevance, or whose interest may be dormant. That uncaptured demand often includes very large demographic and social groups.

DIGITISATION TO AUDIENCE DEVELOPMENT

The glaring necessity until very recently was the digital conversion. The lack of casualties in the transition to D-Cinema may give a false impression that it was an easy process but in reality it required a remarkable collective effort, predicated on a pragmatic economic tool (the Virtual Print Fee) and high levels of cooperation across the value chain. That success story coincided with improvements to the cinema experience, through investment in buildings, food and drink, sound and vision. The most-hyped innovation of those years was 3D, which remains important even if it has not quite lived up to its billing as the next step in the evolution of cinema. Meanwhile, other innovations have quietly made a big impact, including non-film Event Cinema – few had predicted live opera would provide significant, even vital revenues to film exhibitors. But the balance has definitely shifted towards innovation in the area of audience development. This

CHART 3
NETWORK PRIORITIES



Kino Hvezda, Uherske Hradiste, Czech Republic

We worry about independent productions not having a theatrical window at all.”

Interviewing exhibitors, however, a degree of altruism is clear in young audience strategies. An affluent, older community of cinephiles gives arthouse venues a degree of stability, not least because people are now living active lives for longer than at any time in history. But many cinema owners are passionate about passing their love of film on to the next generation. There is perhaps also an implicit confidence in their young audience strategies, suggesting a strong faith that cinema will be around and relevant for many years to come.

CHALLENGES FOR THE EXHIBITION SECTOR

As a consumer-facing part of the film value chain, the assessment of coming challenges is strongly centred on perceptions of changing demand. The survey asked venues to say what they felt were the biggest challenges for the independent exhibition sector in Europe – from ‘No impact’, ‘Some impact’, ‘Strong Impact’, and for the biggest concerns, ‘Serious challenge’. The main issue was growing competition for consumer time and the world of ubiquitous entertainment is still expanding, from event television to international sports events; and from social gaming to emerging trends, such as Virtual Reality. Just under half (47%) of respondents said the growing fight for scarce consumer time would have a “strong impact” (26%) on their work, or represented a “serious challenge” (21%). Only 5% thought there would be no impact. Those numbers were considerably higher for bigger venues (with four or more screens), with 72% saying they believed competition for time to be a serious or strong challenge, and with 32% putting it in the highest category of threat.

study suggests cinemas are now focused on innovation as the means of building demand and developing audiences, particularly younger audiences.

Asked where the focus of Europa Cinemas’ innovation activities was most valuable to their business, 47% of respondents said young audience development. The next most common answers were enhanced experiences with 10%, audience research analysis with 9% and education, 8%, which are strongly related to identifying, capturing and nurturing new audiences (See Chart 3). Lack of interest from Millennials in independent European cinema was considered by 75% of respondents to be a strong or serious threat to the future of European film, with just 3% saying it would have no impact. Such concerns are clearly not just an issue for cinemas and reflect a challenge that the entire industry needs to address. The emphasis on youth might partly be motivated by the fact that Europa Cinemas has been so proactive in the field, providing financial incentives for young audience activities (20% of the current European support). There has also been funding from regional, national and European public bodies.

Often those bigger venues are in major cities, where the options for alternative forms of culture and entertainment are considerably higher than in smaller urban or rural areas. The big cities are also places where ‘time poverty’ is most common, especially among the more educated and affluent audiences that might gravitate towards arthouse and independent cinema and where there is the greatest competition from major commercial chains, playing predominantly Hollywood blockbusters. Almost half (45%) of cinemas say competition from major chains represent a strong or serious threat to their businesses and 93% believe they have some impact.

The same pattern emerges with attitudes to home viewing. Given historic antipathy towards home viewing, there are signs in the survey of a somewhat more relaxed attitude towards film viewing outside the cinema.

Compared to 47% concerned about alternative ways of spending time, 38% believe that home viewing of films represents a strong or serious challenge and more than one in 10 (11%) believe it is not a threat at all. Ease with home viewing should not be overstated. A significant minority still sees it as a danger and that number increases among bigger venues, where 60% said it was a strong or serious threat (although just 16% had it in the highest bracket). Attitudes may also change over time as the impact of global subscription VOD (SVOD) services, such as Netflix and Amazon Prime becomes clearer. (Almost 60% of respondents believed a few international players would dominate the market). Attitudes towards media chronology also vary depending on local conditions, and it is important to reflect that for some, it remains a major concern.

Nonetheless, legal home viewing of films is not in the top five developments in the market, seen as representing a serious threat. The reasons for those attitudes will vary but it is fair to speculate, based on other answers, that they include confidence in the cinema experience as the ultimate place to watch films; and a feeling that legal

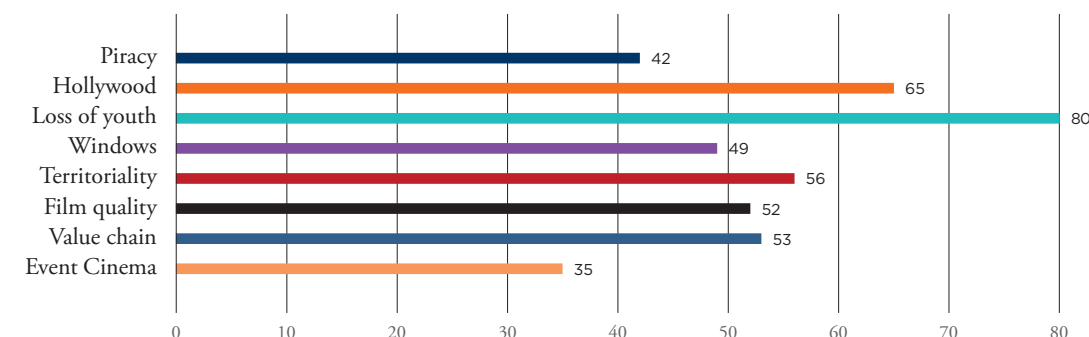
home viewing is just one of many challenges for consumer time. Those same attitudes may help explain why there appears to be a shift in attitudes towards media chronology (release windows). Less than half of respondents (44%) believe changes to media chronology represent a strong, or serious threat. One-in-10 respondents say it is “no threat”, although it remains a highly contentious issue.

CHALLENGES FOR EUROPEAN FILM

Cinemas are consistent in what they see as key threats to European film itself (*See Chart 4 below*), with only marginal differences between cinemas of any size and any location. The findings generally correspond to the perceived threats to cinemas themselves. Perhaps unsurprisingly, venues tend to conflate the interests of film with those of exhibition. The clear biggest area of concern is, once again, the failure to connect to younger audiences, which 80% of venues say it is a strong concern or the most serious challenge. The dominance of Hollywood is seen as a strong or serious threat by 65%, with a particular impact on young audiences, but 52% had the same level of concern about the quality of European films. Again, cinemas may be an important voice in the dialogue about film quality but it is an issue for the whole industry.

That same fear might also underpin the concern that the challenging economics in the sales and distribution businesses could have an impact on quality (a concern for 53%). The cinemas share the view of distributors that any attempt to undermine the sales-by-territory system at the heart of independent film could be a serious threat to European film. Threats to territoriality (56% strong or serious) and media chronology (49%) are considered, are ranked as more serious challenges than piracy (42%). Those numbers suggest that, at the very least, independent exhibitors want their voice expressed in policy debates about the future of film.

CHART 4
‘STRONG’ OR ‘SERIOUS’ THREATS FOR THE EUROPEAN FILMS

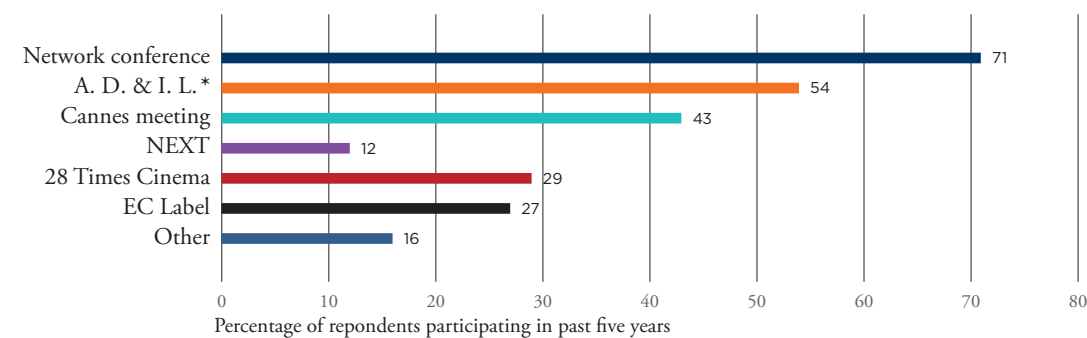


CHAPTER FOUR EUROPA CINEMAS INITIATIVES

Europa Cinemas has dedicated a significant proportion of its time and energy to what might broadly be termed innovation over the last decade. Most obviously, it played an important role in the long period of conversion to Digital Cinema. The energy devoted to that process was so dominant that it may have overshadowed other initiatives, particularly in the field

of audience development. Europa Cinemas President Nico Simon made the point explicitly at the 2015 annual conference in Prague: “At previous conferences, we were preoccupied with the digital transition and its implications for members. Now we have to put the vital role of cinema at the heart of the discussion and look at a broad and fantastic selection of ideas and

CHART 5
EUROPA CINEMAS EVENTS



* Audience Development and Innovation Labs

innovations from across Europe to engage audiences with the diversity of European film culture.” Audience innovation, and particularly initiatives aimed at young audiences, are now coming to the fore, helped by the 20% of Europa Cinemas support allocated to youth initiatives. And the introduction of audience-centred innovation labs has added a strong focus on new means of doing business and inter-cinema collaboration. The question of this report is how far those activities are having a positive impact and whether there are areas where further action is required.

IMPACT

Some parts of the Europa Cinemas programme have impressively high levels of participation: close to 90% (89%) of respondents, for example, have attended at least one Europa Cinemas event, or taken part in at least one initiative in the last three years. The most popular single events (*See Chart 5 above*) were the biennial Network Conferences, which were attended by 70% of respondents and the annual meeting in Cannes (43%). More than half of respondents had attended those events more than once (58% and 69% respectively).

The difference in attendance between bigger and smaller venues at the Network conferences was marginal. There was a much clearer gap in attendance at the Cannes conference – 35% of one and two-screen venues, compared with 55% of venues with more than four screens – but that may be more a reflection of the economics of international festival-going than any reflection on the events themselves. More than half of respondents (54%) had attended at least one of the Audience Development and Innovation Labs, now held three times a year. Again, the support of the network ensured that there was only a marginal difference in attendance between bigger and smaller venues, while the decision to locate the events in Bologna, Sofia and Seville has helped keep a geographical balance.

Around 45% of venues say they have introduced at least one innovation initiative as a result of one of these Europa Cinemas’ initiatives, mainly in the fields of youth development and education and a further 14% said they were planning to introduce at least one audience development scheme, inspired by the network. The catalyst for further expansion of the Europa Cinemas innovation agenda may well be the collaborations and ideas that emerge from the labs. (*See Chapter Eight*).

CASE STUDY: KINO TAPIOLA, ESPOO, FINLAND

Hannele Pellinen took part in the Audience Development and Innovation Lab in Sofia in 2015, where one of the main themes was the potential of partnerships and networking. She decided to put ideas into practice by exploring the potential of bringing together independent cinemas in and around Helsinki as a mini-network to co-operate on a variety of projects.

Her region has two Europa Cinemas network members. Another independent venue opened in 2015 and this year will see the launch of one new cinema and the relocation of another. Each venue will be applying for membership to Europa Cinemas. The group of venues has now formed an official association and is looking to create economies of scale that will allow them to be more ambitious and innovative. The network is currently applying for funding for a joint online platform that will bring separate websites into a powerful single site for the group.

It will allow the audience to easily search for screenings of independent films in any of the venues and to buy tickets online. But most of all it will enable the cinemas to broaden their range of content by acting as a single buying group for distribution. That potential is being explored in a scheme to programme classic films.



Kino Tapiola, Espoo, Finland

The cost of screening a classic from the key distributor Park Circus had proven prohibitive for a single venue but Pellinen was able to broker a deal for the group for a season of films, which cut the usual costs per venue for the first three films in half and brought savings on DCPs and freight.

Among other advantages has been the sharing of in-cinema marketing materials. Kino Tapiola has been helping lead costuming and venue decoration to promote classic screenings. For a screening of *The Shining*, for example, the word “Redrum” was written in red on mirrors, while staff dressed as the famous murdered twins; and for *The Godfather*, participating cinemas were themed as an Italian-American restaurants, serving cannoli.

The benefits are beginning to be seen in the participation of younger audiences. There are still obstacles to overcome. One is that the DCPs from classic film distributor Park Circus often do not have Finnish subtitling and so they have to be either well-known films, or shown in central areas where English is more widely known.

It is hoped in future that the group might be able to find a solution to prohibitive translation costs. But the mini-network hopes to continue, particularly if the distributor is happy with the results and the ambition is for more independent cinemas across Finland will join in the future, bringing expertise and ideas to the table.

EUROPA CINEMAS PROGRAMMES

The following section looks at the main Europa Cinemas initiatives in respect to innovation.

Network Conference

The Network Conference takes place once every two years, having previously been an annual event – the last edition took place in Prague in 2015. Much of the attention of the conference, since the early 2000s, was focused on conversion to Digital Cinema with Europa Cinemas acting as a key voice for the independent sector in Europe but over the last four years, the attention has shifted to debates and workshop sessions on how to build audiences in that new digital environment. The network conferences are well attended by members with more than 70% of respondents to this survey having attended at least once. The event is now open to all exhibitors, whether or not they are members of the network. Europa Cinemas has always run a parallel strand of the conference focused on audience development and innovation, alongside the D-cinema workshops. That stand has now become the dominant focus of the conference.

The 2015 conference was deliberately designed to complement the work of the labs (*See p15*), taking ideas developed in the smaller event to the bigger network audience. A new section was also introduced in Prague, in which cinemas throughout Europe shared their

experiences through on-stage case studies. Europa Cinemas has introduced a number of ways in which those not at the conference are able to participate. The communications include a variety of social media hashtags, frequent posts on Twitter and Facebook and a blog (including a full transcript of the conference speeches).

Innovation working group

The Europa Cinemas Innovation Working Group is made up of eight network exhibitors and associated experts. The purpose of the working group is to develop a 'Strategic Innovation Framework' to maximise the effectiveness and visible impact of the network; to build and share stronger audience development practices; and to make a better case for investment in the sector. The group has been looking for new ways to incentivise cinema innovation and to ensure best practice in knowledge sharing and skills enhancement across the network, with a focus on sustaining and growing audiences for European films across borders.

28 Times Cinema

Since 2010, at the Venice International Film Festival, 28 young film-lovers from each EU country, have been selected to join a panel of critics for the Venice Days selection. They each contribute views to a blog and to the Europa Cinemas' social networks. They also participate in roundtable discussions and debates with professionals across film production, journalism and industry, and attend screenings at the festival and of films selected for the Lux Prize – an initiative of the European. The 28 become Lux Film Prize ambassadors in their respective countries. For the last three years, the 28 young participants – with the help of the Jury moderator, Karel Och (artistic director of Karlovy Vary IFF) and the Jury president (a different director every year) – also judge the films from Venice Days' line-up

and award the Venice Days Prize to one of the competing films. The views of the young critics have been widely acknowledged as providing valuable insight into their generation's thinking about film and cinema.

Europa Cinemas Label

Created in 2003, the Europa Cinemas Label aims to enhance the promotion, circulation and box-office runs of European award-winning films on screens across the network. A jury of exhibitors award the Europa Cinemas Label to the Best European Film in sections of five international film festivals: Panorama (Berlinale), Directors' Fortnight (Cannes Film Festival), East of the West and Official Competition (Karlovy Vary International Film Festival), Concorso internazionale and Cineasti del presente (Festival del film Locarno) and Giornate Degli Autori (Venice Film Festival). The Label has a strong track record in boosting international interest in films.¹

Annual meeting and NEXT event in Cannes

Each year Europa Cinemas holds a meeting of members during the Cannes Film Festival. There is a presentation of the previous year's network results and a round-up of activities. Cannes is unique as a festival in that the majority of Europa Cinemas members either always, or often, participate. The annual event is often used to offer a perspective on political and market trends that might affect cinemas and to highlight areas of innovation. Its most critical role might be as a platform for member networking, particularly given the decision to make the annual conference a biennial event. Networking extends beyond the formal meeting and Cannes is used as an

1. <http://www.europa-cinemas.org/en/Activities/Europa-Cinemas-Label>



opportunity to meet with representatives of other parts of the value chain, particularly sales and distribution. One recent innovation is a Europa Cinemas' session at the NEXT pavilion, introduced by the Marché Du Film in Cannes to highlight areas of innovation in film and other audiovisual media. In 2016, the network presented case studies in marketing to, and working with, so-called Millennials, who have grown up in an on-demand internet culture. Focusing on the opportunities that social networks, mobile platforms and on demand services offer as tools for mobilising audiences, the NEXT event has become established as an opportunity to share knowledge through case studies of how cinema is engaging a new generation through innovation.

Audience Development & Innovation Labs

Europa Cinemas runs three Audience Development and Innovation Labs. They take place in Sofia in March, Bologna in June and Seville in November. Each lab addresses a major contemporary issue facing cinema exhibitors in Europe. The 2016 lab in Seville, for example, posed the question: How can cinemas remain vital spaces for their local communities? The labs act as an intensive training ground for members to explore sustainable practices and strategies for audience development. Europa Cinemas invites a diverse range of exhibitors to the intensive workshops, which begin with contributions from experts from the film industry and from other sectors, such as architecture, music and book. There are also detailed case studies. The labs also include Open Slot sessions, giving participants the chance to pitch innovative projects and new approaches to business issues. At the centre of the labs are the group working sessions, where participants work collaboratively

on an exercise, based on the core subject matter of the lab (*See below*). The range of experiences and ideas from the groups can lead to diverse, challenging and inspiring outcomes. But the process of collective planning and strategic thinking has value in its own right, according to most participants. The labs are open to all exhibitors from Europe, whether or not they are members of the network, and are limited to 40 people. Attendance includes full accreditation to the corresponding film festival.

Partnership with Cinando

Europa Cinemas is an official network partner of Cinando, a secure online industry Screening Room platform. The partnership enables enriched data sharing which in turn boosts member networks across the platform. Cinando also offers search filters to quickly access film, company and personal profiles of other members.

AWARENESS

Europa Cinemas has worked hard to create awareness of its activities among members with particular attention afforded to social media. Among initiatives have been Facebook posts, Tweets, blogs, Google groups and Storify 'Stories' around the Network Conference and labs. Some have been successful in attracting attention of cinemas in the network and beyond. 90% of respondents were aware of social media posts and groups at the Prague conference, while 80% say they know about the lab posts. But other initiatives have struggled to get into the consciousness of members. More than 40% of members were unaware of the Storify resource, created at the labs to bring together social media messages into a clear narrative. A third did not know about the Screening Room partnership with Cinando (*See above*).

The need to improve communications can be challenging with patchy use of services, even among those who were aware of them. For example, only 19% of those aware of blogs, posts and the Google group, created to support the Audience Development and Innovation Labs actually used them. The better news is that many more venues are considering participating in the social media activity in future – 38% for the lab activity and 51% for the conference. The 2017 Network Conference in Bucharest looks like the perfect arena to trial any innovative, interactive plans to build participation inside and outside the event. The other promising sign is that those who take part in Europa Cinemas innovation events are significantly more likely to become active users and contributors to social media and online discussion. Those collaborations between members may be what create the greatest long-term value, creating greater resources for experimentation and high levels of motivation.

INNOVATION AND DEVELOPMENT LABS – TOPICS

Building Relationships & Designing Experiences (Sofia, 2017)

How Can Cinemas Remain Vital Spaces For Their Communities (Seville, 2016)

Creating active and diverse relationships with our communities (Sofia, 2016)

The cinema experience in the age of digital distractions? (Bologna, 2016)

Building Audiences from the Ground up (Sofia, 2015)

Creating The Demand For A Diverse Cinema (Bologna, 2015)

Place-making, Brand-building and Shareability (Seville, 2014)



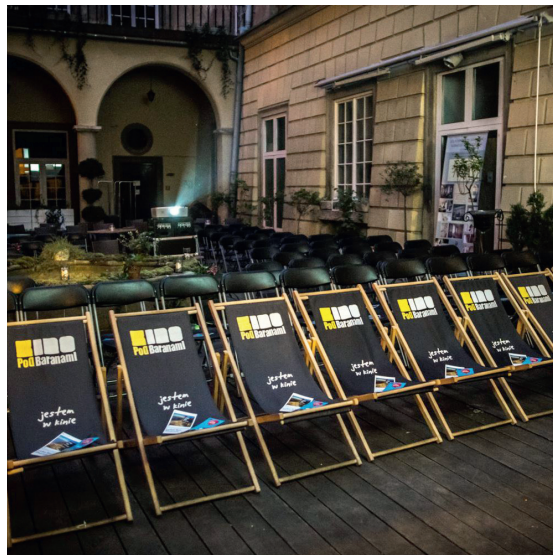
Yorck Kinogruppe, Berlin, Germany



Bio Paradis, Reykjavik, Iceland



Kinodvor, Ljubljana, Slovenia ©Domen Pal



Kino Pod Baranami, Krakow, Poland

CHAPTER FIVE CINEMA ACTIVITIES

Individual cinemas have made big strides in adapting to changing consumer realities, particularly in their local film markets, and Europa Cinemas is acknowledged by respondents as playing a valuable role in encouraging and supporting these often very inventive individual schemes. As case studies in this chapter show, there has also been fruitful collaboration between network members, sometimes inspired by shared ideas at conferences, workshops and labs. Much of the network activity, however, has been created on the ground by

individual venues, in response to local stimuli, or the entrepreneurial grabbing of local opportunities. One of the main thrusts of Europa Cinemas' strategy has been to try to collect and share the best local activity, so that it can be used across the network. Respondents now have opportunities through the Audience Development and Innovation labs to share ideas and practices and there appears to be an appetite for further sharing – 84% want the network should become “a hub for sharing best practices and new ideas among members

Europa Cinemas is an amazing source of information, experience and inspiration.”

(See Chapter Eight).” The main driver for innovation seems to be audience development.

WEBSITE AND MARKETING

Over the next 12 months, the investment plans of the majority of cinemas, according to the survey, will be dominated not by sound, vision or buildings but by marketing and audience development tools. The highest priority is the cinema's own website, which respondents suggest is fast becoming the essential resource for brand building. As a means of marketing individual films, a cinema's own website was ranked as the most essential marketing tool promoting films by 78% of respondents and a further 19% said it was important. In terms of marketing the cinema venue itself, a website was given even greater prominence: 80% saw it as essential with 99% ranking it as important. Unsurprisingly then, nearly every cinema (96%) has its own dedicated website, updated at least once a week. More than a third (34%) refreshed the site at least once a day. One in five of cinemas (20%) had set up, or upgraded their website in the last 12 months, and 44% said they had plans to improve the site over the next year. Much of that work will be about moving from a one-way transactional service to a more functional and interactive two-way means of developing audiences. Every cinema in the survey used its website for programme details, and the 89% also carried offered news about films or the venue. The vast majority of websites (88%) include embedded trailers to promote films, and most link content to social media sites to add a dynamic extra layer to the sites. But only 61% of venues currently allow for the purchase of tickets.

Audience feedback options are also relatively weak with just 31% offering a space on the site for feedback on films and events, and just 12% offering a service for live Tweets. Investment in websites will change the picture and the same desire to nurture audiences is also driving the desire to invest in customer relationship management (CRM) technology or services: 35% say they have plans in place. CRM systems are used for the collection, consolidation and analysis of customer data to help shape services in the most efficient and effective way. Online marketing is seen as far more important today than traditional marketing tools for promoting

films. The ability to embed trailers inside cinema websites, alongside universally strong video platforms, such as YouTube, has given the trailer a new lease of life. More than two-thirds of respondents (69%) said they were now ‘essential’, while posters and flyers retained some importance with 90% of cinemas saying they are either ‘important’ (55%), or ‘essential’.

Close to 40% said specialist magazines were of ‘no importance’ and 31% said the same about newspapers. Radio and television were seen as more valuable: while 18% said they thought it was now irrelevant, 34% said it remained essential. The decline of value of newspapers is clear in terms of advertising. It is seen as an expensive and sometimes irrelevant way to market screenings and times, though some cinemas acknowledge its continuing appeal in some regions and countries to older audiences. But while power of critics may have declined in terms of sales of the newspapers that employ them, it may actually have increased in an always-on environment of ubiquitous media. The point made by some venues is the power of those critics now resides in the Twitter and Facebook re-posting of their comments; on aggregated critic sites, such as Rotten Tomatoes and Metacritic; or even in comments and star ratings carried on posters.

“Newspaper reviews and journalistic material are still important but newspaper advertising is almost obsolete by now.”

CASE STUDY: KINO POD BARANAMI, KRAKOW, POLAND

So-called ‘guerrilla marketing’, bypassing expensive and often ineffective means of capturing the attention of audiences, has been a major theme of Europa Cinemas labs, and Kino Pod Baranami has been among those developing its potential. It has been taking its messaging to the streets, talking directly to people, who might otherwise be immune to cinema advertising. Among its more successful initiatives has been merchandising, and in particular the production of a bag with the slogan ‘I’m Going To The Cinema’, which has caught on as a fashion item. The venue's own logo is a discreet part of the design but customers seem to have got the message.



Kino Pod Baranami, Krakow, Poland

It has experimented with a variety of social media platforms to promote festivals and events: Activities have included:

- Placing flower-shaped leaflets in the city park
- Spraying the tagline of a summer film festival on pavements
- A Charlie Chaplin fancy dress parade to promote a silent film festival
- Branded deckchairs at locations around the city to promote a summer festival
- A board game, placed in cafes, based on films screened at a festival
- And a flash mob of Ping-Pong players to draw attention to a Japanese film festival

The cinema says such methods are “cheap and easy-to make” and run alongside an imaginative merchandising strategy. The events and products create casual interest among potential customers, which is then extended into ticket sales through targeted social media campaigns. Kino Pod Baranami uses Facebook pages for some initiatives, such as a student film night, a youth film club and a silent film festival; but they also employ Snapchat and Instagram (including the new insta-stories) to reach younger audiences. More recently, the venue has experimented with live streaming of events (via Periscope and Facebook), sometimes promoted through a “trailer competition” (where the task is to guess e.g. 100 film fragments in a three-minute trailer). The cinema has taken a 360° approach to capturing and keeping public interest across a wide diversity of the population – and found it can be both cheaper and more effective than established approaches. The cinema honed its ideas through networking at labs and has been sharing its experiences with the rest of the network. Manager Marynia Gierat, for example, has presented case studies for discussion at Audience and Innovation Labs in the last two years.

SOCIAL MEDIA

Social media is fast becoming an indispensable tool. Market penetration of the main social networks in Europe is high and the biggest networks dominate in nearly all the countries in this survey. All cinemas in this survey use social media to communicate with audiences and 64% use it to communicate with other members of the network. The levels of sophistication of use vary. Some are tightly embedded into a coherent and interactive communication strategy. For others, it remains more about straightforward messaging. On the business-to-business level, only 31% use social media to share ideas and initiatives with other members on a regular basis.

Facebook remains the key tool, according to the survey. That is not surprising, given that the service now boasts more than 300 million users in Europe, and enjoys a rare ability to cross generations. Younger users (18-29) still dominate but more than half of over-65s now use the service.¹ Facebook is proving a cheap and easy means of communicating with audiences and 74% update their account at least once a day, and all respondents at least once a week. Some venues report many thousands of followers. Respondents rated Facebook as the single most effective social media means of connecting with audiences. It was deemed “essential” by 72% of cinemas and as ‘important’ by a further 25%. The service is also proving an important means for cinemas to communicate with each other and with Europa Cinemas: 25% of respondents say they follow posts from the labs and workshops through Facebook. The second most popular social media service is Twitter, used by 70% of venues, although only updated daily by 33% and weekly by a further 24%. A number of other social media players are making an impact in some countries, notably Instagram, which research suggests is particularly strong from the 18-24 demographic in countries where it has made inroads, including the UK (14 million users), Poland (11m), France (11m) and Germany (10m).² Use of Instagram has been growing with 52% using the service at least once a week (27%), or daily (15%). 41% now rate the service as important and 13% essential. Snapchat is also seen as a useful tool for teen audiences. Given that the service was only introduced in 2010, there are signs that it is seen as offering a different demographic reach than Facebook and is valuable for specific services.

A smaller number of venues use online video to promote themselves and films. YouTube is the dominant service, used by 34% of respondents, although it is generally updated infrequently with just 13% posting more than once a week. Use includes the posting of video from

1. <https://zephoria.com/top-15-valuable-facebook-statistics/amp/>
2. <https://www.statista.com/statistics/578364/countries-with-most-instagram-users/>

Social media has become more important because it gives us an engaged audience.”

events and other marketing materials. Vimeo is also used (mostly infrequently) by 13% of respondents.

CASE STUDY: KINO SOPRUS, TALLINN, ESTONIA

Kino Soprus is the oldest cinema in Estonia and operates on the tightest of budgets with little public support at home, and it has just one person responsible for marketing and programming. It has had to find means to bypass expensive marketing and advertising campaigns by appealing directly to audiences through the mastery of social media. That work has been created out of necessity but has also found inspiration through sharing experiences with Europa Cinemas members. It has long seen connecting with you as critical and was encouraged by the award of Europa Cinemas’ Young Audience Activities prize as far back as 2005.

Social media was a natural means to enhance those connections and it has amassed an impressive 30,000

followers on Facebook and a substantial profile on Twitter and Instagram, alongside a popular newsletter. Its secret is simple. The Facebook and Twitter sites are updated every day with responsibilities shared among the whole team, and with everyone understanding its importance and value. It uses social media as a two-way means of communicating, encouraging feedback and ideas with, for example, a vibrant and honest ‘Reviews’ page on Facebook to gather feedback on films and the venue. The venue actively seeks opinions and ideas when or posts trailers for films and events. The conversation helps inform special film screenings, retrospectives and festival, which in turn generates more dialogue. A second key facet of the cinema’s approach is collaboration with other creative businesses and institutions. Kino Soprus works with a wide variety of cultural groups, including, dance companies, galleries and theatres, exchanging content and finding mechanisms for cross-promotion. The partners share information and combine ticket sales to cover multiple events across venues. Collaboration, partnership and audience interaction are allowing the cinema to make a big marketing impact without a big budget – which is one of the central themes of the Audience Development and Innovation Labs.

THE CINEMA EXPERIENCE

Digital innovation for the first decade of the Millennium was very much focused on the introduction of new equipment that would both improve the economics of



Kino Soprus, Tallinn, Estonia



Multicinema Modernissimo, Naples, Italy

the industry and enhance the consumer experience. The shift to digital projection created more consistent images, even if some felt (and still feel) that a pristine 35mm print represented the pinnacle of cinema viewing. Many cinemas invested in 3D, which may also not quite have lived up to the hype, although it did allow a period of premium ticket sales.

Over the last 15 years, there have been more unequivocal improvements in sound and the design of auditoria, bars, foyers, etc, with an emphasis on creating social spaces and experiences. Among the more productive investments of recent years have been satellite connections and mobile equipment for outside and pop-up screenings. Much of that investment was made at the same time as D-Cinema conversion and, as already stated, the emphasis on innovation has been shifting towards audience development. Nonetheless, it is worth noting that investments to improve the customer experience are still ongoing – sometimes as a result of necessary upgrades of ageing equipment, and sometimes in order to take advantage of new opportunities (*See below*).

27% of respondents say they are planning to replace sound equipment in the next 12 months, on top of 18%, who already made the investment over the last year. Auditorium sound has seen considerable improvements in recent years and new, relatively low-cost upgrade options have entered the market. 17% have plans to replace projectors (the same number as replaced them over the last 12 months). 10% say they

are planning to install satellite receivers and 9% outdoor screening equipment. Those lower numbers possibly reflect the fact that a large number of venues have already made those investments, or feel they are inappropriate for their venue.

CASE STUDY: MULTICINEMA MODERNISSIMO, NAPLES, ITALY

Outdoor screenings are common in warmer countries of Europe and summer seasons can be very successful. The trick is to turn what might be casual audiences into loyal and active communities for cinema beyond individual events. Modernissimo in Naples is the first multiscreen cinema in the south of Italy and has prided itself on becoming a key cultural meeting point for creative people in cinema and the arts, running festivals and events. It wanted to explore the potential of outdoor screenings, by taking some of that experience out into the streets, and it found a great partner in a newly opened venue in Naples, the Hart cinema. Hart opened in 2015, on the site of a former cinema and has put considerable emphasis on linking good food and music. The two have now joined forces on a programme, which will allow the experience of both partners to boost the cinema experience, with gastronomy and cinema. The collaboration is intended to help both venues boost their audience in Naples. Modernissimo began hosting two special screenings per week from November 1st. Working together they have more than 20,000 Facebook Likes

across their individual pages, allowing each venue to almost double their marketing reach. The strategies have been strongly informed by the Europa Cinemas network.

The cinema has been a regular attendee of events, including Audience Development and Innovation labs and Network Conferences. It presented some of its work at Audience Development and Innovation Labs and acknowledges the value of those shared network experiences to its success.

EXTENDED EXPERIENCES

Event Cinema, in the sense of non-film content, and in particular live screenings of opera, ballet and theatre, has been one of the surprise hits of the independent cinema scene over the last 10 years. The New-York-based Met Opera began screening live opera to cinemas in 2006, beginning a trend, which has accelerated dramatically in the last five years, with many of the leading opera and theatre companies of Europe now offering programmes.

The survey shows that 72% of cinemas now offer Event Cinema programmes, rising to 81% of cinemas with more than four screens. It is generally regarded as a bonus, providing premium-ticket revenues, often quiet nights of the week, although almost 40% of venues felt live screenings of other arts represented at least some threat to the future of European film. On the other hand, opera has demonstrated the value of the event experience to cinema audiences, along with other influences, such as the UK's Secret Cinema screenings of classic films in unconventional settings. And that has been developed in new ways for film-based initiatives.

EVENTISATION

Extending the audience experience, building new audience reach, and extending demand for the venue and film in general has been a key area of investment for the vast majority of cinemas. Every respondent runs at least one extension to their programming to extend audience reach. Although many of the programmes are well-established, it is clear that D-Cinema and live satellite streaming has helped lead an expansion, creating more viable options for special events, often targeted at specific demographic groups.

There are some disparities in provision across the network. Some are obvious, such as the fact that cinemas in warmer countries run more extensive programmes of outdoor cinema than those in colder climes, or have dedicated outdoor spaces. But almost half of respondents (45%) offered examples of events: 78% run their own festivals, while 68% host third-party festivals. Among the most popular and growing trends are the on-stage interviews with stars and talent. Nearly 90% of venues

now run on-stage Q&A sessions to support new and classic releases. There has been a proliferation of the technology to support cinema events, including satellite receivers, which has enabled more regular and adventurous events. Almost half (45%) of venues now say they carry satellite feeds of Q&A sessions with film-makers, taking place in other venues. A number of the cinemas in the survey took part in the 2016's IFFR Live initiative from the International Film Festival Rotterdam³, where some competition titles were screened simultaneously at the festival and in cinemas.

A small number of bigger cinemas now host some kind of event more than once a week and many more host special screenings at least once a month. Typically, a one-off film event will feature an on-stage interview with the screenwriter, producer, director, or staff but respondents say they also feature critics, film academics and industry experts. Some of the more imaginative sessions involve experts in the subject matter of films themselves.

Many respondents held film festivals dedicated to work from a particular reason but some have taken the cultural exchange still further: Kino Urania from the Croatian city of Osijek, for example, holds a “CoolTour” in which films from a particular country run alongside related events for food and wine, language learning, etc. Others employ a thematic approach to programming, trying to attract audiences interested in a particular subject matter, rather than necessarily a particular film, or director. A good example is the quarterly Cinema And Psychoanalysis events at the Cesena-based Cinema Eliseo, with films and expert talks; while the Biffen Art Cinema at Aalborg in Denmark runs events alongside the region's Ordkraft Literature Festival with screenings of films adapted from books and interviews with authors.

Among the wide variety of other events, cited by respondents are:

- Beach screenings
- Pop-up campsite film shows
- Coffee and food-based special screenings
- Night-time open-air programmes
- Riverbank screenings, with audiences on one side and the screen the other
- Language courses, tied to foreign film seasons
- Secret Cinema-style events in unusual locations.

New technologies are allowing these extended experiences to be shared via satellite links, or online services, such as Skype (used by 34% of venues). There may be economic value to these programmes, through premium-rate tickets. Often, they act valuable marketing tools, encouraging a sense of dynamism and enhancing the credibility of the venue and programme.

3. <http://live.iffr.com>

YOUNG AUDIENCES

Much of the energy of extended programmes has been devoted to young audiences, which, as already discussed, is a particular concern for European film. The 20% of Europa Cinemas incentives, allocated to youth initiatives is widely recognised as an advantage. Cinemas are sometimes able to also take benefit from local, national and/or European funds for social, economic and educational, as well as cultural purposes. The venues in this survey almost all have longstanding and close partnerships with schools and youth groups in their surrounding area: 94% of respondents run school screenings.

The responses to the survey show an extraordinary range and richness to activities. The initiatives, cited by respondents, include:

- Screenings in schools
- In-cinema screenings for schools
- Low-price screenings, targeted at young audiences
- Film clubs
- Festivals of films aimed at young audiences
- Festivals and events, programmed by young people
- Training and mentoring schemes
- Internships
- Resources for teachers
- Books, booklets and brochures

Many cinemas have been making big strides to try to ensure that young audiences watching films for educational purposes also return as audience members. The case studies below offer a flavour of the initiatives

but there are many more examples across the Europa Cinemas network that should be collected and shared.

CASE STUDY: LE MÉLIÈS, SAINT-ÉTIENNE, FRANCE

Le Méliès has been a very active participant to Europa Cinemas' activities, helping it shape a distinctive approach to building young audiences – and encouraging and inspiring others to follow their lead. Among its highest profile work – presented at labs and conferences by Young Audience Coordinator Sylvain Chevreton – is the Young Ambassadors scheme, which has been running for five years. Each year, the cinema selects two high school students from 18 schools in St Etienne. They are trained and mentored to become ambassadors for film and cinema among their classmates and contemporaries. Their duties include distributing leaflets, writing articles for school libraries, showing trailers on schools, talking about film on school radio stations and hosting special events in the cinema. The competition for the posts is strong, particularly given the reward of free, unlimited access to the cinema throughout the school year.

The scheme has now far exceeded its original remit and is making a valuable contribution to film culture in the city – and helped the cinema understand more about young audiences. The programme has now been expanded to include university ambassadors; it is perhaps a natural extension of the original scheme and offers a new dimension. As with schools, two students are selected from among the six campuses in the city. The

older ambassadors are given more independence and are able to shape their work towards the needs of the university audience. One of the great advantages of the project is that each year's ambassadors, to a greater of lesser extent, retain a relationship with the cinema. Some of the earlier members of the scheme have gone on to become tutors to the next generations of ambassadors. Some have used their experience elsewhere – in employment at other cinemas and to support applications for universities and film schools. One of the previous ambassadors was selected for Europa Cinemas' 28 Times Cinema jury (*See p14*).

CASE STUDY: KINODVOR, LJUBLJANA, SLOVENIA

Kinodvor is in many ways an exemplar of what can be achieved through open and active engagement with the Europa Cinemas network. Working with Europa Cinemas and the Slovenian Film Fund, it led from the front in bringing together independent venues from the region to make the transition to D-Cinema. Since joining the network in 2004, it has taken every opportunity to learn and contribute to workshops, conferences and labs and has become a leading light in driving and sharing initiatives. The cinema won the 2010 Europa Cinemas prize for Best Young Audience Activities and its experiences are regularly shared at labs and conferences. Director Nina Pece acknowledges the value of the labs and conferences as a means of developing and sharing ideas.

Among a wide variety of initiatives, in 2016 Kinodvor launched Kinotrip – an ambitious initiative, which brought together a group of young people to plan, launch and run an international film festival, aimed at younger audiences. The cinema made a heavy investment in time to guide and train participants, beginning six months before the planned launch. Stage One was setting up a Film Club in October 2015, which met once a week and involved 23 teenagers. A schedule of films, pre-selected by the cinema, was created, from which the group would select a final programme. The group also worked with the cinema to create and market the new brand, including the design of a logo and the running of an effective social media campaign. The next step was to teach the teenagers how to present a programme; how to write about a film; and how to host question and answer sessions (Q&A) at the festival. The festival took place in March, 2016 and the young team was given a free hand in its running. An opening night speech, written by the group, began a programme of 14 events alongside the screening programme, including question and answer sessions with film-makers. The event attracted 1,400 visitors over four days, mostly teenagers. The festival was so successful that it will be repeated in 2017. Kinotrip brand is already making its mark elsewhere, featuring at the Ljubljana Film Festival.

The initiative has had knock-on benefits for the cinema, not least in offering a valuable insight into the behaviour of young audiences but perhaps, the biggest lessons came from the marketing campaign. The cinema learned that the power of Facebook as a marketing mechanism



Le Méliès Saint-François, Saint-Etienne, France



Kinodvor, Ljubljana, Slovenia ©Domen Pal

for attracting teen audiences was different than had been expected. The impact of physical campaigns, for example, was much stronger in comparison to first assumptions, based on understanding the wide use of Facebook among youngsters. Teen engagement with online media turned out to be less effective in certain cases – for example, in generating and spreading the buzz around certain events. Among the tactics employed, members of the group borrowed a bicycle and megaphone, belonging to the venue and rode around the city centre, inviting groups to come to the festival. Volunteers distributed posters around the city.

DIVERSITY AND INCLUSION

One of the most critical issues that the work in this report can only partly address is the diversity of audiences. Most (though not all) cinemas are based in affluent areas of major cities, or university towns. Some communities are largely cut off from cinema culture, and the changing economics of the on-demand digital world has exacerbated the problem, with independent and European films slipping away from peak-time television schedules, towards specialist channels. The theory that Video On Demand, and particularly simultaneous releases of films in cinemas and VOD will increase reach into communities beyond the reach of venues is yet to be proven. Some cinemas are themselves experimenting with VOD to increase that reach (*See Chapter Six*). The responses to the survey offer a variety of tactics for reaching out to the full diversity of communities, including pop-up screenings in isolated or disadvantaged communities and changed pricing policies (*See Yorck-Kino Case Study below*).

CASE STUDY: YORCK-KINO, BERLIN, GERMANY

Berlin's 12-site cinema group Yorck-Kino has been a pioneer in driving customer demand through smart pricing and subscription models. It was the first to trial an annual subscription package at €200, followed by a monthly subscription, aimed at younger people and costing €18.90. The subscription entitles the cardholder to unlimited films, except for special premium-rate screenings and private hires. The approach was a gamble and one that met with some initial resistance from distributors. But it is paying off in many ways. There were some obvious advantages: frequent return visits, for example, boosted concessions sales and created a more vibrant cinema community. But the greatest returns have been in the programming and community diversity of the cinema. Yorck-Kino found that a subscription motivated people to be more adventurous, exploring more kinds of films: customers are willing to take risks when they have already paid in advance.



Yorck Kinogruppe, Berlin, Germany

The cinema, meanwhile, has been able to focus on extending the diversity of the audience with focused marketing programmes. They have, for example, been targeting commuters through a deal with a train company, offering a cinema ticket with a train ticket. And they have chased gaps in the market that less entrepreneurial business might have missed. It has, for example, begun to screen some German films with English subtitles, recognising the high numbers of students and visitors from abroad. There are much more altruistic elements to this work, establishing the venues as open-cultural spaces for these whole community. There are, for example, refugee screenings, often with Arabic subtitles; and screenings of gay and lesbian-themed films, with free entrance for LGBTQ refugees. The cinemas have also launched a club, aimed at the full diversity of very young children, who might otherwise not grow up with the cinema. Tickets for the Spatzen Kino are just one euro and screenings are accompanied by additional entertainment, such as clowns. Such initiatives are not self-financing and do not receive subsidies, what they do seem to be achieving is the transformation of a brand into an essential community resource.



CHAPTER SIX NEW OPTIONS FOR CHANGING DEMAND

The place of cinema in the value chain has been shifting for some years in response to changing audience demand. Most of the venues in this report have diversified their businesses in one form or other: some, for example, are now hybrid distribution-exhibition companies, while others are working across art forms, and exploring synergies between them. There has also been a degree

of consolidation in the market, with independent venues becoming part of growing chains and networks, with interests stretching into production and multimedia distribution. At the very least, this survey suggests that a big majority of venues are now in the business of events, curating and running festivals, operating outdoor and pop-up screenings; and offering live music, on-stage

interviews, etc. The majority also derive a significant proportion of income from outside film, through non-film Event Cinema screenings, notably of opera, ballet and theatre. Cinemas were always more than the retail arm of the film industry but the evidence of this report is that ambitions have been growing, emboldened by access to low-cost and accessible digital technologies. All now have a far greater involvement in marketing, social media, audience development and interaction, and new kinds of experiences. In other words, they are becoming more adept at brand building beyond individual films. There is also growing confidence that theatres remain the critical place where demand is created that is later exploited by other platforms, and increasingly by VOD. That theory needs to be backed up by greater research. The fact that cinema does create the demand for films on VOD platforms today does not necessarily prove that it is the only way that demand could be created. Hard facts about customer behaviour in relation to film choices on VOD platforms are scarce. Even simple data about performance lags behind those produced from theatres, largely because the major VOD services, with business models built on Big Data, have shown little appetite for sharing information of any kind. What is clear is that cinemas are in the business of trying to build demand every day and this chapter looks at two trends: Interactive relationships with audiences and early experiments by cinemas to explore the potential of sharing in some of the benefits of VOD.

INTERACTIVE EVENTS AND CINEMA ON DEMAND

The big increase in the use of social media and online platforms has created far greater interaction between venues and customers. The potential of two-way communication has not necessarily yet been fully embraced by venues at least in the sense of influence over the venue itself. Given that the ultimate goal of cinemas is to keep audiences in their cinemas, one clear trend is the employment of fresh tactics to convert the passion and ideas expressed online into visits – in other words, cinemas want to “own the conversation.” The idea has informed many decisions in cinema design in recent years. Spaces that encourage audiences to talk and discuss the films they have seen, preferably with food and drink, can be as valuable as an extra screen. Q&A sessions with talent on stage, or by satellite feed, foster the atmosphere of open and engaged discussion. The sense that a customer has a voice in the cinema, as much as Facebook, has been fostered by some very simple tactics in recent years. Among the most effective is a public place where customers can post their opinions about the film they have just seen. Some use post it notes, some employ white board: Filmcasino in Vienna, for example, has set up a Wunschwand (Wishing Wall) where people can write their thoughts. These simple

interactions can play a significant role in community building but the challenging question is how far listening to audiences might be extended, perhaps even to influencing the programming of cinemas. Cinema On Demand is an idea that has been discussed in the exhibition industry, including at Europa Cinema network conferences, for many years. In a digital age, it is technically possible, even if there are big hurdles to overcome in costs and access. The performance of such services have been mixed. A Dutch pioneer in the field We Want Cinema¹, for example, made a strong start but closed down after failing to attract investment and others around Europe have struggled to make an impact. Other services, such Italy’s Movieday, or Picturehouse Cinemas’ UK-based claim they are seeing growth in the Cinema On Demand market, and there are now smaller-scale efforts, testing the waters (*See Biografen Zita case study below*). Interaction clearly remains an area where there is plenty of potential for fresh thinking and practical applications.

CASE STUDY: BIOGRAFEN ZITA, STOCKHOLM, SWEDEN

Biografen Zita began a Choice Of The People initiative three years ago, offering audiences a chance to add some of their favourite titles to the cinema programme. The project was inspired by a number of experiments in the Netherlands and elsewhere, including We Want Cinema, which have been highlighted at Europa Cinemas events. The concept has always been compelling: an audience member, or a group of members, selects a film that they would like to watch and if their choice generates enough interest from a specified number of people, it is shown. It is not a private screening and other cinemagoers may choose to attend but it is audience programming in

1. http://wewantcinema.com/sorry_en.html



Biografen Zita, Stockholm, Sweden

action. Biografen Zita promotes the screenings through newsletters and online marketing, as well as posters at the cinema. The majority of the audience is drawn from regular customers but there have been signs that the initiative is attracting outside interest. For example, a group of dentists joined the scheme in the hope of getting a screening of Maren Ade’s multi-award-winning *Toni Erdmann*. The idea may be simple but it still requires a degree of intervention from the cinema, in terms of administration and marketing, and Biografen Zita does not have a dedicated member of staff to run the scheme. So, while there is strong commitment to the project, it has been difficult to maintain the peak of four screenings a month. The second issue for the cinema – and for any venue seeking to introduce a ‘Cinema On Demand’ scheme – is distribution costs. Often audiences want to select a classic film but they can be among the most expensive to programme. Instead, the Choice Of The People has to come from a selection agreed with participating distributors, willing to send the digital file over the Internet, with the cinema agreeing a 35% deal with no MG or freight costs. For independent and arthouse cinemas then, the potential of Cinema On Demand as a fundamental part of the programme is challenging, but Biografen Zita believes such schemes are primarily about building a sense of community and participation among audiences. That bottom-up approach may offer a more compelling case than some of the more ambitious third-party ideas.

CASE STUDY: BIÓ PARADÍS, REYKJAVÍK, ICELAND

Bio Paradis used to have a problem with screening classic films. Costs were high and audiences were limited. The cinema had a very small marketing budget and single screenings rarely justified the costs of advertising, and bookings all but stopped. The tide turned with the creation of an audience group, called Black Sundays, led by a comic-book artist, a comedian/screenwriter and an author/poet. Each had their own fan base, which they have mobilised to create a regular audience for screenings of cult and classic movies every Sunday. Enthusiasm and momentum has grown and a highly active audience is continuing to grow. All the promotion takes place on social media and each week’s event begins with the unveiling of a new poster for the upcoming film, designed by local artists and graphic designers. Those posters now take up a whole wall at the cinema and selling them creates revenues to support screenings. Sunday screenings are now routinely sold out, and the idea has now been extended with a fun series of nostalgic party features on Fridays, with the added attraction of cocktails. The Bio Paradis experience has demonstrated the often hidden potential of films, outside the mainstream, if audiences are directly engaged and given a stake in programming.



Bio Paradis, Reykjavik, Iceland

VIDEO ON DEMAND

The rise of global subscription video on demand (SVOD) platforms, such as Netflix and Amazon Prime, is now a focus for European cultural policy, with much attention centred on the potential of these new players to contribute to a diverse audiovisual culture; or how to ensure that disruption is minimised through regulation, quotas and other rules. And meanwhile, significant public funds have been invested into potential European alternatives to the global players. The European Commission’s Creative Europe programme, for example, has supported platforms, such as those in the EuroVOD network, aggregators, prototype initiatives, individual innovative film releases and new business models, notably day-and-date releases. Part of the motivation for interest in VOD among cinema owners is concern about that a beleaguered independent distribution market in an over-supplied market might struggle to make the necessary impact in the emerging market, with hostile competitors. 55% of respondents said they felt that weaknesses in the sales and distribution market would have either a ‘strong’ or ‘serious’ impact on European film in the coming years. A belief that cinema is the most stable and effective creator of demand in the market has led some to a logical next step: experimentation with Video On Demand services as an extension of the theatrical programme. The place of cinema in the development of on-demand content and services has been relatively low-key in policy discussion, other than in trying to introduce a more liberal and flexible approach to the theatrical release window. Some cinemas argue that it is an odd omission, given that there is strong evidence that those films succeeding on VOD platforms have previously had strong runs in cinemas. There are exceptions, notably films produced by platforms themselves and some genre productions. The research still remains weak but the argument that



cinemas play a huge role in creating the demand that VOD platforms exploit seems to hold true in many cases. And the strategy of Amazon Prime's film production strategy, heavily promoted at the Cannes Film Festival in 2016, is strongly based on theatrical release. The market does have some existing services, attuned to European and arthouse film. There are services from the specialist arms of broadcasters, such as Arte, Sky Arts and BBC4; and some specialists, such as MUBI. Those services tend to be focused on curated services with most titles having already been hits in cinemas, or at festivals. MUBI shifted strategy some years ago to a curated offering of a select number of films, the equivalent of one title for every day of the year. It also strongly encourages user interaction. For some, that is how cinema works too: community and curation with a carefully selected programme for a limited period of time. The argument then is that, for all the technical issues, cinema essentially has the main skillsets already. It is far from a universal opinion. As the next section demonstrates, there are still very significant differences of opinion but the tide seems to have turned in favour of cinema involvement in the emerging on-demand world.

VOD DEVELOPMENTS

Around one-in-five of cinemas in this survey have now experimented in running their own VOD services and 27% have established some kind of formal relationship with a VOD operator (*See Glasgow Film Theatre Case Study*). From a standing start, those numbers suggest momentum, even more so given that 47% of respondents said they would consider introducing some kind of VOD service, if the opportunity arose. Nonetheless, it is important to recognise that these are very early-stage experiments with little solid evidence at this stage to demonstrate long-term value. There are also very significant rights issues, which determine what can and cannot be shown, that will vary from country to country.

The pioneers in the field, highlighted in this survey, normally have their own access to content as distributors, or have partnerships with distributors in their home territories. Those local conditions cannot be underestimated. A wide variety of issues from access to content, pricing and levels of piracy will all play a part in any cinema's decision. Those stating they would be interested in introducing a VOD service did not specify what that might mean in practice. Feedback from a selected group of cinemas, and from the Europa Cinemas Innovation Group, to the survey suggests a high degree of scepticism and a desire to see tangible proof of value before major investments would be made. Evidence, for or against investment in VOD, may be provided by those early adopters among respondents, who have already entered the market. They seem to have a variety of motivations. Some of those involved are both distributors and exhibitors and the drive for VOD owes much to the need to capture a share of the VOD market before the global SVOD giants, such as Netflix and Amazon, exert their domination. But for those working solely in the exhibition sector, there do seem to be some reasons to embrace VOD.

The market is maturing

Some of the most bullish players have now been around for a long time. Curzon Home Cinema in the UK, for example, has been operating since 2010. Such models are often predicated on the fact that the companies running such services are both distributors and exhibitors with flexible access to certain films. There is very limited evidence of standalone cinema models working.

Confidence in cinema

Cinema has retained its role as the key driver of film viewing on the main on-demand platforms, which has increased confidence and the sense that it may have a strong negotiating position. Cinemas also believe that their curatorial and community-building strengths could prove to be a major asset.

We are contemplating on-demand services but this is a very complex and expensive business where we would go into direct competition with international services like Amazon and Netflix. It needs more research. Any small solution we see in the cinema industry has failed so far."

The European film market

There are legitimate fears that the VOD market in Europe remains too weak and fragmented to take on the SVOD giants. 61% of respondents said they feared the market would become dominated by a few powerful players with less than 5% disagreeing.

Home viewing as brand building

Some venues are enthusiastic about the potential of on-demand services and see it as a genuine opportunity to increase reach and revenues. For them, it is often a natural extension of the demand created during theatrical release.

Beating the pirates

The fear that a 'Millennial' generation is growing up in a culture where they expect films for nothing may become a key driver for interest in VOD, which at least encourages the idea of payment. That was certainly the trend in music, where piracy had a devastating effect on the industry. One example of a pioneer in the field is Aerovod, set up by Aerofilms in the Czech Republic. Piracy was certainly a motivation in setting up the VOD service, with recognition that films were entering the market with criminals making big profits. The position of the company is different to most exhibitors in that it is also a distributor, and a big part of the motivation was a desire to see the films it was distributing getting prominence on on-demand platforms. Aerofilms built its platform in partnership with Distrify – a highly adaptable marketing and distribution platform. Simple commoditised tools are now making VOD a viable move for some cinemas and collaboration allows for economies of scale to build stronger models. Aerovod is now being used by a number of Czech cinemas. Another example of cinema-VOD cooperation, mentioned in the survey, is the Dutch Filmthuis service, through which participating theatres offer a selected part of their programme for day-and-date home viewing. The idea is that it allows simultaneous home viewing but retains the link to the cinema, which it is hoped will translate into future visits. These examples are still at an early stage of development and most say that revenues have so far been fairly limited. Some venues see VOD investment and cooperation as a means of ensuring that cinema retains its central place in film culture and that the demand it creates is not simply being exploited by third-party VOD services.

DIVIDED OPINION

Historically, cinemas have been suspicious of home entertainment formats and the attempts to alter the theatrical window have often led to bitter battles. Yet this survey suggests that at least some take a more relaxed attitude, though the issue is divisive (*See Charts 6 and 7*). Home viewing in general was well behind other

CHART 6
IS VOD A THREAT TO CINEMA?

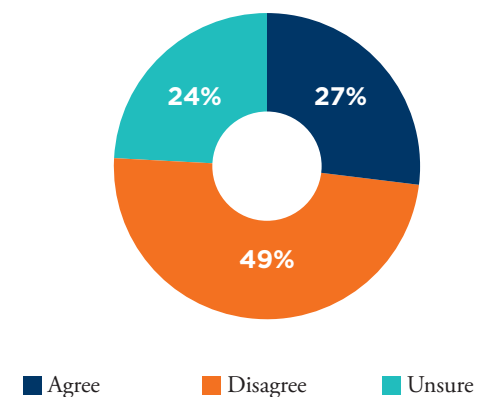
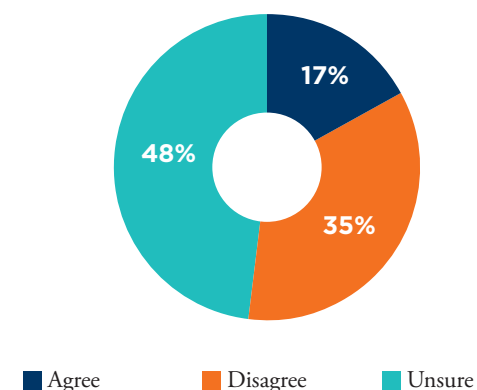


CHART 7
IS VOD A THREAT TO EU FILMS?

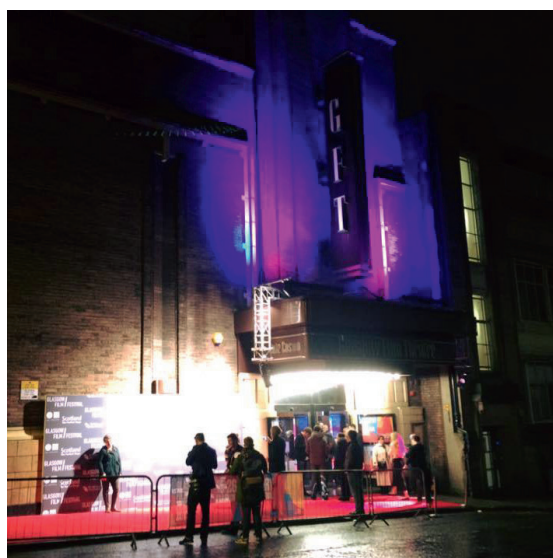


challenges in the ranking of the most serious threat to the exhibition business in the next five years: behind concerns such as competition within the exhibition market, the general fight for consumer time, and reductions in public funding. A significant number of venues are embracing the on-demand world but that should not be mistaken for consensus. A strong current of scepticism remains. In some cases, resistance is simply a matter that local VOD markets have not yet established, meaning that consumers (and indeed cinemas) are largely unaware of the opportunities available. In others though, there is a strong feeling that VOD is a potentially dangerous enemy, which needs to be handled with great care, undermining the position of exhibition in the value chain. One bone of contention is release windows (media chronology), where global VOD services have been pushing for liberalisation. Having interests in VOD does seem to affect attitudes towards media chronology, which has been such a difficult issue for the exhibition sector. While 52% of those who are not involved in VOD schemes say day-and-date releasing is a 'strong' or 'serious' threat to the cinema industry, only 22% of those running their own services believe that to be true (and more think it is no threat than a serious threat). 24% of respondents said VOD was a threat to the theatrical business and 17% a danger for European film. For others, home viewing has always been a danger but VOD, and the major global SVOD platforms in particular, represent a clear and present threat, not just to cinemas but also to European film culture. Respondents over all appear to take a pragmatic view of developments, although that should not underestimate the depth of concern among some in areas, such as release windows. The feedback on the survey suggests that, for some, VOD is a dead end that will detract from innovations with greater potential, built around the core strengths of the exhibition sector. For others, however, there is a feeling that the on-demand sector is at an early stage of development and it makes sense to explore opportunities, even if they later turn out to be illusory. The survey suggests, however, that there is little doubt about the importance of VOD to the film market in the coming years. And the fact remains that a relatively small number of Europa Cinemas' members have already decided to actively experiment in the field, representing an opportunity to learn more about the opportunities.

CASE STUDY: GLASGOW FILM THEATRE, GLASGOW, UK

The Glasgow Film Theatre (GFT) launched its VOD platform in 2014 as the GFT Player² and is available through the cinema website. The online marketing suggests: "Our digital ambitions become part of our core business taking GFT's curated programmes online."

2. <http://glasgowfilm.org/whats-on/gft-player>

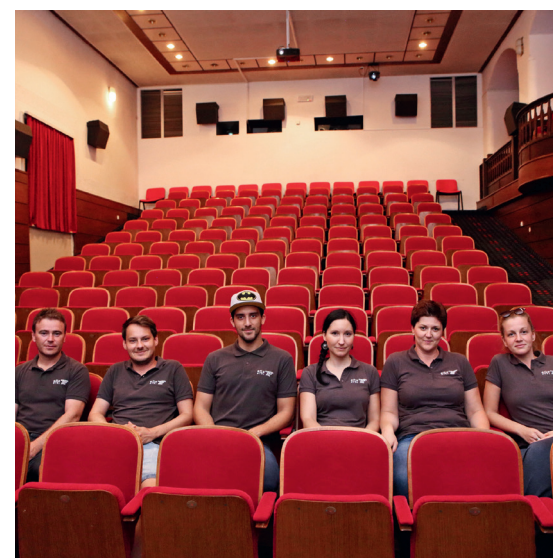


Glasgow Film Theatre, Glasgow, United Kingdom

The venue is realistic, however, about the short-term commercial benefits of the platform. The GFT admits that revenues are, as expected, low. For the venue, revenues were not the primary motivation. The GFT sees the project as more of a long-term audience development initiative. The VOD programme is curated from available titles that have played at the cinema, or during the Glasgow Film Festival. Occasionally, titles play day-and-date with cinema release. The venue says its primary audience is people who cannot physically make it to the cinema for a variety of reasons, not least geography. The hope then is to extend the core audience. One reason the service is achieving relatively low returns is because the GFT is running it in partnership with UK distribution/cinema operator and VOD business Curzon Home Cinema with some support from other local and national distributors. Curzon, which established its VOD brand in 2010, takes 75% of revenues, with the GFT getting only 5%. The relationship works for now because the costs of setting up and sustaining a VOD platform just for Glasgow would be too high and the main distributors, such as Curzon, the British Film Institute and studios would not be interested in supporting it. The cinema believes there are tangible benefits from the service in terms of branding, audience reach, customer data, etc. It is then a low-cost means of entering the market with relatively low risk, as well as low rewards. There is no one dedicated person whose job it is to manage the VOD platform. The experience being gained may lead to more ambitious plans in the future, and there has already been some development work discussed with the Edinburgh Film Festival. There are also plans to partner with cinemas in Norway. The GFT has been open in sharing its experiences at Europa Cinemas events, which will be important for other venues considering the same approach.



Kino Europa, Zagreb, Croatia



Mestni Kino Ptuj, Ptuj, Slovenia



PostModernissimo, Perugia, Italy



Scala, Brno, Czech Republic

CHAPTER SEVEN BARRIERS AND OPPORTUNITIES

The overwhelming majority of cinemas point to financial constraints as the biggest barrier to innovation. Almost all cinemas (98%) say lack of money and resources is at least sometimes an issue for their businesses and 62% say it is a "serious issue." The sense of frustration does not appear to be influenced by the size of venue. The biggest and the smallest venues are remarkably consistent in their concerns. Although the disparities between the

turnover and revenues between a one-screen and a 10-screen cinema are big, so too are the responsibilities. The smaller cinemas may be operating at the tightest of margins with tiny sums to invest in new approaches; but for bigger venues, the cost of changes to staffing, buildings and infrastructure may be very high, while day-to-day pressures in terms of maintenance, salaries, etc. may push innovation down the agenda. Very few

It is very hard to cover the costs of business without support if you are a privately-owned cinema with no funding for salaries, programme, cost of business or investments... we would love to have one person only working on that (digital marketing and innovation) but it is not possible."

venues say they have no financial issues and many are reliant on public funding to give them any room for manoeuvre. Innovation, in terms of developing strategies for individual venues, may be more an issue of priorities than will, according to the survey and interviews. The tone of the survey and the interviews is that cinemas would like to grab the opportunities of the digital age but often feel their resources often have to be devoted to dealing with day-to-day pressures. Fears of economic downturn and reduction in public funds also lead to uncertainty that can be a restraint too. Issues of finance and resources may lead Europa Cinemas to look at its role as a means to create scale and resources through cooperation and collaboration on innovation projects.

STAFF AND TRAINING

For many of the smaller venues, the concept of 'staff' is laughable. The average number of full-time staff at one-screen cinemas in this report is 5.4 but a very large number operate on less. As one venue sardonically responded to questions about marketing managers and social media experts on the team: "I am the team." The situation for bigger venues tends to be very tight too. The average number of full-time staff at the two-screen venues here is 7.7 and 8.8 for three screens. The larger the venue, the greater the responsibilities. The average one-screen venue hosts 22.6 screenings per week, rising to 40 for two screens, 54 for three screens and 148 for four-to-six screenings. Most cinemas (77%) say staff training is at least sometimes a problem and 73% have the same concerns about skills shortages in the management team. (In smaller venues, of course, staff and management are often the same person or people). Some of the larger venues also employ third-party specialists to develop online offerings (43%), or to manage social media marketing (11%). For most venues,

innovation is a task shared among teams of non-specialists (52%) and supplemented by volunteers and interns. That obviously puts a premium on training. For many small network members, the idea of 'staff' training can seem like a misnomer, given that the cinema manager might need to perform a multitude of functions with little or no help. Innovation may come down to a single individual's enthusiasm, or dependent on whether there is any time for strategic thinking in a heavy day-to-day workload. A second common problem is high turnover of staff, which means staff training can bring relatively short-term rewards before it becomes necessary to repeat it. That short-termism is still more obvious when venues have to rely on interns and volunteers. Volunteers offer significant advantages in terms of costs and may have value in introducing knowledge into a company. Some smaller cinemas mention the value that young volunteers and interns bring in using the latest social media trends to boost marketing – and cinemas are able to offer relatively low-cost returns, not least in boosting CVs and free tickets. Nonetheless, ad hoc introduction of skills is difficult to manage over the long run and knowledge can come in and go out of a business at a fast rate. Some shortfalls in funding are covered by third-party companies, particularly in the field of web development. The investment gap is one of the factors driving acquisitions of independent venues by bigger cinema companies. There are major savings within cinema groups or chains in terms of shared programming, marketing and digital innovation. The UK's Picturehouse group, which includes a number of Europa Cinemas' members, has become an innovative force following a period of regular acquisition of venues, and has worked out how to exploit the economies of scale at its disposal. Some cinemas are also gaining from being part of national schemes, such as the BFI Film Audience Network in the UK, which is dedicated to collaborating on key issues for the sector. In other cases, alliances of venues and networks have allowed independent venues to pursue new kinds of business that would be very difficult as a single entity. (*See Glasgow Film Theatre's VOD scheme, p30*).

KNOWLEDGE GAPS

Financial constraints, staffing levels, training, etc. may be more immediate concerns but there may be a more pressing concern: knowledge. A surprising finding of the report is the proportion of cinemas, which do not see knowledge as a major problem. 38% do not believe that lack of knowledge of innovation in audience development is a problem; 40% are unconcerned about knowledge gaps in marketing innovations and 45% in social media. In all those cases, there is still a majority that recognise that there are some dangers but not necessarily major ones: only 10% said lack of knowledge

We sometimes have outsiders host our Snapchat when we have something special going on. Those are not paid of professionals but just friends."

about audience development innovations was potentially a serious problem, compared with 62% who felt that lack of finances to invest in innovation. Considering the obsession with those concerns in most areas of creative business, those numbers are surprising. It is true that cinemas are more data rich than much of the rest of the film industry. They have access to real-time figures on responses to individual films; they have cumulative box-office numbers; and they also have active databases of individual audience members. Figures from theatrical release remain among the most important for the film industry, not least because of the lack of transparency in the VOD world. Cinemas also have the essential knowledge that comes with day-to-day contact with customers. Some have also learned to master some of the web and social media analytic tools now widely available. It seems unlikely, however, that such learning is universal and any knowledge deficit has a major impact on every other challenge. For example, knowing what consumers want or need allows for effective and efficient targeting of investment. Not knowing audiences can be expensive. Some cinemas employ market research techniques. They include the regular interrogation of their existing audience database, asking for regular feedback and particularly trying to discover why lapsed customers are no longer attending. These may be routine activities, where innovation is only in the use of digital tools. The existing database, of course, may have limited value in finding new customers. Some larger venues use telephone and online canvassing, which may be effective but is time consuming and expensive. There are techniques for simpler discovery of attitudes. Hamburg-based 3001 Cinema gave a presentation at the 2016 Seville Innovation and Development Lab, which explained how they had analysed keywords in the social media feeds of regular customers, which offered a valuable test of sentiment, which in turn helped inform a refurbishment of the venue. The fact that 35% of cinemas are planning to invest in Customer Relationship Management software and services in the next 12 months suggests that the problem is at least now on the radar. On the other hand, the responses to the survey still suggest a residual reliance on gut instinct, which may have value but also has limits.



Elvire Popesco, Bucharest, Romania

CASE STUDY: ELVIRE POPESCO, BUCHAREST, ROMANIA

The cost of staff training can be prohibitive for smaller venues and public support in many countries is limited. So, network members have been exploring the advantages of collaboration to share the burden. Elvire Popesco has been among the most enthusiastic proponents of shared learning. In 2015, it formed a mini-network of cinemas in Bucharest to work on areas of cinema development. In 2015, helped by funding from Europa Cinemas to support networking projects and self-funding the rest of the costs, the scheme was able to focus in-depth on a key area of the cinema experience – cinema projection. The course was led by Christian Hugonnet, a French acoustic engineer/ sound engineer with an established record of working with exhibitors. He ran classes for two days before helping the projectionists calibrate the sound in different Europa Cinemas' venues around the Romanian capital. Since then, there have been other

Sometimes we lack finances to proceed, but we are really willing to learn and change our views if we are somewhere wrong. We really value the possibilities of sharing experience and knowledge that Europa Cinemas network gives."

projects, focused on other areas where expertise can be shared. Elvire Popesco programmer Boglárka Nagy was invited, for example, to be a trainer at the Transylvania International Film Festival in Cluj, Romania for a workshop, called “Transylvania Talent Lab”. She worked with other cinemas to share approaches and ideas on cinema management and programming. Nagy was able to offer the participants on the workshop the opportunity to take an internship at Elvire Popesco, with the option of working on a project. The cinema is also working on a training course called “Cluj, Re:Thinking Cinemas”, focusing on cinema programming and cinema management and it is also embarking on a collaboration with an NGO called “Scoala de valori” (School of Values), which works with teenagers. Six-to-eight teenagers will attend at the cinema and at the institute once a week to talk about topics related to managing, programming, running a cinema and for meetings with technicians to raise their interest. The training initiatives within the exhibition sector have become essential formal training in the absence of formal training provision.

CASE STUDY: SHOWROOM WORKSTATION, SHEFFIELD, UK

Showroom Workstation’s Audience Academy is a residential course teaching young people aged 16-19 about every aspect of the exhibition business. Now in its second year, participants learn about programming, marketing and distribution to get a picture of the whole life of the film. The course splits into groups for the week in an intensive workshop, where they design seasons of films, festivals, or events based on a programming theme. There is a competition at the end of the week for the best ideas with the winning team getting to turn their ideas into an actual event. This year, the standard was so high that Showroom selected two winners, who will put on a day focusing on LGBT films, and a day of events working on mental health issues in comedy. This focus on training and mentoring young people is clear from other initiatives too, such as the Interactive Takeover scheme, aimed at 15-18-year-olds. Members of the scheme are given training but the cinema also actively involves them in practical projects, particularly those aimed at their age group. For a screening of Groundhog Day, for example, Interactive Takeover participants decorated the café, to look like the one in the film. They also curated an evening of comedy short films, introducing each film like an emcee at an open-mic comedy night. Some participants who had taken part in the Interactive Takeover course went on to join the residential course. Many members of the scheme inevitably move away for university, but those who stay generally stay engaged with the cinema and upcoming training opportunities. Showroom advertises the Interactive Takeover programme around South



Showroom, Sheffield, United Kingdom

Yorkshire, through local partnerships, particularly schools, youth and community groups. For the course, open to entrants from all over the UK, they work closely with the local Film Hub of the BFI Film Audience Network and other networks, not just in film. They work to ensure high levels of diversity.

LOCALISED ISSUES

Many of the most serious obstacles to innovation for individual cinemas are local and sometimes hyper-local. In some countries, there are regulatory and legal barriers to change. In France, for example, the theatrical window is protected by law. For some venues, innovation investment comes down to local demand. The assumption that audience demand is always ahead of business investment is often mistaken. Some venues have very conservative audiences, who are actively hostile to change. Some barriers are simply unavoidable. Many arthouse cinemas, for example, are in historic buildings, and are restricted in the changes they might like to make. Those cinema owners are forced to use their imagination to innovate although, it is important to note, that most see the rich history of their buildings as a strength, rather than a weakness. Renovation can be as powerful agent of cultural impact as innovation. Reconnecting with history is not necessarily a problem for younger people – in much of Europe, there is a young ‘hipster’ culture, which revels in retro.



Kino Muza, Poznan, Poland ©Agnieszka Krupieczny

CHAPTER EIGHT CONCLUSIONS

What emerges from the survey is a network of cinemas with a strong appetite for innovation and a willingness to embrace opportunities in the interests of their own businesses and European film. But innovation is the language of priorities for exhibitors. And it is clear that the primary priority for every single exhibitor, big or small, is the same – audiences, a fact confirmed by the word cloud¹ on page 36, based on descriptions of

cinema’s work submitted to the survey. There is a powerful recognition that competition for audience time is going to get tougher every day and that the advantages of an older, and relatively more affluent audience come with a time limit. But the cinemas in this survey believe they have powerful weapons at their disposal. For them, cinema is not just another platform – a neutral space that is only given meaning when any particular film is screened. What they are selling is the cinema experience and at a time of ubiquitous, always-

1. <http://www.wordle.net>



on and mobile media and entertainment, that experience may even have been enhanced. In a digital age, the Experience Economy should be a good place to be. Innovations in sound and visual quality, loyalty schemes, discount schemes, special screenings, etc. have had an impact at the box office. And film ticket sales are now part of multi-faceted offerings at most of the venues in this report. Digital technologies and an increasingly audience-centric mission have also allowed experiences to be extended, with new offers from localised festivals to Event Cinema screenings of opera from around the world. Innovation is now being employed to broaden the appeal and importance of venues to the communities in which they are located, and beyond. The argument at the heart of many of the responses here is that cinema remains the essential place where demand is created for European film and that every enhancement of that experience further strengthens that link. This report does not attempt to measure how true, or how fixed, that idea might be in practice but the fact that audience demand is driving innovation would appear to be a positive force for the wider film industry.

PRAGMATIC AND PRACTICAL

Most innovative activities in this report have come from initiatives from individual cinemas on a local level, albeit often inspired by external factors, including the work of Europa Cinemas. Almost all cinemas have embraced the benefits of social media and online marketing to build their brands. There is still strong reliance on distributors to promote individual films, particularly among smaller venues where resources are often stretched very thin. But social media, online promotion and some guerrilla marketing, have given cinemas a powerful new voice in the marketplace and community that most seem to be learning to use to

powerful effect. Cinemas look to add value to cinema releases through additional marketing and events, often hand in hand with distributors but marketing is not just about individual films. The vast majority of venues here are finding ways to promote and enhance the whole cinema experience. The fact that planned investment is so focused on web and social media development suggests that cinemas are looking for still greater control over their destiny. And the good news is that many new forms of audience development and marketing offer clear returns on investment, often at relatively high speed. Small and medium-sized businesses do not have the resources for grand Research and Development programmes. Innovation tends to be pragmatic, practical and responsive. This practical thinking about change is a major strength in a rapidly evolving digital environment with innovation driven by human need and consumer demand, rather than fanciful dreams of a digital 'paradigm shift.' The feet are always on the ground. Independent cinemas can also be lean and fast, testing and learning about new products, practices and processes at high speed. But Europa Cinemas' activities have been demonstrating the value of a wider vision and scale where collaboration at an international level can enhance and inspire local action. The Audience Development and Innovation Labs look to be the embodiment of that thinking. The approach is a circular process of listening/learning – adopting/adapting – sharing/collaborating. That system seems to be bearing fruit, judging by the case studies and the survey responses.

EUROPA CINEMAS

Europa Cinemas appears from this report to have a mandate to take a lead in the creation and promotion of innovation across the network. 84% of respondents say that the network should become "a hub for sharing best practices and new ideas among members." Not a single venue disagreed with that proposition. It should be acknowledged from feedback about the survey, that there is some concern among some members that Europa Cinemas might lose its theatrical focus in pursuing broad innovation. For others, it is essential that the priority for innovation is always centred on the core mission of the network to support European film. Two-thirds of respondents (66%), significantly, said that this innovation support was "as important" as the financial incentives for screening European film, which has been at the centre of the network's role. Less than 7% disagreed. The network has already dedicated considerable energy in creating innovation initiatives. This survey suggests that those activities are highly valued by members. The labs have been widely applauded by those taking part and are generally considered an important resource. 83% of respondents said expanding the scheme was either "important" or "essential", and just 16% who said the idea was of low or no importance. 89% said training

and workshops on digital skills and social media were important or essential and 87% for marketing innovation. The results are not quite as unequivocal as they seem, 27% suggested it was "essential" that Europa Cinemas introduced new training schemes and workshops; and just 9% said that an extension of the labs was essential. One of the reasons for those lower numbers may be the awareness of the work of the schemes and communication is an issue (See p15). But the comments and interviews suggest that members would like to see the current labs and training continue to grow and evolve, rather than adding more to the mix. The main point is that the network appears to be overwhelmingly in favour of Europa Cinemas taking the lead in training and innovation development. The survey suggests independent cinemas take the entrepreneurial view that the future of European films requires a fresh relationship with audiences, and particularly young audiences. But it also demonstrates a problem. The maximum benefits of innovation do not come with scattergun change but by structured plans. It is instructive that, while all cinemas are active in social media, just 24% have a formal social media plan.

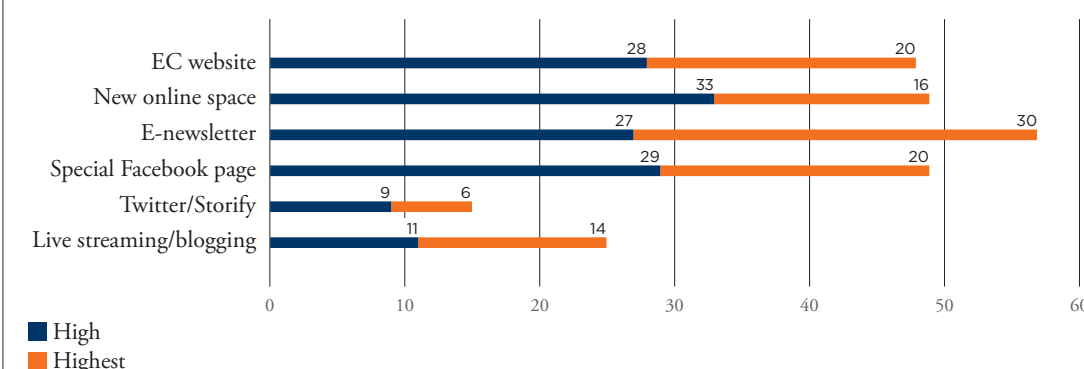
A KNOWLEDGE AND COMMUNICATIONS HUB

The vast majority of respondents (84%) say they want Europa Cinemas to develop as an hub for "sharing best practice and new ideas" but finding the right means of building a truly participatory system will be challenging. The lesson of the Internet Era in every business is that access to a network is not the same as engagement. From the survey, it seems that the physical meetings at labs, workshops, conferences and festivals are the most productive form of communication. More than 80% of respondents said the main form of communication within the network was at events (although Chart 8 below shows social media is increasingly important). The Audience

I think the workshops are highly important. I do not want to miss them or have less of them but my feeling is that the number is okay and the focus should rather be to maintain quality and capacity, rather than increasing numbers."

Development and Innovation Labs have proven a highly productive way of sharing ideas. The network conference has also been extremely well attended by a very broad range of venues, which might raise questions about the decision to make it a biennial event. There are many other forms of local networks. Most countries have associations, bringing together their national exhibition industries: sometimes they are talking shops with limited powers and authority and disconnected from the broader film agenda, while in other cases, the interests of cinema are fully integrated into the cultural and economic film infrastructure. There has been a clear sign of a shift in the public film funding agenda, away from production and towards distribution and exhibition. That change has partly been driven by a dramatic increase in the number of films produced over the last decade, partly as a result of tax breaks and lower cost tools. In some countries, there has been talk of over-production. Much of the rebalancing of funding has gone towards new forms of distribution and marketing and particularly towards the emerging Video On Demand sector. Social media seems to be used more as a mechanism for specific tasks than for structured interaction. 62% say they use social

CHART 8
FAVoured DIGITAL MEANS FOR EUROPA CINEMAS COMMUNICATION





Kauno Kino Centras Romuva, Kaunas, Lithuania

media to communicate “where relevant” but just 34% say they use it for regular interaction to discuss and share ideas and best practice. The success of the labs is impressive, and the numbers returning after the first session suggests that participants believe it adds value. There are problems, however. There are limitations in the number of cinemas able to participate and, despite available support, travelling to events is a bigger burden in time and money for some venues. The decision to base the labs in Spain, Italy and Bulgaria helps the labs to attract a more diverse group but self-evidently, there are logistical factors restricting the reach of events. The potential for meetings at major film festivals is limited with Cannes and Berlin standing out as the only events, which a majority attend (and then mostly the bigger venues). Europa Cinemas has sought to deal with that issue through offering network members, and other interested parties, access to the thinking and findings through social media and blogs. There is an argument for live streaming events to broaden reach but there are practical issues, notably language. There are generally translation facilities at the events themselves that are not available online. The other area where communication might grow and evolve is along the value chain. The film industry often operates within established silos (production, sales, distribution and exhibition) but in terms of innovation, that represents an inefficient way of working. Any innovation in one part of the value chain inevitably effects another and tensions can arise (as they have over media chronology). Europa Cinemas has actively sought to break down barriers and the Europa International event of sales agents has run concurrently

with the network conference for some years, with joint sessions. There are also joint activities at the Sofia Lab with Europa Distribution, representing European independent distributors. That dialogue will become more essential if innovation is to become more central to Europa Cinemas’ work. This report does suggest a degree of openness to discussion in areas, such as VOD and release windows.

PROTOTYPING AND INCUBATION

The primary goal for Europa Cinemas innovation work may be to share knowledge and best practice, so that it can be applied by individual cinemas at a local level. That work has the potential to make significant savings for exhibitors and ensuring that key elements of change are shared and upgraded across the network. A more ambitious approach, however, would see Europa Cinemas as a generator of innovation, becoming an R&D centre, incubating products and processes that might later be shared across the group. Rather than large-scale rollouts of untested ideas, the aim would be to prototype innovations on a small scale, testing the results. In a sense, that is an idea at the heart of the labs – sharing and honing new ideas among participants with a very practical focus. The labs have also sensibly looked at examples from other industries of how efficient and effective innovation can be made to work and that wider focus across creative industries would seem to be a logical area for further work. A really important concept for innovation in many areas of creative work today is “fast failure.” Failing fast has become critical

to agile processes in creative industries, such as software and games development. The theory is that testing and failing at early stages can head off large-scale disasters further down the line. Europa Cinemas may have some of the necessary elements for prototyping in place. The labs are already used as a mechanism for workshoping ideas. There is an argument for centrally collecting ideas, from a variety of sources, selecting the most promising through an innovation group, and then vigorously workshoping and testing the ideas at labs. After that process, it is possible to imagine small-scale rollouts with the results shared among the network. The reality of small-and-medium-sized enterprises is that finding out what does not work can have as much value as supposed success stories, heading off wasteful use of limited resources.

REWARDING INNOVATION

Financial incentives to encourage the programming of European film, or encouraging participation by young people, have been fundamental to the operation of the Europa Cinemas network. Such support has been relatively easy to manage: it is transparent and overwhelmingly based on verifiable and objective rules. The argument for rewarding innovation is supported by the majority of members and, given that most venues say lack of resources are holding them back, the argument for a new set of incentives is clear. There is an obvious immediate problem – the network itself has limited funds. The respondents say they would like to see incentives but that does not imply that they should come at the expense of any existing support. New investment in Europa Cinemas to support innovation is likely to be a key issue for the network and the European Commission but there is a pressing debate for the network in how innovation can be rewarded

with the same level of transparency and equitability that characterises other incentives. Does the network offer incentives to the most advanced cinemas to support fresh ideas and innovation? Or should there be a ‘bonus’ for those cinemas, which introduced best practice developed elsewhere? And, given the limited resources of the body, what should be the balance between new innovation initiatives and the established incentives for screening European, and particularly non-national European film? Europa Cinemas members may feel that the ideal would be additional resources that would fund innovation initiatives. How innovation might be supported on the ground is a more contentious subject and the devil is in the detail. Respondents are somewhat divided, for example, on the nature of financial support that might be provided to encourage innovation. 57% agreed that there should be a financial bonus created to reward innovative ideas and practices with less than 5% disagreeing. On the other hand that still leaves close to 40% feeling undecided. That equivocation reflects some of the debate that has taken place over the last two years in Europa Cinema’s innovation groups in Berlin and Cannes. Defining what is meant by innovation in ideas or practice requires a strong degree of subjectivity. Does ‘new’ mean new to the film industry? To the whole network, or just some of the network? It is not just a question of semantic or technical difficulties. There are genuine dangers in getting an inventive system wrong:

Innovation for the sake of innovation

A major theme of this report is that innovation should be a means to create value, not an end. An incentive that rewards products and processes because they are new, rather than because they are relevant, could disrupt the network, rather than help it.

Duplicated effort

‘Not Invented Here’² is a common management expression, highlighting a tendency of some organisations to eschew the most efficient and effective way of working or the best products because they were created by another company. While the range of activities reported by cinemas for the survey is impressive, it is also obvious that many are approaching the same problem with a slightly different solution. An incentive bonus needs to avoid encouraging individual solutions, where a collective response might be more appropriate.

Rewarding size

The creation of innovative ideas is likely to be dominated by the bigger, better-funded venues, judging by the evidence of this survey. That is no surprise. Some of the bigger venues have access to the kind of funds and resources that allow them to prioritise new product and



Trianon Film Center, Athens, Greece

2. https://en.wikipedia.org/wiki/Not_invented_here



Bioskop Vilin Grad, Niš, Serbia

process development. Those venues may be the backbone of innovation projects but they may not have the answers to the issues of smaller venues - and any system of rewards needs to ensure it has balance. One could make a strong case that a better use of funds would be to incentivise the introduction of best practice across the network, particularly among smaller cinemas.

LOCAL AND GLOBAL

A striking feature of the report is the commonalities in attitudes across the network – whether from small or large venues, or those from large countries, or small. The temptation then is to think that innovation can be easily applied across the spectrum. But cinemas exist within local communities and within territories with their own specific characteristics. While venues may be equally open to specific innovations, the realities of their own audiences, regulations, industrial practices, price points, technology infrastructures, etc. will play a huge role in what can be achieved.

FINAL CONCLUSIONS IN BRIEF

The Europa Cinemas network overwhelmingly recognises the need to innovate in a world of changing customer expectations and demand. Cinemas recognise that the challenge is broader than film platforms and is fundamentally a fight for consumer time. Many cinemas have already adopted new tools and strategies for finding, nurturing and mobilising audiences, particularly in the fields of social media and digital marketing. There are barriers to growth that essentially come down to scale. Independent cinemas – and not just the small one-screen venues – have limited budgets

for research and development. The survey suggests Europa Cinemas has a mandate from members to take a lead in innovation.

Some courses of action for Europa Cinemas stand out:

1. It becomes a hub, sharing best practice and data across the network, so that it can be used by the full diversity of members, and potentially outside the network.
2. Europa Cinemas creates a structure for the testing and sharing of innovative products, processes and practices. That may involve a system of prototyping and evaluation, possibly built around the existing labs.
3. It builds on its work, supporting localised mini-networks creating economies of scale for a variety of activities. Those localised networks may be the best means of introducing many of the innovations introduced and tested by Europa Cinemas (*See point 2*) – ensuring that ideas are adapted to local conditions.
4. It provides a strong incentive for cinemas to generate innovation and/or to introduce new the innovations developed through the Europa Cinemas system.
5. And it builds and extends its partnerships across the film value chain and in the wider creative industries to ensure that the demand created in cinemas generates maximum impact and value for European film and film-makers.

Those options require careful planning and almost certainly fresh investment. There are political issues involved that might break the valuable consensus revealed in the survey. On the other hand, if Europa Cinemas can find ways to embrace and lead the clear desire for change in the industry, it would benefit not just cinemas but European film as a whole.

AUTHORS OF THE INNOVATION SURVEY



MICHAEL GUBBINS

Michael Gubbins is co-founder of analysis and consultancy company SampoMedia and the chair of the chair of Welsh screen agency, Ffilm Cymru Wales. Gubbins is an experienced journalist and writer and the former editor of titles, including *Screen International* and *Screen Daily*, and *Music Week*. He writes influential reports on the changing media environment in Europe and is a sought-after moderator, keynote speaker and organiser of conferences, Think Tanks and events around the world. SampoMedia clients have included Film4, Canadian Media Fund, CineRegio, Europa Cinemas, Europa Distribution, Telefilm Canada, BFI, Curzon Film World, Film London, MEDIA programme, the Marche du Film at Cannes, Cinemart (Rotterdam), Welsh National Opera and the Media Business School.



TARA JUDAH

Tara Judah is an Australian critic, broadcaster and programmer based in the UK. Director at 20th Century Flicks video shop, Curator and Online Editor for Cinema Rediscovered, Co-ordinator for Bristol Scalarama and Trustee on the Board of Directors for Curzon Cinema & Arts, Tara is passionate about cinema-going, independent and repertory cinema and photochemical film. She is also a regular contributor to Monocle24's Arts Review and Cinema Show, Senses of Cinema, Desist Film, The Big Issue and a Contributing Editor at Metro magazine. Tara works freelance with Europa Cinemas, FIPRESCI, BFI FAN and has participated in a number of international film festival juries.



41 countries – 654 cities – 1,088 cinemas – 2,684 screens

Press: Charles McDonald - charles@charlesmcdonald.co.uk



INSTITUT
FRANÇAIS