



Nostradamus Report: A Creative Explosion

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The Nostradamus report is published by Göteborg Film Festival. It aims to sketch out the future of the screen industries 3–5 years from now, through interviews with industry experts and research.

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Introduction

This seventh annual Nostradamus report is, to a large degree, about exciting opportunity. The next three to five years will be a time of creativity and chaos, with many artistic highs and unprecedented amounts of money invested in scripted content. This is when the changes we have predicted over the years are becoming everyday — new release patterns normalized, the digital transformation of TV completed, content crossing cultural and linguistic borders freely, and categories like film, serial drama, and online video both increasingly overlapping and separately leaning into their own unique strengths. A competitive and rapidly shifting marketplace will be dominated by the largest media companies the world has ever seen. But the technology is also pushing power back toward the talent, and offering new ways for smaller, nimbler participants in the audiovisual space to connect with audiences.

The risks are as enormous as the opportunities. The pace of the content explosion is threatening quality, at the exact moment when audience tolerance for the mediocre, soulless, or bland is at its lowest. With the established industry already struggling to connect with younger viewers, our relevance relies on a successful diversification of talent before and behind the camera, of decision-makers, of access to investment. Progress in this area is rapid, and it is critical from a business perspective not to allow it to stall.

The threats we discussed last year remain urgent — if you missed it, that report is still available online. Public service, public arts funding and free speech are still under threat, and our house is still on fire. There is not a single decision we will make for the rest of our professional lives where climate impact should not be the first consideration. What we do matters, both in the sense of our direct impact, and of the stories we tell. It is not enough to slightly reduce harm, we must be a force for justice, survival, hope, and joy. Luckily, this is also what younger demographics are yearning for, and in the medium to long term, economic aspects align clearly with what is right.

The Nostradamus report is produced by the Nordic Film Market at Göteborg Film Festival. This year Göteborg became the first internation-

al film festival to fulfil the 50/50 by 2020 pledge: 54% of its 359 films have a female director, with 173 directed by women, 163 by men, two by nonbinary directors, and 20 by directors of different genders. Our project benefits enormously from the work of all our colleagues at the festival, from their deep understanding of the fields of film and serial drama, from the ease with which they keep this festival relevant and alive, and from their uncompromising passion for the art of filmmaking.

This year, the Nostradamus project has a new lead partner, the significant regional fund Film i Väst. We are grateful for their support, which makes our work possible, and would like in particular to thank Tomas Eskilsson, Head of Strategy, for his generous expertise and sharp insights.

As usual, we are completely indebted to the interviewed experts who have given so generously of their time, and to the many formal presentations and informal conversations we have participated in during the year, at markets in Cannes and Berlin, at industry events from Oslo to São Paulo, and at film and television festivals too many to count. Where our interviewees are directly quoted, their opinions can be attributed to them; the conclusions, as always, are our own.

Cia Edström, Head of Industry, Nordic Film Market

Johanna Koljonen, report author; CEO, Participation | Design | Agency

Reports from previous years are available as free downloads at goteborgfilmfestival.se/nostradamus

The 2020 Nostradamus report is built around interviews with the following experts:

Lars Blomgren, Executive Producer and Head of Scripted EMEA, Endemol Shine Group

Anna Croneman, Head of Drama, SVT

Leon Forde, Managing Director, Olsberg SPI

Stine Helgeland, Head of Communications, Strategic Insight, and International Relations, Norwegian Film Institute

Philip Knatchbull, CEO, Curzon

Alexandra Lebret, Managing Director, European Producers Club

Fabio Lima, Founder & CEO, Sofa Digital

Alex Mahon, CEO, Channel 4

Susanna Snell, Head of Audience Insight, YLE

Bérénice Vincent, Co-founder Collectif 50/50 and co-founder, Totem Films

In addition, we owe a huge debt of gratitude to the following:

Efe Cakarel, Founder and CEO at MUBI; Glenn O'Farrell/ CEO GroupeMédia TFO; Liselott Forsman, CEO, Nordisk Film & TV Fond; Manu Guddait, Strategic Development & Partnerships, EFM Horizon; Maria Tanjala/ Co-Founder Big Couch and Film Chain; Marike Muselaers, Co-CEO, Lumière Group; Matilda Kong, CEO and founder, Ceretai; Michiel Ruelens, CTO, Scriptbook; Peter Hiltunen, Director, Culture Academy; Petri Kempainen, Film & TV Consultant; Sten Saluveer, Founder and CEO, Storytek; Thomas Gammeltoft, Executive producer, Sweet Chili Entertainment; Wendy Mitchell, journalist.

Summary

DIVERSITY BEYOND 50/50

Five years from now, industry decision-making will be close to gender equal. On other metrics, like women and minorities in key positions, will we start to see real effects from increased awareness and the practical initiatives of the past few years. Smashing glass ceilings is easiest from above, and the rapid results we are currently seeing are largely an effect of previously stalled careers accelerating. Confronting systemic or internalised bias is harder, but will be required to address the recruitment pipeline into the industry in the long term.

AFTER THE STREAMING WARS

The streaming market will first expand and then contract. Five years from now, further consolidation will have occurred, but no single content provider will be completely dominant. Apple and Google will dominate devices on the OS level; Amazon will join them as a marketplace. The role of premium subscription services will be less prominent, as many viewers choose content bundles for convenience. Linear channels will be a subset of the wider landscape of streaming apps, now also referred to as channels, on our Smart TVs. Advertising supported streaming will be significant especially for old broadcast brands.

THE PAIN AND GLORY OF FEATURE FILM

Feature film is in the midst of a creative upsurge. In the independent and arthouse space, audiences are responding to a new style that is narratively driven, visceral, aesthetically elevated, and often political in its subtext. Blockbuster filmmaking, it too very often of exceptional quality, will continue as its own strong medium with its own communication strategies and holdbacks, even as arthouse film finds new release patterns and business models. Marketing arthouse film to young viewers will be vital for the long-term health of the cinematic arts and the theatrical marketplace as a whole.

THE IRISHMAN IN THE WINDOW

Five years from now, what we now consider alternative release patterns for feature film will be completely normalised, in particular for independent content. Bloated budgets will correct back to levels more coherent with lifetime revenues. Transactional streaming will have found its place in the chain, both as premium services close to or on the theatrical release date, and to monetise content in the long tail. Better data will have helped us to a deeper understanding of what films are the best fit for theatrical exploitation, and how.

BOOM YEAR PROBLEMS

Rampant capacity problems and the high pace of production is threatening the quality of product across the industry. This urgent problem can be rapidly addressed by sourcing skilled labour from underutilised groups, and through strategic public or private investment in production infrastructure: the total amount of video content produced in the world is expected to remain on similar levels even when the current high-end boom is over. More troublingly, changing market dynamics are placing the traditional role of the independent producer under pressure.

INSIGHT AS LEVERAGE

Funding and circulating any piece of content requires a deep understanding of what the audience cares for and how it allocates its attention. In a digital environment, this can push power back to the talent and the local production environments, assuming they have access to data and to the qualitative analysis that must guide its interpretation. As global media companies are unwilling to share viewing data even with a work's producers, everyone else must learn to pool their insight — within a project, within a market — to stay connected to the audience.

A NEW CONCEPTUAL LANDSCAPE

Five years from now, our most fundamental assumptions about audiovisual storytelling, formats, and platforms will have been challenged by exposure to VR, AR, game engines, and deep fakes. Gen Z audiences, who will then be up to 30 years old, have always viewed media as interactive and co-creative. They will not be fazed, but neither will they be automatically loyal to formats of previous generations. It will be increasingly vital to understand for each piece of content which format, platform, or medium will serve it and its audience best.

Diversity Beyond 50/50

Alex Mahon, Channel 4: *Thriving in this market is very clearly about making better decisions, and I don't think you can do that with a team of people who are all the same. We are getting to 50% of our top 100 as female. I'm also trying to move the organisation to 20% black Asian minority ethnic by 2023, and upping the social mobility across the organisation. And off the top of my head, we're already at about 11% percent on disability, and 8% on LGBT — exceeding our targets for these groups.*

But there's a lot left for us to do. It involves changing the pipeline into the organisation. It involves changing the promotion systems. It involves changing how we do searches. It involves arguing a lot with people and being very vocal about it! Because I believe it's for the greater commercial and creative good, Channel 4 is already very advanced and a kind of flag bearer for the industry. But even for us, it's not easy and can involve a lot of complexity internally.

Does audience response also support this as a business strategy?

In the last year we changed our creative team to be more of an ethnicity mix and changed our presenters on screen. Our black and Asian audiences went up to the highest percentage they've ever been at. You can't causally link those things, but you can anecdotally say that that's the action we took, and the result we had.

Alexandra Le Bret, EPC: *The challenge is not in front of the camera anymore, it's behind the camera. At the EPC we ask our producers to also interview a woman whenever they are interviewing a man. A lot of people think we are reducing their freedom to choose. I tell them, look, I'm not asking you to hire her, I'm just asking you to interview her. To give women more visibility, to allow more women to have the ambition of being, for instance, a DOP.*

Lars Blomgren, *Endemol Shine*: *I think it's in everyone's DNA now to look very carefully at balancing the package in any larger production. If the script is by a grey haired man, the director would be young and ideally a woman. Filmmaking is collective and you need a balance. This change process has really reached the establishment now, in high-end production you really can't get away with sexism... I think it's [a sign that] decision-making in the industry has become professionalized.*

In 2016 this report predicted, on the topic of gender equality and representation within the industry: “We now believe good business sense, in combination with programmes to address representation, will result in measurable change within the next 5 years.”¹ That same year, a recording would emerge of a television entertainer suggesting that for stars there are no consequences of breaking norms and laws around sexual behaviour: “When you're a star they let you do it, you can do anything... grab them by the pussy.” By our 2018 report, an industry shell-shocked by #metoo had realised that Donald Trump was not alone in this attitude.² Just four years later, industry norms have radically changed — stars and executives can no longer do whatever they like. Bill Cosby is in prison; Harvey Weinstein in court.

The #metoo moment caused particularly difficult soul-searching in film and TV, which concern themselves so much with the bodies of actors, rely so deeply on the trust in and power of directors and producers, and have such an impact on the wider world. How could criminal misbehaviour on this scale have been going on for so long? The most important answer was the consistent, systemic exclusion of women from decision-making, financial and artistic power.

If white women had endured horrific experiences to keep working in the industry, the position of women of colour and sexual and gender minorities remained even more precarious. It was obvious that the underlying problems could not be solved by just by imprisoning rapists and teaching executives and entertainers to keep their hands to themselves and their penises in their pants. Existing diversity and inclusion programmes

received a massive boost, and new collaborations, standards, and incentives were introduced.

In most of the industry, we will not have reached 50/50 by 2020, and minorities are still underrepresented. But it is also clear that all our interviewees this year engaged with these issues in their daily work, and those who are managers in big organisations could rattle off diversity percentages off the top of their heads. Working for diversity has become an obvious necessity — to create content that connects with audiences, to find the best talent, to make our workplaces safer.

Five years from now, industry decision-making will be close to gender equal. On other metrics, like women and minorities in key positions, we will start to see real effects from the active awareness and practical initiatives developed in the past few years.

Anna Croneman, *svt*: *Some of us have been engaged in this for ever! And suddenly all these people in their forties and fifties are loudly realising that there is a problem? I've become pretty tired of the debate, I believe more in doing than in talking.*

When I started at svt in 2017 we began to count, and it's visibly better now. Our weak points is female concept creators. Of episode directors and producers women are the majority, and there are more female leads.

On the feature film side we only counted last year. Without any strategy we had ended up with 51% female directors. We didn't send out a press release or anything, but it felt good to see the outcome confirmed. When it comes to ethnic diversity on series, we've taken some new initiatives: we've met with all film programmes in higher education on their recruitment challenges. And we are in continuous dialogue with the casting directors.

Addressing diversity is first easy, and then hard. There is a great number of experienced filmmakers, actors, and middle managers who have hit a glass ceiling, and the rapid results in representation we have seen in the past few years are a consequence of their careers suddenly accelerating again. Audiences have responded positively, and given the capacity problems in the industry there should be less blowback from privileged groups who might, in another economy, have felt threatened.

¹ Nostradamus 2016

² Koljonen: Do or Die?

In the longer run it is all a bit more complicated. Our internalised prejudices, and the sexism, racism, ageism, and ableism entrenched in our organisations, cannot be addressed with good will, policy documents or equality pledges alone. Changing habits and mindsets requires work, often specific training, and being confronted with other experiences or with your own privilege is not always simple. You cannot just take a class to suddenly become a diversity leadership master; we are all, and must remain, diversity learners.

Outside executive boardrooms, our workplaces, neighbourhoods, schools, and families are increasingly diverse. Stories that do not reflect this will feel fake and unrealistic to most of the audience. With 71% of global box office taken outside of North America³, the average audience member is never a white man whose first language is English.

Change is however arriving at very different paces in different geographical and socioeconomic areas. Racism, ableism, sexism, and ageism affect lives profoundly even in diverse environments. Where they are not resolved in society at large, injustices will be reflected in our workplaces, and at worst perpetuated through our art.

Alexandra Le Bret, EPC: *There is an acceptance in the industry for women in leading positions, but also a stigmatisation when you are a mother. I had my first kid working at the EPC. In France you have three months of parental leave and then you go back to work. Everyone was asking "Who is taking care of the baby?". I was just following the law, but I felt guilty, as if I should have quit my job to stay at home for six months. I always replied that the father was taking very good care of him. Ten years later I had another, and it was exactly the same. Nothing had changed.*

Leon Forde, Olsberg SPI: *Ensuring equitable access for everybody into the screen industry is really important. In terms of those who tell stories, but also people to work on productions. Given the scale of growth it is crucial to make sure that there is equal access to the opportunities being created.*

Structural inequalities cannot be ignored by the industry, as they are the root cause of our pipeline problems. The Oscars are white and male not just because of the makeup of the Academy, but because of who can afford to work as an unpaid intern; or to take the risk of a creative career at all; of who is likelier to be the target of workplace harassment; and who has a chance to just plain be heard in a pitch or a meeting.

Counting heads on screen, behind the cameras, and in leadership at our companies is great — everything starts with the numbers, and raising awareness has been proven again and again to have immediate effects. In the following steps, an intersectional analysis should be applied as actions are taken: what combinations of life experiences are blocking opportunities, and how can we compensate for or address this?

Stine Helgeland, NFI: *The Norwegian Film Institute's strategy is to reach 50/50 by 2020. 2018 was the first year we achieved an overall 50/50 split in our development and production funding across formats except games — or actually it was 51/49 in favour of women. When we count key positions — director, producer, scriptwriter — for feature film projects that received funding in 2018, women accounted for 53%, and 68% if we leave out the Market Scheme. The preliminary figures for 2019 look very good and we will keep up the gender balance. It is however important to monitor figures long term to see the overall tendency.*

What did Norway do to reach 50/50?

The White Paper on film from 2007 stated that Norwegian films should have an overall gender balance of 40/60. When the liberal right-wing government came to power in 2015, that goal was temporarily removed. The political argument was that the responsibility for reaching gender balance should be with the industry itself. We immediately saw the female share in applications to the NFI decrease. The following year the Parliament reinstated the equality goal, and we made our action plan to achieve gender balance and 50/50 by 2020. I am strongly convinced that political action is necessary in order to achieve equality.

You've had "moderate quotas" for all funds allocated by commissioning editors since 2007. What does that mean?

If two projects are evaluated to be equally strong, the one with the most

³ Jenks: 2018 THEME Report

women in key positions will be chosen. In 2017 we also started doing this for the Market Scheme, where a panel evaluates projects entirely on the basis of expected box office. Immediately, from one round to the next, the female percentage for key positions in those applications went up from 13% to 37%. The competition for the money is so tough that the industry will do whatever it takes to find the women that will keep them ahead of the game — and they really are there when you look for them.

We have been working with the industry on this on a political level over a longer period of time, and it works. The theatrical market share for domestic films, which is the only substantial figure we have, was 25% in 2018, the best ever. It proves that talent is everywhere, and that our role as a fund is to facilitate it.

Bérénice Vincent, Totem: The Collectif 50/50 worked together with the [French national cinema agency] CNC to establish a 15% bonus [on top of any subsidy received] for films where the teams are more gender balanced. That will have quite an impact, but it's only on production.

We need to address two angles together. First the numbers — we have to count every year to see whether there is progress, on women in top positions, on salaries... The other is representation, how the stories we're being told impact the future and our lives. Understanding that is complicated, because of course it's subjective. It will require real sociological and philosophical work! We'll need people who are cinephiles first, but also [grounded in] gender studies.

Just to make people start thinking about this is very important... We did a study on male critics of cinema in France and Europe. It's really depressing when you see that there are critics who genuinely think that their personal feelings about a film are purely objective.

Fabio Lima, Sofa Digital: In kids' content these days female empowerment is everywhere, as is looking to build a better society. Including on Disney, which is interesting, because the mainstream companies can really push a message! I don't see them starting any movements, but as soon as early adopters engage and show there's consumer interest, there's going to be more [of that] content.

Susanna Snell, YLE: Many young people are increasingly demanding of diversity in content. But acceptance of it is not automatic for everybody. It takes work, which is why content needs to be diverse to begin with, to help us understand every kind of human experience.

Philip Knatchbull, Curzon: I think this is the time for young women to take control — of the world, basically. Diversity is coming from the empowerment of women, and I think that's really exciting.

More than 50% of people we employ at Curzon are women. We pay the London living wage. We have a sustainability programme... And a lot of people who work for Curzon are EU nationals. So I'm worried about the UK becoming cut off from Europe. Losing the diversity that comes from everybody being able to commingle and not worry about where they're from, and where they're based — I worry about that.

Broader representation seems to make content more relevant and viable?

Lars Blomgren, Endemol Shine: And that is really positive, as there's a general problem in the world that people are profiteering off humanity's darkest nature. Man's urge for revenge is greater than his wish for reconciliation, and impulses like that can be exploited, in film and TV as well. But I also think there is also a kind of resistance to that in the industry, and a feeling internationally that this is really important.

Bérénice Vincent, Totem: We must be very careful, as the situation worldwide is not great. We've seen in history that many positive steps are followed by backlashes. When you see Brazil, the US, not to mention Eastern Europe on the issue of gender equality and LGBTQI [rights], it's honestly very fragile. I think we all have a responsibility — producers, distributors, sales agents, exhibitors. If we all work on this but the politics are not moving, it will get very tough.

Images were always a potent form of propaganda, so of course [films] can become, if they are anti-system, the enemy of the power in place... As the world falls apart, when people have less and less, and less freedom and happiness, at some point they will revolt. Maybe I'm too positive, but I also

think that you can create very powerful art in a very uncomfortable place. It is definitely not what I wish for artists! But if at some point cinema becomes the enemy, it can become a very strong and interesting enemy.

2

After the Streaming Wars

Anna Croneman, SVT: *We must sit, as the Swedish saying goes, calmly in the boat. If we can get the best talent to write exciting stories, and keep delivering high quality, then let the storm rage. When we come out the other side, we'll see what's happened.*

Lars Blomgren, Endemol Shine: *In the launch phase, HBO Max, Disney+, Apple TV+ and so on are focusing very much on content in English. At some point next year, they will start looking seriously at the rest of the world. When they start commissioning, it will affect the industry, and a few years from now we'll see the first productions in languages other than English.*

Consolidation will continue... There will be fewer bigger players everywhere. I could well imagine that the five-six global streamers we're talking about now will ultimately only be three. And public service broadcasting, that's not going to lay down and die.

Alex Mahon, Channel 4: *Five years from now, lots of small production companies will have disappeared. Some big aggregated, consolidated production companies may have shed a lot of people and merged again. Broadcasters with non-must-have content will have disappeared.*

If they're smart, broadcasters within each territory will have aggregated their interface, if not their businesses — they will have got together in order to negotiate with the platforms and the smart TV manufacturers, so that they can have a single interface and more power in the market.

Susanna Snell, YLE: *Smart TVs will kill linear. You turn on the TV, and everything is apps. A real question is what YouTube's role will be on this*

platform. Will it become like what Yle tv1 has been in broadcasting, the primary source of factual programming and serious talk shows?

Fabio Lima, Sofa Digital: *We already have a duopoly of ios and Android on our devices. All of us also need a connection to the telcos, who control the last mile. And all of them need content in order to maintain a profitable system of loyal consumers.*

If half a million people subscribe to some telco in the south of Brazil, there is no other way to go to Google than through these local guys. The [giants] are not going to fight them. I don't see this kind of market producing a [a single] dominant player — Apple, Netflix, Google — who could [dictate terms], demand, or what's going to be produced.

The so-called “streaming wars” will not be “won” like a 100-metre dash could be won. They are more of a nightmare Olympics, with athletes in very different weight classes competing for the same medals, in a single field, all at once, doing completely different sports.

The bad news is, it will be very confusing to try to get an overview of the games as they're progressing. The good news is that there will be plenty of manoeuvring space for nimble players with good endurance and a capacity to keep their eye on the ball.

What makes this all so complicated is that the main competitors all have different business models. Netflix buys subscriptions with debt. Disney invests in the multi-generational value of its portfolio of global brands. Vertically integrated telecommunications companies and film studios are racing towards the uncertain future even as the ground is collapsing behind them. Amazon uses original content to turn viewers into Prime members, because when they do, they spend 4.6 times more money shopping at Amazon.⁴ Google sells more advertising than anyone in the world, except Facebook⁵, which has retreated from original programming but is still a major source of video for a significant part of the world's population. Apple sells computers, tablets, and phones — and in a crass

⁴ Columbus: '10 Charts that will...'

⁵ Enberg: 'Global Digital Ad...'

stroke of undeniable genius, the very expensive proprietary cables required to charge them.

The real battle between Google and Apple, however, is happening on the ecosystem level. Whose operating system will run your phone, your tablet, your connected tv (ctv)?⁶ Is it Google's Android, or Apple's ios? Whose payment infrastructure will you be using for your digital services?

Fabio Lima, Sofa Digital: *Android tv's Operator Tier [for set-top boxes from tv operators like local telcos] is the most interesting move, as they decided to license the operating system to different manufacturers. The operator tier provides a back-end service to the whole operational infrastructure, as do Apple and Amazon Channels. Operators can get rid of Cisco and all these traditional operating systems.*

Media players are technically computers, and all computers need an operating system. Apple devices, like your iPhone or your Apple tv set-top box, run on Apple software. Google has taken a different path, licensing its Android system to different manufacturers. Your living room screen — whether the tv itself, or the set-top device from your operator, or a streaming device you've installed yourself — is increasingly likely to be running on Android. If it connects to the GooglePlay store, it already is. This matters, because Apple and Google get a slice of everything sold in their marketplaces. So of course does Amazon, which (with its firetv, svod, tvod and convenient Channels) is in the ctv and content marketplace game too.⁷

Your tv might also run on Roku, which is something of an independent in this battle. Or perhaps you are really watching content from your mobile

⁶ Connected TV or CTV (sometimes IPTV) is an umbrella term for TV sets that connect to the internet. This includes both Smart TVs, which come with streaming apps built in, and TVs connected to internet streaming through another device. Other devices include digital media players and set-top boxes either purchased separately (like a Google Chromecast, TiVo or Roku) or provided by your TV or internet operator (replacing the traditional cable box), as well as gaming consoles such as the PlayStation.

⁷ FireTV is a digital media player for streaming content to TV, developed by Amazon. SVOD is short for Subscription Video on Demand. TVOD is short for Transactional Video on Demand; here the content is paid for separately, for instance through online rental. Amazon Channels allows users to subscribe to SVOD services by other providers, such as HBO, through its interface. The Fire devices use the Android operating system.

device via the big screen — but your phone, again, is probably either an Apple or on Android. Everyone’s content will be on both systems, because it would be unthinkable to turn down either Apple’s 1.5 bn installed devices⁸ (including computers, iPads, and about a billion iPhones) or the 2.5 bn devices (including smartphones, smart speakers, smart displays and set-top boxes)⁹ running on Android.

Yes, all of these companies are in the content business. But not quite in the same way as Netflix or a national broadcaster is. For an Apple or an Amazon, the content spend and subscription revenue only matter as they affect the business as a whole. Where even in an integrated media company, a studio that bleeds money will probably get sold off eventually, Apple and Amazon can always see an upside in another column¹⁰.

As for Google? Well, they own YouTube. It turns out you don’t need an SVOD service full of exclusive originals when you are already running the most important AVOD¹¹ service in the world, as well as the software on which most other people’s content is running.

Susanna Snell: *Loyalty to the services will decrease. I’ve heard teenagers say “I’ve already watched Netflix” — meaning they have seen all the content that interests them, and then changed to the next service. Young people also swap, or share logins; middle-aged viewers might plan for periodically changing subscriptions. “We’ll watch it when we have HBO”.*

To summarise, the giants are slugging it out about who will control the infrastructure running our media services, with a side battle raging about who will dominate product search (Amazon or Google)¹². At the same time, Amazon expands its online shopping empire to new sectors and markets, while Disney expands its chokehold on the global box office, its presence in your children’s wardrobes and school supplies, and the value of its parks and resorts.

⁸ Dediu: ‘The Pivot’

⁹ Brandon: ‘There are now 2.5 billion..’

¹⁰ For more on this, see Koljonen: ‘Do or Die?’

¹¹ AVOD is short for Advertising Based, or Advertising Supported, Video On Demand.

¹² eMarketer: ‘Do Most Searches..’

As for the SVOD services, Disney+ is expected to do well on the strength of its catalogue. Netflix is expected to remain strong, but given its staggering debt and the revenue pressures it will be under for at least the next year, is also widely talked about as a potentially interesting acquisition, most obviously for Apple.

Apple tv+ did not impress with its original content at launch, not that it matters. In all likelihood their long-term concept is not to sell subscriptions, but to bundle the content with hardware and services. Instead, it makes sense to think of the Apple tv+ originals as branded content — basically advertising. Apple could probably not pay Oprah, Steven Spielberg or Jennifer Aniston to appear in a tv spot for iPads today, but here they are, in exclusive original programming, associated with the brand. It is worth noting that Apple, which once positioned itself as young, creative and rebellious, has chosen now to brand itself as safe, expensive, well-crafted, middle-aged. For a company that wants to provide the infrastructure of our lives, it makes sense, but one wonders if it is not risky in the long term — consumers may feel they are losing relevance.

Services like Peacock and HBO Max seem to be placing themselves not so much as premium subscriptions, but as a view into what television is rapidly becoming. They will combine OTT¹³ content with linear and live channels; offer sports, news, reality, and children’s programming; and be accessed in payment tiers that vary in advertising load and the amount of content. This will probably be the benchmark for all the broadcast brands to hit in their ongoing transformation.

The changes in technical infrastructure, and the abundance of content offers in the market, seem to suggest that we are moving towards a kind of rebundling or reaggregation — moving back from individual subscriptions to platforms. In such an environment, most consumers would instead manage their viewing through a single interface like Apple tv or Amazon

¹³ OTT, short for over-the-top, is any streaming media content offered to the viewer over the internet.

Channels, whether through bundled monthly pricing, micropayments¹⁴, or some combination thereof. From the consumer perspective, content discovery a strong motivator for rebundling: they strongly prefer universal search — across apps — in the same interface, or even better, just with their voices.

In some ways this will feel like pay tv, but the content is largely non-linear (with linear channels available OTT) and the selections à la carte, with curated channel bundles offered for convenience. Advertising financed models, which already dominate in markets like India and China, are becoming increasingly important.¹⁵ AVOD is welcomed in particular by viewers with “subscription fatigue”, and less sensitive than premium SVOD to fluctuations in household economy. How many minutes of advertising viewers will accept on a content hour is decreasing — NBCUniversal has, in an aggressive move, lowered Peacock’s ad load to five minutes even in its AVOD tier — but better targeting in online video will partly make up for the revenue loss.

Being a channel — a selection — in streaming television is easier than developing and running a proprietary service. This is where niche and curated services will flourish, and depending on how the market develops, entirely new opportunities might emerge.

Alex Mahon, Channel 4: *There is consumer desire for all the models. Younger people have a familiarity with micropayments, as in-app purchases, which is not there in an older generation.*

Fabio Lima: *The whole industry is moving to channels. Channels are essentially apps; you subscribe to an app with 300–500 hours [of nonlinear content] on Apple Channels or Amazon Channels, or on Android tv. You will have the [linear broadcasts] running as OTT channels as well, which is already happening in the us.*

Every local operator — three, five, ten in each country — will provide

¹⁴ Micropayments is a term for small payments, from about ten dollars down to fractions of cents, typically made online. In-app purchases in games are often micropayments.

¹⁵ Westcott et al: ‘Digital Media Trends’

their own [service, usually running on] Android tv, either in a set-top box or with the operator app directly on the tv. They can offer you a [premium service] bundle with your connection. You don’t necessarily need a bundle at all; the channel model is an add-on model. The viewer can start and cancel subscriptions at any time.

[To run a streaming service in this environment] you don’t have to have a billing system or a consumer service operation. You don’t need to have a CDN.¹⁶ You have none of those back-end issues that Netflix today still are managing themselves, which is why they need to be so huge as a company. We will see a splitting into core media companies and tech companies. Apple’s ios and Google’s Android will be dominant, because they will be able to bundle lots of [infrastructure for operators and services for the consumers], including payment methods.

Moving on past linear is a challenging transformation for all players in the market, big and small. In the next few years, as rights, revenue streams and customer relationships are rapidly shifting, cascading effects on the systems of “television” (whatever we end up calling it) will be difficult to foresee.

Broadcasters are in an interesting position. Name recognition might get the consumer to include you in their package, but getting them to actually watch requires the pull of specific content titles. This could prove to be a challenge for any cable brands or national broadcasters that are known and liked, but where viewers would struggle to name a show. Hits will be vital, also because the consumer threshold for engaging deeply with content is high, and programmes that work will probably stay around longer.

In Europe, ageing populations are likely to stay loyal to linear for some time (although profit margins will be affected as they are less attractive to advertisers). Many broadcasters already programme for their online players first, using linear as a marketing window for their content. Cleverly employed, this reach can give them a leg up compared to a digital only brand like Netflix when it comes to bringing their viewers into streaming.

¹⁶ A CDN or content delivery network consists of servers placed physically closer to consumers to make the streaming of specific content faster.

Susanna Snell, YLE: *Our VOD service Arena turned ten in 2017. We were in the game early enough to gain a good position with the audience. But the competition was also relatively tame ten years ago. Now quality is everywhere, and the competitors own so much of their own IP. Getting good streaming rights is increasingly hard, unless you're involved in the production.*

MIPCOM this year felt like an VOD outlet market, selling broadcast rights for shows from VOD services. Of course — Netflix doesn't have a linear window, and can benefit from teasers in broadcast for its complete catalog online. It was also clear that it varies how far along different markets are in the streaming "revolution". In Italy, they are still starting new broadcast channels for children!

What we see studying small children is that Smart TVs are rapidly replacing tablets. I had assumed that the touchscreen would be their most natural interface, and that kids would never go back to using remotes. That turned out to be wrong. Smart TV apps are intuitive enough to use without help by the age of five. And smaller kids are motivated to learn to use the remote. School kids and especially the current teenagers belong so deeply to the smartphone generation that it's taking them a little longer to return to that living room screen. [But] the availability of YouTube and Netflix does make TV more interesting.

Alex Mahon, Channel 4: *You can't afford to transition away from your traditional linear revenue yet. For the youngest end of our audience, 16-34, their video day in the UK is about five hours, [at] about 50/50 live television and non-television. That other half being streamed TV, streamed SVOD, YouTube, Facebook, etc.*

If you look at hours spent specifically with Channel 4 for all viewers, 90% of the time is live, 10% is streamed. For our young audience it's about 75/25. I like to think by 2022 the time they spend with us will be split 50/50, like the time they spend on video everywhere [else].

The preferred mode, and the biggest growth mode, is to watch on a big screen, i.e. on a traditional television set with the source being from a smarter device. Often people are acting like everybody's watching everything on phones, which they're not.

To scale digital distribution, production budgets, and advertising reach, European broadcasting brands are creating collaborations that would have been unheard of ten years ago. Streaming ventures include Britbox (with content from BBC, ITV, Channel 4, and Channel 5), Joyn (ProSieben, Sat1, and Discovery), Lovestv (RTVE, Artesmedia, and Mediaset), and Salto (France Télévision, M6, and TF1). On the production side, collaborations like The Alliance (France Télévision, RAI, and ZDF) and Nordic 12 (DR, NRK, SVT, RÚV, and YLE) are looking to enable high-end projects. Several European projects around video advertising are also underway, to offer international or pan-European advertising marketplaces¹⁷.

Deeper collaborations take a long time to build, as rights, technological systems, and policies differ enormously between countries, sometimes even between broadcasters within countries. Co-productions are the easiest way to begin — and it should be noted the broadcasters are also creating big budget content in collaboration with the global streaming brands. Five years from now, we will know how that experiment panned out.

Fabio Lima: *All [the services] will need a supply chain provider dedicated to curating, preparing, selling, and marketing content. A distributor with the same scalability that the platforms themselves have. We are pursuing that. In the future we might have more competition in aggregation¹⁸, but there is plenty of space in the market — this is a collaborative business anyway. It is impossible for any single company, even with a lot of money, to do the best curation of everything being produced or developed right now. Impossible.*

Alex Mahon, Channel 4: *Many countries will have a set of 15-year-olds who have in no way been trained to believe in the value of public service [media], and will not have a prioritized position for those brands in their*

¹⁷ Bulkeley: 'Old rivals'

¹⁸ VOD aggregators are similar to distributors, but in the digital space. Their purpose is to act as an interface between VOD platforms and rights-holders (operationally, editorially, technically, financially), since the platforms cannot maintain direct relationships with all smaller producers the way they do with major studios.

approach to content. The only way they will be exposed to those brands in a positive hierarchical position will be if legislation changes on prominence for public service broadcasting so that we have an important spot on Google, Amazon, et cetera. I think you've got to say that on your first screen of content — on mobile devices, Fire sticks, Smart TVs — the public service players will be there. That's effectively what [UK] EPG legislation was in the 90s.¹⁹

¹⁹ EPG legislation ensured the prominence of public service channels in electronic programme guides.

3

The Pain and Glory of Feature Film

Philip Knatchbull, Curzon: *Parasite just hit the zeitgeist — I had lunch with Bong Joon Ho last week, and we were talking about this and films not in the English language. Last year Pawel Pawlikowski got Oscar nominated for best director, best screenplay, and best international film for Cold War. For a Polish black and white film to get nominations in the main categories, I thought was astonishing. There is something going on with the younger generation. You're into Star Wars, you're into Céline Sciamma. It's not mutually exclusive. It's film. I think there's been a snobbism around how people perceive film, and that's being broken down by the millennials and the 40-year-olds. Now Parasite, with its six Oscar nominations in the main categories, exemplifies that.*

I think the history of auteurs in France and Europe shows that there is an audience for these films. We've struggled to find it recently in the UK, and they've struggled to find it in the US. But I think there's a change going on, and it's exciting.

Bérénice Vincent, Totem: *There is a widening gap between the huge, commercial products, and the very distinctive films, which I would call elevated arthouse films; Parasite is a good example. They are distinctive because of the mix of personal and political emotions they bring. They are visual, with a strong mise-en-scene, made by an auteur, with a very strong narrative... When I was a young adult I loved to be bored during films, I didn't care, it was part of the pleasure. That has really changed in society — the young generation cannot [handle] boredom. So from a commercial point of view, the [rhythm] of the narrative is very, very important.*

The audience of the cinema is mostly female and older, and young people are going less and less. But it also depends — Les Misérables is definitely

not for an old audience, and it was huge, [almost two] million admissions in France.

Alexandra Le Bret, EPC: *When you are in Locarno, for instance, and see 700 people watching an unknown Indonesian film, you ask why we are not able to gather such an audience for our films? I think we need to clarify our relationships with the exhibitors and renew how we release films in cinemas.*

Five years from now, the industry will be in the midst of a renaissance of cinema culture. Arthouse and mid-sized features will be pushing back against blockbuster dominance in terms of attention, if not financially — event titles will be released so differently that comparing box office numbers between films in different categories, with different holdbacks,²⁰ might become meaningless. Naturally, every kind of filmmaking will benefit from the audiences falling in love with movies again.

With the creatively outstanding 2019 following on a few excellent film years, we feel confident in the observation that this is not a fluke: a new wave of filmmakers is creating a sense of excitement about feature film unheard of since the 1990s. Arthouse films that break through at the box office are surprising, relevant, narratively complex, and often viscerally immersive — not in the IMAX, 4DX sense²¹, but in their storytelling and cinematography, their raw appeal to our animal selves. Films like *The Favorite*, *The Lighthouse*, *Parasite*, or *Uncut Gems*, leave audiences literally out of breath. We exit the theatres elated, clutching our collars, in need of a stiff drink to becalm our rattled expectations.

The freshest filmmakers are not always young. Some of them, like Bong Joon Ho or Jordan Peele, have built up audiences in other genres, on other platforms, or in a local market before graduating to crossover/arthouse hits. If a new revolution of cinema, a "next generation" of filmmakers, tends

²⁰ The period of time a title is quarantined from moving on to next release window (typically to another platform).

²¹ 4DX is a film format augmented with practical effects in the screening room, such as simulated snow and scents.

to emerge every two decades or so, we have been overdue: after the financial crashes in 2001 and 2008, it was clearly difficult for new voices to find a foothold between the Tarantinos and von Triers of the previous decade. It has been apparent for some time that the creative explosion instead largely occurred in serial storytelling in TV, which also offered more opportunities for women and diverse talent, and indeed delivered a revolution.

Similarly the horror film space, with its entrenched DIY tradition and international market opportunities for low budget productions, quietly continued producing auteurs. An increased mobility across industry silos, and for content and talent across borders, has finally brought us to this moment. And as that is where they are from, many of the most exciting new directors move fluidly between features and series, arthouse and blockbuster, traditional and streaming.

Philip Knatchbull, Curzon: *In a funny kind of way, Martin Scorsese did the same thing for The Irishman. He could not get the backing or freedom that he wanted to from the studios. So he told them, "You don't want to finance my film. Okay. I'm going to go over to talk to the streaming platforms." And they gave him the complete backing and flexibility to make his film.*

I think there's more freedom today to do the work that you want to do without too much interference. Before, audiences were fed things in a certain way, with self-imposed censorship by the producer based on what they believed people wanted to watch. The quality of some films and TV series has gone up, because the filmmakers have been given the freedom to fully realize their potential, without the interference of executives.

Bérénice Vincent, Totem: *The audience is definitely less stupid than many people think. It wants to be nurtured with new voices, that's what people are waiting for. We experienced it with And Then We Danced, the film by Levan Akin. His name was still unknown by the international industry, and the film just worked, people were really moved by it — personally, politically and aesthetically. Or something like Grave [Raw], by Julia Ducournau: no-one knew her either and the film was a big success.*

The financial recessions of the last 20 years, coinciding with the decline in the home entertainment market, especially affected the risky midsize film.²² As studios almost stopped financing them, as the middlebrow independent film was increasingly pushed out of theatres,²³ and as festival winners struggled to find audiences, strong talent became unusually available to the commercial marketplace. Disney in particular got proactive in scooping up independent filmmakers and TV directors, cushioning them with expertise, and putting them in charge of astronomical budgets. Ryan Coogler, off *Fruitvale Station* and *Creed*, was trusted with *Black Panther*, when it is not at all certain that he would have been able to raise a significant budget in the independent marketplace. Over at Warner, Patti Jenkins was handed *Wonder Woman* 14 years after her previous feature, a break that was only partly voluntary.

You may scoff and say the studios can afford to take risks, but of course they can't — which is one of the reasons middlebrow cinema has been in such dire straits. Certainly no one gambles with blockbuster budgets of hundreds of millions of dollars to tick a progressive scorecard (or, as has been suggested, to save a little on the director's fee). Recruiting independent filmmakers was an investment in the relevance and artistic quality of blockbuster films, because the studios saw that audiences would respond to it.

After the initial shock of their existence, streaming services seem to have contributed to the feature film landscape in three enormously significant ways. They have provided individual auteurs with hands-off funding, often with excellent artistic results. They are training audiences in enjoying narratively complex, often original IP, as well as in reading subtitles²⁴. And they are pioneering non-traditional releases, indirectly providing the industry with test cases for a direction the business is inevitably heading in.

²² Follows: 'How has the cost...'

²³ Barnes: 'In Blockbuster Era...'

²⁴ Netflix is often credited with the subtitles breakthrough because of its strategy of promoting international drama, but big parts of the audience probably reads the most subtitles in its Facebook feeds — in social videos designed for noisy environments or muted devices.

Susanna Snell, YLE: *The audiovisual literacy in audiences is profound. Anything we test in focus groups, the tiniest inconsistencies they'll catch. And the way everyone — all kinds of people, including young audiences — are able to analyse what they see... Some young men can lose track of emotional storytelling, and not understand why "nothing is happening". It can take a little longer for boys to develop that skill, and until they do they need more action and the support of a stronger narrative. While girls in their late teens can analyse nuanced emotion almost academically.*

Leon Forde, Olsberg SPI: *People around the world seem to be a lot more receptive to international drama and localised stories from other parts of the world, and that's a really important trend. Going forward it will be really interesting to see how that plays out, including theatrically.*

There is clearly an audience for relevant cinema of the highest quality. Across genres and budgets, films are being made for that demand. Then how can the position of feature film also be threatened and challenged?

Stine Helgeland, NFI: *My children are 12 and 14 and, they almost never watch films anymore. It's too big for them, they're like, "Oh no, it's too demanding." They like to go to the cinema with us, but it's quite difficult now for my 14-year-old daughter to decide to go with friends. Agreeing on which film to see is a real commitment, and in a way a social gamble for the one pushing a specific film. It's much easier to be watching Friends for the eighth time while she's on Snapchat.*

Philip Knatchbull, Curzon: *I do think cinema going, as a pastime, is becoming for older people. And if you look at trends in the last 20 years, the number of successful films marketed at an older audience has rocketed. The profile from the data that we get is that older people just have more time and more money.*

I do believe that as the current younger generation get older, their habits will change. Just look how popular art galleries are, and museums. There's no reason why cinema shouldn't become something for a younger generation as they get older.

Lars Blomgren, Endemol Shine: *There certainly is a middle aged cultural audience that used to go to the movies a lot, but what are they supposed to see? There was a time when a success in Cannes used to mean your film would break even. That is not true anymore.*

The continuing polarisation of the theatrical marketplace²⁵ seems to be splitting exhibition into two on the face of it rather different value propositions: easily eventised blockbusters in high tech multiplexes, and more challenging fare in charming, social event spaces.

This division is probably at the heart of the rather conflicting views on the status of theatrical exhibition prevalent in the industry today. Cinema-going is dominated by teenagers, but also becoming a niche pastime for the educated middle aged middle class. Box office is record-breaking globally, with positive trends for local market shares in many countries, but theatrical is also widely believed to be in a long term decline, with local content struggling against home entertainment and US dominance. Most films lose money in the theatrical window, but releasing in any other way is also not financially viable. There are more theatrical screens than ever, but the blockbuster dominance (combined with event cinema and re-released classics) is also crowding out mid-sized, smaller and local premieres.

All of these seemingly contradictory claims do appear to be correct, and where they are in conflict, it is because the term “theatrical exhibition” describes more than one type of business. When IMAX CEO Richard Gelfond repeatedly stated in a 2019 interview that he is not in the movie business but the “blockbuster business”, he was unintentionally also describing the trajectory of the multiplex hegemony. Almost apologetically, Gelfond also observed that he does not need to have a formal position on windowing, as his theatres around the world will only screen a title for a few short weeks anyway.

There is no space in that kind of exhibition for slow mechanisms like surprises, falling in love, or word of mouth. Blockbuster exhibition is all about telling audiences in advance, through enormous marketing cam-

²⁵ Koljonen: 'Nostradamus 2017'

paigns, which movie to see which weekend. Arthouse cinema is about being surprised, moved, or challenged; about discovering something new for oneself, or experiencing something special at the recommendation of a friend. The kind of communication that involves is quite different from promising guaranteed thrills in a blockbuster IP. It is also less obvious that the cinema would always be a necessary environment to experience it in.

Philip Knatchbull, Curzon: *The plethora of high quality content on OTT services has had an effect on the box office. I've seen in the last year or two that on films that might have done, for argument's sake, £300-500k box office in the UK, we're now doing £150 to 250k.*

I do think there is a group of people who only go to the cinema because when a film is first released that's the only place they can see a certain type of film. Whereas, if that film is more readily available earlier on streaming platforms, some people won't go. I would say that in five years, as the time between a film in the cinema and being available elsewhere shrinks, there will be 20% less global cinema admissions.

Young people have not abandoned the cinema; in North America, the 12–17 and 18–24 year olds' per capita attendance in 2018 was 5.1 visits a year — the highest of all age groups.²⁶ Young adults are also not stupid; they watch many of the same highbrow TV dramas that exhibition executives do. Yet no one markets intelligent movies to Generation Z. (Except, it turns out, in China, where Cannes Jury Prize winner *Capernaum* therefore reached #2 at the box office right behind *Avengers: Endgame*).²⁷

Traditional culture audiences, the generations that learned to be cineasts in their teens in the 90s or earlier, are left to support foreign or arthouse cinema. Not because young people would not care to see *Parasite* or *The Favorite*, but because they do not know these films exist until they show up on a streaming service. As long as blockbusters work, at significantly lower risk, big exhibitors are also not particularly motivated to tell them.

²⁶ Julia Jenks et al: '2018 THEME Report'

²⁷ Kohn: 'While Arthouse Films Struggle'

Lars Blomgren, Endemol Shine: *As a [European] producer you have a customer, the exhibitors, that doesn't need us. It's all the same to them whether you're watching us or Swedish film in their seats.*

One of the few mid-budget films to even get made in Hollywood last year, let alone score big, was Rian Johnson's *Knives Out*, a talky mystery in the Agatha Christie vein. Marketed on his *Star Wars* and *Looper* chops, it did well in all kinds of theatres, benefiting enormously from cast members like (blockbuster stars) Daniel Craig and Chris Evans, (nostalgic action heroine) Jamie Lee Curtis and (indie darling) Toni Collette. Positioned as an entertaining night out for grownups of all generations who just enjoy cinema, it reminds us that this too is sometimes a viable segment.

Ultimately both kinds of movie theatres, and both kinds of films, succeed through the exact same offer: the physical **event** of the screening, narrative and/or aesthetic **complexity**, excellent **craftsmanship**, contemporary and local **relevance**, and a sense of **community or belonging**, which can be provided by a familiar IP, through the creation of a pop or sub cultural moment, or in the venue itself.

This historical moment challenges a lot of truisms, about what is "uniquely cinematic", about formats, about windows. One thing is certain: no one keeps going to the cinema out of a sense of duty to an artform. And no one will keep watching films that do not speak to them, regardless of platform. Looking deeply at how audiences choose between going out or staying in for a title, what they respond to in films and when, not to mention who they are, will offer critical guidance going forward. It would behoove the exhibitors, big and small, to look deeply at their numbers, and share what they have learned with the wider industry. Only then can everyone benefit from the changes to the window system that have begun.

Philip Knatchbull, Curzon: *As windows change, and release patterns change, the cinemas will become more a marketing platform for a film's life span, which would cascade down through different streaming platforms and other sales channels over many years. But it would still start, predominantly, with an event led marketing campaign with the talent, and with partners that can accelerate the content. Just like marketing campaigns,*

releases are going to be much more bespoke. And people will have more choice where to see a new film.

For the new filmmakers, if you make a film for the cinema, it's incredibly hard to get a traditional distributor to come on board and release it for you. It's too risky. But I think if you go through a streaming platform, and make a film that works, there's no reason that your work can't come up into the theatres once it proves it has an audience.

Anna Croneman, SVT: *We've always made too many movies. [To earn] a theatrical release today, a film needs to have a "unique selling point". If it doesn't, a lot of people will still be happy to see it on tv.*

4

The Irishman in the Window

Philip Knatchbull, Curzon: I think we reached a tipping point with *The Irishman*. Clearly it was a huge battle between the big cinema operators and Netflix; the big cinema owners agreed to shrink the 16 week exclusive cinema window that exists in the UK, 14 weeks in the States, to nine weeks. Netflix said three weeks. And each side walked away.

As a cinema operator we've worked very closely with Netflix for the last six years, and this year we've released something like 12 of their movies in our cinemas, some really good ones. *The Irishman* is the second biggest film for us this year, behind *The Joker*. It was on Netflix within three weeks of its release, and I know in its first week it did 13 million streams. Our cinemas did not see any change in the admission structure once it was on Netflix, so we're still playing it. And the dropoff is exactly in line with a traditional release.

I've been saying for years that we should not be concerned about Curzon's distributed films being on our VOD platform simultaneously with our cinemas. It doesn't cannibalise business, it creates new admissions, particularly for the more arthouse and independent film, which struggle to have marketing budgets.

Alex Mahon, Channel 4: We are a big investor in film, alongside the BFI. We've recently put film onto our AVOD service and seen that very positively received, which we'd never done before — a VOD catch up behaviour in films.

Anna Croneman, SVT: We'll see a lot more film produced directly for the platforms. Netflix is starting to invest in films — for young viewers — in Sweden. And that's of course because they know that there is a need for films on the small screen. Which we know with Swedish films too, it's just that we've had to wait 18-24 months to show them.

Alexandra Le Bret, EPC: We operate in an unusual economy where the price of the ticket doesn't reflect the cost of the project. The audience can see a film that cost €100k at the same price as a film that cost €100M. And the only way to recoup your investment is to change the size of the audience, through marketing campaigns — without touching the price. The length of the run of a film in a cinema is decreasing, putting more pressure on the advertising and promotional campaign for the release of the film. More money needs to be spent to get a higher audience for a shorter time period, which makes the profitability of the film more difficult. What about varying the ticket price with the price for American films at one level, and the price for other films at another level to encourage audiences to choose those films? What about liberating the ticket price of the film per film, and not per theatre?

The Nostradamus project has covered the imminent changes to the feature film holdback system since the first of our annual report in 2014, when we optimistically predicted significant changes within 3-5 years. In 2015 we could observe enough unconventional releases to confidently state that a tipping point had been now reached.

This was not exactly wrong, but in retrospect certainly underestimated the resistance of the exhibitors and traditional distribution. Even so, looking around at the cusp of 2020, we can also observe that alternative release patterns have gradually become normalised enough for the industry to now have a relatively clear idea of what the future of the window system is likely to look like.

Alexandra Le Bret, EPC: Cinema distributors are suffering because they are trying to protect their position rather than experimenting and innovating more. Should we really be releasing films with advertising in the metro and trailers in theatres? Don't we have new means of digitally targeted advertising that we can use? And should the distributor be doing the marketing — at the end of the process? I think the producer should be doing it at least in their home market, because they know their own work and how to promote it. In many countries, like Spain, the marketing campaign is paid by the producer.

The cinema release campaign of a film is starting earlier and earlier, to

build audiences of course, but also to protect the content. We are seeing that making related content available online limits piracy.

In broad terms, films will premiere either in a transactional or subscription window. The transaction will be more common and can involve a ticket to a movie theatre, or a premium digital download, or both, and often simultaneously. The transactional window or windows will vary in length from a week to each market's current maximum holdback.

The subscription premiere would usually be on a service like Netflix. In rare cases we could also imagine for instance a public broadcaster (to which citizens subscribe through their taxes) funding its way to a linear TV premiere, probably with a very short catch up, to create event buzz around a title. If this window follows a transactional window, it is not technically a premiere; they can also be simultaneous.

Sometimes there is no directly transactional window at all, for instance if a streaming service has all right in perpetuity and decides against a release in theatres, TVOD or on physical media. A great deal of content could still be expected to be monetised later in an AVOD window (which is a kind of indirect transaction).

Anna Croneman, SVT: *The smaller producers are not always in a good position to negotiate with the distributors. They'll tell us, "It's with this distributor, so it'll go to that platform." OK, and what are you being paid for that window? The producers rarely get a picture of what each window is worth, as it's often bundled into the MG. We often say, go back and ask! There has to be an understanding of where the revenues come from — and if there are no revenues, why not move on [to the next window] in the money chain?*

We sometimes manage to negotiate a short license after six months, and then we can step back. We don't necessarily have to be exclusive. We've been open to experiments, but it's too early to speak about results. Where we a couple of years ago would have invested perhaps 1.5 MSEK in a Swedish film we have now doubled that. If you're earlier in the chain, you should obviously pay more.

Fabio Lima, Sofa Digital: *The market is strange and strategy can change, but day-and-date releases will be totally universal, at least with independent content. If you look to South Korea, what is happening now is super premium VOD four weeks out of the theatre. And the studios are crazy about it.*

Disney and Sony embraced South Korea's Super Premium TVOD window in 2013, with other studios following suit in 2014. Super Premium allows consumers to see films in the home four weeks after the premiere, where the window had previously been 12–16 weeks. According to Futuresource Consulting, Super Premium has created a home video renaissance in the market and diminished piracy; evidence for whether the window hurts exhibition is — like almost all similar studies in any markets have been to date — inconclusive.²⁸

In China, the Smart Cinema mobile service, headed up by former Wanda exec Jack Gao, allows users to pay the price of a movie ticket for a single stream of a film to a single device. It can be paused, but not rewound or projected to a larger screen, and a VR mode allows you to watch a film together with the avatars of up to three friends. Ticket sales will be counted towards box office totals. As reported in *Variety*, the service sold a million tickets in less than a year. While it is focused currently on the Chinese market, pilots have run in Spain and Italy²⁹, and testing took place in the US in the fall of 2019.³⁰

Fabio Lima, Sofa Digital: *I don't think this specific thing is going to happen, but imagine a premiere in Cannes, a big win — and a week later a global premium TVOD release. Things like that will be possible. It depends on the marketing strategies.*

Wouldn't cinema traditionalists lose their minds?

Well, three years from now all the TV screens of people who pay for content will be 4K, HDR, Dolby Vision... None of the arthouse theatres will have a 4K projector.

²⁸ Gruenwedel: 'Shortened Windows Drive...'

²⁹ David: 'Jack Gao's Smart Cinema...'

³⁰ Tiyansan: 'New App Brings...'

If you go to Apple TV right now it's all mixed: Channels, Apple TV+ and TVOD. But TVOD demands some scale, so it might become different in different markets. Brazil, Mexico, US, Russia, Australia, and maybe UK and Germany, will still have a strong TVOD window protected before SVOD, even if they don't grow a lot. That will monetize premium and new releases, and it will monetize library. TVOD also has some margins to start to lower the prices. I think prices will be going down and consumers will [be more comfortable with] micropayments.

Film premieres will not always be theatrical, and if they are, the hold-backs and subsequent windows will be decided on a case-by-case basis. A tentative release pattern will be dictated by how the funding was cobbled together, although it will also become more common to lock down the final release and audience strategies only upon seeing the completed work. A Christmas 2019 Melissa McCarthy comedy that got bumped by Warner — at the filmmakers' request — to the launch slate of HBO Max this May is a recent studio example.³¹ Jason Blum of Blumhouse Pictures, king of the “Micro-Budget Blockbuster”, has worked with that kind of flexibility for years.³²

Lars Blomgren, Endemol Shine: *Comedy as a genre is really suffering in theatres, it's a good fit for watching at home on a streaming service. Thrillers as well. When did you last watch a crime thing in the cinema? That's a genre optimised for bingeing.*

Alexandra Le Bret, EPC: *All films can't be released in the same way. I'm always using the example of this Spanish thriller. I had a choice between a deal with a distributor, not a very good deal, or a deal with another distributor who wanted to try a multiplatform release in France. I went with the multiplatform distributor and the digital release was super successful. I earned money for the first time, deriving revenue streams from the distributors. This shows the importance of having and retaining rights.*

³¹ Fleming: 'Melissa McCarthy & Director...'

³² Fleming: 'How Jason Blum Honed...'

The goal of individual release strategies for completed product is, as always, to minimise financial risk while maximising positive word of mouth, which is still the strongest prediction of a film's lifetime performance.

Alex Mahon, Channel 4: *You can absolutely release a film only on VOD and make it a hit. I think the oxygen of marketing and "word of mouth" can drive audiences just as much as whether it's in the cinema. If you take hit youth skewing comedies like our comedy, The End of the Fucking World, or Sex Education on Netflix, they are both on sleeper hit pattern driven by excellent marketing and high quality product. I don't see why that wouldn't work for film.*

How would financing need to change for films without theatrical?

Berenice Vincent, Totem: *It probably starts at the very beginning, with the cost of production. There is a real issue with some of the budgets I'm reading. Like having a €500k music budget for a film that doesn't need it. A French producer asking automatically for a €100k in sales MG for a film that does not have strong international potential makes absolutely no sense. Many producers fantasise about exports when the reality is that 60% of French films are being distributed in only two countries, including Switzerland and the Benelux.*

But France is really spoiled [compared to] other territories. In Scandinavia, not only is there modernity on the question of gender, but for the films were targeting, the budgets and the amounts they are asking for are coherent. It all feels more current.

Philip Knatchbull, Curzon: *What people are willing to pay to watch content is not commensurate with the cost of producing that content. Netflix spent, I think, 15 billion dollars this year on content. There's no way it can ever, ever recoup that amount of money. But their business model is to build subscribers. On the other end of the spectrum, if tiny, independent companies are only able to charge £1.99 for a stream of a film that they've acquired, how on earth can you make money on that? You're going to see a lot of production money disappearing quite soon, because the cost of making the movie is too high compared to the reality of the revenue stream.*

Stine Helgeland, NFI: *All our funding is platform neutral since 2017, except for the automatic bonus you get based on cinema admissions. In theory and on paper all projects where the audience individually pay to view could qualify and be transparently accounted for. It could be TVOD. In reality we have not received or granted money to alternative distribution; it seems that the model which pays off for the producers and distributors is not there yet.*

As producers of big, international IP (like Disney) are entering the marketplace with their own direct to consumer services (like Disney+ and Hulu), and as the broadcasters — significant feature film investors in Europe — are becoming streaming brands as well, it is no longer obvious what the windows following the premiere will look like.

A separate but connected question is the monetisation of films “in the long tail” — movies that are more than a few years old. Platform services will not necessarily maintain deep libraries, opening a market for TVOD, niche subscriptions, and AVOD film streaming instead. Exclusivity between windows and services is likely to be less absolute. Big data will have provided the industry with better insight into consumer behaviours and expectations in different contexts, making it easier to calculate which platforms and windows complement each other and which of them are in competition.

While our experts almost uniformly view these developments as more or less inevitable, it is worth noting that US studios, the major exhibitors of the world, and certain policymakers still have a great deal to say about how fast it all will come about.

Those who are acting to protect profits will come around when the data tells them to. Where the conflict is ideological, connected to protecting a traditional understanding of cinematic art, the pace of change will probably depend on how much impact Gen X and millennial talent has on decision making.

Berenice Vincent, Totem: *I watched tons of films on TV when I was a teenager. At some point we have to be realistic about the number of films produced and distributed, and the number suitable for theatrical exploitation.*

I am very attached to the idea of going to the cinema, and that experience, but I think that we need to look at the evolution of the audience, in particular the younger generation. My love of cinema was born in part because of TV channels like Ciné Cinéma. So why couldn't VOD create a love of cinema in today's teens?

Philip Knatchbull, Curzon: *I think today we're the only company in the world that is actually acquiring and releasing films day-and-date under the same brand — films that we distribute in our own cinemas and on our own VOD platform the day of the release. And we've been doing it for seven years. The fights that I had for so long are slowly dissipating as people realize that the whole concept of windows is damaging to the industry in the long term.*

Obviously, you believe in TVOD close to the cinema window. Do you believe in it for the long tail as well?

I think SVOD will eventually disappear. I know that's quite a bullish statement. But I see a world where it all becomes like an à la carte menu: you choose what you want to see, and just acquire it for that viewing. No borders, or subscriptions. Having said that, I'm a huge believer in memberships. We run a cinema membership scheme; you can pay from 40 pounds a year, if you're a student, to a thousand pounds a year, if you want all singing, all dancing, two tickets to every opera, to every film, to every event, to every preview. In the future that membership will buy you tokens that you can apply in any way you want, on the VOD platform, in the cinema, or talent events.

We've got about nine cinemas still to build and open in the UK. I don't want to have a thousand screens; I want a hundred. I think that is the perfect shop window for what I've tried to do with content distribution.

To return for a moment to Curzon's experience with *The Irishman*, what does it tell us? It certainly demonstrates that a genuinely cinematic or “theatrical” film can be supported by a day-and-date release. And like with every film, its individual qualities probably affected the outcome.

The budget, the cultural interest created by Scorsese, De Niro and Pacino working together, and the potential “last hurrah” quality their

collective ages automatically evoke, and the surprising twist of Scorsese working with Netflix, made the title automatically interesting. We can assume the core audience of the film is slightly older, supporting a theatrical strategy, while the film's demanding running time would seem to speak against it. On the other hand, this was probably more than compensated for by the number of peripherally interested people — viewers who would never have seen it in the cinema — taking a look online and discussing the film in social media, participating in its PR even when (as often happened) they didn't particularly like it.

Alex Mahon suggests the success of *The Irishman* can help us ask better questions about what people will always go to the theatre to see.

Alex Mahon, Channel 4: *Of course these numbers and metrics are not always entirely comparable. Netflix are counting a watch as two minutes viewed. With box office you've got to assume that most people sit through the entire film.*

It's a cinematic experience, by a director who has worked his entire life in that medium; a massive film, \$140 million budget, iconic Scorsese. A huge amount of film fans want to see what could probably be his last significant movie, and they want to see it in the cinema. [And besides], not everyone has Netflix.

I guess not unlike what drove me to see the latest Star Wars in theatres instead of waiting for streaming?

Yeah. I'm basically lazy; if I can watch something at home I will. But Star Wars: Rise of Skywalker I went to see in the cinema. It's finishing a 42-year journey, right? For a lot of people who are following the arc of Scorsese's career, that's how they've watched his movies. They can't countenance just watching it on a small screen.

In its way, Scorsese's *The Irishman* is the independent film equivalent of the culmination of a blockbuster IP. It is worth considering whether filmmakers with distinctive voices, visual styles, themes, or settings do not in fact engage the same dynamics of familiarity and exploration as the much-maligned blockbusters sequels do.

We return to a Quentin Tarantino or Wes Anderson to spend time in

their worlds, even when the films are not narratively connected. Scorsese's audience treks to the cinema, because to them that is where his work belongs. Even younger viewers, who came to his work through DVD:s and late-night TV, may be attracted by the ritual — a final chance to participate publicly and communally in the story of this career.

The complex question of what films audiences choose to see in theatres, and why, is connected directly to the points where the commercial and creative aspects of this industry overlap: what is bankable, what is relevant, and how audiences like to be challenged. In a world saturated with stories but short on time, an evening out is a big commitment. The dominance of blockbuster exhibition has demonstrated that audiences will reliably show up for the sure thing. The arthouse film renaissance we are at the cusp of can be leveraged to remind them how satisfying it can be to take a chance on something contained, deep, and complete.

Susanna Snell, YLE: *What we are competing for is the willingness and ability of the audience to invest time into a fiction. They want enough of a return on that investment, an experience that's deep and rewarding enough, so that they don't immediately have to try to find something new. Feature film will struggle hard to get people to select and enter something for just two hours... unless it's something like the Marvel Cinematic Universe that continues for far longer.*

We're seeing that film is doing better on tv again, even when they're reruns of reruns of reruns. Certainly re-watching something is another way of lowering that threshold of investment. "οκ, I'll watch this, I know what it is, and I know it fits my mood".

Boom Year Problems

Lars Blomgren, Endemol Shine: *When all streamers have global reach, with this new acceptance of subtitles, and with the willingness of big services to produce dubbed versions, content can originate anywhere. If it's good enough. It's an exciting time for us.*

Production capacity is a massive challenge. I had a call this morning with our German producers, and it's the same in every market — it's really hard to find professional people. But it automatically follows that others will get a chance. For any broadcaster, drama is the biggest investment, and not that long ago they would have wanted belt and suspenders on every little choice. The problem then was always how to get to make your first thing.

Fabio Lima, Sofa Digital: *The retention of a digital subscriber is very complicated. The media companies, tech companies, and the telcos need relevant content and relevant distribution [of a] relevant library, to lock consumers into their service. Especially Netflix, which is competing globally for the local content audience now — they can't grow [any other way]. They need the local talent to bring new subscribers.*

They can't possibly produce everything they need in local languages?

I agree. They will license, whether as originals or not. And pay more for the local content, because of the competition.

Leon Forde, Olsberg SPI: *Over the next five years we will continue to see rapid development in the international business, and markets like China, India, and the Middle East will continue to get stronger as content producers. And I would hope that there's a lot of strong, local production sectors making content for international audiences.*

Anna Croneman, SVT: *Just a few years ago, as a public broadcaster, you could lean back and wait for the best pitches to come to you. That is not how it is today, we need to be even faster and have a greater diversity in our content slate. To achieve that, to survive at all, we need to be the best partner for the best talent and producers. The only reason they will choose us with their best material is that they know working with us will be great.*

The [EU] content quotas on streaming services may prove to be incredibly counterproductive — not so much for producers, but for local broadcasters and SVODs, who are inevitably closer to local culture, and more likely to care about cultural diversity. Plus, the competition for local talent was already enormous.

Barring a massive downturn in the global economy, the next five years are clearly going to be great for production. After a slight decline in 2017, the growth trend in European film production continued in 2018 with 1847 films produced. In the US, production of films with a budget of at least USD 1M rose from 549 to 576; lower budget movies are so numerous that they are no longer tracked by the MPAA. Film production is rising rapidly in Latin America, China and in fact most Asia, and remains largely stable in Canada, Japan, Africa, the Middle East, Australia and New Zealand.³³ In the US, production of scripted originals rose 7% from 2018 to 2019, to 537 shows³⁴. About 930 shows or about 12,000 hours of TV fiction are produced annually in the EU. 45% of the titles, or 22% of the hours, are shows of 3–13 episodes (most likely to be in the high end segment)³⁵.

The competition for talent, IP, and infrastructure like soundstages is already an enormous challenge, and the ubiquity of this problem demonstrates — if anyone was still in doubt — that film and serial drama are now in every practical sense the same industry.

Across that industry, concerns abound that the combination of staffing problems with massive demand has driving up costs and hurt quality. If productions were once hurried because there was not enough work to

³³ Fontaine et al: 'Focus'

³⁴ Goldberg: 'Peak TV Update'

³⁵ Fontaine et al: 'Production and Circulation...'

go around, and shoots might have started before the script was mature because people needed to make rent, the opposite situation has largely the same effect today. There is more money for development, but if the writers are just not available, that money cannot be traded for time. Scheduling conflicts around vital talent and resources cascade down the line: producers report that more than half of their time can now be taken up by staffing. Commissioners or other investors who try to pump the brakes to protect quality can find the project taken elsewhere.

This is a dangerous development, because audiences will get faster and faster at dropping serial content that isn't working, no matter how pretty the pictures are. Bland or mediocre feature film will be relegated to lower-revenue release channels, or not seen at all.

The growth potential of local high-end content is directly connected to quality; historically only the strongest work has travelled, with some few high concept exceptions. Especially for smaller countries a perception of slipping quality can affect the entire industry.

Anna Croneman, SVT: *There is a great deal of nonsense happening right now, with junior people in senior positions, and a lot of ignorance. People in executive positions without any experience. Given the enormous over-production in the market, the quality of the output will therefore suffer. Surely we can agree that a lot of crap is getting made? The most wonderful series are often a bit niche — there are exceptions, but many of the shows that reach the biggest audiences are not exactly groundbreaking.*

We also have approximately 50 MSEK to invest in Swedish cinema, and it's been fascinating for me as a film producer to sit at this side of the table. How I argue with myself on projects that are not good enough, and probably won't find an audience. "...But maybe?" Trust me — I've made a few of those movies myself.

We must ask ourselves on what grounds we are investing, because usually it is everything except a brilliant script that's ready to go into production. "She — or he — made such a great debut movie, we have to let her make another one." Or because other big funders have committed. Or because the commercial broadcaster wouldn't, and if we turn it down it won't get made. These are emotional grounds. Of course you need to be passionate about

film, and have trust in the talent, but it's not good enough. And we're just as terrible at this as everyone else. This is certainly not helping filmmakers.

Lars Blomgren, Endemol Shine: *I think it is getting increasingly clear that each of these platforms has a different profile. It's not like there are only five customers fighting for the same content. Netflix has one way of telling stories, HBO something else, Sky most definitely. Apple has a billion phones [as distribution] from day one, which means certain topics are off limits — you can't talk about religion, your phone can't be [controversial].*

It saddens me to see the big streamers writing exclusive deals with screenwriters. If you take a ten year deal with Netflix, what if you think of something that would have fit better at HBO? You're limiting yourself to view the world through that Netflix lens for a decade. I think that's mistake. I wish the writers had the courage to stay independent.

The hardest thing to plan for is success. If you have an amazing idea in your hand, how do you care for it as well as possible? The industry has been way too impressed by the US streamers and gone to them to get their content out there, instead of first asking themselves, what is the best home for this? Who will give me the best notes, the best response?

We asked the experts for how long production will stay at these extreme levels. The answers depend on how the question is put. In all likelihood, some of the productions many now dismiss as "video" because they are published on the web or social media will extend in ambition. More of it will be scripted and produced at more labour-intensive standards. There will continue to be plenty of work in the sector, but it is likely redistributed across formats and platforms.

Alex Mahon, Channel 4: *Overall in the market, will we be making less content five years from now? Well — the question there really is, are we at peak? Is this level of content sustainable? It's very hard to say... Given that there's a glut of people launching new services now, and that I don't think they'll all make it, I would guess there would be less new content being made overall. More medium content will disappear.*

Leon Forde, Olsberg SPI: *We're still at the point where things are developing and shifting quickly but we do expect a continuation of strong content investment, strong consumer demand, and more internationalisation. Demand for content has risen rapidly in recent years and will continue to rise — not least because of ongoing growth potential in developing countries.*

Fabio Lima, Sofa Digital: *It is impossible for all the platforms [to be truly] vertical; especially for international operations. The market will be bigger, with more competition and more money. And they will need everybody who is in this industry.*

Lars Blomgren, Endemol Shine: *High end content in tv drama will probably be at the same level. But there will be new formats too — we are talking short form with Jeffrey Katzenberg at Quibi³⁶.*

I also think the children's genre will change radically, with fewer, bigger productions, for local markets too. I've noticed this recurring commentary around His Dark Materials, that it's too cheap. It's benchmarked against Game of Thrones or the Harry Potter movies, and doesn't quite get there, it's too slow and feels like too little... I think you will see, like we did with crime, much more collaboration; within the Nordics, perhaps with Germany and Holland, or France and England. Or big players joining up to cover the budgets, like HBO and BBC did here.

Bérénice Vincent, Totem: *I'm not sure we will be producing less. It depends on what you're talking about. Videos on YouTube and social media are [profitable] content as well, and sadly enough, it will become bigger. Fewer traditional movies will probably be produced.*

The immediate solution to the dearth of creatives and skilled labour is to look around for experience in underutilised groups like women and minorities.

³⁶ Quibi is an SVOD service for short format video premiering in the spring of 2020.

In the mid term, it is helpful that everyone under 25 has grown up with a camera in their hand. This broadens recruitment, as anyone with an affinity for audiovisual production will inevitably know it by the time they're in high school. The question then becomes whether film schools and media programmes are appealing to this cohort, and whether schools are preparing students for careers as grips or auteurs — we need both.

It seems many younger people have a clearer mental image of how video content is made and monetised than of film or tv as production processes or careers; this makes it likelier for them to go in the former direction. If a certain snobbishness in the industry may have kept us from recruiting in the video silo, this is an attitude we can no longer afford.

Thankfully, filmmakers and producers graduating today belong to a platform agnostic generation, who work — and therefore network — more freely between the different media. As with surprisingly many problems in the industry, a practical solution to finding more potential recruits with relevant experience could be to try asking the youngest people on your set.

Anna Croneman, SVT: *What makes me feel positive about the future is the up and coming talent. They've grown up consuming such colossal amounts of serial drama that they know the craft from the get-go. The scriptwriting graduates we are recruiting now as script editors are sharper than previous generations! If we send in a 25-year old to sort out a roomful of established writers, they might lose it at first, but it contributes enormously. And this talent can move on very fast to creating originals.*

In the long term, addressing capacity issues may also require policy changes and strategic investment on the local and national levels. More direct communication between the industry and secondary and higher education would also be beneficial.

Stine Helgeland, NFI: *TV drama is booming and our incentive scheme has brought films like Mission Impossible and James Bond to Norway. Our best people are really in demand, from directors and producers to skilled film workers. On the practical side this becomes a question about who should actually be responsible for training camera people, lighting,*

sound... In Norway, I think in all of Scandinavia, we need to really focus on how to train people in order to keep up the quality, for our local productions as well.

Leon Forde, Olsberg SPI: There's strong demand for quality studio space and skills. If a market is able to move quickly to attract production and build capabilities there are a lot of benefits to be had at the moment. In five years there may be more established production hubs, with more investment in studios and workforce. In places like the UK and Canada we're seeing a lot of development in the filmmaking infrastructure, and other regions or areas will also be building — production will continue to be international.

I think there's been a realisation that some manufacturing and extraction-type industries are phasing out. And [the creative] industries, the screen sector in particular, is a very strong area of growth. Some jurisdictions are taking the sector very seriously as a key economic driver.

Leon Forde, Olsberg SPI: We looked at the independent film sector for the producers' body PACT a few years ago, a very detailed dive into independent film financing in the UK. Despite all of the emerging opportunities, the [primary] models of film finance had declined to such a point that it was becoming very difficult for producers to make things stack up. If you can't get original independent features made, what does that do to talent coming into the sector? How do you find a model that enables producers to keep IP and revenues, so that they can build bigger businesses?

We had hoped digital distribution would offer the opportunities?

If we're talking about something that isn't just a buyout model, but returns meaningful revenues downstream, I think that's still a challenge. Because they're just still so risky. It's the old cliché about every independent film being a prototype, it's still a [gamble whether] people are going to want to watch that piece of original content.

Changing market dynamics are placing the traditional role of the independent producer under pressure. If retaining rights was difficult in the squeezed market of the past decade, the full financing contracts often offered by streamers make it hard in these boom years. Rights-holders'

unions are pushing back, and the market expansion of the next few years offers some promise of a better negotiating position.

Alexandra Le Bret, EPC: I have one main fear, which is the disappearance of independent producers and independent production companies as they exist today. Platforms, and even broadcasters, are willing to majority finance shows, but want to have all rights. We are becoming producers for hire.

In a normal industry, when you take a risk, you keep the ownership of the property you have developed, grant licences for its use and exploitation and receive a share of the revenues made by the end users. The funders now present what they are offering as full financing covering all the costs the producer has had since the beginning, in exchange for all rights. But the greatest risks are not being rewarded: discovering the talents, developing scripts, doing R&D programme work. Producers are still taking risks, but we are seeing agreements with no upsides, that should be there to cover and reward those risks.

This is a major threat to our industry, because the one who protects cultural diversity is the independent producer. The independent producers' position and role is being eroded and I am not talking about this happening in ten years, I'm talking about the next two years.

Alex Mahon, Channel 4: With Netflix and the SVODs they're going to become producers for hire, and the question will be, is the money worth it? I'm not saying it isn't. But we recently redid our deal to give more rights back to the producers, effectively to swap all of the international rights out for a longer VOD window, as required by our audience. The fair way to do that is to give the producers something back. Given the competition for producers, we [also] need to be more attractive to the them and that's one way to do it.

Stine Helgeland, NFI: I think we will go much more into supporting the development phase of the projects. If the producers have time and money to work on development, they are in a much better position when Disney or whoever wants to buy all the rights. Then at least you own the idea yourself.

Public funding is about securing diversity, authenticity, freedom of speech and democracy. I think that's strongly connected with the ownership of rights, and that we as a fund play a major role in keeping the companies independent to tell the stories they want to tell. The concern is that producers become guns for hire — or as we say in Norway: "leilendinger", farmers without land. If we do not own what we sow, plough and harvest — or produce — and we do not even know who our customers are and what they think of our product, then we cannot plan and reinvest in the future. We become dependent upon someone else's interpretation of our reality.

Lars Blomgren, Endemol Shine: *I met Heyday who are making Pippi Longstocking [with StudioCanal], and they told me the benefit of having Europe as your primary market is that you never have to think about us sensibilities in your creative process. Take [a Swedish children's fantasy classic like] The Brothers Lionheart, which starts and ends with a suicide. It would be impossible to pitch in the US without changing the material! But the tolerance for [serious themes] is much higher in Europe. The dream would be for something European to survive as well. I wish with my whole heart for some big European [participants in this marketplace].*

Insight as Leverage

Alexandra Le Bret, EPC: *It's important that all producers start to work with data, algorithms and AI tools in connection with the publication and promotion of their films and series online. We absolutely need to develop that and not be dependent on the SVOD platforms, which are dealing directly with the audience. That is something the EPC is going to explore.*

These kinds of tools already exist with companies developing AI for predicting audiences both in cinemas and online. This is exactly what a sales agent or distributor is doing today when we send them a script and stills: they give us estimates of sales across all platforms. But we also know today that revenues from the sales agents and distributors are decreasing. What we need is greater transparency and accountability for what is becoming the major part of distribution, which is online.

What we learned from the SVOD platforms is that the audience is out there. We just cannot address it the way we used to. What I want for the future is to try to have access to and engagement with that part of the process. We need data in order to be able to reach and increase the audience, and to reclaim the producers' active engagement with the audiences as well as a share of the revenues generated.

Stine Helgeland, NFI: *Insight is increasingly the key to be able to make things and to get it out to the audience. If you don't know who actually sees your films or your series, it's a creative problem. Not because we want to tailor something to their taste necessarily, but because we need to have a vision of who is really interested in this thing that we are making, to keep a finger on the pulse.*

We don't talk enough about this, and it's not part of many fund schemes, in Europe especially. But I think we can do something that the producers cannot do themselves. We can do insight work, give them the tools to understand who the audience is and how they behave.

The problem of producers losing control of properties to be able to finance them is expected to accelerate as platforms race to fund or acquire content exclusively, with all rights, in up-front deals with no backend — and no transparency at all about reception or reach. Over time, this leaves producers negotiating blind, with no way of knowing how valuable their product actually is to the buyer.

In addition, funding and circulating any piece of content requires a deep understanding of what the audience cares for and how it allocates its attention. That a streaming service is willing to acquire a project does not necessarily mean it would not work better for the producer, or towards its artistic goals, on some other platform. This means imbalances in access to data are not just an economic problem. Producers who are disconnected from the audience become creatively impoverished over time.

That the tech companies and global streamers will probably keep their data to themselves opens up an interesting possibility: everyone else could talk to each other. As we discussed last year, plenty of available data is underutilised as it is. Even within a film production, the collaborating companies are shy about sharing numbers. Consider how much could be learned by sitting down, within teams or in cross-sector roundtables, to really think about why a title “underperforms” or “overperforms” — words we use when the audience rejects industry assumptions.

Stine Helgeland, NFI: *At NFI we now have audience figures for theatrical and TV, and we do surveys to keep track of the streaming services. We also monitor audience demographics for theatrical releases. Every feature length film that receives production support from the NFI has a start-up meeting with the producer and distributor before they go into production, discussing positioning, marketing strategy, target groups, distribution strategy and so on. After the release we evaluate the whole process from production to distribution, together with the producer, director and distributor, and discuss very openly what went well and what went less well. We show them who actually ended up seeing the film, and very often it looks different than what we all expected.*

There’s power in that too, and it’s inspiring! “Okay. Wow, 25-year-old women, they really like this!” When you go on and make your next thing, you may dare to push more.

Broadcasters struggling to keep their audiences are in a similar position as the producers, except they already have a great deal of data to strategically deploy. With digital distribution, the information is infinite, and asking the right questions is becoming more important than ever.

Alex Mahon, Channel 4: *A television CEO's job will switch to being more consumer led. Television [used to be] people making creative decisions, putting stuff out there, and then observing what the ratings were. A really modern business like Netflix looks for what the gaps in what the subscribers view and want are, and then buys to fill that gap. It becomes more retail or consumer led.*

How do you become more responsive to who you are trying to target and what the gaps in their lives might be, whilst not being data driven in your creative decisions? Data will not tell you [how] to commission creatively, but you will be more responsive to the segments you are targeting.

Five years from now, how will your job have changed?

Susanna Snell, YLE: *I will be drowning in data. To be able to make relevant observations will require greater and greater leaps outside the data, for perspectives on what to be looking for in it.*

Does this mean you will need more AI tools? Or spending more time with humans?

To find anything in the data, I will need to spend more time with humans. It also requires a deeper understanding of the algorithms. We drown in data, so we acquire new tools, and soon the tools obscure everything that is interesting — and that can really allow for great injustices to be perpetrated. We will be forced to be increasingly sceptical about data and how it is reprocessed.

As Susanna Snell reminds us, the big data is not always the most useful. It is no good to complain about not having access to a detailed and nuanced breakdown of your film’s lifecycle results, if you never sat down with a single person who saw it, or should have seen it, to really listen.

The enormous demand for content in the exhilarating and confusing

period of peak production we are about to enter will shift power and roles all across the industry. The traditional defenders of creative diversity — producers, public broadcasters — are certainly under threat. But the laws of the digital environment dictate that those who understand where the audience is, and care about what is happening in their lives, can always find a way to monetise their attention. This pushes power back to the talent and the local production environments, assuming they are willing to do that work.

Anna Croneman, SVT: *We might see the emergence of “backpacking” producers — creative producers who develop ideas, and then partner with bigger companies to get them made but are still able to retain creativity. Creative producers are so important, and they are too few. That worries me. And many in the younger generation have zero interest in working in a giant organisation with per quarter financial reporting... Some of them might want to start their own smaller shingles and collaborate on projects with the big players. More like it looks in the UK, which might be why they have maintained such a broad content diversity.*

Bérénice Vincent, Totem: *Our job at Totem is already not the same as at big groups; we’re not doing the same job as a sales agent. I think we are becoming... I would call it an international curator. It can mean sales agent, co-producer, talent agent — depending on what content you’re working on. Expertise in the international market is about knowing the producers, distributors, exhibitors, talent, and creating bridges between them. And knowing how to work in each territory with a particular editorial line. But not only on selling films: also on co-production, and representing directors and writers.*

You see fewer steps between the artist and the audience?

Yes, but in large groups — all the independents will have to create alliances. We need more transparency [between us] in order to create a safer environment, considering the financial risks people are taking. Part of a potential success, will [involve] creating new ways of working, in order to fight the bigger players and to be able to survive.

Fabio Lima, Sofa Digital: *The way that [financial technology] is evolving, the way blockchain might evolve soon, will create smarter ways to finance content. This is the interesting thing about the future: the power will be pushed to the talent. It will be easier to finance content and to securitize it through the new digital banking systems, or similar to come.*

In the digital environment, content is a virtual good that can be tracked and managed to maximise its monetisation across all models and territories. Reports will be automated, detailed, and transparent to all stakeholders. The whole [of that] data and the royalty circulation can generate a credit score, which might allow a simple decentralised financing model with no bureaucracy.

A New Conceptual Landscape

Stine Helgeland, NFI: *Maybe these platform discussions won't be so relevant in five years... When I look at my kids, and how they watch and play games, they don't really care about platforms.*

Bérénice Vincent, Totem: *For me the question of what is a film is complicated. We've worked on TV movies; we've had traditional films. We recently took Force of Habit, a Finnish series, which is also a film, because they edited a feature from six of the 11 episodes. For us it's interesting for both theatrical, TV, and platforms.*

We should open the barriers. It's more a question of what kind of visual emotion or what kind of narrative something has. Do you like what you see? Does it have an impact on you, are you moved, are you thinking? Here in France, Unifrance represents the sales agents and producers of film, and TVFI is exactly the same for TV. There is a discussion now about merging the two, and so many people from the cinema industry say it's not possible. "We are doing such different things," which is true in a way, but a merger could also reinforce both organisations and make everyone stronger.

Alexandra Le Bret, ECP: *The EPC was formerly only for feature film producers. We followed our members as they moved into TV. The first one was Lars Blomgren with TV drama series The Bridge. Now we can see they are content producers.*

What do we learn from feature film that we should bring to TV, and vice versa? What have we learnt from the success of TV series that we should bring to feature film? We should have that discussion constantly ranging across all the formats.

We have spoken in the industry for some time about the convergence of film and scripted television into one field. Production side, the melding is all but complete, and our financing and distribution infrastructures are quickly transforming. Only the most venerable institutions — certain film festivals, certain directors, certain funding bodies — have chosen to make a stand on the arbitrary, but symbolically important, question of what constitutes the artform of true cinema.

The answer clearly cannot be the length of the work (because of short film), the materials of production (as shooting on film is now rare) or the intent to screen the work in theatres (because of newsreels, pre-video pornography, and live-streamed opera). Given what strange paths filmmakers have historically taken to get their work made, it also can't be the source of the funding.

Only one possibility remains: a film is real if it is accepted as such by these conservative institutions and by the market interests currently aligned with them. This is a valid and relatively practical definition — the contemporary art world operates on very similar principles.

No one is forcing anyone to screen a film day-and-date, or to watch a film funded by Amazon if that makes them uncomfortable, or to direct for an SVOD service. Festivals are naturally in charge of their own submission criteria. Whether their definitions will have any cultural traction, however, will be decided the usual way: by audiences, markets, filmmakers, and the familiar dynamics of cultural capital.

Alexandra Le Bret, ECP: *One of our producers, the Italian independent production company Indigo Film, is led by two women with children. They wanted to show the struggle of working women in our society, and they pitched a short format called Imperfect Mom. They couldn't finance it through the Italian public service broadcaster, RAI, so they went to a newspaper, producing it for their website. It was suuuuper successful. Then RAI bought it. Then Netflix bought it for a new 26 minute version. And there will be a film release. The work of the producer is always to explore new paths in order to secure diversity, and that is also the case for formats. Short formats can help you build audiences, test subjects and test talent.*

Philip Knatchbull, Curzon: *I can see us, as a film brand, getting into television, and then exhibiting those television productions in the cinemas. We did it with *The Wire*; a whole season in our cinemas for a Saturday-Sunday binge. We charged a hundred dollars a ticket, sold out like that, and everyone loved it.*

Alex Mahon, Channel 4: *I believe that people will watch short form. The question is whether anyone is able to make a really successful business out of it? Often YouTube watch times I think are in excess of 20 minutes, so that not really short form either anymore.*

Susanna Snell, YLE: *We used to talk about long form and short form. But feature film is a relatively short format now, *The Mandalorian* is longer than *Rise of Skywalker*. In video, we're talking about micro content, tens of seconds on TikTok or Instagram. Really long now is something like ten seasons of *Friends*. All of these are relevant channels for fiction and storytelling.*

In Finland, kids will get their first phone when they start school at age seven. It becomes their personal media device and this is when YouTube really grabs them. It becomes their central channel for longer video; TikTok is now the short form of entertainment. The smartphone dictates what kind of video they learn to habitually consume.

We are in the midst of an astounding transformation of the entire field of audiovisual storytelling. Not only can scripted content in film and TV be viewed as a continuum; that continuum now extends to video distribution and hybrid forms (yes, Snapchat drama really is a thing). Words like “long form” or “short form” have lost their meaning entirely.

Leon Forde, Olsberg SPI: *The media landscape is not as passive as when I was consuming content as a young person. My own children move so easily between gaming, making their own videos and music, and sitting back to watch movies and shows on Netflix — sometimes on the same device. Their appetite for content is voracious. The way my kids engage with *Star Wars*, the video games are considered very much part of the world alongside*

interacting with the films. What that underlines is the desire for repeated engagement with quality content, in different ways.

The power balance between the producers and consumers of video has shifted completely with the smartphone generation. There is nothing particularly magical about producing a moving image — it is easier than writing a message in words, and between social video, YouTube, Twitch and TikTok, most young people do it literally every day.

Susanna Snell, YLE: *In a focus group recently I had a guy, around twenty, reaching for a term... he couldn't find the words “TV programme” or “TV series”. Instead he blurted out the English word “show” — “if I want to see a ‘show’, then maybe Netflix...” Even this format, the serial fiction, we are now seeing some younger audiences alienated from.*

When we surveyed children and teens twenty years ago, watching something together in a room was their most valued experience. Ten years ago gathering around a TV set had disappeared, a radical change, and watching together involved discussing something on [the social platform] IRC-galleria. This was before Facebook. Today the preferred mode of consumption is watching content for several hours straight, on your own mobile device with headphones on. And you do share that experience with friends, but not in their physical presence.

Leon Forde, Olsberg SPI: *It's sometimes underappreciated [in the film industry] just how much economic value and creative potential there is in video games. It's enormous. We're seeing a lot of creativity, skills and technology from both sectors coming together. There's a really interesting creative and skills overlap between the two, and so much potential for the future.*

Within the next five years, three of the most fundamental assumptions about audiovisual storytelling will change entirely. First, the assumption that images, or at least screens, are two-dimensional, will shatter as AR and VR become more ubiquitous. Bodily presence, explorable depth, and physical feedback will become optional but normal aspects of audiovisual media.

Second, the assumption that a core function of making a film or other audiovisual work involves the recording or other selection of specific images is challenged by increasingly photorealistic content rendered in real time by game engines. Such an image is not “filmed” at all, but animated into existence as needed — the selection, in effect, is made by the viewer.

Even when an image is not conjured out of thin air for your consumption, it can be easily individualised. Clunky remote control interactivity, like in Netflix’s *Bandersnatch*, is far easier to navigate with voice control. And the technology for the camera on your smart tv or gaming equipment to watch and interpret your facial expressions has existed for years, if hopefully not yet in every home. It is expected to be used for advertising as well as interactive storytelling of different kinds — most obviously any kind of game where you would be taking part as a fictional character yourself — but once it’s there, why not allow a film to take forking paths depending on your reactions? Tests so far are suggestive.

As we learned this Christmas, when an updated (in software terms “patched”) version of *Cats* was released³⁷, not even theatrical exhibition of a 2D film is any guarantee of a finished work remaining stable and unchanging. Very few technical reasons remain for a theatrical feature not to respond to the reactions of the audience in real time — except, of course, that it would then be another medium entirely.

The third basic assumption is that if we see video of a person saying or doing something, the recorded situation has actually occurred — whether in life, or in some kind of staged, fictional, or manipulated manner. Even with those caveats, it is very clear that we are struggling to cognitively process deep fake videos, in which a hyper-realistic rendering of a person’s face and voice can be made to say absolutely anything.

Deep fakes are pretty convincing today — even those you can create with free software. Three to five years from now, with enough money behind it, the technology will appear flawless. Marilyn Monroe will return. If not as a performance capture from a bankable star, then certainly in pornography (the majority of deep fake videos today are used to harass women³⁸). It

is time to think fast about who actually owns our likenesses, and about whether those can be inherited or sold.

Political disinformation will reach a whole new level, citizen journalism be undermined, certain types of blackmail expand (but perhaps ultimately collapse), video evidence in trials become largely useless. Unless we figure out authentication, some kind of blockchain watermark, we will live out the rest of our lives never quite trusting a moving image again.

The question of what, exactly, should count as a feature film may start to feel academic as we grapple with these changing concepts of video and of fiction. We will continue to tell stories, for which there will be an insatiable demand, and it is the audience that in the end will tell us which formats and platforms will win out, by consuming whatever fits their lives and moves their souls.

Susanna Snell, YLE: *We’ve been studying podcasts for a decade, waiting for the breakthrough, and now it suddenly happened. Even on YouTube, people will listen to really long talk content. It took until the third time I heard someone talk in a focus group about having “just watched a two-hour podcast on YouTube” before I dared to ask! “You watch podcasts?” People do, and audiobook services are growing. An audiobook can easily be twenty hours, and that is one of the few media that competes with video, because you don’t listen to one story while watching another. It’ll be interesting to see in the next five years just how mainstream audio fiction can become...*

A medium that surprisingly works for fiction is Instagram Stories. I almost fell off my chair when I saw 17-year-olds reacting in focus groups to one of our first Insta fiction experiments. They were totally engaged, someone blurted out “this is straight out of my life!” If we show them a drama like Sorjonen, they might say “this is really good”, but you don’t get that deep an identification.

Storytelling media and fiction formats are moving at an incredible pace. What we see with teenagers specifically is that no specific format — not even 22 minutes, 45 minutes — can be absolutely trusted to remain in their lives for the next 20 years. Fiction must live on whichever platforms become habitual in their lives.

³⁷ McClintock: ‘Universal Notifies Theaters...’

³⁸ Cox: ‘Most Deepfakes Are Used...’

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