



*Nostradamus Report:
Do or Die?*

2018

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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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Index

7	Introduction
10	Summary
13	Five Fateful Years For Film
19	All Swept Into the Stream
31	Soul of the Cinemas: Experiences or Exclusivity?
41	Time Not Up Just Yet but Changing Fast
47	Sources

Introduction

This is the fifth annual Nostradamus report on the near future of the screen industries. Our method, as always, has been to interview exciting thinkers in strategic positions about their views, work and worries, allowing us a glimpse of the future their daily decisions are constructing.

In these pages, Mediavision's Marie Nilsson half-jokingly observes that five years is a convenient number: people will always guess at change taking five years. On the other hand, the cycles of this business, of film-making and content circulation, are such that the guess will often end up being correct.

Many processes that five years ago were in their cradle have now matured. Netflix released its first original commission, *House of Cards*, in 2013, and has 117.58 million subscribers globally as of December 2017. But the truly important statistic here is not the number of households subscribing to VOD services, or the billions the services are investing in content. It is that about a third of the world's population now owns a smartphone. In the 35 OECD countries, mobile broadband penetration is 99 %, and fixed-line broadband averages just over 30 % and rapidly expanding.

Ours is a business populated by powerful storytellers. We tend to view what we do as, ultimately, being about the quality and appeal of the work: if we just make some better kind of film or TV show, we will be able to solve our problems. For this year's report, we have spoken to experts at very different ends of the film and TV industries. If their views can be boiled down to a single recommendation, perhaps it should be this: *check your hubris*. Storytelling changes hearts and minds, but it will very rarely change reality back to how it was before.

The technological changes affecting our industry are reshaping daily life, industry, relationships and culture — all culture — in the entire world. We have to stop telling ourselves a story where we, somehow, are an exception. As opera houses and theatrical institutions would be happy to tell you, the quality and power of your content is not enough to bring you broad audiences (no matter how moved they are once they're finally there). The

content has to make sense in people's lives. It must fill a need. And even more importantly: the way it is consumed must fit the rhythms of their work and rest.

In many ways the changes the Nostradamus Project have covered since the beginning are now coming to a head. We can predict with confidence that the next five years will be vital, and not just because they always are. In 2023, the number of storytelling voices will not be smaller, but the industry will be leaner, and a new normal will have started to take shape.

The Göteborg Film Festival and the Nordic Film Market are the foundation of the Nostradamus Project, which is presented in collaboration with Lindholmen Science Park. Without the support of our sponsors, this work would not be possible.

The real heroes of this report and of the past five years are all the industry experts who so generously share with us their passions, worries and analyses. As usual, only direct quotes are to be attributed to our interviewees. Everything else is based on formal presentations and informal conversations at a number of industry events, as well as on our reading.

Whether you are a first-time reader or have followed us through the years, we would like to thank you for your attention in an age that offers many distractions.

Our wish for you is the same as our wish for all our colleagues across this sprawling industry. May your strategy be as curious, passionate and brave as your storytelling!

Cia Edström, Head of Industry, Göteborg Film Festival

Johanna Koljonen, report author, Participation | Design | Agency

This report is built around interviews with the following experts:

Nadira Azermai, CEO, ScriptBook
Walter Iuzzolino, Co-founder, Walter Presents
Ivar Køhn, Head of Drama, NRK
Claus Ladegaard, CEO, Danish Film Institute
Marika Muselaers, Co-CEO, Lumière Group
Marie Nilsson, CEO, Mediavision
Edith Sepp, CEO, Estonian Film Institute
Patrick von Sychowski, editor, *Celluloid Junkie*

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Summary

Summary

FIVE FATEFUL YEARS FOR FILM

Pressures on the window system, territoriality and other aspects of the traditional funding model necessitate completely new approaches to monetising audience attention. In this, TV is far ahead of film, but born-digital services have the most advantages: a direct consumer relationship, access to data, and no traditional ways of doing things inherited from another media landscape or another century.

The European film industry is at particular risk. Increased collaboration on the European level will be necessary not just around legislation but also long-term strategy.

ALL SWEEPED INTO THE STREAM

TV is rapidly transforming into digital brands and services. Distinctions between linear and library services as well as between free and premium brands are blurring. It is increasingly difficult for consumers to conceptualise small screen video as a set of chronological windows.

The feature film industry needs the small screen to provide first-run platforms for content unlikely to perform well in the cinema. Broadcasters have less incentive to program films. Film does not perform well in linear, and acquisitions for the on-demand players are often in uncomfortable competition with all other streaming platforms. VOD services are only starting to identify how to effectively premiere feature length content. Transactional VOD is still expected to grow in significance.

In Europe, US companies are or will be contributing to local production economies. Local challengers to digital video services will also emerge. Especially the big tech companies are not dependent on the financial success of any individual work or service and

cannot be outspent. As the competition is not for sales or box office dollars, but for audience attention, relevance will be as important as quality and production value.

A MOVIE THEATRE'S SOUL: EXPERIENCES OR EXCLUSIVITY?

Cinemas are perfectly placed to become major players in the experience economy. But as the total amount of film releases keeps rising, and theatrical audiences are increasingly enjoying alternative content, cinemas cannot be responsible for the first run of all releases. Different paths through the theatrical window would be a logical solution. Some kind of compromise from exhibitors on holdbacks is expected in the next few years.

With a more selective theatrical offering, it is increasingly important for the European industry to be able to produce top hits. Market dynamics suggest that locally specific works with high production value could do well. This will require new funding sources as well as embracing new technology for decision support and to lower production costs.

TIME NOT UP JUST YET BUT CHANGING FAST

Female filmmakers and audience groups are organising to bring about changes that the market — in all likelihood because of the gender disparity among the industry's decision makers — has not been able to provide in response to demand. An unprecedented number of people are now paying attention to representational imbalances and counting heads. Change is the inevitable consequence, but the abysmal starting situation means that reaching full gender parity will take rather more than five years.

Five Fateful Years For Film

Claus Ladegaard, CEO, Danish Film Institute: *What I find most exciting right now is that everything is at stake. Somehow it really thrills me that we can win, or we can fail. We can lose it all within the next 2, 4, 6 years! But I also think we can win. We can emerge, as a film industry, better and with more impact than we had before. But we need to be very clever, discuss, make the right decisions. Making the right decisions is much more important now than it was 5 or 10 years ago. Then the situation was stable, it was about which films to fund. Now it has to do with how we choose to design the whole funding system and develop the film industry in the future. A lot of things have happened the last 5 years, and we tend to think we're through it. But we're maybe only approaching the real radical changes.*

What will it look like in five years if we have lost it all?

We would not be telling stories that are important, with impact and cultural value, that the audience wants to see. I think if you want to have a glimpse of the total disaster, you can look at the area for children and youth today. There we [European content creators] have basically already almost lost it.

Marie Nilsson, CEO, Mediavision: *In cinema, the effects have not yet been as direct, so [the film industry] probably made the analysis that even though change is coming, we still have something to gain by digging our heels in. The disruptive forces of tech companies like Netflix and Amazon hit the TV side of things harder, so they've been forced to change more rapidly.*

Marika Muselaers, Co-CEO, Lumière Group: *The film industry is changing much slower [than TV]. In the film industry you still have all those mastodons desperately holding on to an old system. For TV it's*

always been possible to experiment more, to experiment with the windows, to define your own strategy. While film was always set in stone because it was defined by the theatrical window and the cinemas and the pay TV broadcasters.

The film industry was in some ways an early adopter: most films have been shot, edited and shown digitally for years. Is this why the industry has buried its head in the sand when it comes to the wider implications of the digital transition? Did we feel we were done? We are not done.

People's media consumption, their daily schedules, how they shop, how they find out about and pay for products and services, how they socialise, how they value fundamental concepts like time, ownership and physical presence have all changed. These changes are forcing all industries to think about customer journeys, about what it means to move from commodities to services and from recipients to relationships. Other industries are breaking down silos and reconstructing their value chains around the needs and habits of their users, citizens, participants or audiences. Much of the film industry has not, and all our problems come back to this one fundamental error.

Marika Muselaers: *At the moment film feels like a much riskier business than TV. With the whole long field disappearing you have to make all your money back in the theatrical window. We used to have output deals with all the TV-channels; they are not buying films anymore. [SVOD services] might pay for global commissions, but they don't want local films or local rights. [TVOD is] definitely increasing but not yet compensating for our DVD losses. That, together with the fact that we only had flops at the cinema last year... made us decide for the moment that we won't acquire any new films — although we are a film company at heart.*

Claus Ladegaard: *Everybody is acknowledging that the conditions are shifting, but the whole discourse is that we don't have to change. We can still produce feature films like we did, we can still have them distributed like we did... I think it is very, very important that we change our funding systems, [but] the business is very conservative.*

Edith Sepp, CEO, Estonian Film Institute: *In Europe, we produce too many films. We want to give everyone this equal chance to express themselves through audio-visual means, but I think we are forgetting why we are doing it, and who is supposed to be watching these films. We have to define more precisely why we are doing the things we are doing. Of course the filmmakers, the authors, will say "shut up and give us the money, we know where it goes". But this is a huge problem that we have to deal with, otherwise the audiences are going to turn away.*

Walter Iuzzolino, Co-founder, Walter Presents: *I think a lot of broadcasters are very patronizing to their viewers, very narrow-minded in what they think is going to rate. I was a commissioner [and] the thing is that commissioners are lazy. Way too often the gatekeepers of taste actually have contempt for their audiences. These are smart, educated, bright people, on £150,000 a year, children in private schools... Whilst they may have really good taste, when it comes to appealing to an audience, they tend to think "the audience will not like that, so let's try to ensure that grandma, grandpa, grandchild and their dog will come to this show". I think it's cultural vandalism. I think commissioners should only ever curate based on their passions.*

In that sense the giant Netflixes and the niche verticals that are growing now are doing something really good. They are shattering the logic of the old national terrestrial mainstream, which I think is cultural cul-de-sac. Now it's not about "how can we make sure that a lot of people in Britain like this show". It is "I want to make a great show, and a lot of people around the world will like it." It's about quality over blandness. HBO, Showtime and AMC started that battle, and I think Hollywood has lost! I used to devour cinema! I had the Cineworld [Unlimited] Card and I used to go and watch two or three movies a week, commercial and non-commercial. Now it's Transformers 7. I don't care.

We the film industry tell increasingly irrelevant stories, then disparage audiences for watching Netflix instead (even though, individually, so do we at the end of our workdays). As younger audiences turn away from our offer, we blithely say that our quality content will always win out over

YouTube or Snapchat in the end. But why would that be true? Young audiences do not grow up to adopt the media habits of previous generations.

We the film industry still conceptualise the relative importance of windows and platforms around which of them provide the most revenue. When, if we were serious about our desire to impact people's lives, the most important platforms should logically be those where the viewers' ongoing love affair with feature film is actually consummated.

An average Swede will watch a whopping 90 movies a year¹, of which about four in the cinema if they live in a big city; in small towns the latter number will be one. The one annual theatrical title will be a US blockbuster or a broad Swedish comedy, a fact that tells us a great deal about marketing and very little about individual taste. Should we like to sell more movie tickets, or for instance measure the true market share of local cinema, it's the other 89 titles that person sees each year that we should take a thoughtful look at.

When Netflix releases 26 original features in 2017 (with up to 80 expected this year) it is not intended as a challenge to the theatrical window². Netflix is competing for the attention of home audiences. In the long run, that is the audience that matters. Home is where film shapes everyday lives.

In the next five years, almost everything about the wider film and TV ecosystems will change. Disinterest among film industry stakeholders in fields they consider to be peripheral to their work is creating a situation where we are in effect letting global companies and at best local broadcasters dictate the landscape of funding, promoting and screening audiovisual content.

These companies have thought a great deal about what kind of marketplace would work best for their shareholders, and are investing fortunes in infrastructure, lobbying and business development to turn it into a reality. Those of us whose interest in film is also motivated by artistic or democratic considerations will need to listen attentively, think fast and work together to have a voice in the conversation.

In the end, of course, it all comes down to the content. Plenty of films of a high technical or artistic quality are lacking in relevance, and plenty of relevant content is drowning in the enormous quantities of film being released (not to mention all the other kinds of audiovisual content crowding the same screens). Our main challenge going forward will be to minimise the noise and connect the right content with the right viewers. In all

likelihood this will require new technological tools, individually targeted communication, and a release strategy that extends through the film's full active lifetime.

Edith Sepp: *We have to work through a common European vision. If one gets tired now and loses focus, European film will lose its position. But because it's such a big and complicated industry, and such an emotional one, it takes time to turn some things around... Some meetings in Europe are getting really boring — people are working on their computers [like there is nothing we could achieve]. I find it very bizarre, when there are so many opportunities!*

The "big", established institutions just concentrate on trying to preserve the situation as it is, when the only thing that is consistent is change. So much energy goes into opposing things instead of working things out together.

Nadira Azermai, CEO, ScriptBook: *I don't know what's wrong with Europe! We invent cinema, then Hollywood takes our place and we become puppets. I'm always shocked to see the lack of education specifically of people in the entertainment industry. You see people coming into an innovation conference, and it's unbelievable, they don't know anything! If you are enamoured with this industry you should know what's happening. It's time to wake up. In Europe it's so hard to even get people to listen to any form of innovation and it is one of the reasons why we are in the mess we are in right now... [Soon] people will just chew on American content and completely forget that European cinema ever existed.*

[I am often] cut short in meetings because people are certain that AI doesn't belong in the creative industry. We need every country in Europe to engage more with innovative technologies to see what it could do.

So do you think the film industry will win or lose?

Claus Ladegaard: *I think we can win, but you know... we can figure out solutions to almost all of these challenges. Not all of them will be implemented because not all of them can be accepted politically or by the business. But I don't think we're just f***ed. We can do something here. Other businesses — they are really f***ed.*

All Swept Into the Stream

Marika Muselaers: *Three or five years from now SVOD³ will have taken over TV. And we are seeing more smart transactional models. TV is desperately trying to catch up with all their free on demand services, but I don't think these will work... TV might eventually become just brands.*

Walter Iuzzolino: *I haven't flicked on the TV for years! But the reality is, many millions of people — whether it's older people or families — still use it. So it's about the convergence of those two pieces of real estate. It's about diversifying your offer. We are in the middle of a terrible war, and then there will be a marriage. In five years I genuinely think that the integration of streaming and TV will have been, if not completed, then 75% advanced. There's probably a period of adjustment of the next 5-7 years where that terrestrial audience declines and disappears. The smart people like Channel 4, and indeed the BBC with iPlayer, will gather as many of them as they can in their streaming services. Others won't, and will haemorrhage more.*

Marie Nilsson: *There are too many broadcast channels today. Everything suggests they will be fewer, both inside and outside public service.*

Ivar Kohn, Head of Drama, NRK: *I think that anyone [working in television] who says "we have to find a program for this slot" has it completely wrong. In the age groups under 40 more people are watching streaming than linear television. And we are losing more people in total than we add to streaming. The older audience is still watching linear, so of course we keep them in mind; we can't lose them too. A lot of people just want to relax, lean back and watch what's on, so we [maintain a] linear*

1 SFI: *Filmåret i siffror*

2 Their wish to submit films to major festivals and do theatrical premieres for visibility notwithstanding.

schedule. Of course all programs can be [streamed]. If it's on at 9PM, they can [stream] it from 4PM.

On linear it's more live things like sports and news. On the streaming service it's much more drama and the behaviour is a little bit different. The top day for streaming is Sunday, Wednesday is the lowest. So we are starting to schedule the streaming to release the right shows at the right time.

“Skinny bundles” or digital MVPDs⁴ are rapidly becoming a popular affordable alternative to cable in the US. This ongoing shift impacts Hollywood, for whom cable’s affiliate fees have been a cash cow, but is seen to at least be slowing cord-cutting.⁵ Since viewers are increasingly unwilling to pay \$100 for 200 cable channels⁶ it is certainly better they pay \$35 and still watch linear programming than nothing at all.

Among the many skinny bundle providers we find a range of companies indicative of what “TV” is fast becoming. Google’s YouTube TV brings traditional television content to its otherwise linear-averse audiences. Other digital MVPD providers include satellite companies, telcos, and consumer electronics companies — Sony offers a channel bundle for the Playstation. The premium OTT service Hulu offers a “Live TV” bundle that includes its subscription library. Amazon has paused its plans for an MVPD. The networks would not yet negotiate pricing that would work with Amazon’s existing Channels model, enabling consumers to handpick selection of premium streaming services like HBO to replace cable⁷.

With 1,8 billion monthly active users, Facebook is certain to play some part in the developing streaming landscape. Its ad financed video service Facebook Watch launched in a small way in August, with the Norwegian public broadcaster’s viral drama sensation *Skam* as one of its first acquisitions. While the recent decision to down-prioritize video in the user feed may suggest a shift away from Facebook “Video First” strategy, it might also indicate them wanting to frame video content within the dedicated service. Facebook has indicated the long game for them is about social viewing — and possibly, one day, interactive storytelling⁸.

European consumers have not historically paid as much for cable, so the changes here do not involve revenue shifts quite as visible and dramatic. Here too, smart TVs are becoming the living room norm. Broadcasters and

pay TV providers everywhere, including the pubcasters, are aggressively developing and promoting their own digital catch-up and library services and live streaming apps (whether free, ad financed or premium). In very few years, the pay TV set-top boxes are gone, and all small screen content will be represented by streaming icons on a single device. We will probably call it all “television”.

The whole metaphor of chronological “windows” will be increasingly incomprehensible to consumers, who found it difficult to grasp even when the windows were represented by physical media or separate remote controls. Now it will all be one thing or divided into broad conceptual categories of “free”, “subscription” and “transactional”. This is the context in which feature films too will eventually find the majority of their audience.

TV is important to viewers because of its role in their day and to filmmakers because it offers a currently growing and exciting labour market. Production companies and studios rely on it in two ways. Many of them have divisions producing TV content, some of which has been able to continue earning in syndication — sometimes for decades, although this model too is transformed by library services. And television rights still represent a significant part of a feature film’s revenue⁹, for many titles beating theatrical. With linear broadcasters finding it increasingly hard to successfully program feature films and the overall changes on the small screen, this income is currently in flux.

Marie Nilsson: *TVOD¹⁰ has started out very slowly, but over time I can't imagine that the vast majority of the audience would not find films interesting. What used to be DVD or Blu-Ray should arguably be able to move to TVOD, which is a better distribution channel in so many ways. During 2017 we've actually seen some small growth... Assuming that the film industry manages to maintain [windows of any kind], then TVOD should grow over time.*

Claus Ladegaard: *There was a survey by Nordisk Film last autumn that showed that close to 80% of the [Danish] population don't know that you can buy or rent films online. If the result was that 90% knew, but don't want to do, that would be a disaster. But there is a lot of potential here. [The companies] have to improve [their communication].*

Perhaps two mental shifts are required at once. As we move past the separation between “TV” and “VOD”, we will also need to think about “US” and “European” as increasingly blurry categories. Some European multi-country broadcasters are subsidiaries of US companies and US-based companies operating in Europe participate in the local economy to varying degrees¹¹. Netflix alone is expected to spend \$2 billion dollars on production in Europe in 2018¹².

The technology companies and Netflix being here to stay, Europe is finally in the process of normalising their presence as part of the landscape. The EU is fighting to tax the tech giants, and a number of European countries are independently starting to either tax or levy streaming services or forcing them to invest in local content. Upcoming EU legislation is expected to harmonise these tools.

Enormous questions remain on how the relevant film or TV content should be defined, which services should be included, and what measures to apply. The global services are expected to fight back against levies just like they are resisting taxation but are ultimately not likely to withdraw from such an important market. European TV content providers should be paying close attention to how these rules are shaped, since they are likely to be affected by them as they transform into international streaming services themselves.

In the UK, Walter Presents is a sub-brand of Channel 4. What is your balance between broadcast and streaming?

Walter Iuzzolino: *[Early on] [former chief creative officer of Channel 4] Jay Hunt said, hang on, I can't suddenly transform Channel 4 into foreign language drama channel, that's not going to happen. And also, let's face it, international subtitled drama doesn't rate as well as Bake-Off on the main channels. Her brilliant idea was to premiere shows on a big linear slot — but only episode one. So that you'd get the oxygen of publicity and PR, and then the whole piece is catch-upable and you can find it on [the catch-up service] All4. That has been a spectacular success.*

When we started this last April, the press and viewers were a bit confused. And now people completely understand the notion of the premiere launch. We get big ties on Sunday Times Culture, on the Radio Times. It

is messaged as a Walter Presents show, “watch episode one, then binge whenever you like”. So viewers of all ages, demographics who absolutely wouldn't even have liked the word “stream” are now getting their Chromecast or Amazon Fire Stick. They plug it into the back of the TV and they are relishing the opportunity. I can only imagine that in five years' time it's going to be completely revolutionised.

The decision to go for AVOD (advertising financed VOD) must be part of the success.

[Walter Presents] is a very premium product. It's very chic, elegant, quite rarefied. But we are free and democratic and available to anyone — with your phone, your TV-set, your laptop, your mobile. You can watch dramas that cost a lot of money to make. Free of charge. But in America we launched in March as SVOD, because their market is mature for that. In Australia we launched in November with Foxtel, which more replicates what we do with Channel 4. That is partly to do with the fact that broadband there is not as widely distributed in that sense. There you get some linear runs on the channel called Showcase of key titles, and then viewers can catch up with all that on the set.

Ivar Kohn: *[The Nordic pubcasters] are trying to find a way to have our dramas more available on each other's streaming platforms. We always said that a Norwegian drama doesn't work in the drama slot in Denmark, for example, or that a Danish comedy doesn't work in the Norwegian comedy slot. But that is in the [linear] schedule. When we talk about streaming it's completely different, because we don't have any slots! It's more about [finding the] target audience that thinks Danish drama or comedy is the best in the world. So we are going to use each other's content much more now.*

For the public broadcaster the most important thing is to offer a wide range of content to let people discover new things. You need to pull the people in and program the player carefully so you make people curious about other types of programming. That's also a part of the public broadcaster's mission.

What is your biggest worry?

From our perspective it's absolutely the old-fashioned way to look at the

handling of rights. Talking about and paying for “reruns” [in a streaming reality]. It becomes difficult to sell the program [internationally] because there are a lot of rights. Music, directors, writers...

The unions did a really good job historically!

It's good that they have good contracts! But if the contracts prohibit the way we are sharing the content, then we have no shows on the market that are relevant for the audience. Then we are out of business. The unions, the producers and the broadcasters [have to solve it] in cooperation. In Norway we have [partly solved it when we] increased the investment from NRK and other broadcasters. But it's been met with scepticism by the unions from the other Nordic countries, and also in Europe. They are afraid of losing control. But if it's not solved, then the public broadcasters won't be producing any dramas...

I think it's going to be hard in the future to get a lot of money from sales. I think the wise way for rightsholders to handle it is to get good money up front and not be concerned about how much they can earn later.

Claus Ladegaard: One of the arguments [from those] opposing working with Netflix, or using YouTube as a distributor, is that they don't have rights deals. I think this is a very bad argument. I think it's crucial to develop [solutions] and I don't think the creative organisations are taking this seriously enough. We can't [keep negotiating] these rights forever. As a funding organisation [that] funds independent film I think we have to impose legislation that makes sure that the majority of the rights stay with the producers. We do this when it comes to feature films and documentaries, and we hope we can do it when it comes to everything that is funded by public money in the years to come. We can't do it with TV shows right now, but we hope to become able to.

When all small screen video content is streaming, its fundamental logic shifts away from national borders to become instead about language groups and target audiences. For now, the EU has compromised on its plans for the Digital Single Market (DSM), but in the long term almost no one we talked to this year is expecting the territorial system to survive in Europe. Such a change would collapse how most European films are currently funded.

Marieke Muselaers: The end of territoriality is near. Everyone is in denial, it's such a frustration! I think we should look at different scenarios and start preparing. Let's put in some development money and create think tanks, start consolidating, start smart partnerships. It is going to happen! I know why [we have these rules] since I'm in the industry, but if we just looked at it as consumers we would all agree that this system is not working anymore.

Let's say the digital single market will be pushed through. One problem we are going to have is that the Americans will just walk all over us. At the same time it could be that one aggregator will start buying European rights and distributing it through all these territories... We have to look at a complete remodelling of the market.

Edith Sepp: I don't know how long we can go on with all these protections. Yesterday I wanted to see an old British film from '46, and I went through all these websites and couldn't find it. The only place where it's up is the BFI Player. When I am registering to pay for the film, it says your bank account is not in the UK, therefore you can't see the film. It's absurd! The BFI is losing my £5 right now. Who does it serve? Does it serve the film? Does it serve the filmmakers? Maybe I am the only one this entire year who wanted to watch this film, and I can't do it.

The question is whether at the point a true DSM could become a reality, perhaps less than ten years down the line, our current assumptions about funding content through the sales of territories and chronological windows would have any relevance at all. With windows converging¹³ and disappearing, the impulse to cling to the territories is easy to sympathise with. But it is not certain that whatever is replacing traditional sales and distribution will follow the current logic at all.

There is already a strong trend of sales agents, distributors and other stakeholders getting increasingly involved in co-financing, production and even exhibition. With most middle men likely to disappear entirely, everyone is scrambling to get closer to the two constants: content production and the audience¹⁴. Here the Entities Previously Known as Sales Agents and Distributors can add great value through their deep knowledge of the local audiences and markets.

Marika Muselaers: *I think we will be seeing more consolidation of local companies, because language is still an issue. [When it comes to] local marketing, territories really are different. The value of the local expert will not disappear. It might not be distribution in the [current] sense, but it could still be marketing expertise. When you look at the world right now you've got global forces—but also a lot of local forces. Local or localised content is still super strong in every territory.*

The distribution company that we have right now might not be there [in a few years]. We're more like a small integrated major—a local major in a niche market. We're investing heavily in production to be where the makers are. [In TV drama] we went from normal acquisition to pre-buying to co-financing and actual co-production, with money spent in Belgium, to developing our own TV shows. At the moment we do 4–5 major co-productions a year [shooting] in Belgium, because it has a very interesting tax shelter system. There is a lot of soft money to be found here, but we can help by putting distribution money in the production as well. And keep control of the rights. That's a win-win for us and the producer. We also have a writer's room now, a small animation studio that we are trying to grow, and we produce feature films as well. [Our EST¹⁵ store] is an example [of our digital strategy], and I wish I could tell you more about our other plans! We also still have cinemas and are opening a third one right now...

Marie Nilsson: *Whenever you ask people about any transformation they will always tell you it will take five years. So that's a very safe bet. OK. So what is the way there? How many companies will fail? How much of the Swedish consumers' money will be drifting west into us coffers? If we now spend on average sek 300 (€30) on cable, what are we willing to spend on SVOD? Five years from now, sure, we have probably reached a much more mature “new” market. But the big questions our customers are really grappling with are about how we will be doing business five years from now. Who will own the customer relationship, and what will be driving business development until a new steady state has been reached?*

Do you think we will see consolidation in the marketplace?

Something like AT&T and Time Warner in the Nordic market? Yes, I should think so. I believe the coming years could become pretty turbulent.

There is a risk that instead of joining forces, in some reasonable manner, Nordic players will be fighting bitterly for market shares, trying to take out their closest domestic competitors instead of the global competition. This could actually shrink the total space for Nordic players. I do think we will see a movement towards consolidation, vertically or horizontally—maybe both.

I am also afraid that within certain genres, there is too much local Nordic content produced relative to the demand. It might be better to make fewer things, but bigger and better. It will also become clear that [some] types of content can't be made in the commercial marketplace anymore, and also for that reason we really need to care for public service broadcasting. I just hope we're wise enough.

Walter Iuzzolino: *I think some TV channels will literally become joint ventures with the giant streamers, and Netflix will buy channels. Because Netflix are brilliant at colonizing the world, but they don't have the marketing real estate in terms of being able to shape the national conversation. [For that] you [still] need the billboard, a national terrestrial channel, which on a Wednesday night shows you this, on a Thursday night shows you that. I think a big streaming giant will buy channels, or vice versa, or they will completely merge. I think that's absolutely inevitable.*

The difficulty in achieving digital reach and of organising this new landscape into neat chronological windows is driving vertical and horizontal consolidation in the small screen marketplace. Controlling the whole value chain from production to eyeballs has enormous value, allowing one to own the audience relationship as well as all the user data. This is why platforms like Netflix, Apple, Facebook and Snapchat now produce content of their own (and why most TV networks always have). Another strategy is for the content provider to build its own platforms, like Disney is doing.

A third is vertical consolidation across the chain. In the US, film studios have for a long time been the corporate siblings of TV networks, pay TV and internet service providers¹⁶. The 2017 decision to overturn net neutrality is giving these clusters entirely new opportunities to exploit these relationships, while making it harder for new challengers to make a dent in the US market¹⁷.

Patrick von Sychowski, editor, Celluloid Junkie: *Even though we think of Fox or Disney or Warner Brothers as being pretty big, compared to something like Amazon or Apple they are quite small operations. These technology giants could buy a Hollywood studio with the spare change they have rattling around in overseas bank accounts.*

From a European perspective the Hollywood majors in particular have always been somewhat godlike in their ability to fund and make (and attract European audiences with) both masterful cinema and really good-looking trash. Similarly we tend to speak of Netflix as some kind of mythical monster that eats viewers, luring them into its endless labyrinth, sneakily using relevant content of excellent quality. Indeed, the US SVOD services alone are estimated to spend \$20 billion on content in 2018, up from \$15 billion last year¹⁸.

Difficult though it may be to comprehend, these gods and monsters are no longer the biggest players around. The six Hollywood majors¹⁹ between them certainly represent 37% of the top 50 global audiovisual companies' revenues²⁰. But Apple, Alphabet (including Google and thereby YouTube), Microsoft (including Xbox), Amazon and Facebook are five of the world's eight biggest companies in any category by market capitalisation. Any of them can decide tomorrow to acquire a major studio, or indeed Netflix, if they should want to. For such a hypothetical "Big Tech Major" the theatrical window is an important source of film revenue but certainly not set above all others.

Just to give an idea of the scales we're dealing with here: Facebook and Google between them account for a quarter of all advertising revenue in the world, and 61% of online ad revenue²¹. Apple's AppStore, which opened ten years ago, is projected to surpass the global movie industry in revenue in 2018²².

It is tempting to just roll over in defeat at the thought of these monstrous invaders. A more rational response would be to accept that this change has already happened, and to plan new strategies accordingly. When we speak about diversity in the film industry, it is usually in the context of either representational fairness or box office potential — the right of all voices to be heard in our dominant storytelling media. But at

this do or die moment, it behoves us all to take a calm look around our executive suites.

Is the future your of company or of cinema in your country decided by people with only pre-digital experience, an arrogant attitude towards the audience, and an active disinterest towards any technological innovation that does not involve a projector? Are discussions about the future dominated by denial ("we can continue like before") or defeatism ("we're doomed anyway")? Then, at best, you will become irrelevant. At worst colleagues who are less afraid may be blocked from solving your problems.

Marika Muselaers: *What will come after svod? I don't hear many people in our industry talk about new technologies like blockchain. The music industry is already experimenting with it. This is the problem with the business model at the moment: people can't afford [to try new things]. I would like to experiment, but I'm paying these huge MGs, so I can't afford it either. [Besides,] I don't have scale. With micro transactions you need scale.*

[Blockchain] is a strong technology but it's not regulated yet... and it will be extremely hard to persuade the Netflixes of this world to implement a technology like that, [which would require] opening their system and giving away their data. Which is their gold. But if you put a gun to my head and force me to make a prediction, I would say that next to the big conglomerates that will still be in power we might have a more democratised movement of makers and producers. They will use a technology like blockchain to reach out to their consumers directly — so it's transactional. These kind of technologies are perfect for makers to regain power. What you can do in a blockchain is basically what the music industry does: you put everyone who worked on the production on a smart contract. And when a film is bought online, everybody will immediately get a piece of the pie. No more middleman!

Soul of the Cinemas: Experiences or Exclusivity?

Patrick von Sychowski: *We now have the switch from first generation digital to laser projection and beyond, direct view displays, immersive audio coming in, high dynamic range, wider aspect ratios. Cinema has never looked or sounded better than it does today! At the same time we have a generation of filmmakers who are rediscovering and championing film as a medium. And we are seeing the reinvention of cinema as a social medium, cinema destinations that are not obvious — pop up cinemas, Secret Cinema, hot tub cinema — where people congregate and are willing to pay quite a premium to see a film they've probably seen several times or could see online.*

Marie Nilsson: *The relatively speaking few viewers in the theatrical window contribute to such a high degree to the total revenue, that it probably won't be until some outer force or disruption hits the cinemas that they're forced to change. It hasn't yet. For instance, Netflix making these big TV shows has not affected cinema consumption to any great degree. Movie consumption in general terms, in the Nordics anyway, seem to be more correlating to specific titles than to content supply on other platforms. But of course, this can change over time just as the television viewing behaviour has changed.*

Edith Sepp: *I don't believe in this threat that the bigger countries are very much talking about of people leaving the cinemas. In Estonia I see that people like to gather together because we live in our virtual bubbles.*

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- 3 Subscription VOD
 - 4 Digital Multichannel Video Programming Distributors (dMVPDs or sometimes “virtual”, vMVPDs) are video services offering a bundle of linear TV channels delivered as streaming over the customer's broadband, completely irrespective of the network provider. These bundles are “skinny” compared to cable packages, which typically force the user to subscribe to a greater number at a higher price. Consumers often complement their DMVPDs with premium OTT services like Netflix, many paying as much in total as for cable but for a more relevant content offering.
 - 5 “Cord-cutters” are people ending their cable subscriptions entirely, in the US in 2017, this was over 22 million consumers. Some of these are switching to skinny bundles. Another interesting market for dMVPDs are “cord-nevers”, typically young adults who have never subscribed to cable.
 - 6 Of these they will typically watch less than twenty.
 - 7 Toonkel: ‘Exclusive: Amazon scraps bundled’
 - 8 Bengtsson: ‘Facebook Watch kan bli störst i världen’
 - 9 Follows: ‘How important is television’
 - 10 Transactional VOD (streamed content to rent or buy).
 - 11 In 2015, US-based groups accounted for 10% of revenues of the top 100 audiovisual groups in Europe. This number is growing. Fontaine, ed: *Yearbook 2016*, p. 64
 - 12 Wallenstein: *Media Trends*, p. 4
 - 13 For instance, the premium VOD window now typically precedes physical video as third window.
 - 14 Ford: ‘Sales Agents Really Want to Produce’
 - 15 Electronic Sell-Through — files for download, similar to for instance iTunes.
 - 16 In a surprise twist, the Trump administration is attempting to stop the AT&T Time Warner merger on antitrust grounds even though their policies otherwise have consistently sided with corporations against consumers and the common interest. Their challenge of the legality of the merger is, however, not expected to prevail.
 - 17 Wallenstein: *Media Trends*, p. 3
 - 18 Wallenstein: *Media Trends*, p. 4
 - 19 They were six until December 2017: Universal, Paramount, Columbia (Sony), Warnes Bros, Disney and 20th Century Fox.
 - 20 Fontaine, ed: *Yearbook 2016*, p. 60
 - 21 WARC: ‘Mobile is the world's second-largest’
 - 22 Orr: ‘App Store Revenue to Outpace Global Movie Industry in 2018’

People want to gather in cinemas... In 2017, out of 1.3 million people cradle to grave, each person visited the cinema on average 2.67 times.

It becomes more common that somebody explains in front of the screen what they are going to see, why it's important, what the connections and the background of this content are. This is the practical work of media literacy. I do it with my daughter too, explain the content to her and make her intrigued. Then she will watch a very long, "boring" film without hesitation! Maybe this is how the world's changing — you have to explain and communicate more.

As discussed in last year's report, cinema innovation is developing in two directions. Technological advances of screening technology on the one hand, and on the other the development of the wider cinema experience into events, whether through the addition of for instance dining and social areas, or through an emphasis on curation, context and community. The former is, broadly speaking, easier to achieve in the mainstream multiplex, where more physical space is often available. The latter predominates in local or independent cinemas, that lean into their ability to attract specific audiences.

A recent study of 12–25-year olds from market researchers GfK suggests that young viewers will drive the transformation of cinemas into experience centres of both kinds. While young people are still the biggest group of cinema-goers, the percentage is falling²², and especially older teens don't feel a movie ticket is offering value for money. Often not even their basic expectations are being met — ticket prices keep rising, but many theatres still have dirty floors, a messy environment, too much queuing, strange temperatures and uncomfortable chairs.

Beyond such fundamentals, two major themes emerged in the study. In the screening room itself, young viewers particularly appreciate the *focus* of a cinema experience — the opportunity to lose themselves in another world, without the intrusion of cell phones or social distractions. But around the screening they wished for the experience to be *more social*: to free up time from queuing through mobile/online ticketing, and to have areas for hanging out before and after the movie, with wifi and electrical outlets and places to sit²³.

For this target audience an experience gets its meaning only when it's

shared, discussed and activated through participation. Not surprisingly, teens are also very interested in interactive, themed events, and alternative content (live streams, sports, e-sports, TV series, classics, and so on²⁴).

Patrick von Sychowski: *The biggest [change] in the last five years of studios has been that suddenly cinemas are once again the main revenue generator for film. Not because they have grown so much — they have grown a little bit, especially in territories like China — but because the total collapse of DVD and packaged home media. That used to account for 50% of a film's life time earnings, and cinema was about 25%. Now we see cinema up at 40–50% again. But [VOD is not] picking up the slack, so the studios are suffering. This is why they are pushing for shorter windows between theatrical and home, maybe 35–40 days. Cinemas have made clear that they will not allow this. We have already gone from 6 months to 3 months before home release; they don't want to go to 3 or 6 weeks.²⁵ So they will refuse to show any film that comes out that quickly, unless the studios cut a deal with them where they will offer better terms for effectively advertising the film in the cinema. That's going to be the big battle in the next few years.*

The total amount of films released in cinemas keeps rising. In 2016, 1740 feature films were produced in Europe. In big production markets like France, Germany and Spain the number works out to nearly five domestic premieres a week in addition to international titles. In the UK in 2016 there were on average about 16 premieres every week, of which four domestic. In the US there were 789 domestic premieres in 2016²⁶, of which 93 by the Hollywood majors — including 21 titles with budgets over \$100M, all expected to become blockbusters. Many of course did not, with alarming variations in admissions as a result²⁷. Still, mainstream exhibitors in any European market would be hard pressed not to give each of those at the very least a good shot on their screens²⁸.

Flexibly programming smaller titles is much easier since digitisation, but the staggering amount often means they do not stay on long enough to build word of mouth. Special events and live cinema are labour-intensive and disturb the normal scheduling and customer flow. Event cinema takes up screen real estate from movies.

At the same time, traditional ways of marketing premieres to audiences are disappearing. Exhibitors invest a lot of man hours into their websites and social media, accepted now as their most important communication channels²⁹. These efforts would benefit from being organically integrated into communication from the producers and distributors, but how this work would best be organised is yet to be resolved.

Despite this enormous growth in supply, admissions have remained more or less flat. The top titles, which audiences have actually heard about, still take the majority of the box office. This places the exhibition sector in an impossible bind. Since it generates the majority of the income in the life span of individual feature titles, it is under pressure to screen everything that is released. Even if that were physically possible, doing so profitably would be a struggle.

The logical solution would be to lean into the cinema as a special event and be much more selective about wide releases, giving distributors the choice of a shorter run with a shorter holdback. If theatrical were no longer the only meaningful path to market for feature-length films, it would free exhibitors to focus on the kinds of movies and presentation that will work best for the specific audiences of each cinema brand or local theatre. This would also lessen the conflict between the film industry's need for first-run screens and the exhibitors' need to use resources on social interaction and alternative content.

Edith Sepp: *I think it would be good to move the emphasis [of the support schemes] from production to development and distribution... I really believe in fragmented distribution. I think every single film has a very specific, maybe even small audience. We just have to find it.*

Patrick von Sychowski: *A worrying trend is this major consolidation drive, with big cinema chains buying up medium cinema chains and becoming global, gigantic cinema corporations. In a way they have to be that, because of [the pressure from the] consolidated Hollywood studios, and technology companies like Netflix and Apple. But a lot of the innovation and daring crazy ideas come from the small to medium sized cinema operators — the Alamo Drafthouse, the iPics, the Everyman cinemas, Bio*

Rio in Stockholm. If we only have these global corporations, then we don't have a healthy ecosystem, in which new ideas, new trends, new types of films, and new audiences can find a home.

Consolidation has continued in the cinema sector, making already powerful chains parts of massive international conglomerates. This creates interesting tensions in trade organisations organising both local or independent cinemas and multinationals, whose strategic interests do not always coincide.

In the independent marketplace in fact we now see distribution and exhibition increasingly overlapping or extending into transactional vOD. A lot of innovation around targeting, events, and day-and-date is happening in this space. The real change will start in markets where a big producer or distributor is also invested in exhibition.

Claus Ladegaard: *I'm optimistic that we soon will have another kind of a window structure with four different [paths]. One that's four months in the cinema, totally traditional. One we call fast-track — films we know will sell less than 10,000 tickets and should be in cinemas for six weeks. Another one that we call the emergency track, films that we thought would do fantastically but where we can see after 2–3 days that they won't. They should be converted from the 4 month holdback to the 6 weeks. And the fourth track is event, you know, just basically premiering.*

For a change like this to happen, however, it is not just that cinemas must allow it. Producers and distributors must also be able to see a predictably stable income in the windows down the line.

The exhibition giants are not unyielding because they somehow believe a niche documentary has the potential for a four-month theatrical run. They are holding arthouse and niche fare hostage in part because they worry that the growing older audiences of mid-priced grownup drama will stay at home if they can stream a title next month. And in part because they can see a very real future where a big title is more valuable to the studio if it moves quite rapidly from the theatres to a platform whose profits it does not have to share.

If the exhibitors were absolutely certain that their audiences are truly

showing up for the broader experience, rather than the exclusivity of the content, this would not be a problem. But as their own research into the question is inconclusive, they are hedging their bets.

This is of course also a negotiating tactic. A studio like Amazon, now reportedly shifting gears from independent movies towards the mainstream, could easily afford and choose to take a lower box office cut in exchange for a shorter window. Whereas Disney, buoyed by its Fox acquisitions and rapidly expanding into digital, is very aware that it dominates the exhibitors' revenue stream. Research from Cowen & Co. suggests Disney earned 61% of total industry profits in 2016, as the business's total earnings shrunk 19%³⁰.

In advance of the release of *Star Wars VIII* in 2017, Disney flexed its muscles and demanded from exhibitors a significantly greater cut of the box office (at 65% instead of the normal 40–55%) and a commitment to screen the film for at least four weeks in their biggest theatres. This is not a new strategy on the majors' part³¹, but the urgency of the holdback fight places the move in a different light. It seems likely that playing hardball now will help them in negotiations which, on and off, are steadily ongoing³².

We have been used to thinking about the financial value of a movie primarily as a function of its box office yield, and this is naturally also the exhibitors' perspective. But when studios control a full digital value chain, like Disney soon will, or are owned by communications or consumer electronics conglomerates, like the other majors are, they could potentially control their audience relationships fully. They could replicate in their verticals what for instance Netflix already can.

In this new world, a film or TV show might not be created to be sold, but as a magnet to retain a viewer's attention in some specific digital framework. The business model may in fact be about selling something entirely different: high speed internet, online advertising, iPhones, or books and organic vegetables delivered by drone to your door.

Selling audience attention to TV advertisers and popcorn to moviegoers have been normal parts of the film ecosystem for a very long time. An interesting difference is that in the new landscape, no piece of content may need to be individually profitable, as long as it can attract popular interest or build brand loyalty.

Today the only way to guarantee the success of a film on a VOD platform is still a successful theatrical release. It is not at all certain that this will remain true as studios and their Big Tech competition develop direct audience relationships.

Edith Sepp: *In one way I'm obviously worried that we're never going to get enough funding to keep our production value up — that we have reached a certain level and now even that money will not [continue]. On the other hand, I also feel like it can't only be about the money, it has to be something else! I'm thinking that maybe we, everybody in the film business, especially in European film, concentrate so much on the money side that we forget what filmmaking or creating culture and art is all about. That the essence of things gets lost. [To be able to prioritize] the money and make the decisions, to take responsibility, you really need to have a bigger vision. If you are only concerned about putting together [commercially appealing packages], then an accountant could run the institute. I think this is the excitement of European film! We still have ideas, and we have people like filmmakers running the institutes, rather than giving them over to the civil servants.*

Claus Ladegaard: *When I look at Danish films I think, maybe 20 years ago we had more cultural impact than we have today. The films addressed more present-day issues. Not political issues — it could be existential issues or emotional issues — but I think the films were more important in people's lives than they are today. I think, at least as a funding system, we need to sharpen our understanding of cultural value and be more selective.*

Do you mean prioritising arthouse over commercial films?

I think high quality films are the same as commercial films... Denmark grew strong in feature films with the Dogme wave — very realistic, everyday dramas. We are hit hard by television because television does that as well as films. We need to sharpen our understanding about what a two-hour film in the cinema is. What does it have to be in terms of story-telling and production value? We need to be able to fund more ambitious films than we do today. If you look at the Nordic countries, there are a number of stories that have never been told because they were way too expensive to

produce. [The Viking-themed bestseller] Röde Orm, for instance, has been a script at Zentropa for 10 years. Now they're trying. The reason they haven't before is that it will be 10–15 million euro film. It's impossible to fund, in the Danish language, out of Denmark, in the present funding structure. Bröderna Lejonhjärta [The Brothers Lionheart] — twice they tried to make a film out of it in Sweden and twice it crashed because they couldn't finance it. These are the films that I'm talking about. Every year, there will be three or four films that are huge [audience successes]. We need to make sure that every year in Denmark, one or two of those films are Danish, and we can only do that if they have production value.

Regardless of whether the theatrical offering becomes more selective, a big part of it is likely to still be spectacle-oriented, high production value movies. With the expected industry consolidation, “European majors” or media giants are not unthinkable; neither are European VOD challengers. Some Chinese companies too are looking to diversify their film investments into Europe as their market matures³³. A recent Norwegian initiative for pan-Nordic funding of one or two big movies annually echoes corridor talk across the continent: why, exactly, shouldn't we make every kind of movie our audiences want?

Scarred by “europudding” disasters, many older industry players are understandably wary of all talk of films aiming high in the European market. For younger creatives who have grown up with both a global work market and hyper local TV drama content traveling well internationally it is not as strange. American blockbusters are already often made in Europe, or by Europeans who have followed work opportunities to Hollywood. They would work at home if they could, if the scripts and ambitious funding of interesting projects were there. For the film funds, these goals are strategic. In practice of course most of the cost would need to be carried by the market. If the capital is willing, the creatives should agree: don't bring an arthouse movie to a blockbuster fight.

European filmmakers are already used to working efficiently with smaller crews than is the Hollywood standard. In the next 5–10 years, a new generation of technological tools will make everything from editing to special effects faster, better, and more affordable.

Nadira Azermai: *I think everyone is wrong about AI: it's not an if, it's a when. ScriptBook is pure AI. What we do is using automated script analysis to generate a financial forecast. We've got a green light accuracy rate of around 82%; humans have an accuracy rate of around 31%.*

[Many] scripts are not being read; people in the business simply don't have time. When you deal with large volumes you will only read the scripts that have been brought to you by certain people and everything else is being used as furniture. So a use case that came from talent agencies was to use this product as a filtering system. [ScriptBook can] perform a full analysis on each script in less than four minutes if you have the servers and processing power. And [if they're] specifically looking for let's say a thriller with some sports elements for a target audience of 25–45 females... all of those elements [can be identified too].

[But it can also look at] which version of a script has more likeable characters. Or the rhythm of the scenes, are they much more dynamic in a certain re-write? One of our parameters, a really complex feature that we worked on for almost 18 months, is “advanced sentiment”. Advanced sentiment is trying to map the eight primary emotions of humans in characters. Each of the characters will be given a timeline throughout the movie, scene by scene, where you can see what emotion is this character going through. People always ask, am I going to lose my job to AI? We tell them yes, you will lose your job, but not to AI, you will lose your job to people who have learned how to team up with AI. That's the thing!

Strengthening commercial European filmmaking must not happen at the expense of publicly funded niche cinema. On the contrary, it can probably only develop as a complement to it, creating a career step for home-grown original voices to work on big audience-oriented projects outside the Hollywood machine.

A larger number of commercial successes could also help insulate European film production a little against the consequences of far-right or neoliberal election victories, which remain threats to all public arts funding and the public broadcasters.³⁴

Claus Ladegaard: *I think it's interesting that on the PowerPoint that*

Netflix is [touring] now, their slogan is 'Local content for a global audience'. If I look at what Danish films that actually [succeeded] outside Denmark, they are about local stuff, films about Danish ways of seeing life, or Danish history. I think we should stick to that. I think we should be much more Danish than we used to be. One of my recent revelations is that we should basically put an end to financing foreign-language films. Or at least fund them on a lower level. Except for von Trier, because the artistic quality of his work is outstanding, or other directors at that level.

Does this extend to coproductions too?

Not at all, I think we actually have to go into more co-productions! But more mainstream Danish major films, with an international cast, in English, set in other places in the world? Go get them financed somewhere else.

Time Not Up Just Yet but Changing Fast

*Nadira Azermai: We developed a gender equality measure [for the ScriptBook AI]. Do scripts have plenty of roles for women, do the women that are present get a lot of dialogue? Is the dialogue very stereotypical? It's shocking, but the majority of our data set [of 15,000 scripts] failed the gender equality measure. The women that happen to be in scripts usually get really sh**ty lines, so stereotypical; about the boyfriend, the husband or cooking. We also found that males in scripts are usually correlated with very active verbs, like "deciding", "working" — all the active verbs. And the female roles were correlated with very passive verbs, for example "agreeing" and "caring"³⁵. We take those parameters in with our financial performance projection because, this was also confirmed by another study, with women in lead roles movies perform better.*

In the 2016 Nostradamus report we predicted significant advancement for female filmmakers and female representation within the next five years. We could not have predicted that a key tipping point in this development would be the October 2016 emergence of the recorded words of an entertainer suggesting that for stars there are no consequences of breaking laws and norms around sexual behaviour. "[W]hen you're a star, they let you do it, you can do anything... grab them by the pussy."

This *Access Hollywood* tape of Donald Trump bragging of sexual assault was recorded in 2005, before high-profile rape and sexual abuse cases, like those of Bill Cosby and Woody Allen, demonstrated that stardom no longer offers full protection against consequences, or prosecution. And had this cultural shift been completed in the following decade, the surfacing of the tape should have cost the Republican presidential nominee his election.

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- 22 Follows: 'Are fewer young people watching'
 - 23 GfK: *Bringing Teens Back to the Cinema*. The study was supported by UNIC, the UK Cinema Association, Odeon Cinemas and the Coca Cola company.
 - 24 Event Cinema (as this category of content is confusingly called) had global revenues topping 400M USD in 2015, and is growing rapidly). Follows: '48 trends... Part 3'
 - 25 The average time between a US theatrical premiere and home video release has fallen 39% since the year 2000. Follows: 'Three Major Ways'
 - 26 Excluding feature documentaries and student films. Kanzler et al (eds: *Focus 2017*)
 - 27 Kelley: 'Summer Box Office'
 - 28 Statistics from Kanzler et al (eds): *Focus 2017*
 - 29 Europa Cinemas: *New Approaches...*
 - 30 Lang: 'The Reckoning'
 - 31 For *Force Awakens* in 2016 Disney demanded 64% and two weeks in the "best theatre".
 - 32 Lang: 'The Reckoning'
 - 33 Brzeski: 'Luke Xiang'
 - 34 Public funding accounts for 77.1% of public broadcasting resources. Fontaine (ed): *Yearbook 2016*, p.66

It did not, and a great many people realised for the first time just how far our societies are from gender equality.

One group of women in particular had reason to be seething. The experience of female artists and entertainers is not, as Trump describes, that they can “do anything”. On the contrary, they are professionally able to do very little, and stardom, as we have since learned, is nowhere in the world protection against being assaulted by male colleagues.

This is the climate in which Hollywood women decided to stop covering up for Harvey Weinstein and his ilk. The barrage of testimony that followed, and the thoughtful commentary it provoked, made visible the systemic mechanisms allowing powerful people (predominantly men) to prey on their subordinates (typically women).

Sexual harassment and sexual violence are enabled by patriarchal structures. When the voices, talents, experiences and bodies of women and marginalised groups are given less weight and protection than those of privileged males, they become vulnerable to predators but also unable to fulfil their professional potential. Sometimes the two are directly connected. In countries where almost half of film school graduates are women, they mysteriously still disappear from the industry before becoming established³⁶. Even given that projects with women in key positions are less likely to get funded, there has been an unexplained statistical gap. 2017 presented us for the first time with a plausible hypothesis. It seems likely that young women in the early stages of their careers, when they are often already working extremely long hours as underpaid interns and assistants, experience so much harassment and sexist bullying that they are simply driven to take their skills elsewhere.

There are still people in the film industry who genuinely believe that women’s limited career opportunities are the consequence of a lack in talent or an unwillingness to work hard. Viewing the system as inherently meritocratic (as men who have themselves reached the top naturally would like to) conveniently frees one from the responsibility to do anything about it. But very few people are willing to say, at least on the record, that sexual harassment of female colleagues is acceptable — which is how the #metoo movement created a window of opportunity to affect real change also on the underlying structures.

The Times Up movement announced in early 2018 organises powerful women in Hollywood to lobby for new industry norms and changes in legislation³⁷. It has attached itself to the 50/50 by 2020 goal, a cross-sector initiative for gender equality promoted for some years in the screen industries by for instance the Swedish Film Institute and Creative England. Organisations and companies are invited to commit to achieving gender equality by 2020 in areas like the distribution of public funds for filmmakers or the selection of executives and board members. As only 18.8 percent of all board members and only 17.9 of “C-suite” executives in Hollywood today are female³⁹, companies committing to the 50/50 goal at this late date are typically already ahead of this industry average.

Claus Ladegaard: *15 or 20 years ago we had a few very, very strong female directors — Susanne Bier, Lone Scherfig, Annette K. Olesen — who, besides Trier, were the Danish directors. I think we felt that there was a very strong female voice here... [But actually] about 20% of feature films [in Denmark] are made by female directors. It’s way too low.*

We are doing a lot of counting. We’re running a program for all decision makers here at the Film Institute, whether they are editorial boards or commissioners, trying to make sure that there are no blind spots when it comes to gender. If [representation] isn’t more than 20% five years from now, I think we have to shift our attitude, do something else.

Experience suggests the most efficient method to drive change is “counting heads” — getting real and actionable data on representation. Asking all levels of the organisation to pay attention to gender balance makes implicit bias visible and has been shown to in itself somewhat correct imbalances, with significant gains in the quality of the films as a result. For those who have not previously been counting, there are plenty of statistics available.

The Center for the Study of Women in Film and Television reports that in 2016–2017⁴⁰ only 42% of all speaking characters on US television (including streaming) were female, the same level as a decade earlier⁴¹. This is still significantly more than in the 100 highest-grossing US films, where the 2016 percentage of female speaking characters was only 32%⁴².

If we believe in the cultural impact of cinema, it would seem that a good starting point would be to let the women on screen say something.

The underrepresentation of women on screen is directly correlated to the lack of women behind the camera. “On [TV] programs with at least 1 woman creator, females accounted for 51% of major characters, achieving parity with the percentage... in the US population. On programs with exclusively male creators, females accounted for 38% of major characters.⁴³” The percentage of female major film characters was 37% — a recent historical high — and 29% of protagonists female⁴⁴. In feature films with one or more women as director or writer, 57% of protagonists were female, against only 18% in films with only male directors or writers⁴⁵.

The Center also suggests that on television, women have made “modest but pervasive gains on screen and behind the scenes”. Between the 2014–15 and 2016–2017 periods there was a two percentage point increase of women among creators, writers, executive producers, producers, editors and DPs on broadcast network, cable and streaming programmes. The number is now 28%⁴⁶, the same as for women in key roles in independent film⁴⁷. Big films lag catastrophically behind. In the 250 highest-grossing US movies of 2017, only 18% of these key functions were filled by women, “virtually unchanged from the percentage achieved in 1998. Last year, only 1% of [these] films employed 10 or more women in the above roles. In contrast, 70% of films employed 10 or more men.⁴⁸”

A study from USC Annenberg looking specifically at directors found that only four percent of the 1100 top films in the US between 2007 to 2017⁴⁹ were directed by women. Of those women only four were black, two Asian and one Latina. Most worryingly, the majority of the female directors (83.7%), including all four female black directors, worked on only a single top-grossing film during the 11-year period of the study. Of male directors, only 55.3% did not return to make another top-grossing film.

During the same eleven years no woman directed more than four top-100 films, while male directors worked on as many as 15⁵⁰. The study shows no change over the studied 11-year period. Indeed, in 2017 all women directing a top 100 film were new to the list. Among these Patty Jenkins, whose June 2017 release *Wonder Woman* grossed over \$821 million globally, was not announced as director of the sequel until September.

The delay raised some eyebrows, but it is unclear whether it reflects typical studio disinclination to re-hire a woman or was just a consequence of tough contract negotiations. Jenkins’ reported fee for writing, directing and producing *Wonder Woman II* is in the 8 million dollar range, plus a substantial cut of the backend, making her the best paid female director of all time.

Why don’t women get to work again after proving themselves on a top 100 title? The length of the careers and breadth of opportunity are contributing factors. Male directors work on top films from their 20s to their 80s, while female directors are not trusted with them if they are under 30 or over 70 years old. Popular genres like action films, horror, sci-fi, animation and thrillers are largely closed to women, even though over 40% of polled female directors expressed interest in these genres. In addition, women and people of color are disproportionately limited to films in which the protagonist reflects their own gender and ethnicity. Since female and non-white protagonists are underrepresented on screen, and white males direct a significant portion of films about women and minorities, very few titles remain for everyone else to compete for⁵¹.

In Europe the numbers are marginally better, but here too especially big budget movies are plagued by a persistent hiring gap. A 2006–2013 study collecting data from seven European countries found that while one fifth of the films from these countries were directed by women, 84% of public funding is allocated to male directors. Female directors also receive a lower percentage of investments from TV companies into films. Being forced to work on limited budgets creates a perception that female-helmed films are not money-makers⁵². Female directors are also paid less, although only France collects pay data systematically; there the pay gap is 31.5%.

The limited opportunities for women create such a competitive marketplace for female artists, that only the very strongest are able to work at all. This may help explain why films with a female director are likelier to win awards, even though female-helmed films (even those that have already been critical successes) are still significantly underrepresented at film festivals⁵³.

All over the world, women in the film industry are organising themselves to put pressure on decision makers. Audience groups are advocating online

against sexism and racism in hiring decisions, casting and representation. It would be a shame if traditional film industry decision-makers — those who do not trust women to produce, write or direct — decided to gamble the box office on maintaining the status quo.

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- 35 These results have been confirmed by a more limited study of 800 scripts at the Paul G Allen School of Computer Science and Engineering. Lee: 'New database reveals gender bias'
- 36 A study of seven European countries found that while 44% of film school graduates are female, the film industry is only 24% women. SFI: *Hit och ännu längre* p. 22
- 37 Buckley: 'Powerful Hollywood Women'
- 38 Shorthand for the top management level, with the word "chief" in their titles: CEO, CFO, CTO and so on.
- 39 Smith et al: *Inclusion in the Director's Chair*
- 40 The study has been ongoing for decades and still follows TV's traditional September-to-May year.
- 41 Lauzen: *Boxed In 2016-17*.
- 42 Lauzen: *It's a Man's (Celluloid) World*, p.1
- 43 Lauzen: *Boxed In 2016-17*, p. 3
- 44 Lauzen: *It's a Man's (Celluloid) World*, p.1
- 45 Lauzen: *It's a Man's (Celluloid) World*, p.4
- 46 Lauzen: *Boxed In 2016-17*
- 47 Lauzen: *Women in Independent Film*
- 48 Lauzen: *The Celluloid Ceiling*, p.1
- 49 The top 100 films of each year during the studied period.
- 50 Smith et al: *Inclusion in the Director's Chair*
- 51 Smith et al: *Inclusion in the Director's Chair*
- 52 *Hit och ännu längre* p.22
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