PROMOTION OF EUROPEAN WORKS IN NON-LINEAR SERVICES
WHAT IS AT STAKES?

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The European Audiovisual Media Services Directive requires non-linear television service providers to showcase the European works in their catalogue. Showcasing these works is not an end in itself; the aim is to ensure that European works are actually available in their home market and that consumers enjoy freedom of choice.

This freedom of choice, which is at the heart of all audiovisual ambitions, is worthy of consideration.

The film and broadcasting sectors, like other cultural industries, are supply-driven industries. There is no pre-existing demand, as in the case of the food or clothing sectors, for instance.

A European consumer who decides to buy a chicken that has been imported from China rather than other products because that chicken is on special offer will not behave in the same way where cultural goods are concerned. They will not spurn their favourite music group and choose a recording of Chinese music instead simply because that recording is on special offer. In the cultural goods sector, the consumer either consumes or does not consume, depending on what is offered to them.

This difference in attitudes is due to the criteria that form the basis of consumer choice.

Most economic choices are made on the basis of comparison. The consumer, assisted by advertising and marketing campaigns, usually compares the price and quality of various similar products and services before making their decision. However, the decision to watch a film, to listen to a piece of music, or to read a book is not based on a comparative choice, but on the interest that the work arouses in the consumer. That interest is linked to the individual's own frame of reference, which is established on the basis of their culture, their education and their experience.

This is the reason why it is easier to convince a Belgian housewife to buy a Chinese chicken than to go and see a Chinese film, since, whilst the supply of food products meets a pre-existing demand, the supply of cultural products must create that demand.

It is only when that demand exists for several works at the same time that the question of comparative choice arises. In the film sector, that choice, as exercised today, is unusual in that it is not influenced by price, and that it depends mainly on the qualities that the consumer attributes to a work that they have not seen. This is where the art of film marketing comes fully into play, sometimes with the help of commercial practices aimed at controlling supply.

In order to find its audience, a film will have to go through two very different stages.

The first stage consists in generating demand. In order to do so, the film's content must "speak" to its audience, and that audience must be aware of the film's existence. The film's producer, director and script-writer are responsible for its contents, while the distributor is usually responsible for advertising and promoting it, as part of the film-screening business. Where on-demand services are concerned, part of the responsibility for promoting a film to the public is transferred to the provider.

The second stage, which involves both the distributor and the (cinema venue or VOD) "operator", consists in "positioning" a work that has succeeded in attracting the public's interest, when the consumer – who is interested in several works – finds themselves faced with a comparative choice.

Showcasing European works therefore implies that non-linear service providers adopt an active, two-pronged approach. They are responsible for creating demand, alongside the film's authors and distributors, and they are also responsible for "positioning" the work within the selection that they offer to the public when that demand has been created.

These two responsibilities are different, in that the first is shared, while the second is not.

During the first stage (creating demand), showcasing European production implies that the service providers adopt a publicity and promotion strategy that is quantitatively and qualitatively suited to the goal they are seeking to achieve, namely enabling the film to connect with its audience, while taking the specific features of the film, the target audience, and the screening method into account.

During the second stage (positioning works within the context of the consumer's comparative choice), showcasing European works does not just consist in publicising or presenting them in an "attractive" way, which has already been accomplished as part of the first stage.

The date when a film is first released to the public, knowing whether the publicity campaign started before that date and how long it lasted, the quality of the publicity campaign, and the length of time the film will be available are key considerations when assessing strategies for showcasing European films.

These few considerations are provided as an example based on past experience. We now know why European films, which experienced a significant audience decline in the European market in the 1970s and 1980s, suffered this fate.

The reason for that audience decline can be briefly summarised as follows:

- The growth of television resulted in a substantial fall in cinema audiences from the late 1950s onwards.

- This situation had a significant impact on the financial position of cinemas venues. Even if some countries were able to mitigate the impact of the fall in admissions up until the early 1970s through a significant increase in ticket prices in real terms (excluding inflation), many cinema venues disappeared.

- The fall in admissions and the increase in ticket prices in real terms led to a change in consumers' selection criteria: since outings to the cinema had become less frequent and more expensive, curiosity (which might potentially be disappointed) gave way to the desire to "get one's money's worth".

- The US and European film industries reacted differently when faced with this situation: From the mid-1970s onwards, the US film industry (which had gone through a very severe crisis in the 1960s), developed a "blockbuster" strategy, i.e. very high-budget films aimed at attracting huge audiences, and supported by substantial marketing campaigns. This was an appropriate response to changes in the marketplace, which took consumers' changing selection criteria into account. The European response (up until the spurt created by the launch of the MEDIA Programme), consisted mainly in increasing public subsidies for the production of films for which the audience had declined significantly.

- The blockbuster strategy in the 1970s and 1980s had two very important effects:
    - it enabled the US film industry to maintain its audience levels (the number of cinema-goers who went to see US films remained relatively stable at a time when world-wide admissions were falling);
    - it created a high concentration of admissions on a small number of (blockbuster) films. Conversely, a growing number of films experienced increasingly disappointing financial results.

- The blockbuster strategy was not just an appropriate response to changes in audience psychology, it also responded to the economic crisis that cinemas venues were experiencing, by guaranteeing them relatively stable audiences. From that point onwards, cinema venues' survival was dependent on a few heavyweight films that were likely to attract massive audiences.

- This situation led to most cinema venues becoming dependent on an oligopoly of distributors, who were thus able to impose their own conditions, i.e. block booking and screen-time availability. For cinema venue operators, block booking consist in making operators "buy" (although they actually rent) "packages" of films that are bundled with highly profitable titles. In addition, operators were required to screen some films on dates that were set in advance, which explains why other films had to be withdrawn, sometimes despite excellent box-office results, in order to make way for films for which the screen had been booked. Finally, it was noted that two blockbusters were usually not released at the same time, and therefore did not compete with one another.

What we need to take away from this historical summary is:

- the fact that the cards are reshuffled when a crisis arises;
- that although we cannot criticise any company for adapting more rapidly than its competitors, we need to make sure that the rules of competition are complied with, and avoid the situation turning into an opportunity for some companies to control supply;
- that it is therefore important to identify the factors that enable supply to be controlled and to take them into account when analysing the market's development.

The considerations discussed above played a part in shaping the theatrical release market, and will probably have an impact on the on-demand services market. However, unlike the theatrical release market, the current shape of which is the result of events in the 1960s and 1970s, the on-demand services market is still a work-in-progress. It is like a block of marble that a sculptor has just started working on. A wide variety of shapes can still be given to the final work. However, the number of options will dwindle quickly, and one day, the detailed outlines will have been defined. It will then be hard to make more than minor changes for a period of time.