



FIAD

INTERNATIONAL FEDERATION OF
FILM DISTRIBUTORS' ASSOCIATIONS

www.fiad.eu

The vision
of film
distributors
for the film
market of the
future



September 2019

THE POWER OF FILM

Our perception of the world is heavily influenced by what we see. Films have the power to shape the way we see the world and the ability to teach us about new experiences and new ways of life outside our own perspective.

“Audience can live without a movie but a movie cannot live without an audience.”

Amit Kalantri, Wealth of Words

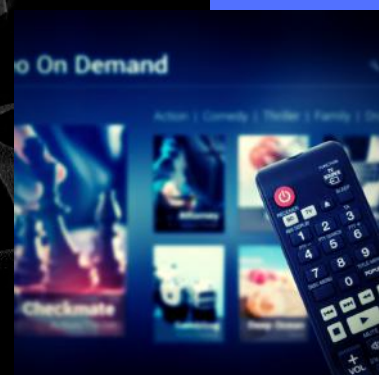
WHAT IS A FILM DISTRIBUTOR?

The profession of film distributor dates from the 1910s. Distribution is considered to be a key position in the film industry because it is **the link** between production and exhibition. When a film distributor selects and decides to work with a film, **acts as an editor** with the main responsibility to manage the release of the film in cinemas, find **the right audiences** for that work, work on its promotion and **bring it to life**.

Depending on the contracts with producers, the film distributors may have rights for parts or the entirety of the following markets: **cinemas, physical video, video on demand, television** (free or pay television) and **internet** (streaming). Distributors normally seek to acquire all available rights in their **particular territory**, spreading the risks and opportunities across multiple platforms.

Every film has its own tailor-made **distribution plan** developed through a combination of market knowledge, commercial experience, statistical research and professional judgment.

Film distributors are the first to understand the market and the cultural approach of **a certain territory**. The most important strategic decisions a distributor makes are “when, how and the way” to release a film in order to be successful. This is accompanied by a detailed **marketing plan** which creates visibility, raises awareness and engages interest in the movie.



The film distributors' main responsibility is to decide **when, how and to what audiences** to release the films they want to bring to life.

FILM DISTRIBUTORS ARE

1. INVESTORS

2. RISK TAKERS

3. FILM CURATORS

4. FILM PROMOTERS

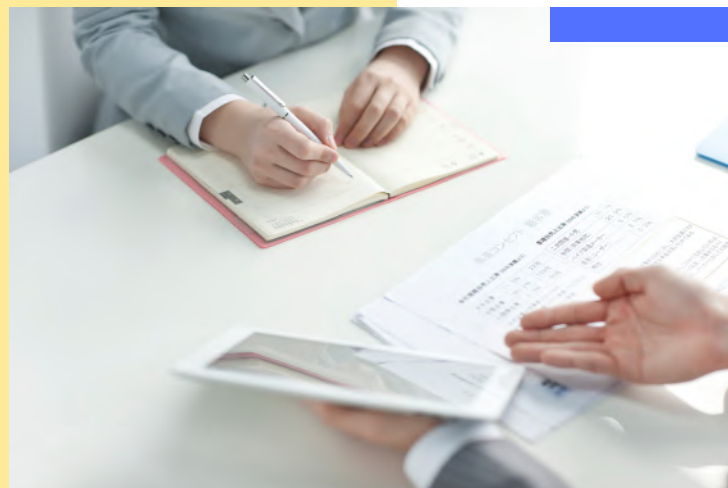


1 INVESTORS

Local distributors finance the creation of films through pre-sales, which ensure the right investment starting from the script stage to local promotion (marketing, press, programming...)

2 RISK TAKERS

The financial investment distributors made at an early stage not only guarantees that the film is created but that it will then be circulated. That first investment is not subsidised, most of the times.



Thus, distributors take a huge financial risk and count on being able to release the film through several mediums (theatres, DVD, VOD, TV,...) to recover these investments and make a profit.

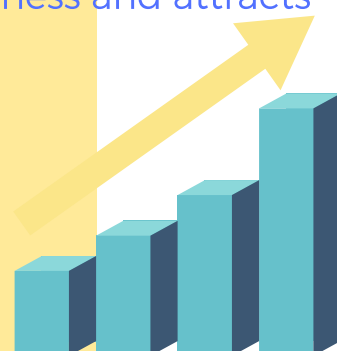
3 CURATORS

It is the task of distributors to identify and reach the largest possible audience for every film. Films only reach their peak potential when they are successfully delivered and enjoyed by the people for whom they were intended. This includes the creation of trailers, posters, subtitling and dubbing that will make the film attractive and accessible for the local audience.

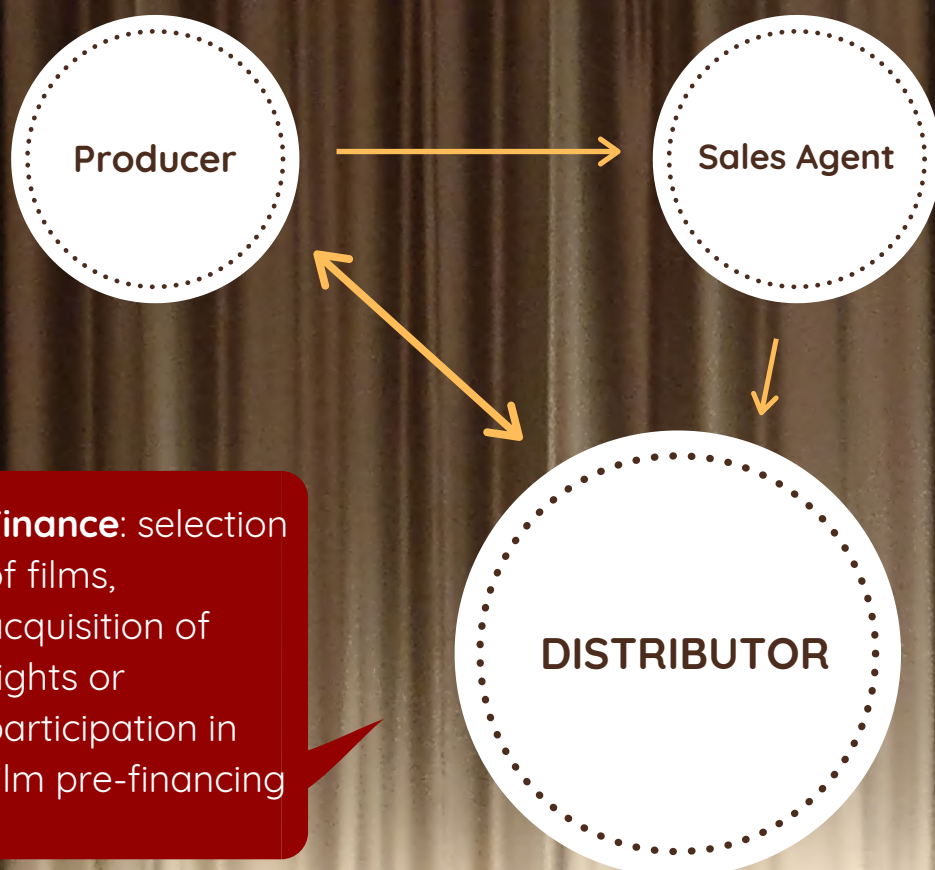
4 PROMOTORS

Distributors are the ones responsible for booking advertisement space, to managing marketing campaigns, to creating the trailer. They are guided by market knowledge, commercial experience, statistical research and professional judgment in formulating a marketing plan that creates visibility, raises awareness and attracts interest in the movie.

Make every release, an event!



Promotion: choice of the release date, organisation of advertising, partnerships, public relations, material sent to the exhibitors (trailers, posters), adaptation (translation, subtitling, dubbing, artwork)



Finance: selection of films, acquisition of rights or participation in film pre-financing

Promotion & Sales Licensing

Glossary

PRODUCTION: Producers are the ones that initiate the film project and are responsible for the financing of their respective film.

INTERNATIONAL SALES: they have the responsibility to create international promoting material to pitch a film through their network of distributors, to obtain visibility and additional financing.

EXHIBITION: There are several, and ever-increasing media, through which movies can reach their audiences. Cinema theatres, DVD and Blue-Ray, pay and free TV, transaction video-on-demand (TVoD), Subscription Video on Demand (SVoD) are recognized as the main channels.

AUDIENCE: It can be of two kinds: the paying audience, which legally accesses the film wherever it is distributed, be it a cinema theatre or a streaming platform; and the illegal audience, which consumes pirated versions, both online and in hard copies.

B2B

B2C

Cinema

DVD

TVoD

SVoD

TV
Pay &
Free

Negotiation with the following markets: cinemas, physical video, video on demand, television (free or pay television) and internet (streaming).

FIAD has embraced the changing audiovisual market and is committed to fostering a strong film distribution sector. Our common responsibility for the coming years will be to provide the right conditions to preserve Europe's cultural diversity.

DISTRIBUTOR: A KEY AV FINANCIAL CONTRIBUTOR

The audiovisual sector plays an important socio-economic and cultural role in the European society. As a matter of fact, according to the European Audiovisual Observatory, the EU Audiovisual sector was **worth €112 billion** in 2017 to the EU economy. The cumulative gross box office takings in 2018, estimations amount to a total of EUR 6.80 billion.

In 2016, **70%** of 445 European films, were **partly financed by film distributors** through pre-sales (defined as the sale of distribution rights) contributing EUR 222m to the cumulative sample financing volume of EUR 1.41b.

Films are an essential component of European cultural heritage and play an important role in the history and identity of Europe. They provide a comprehensive record of the richness of Europe's cultural identities and the diversity of its people, representing a historical source on the evolution of European society throughout time.

The European AV sector
contributed

€112 BN

to the EU economy

7 out of 10

of European films are partly

**funded by film
distributors**

DIGITAL DISRUPTION

The continuous changes occurring in the cinema industry are spelled by the growing number of digital means which a film can be released through. Film distributors have been at the forefront of innovating the way they do business, from how they deliver films to cinemas to how they pitch them to a broader audience, using new media and technology. Increasingly, FIAD members are offering films online, pursuing different business models and through different delivery platforms. They either distribute films directly to end users, or collaborate with service providers and content aggregators.

Whilst distribution models are surely adapting to new market conditions, the traditional models remain crucial in enabling distributors to maximise revenues and the availability of films. The growth in the online business is encouraging, despite the challenging general economic circumstances.

CHALLENGES

Our manifesto for a diverse and sustainable audiovisual sector is underpinned by six core principles. All of them aim to promote the best interest of consumers and citizens across Europe.

1. PROTECT INTELLECTUAL PROPERTY RIGHTS



The financing and distribution of movies on a territorial basis is crucial to finance European films and to ensure their best possible penetration in each market. Preserving title-by-title flexibility is key.

2. PRESERVE CONTRACTUAL FREEDOM



Increasing restrictions to contractual freedom may undermine financing of works to the ultimate detriment of EU consumers and cultural diversity in Europe.

3. PRESERVE MEDIA CHRONOLOGY



The current business model based on release windows should not be changed nor centralised at EU level. Since territoriality is the core model, the decision should be left to the market or national governments.

4. FIGHT PIRACY & ENSURE PLATFORM LIABILITY



Online intermediaries need to have more responsibility when they give access to audiovisual works.

5. PROMOTE DATA TRANSPARENCY



The Transparency should apply to all audiovisual players, which should be reporting on, amongst other things, how many subscribers they have and how many views a specific movie gets, similar to TV ratings. It is only with a 'level playing field' that rightsholders can take decisions fairly and consistently, and that the marketplace can be reported accurately and comprehensively.

6. PRESERVE PUBLIC FUNDING



The Creative Europe MEDIA Programme is in a unique position to support European distributors. Both the Automatic and Selective Schemes are essential for the transnational distribution of non-national European films and need to be maintained and supported in any future programmes.

OUR PRINCIPLES

Protect Intellectual Property Rights

Copyright protection is the lifeblood of the creative sectors, representing both an incentive and the basis for contributors' revenues. Film distributors are often granted territorial exclusivity, which ensures productions are adequately financed and distributed. Territorial licenses are best-suited to respond to the demand of local markets, and adapt to linguistic or other requirements. The proposal to introduce a pan-European licence, more expensive to acquire, would discriminate against smaller local players. Ultimately, that could lead to a concentrated market and not play in favour of consumers' interests.

Preserve contractual freedom

Contractual freedom allows authors or rights holders to define the terms and conditions, including the territorial scope, under which they will grant exploitation rights to their works. To create a film, producers and distributors make high-risk artistic and financial investments. Once they recoup those resources, they are able to re-invest in the development of new films. Contractual freedom allows distributors to become licensees of rights on an exclusive basis, which creates an economic incentive for them to bring audiovisual works to the public.

Fight piracy - platform liability

The Digital Single Market relies on the growth of online services, operating legally, for the delivery of content. FIAD members are expanding their reach and investing in the online audiovisual content distribution business. Piracy represents an enormous challenge to such ecosystem, as the digital era has facilitated the illegal access to and use of unlicensed content. It is necessary to ensure that VPN technologies cannot be used to avoid EU regulation and territory limitations or contingencies or the law, otherwise commitments would be useless. Ensuring that intellectual property rights are properly enforced is vital, not last to guarantee growth and job creation in Europe. The lack or ambiguity of laws in the liability framework made it possible for pirates to turn illegal actions into a profitable business, and has made enforcement scarcely successful.

OUR PRINCIPLES

Data transparency

In the platform economy, data is an indispensable input for the functioning and improvement of services. Thus, the competitiveness of companies in digital markets may depend on their ability to have access to relevant data, to assess the success of a film. Currently, there are no benchmarks or measures of success against which the audiovisual industry can judge film performance online. Streaming platforms are often unwilling to provide gathered data to distributors and rights holders. That would be key for promotion and would help the distributor to be more effective and innovative. Without data provided, the audiovisual industry is blindly venturing into the commercial settings. A basis for comparison is needed to help producers, distributors, policymakers and funders to make evidence-based choices.

Media Chronology

Media chronology is the right for distributors to release films in different markets (territories), through different media theatres, DVD, VOD, Pay and free TV, etc.), at different times (windows release). Their role is to decide how to combine these elements in a tailored marketing strategy, on the basis of cultural and linguistic preferences, market conditions and national AV policies. Window releasing is crucial for financing and distribution model of the audiovisual industries. Its importance to the sector's economic viability has been recognized by the Court of Justice of the EU on several occasions.



Public funding

The support to distribution, either coming from national funds, usually limited, or from the Creative Europe MEDIA programme, allows to reduce the risk for distributors and to increase their investments. Over the last few years, the MEDIA Programme has made valuable efforts to make adaptations that better address the needs of the European distributors. Especially, automatic and selective distribution MEDIA schemes aim at enhancing transnational film circulation. Other than providing funding to cover costs of investments, they allow distributors to launch non-national films in European theatres.

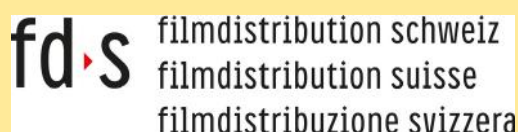
Creative Europe

MEDIA

ABOUT FIAD

The International Federation of Film Distributors' Associations (FIAD) represents national associations of film distribution companies, from small and medium-sized ones, specialized in art house films, to larger companies focused on blockbusters.

FIAD members operate in 14 countries where they comprehensively cover 90 to 100 percent of the theatrical market. The association represents the interest of distributors by giving them a strong and respected voice on the European and global stage.



International Federation of Film Distributors Association

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