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MEDIA

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Dear readers,

I am writing this message while, like many of you, I am preparing to leave for the Cannes Film Festival, the occasion on which MEDIA Salles takes up the traditional appointment with the international cinema community.
This year our meeting is taking place at the first presentation on the international scene of "Schermi di Qualità" (Quality Screens), the circuit promoted by AGIS which – working with almost 700 screens in Italy – offers special visibility to Italian and European cinema.
For MEDIA Salles Cannes is the occasion for communicating the most recent figures on cinema-going in the year that has just come to an end as well as on the situation of multiplexes in Europe and the development of digital screens worldwide.
It is also the opportunity for remembering and exchanging ideas on the most important phases of the Association's work. I should like to recall the most recent one here: in April the fifth edition of the "DigiTraining Plus" course was held, moving this year to a new and significant venue. After four years in Belgium where we were able to take advantage of the hospitality provided by Barco, in 2008 this training initiative – the only one in the area of the MEDIA Programme to deal with digital technology from the cinemas' point of view – was held in London, capital of the country with the highest number of digital screens in Europe.
I think I can sum up the opinion of the 45 participants coming from 14 different countries, by saying that this was a unique opportunity for acquiring information and competences, starting out from the experience of those who – both in the public and in the private sector – have been pioneers in the digital transition and experienced its risks and opportunities. Whilst thanking the numerous and highly qualified experts who contributed to the success of the initiative, as well as the partners who helped establish the course content and its organization, I also express the hope that MEDIA Salles, with the decisive support of the MEDIA Programme and the Italian Government, will be able to continue standing alongside European exhibitors in these years in which the spread of the new technologies brings new and demanding challenges.

Jens Rykaer
President of MEDIA Salles

DROP IN EUROPEAN AUDIENCES, BUT WITH EXCEPTIONS

THE SLOW GROWTH OF EUROPEAN MULTIPLEXES CONTINUES

ALMOST 6,000 DIGITAL SCREENS THROUGHOUT THE WORLD

A tendency to decline but not everywhere: this sums up the 2007 trend as regards cinema audiences. The exact opposite of 2006, where the plus sign was the general rule, although, there again, with some exceptions.

Less spectators in Europe

From the figures available to date, which in some cases are still provisional, it can be seen that ticket sales have declined on average by 1.3% in the 27 countries of the European Union, dropping from 929.9 to 918.3 million. In the 19 countries of Western Europe the drop is equal to -2.1% (from 885.1 to 867.0 million), whilst in the 15 territories of Central and Eastern part of the continent and on the Mediterranean Rim the decrease amounts to -1.3% (from 113.8 to 112.3 million).

The situation in Western Europe: contrasting results from the five leading markets

Analysing the figures country by country and starting with the five leading markets, the results that emerge differ widely, as in 2006. France, Spain and Germany close 2007 with considerable decreases, whilst the United Kingdom grows and Italy takes wing. The leading European market continues to be France which, whilst losing over 11 million spectators (from 188.7 to 177.5 million), obtains a better result than in 2005. Germany leaves behind 11 million tickets, dropping to 125.4 million and returning to its 1995 position. Over 6 million fewer spectators for Spain, too, which experiences its third consecutive drop and closes with 116.9 million spectators: for a similar result we have to look back to 1998. The United Kingdom, on the other hand, sees a happy ending to 2007 (+3.7%), recovering most of the spectators lost in 2006 and, with 162.4 million spectators (of which over 38 were counted in July and August alone), confirms itself as the second largest market in Europe. Italy grows to the extent of almost 12%, according to the MEDIA Salles elaboration on the Cinetel figures which cover around 90% of the market, recording over 114 million spectators. This flattering result, which is the best since 1986, is due mostly to the success of films "made in Italy", accounting for as much as 34% of the market.

(continues on page 2)

Cannes Film Festival 2008:

European Films and European Cinemas in the forefront at the Schermi di Qualità MEDIA Salles joint event

Tuesday 20 May, from 2.30 pm to 4 pm
Espace Italia, Palais Stéphanie
Cannes - 50, Boulevard de la Croisette

In 2007-2008, over 6 million tickets were sold for Italian and European quality films in cinemas belonging to "Schermi di Qualità"(Quality Screens), the initiative by AGIS - the Italian General Association for Showbusiness - supported by the Ministry of Cultural Affairs - General Directorship for the Cinema.

509 screens have become part of the "Schermi di Qualità" scheme, bringing in the majority of spectators for quality European films, both those with a high box-office (Elizabeth - The Golden Age, Le grain et le mulet, Irina Palm, La Môme) and niche productions (Le ferie di Licu, Salvador Puig Antich, Les amours d'Astrée et de Céladon, Goodbye Bafana etc.).

On this occasion MEDIA Salles takes up the traditional appointment with the international cinema community on La Croisette, by presenting the latest figures on cinema-going in Europe in 2007.

Your hosts:
Paolo Protti, Vice-Presidente of AGIS, representing the "Schermi di Qualità" Committee;
Mariella Troccoli, General Directorship for the Cinema, Ministry of Cultural Affairs;
Jens Rykaer, President of MEDIA Salles;
Elisabetta Brunella, Secretary General of MEDIA Salles.

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Screens and admissions from 1998 to 2007

Country	screens										var %	var %	var %	var %	var %	var %	var %	var %	var %
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998 1999	1999 2000	2000 2001	2001 2002	2002 2003	2003 2004	2004 2005	2005 2006	2006 2007
A	424	503	523	579	566	550	558	569	582	*570*	18.6%	4.0%	10.7%	-2.2%	-2.8%	1.5%	2.0%	2.3%	-2.1%
B	497	492	491	493	514	515	515	536	515	520	-1.0%	-0.2%	0.4%	4.3%	0.2%	-	4.1%	-3.9%	1.0%
CH	459	479	486	500	518	529	539	537	547	*550*	4.4%	1.5%	2.9%	3.6%	2.1%	1.9%	-0.4%	1.9%	0.5%
D	4,435	4,651	4,783	4,792	4,868	4,868	4,870	4,889	4,843	4,832	4.9%	2.8%	0.2%	1.6%	-	0.0%	0.4%	-0.9%	-0.2%
DK	331	331	358	361	361	379	380	374	370	398	-	8.2%	0.8%	-	5.0%	0.3%	-1.6%	-1.1%	7.6%
E	2,997	3,354	3,556	3,747	4,001	4,274	4,497	4,401	4,399	4,296	11.9%	6.0%	5.4%	6.8%	6.8%	5.2%	-2.1%	0.0%	-2.3%
F	4,764	4,971	5,110	5,241	5,257	5,289	5,314	5,393	5,364	5,398	4.3%	2.8%	2.6%	0.3%	0.6%	0.5%	1.5%	-0.5%	0.6%
FIN	331	362	343	339	342	339	342	332	329	321	9.4%	-5.2%	-1.2%	0.9%	-0.9%	0.9%	-2.9%	-0.9%	-2.4%
GR	*360*	*380*	*391*	*454*	*439*	*450*	*450*	*490*	*500*	*480*	*5.6%*	*2.9%*	*16.1%*	*-3.3%*	*2.5%*	*0.0%*	*8.9%*	*2.0%*	*-4.0%*
I [1]	2,619	2,839	2,948	3,112	3,353	3,566	3,610	3,794	3,785	*3,770* [2]	8.4%	3.8%	5.6%	7.7%	6.4%	1.2%	5.1%	-0.2%	*-0.4%*
IRL	261	299	313	322	326	329	335	352	401	426	14.6%	4.7%	2.9%	1.2%	0.9%	1.8%	5.1%	13.9%	6.2%
IS	45	46	47	50	51	45	45	45	46	*46*	2.2%	2.2%	6.4%	2.0%	-11.8%	-	-	2.2%	*0.0%*
L	21	21	25	25	25	26	24	24	24	24	-	19.0%	-	-	4.0%	-7.7%	-	-	-
LI	3	3	3	3	3	3	3	3	3	3	-	-	-	-	-	-	-	-	-
N	393	398	391	394	401	401	428	435	429	424	1.3%	-1.8%	0.8%	1.8%	-	6.7%	1.6%	-1.4%	-1.2%
NL	516	520	562	565	593	603	623	625	629	630	0.8%	8.1%	0.5%	5.0%	1.7%	3.3%	0.3%	0.6%	0.2%
P	449	488	495	460	400	468	574	511	479	526	8.7%	1.4%	-7.1%	-13.0%	17.0%	22.6%	-11.0%	-6.3%	9.8%
S	1,167	1,123	1,129	1,174	1,176	1,170	1,179	1,174	1,171	1,049	-3.8%	0.5%	4.0%	0.2%	-0.5%	0.8%	-0.4%	-0.3%	-10.4%
UK	2,589	2,826	3,039	3,248	3,402	3,433	3,342	3,356	3,431	3,514	9.2%	7.5%	6.9%	4.7%	0.9%	-2.7%	0.4%	2.2%	2.4%
total	**22,661**	**24,086**	**24,993**	**25,859**	**26,596**	**27,237**	**27,628**	**27,840**	**27,847**	**27,777**	**6.3%**	**3.8%**	**3.5%**	**2.9%**	**2.4%**	**1.4%**	**0.8%**	**0.0%**	**-0.3%**
BG	106	191	202	202	194	208	80	98	124	113	80.2%	5.8%	-	-4.0%	7.2%	-61.5%	22.5%	26.5%	-8.9%
CS	186	160	164	215	253	186	187	175	140	*130*	-14%	2.5%	31.1%	17.7%	-26.5%	0.5%	-6.4%	-20.0%	-7.1%
CY	26	30	28	43	43	44	38	30	30	29	15.4%	-6.7%	53.6%	-	2.3%	-13.6%	-21.1%	-	-3.3%
CZ	764	740	743	749	794	757	675	667	701	734	-3.1%	0.4%	0.8%	6.0%	-4.7%	-10.8%	-1.2%	5.1%	4.7%
EE [4]	173	174	76	81	81	81	81	69	67	67	0.6%	-56.3%	6.6%	-	-	-	-14.8%	-2.9%	-
HR	147	141	142	149	146	142	145	123	103	*123*	-4.1%	0.7%	4.9%	-2.0%	-2.7%	2.1%	-15.2%	-16.3%	19.4%
HU	625	603	562	622	605	589	593	492	445	422	-3.5%	-6.8%	10.7%	-2.7%	-2.6%	0.7%	-17.0%	-9.6%	-5.2%
LT	105	99	88	84	79	83	75	70	66	78	-5.7%	-11.1%	-4.5%	-6.0%	5.1%	-9.6%	-6.7%	-5.7%	18.2%
LV	116	119	111	126	107	110	78	61	49	43	2.6%	-6.7%	13.5%	-15.1%	2.8%	-29.1%	-21.8%	-19.7%	-12.2%
MT	.	36	46	45	42	42	42	42	41	*40*	.	27.8%	-2.2%	-6.7%	-	-	-	-2.4%	*-2.4%*
PL	714	755	824	852	854	877	878	937	930	1,008	5.7%	9.1%	3.4%	0.2%	2.7%	0.1%	6.7%	-0.7%	8.4%
RO	379	316	293	276	247	213	183	120	108	117	-16.6%	-7.3%	-5.8%	-10.5%	-13.8%	-14.1%	-34.4%	-10.0%	8.3%
SI	93	88	84	92	88	100	111	101	104	108	-5.4%	-4.5%	9.5%	-4.3%	13.6%	11.0%	-9.0%	3.0%	3.8%
SK	337	342	292	289	308	290	281	245	246	251	1.5%	-14.6%	-1.0%	6.6%	-5.8%	-3.1%	-12.8%	0.4%	2.0%
TR	584	694	770	921	985	985	1,147	1,188	1,299	1,309	18.8%	11%	19.6%	6.9%	-	16.4%	3.6%	9.3%	0.8%
total	**4,355**	**4,488**	**4,425**	**4,746**	**4,826**	**4,707**	**4,594**	**4,418**	**4,453**	**4,572**	**3.1%**	**-1.4%**	**7.3%**	**1.7%**	**-2.5%**	**-2.4%**	**-3.8%**	**0.8%**	**2.7%**

[1] Screens with more than 60 days of activity per year. Source SIAE.
[2] MEDIA Salles' elaboration on Cinetel data referring to screens with more than 60 days of activity.
[3] MEDIA Salles' elaboration on Cinetel data referring to screens with more than 60 days of activity.
[4] 1998 and 1999 data include “village cinema clubs”.

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Remaining in Western Europe a positive trend can also be seen in a smaller country like Ireland, which grows by 2.9%, crossing the 18-million spectator threshold for the first time, and in Greece (+7.7%).

Portugal (-0.3%), The Netherlands (-1.4%), Sweden (-2.5%) and Finland (-2.8%) are characterised by basically stable results or with slight dips, whilst the other countries experience sometimes substantial decreases, ranging from Denmark’s -4.0% and Belgium’s -6.2% to Switzerland’s -15.8% and including Austria’s -9.5% and Norway’s -10.0%.

The situation in Central and Eastern Europe and the Mediterranean Rim: Turkey influences the drop

In Central-Eastern Europe and on the Mediterranean Rim one of the two leading markets, Poland, has a positive result (33.8 million spectators compared to the 32.4 of 2006). The same applies to smaller markets such as Romania (+1.8%), Estonia (+2.6%), Bulgaria (+4.6%) and, even more, to Latvia (+13%), and to the Czech Republic, where the very important increase (+11.4%) is also due to the positive result by domestic films. An exceptional increase rate (+33.8%) is recorded in Lithuania. The increase in spectators seen in most countries, however, fails to compensate for the drop recorded in Slovakia (-18.3%) and on the second largest market - Turkey - which decreases from almost 35 million tickets to 31 (-10.9%).

An initial observation emerging from this situation, which would not cause great concern if the average dip of a couple of percentage points alone were considered, is the repetition of negative trends on markets that had raised high hopes for constant and lasting growth during the ‘Nineties.

The slow growth of multiplexes continues

In terms of infrastructures, the number of screens in Western Europe remains stable, whilst signs of growth are recorded in Central-Eastern Europe and the Mediterranean Rim.

The typology of movie theatres continues to change, with an increase in screens located in complexes housing over 8 screens. At 31 October 2007 there were 11,910 screens in multiplexes all over Europe, compared to the 11,393 twelve months before. This represents a 4.3% increase, a little lower than that recorded between 2005 and 2006, but decidedly lower than that recorded between 2004 and 2005 (+7.5%). The geographical distribution of complexes opened during 2007 shows that most vitality is to be seen in areas where the multiplex phenomenon is most recent: these are mainly Poland (7 new sites), Italy and Turkey (4 new complexes each), but also smaller markets such as Croatia and Greece. Amongst the countries in the avantgarde of the phenomenon, France and Ireland are the most dynamic (respectively 6 and 3 new sites), followed by Spain (2 complexes). A new complex has been opened in Belgium and another on the large UK market. Closures, however, cannot be overlooked – two of which occurred in Italy and four in Spain, confirming the fact that competition is wide-ranging and regards the whole market.

Digital screens worldwide: double in 2007, touching on the 6,000 mark

During 2007 the number of digital screens worldwide practically doubled, rising from 2,864 to 5,830. The lion’s share went to North America – in particular the United States – where, at the end of 2006, 1,957 were installed, with the number rising to 4,576 in twelve months. This is 78.5% of the world’s total projectors fitted with DLP Cinema or 4K technology and over 10% of

	Total number of digital cinemas						Total number of digital screens					
	12/2006	12/2007	Var. %	06/2007	12/2007	Var. %	12/2006	12/2007	Var. %	06/2007	12/2007	Var. %
Africa	2	2	-	2	2	-	2	2	-	2	2	-
Asia	253	254	0.4%	251	254	1.2%	347	374	7.8%	360	374	3.9%
Europe	358	537	50.0%	456	537	17.8%	529	830	56.9%	694	830	19.6%
Latin America	17	22	29.4%	20	22	10.0%	21	26	23.8%	24	26	8.3%
North America	343	854	149.0%	616	854	38.6%	1,957	4,576	133.8%	3,106	4,576	47.3%
Oceania	8	21	162.5%	18	21	16.7%	8	22	175.0%	19	22	15.8%
Total	**981**	**1,690**	**72.3%**	**1,363**	**1,690**	**24.0%**	**2,864**	**5,830**	**103.6%**	**4,205**	**5,830**	**38.6%**

admissions (x 1,000)										var %	var %	var %	var %	var %	var %	var %	var %	var %
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998 1999	1999 2000	2000 2001	2001 2002	2002 2003	2003 2004	2004 2005	2005 2006	2006 2007
15,219	15,024	16,299	18,985	19,245	17,738	19,377	15,680	17,344	15,690	-1.3%	8.5%	16.5%	1.4%	-7.8%	9.2%	-19.1%	10.6%	-9.5%
25,386	21,869	23,548	24,035	24,379	22,713	24,116	21,902	23,807	*22,326*	-13.9%	7.7%	2.1%	1.4%	-6.8%	6.2%	-9.2%	8.7%	-6.2%
15,911	15,403	15,564	17,082	18,774	16,478	17,200	14,950	16,380	*13,786*	-3.2%	1.0%	9.8%	9.9%	-12.2%	4.4%	-13.1%	9.6%	-15.8%
148,876	148,996	152,533	177,925	163,910	148,957	156,709	127,318	136,679	125,434	0.1%	2.4%	16.6%	-7.9%	-9.1%	5.2%	-18.8%	7.4%	-8.2%
11,011	10,915	10,691	11,921	12,911	12,297	12,787	12,187	12,604	12,100	-0.9%	-2.1%	11.5%	8.3%	-4.8%	4.0%	-4.7%	3.4%	-4.0%
112,143	131,348	135,391	146,810	140,716	137,472	143,932	127,651	123,510	116,931	17.1%	3.1%	8.4%	-4.2%	-2.3%	4.7%	-11.3%	-3.2%	-5.3%
170,110	153,570	165,957	185,816	184,461	174,147	195,208	174,146	188,673	177,524	-9.7%	8.1%	12.0%	-0.7%	-5.6%	12.1%	-10.8%	8.3%	-5.9%
6,395	7,035	7,091	6,539	7,424	7,633	6,928	6,059	6,687	6,500	10.0%	0.8%	-7.8%	13.5%	2.8%	-9.2%	-12.5%	10.4%	-2.8%
12,400	12,000	12,700	13,200	12,600	11,000	12,000	12,700	12,766	13,751	*-3.2%*	*5.8%*	*3.9%*	*-4.5%*	*-12.7%*	*9.1%*	*5.8%*	*0.5%*	7.7%
112,900	98,772	97,819	105,538	103,768	98,037	112,903	102,464	102,428	*114,500*[3]	-12.5%	-1.0%	7.9%	-1.7%	-5.5%	15.2%	-9.2%	0.0%	*11.8%*
12,387	12,390	14,886	15,942	17,319	17,432	17,262	16,396	17,854	18,365	0.0%	20.1%	7.1%	8.6%	0.7%	-1.0%	-5.0%	8.9%	2.9%
1,516	1,531	1,569	1,508	1,620	1,446	1,408	1,400	1,504	*1,400*	1.0%	2.5%	-3.9%	7.4%	-10.7%	-2.6%	-0.6%	7.4%	*-6.9%*
1,415	1,316	1,362	1,414	1,432	1,262	1,357	1,158	1,252	*1,100*	-7.0%	3.5%	3.8%	1.3%	-11.9%	7.5%	-14.7%	8.1%	*-12.1%*
	25	28	30	37	32	34	26	25	26	.	12.0%	7.1%	23.3%	-13.5%	6.3%	-23.5%	-3.8%	4.0%
11,526	11,351	11,586	12,477	12,041	13,049	11,966	11,314	12,012	10,816	-1.5%	2.1%	7.7%	-3.5%	8.4%	-8.3%	-5.4%	6.2%	-10.0%
20,094	18,647	21,581	23,787	24,119	24,862	23,044	20,632	23,387	23,059	-7.2%	15.7%	10.2%	1.4%	3.1%	-7.3%	-10.5%	13.4%	-1.4%
17,327	18,758	19,224	19,469	19,480	18,723	17,138	15,754	16,367	16,318	8.3%	2.5%	1.3%	0.1%	-3.9%	-8.5%	-8.1%	3.9%	-0.3%
15,819	15,982	16,978	18,101	18,297	18,172	16,606	14,609	15,293	14,906	1.0%	6.2%	6.6%	1.1%	-0.7%	-8.6%	-12.0%	4.7%	-2.5%
135,217	139,059	142,507	155,911	175,903	167,256	171,300	164,692	156,560	162,427	2.8%	2.5%	9.4%	12.8%	-4.9%	2.4%	-3.9%	-4.9%	3.7%
845,652	**833,991**	**867,314**	**956,490**	**958,436**	**908,706**	**961,275**	**861,038**	**885,132**	**866,959**	**-1.4%**	**4.0%**	**10.3%**	**0.2%**	**-5.2%**	**5.8%**	**-10.4%**	**2.8%**	**-2.1%**
2,333	2,484	2,217	2,007	2,016	3,041	3,120	2,422	2,364	2,473	6.5%	-10.7%	-9.5%	0.4%	50.8%	2.6%	-22.4%	-2.4%	4.6%
7,222	3,475	4,096	4,806	4,769	3,415	2,895	2,329	1,631	*1,500*	-51.9%	17.9%	17.3%	-0.8%	-28.4%	-15.2%	-19.6%	-30.0%	-8.0%
1,013	842	1,012	858	854	1,034	971	822	813	849	-16.9%	20.2%	-15.2%	-0.5%	21.1%	-6.1%	-15.3%	-1.1%	4.4%
9,252	8,371	8,719	10,363	10,693	12,140	12,046	9,479	11,509	12,820	-9.5%	4.2%	18.9%	3.2%	13.5%	-0.8%	-21.3%	21.4%	11.4%
1,060	875	1,084	1,304	1,558	1,274	1,187	1,133	1,587	1,628	-17.5%	23.9%	20.3%	19.5%	-18.2%	-6.8%	-4.5%	40.1%	2.6%
2,738	2,295	2,743	2,935	2,766	2,343	2,976	2,174	2,669	*2,482*	-16.2%	19.5%	7.0%	-5.8%	-15.3%	27.0%	-26.9%	22.8%	-7.0%
14,570	14,388	14,287	15,693	15,278	13,541	13,663	12,124	11,665	11,116	-1.2%	-0.7%	9.8%	-2.6%	-11.4%	0.9%	-11.3%	-3.8%	-4.7%
1,594	1,780	2,103	2,367	1,916	1,396	1,538	1,189	2,480	3,319	11.7%	18.1%	12.6%	-19.1%	-27.1%	10.2%	-22.7%	108.6%	33.8%
1,406	1,375	1,457	1,152	1,071	1,133	1,680	1,679	2,141	2,419	-2.2%	6.0%	-20.9%	-7.0%	5.8%	48.3%	-0.1%	27.5%	13.0%
.	1,011	966	1,036	1,065	1,083	1,035	988	944	*900*	.	-4.5%	7.2%	2.8%	1.7%	-4.4%	-4.5%	-4.5%	-4.7%
20,318	27,516	20,892	27,650	27,091	25,264	33,401	24,966	32,374	33,808	35.4%	-24.1%	32.3%	-2.0%	-6.7%	32.2%	-25.3%	29.7%	4.4%
6,799	4,192	5,112	5,726	5,316	4,527	4,002	2,830	2,777	2,828	-38.3%	21.9%	12.0%	-7.2%	-14.8%	-11.6%	-29.3%	-1.9%	1.8%
2,569	1,965	2,077	2,466	2,776	2,972	3,004	2,444	2,685	2,407	-23.5%	5.7%	18.7%	12.6%	7.1%	1.1%	-18.6%	9.9%	-10.4%
4,082	3,030	2,646	2,848	3,168	2,968	2,902	2,184	3,396	2,773	-25.8%	-12.7%	7.6%	11.2%	-6.3%	-2.2%	-24.7%	55.5%	-18.3%
22,641	24,843	26,040	26,008	22,229	22,331	28,804	27,592	34,764	30,964	9.7%	4.8%	-0.1%	-14.5%	0.5%	29.0%	-4.2%	26.0%	-10.9%
97,597	**98,442**	**95,451**	**107,219**	**102,566**	**98,462**	**113,224**	**94,355**	**113,799**	**112,286**	**0.9%**	**-3.0%**	**12.3%**	**-4.3%**	**-4.0%**	**15.0%**	**-16.7%**	**20.6%**	**-1.3%**

1998-2006 figures: MEDIA Salles, "European Cinema Yearbook - 2007 final edition" (www.mediasalles.it).

Figures in italics are provisional or estimates. Data may be reproduced on condition the source is mentioned.

US screens. In the same period Europe advanced from 529 to 830 installations, with a 57% increase. The number of digital projectors in Asia remained basically stable, rising by only 7.8% to 374 units during the year.

Elisabetta Brunella
Secretary General of MEDIA Salles

TOURISM POTENTIAL ON CINEMA ATTENDANCE (Tourists are Cinema patrons too!)

The market for cinema is generally considered to be almost entirely drawn from the surrounding residential areas. However, research in cinemas in places that attract visitors has shown that the potentials for additional cinema patronage of tourists and other people should not be ignored. Investigations in Australia and other markets investigated data collected on the demographic characteristics, place of residence and type of visitors to the area. Defined as travellers from outside the study area, visitors are staying at accommodation overnight and include holidaymakers, tourists, business travellers at conventions etc. Destinations attracting large numbers include Cannes and the Côte d'Azur, the Costa del Sol in Spain, city centres of Paris, London, New York, etc.
The national average cinema attendance rate in Australia is around 4 times per annum, with some areas that have conveniently located good quality venues reaching an average of 8 or more per capita cinema visits per annum. As to attendance rates for individual cinemas, the best way to quantify them is to conduct a survey at the cinemas which can reveal important information on the source of patronage. The source of patronage can indicate the percentage of visitors coming from outside the natural attraction market of a cinema.
In a typical situation that could be expected to be influenced by visitors, within a coastal holiday destination in Australia, the total cinema market is around 1.4 million attendances. This is generated from the approximate resident population of 275,000, plus a consistent visitor market, that contributes to a significant part of the potential. Measurements of attendance at single cinemas show that the effect of tourists on this market is very important for one cinema complex in particular. And this is not the main cinema operating in the area!

Multiplexes in the five major European markets

Country	1st January 2007		31st October 2007		1st January 2008	
	no. of sites	no. of screens	no. of sites	no. of screens	no. of sites	no. of screens
Germany	134	1,267	134	1,267	135	1,277
Spain	237	2,646	235	2,650	239	2,691
France	152	1,744	157	1,800	158	1,809
Italy	101	1,057	102	1,070	107	1,123
United Kingdom	201	2,224	204	2,254	206	2,274
Total	**825**	**8,938**	**832**	**9,041**	**845**	**9,174**

Movement in and out across all of the urbanised area is moderate, with investigations suggesting that the contribution to admissions by tourists and visitors is within the range of 15% to 20% of the current market. Residents represent around 1,155,000 of the total admission market and tourists around 245,000. The attendance rate of residents at 4.2 visits per year is low by comparison with major national markets, although it is not atypical of the main provincial centres in Australia.
A 12-screen complex is the dominant operation in the area, with by far the major share of about 70% of the market (or around one million admissions). This is clearly a very well located cinema venue, recently extended and well presented with support from an adjacent regional shopping centre and outdoor dinning setting. However, the sole competitor of any significance, a smaller 5-screen cinema complex located within a rather separated settlement, is also significant, but only because it is well supported by visitor patronage.
Surveys of patrons at both cinemas with estimates of resident numbers have been obtained for immediate area by postal code area. From this information, the attendance rates at the 5-screen complex have shown a limited penetration of the market in terms of average visits per annum. Generally, the 30-minute drive time boundary encloses most of the resident market where there is any significant attraction to the cinemas at present. Closer to the dominant 12-screen cinema complex, the residents show an attendance rate at the 5-screen cinema complex as low as 0.6 times per annum throughout the over-

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all market, while in the adjacent areas near the cinemas it peaks at around 6 visits per annum. The attendance rate for variations follow normal patterns of cinema attendance, which reflect lower interest in travel by people living some distance away from the site, as well as the competitive attraction of alternative venues.

The visitor market represents almost 30% of the total cinema admissions of the 5-screen cinema, with an average annual attendance in the estimated visitor market of 5.1 per year, exceeding the rate of residents by 90%. Possibly, the place of stay of visitors in tourist accommodation is more conveniently located for access to the 5-screen cinema than are the areas of residence of local population who is living further away from this cinema destination.

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DIGITAL CINEMA: THE PRACTICAL VALUE OF EXPERIENCES AT DGT 2008

The 2008 edition of the course "DigiTraining Plus 2008: European Cinemas Experiencing New Technologies", held from 9 to 13 April, was marked by a new development: first and foremost a new venue, London, but above all a new subtitle, which reflects the spirit of this fifth edition of the only initiative in the MEDIA Programme's training offer to deal with digital technology from the theatre's point of view: placing the emphasis on hands-on experience. It is no coincidence that the choice was London, the capital of a country, the United Kingdom, that has proved over the past few years to be an authentic workshop for experimenting with technologies, content and business models for digital cinema, thanks also to the support of the UK Film Council and its initiatives for supporting digital distribution and exhibition. The United Kingdom has thus become European leader in the digitalization of exhibition, with almost 300 screens equipped with DLP Cinema technology. This premium stands out on a scenario, like that of Europe, distinguished by a 57% increase in digital screens in 2007, with further expansion forecast for the next few years.

On the first day of the Course, Dave Monk, CEO of EDCF, highlighted some of the crucial factors for development: the publication of the DCI specifications and, as far as North America is concerned, the identification of VPF as the main model, given the relatively low number of players on the market there, which has favoured its adoption. In addition there is the increasingly important role that will be played by 3D. This was also stressed by Matt Cowan of RealD, who emphasized the fact that stereoscopic screening allows the spectator to become immersed in an extremely involving experience which is not even remotely possible at home, and which gives added value to theatrical offer. And from the exhibitors' point of view this means a more generous box-office. For hands-on experience of the 3D effects, course participants were able to attend a screening of U23D at the BFI Imax.

The second day of the Course was mainly devoted to getting to know the development model for digital screening based on financing by the UK Film Council which, with resources deriving from the national lottery, has equipped around 240 screens with projectors using DLP Cinema technology and the relevant servers. The Course participants visited two of the cinemas belonging to the Digital Screen Network in London: the ICA – Institute of Contemporary Arts and the Curzon Soho, which hosted the sessions led by Alex Stolz, representing the UK Film Council and Fiona Deans, from Arts Alliance Media, the organization that installed the digital systems on the DSN circuit.

Another important opportunity was the Course participants' visit to the Odeon Surrey Quays. A 9-screen multiplex, since February 2007 this cinema has been fitted with a corresponding number of digital projectors, as part of the trial promoted by Odeon, the leading English chain of exhibitors, to evaluate the technical and operational aspects of adopting the new technology.

For the trial, which also involved another, 9-screen site in Hatfield, Odeon chose different suppliers: Cinemeccanica and Nec for the projectors and Doremi and Kodak for the servers. Another distinctive feature of digital is the flexibility it offers in programming and thus content: this was the aspect focused on in other talks on the third day of the course, such as the presentation by Giovanni Cozzi (Emerging Pictures), Christine Costello (More2screen) and Fabrice Testa (DDCinema), companies that act as intermediaries between the owners of the rights for musical, sports and cultural events (so-called alternative content) and the movie theatres.

That the digital shift also has important implications for copyrights is becoming increasingly clear: the course devoted particular attention to this topic, thanks to the talk by Charlotte McMillan of the London legal office SJ Berwin. This lecture was followed by the third part of the panorama of business models, devoted to the solutions proposed by XDC, which completed the overview that had started with Arts Alliance Media, followed by Technicolor. If it is true that the Virtual Print Fee formula was one of the factors that launched the first phase of development in digital screening in the United States, culminating with the installation of over 4,000 systems, everyone agrees that, on a territory with such different and widely varying characteristics as Europe, a range of different solutions is needed.

On the fourth day the course participants set out for Hawkhurst, a small town in Kent with a population of 4,400: this is the home of the Kino Digital, a cinema seating 91 spectators, destined to become part of the history of digital projection, thanks to its considerable innovations. There is no 35mm projector at Hawkhurst, only a Christie 2K with a Doremi server. "In this small, but high-quality cinema, particularly as regards the quality of sound, the 'digital formula' allows us to offer 5 to 7 shows a day for 364 days a year, alternating a total of 10-12 titles a week at different times of day, and satisfying the demands of very varied audiences," Matt Breckon, Director of Kino Digital, told his European colleagues. "In our first year of operation we have managed to sell 38,000 tickets." The simple operation of the digital projector, supported by efficient programming software, makes it possible to keep management costs down and to work with staff who do not need any special technical training. If the example of Hawkhurst is evidence that digital, which has arrived there thanks to the support of the UK Film Council, opens up prospects for small cinemas and small communities, Detlef Rossmann, President of AG Kino, the German exhibitors' association, warned that it is the duty of those who represent collective interests to point out the dangers that the new technologies might bring with it, if they were to become accessible only to the strongest players on a given market. This is why AG Kino is deeply committed to talking to the industry and to institutions, to make sure that the digital transition does not result in exclusion.

In conclusion, different situations that have conveyed highly interesting messages for everyone: this was the unanimous opinion of the course participants.

DigiTraining Plus 2008 was also an important occasion for experiencing the quality of projection and the extent of the European offer of films in digital format. In this regard, thanks to XDC, the participants were able to attend the screening of extracts from a selection of successful European films during their visit to the Kino Digital in Hawkhurst. In particular they were shown clips such as those from Solstorm, by Leif Lindblom (Sweden), El Orfanato, by Juan Antonio Bayona (Spain), Timboektoe, by Dave Schram (The Netherlands). These are just some of the European films that are distributed internationally in digital format, too, all of which goes to show that European cinema intends to be an active player in the digital transition.

From left: Jens Rykaer, President of MEDIA Salles, Elisabetta Brunella, Secretary General of MEDIA Salles, Matt Cowan, RealD, Jerry Murdoch, Sound Associates and Mads Egmont Christensen, Course Moderator