

MEDIA Salles' commitment to European cinema is both enduring and increasingly firmer. A commitment that has developed over the years, both through the systematic collection and elaboration of data on the European cinema-going market – at the heart of which stands the “**European Cinema Yearbook**” – and through the launch of promotional and training initiatives addressed first and foremost to European exhibitors. With specific regard to data collection, if we present only a 2005 up-date on cinema-going here at Cannes, this is because we succeeded, for the first time and not without effort, in publishing a preview of the figures for the year that has just ended in the Yearbook presented last February in Berlin. Moreover, in terms of promotion, a year ago the pages of the issue presented at the last Cannes Festival announced a new initiative, **Italian Cinema Worldwide**, thanks to which a particular aspect of the rich European film production was highlighted at some of the main professional meetings of exhibitors and distributors, such as Kino Expo in Russia, ShowEast in America and CineAsia in China. Also highly appreciated was the last edition of the course “**Digi-Training Plus: New Technologies for European Cinemas**”, held this April in Ku-

urne, Belgium, at the headquarters of Barco and devoted to digital screening from the exhibitors' point of view, attended by around forty exhibitors and professional players from fifteen European countries. Recently the EU Commissioner for the Information Society and Media, Viviane Reding, commenting on European investment in the context of the MEDIA Programme from 2001 to 2006 – 513 million euro for the training of cinema professional and the circulation of European films outside their countries of origin – defined it a “profitable investment”, stressing that in this way, not only cultural diversity but also “the competitive potential of the European audiovisual industry has been greatly strengthened”. A competitive potential which, for those who work to sustain European films inside and outside Europe's borders, is the prime objective. For this reason it is with keen interest that we welcome Commissioner Reding's commitment to “do everything possible to allow European films to count on firm support from the EU”. Support that European cinema needs today more than ever.

Domenico Dinoia  
 President of MEDIA Salles



## Italian Cinema Worldwide

MEDIA Salles conveys a special thank to all sales agents, producers and distributors of

*A Children's Story, After Midnight, All The Invisible Children, An Italian Romance, Come Into The Light, Crime Novel, Don't Tell, Eros, Good Morning, Night, I'm Not Scared, Land Wind, Once You're Born, Persona Non Grata, Private, Sacred Heart, Te lo Leggo Negli Occhi, The Consequences of Love, The Days of Abandonment, The Keys to The House, The Life I Want, The Tiger and The Snow, Tickets,*

who in 2005 collaborated to the success of **Italian Cinema Worldwide**, the initiative which promoted Italian cinema at the most important gatherings of exhibitors in **Europe:** Amsterdam, 27-30 June 2005, Moscow, 13-16 September 2005, **Americas:** Orlando, 24-27 October 2005, **Far East and the Pacific Rim:** Beijing, 13-15 December 2005.

## CINEMA-GOING IN EUROPE IN 2005

The last few months of 2005 – which saw a general recovery in cinema-going – proved unable to change the fate of a year marked by negative results. Throughout Europe and the Mediterranean Rim there was a decided decrease in audiences. On average the nineteen countries of Western Europe experienced a 10.6% drop. In fact, they lose more than 100 million spectators, dropping from 962 in 2004 to barely 860.

The fifteen countries of Central-Eastern Europe and the Mediterranean area move from 113 million tickets sold to about 93, experiencing a 17.7% drop. Territories recording losses above the average are Slovenia (-18.6%), the Czech Republic (-21.3%), Bulgaria (-22.4%), Lithuania (-22.7%), Slovakia (-24.2%), Croatia (-26.9%) and, both with peaks nearing 30%, Romania (-29.3%) and Poland (-29.4%). Two countries managed to keep decreases within -5%, i.e. Turkey (-4.2%) and Estonia (-4.6%), whilst Hungary, although leaving behind 1.5 million spectators, records a below-average loss (-11.3%), like Cyprus (-15.3%). On this scenario, stability (-0.1%) is a distinctive feature of Latvia, which succeeds in keeping the 0.5 million spectators gained in 2004.

It is, however, true that 2004, as emphasised at the time, was – especially for some countries – an exceptional year, recording very high growth. Consequently, with regard to West-

ern Europe, 2005 can be re-interpreted by distinguishing the markets that have nonetheless maintained part of the growth in audiences achieved between 2003 and 2004 – or, at least, record results similar to the first few years of the new century – from those which, instead, have returned to the results of the 'Nineties. The second group includes first and foremost three countries that share the most serious drop recorded in Western Europe, equal to (or even above) -20%. They are Liechtenstein, Austria, and Germany, a country which, losing almost 30 million tickets compared to 2004, touches its lowest level since 1995.

A similar situation, though with a less severe drop, is also experienced by another of the five great markets of Western Europe, Spain, which closes 2005 with a little over 127 million tickets, leaving behind 16 million spectators compared to 2004 (-11.3%). Since 1999 the country had not dropped below 130 million tickets.

Following the same trend are smaller countries, such as Portugal (-16.2%), Luxembourg (-14.7%), Switzerland (-13.1%), Sweden (-12.1%), Finland (-12%), The Netherlands (-11.2%), Belgium (-9.2%) and Norway (-5.4%). In the ranks of those that, instead, stood up better to the general decrease, come a large market like Great Britain (-3.3%) and Ireland (-5%) which, despite a decrease, achieve one of the best results since the beginning of the new century. Italy, although seeing a 9.3%

drop, manages to keep audiences above the 2003 figures, accompanied by France (-10.8%) and Denmark (-4.7%), which attain the same results, or almost the same, as in 2003.

More detailed analyses – which can be made when the data now available is replaced by final and complete figures – will make it possible to confirm if the role of domestic films which, in the countries just mentioned, traditionally enjoy higher market shares than the average for Western Europe, also lies behind this better performance. However, it is already possible to quote Italy where the second half of the year, decidedly better than the first half in terms of audiences, benefited from the affirmation of a range of domestic titles, from *Don't Tell, The Days of Abandonment, The Tiger and the Snow, Crime Novel, Ti Amo in Tutte le Lingue del Mondo* to *Natale a Miami*, catering for different tastes, from drama to comedy, and contributing to increasing the market share of domestic productions from 19% to about 25%.

Various hypotheses have been made in order to try and explain the negative results in 2005. Some regard phenomena of a long-term nature and located more outside the offer of films in its strictest sense, such as the change in leisure habits, the affirmation of alternative channels for viewing films (for example, DVDs, the spread of which has been facilitated by reducing windows) or piracy. Other explanations insist more on the actual quality of the

(continues on page 2)

## Screens and admissions from 2000 to 2005

country	screens						var %						admissions (x 1,000)						var %					
	2000	2001	2002	2003	2004	2005	2000	2001	2002	2003	2004	2005	2000	2001	2002	2003	2004	2005	2000	2001	2002	2003	2004	2005
A	523	579	566	550	558	552	10.7%	-2.2%	-2.8%	1.5%	-1.1%	16,299	18,985	19,245	17,738	19,377	15,680	16.5%	1.4%	-7.8%	9.2%	-19.1%		
B	491	493	514	525	515	527	0.4%	4.3%	2.1%	-1.9%	2.3%	23,548	24,035	24,379	22,713	24,116	21,902	2.1%	1.4%	-6.8%	6.2%	-9.2%		
CH	486	500	518	529	539	537	2.9%	-	2.1%	1.9%	-0.4%	15,564	17,082	18,774	16,478	17,200	14,950	9.8%	9.9%	-12.2%	4.4%	-13.1%		
D	4,783	4,792	4,868	4,868	4,870	4,889	0.2%	1.6%	-	-	0.4%	152,533	177,925	163,910	148,957	156,709	127,318	16.6%	-7.9%	-9.1%	5.2%	-18.8%		
DK	358	361	361	379	380	389	0.8%	-	5.0%	0.3%	2.4%	10,691	11,921	12,911	12,297	12,787	12,187	11.5%	8.3%	-4.8%	4.0%	-4.7%		
E	3,556	3,747	4,001	4,274	4,497	4,383	5.4%	6.8%	6.8%	5.2%	-2.5%	135,391	146,810	140,716	137,472	143,932	127,610	8.4%	-4.2%	-2.3%	4.7%	-11.3%		
F	5,110	5,241	5,257	5,289	5,314	5,366	2.6%	0.3%	0.6%	0.5%	1.0%	165,957	185,816	184,461	174,147	195,208	174,146	12.0%	-0.7%	-5.6%	12.1%	-10.8%		
FIN	343	339	342	339	342	341	-1.2%	0.9%	-0.9%	0.9%	-0.3%	7,091	6,539	7,424	7,633	6,928	6,100	-7.8%	13.5%	2.8%	-9.2%	-1.2%		
GR	390	454	439	450	450	450	16.4%	-3.3%	2.5%	0.0%	0.0%	12,700	13,200	12,600	11,000	11,000	10,600	3.9%	-4.5%	-12.7%	-	-3.6%		
I	2,948	3,112	3,353	3,566	3,610	3,795	5.6%	7.7%	6.4%	1.2%	5.1%	97,819	105,538	103,768	98,037	112,903	102,367	7.9%	-1.7%	-5.5%	15.2%	-9.3%		
IRL	313	322	326	329	335	391	2.9%	1.2%	0.9%	1.8%	16.7%	14,886	15,942	17,319	17,432	17,262	16,396	7.1%	8.6%	0.7%	-1.0%	-5.0%		
IS	47	50	51	45	45	45	6.4%	2.0%	-11.8%	-	0.0%	1,569	1,508	1,620	1,446	1,408	1,300	-3.9%	7.4%	-10.7%	-2.6%	-7.7%		
L	25	25	25	26	24	24	-	-	4.0%	-7.7%	-	1,362	1,414	1,432	1,262	1,357	1,158	3.8%	1.3%	-11.9%	7.5%	-14.7%		
LI	3	3	3	3	3	3	-	-	-	-	-	28	30	37	32	34	26	7.1%	23.3%	-13.5%	6.3%	-23.5%		
N	391	394	400	401	428	432	0.8%	1.5%	0.3%	6.7%	0.9%	11,586	12,477	12,041	13,049	11,966	11,314	7.7%	-3.5%	8.4%	-8.3%	-5.4%		
NL	562	565	593	603	623	659	0.5%	5.0%	1.7%	3.3%	5.8%	21,581	23,787	24,119	24,862	23,044	20,473	10.2%	1.4%	3.1%	-7.3%	-11.2%		
P	495	460	400	468	550	550	-7.1%	-13.0%	17.0%	17.5%	0.0%	19,224	20,940	19,480	18,723	18,800	15,748	8.9%	-7.0%	-3.9%	0.4%	-16.2%		
S	1,129	1,174	1,176	1,170	1,179	1,174	4.0%	0.2%	-0.5%	0.8%	-0.4%	16,978	18,101	18,297	18,172	16,606	14,601	6.6%	1.1%	-0.7%	-8.6%	-12.1%		
UK	3,039	3,248	3,402	3,433	3,342	3,357	6.9%	4.7%	0.9%	-2.7%	0.4%	142,507	155,911	175,903	167,256	171,300	165,692	9.4%	12.8%	-4.9%	2.4%	-3.3%		
total	24,992	25,859	26,595	27,247	27,604	27,864	3.5%	2.8%	2.5%	1.3%	0.9%	867,314	957,961	958,436	908,706	961,937	859,568	10.5%	0.0%	-5.2%	5.9%	-10.6%		
BG	202	202	194	208	80	106	-	-4.0%	7.2%	-61.5%	32.5%	2,217	2,007	2,016	3,041	3,120	2,422	-9.5%	0.4%	50.8%	2.6%	-22.4%		
CS	164	215	253	186	200	200	31.1%	17.7%	-26.5%	7.5%	0.0%	4,096	4,806	4,769	3,415	2,998	2,700	17.3%	-0.8%	-28.4%	-12.2%	-9.9%		
CY	28	43	43	47	38	35	53.6%	-	9.3%	-	-7.9%	1,012	858	854	1,034	971	822	-15.2%	-0.5%	21.1%	-6.1%	-15.3%		
CZ	743	749	794	757	675	667	0.8%	6.0%	-4.7%	-10.8%	-1.2%	8,719	10,363	10,693	12,140	12,046	9,479	18.9%	3.2%	13.5%	-0.8%	-21.3%		
EE	76	81	81	81	81	69	6.6%	-	-	-14.8%	-	1,084	1,304	1,558	1,274	1,187	1,132	20.3%	19.5%	-18.2%	-6.8%	-4.6%		
HR	142	149	146	142	145	123	4.9%	-2.0%	-2.7%	2.1%	-15.2%	2,743	2,935	2,766	2,343	2,976	2,174	7.0%	-5.8%	-15.3%	27.0%	-26.9%		
HU	562	622	605	589	580	461	10.7%	-2.7%	-2.6%	-1.5%	-20.5%	14,287	15,693	15,278	13,541	13,663	12,124	9.8%	-2.6%	-11.4%	0.9%	-11.3%		
LT	88	84	79	83	75	70	-4.5%	-6.0%	5.1%	-9.6%	-6.7%	2,103	2,367	1,916	1,396	1,538	1,189	12.6%	-19.1%	-27.1%	10.2%	-22.7%		
LV	111	126	107	110	78	61	13.5%	-15.1%	2.8%	-29.1%	-21.8%	1,457	1,152	1,071	1,133	1,680	1,679	-20.9%	-7.0%	5.8%	48.3%	-0.1%		
MT	.	.	.	41	43	43	-	-	-	4.9%	0.0%	.	.	.	1,106	1,039	950	.	.	.	-6.1%	-8.6%		
PL	824	852	854	877	878	937	3.4%	0.2%	2.7%	0.1%	6.7%	20,892	27,650	27,091	25,264	33,401	23,560	32.3%	-2.0%	-6.7%	32.2%	-29.4%		
RO	293	276	247	213	183	120	-5.8%	-10.5%	-13.8%	-14.1%	-34.4%	5,112	5,726	5,316	4,527	4,002	2,830	12.0%	-7.2%	-14.8%	-11.6%	-29.3%		
SI	84	92	88	100	111	106	9.5%	-4.3%	13.6%	11.0%	-4.5%	2,077	2,466	2,776	2,972	3,004	2,444	18.7%	12.6%	7.1%	1.1%	-18.6%		
SK	292	289	308	290	281	245	-1.0%	6.6%	-5.8%	-3.1%	-12.8%	2,646	2,848	3,013	2,968	2,902	2,201	7.6%	5.8%	-1.5%	-2.2%	-24.2%		
TR	770	921	985	985	1,147	1,188	19.6%	6.9%	-	-16.4%	3.6%	26,400	26,008	22,229	22,331	28,804	27,592	-0.1%	-14.5%	0.5%	29.0%	-4.2%		
total	4,379	4,701	4,784	4,709	4,595	4,431	7.4%	1.8%	-1.6%	-2.4%	-3.6%	94,485	106,183	101,346	98,485	113,331	93,304	12.4%	-4.6%	-2.8%	15.1%	-17.7%		

<sup>1</sup> MEDIA Salles' elaboration on SIAE data referring to screens with more than 60 days of activity. 2000-2004 figures: MEDIA Salles, "European Cinema Yearbook - 2005 final edition" (www.mediasalles.it).

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

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films released during the year, less capable – especially in the case of US films – of drawing large audiences. Amongst those who seem to favour the latter hypothesis is John Fithian, President of Nato (the US exhibitors' association) who, when commenting on the year 2005 in the USA – which closed at -8.7%, but is still considered one of the best in the last decade – notes how the cyclical trend is a particular characteristic of cinema-going. The very fact that a handful of films with international appeal – accompanied, in the more fortunate countries, by a number of quality domestic productions or ones with popular appeal – has managed to bring millions of spectators back into the cinemas over the past four months seems to support the hypothesis linked rather to the characteristics of the films themselves. And also to provide some hope for the future.

Elisabetta Brunella  
Secretary General of MEDIA Salles

## EUROPEAN CINEMAS: IS IT REALLY THE PRICE THAT AFFECTS ADMISSIONS?

The sharp drop in admissions recorded in 2005 on all the main markets in Western Europe – which, according to MEDIA Salles' figures, reached -18.8% compared to 2004 in Germany, -11.3% in Spain, -10.8% in France, -9.3% in Italy and -3.3% in the United Kingdom – has revived interest in the analysis of average ticket prices as one of the marketing variables capable of exerting most influence on demand in the cinema industry.

From an analysis of the historical trend of *current prices* (in euro), it can be seen that the average ticket price for cinemas tends to rise over the years on all the main markets, reaching its highest value in 2004 on the British market (6.38), followed by France (5.82), Italy (5.72), Germany (5.70) and lastly Spain (4.81). According to initial estimates, in 2005 the average ticket price continues to reach its highest in the United Kingdom (6.89) and its lowest in Spain (4.97). In Germany, after two years of stability, it has started to rise again, reaching a value of 5.85 euro, similarly to the price in France (5.88) and slightly higher than that recorded in Italy (5.75).

Moving on to an analysis of price indices (1995=100), 2005 registers the highest increases compared to 1995 on the Spanish market (+56.2%), followed by the United Kingdom (+51.7%, considering prices in sterling), Italy (+34.4%), Germany (+15.6%) and France (+8.8%).

Considering, last of all, the indices of *prices adjusted according to purchasing power parity*, between 1995 and 2004, it can be seen that on the five main European markets, whether they belong to the area of the Euro or not, prices underwent high increases from 1999 to 2001, subsequently dropping significantly over the last few years. Compared to 1995, it is the market that did not adopt the euro, Britain, that experienced the highest increases (+74% in 2004). Following at a distance come Spain (+57.5%), Germany (+39.4%), Italy and France (both +27%). Italy in particular, which seemed to have recorded higher rises in average ticket prices than Germany and France compared to 1995, adjusting prices according to pur-

chasing power, reveals increases that are slighter than Germany's and equal to France's. Comparing the indices of admissions, taking 1995 as the basis, with price indices adjusted according to purchasing power parity having the same basis, no statistically significant link is to be seen between demand and price.

On the most important Western European markets there are thus varying situations.

1. In the United Kingdom, Spain and Denmark, the high increase in admissions recorded over the past ten years is joined by an even steeper increase in average ticket prices adjusted according to purchasing power; in the United Kingdom in particular a high incidence is recorded of family consumer buying on GDP, equal to 62.3% in 2004, as well as a high incidence of consumer spending for leisure and cultural activities, amounting to 12.03% on overall family spending.

2. In Luxembourg, Ireland, Austria, France and Italy the average ticket price has grown less than admissions although with significant differences from country to country, as emerges clearly from an analysis of the two largest markets. In France, for instance, with a rise in prices of 27.3% in 2004 compared to 1995, admissions increased by 49.9% and spending on cinema-going registers one of the highest incidences in Europe on leisure spending. In Italy, with the same rise in prices, admissions rose far less in ten years (30.5%), not so much due to a drop in the number of spectators who visit the cinema at least once a year, but more because of reduced per-capita frequency, which remains around 1.9 times a year as against 3.25 in France.

3. In The Netherlands, Finland, Germany, Belgium, Switzerland, Sweden and above



**BACK TO THE CINEMAS**

The Slovak Republic (population 5.38 million) has been an independent state since 1<sup>st</sup> January 1993. But there are still connections with the cinema market in the Czech Republic. Thanks to the similarity of the languages nearly all Czech film production is screened in Slovak cinemas (in 2005, the Czech Republic was in third place by number of premieres – 15 – after the USA and France) and almost a half of premieres in Slovak cinemas were screened with Czech subtitles or Czech dubbing.

The decrease in the number of cinemas in the Slovak Republic represents a long-term trend, which has been interrupted only twice by slight increases since 1989. In 1990 there were 703 cinemas in Slovakia, 456 in 1993, 326 in 1995 and in 2005 the number of cinemas dropped to a historical minimum. There were 220 movie theatres in operation with 245 screens and 108,740 seats (out of which 22 were open-air movie theatres with 46,553 seats and two video-movie theatres with 56 seats). Increases in the number of cinemas in 1999 and 2003 was not caused by new openings but by the re-opening of the old open-air theatres. The only new movie theatre opened in 2005 was a multiplex with 3 screens and 577 seats.

The first 8-screen multiplex was opened in 2000 followed by a 12-screen multiplex in 2002. Both are located in Bratislava and their market share is very high: in 2005, a total of 981,606 viewers visited the Slovak multiplexes representing 37.01% of all viewers. They paid a total of 119,571,800 SKK for tickets (about 3.2 million euro). This amount represents 59.68% of gross box of-

fice in 2005 in all movie theatres (in 2004 and 2003 it was 57.72% and 52.94%, respectively). The average admission fee increased from 18.86 SKK in 1993 to 91.01 SKK in 2005. Maximum ticket price in a multiplex is 169 SKK (about 4.5 euro). The average number of viewers per screening dropped from 81.7 in 1993 to 30.08 in 2005. People say that Slovak cinemas screen American films only. The reality is very different. Only 52% of premieres were majority US productions and 44% of new releases were made in Europe. The impression of an average viewer is caused by the increasing number of new releases (177 in 2005) after the opening of multiplexes; classical cinemas with one screen are not able to show them all, thus, screening of potential hits has priority. Only one domestic title *The Fountain for Suzanne 2*, with 343,206 viewers, has been among the Top 10 highest admissions in Slovakia since 1993. But it was released in 1993. In 2005, a co-production entitled *Wrong Side Up* (directed by Petr Zelenka) was the one with most admissions, with 12,618 viewers. The market share of national films in 2005 was only 1.69%. The film with most admissions since Slovakia's independence was not *Titanic* but *The Lion King* with 643,674

viewers. Film clubs play an irreplaceable role in the education of cinema-goers in Slovakia. On 31<sup>st</sup> December 2005, 53 film clubs were operating in Slovakia. They are connected to the Association of Slovak Film Clubs. Members of the film clubs visit the cinema 4.15 times a year (average cinema attendance in Slovakia is 0.4 times in a year). The market share of film-club titles in 2005 was 4.1% of admissions and 2.37% of box office. In 2005, the smallest audience in the history of independent Slovakia attended film screenings in cinemas and film clubs. On 31<sup>st</sup> December 2005, the number of viewers had reached 2,201,258, which means a decline by 24.14% in comparison with 2004 figures (2,901,554). The decline concerned not only classical theatrical distribution (24.59%), but also film clubs (6.6%). The box office was also at its lowest in the last five years – in 2005, audiences spent 200,339,536 SKK (about 5.3 million euro) on admission fees, which is 23.45% less than the 261,716,596 SKK (about 6.9 million euro) achieved in 2004. But the results of the first quarter of the year 2006 look very optimistic. 722,104 viewers means a 61% increase in comparison with admissions in 2005 and a figure similar to the same period in 2004.

Miroslav Ulman  
 Audiovisual Information Centre  
 Slovak Film Institute

**Top 5 Slovak Films 1993-2005**

Title	Year	Admissions
1. <i>The Fountain for Suzanne 2</i>	1993	343,206
2. <i>The Fountain for Suzanne 3</i>	1999	112,353
3. <i>Suzanne</i>	1996	98,324
4. <i>...Crying for The Moon</i>	1995	76,771
5. <i>Passionate Kiss</i>	1995	64,124

Exchange rate: 1 euro = 37.88 SKK.

For more detailed information reference can be made to the *Slovak Film Yearbook and Report on the Slovak Audiovisual Situation in Cannes*, available at the joint Czech Republic – Poland – Slovak Republic Pavilion, No. 104, at International Village, tel. (pavilion): +33.4.92590226.

all Norway, the average ticket price grew more than admissions, which suffer from a very low per-capita frequency, particularly in Finland (1.33), the Netherlands (1.42), Sweden (1.85) and in Germany (1.90).

In conclusion, it can clearly be seen that the price increase is not the only variable to determine the different responses of spectators to the offer of cinema in Europe.

Without doubt the variables that most influence demand, with significant differences between the various markets, are the degree to which cinema-going is concentrated in big cities, the degree to which demand is concentrated during the year, the appreciation of American star features and how far demand is concentrated on a limited number of films, the degree of sensitivity towards alternative forms of entertainment and, last but not least, the amount of competition that exists from products acting as substitutes and which increasingly concentrate on promotional factors to attract those consumers who are most sensitive to the price factor.

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*The full version of this article, complete with tables and extra details, including an analysis of the gap between ticket prices in multiplexes and that in cinemas with fewer than eight screens, can be found in the MEDIA Salles' Cinema Research Library, at the website www.mediasalles.it/crl\_main.htm, in the section "Cinema Exhibition in Europe".*

**THEATRE MARKETING – 6**

**STRATEGIC AND COMMUNICATIONAL POSITIONING OF THE THEATRE**

After carrying out the necessary audience segmentation, to identify the audience categories to which the theatre's offer is to be directed, that is the types of consumers most sensitive to the distinctive features of its programming and service, the theatre must proceed to define its positioning (strategic positioning) and its communications to the public (communicational positioning).

The *strategic positioning* of the theatre consists in giving it a distinctive identity in terms of the type of programming selected, the audience categories its offer is to be directed at, the basic and additional features by which the content of the service is delineated.

As well as on the choice of the offer's distinctive attributes, the specific identity of the theatre and its strategic positioning on the market also depend on the management of the other variables which, together with the product, make up the theatre's marketing mix: *price and communications*.

*Pricing policy* takes shape in a series of initiatives relating to the price of the ticket, combining the exhibitor's need for profitability with that of a balance in the quality-price ratio perceived by the spectators.

In this respect, alongside the policy of adapting prices according to screening times, which foresees a reduction in the price of the ticket during the afternoon, over the past few years broader and more diversified pricing policies have become widespread, which regard the offer of subscriptions and the concession of discounts and reductions:

- at certain times of the year, to help overcome seasonal variations in cinema-going (in summer for example);
- for special events (festivals, film weeks on specific themes or devoted to individual directors or actors);
- for some age ranges (reductions for children, students and senior citizens);
- for certain professional categories.

The communication policy of the theatre is based on its need to convey the values and attributes of its corporate identity clearly and distinctly to the general public, endeavouring, by the choice of a satisfactory combination of messages, to occupy a unique or in any case distinct position in the audience mind (*communicational positioning*). The communication policy is twofold: *institutional and commercial*.

*Institutional communication* is basically informative and cultural and its purpose is to develop and consolidate relations between

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the theatre and its stakeholders, in order to obtain the approval of the latter for the strategic project and business model that the theatre intends pursuing in the long term. In this respect it can be seen how essential it is for exhibitors to succeed in forming excellent relations with local cultural organisations and the local press, so that the theatre and its offer obtain visibility through the mass media in its area. In this case communications perform the important task of arousing the public's interest and approval, needed to build the social and economic value that the theatre can offer the community.

*Commercial communication*, on the other hand, aims to present and promote the theatre's offer, which includes the programming policy as well as the different types of core and peripheral services completing the

offer. Of particular interest here are promotional initiatives whose purpose is to stress the distinctive "added value" that enhances the service offered by the theatre and contributes towards distinguishing it from its competitors. Promotional initiatives may therefore regard:

- the different kinds of ticket price discounts;
- the informative and cultural advantages (fact cards presenting the films, regular publications giving information and regarding film culture, meetings with the actors in the films, seminars and special screenings for schools, thematic film weeks); the commercial and leisure advantages (merchandising which allows to buy books, magazines, videos, dvds, cds of sound tracks, flyers, posters, postcards, T-shirts, costumes, gadgets, objects and equipment used by the main characters in the film);

environment advantages (telephone or Internet booking facilities, subscriptions that comprise film ticket and parking, restaurant or public transport facilities).

The main aim pursued by the theatre through its communication policy is to enhance both its corporate awareness and image, so that they are in line with its identity in order to achieve its overall economic objectives.

The effectiveness of positioning does, in fact, depend on the ability to communicate and influence the public's perception and appreciation of the features that distinguish the service offered by the theatre, as well as depending on the importance that these features assume in the process of evaluating the choice of offers and shaping the purchaser's preferences.

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## NEWS FROM MEDIA SALLES

### DGT 2006: DIGITAL SEEN BY EXHIBITORS

What has changed and what is going to change in the cinema with the advent of digital? What will be the consequences for exhibition? To answer these questions, around forty cinema exhibitors and professionals from fifteen European countries kept the appointment at the headquarters of Barco in Kuurne, Belgium, last April for the third edition of the MEDIA Salles' course "Digi-Training Plus: New Technologies for European Cinemas". As the MEDIA Salles' Treasurer, **Mike Vickers**, commented in his opening speech, the course is "the only one of the approximately 60 training initiatives supported by the European Union's MEDIA Programme to deal with the topic of the new technology from the point of view of the exhibitors".

Amongst the main novelties in this edition, a session devoted to 3-D and an exchange of views with the banks on the issue of financing theatres to cope with the digital changeover. In the former, the processes by which 3-D films are created and produced were explained by the director **Ben Stassen** and by **Eric Dillens**, of nWave Pictures; equipping a theatre for 3-D was, instead, the topic dealt with by **Matt Cowan**, Chief Technology Officer of Real D, which has equipped digital theatres in the USA, Australia, Canada, Germany, Japan, Mexico and the United Kingdom for this purpose.

**Alastair Tyler**, of the Royal Bank of Scotland, spoke about the investments necessary for equipping a screen for digital films, emphasising his bank's policy of "developing jointly with individual exhibitors the solution that best fits the situation". **Karl Vervaeke**, of ING Lease, presented leasing as the most suitable solution for financing the transition of cinemas to digital. Here again, the "made-to-measure" formula seems to be the one that wins, with fees that are higher or lower according to whether the time of year is a good one or not for box office.

From financing by banks to business models: **Bernard Collard**, General Manager of XDC, outlined the solution proposed by the EVS group for facilitating the transition to digital, based on renting cinemas different offers of hardware according to screen size. **Tom Cotton**, of Technicolor Digital Cinema,

presented the model based on Virtual Print Fee – considered fair and sustainable by all those involved – and described the plan for transition to digital by Technicolor in the United States, as well as its strategies for Europe. Alongside the novelties were also basic topics already highly appreciated in previous editions of "DigiTraining Plus", like the technical sessions for getting closely acquainted with the operation of digital projectors (guided by **Nicolas Hamon**, of Barco Digital Cinema, and **Paul Clark**, of Eastman Kodak), or those with a more theoretical bias on the possibility of equipping a theatre for digital by the use of integrated solutions (**Denis Kelly**, Eastman Kodak), alternative content (the subject of the talk by **Yves Pannaeels**, Director of Corporate Affairs & Media Relations of Alfacam/Euro1080, one of the most important companies in this field), up to the discussion amongst exhibitors – introduced by two authoritative representatives, **Jan Van Dommelen**, the voice of the Unic (the federation of national exhibitors' associations) and **Enrico Chiesa**, Vice Delegate of Cicae (the international federation of art-house cinemas) – on the significant experiences that have already developed in the field of the new technologies. The speakers here were **Jan Petersen**, IT Manager of the Danish Nordisk Film Biografer, **Rickard Gramfors**, Content Manager of Folkets Hus och Parker which, in Sweden, has set up the Digital Houses circuit, and **Kees Ryninks**, Managing Director of CinemaNet Europe, the European network that has arisen out of the DocuZone experience. Room was also made for distribution, with the talk by **Huub Roelvink**, of Cinema Delicatessen, who stressed how the new technologies have made the circulation

of documentaries easier in Dutch theatres.

**Glenn Wastyn**, Market Director Digital Cinema of Barco, explained the main contents of the DCI specifications, **Patrick Van Dijck**, of Screenvision, explained the strategies regarding digital adopted by this distributor of advertising for cinemas, arising out of the joint venture Thomson-ITV and active in 9 European countries (France, Belgium, The Netherlands, Spain, Portugal, Denmark, Finland, the Czech Republic and Slovakia), whilst **Steve Perrin** presented the UK Film Council project: 18 million euro for the installation of 240 digital projectors throughout Britain involving all kinds of theatres, from art-house to multiplexes.

Lastly, **David Monk** contributed his point of view on the future prospects for digital cinemas, films and content.

Visits to cinemas equipped for digital screening were not neglected: the **Kinepolis** of Kortrijk and the **Cityscope** of Roeselare (7 screens fitted with avant-garde audio and video technology), where a wide selection of European titles digitalised by XDC were presented. Lastly, three exhibition companies taking part in the course now have the opportunity of trying out a digital projector in one of their theatres for free for one month: the prize, offered by Barco, was won by the Spanish Yelmo Cineplex, the Hungarian InterCom and the Swedish Fregatten Bio – Filmhuset Facklan.

Maria Vittoria Gatti

### MEDIA SALLES AT CANNES 2006

welcomes all friends from the international cinema community

on 22 May, at 5.00 pm  
at Hilton Hotel (former Noga Hilton)  
50, Boulevard de la Croisette,  
first floor, "Salon La Scala".

In ideal continuity with Italian Cinema Worldwide, the initiative promoting Italian films organised by MEDIA Salles at the main world gatherings of exhibitors, this year's appointment on the Croisette takes place at "ItaliaCannes 2006".

Domenico Dinoia, President of MEDIA Salles, presents issue no. 2/2006 of the "European Cinema Journal".



The group of participants at the 2006 DGT course.