CINEMA D'EUROPA
MEDIA SALLES

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MEDIA

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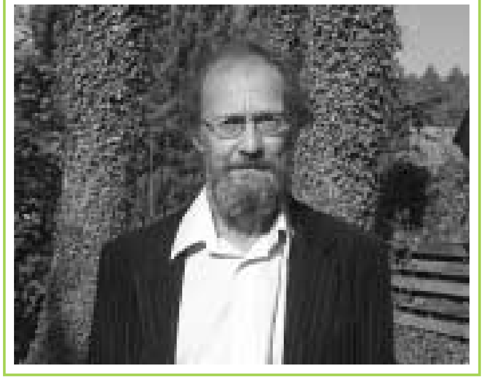
CINEMAS AND TRAINING

For at least the past 10-15 years training and learning has been a keen and highly developed instrument for any commercial activity in order to increase business and to upgrade employees at all levels.
"Lifelong learning" has become the mantra in modern business language everywhere.
Strangely enough, however, training within the cinema sector has always been in some way the odd man out. Not that courses, seminars, presentations are un-familiar within our part of the industry, but training as such on a regular basis has certainly not penetrated the minds of cinema-related personnel in depth as a natural, important element of our professional life and purpose: bringing the general audience into our theatres.
MEDIA Salles has, nevertheless, put a lot of effort and energy into this field since its foundation in 1991. From the initial action "Europe gets together in the cinema: a week of European cinema in 100 towns", to Euro Kids Network and throughout the last four years training on the digital revolution. Many training initiatives surely take place within the national organisations, but in the world of today it seems more important than ever that we improve and learn from each other also across borders.
In that respect MEDIA Salles certainly supports the concern of ATC (Audiovisual Training Coalition) in relation to the cut-down of financial support for professional training within the MEDIA Programme by an alarming 42%. Training, as all schooling, is a long uphill journey that also has to develop and mature in peoples' minds and within the cultural tradition in any business or learning environment. Nothing in this area comes to life over night. Training is also the seed of creativity and evolutionary thinking. When people (and especially very different ones) come together the dust falls off the shelves, prejudices falter and positive thinking emerges.
MEDIA Salles sincerely wishes the professionals to be an engaged and engaging player in this field for a long time yet.

Jens Rykær
President of MEDIA Salles



CINEMA-GOING IN EUROPE IN 2006

An improvement but not for everyone. This is how the trend of cinema-going in European cinemas might be summed up for 2006. Following a 2005 marked by a minus sign almost everywhere, the year that has just ended has represented a breath of fresh air for European cinema exhibition in general.

Cinema-going in the European Union

In the 25 countries belonging to the European Union in 2006, audiences have experienced an average growth rate of 3.5%, rising from 893.0 to 924.1.

Western Europe

The 18 countries of Western Europe for which figures are already available show an average increase in ticket sales of around 2.4%. A good sign for the future, though not measuring up to expectations, if we consider that in various countries the first half of the year was characterised by a two-figure increase.
But the improvement nevertheless took place – from 862.2 to 882.9 million admissions – and two of the continent's five big markets were mainly responsible for contributing to this. In first place comes France which, with over 188 million spectators (+7.6% compared to 2005), achieves the second best result since 1984.
Next comes Germany which sees an audience growth of 7.4% compared to 2005. However, despite an increase of over 9 million spectators, this market does not succeed in recovering the heavy drop recorded between 2004 and 2005. The total of 136.7 million spectators still remains below the average for the 2000s (over 150 million). Increasing, though only just, is a third large market, Italy, where estimates regarding screens operating at least 60 days a year speak of an average yearly increment of 1.7%, following an initial six months that had recorded a rise of over 10%. Also marked by a plus sign are smaller markets such as Austria (+10.6%), Finland (+10.4%), Switzerland (+9.6%), The Netherlands (+9.1%), Ireland (+8.9%), Belgium (+8.7%), Luxembourg (+8.1%), Norway (+6.2%), Sweden (+4.7%), Denmark (+3.4%) and Greece (+2.4%). Going against the trend are Liechtenstein, which loses 3.8%, and Portugal (-4.6%). Suffering from a considerable drop in audiences are two of the five big countries: the United Kingdom (-4.9%) and Spain (-4.7%). Whilst the former, although losing almost 8 million tickets, obtains a result in line with those of the first few years of the 2000s, Spain, losing about 6 million spectators, drops to 121.6 million admissions, the lowest result since 1998. For the second consecutive year the number of screens in Spain decreases, too, diminishing by over 200 units over a two-year period. From 1990 to 2004 the number of screens had experienced an uninterrupted run of growth.

Central-Eastern Europe and the Mediterranean Rim

In general, the 15 countries of Central-Eastern Europe and the Mediterranean Rim obtain decidedly flattering results, recording admissions increasing by 20.4%. Spectators thus increase from 94.6 to 113.9 million. Here too, however, there is no escape from the general trend, which sees quite different situations in the individual territories.
All with above-average growth are both big markets such as Poland (+29.7%), which recovers almost all the spectators lost in 2005, and Turkey (+26.3%), as well as smaller countries such as the Slovak Republic (+55.5%), Estonia (+40.1%), Latvia (+27.5%), Croatia (+22.8%), the Czech Republic (+21.4%) and Slovenia (+9.9%). An exceptional growth is recorded in Lithuania, which more than doubles its spectators (+108.6%).
Instead, decreases are recorded in Serbia and Montenegro (-36.7%) and, to a smaller extent, in Malta (-4%), Hungary (-3.8%), Bulgaria (-2.5%), Romania (-1.9%) and Cyprus (-1.1%).

Multiplexes

In Europe as a whole, complexes with at least 8 screens rose in number, between October 2005 and October 2006, from 1,013 to 1,060, for a total of respectively 10,918 and 11,393 screens (+4.4%).
This is a growth trend that has been going on without a break since the mid-Nineties but which has slowed down lately (the growth rate between 2004 and 2005 was of 7.5%).
If many more multiplexes are not opened, the latest trend emerging from an analysis of the situation country by country as shown in the Yearbook, proves extremely dynamic, especially as regards changes in ownership, with companies quitting territories (such as Intercom in Hungary and Romania) and businesses consolidating their presence on the market through takeovers (for example Cinesa in Spain and Mediapro in Romania) or mergers (for example, again in Spain, Abaco and Cinebox).

Digital screens

The second half of 2006 confirmed a trend that had already manifested itself at the beginning of the year: the considerable increase in screens equipped with digital projectors using DLP Cinema™ technology.

(continues on page 2)

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Screens and admissions from 1997 to 2006

Country	screens										var %	var %	var %	var %	var %	var %	var %	var %
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1997 1998	1998 1999	1999 2000	2000 2001	2001 2002	2002 2003	2003 2004	2004 2005
A	424	424	503	523	579	566	550	558	569	580	-	18.6%	4.0%	10.7%	-2.2%	-2.8%	1.5%	2.0%
B	475	497	492	491	493	514	525	515	536	512	4.6%	-1.0%	-0.2%	0.4%	4.3%	2.1%	-1.9%	4.1%
CH	450	459	479	486	500	518	529	539	537	547	2.0%	4.4%	1.5%	2.9%	3.6%	2.1%	1.9%	-0.4%
D	4,284	4,435	4,651	4,783	4,792	4,868	4,868	4,870	4,889	4,848	3.5%	4.9%	2.8%	0.2%	1.6%	-	-	0.4%
DK	320	331	331	358	361	361	379	380	374	385	3.4%	-	8.2%	0.8%	-	5.0%	0.3%	-1.6%
E	2,584	2,997	3,354	3,556	3,747	4,001	4,274	4,497	4,401	4,299	16.0%	11.9%	6.0%	5.4%	6.8%	6.8%	5.2%	-2.1%
F	4,659	4,764	4,971	5,110	5,241	5,257	5,289	5,314	5,393	*5,362*	2.3%	4.3%	2.8%	2.6%	0.3%	0.6%	0.5%	1.5%
FIN	321	331	362	343	339	342	339	342	332	332	3.1%	9.4%	-5.2%	-1.2%	0.9%	-0.9%	0.9%	-2.9%
GR	340	360	*380*	*391*	454	439	*450*	*450*	*490*	*400*	5.9%	*5.6%*	*2.9%*	*16.1%*	-3.3%	*2.5%*	-	*8.9%*
I [1]	2,456	2,619	2,839	2,948	3,112	3,353	3,566	3,610	3,794	*3,600*	6.6%	8.4%	3.8%	5.6%	7.7%	6.4%	1.2%	5.1%
IRL	228	261	299	313	322	326	329	335	352	415	14.5%	14.6%	4.7%	2.9%	1.2%	0.9%	1.8%	5.1%
L	26	21	21	25	25	25	26	24	24	24	-19.2%	-	19.0%	-	-	4.0%	-7.7%	-
LI	3	3	3	3	3	3	3	3	3	3	-	-	-	-	-	-	-	-
N	395	393	398	391	394	401	401	428	435	646	-0.5%	1.3%	-1.8%	0.8%	1.8%	-	6.7%	1.6%
NL	499	516	520	562	565	593	603	623	614	679	3.4%	0.8%	8.1%	0.5%	5.0%	1.7%	3.3%	-1.4%
P	410	449	488	495	460	*400*	468	594	624	*479*	9.5%	8.7%	1.4%	-7.1%	*-13.0%*	*17.0%*	26.9%	5.1%
S	1,164	1,167	1,123	1,129	1,174	1,176	1,170	1,179	1,174	1,171	0.3%	-3.8%	0.5%	4.0%	0.2%	-0.5%	0.8%	-0.4%
UK	2,369	2,589	2,826	3,039	3,248	3,402	3,433	3,342	3,356	3,440	9.3%	9.2%	7.5%	6.9%	4.7%	0.9%	-2.7%	0.4%
total	**21,407**	**22,616**	***24,040***	***24,946***	**25,809**	***26,545***	***27,202***	***27,603***	***27,897***	***27,722***	**5.6%**	***6.3%***	***3.8%***	***3.5%***	***2.9%***	***2.5%***	***1.5%***	***1.1%***
BG	121	106	191	202	202	194	208	80	98	111	-12.4%	80.2%	5.8%	-	-4.0%	7.2%	-61.5%	22.5%
CS	.	*186*	160	164	215	253	186	200	103	156	.	*-14%*	2.5%	31.1%	17.7%	-26.5%	7.5%	-48.5%
CY	23	26	30	28	43	43	44	38	30	29	13.0%	15.4%	-6.7%	53.6%	-	2.3%	-13.6%	-21.1%
CZ	747	764	740	743	749	794	757	675	667	*700*	2.3%	-3.1%	0.4%	0.8%	6.0%	-4.7%	-10.8%	-1.2%
EE [2]	180	173	174	76	81	81	81	81	69	76	-3.9%	0.6%	-56.3%	6.6%	-	-	-	-14.8%
HR	147	147	141	142	149	146	142	145	123	103	-	-4.1%	0.7%	4.9%	-2.0%	-2.7%	2.1%	-15.2%
HU	580	625	603	562	622	605	589	593	492	*443*	7.8%	-3.5%	-6.8%	10.7%	-2.7%	-2.6%	0.7%	-17.0%
LT	115	105	99	88	84	79	83	75	70	77	-8.7%	-5.7%	-11.1%	-4.5%	-6.0%	5.1%	-9.6%	-6.7%
LV	114	116	119	111	126	107	110	78	61	49	1.8%	2.6%	-6.7%	13.5%	-15.1%	2.8%	-29.1%	-21.8%
MT	.	.	36	46	45	42	42	42	42	41	.	.	27.8%	-2.2%	-6.7%	-	-	-
PL	698	714	755	824	852	854	877	878	937	*931*	2.3%	5.7%	9.1%	3.4%	0.2%	2.7%	0.1%	6.7%
RO	441	379	316	293	276	247	213	183	120	108	-14.1%	-16.6%	-7.3%	-5.8%	-10.5%	-13.8%	-14.1%	-34.4%
SI	93	93	88	84	92	88	100	111	101	*101*	-	-5.4%	*-4.5%*	*9.5%*	-4.3%	13.6%	11.0%	-9.0%
SK	*337*	*337*	342	292	289	308	290	281	245	*245*	-	*1.5%*	-14.6%	-1.0%	6.6%	-5.8%	-3.1%	-12.8%
TR	487	584	694	*770*	921	985	985	1,147	1,188	*1,299*	19.9%	18.8%	*11%*	*19.6%*	6.9%	-	16.4%	3.6%
total	***4,083***	***4,355***	**4,488**	***4,425***	**4,746**	**4,826**	**4,707**	**4,607**	**4,346**	***4,469***	**6.7%**	***3.1%***	***-1,4%***	***7,3%***	**1.7%**	**-2.5%**	**-2.1%**	**-5.7%**

[1] MEDIA Salles' elaboration on SIAE data referring to screens with more than 60 days of activity.
[2] 1997, 1998 and 1999 data include "village cinema clubs".

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The total worldwide over a 12-month period increased almost four times over, rising from 595 to 2,866, with a 382% increase. Moreover, the different continents deal with the digital transition at highly varying rates: in the same period North America grew by 1,031%, totalling 1,957 installations, Europe by 168% (531) and Asia by 70% (347). The number of complexes housing digital screens grew from 456 to 982 in 2006, meaning that the average number of digital projectors per site has risen from 1.3 to 2.9. This can be considered further proof of the fact that exhibition companies tend to consider the installation of a digital projector not so much a technical trial with the aim of becoming familiar with a new type of equipment, but a strategic choice.

Elisabetta Brunella
Secretary General of MEDIA Salles

AN EXPLANATION THAT PROVED TO BE RIGHT

Recent developments of cinema attendance

Whilst in 2004 cinema admissions had still increased in 9 out of 14 Western European countries, the year 2005 brought an almost universal decrease of an unweighted average of 10.4%, which was very substantial in some countries (Austria and Germany).
Happily, a turn for the better occurred in 2006 with an unweighted average increase of 5.6%.
The decrease or increase of admissions are to be attributed to a number of factors, some of which being structural with effects that are only noticeable in the long run, whilst others are of an incidental kind, the effects of which are distinguishable from year to year.
An analysis of these causes and their effects is complicated by the fact that they are interrelated and partly indirect, which also leads to circular relations. An example thereof is piracy. It is harmful to dvd (even more than to cinemas) and intensifies the tendency to shorten the theatrical windows, which, in turn, has negative consequences for cinema attendance.
A corresponding phenomenon is the changing way of spending leisure time, which is harmful to cinema attendance as well as to dvd, causing again the shortening of windows etc.
For an explanation of the sharp fluctuations of admissions in a number of countries, one has to look, of course, mainly at the factors with discontinuous effects. Such a factor is the attractiveness of mainstream films. According to many cinema exhibitors and their associations, the strong decrease in admissions in 2005 was mainly to be attributed to a shortage of popular mainstream films, especially from the US. It is understandable that blaming the popular mainstream films for the sharp decline was met with suspicion, because that explanation, if true, would exonerate the cinemas and would prove that it did not concern a structural cause.
The commercial importance of popular (mainstream) films manifests itself in the shares in total admissions of the Top 10 and the Top 20 films. The development in this respect is indicated in the table below.
This table leads to the following conclusions:
Germany: the decrease in 2005 and the increase in 2006 are mainly caused by the results of the Top 20.
The Netherlands: the increase in 2006 is mainly caused by the results of the Top 10.
Italy: the increase of the Top 10 in 2006 prevented a continued decrease in total admissions.
General conclusion: the statements, that the success of popular (mainstream) films (or the lack of it) is of decisive importance for the fluctuations of total admissions, are right indeed.

Dr Joachim Ph. Wolff
Scientific Advisor to the MEDIA Salles' "European Cinema Yearbook" and Chairman of The Netherlands Foundation for Filmsector Research, associated with Utrecht University

Top 10 and Top 20 films in 2004-2006

Country	2004/2005				2005/2006			
	% Top 10	% Nos. 11-20	% Other films	% All films	% Top 10	% Nos. 11-20 films	% Other films	% All films
D	-21.7	-31.45	-13.6	-18.8	+19.0	+11.1	+0.1	+7.4
NL	-22.3	+10.1	-9.1	-10.5	+35.4	-13.4	+3.9	+9.2
I	-12.75	-6.7	-5.7	-9.2	+17.3	-10.7	-4.0	+1.6

Sources: D: FFA; NL: NFC; I: Cinetel data only.

ar %	admissions (x 1,000)										var %	var %	var %	var %	var %	var %	var %	var %	var %
2005 2006	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1997 1998	1998 1999	1999 2000	2000 2001	2001 2002	2002 2003	2003 2004	2004 2005	2005 2006
1.9%	13,717	15,219	15,024	16,299	18,985	19,245	17,738	19,377	15,680	17,344	10.9%	-1.3%	8.5%	16.5%	1.4%	-7.8%	9.2%	-19.1%	10.6%
4.5%	22,073	25,386	21,869	23,548	24,035	24,379	22,713	24,116	21,902	*23,807*	15.0%	-13.9%	7.7%	2.1%	1.4%	-6.8%	6.2%	-9.2%	*8.7%*
1.9%	15,548	15,911	15,403	15,564	17,082	18,774	16,478	17,200	14,950	16,380	2.3%	-3.2%	1.0%	9.8%	9.9%	-12.2%	4.4%	-13.1%	9.6%
0.8%	143,122	148,876	148,996	152,533	177,925	163,910	148,957	156,709	127,318	136,679	4.0%	0.1%	2.4%	16.6%	-7.9%	-9.1%	5.2%	-18.8%	7.4%
2.9%	10,843	11,011	10,915	10,691	11,921	12,911	12,297	12,787	12,187	12,600	1.5%	-0.9%	-2.1%	11.5%	8.3%	-4.8%	4.0%	-4.7%	3.4%
2.3%	105,045	112,143	131,348	135,391	146,810	140,716	137,472	143,932	127,651	121,654	6.8%	17.1%	3.1%	8.4%	-4.2%	-2.3%	4.7%	-11.3%	-4.7%
0.6%	148,935	170,110	153,570	165,957	185,816	184,461	174,147	195,208	175,340	*188,673*	14.2%	-9.7%	8.1%	12.0%	-0.7%	-5.6%	12.1%	-10.2%	*7.6%*
-	5,943	6,395	7,035	7,091	6.539	7,424	7,633	6,928	6,059	6,687	7.6%	10.0%	0.8%	-7.8%	13.5%	2.8%	-9.2%	-12.5%	10.4%
3.4%	*11,600*	*12,400*	*12,000*	*12,700*	*13,200*	*12,600*	*11,000*	*12,000*	*12,700*	*13,000*	*6.9%*	*-3.2%*	*5.8%*	*3.9%*	*-4.5%*	*-12.7%*	*9.1%*	*5.8%*	*2.4%*
5.1%	98,191	112,900	98,772	97,819	105,538	103,768	98,037	112,903	102,464	*104,200*	15.0%	-12.5%	-1.0%	7.9%	-1.7%	-5.5%	15.2%	-9.2%	*1.7%*
7.9%	11,491	12,387	12,390	14,886	15,942	17,319	17,432	17,262	16,396	17,854	7.8%	-	20.1%	7.1%	8.6%	0.7%	-1.0%	-5.0%	8.9%
-	1,186	1,415	1,316	1,362	1,414	1,432	1,262	1,357	1,158	1,252	19.3%	-7.0%	3.5%	3.8%	1.3%	-11.9%	7.5%	-14.7%	8.1%
-	17	7	25	28	30	37	32	34	26	25	-58.8%	.	12.0%	7.1%	23.3%	-13.5%	6.3%	-23.5%	-3.8%
8.5%	10,948	11,526	11,351	11,586	12,477	12,041	13,049	11,966	11,314	12,012	5.3%	-1.5%	2.1%	7.7%	-3.5%	8.4%	-8.3%	-5.4%	6.2%
0.6%	18,934	20,094	18,647	21,581	23,787	24,119	24,862	23,044	20,632	22,518	6.1%	-7.2%	15.7%	10.2%	1.4%	3.1%	-7.3%	-10.5%	9.1%
3.2%	14,163	17,327	18,758	19,224	20,940	19,480	18,723	18,800	17,165	16,367	22.3%	8.3%	2.5%	8.9%	-7.0%	-3.9%	0.4%	-8.7%	-4.6%
0.3%	15,210	15,819	15,982	16,978	18,101	18,297	18,172	16,606	14,609	15,293	4.0%	1.0%	6.2%	6.6%	1.1%	-0.7%	-8.6%	-12.0%	4.7%
2.5%	138,922	135,217	139,059	142,507	155,911	175,903	167,256	171,300	164,692	156,560	-2.7%	2.8%	2.5%	9.4%	12.8%	-4.9%	2.4%	-3.9%	-4.9%
0.6%	***785,888***	***844,143***	***832,460***	***865,745***	***956,453***	***956,816***	***907,260***	***961,529***	***862,243***	***882,905***	***7.4%***	***-1.4%***	***4.0%***	***10.5%***	***0.0%***	***-5.2%***	***6.0%***	***-10.3%***	***2.4%***
3.3%	2,685	2,333	2,484	2,217	2,007	2,016	3,041	3,120	2,422	2,362	-13.1%	6.5%	-10.7%	-9.5%	0.4%	50.8%	2.6%	-22.4%	-2.5%
1.5%	.	7,222	3,475	4,096	4,806	4,769	3,415	2,998	2,530	1,602	.	-51.9%	17.9%	17.3%	-0.8%	-28.4%	-12.2%	-15.6%	-36.7%
3.3%	931	1,013	842	1,012	858	854	1,034	971	822	813	8.8%	-16.9%	20.2%	-15.2%	-0.5%	21.1%	-6.1%	-15.3%	-1.1%
4.9%	9,815	9,252	8,371	8,719	10,363	10,693	12,140	12,046	9,479	11,509	-5.7%	-9.5%	4.2%	18.9%	3.2%	13.5%	-0.8%	-21.3%	21.4%
0.1%	974	1,060	875	1,084	1,304	1,558	1,274	1,187	1,133	1,587	8.8%	-17.5%	23.9%	20.3%	19.5%	-18.2%	-6.8%	-4.5%	40.1%
6.3%	3,233	2,738	2,295	2,743	2,935	2,766	2,343	2,976	2,174	2,669	-15.3%	-16.2%	19.5%	7.0%	-5.8%	-15.3%	27.0%	-26.9%	22.8%
0.0%	16,443	14,570	14,388	14,287	15,693	15,278	13,541	13,663	12,124	11,665	-11.4%	-1.2%	-0.7%	9.8%	-2.6%	-11.4%	0.9%	-11.3%	-3.8%
0.0%	566	1,594	1,780	2,103	2,367	1,916	1,396	1,538	1,189	2,480	181.6%	11.7%	18.1%	12.6%	-19.1%	-27.1%	10.2%	-22.7%	108.6%
9.7%	1,268	1,406	1,375	1,457	1,152	1,071	1,133	1,680	1,679	2,141	10.9%	-2.2%	6.0%	-20.9%	-7.0%	5.8%	48.3%	-0.1%	27.5%
2.4%	.	.	1,011	966	1,036	1,065	1,083	1,035	*988*	*948*	.	.	-4.5%	7.2%	2.8%	1.7%	-4.4%	*-4.5%*	*-4.0%*
0.6%	24,330	20,318	27,516	20,892	27,650	27,091	25,264	33,401	24,966	*32,374*	-16.5%	35.4%	-24.1%	32.3%	-2.0%	-6.7%	32.2%	-25.3%	29.7%
0.0%	9,456	6,799	4,192	5,112	5,726	5,316	4,527	4,002	2,830	2,777	-28.1%	-38.3%	21.9%	12.0%	-7.2%	-14.8%	-11.6%	-29.3%	*-1.9%*
0.0%	2,503	2,569	1,965	2,077	2,466	2,776	2,972	3,004	2,444	*2,685*	2.6%	-23.5%	5.7%	18.7%	12.6%	7.1%	1.1%	-18.6%	*9.9%*
0.0%	4,041	4,082	3,030	2,646	2,848	3,168	2,968	2,902	2,184	*3,396*	1.0%	-25.8%	-12.7%	7.6%	11.2%	-6.3%	-2.2%	-24.7%	*55.5%*
9.3%	17,765	22,641	24,843	26,040	26,008	22,229	22,331	28,804	27,592	*34,861*	27.4%	9.7%	4.8%	-0.1%	-14.5%	0.5%	29.0%	-4.2%	*26.3%*
2.8%	**94,010**	**97,597**	**98,442**	**95,451**	**107,219**	**102,566**	**98,462**	**113,327**	***94,556***	***113,869***	**3.8%**	**0.9%**	**-3.0%**	**12.3%**	**-4.3%**	**-4.0%**	**15.1%**	***-16.6%***	***20.4%***

1997-2005 figures: MEDIA Salles, "European Cinema Yearbook – 2006 final edition" (www.mediasalles.it).

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

THE EU ENLARGEMENT: CINEMA-GOING IN ROMANIA

MEET THE SCREEN IN ROMANIA…

We could say that Romanian people are starting to believe in movie theatres again…

The decrease of only 1.9% in admissions – 2,776,516 admissions in 2006 in comparison with 2,829,563 in 2005 – may finally be the signal that 2006 could be the last year in a decreasing evolution of admissions and number of screens in Romania – 434 in 1995, 293 in 2000 and only 108 active screens in 73 movie theatres with 44,643 seats, in 2006.

It goes without saying that viewers prefer multiplexes and multiscreens. This kind of cinema accounted for 66.5% of the total admissions and 45.4% of the active screens. The forthcoming privatisation of the large state-owned exhibition sector should inject some capital into this field. In addition, our entry to the European Union in 2007 should result in increased investment from foreign companies, regenerating the Country's infrastructures and boosting the economy.

In the last 5 years, film production in Romania has developed a positive and stable evolution as part of the European background, being situated among the countries with a medium film production. The results of 2006 are 18 feature films and 8 documentaries and shorts.

Romanian films were awarded prestigious awards at international film festivals. It is remarkable that young directors like: Catalin Mitulescu – *How I celebrated the end of the world*, Corneliu Porumboiu – *12:08 East of Bucharest*, Radu Muntean – *The paper will be blue*, won the awards for respectively: Best Actress at the Cannes Film Festival – Un Certain Regard, Camera d'Or at the Cannes Film Festival – Quinzaine des Realisateurs, Best Director at the Cottbus Film Festival.

There is only one question awaiting a really valuable answer: is there any magic formula to bring the audiences back into the movie theatres in Romania?

The quality of the films, the strategy of the Ministry of Culture regarding the privatisation of cinemas, the valuable new wave of young directors, as well as better institutional and commercial communication with the audience could be important factors in order to bring them back into the theatres.

In 2006, 199 first-time release feature films were screened, in comparison with 178 in 2005. Admissions according to the origin of the new releases still prove the domination of American films – 90.5% of admissions of the newly released films, and an increase from 2.6% in 2005 to 4.3% in 2006 for domestic films.

The increase of the average admission fee from 8.6 Ron in 2005 to 10.2 Ron in 2006, as well as a slight increase of 8% in the average number of viewers per screening, seem to demonstrate that cinema-goers might accept a pricing policy that combines the exhibitor's need for profitability with that of a balance in the quality-price ratio perceived by the spectator.

Let's hope that 2007 will be the year that will restore the real identity to the movie theatre in Romania and the Romanian people will start wanting to keep an appointment with the screen again, in order to dream and to experience that very special feeling once again.

Roxana Dodu
National Centre of Cinema – Romania

AT THE HEART OF THE MARKET – 2

THE UNEVEN WEAVE OF CINEMA-GOING PATTERNS

There is no single solution to the problem of understanding what is going on in the exhibition market, especially when trying to comprehend attendance globally. The situation is seething with contradiction.

Possibly there are some general patterns but uncomfortable special cases must be noted. The best broad 'tenets' or theories remain questionable and need to be rigorously tested both in terms of their logic and applicability to local conditions. This must be based on empirical evidence and not anecdotes or "experience". The industry should seriously take on board the task of research with respect to both the general and specifics in a carefully planned approach to trying to get to a functional understanding of the market.

The general tenets

The basic gravitational pull that multiplexes exert on an undeveloped market generates twice the annual attendance rate in the 10 to 20 minute than it does in the 20 to 30 minute travel time and twice the attendance in the 0 to 10 minute travel time than it does in the 10 to 20 minute travel time (e.g. 0 to 10 minutes 3 visits per annum, 10 to 20 minutes 1.5 visits pa, 20 to 30 minutes 0.7 visits pa).

The preferred locations for multiplexes are usually peripheral where they can extend their market more easily rather than central positions against entrenched competition

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and where attendance is already near ceiling level.

A second run at a market will not usually generate new attendance.

Attendance is very fickle for cinemas within a lower socio-economic and price-sensitive demography. Residents of a catchment area with these characteristics will travel a considerable extra distance to a venue with perceived higher status.

An improved multiplex model (first-release films & stadium seating) introduced against an established competitor (first-release films & stadium seating) will not gain a dominant market share – the available admissions will be split more or less proportionately according to the seat/screen capacities.

The interest in cinema is variable over a 4 to 5 year cycle, followed by a 10% or so fall in admissions. The rise and fall is generally considered to follow the appeal of new releases and the extent to which they are promoted.

The exceptions

There has been strong growth in France and Belgium coinciding with new cinemas characterised by huge seating capacity.

In some markets the simultaneous reduction of national cinema attendance has occurred as well as the generation of new patronage by new large-capacity multiplexes in the major markets (e.g. Taiwan, Italy, Singapore).

Growth on the market comes from audiences with a broader age profile, and a spread in cinema-going to week days and/or summer months, as well as effective theatre promotion.

Adoption has been immediate within entertainment-starved markets (e.g. Athens, Budapest, Seoul, Mendoza, Taipei etc.).

In Germany central locations appear to have the advantage.

The large-capacity venues attract relatively more attendance on weekends and public holidays and respond better than competing cinemas to newly released films than the smaller-scale cinema complexes.

Well-planned dining and drinking facilities seem to be the most appreciated complementary elements for cinema; cinema attendance benefits from such facilities, if available.

Notable exceptions are those opportunities created by big successful 'destinations' with upwards of 10 million visitors such as Disney World and Universal City Film Studios, and Casinos, resorts and recreational waterfront areas. These are hugely successful and almost always determine higher rates of cinema attendance.

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NEW DIGITAL EXPERIENCES AT DGT 2007

The group of participants at the 2007 "DigiTraining Plus" course.

The only one in the MEDIA Programme's offer of training to deal with the topic of digital cinema from the theatres' point of view, the MEDIA Salles course took place for the fourth time this year from 28 March to 1st April. Once again hosted by Barco at their Kuurne quarters in Belgium and supported by the Italian Government, "DigiTraining Plus: New Technologies for European Cinemas" provided the necessary information and tools of analysis for weighing up and facing an innovation which, as summed up by one of the participants, Matthieu Bakolas, of the Ciné Le Parc in Charleroi, "proclaims a revolution whose effects will have a strong influence on all the professions linked to the cinema, from authors to exhibitors". It is in this perspective that the theatre managers' main interest shifts: since 2004, when the course was launched, up to the present, the emphasis has gradually moved from the technical aspects (How does digital projection work? What is the quality of vision like?) to questions about the mode of transition. "Business models", the impact on relationships within the chain of the cinema life cycle, the offer of products, both in the traditional sector of films and in that of new content, were thus the main topics of the 2007 edition. To an even greater extent than in past years, the course was largely based on the presentation of practical experiences. Today, partly due to a significant increase in the number of digital projectors over the past year-and-a-half, different approaches can be evaluated. At the end of 2006 the world's digital screens touched on 2,866, with an average increase over the year of 382% and a peak of 1,031% in North America, a territory that counts two thirds of the world's digital screens. But Europe, too, with 531 projectors using DLP Cinema™ technology, shows an interesting profile: a cross-section was to be seen on the visits to the complexes in Tournai and Bruges, managed respectively by Imagix and Kinepolis, and the accounts contributed by companies such as Odeon and Finnkino. For the latter company, the leader on the Finnish market, the brand new installation of a digital projector in the prestigious Tennispalatsi in Helsinki represents the first step – taken in harmony with the Finnish Film Foundation and supported by it – to try out the technology. In the case of the Odeon, explained by Drew Kaza and Gerald Buckle, respectively Director and Manager of Digital Development, the "100% digital" option adopted in the United Kingdom for two venues with nine screens each, goes beyond the objective of acquiring knowledge and know-how expendable when the digital transition is a widespread phenomenon. The strategy aims, in fact, to create a brand image for digital cinema, exploiting on the one hand the prestige of the Odeon (a company in operation in the United Kingdom since the '40s) and on the other the innovative nature of this type of projection. This includes the invention of a new name for the digital cinemas in the Chain ("Digiplex") and a message to customers that leaves no doubt as to the reality of the new technological experience: "digital cinema is here". Kinepolis – European pioneer in the adoption of digital – is to be seen in a similar perspective, having commenced a new phase with the announcement of the imminent installation of a digital projector on all of its Belgian screens. The objective: to ensure that the new technology is used to present the film for the duration of its commercial life. Something that presupposes a high degree of confidence in the availability of titles distributed in digital format. To remain in the field of content, the course offered a broad panorama ranging from the viewing of *300* at the Tournai Imagix, to an anthology of European productions offered by XDC on the screen of the Bruges Kinepolis. These screenings were joined by the presentation of the catalogue by Park Circus, a young UK distribution company specialised in new digital editions of "evergreens", starting out from *Casablanca*, and of the "3-D" sector, consisting in an advance screening of the production *Fly me to the moon* and the talk by Matt Cowan of Real D, who showed how this type of product, which promises an absolutely original viewing experience and is not affected by competition from home-entertainment, represents a catalyst for the spread of digital projection. Up to the present there are 700 screens worldwide equipped with digital projectors for "3-D".

Digital cinema as an innovation that must not penalise any exhibitors: this demand, expressed by speakers such as Ad Weststrate, President of Unic, and Michael Thomas, representing AG Kino – Cicae, was addressed by the talks dealing more specifically with business models. As well as the concept that seems to be most widely accepted in North America – the so-called Virtual Print Fee – other models were presented, aiming to restore the balance in a situation that sees the investment needed for digital transition being borne mainly by the exhibitors and the long-term economic advantages directed mainly towards distribution.

Amongst these is the "Pay per Play Fee", which could be adapted most successfully to the peculiarities of the European market, characterised by a high number of companies, including some very small ones. Or the involvement of producers and distributors in order to contribute to the success – in a short space of time – of the digital transition. Or, again, the intervention of the so-called "integrator", i.e. the company that offers itself as an "intermediary" in the relations between exhibitor, distributor and supplier of technology, assuming, amongst others, the task of negotiating with the distributors, so that part of the money saved thanks to the elimination of 35mm prints be paid into a "savings fund" destined to finance the purchase of equipment. The aim – of crucial importance on a market such as that of Europe, featuring markets with strong national peculiarities and the presence of many small or medium-sized businesses – is to find solutions to match the different situations.

"Because – as Jens Rykær, President of MEDIA Salles, commented – theatres must neither submit passively to the digital transition, nor feel as though they are being besieged by the new technologies. It is the latter that should be at the service of the cinema. It is thus impossible for there to be a single business model, valid for all situations. And it is the exhibitor who must be able to choose".

Elisabetta Brunella
Secretary General of MEDIA Salles

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