

CINEKID 2001

CINEKID, the annual film, television and new media festival for young people aged 4 to 16, will be held in 2001 for the 15th time. It will take place from 21 to 28 October in Amsterdam's Leidseplein, at the Balie and in the Pathé City cinemas, featuring the newest films for young people from all over the world. The theme of this year is "Animation": special attention will be paid to Dutch cartoons. Children will also be able to try out the latest Internet sites and computer games in a hall filled with interactive computers.

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to release films throughout the world, the results remain to be seen.

Froso Adamides
K. Cineplex

This edition of the Focus on Europe session at Cinema Expo International was particularly full, thanks in part to the backing of European Film Promotion, the European Film Academy-European Film Awards and to the sponsorship of Heineken and the collaboration of The Hollywood Reporter. This Newsletter also contains a brief comment by Paul Johnson, European Sales Director of The Hollywood Reporter and Cliveden 2001 (European CEO Summit) Producer, on the collaboration of MEDIA Salles and The Hollywood Reporter and its perspective for the future.

MEDIA Salles had the pleasure of working alongside *The Hollywood Reporter* at Cinema Expo last June to showcase the truly moving film, *La Stanza del Figlio*, by Nanni Moretti. We were very lucky to have Heineken Beer taking part, a valued sponsor of this event. This is an important event for every producer in Europe and not just the American studios. The US studios use the landmark event very prudently, showcasing all their latest features and line-ups (plus a few sneak peaks at what is to come) and all the cinema chains, owners and European exhibitors become very excited about the fall season that is to follow.

It is an event which most European distributors, producers and the like do not attend. If European box office sales are to increase dramatically over the next decade, then we must all invest the time, money and energy to make this happen. That includes getting film distribution and sales companies behind the promotion of their films in this market. The problem in the past has been that US studios produce and distribute throughout the whole of Europe. Europeans and independent producers do not, normally selling to a different distributor in each area.

In order for sales companies to maximise box office takings in all these countries, they need to work with the marketing departments of all their distributors to bring their films to the attention of the cinema owners and exhibitors, who to a large extent control the destiny and box office potential of their productions. Everyone should find a way to put Cinema Expo into their schedules come next June. I know that The Hollywood Reporter, MEDIA Salles and Heineken will be choosing one special film next year. We hope you can let us have one of your gems then.

Paul C. Johnson

MEDIA SALLES' NEW EXECUTIVE COMMITTEE

MEDIA Salles has elected its new Executive Committee, which will remain in office for the next three years.

Of the six members who constitute the Committee, the Presidency goes to Jens Rykaer, past Treasurer of the Association and principal of the "European Film College", based in Denmark.

The Vice Presidency goes to J. Ph. Wolff, from The Netherlands, who also acts as scientific advisor for the MEDIA Salles European Cinema Yearbook, and

Walter Vacchino, Vice-President of ANEC, the Italian Cinema Exhibitors' Association. J. Ph. Wolff will be responsible for contacts with the European Commission's MEDIA Programme and Walter Vacchino for contacts with the Ministry of Cultural Affairs in Italy.

The new Treasurer is Mike Vickers, member of the British "Cinema Exhibitors' Association".

The Executive Committee is completed by Mette Schramm, President of "DB", the Danish cinema association, and Romano Fattorossi, member of CICAIE, the International Confederation of Art Cinemas, former president of MEDIA Salles.

MEDIA SALLES TRAINING COURSE FOR EUROPEAN CINEMA EXHIBITORS

Cinema exhibition is a field of the European audio-visual media industry which has undergone major changes in recent years. Aware of the new skills needed to face this rapidly changing scenario, MEDIA Salles has developed a training course in co-operation with European Film College and Danske Biografer aimed at all European cinema exhibitors.

The first edition of the course, called "European Cinema Exhibition: a new approach", will take place on 5th-9th June 2002 in Ebeltoft (DK) at the European Film College.

The purpose of the project is to inform participants about the main phenomena which characterise the modern cinema industry, with a special slant on promoting European films as a way of offering cinema audiences more choice and catering for special needs and demands.

The course aims at offering European cinema exhibitors a chance for special training and updating and helping them develop into tightly networked cinema professionals with more confidence in their marketing skills.

Thus the course will improve and upgrade their awareness of developments in European cinema and allow them to pass on that awareness to their audiences.

With this outlook in mind, it is hoped that this seminar will signal the beginnings of a brand new training opportunity for European exhibitors that will develop in forthcoming years.



Joachim Ph. Wolff



Walter Vacchino



Mike Vickers



Mette Schramm



Romano Fattorossi

MEDIA SALLES' EXECUTIVE COMMITTEE

In Cannes on May 17th, 2001, Jens Rykaer was elected MEDIA Salles' new president. In this interview, Rykaer, who has served on MEDIA Salles' Executive Committee since 1991 as Treasurer, gives a brief account of the Association's accomplishments over the past ten years and talks about what the future holds.

10 YEARS WITH MEDIA SALLES

On October 16th this year MEDIA Salles will celebrate its tenth anniversary. What's your perception of this period?

Maybe the most important aspect of MEDIA Salles' integration in the first MEDIA Programme (with matching funds from the Italian government) was the fact that cinema exhibition for the first time was acknowledged as an important part of a film's foodchain on a pan-European level. Emphasis has always been on the production side of filmmaking and on the "artistic" aspects, so to speak. Distribution and exhibition, the basis for films actually meeting their audience - were regarded as just a necessity. All the prestige has traditionally been associated with the creative process of filmmaking, which in my opinion represents a very limited view of reality. If we do not have a strong distribution and exhibition pattern, any film's lifespan will be unreasonably short. Europe especially still suffers from being a very fragmented industry when compared to the US. So when MEDIA Salles was established and defined its mission as that of promoting European films in European mainstream cinemas, it became a natural meeting place and center of activity for European exhibition organisations.

What kind of activities?

First of all, it was important for MEDIA Salles to map out in detail the European cinema exhibition sector. This is something that had never been done before. If you want to cure the patient, you have to make a diagnosis. A White Book was published dealing with the growth of multiplexes, European films in European cinemas and vertical integration. Myths were laid bare, to be replaced by in-depth understanding of the marketplace. Since then, MEDIA Salles has published a unique Yearbook dealing with all aspects of the cinema exhibition industry - a collection of statistical data drawn from the most reliable sources throughout Europe. On basis of that, MEDIA Salles has built up a database consisting of European films and their distributors, organised film weeks promoting European films in hundreds of

cinemas and organised a network of cinemas specialised in showing European films for children and young people - the Euro Kids Network. Even if this is something that cannot, unfortunately, continue into the future, given the conditions that MEDIA Plus has laid down for cinema networking, our work in the field of young people's cinema has found a new outlet. This year, in fact, we have set up a Focus on Europe event at the next "Castellinaria" International Festival of Cinema for Young People.

In addition, what are the plans for the future?

The future of MEDIA Salles lies in promotion and training. There is still a great need to push European films whenever and wherever distribution - and cinema exhibition professionals meet. At conventions like Cinema Expo in Europe, at all major festivals and, even more important, in markets abroad. This is where buyers meet and get to know the product and this is where importers interested in foreign films can rely on good advice and practical help. MEDIA Salles's expertise can be very helpful here. We now have a tradition of working with Cinema Expo and ShowEast (US), where MEDIA Salles organises a Focus on Europe event including screenings of marketable European films. Personally, I hope that this kind of activity will be allowed to grow. Nobody else does it. Training within the cinema exhibition sector also leaves a lot to be desired. Next year we shall organise an international seminar for marketing professionals experienced in ad campaigns targeted at the general cinemagoing public throughout Europe. It will take place at the European Film College in Denmark and will be run in collaboration with the Danish Cinema Association and, hopefully, the Danish Film Institute. Funds have been allocated from MEDIA Plus. A pilot project has already been set up this year in order to gather experience for next year.

You have recently been elected president of MEDIA Salles - what are your goals?

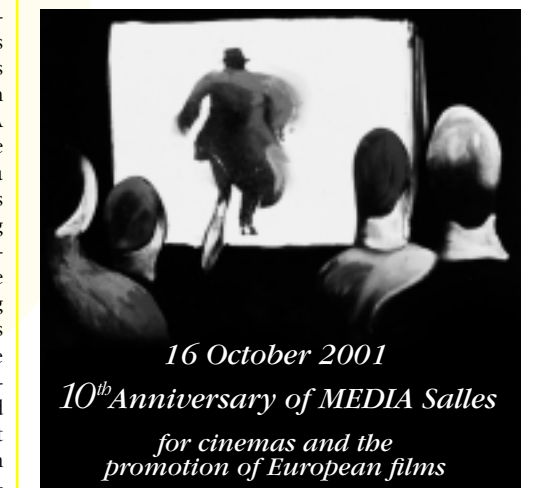
Personally, I firmly believe in the fact that the



Jens Rykaer, President of MEDIA Salles.

front-end of the film industry should know what is happening behind the scenes. Or, in other words, it is of immense importance that the people involved in film production do not stop being involved with the film once it has been made. A film does not come to life until it meets its audience - preferably in a cinema. Therefore distribution and screening are integrated elements in a long process and should be treated as such. At the European Film College, of which I am the principal, we subscribe to that philosophy and call it vertical integration.

My goal and hope is that MEDIA Salles will also be able to provide a broader understanding of this principle and, through very concrete actions, prove its worth as an ambassador for European films throughout the world.



16 October 2001
10th Anniversary of MEDIA Salles
for cinemas and the
promotion of European films

FOCUS ON EUROPE at CEI 2001

This year, too, MEDIA Salles organised a Focus on Europe event for the Cinema Expo International exhibition aimed at promoting European films at a global level. This is the fifth time the Association has taken part in the largest international meeting in Europe for cinema exhibitors. Some of the most important features of this year's Focus on Europe event were the screening of *The Son's Room*, winner of the Golden Palm at the Cannes Film Festival, preceded by the trailers of films that have been successful in their countries of origin and have a good chance of moving out into international markets.

As tradition dictates, Focus on Europe opened with a round table session, which this year tackled the theme "Difficult times in the USA: will it affect European growth? A Focus on Central Europe and the Mediterranean".

Two speakers have sent on a précis of their talks at this session, which appear in this issue of the Newsletter.

(continues on page 2)

UPCOMING EVENTS WITH MEDIA SALLES IN 2001

Venice Film Festival
Venice, August 29th - September 8th

MEDIA Salles can be found at the MEDIA Programme stand, with a workstation for surfing the "European Cinema On-line Database" via Internet and the "European Cinema Yearbook", the most complete and up-to-date overview of the cinema industry throughout Europe.

Venice, September 6th,
Palazzo del Casinò,
on the Terrace of the Industry Office

Presentation of the 3rd edition of our Newsletter, the "European Cinema Journal". Viviane Reding, the EU's Commissioner for Education and Culture, will be taking part.

Eurovisioni
Rome, 21st - 23rd October

The Advance Edition 2001 of the "European Cinema Yearbook" will be released. This is MEDIA Salles' statistical analysis of cinema-going, with data covering 32 European countries and all the other major markets around the globe. It is the most all-round, up-to-date overview of the cinema theatre market.

Focus on Europe at ShowEast
Orlando, 31st October - 3rd November

After Cinema Expo International in Amsterdam, a new opportunity to take part in a Focus on Europe event. Focus on Europe is a series of initiatives set up by MEDIA Salles to promote European cinema at a global level at the most important professional meetings of cinema exhibitors in the major world markets.

Focus on Europe at Castellinaria
14th edition of the International
Festival of Cinema for Young People
Bellinzona, 16th - 18th November

Since 2000, MEDIA Salles and the "Castellinaria" International Festival of Cinema for Young People in Bellinzona have been working together. The result of this is a Focus on Europe event dedicated to exhibitors who screen films for youngsters.

MULTIPLEX OPERATORS AND COMPETITIVE ILLUSIONS

Remarkable statistical data concerning multiplexes in West European countries in the past three years

The difficulties in the U.S. concerning the situation of many cinemas have been made widely known. Many exhibitors in Europe will have asked themselves the question incorporated in the title of the seminar. An entrepreneur, thus also a multiplex operator, generally is an optimistic person, because otherwise he would not have chosen such a risky occupation. Therefore, in the beginning exhibitors outside the U.S. may have thought that the problems would soon be solved, or that they were not valid for Europe. This may also have been a reason not to react immediately, that is to say not to adjust investments. A fact relevant in this framework, however, is the relatively difficult position of multiplex operators.

The awkward position of multiplex operators compared to many other branches of the retail trade.

A well-known subject in even basic economic textbooks is the pig-cycle. (This subject especially appeals to me as a Dutchman, because until the recent epidemic, about the same number of pigs used to live in the Netherlands as people.)

Pig-raisers operate in an atomistic market, meaning that individually they do not influence the price. If, caused by an external fact, the price of pigs increases substantially, pig-raisers will, according to that price, raise more pigs. However, because this goes for all pig-raisers in the market, the price will decrease substantially when the increased quantity of pigs is offered. Considering the low price resulting from this situation, the pig-raisers will react by raising substantially less pigs, etc. This is a well-known example in microeconomics of a dynamic process. Unless the pig-raisers learn from the disappointing experience (or the government intervenes), the market will not reach a new equilibrium. Because of the competitive illusion experienced by the pig-raisers, they are looked upon with compassion.

However, compared to pig-raisers, multiplex operators deserve in this respect more compassion.

The gestation period of a multiplex, that is to say the time needed for preparations, getting the licences, and then the construction, is several years. Once the construction has started, the point of no return is reached. Still worse is, that if multiplex operators discover that they are victims of a competitive illusion just like the pig-raisers, there is hardly a way back, because an alternative use for a multiplex is difficult to find.

Recent developments in the field of multiplexes

I draw attention to this, because this seminar is about the eventual consequences that the crisis in the U.S. might have for the cinema industry in Europe, and I was asked to present some relevant facts concerning multiplexes. I can assure you that in the General Assemblies of UNIC¹ an ever returning subject is concern about over-screening and over-investment in the countries of some of the Member Associations. The developments in the field of cinemas in West European countries in recent years are arranged for convenience in Table 1.

Table 1 - Number of multiplexes (cinemas with ≥ 8 screens)

Country	1992	1998	1999	2000
A	-	9	15	18
B	9	16	16	16
CH	-	2	3	5
D	14	70	87	114
DK	1	2	2	4
E	-	61	104	121
F	31	73	93	106
FIN	-	1	3	3
I	1	8	12	21
IRL	3	7	9	9
N	3	4	4	4
NL	-	4	4	7
S	12	16	15	15
UK	44	113	136	153

Sources: European Cinema Yearbook, Source Document 2000, MEDIA Salles.
2000: European Cinema Journal, May 2001, plus additional figures from MEDIA Salles.

The forerunners of multiplexes in Europe

were the UK, on the continent followed by Belgium and thereafter by France and Germany. Now the establishment of multiplexes in **Belgium** is stagnating, whilst it seems to go on unrestrained in **France**, the **UK**, and especially in Germany. Concerning **Germany**, this may cause some amazement, because, as explained by K.-P. Grummitt in his presentation in last year's seminar, the future was cloudy already then. My remarks about the gestation period are especially appropriate here: the increase of the number of multiplexes is the result of what was already in the pipeline, and "halting a multiplex development is a bit like turning a supertanker"². We shall have to wait, to see what the situation at the end of 2001 will be and what the next years will bring in this respect.

An interesting development in this framework is the one in **Spain**. The establishment of multiplexes began relatively late, but continued then with extraordinary speed. In 2000 there were in Spain even more multiplexes than in France and Germany. What is remarkable is that between 1992 and 1999 also the number of screens in cinemas with 2-7 screens increased by 734.

In **Italy** the development began rather late. There are not only still relatively few multiplexes now, but even in 1999 there were still 1 977 screens in mono-screen cinemas, being 68% of all screens. (This percentage is a kind of indicator for the phase the development of the cinema industry in a country is in.) The future for new multiplexes in Italy seems to be quite bright. On the other hand it can be remarked that in Italy in 1999 the average number of seats in screens in multiplexes was by 243 the highest but one in West Europe, whilst their average number of admissions was by 42 920 the lowest (calculations based on figures in the European Cinema Yearbook 2000).

Another way to indicate the developments of multiplexes in the respective countries is their degrees of penetration, i.e. the number of screens in multiplexes as a percentage of all screens³.

This is indicated in Table 2. Table 2 is especially interesting in comparison with Table 3, indicating the concentration of admissions in multiplexes.

The figures in the two tables confirm the generally existing opinion that screens in multiplexes have on average more admissions than other screens. This, however, is the case to a greatly varying extent, which is illustrated by the situations in **Denmark** and especially **Finland**.

The suggested theme of Cinema Expo 2001 was profit maximization as a common focus of today's cinema industry.⁴ It seems to me

Table 2 - Number of screens in multiplexes (≥ 8 screens) as a percentage of the number of all screens 1992-2000.

Country	1992 %	1998 %	1999 %	2000 %
A	-	20,28	28,83	33,02
B	24,59	42,66	43,50	43,76
CH	-	3,47	5,94	8,82
D	4,57	16,35	18,95	23,40
DK	5,40	7,85	7,85	12,78
E	-	21,42	31,84	35,10
F	6,49	17,30	21,57	24,12
FIN	-	3,02	9,39	9,91
I	0,46	3,13	4,40	7,35
IRL	16,93	27,97	33,11	31,49
N	7,11	9,41	9,30	10,79
NL	-	6,40	6,37	12,46
S	9,89	12,77	12,91	12,82
UK	25,13	46,27	51,03	56,19

Sources: European Cinema Yearbook 2000, MEDIA Salles.
2000: European Cinema Journal, May 2001, plus additional figures from MEDIA Salles.

Table 3 - Concentration of admissions in multiplexes (cinemas with ≥ 8 screens)

Country	1998 %	1999 %	2000 %
A	.	.	48,47
B	68,21	73,30	.
D ¹	30,29	34,42	40,39
DK	16,78	16,71	25,25
E	29,82	37,68	38,32
F	30,75	36,18	41,57
FIN	.	30,10	.
I	4,24	7,37	.
N	20,61	21,09	.
NL	8,90	10,04	14,40
S	37,90	38,60	.

1. In cinemas with ≥ 7 screens.
Sources: European Cinema Yearbook 2000, MEDIA Salles.
2000: provisional figures from MEDIA Salles.

that profit maximization was already strived for more or less also in the cinema industry for many decades. This, however, does not mean that profits were indeed maximized, and this might have been impeded just in recent years by competitive illusion and wishful thinking.

Dr Joachim Ph. Wolff
Media Economist

Notes:

1. Union Internationale des Cinémas, the European federation of national exhibitors' associations (of which I was the president until last February).
2. "Circuit Breakers. Multiplexes head for Euro exits" by Adam Dawtrey, Variety issue (June 25 - July 8, 2000, p. 52) dedicated to Cinema Expo International.
3. This is just an overview, as the level of penetration defined in this way is also dependent on the change in the number of screens not situated in the multiplexes.
4. Please see, for example, the brochure "Cinema Expo International, 10th Anniversary June 25 - 28, 2001, Amsterdam RAI".

This article is also published in *Multisala International*, no.4/2001.

MULTIPLEXES IN EUROPE: ARE WE FACING THE SAME FUTURE AS THAT OF THE UNITED STATES? THE CASE OF CYPRUS

Cyprus is a small island in the Mediterranean with a small population of almost 800 000, yet it boasts a total of 28 screens with an additional 15 opening before the end of the year, including a total of 3 multiscreen complexes.

Cinema exhibition in Cyprus, 1995 - 2000

	1995	1996	1997	1998	1999	2000
Admissions	777 626	879 232	930 699	1 013 102	842 055	1 012 223
Frequency per head	1,2	1,2	1,3	1,4	1,1	1,3
Number of cinemas with 1 screen	12	12	11	9	6	4
Number of cinemas with 2 screens	5	6	6	7	8	8
Number of cinemas with 3-5 screens	-	-	-	1	2	2
Number of cinemas with 6 screens or more	-	-	-	-	-	-
Total number of screens	22	24	23	26	30	28

Source: European Cinema Yearbook - 2000 edition (MEDIA Salles).