Nostradamus Report: Imagining a Sustainable Industry

2022

Johanna Koljonen

Göteborg
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i Väst

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The Nostradamus report is published by Göteborg Film Festival. It aims to sketch out the future of the screen industries 3–5 years ahead, through interviews with industry experts and research.

Report author, media analyst: Johanna Koljonen,
johanna@participation.design

Head of Industry, Göteborg Film Festival: Cia Edström,
cia.edstrom@goteborgfilmfestival.se

Editorial team: Johanna Koljonen, Cia Edström, Josef Kullengård

Editorial Advisory Board: Åsa Garnert, Tomas Eskilsson

Artistic Director, Göteborg Film Festival: Jonas Holmberg,
jonas.holmberg@goteborgfilmfestival.se

CEO, Göteborg Film Festival: Mirja Wester,
mirja.wester@goteborgfilmfestival.se

Graphic Design: Gustaf Normark

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Göteborg Film Festival
Office: Olof Palmes Plats 1
413 04 Göteborg
+46 31 339 30 00
info@goteborgfilmfestival.se
www.goteborgfilmfestival.se

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Introduction

This year's Nostradamus Report on the near future of the screen industries is the ninth, and for the first time we have more questions than answers. The following six chapters describe what film and TV are facing right now, and where we could be heading. The worst-case scenarios tend to be effects of the world economy, war, or other external disasters; for those it is prudent to prepare. The best-case scenarios, on the other hand, will not come about by themselves. Those we will have to fight for.

Part of the process, of course, is finding out what that best outcome would be in your view! But we've made the bold assumption that it would probably be some version of a financially, socially, and environmentally sustainable industry, making qualitative content that is relevant for broad audiences. What would it take to get there? Our experts have some suggestions, and suggest some approaches, that all of us will get to develop further for our own parts of the industry.

This year's report has a particular focus on the European perspective, as the global streamers are finishing their roll-out here in the next few years. And the issues in focus in Europe right now, whether tension between the global streaming giants and the independent film production sector, or continuing autocratization and an outright war, are relevant in many other parts of the world too.

We've also taken a whole chapter to discuss the globally urgent issue of industry health—the fundamentally unsustainable workplace cultures and practices that are stopping us from solving our capacity problems, our diversity problems, and by extension our relevance problems.

The Nostradamus Report is commissioned by The Nordic Film Market at Göteborg Film Festival. We are grateful for the support of the project's lead partner Film i Väst, and as always indebted to Tomas Eskilsson of Film i Väst Analysis for ongoing discussions about change in the industry.

The true stars of this report are the eight industry experts who gave generously of their time. (Some of the interviews were conducted before

Russia's invasion of Ukraine, which is the only reason that this ongoing crisis was not top of mind for all of them). Where the experts are directly quoted, their opinions can be attributed to them. Everything else, and the conclusions in particular, are as always our own.

Johanna Koljonen, report author, Participation | Design | Agency
Cia Edström, Head of Industry, Nordic Film Market

Reports from previous years are available as free downloads at goteborgfilmfestival.se/nostradamus

The 2022 Nostradamus report is built around interviews with the following experts:

Bero Beyer, CEO of the Netherlands Film Fund
Christian Bräuer, Managing Director Yorck Kino Gruppe, and President of CICAE, the International Confederation of Arthouse Cinemas.
Michael Gubbins, Consultant and journalist, SampoMedia
Johannes Jensen, Head of Scripted, Banijay Nordic
Julie-Jeanne Régnault, Secretary General of European Film Agency Directors Association (EFAD)
Evan Shapiro, Producer, Media Studies professor at NYU and Fordham U, and unofficial cartographer of the Media Universe.
Josefine Tengblad, Founder and producer, Nordic Drama Queens
Kjartan Þór Þórðarson, CEO and executive producer, Sagafilm Nordic

In addition, we owe the warmest thanks to the following: Lars Blomgren, Banijay; Kristina Börjeson, Film i Väst; Anna Croneman, SVT; Guillaume Esmiol, Marché du Film; Mikael Fellenius, Film i Väst; John Giwa-Amu, Good Gate Media; Manu Guddait, European Film Market; Peter Hiltunen, Kulturakademin; Claus Ladegaard, Danish Film Institute; Marike Muselaers, Lumière; Tamara Tatishvili, Medici – FOCAL; Katarina Tomkova, Kaleidoscope; Aleksandra Zacharchenko, Marché du Film.

Summary

1. SHARED STORIES IN UNCERTAIN FUTURES

Russia's invasion of Ukraine, the continuing pandemic, and the accelerating climate crisis are making predictions even for a specific sector such as film and TV practically impossible. One thing is clear: as we confront living in a world of increased uncertainties, film and its meeting places are needed more than ever.

2. INCREASED VOLATILITY IN THE STREAMING MARKET

Increases in cost of living are expected everywhere, with social and political unrest to follow. Middle-class households that feel the squeeze may cut down on media costs. The production investment boom should continue for at least two years, but the expected SVOD market contraction may arrive faster than previously thought. AVOD and FAST growth may compensate for this to some degree.

3. STAKEHOLDERS VS. STOCKHOLDERS

Pressures on public investment in the media and arts are threatening the traditional European funding model. The production boom driven by global streamers may make it appear to decision-makers as though public support is superfluous. There is a risk that support structures are dismantled that may well be needed if and when the streamers step back. Defining and enabling the long-term sustainability of especially the independent production landscape is a challenge the industry must solve together.

4. THE ALL-RIGHTS DEAL AS THREAT AND OPPORTUNITY

The all-rights deal has many benefits for producers, but as streamer investment in Europe continues to grow, its long-term challenges are also becoming apparent. There is concern that ownership of a growing catalogue of European IP is moving into multinational coffers, and that the practice undermines the resilience of local production companies. All public sources of film funding will need to ensure that their short-term goals and long-term effects align.

5. IMAGINING A SUSTAINABLE LANDSCAPE

A socially and financially sustainable production landscape would require a variety of funding models, professionalisation in the sector, increased horizontal and vertical collaboration, a more intelligent use of data, and a real audience focus. Producers and other stakeholders need to use their negotiating power in a high-demand market to change unsustainable practices. The creator economy will increase in financial impact, giving filmmakers more options, but also offering young talent paths to market outside the traditional film and TV ecosystem.

6. A SUSTAINABLE WORKPLACE?

According to a recent UK study, only 10% of people in the film and TV industry feel the sector is a mentally healthy place to work. 57% have experienced bullying, harassment or discrimination in the last year. Overwork and under-sleep is rampant, affecting physical safety, mental health, and people leaving the sector. For women, minorities, the disabled, and those with care responsibilities, the industry is an especially challenging environment. Solving our problems with workplace culture, health, and safety is an absolute prerequisite for solving our challenges with capacity, diversity, and relevance.

1

Shared Stories in Uncertain Futures

Josefine Tengblad, Nordic Drama Queens: *I've personally never been this afraid of what the future will bring. First covid, with so many people getting seriously ill; then the [war]... It's not directly about the industry, but of course it affects us.*

This new TV era has been so much about being able to tell [any story]. You can be brave. With the world shaking I'm just afraid that people will be controlled by fear. That's the worst thing, when fear gets into a creative process, or a creative decision.

Johannes Jensen, Banijay Nordic: *Obviously we're still worried about covid. Is the pandemic going to become a recurring situation, with shut-downs every winter?*

Julie-Jeanne Régnault, EFAD: *This war has connected [us] to the debate about pluralism, and the need to make sure that social media are regulated, that we don't have fake news. [The national funds who are the EFAD members] are not directly involved with that, so the angle we take is more about cultural diversity, and the capacity to have voices from Ukraine continue to be expressed.*

The reaction to the war in Ukraine by our members was united and immediate. They did things in solidarity that we didn't even know were possible.

There is a war in Europe. The pandemic is not yet over. The climate crisis is accelerating.

Within our industry, the last few years have galvanised many of us to action, making firm our belief that the work we do has meaning. Others

have found it does not, or that it does so at too high a cost, and are struggling to decide whether to radically change their work or to leave the sector entirely.[1]

This report will explore both of those perspectives. It will discuss what it would require for meaningful work to still be available in the independent production sector a few years down the line—and take a hard look at some statistics suggesting our workplaces are not sustainable at all.

Unusually, it will not make many firm predictions. Projecting a future requires a clear understanding of current reality, as well as some level of stability, so that on-going trends can be expected to continue in a logical way towards their expected consequences. Right now we have neither.

Even across Europe we are currently experiencing reality very differently. For those living in Ukraine, the Russian invasion is a continuing nightmare, with every day bringing more atrocities, more personal tragedies, a longer road to rebuilding the nation and, among those who survive, the great cost of life-long injuries and generations of trauma. In the nine other European countries neighbouring Russia an escalation or expansion of the war is a practical, immediate fear.

In Western Europe and further across the world, the suffering in Ukraine is visible in the day-to-day mostly in news coverage and in the influx of refugees. As the months grind on, the on-going war has receded in the minds of many ordinary people, remaining abstractly a tragedy but becoming in some sense business as usual.

This is of course what always happens with wars we feel are far away, but this war is not far away from anyone. Rising energy and food prices affect us all. Our global systems of security and trade will be affected to a great degree, possibly for decades, by choices made in Russia in the next few months. Those choices no one can currently predict.

Additional insecurity is added by the accelerating climate crisis, that will continue to create tangible harm in all regions of the world. In our financial systems, inflation is creating unusual dynamics. In a situation like this, making hard predictions about even a limited sector like film and

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1 Kaufman: "Goodbye to the 14-hour day";
Film & TV Charity: *Looking Glass 2021.*

TV is impossible—but reflecting on probabilities, and on the uncertainty itself, still has value.

Many of us have only ever experienced the world becoming more democratic, equitable, safe, and prosperous over time. Naturally we are now struggling with making sense of reality as it is happening. Our expectations, self-images, and shared stories have not kept up. We as storytellers must be particularly careful that we do not react to the uncertain future with fear and denial, but focus instead on listening, reflection, and imagination.

Christian Bräuer, Yorck Kino Gruppe: *The films that resonate well in arthouse theatres, like* Parasite*, or* Another Round*, or* Nomadland*—have one thing in common: they don't beat around the bush. [They] focus on telling a singular story, without compromise, made for the big screen. They're often about our society and people who are on the edge of or outside it. Think of a film like* Joker *in 2019… All these movies are about who are the insiders and outsiders, about our deepest and innermost well-being. The stories offer no simplistic answers; instead they make you see and understand issues outside your own comfort zone. Even the family in* Parasite*, who are not very nice at all, you get to like them, understand them, and see why they do what they do. [Laughs] At the end of the day, of course, murder is not the right answer to these societal questions!*

Bero Beyer, Netherlands Film Fund: *We all need to think about how we ourselves are creating echo chambers and amplifying polarisation. The biggest challenge for funders is to find a middle ground that is not a compromise, but a step forward towards communication.*

A good story that is visually well told is cool for everyone, even when it puts your opinions to the test. We're all humans, enjoying a story to try to make sense of life. That is quite profound and probably the reason why we do this to begin with.

The tricky and dangerous question is how to deal with productions that amplify polarisation by preaching to their own parish—which a lot of activist films do! They will never, ever reach that other party, to actually try to discuss. Instead, stereotypes get amplified because it's cool or funny

or semi-satirical, while actually offending and hurting other people at the other end of some spectrum.

Michael Gubbins, SampoMedia: *The issues of diversity and inclusive access to culture have not been resolved despite recent debates. In some respects, notably in crossing class divides, it has arguably been getting worse. In the 1960s, the films of Ken Loach were on TV and being watched by working class people—on an establishment network, but one that clearly had an impact. In fact, they changed a law after one of his first TV films. Today his films are more likely to be watched in [a] boutique arthouse theatre, paying €20 with a nice glass of wine. Everyone talks the talk about winning the next generation to film, but there are too many sitting like 18th century French aristocrats in elitist cultural bubbles. We're not dealing with the fundamental issue, which is, is film culturally relevant? Does it have the potential to make a social and cultural impact?*

Film and television do not exist separately from the surrounding political reality. In an age of increasing populism and autocratization, audiovisual storytelling is often and intentionally used to sow division and spread lies. Those messages compete with our work for attention. There may never have been a more urgent and desperate need for filmmaking of vision and nuance, whether describing the world as it really is, or as it could be.

Protecting the voices of resistance and humanity is a particularly urgent task. In the past months, the film industry has mobilised to practically support, and create refuges for, our Ukrainian colleagues. These support structures need to be maintained over time, and infrastructures created to continue helping displaced or threatened artists.

In an uncertain future, one thing remains clear. Audiences across all social divisions hunger for meaning-making, hope, and escape; in short, for relevance. Whether film is experienced in cinemas, homes, or at festivals, it can contribute to countering alienation, increasing understanding, and alleviating loneliness and suffering. Sometimes even to changing the world.

2

Increased Volatility in the Streaming Market

Michael Gubbins, SampoMedia: *The economy, the Ukraine war, and the cost of living will pretty much expose what people are prepared to pay [for media]. Right now in the UK and across the world, Netflix is losing subscribers for the first time. I'm not saying it's not going to pick up a bit again, but there is always going to be a ceiling. There are x number of people, with x amount of time, and x amount of money. If you reduce the amount of money and time, we've got to be very careful we don't fool ourselves into believing that the streaming giants are offering a permanent and stable answer to the weaknesses in the film business model.*

Josefine Tengblad, Nordic Drama Queens: *In five years I think there are going to be fewer commissioners. Those that pay best will have a better chance to survive. There are still going to be a lot of productions, maybe even the same amount—it doesn't look as though there's going to be fewer series. And European production is going to be bigger, more global.*

The events of the last several months may have profound implications on film financing and production investment over the next five years. At the time of this writing, detailed forecasting is almost impossible, but that does not mean we can choose not to worry.

The world economy is teetering at the edge of a dire crisis. High energy costs and rising food prices were significant challenges even before Russia's invasion of Ukraine. The war has aggravated this situation, in particular in relation to foreign reliance on Russian energy exports, and to the global significance of both Ukraine and Russia as exporters of wheat.[2] There is

2 World Bank Group: "The Impact of the War in Ukraine"

currently no sign of an end to the war, but even if it were over tomorrow and economic relations normalised rapidly, the global food system might still take up to a year to stabilise.

With a continuing war, those who now go hungry will be starving, and those who are now just scraping by will go hungry. Such conditions typically increase social unrest, political polarisation, and migration. Middle-class households all over the world will feel the squeeze of rising fuel and food prices. In many countries, continuing inflation will hurt consumers too, affecting costs for debt and housing.

The entertainment industries have historically performed better than many other sectors during financially troubled times. The relatively affordable joys of a movie ticket or TV subscription have proved resilient to economic crunches. But in many markets a movie ticket is no longer particularly cheap, and at the very least households may be reluctant in a crisis to pay for services they rarely or never use.

If a weak economy is hurting households, it may be reflected in lagging subscription growth, affecting stock prices and possibly production investment. As discussed in last year's Nostradamus report, the industry has already been expecting the streaming market to eventually plateau or contract—probably about five years ahead, and somewhat faster in mature markets (where streamers established themselves early). The volatility of the global economy makes the timing of that contraction harder to predict.

Michael Gubbins: *We have to be very careful that today's production excitement isn't a boom inevitably followed by a bust. In the UK and elsewhere we're seeing a major programme of studio building to service the current boom. Alarm bells should be ringing when we're heading into a recession and we're having a production boom while consumers are cutting costs. Is it really sustainable? […] The streaming giants will fight each other for domination of finite markets. Not all of them will survive, and the impact of mergers, acquisitions and failures will not help European production and still less European cultural diversity.*

I do understand the importance of the streaming boom, particularly for the producers—[streaming] came in when other things were declining. In the absence of any other alternatives you're going to take the money. But

we've got to be very careful that we don't give a free pass to the US streamers, as if they were somehow more benign than the Hollywood studios. We've got to be very careful about wishful thinking, and about what we throw out in order to accommodate the streamers.

In the last five years, the global streaming services have invested competitively in production, becoming significant funders of content in Europe and other markets. The astronomical content investments were part of an offensive expansion strategy and have not needed to be proportional to earnings. Their purpose was to drive growth, which has proved successful.

Even in the most saturated markets, there is still some room to expand. In the next year, both HBO Max and Paramount+ are expected to complete their European rollouts, with Disney+ still bullish about continued growth.

In April, 2022, Netflix reported a drop in subscriptions. Excluding the loss of all Russian subscribers, the numbers were not dramatic, but they occurred across markets, are projected to continue in the next quarter,[3] and were read as a sign of a possible slowdown. Stock prices fell dramatically, including those of other streamers.

In response, Netflix announced it will explore adding an advertising-financed (AVOD) tier,[4] somewhat diversifying its revenue stream; that it would slow the growth of its content investment; and that it would prioritise investment more rationally, with a greater focus on the ratio between production cost and viewership (which may even benefit foreign language and lower cost productions going forward).

Warner Bros. Discovery, which was established only in April after a USD 43bn merger, has announced it is looking to rapidly cut USD 3bn in costs, with the explicitly stated goal to invest that money in streaming content instead. Savings will mostly come from rationalising back office functions, but notably the conglomerate also halted development of new scripted programmes for lower-impact brands TNT and TBS.

Content spend may not be shrinking yet, but it is rapidly becoming more

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3 Cho: "Netflix Hit With Shareholder Lawsuit"

4 SA Transcripts: "Netflix, Inc.'s (NFLX) CEO…"

tactical as the market consolidates[5]. Some Hollywood insiders are already predicting an end to the boom.[6] As the cost and difficulty of gaining a new subscriber grows in Europe and North America, production investment will likely also be redirected towards other, less saturated markets.[7]

As a caveat, even a contracting market for SVOD might not affect the size of the streaming market as a whole. Advertising-financed and advertising-supported video on demand (AVOD) and free ad-supported streaming TV (FAST) are growing rapidly and offer welcome options for cash-strapped households.

On some of these services, original or exclusive content is not necessarily as central to the business model, which may affect patterns of commissions and acquisitions going forward. On the other hand, SVOD services are also learning how to leverage lower-cost, partly ad-supported subscription tiers, with the amount of exclusive content staying the same. Netflix is eyeing this model now specifically because it has proved successful with its competitors.

It is also good to remember that all the major players except Netflix are part of complex conglomerates with diversified revenue streams. Disorder in the global economy would affect each of them differently.

In summary, the streaming wars and the offensive content investment will necessarily continue for at least the next two years, as the major US players fight for dominance in Europe and other markets. But there are already signs that the money is expected to work smarter. Economic volatility might make even giants stumble, and if antitrust regulators permit it, consolidation even among the major companies will continue. These same dynamics will also unpredictably affect mid-sized European streamers and broadcasters.[8]

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5 Maas & Otterson: "Warner Bros. Discovery Cuts Scripted"

6 Masters: "Netflix's Big Wake-Up Call"; Lang & Garrett: "Hollywood Nightmare".

7 Shackleton: "Southeast Asia Emerges", Rosser: "Amazon Prime India", Frater: "FilMart Keynote".

8 Broadcasters are of course now mostly broadcaster-streamers themselves, and are competing with streamers , on the same devices, and for same eyeballs.

Evan Shapiro: *In five years, I don't think Netflix and Roku will be independent companies anymore. I think Roku will sell to… my bet would be Microsoft. Netflix will be a part of a larger entity that has more than one revenue stream, because I don't think you can survive on subscriptions alone, especially internationally. Who buys Netflix is going to be predicated on what the regulators say, but my bet would be Apple or Google.*

Christian Bräuer, Yorck Kino Gruppe: *The biggest question for the post-pandemic years is market concentration and market monopolisation across the whole media sector. Regulation is key—with regards to Google, Facebook, Amazon, I am certain that we will run into problems if we don't regulate the market. But there are also opportunities. Wherever markets concentrate, there is room for niches. Will we be clever enough to seize these niches? Or will the big players have become so powerful that they swallow anything in their way?*

I'm optimistic. Public storytelling as a shared experience is part of the human experience, dating back to campfires in the stone age. As you walk out of the theatre and discuss the film, you learn as a person, and as a country, as a culture. Even if it's just about being there and laughing together to a very good comedy!

I believe in the idea of the local community, even more in an increasingly global and digital world. We want greener spaces, affordable living, good jobs—but we also need analogue social spots where we can gather without the constant interruptions of our digital world, which is something cinema can offer.

3

Stakeholders vs. Stockholders

Michael Gubbins, SampoMedia: *European legislation to force the streamers to contribute more to the creative economy is having an impact. I can see this mixed economy [with streamers and traditional funding in parallel] being great for now. But it is naive in the extreme to look at a relatively new market and imagine the ethics of pioneers and early adopters is going to stay the same. Social media arguably began as a small-scale, rather benign invention [too]. Global capitalism, untrammelled power with limited responsibility, has extraordinary transformative power.*

That power is already on the march with some governments seeing the opportunity to reduce public spending and the influence of public service broadcasters. They are asking "Why am I giving anything to film? You've got a production boom going on. There's no votes in this anymore." In the UK, the government has already announced the privatisation of Channel 4, which was a key commissioner of independent content, and a review of BBC funding.

Julie-Jeanne Régnault, EFAD: *The war in Ukraine may put pressure on some national film funds' budgets, in particular countries that are in the front line to welcome refugees. We will see very different situations, because not all of [the national funds] are dependent on the budget of the state. Around half of them are being financed by levies which makes them a bit more autonomous—if you have a vibrant industry, you'll have more revenues from levies, independently from the state budget allocation.*

At the other end of the film financing spectrum, the threats against public film funding are only growing. A number of the factors affecting the public sector may force changes in priorities for governments of all

political stripes. Across Europe, enormous commitments have been made to increased defence spending. Most countries are also dragging significant costs of delayed health care and the yet-uncharted long term effects of covid on populations. Five million Ukrainian refugees have left their country, and while most wish to return, that may not be feasible for some time. Hunger will drive more migration. Climate events such as flooding can cause significant unplanned costs.

The continuing electoral success of populists parties and leaders with autocratic tendencies places additional pressures on public funds and democracy goals such as free speech or minority representation, with in particular arts funding and public service broadcasting on the line. On the other hand, it is possible that we will see the opposite effect in some countries—increased support for the arts and cultural meeting-places as part of a wider investment in democratic infrastructure.

Ironically, the continuing production boom itself presents a challenge to those public film funds whose budgets are politically controlled: it may seem to political decision-makers that public support is not needed in a prosperous industry currently struggling with capacity problems. This represents a communication challenge for the sector, because any support structures or funding sources dismantled now may be desperately needed just a few years down the line.

Julie-Jeanne Régnault: *We need to improve our narrative about why it's important to support this culture—our ability to explain what we are doing, how and why.*

The real question is what the audiovisual production landscape will look like in the 5–10 year window, after the current production boom. On what levels of production will we settle? How will investment be split between serials, feature films, and other formats? Will we have solved the problems with production capacity? Will we have hired people or built production infrastructure that will no longer be needed, is located in the wrong places, or geared toward modes of production that are increasingly irrelevant? And, perhaps most importantly, will public funders

and industry innovators have found paths for independent producers to continue their work, and to retain IP ownership outside the structures of multinational companies?

Answers to these questions cannot be predicted, because none of them are inevitable consequences of current trends or trajectories. Instead they represent diverging paths, the outcomes of real choices made by real people in the film industry in the next several years. The question to consider now is not what will happen—but what you would like to happen, and what it would take to make that come about.

Josefine Tengblad, Nordic Drama Queens: *Collaborating will be more important. One really beautiful thing with the pandemic was that suddenly everybody started talking to each other. [At TV4/CMore] we were talking with other commissioners, asking "How are we going to help these production companies? How are we going to survive?" I think becoming more of one [unified] industry is going to be important for survival.*

Johannes Jensen, Banijay Nordic: *As producers we shouldn't put all eggs in one basket. We don't know how the market will be in five or ten years. So, we need to continue to fight to keep rights, at the same time remembering that what's valuable today might not be valuable in the future. Or it might be the opposite—IP we don't see any value in now, might in five years have a whole new potential!*

We will continue to work with global streamers, even knowing it will be difficult to keep rights, but equally importantly we want to continue to work with our local partners and broadcasters, and help them to survive and remain profitable.

Michael Gubbins: *It is not too hard to imagine a nightmare scenario where Europe is full of obsolete studio spaces built on the basis of a boom and that now no one's using, diminished public and private national broadcasters, drastically reduced public funds, and a shadow of the independent production sector that was once a European jewel. That scenario seems to me at least as likely as a five-year boom.*

The global streamers have made positive contributions to the European market. Their commissioning power helps make more local production companies sustainable, at least in the short term, or as long as the investment binge continues. And the film sector has much to learn from the global streamers' deep understanding of their audiences, from the way opportunities have been created for diverse voices, and from how not operating with an "art" versus "entertainment" distinction has allowed platforms to connect niche content and filmmaking from around the world with global popular audiences.[9]

But let's be very clear: the global multinationals are acting in their own interest. No matter how committed individual executives or commissioners may be to the art of cinema or a sustainable production landscape, their instincts can be overruled at any time by shorter-term stockholder benefit or shifting audience tastes.

When the competitive roll-out-phase is over, the services will need to be predictably profitable. Some or all of them are now positioning themselves as the replacement of cable and commercial linear television, which will require programming that appeals to a broad audiences. Feature-length content is currently performing well for the streamers, but if at some point it is not, that will be reflected in the number of film productions overall. If the popularity of for instance reality TV goes up, investment in more expensive drama is likely to decline.

In short, the long-term sustainability of the film landscape cannot rely on an unchanging relationship to the multinationals. This means that literally everyone else in the sector now needs to focus on what else needs to exist in a sustainable ecosystem, and to work together for those structures, support schemes, and business models to develop, survive, and thrive.

There is a best-case-scenario, where this pandemic is now over, Russia's war ends soon, the annual increase in global warming does not immediately cause additional shocks to global food production, inflation is staved, households make do, international streamers both local and global continue significant production investment even as they consolidate, and an

9 For further discussion, see Gubbins: *Streaming Giants*.

increased need for shared meaning-making as well as a continued access to funding allows independent filmmaking to flourish.

It is absolutely possible for all these conditions to simultaneously occur. It is just not the only plausible outcome. We must in fact also maintain some mental preparedness not just for a series of disappointments but for extreme outlier events, like a dangerously mutated virus or the use of a tactical nuclear weapon in Europe. While not very likely, these too are still within the realm of the possible.

Even setting the worst-case scenarios aside, it makes sense at this time to plan for increased unpredictability; for production investment both from streamers and public sources to be somewhat less reliable in the medium term; to budget for rising costs of fuel, energy and catering, and for growing inflation. If these plans are not needed in the end, so much the better.

Unpredictability does not mean that the worst outcomes will necessarily occur. And even a radical decrease in public funding and dramatic market consolidation would hardly equal the end of the sector—film and TV production will continue on a very high level overall. If it shrinks somewhat a little sooner than expected, this may actually be helpful in light of the industry's capacity problems.

Kjartan Þór Þórðarson, Sagafilm Nordic: *The big streamers are risk averse buyers. In America this has had a devastating effect on the production industry—the big streamers like to buy from super strong companies, rather than from a lot of smaller ones. The consolidation of our industry is just going to continue with fewer and fewer companies controlling the market. The streamers will pick their favourites and those are going to be the lucky ones. For the smaller producer that actually needs to make money on the things they make, [every project] needs to be successful. It's difficult.*

There is, of course, a positive in that the industry is growing because of all of these buyers, right? European content reaches more places than ever. And hopefully in the end it becomes a sustainable business. Today it isn't really; it's heavily subsidised by tax incentives. And US content still rules in Europe—maybe in five years' time, there is some equality between European and American content. Maybe. Hopefully.

Christian Bräuer: *I think European cinema is at crossroads, and the next months will be critical. Thanks to streaming, there is a now kind of globalised mainstream, dominated by algorithms and simplified entertainment tastes. European cinema in contrast will either have successfully embraced its diversity—in artistic and visual styles, in languages and formats and audience, and profoundly supported and expanded on this diversity—or it will have died. Not completely, of course, but the big studios and the streaming platforms will be dominant, and all stories, films and shows may look and feel the same.*

Julie-Jeanne Régnault: *Environmental sustainability is very, very strongly on the agenda [of the national funds]. How can film and audiovisual agencies adapt the public support policy to the challenge of the environment? How can they be drivers of change towards a sustainable and carbon-free film industry? There is now all this reflection about how to make sure that when you throw public money on the table, there is some kind of commitment to contribute to a carbon neutral society—for example via specific incentives or eco-conditionality of support.*

4

The All-Rights Deal as Threat and Opportunity

Kjartan Þór Þórðarson, Sagafilm Nordic: *In the US, everything is paid upfront, making everything much more expensive since you need to buy out everyone's rights. If that model gets adopted in Europe, we are looking at rises in our budgets by 30% or even more. It's the biggest change I have seen in this business. I don't think Europe wants that system. But for now, that all-rights model is going to ravage Europe. We're not used to it, so it will take time for us both to fight it and to adapt to it.*

Julie-Jeanne Régnault, *EFAD:* *For the last five years we've been working on how to integrate the new players into the financing and promotion of European works. The first battle was regulatory, with the [Audiovisual Media Services] Directive, but the devil is in the details. Now big online players can be subject to financial obligations in different countries—potentially lots of money to be invested, but the risk is that it ultimately does not serve the European industry and its independent producers and creators. We are trying to figure out how to ensure that this huge flow of investment in Europe will promote and benefit them. The big players can take advantage of the investment obligations to build an immense catalogue of amazing European works, on which to build value in the long term. They are shooting here, and paying European talent, but in the long term, this value is going to be in the US.*

At the heart of the stockholder/stakeholder tension right now lies the issue of the all-rights deal. Independent production has historically relied on the ability to monetise a property across platforms and territories over time. This is not just a model for financing a production, but has also been how companies have built up value and economic resilience—by successful films continuing to work for them out in the world.

The structural changes in the industry in this millennium had already made it harder for producers to retain significant ownership, and of course the earnings potential of any project down the line was always uncertain. When the global streamers appeared in the marketplace with a different model, acquiring exclusive global rights for either a significant time or in perpetuity for their "originals", this was not an unappealing offer.

Receiving a specific, agreed-upon (and ideally generous) sum, early and at once, from a single customer, has benefits compared to patching together complex financing from perhaps tens of separate sources for uncertain returns down the line. There is, in short, nothing wrong or dubious about taking an all-rights deal, which is now a completely normalised practice in the industry.

Over time, however, the downsides have become more visible. Our experts agree that all-rights deals with reasonable margins have a place in the landscape. But there is growing concern that it means that the EU:s quota system, which has successfully redirected a lot of streamer money into local production, is inadvertently contributing to moving IP value out of Europe and into the coffers of multinational companies.

The prevalence of the all-rights deal may also undermine the long-term resilience of the production sector, which becomes dependent on these customers; without a catalogue of rights a company has no revenue streams beyond selling time. There is also concern about the subscription platforms' lack of transparency. If creatives will not receive detailed data about how their show performed, and for whom, they are losing an important channel for listening to the audience—and of course it means they are going blind into their next negotiations with the same buyer.

Johannes Jensen, Banijay Nordic: *One worry is the global streamers' way of making us producers just work for hire. Making long talent deals, starting to produce in-house—that is a big worry for the industry as a whole, and especially for the independent producers. At the same time, I believe some of the talents making long talents deal with one streamer will realise after a while that, ok, working like this, only having one client to serve, was a bit limiting.*

Josefine Tengblad, Nordic Drama Queens: *I think the way the industry looks at producers is changing. Before it was only a person that was just making something, not an artistic position, and that's often wrong. Today we need strong creative producers to produce great content.*

Kjartan Þór Þórðarson: *I don't even think we've seen the [full demand] yet! There's an overload of projects being shot and sold right now because of the two-year turmoil in our industry. But soon, the competition [between buyers] will kick in, and that's a good time to change how you do deals. Let's work with the streamers, but not give them the all-rights deal.*

It is still possible (and normal) to finance a project in a traditional way, and many producers happily do both. But at a time with hard competition for talent, crew and production resources, the global streamers' superior buying power is scooping them up for their prioritised projects, making it difficult for indies to compete.

Producers are also personally worried about the change in their professional role, specifically of the all-rights deal reducing them from independent creatives to "producers-for-hire". Then you might just as well work in-house for a commissioner, and many of them might end up doing just that.

Netflix already has six production hubs (five of them outside of the US) and is negotiating for a seventh.[10] Especially with traditional US majors now connected to streaming services too, the streamers are increasingly like studios with significant in-house production. Over time, the balance between internal and external commissions and acquisitions will keep shifting, but there is certainly concern that fighting the all-rights deal now might diminish demand from the independent market in the short and medium term.

Subscription services do rely on exclusive content as a cornerstone of their business model, but that does not mean there is no room for negotiation. While the services benefit from their biggest content brands being globally exclusive, SVOD services have successfully operated with differ-

10 Longwell: *Production Safety.*

ent content in different markets from the start. Content exclusive to a market drives subscriptions, but the deeper catalogue, which is the engine of retention, does not have to be exclusive in the same way—nor does it necessarily need to be so forever.

Business models in the streaming world are also shifting away from subscriptions as the norm, with AVOD now growing rapidly. And of course most global streamers are parts of larger conglomerates with very different broader business models; this means they do not have the same attitudes (either currently or over time) to their position in the wider audiovisual landscape.

For instance, IP ownership is historically the beating heart of Disney's business model, and that is unlikely to change. While Netflix, which has been notoriously committed to global exclusivity, may not need to own an adapted work's underlying IP. Their competitors, looking for attractive projects, may offer limited rights ownership as a negotiation tactic. Refusing an all-rights deal does not mean your project will have no buyers.

European producers are not used to a situation with enough demand for them to have bargaining power individually or collectively. It would be constructive for the sector to now work together in figuring out a greater variety of attractive rights deals. Ideally these would enable win-win-scenarios for both buyers and sellers (along the lines of earlier successful agreements carving out a theatrical release to build IP value for the next window, or to isolate broadcast rights for a home territory, to allow for coproductions with local broadcasters). One way or the other, most producers feel that financial sustainability requires some part of the income to be proportional to the work's success, and some rights to remain with or return to them over time.

The concerns about the structural effects of the all-rights deal are now increasingly also raised in the context of discussions about production incentives, selective public funding, and investment from public broadcasters. Is supporting some of the most successful companies in the world really a reasonable use of tax money?

Production incentives typically have economic goals: to attract foreign shoots and retain local production. In this context bringing in a major

global IP—a James Bond or a *Game of Thrones*—is naturally viewed as a success. The incentive pays itself back on multiple levels in attracted investment, work security, and secondary streams like tourism. Structural consequences to the local media market more broadly have traditionally been viewed as irrelevant.

Public film funding and broadcasting, on the other hand, do typically have cultural and democracy goals, and these can play out very differently in relationship to the streamers. On one hand, an international audience for local storytelling, or in a local language, is often considered an important achievement. On the other hand, selective funds in particular are often allocated based on need as well as merit. Some people argue that the largest companies in the world should not need to top up their budget with tax money to afford a suitable quality for their proposed projects. Others observe that not every project in a small local language has broad global potential, and that incentives and other public funds are often what will get them to a greenlight.

Some public funds target support only to independent producers, others to all professionals operating in the field. Depending on how those rules are defined—and they are currently in flux all over the continent—they may or may not end up supporting projects headed for a major streamer. (To read in greater detail about these discussions, and the perspectives of literally hundreds of national and regional funds on the changes in the sector, please see the recently published *Public Funding at the Crossroads* from our colleagues at Film i Väst Analysis).

Bero Beyer, Netherlands Film Fund: *At the end of the day you want as many beautiful films to be created as possible, films that are provocative, that are new, that are pushing the art forward and still have a big reach. We want the engagement of culturally relevant productions with as many eyeballs as possible.*

The main question for us as public funders is what makes an independent production, since our mandate is—and I think that's basically true for all public funders in Europe—to safeguard the possibilities for culturally driven expression to prosper and to flourish. To be clear, we do not give subsidies to any media companies, whether broadcasters or streamers.

Only to independent producers, or independent productions.

So, what is independent currently by your definition?

It's shifting a little bit. It is about redefining the main elements of creative control, IP, risk and rights recoupment. But the line is blurry, and the whole balance of power is shifting. We've always known that there is a spectrum from, let's say, artistic-driven film production, to mainstream and commercial exploitation. We need to reset that spectrum to make the most of it, which means a little bit of reshuffling for everyone: big distributors, studios, cinema chains, versus the streamers on their platforms.

I think in my ideal scenario, in a couple of years with the implementation of the AVMSD behind us, we'll see the streamers contributing in an obvious way to the local film industry. [At that point] you can just look at a project and ask what it actually needs. Especially if you're talking about local language production, there's a good argument to be made for getting the right quality even when it does not make market sense to do that on fully commercial [grounds]. But it does have that need, just as many cinema productions do today, and then it doesn't matter how or where we watch it.

But we do need to get over that hurdle first. We don't have a law yet [in the Netherlands] that places an investment obligation or a levy on the streamers, while the distributors and the cinemas are already paying up.

Now that the international players have been made to contribute to local production on a similar basis as other parties in the European ecosystem, the financial sustainability issues ultimately boil down to the question of where the rights of the IP end up. There seems to be a broad if uncomfortable agreement that something needs to be done about the increasingly common all-rights deals—but there is disagreement on by whom.

The correct answer, as usual, is probably everybody. Public funds across Europe do not necessarily need to align their practices, but should at least discuss together their raisons d'être and the principles upon which they operate. On a national level, audiovisual policy needs to be coherent, to ensure for instance that production incentives, public broadcasters, and selective funds are not undermining each others' goals. Part of that discussion may involve revisiting the question of whether public support to

certain types of companies should be reframed as public investment, to which conditions could be attached.

Ideally, the all-rights buyers could be made to understand the long-term benefit of carving out some ownership for independent producers. As that seems unlikely, some envision that they could be compelled to do so instead.

Kjartan Þór Þórðarson: *If you get government money, the producer needs to own the IP—it's a very simple solution to quite a big problem! The quotas are good because they protect us from the flood of American content. Making sure these quotas work, and protecting the IP used to make that content is a good match. We need to help the funding systems to understand the threat we're facing. There's no future in a production industry if you always give away the way to make money in the end.*

What this really means is that the incentive systems [and other public investment] would no longer be free. There would be a requirement to it for the IP to stay at home, and not be owned by an American buyer.

5

Imagining a Sustainable Landscape

Julie-Jeanne Régnault, *EFAD: In five years, we hope to have found a solution for putting power back in the hands of European creators, producers, distributors, and broadcasters… I hope we will better promote and value European films and TV series—and film agencies will help to build a larger audience online or in the real world. The global audience is getting used to hearing different languages now, so we have a huge card to play!*

This is a collective effort. The public authorities have a role to play in supporting the availability and visibility of these works on all platforms: promoting, curating, editorialising. And supporting those already doing this work, like specialised European independent distributors or VOD services.

Discoverability is one of the big [challenges]. Our next battle will be to make sure that when the kids are on TikTok or Instagram, there will be European works or European content popping up for them. We also need to push what we call cultural diversity through the algorithm, so that big streamers do not propose the same kind of content to [all] their consumers.

Christian Bräuer, Yorck Kino Gruppe: *The people who already see a lot of movies and are loyal—to me that is just customer relations management. When I say audience development I mean bringing underrepresented groups into cinemas. The younger generation, of course, but I also want to look beyond that. I want to be as inclusive an arthouse cinema as possible. I don't want to have a cinema that only caters to cultural elites. That's not enough. We may show a different kind of movies [than a mainstream theatre] but at the end of the day, they are there for everyone.*

Maybe if your cinema is in a neighbourhood where everybody is well-educated and [well off], then maybe you are programming perfectly. But if

you are in the larger cities, for the arthouse market—or the cinema market in general—that means differentiation. This is a growth opportunity for the market as a whole. [Arthouse cinemas] are becoming more and more similar, and that is not the right strategy.

Evan Shapiro: *The same way that cable and pay TV became equal to or greater than broadcast, and streaming has now passed cable and pay TV, I think you're going to see the creator economy catch up to and maybe even surpass the corporate content economy. It's still going to be professionally produced—still a very, very high quality. You're going to subscribe to Amazon and Netflix, but you're also going to be buying content directly from the artists. We're going to be talking about creator economy content the way we talk about streaming today.*

We can—and should—argue about the details, but a sustainable audiovisual landscape five years down the line would probably look something like this.

International streaming services would be an important, but not the dominant part of the financing landscape. In addition to commissioning all-rights projects they would also be making acquisitions with a greater variety of terms.

The total number of productions would probably not be higher than today, and the number of feature films lower. Exhibitors and distributors would work creatively and flexibly in the theatrical window, focusing on making a realistic and appropriate number of screenings for each title profitable. Release strategy in general would be geared towards growing word of mouth to develop an audience relationship, and the value of the work over time.

Johannes Jensen, Banijay Nordic: *For the foreseeable future we'll be working with both our local clients and broadcasters, and the global streamers. Working with global streamers the upside is fast decisions, a much simpler financial structure, and less risk—but the downside is you lose most of your IP rights and you need to be sure you will make your margin on the actual production.*

Other projects we will continue to finance through the traditional co-production model, which will take more time. We risk more, even the consequence that you might not be able to finance the project at all. The upside is that we control the IP, which might give us as producers new revenues streams in the future, like the increased demand for remakes we are seeing now.

[…] In the Nordics we're great at working creatively with the budgets we've got. But in the long term, traditional co-production is challenged. We might have a local [broadcaster] on board, but to put the deal together we need another client, [like] a broadcaster or distributor outside our local territory, to have the same demand and to be in the exact same phase with their slate and premiere schedule. Especially when it comes to ordering multiple seasons.

Either our local customers need to secure more markets, and equally pay more. Or we need to find projects with a different budget range, to get them to greenlight. Instead of budgets continuing to increase up to and even higher than €10 million, we need to find projects in the range of €3-4 million. I hope the local broadcasters will be better in building alliances, and partnering up with similar broadcasters globally in order to sign off on big projects together and compete with the global streamers in that way—most buyers today are just looking at their own slate, needs and market.

Many independent production companies will consolidate for size, but in a sustainable landscape it would still be possible for much smaller operations with lower overhead to continue producing film and television. Most production companies would operate on a mixed model, combining all-rights-projects (selling time) with projects allowing them to retain some rights (developing IP).

The feasibility of the latter would be maintained by continued and strategic public investment in international co-production, development and production funding, and local broadcasters, as well as by the growing need in the streaming market for non-exclusive content.

The attractiveness and efficiency of this traditional system of funding and distribution would be higher than it is today, on account of professionalisation across the whole value chain. This would range from more

efficient decision-making processes at the public funds, to more diverse and intelligent audience strategy across media and platforms.

Michael Gubbins, SampoMedia: *The idea of a "new world" and "old world" in film and television tends to focus on technology and convergence. If such a dichotomy does exist in relation to funding, it is between an old world focused on production and a new one ruthlessly centred on demand. Big Data, algorithms and AI are all helping these giants to manipulate demand.*

The development stage should be discussing audiences. To at the very least have an understanding of what impact this might have, and how do we create that impact? How do we make sure that it achieves its cultural aims? And if its cultural aim is just someone picking up an award, then let culture die, because it doesn't mean anything. It's just entitlement. […] Public funds are incentivised to produce more, not on ensuring that what is produced actually engages audiences.

Christian Bräuer: *The underperformance of specific films may also speak to the crisis in film production. In the last decade, we've produced more and more movies, and quality has suffered as a result. Many in the industry share this sentiment: Alberto Barbera, who is the festival director of Venice, wrote about Italian films, and that they're getting more and more applications but less and less quality.*

Most German titles end up being called "arthouse" because they can't be mainstream—they're not good enough! There are some TV shows of quite high quality, and slightly more good movies, but one Toni Erdmann *in five years is not enough! If we have good movies, then I don't care if the streamers have the best TV shows in the world, because cinemas are another kind of space that offers an entirely different experience.*

Of course, there is no one set of things that always works on the big screen. Cinema is an art form. If a film is made without the vision in mind of how you want to use the theatrical experience, if your film works just as well at home—it does not have to be shown in the cinema! Audiences are ruthless these days and notice instinctively when something is not worthy of the collective theatrical experience.

What would it require to reach that sustainable vision? That is for all of us to discuss, test, and hopefully achieve in the next few years. As a starting point, however, our interviewees and other industry experts do tend to agree on some broad-stroke observations.

Stakeholders all across the value chain need to collaborate more, both horizontally and vertically. We are used to thinking of each other as competitors, when a production boom market is not a zero-sum-game. Right now anyone doing work efficiently and sustainably is unlocking resources and opening up opportunities for everyone else.

Christian Bräuer: *The biggest weakness of the independent film market in Europe is that it's divided. In the 1960s and 1970s, there were independent filmmakers, a few festivals, a few cinemas, and they were quite close. They all knew each other. Today, the market is bigger, which is good, but we need to learn to collaborate—also vertically. First between distributors and cinemas, but later also with producers, and internationally.*

We can't do that for 300 movies a year. We need to rethink. Then we can see, for example, that here is an American arthouse title that you couldn't [profitably] buy for the entire German market. But it might drive huge numbers in Berlin, Hamburg and some other cities. Do we need a distributor then, or some collaboration model, like a cinema network?

The independent film sector, especially in Europe, needs to professionalise in areas ranging from strategy and business management to marketing and audience analytics. A cultural change is required where considering audience perspectives is no longer viewed as pandering or artistic compromise, but as a way of elevating the work and strengthening its impact. In the places where public funds are still incentivising only making work, irrespective of whether that content connects with anyone, additional approaches will be required.

Intelligent use of qualitative and quantitative data is a necessity as part of an increased audience focus. Interesting pilot projects in the arthouse sector range from cinemas working strategically with their ticketing data to close partnerships with niche streamers with complementing data sources. There is even a project, supported by the Danish Film Institute,

where anthropological methods and big data tools are combined to explore the concerns and values of specific audience groups on themes and issues related to projects in development, with the aim of enabling and supporting the creative process.[11]

Christian Bräuer: *Audience development is both about teaching the audience, and about listening to them. Some people in the industry just say, "Don't they understand? My programme is perfect. I've been doing this for 20, 30, 40 years." No, it's not enough. Audience development includes learning about and from your audience members as well, and reflecting on how make an exciting and inclusive offer to them.*

Fewer and fewer people still read print reviews or watch linear TV. We have to focus more on digital media, which also gives us many opportunities to interact with our audience, to and find out what they care about.

Michael Gubbins: *I worked with Europa Cinemas during the pandemic, helping them set up a thing called Collaborate to Innovate, which seems to me exactly the right thing—an international project all about sharing data, sharing knowledge, prototyping, "fail fast"... all the skills that I recognise from every other industry outside of film. But then of course, those were cinemas, which have to be entrepreneurs to a certain extent. […]*

When I look at [typical professional] training, you tend to have someone who's been a success standing in front of a class of people. And at the end their analysis of what made them successful is that they're brilliant. There is a culture that says, if it succeeds, it's because I'm a genius, and if it fails, it's because the system's broken. That isn't the way business works. Business is all about nuance and accepting the difficulties, and in culture that nuance is: at what point is something culturally important and relevant?

Johannes Jensen: *As producers we are not used to being able to pick and choose our customers—it has always been they who used to pick and choose their projects! But today the competition is so big and there are so many*

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11 Danish Film Institute: "Closer to the Audience"

potential buyers, that we have several projects where we have more than one customer interested in the same project. Then it will be important to not just negotiate budgets and margins, but also discuss PR *and release strategy, and how to be prioritised on the platform or in the linear scheduling.*

Producers, individually and collectively, will need to leverage the current market situation to actually negotiate for change. For longer production times, in the interest of both industry health and artistic quality. And for project-specific release strategy, which will sometimes include an intelligent theatrical release even for small-screen-funded features.

Overall, the changes in the window system should be viewed as an opportunity.

Kjartan Þór Þórðarson, Sagafilm Nordic: *One thing that will change in the next five years is the rise of feature film on* TV. *We've seen European drama series and documentaries go from strength to strength and become global, but it has not changed for film. Now I think there is quite a positive future for the European 90 minute format! With these buyers, we will probably see more European films be [commissioned or acquired], which means European films will travel further and do more. Maybe not theatrically, but definitely for the viewers, for our stories to be told and for our filmmaking to be seen. We just need to see brave commissioning—to see the new buyers pick up the strange little stories that would have been called arthouse cinema before.*

Christian Bräuer: *In America, Netflix now has a whole team for theatrical releases, and they are planning for one in Europe. Why would you need a theatrical release team if you don't want to do actual releases? The question is whether maybe at some point they'll have a deal with one of the big multiplex chains…*

*I believe in digital strategy and I believe in smartly used data. We were one of the first cinemas in Germany to invest in digital data management, and with our [*TVOD*] service, we'll be the first to have that as well. One thing is very important to us: We're not big data—we are smart data. That means thinking about what is actually beneficial to end users, cinemas*

and distributors. Let's say, for instance, you watched a trailer for a film in cinemas, put it on a watchlist but never got around to see it. If this is eventually followed up with a notification that you can now watch this film at home—that is a huge benefit for everyone, because you get to see the movie, the distributor does not need to run an entirely new home entertainment campaign, and the cinema has fulfilled its role as a curator to you. […] Data is important. But if you revolve everything around big data and what algorithms reward, you end with a cinematic version of clickbait.

Josefine Tengblad, Nordic Drama Queens: *For a movie to work in the cinema it needs to be damn good. It has to be super high quality because what's happening, of course, is that the audience is becoming like us. They're pros. They have seen so much. Everybody is educated, so it has to be super great.*

Understanding audience behaviours and yearnings would also support the continuing work to identify non-traditional sources of funding, which can range from direct payments from the audience to the artist, to collaborations with public sector organisations, interest groups, trusts, and commercial brands.

An increasing diversity of talent, teams, stories, formats, and aesthetics remains necessary to maintain both relevance and the continued artistic development of audiovisual storytelling as a medium. If commissioning gets uniform or conservative, artistic experimentation will flower in other spaces instead, pulling talent away from traditional film and TV production towards the creator economy—or to other sectors entirely. The arthouse film ecosystem of funds, festivals, theatres and streamers is a key context for artistic diversity, but can only retain and grow its audience base if the work is fresh and relevant.

Another path is offered in the creator-to-consumer ecosystem, and in the radical new opportunities unlocked by the continuing democratisation of filmmaking technology, including work in game engines. If we fail to make the traditional production sector attractive as a professional environment, this is where young filmmakers and filmworkers will create careers for themselves instead.

Kjartan Þór Þórðarson: *One huge thing that's happening, and which might be the way for new talent to come in, is Unreal Engine 5. Now we are using a gaming engine to make film and TV. It has been done in the past with animation, but it's breaking into the traditional world of filmmaking—it doesn't look like animation anymore, that's the difference.*

Access to making content is very, very different now, and content creators can come from anywhere. The tools are practically free to use, and you now have hundreds of thousands of people worldwide making [visual and technical] assets for the future of filmmaking. Assets that are free.

With these tools you can, for example, have access to actors that maybe are not alive anymore, and just buy the rights to use that actor. Or you don't have to have real actors, you just create your own. Five years is a long time when it comes to this stuff, so it's very hard to predict how this is going to look in 2027.

Evan Shapiro: *If you want to see where Web3 is heading, Roblox is a really good roadmap. You go to Roblox and play games, but those games are made by individual creators who Roblox pays. That is Web3—a creator economy. The difference between YouTube and Roblox is that on YouTube, the top one half of 1% make any kind of real money, and everybody else labours like hell and makes nothing. Whereas in Roblox, the top one half of 1% are making millions of dollars a year. And the middle 80% are making five and six figures. Or take Patreon—the number one Patreon is making eight figures a year, but the number 400 Patreon is making six figures a year.*

Web3 has created a middle class economy for creators that didn't exist until this year. This is a game changer. Do you know who Tim Dylan is? Probably not, but he's going to make $2 or $3 million this year doing his comedy, selling it direct to his 400,000 fans. Think about that for a second!

"Scale" is a Web2 word. I mean, yes, Spiderman *is scale, right?* Star Wars *is scale. But for most creators, scale is not a thing. Corporations will think scale; creators are going to think about engagement and love. If 10,000 people pay you $1 a month, that's $120,000 a year. If 25,000 people pay you $1 a month, that's a lot of money. You don't need to be mass-market in order to survive.*

But if you're a filmmaker you might need $25 million. Surely

you'd still need investment from somebody who can monetise your work meaningfully?

You'd be out of your mind to think that anyone would hand you $25 million on your first feature. You have to make a really successful million dollar film in order to get the $25 million—that's how independent cinema has always worked. You hustle to raise the money and make your first film yourself, and then it needs to do really well, and then people will hand you checks.

It's the responsibility of an independent filmmaker to think about who you want to serve, and super serve them. Don't just hire a cinematographer and an art director, hire a marketing person at the same time—somebody who understands how to distribute content to the people who you think are going to want to pay for it. You have to be the CEO of your own art, but you don't have to do all the business thinking yourself. The sooner artists realise that, the less dependent they're going to be on the gatekeepers. Talk to any 12-year-old, they get it!

6

A Sustainable Workplace?

Josefine Tengblad, Nordic Drama Queens: *People are just working their asses off. I've never heard so many people that actually want to quit their jobs—often people working on shoots. You feel you're not allowed to talk about the things that aren't working, because you're afraid you'll not get that position or possibility again… And we're always so loyal to the project.*

Evan Shapiro: *The Great Resignation is upending the labour economy in a way that I don't think people understand long term implications of…*[12] *Hollywood is grinding their middle-class workers into a pulp. It's really taking a toll, which is why* IATSE *almost went on strike. The gatekeepers don't give a shit about the artisans, they just care about the money they can make off them. This was the year that the artisans said, "I quit. Fuck you. I'm going to go out and do it on my own."*

The middle class of the '50s and '60s was built on small businesses, not big businesses, and we're re-entering that [landscape]. If the artisans all realise that the power actually rests with them and not the gatekeepers, it's going to be the game changer. That's what's going to happen over the next five years.

In February, 2020, the UK Film and Television charity released their big study, *The Looking Glass*, about mental health in the film industry. More than 9000 respondents had participated, over 4000 of them with detailed enough demographic information to be included in the analysis. The

12 A good introduction to the Great Resignation is on Wikipedia: "Great Resignation"; for numbers with specific if indirect relevance to the film industry, see Parher & Horowitz Menasce: "Majority of workers who quit".

study covered a variety of jobs all along the value chain, in film, TV, and exhibition. The results are also available broken down in these separate categories.

The study found that compared to people overall, those working in the film industry are likelier to have experienced depression (64%, against a 42% in the general population); 24% had deliberately harmed themselves (against 7% overall); and 55% had contemplated taking their own life, while 10% had attempted to (against 20% and 7% overall).[13] Importantly, these are pre-Covid results.

In the 2021 followup study, some of the results were even more alarming, with 35% having considered taking their own life in the past year. This number of course can be affected by pandemic-related difficulties in life more broadly. Unfortunately, numbers directly connected to the workplace are worrying too.

39% now report they are working more than 50 hours a week, compared with 29% in 2019. One in six respondents work over 60 hours, when in the UK workforce overall that number is 1 in 50. Over half of respondents (57%) had experienced bullying, harassment or discrimination in the past year. Only 10% of respondents feel the industry is a mentally healthy place to work.[14]

The likely reasons have to do with how film industry work is typically structured and organised. We work long hours and long weeks, often on short contracts. We tend to get hired by people we've worked with before, recruited in our network on word of mouth, and to be sure to work again we feel we cannot come across as either trouble or troubled. Shoots and other work environments are often high-pressure, under-funded, and hierarchical. The people at the top are often not selected for leadership skills but for artistic merit or other kinds of experience. Workplace cultures are often toxic—not always, but often enough that spending months on a hellish production is understood to be a normal part of the job, and even glorified after the fact.

A person working in the film industry, whether they're an assistant

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13 Wilkes, Carey & Florisson: *The Looking Glass.*

14 Film & TV Charity: *Looking Glass 2021.*

on set or an executive in an office, is also likelier to suffer mental health consequences connected to their job if they belong to any of the following categories: freelancers, women, ethnic minorities, the disabled, gender and sexual minorities, people working with distressing content, employees supporting vulnerable contributors (for instance on documentaries about difficult experiences), or who have caring responsibilities—for instance children or elderly parents.[15] In other words, what must add up to the majority of all film workers are especially at risk.

It is important to understand that this is an everybody problem. Some mental health conditions are certainly hereditary illnesses, and while it is also vitally important to provide sustainable work environments for people with chronic health conditions (many of whom can and do participate fully in the workforce), this is not the kind of mental health issue we are primarily discussing here.

Everyone has a mental health, just like everyone has a physical health. Both will vary across our lives depending on external circumstances—whether continuing stressors (such as poverty, employment insecurity, or being the target of racist behaviours), or on life events (such as illnesses, the loss of a loved one, or an infected situation at work).

Physical and mental health are also directly connected. Too much negative stress affects our heart health, our brains, and our immune system; while physical complaints, for instance pain or poor sleep quality, will affect our mental capacities measurably and directly. This is immediately reflected in our creativity, interpersonal skills, and ability to make good decisions under pressure—in other words, our ability to work in film, let alone to lead a balanced life outside work.

Johannes Jensen, Banijay Nordic: *Working conditions have been on the agenda since #metoo. Five years ago, few production companies or groups in the Nordics had an* HR *department or a person responsible for [these] issues. I can only speak for our group with certainty, but looking at how our production companies' management are structured today, they*

15 Wilkes, Carey & Florisson: *The Looking Glass*.

have a lot more resources working with both prevention and education on these issues. But it's an ongoing process and we will continue to learn and improve.

We're very aware of the problems with overtime, and with freelancers going from one project to the next without time for recovery—this is something we're actively working on. Part of the problem is that there's just too few of us. In the late 90s the Nordic TV market had a boom [with] an enormous demand for reality series. To face this demand, we employed a lot of new personnel with little or no experience. People got thrown into the business. It wasn't always handled [well], I don't think we even discussed the working environment back then. But in a way we were braver about giving people a chance. Today we also need to be brave, and get more people into the industry, but in a much more professional and controlled manner.

While the *Looking Glass* studies present UK numbers and discussed UK industry structures, there is no obvious reason to expect the results would be significantly different elsewhere in Europe. (In the US the situation might be worse, on account of more uneven access to healthcare).[16] In fact, after gathering data from unions representing 150.000 film and TV workers in 22 countries, the UNI Global Union described "global trends of recurrent overtime, insufficient rest, extensive use of use of weekend work and disrespect for basic safety requirements that make working in the film and TV industry unfair, unequal, unsafe and unsustainable for many workers."[17]

The incidence of mental unhealth, like that measured in the UK study, is only the canary in the coalmine. It reflects what levels of suffering we have allowed to become normal. We may have been shocked during #metoo, learning in detail about women's experiences, but we were hardly surprised. In the past few years, when the industry has started questioning whether bullies and tyrants should be placed in positions of power on film

16 The UK, like most of Europe, has a public healthcare system that is basically free. Although access especially to mental health care services can be spotty, people are not entirely shut out of these for financial reasons.

17 Quoting the report's web page. The full report is UNI Global Union: *Demanding Dignity*.

sets, there seems to be surprise primarily at the notion that we could do anything about this.

Not only can we change the ways we work, we must. Our current culture comes with an enormous artistic cost, and an unfathomable human cost. In very practical terms, this is a business problem, and an industry-wide problem. Every time a person in the industry is broken by their job, that person is not available for your next project—and if it happens during a shoot, you might not be able to replace them at short notice.

Every time a film job breaks someone, it creates urgency for their colleagues to leave as well, and discourages other people from joining the sector. The 2021 *Looking Glass* survey found that 65% of respondents had considered leaving the industry in the past year (two years earlier, only 63% had ever considered leaving). For disabled film workers, the number was now at 74%.

There is a certain glamour to working very hard, and it can create a kind of team spirit. But contrary to industry legend, fearful and miserable people do not create better art. While great films have occasionally been made in nightmarish circumstances, it happened despite them, not because of them. Far more common is the situation where a promising project becomes artistically watered down by infected conflicts, by the fear to speak up, or by the mistakes inevitably made by people who have slept too little, eaten poorly, had no time for recovery, and taken no real breaks.

Interestingly, when the 2021 *Looking Glass* study asked respondents what would help them, they did not call out for better access to mental health support.[18] Instead, 51% of respondents asked for better line management.[19] The capacity problems in the industry have lead to faster promotions, and workers typically receive no training for managing people, processes, or teams.

Workplace cultures and workplace safety are at their core questions of professionalisation. When it comes to the physical safety on sets, we need to realise that as industry that has only recently started to treat sexual and

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18 A shocking 46% did mention they did not have time to seek help when they needed to, making issues of access to care somewhat theoretical anyway.

19 Film & TV Charity: *Looking Glass 2021*.

physical assault in the workplace as actual problems, our first instincts for what it is normal to endure are just not to be trusted.

When it comes to physical injuries and deaths on sets, those at least are tracked, and attempts have been made to decrease both. But as a recent *Variety Intelligence Platform* report on production safety found, the reliability of both injury statistics and of set safety itself are entirely dependent on local work safety regulations and the workplace culture of the shoot.

Crew members are often fearful of reporting problems. Where local production has grown rapidly through incentive programmes, the training and professional maturity for safe production is not always present. Language barriers can exacerbate problems. And the production boom also means that inexperienced workers are promoted too fast.[20]

Every time a colleague dies on the job, as in the recent tragic case of DP Halyna Hutchins, we swear never again to forget that in this industry we cannot afford to be over-tired or unprofessional. But of course we are over-tired all the time, and the science is very clear on how this affects us: we become less creative, less intelligent, less compassionate, and slower to react when something seems off.

Safety procedures only work when they are sacred to the workplace culture. They often aren't—but at least we have procedures for particularly high-risk tasks. What we are not addressing at all are the underlying problems.[21] Even allowing colleagues to drive their cars home after 14-or 16-hour days is putting lives at risk, as documented injuries and deaths tragically demonstrate.[22]

Josefine Tengblad: *Commissioners can say "We need the production in a year—or even six months—we can't wait". That has worked, producers have delivered on time, but that process is very, very, dangerous. Producers will say that they can solve it, no problem, and then they try to not to show what's actually going on. [As a commissioner] you often hear about it when it's too late.*

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20 Longwell: *Production Safety*.

21 Limbong: "Why making movie sets safer".

22 Busch: "Hollywood's Grueling Hours".

With so much content being made it's harder to find the best talent, and that also pushes these short time frames. When I was at TV4/CMore, if we found a director we really wanted, we'd give the production a go [even if it meant] a short production window. [In that situation], the producer needs to be very transparent. How does it affect the production? Is it doable?

It's also important for the commissioners to understand why this transparency is needed. People aren't just complaining. If a producer tells you that it is not going to work then it is important to listen.

Johannes Jensen: *Solving issues like better working conditions and increasing the overall production capacity won't happen overnight. There is a risk we'll be forced to postpone or decline projects when we have clients who wants a project immediately. But I do feel we are having a good dialogue with our customers today about these issues. We can discuss how lower budgets and a short timeline has a negative effect on both quality and potentially on the working environment.*

Christian Bräuer, Yorck Kino Gruppe: *People with minority backgrounds no longer accept being ignored or belittled by culture. More diversity is key, in terms of gender, ethnic and sexual identity representation. There are many people living in Europe with migration history who feel like they live multiple national identities, for instance, and we need to foster and include their stories more into European cinema's identity. This is a challenge, but also a great opportunity, for both filmmaking and for cinemas.*

We need diverse teams to tell authentic stories and to foster their way to diverse audiences. Before, the top-level manager of a cinema decided all and knew all. But part of team development now is having colleagues who are linked to younger audiences. The younger generation is more politicised and constantly informed. They want us to act responsibly, they expect it from cultural institutions, probably more from an arthouse theatre than a multiplex chain—and that's an opportunity. If we act responsibly, people will honour this.

Change has to start at the top—with funders, with producers, with directors, with department heads, with top-billed talent. Standing up to a person who controls your financial future and potentially your entire career is very hard, and it is unrealistic to expect this culture to be fixed through acts of individual bravery. It may also be unrealistic to expect it to be solved just because it is the right thing to do, or because it would make our own lives better. But we might solve it because it is a business necessity.

In the current environment, working in film is so difficult that it is only realistically available to people of great privilege—people who have no struggles outside of work, and who can be expected to be treated equitably and well in the professional environment. This makes the film industry disproportionately inaccessible to people with disabilities (15-20% of the population); to people with children; to people who can't afford decades or a lifetime of employment insecurity.

If people with diverse life experiences—the majority of humans—cannot feasibly work in film, then we cannot make film relevant for these audiences. If the people who do work in film are miserable, then their work will not live up to its artistic and economic potential. And if we cannot solve these problems, neither will our capacity problems ever be resolved. We have historically relied on there always being people who cannot see themselves take a non-creative job—but they now have so many better offers.

Josefine Tengblad: *Many people are leaving the big companies. Producers are feeling their value, and because all the biggest production companies have such high admin costs, they're pushing their producers hard. Producers just feel, "why am I working so hard to pay some manager over there?" When we founded Nordic Drama Queens it was important that we had freedom to decide what project we produce and that we control who we pay. It has been amazing to start the company, people really wanted to come work with us. It says something. We are big and small at the same time. People are, more and more, starting their own companies and becoming independent producers.*

Evan Shapiro: *Look at a young NFT creator like pplpleasr—her name is Emily Yang. She created a short film for Uniswap, which sold for a half*

a million dollars. She's 24. That's the independent creator economy. Not everybody's going to be [successful on that level]. But a lot of them will make nice middle-class livings, like people used to make in Hollywood.

There are some signs of hope. Not only the most underpaid workers in the sector are reassessing their worklife. Executives, agents and key talent are also relocating, changing jobs, or restructuring the practicalities of their day-to-day lives away from too-long weeks and endless commutes connected to living in a major production centre[23]. As executives become aware of the unsustainability of what was recently considered normal working hours—and seeing it pay off in creativity and efficiency—it at least should become possible to discuss this for other positions too.

Important work to change norms and mindsets is also done by unions, guilds, and interest groups. Particularly potent are the voices arguing for the inclusion of disabled film workers, and the questions they have raised of whether, for instance, physical endurance must inevitably be a requirement for working in the sector. Considering this seriously also forces us to ask ourselves whether a high tolerance for misery, stress, and bullshit is truly as necessary as we have traditionally believed.

Transforming working conditions across the industry is not an act of charity, but a fundamental part of our professionalisation process. As part of addressing our capacity issues it is an absolute necessity, and by allowing for a more diverse workforce it will help us take on our relevance problems too. A healthy work environment is required for the long-term sustainability of this industry, but it will offer financial, artistic, and efficiency benefits directly.

Bero Beyer, Netherlands Film Fund: *This may sound weird, but I think we should praise each other just a little bit more, and heartfelt. We just spoke about how tough it is to make a film, how everybody actually needs therapy after a film production, or the whole process—I mean, sales agents, they're struggling as well! We all need help!*

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23 Kaufman: "Goodbye to the 14-Hour Day".

We always critique each other's work. We say, "I've seen the film. But I didn't like the ending". Or that performance sucked, or there were script holes, or this and that. I think it's relevant to try to be a bit more supportive and celebrate what it is. "I've seen something amazing. You should see it. That filmmaker is fantastic." Even if parts of the films are bad, I want to be rooting for the film industry just like for that soccer team from my town. At the end of the day, getting any film made is a little miracle in itself.

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