

UNIC
Annual Report
2013/2014



UNIC

Union Internationale des Cinémas
International Union of Cinemas

Welcome to this,
the latest annual report
of UNIC, Europe's trade
association representing
cinema exhibitors and
their federations across
33 territories.

CONTENTS

1	INTRODUCTION	2
2	KEY FIGURES	4
2.1	Cinema-Going in 2013	6
2.2	Performance of Individual Films and Local Films' Share	12
2.3	Digital Roll-Out	16
2.4	Screen Density	18
3	TAKING STOCK AND LOOKING FORWARD	20
3.1	Review of Key Market Trends	22
3.2	Latest Policy Developments	28
3.3	Summary of UNIC's Key Policy Positions	32
4	THE YEAR AT UNIC	36
4.1	Advocacy	38
4.2	Expert Groups and Cinema Intelligence	39
4.3	Partners of European Cinema Exhibition Programme	40
4.4	CineEurope	41
5	PARTNERS	42
6	MEMBERS	44
7	CALENDAR	46
8	CONTACT	48

1 INTRODUCTION



We look back at an incredibly exciting year that saw the big screen entertain billions of people around the world. Cinema exhibition across UNIC territories – despite slight dips in performance – continued to be a vibrant market for films and together accounted for more than 25 per cent of global box office returns in 2013.

Welcome to this, the latest annual report of UNIC, Europe's trade association representing cinema exhibitors and their federations across 33 territories.

We look back at an incredibly exciting year that saw the big screen entertain billions of people around the world. Cinema exhibition across UNIC territories – despite slight dips in performance – continued to be a vibrant market for films and together accounted for more than 25 per cent of global box office returns in 2013.

Cinema theatres are an essential component of Europe's cultural and creative fabric. They are local hubs of creativity, sharing and community and have incredibly positive effects on our local economies, providing jobs for hundreds of thousands of young people.

European cinema exhibition is also, of course, serious business. As such, it operates in an increasingly international landscape and requires a modern, effective and lean European trade association that enables the sector to speak with one voice on issues of shared interest. Film release practices, international trade, intellectual property, collective rights management, cultural policy making as well as the rapidly evolving realm of cinema technology require exhibitors in Europe – but also internationally – to share information and articulate positions that promote and defend our sector.

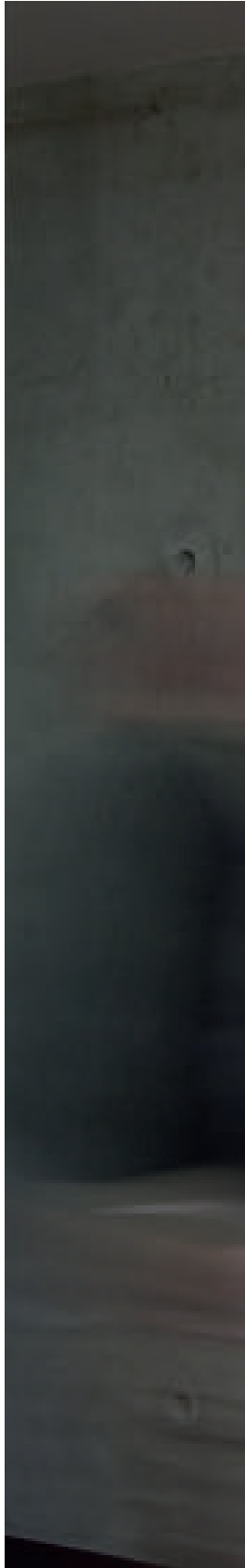
At UNIC we have in the past year further professionalised the organisation in order to increase its political reach and impact, strengthen our ties with key partners across the sector and promote European cinema theatres internationally. Some of the fruits of our work will be showcased at this year's CineEurope, our official annual convention, that takes place from 16–19 June, in beautiful Barcelona. We hope to meet you there.

In the meantime, enjoy what's below. And please do get in touch if you have any questions about UNIC or the world of European cinema exhibition.

Phil Clapp, President
International Union of Cinemas
Union Internationale des Cinémas (UNIC)

2

KEY FIGURES



SALLE



2.1 Cinema-Going in 2013

Moderate Drop in Box Office and Admissions Across UNIC Territories After Strong Previous Year Results

2013 was characterised by a moderate drop in box office revenues and cinema admissions across most UNIC territories¹. This followed a period when the European cinema exhibition sector – despite significant regional differences – benefited from generally positive results in 2012. In 2013, total box office revenues in UNIC territories declined by 2 per cent and admissions by 1.6 per cent.

Weaker Results in Some Territories

France, the UK and Germany witnessed slightly less successful performances in 2013 after impressive results in 2012. Box office revenues decreased by 1.5 per cent in the UK and 1 per cent in Germany. Admissions dropped by 5.3 per cent for France and by 4 per cent for both the UK and Germany. Smaller territories across Western Europe – with the exception of the Netherlands (box office + 2 per cent; admissions + 0.8 per cent) – had similar experiences.

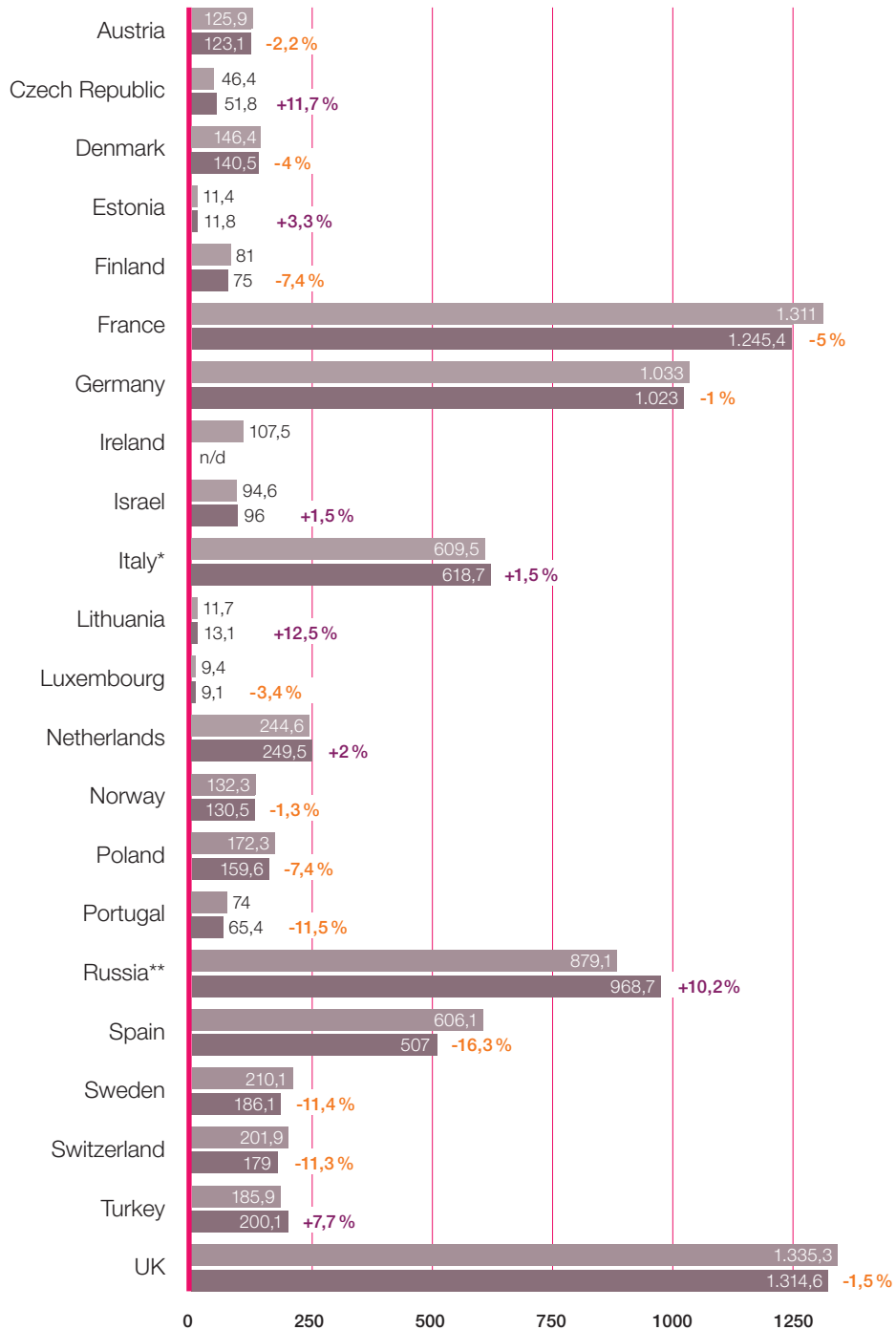
¹: Data presented throughout this report covers the year 2013 while qualitative assessments cover 2013 – mid 2014. Source: UNIC members 2013

Complementary information from CZ (Unie Filmowych Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej) and PT (Instituto do Cinema e do Audiovisual).

*Cinetel: 90 per cent of the market; SIAE global results to be published in June 2014

**Nevafilm, 2013. Exchange rate of May 2014

Box Office 2012-13 (Million Euro)

 2012
 2013


While most Southern European territories continued to experience very difficult conditions, the Italian exhibition sector bounced back.

2013 Success Stories

Several 'success stories' stood out in 2013, showing how varied the situation was across UNIC territories. Russia saw another period of sustained growth, with an increase in box office revenues of 10.2 per cent and admissions growth of 10.4 per cent. The Turkish and Israeli markets also grew by 7.7 per cent and 1.5 per cent in box office revenues as well as by 13.5 per cent and 7.5 per cent in admissions respectively. It was primarily these growth markets that helped ensure that cinema exhibition across UNIC territories overall remained robust in 2013.

Italy Upbeat, Dramatic Results in Spain

While most Southern European territories continued to experience very difficult conditions, the Italian exhibition sector bounced back with a small increase in box office revenues (1.5 per cent) and a healthy increase of 6.6 per cent in admissions. Spain, on the other hand, continued to suffer economic difficulties, to which were added in 2013 ill-advised government tax initiatives. As a result, box office revenues in that territory decreased by 16.3 per cent and admissions decreased by 15.4 per cent.

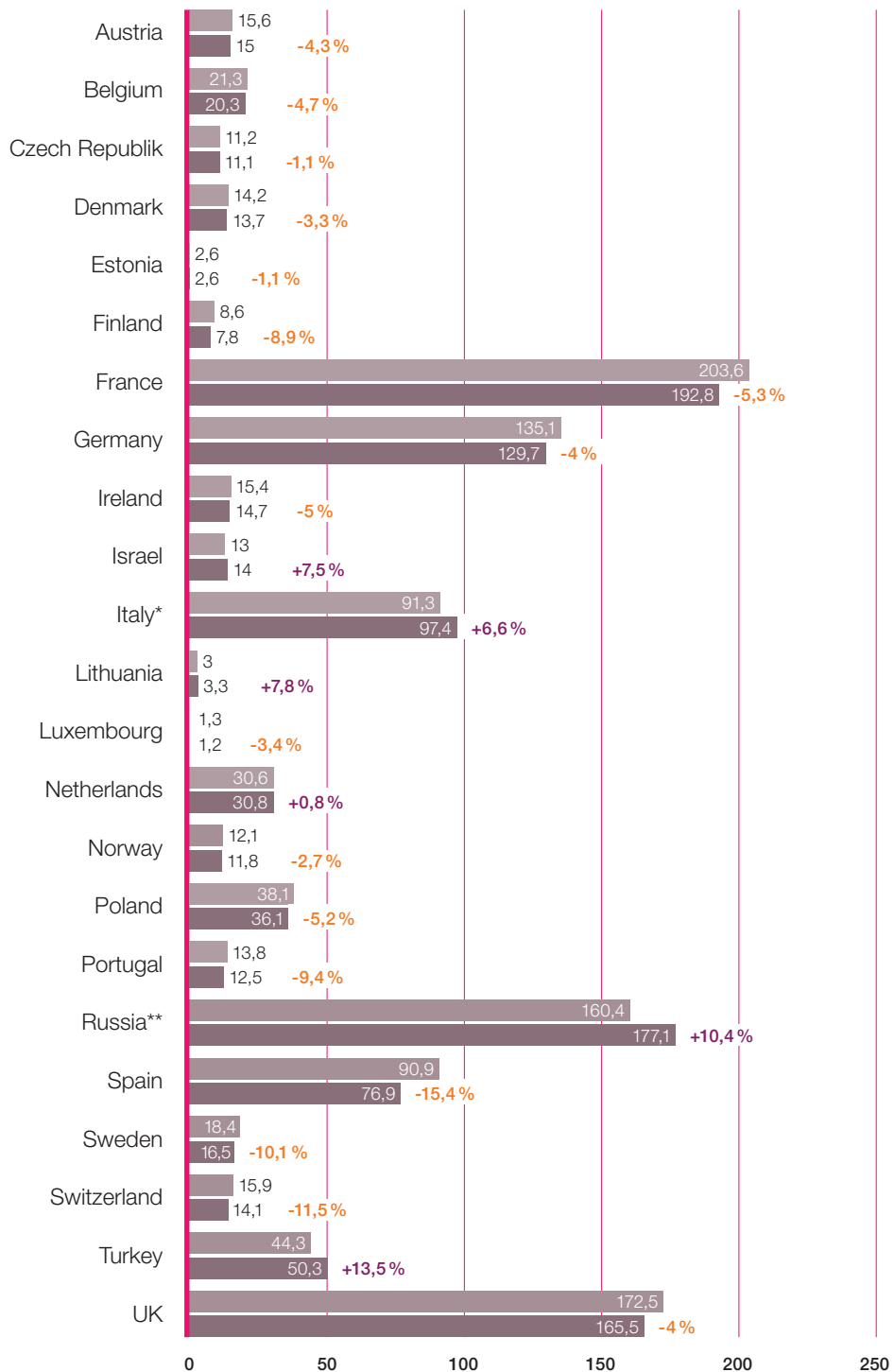
Source: UNIC members 2013

Complementary information from CZ (Unie Filmovych Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej) and PT (Instituto do Cinema e do Audiovisual).

*Cinetel: 90 per cent of the market; SIAE global results to be published in June 2014

**Nevafilm, 2013

Admissions 2012–13 (Million)

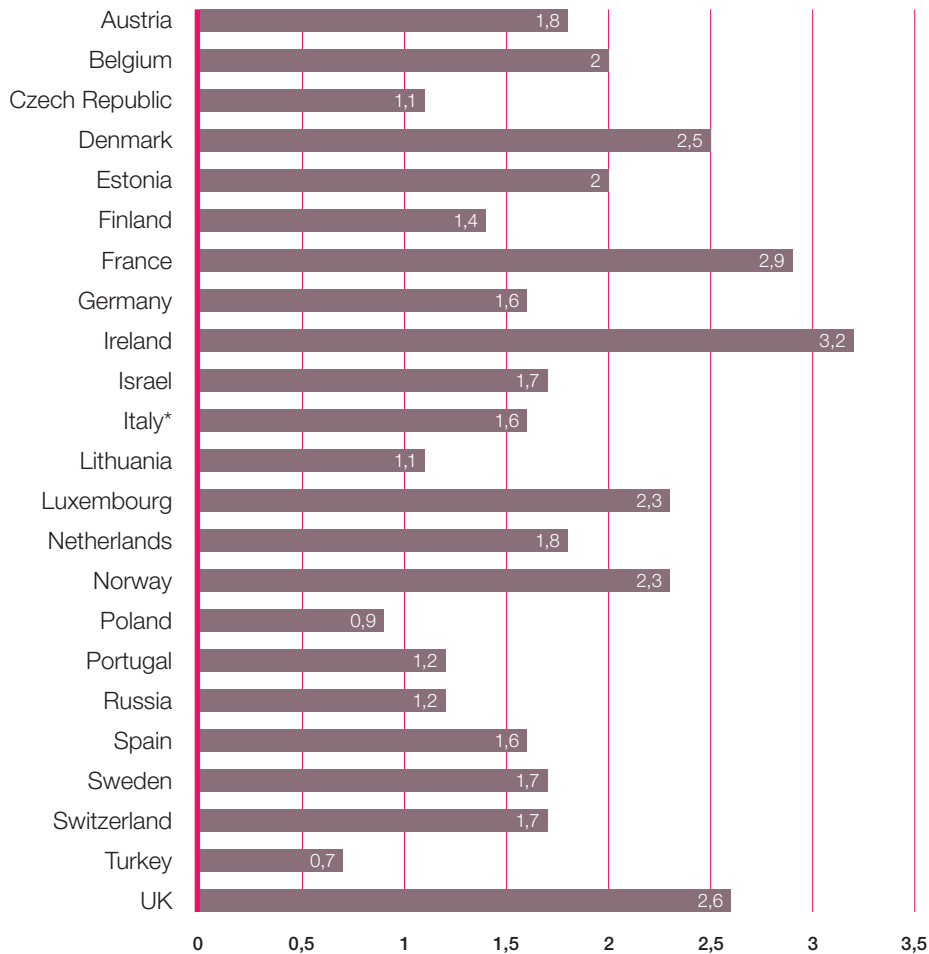
 2012
 2013


← Kassa

Grote zaal
Kleine zaal
↓ Toiletten



Admissions per capita 2013



Average 1.6 Visits to the Cinema per Year

The average annual number of cinema visits decreased marginally by 0.1 to 1.6 visits per capita across UNIC territories in 2013. In growth markets such as Israel (1.7), Italy (1.6), Russia (1.2) and Turkey (0.7) cinema-going increased. The rate was highest in Ireland (3.2). While admissions per capita remained stable in Denmark (2.5) and the Netherlands (1.8), it slightly decreased in other UNIC territories.

Source: UNIC members 2013

Complementary information from CZ (Unie Filmowych Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej) and PT (Instituto do Cinema e do Audiovisual).

*Cinetel: 90 per cent of the market. SIAE global results to be published in June 2014

opposite: Courtesy of NVB

2.2 Performance of Individual Films and Local Films' Share

Leading at the Box Office

Across UNIC territories, several productions from the US performed remarkably well at the box office. Amongst these were: *The Hobbit: The Desolation of Smaug*, *Frozen*, *Despicable Me 2*, *Fast & Furious 6*, *The Hunger Games: Catching Fire* and *Iron Man 3*.

Local Films' Share in 2013

The market share of national films across UNIC territories remained stable from 2012 to 2013. Turkey led with a local share of 47 per cent, with nine Turkish films being the most popular at the box office. While this represented a decrease on 2012, French films still accounted for 33.3 per cent of admissions for French cinemas.

Scandinavian Success Story

Scandinavian territories maintained their recent reputation for producing successful local content. Local films dominated the charts in Norway, Denmark and Finland. Denmark stood out in particular, with four Danish films amongst the Top 5, led by *The Keeper of Lost Causes* and *The Hunt*.

Positive Trends in Italy, the Czech Republic and Russia

Italy's positive results can partly be explained by the success of the film *Sole a Catinelle*. In the Czech Republic, the increase of 11.7 per cent in box office returns can also be ascribed to the success of local films. In Russia, *Stalingrad* became the highest grossing film of all time.

Non-national European Films: the Success of French Cinema Abroad

In Portugal, *La Cage Dorée* – a French film about Portuguese immigrants – is the only non-national European film to have achieved major box office results in another European country. French cinema already accomplished this feat last year in Germany with *Intouchables*.

Scandinavian territories maintained their reputation for producing successful local content.

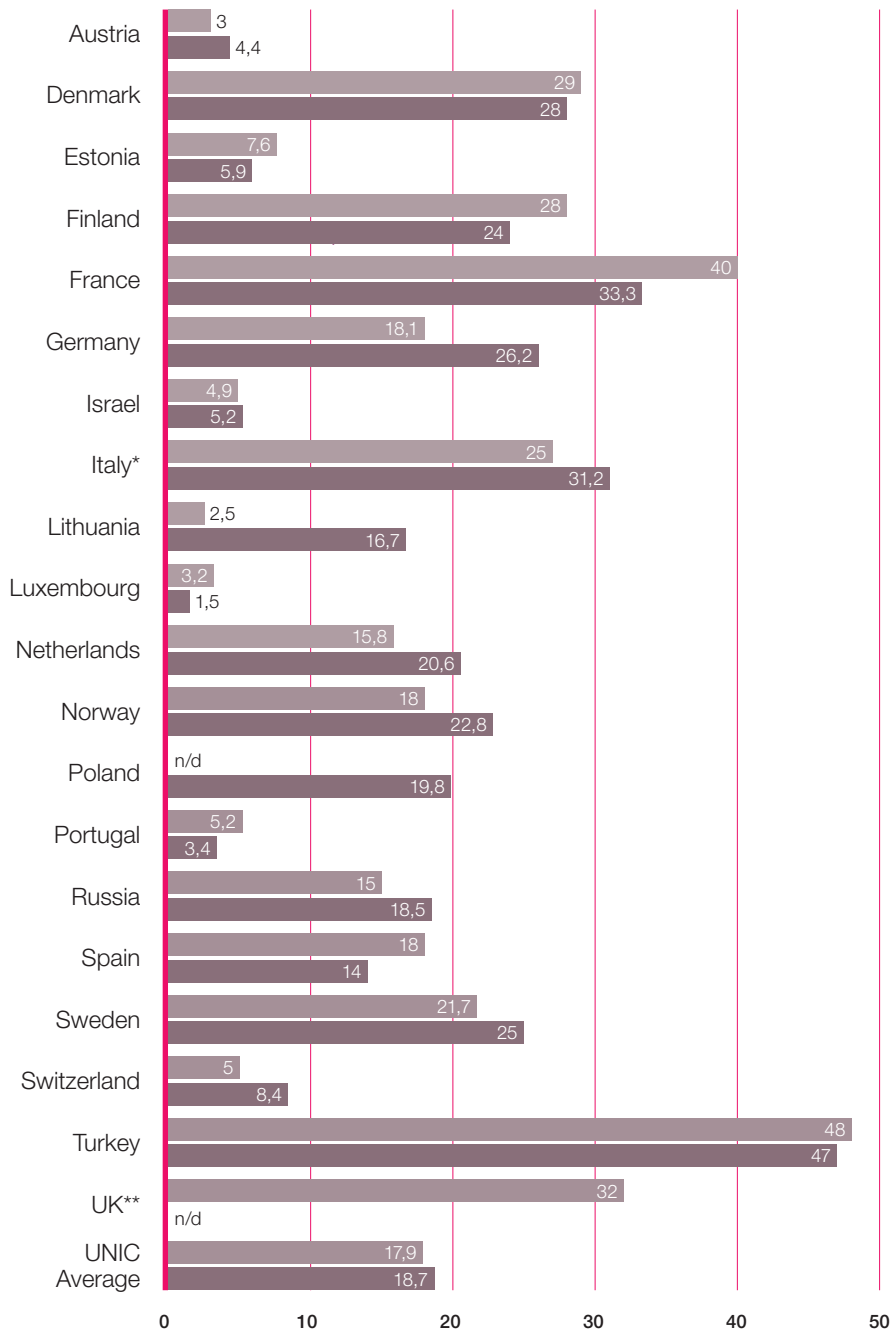
Source: UNIC members, 2013

Complementary information from CZ (Unie Filmových Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej) and PT (Instituto do Cinema e do Audiovisual).

* Cinetel: 90 per cent of the market. SIAE global results to be published in June 2014

** The definition of UK film used is that employed by the British Film Institute for categorisation purposes.

Local/national films' share 2012–13 (in % of adm.)

 2012
 2013


	TOP 1	TOP 2
Austria	The Hobbit: The Desolation of Smaug	Django Unchained
Czech Republic	Babovresky	The Hobbit: The Desolation of Smaug
Denmark	The Keeper of Lost Causes	The Hunt
Estonia	Despicable Me 2	The Croods
Finland	21 Ways to Ruin a Marriage	The Hobbit: The Desolation of Smaug
France	Despicable Me 2	Iron Man 3
Germany	The Hobbit: An Unexpected Journey	Fack Ju Göthe
Italy	Sole a Catinelle	Despicable Me 2
Lithuania	Valentine Alone	Despicable Me 2
Luxembourg	Frozen	Despicable Me 2
Netherlands	The Hobbit: The Desolation of Smaug	Despicable Me 2
Norway	Solan og Ludvig – Jul i Flåklypa	The Hobbit: The Desolation of Smaug
Poland	The Hobbit: An Unexpected Journey	Drogowka
Portugal	La Cage Dorée	Fast & Furious 6
Russia	Stalingrad	Iron Man 3
Spain	The Croods	The Hobbit: The Desolation of Smaug
Sweden	The Hobbit: The Desolation of Smaug	The Hunger Games: Catching Fire
Switzerland	Despicable Me 2	Django Unchained
Turkey	Dugun Dernek	CM101MMXI
UK	Despicable Me 2	Les Miserables

Source: UNIC members 2013/2012

Complementary information from CZ (Unie Filmových Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej), PT (Instituto do Cinema e do Audiovisual) and RU (Movie Research Company).

TOP 3	TOP 4	TOP 5
The Hangover Part 3	Fast & Furious 6	Despicable Me 2
The Smurfs 2	Pribeh Kmotra	Ctyrlitek ve sluzbach krale
The Hobbit: The Desolation of Smaug	My Sisters Children in Africa	All for Two
Fast & Furious 6	Monsters University	Turbo
Despicable Me 2	Rolli and the Golden Key	The Hunger Games: Catching Fire
Django Unchained	Gravity	Les Profs
The Hobbit: The Desolation of Smaug	Django Unchained	Frozen
Il Principe Abusivo	Iron Man 3	Fast & Furious 6
Women Lie Better. Kristina	Croods	Fast & Furious 6
Django Unchained	The Hangover Part 3	The Hunger Games: Catching Fire
The Hunger Games: Catching Fire	Verliefd op Ibiza	Fast & Furious 6
The Hunger Games: Catching Fire	Iron Man 3	Fast & Furious 6
The Hobbit: The Desolation of Smaug	Frozen	Walesa
Frozen	Despicable Me 2	7 Pecados Rurais
Thor: The Dark World	Despicable Me 2	Fast & Furious 6
Despicable Me 2	World War Z	Frozen
Hundraåringen som klevt ut genom fönstret och försvann	Monica Z	Despicable Me 2
Fast & Furious 6	The Hangover Part 3	The Hobbit: The Desolation of Smaug
Celal ile Ceren	Kelebegin Ruyasi	Selam
Iron Man 3	The Hobbit: The Desolation of Smaug	The Hunger Games: Catching Fire

2.3 Digital Roll-Out



Courtesy of FNCF

Digitisation across UNIC territories in 2013 reached 85 per cent

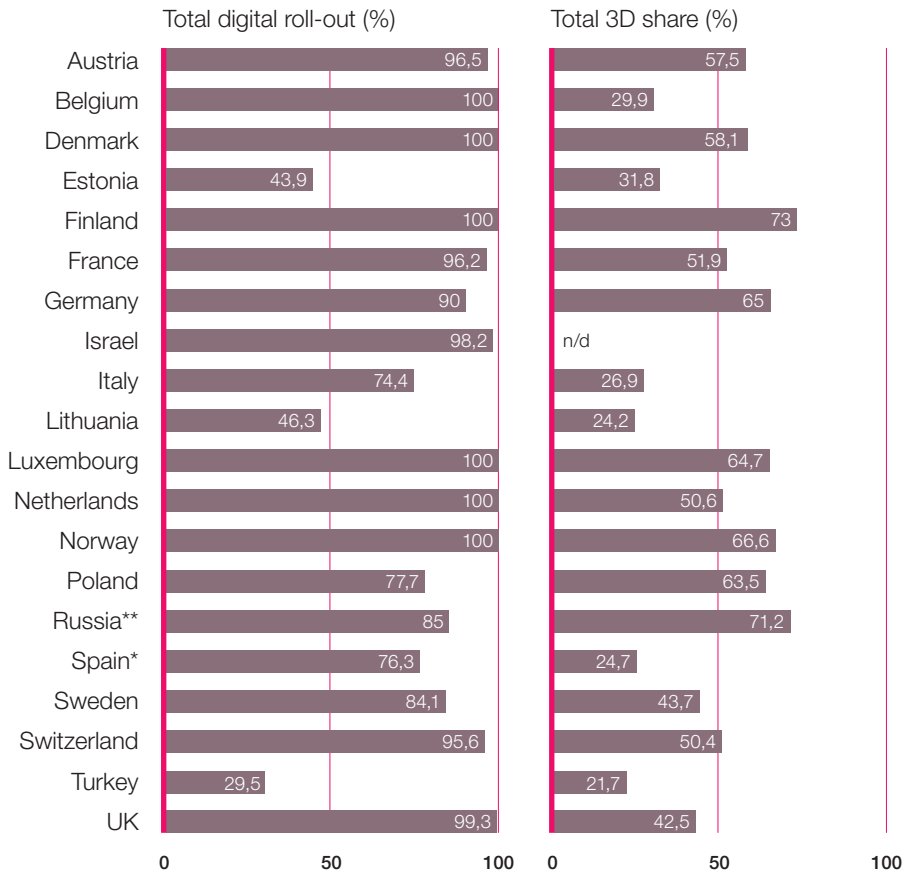
Digitisation across UNIC territories in 2013 reached 85 per cent. The number of countries that were either fully digitised or are in the final stages of completing this process grew steadily, with Belgium, Denmark, Finland, Luxembourg and Norway now 100 per cent digitised. Austria, France, Germany, the UK, Israel and Switzerland were expected to follow soon, having crossed the 90 per cent mark in 2013, with Sweden catching up rapidly. Except for Italy, where significant progress was made in recent months, digitisation remains a challenge for most Southern European territories, with Turkey in particular lagging significantly behind.

Source: UNIC members, 2013
Complementary information from CZ (Unie Filmowych Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej) and PT (Instituto do Cinema e do Audiovisual).

*Spain: up to 4 May 2014. Next update to be released in spring/summer.

**Nevafilm, 2013

Digital roll-out and 3D share in 2013



2.4 Screen Density



Cine32, Courtesy of ENCORE HEUREUX Architectes / Photo: Sébastien Normand

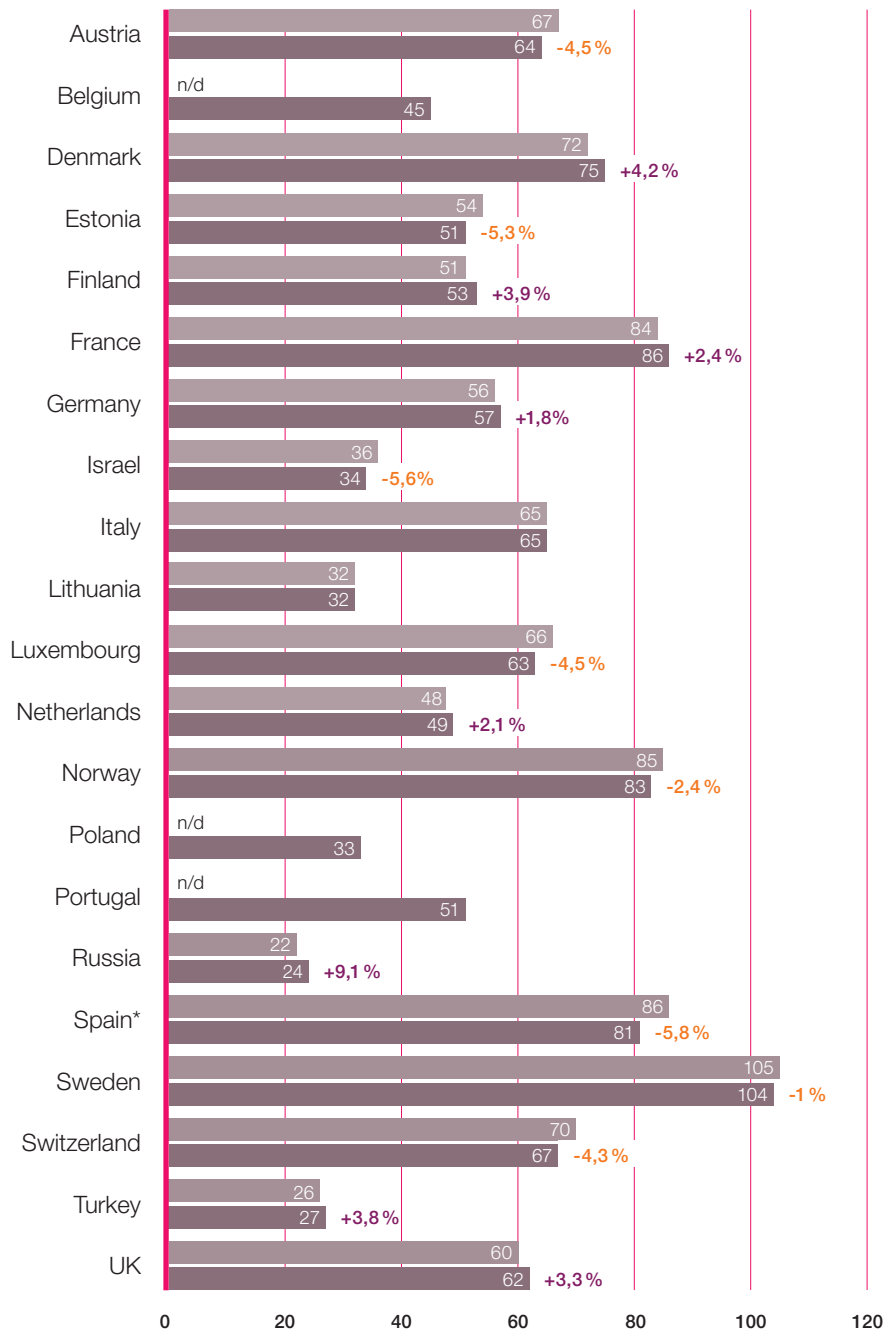
The total number of cinema screens in UNIC territories remained stable in 2013. UNIC territories for which data was available averaged 57 screens per million inhabitants. Growth in Central Europe and Russia continued at a slower pace as the market came closer to saturation. In Spain, general economic conditions resulted in the closure of cinemas; the greatest reduction in screen density amongst UNIC members.

Source: UNIC members, 2013

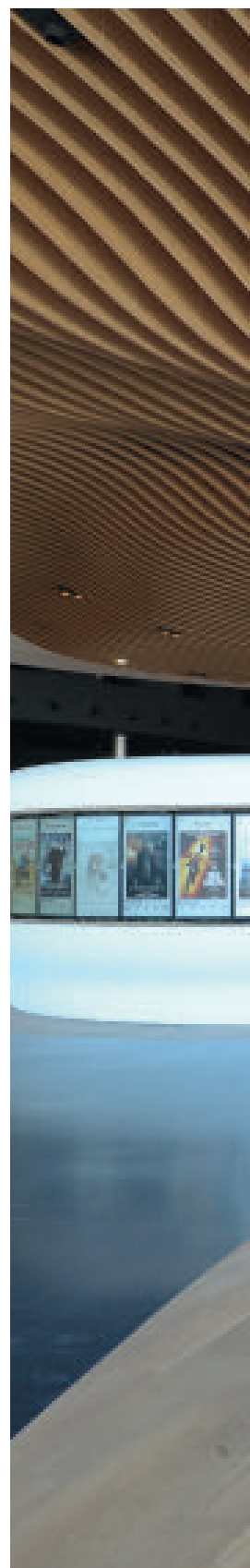
Complementary information from CZ (Unie Filmowych Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej) and PT (Instituto do Cinema e do Audiovisual).

*Spain: up to 9 May 2013. Next update to be released in spring/summer.

Screen density per million inhabitants 2012–13

 2012
 2013


3 TAKING STOCK AND LOOKING FORWARD





3.1 Review of Key Market Trends

How do we assess key market trends in European cinema exhibition in the context of an increasingly global motion picture value chain, technological innovations and consumer trends?

Clear Need for a Strong European Voice in an International Industry

European cinemas operate in an increasingly international landscape. Global box office returns in 2013 increased by four per cent to a total of € 25.9 billion, spurred in the main by growth in the Asia-Pacific region. UNIC territories together made up more than 25 per cent of those revenues and despite a slight dip in 2013 represented a robust and resilient market. International industry partners that only focus their attention on developing markets such as China and neglect the diverse audience preferences and opportunities across Europe, arguably lose out.

European cinema exhibition is defined and at the same time united by its diversity.

In this context, it is important to recognise that European cinema exhibition is defined and at the same time united by its diversity. The fragmentation of our sector along cultural and linguistic lines demands that we must work to speak with one voice and articulate our shared economic relevance vis-à-vis our partners. This need for one voice is the *raison d'être* of UNIC.

Benefitting from Innovation and Change

Digital cinema has developed into the game-changer that it was always meant to be. Cinemas across UNIC territories have invested more than € 1.5 billion in digital cinema over the past decade. As a result, they are able to benefit from diverse innovations in content, operational efficiencies, increased flexibilities and new economies of scale. And the commitment to continuous innovation is on-going. Recent developments include immersive audio, High Dynamic Range (HDR) projection as well as 4D cinema. All of these have the potential further to upgrade the cinema-going experience.

Digital cinema has developed into the game-changer that it was always meant to be.

Theatre owners across Europe are able to experiment with new ways of programming and audience engagement thanks to digital technology and are thereby increasingly able to meet the new demands of fragmented yet also connected audiences. The growing number of specialised screenings and alternative content in cinemas illustrates how the sector benefits from this increased flexibility. There is also a strong impetus to release films more strategically throughout the year as delivery bottlenecks in film distribution disappear. Intelligent cross-sector partnerships with leading brands, more data-driven customer engagement and further innovations in social networking and mobile

Intelligent cross-sector partnerships, more data-driven customer engagement and further innovations in social networking and mobile applications are important prerequisites for competitiveness in this new landscape.

Films made for the big screen – whatever their origin – should benefit from a sustainable and exclusive theatrical window at the beginning of the release schedule.

applications are important prerequisites for competitiveness in this new landscape.

UNIC, together with its members, is seeking to identify and analyse these trends at an early stage in order to ensure that cinemas remain in the driving seat when it comes to deciding how the industry might benefit from technological change.

Cinemas and Video on Demand – Growing Markets Together

The development of an attractive online film offer across Europe strengthens the entire cinema sector and is welcomed by cinema exhibitors, on condition that important business principles of value creation and exclusivity are respected.

However, for Video on Demand to become a significant player, existing operators have to prove that their business models contribute to the prosperity and the cultural diversity of Europe's film industry. New stakeholders have so far been unwilling to invest in creation and share some of the risks that are inherent to the creative industries. Many major online operators are also successfully avoiding paying taxes in Europe. More commitment and participation is therefore required from these new stakeholders in order to enable truly creative partnerships that could unleash innovations to the benefit of European audiences and reveal much-needed consumer insights.

Cinema exhibitors are observing shifting patterns in home entertainment with interest. Given the clear lack of evidence with regards to the profitability of many VOD platforms and considering the continued strength of theatrical exhibition and its unique social and cultural value, it seems clear that films made for the big screen – whatever their origin – should benefit from a sustainable and exclusive theatrical window at the beginning of the release schedule. When it comes to promoting films more effectively across various version markets, the onus is clearly on new stakeholders to be more transparent and collaborative.

Rewarding Creativity

None of the above will bear fruit if we cannot limit the devastating impacts that film theft and illegal film viewing have on our industry and on the diversity of our offer. According to a recent pan-European study, 42 per cent of Europeans consider it acceptable to download or access copyright-protected content illegally when it is for personal use. This number rises by 15 points to 57 per cent amongst citizens from 15 to 24 years old (OHIM, Nov. 2013). There is a strong need for cinema exhibitors to help ensure that investments in film production, distribution and exhibition continue to be rewarded and that Europe's culturally diverse and competitive film sectors continue to thrive. Next to our advocacy commitments – described further below – UNIC coordinates collaboration between rightsholders and cinema exhibitors when it comes to fighting illegal film recordings in theatres and promotes film literacy and awareness campaigns amongst its members.

Local hits and successful co-productions have also proven that European stories can travel and that the big screen is the best place to promote European storytelling across borders.

Opportunities for Local and European Films

While major studio ‘tentpoles’ as well as less mainstream US films will continue to entertain European audiences, the internationalisation of the sector further spurred by technological change also provides great opportunities for local and European films.

Europe’s cinemas strongly rely on European films that do well on the big screen. Last year’s local box office successes such as *The Hunt* (DK), *Fack ju Göthe* (DE), *Sole a Catinelle* (IT), *Stalingrad* (RU) and *Dugun Dernek* (TK) show the way and should be an encouragement. While the European film industry is fragmented along linguistic and cultural lines, local hits and successful co-productions have also proven that European stories can travel and that the big screen is the best place to promote European storytelling across borders. In this context, UNIC notes that pan-European hits tend to first do well in a specific territory, hence pointing towards the need to enable the development of strong national markets for cinematographic works.

Engaging Audiences

What remains is to attract an ever-growing and diverse audience to enjoy films together and on the big screen. Cinemas are approaching this opportunity head on, continuously upgrading their theatres and their offer, as well as their audience engagement strategies. Digital technology offers a myriad of innovative ways to reach out to and engage with audiences by exploring the unique social and cultural features of cinema-going. UNIC members also strongly support film literacy programmes across Europe. Film literacy has a fundamental socio-cultural role to play as films carry an important societal value, be it through the values they convey, their historic or contemporary significance or their artistic dimension. Cinemas are the natural place to introduce young people to film. There is also a proven correlation between access to film education and cinema-going frequency. Sharing these experiences and lessons learned in the context of ever-developing audience trends will be a key focus for UNIC in 2014 and 2015.



Selected Film Literacy Initiatives

Programmes in UNIC Territories

COUNTRY	INITIATIVES
Austria	Many cinemas run specific programmes for schools. FILM ABC is the national initiative for film education. The Austrian Film Museum is involved in several initiatives. 5x Film is another example of a successful initiative.
Belgium	Regional initiatives organise screenings for schools: Flanders – Lessen in het donker (classes in the dark); Wallonia – Ecran large sur tableau noir (wide screen on blackboard). Experiments with matinées scolaires (school mornings) also exist.
Denmark	Several initiatives run by the Danish Film Institute, including screenings for schools, online film distribution schemes targeted at the young as well as diverse teaching materials.
Finland	Koulukino – the school cinema association – provides learning materials for free to schools across the country.
France	France has in place a national film literacy plan which encourages schools to attend cinema screenings. The CNC is responsible for several film literacy programmes.
Germany	Each German 'Land' has its own strategy to promote media literacy. Vision Kino – an organisation at national level – runs the project Schulkinowochen (school film weeks), taking place in around 780 cinemas in Germany.
Italy	AGISCUOLA is run by AGIS-ANEC (cinema exhibitors' association) and promotes partnerships between schools, cinemas and the Ministry of Education, also organising test-trainings for teachers. Scuola e giovani: an initiative where students meet film directors. Students are also encouraged to take part in cinema festivals and competitions.
Luxembourg	Luxembourg's film festival Discovery Zone runs a special programme for young audiences.
Netherlands	Film literacy projects are provided by the EYE Film Institute, with financial support from the NVB (cinema exhibitors' association).

Norway	The Norwegian Film Institute is in charge of coordinating the national film education strategy. The Cultural Rucksack initiative – a programme that equips children with cultural and creative resources – also contains a film element which is provided by Film & Kino (cinema exhibitors’ association). There is also a database with film literacy resources online. A “Big School Cinema Day” is organised each year.
Spain	A number of smaller-scale initiatives exist which are run by municipalities or individual cinemas to promote film literacy amongst the young.
Sweden	Sweden has in place a national strategy for film literacy and most young people take part in related events. There are also regional guidelines on film literacy. The Swedish Film Institute provides funding for projects that are primarily run by municipalities.
Switzerland	The online platform Cineducation.ch, created in 2011, brings together several institutions involved in film education and film literacy programmes across Switzerland.
UK	In the UK, the charity Into Film is in charge of delivering a £ 26 million film education programme for 5–19 year olds across the UK over the next four years. Industry funding of around £ 750,000 per year focuses on encouraging young people to become paying audience members, primarily through the Into Film Festival.

European and International Initiatives

MEDIA	The MEDIA strand of the EC programme Creative Europe supports pan-European projects that promote film literacy and increase audiences’ knowledge of and interest in European films, in particular amongst young people.
Europa Cinemas	20 per cent of support to members of the Europa Cinemas network is directed towards initiatives for young audiences.
UNESCO	The first European Media Literacy Forum took place on 27–28 May 2014 in Paris. One of the nine conference-strands was specifically dedicated to promoting film literacy.

3.2 Latest Policy Developments

UNIC will launch an outreach campaign for newly-elected Members of the European Parliament and key decision makers in the European Commission.

There is a clear need for the European Commission and the European Parliament to reassess the social, cultural and economic value that they attribute to cinema exhibition.

Prepared for the Unexpected

Three years after its relocation from Paris to Brussels, UNIC has established itself as a recognised trade association amongst the European policy community. Key decision-makers in the Parliament, the Commission and the Council listen to our views. Our partners from across the creative industries count on our active involvement in various cross-sector initiatives, such as the creative content alliance 'Creativity Works!', of which UNIC is a founding member.

Having a modern, effective and lean exhibitors' organisation in Brussels matters, not least because cinemas and the wider film industry face significant political challenges.

In May 2014, around 375 million voters were asked to vote for a new European Parliament. Later in the year the European Commission will undergo subsequent changes in leadership. Times are – at least temporarily – therefore somewhat uncertain when it comes to EU legislation and policies that could have an impact on film and cinema. What is certain is that renewed awareness-raising and advocacy will be required to ensure that cinemas can continue to operate in favorable conditions and offer the best possible cinema-going experience to their audiences. UNIC will therefore launch an outreach campaign for newly-elected Members of the European Parliament and key decision makers in the European Commission after the Summer of 2014.

Putting Exhibition at the Top of the European Film Agenda

There is a clear need for the European Commission and the European Parliament to reassess the social, cultural and economic value that they attribute to cinema exhibition. Cinemas and the experience of seeing a film together on the big screen should be central elements of the EU's strategy to promote European film and cinema. The growing importance of local content for all types of cinema theatres as well as the success of the specialised EU-supported Europa Cinemas network illustrate that theatrical exhibition is by far the best platform to create excitement around all types of films, including those from other European countries.

Conversely, there is a lack of meaningful transparency regarding the ability of new online platforms to create consumer demand for European films. The criticism by some in the European Commission of exclusive theatrical releases therefore lacks evidence. If emulated elsewhere, the EU's currently rather modest pilot project promoting day-and-date releases in theatres and on VoD, could seriously damage value creation, jobs and cultural diversity in Europe.

European as well as national cinema strategies should be evidence-

based and ambitious. In UNIC's view, they should focus on promoting competitive as well as culturally diverse films that attract audiences to the cinema. This focus on the big screen will in return greatly enhance exploitation in home entertainment. What is furthermore required is support for more targeted and sophisticated audience engagement strategies. If established strategically and in consultation with the industry, such initiatives can increase audience demand in all film markets, including Video on Demand. UNIC will work closely with the Creative Europe/ MEDIA Unit as well as with other divisions of the European Commission to promote a cinema strategy that makes sense for all.

Commitments to Copyright and Culture

Every year, the European film and cinema industry suffers significant losses from film theft, whether through films being recorded in cinemas, copied from legal content or illegally shared online. This means that those working in the industry do not get rewarded for their efforts and that investment into film creation is discouraged.

Cinema exhibitors, along with the entire film industry, rely on the ability of producers and distributors to show their works how and when they wish to do so and to prevent their unauthorised use. Important legal principles such as the territoriality of copyright, exclusive rights, contractual freedom and copyright enforcement underpin the well-being of the entire motion picture value chain and enable the creation and exhibition of culturally diverse films.

Unfortunately, public opinion in Europe and a number of Brussels-based policy-makers remain critical with regards to the importance of copyright. Major technology platforms that do not have a stake in European culture and promote a societal vision that seriously undermines the ability of artists and their partners to create meaningful works of art have skewed public perceptions of the value that is attached to creating and showcasing these works. While it seems to be acceptable to pay € 800 for a mobile telephone, the costs of downloading a song or that of a cinema ticket are deemed to be unacceptable – an unfortunate imbalance in our view. In parallel, the availability of illegal streaming services continues to undermine legal offers of content.

UNIC therefore strongly believes that Europe requires a more open and frank dialogue that enquires how we all wish to celebrate creativity and the arts in the context of on-going and rapid technological change. It is a founding member of the Creativity Works! coalition which aims to spark such debate in Brussels and beyond.

With regards to the current Copyright Review at European level, UNIC urges the Commission and the European Parliament to maintain an evidence-based approach and to not rush into reform at any cost. In our view, EU copyright rules work, enabling the European cinema sector to create and disseminate around 1300 films per year and being flexible enough to adapt to new consumer demand. Many of the

Important legal principles such as the territoriality of copyright, exclusive rights, contractual freedom and copyright enforcement underpin the well-being of the entire motion picture value chain and enable the creation and exhibition of culturally diverse films.

Europe requires a more open and frank dialogue that enquires how we all wish to celebrate creativity and the arts in the context of on-going and rapid technological change.

reform proposals suggested by the Commission are likely to benefit those that do not have a stake in the cultural and creative sector and may harm audience choice and cultural diversity in the medium- to long-term. A watering down of copyright standards should not be the answer to the great opportunities with which the Internet and digital communications provide us all.

With regard to the protection of cinematographic works in their theatres, cinema exhibitors pledge to continue to fight illegal recordings of films in cinemas and to step up already successful collaboration with partners in distribution. UNIC already acts as a European hub to identify camcording 'hotspots' across its territories. We also welcome further discussions with partners in distribution and the creative community on how awareness-raising campaigns in cinemas can be used to prevent piracy and promote copyright and creativity.

Europe beyond Brussels

EU rules and policies that impact on cinema exhibition are often designed in collaboration with or shaped by European Member States. Last year's experiences regarding the exclusion of audiovisual services from the Commission's negotiation mandate for the Transatlantic Trade and Investment Partnership (TTIP) or the Cinema Communication were a case in point. Without the efforts of EU Member States, the cinema industry could have been left with policies that might have harmed the sector. The current review of EU copyright rules poses similar challenges.

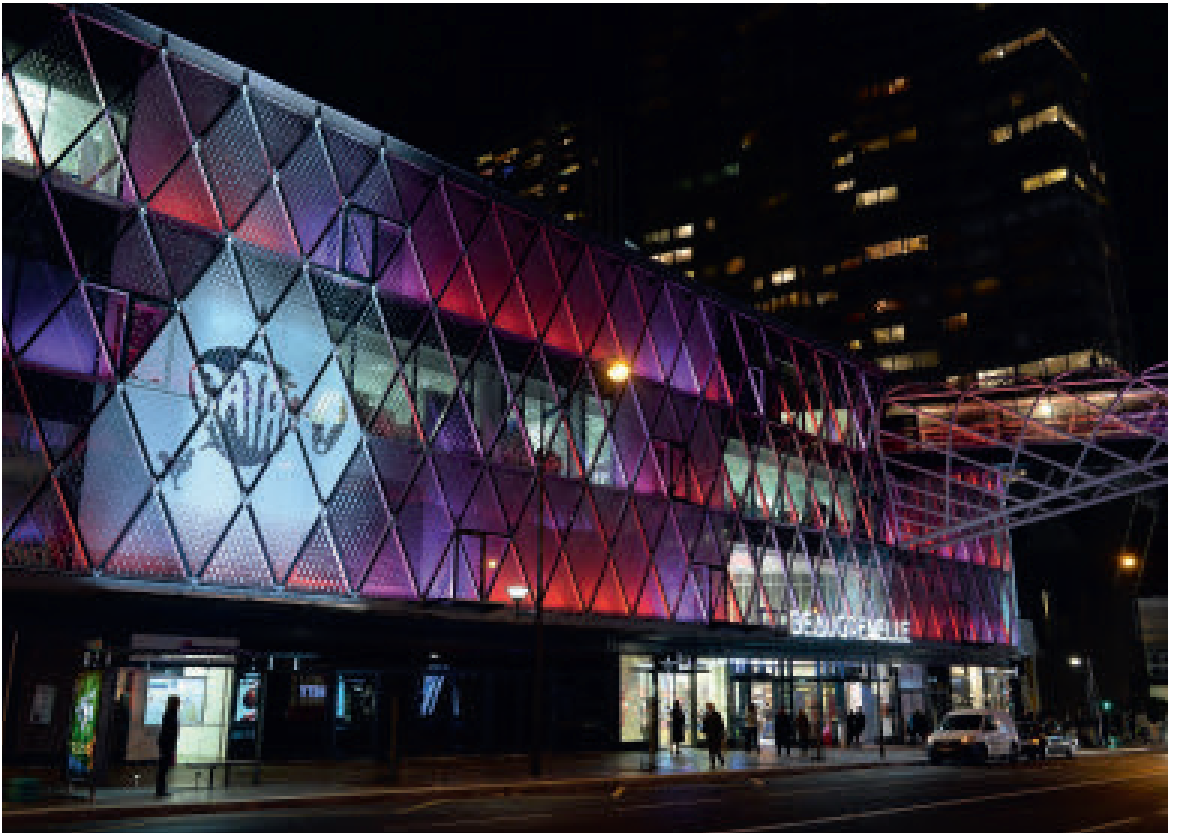
Equally, what happens in one Member State can easily inspire similar measures in another. Comparably small legislative changes in one territory with regards to taxation, release windows, music rights payments, or the integration of VOD operators into the system of film financing, can eventually cause harm to or benefit the entire cinema sector across Europe.

This inter-connectedness poses a number of challenges and opportunities: UNIC, together with its partners, has continuously to remind EU policy makers that a strong European cinema sector can only exist if equally strong national industries are nourished. And most of the time, the diverse market players in each territory as well as relevant national authorities will know what is best for their own market, thus pointing towards a light-touch approach of EU regulation in the field of cinema.

At the same time, UNIC has to work closely with its members and partners at national level to ensure that national governments and stakeholders care for the development of a European film and cinema strategy that makes sense for all. At times, developments in EU film policy are taken too lightly by the Member States. Finally, UNIC has to continue to share best practice as well as information with regard to unfavourable developments in national policy-making that could have an impact in other countries.

UNIC, together with its partners, has continuously to remind EU policy makers that a strong European cinema sector can only exist if equally strong national industries are nourished.

Next to our primary focus of influencing EU policies in Brussels, this points towards stronger engagement with members and policy-makers across UNIC territories.



Courtesy of Pathé Beaugrenelle

3.3 Summary of UNIC's Key Policy Positions

Below is a short summary of UNIC's key positions that influence our everyday work. Each of them is further outlined on our website (see end of report).

Cinemas of all sizes and locations are a valued community resource – a creative meeting place that provides much-needed employment and has significant knock-on effects on other local businesses.

> Culture, Business and Community

Cinemas of all sizes and locations are a valued community resource – a creative meeting place that provides much-needed employment and has significant knock-on effects on other local businesses. By showing a rich diversity of films they provide an opportunity for people to understand and express their sense of identity, reach out to young and old as well as to those from different backgrounds. Cinema exhibition also remains the 'gold standard' for seeing a film together – on the big screen – and as envisioned by the film-maker. Importantly, cinemas represent a growing market share amongst total film revenues and contribute substantially to film creation. The spheres of culture, business and community therefore all come together around the cinema-going experience. This virtuous interdependence should be celebrated and nurtured.

> Digital Opportunities

Thanks to digital cinema, exhibitors can offer more diverse and flexible programming, including a higher share of European films and alternative content. Upgrades with regards to image and sound quality make the Big Screen experience ever more immersive and distinguish it further from competition in home entertainment. On a different level, social media and mobile solutions help cinema exhibitors engage with audiences in new ways and accentuate the social dimensions of cinema-going. Often, it is UNIC's role to enable the sector to share experiences and speak with one voice in regard to how cinema exhibition might benefit from digital innovations.

> Rewarding Creativity and Investments into Cinema

Cinema exhibitors believe that copyright and neighbouring rights are the best means to nurture artistic creation as well as investments into the production, distribution and exhibition of cinematographic works. We take the position that the current EU copyright framework works but that it lacks appropriate implementation across EU Member States. UNIC encourages the development of an attractive legal offer of films online and works with several stakeholders to fight illegal recordings of screenings in film theatres as well as film theft online. We encourage public awareness campaigns in theatres to fight illegal recording in cinemas and promote awareness raising campaigns regarding the value of film making and copyright.

> Film Release Practices

Given the diversity of European cinema and the fragmentation of film markets across the EU, UNIC strongly believes that each market should decide how a film should be released in European territories, in line with the principle of contractual freedom. In addition to this, national governments can intervene on the basis of specific cultural policy objectives and according to the principle of subsidiarity.

> Music Rights Payments

Most cinemas across Europe make significant payments to collecting societies to reward songwriters, composers and other creators for the use of their works in films and in their theatres. UNIC of course supports the rights of creators to be rewarded for their efforts. We also believe that the level of payments should be fair and that there should be a transparent way to calculate and distribute payments made to collecting societies. Challenging collecting societies and fee levels before national courts or relevant copyright tribunals should be in reach for any cinema.

> Disability and Access

Cinema exhibitors recognise everyone's right to equally enjoy the cinema experience. They have made significant investments to improve access to their theatres and relevant facilities. The exhibition sector will continue to do all it reasonably can to ensure that disabled people are able to enjoy the big screen. Inevitably, there also is a financial limit to how much each cinema can do and it should be for each individual cinema or circuit to decide when that point is reached.

> Taxation

Excessive taxation is endangering the livelihood of a growing number of cinemas in several UNIC territories, in particular those most affected by the economic recession. While these cinemas face significant drops in consumer spending and often an increased VAT rate despite their cultural offer, they also need to invest into digital cinema technology in order to survive the nearing end of film distribution. UNIC works with its members at national level to convince governments that rises in VAT or entertainment taxes only create short-term increases in government returns but in the long term damage the industry as well as the state budget. Furthermore, UNIC has several times reached out to major distributors to explain the delicate situation that some cinemas are in and to suggest that distribution considers this situation when considering the cut-off date for film distribution.

Thanks to digital cinema, exhibitors can offer more diverse and flexible programming.

Selected Audience Development Initiatives across UNIC Territories

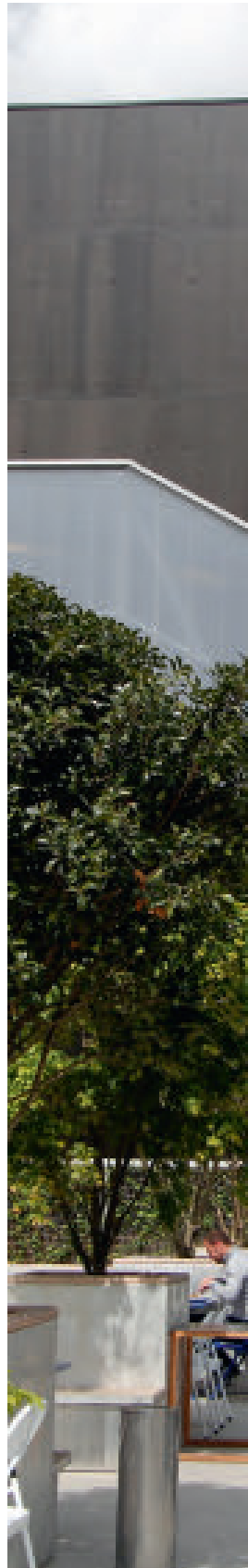
COUNTRY	INITIATIVES
Austria	<ul style="list-style-type: none"> – Cinemadays (Monday–Thursday) – Partnerships with third parties such as “SKIP – das Kinomagazin”, and others
Belgium	<ul style="list-style-type: none"> – Fortis Film Days (three days in September – sponsored by financial institution) – Coca Cola initiatives in the summer
Denmark	<ul style="list-style-type: none"> – The ‘Grand Cinema Day’ – A Cinema Day for 10-year-olds – Telia Tuesday (sponsored by mobile provider): two cinema tickets for one every Tuesday (2,000 tickets available each time)
Finland	<ul style="list-style-type: none"> – ‘Local Movie Tuesday’, with Finnish Lottery operator Veikkaus, (promoting local film)
France	<ul style="list-style-type: none"> – Most cinemas offer a €4 ticket for cinema-goers that are below 4 years old (since January 2014) – Orange Cinéday (sponsored by mobile operator), every Tuesday, two tickets for the price of one
Italy	<ul style="list-style-type: none"> – ‘Festa del Cinema’ celebrates cinema-going for one week with reduced ticket prices (€3–€5 for 3D films), organised by Cinema Industry Associations with support from sponsors and media partners – ‘The Space Pass’, new initiative launched by The Space Cinema group, granting unlimited entries with a monthly or yearly payment
Netherlands	<ul style="list-style-type: none"> – One-week industry-wide campaign in Sept 2014 with lowered ticket prices, festivities and events – Dutch Film weekend (Het weekend van de Nederlandse Film) in September, by Jogchem’s Theaters and Wolff Bioscopen: free access to programme of young Dutch filmmakers and reduced prices for selected Dutch Films, in cooperation with Dutch Film Festival

-
- | | |
|--------|--|
| Norway | <ul style="list-style-type: none">– The cinema gift campaign (national), promoting cinema tickets as inexpensive and popular gifts especially amongst young people– Summer cinema, a national campaign that tries to bring people into theatres during the short Nordic summer– The National Cinema Day in November, the oldest and biggest market event and campaign – tickets sold at half the price– Netcom campaign: two tickets for the price of one on Tuesdays |
|--------|--|
-
- | | |
|-------|--|
| Spain | <ul style="list-style-type: none">– Miércoles al Cine (Wednesdays at the cinema), launched in January 2014: tickets cost € 5 for all until 15 April. |
|-------|--|
-
- | | |
|--------|--|
| Turkey | <ul style="list-style-type: none">– GNC Campaign from Turkcell (mobile operator): Monday and Thursday, two tickets for the price of one promotion– Free Zone from Vodafone: one ticket + one gift; special menu offer at the concessions stand. |
|--------|--|
-
- | | |
|----|--|
| UK | <ul style="list-style-type: none">– EE/Orange Wednesdays (sponsored by mobile operator), every Wednesday, two tickets for the price of one |
|----|--|
-

4 THE YEAR AT UNIC

The past 12 months have seen UNIC further professionalise the organisation to strengthen its reach and impact. We implemented a programme of change in regard to the way UNIC operates, further consolidating the role of UNIC's Board of Directors and streamlining our decision-making processes. We increased the frequency and depth of our political outreach and started to involve key CEOs of our operator members in UNIC's advocacy work. Recognising the increasing willingness of operators and suppliers to get involved, UNIC continued to develop and professionalise its working groups on technology, retail and marketing as well as its Partner Programme. Our relationships with key partners in Europe and the US continued to grow stronger. Below is a summary of our achievements over the past year.

Courtesy of FNCF



CINEMA
étoile

LILAS



4.1 Advocacy

UNIC's key objective is to promote the value of cinema exhibition in Europe and internationally and to help shape policies and legislation that make sense for our sector and for the wider film industry.

In 2013/2014 key dossiers for UNIC included the Cinema Communication on State Aid, an on-going review of EU copyright rules, the EU-USA Transatlantic Trade and Investment Partnership, a Green Paper on a Fully Converged Audiovisual World, the EU Directive on Collective Rights Management as well as pilot projects and debates regarding film release practices and business models in the audiovisual sector.

UNIC's key objective is to promote the value of cinema exhibition in Europe and internationally and to help shape policies and legislation that make sense for our sector and for the wider film industry.

In this context, UNIC took part in all major public consultation processes, hearings and seminars and prepared position papers and comparative intelligence on market and policy developments when relevant. In addition to this, we closely followed similar developments across UNIC territories and supported our members in their advocacy efforts.

UNIC is engaged in an ongoing dialogue with key contacts in the European Commission, the European Parliament, the Council as well as the Member States' permanent representations. We represent the sector in several EC Cinema Expert Groups and sit on the Advisory Committee of the European Audiovisual Observatory.

UNIC is also an active member of important creative industry coalitions such as Creativity Works! and works closely with its partner cinema networks Europa Cinemas and the Confédération Internationale des Cinémas d'Art et d'Essai (CICAE) to ensure that the sector stands united with regards to major policy developments. In Brussels, we have established ourselves as a trusted partner for the wider film industry. At the international level, our US sister organisation NATO, the National Association of Theatre Owners, is a crucial ally. In spring 2014 UNIC further deepened its relations with international distribution, visiting a number of major studio partners for important discussions around film theft and copyright.

4.2 Expert Groups and Cinema Intelligence

UNIC has in the past year continued to support three working groups for its members.

Recognising the need for information exchange regarding key market trends at an international level, and understanding that our fragmented sector at times benefits from articulating shared positions, UNIC has in the past year continued to support three working groups for its members.

UNIC's Technology Group monitors strategic developments and trends in cinema technology and encourages a co-ordinated approach across the industry to ensure that cinematographic works are exhibited in the best possible conditions and benefit of the audience. Key activities in 2013/2014 included a joint statement with NATO on a common standard regarding immersive sound, a statement with the European Digital Cinema Forum (EDCF) on light level specifications and regular advocacy in favour of a minimum Key Delivery Messages' (KDM) testing window of 24 hours. The group closely follows the work of and collaborates with the EDCF (European Digital Cinema Forum), ISDCF (Inter-Society Digital Cinema Forum), the ICTA (International Cinema Technology Association), SMPTE (Society of Motion Picture and Television Engineers) and Inter-Society for the Enhancement of Cinema Presentation.

UNIC's Retail Group examines latest trends in cinema retail and concessions and examines how cinemas can innovate and upgrade their offer in this important part of the exhibition business. Participants share best practice and test innovative retail concepts in workshops throughout the year. Results of particular market tests are presented at UNIC's annual convention CineEurope. The initiative is kindly supported by the Coca-Cola Group.

UNIC's Innovation Lab explores how cinemas can reach out to audiences in new ways and create seamless cinema-going experiences through the use of innovative marketing practices and the deployment of digital technology, mobile communications and social networks. The initiative involves a trusted group of leading international cinema experts and meets 3–4 times a year. The initiative is kindly supported by Orange.

UNIC also operates a **Centre of Intelligence** to provide our members and partners with valuable resources and substantiate our advocacy efforts. This includes quantitative and qualitative research on all market and policy developments relevant to European cinema exhibition.



CineMeerse, Hoofddorp/Netherlands, Courtesy of NVB / Photo: Arjan Bronkhorst

4.3 Partners of European Cinema Exhibition Programme

Recognising the need for knowledge exchange with key partners that operate in the cinema landscape, UNIC has established a Partner Programme bringing together leading suppliers and brands to jointly promote and increase the value of cinema exhibition. Current Partners are Coca Cola, Deluxe, Dolby, IMAX, Orange, RealD, and Technicolor. In 2014 the Programme has so far further recruited SONY, NEC and Masterimage 3D as new Partners.



Courtesy of NVB, Photo: Arjan Bronkhorst

4.4 CineEurope

CineEurope is UNIC's official annual convention and the premier get-together of the cinema exhibition community in Europe.

CineEurope is UNIC's official annual convention and the premier-get-together of the cinema exhibition community in Europe. The event attracts more than 3,000 professionals from over 50 countries and close to 100 companies each year. It is organised in collaboration with the Film Expo Group of Prometheus Global Media.

UNIC has continuously increased its involvement in the convention, attracting further participants and supporters from across Europe and organising a cutting-edge conference programme. In 2014, we have for the second time succeeded in including more European screenings at the show, reflecting the diversity of Europe's exhibition landscape. The event will be held from 16–19 June in Barcelona. We are confident that it will exceed even last year's tremendous success.

5

PARTNERS

Representing the film sector

Confédération Internationale des Cinémas d'Art et d'Essai /
 International Federation of Art Cinemas (CICAE)
 European Coordination of Independent Producers /
 Coopération Européenne des Producteurs Indépendants (CEPI)
 European Digital Cinema Forum (EDCF)
 Europa Cinemas
 Fédération Européenne des Réalisateur de l'Audiovisuel /
 Federation of European Film Directors (FERA)
 International Federation of Film Distributors' Associations /
 Fédération Internationale des Associations de Distributeurs de Films (FIAD)
 International Federation of Film Producers' Associations /
 Fédération Internationale des Associations de Producteurs de Films (FIAPF)
 International Video Federation (IVF)
 Inter-Society Digital Cinema Forum (ISDCF)
 Motion Picture Association (MPA)
 National Association of Theatre Owners (NATO)

Institutional partners

European Parliament
 European Commission
 European Council
 National Ministries for Culture
 European Audiovisual Observatory

6

MEMBERS

Should you wish to join UNIC, please get in touch with **Jan Runge** (jrunge@unic-cinemas.org).

Board of Directors

(2013–2015)

President Phil Clapp (CEA)

Senior Vice-President Jean-Pierre Decrette (FNCF)

Vice Presidents Mario Mazzetti (ANEC), Jaime Tarrazon (FECE),
Edna Epelbaum (ACS), Kim Pedersen (Danske Biografer)

Treasurer Andreas Kramer (HDF-Kino)

Association members and affiliated members (*)

- Austria** Fachverband der Kino-, Kultur- und Vergnügungsbetriebe
Belgium Fédération des Cinémas de Belgique (FCB)
Denmark Danske Biografer
Finland Finnish Cinema Exhibitors' Association
France Fédération Nationale des Cinémas Français (FNCF)
Germany Hauptverband Deutscher Filmtheater Kino e.V.
Greece Federation of Greek Cinematographers*
Hungary Mozisok Országos Szovetsege*
Israel Cinema Industry Association in Israel
Italy Associazione Nazionale Esercenti Cinema, Associazione Nazionale Esercenti Multiplex
Netherlands Nederlandse Vereniging van Bioscoopexploitanten (NVB)
Norway Film & Kino
Russia Kino Alliance
Spain Federación de Cines de España
Sweden Sveriges Biografägareförbund
Switzerland Association Cinématographique Suisse
Turkey Turkish Cinema Operators' Association (SSID)*
UK Cinema Exhibitors' Association (CEA)

Operator members

- Cinémas Gaumont Pathé** France, Netherlands, Switzerland
Cinemax Slovakia
Cineplexx Albania, Austria, Croatia, Slovenia, Serbia, Montenegro, Macedonia, Italy
Cineworld and Cinema City International Israel, Hungary, Poland, Czech Republic, Romania, Bulgaria, Slovakia, UK, Ireland
Kinepolis Group Belgium, France, Spain, Poland, Switzerland
Kino Arena Bulgaria
Mars Cinema Group Turkey
Movies@Cinemas Ireland
Nordic Cinema Group Sweden, Norway, Finland, Estonia, Latvia, Lithuania
Nordisk Film Biografer Denmark, Norway
ODEON & UCI Cinemas Group UK, Austria, Germany, Ireland, Italy, Portugal, Spain
Svenska Bio Denmark, Finland, Sweden
UGC France, Belgium
Utopia Group Luxembourg, Netherlands, Belgium, France
Vue Entertainment Ireland, Germany, Poland, Latvia, Lithuania, Taiwan, Denmark, UK, Portugal
Yelmo Cines Spain

7 CINEMA EXHIBITION CALENDAR

DATE	EVENT	COUNTRY	LOCATION
MAY 2014	FECE General Assembly (Cinema Association)	Spain	n/d
14–25 MAY 2014	Cannes Film Festival	France	Cannes
2–4 JUNE 2014	SBF Annual Convention (Cinema Association)	Sweden	Stockholm
2–3 JUNE 2014	Film & Kino General Assembly (Cinema Association)	Norway	Fredrikstad
16–19 JUNE 2014	CineEurope	Spain	Barcelona
18–19 JUNE 2014	Edinburgh International Film Festival	UK	Edinburgh
30 JUNE–3 JULY 2014	ANICA Ciné Convention	Italy	Riccione
AUG 2014	Finnish National Convention	Finland	Joensuu

DATE	EVENT	COUNTRY	LOCATION
16–22 AUG 2014	Norwegian Intl Film Festival	Norway	Haugesund
6–16 AUG 2014	Locarno Film Festival	Switzerland	Locarno
27 AUG–6 SEPT 2014	Biennale	Italy	Venice
SEPT 2014	Intl Film Festival San Sebastian	Spain	San Sebastian
SEPT 2014	Altin Koza Festival	Turkey	Adana
4–7 SEPT 2014	Rome Intl Film Festival	Italy	Rome
22–26 SEPT 2014	Kino Expo	Russia	St. Petersburg
24 SEPT–3 OCT 2014	Dutch Film Festival	Netherlands	Utrecht
29 SEPT–2 OCT 2014	FNCF Annual Congress (Cinema Association)	France	Deauville
OCT 2014	Antalya Golden Orange Festival	Turkey	Antalya
7–9 OCT 2014	Italian Art-house Cinemas Convention	Italy	Mantova
8–19 OCT 2014	London Film Festival	UK	London
23 OCT–5 NOV 2014	Viennale	Austria	Vienna
NOV 2014	Oslo Intl Film Festival	Norway	Oslo
5–16 NOV 2014	Stockholm Film Festival	Sweden	Stockholm
1–4 DEC 2014	ANEC Convention (Cinema Association)	Italy	Sorrento
JAN 2015	Munich Filmweek	Germany	Munich
21 JAN–1 FEB 2015	Rotterdam Intl Film Festival	Netherlands	Rotterdam
FEB 2015	Goya Awards	Spain	Madrid
FEB 2015	!F Intl Independent Film Festival	Turkey	Istanbul
5–15 FEB 2015	Berlinale	Germany	Berlin
FEB–MAR 2015	Luxembourg Film Awards	Luxembourg	Luxembourg
FEB–MAR 2015	Discovery Zone Festival	Luxembourg	Luxembourg
MAR 2015	Tampere Film Festival	Finland	Tampere
MAR 2015	Diagonale	Austria	Graz
APR 2015	Istanbul Film Festival	Turkey	Istanbul
APR 2015	German Cinema Convention	Germany	Baden Baden
20–23 APR 2015	CinemaCon	USA	Las Vegas

CONTACT

UNIC

Union Internationale des Cinémas
International Union of Cinemas

Av. des Arts 10–11 boîte 11
1210 Brussels (Saint-Josse-ten-Noode)
Belgium

Getting in touch

Tel : +32 2 880 99 39

Jan Runge, CEO
jrunge@unic-cinemas.org

Julia Galaski, EU Affairs Manager
jgalaski@unic-cinemas.org



Passionate about
the Big Screen