Digital cinemas in Finland: the state of art and the perspectives

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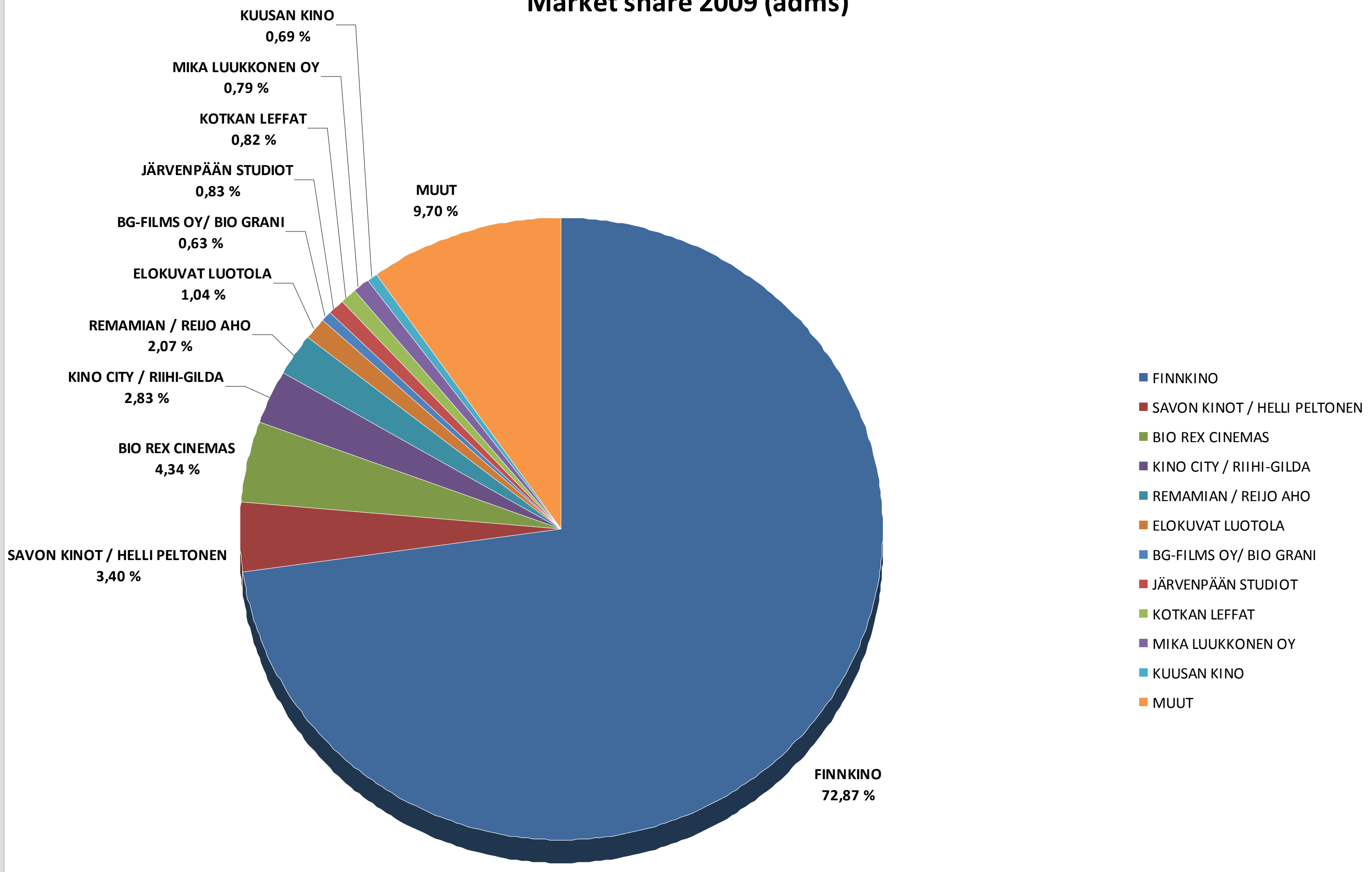
Cinema statistics 2009

- 170 cinemas, 296 screens, 130 locations
- Admissions 6.8 million (per capita 1.27)
- GBO 57 million Euros
- 175 premieres / domestic 20
  - 35 mm prints: 2 546 / digital “prints”: 649
- Average ticket price 8.3 € (2008: 7.9 €)

Market share 2009 (adms)



Digital screens 2009

- 48 screens (16.2 % of all screens)
  - 43 digital 3D screens (14.5 %)
    - November and December 2009 13 installations (Avatar)
  - Estimate at the end of 2010: 70 screens (≈ 25 %)
- Most of the installations have been supported by Finnish Film Foundation (lottery funds via Ministry of Education)

Technology

- Digital projector types
  - Barco: 25
  - Christie: 12
  - NEC: 7
  - Cinemeccanica: 2
  - Kinoton: 1
  - Sony: 1
- Servers
  - Dolby: 46
  - Doremi: 1
  - Sony: 1
- 3D systems
  - Xpand: 34
  - Dolby: 9

Experiences so far…

- 3D is the driving force of digitalisation
- Other new possibilities to cinemas…
  - Better possibilities of getting premieres
  - More flexibility to the programming – challenge to the exhibitors – as well as to the distributors…
  - Reduction of the staff costs
  - ODS

Experiences so far…

- ODS
  - Opera, live theatre, F1, local documentaries
    - Opera works well
    - Challenge: Markets are not ready for smaller operators, no local distributors – don’t forget marketing

Experiences so far…

- Only biggest screens have been digitized
  - Hard to program
  - No room for art house, documentaries etc
  - 3D vs. 2D at the same screen
  - Cinema needs 35 mm print for smaller screens
- Two systems – analogue and digital – big problems to the distributors and cinemas
  - Costs of 35 mm and digital copies

Experiences so far…

- Higher maintenance costs
- Spare parts are expensive
- No major competition between cinema technological dealers

Experiences so far…

- Price
  - No list prices…
  - Estimates from Finnish experiences
    - Projector + server: 60 000−70 000 Euros
    - 3D: ≈20 000 Euros (depending on number of glasses etc.)
    - Total costs with modifications of the projection booth and other extra expenses (ventilation, disinfector for 3D glasses etc): 100 000−120 000 Euros per screen

Experiences so far…

- 3D
  - Customers are interested
  - Premium price
    - Average 3D ticket price 2009 (premieres): 9.3 €

3D premieres 2009

	Original title of the film	35mm prints	Digital screens	3D % share GBO	3D % share ADM	Adm
1	Ice Age 3	69	25	63,94 %	59,48 %	390 778
2	Up	33	32	73,41 %	69,06 %	218 506
3	Avatar	45	42	93,22 %	92,65 %	132 665
4	Bolt	48	15	53,23 %	48,24 %	162 129
5	Monsters vs. Aliens	41	29	65,96 %	61,21 %	107 788
6	Christmas Carol	5	24	93,48 %	92,52 %	60 508
7	G-Force	38	24	69,74 %	65,17 %	80 025
8	Coraline	0	15	100,00 %	100,00 %	18 400
9	Final Destination 3D	0	23	100,00 %	100,00 %	10 523
10	My Bloody Valentine 3D	0	10	100,00 %	100,00 %	10 864
11	Scar 3D	0	19	100,00 %	100,00 %	7 549
12	Jonas Brothers 3D	0	1	100,00 %	100,00 %	330

3D market share

3D premieres market share of premieres (GBO)	14,24 %
3D premieres market share of premieres (ADM)	12,92 %

Experiences so far

- 3D movie does not interest customers it self
  - If the movie is interesting, 3D makes more box office revenue
- How long 3D makes more revenue?
  - 3D for television is on its way

Some hard facts

- Public support is necessary
  - Most of the Finnish cinemas cannot digitize on they own
    - 5 biggest cities, market share of GBO 2009 62 %
    - 10 biggest cities, market share of GBO 2009 78 %
    - 20 biggest cities, market share of GBO 2009 89 %
- Estimate: to digitize without support cinema would need at least GBO 400 000 Euros per screen
  - Only three biggest cinemas in three biggest cities could digitize on their own
- Public support combined to the some sort of VPF model may possibly be the best solution
- Problem: so far third parties have been interested on bigger markets than Finland – change is coming?
- Important: local distributors cannot make any kind of VPF deals

To summarize

- Digitalisation definitely benefits studios and producer and it benefits cinemas
- The “only” problem is the financing….
- Digitizing Finnish cinemas - as well as European cinemas generally - is impossible without help from the studios or from the government

Thank you!

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