Finnish experiences on digital cinema

From the point of view of the exhibitors and distributors

DigiTraining Plus 2011

Helsinki – Tallinn

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1st: European situation on digital cinema*

*Source: UNIC (International Union of Cinemas)

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Austria

- Around 64 % of screens are digital, mainly through a VPF deal agreed with the XDC.
- Negotiations are now underway to secure a VPF deal for those sites which have already digitized from their own resources or have yet to do so.

Belgium

- Currently around 65 % of screens have converted, with this number expected to reach 80 % very soon.

Denmark

- A plan for the whole sector digital roll-out is in place, offering every cinema approximately €26 000 in state support. 151 screens digital out of 400 (38%)
- Cinema chain Nordisk announced few days ago VPF deal with XDC. (43% market share)

France

- Since September 2010, a law oblige distributors to provide VPF to exhibitors and create a general scheme for all cinemas for digital roll out.
- CNC and local authorities provide public subsidies for the smallest theatres. Mid 2011 nearly 50 % of the 5400 screens are digitalized.

Germany

- Out of 4.699 screens in total approx. 1 300 are digital (27 %); nearly 65 % are 3D.
- In 2/2011 the government and the **Federal Filmboard** started a special support system for 1 500 "criteria screens" which also get support from the 16 regional governments and the distributors for the first change from analogue do digital.
- There is no support for the rest of the cinemas - the "market cinemas".

Luxembourg

- All 22 of the screen operated by the biggest companies are now digital and a government support scheme should ensure full digitisation in the country by the Summer of 2011.

Italy

- Self financing: government funded tax credit is available up to December 2013.
- Alongside this, representatives from distribution and exhibition have agreed a set of guidelines governing VPF models (outside of those operated by ‘third party’ entities).
- Further support will be required for smaller cinemas seeking to digitise.

The Netherlands

- Digitisation of over 500 screens has recently begun through the collective buying group initiative, **Cinema Digitaal BV**. The scheme is partly supported by €5.4M from the Dutch government. With the exception of **Pathe**, **Euroscoop** and **Utopolis**, all circuit and independent sites in the Netherlands are part of this approach. Based on the VPF model, all Dutch independent distributors have signed up to the scheme. Roll-out is scheduled to be completed by end 2012 at latest.

Norway

- Norway has, over the last 12 months, been undertaking a national roll-out of digital cinema technology across 420 screens. The country will be fully digitised by July 2011 (yesterday, actually), with back-up, reporting and accounting systems all in place.

Russia

- Almost 50% screens are digital with 3D capacity (1 177 out of about 2 500 modern screens).
- D-Cinema roll out was carried out without any support from the state or from the film distributors. VPF deals are still being negotiated.
- In CIS countries, which form common cinema market with Russia, there are 177 D-Cinema screens, including 63 in Ukraine 63 and 44 in Kazakhstan.

Spain

- In Spain there isn't a National roll out plan, or public subsidies for digital cinema.
- Operators are investing their own funds in digital cinema.
- There are 928 digital screens (23.6 %) and 735 of these digital screens, are 3D screens. In this year (from 1st January to 30th April 2011) Digital screens (2D+3D) represents the 29 % of the Box Office.

Educated guess

- The Tipping Point: 50 % of screens of major territories are digitized early 2012.
- The Real Tipping Point: Today. In many national markets majority of box office comes all ready from digital screens
    - Digital-only 2D releases. The death of film print.
- Hollywood studios (unofficially): 35 mm ends 2013

Finnish cinema stats 2010

- 7.56 M admissions
- €66 M box-office
- 184 titles released
  - 87 titles were screened digitally (8 titles only digital: 7 3D movies, 1 documentary)
  - 97 titles only 35 mm

Finnish cinema stats 2010

Average ticket price	8,74 €
Average 3D ticket price	9,79 €
3D market share (GBO)	21,2 %
3D market share (ADM)	18,9 %
Average ticket price of premieres 2010	8,74 €
Average 3D ticket price of premieres 2010	9,71 €
3D market share (GBO) of premieres 2010	19,4 %
3D market share (ADM) of premieres 2010	17,4 %

Digital stats

- ~ 45% of all screens are digital
- ~ 90–95% market share!
- Practically all installations have been made with the support of **The Finnish Film Foundation** (lottery funds via **Ministry of Culture**).
- Finnkino signed VPF few days ago with AAM. Finnkino’s market share is 70 %
- 170-180 d-screens at the end of 2011?

Experiences so far…

- Digitized ”second run” or ”third run” cinemas will get premieres. Business is better.
  - Remember film rentals! Select what you need, hold your horses, don’t be over exited
- 3D is still making revenue (how long, and what kind of movies, no one knows…)
  - Need of good quality 3D: The worst thing to 3D is bad 3D.

Alternative content

- Lot of work to make the deals
  - Finnkino, Bio Rex, Studio123
  - Big need for local distributor for AC
- Lot of work to market locally without distributor.
- Big need of national distributors.
- Opera and ballet and some concerts work well.

Benefits for the exhibitors

- Workflow is easier, if everything works
- Saving in the staff costs?
- Cinema industry loves good quality of digital cinema. Customer don’t care if the picture is digital or not: they EXPECT good quality!
- Digitized exhibitor would not want to go back 35 mm.

Benefits for the exhibitors

- Flexible programming is reality!
  - Premieres screened only weekends etc.

Problems

- Learning new technology and new thinking
  - How to open zipped files…
- Have to be aware of new updates of the server (and be able to do them), report updates to distributors
- Sometimes updates causes problems – latest: problems with subtitles.
- Excellent idea: www.film-tech.fi

Distributors

- Wider releases
- Reaction time to the changes of the market is faster
- New possibilities of distributing movies which were previously too risky to distribute 35 mm: documentaries etc.

Challenges

- Delivery
  - DCP
  - KDM
    - Delivery still on hard disk. Will be via internet.
- Collecting updates of servers etc. is pain. No central database, all studios have their own sheets.
- Distributing 35mm and digital: double work and costs – not for long…

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Thank you!

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