

TEMA

## NEW TREND IN THE INTERNATIONAL FILM MARKET: AFRICA, AMERICA, ASIA, EUROPE

by GIUSEPPE RICHERI \*

*According to the raging thirst for novelty in many observers – largely inspired by recent technological developments – the media world would have changed almost beyond all recognition since the turn of the century. These days it is possible to access any form of written, audio, and audio-visual content from anywhere and at any time, with no regard to international borders. But, at the same time, it is true that a large part of the public still visits the cinema and watches television in the same way as in the past.*

*The economic resources generated by these consumer practices always make up the foundation of the value chain of films, cinema and television, which continue to be the hub of the media industry while maintaining their traditional distinctive elements. On one hand, the film industry continues to produce the most prestigious international-scale audio-visual entertainment content: cinemas continue to be the focal point of the film market, and film-making still generates substantial revenues as well as defining a commercial value for each of its forms of output distribution (home video, TV, etc.). On the other hand, television maintains a dominant position in the media market. Free-to-air television, although re-dimensioned, still makes up a large part of the resources allocated to the media, and it continues to function in a very similar way to how it did in the last century (i.e. source of resources, genres and supply structure, unidirectional information supply).*

*This issue is dedicated to the film industry, which is the most globalised of all the media, and has developed strong implications at a national level. A snapshot of the 2016 world cinema market was taken by the «European Audio-visual Observatory», which will be considered here (data have been rounded):*

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Number of cinema screens:	164,000
Cash:	USD39 billion
Number of tickets sold:	8 billion
Number of films produced:	7,000

Global takings are broken down by the following national sources:	
United States/Canada:	30%
European Union:	18%
China:	17%
Rest of world:	35%

*In recent years, various trends have emerged in this field that highlight the growth of new industrial poles, markedly different from each other due to their origin and development methods, but each with strong production capacities and commercial potential at an international scale. By volume of production and market size, the largest of these are China, India, Nigeria, and Mexico, which we shall discuss in this issue of *Economia della Cultura*. With the growth of these production centres, the international film market has begun to take on a different structure, and the traditional market leaders – the US and Europe – are already facing various challenges because of it, which are also considered here.*

*Over the last five years in the US and European Union, box office takings and the number of tickets sold have begun to stagnate, and in some areas even to fall. One of the problems in the US is that for some time now revenues from the domestic market has not been able to cover constantly rising production costs, while for large Hollywood production houses is imperative to maintain a strong position in the international market, as well as to conquer new geographical locations. In the European Union the problem is that US films dominate the market in every single member country, with Hollywood taking more than a 60% of the market share nearly everywhere. Additionally, the vast majority of films produced in Europe are not distributed across the rest of the continent, let alone outside Europe: in the two most important non-European film markets, the United States and China, European films take only a few percentage points of the respective national markets.*

*Internationally, the situation that is attracting the most interest is that of China, where in the last ten years the number of cinemas, their takings, and audience sizes have grown at unprecedented rates. China is now the second largest film market in the world after the United States. It has the largest number of cinemas, and has developed a strong international expansion policy (albeit with results so far falling short of expectations). Yet in the Chinese market, although foreign films are subject to quotas, Hollywood still occupies a strong position that sometimes exceeds 40% of takings (e.g. in 2012, they made up 51%). In turn, India is the world's largest producer of films, although its industry is very fragmented from both a linguistic and cultural point of view and has little strength in the international market. By contrast, Hollywood films play only a marginal part in attendances in India.*

One of the most unexpected and surprising occurrences of recent years has been the strong growth of the film industry in Africa, and in particular in Nigeria, characterised by its own production and distribution forms, which itself is influenced by the country's economic and territorial situation. Nigerian films reign supreme in the domestic market, holding ground against more competitive foreign movies such as those from Hollywood, and they have also conquered a leading position in many other African countries. In Latin America, Mexico has established itself as the largest film producer, with a very lively industry and the ability to export its films around the world. In Mexico a large number of the films are produced with the help of the state, something that appears indispensable in a market where US films still dominate, making up on average over 80% of domestic Mexican takings.

The contributions that make up this edition do not attempt to deal with the narrative, aesthetic or cultural characteristics of filmmaking, but rather with the economic aspects of the respective industries, and in particular of three fundamental aspects. The first concerns the structure of the industry and its market, and analyses the dimensions of production, distribution and consumption, and attempts to highlight import-export flows where data are available. The second dimension is the role of the state in terms of economic aid, in supporting national production, and in defining and enforcing the rules. The third dimension concerns the specific problems and contradictions that characterise each country's film industry, given the diverse origins and structures of companies and markets, as well as the competition posed by large digital platforms (Netflix, Amazon, YouTube et al) that affects domestic distribution and audio-visual production.

These essays are presented beginning with the regions of the world where the film industry was born over a hundred years ago, the US and Europe, in which we have already mentioned that the market is tending towards stagnation.

Janet Wasko analyses the current state of the Hollywood film industry, which despite maintaining a leading global position, is currently in a situation of crisis and change. The article focuses largely on the production of large-budget 'blockbusters', on changes in forms of distribution, and on the new threats represented by large companies arising from the Internet. Wasko also offers some interesting perspectives on the role played both by the government and the Motion Picture Association of America – the latter being the powerful association of the major producers of Hollywood – in supporting the expansion and the strength of Hollywood outputs in the world cinema market.

The European Union cinema is analysed by Marco Cucco, which begins by highlighting its weaknesses in two aspects. The first is the competition from American films that have controlled over 60% of European cinema theatres for a long time; the second concerns weakness with respect to the world film market in which European films have negligible market share. Cucco's article also offers a critical analysis of the European Union policies in this space that have not yet produced the desired results.

The Indian film industry – the largest film producer in the world – is addressed in an article by Tejaswini Ganti which begins by describing the

context in which it arose and currently operates, its articulation in the multifarious linguistic zones of the country, and the role played by the state in its development. A second analysis is of the structure of the independent Indian film market and the changes it underwent in the 2000s. Ganti then highlights the problems of the sector (in particular, the lack of transparency in its financing), as well as financial and production collaborations developed in recent years between Bollywood and Hollywood.

One of the most interesting emerging film industries is that of Nigeria, which is currently important not only for the huge dimensions of its outputs, but also for its capacity to penetrate the markets of other African countries. Alessandro Jedlowski describes the financial and technological aspects of the growth of «Nollywood», and highlights the success factors for filmmaking in a developing country, regarding production and distribution both in a domestic context and throughout the Sub-Saharan region.

Bruno Zambardino's contribution concerns the cinema industry in Mexico, the most important in Latin America, and one of the most creative. Although the domestic market is dominated 80% by US films, Spanish-language Mexican cinema is able to produce a large number of films that it exports to many other Latin American countries. Zambardino offers an analysis of the structure of the film industry and the market, highlighting its major challenges, and the role played in it by the Mexican state.

Chinese cinema has had unprecedented growth since the beginning of the 2000s, and is now the second-largest market in the world. Giuseppe Richeri's contribution identifies the reasons for this, and in particular initiatives taken by the Chinese state to support the creative industries, as well as its 'soft power' of influence. He also examines the agreements that followed China's admission into the World Trade Organization, the strong growth in household income in China, and the huge expansion of the number of cinemas across the country, especially in large and medium-sized cities. The article then analyses the structure of the Chinese film market and compares national and imported products. In particular, the relationship between the Chinese and Hollywood film industries, characterised by a mutual interest in collaborating, but at the same time by the reciprocal imposition of conditions.