

A species in greater danger than the Emperor penguin?

Is the cinema-goer becoming an endangered species, more so than the Emperor penguin? Shrinking audiences in cinema theatres constituted a global phenomenon in 2005 – in the United States figures were down 8.7% compared with 2004, and the corresponding figures elsewhere were -11.4% in the European Union, -21.7% in Brazil, -10.2% in Australia, and -5.7% in Japan. On the other hand, audiences grew in South Korea (+5.8%), Russia and, very probably, China. Such a drop in numbers on most of the world's major markets is naturally worrying, and not easy to analyse.

Less effective blockbusters

Taking North America and Europe as a whole, 247 million fewer tickets were sold in 2005 than in 2004. One explanation may lie in the weaker role played by blockbusters in bringing in the crowds. On this North American and European market, the number of films seen by more than 50 million people was 7 in 2001, 8 in 2002, and a steady 6 for the years 2003-2005. The top six films were seen by 445.2 million people in 2003, compared with 477 million in 2004 and 403.3 million in 2005. Whereas the leading film *Shrek 2* achieved a box office of 113.4 million tickets in 2004, *Star Wars: Episode III - Revenge of the Sith*, which topped the list in 2005, only brought in 92 million. That figure was nevertheless better than the 85 million viewers for *Attack of the Clones*. Similarly, the fourth *Harry Potter* was seen by nearly 4 million more people than the third film. The audience for fantasy and science fiction films seems to be holding up, but the atypical public who saw *The Passion of the Christ* probably did not come back to the cinema in 2005, while young children certainly spread their viewing over a greater number of films.

Weakening of Hollywood's mid-range movies

Again in relation to the market constituted by North America and Europe together, there is a visible trend towards a drop in the number of films selling between 25 and 50 million tickets in cinemas; there were 16 of them in 2002, 13 in 2003, 12 in 2004, and 11 in 2005. The trend is even clearer for the third category, i.e. films selling between 20 and 25 million tickets in cinemas: there were 12 in 2003,

11 in 2004, and just 4 in 2005. It would be worth analysing the characteristics of the genre and the sociology of this third category in detail, as this is probably where the true explanation for the serious drop in numbers in 2005 lies. In 2005 there were not enough films on a par with *Fahrenheit 9/11* or *50 First Dates*, both of which attracted specific segments of the public into cinema theatres.

No runaway successes among national films in Europe

Almost everywhere in Europe, national films achieved better market shares on their own territory than in 2004. However, this is more a reflection of the relative weakness of the offering from Hollywood than an effusion of strong national offerings. In France, the top-ranking national film, *Brice de Nice*, sold just 4.3 million tickets, little more than half the figure of 8.3 million achieved in 2004 by *Les Choristes*. In Germany, *Die weiße Massai* sold 2.2 million tickets in cinemas, compared with 9.1 million in 2004 for *(T)Raumschiff Surprise - Periode 1*. In Italy, Benigni's latest film, *La tigre e la neve*, sold 2.5 million tickets in cinemas, less than the 2.7 million for *Il paradiso all'improvviso* in 2004. Similarly in Spain 3.5 million tickets were sold for *Torrente 3, El protector*, less than the 4 million for *Mar Adentro* in 2004. In the United Kingdom, the UK Film Council explains a drop in cinema attendance less significant than elsewhere (-3.8%) by the strong performance of British films, which accounted for a 33% market share; this figure includes, however, a number of "inward investment" films whose fundamental British-ness has been questioned by the trade press.

Paradoxical international successes

National successes are not necessarily the films that are most successful on other European markets and on international markets, and this was particularly true in 2005. *Brice de Nice*, *Die weiße Massai*, *La tigre e la neve* and *Torrente 3, El protector* were not widely distributed outside their respective countries of origin. The success of European films in other European countries is probably less than in previous years – only 10 films achieved box offices of more than one million tickets in the European Union outside their national market, compared with 12 in 2004 and 12 in 2003.

Among the European films that came out in 2005, the one that was most successful in Europe outside its national market was Woody Allen's *Match Point*, which sold 2.7 million tickets in Europe in 2005 even before its release in the United Kingdom and the United States. Although this was the most successful film in Europe, it fell below the 7.6 million tickets sold in 2004 in Europe (excluding the United Kingdom) by *Bridget Jones: The Edge of Reason*. The pleasant surprise of a Woody Allen film produced by the BBC was supplemented by the remarkable successes achieved by three French films (*La marche de l'empereur*, *Transporter 2* and *Danny the Dog*) in North America, where they were two to three times more successful than in Europe.

Concern

It is always difficult to interpret a significant decline in cinema attendance. Is it merely a gap caused by a weak offer, or is it in fact the start of a crisis caused by a significant evolution in consumer habits? In the United States, 2005 saw falling numbers for the third year running. The figures available for the first few months of 2006 would seem to indicate that this trend is continuing, except in France, where a number of successful national films has produced an upswing. What is more, the DVD market also showed signs of slowing down for the first time in 2005.

At the same time, video-on-demand (VoD) services have multiplied and everything indicates

that the unauthorised exchange of files via the Internet is continuing to increase. The finger is of course pointed at piracy here. It is common sense to argue that consumption free of charge is damaging to consumption for which a charge is made. Common sense does not always constitute proof, however. The fact that the drop in cinema attendance has been less substantial in countries where broadband networks are the most developed (not to mention the increase in attendance in South Korea, a leading country in terms of networks) should discourage anyone jumping to conclusions. As for the growth of VoD, the operators need to make more of an effort at transparency for an accurate appreciation to be possible.

We know that penguins' ability to survive is linked to the instinct that causes them to huddle together at regular intervals... as well as to their willingness to walk when necessary to join the group. Some years are colder than others, and the renewal of the population is more uncertain, but the species lives on. Will cinema-goers, a more puzzling and unpredictable species, demonstrate the same will to survive?

André Lange

Head of the Department for Information on Markets and Financing
European Audiovisual Observatory