



# Shift Happens: EFM Think Tank Report 2023

## Introduction

Following successful inclusion in the last two digital European Film Market (EFM) editions, EFM Industry Sessions hosted a series of three invitation-only Think Tanks during its 2023 edition. International industry stakeholders and professionals were asked to analyse, brainstorm, and ideate ideas around highly topical areas in the film ecosystem today, and were assured a safe space - without being named or quoted - to share their most pressing questions, experiences, ideas, and potential steps forward.

The acknowledgement of “Shift Happens” was the overarching theme of EFM Industry Sessions 2023 and these intimate working-group Think Tanks. The three focuses for the Think Tanks were: audience retention and expansion strategies, protecting IP for European producers in the streaming age, and the future of film markets.

## THINK TANK 1

### Audience Strategies for a Sustainable, Diverse and Independent Future

Co-hosted by TorinoFilmLab and in collaboration with World Cinema Fund, this Think Tank focused on audience engagement strategies following the disruptive Covid period, in which cinema audiences have shrunk and digital platforms are facing their own challenges. Thinking of economically, ecologically, culturally and socially sustainable ways to connect with audiences from the early stages of a project onward, participants divided into six breakouts to brainstorm strategies and solutions around central questions on successful audience engagement in today's ecosystem. Here were the key results:

#### BREAKOUT 1: How can we create diverse stories with integrity in ways that are more clearly aligned to audiences?

- Focus on improved entry points and access for audiences in schools and in the wider industry, for audiences and creators. More diverse stories will naturally come from more diverse voices who have been given entry and access to stories
- Social mobility identified as a major challenge, everyone deserving of the experience of seeing themselves represented on screen
- Democratizing and decolonizing the industry can come from improved data transparency so that creators can better understand audiences, but this should be a true exchange; data can be a force for good rather than extractive, creating an honest relationship to audience
- Data can improve the transactional, highly consumptive nature of the industry to be more relational, supporting the emotional connection of filmmaker to audience over the long period from film gestation to release

#### BREAKOUT 2: What are the available tools and missing links that will allow for effective and efficient audience focus at the development stage of productions?

- Need for basic audience design from an early stage led by informed knowledge and experience
- Replacing the word "data" for knowledge and experience, need to challenge assumptions on what data is and how it is used, for example looking deeper into demographics
- Use informed research to better define what success means on a project-by-project basis (this may not always mean box office), using AI for example (but responsibly, not allowing AI/tech to overpower)
- Need for a better audience design approach on an industry level, perhaps a professional who collaborates with distributors, producers and others, turning knowledge into success through research and case study
- Need for more public funding to capture audience research that also doesn't create audience assumptions; there is too much incentivizing in making more and more films and not enough resources in audience focus
- Need for improved community building approach and re-thinking crowdfunding as a central part of this
- Need to conserve different aspects of value chain in the market



BREAKOUT 3: How can the audiovisual industry value chains collaborate more effectively to ensure that audience-centered production supports success at every stage of a release, across platforms and across borders?

- Need for better dialogue with audiences, engaging the audience from early stage
- Value chain of the industry is broken from lack of communication, transparency, and information sharing; need for more transparent dialogue among all actors/decision makers is fundamental to get the most of a film
- Need for more connection between AI/data and a human approach so there is improved data decentralization
- Need for public funding for audience design
- Need for someone in the value chain from beginning to end, a professional who helps connect filmmakers, distributors, and audiences in the fragmented landscape

BREAKOUT 4: How can we build a cross-media, cross-platform life for a work, playing to the strengths of each platform – experiences, events, adaptations, transmedia elements, etc.?

- Realisation that not all films need to be released theatrically, using a communication style for the film based on its platform and if appropriate, a sales agent to help define communication and marketing materials
- Need for focus on marketing from development onward to engage audiences, not just at distribution stage; promotion should be strategic (not too early, not too late)
- Filmmakers need to be aware of specific materials needed for distribution from development and production onward (synopsis, stills, posters, etc.)
- Directors often understand their own movie but not their audience; need for improved understanding of basic questions on the film - why, how, and who is this film about? - to define a clear film DNA
- Need for improved balance between company brand and film promotion, finding new and different ways to approach new audiences
- Need for an industry professional focused on audience strategy who works on the film from ideation to distribution

BREAKOUT 5: How can the sector adapt to changing viewing habits for the youth of today and the future? How can the industry work with film education in the most beneficial way?

- Need for sharing good practices and a defined system to make it viable
- Include audiences in the co-creation process and in the process of curation, communications, and marketing
- Embrace all platforms
- Trust youth and at the same time create and produce films in an artistically courageous way that encourages them to engage with other types of content
- Create tutorials on film, either on film history or production processes to involve youth from early on, and distribute them on platforms they use (YouTube, etc.)
- Work on a system of required programming slots in cinemas, and look at improvements in alternative distribution, requiring public funding to compensate for possible revenue losses
- At festivals, continue to develop activities in industry areas and continue programming films which are attractive to youth audiences, especially at physical/face-to-face events

BREAKOUT 6: How can smarter marketing help the industry to reach more diverse audiences in a relevant way?

- Make marketing more personal and community-oriented
- Allow more time for marketing, and time to build audience trust
- Understand your film and its specific strategy, not every film should be marketed with the same kind of strategy (use strengths to advantage)
- Be strategic about outreach across the value chain, from development onward
- Make marketing exclusive but democratic, more personal, and an invitation (not an invasion)
- When marketing a film, present it with a topic, conversation, or discussion so it is an experience, not just a film
- Use existing data, research, and curatorial expertise wisely to empower audiences

## THINK TANK 2

### Using IP as an Asset for European Production Companies

In collaboration with the European Producers Club (EPC), this Think Tank looked at the challenges facing European independent production companies today and how they are navigating IP in a landscape increasingly driven by the streamers. EPC presented the results of a recent survey of their members working with streaming services, finding there is great need for better regulation and for hybrid models of regulation. EPC members and EU producer guests of the EFM discussed the survey results and shared experiences in an open fishbowl conversation format.

**Challenges** facing EU independent production companies working with streamers include that the risk/reward equation is out of balance when it comes to the level of risk placed on the producers. The study found in more than half of the projects reported in the survey that the independent production company was responsible for overcosts such as inflation, and for about half the projects the independent production company still had a fee less than 10%. Risks also included long development periods where many of the projects were then not finally produced. This was the case in 5 out of 7 of all projects developed, meaning a huge loss for independent production companies. For projects eventually not produced, only 13% of producers got their IP rights back. In cases where the independent production company did secure a reversion of rights in the projects that were produced, oftentimes the reversion was too far away to be meaningful (i.e. 10 years after the last release of the last season). Additional remuneration based on the success of the project on the platforms themselves does not exist. Some additional remuneration may exist, but it is based on the very limited value of the rights retained. This is true for projects that the producers develop or co-develop with a streamer. Also, where IP is created and developed at risk by the independent production company, this in itself does not bring more bargaining power to the independent producer within the negotiations, and the independent producer is left with a “take it or leave it” situation, when it comes to a “work for hire” type agreement.

The Creative Talents Network representatives are also concerned about these matters and experience similar issues with the streamers. But overall they believe in the need for the European industry to adopt a united approach to resolve these issues.

**The Opportunities** identified include the major financial contribution of the streaming services to the sector and that collaboration with streamers has kept many production companies working regularly and deriving significant revenues to cover production costs. The European countries that are seeing the highest retention of IP rights tend to be countries with higher regulation.

The Role of Regulation appears as key in certain territories such as in France and in Italy. Regulation can be based on the rules applied by film funds, within tax incentives, through regional funding, and through investment



obligations and levies which set out minimum requirements for independent production companies. However, one set of regulations which was highlighted in the survey as having an impact - in Italy - has also been shown to have its limit, as the streamers have found ways to work around it in their favor, dealing with the obligation to leave some rights to the producer by leaving them rights which have very limited, if any, value.

Unfair and unbalanced could be the characterisation of the situation of independent production companies today in Europe. Unfair because the work they have done developing IP is not recognized when it comes to the arrangements for production, unbalanced because some producers are more protected in certain countries than others, and unbalanced as well because huge disparities exist between producers themselves and the Member States they are based in. Smaller EU countries in particular need to be protected by EU-wide regulation. Some terms of trade regulation exist in Europe - between broadcasters and independent production companies - but they do not apply to the streaming services. The UK has been highlighted as an example of regulation where the commissioning of a TV series becomes a licensing arrangement between the independent producer and the broadcasters, which is an effective model.

### **Strengthening and retaining IP, steps forward:**

- Need for regulation on a number of fronts: EU regulation under AVMSD, national regulation for film funds, and for tax incentives
- Need for bullet proof regulation
- Need for a survey on the value of the rights other than on the SVOD rights
- Need to establish how producers may participate in AVOD revenues
- Need to explore regulation such as best practices cases in how to regulate allocation of rights



## THINK TANK 3

### Shaping the Film Markets of Tomorrow

In November 2022, the Thessaloniki International Film Festival announced a series of three Think Tanks in collaboration with the European Film Market (EFM) and Cannes' Marché du Film to bring together key stakeholders for a visionary reflection around the future of film markets as institutions and major players of the industry ecosystem. The goal is to detect relevant topics of concern, discuss upcoming challenges, and encourage an open conversation and mutual support for other European film markets, covering the entire scope of markets from small to large scale organizations, willing to openly ask: What does an economically, ecologically, and socially sustainable future of film markets look like? The final Think Tank will be held at the Marché du Film 2023, where results will be reported.

The series kicked off at the EFM, with a focus on the substance and contents offered by markets: Which topics need to be addressed and offered by film markets to actively involve professionals and support them in their next steps? Which themes, subjects, and discussions are the most useful to nurture and guide the entire ecosystem? What should be kept? What needs to be changed?

In a fishbowl conversation format, representatives from the industry and different types of markets - large to small, regional vs. international, content-specific markets, etc. - were asked to adopt the perspective of different players in the ecosystem (content creators, producers, distributors, market organisers, representatives of training initiatives etc.), considering the stakes for each of these groups in the market ecosystem, and the most relevant questions and directions toward which the markets should evolve. Participants then divided into breakouts to brainstorm solutions and strategies around four key questions. Here were the outcomes:



BREAKOUT 1: What are the needs you see that should be addressed in the markets? What are the top priorities?

- Building an expanding network, accelerating business
- Scouting content and talents
- More accessibility needed both in physical environments and in the accessibility of markets to new voices, also financial accessibility
- Need for less conservatism in marketplace
- Need for transformation and sharing of power, welcoming more groups traditionally viewed as minorities (“global majorities”)

BREAKOUT 2: How are these needs being addressed by the markets now that you want to keep? How could you build on it?

- Maintain strong solidarity and networking opportunities between markets
- Maintain the diversity of markets and events, and make more use of virtual offerings in order to have non-travel alternative
- Use hybrid matchmaking opportunities, both curated one-on-one meetings with non-facilitated opportunities
- Build on knowledge of previous experience and markets
- Increase market accessibility and decrease exclusivity factor, bringing new voices, more indigenous voices, a greater gender balance, and more youth
- Encourage more awards and incentives to encourage production and curation, and encourage approaching financiers
- Training and networking should not be separated from other aspects of the market
- Films are at the centre, but markets should better collaborate with exhibitors and professionals who work with audiences





BREAKOUT 3: How is this being addressed by the markets now that you want to change?

- Increase market access and outreach to different audiences
- Don't keep a "close shop" (i.e. share best practices and keep an open dialogue between markets)
- New market participants should be guided and trained
- Breakdown traditional power structures and gate-keepers
- Financing of co-production of markets needs to reflect the new hybrid way films are financed
- Markets should increase accessibility to decision-makers and can rethink the approach to decision makers
- Question the pitching format, pitching to decision-makers can be stressful for some filmmakers

BREAKOUT 4: What would be the most visionary idea/solution that you could think of? Is there anything that you (as a market) hadn't thought of before, but it could make sense?

- Open collaboration between markets, potentially merging markets and moving markets
- Markets as a completely virtual space in the metaverse)
- Organizing a sustainable network of events as "market" that shares resources, information, and themes
- Creation of a networking hub, based on less sales and more exchange
- Creation of an "anonymous" market, erasing selection biases
- Market with pre-selection by industry, allowing the industry review projects and react/engage with them
- Significance for young people to have a mentor entering the market, and for there to be financially accessible options for youth

## CONCLUSION

EFM recognises there are no quick fixes for these ongoing, complex topics, but hopes the ideas discussed within the 2023 Think Tanks will inspire deeper conversations and collaborations, and lead to measurable actions.

EFM welcomes feedback on the ideas in this document; please contact the EFM Industry Sessions team at: [efm-industrysessions@berlinale.de](mailto:efm-industrysessions@berlinale.de)

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