BRIEFING

Coronavirus and the European film industry

SUMMARY

With the onset of the coronavirus pandemic, which has caused the shutdown of some 70 000 cinemas in China, nearly 2 500 in the US and over 9 000 in the EU, the joy sparked by the success of the film industry in 2019 has quickly given way to anxiety. Shootings, premieres, spring festivals and entertainment events have faced near-total cancellation or postponement due to the pandemic, thus inflicting an estimated loss of US$5 billion on the global box office; this amount could skyrocket to between US$15 billion and US$17 billion, if cinemas do not reopen by the end of May 2020.

The EU film sector is essentially made up of small companies employing creative and technical freelancers, which makes it particularly vulnerable to the pandemic. The domino effect of the lockdown has triggered the immediate freeze of hundreds of projects in the shooting phase, disrupted cash flows and pushed production companies to the brink of bankruptcy. To limit and/or mitigate the economic damage caused by coronavirus, governments and national film and audiovisual funds across the EU have been quick in setting up both general blanket measures (such as solidarity funds and short-term unemployment schemes) and/or specific industry-related funds and grants (helping arthouse cinema and providing financial relief to producers and distributors).

For its part, the EU has acted promptly to limit the spread of the virus and help EU countries to withstand its social and economic impact. In addition to the Coronavirus Response Investment Initiative (CRII) and the CRII+, both approved by the European Parliament and the Council in record time, the Commission has set up a Temporary Framework allowing EU countries to derogate from State aid rules, and proposed a European instrument for temporary support (SURE) to help protect jobs and workers affected by the coronavirus pandemic.

In the meantime, various film festivals have gone digital and a number of streaming companies have started offering free options to all those confined to their homes by the lockdown. Similarly, major studios are also releasing films to home video earlier than what has been the norm thus far. It remains unclear as to how long it will take before audiences go back to cinemas and what unexpected consequences the various mitigation measures in place could have.

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EN

How coronavirus infected the global box office

In 2019, the international box office soared to an all-time high of US$31.1 billion, leaving the film industry in rapture. However, these feelings were soon replaced by anxiety, after the World Health Organization declared the coronavirus outbreak a global pandemic on 11 March 2020. Since, measures to contain the spread of the virus have brought much of the world to a standstill, and the film industry has been no exception. Shootings, premieres, spring festivals and entertainment events have faced near-total cancellation or postponement due to the pandemic, which has so far infected over 3 million globally and killed over 200 000.

The global box office took its first blow on 23 January, when the Chinese government shut down the country's 70 000 cinemas, dashing the hopes of major international productions relying heavily on the Chinese box office – the world's second-largest, behind those of the US and Canada collectively.

Table 1 – Cinema closures in the US in the wake of the coronavirus outbreak

THEATER GROUP	SCREENS	SITES	REGION	STATUS
AMC	8 043	634	Nationwide	Closed
Regal	7 206	548	Nationwide	Closed
Cinemark	4 630	344	Nationwide	Closed
Cineplex Entertainment	1 695	165	Canada	Closed
Marcus Theatres	1 106	91	Midwestern US	Closed
Harkins Theatres	515	34	Southwestern US	Closed
B&B Theatres	418	48	Southern/Midwestern US	Closed
CMX Cinemas	410	40	Various States	Closed
Malco Theatres	363	35	Southern US	Closed
National Amusements (Showcase)	362	27	Northeastern US	Closed
Studio Movie Grill	353	34	Various States	Closed
Landmark Cinemas of Canada	322	45	Canada	Closed
Alamo Drafthouse	316	41	Various States	Closed
Premiere Cinema Corp.	301	28	Southern US	Closed
Caribbean Cinemas	295	34	Caribbean Islands	Closed
Goodrich Quality Theaters	281	30	Various States	Closed
Southern Theatres	266	18	Southern US	Closed
Cinepolis Luxury Cinemas	263	28	Various States	Closed

Source: Variety Intelligence Platform, 19 March 2020.

As the coronavirus began to spread, cinemas around the world started reducing admittance or closing their doors outright. As of 19 March, some 2 500 cinema sites across the US closed for at least six to 12 weeks (see Table 1), causing a 25 % year-on-year decline in ticket sales – a deficit of US$600 million – in the first quarter of 2020. The year-on-year dip for March alone was a staggering 74 %. Widespread cinema closures across China, Hong Kong, South Korea and Japan – the world's third-largest film market – dealt a heavy blow on the global box office, with experts suggesting that losses during the Chinese New Year holiday alone amounted to around US$1 billion. Worryingly, analysts believe the global box office stands to suffer a US$5 billion blow as a result of diminished revenue and damaged production, which would soar up to between US$15 billion and US$17 billion if cinemas do not reopen by the end of May 2020. Box office losses for January to 12 March 2020 are estimated at 86 % in China, 48 % in South Korea, 38 % in Hong Kong, 26 % in Taiwan and 22 % in Singapore compared to the same period in 2019.

In an unprecedented move, studios have taken drastic decisions, announcing delays in theatrically released productions. For instance, the latest James Bond movie, 'No Time to Die', has had its opening date pushed back seven months to November 2020, in hopes that cinemas worldwide will have returned to their normal traffic by then. Disney has delayed not only the release of 'Mulan', which was set to premiere in the US at the end of March, but also of 'The New Mutants' and 'Antlers', set to release in April. The move has demonstrated the extreme precaution studios have been taking to protect their sales. Marvel Cinematic Universe fans have not been spared either: those awaiting phase 4 have been disenchanted to discover that the launch of 'Black Widow' has been postponed until November 2020.

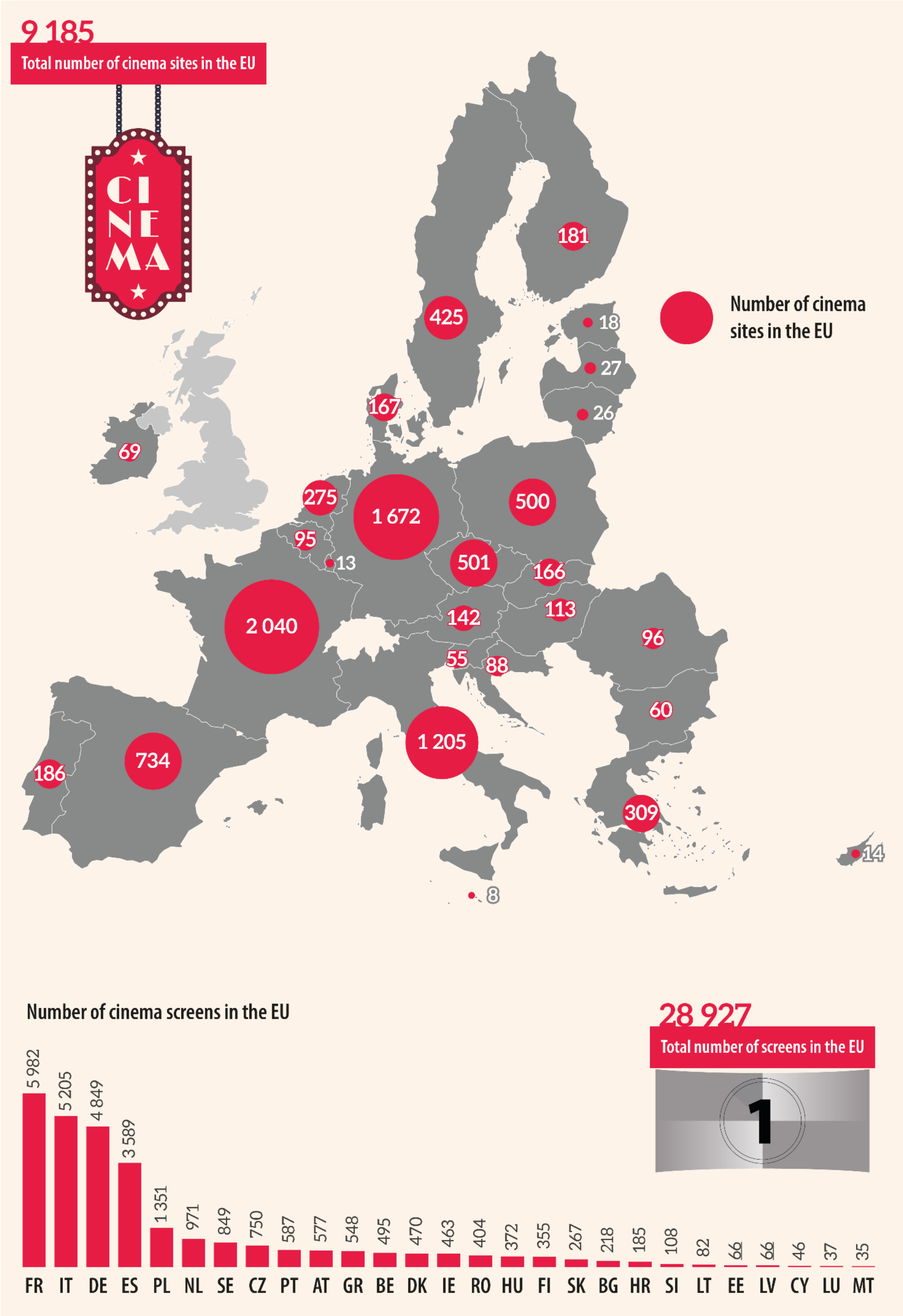
Similarly, production on Baz Luhrmann's Elvis Presley biographical drama has been suspended indefinitely, after co-star Tom Hanks and his wife tested positive for coronavirus. Likewise, much to the disappointment of its numerous fans, production company Hulu suspended the shooting of the Emmy Award-winning series, 'The Handmaid's Tale,' well into its fourth season. No new theatrically released films are scheduled until at least mid-June, with no specific timeframe being set for the reopening of US cinemas despite the publication of federal guidelines. Consequently, ComScore – the industry's box office tracker for North America – reported a domestic box office of US$54.7 million for the weekend of 13-15 March 2020 – a decline by 46 % from the previous weekend and by 60 % year-on-year, before temporarily suspending its reporting. It will be remembered as the lowest grossing weekend in 20 years. For reference, the box office on the weekend following 9/11 was US$54.5 million.

Cinema owners' stocks in the US take a plunge

The stocks of cinema owners have continued falling even though the global stock market has rebounded. The stocks of AMC and Cinemark – two of the biggest cinema chains in the US, totalling nearly 1 000 cinema sites and 13 000 screens nationwide – and the cinema advertising company National CineMedia, have all fallen by over 50 % since the beginning of March. The falls result from a combination of AMC closing its 47 cinemas in Italy and the lack of confidence in the market created by 'No Time to Die' having had its release date shifted. Cineworld – the second-biggest cinema chain in the world with 9 500 screens across nearly 800 sites in the US, UK, Ireland, Poland, Czechia, Slovakia, Hungary, Bulgaria, Romania and Israel – warned on 12 March, when multiple films had their releases pushed back, that extended disruption and continuing falling stock could cause the company to collapse.

The European film industry has not been spared either. The over 9 000 cinema sites across the EU (see Figure 1 below) started shutting down in mid-March, only to augment the shockwaves rippling across the entire value chain as a result of the travel bans and multiple film and TV shoot postponements. Recently suspended shoots in Europe include the BBC series 'Peaky Blinders', 'The Crown' (filming in Andorra), 'Mission Impossible 7' (shooting in Italy), 'The Last Duel' (rolling in Ireland), 'Envole-moi', Coda' and 'Les Tuches' in France, 'La Caza,' 'El Internado,' and 'La que se avecina' (in Spain). For now, the fate of cinema's most profitable months remains unknown, given the box office damage the pandemic has caused. In Italy alone, one of the hardest hit EU countries, box office revenue dropped by over 1 100 % between January and March. If the coronavirus impact stretches over more months (as many reports now suggest), it could work its way up the value chain to the production of content. Should this happen, it would arguably take many months to return to the pre-crisis situation.

Figure 1 – Cinema sites and cinema screens in the EU-27, 2018



Source: European Audiovisual Observatory, 2018.

Keeping the film industry alive

An appeal from the European Producers Club

In a Europe-wide move, the Paris-based European Producers Club (EPC), one of the continent's most prestigious industry associations, has been quick to call on national governments and the EU to implement a 10-point rescue plan for the EU's film and TV industries.

Crucially, the industry is essentially made up of small companies employing creative and technical freelancers, which makes it particularly vulnerable in the face of the pandemic. The domino effect of the lockdown has shut down cinemas, frozen hundreds of projects in the shooting phase, disrupted cash flows and brought production companies to the brink of bankruptcy.

How to respond to the thousands of layoffs already hitting the huge gig-economy film industry?

According to an action plan drawn up by the EPC, the top priority should be to allow the industry to react to the explosion of video-on-demand (VOD) as Europe looks set to spend the next weeks or even months in self-isolation lockdown. Current regulations follow a 'window-release chronology' requiring that feature films are rolled out first in cinemas in their country of origin, and only then, months after their theatrical release, by platforms and broadcasters.

Similarly, the EPC is appealing for funding bodies, public broadcasters and over-the-top media players (delivering audiovisual content via the internet) to ramp up development funding in order to prepare for a quick industry bounce-back in the aftermath of the pandemic.

The action plan also suggests applying various measures to cushion the economic shock produced by the pandemic, such as deferring payments of taxes and social security related to production shoots, as well as creating emergency funds to cover the costs of production shutdowns and payments to freelance personnel. Finally, the EPC calls on governments to underwrite insurance claims made by companies for suspended film shootings.

Controversy on 'breaking the theatrical window'

The industry seems divided on the issue of theatrical windows. Reacting to the EPC's appeal, the International Union of Cinemas (UNIC) has warned against using the crisis to 'break the theatrical window' and release films directly via VOD or home entertainment.

The UNIC – representing major independent cinema chains and national cinema associations in Europe – has called on distributors not 'to seek short-term financial gains at the expense of the sector as a whole', arguing the move would not be 'in the interest of either the sector or audiences' and anticipating that 'the overwhelming majority of films, which have been delayed by the current difficulties, will be rescheduled for cinema release as life returns to normal'.

The grouping has instead encouraged its members to seek government support and praised EU initiatives, such as the Temporary Framework for State aid, allowing direct grants, state-guaranteed loans and other forms of aid for companies hit by the coronavirus crisis (see next sections).

National support measures

Over the past few weeks, governments and national film and audiovisual funds across the EU have been scrambling to limit and/or mitigate the economic impact of the pandemic through both general blanket measures and/or specific industry-related funds and grants. Indeed, the various national and pan-European film bodies have been busy streamlining their internal functioning and procedures, adjusting existing schemes or setting up new ones to continue operating and providing (financial) support, introducing more flexibility and addressing the difficulties the audiovisual industry is already facing.

These actions seem particularly important in light of the fact that in 2016, the majority of the workforce (79 %) engaged in motion picture, video and television programme production, sound recording and music publishing activities, was employed by SMEs and over one third (37 %) by micro enterprises, with 90 % of SMEs being severely hit by the pandemic crisis. What is more, in 2018, the share of the self-employed in the cultural sector (33 %) was nearly twice the average rate in the EU (14 %). Going into further detail, nearly half (48 %) of the over 2 million artists and writers in the EU-28 are self-employed, a proportion over three times higher than that in total employment, which demonstrates the extreme lack of job security in the sector.

The following sections offer a brief overview of national support measures in the main EU film markets.

France

The French government was quick to introduce various general economic support measures aiming to alleviate the burden felt in particular by SMEs and the self-employed. Among these are:

- extended deadlines for payment of social security and/or tax;
- deferred payments of rent, water, gas and electricity bills;
- a one-off aid of up to €1 500 (Solidarity Fund);
- treasury support of up to €300 billion to guarantee company liquidity;
- support from the State and the Bank of France for the rescheduling of bank loans;
- a simplified and strengthened partial unemployment scheme.

Specific schemes targeting the French film sector include exceptional measures to support 'intermittent' workers (i.e. freelance performers and technicians) and employees in the cultural sector. The national cinema body – CNC – has accelerated the payment of the 'Art et Essai' grants for the 1 200 arthouse cinema establishments, suspended the tax on cinema admissions for March, and introduced selective support to distribution companies.

In addition, the French government has approved a temporary measure allowing the CNC to shorten the VOD windows for films on release as cinemas across the country have gone into lockdown mode. Decisions on windowing would be made on a case-by-case basis for the duration of the pandemic only.

French regulations require a four-month window between a theatrical release and a premium VOD or home entertainment release for films drawing more than 100 000 admissions, and a three-month window for releases with fewer than 100 000 admissions. However, the new temporary measures do not change the windowing rules for streaming services. Films that are released theatrically in France still have to wait 36 months, or three full years, before they can be made available on subscription VOD (SVOD) platforms such as Netflix and Amazon Prime.

The National Federation of French Cinema against breaking the theatrical window

While acknowledging that the film industry is facing exceptional challenges, in a letter addressed to the French Minister of Culture, Franck Riester, French cinema owners feared that breaking the theatrical window in addition to the national cinema shutdowns could further damage their business model.

Indeed, the entire French film industry is rooted in the theatrical model. A tax levied on each cinema ticket sold is subsequently used to fund state-backed French films. The strict release windows are thus seen as a guarantee for the preservation and the protection of cinemas from online competition. However, with the general lockdown, cinemas are facing bankruptcy and distributors run the risk of not generating any revenue from films for which they have already done upfront marketing.

Germany

The federal government has announced a host of measures in favour of the cultural sector, committing to making additional funds available as emergency aid. It has notably approved an aid package for self-employed persons and small businesses, entitling them to a working capital subsidy of €9 000 for a period of three months.

For its part, the German Federal Film Board (FFA) unveiled a series of measures aimed at providing financial relief to producers and distributors. In addition to securing the funding that has already been granted, Germany's federal and state film subsidy bodies have agreed on the creation of a €15 million emergency fund to help producers, distributors and arthouse cinemas sustain the economic effect of the pandemic. German film boards have notably set aside €10 million in emergency aid for production companies with state-backed projects that have seen shooting cancelled or delayed due to the pandemic. A further €3 million will help support German distributors that are unable to release titles during the crisis.

The FFA, as well as the regional financing bodies and other national cultural funding groups, have pledged to suspend the repayment of state-backed loans extended to producers, distributors or cinemas for the duration of the crisis. Individual state bodies have committed to helping arthouse cinemas with immediate funding or to redirecting planned funding to serve as immediate support to cinemas.

As in the case of France, the FFA has sparked a controversy by encouraging cinemas to be more flexible when it comes to theatrical windowing of feature films. The FFA has notably called on industry players to 'exhaust the legal possibilities' for shortening or breaking the theatrical window, noting that German law allows exceptions to the windowing rules on a case-by-case basis. FFA-subsidised films can be made available on VOD only six months after the theatrical release. However, films that do not receive subsidies are exempt from the rules.

Spain

The coronavirus emergency scheme of the Spanish government, with a total budget of €20 billion, aims to improve the economic liquidity of companies in all economic sectors, including the audiovisual one.

More specifically, during the coronavirus-induced state of emergency, companies can suspend employees' contracts or shorten their working hours. In such cases, employees get to keep their unemployment benefits, even at times when they do not comply with the mandatory minimum contributory period. The time they spend using such benefits will not be taken into account.

Once companies restart their operations, in the case of temporary contracts (notably in the film and audiovisual industry where employment is highly seasonal in nature), the commitment to keep someone in employment will not be considered breached when the contract finishes due to the expiration of the agreed time or the performance of the work or service (which usually happens in film shoots).

Measures aimed at the self-employed entitle freelancers who suspend their activity or face a 75 % loss of their income to an extraordinary benefit equal to 70 % of their unemployment contribution exempt of social security payments.

Finally, the Spanish Film and Audiovisual Arts Institute (ICAA) is streamlining pending payments and maintains the planned 2020 aid lines, while also adapting them to the new circumstances.

Italy

To support film professionals and businesses hit by the pandemic, the Italian government has approved a series of extraordinary measures worth a total of €130 million. Additional funding includes:

- €100 million in tax credit measures;
- €100 million facilitating investments in new or renovated cinemas;
- €10 million to support arthouse cinemas;
- aid to entertainment workers with no other source of income;
- vouchers replacing cinema ticket refunds;
- release of funds previously frozen;
- post-emergency internationalisation campaigns;
- revision of media chronology rules.

EU response

European Commission

In spite of its limited powers in terms of health and cultural policy, the EU has acted promptly to limit the spread of the virus and help EU countries withstand the social and economic impact of the coronavirus.

To assist national governments in supporting their economies, the Commission has adopted a comprehensive economic response, including notably the adoption of a Temporary Framework allowing them to derogate from State aid rules at least until December 2020. The proposed framework authorises four types of aid:

- **a direct grant or tax advantage**, allowing EU countries to set up grant schemes for companies for up to €800 000;
- **subsidised guarantees on bank loans**, authorising EU countries to grant State guarantees or set up guarantee schemes supporting bank loans taken out by companies;
- **subsidised interest rates**, offered by EU countries to enable public and private loans with a fixed base rate to provide more certainty for companies in the current volatile context;
- **aid to the real economy via banks**, underscoring that, if EU countries decide to channel economic aid via banks, this should take the form of direct aid to the banks' customers, not to the banks themselves.

In addition, the European Commission has presented a proposal for a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE), intended to help protect jobs and individuals from the effects of the coronavirus pandemic. Through this instrument, the EU will grant loans worth up to €100 billion in total to its Member States on favourable terms. These loans will help EU countries to cover the costs directly related to the creation or extension of the scope of national short-time work schemes and other similar measures they have put in place for the self-employed as a response to the pandemic.

Short-time work schemes in the EU

Short-time work schemes are arrangements that under certain circumstances allow firms experiencing economic difficulties to temporarily reduce the hours worked by their employees, who receive public income compensation for the hours not worked. Similar schemes involve income replacement for the self-employed. A majority of EU countries have such schemes. However, considerable institutional variation exists in terms of coverage, types of income support, level of wage compensation, and application procedures:

- Austria, Belgium, Germany, France, Italy, Luxembourg, Portugal and Sweden have relatively large short-time work schemes and conditions for access to them have been temporarily eased and/or broadened;
- Hungary and Latvia have relatively well-established schemes;
- in Denmark, Ireland, Finland and Spain support under the short-time working schemes is provided through 'partial unemployment benefits'.

Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Latvia, Malta, the Netherlands, Poland, Romania, Slovakia and Slovenia have been introducing temporary emergency measures to avoid dismissals and grant support to workers and companies.

Council of the EU

Additional measures specifically targeting the cultural and creative sectors were put forward on 8 April 2020, following a regular meeting of the EU Member States' culture ministers. Mariya Gabriel, Commissioner for Innovation, Research, Culture, Education and Youth, announced the European Commission was currently examining the possibility of introducing changes to the guarantee facility under Creative Europe – the EU programme supporting the cultural and the audiovisual sectors.

This was also an opportunity for the Commissioner to recall that discussions on the EU budget for culture within the 2021-2027 multiannual financial framework were still blocked.

Concrete measures emanating from the Creative Europe programme to address the current situation include:

- an extension of the deadlines for current projects;
- clear instructions for Creative Europe's managers on the use of the 'force majeure' clause;
- special measures for film, with an additional allocation of €5 million in the form of vouchers for the most affected branches;
- support schemes for virtual and digital mobility, in particular through a new call for proposals for €2 million to be launched in early May.

Commissioner Gabriel also highlighted the social media campaign #CreativeEuropeAtHome aimed at promoting work created by beneficiaries of the Creative Europe Programme.

European Parliament

The European legislator has contributed to anti-pandemic efforts by approving the Coronavirus Response Investment Initiative (CRII) – unlocking €37 billion through the Structural Funds, and a complementary set of measures – CRII+ – in support, inter alia, of SMEs and employment schemes.

Commenting on the approval of the measures, Sabine Verheyen (EPP, Germany), chair of Parliament's Committee on Culture and Education, has insisted that EU governments must ensure the new funds 'reach [the] creative sectors immediately', thus reiterating an earlier call from 17 March, in which she prompted EU countries to 'do whatever they can' and saluted 'the incredible response from the sector' in making performances available online for free.

In an internal note of 7 April 2020, setting out initial action in response to the impact of the coronavirus pandemic on culture and education, the committee underscored the importance of mobilising additional financial resources to support efforts at national level. Against this background, the committee suggested exploring three complementary paths allowing to pool available EU resources and channel them through Creative Europe:

- The Cultural and Creative Sectors Guarantee Facility under Creative Europe can help address the cash flow problems of small creative companies. The facility is operational under Creative Europe until the end of 2020, after which equivalent loan options will be provided under InvestEU (2021-2027). However, the committee considers an extension of the existing programme inevitable under the present circumstances.

  The facility could, in this case, be topped up in two possible ways. Firstly, it could be reinforced directly through an increase in the Creative Europe budget, which nonetheless seems unlikely to yield enough additional resources. More crucially, as already mentioned, negotiations on the Creative Europe budget have been in deadlock since December 2019, with the Council opposing any future increases. Alternatively, the facility could receive additional funding through the European Fund for Strategic Investments (EFSI) set up under the Investment Plan for Europe. The latest EFSI top-up in 2018 fed some €60 million into the facility; a similar cash injection could be envisaged again.
- Typically, EFSI provides SMEs access to finance in situations of market failures or suboptimal investment conditions, as is currently the case. Even though EFSI support to the cultural and creative industries has so far been weak, the Commission could work with the European Investment Fund (EIF) to try and improve the level of direct support to these industries.
- Through its regular lending operations, the EIF gives SMEs access to credit and finance. Again, the Commission could work closely with the EIF to ensure that support is channelled to the cultural and creative industries through an ad hoc financial instrument.

Film festivals moving online

With its line-up of premieres, the spring film festival season would have been in full swing by now, if the pandemic had not forced organisers to postpone or cancel their planned events. While larger festivals may be able to weather this blow and get back in shape for their next year's edition, many mid-size and smaller festivals will likely be unable to forgo the ticket and sponsorship revenue they depend on to sustain their organisations. To keep the spirit alive, even in a scaled-down way, a number of festivals have decided to go online.

After spending an entire year preparing for the 25th Vilnius International Film Festival (19 March – 2 April), its organisers had just 168 hours to adapt and accomplish what seemed like an impossible task – launching it in fully digital format. Similarly, the Copenhagen-based CPH:DOX (18-29 March), one of the biggest documentary film festivals in the world, also successfully rolled out a digital version.

In a 'Cannes do' positive spirit, the organisers of the much-awaited Cannes Film Festival (12–23 May) have already started setting up a 'virtual market' on the assumption that there would be a cancellation. More drastically, Germany's Munich Film Festival (22 June – 1 July) chose to cancel the event, rather than postpone it or go digital, a decision prompted among other things by concerns about streaming rights and the costs of putting on a digital edition.

Indeed, not all filmmakers are willing to migrate online. Director Alex Winter pulled his documentary 'Zappa,' about rock legend Frank Zappa, out of both the SXSW (see below) and CPH:DOX, rather than let the festivals stream his latest work. While film festivals have traditionally well-established mechanisms for film rights and financing, it remains unclear what happens when a film streams on a festival website.

In an unprecedented move, some festivals have even joined forces with VOD providers to offer filmmakers a virtual space on which to share their work and passion with audiences that otherwise might not have had the chance to see them. The influential Austin-based SXSW (13-22 March) lived on thanks to Amazon Prime Video, which offered to host the online festival and lifted its paywall in the US during the event. Filmmakers who chose to participate received a screening fee for streaming their films over the 10-day period.

Quite impressively, the Environmental Film Festival (17-31 March), held in Washington DC, rolled out an expanded digital version of its programme: viewers received links and passwords to all protected pages. However, the festival organisers warned that third-party video providers – such as Netflix, Amazon and Hulu – may require viewers to have an account with them or pay for access to their content.

Applying a more unique approach, the Ann Arbor Film Festival (24-29 March), North America's oldest festival for avant-garde and experimental cinema, livestreamed its entire programme. In doing so, it attempted to capture and reproduce a 'true' movie-going atmosphere despite the broadcast format. The fact that viewers had to tune in or miss out on the one-off live stream created a unique experience instead of making a series of films temporarily available on a specific platform.

Founded by Robert De Niro in the wake of 9/11 to breathe life into New York City's devastated downtown, the Tribeca Film Festival (25 April – 3 May) was (quite unsurprisingly) slated to stay the course in the face of the coronavirus crisis. Besides rolling out a daily short film, the festival will be presenting a modified version of its 2020 edition online, including the Tribeca Immersive Cinema360 programme, featuring 15 virtual reality films available for home viewing in partnership with Facebook's Oculus.

Two major Canadian film festivals have gone digital too. The Toronto International Film Festival (4-14 September) recently launched its Stay-at-Home Cinema series, providing a way for communal cinema-going to continue thriving. Similarly, the Toronto InsideOut LGBTQ+ Film Festival (21-31 May), which has been postponed until October 2020, will be presenting key initiatives in an online format.

Finally, there is a new online-only film festival inspired by people's need to practise social distancing. Talking Shorts, an internet magazine devoted to short films, has organised the first (and hopefully last) My Darling Quarantine Online Film Festival. Every week during the quarantine, the site presents seven short films focusing on 'dystopia' and selected by the international short film community.

Viewers can also vote for their favourite film or take part in a fundraising campaign to support Médecins sans Frontières and cultural workers affected by the pandemic.

Home video and streaming services: A solution or a threat?

How and where consumers watch films has been undergoing a significant transformation of late. The emergence of Netflix, Amazon Prime and Hulu and their ramped-up production of original streaming content, including feature films, has helped digital media to become established as a source of revenue both in the US and globally. The coronavirus crisis has added unexpected impetus to this process: a number of streaming companies have released new programming and are currently offering free options for those spending more time at home. Similarly, major studios have been releasing films to home video earlier than expected.

NBCUniversal and Sony Pictures have already begun experimenting with on-demand releases for new titles such as 'The Invisible Man', 'The Hunt' and 'Emma'. Likewise, Disney has announced it would be releasing its Pixar-animated film 'Onward' directly on the studio's Disney+ SVOD platform due to coronavirus concerns.

A handful of similar moves have been noticeable among independent distributors in the EU. Polish distributor Kino Swiat made 'The Hater' available on VOD 12 days after its premiere, while its Munich-based counterpart X Verleih opted for a direct-to-VOD launch in Germany for 'Isadora's Children'.

Streaming services to the rescue of the film industry

The German box-office hit – the 'Kangaroo Chronicles' – which earned over €4.6 million in its initial release in the country, was number one in the German charts when the pandemic struck. Distributor X Verleih released the 'Kangaroo Chronicles' on 2 April 2020 on VOD, making it available for streaming for €16.99. The film will be the first to contribute 15 % of its VOD revenue to a recently created emergency fund to help out cinemas hit by the coronavirus shutdown. AG Kino and HDF Kino, two national associations representing German cinema owners, will handle the fund.

Similarly, Netflix has set up a US$100 million relief fund for film industry workers. A substantial part of the fund will support hard-hit crews on Netflix's own productions around the world, on top of the two weeks' pay the company already agreed to pay the cast and crew on suspended productions. Electricians, carpenters, and drivers, who are largely paid hourly wages and work on a project-to-project basis, are among the beneficiaries. The fund will grant US$15 million to third parties and non-profit organisations providing emergency relief to out-of-work crew and cast in the countries where Netflix has a large production base. Film institutes in Spain, Italy, the Netherlands and the UK have already announced the creation of emergency funds established with a €1million donation from Netflix in each country.

These moves have, however, quickly prompted questions about the wider industry implications. Is Universal's bold decision a temporary solution, given the lack of outdoor entertainment options, or is it, more worryingly, a glimpse of a nascent trend in which Hollywood studios choose to break the theatrical window in response to changing consumer demand? Perhaps even more importantly, will cinemas fill up again when the pandemic is over?

Will film fans ever want to go back to the cinema?

Nothing is more uncertain. In late March, over 600 cinemas in China were allowed to re-open, only to close down again a week later on government orders. Commenting on China's debacle, industry experts have argued that the country had re-opened its cinemas too soon after the pandemic had started, claiming the two-month window between January and March was 'too tight' for audiences to start coming back. In the US, cinemas are expected to re-open in mid-June, but professionals are already wondering whether the three-month window will be enough to reassure cinemagoers, especially given the fact that the US has surpassed China in terms of its confirmed coronavirus cases by far. Indeed, the results of a poll conducted among 1 000 Americans revealed that for 49 % of the participants it would take 'a few months' to 'possibly never' to return to the cinema. Only 15 % of respondents claimed they would go to the cinema more often than they did before the pandemic, and 58 % said their attendance levels would not change.

As the pandemic wears on, it is becoming clearer that a substantial transformation is taking place: a shift away from cinema and television as we knew them, to the age of streaming. Data from the US

(Nielsen TV ratings) show that the amount of time spent on streaming platforms from 16 to 22 March increased by 34 % to 156 billion minutes, thus more than doubling compared to the same week in 2019.

Netflix claimed the biggest share of the pie, with nearly one third of the time (29 %), followed by YouTube (20 %), Hulu (10 %) and Amazon (9 %). A similar trend was visible in the EU where during the same period, the amount of time people spent streaming spiked by more than 40 % in Austria and Spain and more than 30 % in Germany, to the point that Netflix, YouTube and Amazon Prime took the unprecedented step of reducing picture quality in the EU to ease pressure on broadband networks, in response to calls from the European Commission.

Interestingly, experts claim the pandemic will allow studios to test the amount of revenue they can expect from early releases of certain titles and put them in a better position when negotiating with the major cinema chains. Universal is charging US$19.99 for the rental of 'Emma', 'The Hunt' and 'The Invisible Man' for 48 hours, which, in spite of seeming high for a digital rental, is substantially lower than the cost of taking the whole family to the cinema.

In contrast, other analysts are sceptical about whether Universal's rentals could generate sufficient sales to offset their investments. That is arguably why the company has delayed the global release of its latest 'Fast & Furious' franchise by nearly a year rather than putting it directly on iTunes, Amazon and Vudu. Similarly, industry insiders consider it less likely that an adequate number of households would choose to pay US$20 for a recently released film while Netflix and Disney+ offer a wide choice at no additional cost. At best, the move may help studios identify the cases in which the new model might work financially.

More generally, a 2020 OECD study evaluating the potential initial impact of partial or complete shutdowns on private consumption in some G-7 economies, has estimated that spending on recreation and culture has declined by three quarters, dropping by almost 10 % in the UK, 7 % in Germany and the US, 6 % in Canada, France and Japan, and 5 % in Italy. With potentially large numbers of people out of work and their disposable income substantially lower, cultural expenditure risks being pushed down the priority list once the confinement is over.

In any case, with the pandemic still raging globally, it is too early to evaluate either the financial impact or the new trends and models that might crop up as an (unexpected) consequence of the various mitigation measures in place. One thing is certain, as more countries adopt social distancing, viewers' migration to digital media will continue increasing at a fast pace.

FURTHER READING

European Audiovisual Observatory, COVID-19 audiovisual sector measures, data-tracking project, March 2020.

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