A EUROPEAN AUDIO-VISUAL AREA FOR THE AGE OF GLOBAL ENTERTAINMENT

The year 2020, tragically affected by the COVID-19 pandemic, saw a transformation not only of the way we work but also of how we entertain ourselves. As outdoor and urban entertainment opportunities were shrinking, in-house screens and audio-visual creations have come front and centre in our day-to-day lives. In this high-stakes context, pre-existing trends in the transformation of the global audio-visual landscape are being strengthened.

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The pandemic crisis has accelerated the shift from linear television to streaming

Well-known free or paid television channels, mostly specific to each country, are now more and more complemented, and possibly substituted, by an increasing number of national and worldwide streaming services that provide access to nearly infinite audio-visual creations and shows. Audio-visual streaming has become a central element of the new digital economy, challenging the capabilities and strategies of all involved actors, including telecommunications network operators, at a global level. International broadcast and streaming services, either independent or associated with national television and film industries, compete aggressively with one another.[1] They establish complex relationships with network operators and social media platforms, putting into play financial resources unheard of at national levels. Abundant financing for creation allows for ever more abundant catalogues. Notably, the leading streaming platforms, anxious to please local clienteles in their international extensions as well as to attract talent wherever it comes from, herald their diversity and provide welcome financial means for original cultural productions in different countries.[2] As their distribution technically relies on ever stronger worldwide transborder electronic networks, and as they put in place powerful marketing channels, it is possible to establish an international footprint in a matter of months

A "European audio-visual area": Promoting European artistic creations in Europe and globally

What do we, in the European Union, make of these transformations, proud as we are of our creative capabilities, mores, and original cultures? How do we, as consumers and citizens, and how does our political and economic leadership con-

1 "Streaming services compete", Global Times, 22 March 2020, https://www.globaltimes.cn/content/1183359.shtml
2 S. Thomson, "Ampere: Netflix and Amazon going local but facing more competition", Digital TV Europe, 5 May 2000, https://www.digitaltveurope.com/2020/05/05/ampere-netflix-and-amazon-going-local-but-facing-more-competition/

sider the propositions of streaming services originating from America (Netflix, Amazon, Apple, Warner Media, Disney)? What do we make of our strong continental creative focus? Our policies often refer to the need for cultural "diversity", but shouldn't we be even more ambitious and look at how artistic films and TV shows can take advantage of the current transformation in technology and business models to play an even larger role in our shared civilisation in Europe and beyond?

At the EU institutional level, the issue is whether we intend to restrictively interpret the objective of cultural diversity, sticking to Kultur defined by local creations, or go beyond it and contribute to a Bildung, a construction process for Europe.

This is a question for both EU institutions and EU audio-visual actors. At the EU institutional level, the issue is whether we intend to restrictively interpret the objective of cultural diversity, sticking to Kultur defined by local creations, or go beyond it and contribute to a Bildung, a construction process for Europe. At an industry level, we are dealing with artistic realities whose nature is not easily defined in simplistic terms. Local cultures, so numerous and diverse in Europe, have universal appeal; and there is no universal or European culture without them. We should also keep in mind that political or administrative intervention in artistic creation is not without risks; the challenge for the European Commission Media and Audio-visual Action Plan consultation, just launched in 2021, is maintaining a realistic path.

If we think about options for EU audio-visual industry strategies, this is the bottom line. Local cultural actors in the EU can put forward the cultural diversity objective to get public funding for the preservation of their domestic markets, maintaining geo-blocking and the existing fragmented copyright protection framework.[3] Or they can aim to go beyond diversity, leverage the intrinsic universal appeal of artistic creation, and take the plunge from national diversity to pan-European and global objectives while simultaneously meeting the big international streaming services which are doing just that.

For decades, many countries around the world have embodied cultural diversity and created great cinema and television with stories and messages echoing beyond borders. Examples abound in Europe – from France, Italy, Germany, Great Britain, Scandinavia, and Poland – but also often feature the support of European producers themselves in Asia (India, China, South Korea, or Taiwan) or in Latin America (Argentina, Brazil, or Mexico). Those creative industries already enjoy international admiration and recognition. As powerful actors with global ambitions are now emerging on every continent, the scene becomes increasingly global. How can diverse actors extend their reach and benefit from the international communication networks supporting globalized streaming platforms over the Internet?

For a long time, "diversity" has been embodied in a tangle of instruments created to encourage and protect local creations: quotas, conditional financial aid, various obligations concerning exclusive content, and mergers and acquisitions restrictions. These measures, though their rationale should not be lost, must be amended in light of the new realities of the digital world.

The big question for audio-visual actors in Europe is how to aggressively confront and make the most of worldwide developments.

[3] The EU copyright legislation [policy], 17 March 2021, https://digital-strategy.ec.europa.eu/en/policies/copyright-legislation

Films, shows, and sports: Network operators' contribution to finances and market expansion

Although we focus here on confronting the challenges of technological and market transformation, we are aware that several complex business models are in place in this sector, all along a string of production and distribution activities. Creators in the audio-visual industry face a multi-channel reality with complementary activities as varied as theatre productions or linear TV, each one with its distinctive relationship to creative works. In this context, borderless electronic networks and the range of possible agreements between network operators and producers of films, shows, and sports programmes present a historic opportunity for market expansion and the development of cultural diversity at the international level. Network operators provide 100% consumer access, bundle services, and collect fees across Europe.

> Telecommunications and broadcasting industries in Europe, have long been segregated in silos

However, telecommunications and broadcasting industries in Europe, have long been segregated in silos, as regulatory hurdles combined with differences in management cultures have made companies reluctant to integrate across different skill sets and assets. But as streaming services today are offered either directly to the public or as part of telecommunications operator offerings, audio-visual content is indeed the major growth factor for network operators in their promotion of converged voice and data services.

In Germany, Deutsche Telekom (DT) has chosen a content aggregator strategy rather than that of an exclusive media rights-holder.[4] It has signed deals with other companies, including Netflix and Amazon Prime Video. As German broadcasters have been making significant investments in high-quality content, DT is possibly wary of gaps in the management cultures between engineers and content creators. Conversely in the UK, BT has pursued a content acquisition strategy.[5] It grabbed the Champions League from Sky, spending £4.8 billion ($6.1 billion) for the rights to the English Premier League, the Champions League, and Europa League. It currently spends more than £700 million per year on international and domestic football. The competition has increased, with e-commerce giant Amazon winning a three-year broadcasting package for the Premier League, while Sky would like to use the Champions League to boost its NOW TV streaming service. Joint broadcast venture BritBox has been pitched as a cheaper additional streaming service for consumers who already subscribe to Netflix with a focus on providing thousands of hours of archive material and classic box sets by the two broadcasters. What was launched in 2017 as a platform showcasing the best of British content in the US and Canada is now Britain's new weapon in the streaming wars.

After the 2017 Vivendi/Telecom Italia/Mediaset project for a "Netflix of Southern Europe" was put on the back burner, the Vodafone/Liberty deal[6] in May 2018 represented a significant catalyst for the sector in Europe, potentially paving the way for consolidation across the continent in line with this business model. Similar deals have

[4] "Deutsche Telecom aims to be 'content aggregator' with new TV platform", Digital TV Europe, 10 August 2015, https://www.digitaltveurope.com/2015/08/10/deutsche-telekom-aims-to-be-content-aggregator-with-new-tv-platform/
[5] R. Gee, "Three Ways the BT brand is evolving its strategy for growth", Marketing Week, 5 May 2016, https://www.marketingweek.com/three-ways-the-bt-brand-is-evolving-its-strategy-for-growth/
[6] T. S. & J. Mayes, "Vodafone's $22 Billion Liberty Deal Reshapes Europe Telecom", Bloomberg, 9 May 2018, https://www.bloomberg.com/news/articles/2018-05-09/vodafone-to-buy-liberty-global-europe-units-in-23-billion-deal

involved all European operators: BT, DT, Orange, Altice, Free, Telefonica, etc. In September 2019, Italy-based Mediaset announced the establishment of a European-wide media Group, MFE,[7] based in the Netherlands, including its entirely Italian- and Spanish-owned TV companies and its stake in German ProsiebenSat1. In Sweden, telecommunications operator Telia has acquired the national market leader Bonnier broadcasting.[8]

Meanwhile, the European Public Service Broadcasters have joined forces at national and also European levels. RAI, for example, teamed up with France Télévisions and German ZDF in an alliance for the co-production of content for the three public television services of Italy, France, and Germany.[9] Franco-German ARTE is asserting its European ambition by offering programs in six languages, often without copyright limitations in Europe, unlike most other offerings.

In France, the three largest French broadcasters – France TV, M6, and TF1 – operate joint online video platform Salto, which launched in 2020.[10] Public-service broadcaster France Télévisions plans to stop selling shows to Netflix so it can preserve exclusivity for its own home-grown equivalent, thus keeping French and European content strong. France has been a firm proponent of cultural diversity policies, with tax breaks and quotas to incentivize local players, contributing at the beginning to Netflix being a slower burn there than in the UK or the Nordics. In theory, not working with Netflix might allow French broadcasters, which back around 75% of audio-visual creation in France, to maintain a strong foothold by having more market leverage. Still, in the French TV industry, where budgets and revenues have fallen flat, Netflix has been welcomed by producers and broadcasters for bringing more money to the sector.[11]

European audio-visual markets have remained largely domestic… for the moment

European creative industries are already producing shows that are very popular in each country of origin, with an audience significantly higher than the American one.[12] Thanks to the Internet and new streaming services, potential global demand is growing. The new worldwide digital platforms present a unique opportunity for Europeans to expand outside their borders. This cultural dimension will become increasingly important for Europe in the future. The European Commission has taken initiative to support these evolutions. The MEDIA programme, part of the Creative Europe programme, promotes audio-visual creation, distribution, and cross-European projects.[13] In addition, the European Commission adopted an Action Plan in December 2020 to support the recovery and transformation of the media and audio-visual sector.[14] The Action Plan focuses on areas of activity and concrete actions "to help the media sector recover from the crisis by facilitating and broadening access to finance, transform by stimulating investments to embrace the twin digital and green transitions, while ensuring the sector's future resilience, and empower European citizens and companies." The Action Plan aims in particular to increase investment in the audio-visual industry via a new initiative, MEDIA INVEST, with investments of €400 million over a seven-year period.

7 E. Pollina, "Mediaset gets approval for pan-European plan, Vivendi to fight back", Reuters, 4 September 2019, https://www.reuters.com/article/us-mediaset-vivendi-meeting-board-idUSKCN1VP0TM
8 "Mergers: Commission clears Telia's acquisition of Bonnier Broadcasting, subject to conditions" [press release], 12 November 2019, https://ec.europa.eu/commission/presscorner/detail/en/ip_19_6271
9 S. Thomson, "France Télévisions, Rai and ZDF team up to take on Netflix", Digital TV Europe, 4 May 2018, https://www.digitaltveurope.com/2018/05/04/france-televisions-rai-and-zdf-team-up-to-take-on-netflix/
10 R. Richford, "France's Netflix Competitor Set for 2020 Launch", Hollywood Reporter, 8 December 2019, https://www.hollywoodreporter.com/news/frances-netflix-competitor-salto-set-2020-launch-1230793
11 M. Goodfellow, "Has Netflix finally won France over?", Screen Daily, 24 January 2020, https://www.screendaily.com/features/has-netflix-finally-won-france-over/5146418.article
12 S. Scott, "'Call My Agent!': The French Hit Series on Netflix With Amazing Guest Stars", Forbes, 22 January 2021, https://www.forbes.com/sites/sheenascott/2021/01/22/call-my-agent-the-french-hit-series-on-netflix-with-amazing-guest-stars/?sh=915a34077698
13 "The MEDIA sub-programme of Creative Europe" [policy], 17 March 2021, https://ec.europa.eu/digital-single-market/en/media-sub-programme-creative-europe
14 "Digital Decade: Commission launches Action Plan to support recovery and transformation of the media and audiovisual sectors" [press release], 3 December 2020, https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2239

However, European Union budgets – €2.4 billion for Creative Europe over 2021-2027 and €400 million for Media Invest, plus 20% of each national Recovery and Resilience Plan for digital markets and services in general – pale in comparison to what is now at stake in the audio-visual industries, as Netflix alone spent $17.3 billion on content in 2020.[15]

A "European Netflix"?

Each time a new European streaming service, however modest, is launched, there is talk about a "European Netflix."[16] Facts must be sorted out from fantasies, however. These European versions of Netflix take on diverse shapes. There are minor (local, domestic) and less minor (multi-domestic, not really pan-European) versions. But we have to ask ourselves whether the "major" Netflix model is replicable in Europe or even if this is a goal realistically worth pursuing. As much as we hate to say this, until now it has been up to an independent company from outside Europe to create a Europe-wide streaming platform. European audio-visual actors have not been able overcome their rivalries, iron out institutional differences, and achieve the same goal.

Is there a future way towards a European Audio-visual Area? What European audio-visual landscape would realistically fit a renewed European Civilisation perspective, vested in European values, including openness, which is the vision promoted by the European Union?

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A "European audio-visual area" strategy mix in a global world of entertainment

Up until recently, Europeans had enjoyed only a few common shared events: the Eurovision song contest, European football championships, the Vienna New Year's Philharmonic concert. Now a new cultural reality is emerging with 58 million Netflix subscribers[17] and 100 original content productions underway in Europe, not to mention dubbing and subtitling in 34 languages – more than any EU public broadcaster. Thanks to Netflix, Casa de Papel and Lupin were projected as hits on the world scene, and in the fall of 2020, Europeans were briefly united in watching the Netflix original Barbarians. There are so many opportunities now for Europeans to get a common feeling…of being Europeans!

> "We cannot but ask ourselves for how long the European "bordered" release system of films will be sustainable.

The challenge for "diversity" creations is to go one step further and reach wider audiences beyond borders. The range of national film and television productions of single countries, combined with their limited marketing budgets, hobbles direct relationships between national operators and international audiences. As a consequence, what we can reasonably encourage in Europe at this time is a strategic mix of contributions to global streaming platforms, quality offerings at national levels, some multi-domestic offerings, and streaming services pooling the private and public creations of broadcasters. And we cannot rule out the fact that, from the current alphabet soup of some 400 streaming services in Europe, competition and consolidation will bring about

[15] T. Spangler, "Netflix Projected to Spend More Than $17 Billion on Content in 2020", Variety, 16 January 2020, https://variety.com/2020/digital/news/netflix-2020-content-spending-17-billion-1203469237/
[16] A. Font, "5 European Netflix alternatives to watch", EU Startups, 20 April 2020, https://www.eu-startups.com/2020/04/5-european-netflix-alternatives-to-watch/
[17] "Number of Netflix subscribers in Europe from 2018 to 2024", Statista, 12 January 2021, https://www.statista.com/statistics/713055/netflix-subscribers-in-europe/
[18] John Elkington, "People, Planet, Profit", 4 June 2008, available at: https://johnelkington.com/2008/06/people-planet-profit/

the emergence of some streaming world leaders. But the still nagging issue for Europe is the transformation of our so admirably diverse film and TV industry into a European audio-visual area, open both within and beyond Europe. What can be done for European creative productions so that they reach European citizens across European borders and beyond, and how can they achieve the continental scale their counterparts across the Atlantic enjoy?

The European Commission, as part of its upcoming Media and Audio-visual Action Plan, is "launching a dialogue with the audiovisual industry to agree on concrete steps to improve the access to and availability of audiovisual content across the EU". Possible suggestions will certainly emanate from the industry, academics, and the EU itself, including:

1. Provide incentives in national and EU support mechanisms for the pre-sale of future distribution rights across the EU;
2. Create a unified European digital rights framework, possibly in the form of a digital rights Clearing House, allowing pan-European access to audio-visual creations;
3. Strengthen film and TV export agencies and possibly merge them;
4. Promote cooperation and exchange agreements with audio-visual streaming services in other diversity countries;
5. Include support for distributing audio-visual content in Europe and abroad in the 20% 'digital' expenditure from each National Recovery and Resilience Plan.

Many more ideas are needed for the audio-visual digital transformation in Europe to fulfil its promises to its citizens. It is high time to think outside the box.

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