



ECONOMIC ANALYSIS OF THE FRENCH AUDIOVISUAL INDUSTRY

*MAIN TRENDS AND FOCUS ON THE COSTS
OF HIGH-END FICTION IN FRANCE.*

MIPTV-17 April 2023



01

AGENDA

/ 7th edition

/ SECTION 1 : main learnings from the annual tracker

/ SECTION 2 : focus on production costs

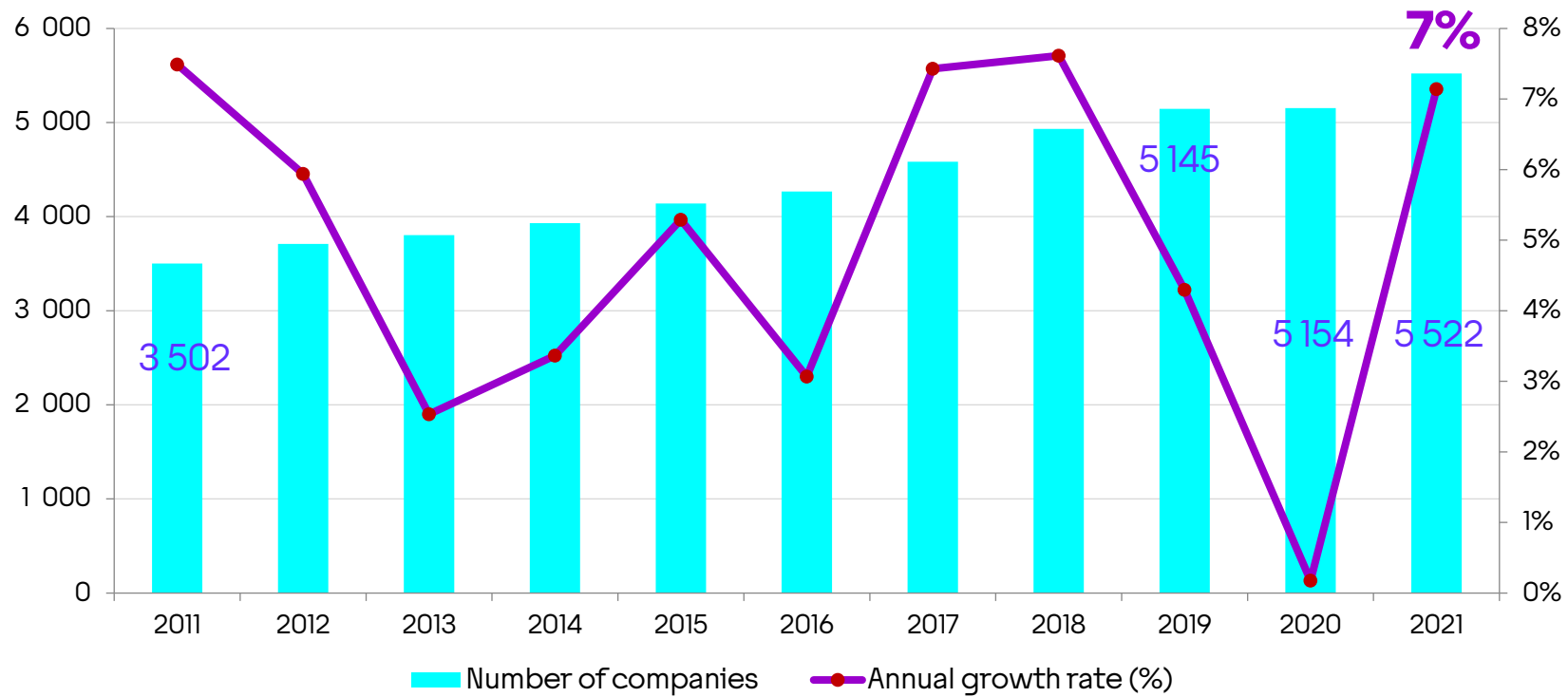
- 18 hearings from September to October 2022 : representatives of companies and professional organisations, channel publishers, SMAD.
- CNC data on fiction production.
- An online survey of USPA and SPI member production companies (30 respondents).

02

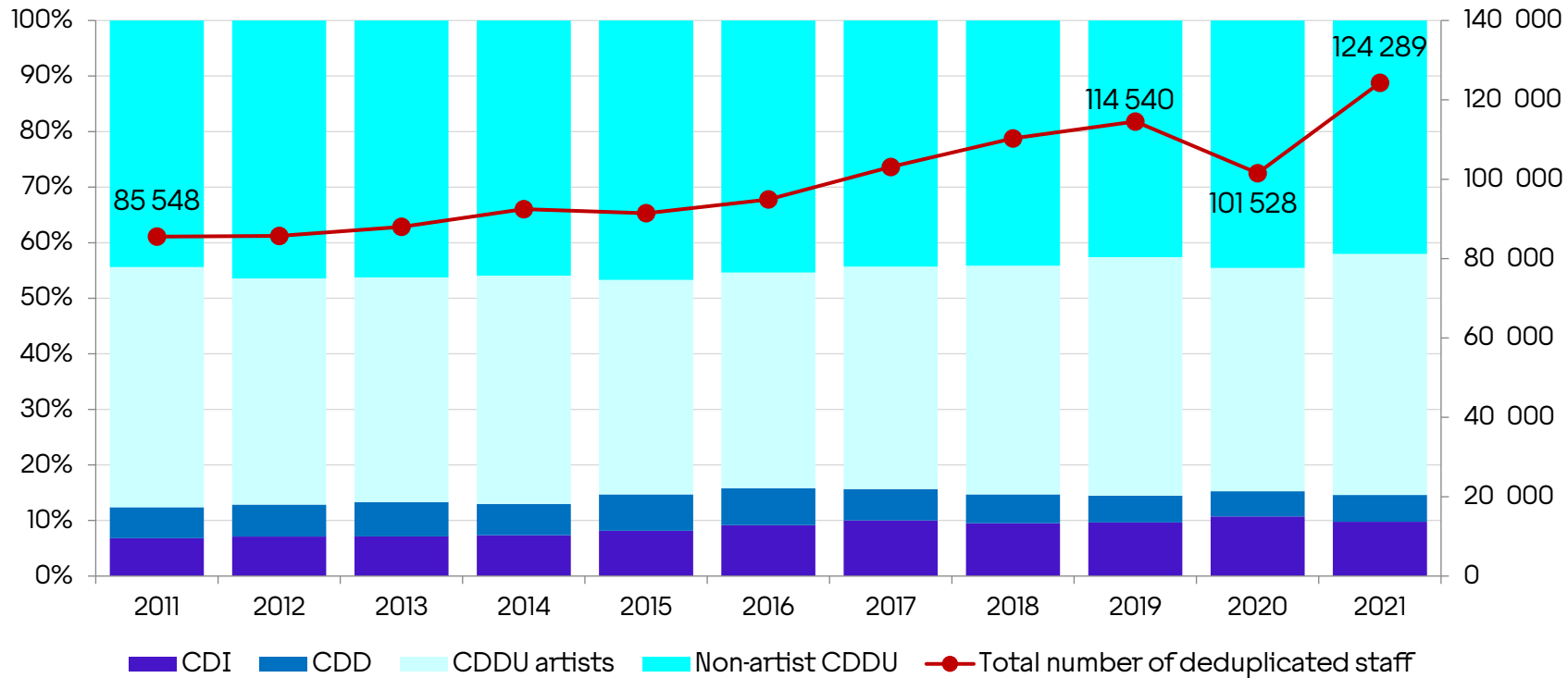
STATE OF PLAY

Soon after the health crisis, the audiovisual production industry showed encouraging signs of recovery

The number of production companies grew by +7% (2021 vs. 2020)

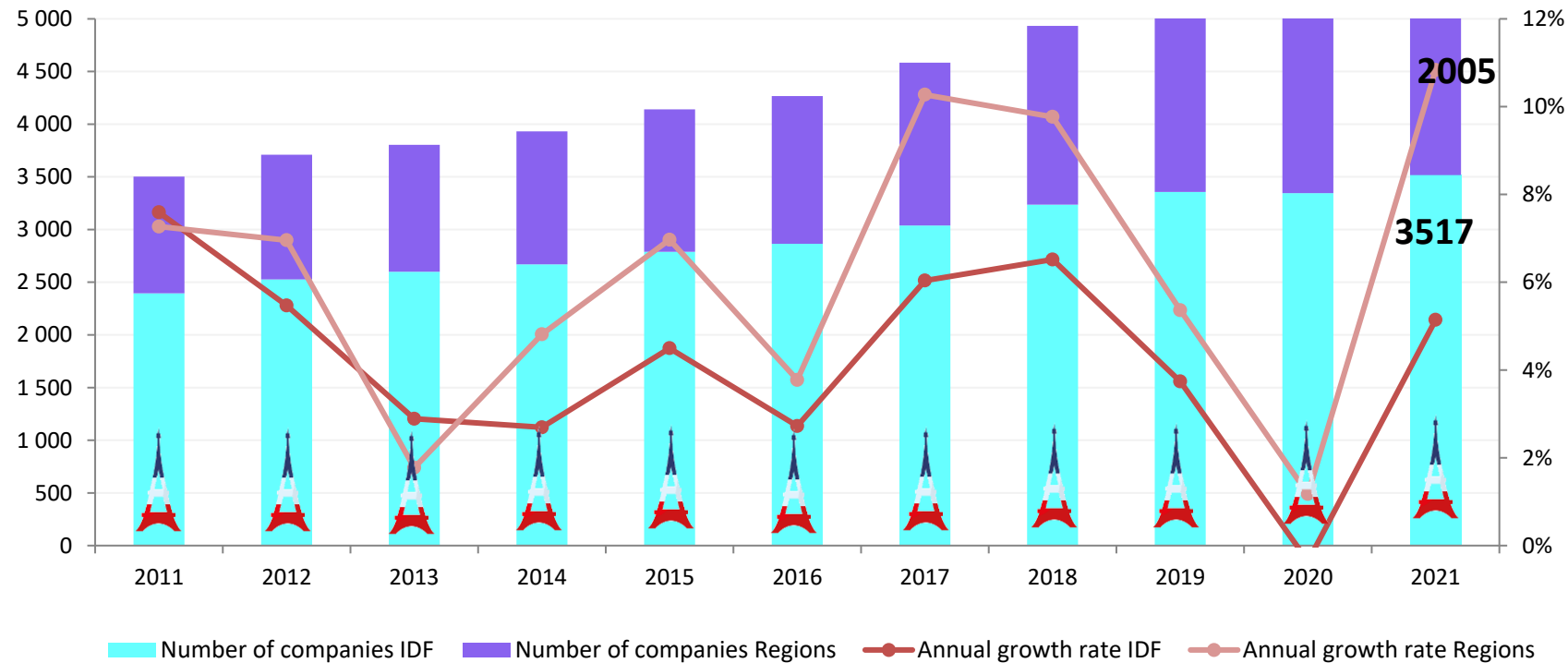


Staff increased by +22% (2021 vs 2020)
 but 85% remain short fixed-term contracts ('intermittent status').

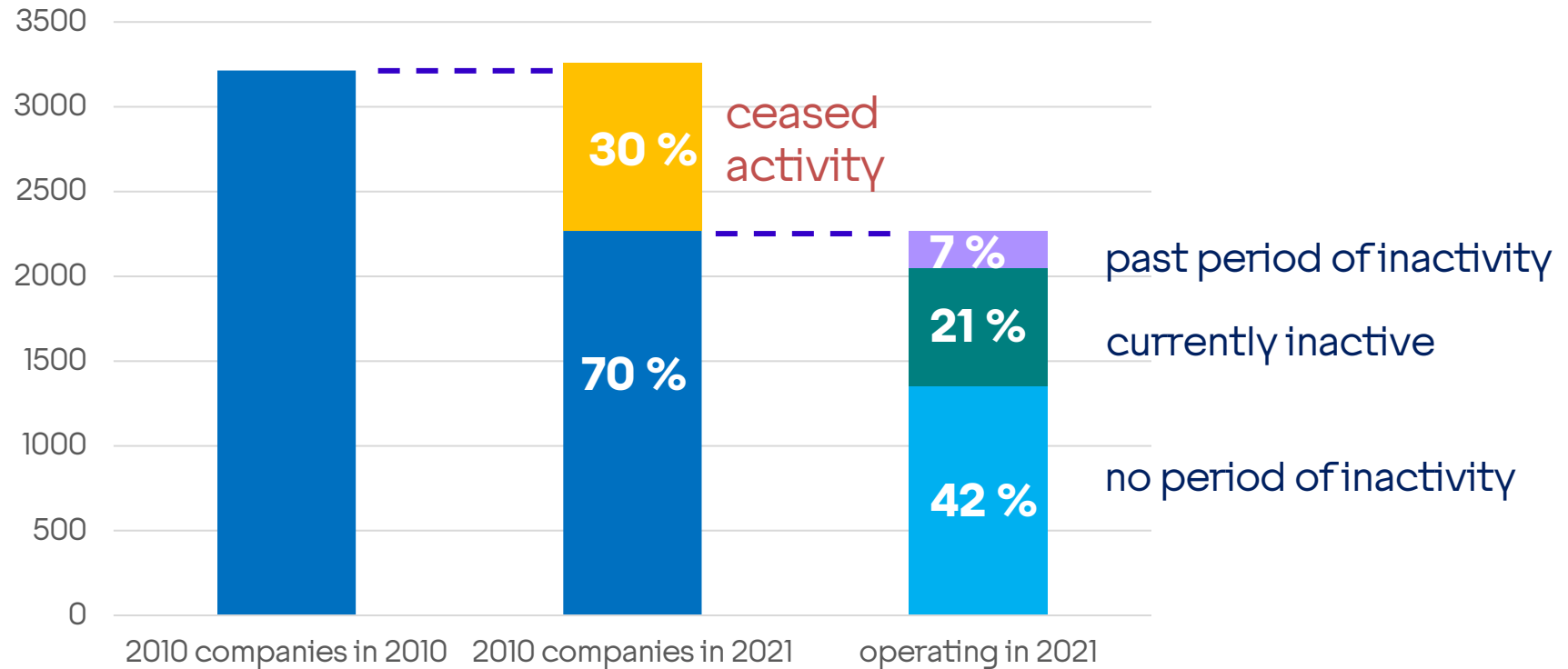


A CENTRALIZED BUSINESS A CYCLICAL ACTIVITY

64% of the companies are located in the Paris region (Ile de France) also the highest number of new businesses.



70% of the companies launched in 2010 are still operating in 2021





03

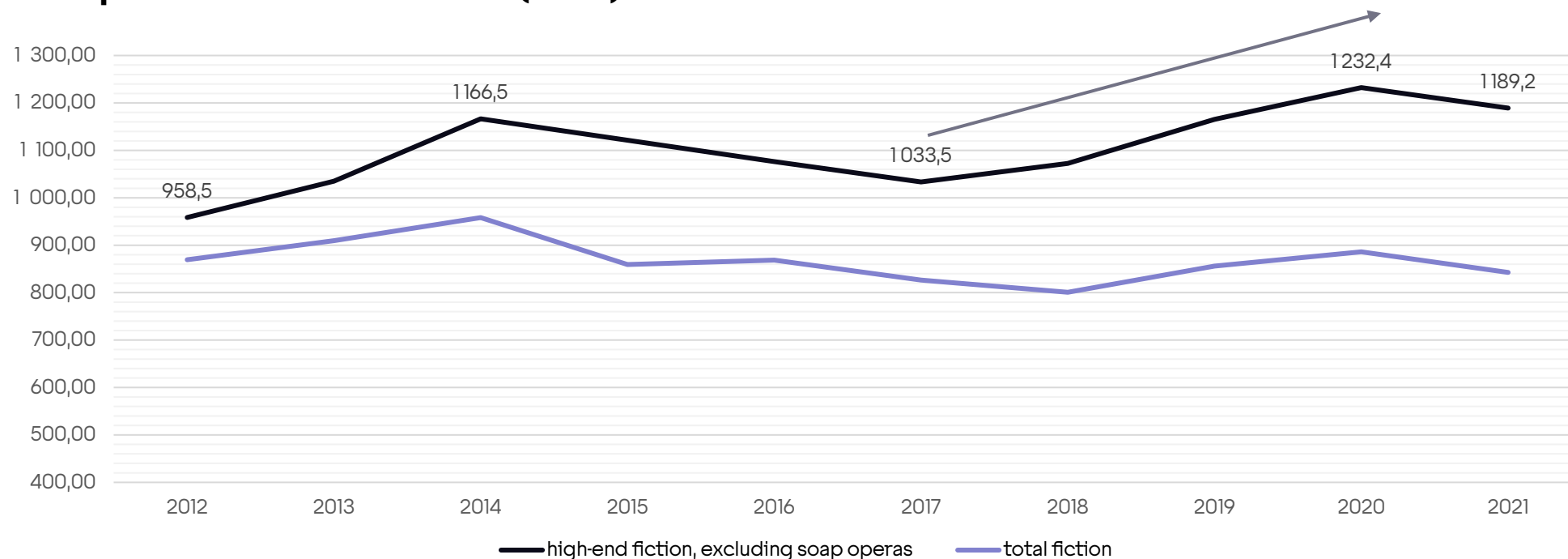
FOCUS ON COSTS

THE RISING COSTS OF FICTION PRODUCTION

/ Rise in high-end fiction costs since 2017, with a peak in 2020-2021 (1.2 M€/hour)

Sharp increase for 26-minute dramas (+151 % in 10 years) and 52-minute dramas (+22 %)

Cost-per-hour for French fiction (K€/h)

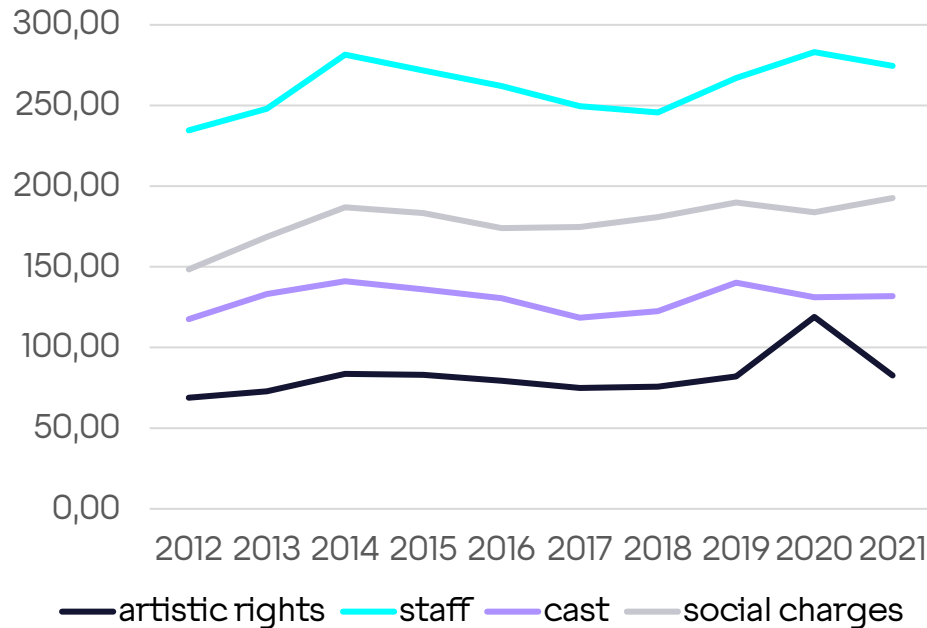


Source: CNC

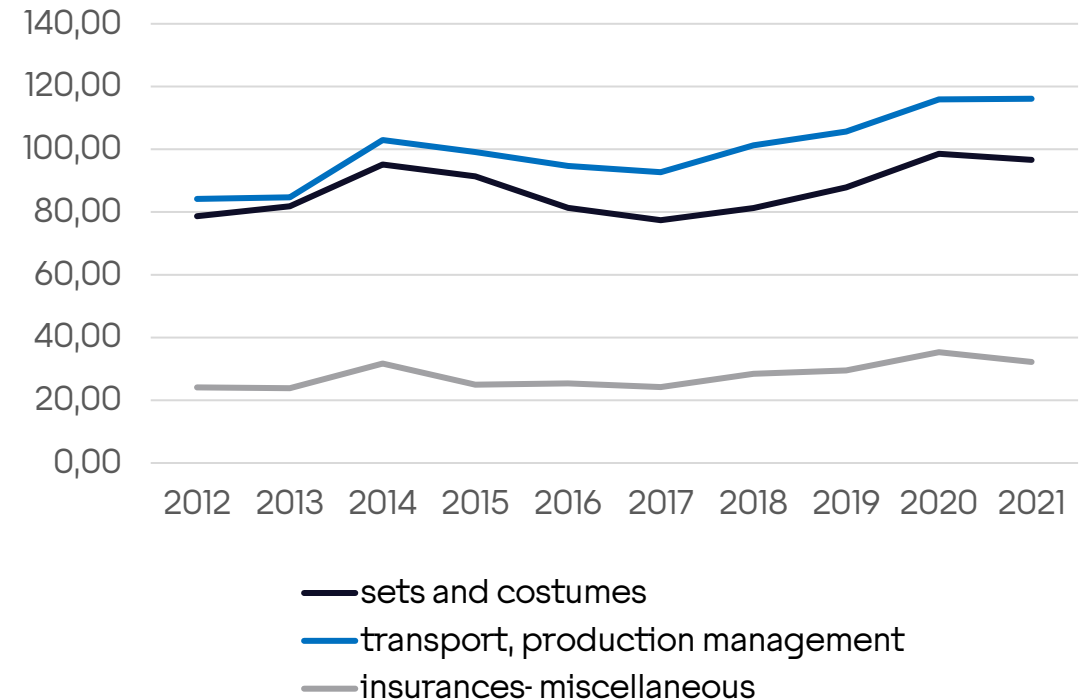
/ Impact on 2 budget line items:

- **crew costs** (incl. social security costs)
- **on-location expenses** (transportation / production management, sets & wardrobe)

Cost-per-hour: staff and cast expenditures (K€/h)*



Cost-per-hour : filming expenditures (K€/h)*



***excluding soap operas**



CYCLICAL AND STRUCTURAL CAUSES

General economic context: Covid-19 and a time of high inflation

- Covid-19 sanitary measures ;
- rising energy costs ;
- increase in the cost of materials ;

*"At the moment there is no more raw material, so the price of sets is increasing, but this is cyclical. There is also an inflationary effect on hotels, on expenses. »
A broadcaster*

The transition to green production

- supported by public action (CNC *Action! Plan*),
- perceived as a constraint and an additional cost for some...
- ...as an opportunity to save money for others.
- Virtual production as a way to make TV more sustainable

*"Among the solutions, there is also VFX. There are sequences that you can shoot in the studio, in VFX, to avoid moving and hosting large teams all over France. »
A producer*

More and more local productions, driven by investments from streamers

- **competitive pressure** on the VOD market, with a strategy of developing **local premium and exclusive productions**
- pushing also TV broadcasters to invest more

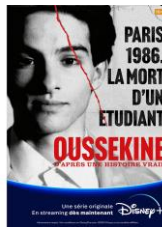
- **new regulations:**

- **transposition of the AVMS Directive: the audiovisual media services decree of 22 June 2021**

Examples of *premium* French productions financed by international SMADs



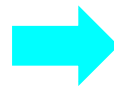
NETFLIX



Disney+



prime video



A structural evolution of the market with the launch and development of SVOD services that has created new opportunities but also pressure on the production sector, with a strong increase in demand for fiction.

The ripple effects of the massive increase in shows produced:

- Tensions over the availability of **talent** (creative & technical) and **film studios**;



- **"Artificial price hikes"** due to streamers;

"With their massive financial resources, that are a real driver of French production, streamers demand the best talent and in a shorter time frame." A producer

- **More production value and higher quality** in TV series commissioned by French broadcasters;



- The influx of **directors and crews from the film industry.**





NEW STRATEGIES AND SYNERGIES TO ADDRESS RISING COSTS

/ Co-financing of fiction by French broadcasters and foreign streamers, with different models:

1

Co-production at the project design stage

2

Additional minority contribution from streamers

AUDREY FLEUROT

JULIE DE BONA

CAMILLE LOU

SOFIA ESSAÏDI

1st window



2nd window



LES COMBATTANTES

UNE SÉRIE RÉALISÉE PAR ALEXANDRE LAURENT




UNE PRODUCTION G&D EN COOPÉRATION AVEC NETFLIX. UNE SÉRIE ÉCRITE PAR CÉCILE LORNE ET CHARLÈTE TREMOIER. AVEC JOSÉ CALASIORANI, BILIS DOURZIPS, SOPHIE WEL, HÉLÈNE EL GUEN. EN COLLABORATION AVEC ALEXANDRE LAURENT. PRODUIT PAR BÉA DOCKÈRE. MONTAGE ORIGINAL FLORENCE LÉTIOT. ÉCRITURE DE MARCINE...
DISTRIBUTION AVEC: G&D, ATP, rta, P, AUCUN DROIT DE QUANTIFICATION DE BÉNÉFICE, UN PRIX ÉQUITABLE, AUCUN DROIT DE QUANTIFICATION DE BÉNÉFICE, UN PRIX ÉQUITABLE, AUCUN DROIT DE QUANTIFICATION DE BÉNÉFICE, UN PRIX ÉQUITABLE.

prime video



1st window 

2nd window 

CŒURS NOIRS

Une série france•tvcréations

BARDOT

1st window **france•tv**
2nd window **NETFLIX**



BIENTÔT
SUR | **france•tv•2**

Co-financing of fiction by French broadcasters and foreign streamers, with different models:

1

Co-production at the project design stage

2

Additional minority contribution from streamers



Complex discussions and possible **tensions over rights and windows**

! The use of international co-productions to partner on ambitious but limited projects



france.tv



Announced budget of €40m

✓ The development of a profitable production of industrialised daily drama and digital series:

Daily TV shows



Digital TV shows



/ Joining major groups to produce premium fiction

Mediawan



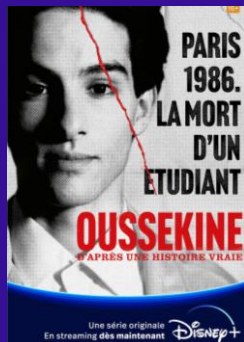
Banijay

FEDERATION
studios

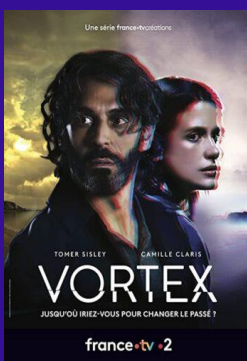
ASACHA

/ Delegated or executive production depending on the project:

- outsourced production, to exploit the intellectual property rights over the long term.
- executive production, to reduce the financial risks in case of unforeseen events and to guarantee margin.



KEY TAKEAWAYS



KEY TAKEAWAYS

/ Rising production costs since 2018 mainly for high-end drama

/ Cyclical causes (general inflation, covid-19 crisis)

/ Structural causes

/ Alternative strategies

/ What consequences in terms of :

- concentration of production sector and diversity of works ?
- free access of consumer to high-end contents ?



THANK YOU !

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CNC.FR