



## Nostradamus Report â?? The Future of Film

### Description

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If you could see what the film industry has in store for the next 3-5 years, would you dareâ?!

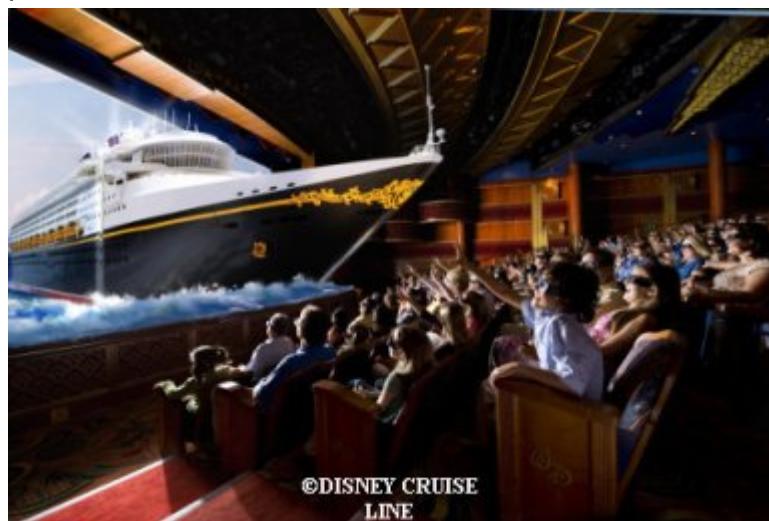
## 2017 Nostradamus Report



Despite increased competition for audience attention in general and cinema screens in particular, the number of feature films produced in Europe and the US continues to grow. It is not expected to shrink significantly in the next 3-5 years. Among the reasons are new tax incentives and increasing investment from new platform media companies, but also the impact of real democratization of production technologies and to some degree of funding.

## A Swell of Films

While this swell of cinema in theory allows a wider range of voices to be heard, in practice it makes it very difficult even for excellent work â?? of which there is arguably a lot â?? to find an audience, as there is no equivalent surge of innovation in distribution and audience relations. It also means that bad or irrelevant work has almost no chance to be seen. While it seems clear that public funds should be redirected from the latter categories either towards more deserving feature projects, or towards the production of excellent film content in other formats or for other platforms, this is currently not politically



already difficult career paths especially of  
creators who are very difficult to fund or sell.

On the next 3-5 years, all exhibitors will need to

focus on the customer experience to stay competitive, but this can look very different depending on their type. On the one hand, we are seeing the emergence of a technologically oriented cinema optimized for experiencing blockbuster fare. On the other hand, we are seeing a focus on human interactions and live performance â?? so called â??live cinemaâ?•â?? as a rapidly developing segment of the exhibition sector, helping audiences both new and old to build relationships with institutions and curators. These ostensibly very different styles of exhibition have in common that they are immersive, allowing the viewers to place themselves socially or physically inside the story, or to engage with its themes together. The social aspect is also at the heart of the growing market for film festivals aimed at general audiences.

### Specializing The Screening Experience

Another approach to eventizing movies is just to make the cinemas a lot nicer, with better chairs, better concessions, food and alcohol, increasing cinemaâ??s appeal to, for instance, grownups on dates. This strategy is working well both in mainstream and arthouse environments. At the extreme end are the dedicated luxury cinemas, offering experiences like butler service, Tempur mattresses, or massages.

While the future looks bright for movie theatres big and small, the sheer number of feature premieres means a theatrical window is not feasible even for all quality films â?? not even on the festival circuit. There is certainly room in the VOD marketplace for both strong curation and dedicated film libraries, but among the pieces missing from the distribution puzzle are still business models for social or distributed digital premieres.

A complete digital transformation of the small screen landscape seems inevitable and will probably happen relatively fast since audiences neither understand nor much care about business models or back-end technologies. As we discussed last year, the end result will probably look something like TV has for the past few decades, with consumers paying one or a few separate bills to services aggregating OTT content. Viewers are, however, likely to be allowed to pick their packaged channels more selectively than before.

## The Uncovered Financial Stream

The revenue streams will of course be radically different from the current models. Mergers and acquisitions are likely to continue as the biggest players scramble to establish dominance throughout the value chain. In the US, studios and networks are eyeing a future after affiliate fees and syndication fees, and considering whether owning the viewer relationship directly could provide a similar amount of revenue. Similarly, it seems feasible that a major technology company could purchase a major studio. If antitrust regulation is relaxed under the Trump administration, as net neutrality rules almost certainly will be, the media landscape is regardless likely to consolidate dramatically during the next four years. Changes in the US entertainment industry have global ripple effects. It is also likely that the cultural importance of US content specifically will diminish in the long term, a tendency that could be accelerated by isolationist policies.



## VR on the Verge

In the next 3-5 years, the fundamental grammar of VR storytelling will finally be developed, and the real leaps will happen once the production tools are more widely available. Some standardisation will help focus a splintered marketplace. Investment in VR cinemas today should be viewed as tests for exhibitors preparing for a coming generation of the technology that may not be easily available in homes. In the short run we are also likely to see a brief exclusive theatrical window for VR.

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