



THE UK FILM MARKET AS A WHOLE

BFI Research and Statistics

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Image: *The Lady in the Van* courtesy of Sony Pictures

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THE UK WAS THE SECOND LARGEST FILM MARKET IN THE WORLD IN 2014, GENERATING REVENUES IN EXCESS OF £3.8 BILLION. CINEMA-GOING REMAINED THE MOST SIGNIFICANT COMPONENT OF THE FILM VALUE CHAIN BUT THE GREATEST GROWTH WAS SEEN IN DIGITAL VIDEO REVENUES, WHICH INCREASED BY OVER ONE THIRD COMPARED WITH 2013.

FACTS IN FOCUS

- The total filmed entertainment market in the UK in 2014 was worth an estimated £3.8 billion, down from £4.1 billion in 2013.
- Revenues across all platforms were down compared with 2013 except for digital video which recorded a rise of 35%.
- Gross revenues for UK film were an estimated £840 million, down from £895 million in 2013.
- The UK had the second largest filmed entertainment market in the world after the USA, but is expected to be overtaken by China in the next four years.

THE UK FILMED ENTERTAINMENT MARKET AS A WHOLE

In 2014, theatrical revenues were the most significant component of the film value chain in the UK. As Table 1.1 shows, cinema-going accounted for 28% of total revenues (£1,058 million) with sales of physical video accounting for 22% (£861 million). Revenues across all platforms were down on 2013, with the exception of digital video which recorded an increase of 35%. Significantly, the digital video market, which includes both online and television-based services, increased its share of the overall market from 8% to 12%. Pay TV revenues recorded the sharpest decrease, with a fall in value from £596 million to £466 million and a drop in overall market share from 15% to 12%. (It should be noted that the majority of all television revenues accrue to the television industry rather than to the suppliers of film.)

Gross revenues for UK films in 2014 were estimated to be £840 million, with the share for British films highest in the theatrical market (27%), followed by terrestrial television (26%) and physical video rental and retail (both with 25%).

Table 1.1 UK filmed entertainment market, 2013 and 2014

	2013			2014		
	Total gross value (£ million)	Attributable to UK films (£ million)	UK film as % of total gross	Total gross value (£ million)	Attributable to UK films (£ million)	UK film as % of total gross
Theatrical	1,083	256	24	1,058	289	27
Physical video rental	149	40	24	107	27	25
Physical video retail	940	225	24	861	217	25
Digital video	323	73	23	435	88	20
Pay TV	596	121	20	466	51	11
Terrestrial TV	241	69	29	235	62	26
Other digital multi-channel	720	111	15	673	107	16
Total	4,051	895	22	3,835	840	22

Source: Rentrak, BVA, Official Charts Company, Attentional, IHS, BFI RSU analysis

Notes:

'Theatrical' is the total gross UK theatrical revenues (including VAT) in the calendar years 2013 and 2014 for all films exhibited in the UK. See Box Office report.

'Physical video rental' is the total revenue from physical video rental (DVD, Blu-ray, etc) transactions in the calendar year 2013 and estimated revenue from the number of transactions in calendar year 2014. Figures for 2013 are based on British Video Association (BVA) data, while figures for 2014 are derived from IHS data. (The BVA stopped collecting video rental data in 2014.) 2013 figures revised since the 2014 Yearbook. See Film on physical video report.

'Physical video retail' is the total revenue from physical video retail transactions in the calendar years 2013 and 2014. See Film on physical video report. The television values are retail equivalent values calculated from the dataset of films shown on UK television. Values are estimated by multiplying the film share of the total channel time by the total revenue applicable to that channel (licence fee, subscription or advertising revenue). Television values cover terrestrial, pay TV and other digital multi-channel. See Film on UK television report.

Digital video revenues are derived from IHS estimates of the combined size of the television and online on-demand markets. UK share is based on an estimate derived from knowledge of UK film share in the pay TV and video markets.

The above values are gross values and include distributor and exhibitor margins, VAT, prints and advertising costs, DVD/video retail margins, broadcaster and multi-channel television operator margins in addition to net returns to the film production sector and film investors.

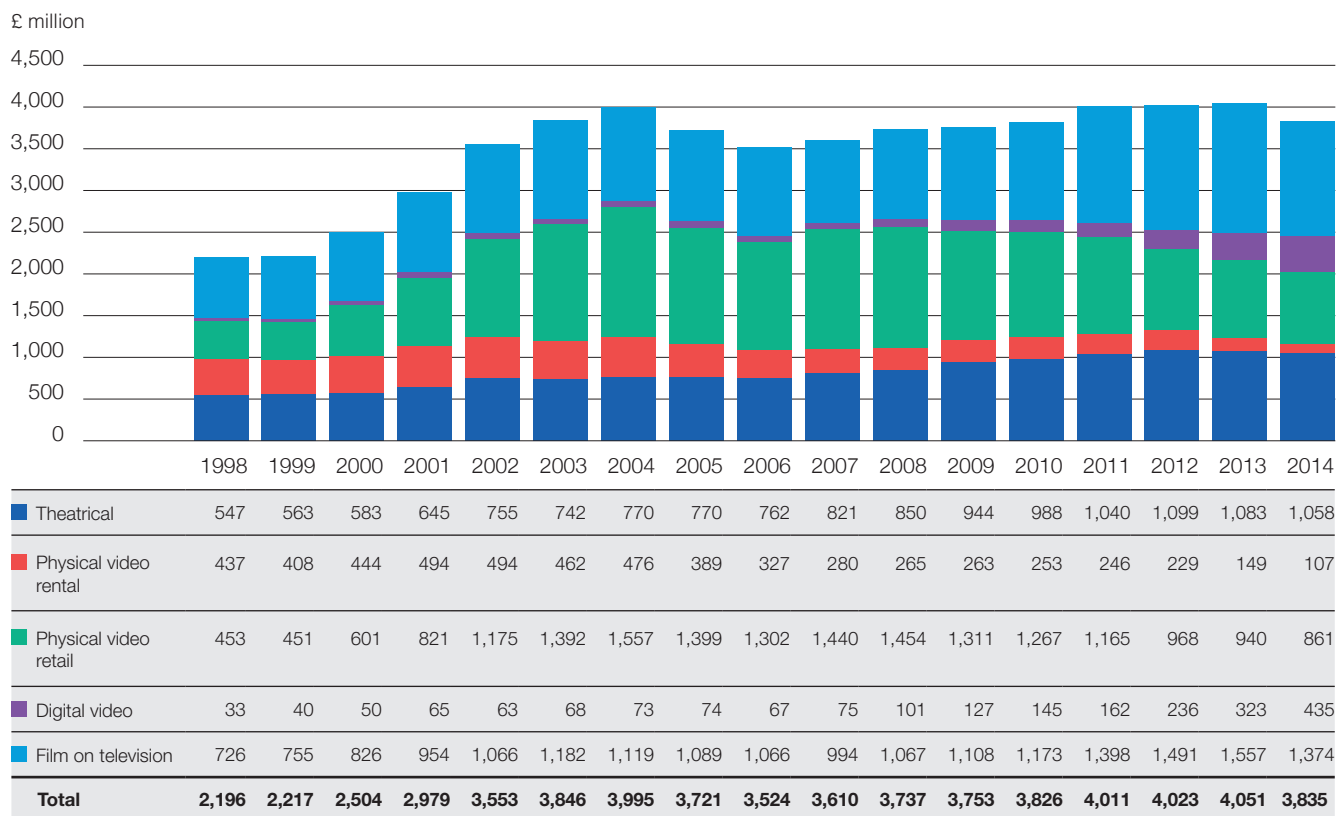
The revenues shown here are revenues earned by film in the UK market, whether UK or foreign films. The table does not include export revenues for the UK film industry. See UK film economy report for UK film export revenues.

Figures may not sum to totals due to rounding.

THE EVOLUTION OF UK FILM REVENUES, 1998-2014

Aggregate film revenues increased rapidly from 1999 to 2004 with the emergence of the DVD format before falling in 2005 and 2006 (Figure 1.1). Between 2007 and 2013 there was a steady growth with increased theatrical, television and digital video revenues compensating for a decline in the value of the physical video rental and retail markets. In 2014, overall revenues decreased from £4.1 billion in 2013 to £3.8 billion, a drop of over 6%.

Figure 1.1 Gross film revenues, all platforms, 1998-2014



Source: Rentrak, BVA, Official Charts Company, Attentional, IHS, BFI RSU analysis

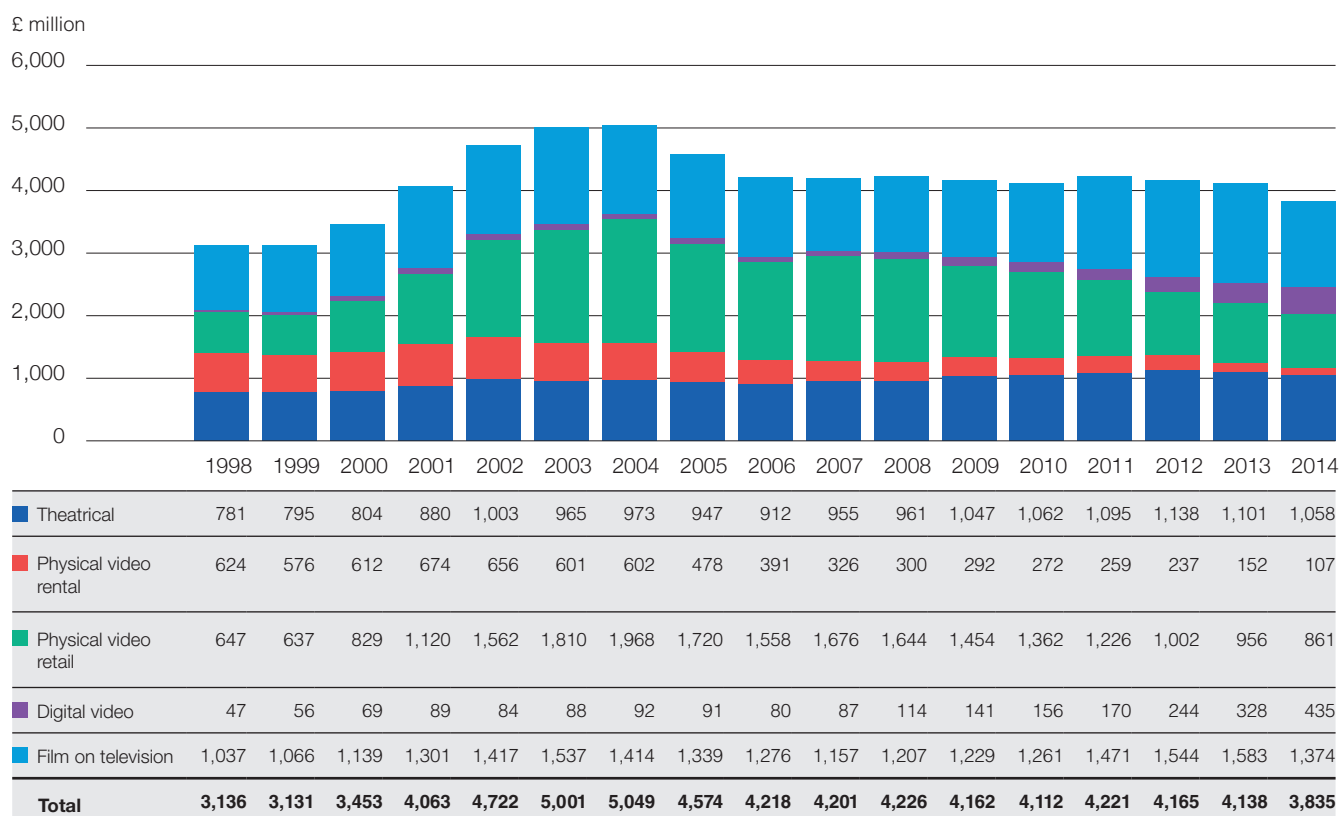
Notes:

'Film on television' covers terrestrial, pay TV and other multi-channel. On-demand television-based services are included within the digital video total.

2009-2013 figures for digital video revised since the 2014 Yearbook.

Figures may not sum to totals due to rounding.

The revenues shown in Figure 1.1 are the actual figures; if adjusted for inflation (Figure 1.2), the decline in revenues from 2004 is clear, with the 2014 market down 26% from the peak. In real terms, film revenues in 2014 were the lowest since 2000.

Figure 1.2 Gross inflation-adjusted film revenues, all platforms, 1998-2014 (expressed in 2014 pounds)

Source: Rentrak, BVA, Official Charts Company, Attentional, ONS, IHS, BFI RSU analysis

Notes:

Actual revenues deflated by the UK GDP deflator.

'Film on television' covers terrestrial, pay TV and other digital multi-channel. On-demand television-based services are included in the digital video total.

Figures may not sum to totals due to rounding.

THE UK FILM MARKET IN THE GLOBAL CONTEXT

According to the PricewaterhouseCoopers' *Global Entertainment and Media Outlook 2015-2019*, in 2014 the UK had the second largest filmed entertainment market in the world after the USA. The USA accounted for 33% of the world market and the UK for 8%. The next largest countries in terms of market share were Japan (7%), China (6%), Germany and France (both with 5%).

Table 1.2 Filmed entertainment revenues by country/region, US\$ million, 2014

Country/region	US\$ million	%
USA	28,159	33.0
UK	6,476	7.6
Japan	5,934	6.9
China	5,065	5.9
Germany	4,117	4.6
France	3,970	4.6
Other Western Europe	3,909	4.8
South Korea	3,219	3.8
Canada	3,067	3.6
Australia	2,735	3.2
Other Asia Pacific	5,093	2.7
Brazil	2,027	2.4
India	1,888	2.2
Other Central and Eastern Europe	1,771	2.1
Mexico	1,562	1.8
Russia	1,415	1.7
Italy	1,384	1.6
Spain	1,241	1.5
Taiwan	1,239	1.5
Other Latin America	1,024	1.2
Middle East and Africa	1,019	1.2
Netherlands	931	1.1
Malaysia	829	1.0
Total	85,398	100.0

Source: PwC, *Global Entertainment and Media Outlook 2015-2019*, www.pwc.com/outlook

Notes:

Information contained in this table was taken from the filmed entertainment segment of the PwC *Global Entertainment and Media Outlook, 2015-2019*, www.pwc.com/outlook, however, some calculations and categorisation of regions are our own.

'Film entertainment revenue' comprises both cinema revenue (including box office and advertising) and home video revenue (including both physical and digital home video, and including sell-through, rental and subscription models). This revenue is both digital and non-digital, and includes both consumer and advertising spending.

Other Western Europe comprises Austria, Belgium, Denmark, Finland, Greece, Republic of Ireland, Norway, Portugal, Sweden and Switzerland.

Other Asia Pacific comprises Hong Kong, Indonesia, New Zealand, Pakistan, Philippines, Singapore, Thailand and Vietnam.

Other Central and Eastern Europe comprises Czech Republic, Hungary, Israel, Poland, Romania and Turkey.

Middle East and Africa comprises Algeria, Bahrain, Egypt, Jordan, Kenya, Kuwait, Lebanon, Morocco, Nigeria, Oman, Qatar, Saudi Arabia, South Africa and the United Arab Emirates.

Other Latin America comprises Argentina, Chile, Colombia and Venezuela.

Figures may not sum to totals due to rounding.

According to PricewaterhouseCoopers forecasts, the USA will remain the top market for filmed entertainment over the next four years, but China will overtake both the UK and Japan to become the second largest market (Table 1.3). The global shares of Germany, France, South Korea and Canada are expected to fall, while those of India, Brazil, Mexico and Russia will increase.

Table 1.3 Filmed entertainment revenues by country/region, US\$ million, forecast for 2019

Country/region	US\$ million	%
USA	35,333	33.8
China	9,965	9.5
UK	7,131	6.8
Japan	5,840	5.6
Other Western Europe	4,373	4.2
Germany	3,811	4.2
France	3,618	3.6
South Korea	3,415	3.3
Canada	3,363	3.2
Australia	2,941	2.8
India	2,788	2.7
Brazil	2,723	2.6
Other Asia Pacific	2,706	2.5
Other Central and Eastern Europe	2,313	2.2
Mexico	2,076	2.0
Russia	1,942	1.9
Italy	1,642	1.6
Other Latin America	1,636	1.6
Middle East and Africa	1,452	1.4
Spain	1,445	1.4
Taiwan	1,179	1.1
Netherlands	1,172	1.1
Malaysia	776	0.7
Total	104,619	100.0

Source: PwC, *Global Entertainment and Media Outlook 2015-2019*, www.pwc.com/outlook

Notes:

Information contained in this table was taken from the filmed entertainment segment of the PwC *Global Entertainment and Media Outlook, 2015-2019*, www.pwc.com/outlook, however, some calculations and categorisation of regions are our own.

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Figures and percentages may not sum to totals due to rounding.

See Notes to Table 1.2.



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