



THE UK FILM MARKET AS A WHOLE

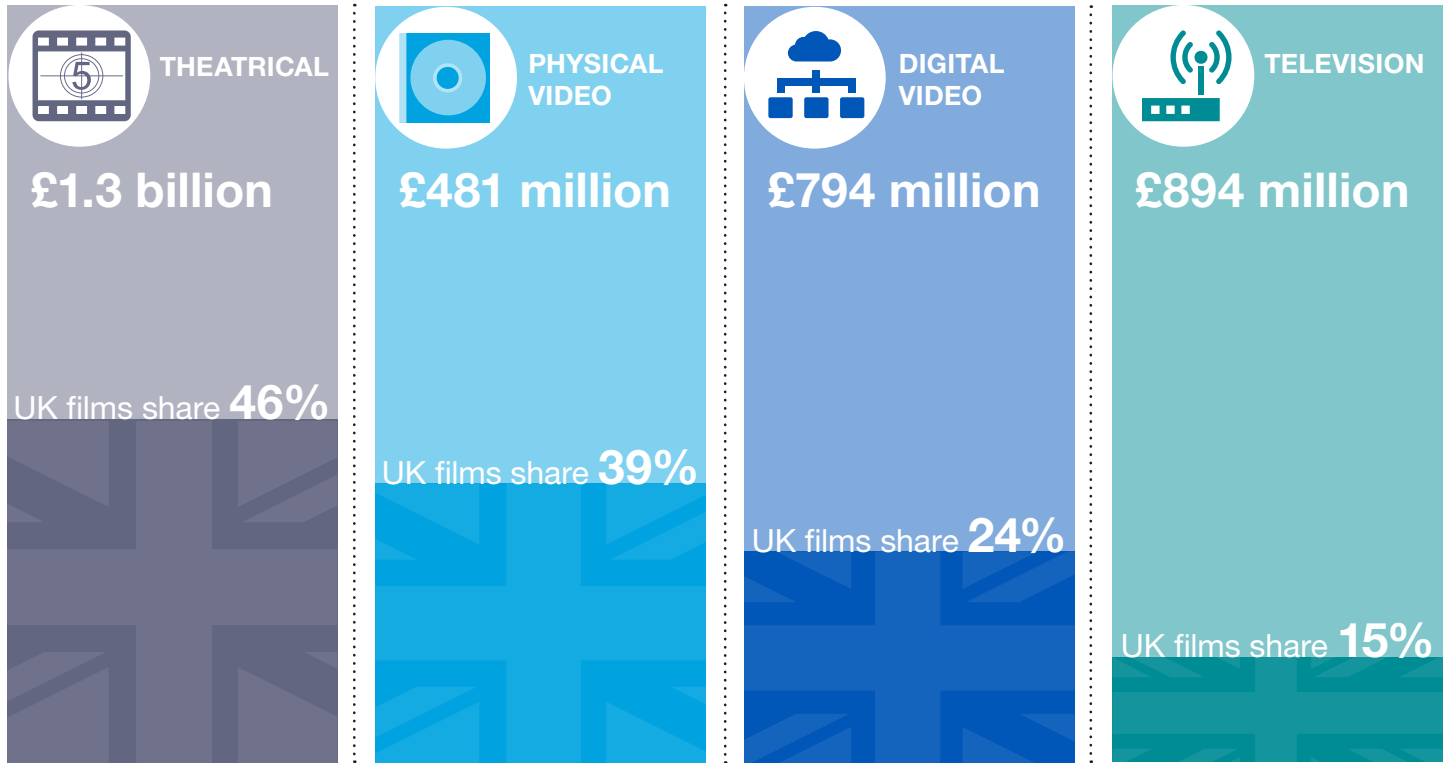
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Facts in focus

UK FILMED ENTERTAINMENT MARKET REVENUES 2018

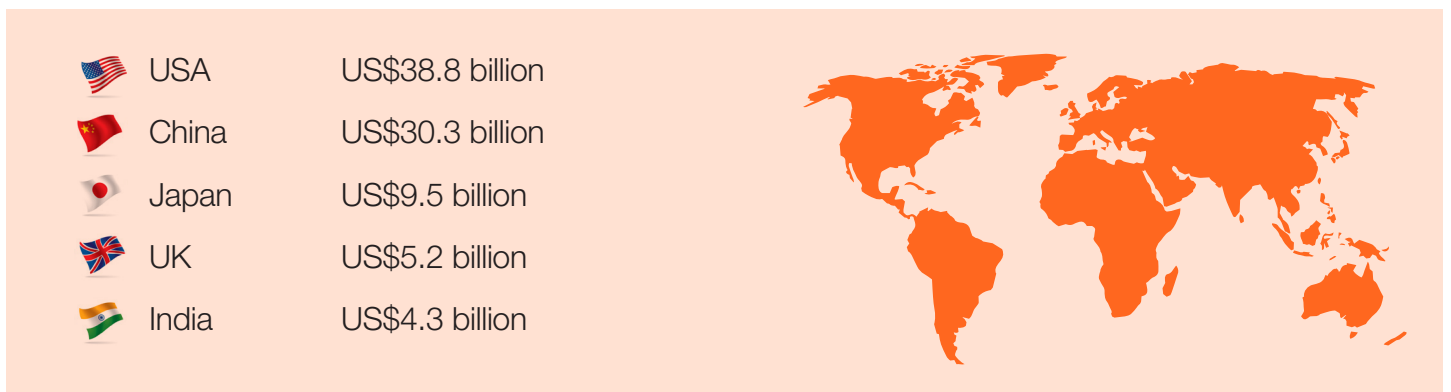
Total revenues **£3.5 billion**



FIVE LARGEST FILMED ENTERTAINMENT MARKETS WORLDWIDE 2018¹



PROJECTED FIVE LARGEST FILMED ENTERTAINMENT MARKETS WORLDWIDE 2023¹



¹PwC, *Global Entertainment & Media Outlook 2019-2023*, www.pwc.com/outlook

The UK film market as a whole

UK FILMED ENTERTAINMENT MARKET REVENUES

In 2018, theatrical revenues were the most significant component of the film value chain in the UK. As Table 1 shows, the box office accounted for 37% of total revenues (£1.3 billion) while digital video accounted for 23% (£794 million). Theatrical revenues were the same in 2017 at £1.3 billion (a 38% share of the UK market) while digital video grossed £681 million (20%). Total television revenues represented 26% of the market in 2018 (£894 million), the same share as in 2017 (£880 million) but much of this accrued to the television industry rather than to the suppliers of film. (The pay TV market saw an increase in film-related revenues between 2017 and 2018, while those of terrestrial and multi-channel television declined.) The physical video sector recorded the most significant loss in market share in 2018, falling from 16% in 2017 (£540 million) to just 14% (£481 million).

Gross revenues for UK films in 2018 were estimated to be £1.1 billion, with the share for British films highest in the theatrical market (46%) and lowest in the pay TV market (13%). Overall, the share of revenues attributed to UK films rose from 30% in 2017 to 32% in 2018.

Table 1 UK filmed entertainment market, 2017 and 2018

	2017			2018		
	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	1,279	515	40	1,282	591	46
Physical video rental	37	13	35	30	10	33
Physical video retail	503	171	34	451	176	39
Digital video	681	158	23	794	192	24
Pay TV	661	98	15	684	92	13
Terrestrial and multi-channel TV	219	44	18	210	42	20
Total	3,380	999	30	3,451	1,103	32

Source: comScore, BASE, Official Charts Company, Ampere, ONS, IHS, BFI RSU analysis

Notes:

'Theatrical' is the total gross UK theatrical revenue (including VAT) in the calendar years 2017 and 2018 for all films exhibited in the UK. See Film at the cinema chapter. Figures for 2017 have been revised since publication of the 2018 Statistical Yearbook.

'Physical video rental' is the total revenue from physical video rental (DVD, Blu-ray, etc) transactions in the calendar years 2017 and 2018. See Home entertainment chapter.

'Physical video retail' is the total revenue from physical video retail transactions in the calendar years 2017 and 2018. See Home entertainment chapter.

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

The television values are retail equivalent values calculated from the dataset of films shown on UK television. Calculations are based on a methodology developed by Ampere Analysis: values are estimated by dividing broadcaster revenues (from subscriptions, advertising spend and licence fee share) by the percentage of content spend attributed to film. Television values cover terrestrial, pay TV and other multi-channel TV. See Home entertainment chapter. Figures for 2017 have been revised since publication of the 2018 Statistical Yearbook.

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 TV operator margins in addition to net returns to the film production sector and film investors.

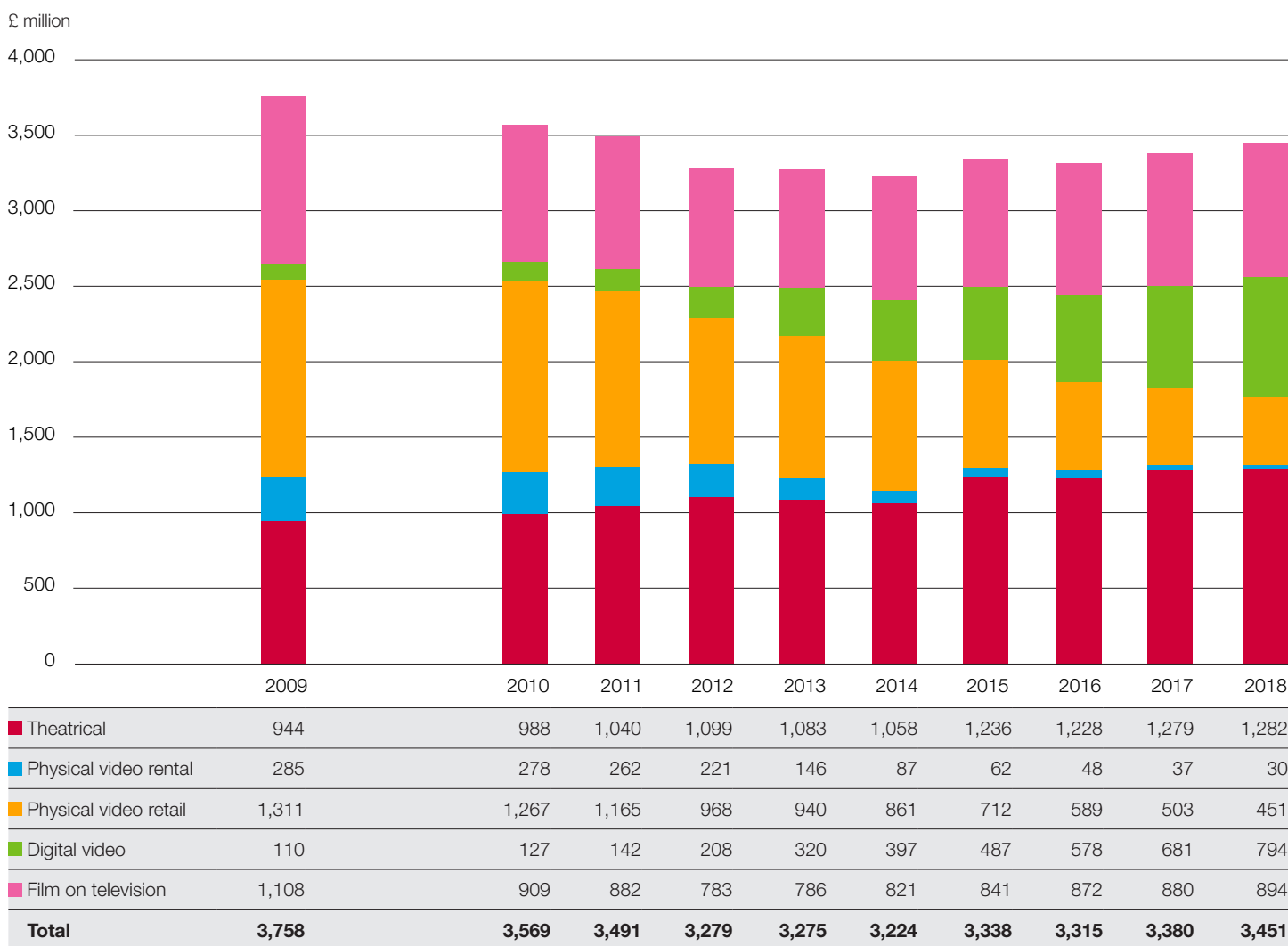
The revenues shown here are revenues earned by film in the UK market, whether UK or foreign films. The table does not include export revenues for the UK film industry. See UK film economy chapter for UK film export revenues.

THE EVOLUTION OF UK FILM REVENUES, 2009-2018

Figure 1 shows aggregate film revenues for the 10-year period 2009-2018. (It should be noted that the values reported for film on television for 2009 and from 2010 onwards have been calculated on the basis of different methodologies so are not directly comparable.)

While total film revenues have fluctuated over the period, the data show a consistent decline in the value of the physical video rental and retail market. The combined value of physical video sales and rentals fell from £1.6 billion in 2009 to less than £0.5 billion in 2018. At the same time, theatrical and on-demand revenues have increased. The rise in the value of the digital video market over the period has been significant. Digital video revenues represented 3% of the overall film value chain in 2009 but accounted for 23% in 2018.

Figure 1 Gross film revenues, all platforms, 2009-2018



Source: comScore, BASE, Official Charts Company, IHS, Ampere, BFI RSU analysis

Notes:

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

The gap in the trend indicates that data are not entirely comparable as the revenues for film on television for 2009 are calculated on the basis of a different methodology than those from 2010 onwards.

Figures for film on television for the period 2010-2017 have been revised since publication of the 2018 Statistical Yearbook.

Figures may not sum to totals due to rounding.

The revenues shown in Figure 1 are the actual figures; if adjusted for inflation (Figure 2), the decline in value from the start of the period is clear, with the 2018 market down 21% from the peak in 2009. (Revenues in 2018 were 15% lower than in 2010.) In real terms, film revenues have plateaued since 2013.

Figure 2 Gross inflation-adjusted film revenues, all platforms, 2009-2018 (expressed in 2018 pounds)



Source: comScore, BASE, Official Charts Company, IHS, Ampere, BFI RSU analysis

Notes:

Actual revenues deflated by the UK GDP deflator, which can be found <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2019-spring-statement>.

See notes to Figure 1.

Figures may not sum to totals due to rounding.

THE UK FILM MARKET IN THE GLOBAL CONTEXT

According to PwC's Global Entertainment & Media Outlook 2019-2023, in 2018 the UK had the fourth largest filmed entertainment market in the world after the USA, China and Japan. The USA accounted for 32% of the world market, with China accounting for 16% and Japan for 8%. The UK accounted for 5% of the market. The next largest countries in terms of market share were Germany and Canada (both with 3.4%) and France (2.8%).

Table 2 Filmed entertainment revenues by country/region, 2018

Country/region	US\$ million	%
USA	32,339	32.4
China	15,827	15.8
Japan	7,930	7.9
UK	4,727	4.7
Germany	3,393	3.4
Canada	3,367	3.4
France	2,806	2.8
Other Asia Pacific	2,780	2.8
South Korea	2,615	2.6
Australia	2,577	2.6
India	2,342	2.3
Brazil	1,849	1.9
Mexico	1,705	1.7
Taiwan	1,527	1.5
Other Central & Eastern Europe	1,495	1.5
Middle East & Africa	1,487	1.5
Italy	1,467	1.5
Other Western Europe	1,339	1.3
Other Latin America	1,171	1.2
Russia	1,010	1.0
Spain	918	0.9
Netherlands	847	0.8
Poland	768	0.8
Sweden	752	0.8
UAE	636	0.6
Denmark	599	0.6
Hong Kong	575	0.6
Norway	558	0.6
Belgium	542	0.5
Total	99,948	100.0

Source: PwC, Global Entertainment & Media Outlook 2019-2023, www.pwc.com/outlook

Notes:

Information contained in this table was taken from the Cinema segment and the Physical Video and Through TV subscription sections of the Traditional TV and Home Video segment of the PwC Global Entertainment & Media Outlook, 2019-2023 www.pwc.com/outlook, however, some calculations and categorisation of regions are our own.

'Cinema' consists of two out-of-home components: consumer spending at the box office for theatrical motion pictures and advertising spend at the cinema, including on-screen advertisements before the movie.

'Traditional TV and Home Video' comprises consumer spending on basic and premium TV subscriptions; consumer spending on public licence fees where applicable; physical home video revenue; and on-demand video services via a TV subscription provider. This revenue is both digital and non-digital. Only revenue from physical home video and revenue from on-demand video services via a TV subscription are used from this segment. ('Physical Video' covers films, TV programming and other premium video content. Revenue comprises sell-through and rental of physical home video. 'Through TV subscription' comprises revenue from both Video on Demand (VoD) and pay-per-view (PPV) services provided by a TV provider – including cable, satellite and telco providers – as part of a TV subscription package, or as an enhancement to that core package.)

Other Asia Pacific comprises Indonesia, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Thailand and Vietnam. Other Central & Eastern Europe comprises Austria, Czech Republic, Hungary, Romania and Turkey. Middle East & Africa comprises Algeria, Bahrain, Egypt, Israel, Jordan, Kenya, Kuwait, Lebanon, Morocco, Nigeria, Oman, Qatar, Saudi Arabia and South Africa. Other Western Europe comprises Finland, Greece, Republic of Ireland and Portugal. Other Latin America comprises Argentina, Chile, Colombia, Peru and Venezuela. Other Latin America comprises Argentina, Chile, Colombia, Peru and Venezuela.

According to PwC forecasts, the USA, China, Japan and UK will remain the world's top four markets for filmed entertainment into 2023, with India rising to fifth place (up 82% between 2018 and 2023) due to substantial growth in its digital and box office revenues. The most sizeable expansion is predicted in China, however, with a 91% increase in market value over the period (Table 3).

Table 3 Filmed entertainment revenues by country/region, forecast for 2023

Country/region	US\$ million	%	% predicted growth 2018-2023
USA	38,759	28.3	19.9
China	30,264	22.1	91.2
Japan	9,496	6.9	19.8
UK	5,233	3.8	10.7
India	4,257	3.1	81.8
Canada	4,200	3.1	24.7
Other Asia Pacific	4,190	3.1	50.7
South Korea	3,712	2.7	41.9
Germany	3,503	2.6	3.2
France	3,317	2.4	18.2
Australia	3,255	2.4	26.3
Brazil	2,680	2.0	44.9
Mexico	2,597	1.9	52.3
Middle East & Africa	2,301	1.7	54.7
Other Central & Eastern Europe	2,065	1.5	38.1
Other Latin America	1,959	1.4	67.3
Italy	1,955	1.4	33.3
Taiwan	1,740	1.3	13.9
Other Western Europe	1,684	1.2	25.8
Russia	1,332	1.0	31.8
Spain	1,220	0.9	33.0
Poland	1,146	0.8	49.2
Netherlands	1,104	0.8	30.4
Sweden	973	0.7	29.4
UAE	918	0.7	44.4
Denmark	812	0.6	35.6
Norway	800	0.6	43.3
Hong Kong	760	0.6	32.2
Belgium	712	0.5	31.3
Total	136,943	100.0	37.0

Source: PwC, Global Entertainment & Media Outlook 2019-2023, www.pwc.com/outlook

Notes:

Information contained in this table was taken from the Cinema segment and the Physical Video and Through TV subscription sections of the Traditional TV and Home Video segment of the PwC Global Entertainment & Media Outlook, 2019-2023, www.pwc.com/outlook, however, some calculations and categorisation of regions are our own.

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

See notes to Table 2.



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Research & Statistics Unit

21 Stephen Street, London W1T 1LN

bfi.org.uk/statistics