

# 3<sup>RD</sup> REPORT ON THE NATIONAL AUDIOVISUAL PRODUCTION



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# 2021 ITALIAN ORIGINAL

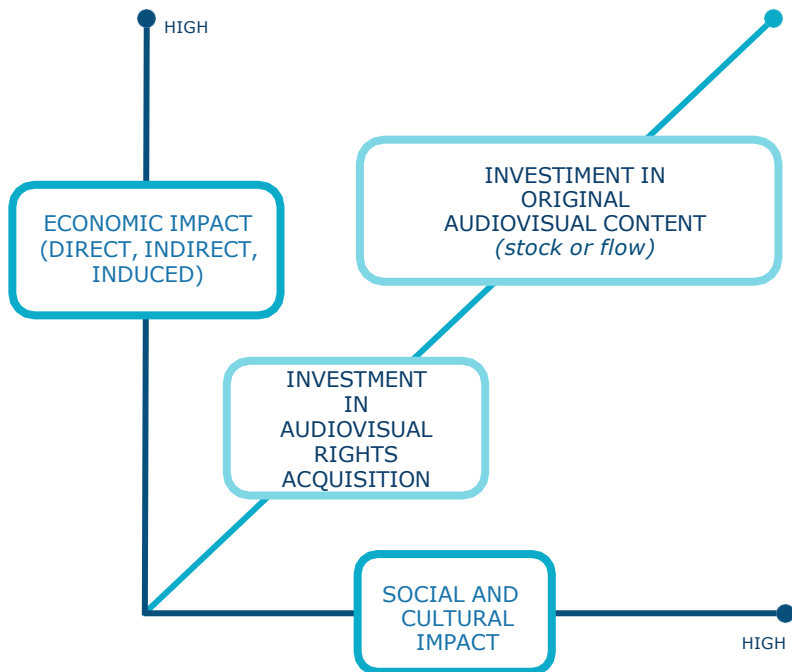
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THE DOMESTIC  
AUDIOVISUAL  
PRODUCTION:  
ECONOMIC VALUE,  
TRENDS, AND  
CHALLENGES OF A  
RAPIDLY DEVELOPING  
SECTOR



# THE CENTRALITY OF THE AUDIOVISUAL PRODUCTION

THE PRODUCTION OF THEATRICAL-VIDEO-TV CONTENT IS THE ENGINE THAT FUELS THE GROWTH OF THE AUDIOVISUAL MARKET AND THE ENTIRE DOMESTIC ECONOMY



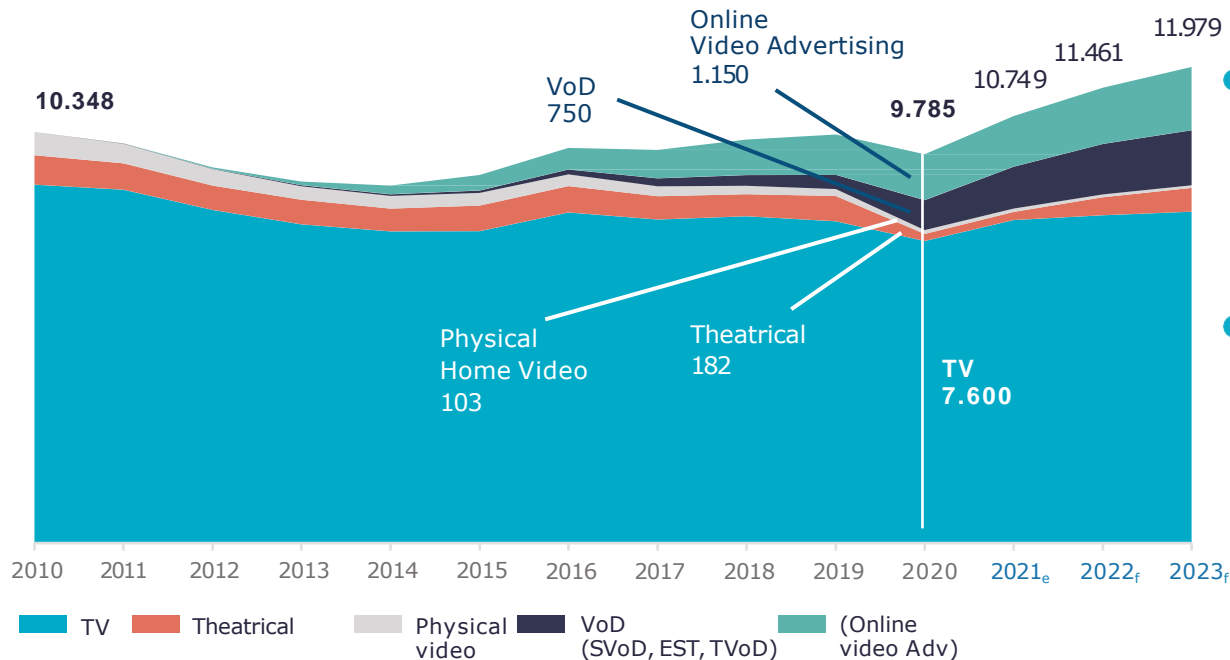
- Among the upstream segments of the audiovisual market value chain, activities related to the production of content (creation and production of original content - whether stock or flow, scripted or unscripted) are the core and most profitable factor, both in terms of economic (direct, indirect and induced,) and social and cultural impact.
- The production of original content is crucial and vital for all linear and non-linear audiovisual platforms, as it is the distinctive and irreplaceable feature of the offer.
- Within the Creative Industry, the economic role of the audiovisual sector and more specifically of the production of original audiovisual content is prime and increasingly pivotal in its identity role, irreplaceable and fundamental for social cohesion.



# THE AUDIOVISUAL MARKET IN ITALY 2010 – 2023 / 1



EVOLUTION OF THE AUDIOVISUAL MARKET REVENUES IN ITALY BY MEDIA (€ million)



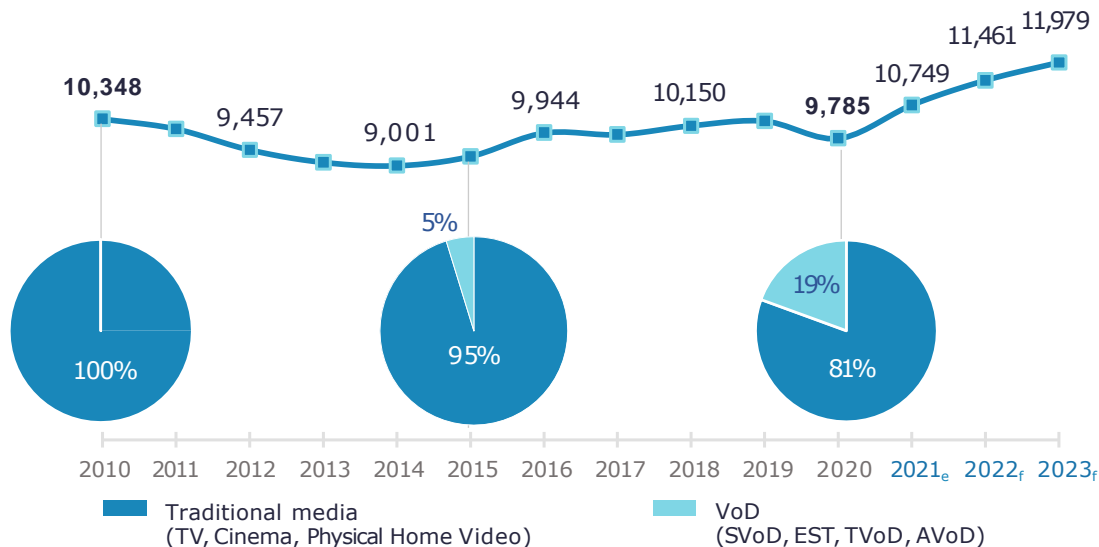
- Television is still the main medium of the audiovisual system, but the rapid growth of online platforms endures and has increasingly grown, also owing to the Covid-19 pandemic, as proven by its €2 billion value in 2020.
- 2021 featured further growth in online revenues (VoD and Online Video Advertising) and in television advertising rebound investments (+ 33.2% in the first semester.)



# THE AUDIOVISUAL MARKET IN ITALY 2010 – 2023 / 2



EVOLUTION OF THE AUDIOVISUAL MARKET REVENUES IN ITALY:  
TRADITIONAL VS. ONLINE MEDIA (€ million and %)



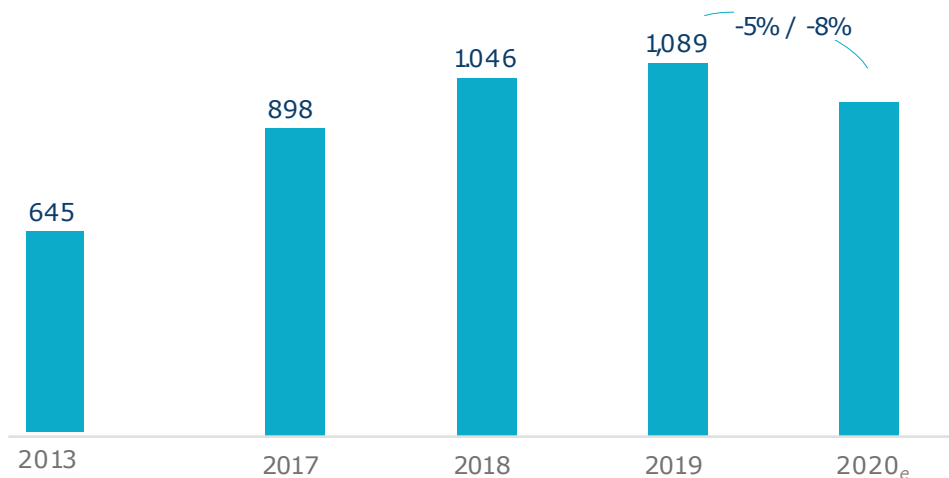
- In 2020, the audiovisual content consumed on "traditional" media (TV, Theatrical, and physical Home video) generated 81% of the total market resources while the share of free and paid online consumption (Video on Demand - VoD) stood at 19%.
- By 2023, the share of online media revenues on the total audiovisual market could reach 25% according to E-Media estimates for APA.
- This transformation within the audiovisual market introduces structural changes to the demand for original content (in the library/scripted genres) and today is the main challenge for linear TV operators.



# THEATRICAL-VIDEO-TV PRODUCTION COMPANIES / 1



CUMULATIVE REVENUES OF THE TOP 50 AUDIOVISUAL PRODUCTION COMPANIES (€ million)



- In constant growth over the last few years, the cumulative revenues of the top 50 production companies have undergone a few percentage points decline in 2020.
- The fall is essentially due to the contraction in revenues from the production of theatrical content and its related distribution activities, partially offset by the increase in revenues of companies active within the TV and VoD drama segment, although the latter suffered slowdowns and postponements in the first semester of 2020.

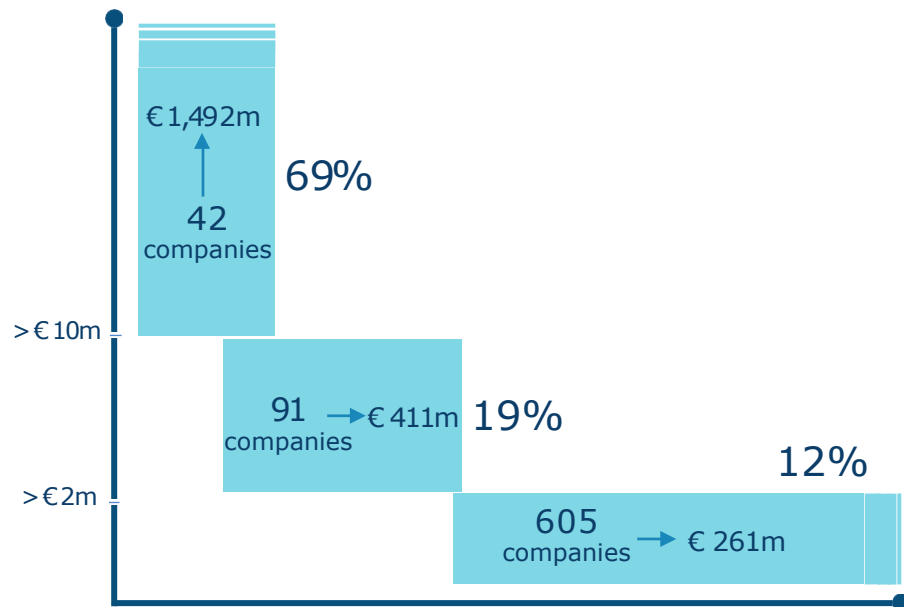
Source: for 2017 and 2018 and 2019 e-Media elaborations for APA on data provided by operators, and, for 2013, on Agcom data. For 2020, the estimate is provisional pending the publication of the financial statements of all operators.



# THEATRICAL-VIDEO-TV PRODUCTION COMPANIES / 2



NUMBER OF 'ACTIVE' PRODUCTION COMPANIES AND VALUE OF PRODUCTION (different sectors) YEAR 2019  
(Units and € millions)



- Only companies (exclusively joint-stock companies, Srl or Spa) that carried out audiovisual production activity in the years 2018, 2019, and 2020 were included in the analysis.
- Many of the companies considered also had access to theatrical or audiovisual tax credits and/or to selective funds for the same years.
- Based on these criteria, the study identified 814 joint-stock companies, mainly (but not exclusively) registered with the Ateco trade code 59.11. Among these, 76 companies could not present a financial statement for 2019, and for this reason the total number of companies hereby analyzed is 738.
- The 2019 cumulative Production Value of the 738 companies was € 2,164 million.

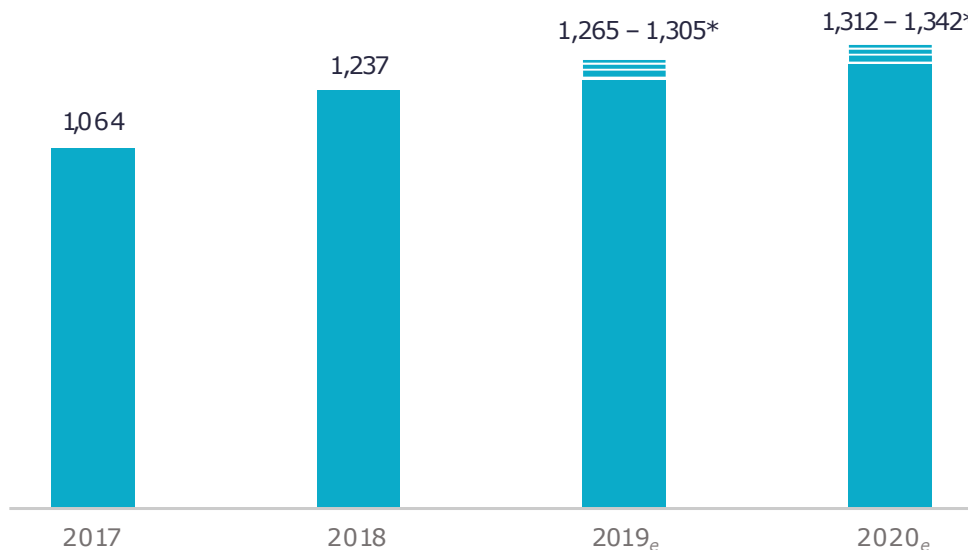


# AUDIOVISUAL PRODUCTION

## 2017 – 2020 / 1



TOTAL VALUE OF THE DOMESTIC AUDIOVISUAL PRODUCTION FOR  
THE THEATRICAL, TELEVISION AND ONLINE PLATFORM SECTORS (€ millions)



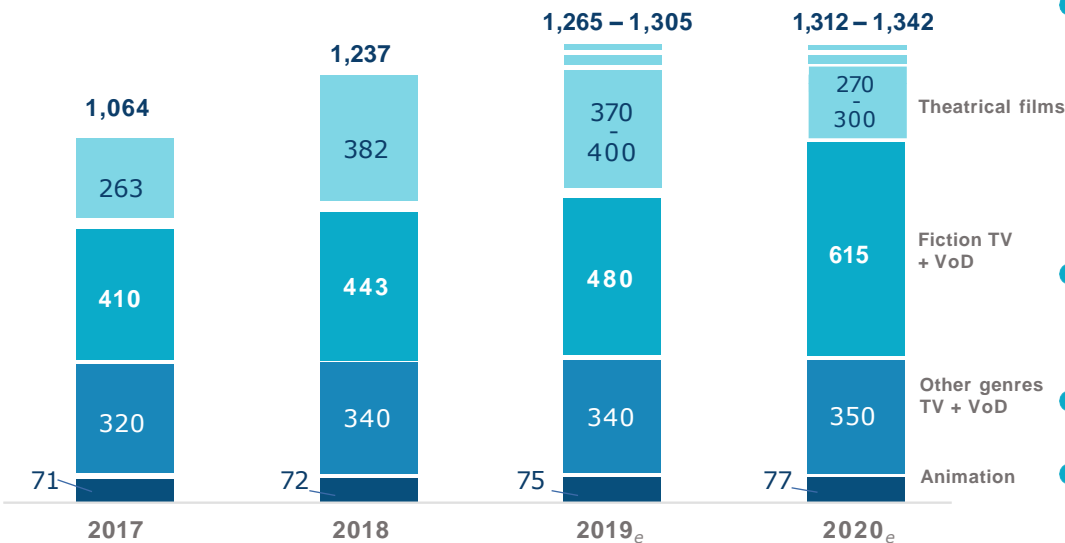
- In 2020, the total value of audiovisual products - theatrical, fiction, animation, documentaries, and other in-flow genres commissioned by Television or SVoD operators - landed between €1,312 and € 1,342 million.
- The estimate does not include in-house expenditure made by TV operators in other genres (news, sports, entertainment, in-depth programs, etc.)
- \* Data relating to the cumulative value of audiovisual production for 2019 and 2020 are estimates only, as the official MiC/DG Cinema figures relating to theatrical productions are still missing.



# AUDIOVISUAL PRODUCTION 2017 – 2020 / 2



## BREAKDOWN OF THE DOMESTIC AUDIOVISUAL SECTOR BY MACRO-GENRES (€ millions)



- Linear TV and VoD Fiction is the audiovisual genre that attracts the most investments as proven by its extremely high growth rate even during the Covid-19 pandemic: + 205m between 2017 and 2020 (+ 50%) and + 135 million between 2019 and 2020 (+ 28%). The growth is essentially due to the large development of VoD platforms and the cascade growth in investments in original Italian content by VoD operators.

- Theatrical investments are estimated to be in decline due to the Covid-19 restrictions that hit the sector hard.

- In 2020, the value of original Animation content stood at € 77 million.

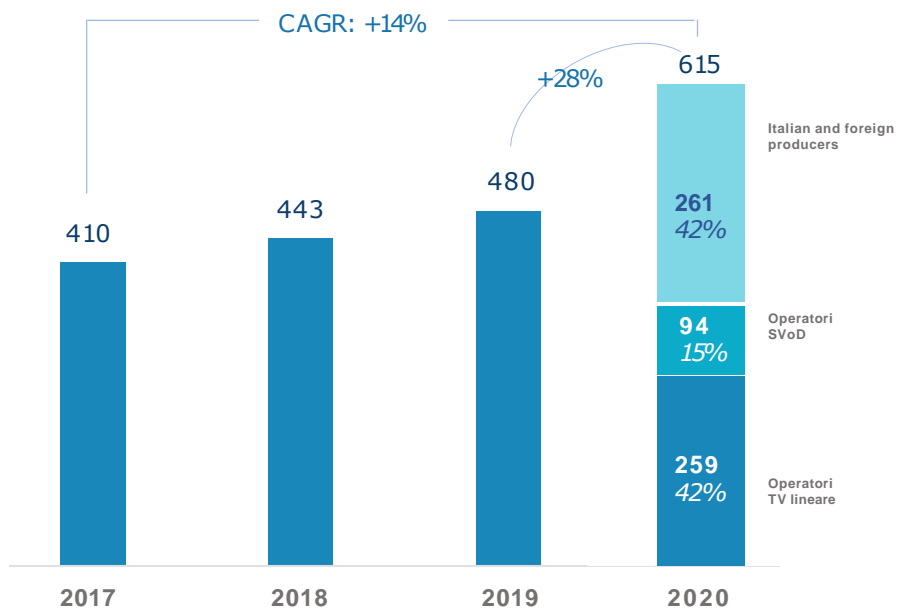
- All other genres (documentaries, entertainment, Talk Shows, and in-depth and cultural programs) were estimated at € 350 million and were almost entirely commissioned by linear TV operators.



# FICTION PRODUCTION 2017 - 2020



VALUE OF FICTION PRODUCTION (TV and VOD)  
AND CONTRIBUTION SOURCES FOR 2020 (€ million and%)



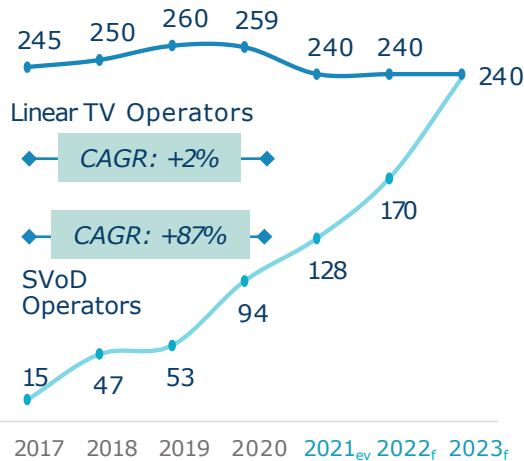
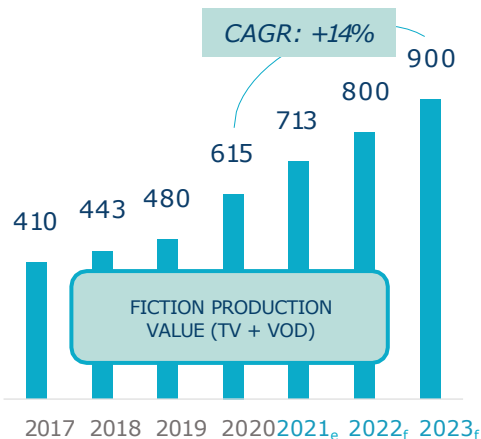
- The value of fiction content for TV and non-linear platforms grew by 28% in 2020 thanks to the increase in expenditure of VoD operators, the contribution of producers supported by the increase in Tax Credit, and the success of the health protocol signed by Trade Organizations and Unions. The contribution of foreign producers WAS also significant, proof of the interest in original Italian products.
- The contribution of SVoD operators landed at almost 15% of the total production expenditure. The value is up by 4% compared to 2019.
- Linear TV operators contributed by 42%, i.e., around € 260 million - in absolute terms, a stable commitment when compared to the previous years.



# TREND 2

## FICTION INVESTMENT

GROWTH FORECAST IN PRODUCTION AND INVESTMENT VALUE IN FICTION CONTENT FOR TV AND ONLINE PLATFORMS:  
 BROADCASTER VS SVoD OPERATORS (€ million)



- The total value of Fiction content could reach € 900 million in 2023 (+100% compared to 2018), above all thanks to the growth in spending by SVoD operators.
- Stable over the last few years, investments in fiction content made by linear TV operators (essentially RAI, Mediaset, and Sky) decreased in 2021 and may not grow over the next two years, remaining stable at around € 240 million. The value shown here includes investments made by the operators for fiction produced for their own online platforms. Between 2019 and 2020, investments in Italian original content made by SVoD operators have nearly doubled, reaching approximately € 100 million.
- Between 2021 and 2023, the demand from SVoD operators could grow significantly, bringing investments in fiction to reach those made by linear TV operators by 2023.



# PANDEMIC EFFECTS COVID-19



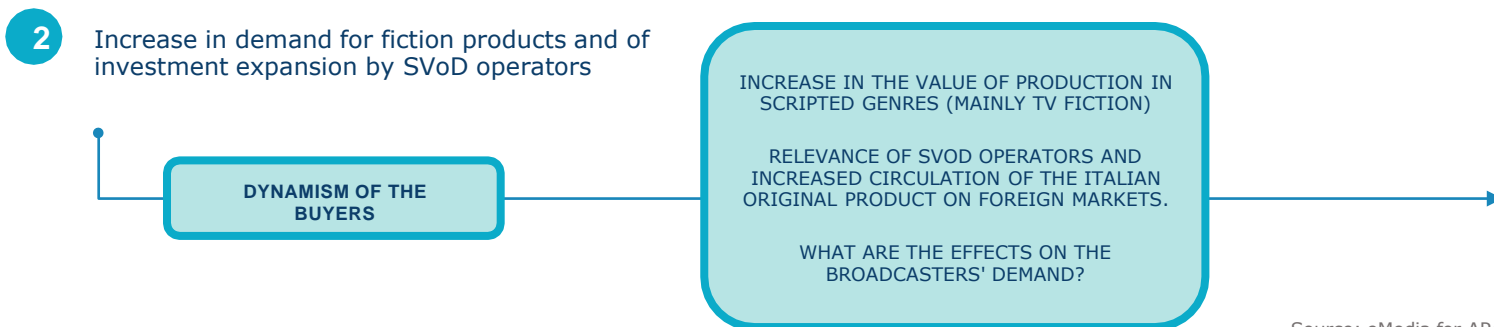
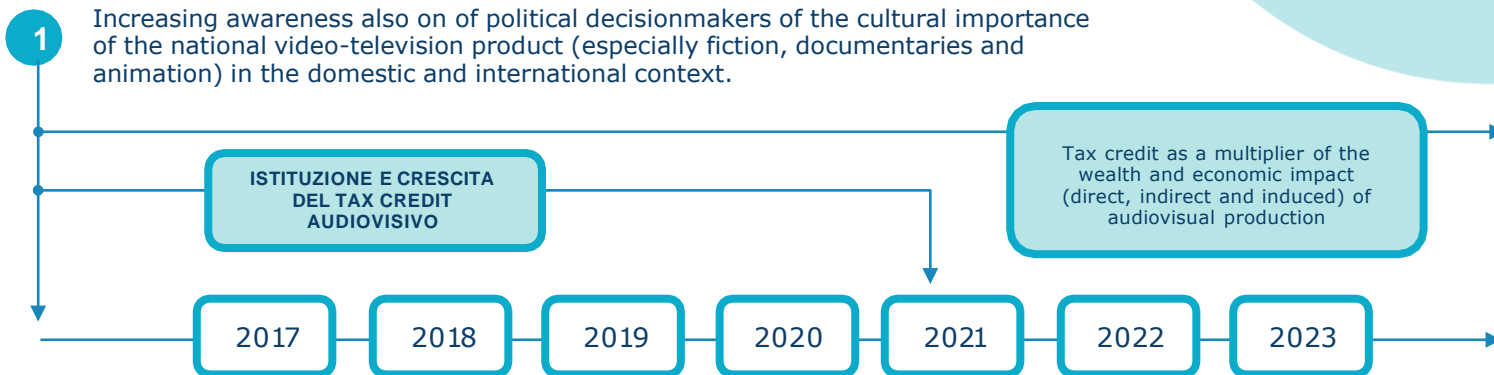
- Slowdown and blocking of production activities in the exhibition/theatrical sector.
- Slowdown of all TV and video production activities of scripted and unscripted genres that were underway
- Postponing of numerous projects and shooting
- Sudden shutdowns due to the spread of Covid cases
- Unexpected expenses to comply with Covid protocols (swabs, protective devices, adequate staff, actor and crew distancing, etc.) which slowed down shooting schedules
- Lack of adequate insurance coverage

Partially solved issues in the second half of the year

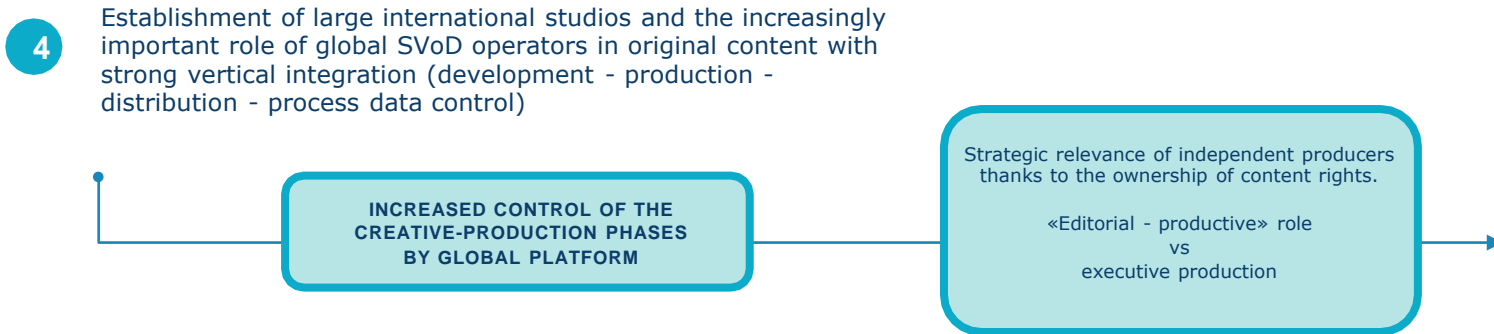
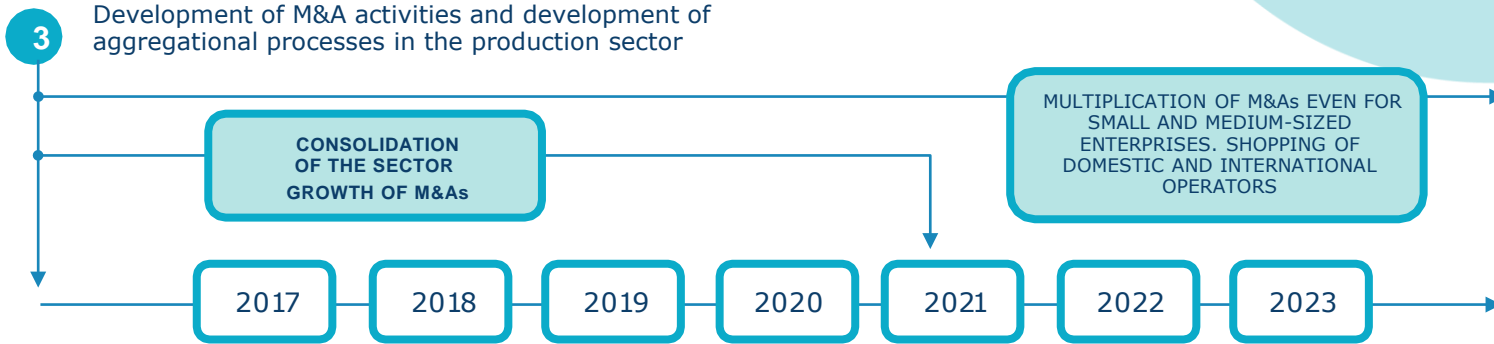
DRASTIC INCREASE IN PRODUCTION COSTS



# MARKET TRENDS / 1



# MARKET TRENDS / 2

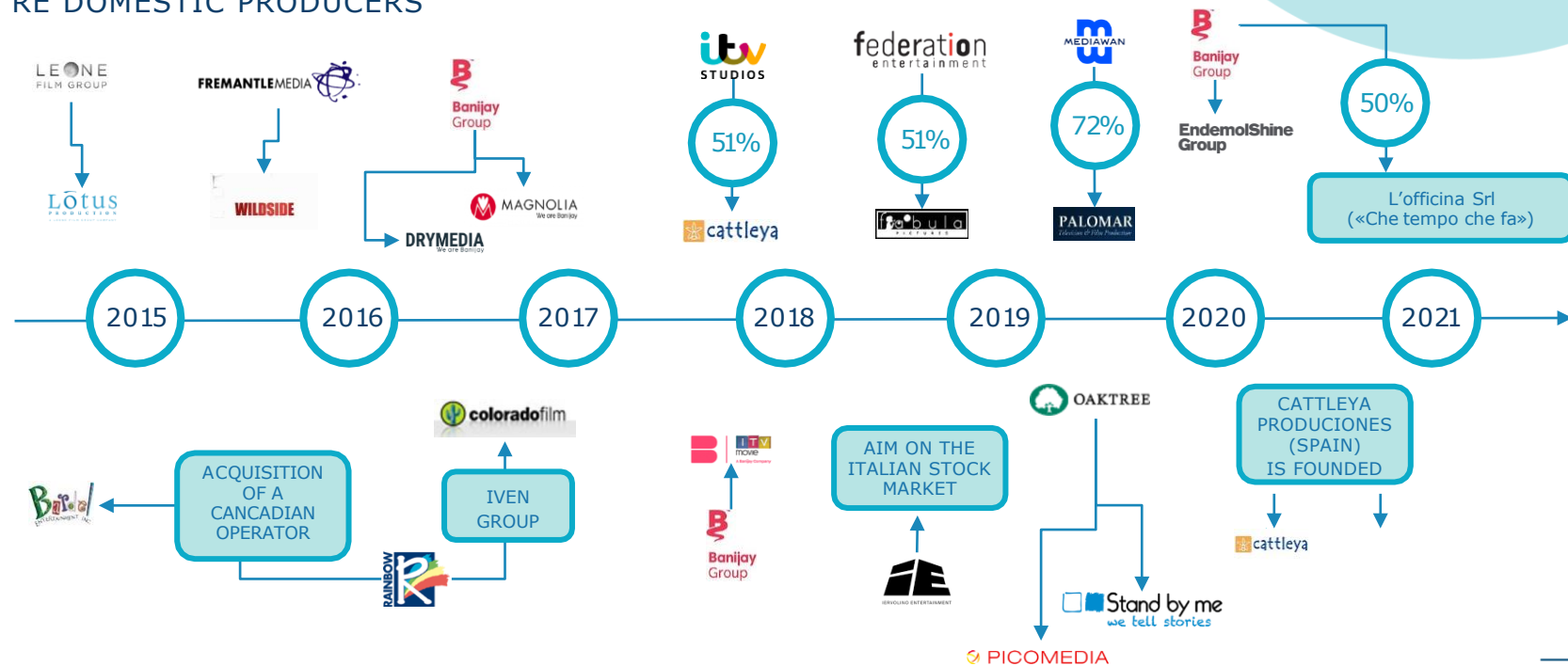


# TRENDS 3

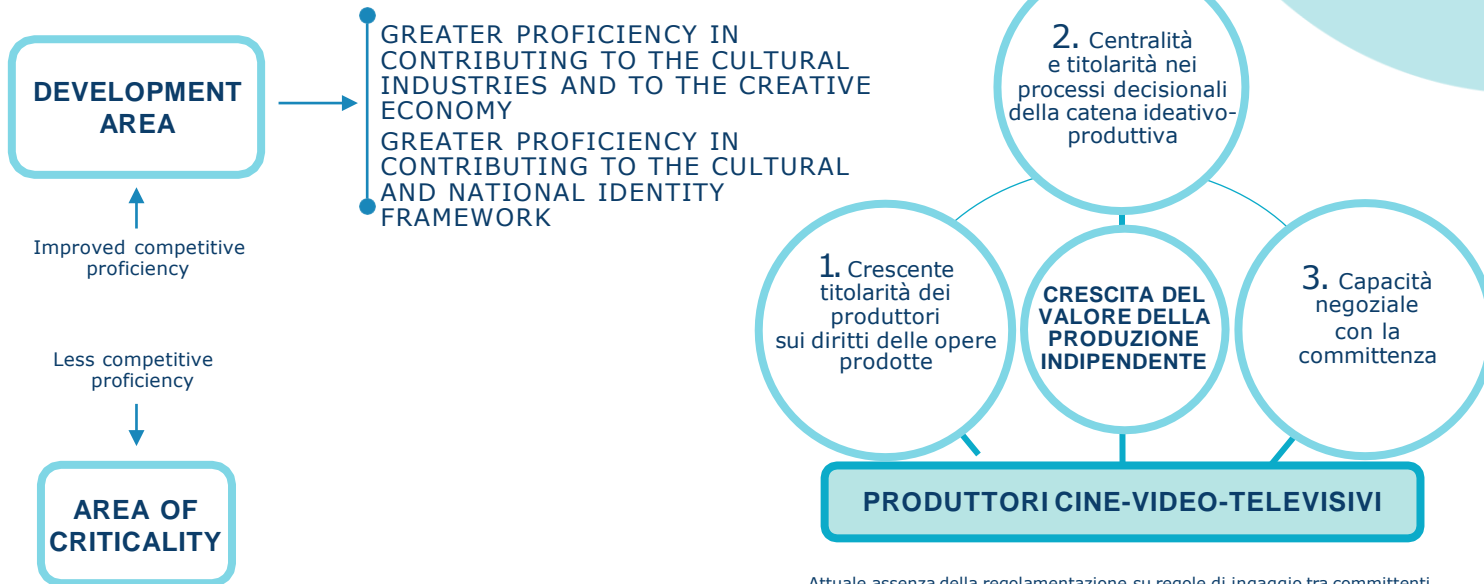
## M&A DYNAMISM



MAP OF THE MAIN EXTRAORDINARY FINANCIAL OPERATIONS RE DOMESTIC PRODUCERS



# TRENDS 4 – RIGHTS OWNERSHIP AND EDITORIAL ROLE



Attuale assenza della regolamentazione su regole di ingaggio tra committenti (TV / VoD) e produttori indipendenti prevista dall'attuale normativa

*Possibile perdita della titolarità dei diritti – perdita di un ruolo, ideativo, editoriale, artistico e primario nel processo produttivo - Scivolamento progressivo verso la mera produzione esecutiva.*



# THE POST-COVID19 AUDIOVISUAL ACTIVITIES

IMPACT  
AND CHAIN  
RECOVERY  
POTENTIAL



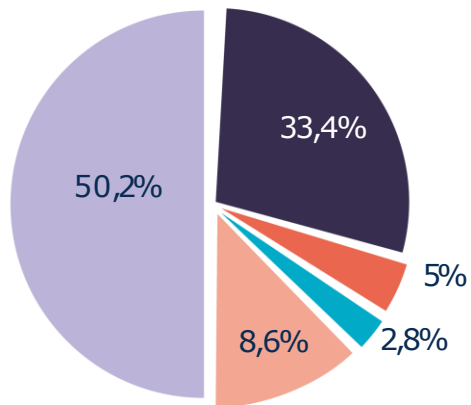
## Audiovisual core business entries and exits in the Italian regions. Years 2011, 2018, 2019 e 2020 (absolute value)

BUSINESS ENTRIES					
Ateco	Ateco Classification	2011	2018	2019	2020
5911	Theatrical, video & TV production activities	269	265	264	218
5912	Theatrical, video & TV post.-production activities	32	36	66	48
5913	Theatrical, video & TV distribution activities	2	6	0	4
5914	Theatrical activities	21	11	9	13
6020	TV programming & broadcasting activities	9	10	8	7
<b>AV CORE</b>	<b>Audiovisual CORE</b>	<b>333</b>	<b>328</b>	<b>347</b>	<b>290</b>
<b>TOTAL</b>	<b>TOTAL ECONOMY</b>	<b>391.310</b>	<b>348.492</b>	<b>353.052</b>	<b>292.308</b>
Ateco	Ateco Classification	2011	2018	2019	2020
5911	Theatrical, video & TV production activities	491	339	369	402
5912	Theatrical, video & TV post.-production activities	20	32	39	32
5913	Theatrical, video & TV distribution activities	28	24	13	23
5914	Theatrical activities	100	38	57	35
6020	TV programming & broadcasting activities	9	14	21	15
<b>AV CORE</b>	<b>Audiovisual CORE</b>	<b>648</b>	<b>447</b>	<b>499</b>	<b>507</b>
<b>TOTAL</b>	<b>TOTAL ECONOMY</b>	<b>393.463</b>	<b>340.715</b>	<b>362.218</b>	<b>307.686</b>

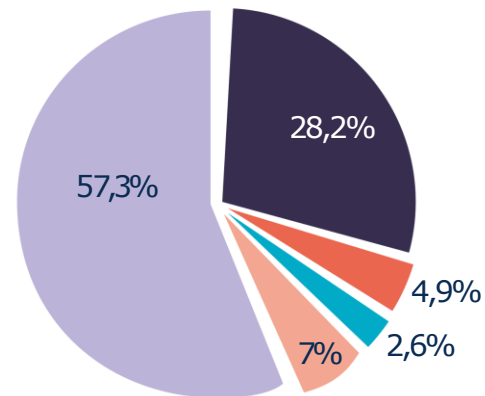


## Audiovisual core breakdown of wealth and employment by subsectors/Ateco classes Year 2020 (in percentage)

**WEALTH**  
VALORE AGGIUNTO



**EMPLOYMENT**  
OCCUPAZIONE

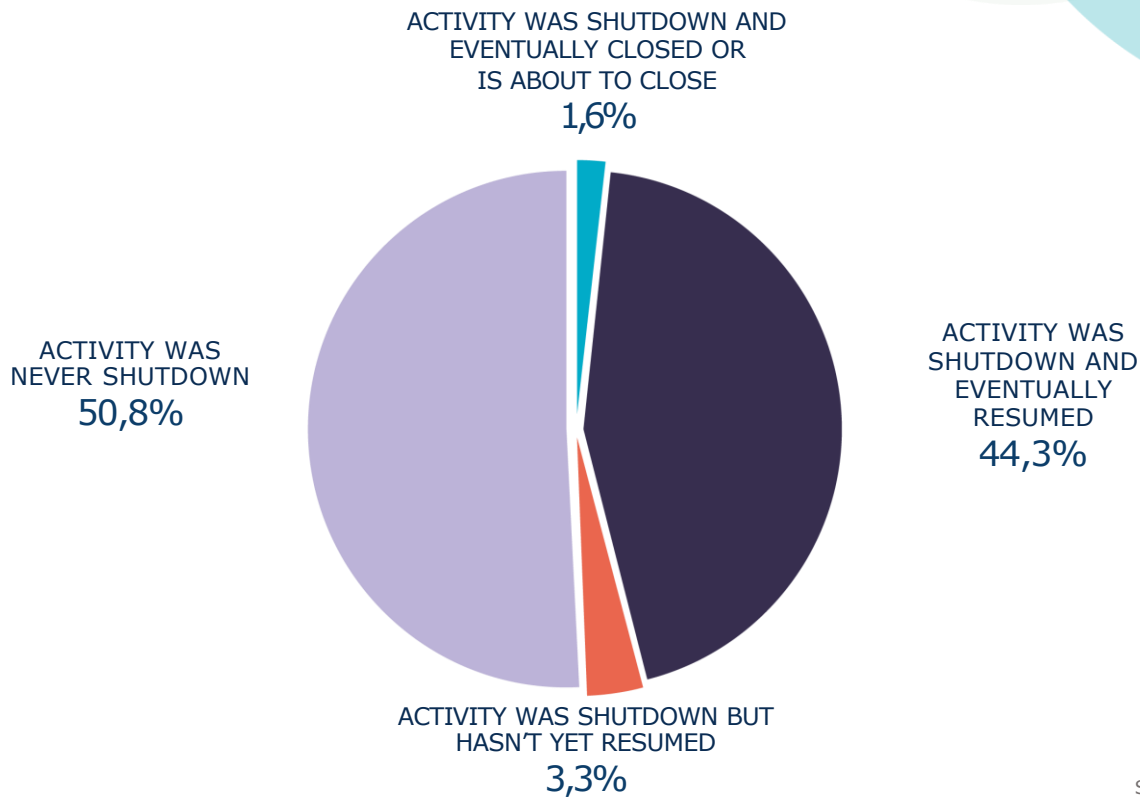


-  Theatrical, video and TV production activities
-  Theatrical, video and TV post-production activities
-  Theatrical, video and TV distribution activities
-  Theatrical exhibition activities
-  TV programming and broadcasting activities



# Audiovisual core businesses in 2020: operating conditions

## Year 2020 (in percentage)



# 2019 VS 2020: SELF-EMPLOYED WORKERS/EMPLOYEES

## 2019

SELF-EMPLOYED WORKERS IN UNITS	52,546
EMPLOYEES	45,461
MANAGERS/DIRECTORS	14,491
OUTSOURCED FORMER ENPALS EMPLOYEES	4,040
CONTRACTORS	2,774

**119,312**

working in the  
audiovisual  
sector

## 2020

SELF-EMPLOYED WORKERS IN UNITS	47,955
EMPLOYEES	42,203
MANAGERS/DIRECTORS	14,509
OUTSOURCED FORMER ENPALS EMPLOYEES	3,810
CONTRACTORS	2,810

**111,287**

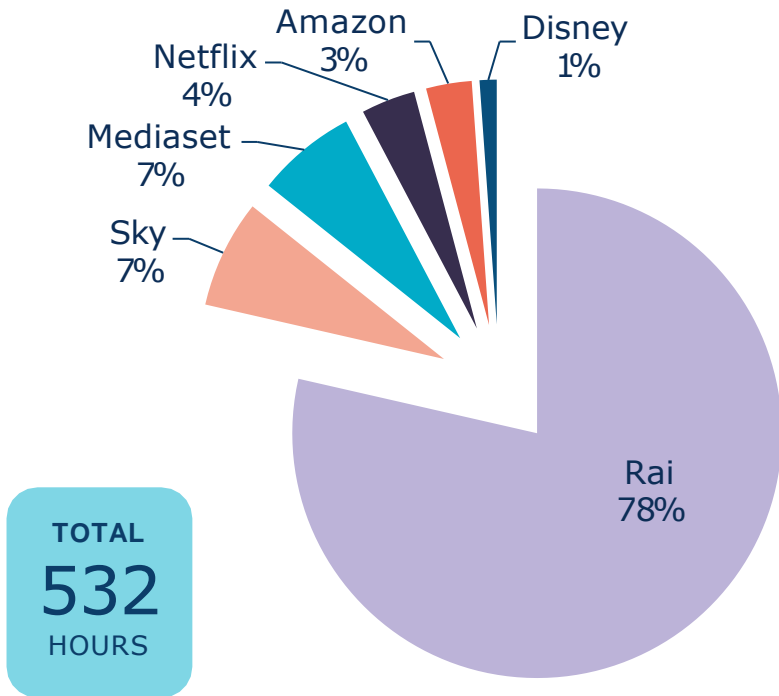
working in the  
audiovisual  
sector

# FICTION:

## 2020-2021 SEASONAL BALANCE



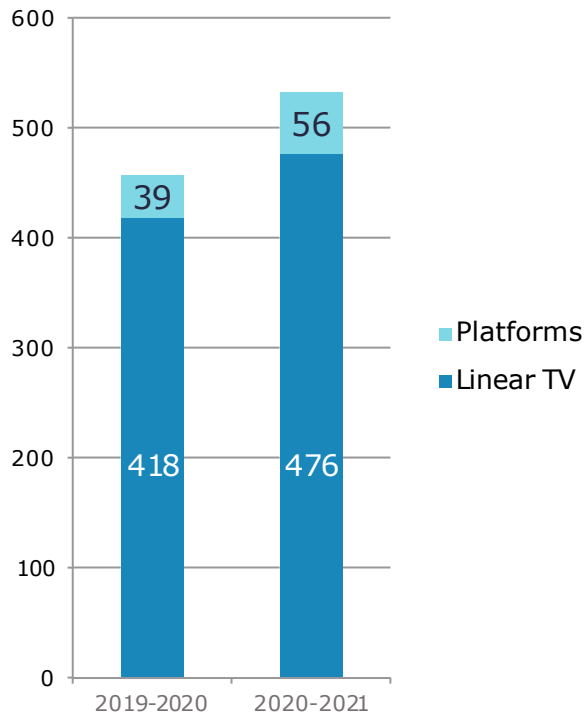
# FICTION SUPPLY (HOUR VOLUME) SEASON 2020-2021. MARKET SHARES



- Rai is again the absolute leader in the broadcasting of Italian fiction content, offering more than three quarters of the seasonal hours.
- Among the other operators of domestic fiction, traditional linear TV operators (Sky and Mediaset) still have a greater weight in the production of Italian original content than the platforms (Netflix, Amazon Prime Video, Disney +).



# DOMESTIC FICTION SUPPLY LINEAR TV VS PLATFORMS



- Compared to the 2019/2020 season, in 2020/2021 the supply of Italian production fiction is growing, both on linear networks (+ 58 hours) and on platforms (+ 17 hours).
- The offer of original Italian fiction on platforms (Rai Play, Now, Netflix, Amazon Prime Video, Disney +), is still largely lower but in the inter-seasonal variation it slightly increases its impact on the total seasonal hourly volume, going from 9% (2019 -2020) to 11% (2020-2021).



# TOP 20 TV FICTION RATINGS

SEASON 2020-2021



N.	Title	Format	Network	Rating	Producer
1	Il commissario Montalbano	Series	Raiuno	9,520,957	Palomar
2	Doc-Nelle tue mani	Series	Raiuno	7,809,194	LuxVide
3	Le indagini di Lolita Lobosco	Series	Raiuno	7,393,777	Bibi Film/Zocotoco
4	Màkari	Series	Raiuno	6,703,439	Palomar
5	Mina Settembre	Series	Raiuno	6,306,634	IIF
6	Leonardo	Series	Raiuno	6,017,728	LuxVide
7	Il commissario Ricciardi	Series	Raiuno	5,973,572	Clemart
8	Che Dio ci aiuti 6	Series	Raiuno	5,839,287	LuxVide
9	Chiara Lubich	TV movie	Raiuno	5,751,849	Casanova
10	Natale in casa Cupiello	TV movie	Raiuno	5,727,109	Picomedia
11	La bambina che non voleva cantare	TV movie	Raiuno	5,672	Picomedia
12	Carosello Carosone	TV movie	Raiuno	5,591	Groenlandia
13	Rita Levi-Montalcini	TV movie	Raiuno	5,587	Cosmo Prod.
14	La fuggitiva	Series	Raiuno	5,280	Leone Cinemat.
15	Un passo dal cielo 6-I guardiani	Series	Raiuno	5,144	Lux Vide
16	Gli orologi del diavolo	Series	Raiuno	5,048	Picomedia
17	L'allieva 3	Series	Raiuno	4,891	Endemol Shine It.
18	Io ti cercherò	Series	Raiuno	4,712	Publispei
19	Nero a metà 2	Series	Raiuno	4,710	Cattleya
20	Vite in fuga	Series	Raiuno	4,606	Paypermoon

Source: OFI for APA



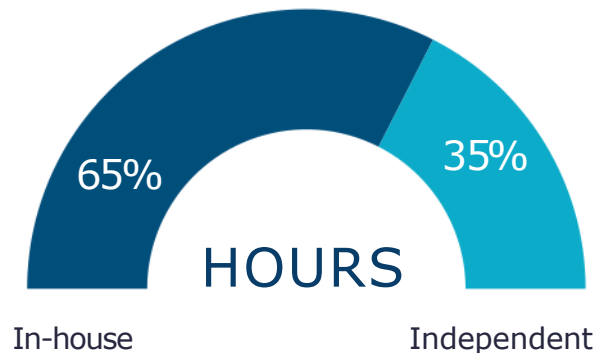
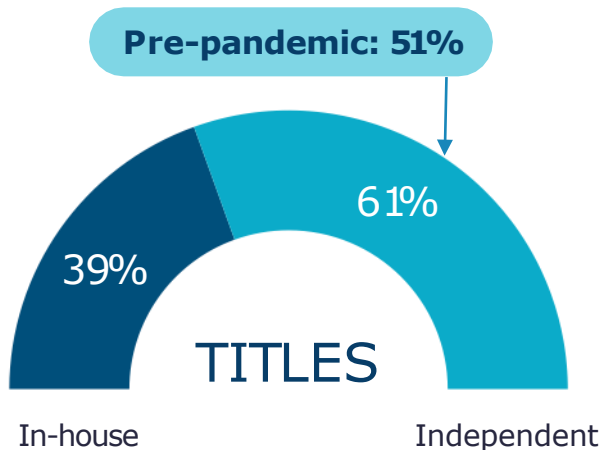
# THE 2021 UNSCRIPTED SUPPLY

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# «LINEAR» ENTERTAINMENT: IN-HOUSE AND INDEPENDENT PRODUCTIONS

HOURLY VOLUME REWARDS BROADCASTERS IN-HOUSE PRODUCTION.  
COMPARED TO THE PRE-PANDEMIC SEASON, HOWEVER, INDEPENDENT PRODUCTION  
TITLES (+ 11%) LEAP FORWARD



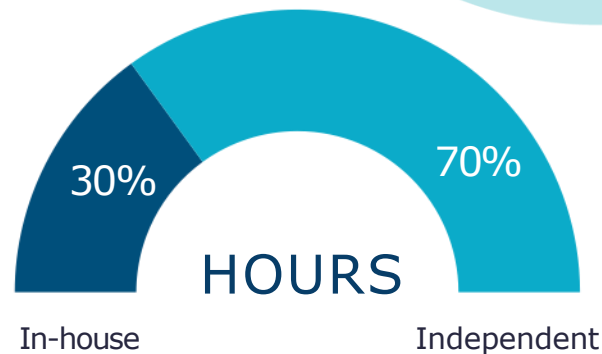
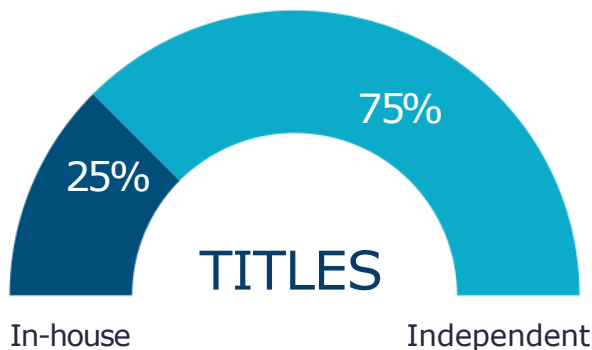
In-house production: entirely produced by  
broadcasters

Independent production: outsourced or co-produced with  
an independent production company



# «IN STREAMING» ENTERTAINMENT IN-HOUSE AND INDEPENDENT PRODUCTIONS

OUTSOURCED INDEPENDENT PRODUCTIONS PREVAIL AND HAVE  
BECOME THE PRODUCTION STANDARD FOR DIGITAL ONLY CONTENT



In-house production: entirely produced by  
broadcasters

Independent production: outsourced or co-  
produced with an independent production company



REFERENCE  
SAMPLE

**51** TITLES

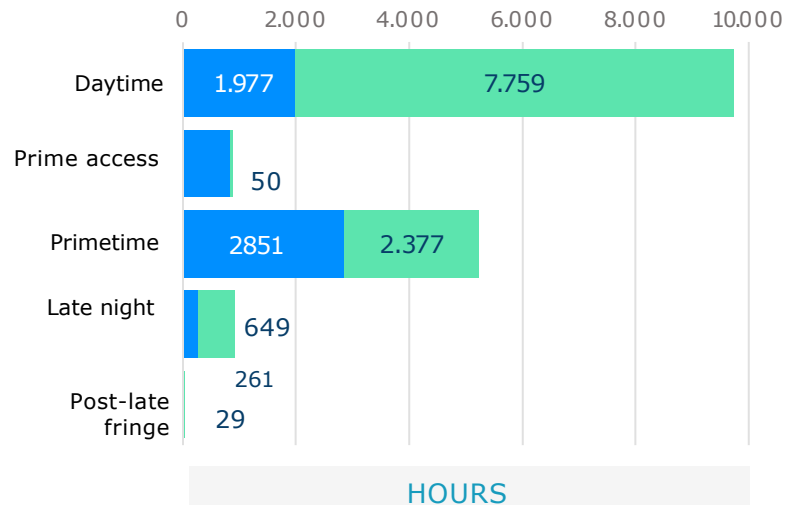
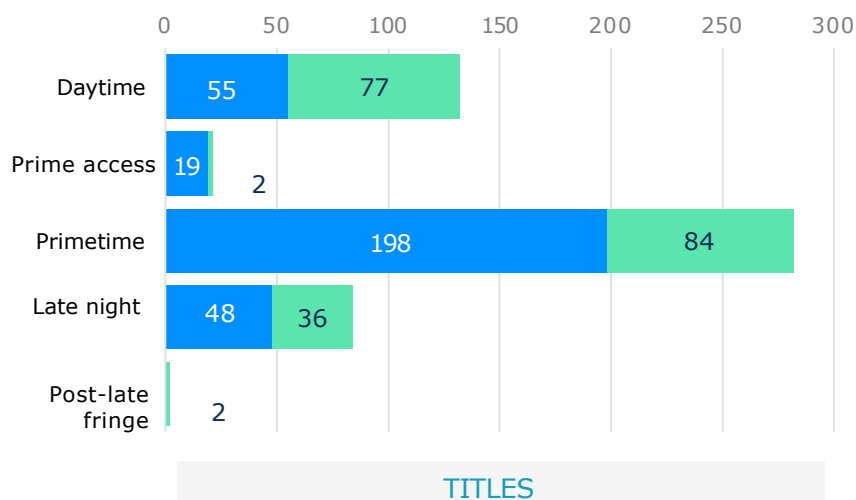
**44** SHOWS

**+ 7** SPIN-OFFS



# LINEAR TV TIME SLOTS: IN-HOUSE AND INDEPENDENT PRODUCTIONS

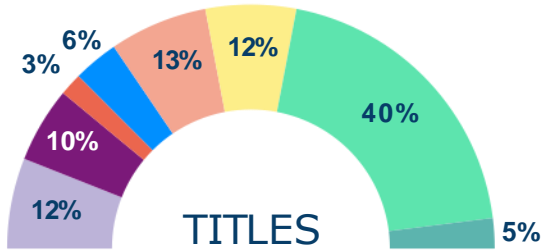
COMPARED WITH THE PRE-PANDEMIC PERIOD, INDEPENDENT PRODUCTIONS GROW IN VOLUME (+ 10%) IN DAYTIME AND PRIMETIME. THE PREVIOUS SEASON IS BALANCED IN DATA, EXCEPT FOR THE LATE NIGHT SLOT WHEN IN-HOUSE HOURS INCREASE (+ 11%)



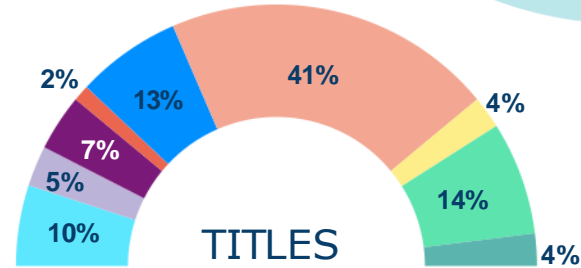
# MAIN, EXTENSIVE, AND INTENSIVE GENRES IN LINEAR TV



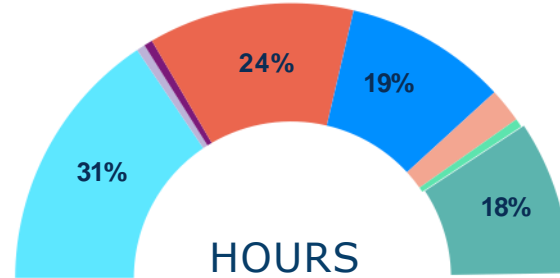
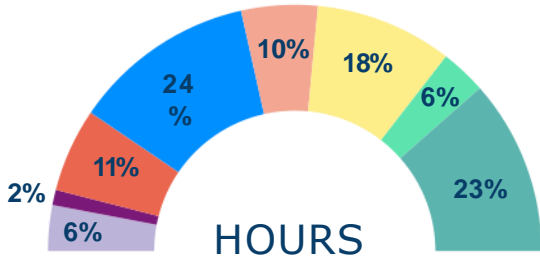
INFOTAINMENT, TALK, T-R-D PREVAIL IN PRIMETIME ; DOCU IS GROWING AS AN «INTENSIVE GENRE»;  
 MAGAZINES AND INFOTAINMENT ARE THE DAYTIME LEADERS;  
 CONTAINER SHOWS ARE SILL THE «EXTENSIVE GENRE»



PRIME TIME



DAY TIME

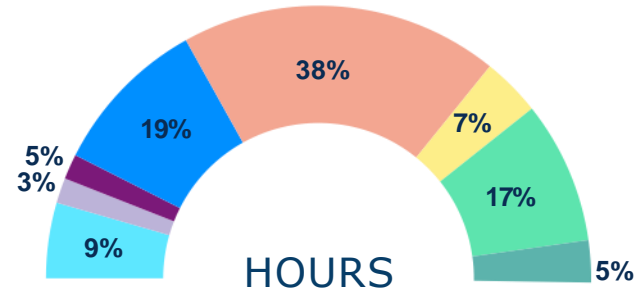
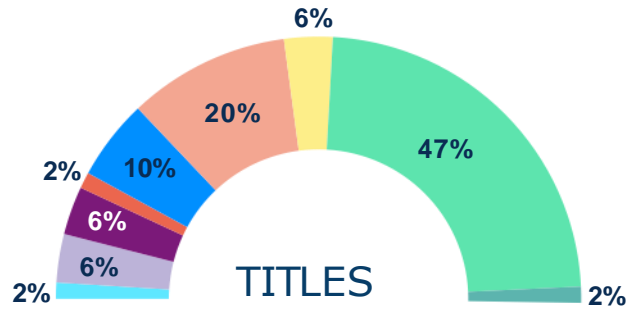


Source: CeRTA for APA



# OTT STANDS OUT IN DOCU (AND MAGAZINE)

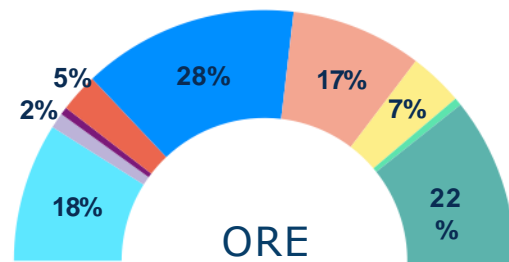
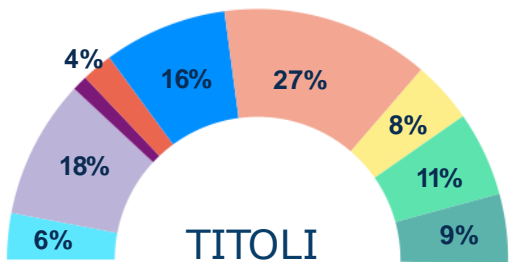
RISE OF DOCU TITLES, IN ITS DOCUMENTAL AND DOCU-SERIES SUB-GENRES, AS WELL AS MAGAZINES, FOR HOUR VOLUME



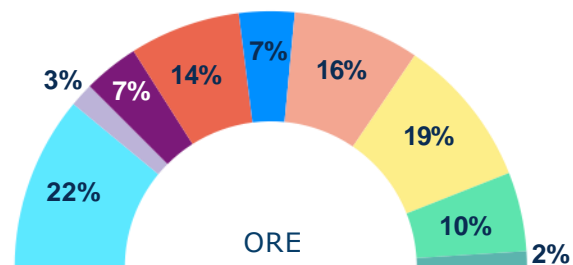
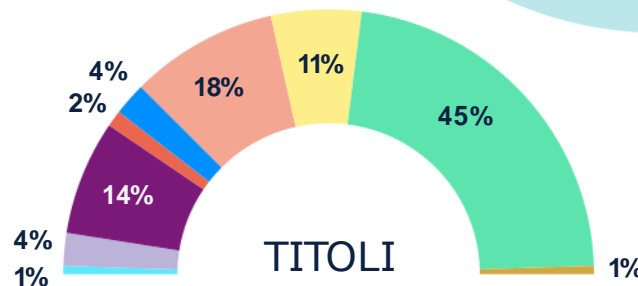
# GENRES: GENERALIST MODEL VS. MULTI-CHANNEL



INFOTAINMENT, TALK, MAGAZINE ARE THE LEADER SHOWS OF TRADITIONAL BROADCASTERS. DOCU, MAGAZINE FACTUAL, T-R-D ARE BECOMING THE STANDARDS OF MULTI-CHANNELS, TV8 EXPERIMENTS A CONTAINER SHOW



MODELLO GENERALISTA



MODELLO MULTI-CHANNEL



Source: CeRTA for APA



# THE DOCUMENTARY INDUSTRY IN ITALY

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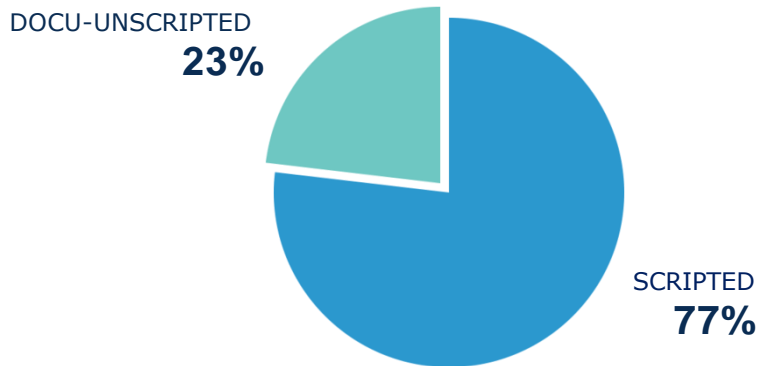
PERIMETER,  
DEMAND,  
SUPPLY AND  
PROSPECTIVES



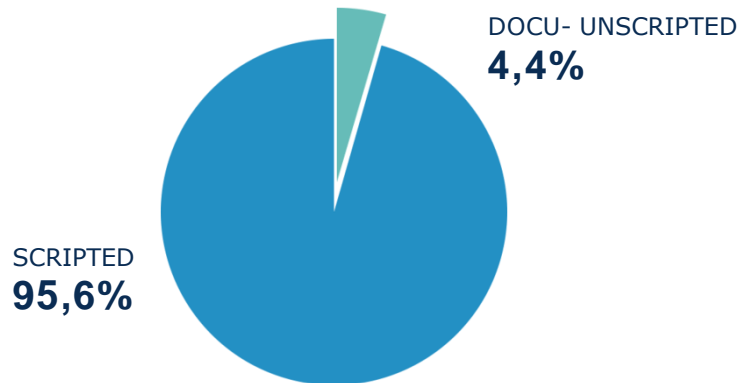
# OVERALL THREE-YEAR DATA 2018/2019/2020



**N. FINANCED TITLES**  
SCRIPTED VS DOCU-UNSCRIPTED  
2018-2020



**EXPENDITURE**  
SCRIPTED VS DOCU-UNSCRIPTED  
2018-2020



A QUARTER (23%) OF THE AUDIOVISUAL WORKS FINANCED IN THE THREE YEARS BETWEEN 2018 AND 2020 CONSIDERING THE THREE TERRITORIAL AREAS (EUROPE, ITALY, REGIONS), ARE ITALIAN DOCU-UNSCRIPTED.

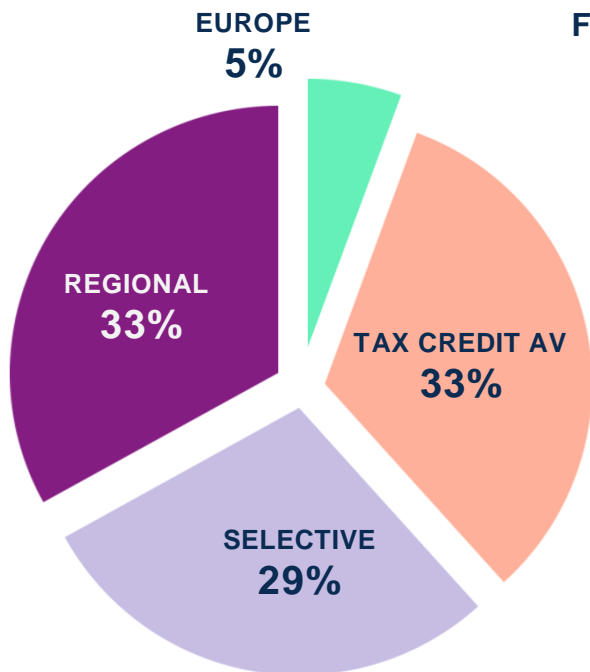
ECONOMIC CONTRIBUTIONS TO DOCU-UNSCRIPTED ON THE OTHERWISE REPRESENT ONLY 4.4% OF THE TOTAL RESOURCES PROVIDED FOR THE PRODUCTION OF AUDIOVISUAL WORKS.

Source: Researcher Federica D'Urso for APA



# SOURCE OF DOCU-UNSCRIPTED FUNDS

**ITALIAN DOCU-UNSCRIPTED FUNDS 2018-2020**



ONE THIRD OF THE CONTRIBUTIONS GIVEN TO UNSCRIPTED WORKS COME FROM REGIONAL FUNDS.

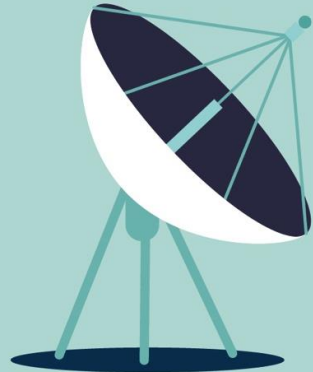
62% COME FROM THE GOVERNMENT AND ARE EQUALLY DIVIDED BETWEEN TAX CREDIT AND SELECTIVE CONTRIBUTIONS TO PRODUCTION.

ONLY 5% COME FROM EUROPEAN FUNDS.



# EUROPEAN AUDIOVISUAL OBSERVATORY

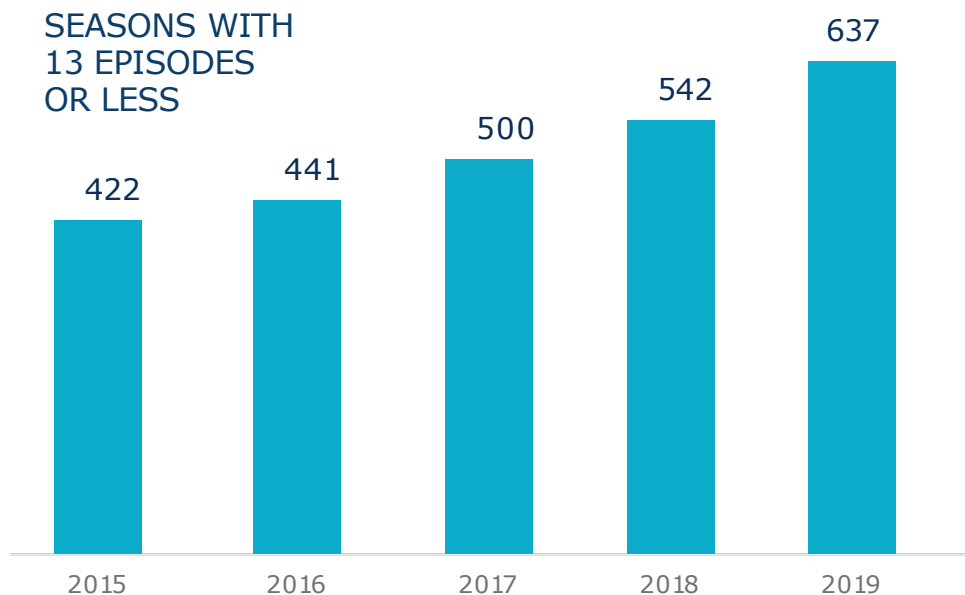
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# SERIAL PRODUCTION IN EUROPE IS CONSTANTLY INCREASING



+50% BETWEEN 2015 AND 2019



Source: European Audiovisual Observatory

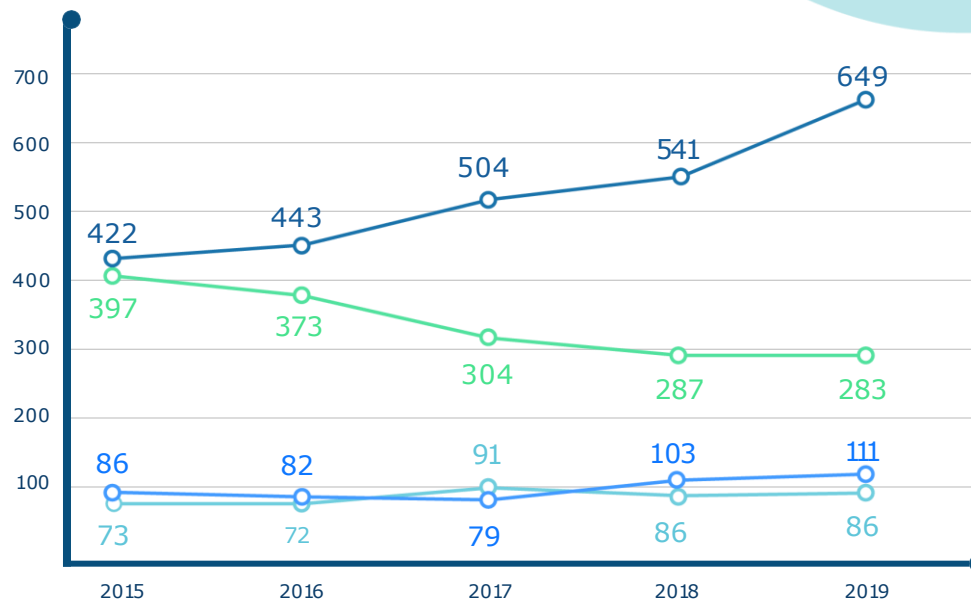


# WHAT IS THE MOST GROWING TV FORMAT IN EUROPE?

## HIGH-BUDGET TV SERIES

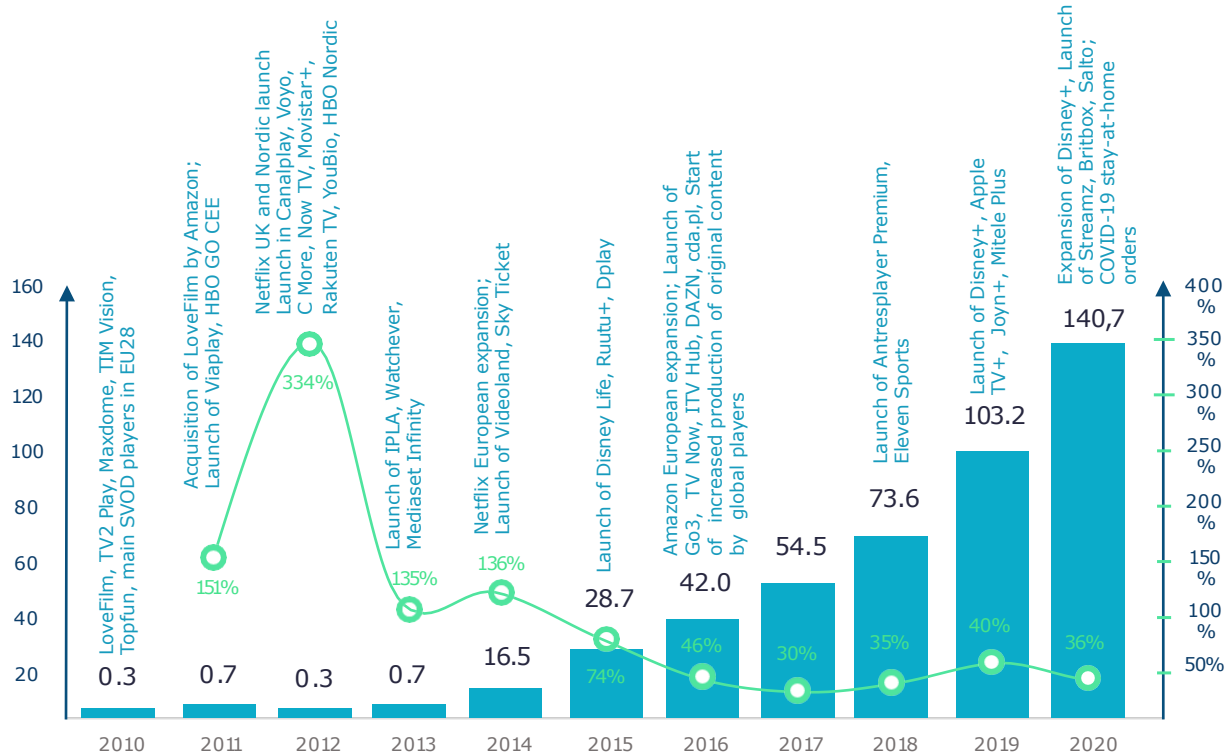
(from 2 to 13 EPISODES)

54% growth since 2015;  
+20% from 2018 to 2019



# HOW MANY MORE SUBSCRIPTIONS HAVE THERE BEEN ON THE MARKET OVER A PERIOD OF 10 YEARS IN EU28 ?

EU28 SUBSCRIPTIONS OTT SVOD (2010-2020 SUBSCRIPTIONS IN MILLIONS AND% OF SUBSCRIPTIONS; INCREASE PER YEAR)



## OVER 140 MILLION MORE SUBSCRIPTIONS FROM 2010 TO 2020

FROM 300,000 IN 2010 TO 140.7 MILLIONS IN 2020

Not all SVOD platforms have been taken into consideration but only a selection to underline the most important ones

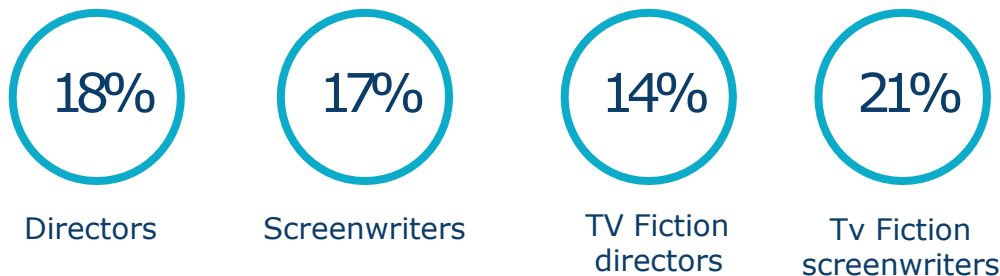


# WHAT IS THE PERCENTAGE OF EUROPEAN FEATURE FILMS MADE BY TEAMS OF WOMEN?\*

## 18%

(there are significant differences by country)

### PERCENTAGE OF WORKS CARRIED OUT BY TEAMS OF PROFESSIONAL WOMEN \*



\*In this context, "women's teams" refers to feature films or episodes of fiction composed of a majority (> = 60%) of female professionals in all roles

