

Executive summary

Location study HH/SH: The motion picture industry in Hamburg and Schleswig-Holstein 2017

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From:

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Executive summary

Overview and economic figures of the motion picture industry in Hamburg and Schleswig-Holstein

The motion picture industry in Hamburg and Schleswig-Holstein comprises around 1,250 companies. With a total of 558 companies, the classic film producers from the areas of TV (240), cinema (240) and animation (78) make up around 45 percent of the film industry of the two federal states. In addition there are 200 advertising film producers, 190 games companies, 121 film service providers as well as companies from the fields of online video (60), VR/AR (50), distribution/rental (21), TV events (14) and others (39).

The motion picture industry in Hamburg and Schleswig-Holstein generated sales of around EUR 3.16 billion in 2016 and employed around 14,500 people¹.

The film production sector in Hamburg and Schleswig-Holstein accounts for about 12 percent of the total German producer market (around 4,600 production companies in Germany).

The majority of producers work in different areas of business. Regarding the question of their main activity, 43% of resident companies named TV or cinema film production as well as 14 per cent the area of animation/cartoon film production.

Economic situation of motion picture companies

37 per cent of the Hamburg film industry estimate the current economic situation of their own company as good or very good. Two thirds of filmmakers also assume that their own sales will grow until 2020. Only 26% of their colleagues in Schleswig-Holstein estimate their own current economic situation as good or very good. Here, however, 71 per cent of them expect an increase in sales over the next three years.

The motion picture industry in Hamburg and Schleswig-Holstein will develop positively or in a stable way until 2020. 34% and 37% of the surveyed motion picture companies expect this. The development of the employment situation also suggests this: 37 per cent of the actors asked believe that the number of employees in their own company will grow, while 56 per cent expect it to remain the same.

Business areas until 2020

By 2020, about one third of the motion picture companies want to become active in the television business segment, provided that they are not already active there. 26 percent see additional potential in cinema production and a quarter is counting on future online exploitation and on-demand usage.

In particular, classic TV and cinema producers expect new web formats, such as high quality series, to become more important for the success of their companies, and expect a decline in conventional commissioned productions for the future.

¹ Including public service broadcasting

The sector's hope is also set on the growing demand from pay-VoD platforms such as Netflix, Amazon and Maxdome. In principle, the rapid increase in online usage shows that offers for a time-independent use of film content via TV, laptop or smartphone are increasingly questioning the validity of established usage patterns. For the entire film industry therefore, there is the challenge to use the online reach of advertising supported platforms such as YouTube, Facebook and Co. and to develop business models on this basis.

In the opinion of the industry, the film market will also open itself further in format options: in addition to the traditional 90 minutes, shorter film formats will increasingly become established.

Crossmedia is currently working in the film scene in Hamburg and Schleswig-Holstein, primarily in a project-related way, if the material is appropriate. Even in the near future, producers do not expect material according to this criterion to be sought or selected. On the other hand on the subject of Internationality: Here, TV and cinema producers want to cooperate even more strongly within Europe and beyond in order to be able to make use of the funding offers from other countries and to better evaluate their films internationally.

In the case of more recent motion picture sectors such as Virtual Reality/Augmented Reality (VR/AR) or 360-degree video, twelve or eleven percent of the film sector in Hamburg /Schleswig-Holstein see future potential for their company. Drone technology is already part of the sets as a matter of course.

Hamburg's film industry, with its innovative technologies and applications, is here also heavily involved in the development. For example, the Hamburg start-up *SpiceVR* combines 3D data and 360-degree film recordings made by drone and has already won numerous well-known clients.

Location factors in Hamburg and Schleswig-Holstein

When evaluating the film sector in Hamburg, the general infrastructure of the city as well as access to necessary equipment/hardware are at the forefront. These location factors were assessed on a scale from one (very bad) to four (very good) with an average score of 3.3. The availability of mobile or broadband internet as well as customer proximity and connection to clients are also evaluated as better than good (2.9 each). The sector is dissatisfied with the city's rental prices (1.8), access to private investors (venture capital) and the general cost of living there (2.0 each).

The assessment of the locational factors in Schleswig-Holstein by the companies located there is predominantly a little worse. Here the access to necessary equipment/hardware (3.0), availability of suitable premises (2.9), general infrastructure (2.8), cost of living (2.8) and rental prices (2.7) were above all other factors. The worst assessment was the access to capital: private investors (1.9), equity providers/banks (2.1) and the possibility of industrial cooperation (2.3) are harder to find in Schleswig-Holstein according to the assessment of the sector.

All in all, the cooperation with the Hamburg-Schleswig-Holstein Film Promotion Agency was very positively emphasized by the entire motion picture industry in Hamburg/Schleswig-Holstein and the trust in their advice, lobbying and network

initiatives was emphasized again and again. In addition, the Kiel Film Workshop is regarded as particularly beneficial for the support of the creative new generation and the project development phases.

On the other hand, the total amount of subsidies compared to other federal states is estimated as too low. For this reason, in addition to the structures many film companies are looking for additional funding at other locations for example in the area of innovation or technology. In addition, the market participants demand a higher cultural budget in which the film can participate more, or a tax credit system with tax reductions for film producers. In addition to the financial incentives, the industry wants political bodies as committed partners and an even stronger lobby in order to further expand the awareness of film as a cultural asset as well as an economic factor.

Networking

The motion picture industry in Hamburg and Schleswig-Holstein is already very well networked as a whole. Nevertheless, in the classic film areas improved contact possibilities are sought: 39 percent of the companies want this in the field of TV production and 36 percent in the area of cinema production.

Also the newer motion picture sectors are in demand: 23 percent are looking for contacts to the online video scene, 22 percent to the VR/AR sector and 14 percent to companies from the areas of games and 360-degree video. 21, 20 and 11 percent of the motion picture industry are looking for improved contacts with non-film industries such as education, tourism and health.

In addition, there is a high demand for networking with investors, venture capitalists and other financially strong sectors in order to attract funds for new projects.

International market players are already strongly networked: About two thirds of all companies maintain international relations with project partners outside Germany. Central and Western Europe are at the forefront: 34 percent of the sector currently have partnerships. 30 per cent have relationships with teams and companies in the USA and the UK as well as 27 per cent with Scandinavia.

Study objectives and methodology

Within the framework of the EU project CROSS MOTION, a location study on the motion picture sector in Hamburg and Schleswig-Holstein was conducted on behalf of the Filmförderung Hamburg Schleswig-Holstein GmbH (FFHSH) by the Goldmedia research and consulting group.

The main focus of the study was the recording of companies and their economic figures, areas of business, business models and financing structures, as well as the identification of the status quo as well as the need for networking activities and further training opportunities in the sector.

The study is based on a comprehensive primary data collection via online survey of 1,354 motion picture companies in Hamburg and Schleswig-Holstein from the areas of Film, VR/AR, Animation and Games. The sectors surveyed include the following WZ classes or NACE codes: 5911*, 5912*, 5913*, 5821*, 6020*, 7311*.

These include all companies from the fields of TV and cinema production, animation, cartoons, production services/VFX/post production, documentary and advertising film production, online video, 360° video, VR, AR, games, film distribution/rental as well as TV events and TV stations.

The data were supplemented by the results of eleven expert discussions with industry representatives as well as market estimates (calculation by Goldmedia for normal distribution based on company data).