Market polarisation – a rising concentration on the top 20 releases

Top 20	2016	2015	2014	2013	Average last 4 years
UK box-office of top 20 films	**£650.1m**	£707.1m	£492.4m	£532.6m	**£595.5m**
Percentage of year's total UK box-office	**48.6%**	53.9%	43.4%	45.6%	**47.8%**
Top 3 films (as at end of year)	*Rogue One: A Star Wars Story* *Fantastic Beasts and Where to Find Them* *Bridget Jones's Baby*	*Spectre* *Star Wars: The Force Awakens* *Jurassic World*	*The Lego Movie* *The Hobbit: The Battle of the Five Armies* *The Inbetweeners 2*	*Despicable Me 2* *Les Misérables* *The Hobbit: The Desolation of Smaug*	

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21st Century trends

The modern-times peak in cinemagoing was reached in 2002, with 175.9 million admissions, a 40-year high, as yet unsurpassed. In the 15 years from 2002 (see table below), UK cinema box-office has risen +63%, admissions have dipped by 4.3%, while *the number of titles released into the market by distributors has soared +228%.*

UK/RoI	2016	2015	2014	2011	2008	2005	2002
Cinemas' box-office receipts	£1,329m	£1,309m	£1,133m	£1,129m	£949.5m	£840.4m	£812.2m
UK admissions	168.3m	171.4m	157.5m	171.5m	164.2m	164.7m	175.9m
Releases Incl. event cinema	900	853	838	577	531	467	394

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Given such a dense supply of product, the risk of commoditisation is ever-present – making 'cut through' all the more difficult. Release-date decisions are very tough in such a crowded market place. A significant UK audience craves entertaining cultural nourishment at *any* time of year, *if* there's significant space on cinema screens for non-mainstream releases.

Market challenges

The UK is a large cinema territory by gross box-office receipts (generating 5% of the world's box-office). Yet, relatively speaking, it is generally characterised by *high* marketing and distribution costs with relatively *low* returns for film distributors.

In 2016, almost a third (32.4%) of all releases grossed less than £10,000 (including VAT) during their theatrical run. Fully 81% of releases grossed less than £0.5m. Out of the 900 titles brought to market, just 17 grossed more than £20m (see table below).

Total gross box-office achieved during UK theatrical run	No. releases 2016
£1 - £1,000	63
£1,001 - £10,000	234
£10,001 - £50,000	229
£50,001 - £100,000	76
£100,001 - £500,000	140
£500,001 - £1,000,000	36
£1,000,001 - £4,000,000	65
£4,000,001 - £7,000,000	26
£7,000,001 - £10,000,000	17
£10,000,001 - £20,000,000	12
£20,000,001 - £30,000,000	6
£30,000,001 - £40,000,000	6
£40,000,001 - £50,000,000	3
£50,000,001 - £60,000,000	2
Total	**915**

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Soda

'A film of distinctive rhythm and unlikely charm' (*Independent*): Jim Jarmusch's thoughtful and rewarding comedy, *Paterson*, traced the daily routine of a man named Paterson (Adam Driver), fortuitously a no.23 bus driver in Paterson, New Jersey, who writes heartfelt poetry. Upon its November release in UK cinemas, it garnered excellent reviews and £0.6m at the box-office. In 2017, Adam Driver appears in very different roles, in Steven Soderbergh's *Lucky Logan* and again as Kylo Ren in *Star Wars: The Last Jedi.*

Other continuing **market challenges** for film distributors include:

- The decline in physical home entertainment revenues
- The migration of both creative talent and audiences across other entertainment formats
- Uncertainty over European-related matters, such as funding partnerships and developments in the Digital Single Market and copyright reform
- Consideration of a near-future convergence in which (some) movies may become more 'playable' and games may incorporate extra narrative content – for audiences ultimately to decide

5-year summary of UK cinema landscape

	2016	2015	2014	2013	2012
UK cinema admissions	**168,259,894** *-2.1% vs. 2015*	171,930,400 *+9.2% vs. 2014*	157,499,641 *-4.9% vs. 2013*	165,539,976 *-4% vs. 2012*	172,498,774 *+0.5% vs. 2011*
UK + ROI gross box-office	**£1,329,473,131** *+1.5% vs. 2015*	£1,309,606,402 *+15% vs. 2014*	£1,133,893,009 *-2.9% vs. 2013*	£1,167,036,502 *-1% vs. 2012*	£1,179,046,380 *+3.7% vs. 2011*
UK distributors' estimated P&A investment	**£350m+**	£350m+	£350m+	£330m+	£330m+
No. new releases	**900**	853	838	801	646
Top 3 releases Jan–Dec	*Rogue One: A Star Wars Story* *Fantastic Beasts and Where to Find Them* *Bridget Jones's Baby*	*Spectre* *Star Wars: The Force Awakens* *Jurassic World*	*The Lego Movie* *The Hobbit: The Battle of the Five Armies* *The Inbetweeners 2*	*Despicable Me 2* *Les Misérables* *The Hobbit: The Desolation of Smaug*	*Skyfall* *The Dark Knight Rises* *Marvel Avengers Assemble*
UK films' overall market share (including UK qualifying productions)	34.9%	44.5%	25.9%	22.2%	32.1%
Breaking out from the above: UK independent films' market share	7.4%	11%	15.5%	6.8%	9.3%

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