

THE UK FILM MARKET AS A WHOLE

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FACTS IN FOCUS

UK filmed entertainment market revenues totalled £2.64 billion in 2020, the lowest figure since 2000. With cinemas either closed or operating under restrictions for most of the year, digital video became the most significant component of the film value chain, with gross revenues of £1.35 billion.

- ▶ In 2020, the total filmed entertainment market in the UK was worth an estimated £2.64 billion, down 24% from £3.46 billion in 2019.
- ▶ Revenues from digital video were £1.35 billion, an increase of 40% from £966 million in 2019.
- ▶ Digital video accounted for 51% of the total market, compared with 28% in 2019.
- ▶ Gross revenues for UK film were an estimated £948 million, down from £1.25 billion in 2019.
- ▶ In 2020, the UK had the fourth largest filmed entertainment market in the world after the USA, China and Japan, and is expected to retain that position over the next four years.

The UK film market as a whole

UK filmed entertainment market revenues

The COVID-19 pandemic had a significant impact on the UK filmed entertainment market in 2020, with cinemas either closed or operating under restrictions for most of the year, and – with an audience still hungry for films – record numbers of people accessing digital video.

UK filmed entertainment market revenues totalled £2.64 billion in 2020, the lowest figure since 2000, and a decline of 24% from £3.46 billion in 2019 (Table 1). The sharpest decrease was in theatrical revenues which fell by 76% from £1.25 billion in 2019 to £307 million in 2020. The box office accounted for only 12% of the year's gross revenues, compared with 36% in 2019.

The trend towards digital entertainment accelerated in 2020, with revenues rising by 40% from £966 million in 2019 to £1.35 billion. For the first time digital video represented the most significant component of the film

value chain in the UK, accounting for 51% of the total market, compared with 28% in 2019. Aggregate physical video revenues, however, continued to decline, falling by 33% from £370 million in 2019 to £251 million. As a share of the total market, physical video revenues dropped slightly to 9%.

Aggregate television revenues also declined in 2020, falling from £873 million in 2019 to £736 million. (It should be noted that much of this accrued to the television industry rather than to the suppliers of film.) Revenues fell despite an uptick in film viewing on television, due primarily to a contraction in advertising expenditure and a reduction in average subscription prices for pay TV services. Combined television revenues represented 28% of the total market in 2020, up from 25% in 2019.

Gross revenues for UK films in 2020 were estimated to be £931 million, with the share for British films highest in the theatrical market (46%) and lowest in the pay TV and terrestrial/multi-channel television markets (both at 30%). Overall, the share of revenues attributed to UK films in 2020 was 35%, down slightly from 36% in 2019.

Table 1 UK filmed entertainment market, 2019 and 2020

	2019			2020		
	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	1,254	597	48	307	143	46
Physical video rental	23	8	35	17	6	35
Physical video retail	347	139	40	233	82	35
Digital video	966	320	33	1,351	480	36
Pay TV	655	135	21	513	154	30
Terrestrial and multi-channel TV	218	55	25	223	67	30
Total	3,463	1,254	36	2,644	931	35

Source: Comscore, BASE, Official Charts Company, Ampere, Omdia, BFI RSU analysis

Notes:

'Theatrical' is the total gross UK theatrical revenue (including VAT) in the calendar years 2019 and 2020 for all films exhibited in the UK. See The box office 2020 chapter.

'Physical video rental' is the total revenue from physical video rental (DVD, Blu-ray, etc) transactions in the calendar years 2019 and 2020. UK share is based on an estimate derived from knowledge of UK film share in the physical video retail market. See Film on physical video chapter.

'Physical video retail' is the total revenue from physical video retail transactions in the calendar years 2019 and 2020. See Film on physical video chapter.

'Digital video' revenues are derived from Omdia 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 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 Film on television chapter.

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.

Figures may not sum to totals due to rounding.

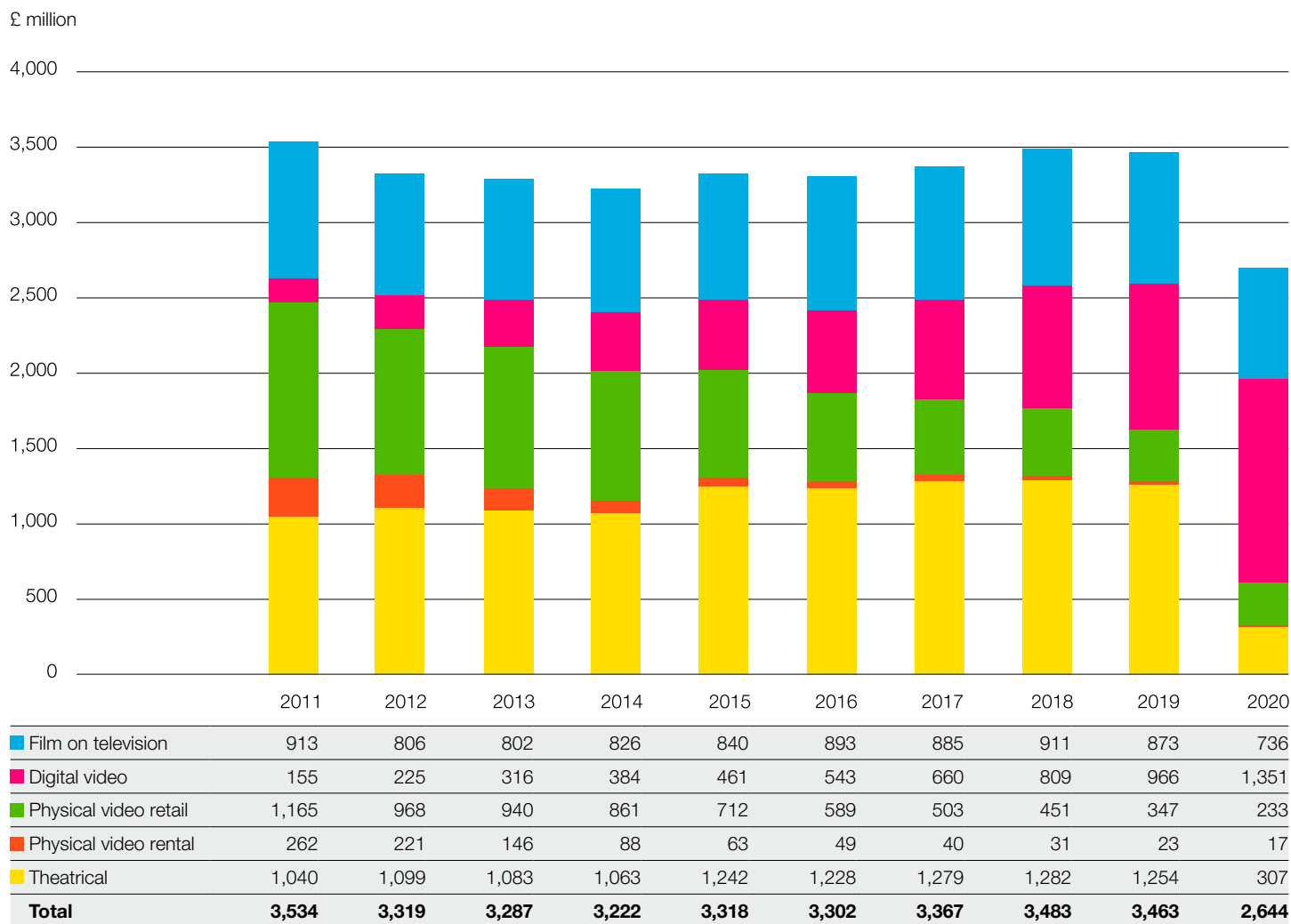
Figures updated since publication of the 2020 Statistical Yearbook.

The evolution of UK film revenues, 2011-2020

Figure 1, which shows aggregate film revenues between 2011 and 2020, highlights the severity of the impact of the COVID-19 pandemic on the UK filmed entertainment market. With the exception of digital video, gross revenues in 2020 were down across all sectors compared with 2011, with the overall market 25% smaller than at the start of the period.

Outwith theatrical entertainment, which was uniquely affected by the pandemic, the data for 2020 shows a continuation of existing trends in the relative values of the market's component sectors. In particular, the shift from the consumption of physical video to digital video has been a constant throughout the period: aggregate physical video revenues decreased by 82% between 2011 and 2020 while digital video revenues increased by 773%.

Figure 1 Gross film revenues, all platforms, 2011-2020



Source: Comscore, BASE, Official Charts Company, Omdia, 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.

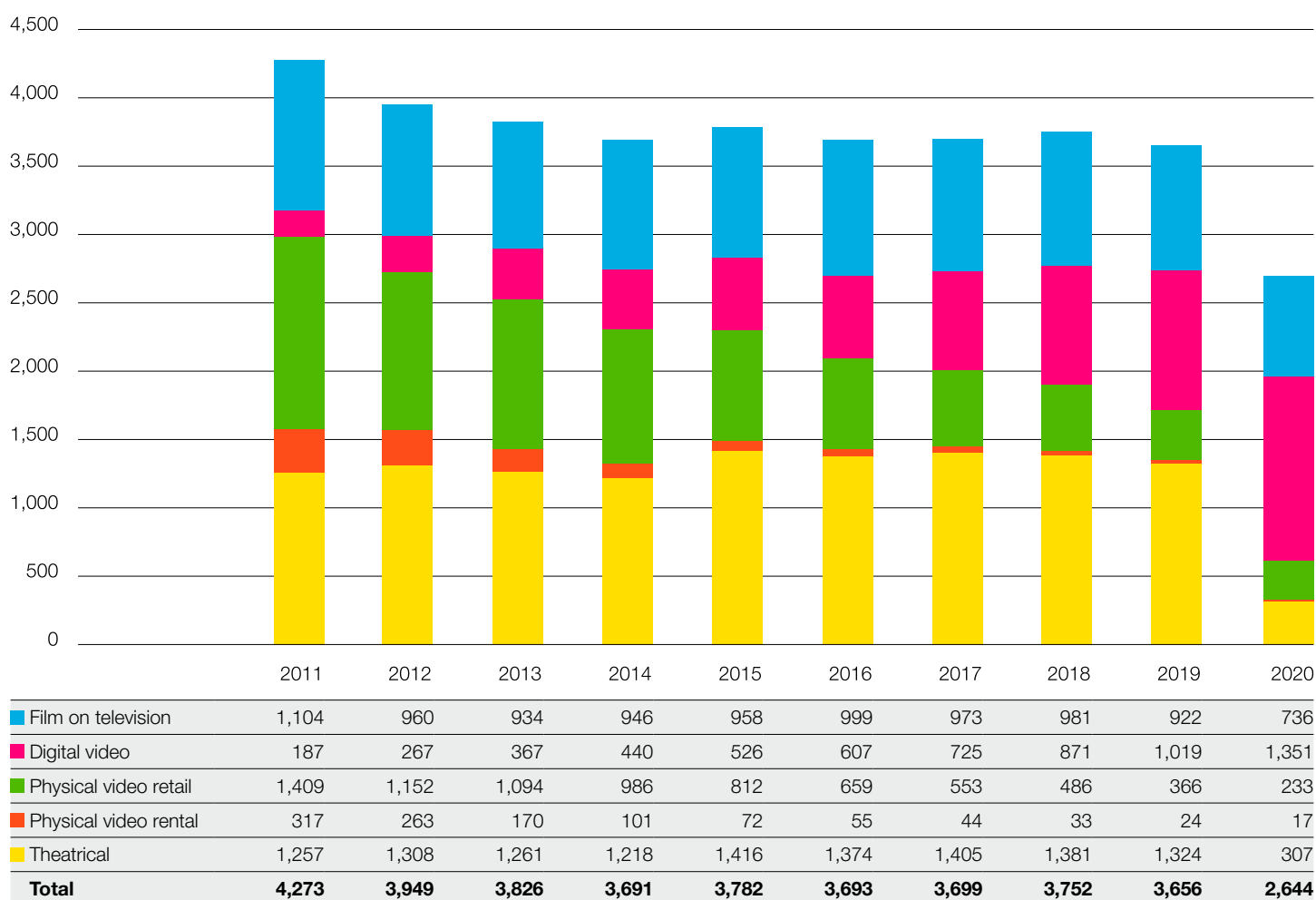
Figures may not sum to totals due to rounding.

Figures updated since publication of the 2020 Statistical Yearbook.

The revenues shown in Figure 1 are the actual figures; if adjusted for inflation (Figure 2), the decline in the value of the market in 2020 is starker. In inflation-adjusted terms, overall film revenues in 2020 were 29% lower than in 2019, and 39% lower than in 2011.

Figure 2 Gross inflation-adjusted film revenues, all platforms, 2011-2020 (expressed in 2020 pounds)

£ million (2020 pounds)



Source: Comscore, BASE, Official Charts Company, Omdia, Ampere, BFI RSU analysis

Notes:

Actual revenues deflated by the UK GDP deflator, which can be found at <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2021-quarterly-national-accounts>.

See notes to Figure 1.

Figures may not sum to totals due to rounding.

The UK film market in the global context

The COVID-19 pandemic created major disruptions to filmed entertainment industries across the world in 2020 and led to significant declines in revenue. Overall, the global filmed entertainment market contracted by 30% between 2019 and 2020, with revenues falling from \$74.6 billion to \$52.2 billion.

As Table 2 shows, in 2020 the UK had the fourth largest filmed entertainment market in the world after the USA, China and Japan (Table 2). According to Omdia, with revenues of \$20.9 billion, the USA accounted for 40% of the global market, with China accounting for 13% (\$7 billion), Japan for 6% (\$3.3 billion) and the UK for 5% (\$2.4 billion).

Table 2 Top 20 countries by filmed entertainment revenues, 2020

Country	US\$ million	Market share %
USA	20,926	40.1
China	6,984	13.4
Japan	3,349	6.4
UK	2,382	4.6
Germany	2,306	4.4
France	1,705	3.3
Canada	1,210	2.3
Australia	1,048	2.0
South Korea	1,040	2.0
Brazil	944	1.8
Mexico	814	1.6
Spain	717	1.4
Italy	685	1.3
India	643	1.2
Russia	597	1.1
Netherlands	579	1.1
Sweden	420	0.8
Poland	416	0.8
Denmark	402	0.8
Switzerland	328	0.6
<i>Rest of the world</i>	4,683	9.0
Total	52,179	100.0

Source: Omdia, BFI

Notes:

Information contained in this table was taken from the Cinema Admissions & Box Office Database Q4 2021 and the Home Entertainment Intelligence Database Q4 2021 reports from Omdia.

'Filmed entertainment revenues' here comprise box office receipts, sales of physical video (rental and retail), and digital video revenues (including revenues for purchases/rentals of films through cable/satellite providers). They do not include film-related television revenues.

Figures may not sum to totals due to rounding.

The global filmed entertainment market is expected to rebound strongly from the downturn in 2020, according to Omdia, and grow by 98% by 2025 (Table 3). The USA, China, Japan and the UK are projected to remain the world's top four markets (although the USA will lose significant share, primarily to China).

Countries for which the box office makes up a substantial majority of overall filmed entertainment revenues are predicted to make a particularly strong recovery as COVID-19 restrictions on cinemas ease. Revenues for India, for example, are predicted to increase by 430% by 2025. It should be noted, however, that India's projected growth is also based on forecasts for a significant expansion in home entertainment revenues, which is also the case for new entrants in the top 20 list, Indonesia and Colombia. All three countries' non-theatrical film revenues are expected to grow by at least 250% by 2025. (Denmark and Switzerland, both of which feature in the top 20 list for 2020 are forecast to drop out of the list by 2025.)

Table 3 Top 20 countries by filmed entertainment revenues, forecast for 2025

Country	US\$ million	Market share %	% predicted growth 2020-2025
USA	35,465	34.3	69.5
China	16,603	16.1	137.7
Japan	4,855	4.7	45.0
UK	4,520	4.4	89.8
Germany	3,778	3.7	63.8
France	3,664	3.5	114.9
India	3,407	3.3	429.7
South Korea	2,649	2.6	154.6
Mexico	2,439	2.4	199.6
Australia	2,137	2.1	103.9
Brazil	2,068	2.0	119.0
Canada	2,010	1.9	66.2
Spain	1,681	1.6	134.5
Italy	1,521	1.5	122.1
Russia	1,268	1.2	112.6
Netherlands	996	1.0	72.0
Poland	769	0.7	84.7
Indonesia	756	0.7	433.3
Sweden	707	0.7	68.5
Colombia	642	0.6	259.4
<i>Rest of the world</i>	<i>11,399</i>	<i>11.0</i>	<i>69.5</i>
Total	103,336	100.0	98.0

Source: Omdia, BFI

See notes to Table 2.

Figures may not sum to totals due to rounding.



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