

Virtual reality (VR)

13
titles

109
sales

€41 963
in revenue

In May 2017, *Carne y arena* Arena by Alejandro González Iñárritu (Legendary Entertainment, Fondazione Prada) became the first film using virtual reality (VR) to be included in the official selection of the Festival de Cannes. A few months later, the Venice Film Festival hosted the first competitive section entirely dedicated to VR at a major international festival. In terms of film markets, at Berlin, French sales company Wide was the first international distributor to propose a line-up of VR projects, soon followed by MK2 in Cannes, while the Institut Français presented its CultureVR platform. As such, 2017 will go down in the annals as a key year for this new kind of storytelling, which is starting to gain a foothold in traditional markets.

These are some of the reasons which motivated UniFrance to produce a study to analyze the export market for French short films using virtual reality. As already stated, the sector began to be structured starting with the Festival de Cannes in 2017, so any methodic distribution efforts only began to emerge from the third quarter of 2017. Like the traditional short film study, the 2017 VR study is solely concerned with concrete sales, title by title, as declared by production and sales companies who have agreed to communicate their figures. The sales concluded by distributors were then attributed to the corresponding production companies. Sales made to buyers based in France but operating internationally were also recorded and included in the figures.

Each film achieved on average 8.4 sales, for average revenue of €3,228 per title and €385 per transaction. Among the 13 films covered in the study, six were fiction projects that between them generated 55.7% of overall receipts and 50.4% of deals. With just one film, *Kinoscope* (Philippe Collin, Clément Léotard – Agat Films & Cie/Ex Nihilo), animation generated the second-highest revenue with 17.8% of the total, while experimental film was second in terms of transactions with 19.3%. The sub-genre of fantastic films accounted for more than one-third of total revenue and transactions. Of the 13 films surveyed, ARTE was involved in the financing of seven, confirming the European cultural channel's role as a key driver of VR.

Kinoscope generated the highest revenue, just ahead of *Sergent James* (Alexandre Perez – Floréal films), which attracted a higher number of individual deals. In third place was *I, Philip* (Pierre Zandrowicz – Okio-Studio). These three projects accounted for half of all receipts and transactions.

With the exception of *Altération* (Jérôme Blanquet – Okio-Studio) and *Notes on Blindness: Into Darkness* (Collectif – Agat Films & Cie/Ex Nihilo), the maximum runtime of these works is 15 minutes (90.3% of revenue and 84.4% of deals). Whereas for traditional French short films, French is the dominant shooting language, this is not the case for VR. Only four of the films are in French, whereas two-thirds (and the great majority of receipts and transactions) are in another language (especially English) or are without dialog, which is a major issue for the sector.

This study identified 44 different buyers, including three based in France but operating internationally. The biggest group is made up of international festivals (21), which accounted for 17.7% of revenue and 36.7% of transactions.

Although fewer in number (15), distributors provided a greater source of revenue, with 54.7% of total receipts and 46.8% of transactions (five distributors figure among the top-10 buyers). On average, each buyer made 2.5 acquisitions and invested €954.

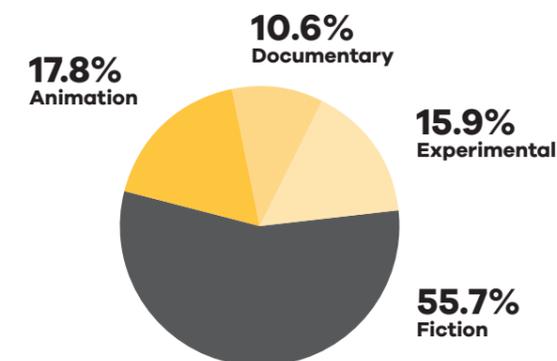
A breakdown according to type of rights sold revealed three main areas: Theatrical, rental, and VOD rights. These three rights, listed in descending order in terms of receipts, took a fairly even share of revenue in 2017, whereas in terms of deals, rental accounted for 63.3% of the total (compared to 20.2% for theatrical rights and 15.6% for VOD). The average price for rental is estimated at €186, while the average for theatrical was €742.

Western Europe was the most lucrative region for French VR films, accounting for 40.4% of revenue and 49.5% of transactions. Dutch distributor &samhoud was the biggest buyer of French VR (16 acquisitions), which led to the Netherlands becoming the leading territory for Gallic virtual reality exports. Switzerland was in fourth position through the distributor We Are Cinema. Figures for Asia, the second biggest export region, were driven by South Korea and the distributor AVA Entertainment. The acquisition of VOD rights to a single film by the Qatari channel Al Jazeera put Africa and the Middle East in third place, whereas Eastern and Central Europe saw twice as many transactions for half the revenue. Theatrical rights were sold to six foreign territories, and rental rights were sold in just 14. While distributors emerged as key players from a financial point of view, festivals once again showed their fundamental role in showcasing French works.

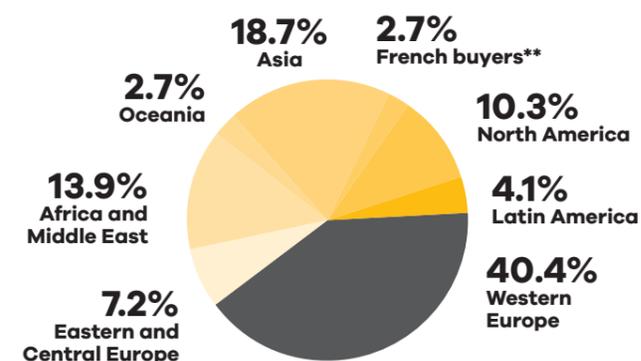
TOP 5 FRENCH PRODUCERS**

- 1 Agat Films & Cie / Ex Nihilo
- 2 Okio-Studio
- 3 Floréal films
- 4 Seppia
- 5 Barberousse Films

BREAKDOWN OF 2017 RECEIPTS BY GENRE



BREAKDOWN OF 2017 RECEIPTS BY REGION



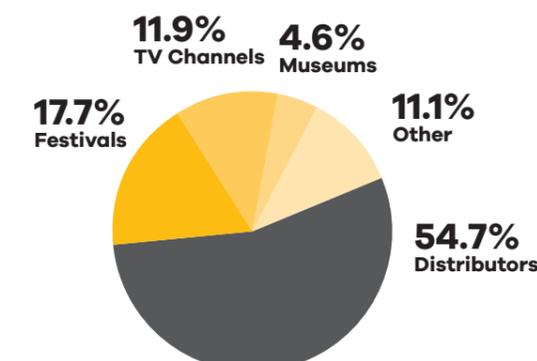
TOP 5 FOREIGN COUNTRIES*

Buyer	% Receipts	% Deals
1 Netherlands	18.4%	15.6%
2 South Korea	13.6%	5.5%
3 Qatar	11.9%	0.9%
4 Switzerland	11.6%	11.9%
5 USA	9.8%	3.7%

TOP 5 FOREIGN BUYERS*

Buyer	Country	% Receipts	% Deals
1 &samhoud media	Netherlands	17.6%	14.7%
2 Al Jazeera	Qatar	11.9%	0.9%
3 AVA Entertainment	South Korea	11.4%	1.8%
4 We Are Cinema	Switzerland	9.3%	6.4%
5 WITHIN	USA	7.1%	0.9%

BREAKDOWN OF 2017 RECEIPTS BY TYPE OF BUYER



*By receipts and number of transactions for short VR films in 2017.
**Sales to French companies operating internationally.