

The Supplied Diversity of Cinema in the Euro-Mediterranean Space. A Value Chain Approach¹

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Abstract

Following the approval of the UNESCO's Convention on the Protection and Promotion of the Diversity of Cultural Expressions, and its recent ratification by the needed 30 countries, we propose an exploratory analysis of the supplied diversity of the cinema sector in the Euro-Mediterranean area. In a particular context of countries that lack a consistent film production sector, this exploratory study tries to identify how globalization affects the production, distribution and exhibition sectors, in what relates to cultural diversity considering the pressures for cultural homogeneity and concentration. Conjugating the multidimensional approach to the concept of "cultural diversity" suggested by Benhamou and Peltier (2006) with the cinema value chain model, we will try to evaluate variety, disparity and proportion, in the production, distribution and exhibition phases of the cinema industry's value chain. Following a literature review, we are departing from the hypothesis that there is a poor degree of diversity in the cinema supply in the area, and we have determined a number of variables that will allow us to access the actual degree of diversity by establishing comparisons among the different Euro-Mediterranean countries' realities.

Introduction

It has been defended that the globalization of the economy constitutes a real threat to cultural diversity. In the case of the film industry, several factors of market failure - like barriers to market entry, concentration and abusive business practices - have been identified as potential elements reducing the diversity, by researchers such as Murschetz and Mierzejewska (2004). Globalization is seen as a process contributing for the increment of these market failure elements. Therefore, the support for cultural diversity has been promoted, in national and international cultural policies.

Our exploratory study tries to evaluate cinema cultural diversity in the Euro-Mediterranean area. We will try to identify how globalization affects the production, distribution and exhibition sectors, in what relates to cultural diversity, through the establishment of country comparisons. Is there actually a low level of diversity in the Euro-Mediterranean area? Are there important differences among countries? Is it possible to establish groups of countries according to the degree of diversity they present?

Our research objectives are therefore the followings:

¹ Paper presented at the Eight Mediterranean Social and Political Research Meeting, Florence & Montecatini Terme, 21-25 March 2007, organised by the Mediterranean Programme of the Robert Schuman Centre for Advanced Studies at the European University Institute.

- To highlight and map current trends in cinema supplied diversity in the Euro-Mediterranean Area, in the production, distribution and exhibition sub-sectors, and to draw out new research hypothesis;
- To improve the capacity of measuring diversity;
- To relate diversity and the concept of Economy through a value chain analysis.

Following a literature review, we are departing from the hypothesis that there is a poor degree of diversity in the cinema supply in the area, and we have determined a number of indicators that will allow us to access the actual degree of diversity by establishing comparisons between the different Euro-Mediterranean countries. Considering our research objectives, we have chosen to conduct an extensive analysis (in detriment of an intensive study), reducing the number of indicators considered, but increasing the number of countries analysed (ten countries). Our research is primarily based on the existing statistics and in a previous extensive bibliographic research.

In the first section, we will try to define the concept of cultural diversity, analyse how it can be measured, and present the context of the debate on this issue. The second section is dedicated to the analysis of films economics and its relation to diversity, focusing the value chain approach, and the potential consequences of concentration for diversity. In the third section, we will analyse a series of indicators of selected Euro-Mediterranean countries, in order to evaluate the supplied diversity of the cinema sector in the area, following a model of analysis based on a multidimensional approach to the concept of diversity and on the value chain of the film sector.

1. The Concept of Cultural Diversity

a. The Debate on Cultural Diversity

The debate over cultural diversity and its preservation is not a new one, but it has intensified itself in the last years, leading to the approval of the UNESCO's Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

From an historical point of view, the issue of cultural diversity has been developed and consolidated throughout several conferences and meetings, among which we highlight the following:

- 1988 – 1997: World Decade for Cultural Development
- 1995: Report of the World Commission on Culture and Development: Our Creative Diversity
- 1998: First World Culture Report: Culture, Creativity and Markets
- 1999: towards a constructive pluralism (Colloquium UNESCO)

- 1999: Symposium of experts: Culture, a form of merchandise like no other? (UNESCO)
- 1999: First round table of ministers of culture "Culture and Creativity in a Globalized World"
- 2000: Second World Culture Report: Cultural Diversity, Conflict and Pluralism
- 2000: Meeting of the Experts committee "Strengthening of UNESCO's role in promoting Cultural Diversity in the Context of Globalisation"
- 2000: second round table of ministers of culture "Cultural Diversity: Challenges of the Marketplace"
- 2002: third round table of ministers of culture " Intangible Cultural Heritage – a mirror of cultural diversity"

In 2002, and as a result of all these previous initiatives, UNESCO published its universal declaration on Cultural Diversity, which led to the approval of the Convention on the Protection of the Diversity of Cultural Expressions, in the end of 2005. From a debate centred on the concept of "cultural exception" and on the place of culture in the globalized world, it evolved into a document which tries to reach a consensus among the several actors involved in the process.

Underlying the approval of this Convention are the several arguments that sustain the necessity of cultural diversity promotion. According to McQuail (2003), the issue of diversity (identified by the author as one of the main principles of liberty, and related to the concept of access) assumes a special highlight, as it points out common progressive change processes in the society. Therefore, in a democratic world, media and cultural expressions should reflect, in a proportional way, the several interests of the different social groups, giving all of them the chance to express themselves, and to see the its result. The author identifies the following public benefits of diversity (McQuail, 2003):

- to open the way towards social and cultural change, by giving access to new, powerless or marginalised groups;
- to offer an evaluation of the misuse of liberty (for example, when free market policies lead to property concentration);
- to allow minorities to maintain their separate existence in a larger society;
- to limit social conflicts, increasing the opportunities of understanding among groups and potentially opposed interests;
- to contribute in a general way to the wealth and diversity of social and cultural life.

Applied to the case of cultural industries, such as the film industry, the concept of diversity becomes more specific in its normative requisites, and its main elements are the following (McQuail, 2003):

- to reflect in its structure and content the several social and economical realities of societies (and communities) in a proportional way;

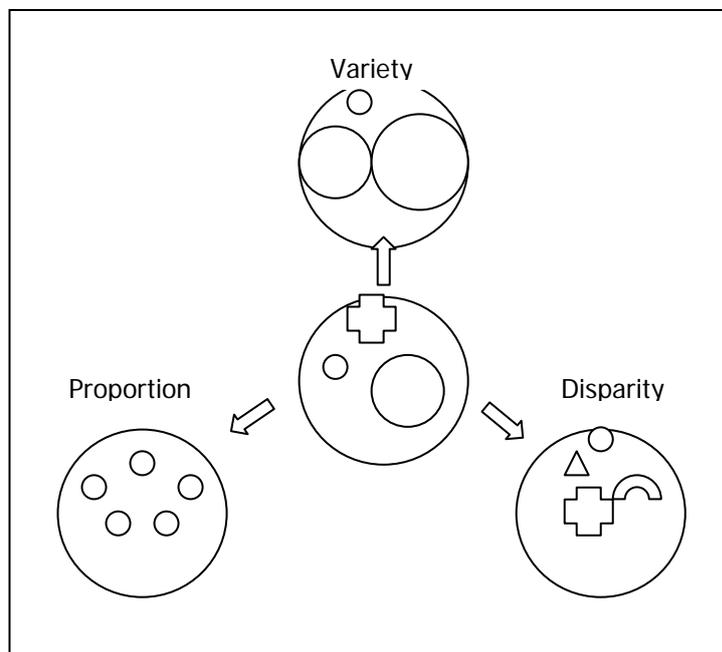
- to offer, in a pondered way, the same access opportunities to all social and cultural voices;
- to serve as a forum for different interests and points of view;
- to offer relevant content choice possibilities at every moment, and also diversity across time, according to the audience needs and interests.

b. A Multidimensional Approach to the Concept of Cultural Diversity

The concept “cultural diversity” has been often used in current public debates. But what exactly does it represent, and how can we evaluate it?

Due to the complexity of this concept, Benhamou & Peltier (2006) propose a multi-criteria form of evaluating diversity, expecting through this methodology to reduce the ambiguity of this concept. According to Farchy and Ranaivoson (2006), who develop the research line of Stirling (1998), variety corresponds to the number of different types of a certain element. Balance represents the way every type is represented and can be measured by the proportion for every type. Disparity is the dissimilarity between types. Cultural Diversity is the result of the combination of these three aspects.

Graphic 1: Dimensions of Cultural Diversity



Source: Self elaboration on the basis of Stirling (1998)

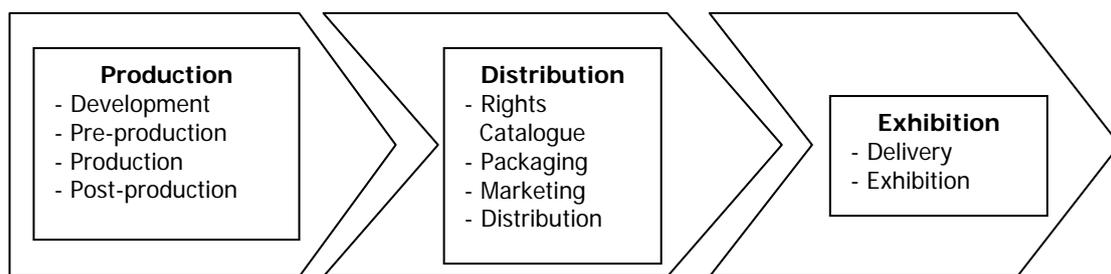
Moreau and Peltier have used these concepts previously to evaluate diversity in the movies' industry in their international study conducted in 2004, and by other researchers in other cultural industries, such as music. By conjugating this frame of analysis with the cinema value chain model we will be able to add precision to the Moreau and Peltier's approach, and obtain an improved capacity to measure cultural diversity in the movie sector. In addition, this conjugation will provide a conceptual, as well as an empirical relation between the cultural diversity rhetoric's and the concept of economic value.

2. Film Economics and Diversity

a. From a Cinema Value Chain to a Value Constellation

Although they have developed themselves as a response to the social and cultural needs of individuals and societies, cultural industries are also big business companies, leading to the appearance of a new discipline: media and cultural economics and management. In this ambit, managing and economical perspectives and analysis models have been applied to the media case, having in mind the specificities and the public importance of this sector. One of these analysis models imported from the management and economy field into the media sector is the value chain. The value chain model has been developed by Michael Porter (1985), and has been adapted to the movie sector by Zerdick et al. (2000). The value chain is a business analysis instrument, oriented for competition, which can be used for strategy development. It encloses a series of activities, which are, in the case of the cinema industry, concentrated in three moments: production, distribution and exhibition.

Graphic 2: Cinema Value Chain



Source: Self elaboration on the basis of Obercom (2004)

Besides considering this value chain model, we must take into account the changes of the worldwide cinematographic sector in the last decade, such as the consolidation of a new model of cinema exhibition (based on the concept of multiplex), the digital migration, the multiplication of the distribution possibilities and the consequent audience segmentation. More recently, one should also consider the evolution of consumers' practices (decrease of movie consumption in the theatres, and increase at home, through specialised cable TV channels) and the increase of the video sector receipts with the launch of the DVD format.

In addition, and from a business point of view, the growing concentration and the appearance of multimedia international groups should also be considered. In this ambit, Bonet highlights the role played by distribution: "*La distribución es el punto clave del proceso; quién domina la distribución cinematográfica (...) domina el mercado de largometrajes. En este aspecto, Europa (...) está en una clara situación de desventaja con respecto a las majors norteamericanas (...). Las mismas empresas norteamericanas que producen la mayor parte de películas de éxito tienen, en la mayoría de los países, el control sobre la distribución (...)*" (Bonet, 1998).

Considering all these changes and the complexification of the cinema industry's structure, we can talk about an evolution from a cinema value *chain* into a cinema value **constellation**, following the concept proposal of Normann and Ramirez (2002). In the article "From value chain to value constellation", these authors argue that, in a competitive and changing environment, the logics underlying the creation of value is also changing. Global competition, changing markets and new technologies are creating new value sources. Therefore, industries have moved from value *chains* into value *constellations*, where value is created through networks and no longer through a sequential process, and where companies not only add value to the business process, but create it, putting the creative moment in the centre of the process. If value chain analyses are usually centred on disintermediation opportunities, value nets analyses suggest how companies can create value by creating new intermediaries, combining resources and knowledge.

In this ambit, the final user plays an innovative role as a content creator, leading to the concept of "user generated content" (UGC), which has been also involving into a business opportunity in the last few years. User-generated content refers to various kinds of media content that are produced by end-users, as opposed to traditional media producers such as professional writers, publishers, journalists, licensed broadcasters and production companies. According to the recently published report by the OCDE (2007) "Participative web: user-created content", UGC has three main characteristics:

- **Publication requirement:** while content could be made by a user and never published online or elsewhere, UGC focuses on the work that is published in some context, be it on a publicly accessible website or on a page on a social networking site only accessible to a select group of

people (i.e. fellow university students). This is a useful way to exclude e-mail, two-way instant messages and the like.

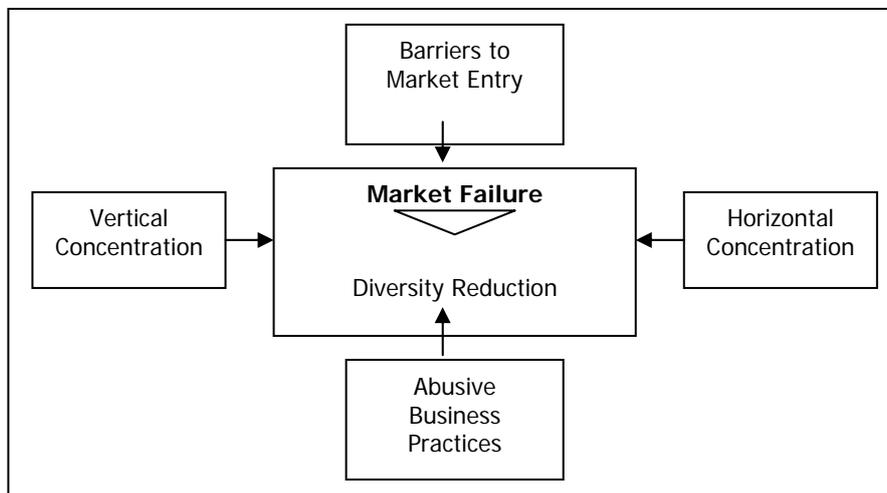
- **Creative effort:** this implies that a certain amount of creative effort was put into creating the work or adapting existing works to construct a new one; i.e. users must add their own value to the work. For example, merely copying a portion of a television show and posting it to an online video website would not be considered UGC. If a user uploads his/her photographs, however, expresses his/her thoughts in a blog, or creates a new music video, this could be considered UGC. Yet the minimum amount of creative effort is hard to define and depends on the context.
- **Creation outside of professional routines and practices:** User-generated content is generally created outside of professional routines and practices. It often does not have an institutional or a commercial market context. In extreme cases, non-professionals without the expectation of profit or remuneration may produce UGC. Motivating factors include: connecting with peers, achieving a certain level of fame, notoriety, or prestige, and the desire to express oneself.

Summing up, the cinema industry is no longer a closed sector, obeying to strict production rules. It now works along value nets, where the emphasis is given to the creative process, being this process important not only in the pre-production stage, but throughout the whole net, being constantly renovated and reinvented by the industry and consumers.

b. Barriers to the Supplied Diversity of Cinema

Studies related to the evaluation of supplied diversity in the movies' sector tend to concentrate their efforts in analysing how global commercialization of cinema (and the asymmetries in international cultural trade), associated with the concentration phenomenon, can lead to market failure situations, and therefore to a reduction of cinema supplied diversity. Such a reality can be summarised in the following graphic:

Graphic 3: Cinema Market – Factors of Market Failure



Source: own elaboration, on the basis of Murschetz and Mierzejewska (2004)

Barriers to Market entry can be of different natures, and they include:

- The high levels of investment demanded by the cinema sector (*"majors"* have more resources to carry out aggressive film marketing campaigns and to face a box office failure);
- Intellectual property rights.

Abusive business practices include cases such as exclusivity long-term contracts with strategical entities (for example, exclusive releases, selective distribution etc.), or practices such as *"Block booking"* (obligation to buy a whole set of titles if we want to acquire a certain title).

Horizontal concentration can be evaluated, in the cinema exhibition industry's case, by the number of screens controlled by the three main companies in a given country, in relation to the total number of screens, or by their market share in terms of gross box office. In the cinema distribution and production sub-sectors, it can be evaluated, respectively, by the percentage of films distributed and produced by the three main companies. Several researchers and research institutions, such as Media Salles, use these criteria although other authors can consider a different number of companies (for example, in small countries, with few players, it is maybe more correct to consider only one company).

Vertical concentration happens in the movie's sector when a distribution company also holds a market share in the exhibition sector (Murschetz & Mierzejewska, 2004). The production sector can also be included in this process, although that doesn't usually happen in the context of most of the Euro-Mediterranean countries.

Usually, researchers focus their concentration analysis in the ambit of fields such as managing, economy and politics, applied to media. Approaches to media concentration can be divided into three kinds of perspectives:

- Conservative Perspective (ex: Habermas, Mattelart): considers that all concentration situations have negative impacts on society. As suggested by Maluquer (2001), the authors who follow this line of thought see economical concentration and its result (the international media groups) as a threat to diversity and to the democratic values, as big companies' only interest is profit.
- Liberal Perspective: considers that concentration is the result of a natural business evolution process and contributes for the consolidation of companies. The defenders of this perspective argue that concentration, by gathering resources, is able of providing more quality and diversity to media products.
- Moderate Perspective: admits the necessity of contextualization of concentration situations, as these can bring advantages or disadvantages to citizens, depending on each case. This perspective, where the present study places itself, has been defended by authors such as Taberner (1993 and 2002), Picard (2002), Compaine (2005) or Cuilenburg (2003).

The conjugation of these four factors of market failure can lead, according to Murschetz and Mierzejewska (2004), to a reduction of diversity. There is for example a set of studies concerned with the geographical origin diversity of movies that can sustain this argument:

- *"Distribution on the European Union Market: Films from Central and Eastern Europe, the Mediterranean Basin, Africa, Latin America and Asia"* (EAO, 2003): analysing the period between 1996 and 2002, this report concludes that there is a reduced supplied diversity in the distribution sector in terms of geographic origin of the movie, highlighting the power of US movies;
- *"Pour un meilleur accès à la diversité de l'offre cinématographique étrangère"* (Bernier, 2005) : identifies an access problem to films outside the majors' circuit : *"Le déséquilibre des échanges mondiaux dans le domaine du film a surtout été envisagé jusqu'à maintenant sous l'angle de la pénétration massive des films d'origine étrangère sur le marché intérieur de la plupart des pays, ce qui laisse peu de place aux films d'origine nationale sur ce même marché. Mais depuis quelques années, on commence à s'intéresser de plus en plus à l'autre dimension de ce problème, qui est celle du peu de place faite, au niveau des importations, à la grande diversité de l'offre cinématographique étrangère, un nombre limité de pays profitant dans les faits de ces importations"*;

- *"Access to the European Market for non-European Films: a statistical analysis"* (EAO, 2005): confirms the conclusions of the previous report, highlighting the reduced market share of the movies "rest of the world" (that is to say, not US or national movies).

As a synthesis of all these elements, Bonet (1998) states that: *"el sector cinematográfico presenta a la escala mundial una estructura oligopolista y un alto nivel de concentración vertical (...). Dicha concentración vertical permite lanzar simultáneamente películas en distintas ciudades, y aprovechar así la inversión mediática y publicitaria que se le asocia (...). La diversidad de la oferta es muy reducida y esta completamente dominada por la producción de origen norteamericano"*.

3. The Supplied Diversity of Cinema in selected Euro-Mediterranean Countries

a. The Cinema Sector in Selected Euro-Mediterranean Countries

Adopting an extensive approach, we have decided to analyse a total of ten Euro-Mediterranean countries.

Our criteria for the choice of these countries were:

- Geographical position: we tried to cover all of the Euro-Mediterranean Area;
- Availability of data;
- Coverage of a wide range of realities in political, economical and social terms.

The ten analysed countries are: Portugal, Spain, Italy, Greece, Croatia, Cyprus, Turkey, Israel, Egypt and Morocco. Before introducing these countries' cinema sectors, some general indicators about them must be presented, in order to supply us with an analysis context. In this way, the differences among these countries in terms of population and geographical size, GDP and whether they are or not EU members (and if yes, since when) should be taken into account when interpreting the data exposed further ahead.

Table 1: Selected Euro-Mediterranean Countries
General Indicators

	Population (million)	Area (Thousand square Km)	GDP (USD billion)	Member of the EU
	Source: Media Salles	Source: UN	Source: UN	
Portugal	10,5	91	203	Yes – since 1986
Spain	44,1	506	1040*	Yes – since 1986
Italy	58,5	301	1678*	Yes – since 1957
Greece	11	131	261	Yes – since 1981
Croatia	4,5	56	34*	No – candidate
Cyprus	0,7	9	19	Yes – since 2004
Turkey	72,2	779	299*	No – candidate
Israel	6,6	21	117,5	No
Egypt	72,6	1001	79,1	No
Morocco	31	446	43,7	No

*Data referring to the year of 2004

These countries present a very heterogeneous cinema landscape. Some of them, such as Egypt or Portugal, had a former glorious cinema sector, but are now mainly consuming North-American movies. Others, such as Italy or Spain, have managed to maintain a strong cinema sector along the years, and are currently among the major European film markets. On the other hand, as the European Union (EU) recognizes the strategic importance of having a strong audiovisual sector, EU member states have access to a series of cinema support programs and funds, which are not available for other nations, and have the development of the movie sector as priority in their national policies. Although there are some funds destined by the EU to the cooperation with third countries (with a special interest in euro-Mediterranean countries – ex: EUROMED), and some other international support programs, these represent a lower level of investment, when compared to the cinema funds made available for EU members.

The existing regulatory environment is also an important issue to consider. According to Ghoneim (2002), Egypt and Morocco have a lack of transparency problem and a weak degree of legal enforcement. In opposition, laws and regulations in the EU are largely accessible to all citizens, and although there are some national differences, all the member states follow a same guideline when formulating their cinematographic policies. Also related to this regulatory environment is the fact that countries have settled screen quotas, but the ways and the scope of these quotas can be very different. Egypt, for example, has no screen quotas, but has import quotas (even if in practice these are not applied). Other countries have discriminatory measures against foreign audiovisual products, such as for example Morocco, which gives tax exemptions to national films.

In terms of market and consumption indicators, Spain presents a significantly higher annual average attendance per inhabitant, when compared to the other considered countries. Cinema-going in Egypt and Morocco is very low, with an annual average attendance per inhabitant of 0,3 and 0,2 respectively.

**Table 2: The Cinema Sector in the Euro-Mediterranean Area (Selected Countries)
Market Indicators**

	Admissions (million)	Annual Average Attendance per inhabitant	Gross Box Office (EUR million)	Annual Average Cinema Expenditure per inhabitant (EUR)	Average Ticket Price (EUR)
	Source: OEA	Source: OEA	Source: Media Salles	Source: Media Salles	Source: Media Salles
Portugal	15,7	1,63	70,4	6,7	4,1
Spain	126	2,86	635	14,8	4,98
Italy	107,7	1,84	589	10,1	5,7
Greece	11*	1*			
Croatia	3**	0,7**	6,7	1,48	1,45
Cyprus	0,78	1,1	5,4	7,7	
Turkey	27,3	0,4	114	1,5	4,15
Israel	10,4**	1,6**	63**	9,5	6,46**
Egypt	24,5**	0,3**	11,9*	0,17*	0,48*
Morocco	6**	0,2**			

*estimates

**data referring to 2004

Consequently, Spain and Italy present high values for their Gross B.O., when compared to the other analyzed countries. Although Israel has medium values for its Gross B.O., if we take into account the population of the countries, its annual average cinema expenditure per inhabitant (9,5 EUR) is close to that of Italy (10,1 EUR) and Spain (14,8 EUR).

In relation to film production investments, Spain leads again, with a total of 433,1 million USD invested in cinema production in 2005, which means an average of 3,1 million USD per movie.

Table 3: The Cinema Sector in the Euro-Mediterranean Area (Selected Countries)
General Production Indicators

	Direct Government Support (Main Funding Body Annual Budget)*	Film Production Investment (USD million)	Average Budget per Film (USD million)
	Source: Korda	Source: Screen Digest	Source: Screen Digest
Portugal	Medium	25,9	1,6
Spain	Strong	433,1	3,1
Italy	Strong	266,9	2,7
Greece	Weak	11,4	0,7
Croatia	Weak		
Cyprus	Weak		
Turkey	Weak	55,1	1,8
Israel		10,3	0,9
Egypt	Weak**	23	1
Morocco	Weak**		

* Weak: less than 10 million EUR (2004)

Medium: 10-20 million EUR (2004)

Strong: more than 20 million EUR (2004)

** All data referring to these two countries are based on Ghoneim (2002)

As one could expect, the countries presenting a higher level of film production investment, are also those who have the strongest annual budget for their main cinema funding body (ICAA, in Spain, and Direzione General per il Cinema, in Italy).

b. Model of Analysis and Methodological Notes

Conjugating the multidimensional approach to the concept of "cultural diversity" suggested by Benhamou and Peltier (2006) with the cinema value chain model, we will try to evaluate variety, disparity and proportion, in the production, distribution and exhibition phases of the cinema industry's value chain.

We have determined a number of variables that will allow us to access the actual degree of diversity by establishing comparisons among the different Euro-Mediterranean countries' realities. These variables will be organised in the following table, which originates from the conjugation of the multidimensional approach to the concept of cultural diversity and the value chain model.

Table 4: Supplied Diversity of the Cinema Sector
Model of Analysis

	Supplied Diversity	<i>Cultural Diversity - Dimensions</i>		
		Variety	Balance	Disparity
<i>Cinema Value Chain – Dimensions</i>	Production	- n. of films produced	- films produced per million head of population	
	Distribution	- n. of active distributors	- active distributors per million head of population	- Market Share of the three main distribution companies (n. films and Gross BO)
	Exhibition	- n. of films released - n. screens	- n. of films released per million inhabitant - n. of inhabitants per screen - n. of screens per 1000 square miles	- films released by geographical origin (share of national, US and Rest of the World films) - screens in multiplexes - Market Share of the three main exhibition companies (n. screens and Gross BO)

Our research is primarily based on the existing data and in a previous extensive bibliographic research. Our sources will mostly be the European Audiovisual Observatory (EAO), Media Salles, the national film institutes and other additional sources such as Screen Digest. We will mainly focus our research in the year 2005, and in the feature films' case. Also, we will consider only the supplied diversity, and leave the study of the demanded diversity to a posteriors study. The ranking columns included in the following tables refer themselves to the degree of diversity (1: country presenting the highest level of diversity for the indicator considered; 10: country presenting the lowest level of diversity for the indicator considered).

c. The Diversity of Cinema in the Euro-Mediterranean Area

Regarding the diversity of cinema **Production**, Spain and Italy lead with the highest number of feature films produced in 2005, and with the highest number of movies produced per million head of population. Croatia and Cyprus where the countries with fewer films produced. Nevertheless, if we take into account the country population, Morocco and Egypt appear as the less productive countries. This data should be analyzed in the context of public aid to cinema production. As we have previously seen, Spain and Italy have a strong level of government support to the cinema sector which enables these countries to produce more movies per year.

Table 5: Diversity of Cinema Production in the Euro-Mediterranean Area (Selected Countries)

	Ranking	Number of Feature Films Produced (inc. Co-prod.)	Ranking	Feature Films Produced per million head of Population
Portugal	5	16	4	1,52
Spain	1	142	1	3,28
Italy	2	98	2	1,7
Greece	5	16	5	1,44
Croatia	7	5	7	1,2
Cyprus	8	1	6	1,23
Turkey	3	30	8	0,4
Israel	6	12	3	1,68
Egypt	4	23	10	0,31
Morocco	6	12	9	0,38

Source: Screen Digest

Nevertheless, this analysis only considers the number of films produced, without taking into account the content of the produced film itself. Therefore, indicators related to **disparity**, such as movies produced per genre, or per age classification, as well as the market share of each producing company and the diversity of the main actors and directors, are lacking.

However, such data was not available for all countries and, when available, it was not directly comparable due to different indicator definitions across the several national sources (this was the case, for example, of movies produced per age classification, as the different countries have different age groups and classification criteria).

In relation to **Distribution**, it is possible to highlight, again, the leadership of Spain and Italy, countries with the highest number of active distributors, and presenting the lesser-concentrated market, in terms of number of films distributed and in what relates to the gross box office market share.

Table 6: Diversity of Cinema Distribution in the Euro-Mediterranean Area (Selected Countries)
Number of Active Distributors

	Ranking	Number of Active Distributors	Ranking	Distributors per million head of Population
Portugal	4	13	2	1,24
Spain	1	50	4	1,13
Italy	2	32	6	0,55
Greece	5	10	5	0,9
Croatia				
Cyprus	7	4	1	5,7
Turkey	3	27	7	0,37
Israel	6	8	3	1,2
Egypt				
Morocco				

Source: Screen Digest

Table 7: Diversity of Cinema Distribution in the Euro-Mediterranean Area (Selected Countries)
Market Share of the three main distribution companies in terms of office receipts (%)

	Ranking	Films Distributed	Ranking	Gross Box Office
Portugal	4	96,2	5	85,6
Spain	1	11,6	2	49,3
Italy	2	11,7	1	44,9
Greece				
Croatia				
Cyprus	3	65,2	4	74,9
Turkey			3	50,7
Israel				
Egypt				
Morocco				

Source: Media Salles

If we consider the number of active distributors per million head of population, Spain and Italy loose positions in our diversity ranking. Nevertheless, these facts should take into account the market saturation and its capacity to absorb new players.

Diversity in the **Exhibition** sub-sector can be evaluated for three different elements: Film Exhibition; Exhibition Infra-structures; Exhibition companies.

In what relates to **film exhibition**, Spain and Italy lead once more, with the highest number of films released in 2005 (569 and 392, respectively). If we consider the number of films released per million head of population, Cyprus appears in a dominant position. Nevertheless, it should be taken into account that the number of films available for release is limited, and that is why countries with few inhabitants, such as Cyprus or Portugal have a higher number of films released per million head of population than countries like Spain and Italy. If the chosen indicator was number of cinema sessions per inhabitant, Spain and Italy would lead again (nevertheless, this figure was unavailable for most of the analysed countries).

Table 8: Diversity of Cinema Exhibition in the Euro-Mediterranean Area (Selected Countries)
Indicators related to Film Exhibition

	Ranking	Number of Films Released	Ranking	Films Released per million head of Population	Films Released per Geographical Origin		
					Market Share of National Movies (%)	Market Share of US Movies (%)	Market Share of Other Movies (%)
Portugal	3	260	3	24,8	3,2	69,4	27,4
Spain	1	569	5	12,9	16,4	62,6	21
Italy	2	392	6	6,7	24,6	53,3	22,1
Greece	4	257	4	23,4	7,9*		
Croatia							
Cyprus	7	190	1	271,4			
Turkey	5	221	7	3	41,4		
Israel	6	200	2	30,3	7,5*		
Egypt							
Morocco					14*		

Source: Screen Digest

*Data referring to the year 2004

In film exhibition disparity terms, and even if we were unable to gather data for most of the countries, the high level of national movies' market share in Turkey should be highlighted, even if the causes for this situation are more political and legal than economical or cultural. On the other hand, Italy appears as the more equilibrated country, with a better geographical origin distribution of released films (almost $\frac{1}{4}$ Italy, $\frac{1}{4}$ rest of the world and $\frac{1}{2}$ US movies, which is a fair enough distribution if we have in mind the power of the US film industry in the analyzed area). In Portugal, on the contrary, little space is given to national productions, and US movies represent more than $\frac{2}{3}$ of the market. (Note: a ranking was not established for this indicator due to the several missing figures)

Regarding **cinema exhibition infrastructures**, it is possible to notice that Spain and Italy have the highest number of screens (4383 and 3794, respectively) and of screens per inhabitant (one screen per 9.779 inhabitants and one screen per 15.409 inhabitants). In infrastructures' geographical coverage terms, Israel (a country with a small area and a relative high level of cinema consumption) occupies the first position, with 42,9 screens per 1000 square miles. On the contrary, Egypt (a large area country and with a low cinema consumption figure) only has 0,7 screens per 1000 square miles.

Table 9: Diversity of Cinema Exhibition in the Euro-Mediterranean Area (Selected Countries)
Indicators related to Exhibition Infra-structures

	Ranking	Number of Screens	Ranking	Inhabitants per Screen	Ranking	Screens per 1000 square miles	Screens in Multiplexes (%)
Portugal	4	624	3	16.874	5	6,8	27
Spain	1	4383	1	9.779	3	8,7	58
Italy	2	3794	2	15.409	2	12,6	25
Greece	5	490	5	22.603	6	4**	28,6
Croatia	9	131*	7	36.089*	7	2,1	10,6
Cyprus	10	30	6	23.333	4	8,6	
Turkey	3	1269	8	60.276	8	1,5	19
Israel	6	365*	4	17.632*	1	42,9	
Egypt	7	220*	10	330.000*	10	0,7	
Morocco	8	143*	9	216.000*	9	0,8	

*data referring to the year of 2004

**estimate

Source: Media Salles and OEA

In terms of cinema infrastructures disparity, Spain offers the most equilibrated panorama, with almost half of the screens in multiplexes, and half outside. Nevertheless, we would need the percentage of screens in cinemas with one, two, three etc. screens in order to correctly evaluate the disparity of cinema exhibition infrastructure (these data were not available for most of the analyzed countries).

In Italy, only 9,9% of screens are concentrated in the three main cities (in terms of cinema admissions), which indicates a good distribution of screens among the whole country. In opposition, these cities represent 86,7% of Cyprus total number of screens, although we shouldn't forget the small are of this country. Also, it should be noticed that the percentage of screens concentrated in these cities tends to be proportional to the percentage of population they include.

Table 10: Market Share of the three main cities in terms of admissions (%)

	Population	Ranking	Screens	Ranking	Gross Box Office
Portugal	38,5	4	46,5	3	66,5
Spain	12,9	2	12,3	2	21,2
Italy	8,1	1	9,9	1	17,7
Greece					
Croatia	25	3	30,9	4	84,6
Cyprus	69,8	5	86,7		
Turkey					
Israel					
Egypt					
Morocco					

Source: Media Salles

In what concerns to **cinema exhibition companies**, Turkey presents the lowest level of market concentration, with the three main exhibition companies (in terms of admissions) holding only 11,8% of screens. In opposition, in Cyprus these three companies hold 83,3% of the total number of screens, although this fact should again take into account the small size of this country, and the limited number of players it is able to support.

Table 11: Market Share of the three main exhibition companies in terms of admissions (%)

	Ranking	Screens
Portugal	3	57,7
Spain	2	24,3
Italy		
Greece		
Croatia		
Cyprus	4	83,3
Turkey	1	11,8
Israel		
Egypt		
Morocco		

Source: Media Salles

d. Summary of Findings

According to our exploratory analysis, we were able to define three groups of countries in terms of cinema-supplied diversity in the Euro-Mediterranean area:

- Countries with a high degree of cinema supplied diversity (Spain and Italy): these countries are active film producers, with a decentralized market in terms of distribution and exhibition, a wide range of infra-structures and a relatively equilibrated offer in terms of geographical origin of movies. These are also the countries with higher levels of cinema public funding and cinema public support;
- Countries with a medium degree of cinema diversity (Portugal, Greece, Croatia, Cyprus and Israel): these countries, some because of their small size, others because cinema is not a priority (or a tradition), present a medium level of diversity, with a relatively low number of films produced per inhabitant, concentrated markets in terms of distribution and exhibition companies, and a reasonable number of cinema infra-structures;
- Countries with a low degree of cinema diversity (Turkey, Egypt and Morocco): these countries are currently not active cinema producers, presenting a very low number of films produced per inhabitant

and of films released. Also, they have less-developed cinema markets, with very few players and with very few cinema exhibition infrastructures, considering their size and country population.

With the recent ratification of the UNESCO convention on cultural diversity by the required 30 countries, and its coming to effect next March, we expect this scenario to be improved, offering more choice possibilities to populations in Euro-Mediterranean countries and more chances for them to narrate themselves.

Conclusions

This exploratory study allowed us to experience a new way of evaluating cultural diversity, to highlight some differences among Euro-Mediterranean countries in terms of cinema-supplied diversity, and to establish some new research hypothesis for posterior studies. We were able to establish a map of the cinema cultural diversity in the region, and to fulfil our research objectives.

Nevertheless, it presents some limitations:

- Problem of working with statistics: although we have tried to show the context of all figures presented in this paper, statistics should be complemented with a more qualitative analysis, especially when trying to evaluate 'something' as subjective as cultural diversity. Therefore, this study needs to be complemented by a posterior study, which could, for example, analyse a sample of films in terms of contents, or a opinion study among populations;
- Access to data: for many countries, figures were not available, which makes it hard to draw a precise comparison of the different realities. Also, we have tried to use only one source for each indicator, so that the differences in evaluating that indicator would be minimum. But this choice reduced us the number of sources available, and therefore, the number of useful figures.

Therefore, we see this research as a starting point for further analysis on this subject, expecting to increase the rigour of this analysis, and offering a more precise way of measuring and evaluating something as intangible as cultural diversity.

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