Executive summary

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

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From:

Goldmedia GmbH Strategy Consulting

Prof. Dr. Klaus Goldhammer | Christine Link | Mathias Birkel

Oranienburger Str. 27 | 10117 Berlin-Mitte

Tel. +4930-246266-0 | Fax +4930-246266-66

Klaus.Goldhammer@Goldmedia.de | Christine.Link@Goldmedia.de

Mathias.Birkel@Goldmedia.de

www.Goldmedia.com

Goldmedia is a member of the Federal Association of German Business Consultants BDU e.V.

Gender reference: For reasons of better legibility, the text does not include simultaneous use of male and female language forms. All personal references are equally valid for both sexes. This does not imply any discrimination against the female sex, but should be understood in terms of linguistic simplification as gender neutral.

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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 people[1].

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).

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Location study: Motion picture sector in Hamburg and Schleswig-Holstein 2017

Location data to the film, VR/AR, animation and games sectors

Results report

Goldmedia GmbH Strategy Consulting | Prof. Dr. Klaus Goldhammer | Christine Link | Mathias Birkel | Oranienburger Str. 27 | 10117 Berlin-Mitte | Germany | Tel. +4930-246 266-0 | www.Goldmedia.com

Executive summary: Key results of the location study

Image source: EyeEm @SpencerStarnes

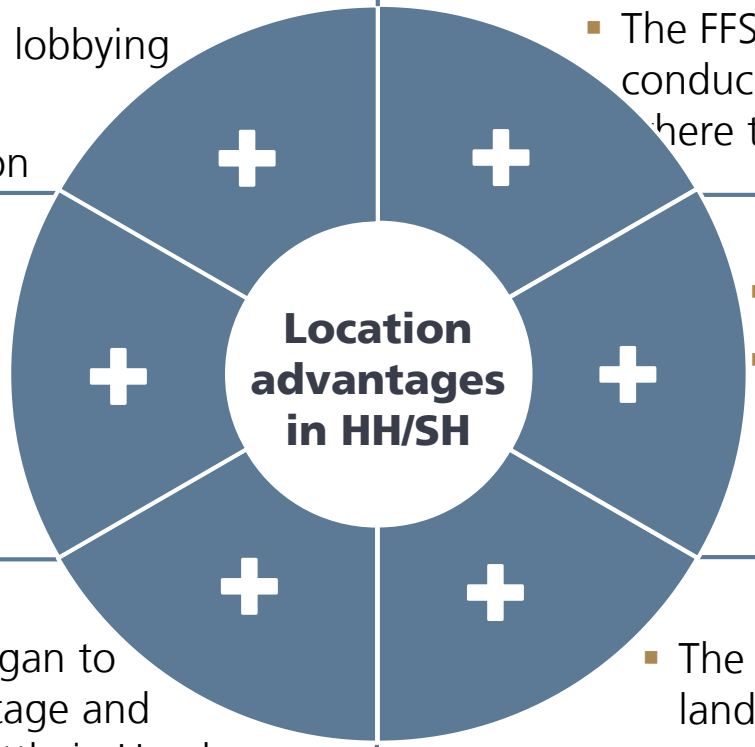
1,253 companies in the motion picture industry HH/SH, classical production comprises 560 companies; games with 190 companies are also relevant

Composition of the motion picture industry Hamburg and Schleswig-Holstein in 2016, number of companies according to main field of business

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Location advantages: primarily, the cooperation with the FFHSH and its great commitment is perceived as a definite advantage by film producers

Key facts to the main location advantages from the point of view of the TV and film producers in HH/SH, 01/2017



The work of the film promotion (FFHSH)

- Hamburg and Schleswig-Holstein have closed ranks
- Very sustainable, continuous promotion
- Great confidence in the FFHSH consulting, lobbying and network initiatives
- Uncomplicated and swift filming permission

Networking

- In the past, film producers were able to develop good creative/personnel/contacts networks
  - The FFSH network events were/are very conducive for this purpose to this purpose, this is where the industry meets

Film Studio Kiel

- The existence of the Film Studio Kiel is perceived in a very positive light: this is where creative talent and in particular, project development is promoted

Film-Setting/Talent

- Young film-setting
- Excellent training at the Hamburg Media School with obvious success (numerous awards for the HMS-graduation films)

Games sector

- On a federal level, the city of Hamburg began to support the games sector at a very early stage and encouraged many games-companies to settle in Hamburg
- Positive: Proximity of politics to industry, networks and events

Others

- The attractive city of Hamburg and the landscape of Schleswig-Holstein is considered a great advantage for the film location as a whole (inspiration, locations, etc.)

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Location disadvantages: subsidies are too low on a national level, the film industry should be more evident as a cultural and capital asset

Key-facts to the main location disadvantages from the point of view of the TV and film producers in HH/SH, 01/2017

Location disadvan-tages: in HH/SH

Funding

- HH/SH with relatively low subsidies on a federal level → limited financial resources
- Subsidies from other sectors would be desirable, for example, innovation- and technology subsidies
- Private investment in films as a cultural asset

Films as a cultural asset

- Low-margin cultural asset film requires additional support and financing from the city
- Politics in HH/SH should become a better film partner, the cultural budget should also support the film industry
- Location marketing is expandable

Networking with other industries

- Networking with investors and money-donating industries appears expandable
- Awareness of the film industry as an eco-nomic factor is not yet adequately raised

Training/Talent

- Lack of training programs for the indus-try, HMS is good, however, structure is lacking for young talent (basic training)
- There are no incentives for young talent, such as cheap rent, offices, etc.

Others

- Lack of a tax-system with tax reductions, to make the location more attractive for film-producers
- SH: Lack of structure of film-producing personnel

Public-Service Broadcasting

- Structural problem: public-service broadcast-ting dominates the market (TV and cinema)
- Many independent providers are no longer available, → no fair price structure/competitive pressure

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Film producers´ requests to the FFHSH: more funding, more networking, better management and project development

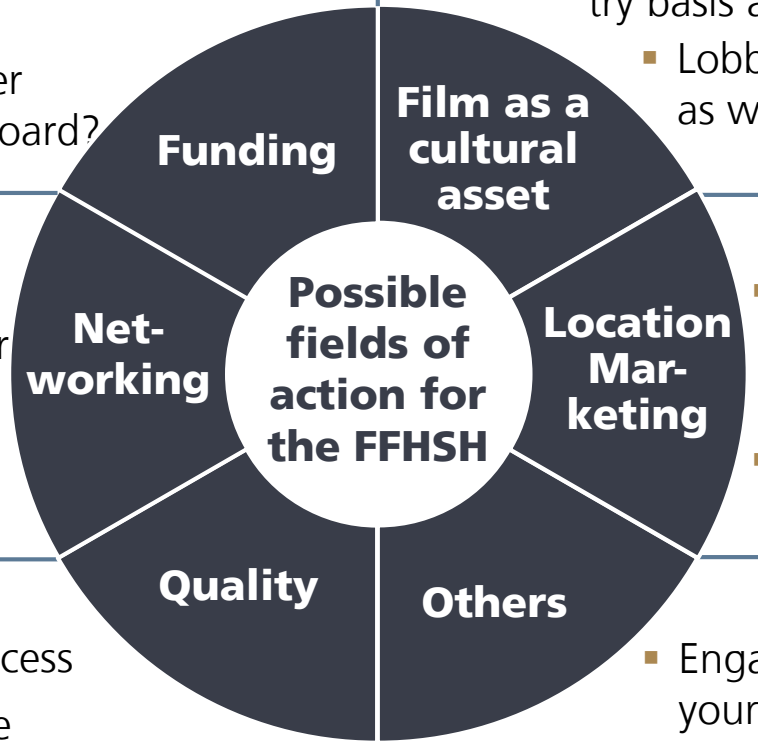
Key-Facts to the most important requirements from the point of view of the TV and film producers in HH/SH, 01/2017

Subsidies

- Many producers demand a distinct focus on funding of local film producers, higher entry barriers for international productions
- Rethink the entry requirements Broadcaster or distributors no longer mandatorily on board?

Film as a cultural asset

- Lobbying for the film industry: the film industry must be increasingly perceived as a cultural asset, on a cross-industry basis and as an investment object
  - Lobbying should be directed towards industry, as well as private investors – in particular, in Hamburg



Networking

- More networking with investment and industry, raise awareness for the film industr an economic factor
- Stronger links to the tourism industry

Location marketing

- The film industry is a great advertisement for the city, this should be taken advantage of
- Some producers request a stronger presence of international projects in HH/SH

Support product quality

- Stronger support for the development process
- Eventually, funds could be relocated to the development phase from the production budgets, to implement higher quality projects

Others

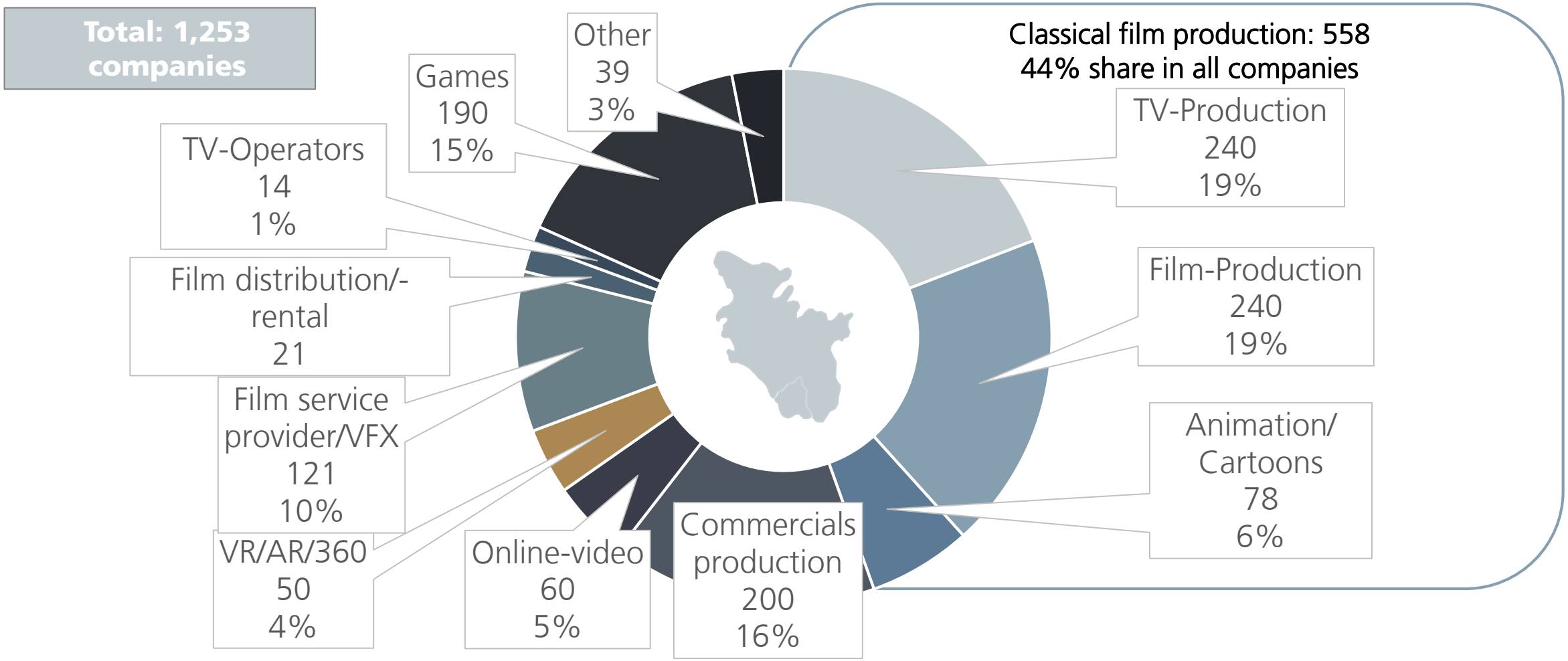
- Engagement in the training sector/boost young talent (training programmes)
- Engagement for summit meeting of the film industry with politics, banks, companies, HMS, art academies, NDR, etc.

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Summary: Motion Picture Industry in Hamburg and Schleswig-Holstein

1,253 companies in the motion picture industry of Hamburg and Schleswig-Holstein, of which 558 are engaged in the classical film production

Composition of the motion picture industry in Hamburg and Schleswig-Holstein 2016
the number and overall share of companies, classified by main business sector



Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Motion picture industry in Hamburg and Schleswig-Holstein: approx. 1,250 players with a total revenue of approx. 3,2 bill. euro and 14,451 jobs

Economic data for the motion picture industry in Hamburg and Schleswig-Holstein, 2017

Industry	Company	Branch turnover	Jobs
Film producers (TV/cinema/animation)	**558**	**870** mill. euros	**3.500** employees
Advertising agencies (motion pic. ind.)**	**200**	**300** mill. euros	**2,000** employees
Games-studios	**190**	**400** mill. euros	**4,300** employees
Film service-providers	**121**	**54** mill. euros	**850** employees
Online-video producers**	**60**	**15** mill. euros	**180** employees
VR/AR/360-degree-video-company**	**50**	**12** mill. euros	**150** employees
Sales/Rentals	**21**	**240** mill. euros	**220** employees
Private TV-Operators	**12**	**61** mill. euros	**506** Employees
Public service TV-Operators (NDR/ZDF)*	**2**	**1.184** mill. euros	**2.625** employees
Others**	**39**	**20** mill. euros	**120** employees
Summary HH/SH motion picture industry	**1,253**	**3,156** bill. euros	**14.451** employees

* Figures for NDR/ZDF and private TV-Operators for 2014 ** Goldmedia estimate

Sources: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, BMWi (2017): Economic significance of the film industry, Castendyk/Goldhammer (2012): Producer analysis 2012, Georg Consulting (2016): Second creative industries report for the Free and Hanseatic City of Hamburg, Statistical Agency North (2015), Goldmedia-Analysis, calculation of the rate of employment and revenue based on the Statistical Agency North, as well as relations at a federal level

The motion picture industry in Hamburg and Schleswig-Holstein comprises approx. 1,250 players from the sectors film, TV, online-video and games

Composition of the motion picture industry in Hamburg and Schleswig-Holstein 2016

558
classical film production:
approx. 200 with focus on TV and cinema, 78 with focus on animation

approx. 200
commercials producers/ -agencies in the motion picture industry

121
film service-provider

21
sales/rentals

39
other

12
private TV-providers and main seat of the NDR

approx. 190
games-studios

approx. 60
online-video producers

approx. 50
companies in the 360-degree/VR/AR sector

(1): without advertising agencies
Sources: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, BMW1 (2017): Economic significance of the film industry, The media institutes (2015): Economic importance of broadcasting in Germany, BLM/LFK (2016): Web-TV-Monitor 2016, Next Media Hamburg, Goldmedia-Analysis

The classical production comprises approx. 560 companies. Additionally, there are 200 commercials producers and 110 online/360/VR/AR-specialists

Facts regarding the film production in Hamburg and Schleswig-Holstein 2017

558 film producers

- of which, approx. 200 with focus on TV and 200 with focus on cinema production, as well as 78 in the sector animation and cartoons
- approx. 3.500 **employees**
- approx. **870 mill. euro** industry turnover

additionally, there are

approx. **200** advertising agencies, which (also) produce commercials (conservative estimate)

- approx. **2.000** employees
- approx. **300 mill.** euro turnover

plus

approx. **60** companies in the online-video sector and **50** in the VR/AR/360-degree-video sector

In comparison: Film production in Germany 2014/2012

4,567 production companies, of which approx. **2,000** are classical producers, of these, 1,220 present a revenue of >100,000 euro

- Of the approx. 1,220 classical producers, a third primarily service the cinema film sector and two thirds, primarily the TV sector
  → in HH/SH, the cinema sector is comparatively strong
- Production revenue (2014): approx. 4,66 bill. euro **4,66 bill.** euros

- *Note: The figures are subject to different databases and are based on different periods, therefore, a direct comparison is not possible.*
- *Based on classic producers, the proportion of companies would be approx. 28% according to these figures, or based on all producers, at 17%*
- *In terms of revenue, the proportion would be approx. 25%*

Sources: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, BMWi (2017): Economic significance of the film industry, Castendyk/Goldhammer (2012): Producer analysis 2012, Georg Consulting (2016): Second creative industries report for the Free and Hanseatic City of Hamburg, Statistical Agency North (2015), Goldmedia-Analysis, calculation of the rate of employment and revenue based on the Statistical Agency North, as well as relations at a federal level

>1,000 employees and approx. 300 mill. euro revenue in the film service-provision sector and sales/rentals. The TV-sector is defined by the NDR

Facts regarding film service-providers, distribution/rental and TV operators in Hamburg/Schleswig-Holstein 2016/2014

121 film service-providers

- approx. **850** employees
- approx. **54 mill.** euro industry turnover

21 companies in the distribution/rental sector

- approx. **220** employees
- approx. **240 mill.** euro industry turnover

12 private TV-operators (2014)

- **61** bill. euro revenue in private-TV

Main seat of the **NDR**

- **1,18** bill. revenue by the NDR (broadcasting est.)

In comparison: Film service-providers, sales/rentals and TV operators in Germany 2014

approx. 1.000 film service-providers

- approx. **13.500** employees
- approx. **850 mill. euro** industry turnover

576 companies, of which 117 are in the film distribution sector and 70 in the video-distribution sector

- approx. **2,300** employees (2014)
- approx. **1,57**mill. euro industry turnover

305 private TV- companies (2014)

- **8,8 bill. euro** revenue in private-TV
- **9,2 bill. euro** revenue in public-service broadcasting (TV+Radio)

Sources: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, BMWi (2017): Economic significance of the film industry, The media institutes (2015): Economic importance of broadcasting in Germany, Georg Consulting (2016): Second creative industries report for the Free and Hanseatic City of Hamburg, Statistical Agency North (2015), calculation of the rate of employment and revenue based on the Statistical Agency North, as well as relations at a federal level

Hamburg is the German games stronghold: the three major browser-game producers are active here, also, international publishers are based here

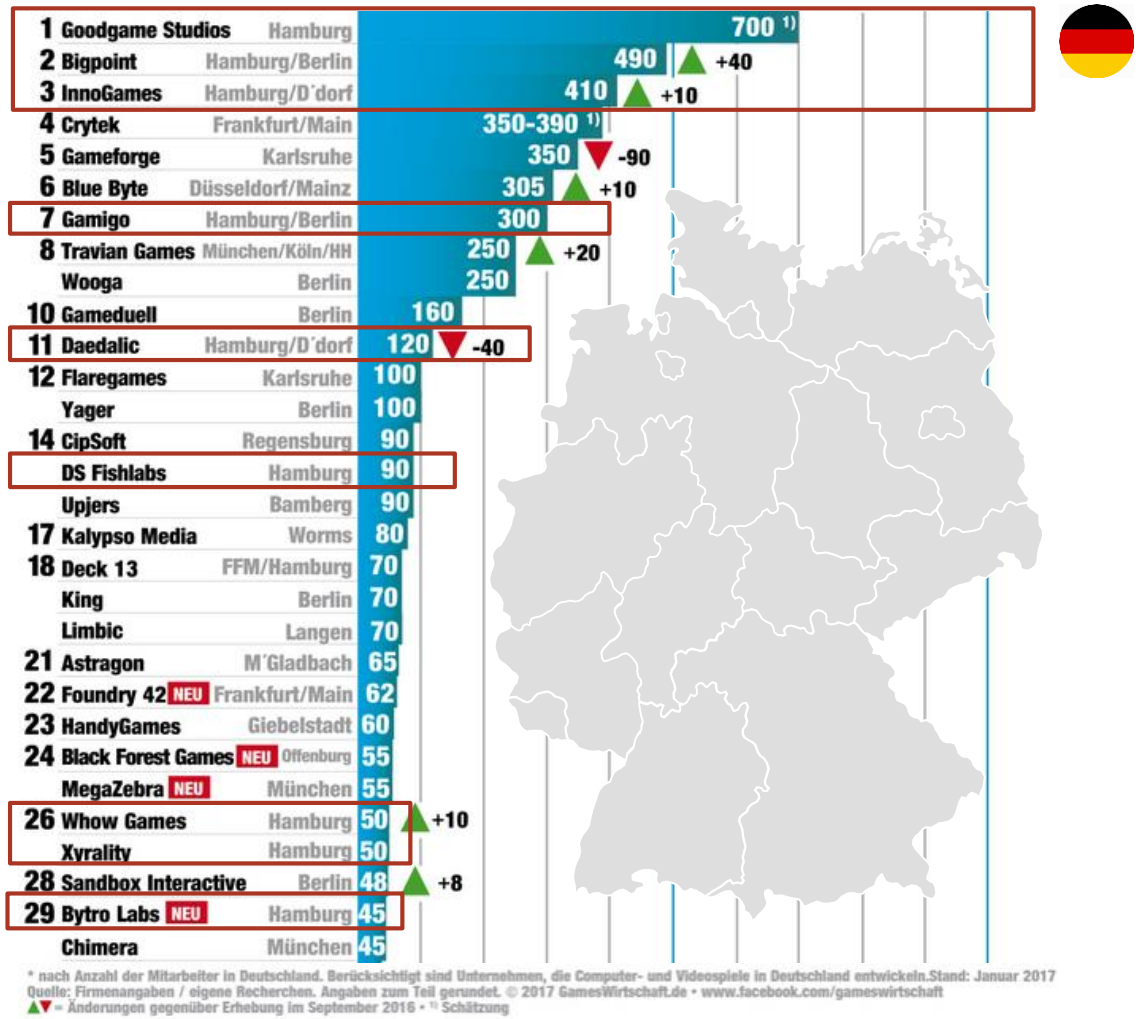
Facts regarding the game market
Hamburg/Schleswig-Holstein 2017

approx. 190 games-studios

- 9 of the major 30 companies, including **the 3 major** companies in Germany:
- Goodgame Studios (approx. 700 employees)
- Bigpoint (approx. 490 employees)
- Innogames (approx. 410 employees)

- Focus on the free-to-play-/ mobile-/browsergames sector
- Also, German-/European headquarters of international publishers, e.g., Square Enix, Capcom, Warner Bros
- Additionally, various traditional developers and Indie studios

The 30 major Games-Studios
as per number of employees in Germany, January 2017



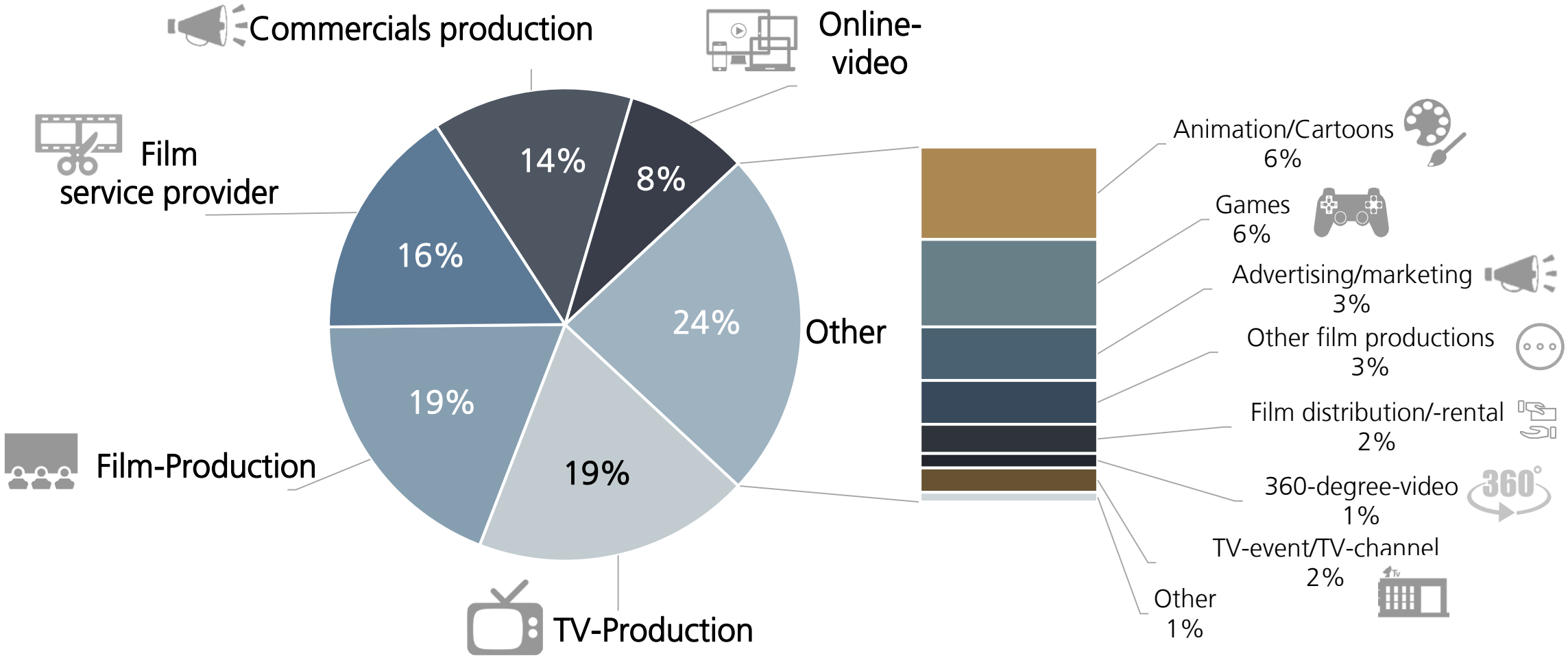
Sources: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, Next Media Hamburg, GamesWirtschaft (2017), BIU (2017): A Guide to the German Games Industry

Economic Situation of the motion picture industry in Hamburg and Schleswig-Holstein

The main business sectors of the responding companies are located equally in the sectors TV- and cinema-production (total 38%), VFX with 16%

Current main business sectors of the motion picture industry in Hamburg and Schleswig-Holstein, 01/2017

Basis

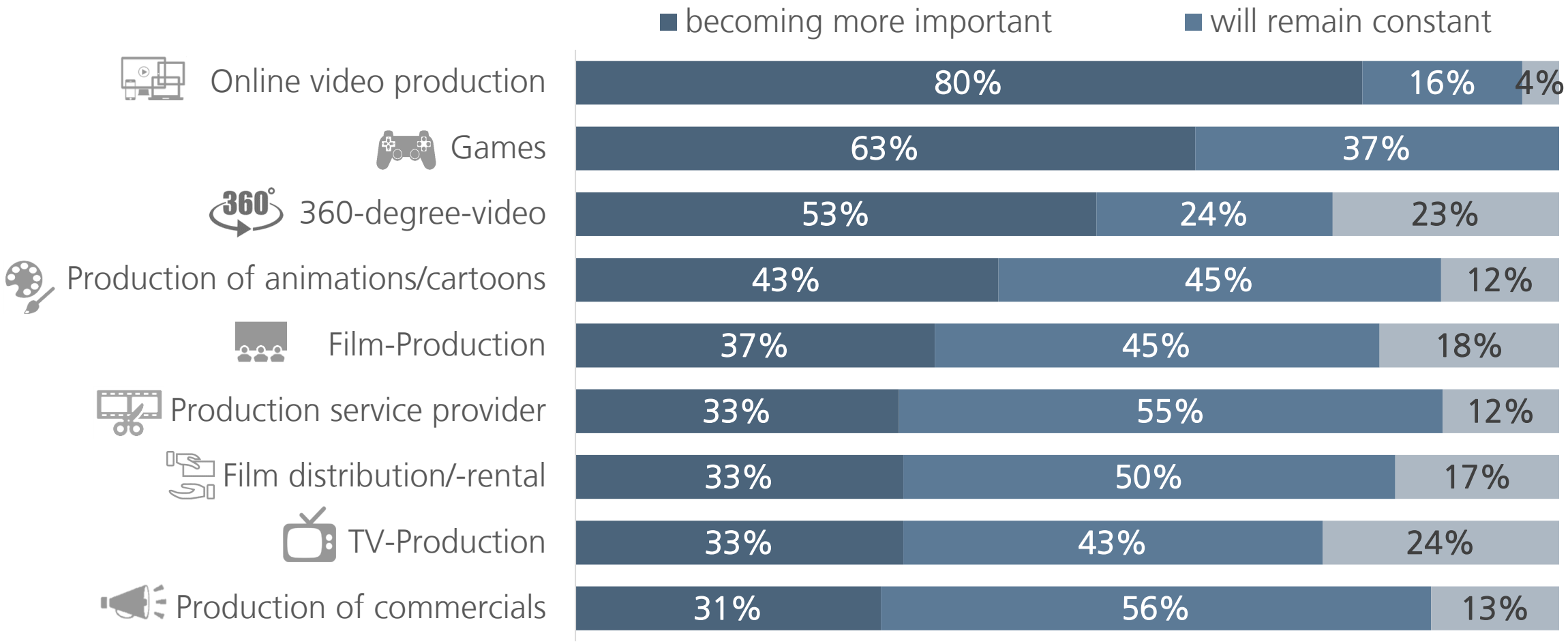


Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

Development of the current business areas until 2020: In particular, online video producers expect their industry to acquire increased significance

Assessment of the development of the current business areas until 2020
of the companies of the motion picture industry in Hamburg and Schleswig-Holstein, 01/2017

Basis



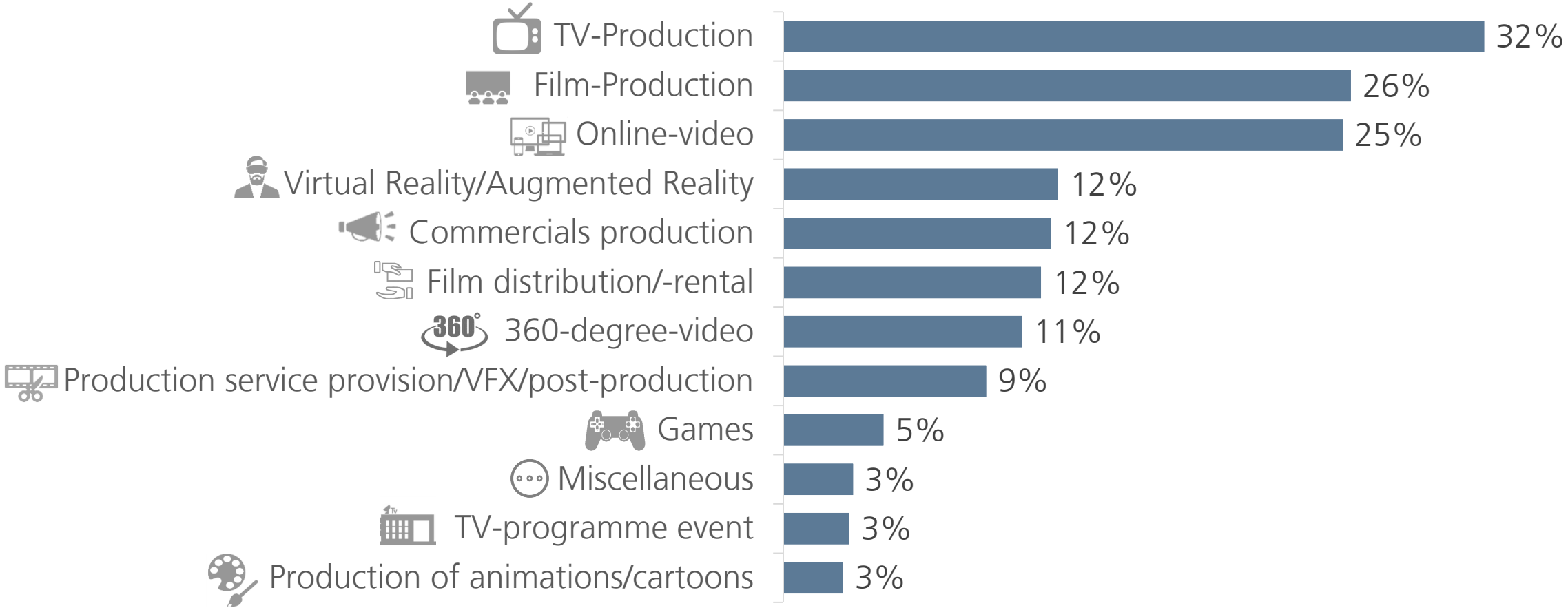
Question: "According to your assessment, how will the importance of your current business areas develop until 2020?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

Prospects 2020: Film producers primarily see potential in the classic sectors of cinema and TV, additional potentials in online video and VR/AR

Business fields in which TV and film producers in Hamburg and Schleswig-Holstein will probably additionally engage until 2020, 01/2017

Basis



Question: "In which of the following business areas is your organisation expected to engage until 2020 (additionally to your current business fields)?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139; multiple response is possible

The film industry pursues alternative forms of financing, primarily international funding offers, however, also private investors are being targeted

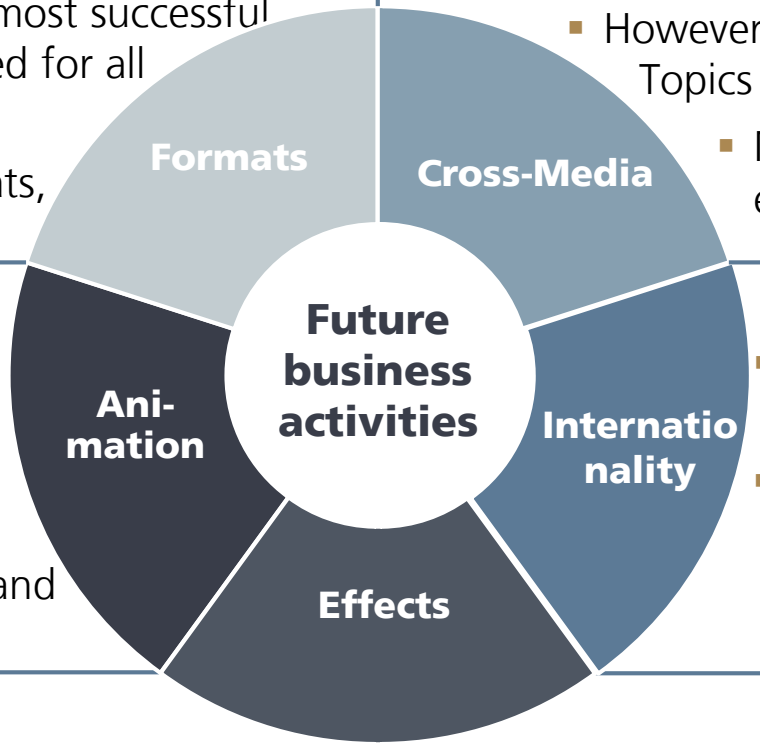
Key facts regarding the most important future business activities of TV and film producers in HH/SH, 01/2017

Formats

- Less classical commissioned productions, new (online) formats become more important, e.g. high-quality series, view on the VoD portals; disagreement regarding the most successful future format: market potential is perceived for all
- In the future, more format options: not necessarily 90 min., possibly shorter formats, respective support is very important

Cross-Media

- Cross-media activities are already being implemented on a project-related basis
  - However, only subject to availability of topics; Topics are not respectively selected/procured
    - Many all still uncertain regarding the economic significance of VoD platforms



Animation films

- Extension of the post-marketing in the form of books, merchandising, games and TV series…
- Target group expansion: many companies perceive capacities in the family segment and In content for the up to 14 year-olds

Internationality

- TV and film producers want to cooperate more and beyond Europe
- Materials are selected according to whether they can also be evaluated internationally, primarily to also obtain support in other countries

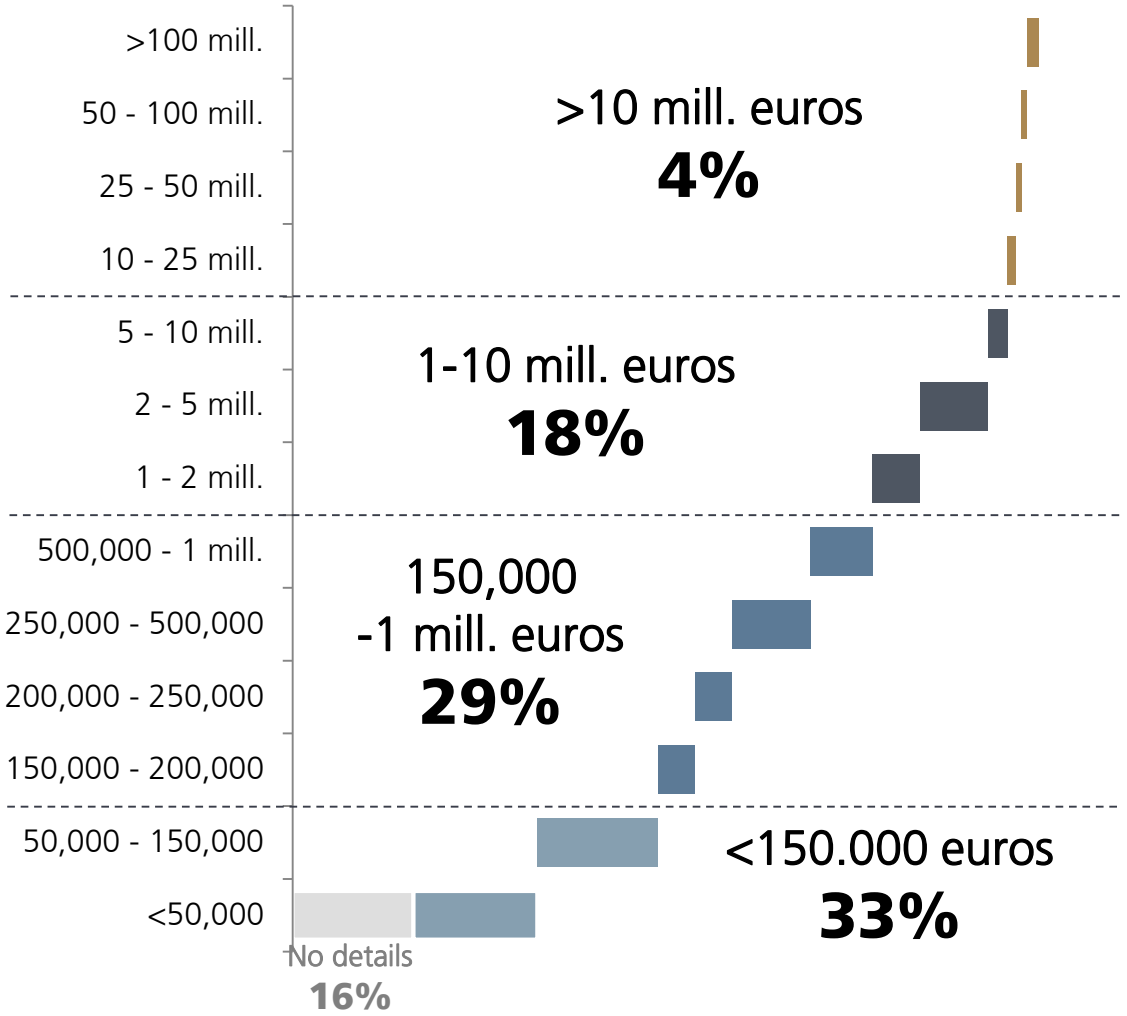
Funding

- Many players would like to move away from classic film funding and search for venture capital and possibly also private investment from other industrial sectors/industries – more lobbying for film as art and culture is desired

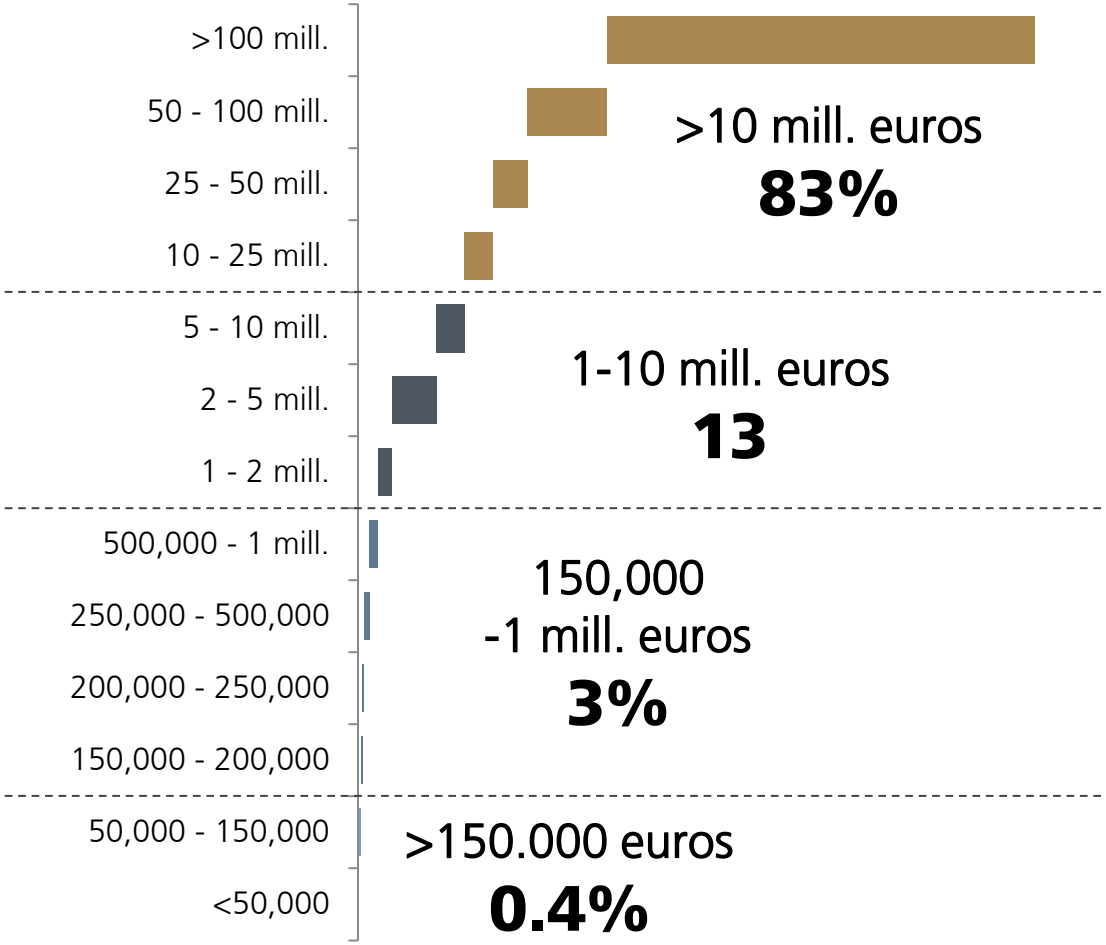
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Revenue distribution: The top 4% of the companies in the film industry consolidate 83% of sales, whereas the smallest 62% account for only 3% of sales

Distribution of the companies of the motion picture industry in HH/SH accord. to revenue in %, 01/2017



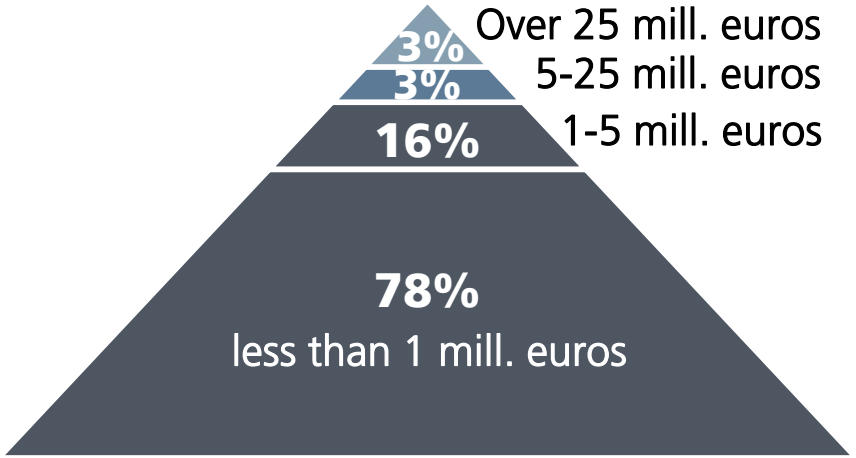
Distribution of the revenue of the companies of the motion picture industry in HH/SH in %, 01/2017



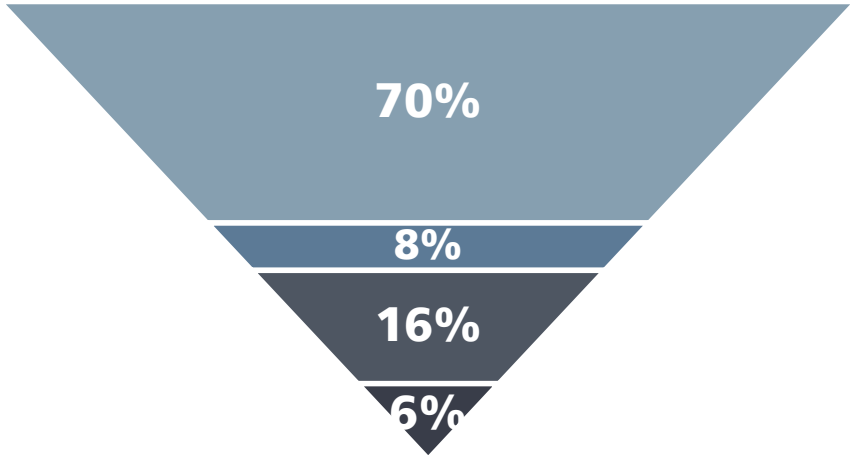
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306; estimate: Gold Media (average values) on the basis of the information provided by the respondents

The structure of the film producer company size categories in Hamburg/Schleswig-Holstein corresponds to the typical triangular structure

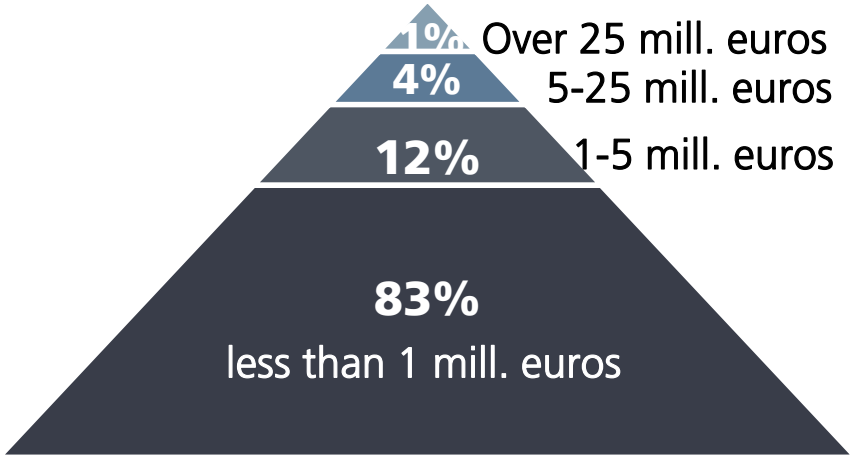
Distribution of TV and film producers in HH/SH according to revenue size categories, 01/2017



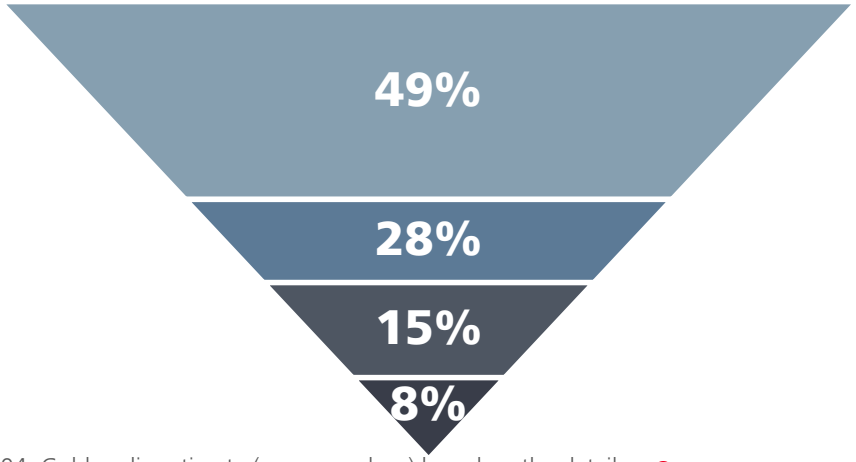
Estimate of the distribution of the sales of the TV and film producers in HH/SH, 01/2017



Distribution of TV and film producers in Germany, according to revenue size categories, 2010



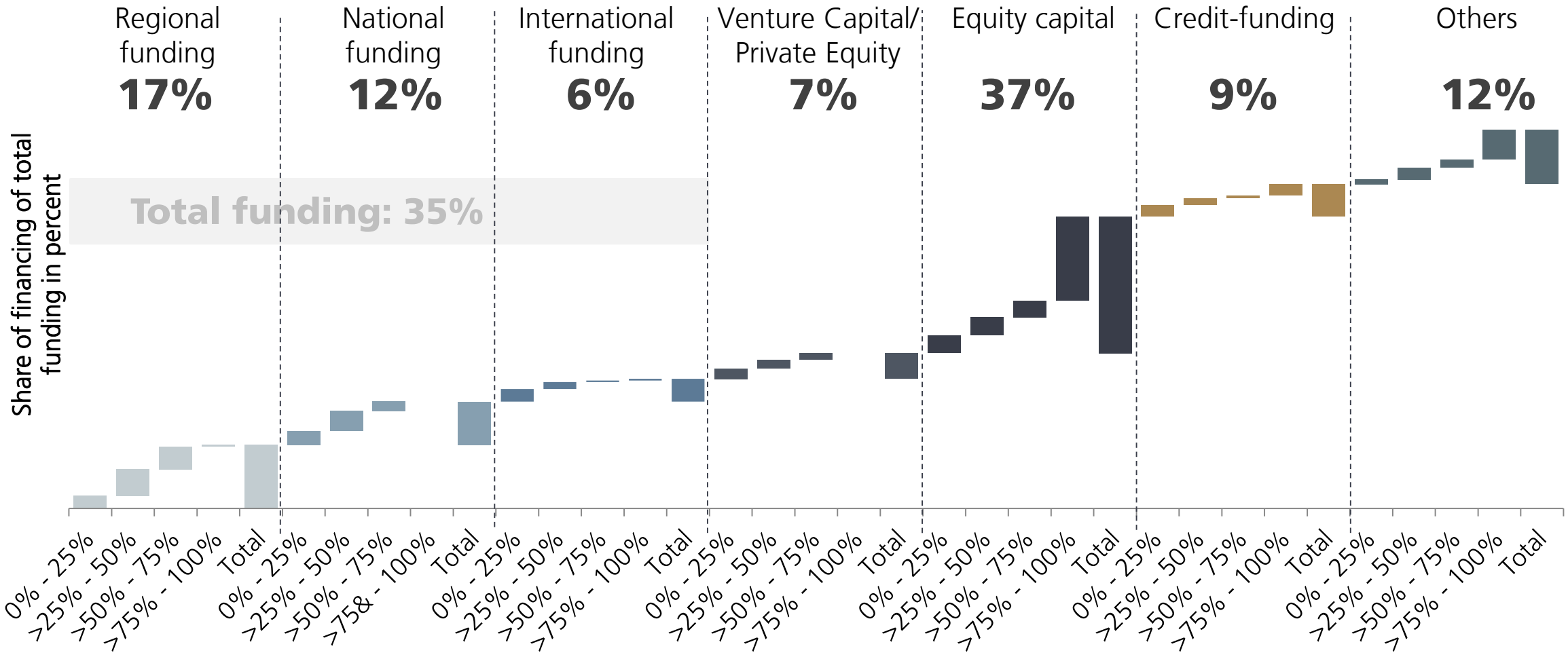
Estimate of the distribution of the sales of the TV and film producers in Germany, 2010



Source: above location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, presentation of the sample n=104; Goldmedia estimate (average values) based on the details provided by the responding companies; below producer study 2012: Data for the film and television industry in Germany 2011/2012, base: Distribution according to sales tax statistics 2010

Project funding 37% of a project are on average funded with own capital; regional (17%) and national (12%) funding follows

Average share of project-funding types in the overall funding of all projects
of the companies of the motion picture industry in Hamburg and Schleswig-Holstein, 01/2017



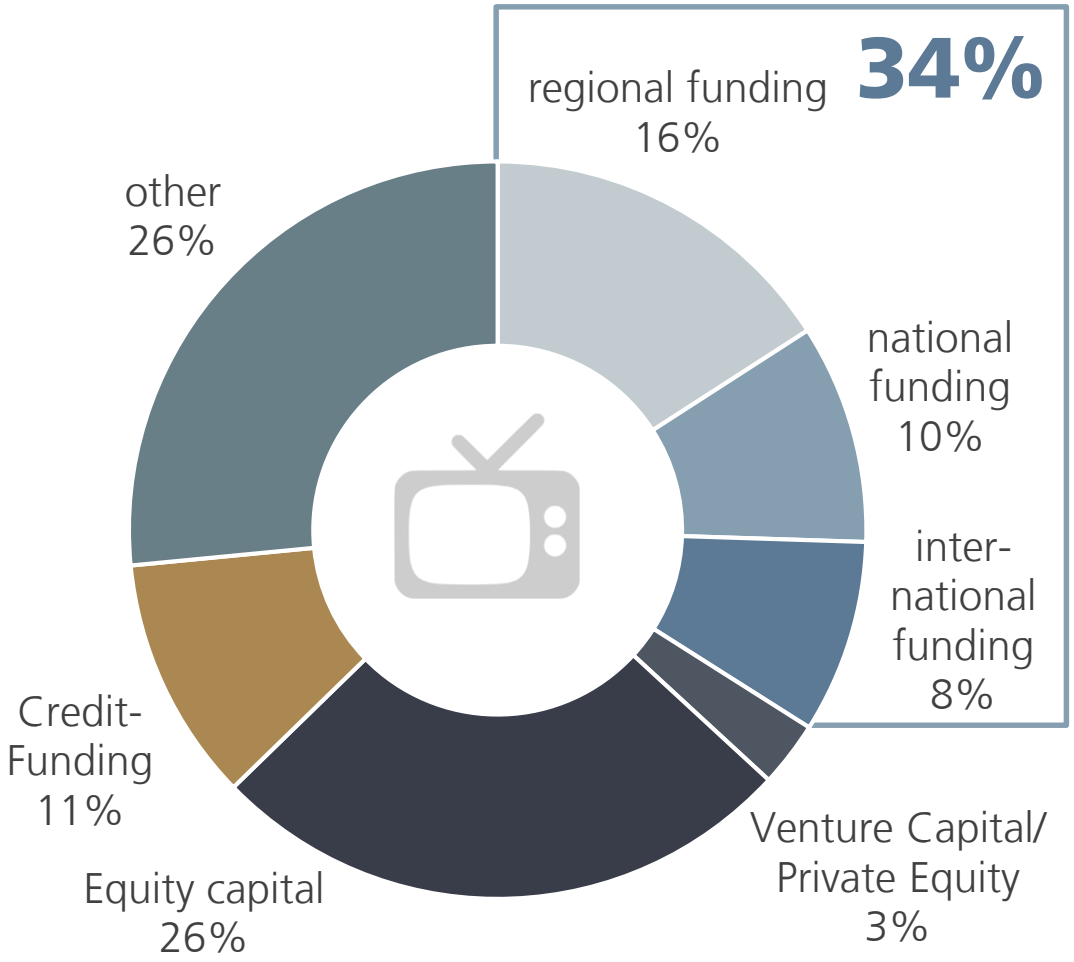
Question: "Which types of project funding do you apply and how much is the usual share of the total funding of the project?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

In terms of the TV-producers, the funding share amounts to an average of 34%, film producers on average, fund the 45% with funding resources

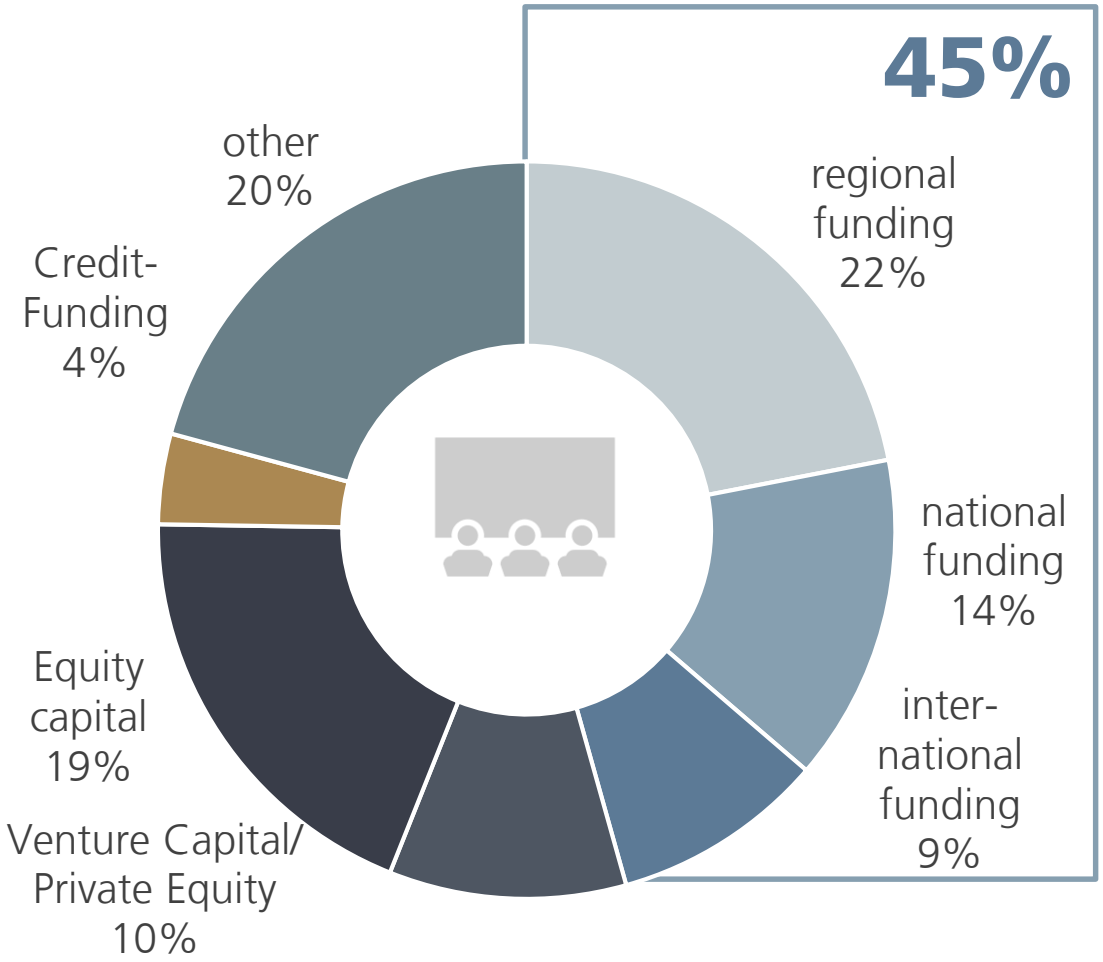
The average project funding for the TV-producers in HH/SH, 01/2017

Basis



The average project funding for the film-producers in HH/SH, 01/2017

Basis



Question: "Which types of project funding do you apply and how much is the usual share of the total funding of the project?"

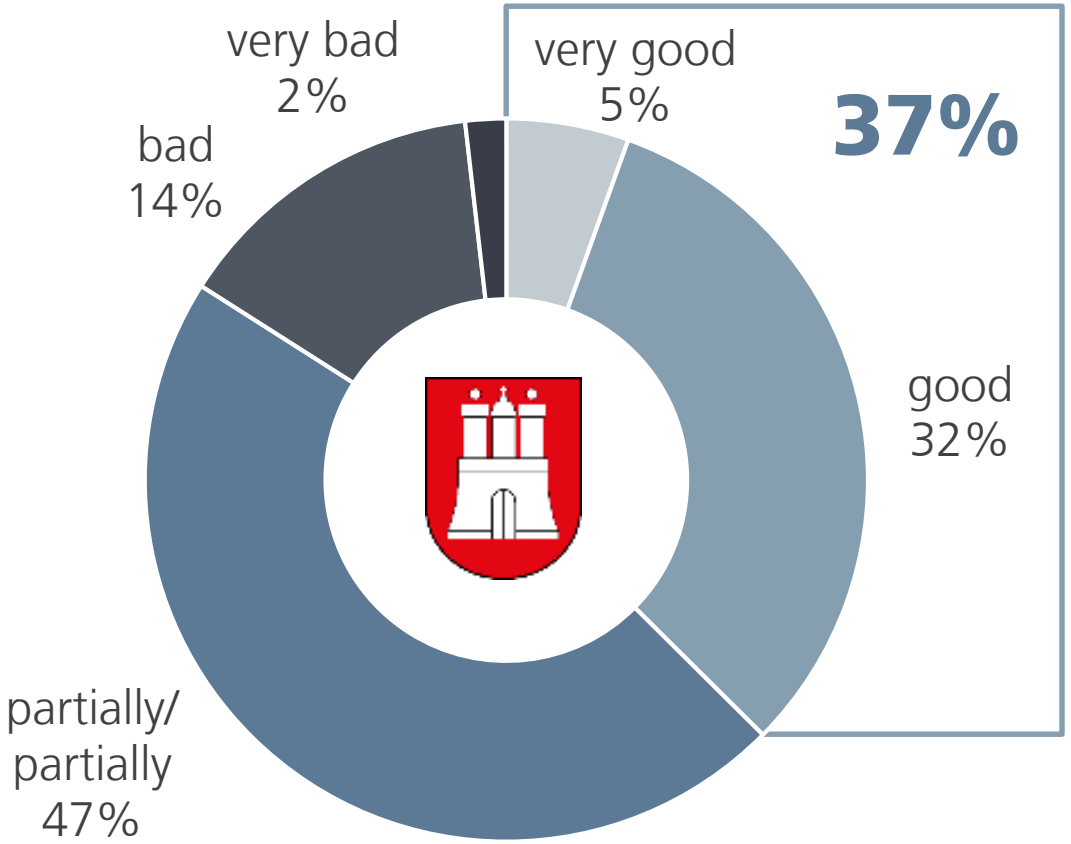
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139

The current economic situation is assessed as good or very good by 37% of the companies in Hamburg – and only by 26% in Schleswig-Holstein

The assessment of the economic situation of the own company, motion picture industry in HH, 01/2017

Basis

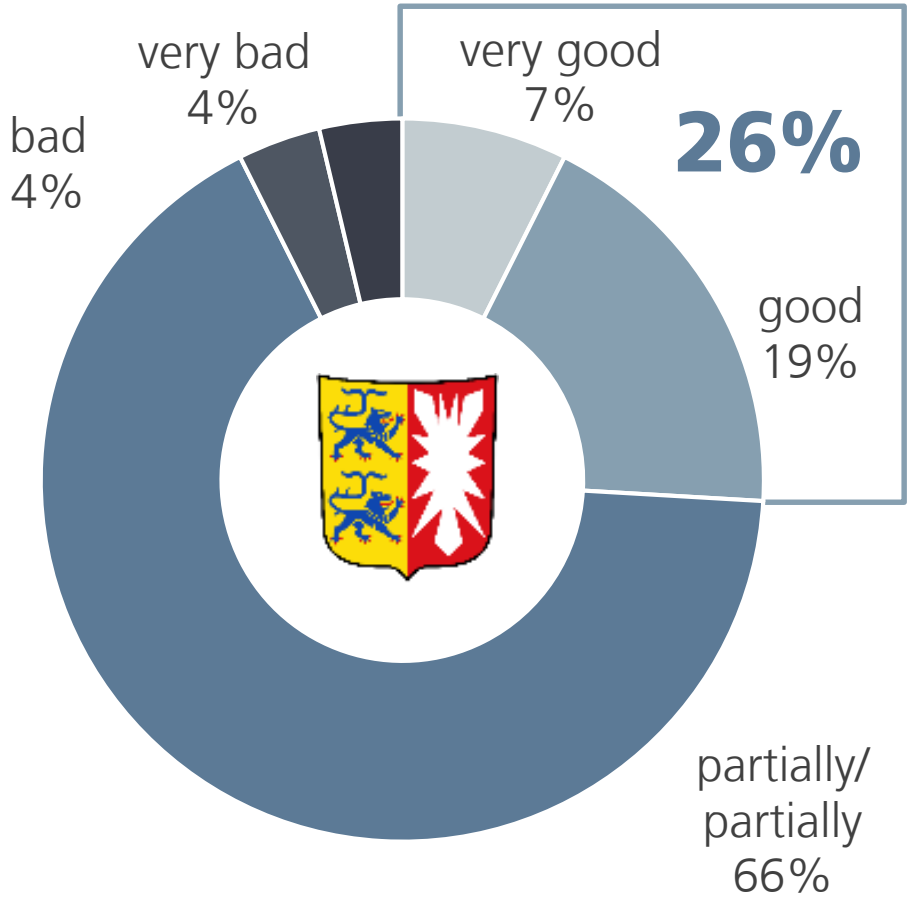
"Our current economic situation is… "



The assessment of the economic situation of the own company, motion picture industry in SH, 01/2017

Basis

"Our current economic situation is… "



Question: "How would you assess the economic situation of your company?"

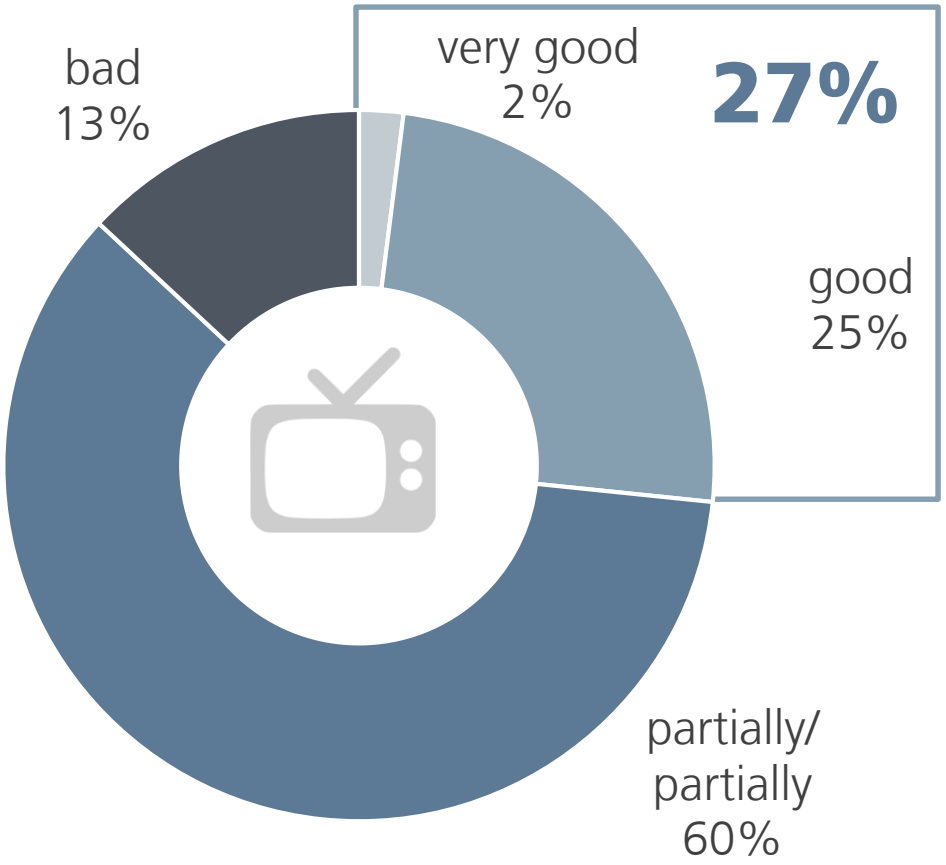
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

Current status: 27% of the TV-producers in HH/SH assess their economic situation as good, against only 17% of the film producers

The assessment of the economic situation of the own company, TV-producers in HH/SH, 01/2017

Basis

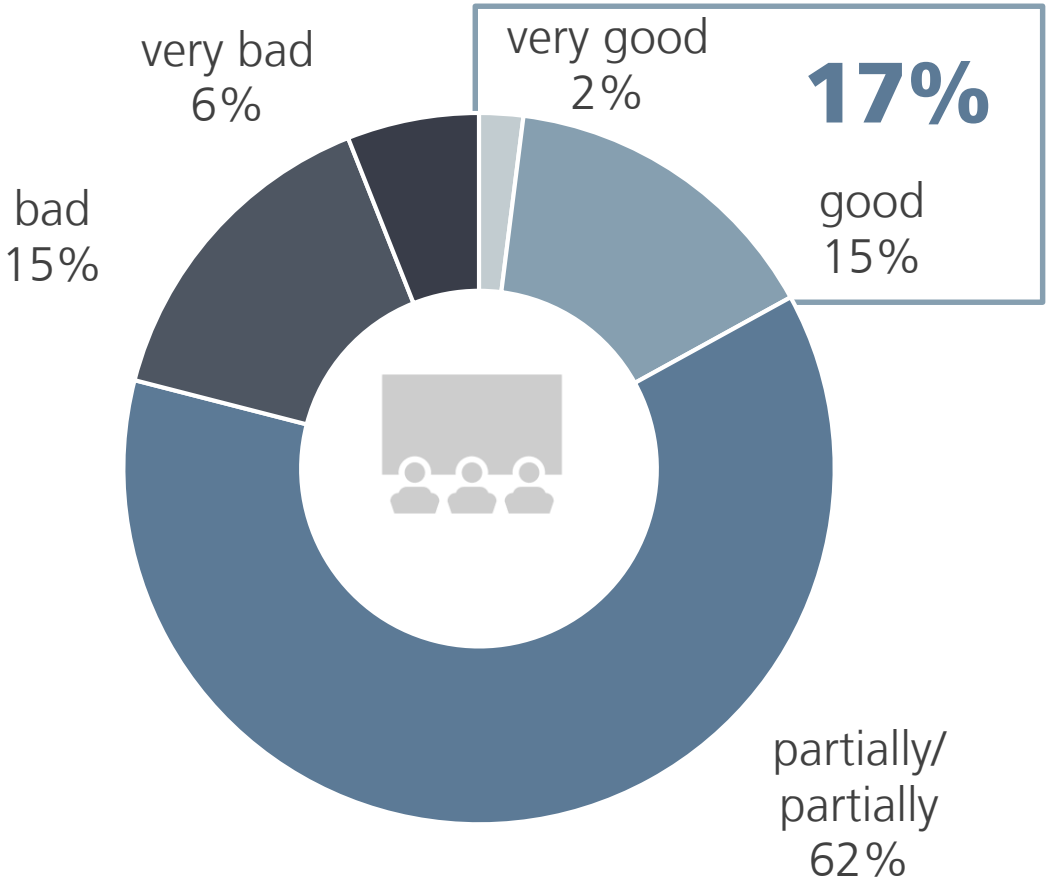
"Our current economic situation is…"



The assessment of the economic situation of the own company, film-producers in HH, 01/2017

Basis

"Our current economic situation is…"



Question: "How would you assess the economic situation of your company?"

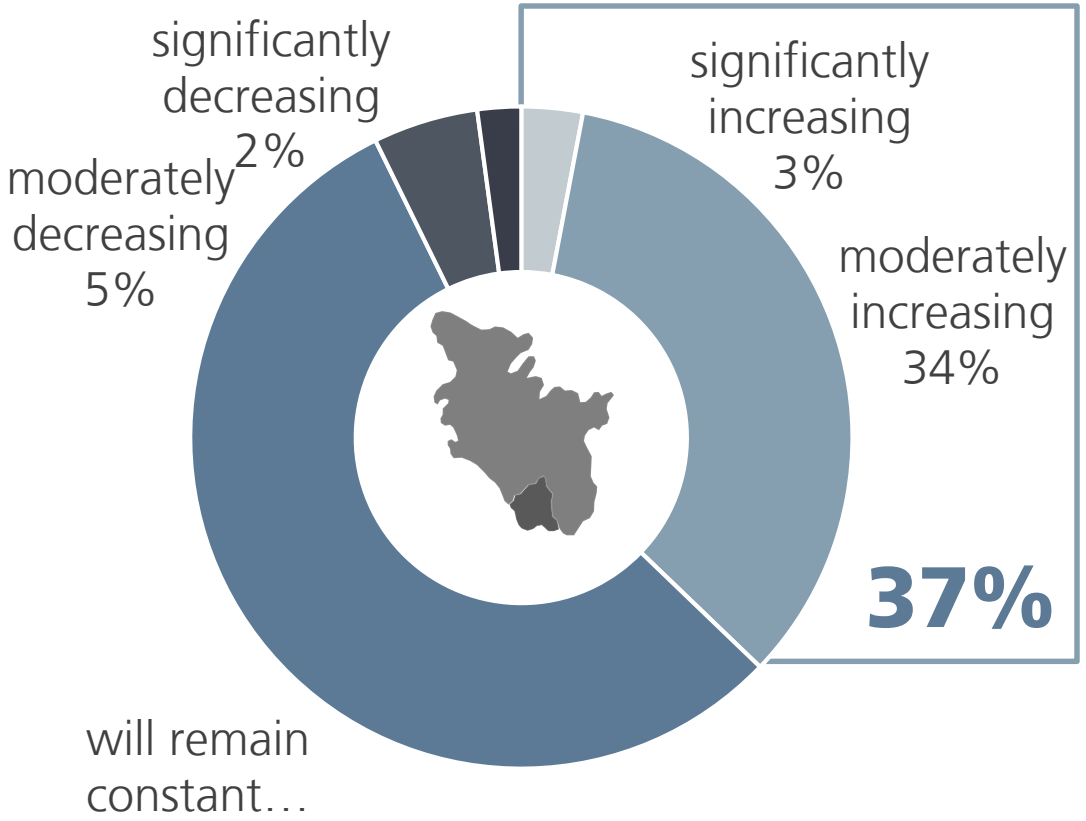
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139

Employee development: More than a third of the companies plan to employ more personnel in 2017, only 7% expect redundancies

Forecast for the employee development in 2017 for the motion picture companies in HH/SH, 01/2017

Basis

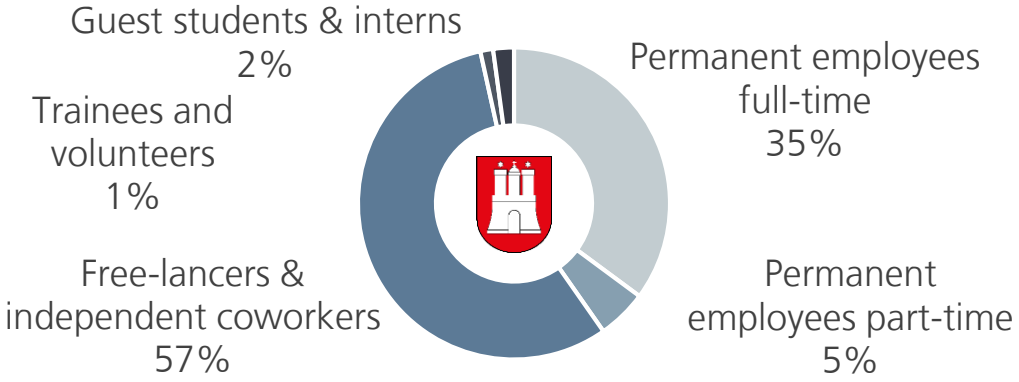
"The number of our employees at the location Hamburg/ Schleswig-Holstein during 2017 is expected to..."



Question: "How will the number of employees in your company in Hamburg/Schleswig-Holstein 2017 develop in comparison to the previous year??"

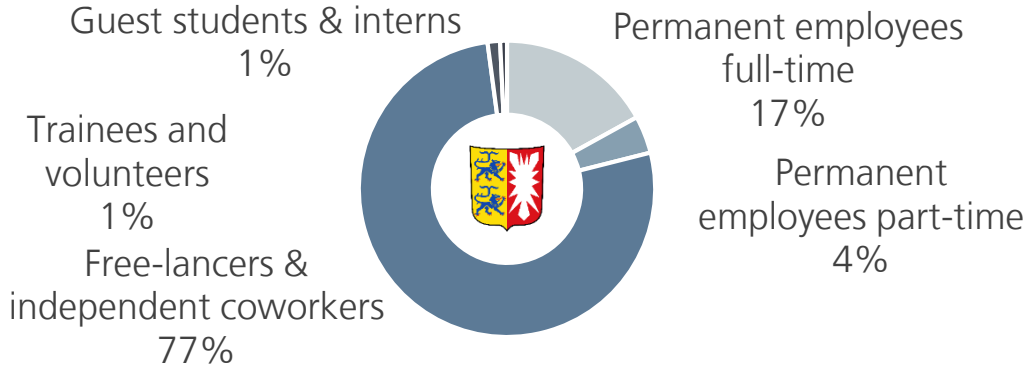
Distribution of the employees in the companies of the motion picture industry in Hamburg, 01/2017

Basis



Distribution of the employees in the companies of the motion picture industry in Schleswig-Holstein, 01/17

Basis



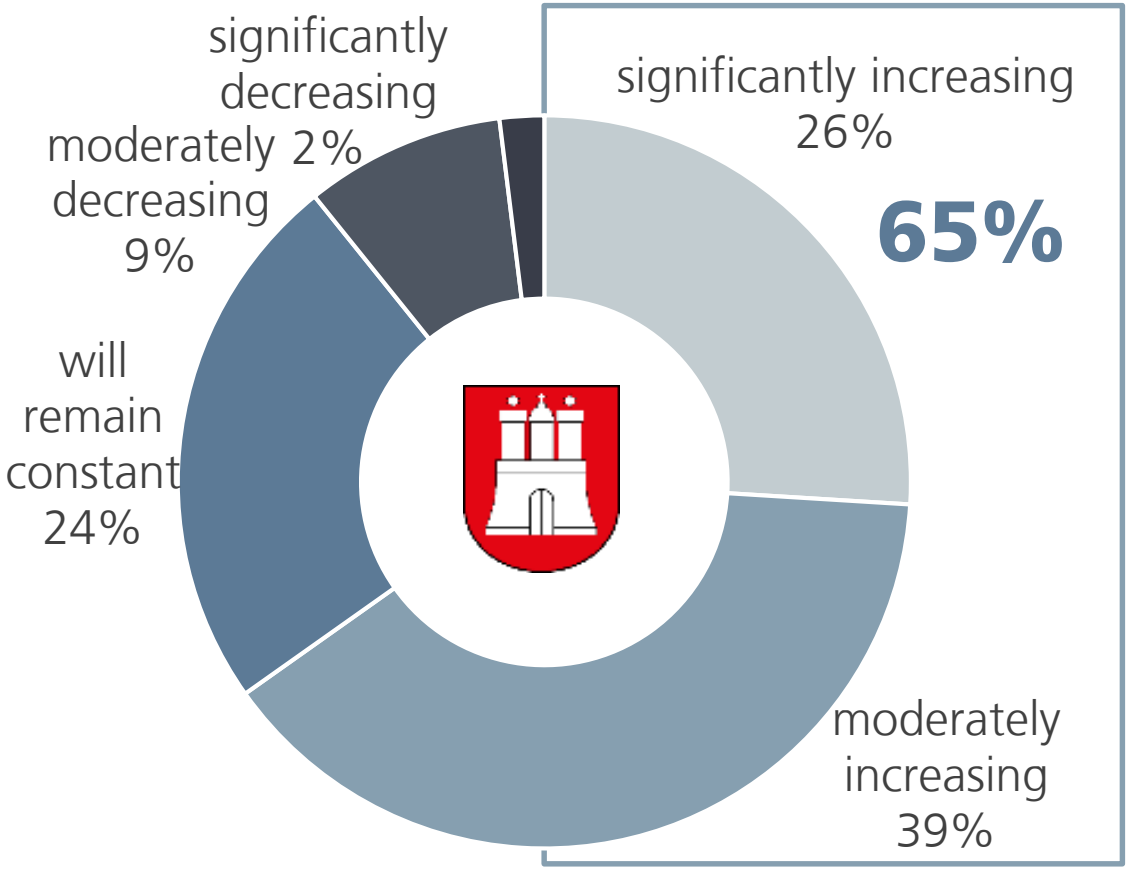
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

Positive revenue prognosis: Approx. two thirds of the companies in Hamburg and Schleswig-Holstein expect increasing revenues until 2020

Economic expectations until 2020, motion picture industry in Hamburg, 01/2017

Basis

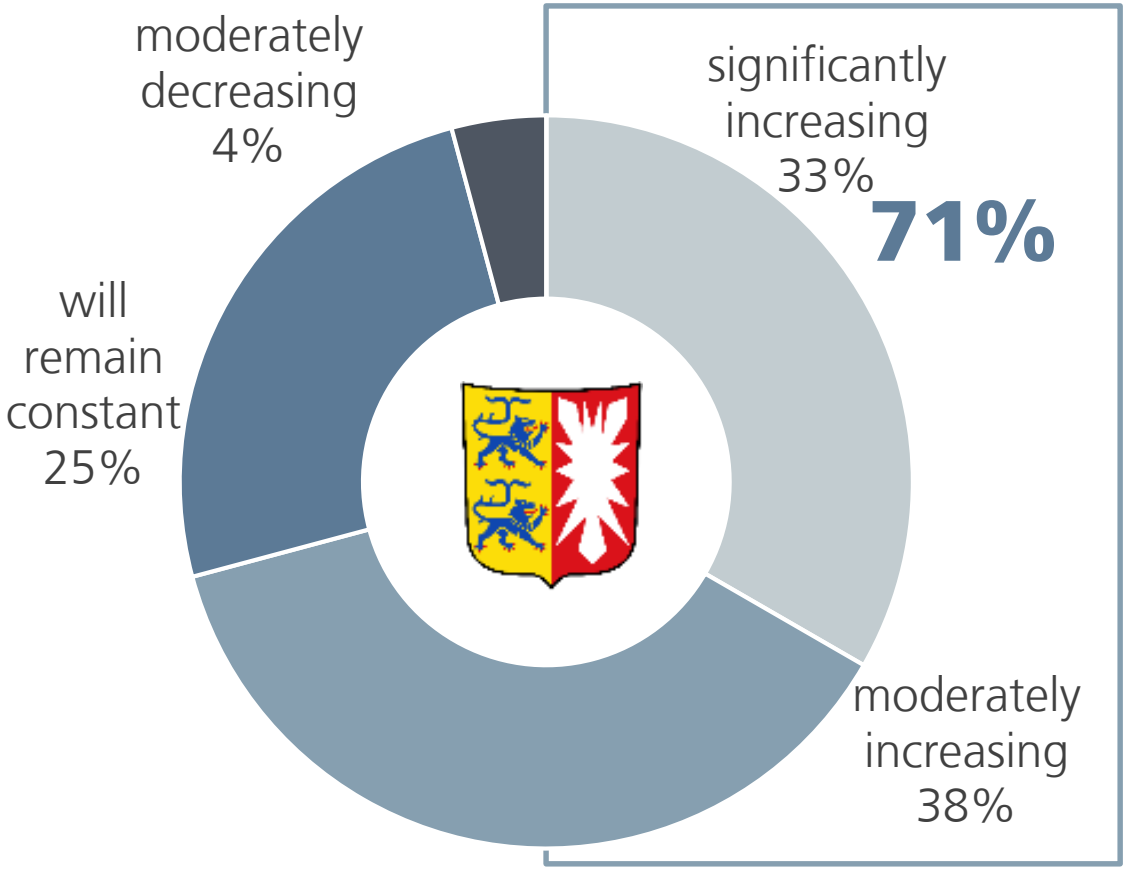
"Until 2020, we expect our revenue to probably..."



Economic expectations until 2020, motion picture industry in Schleswig-Holstein 01/2017

Basis

"Until 2020, we expect our revenue to probably..."



Question: "What are your economic expectations until 2020?"

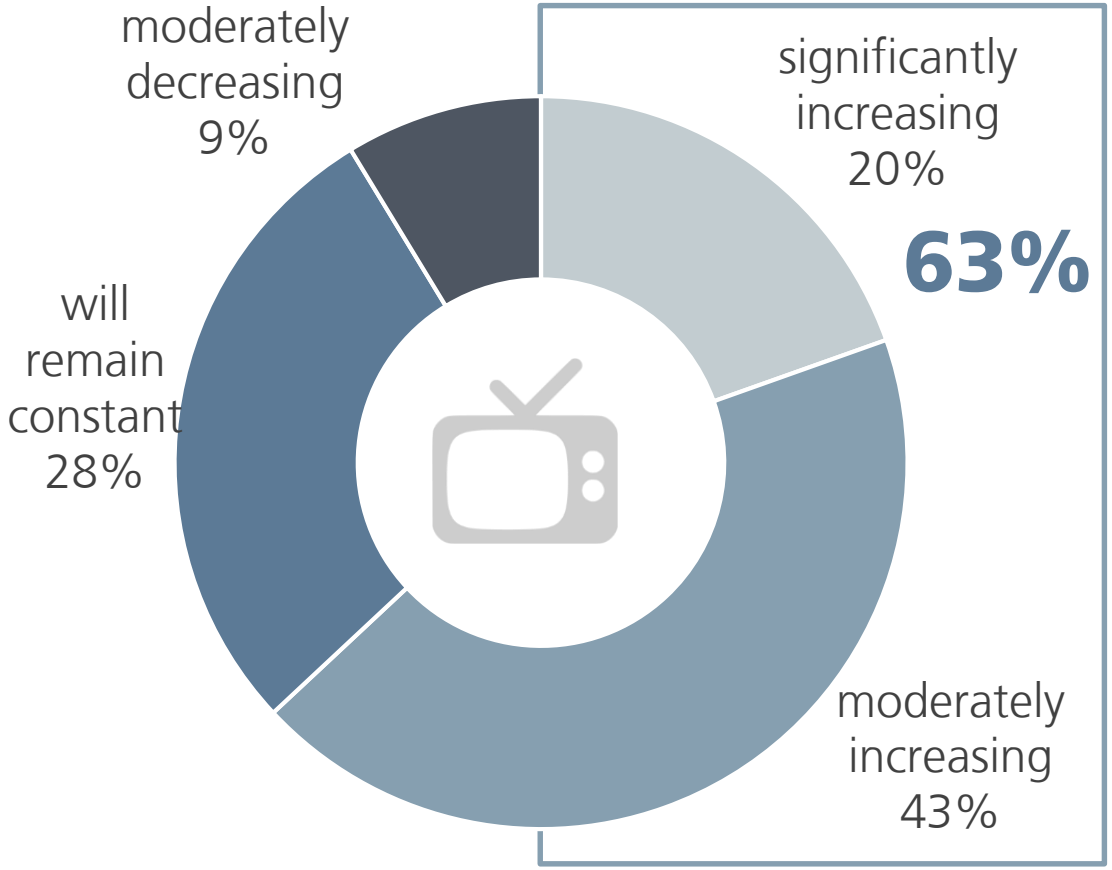
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

Prospects: Approx. three-quarters of the film producers expect increasing revenue until 2020, as for the TV-producers, it is barely two-thirds

Economic expectations until 2020, TV-producers in Hamburg and Schleswig-Holstein 01/2017

Basis

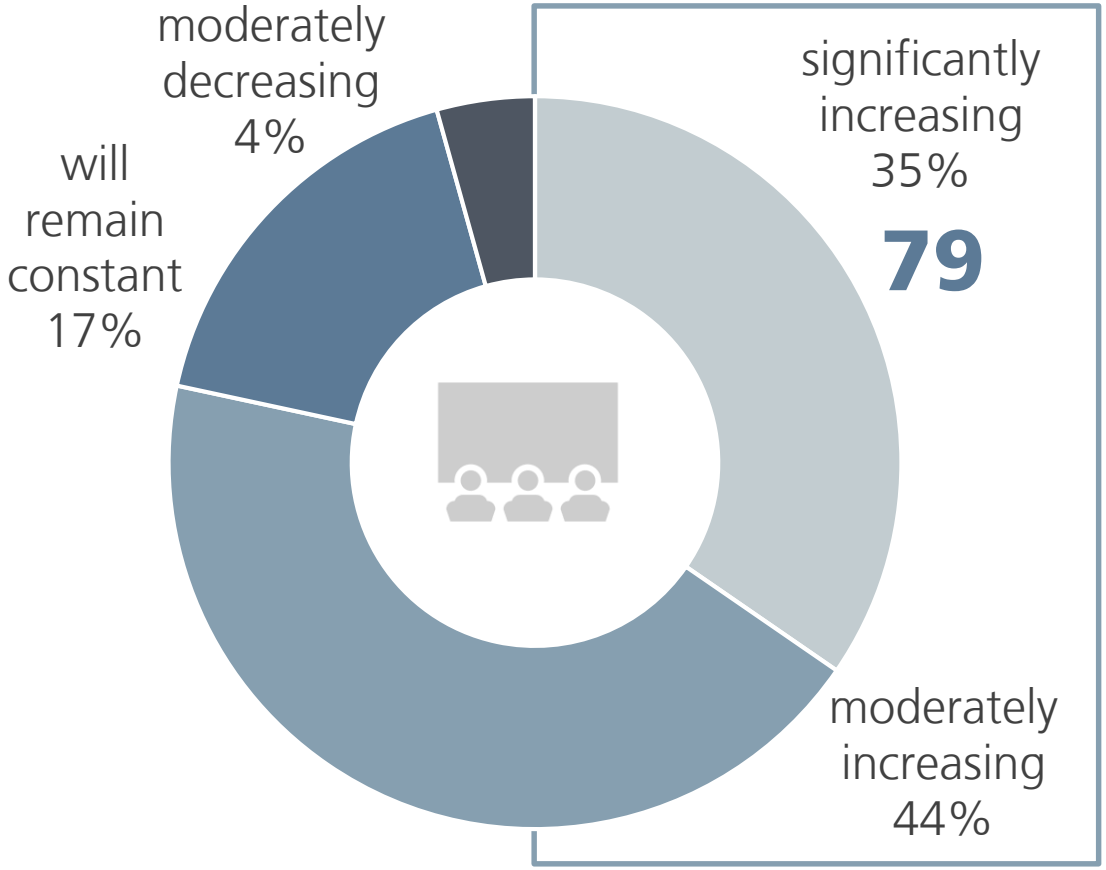
"Until 2020, we expect our revenue to probably..."



Economic expectations until 2020, film-producers in Hamburg and Schleswig-Holstein 01/2017

Basis

"Until 2020, we expect our revenue to probably..."



Question: "What are your economic expectations until 2020?"

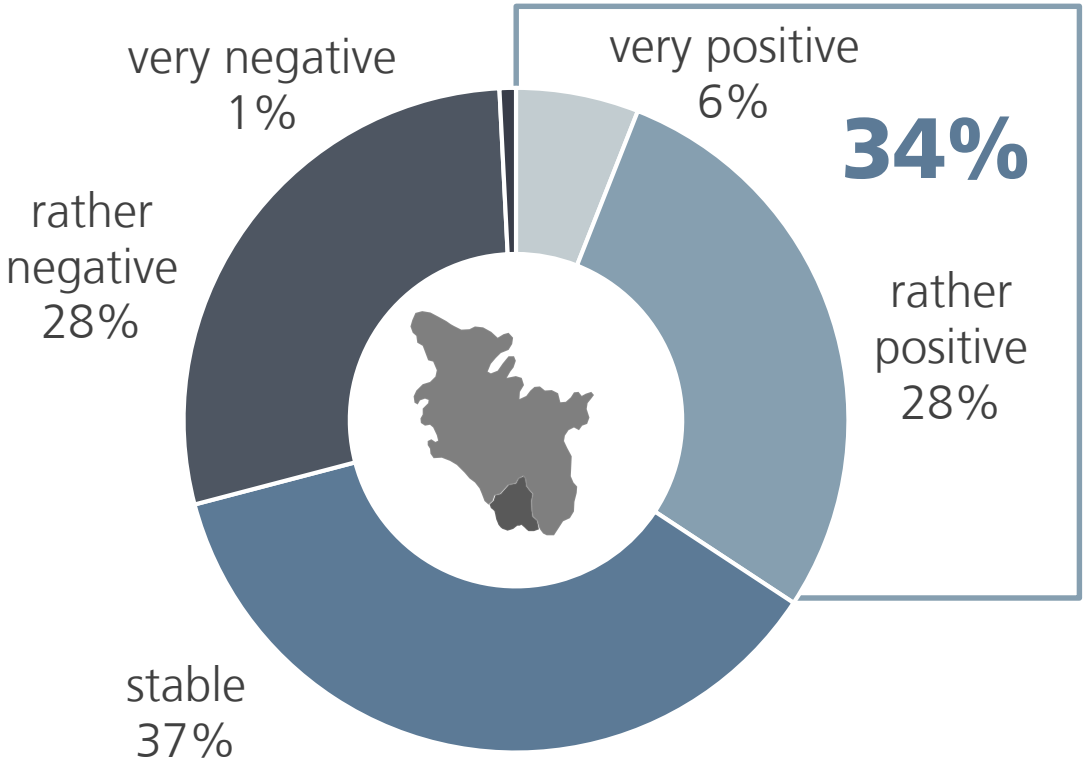
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139

Development prospects: A balanced picture regarding the development of the motion picture industry in HH/SH until 2020

Economic development of the motion picture industry until 2020, all companies in HH/SH, 01/2017

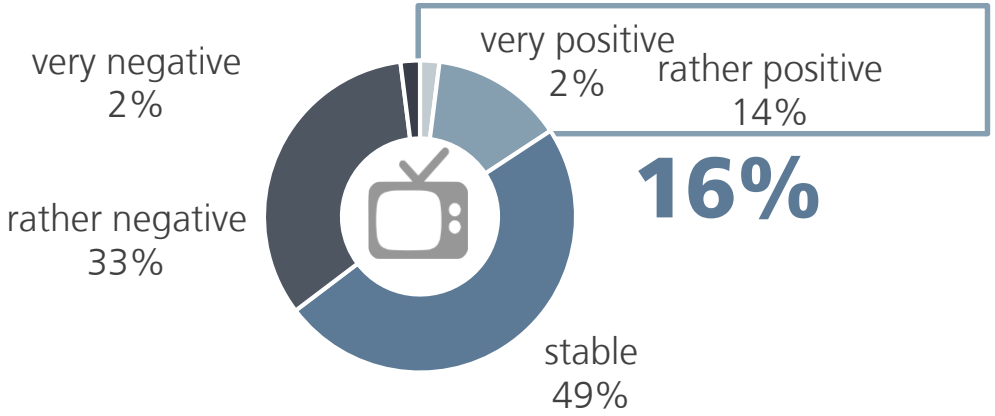
Basis

"The motion picture industry at the location Hamburg/Schleswig-Holstein is expected to develop... by 2020…."



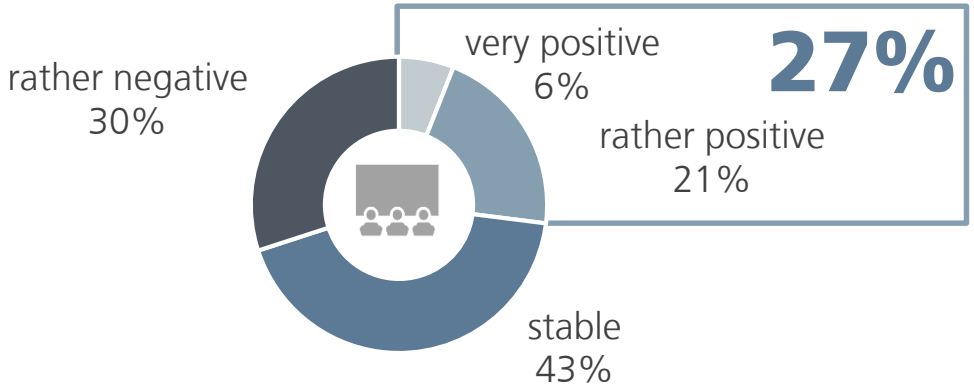
Economic development of the motion picture industry until 2020, all TV-producers in HH/SH, 01/17

Basis



Economic development of the motion picture industry until 2020, all film-producers in HH/SH, 01/17

Basis



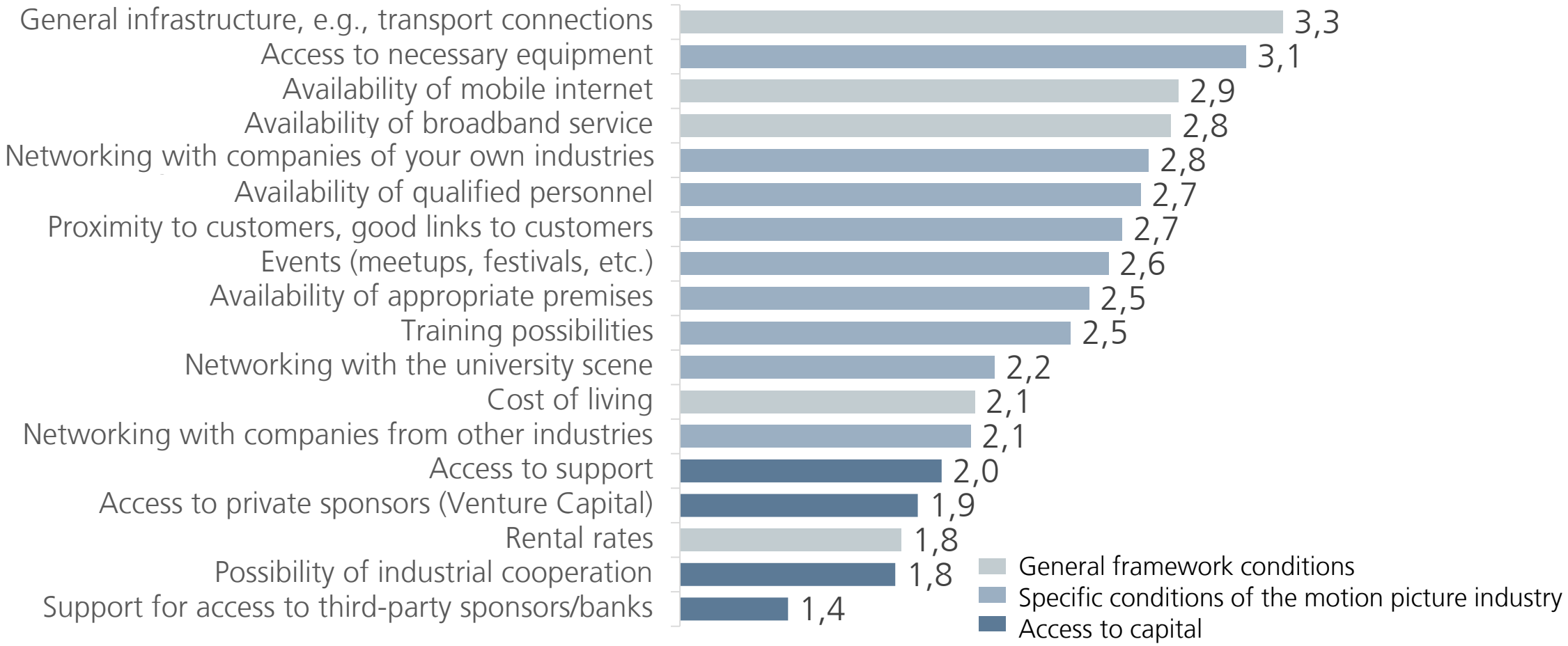
Question: "According to your opinion, how do you think the motion picture industry at the Hamburg/Schleswig-Holstein location will develop economically until 2020?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, left side: n=306, right side: n=139

Estimates for location factors Hamburg and Schleswig-Holstein

General infrastructure and access to equipment are the most important location advantages, access to third-party capital most significant disadv.

The most significant location factors of the motion picture industry in Hamburg and Schleswig-Holstein according to the estimates by the companies of the motion picture industry, on a scale from very bad=1 to very good=4, 01/2017



Question: "How do you assess the following characteristics of your region?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

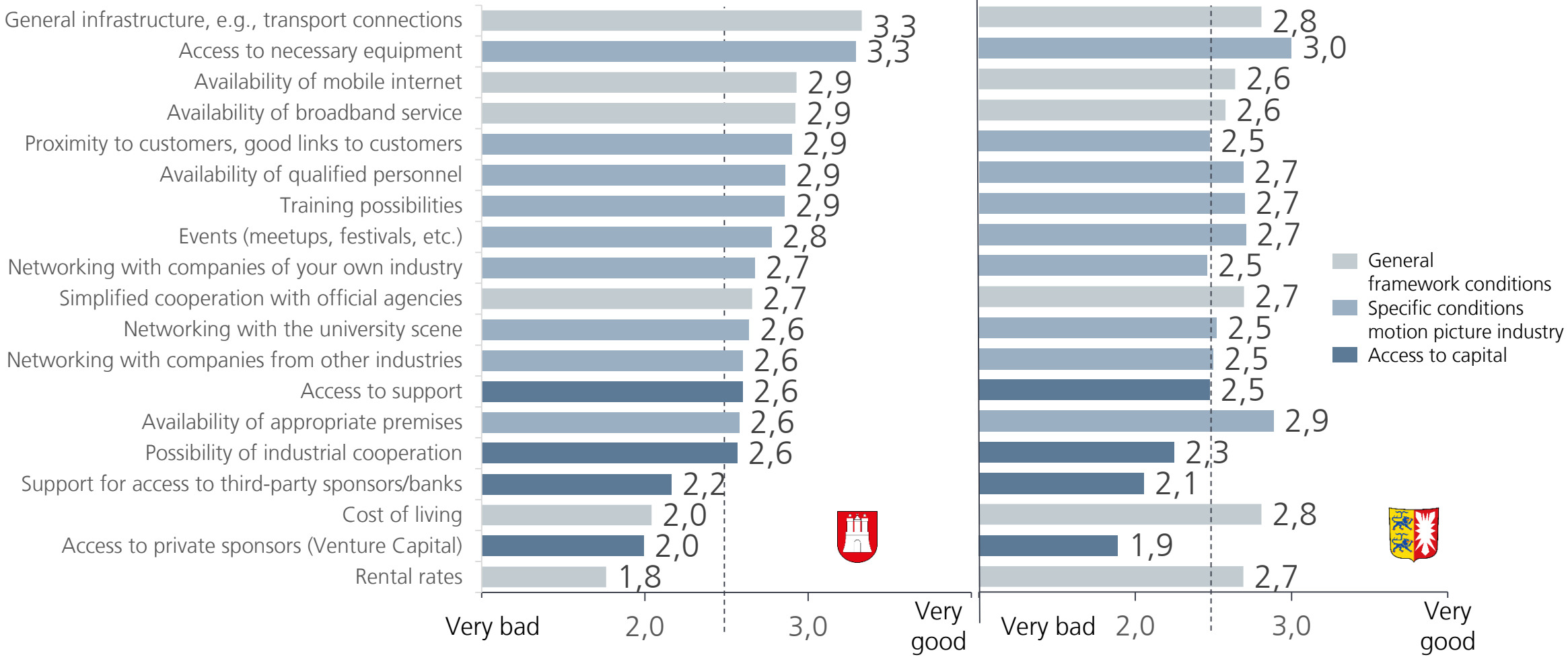
Schleswig-Holstein provides better availability of suitable premises, lower cost of living and rental prices in comparison to Hamburg

On a scale from very bad=1 to very good=4

Assessment of the location factors by the motion picture industry in Hamburg, 01/17

Assessment of the location factors by the motion picture industry in SH, 01/17

Basis



Question: "How do you assess the following characteristics of your region?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

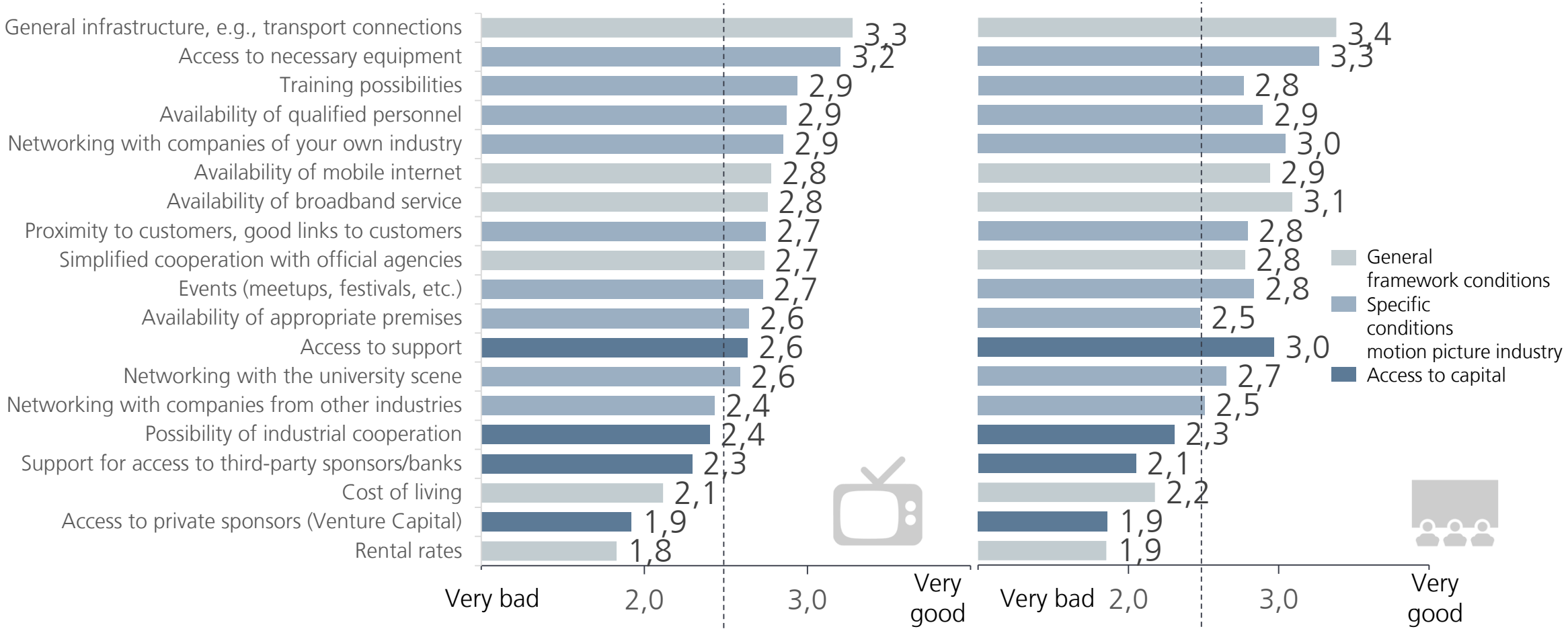
TV producers with more negative assessments, except in terms of opportunities for training and industrial coop. and to access to third-party capital

On a scale from very bad=1 to very good=4

Assessment of the location factors on behalf of the TV-producers, 01/2017

Assessment of the location factors on behalf of the film-producers, 01/2017

Basis

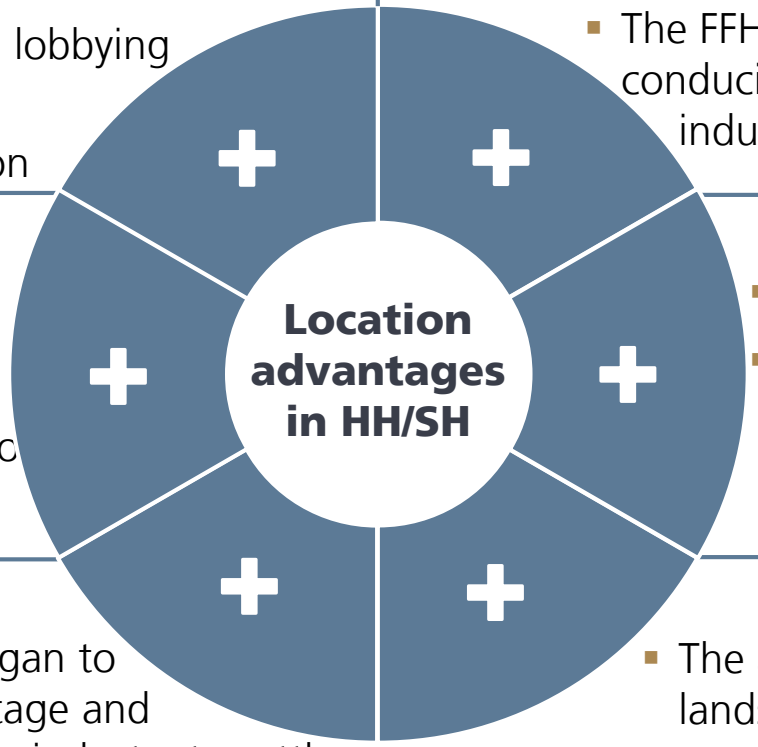


Question: "How do you assess the following characteristics of your region?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139

Location advantages: primarily, the cooperation with the FFHSH and its great commitment is perceived as a definite advantage by film producers

Key-facts to the main location advantages from the point of view of the TV and film producers in HH/SH, 01/2017



The work of the film promotion (FFHSH)

- Hamburg and Schleswig-Holstein have closed ranks
- Very sustainable, continuous promotion
- Great confidence in the FFHSH consulting, lobbying and network initiatives
- Uncomplicated and swift filming permission

Networking

- In the past, film producers were able to develop good creative/personnel/contacts networks
  - The FFHSH network events were/are very conducive for this purpose, this is where the industy meet

Film Studio Kiel

- The existence of the Film Studio Kiel is perceived in a very positive light: this is where creative talent and in particular, project development is promo

Film-Setting/Talent

- Young film-setting
- Excellent training at the Hamburg Media School with obvious success (numerous awards for the HMS-graduation films)

Games sector

- On a federal level, the city of Hamburg began to support the games sector at a very early stage and encouraged many companies of the games industry to settle
- Positive: Proximity of politics to the industry, networks and events

Others

- The attractive city of Hamburg and the landscape of Schleswig-Holstein is considered a great advantage for the film location as a whole (inspiration, locations, etc.)

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Location disadvantages: subsidies are too low on a national level, the film industry should be more evident as a cultural and capital asset

Key-facts to the main location advantages from the point of view of the TV and film producers in HH/SH, 01/2017

Location disadvan-tages in HH/SH

Funding

- HH/SH with relatively low subsidies on a federal level, → limited financial resources
- Subsidies from other sectors would be desirable, for example, innovation- and technology subsidies
- Private investment in films as a cultural asset

Film as a cultural asset

- Low-margin cultural asset film requires additional support and financing from the city
- Politics in HH/SH to become a better film partner, cultural budget to also support the film industry
- Location marketing is expandable

Networking with other industries

- Networking with investors and money-donating industries appears expandable
- Awareness of the film industry as an economic factor is not yet adequately raised

Training/Talent

- Lack of training programs for the ind., HMS is good, however, structure is lacking for young talent (basic training)
- There are no incentives for young talent, such as cheap rent, offices, etc.

Others

- Lack of a tax-system with tax reductions, to make the location more attractive for film-producers
- SH: Lack of structure of film-producing personnel

Public-Service Broadcasting

- Structural probl.: public-service broadcasting dominates the market (TV and cinema)
- Many independent providers are no longer available, → no fair price structure/competitive pressure

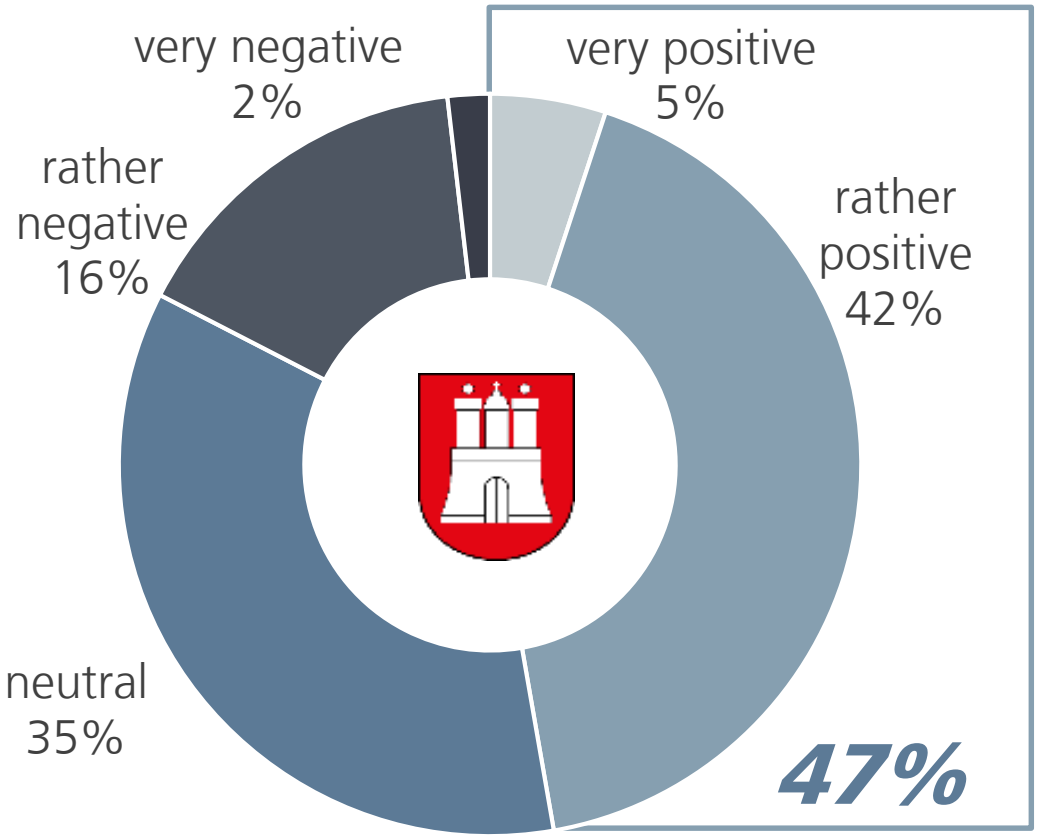
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Labour market: 47% of the Hamburg motion picture industry players assess the labour market positively, against only 23% of the those from SH

Assessment of the situation on the labour market by the motion picture industry in Hamburg, 01/2017

Basis

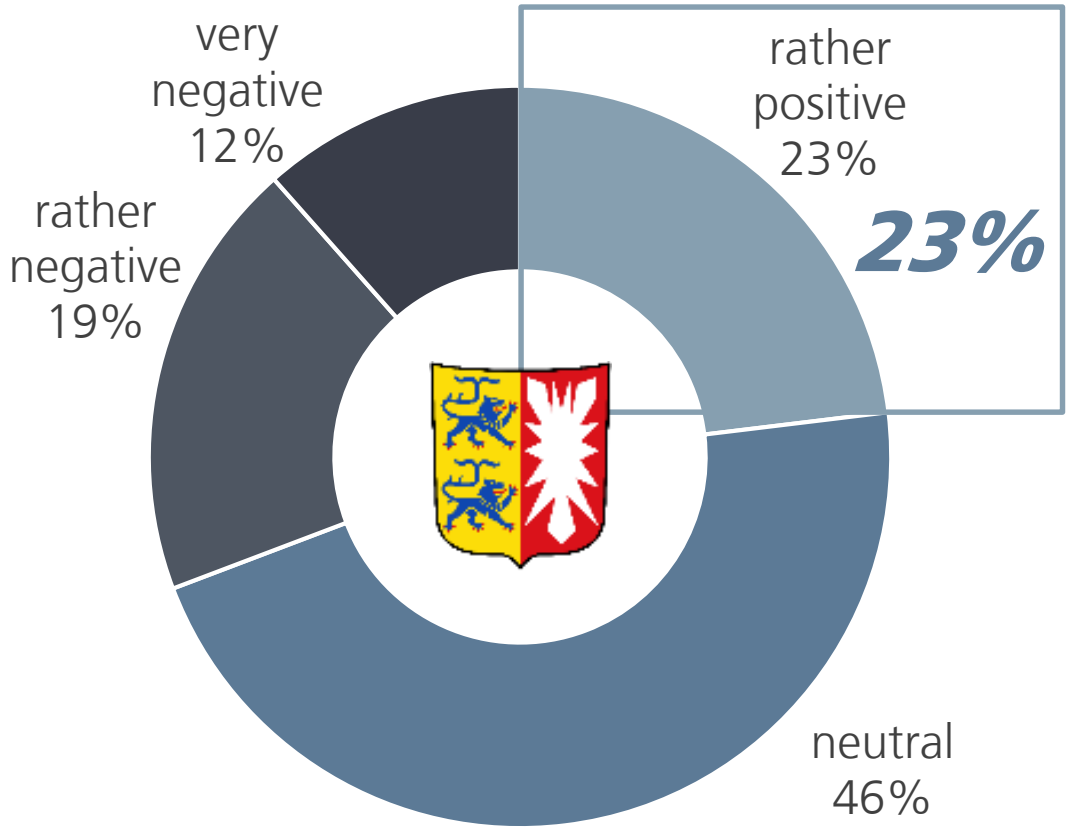
"The labour market situation at the location Hamburg is..."



Assessment of the situation on the labour market by the motion picture industry in SH, 01/2017

Basis

"The labour market situation at the location Schleswig-Holstein is..."



Question: "How do you assess the situation on the labour market (availability of skilled workers and trainees) in your industry and your location?"

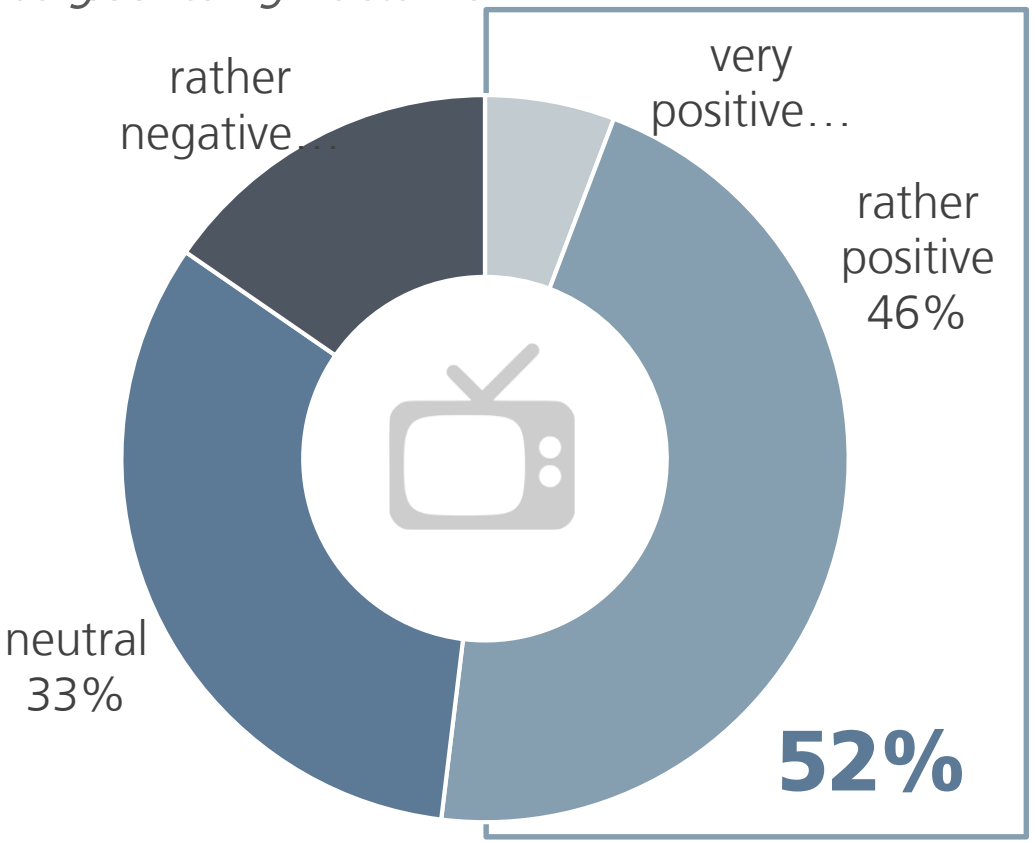
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

The labour market situation is assessed as positive by more than half of the TV-producers, against 41% of the film-producers

Assessment of the situation on the labour market TV-producers in HH/SH, 01/2017

Basis

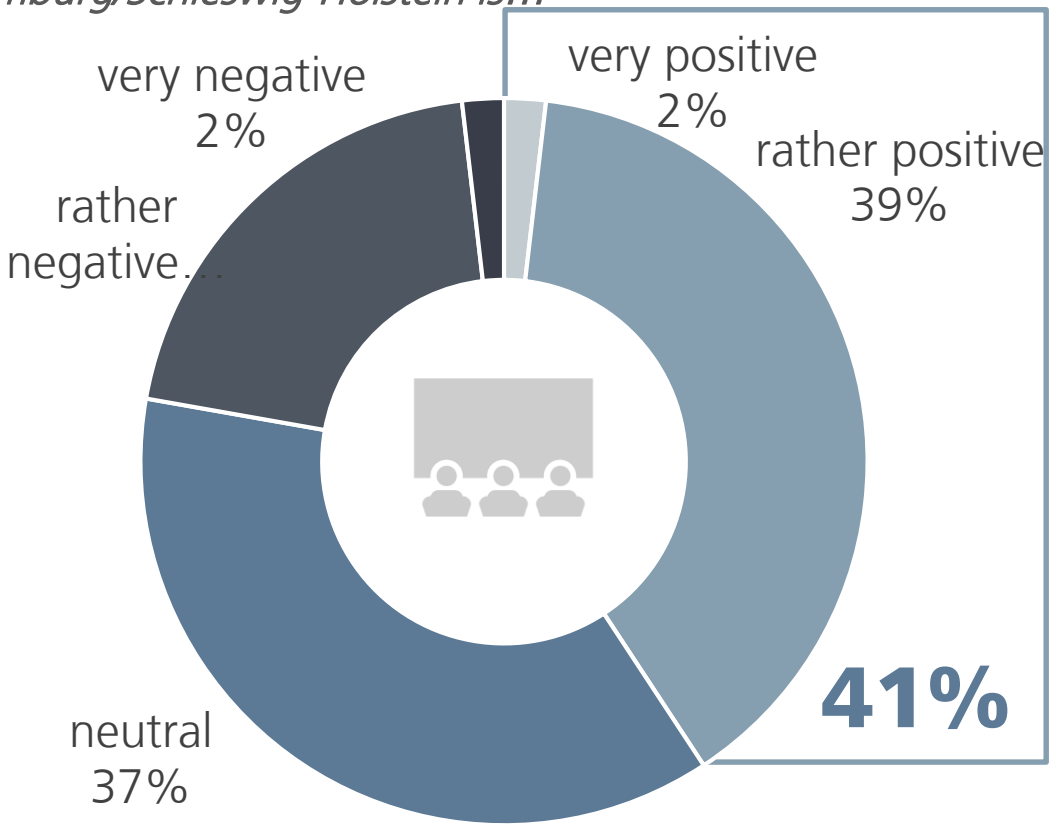
"The situation on the labour market at the location Hamburg/Schleswig-Holstein is…"



Assessment of the situation on the labour market film-producers in HH/SH, 01/2017

Basis

"The situation on the labour market at the location Hamburg/Schleswig-Holstein is…"



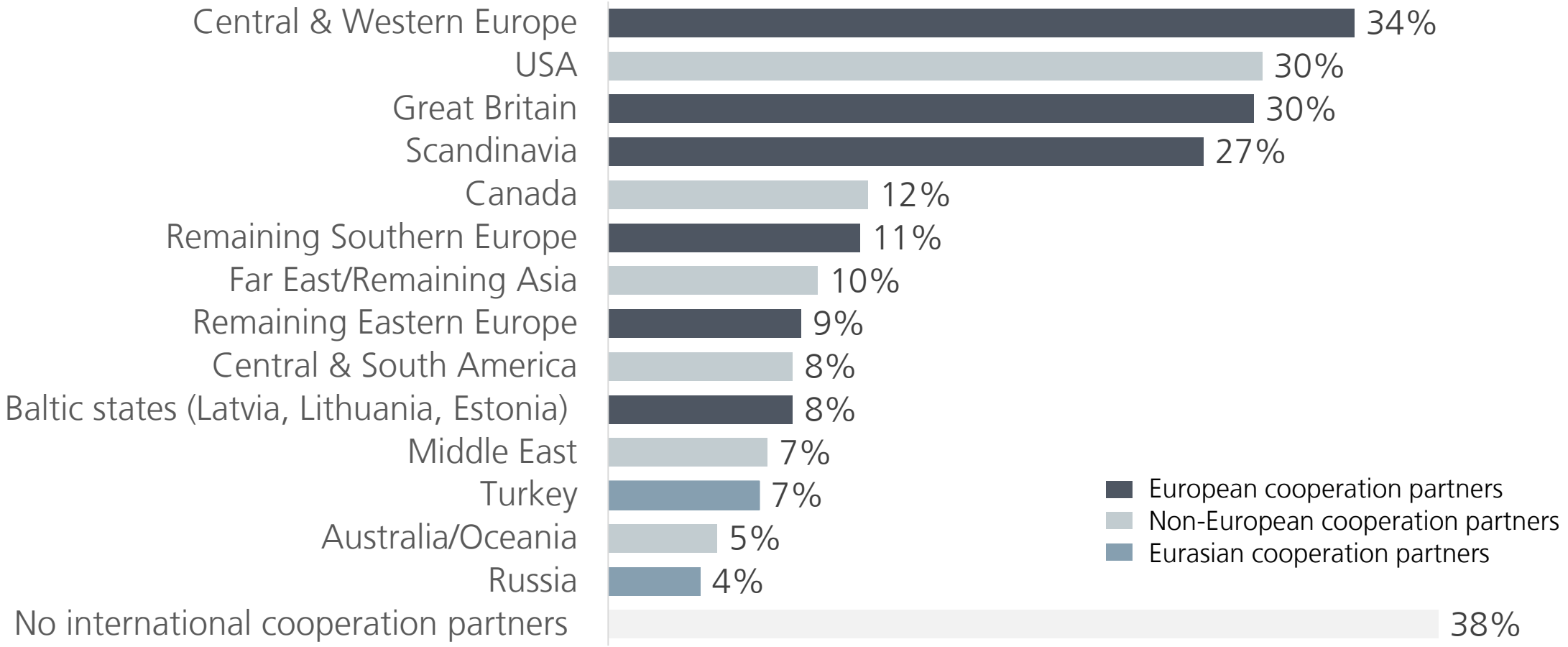
Question: "How do you assess the situation on the labour market (availability of skilled workers and trainees) in your industry and your location?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139

Networking in the motion picture industry in Hamburg/Schleswig-Holstein

Cooperation: Majority of the int. project partners are based in central and western Europe, the USA and the UK. 8% cooperate with the Baltic states

International cooperation locations of the companies of the motion picture industry in HH/SH,
Share of the responding companies in %, 01/2017



Question: In which regions does your company maintain international cooperation partners?

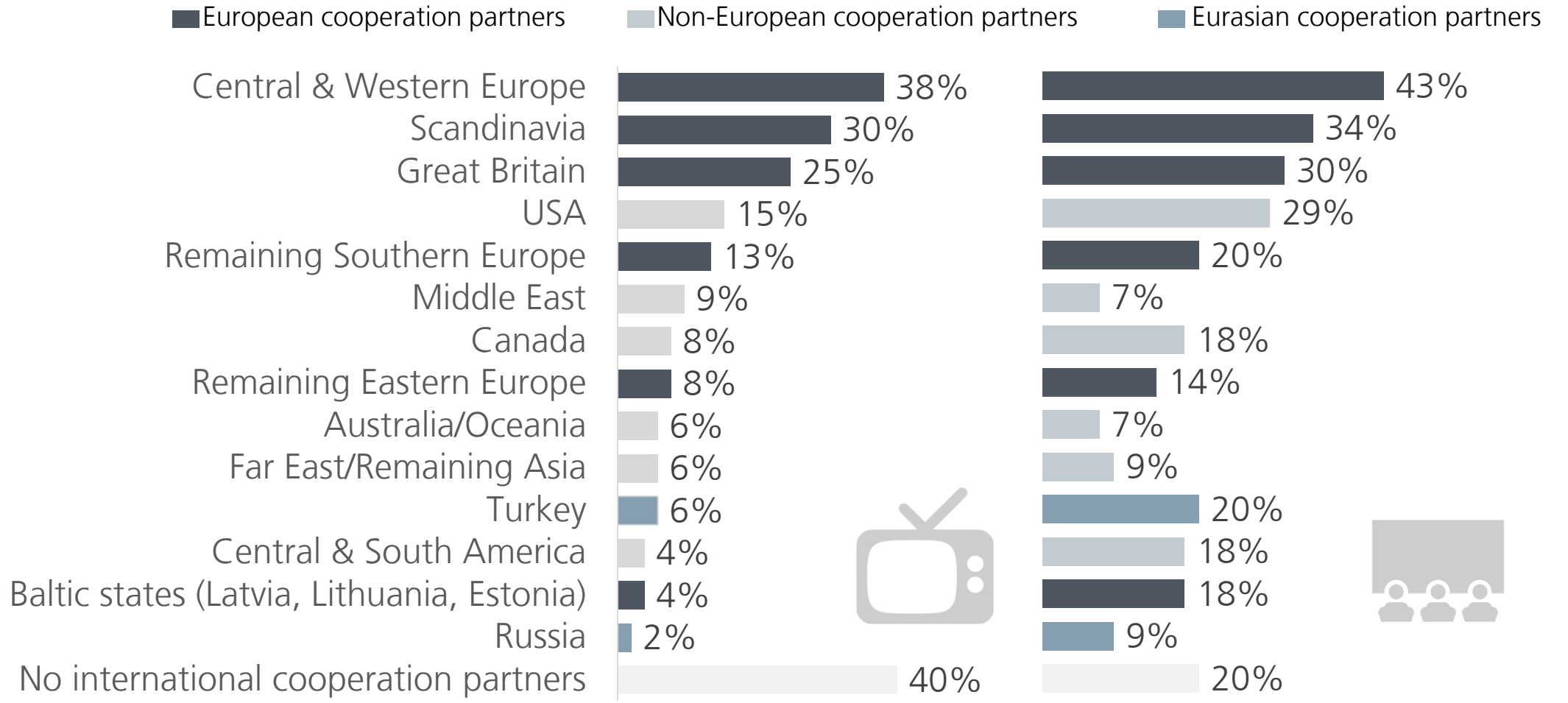
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306; multiple replies possible

Film-producers: 80% of the film- and 60% of all TV-producers in Hamburg and Schleswig-Holstein maintain international cooperation partners

Share of the respondent companies in %

International cooperation locations of TV-producers, 01/17 — Basis

International cooperation locations of film-producers, 01/17 — Basis

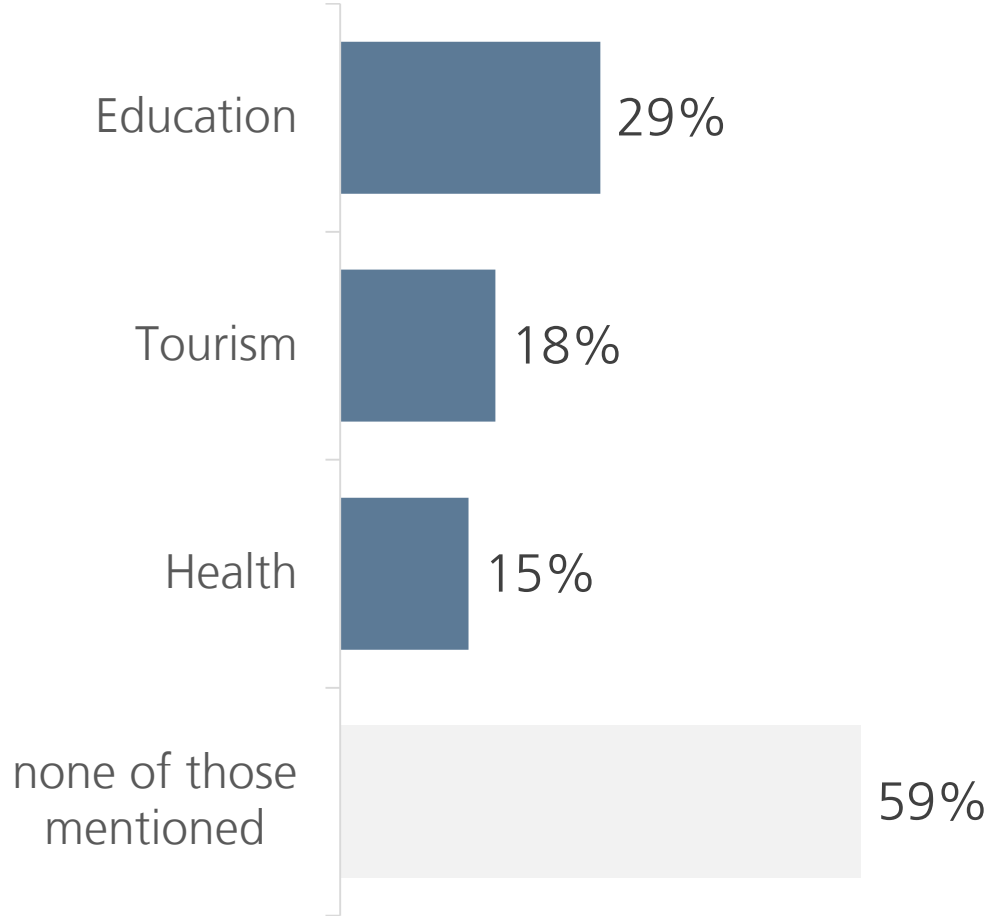


Question: In which regions does your company maintain international cooperation partners?

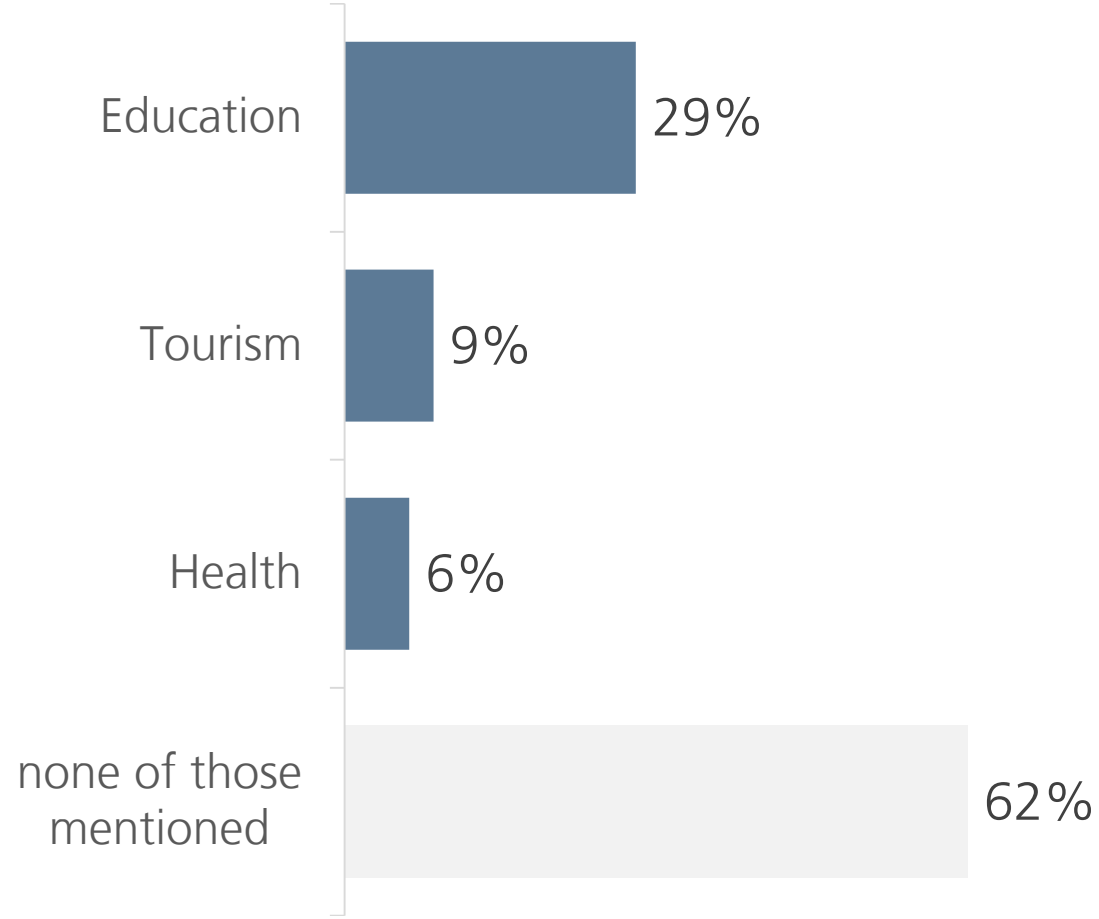
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139; multiple response is possible

Motion picture industry as service provider: 29% of the respondent companies are engaged in education, 18% in tourism and 15% in health

Additional industries linked to the companies of the motion picture industry in HH/SH, 01/2017



Additional industries linked to the TV- and film-producers in HH/SH, 01/2017



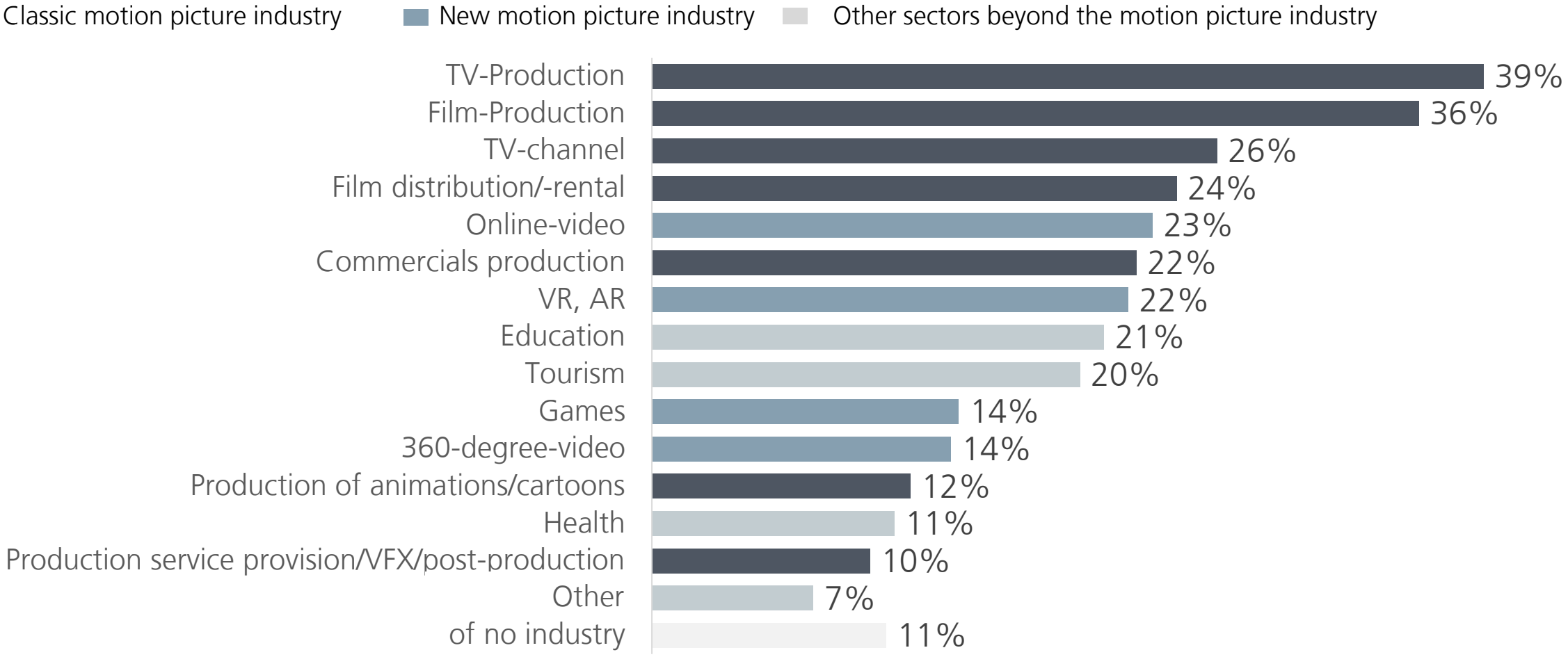
Question: "For companies of which sectors are you (also) engaged as a service provider?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, left side: n=306, right side: n=139

There is a further need for networking primarily with the classic film industry – need for contact with newer and alien sectors is less pronounced

Sectors, to which, according to the view of the enterprises of the motion picture industry of Hamburg and Schleswig-Holstein, an increased level of contact is desirable, 01/2017

Basis



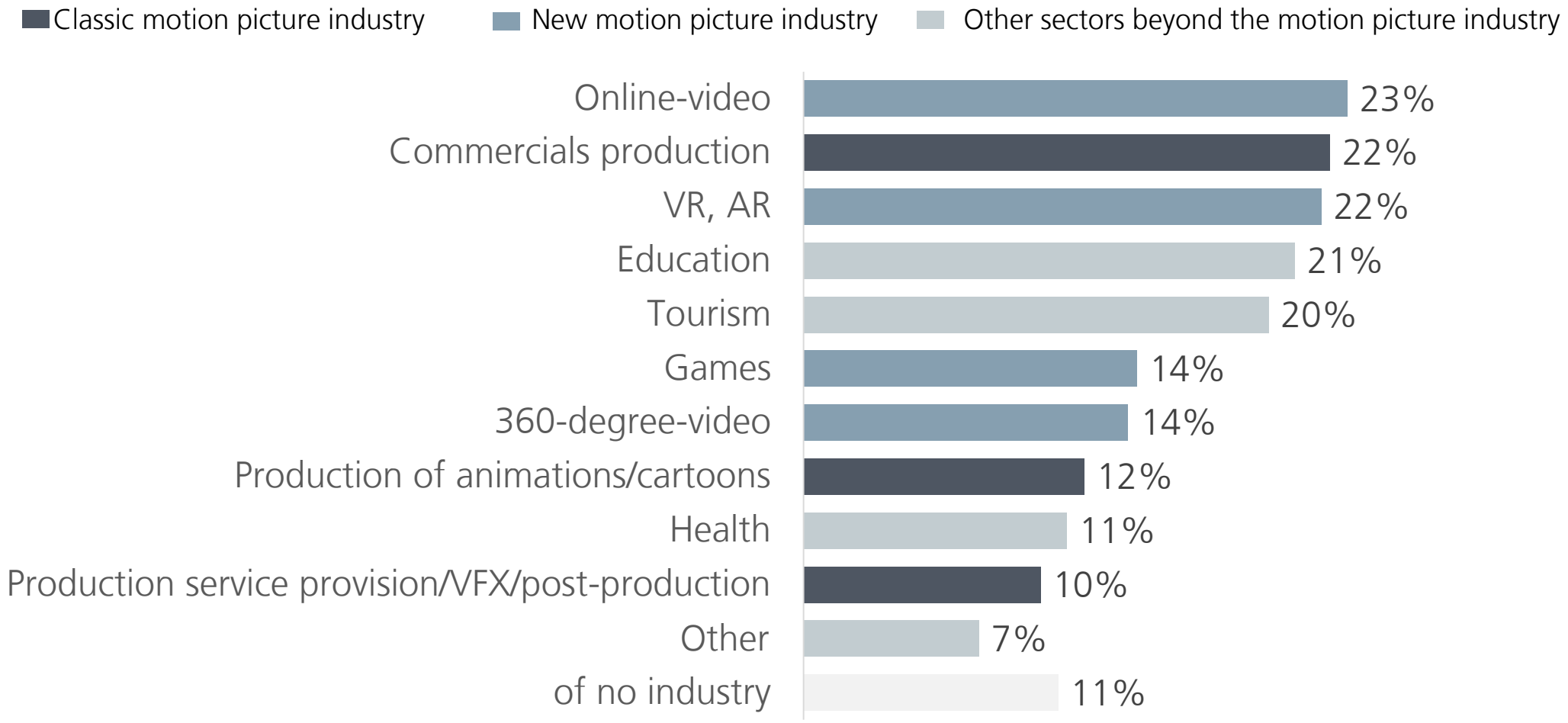
Question: "To which sectors would you welcome an increased level of contact?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306; multiple response is possible Goldmedia

Networking requirement: primarily in the field of the new moving image sectors, there is a desire for an increased level of contact

Sectors, to which, according to the view of the companies of the motion picture industry of Hamburg and Schleswig-Holstein, an increased level of contact is desirable, 01/2017

Basis

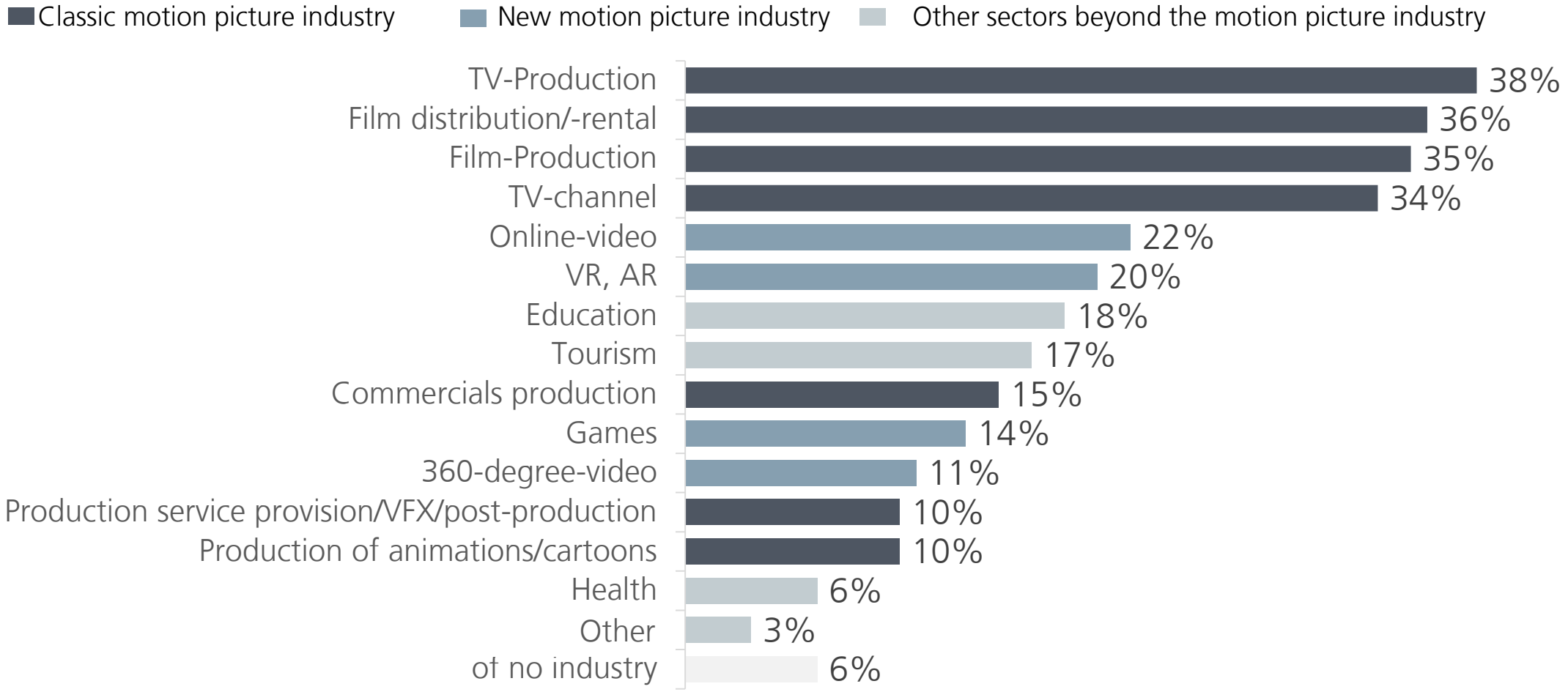


Question: "To which sectors would you welcome an increased level of contact?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306; multiple response is possible Goldmedia

There is also a desire for an increased level of contact among the TV- and film-producers, primarily within the classic motion picture industry

Sectors, to which, according to the view of the TV- and film producers of Hamburg and Schleswig-Holstein, an increased level of contact is desirable, 01/2017

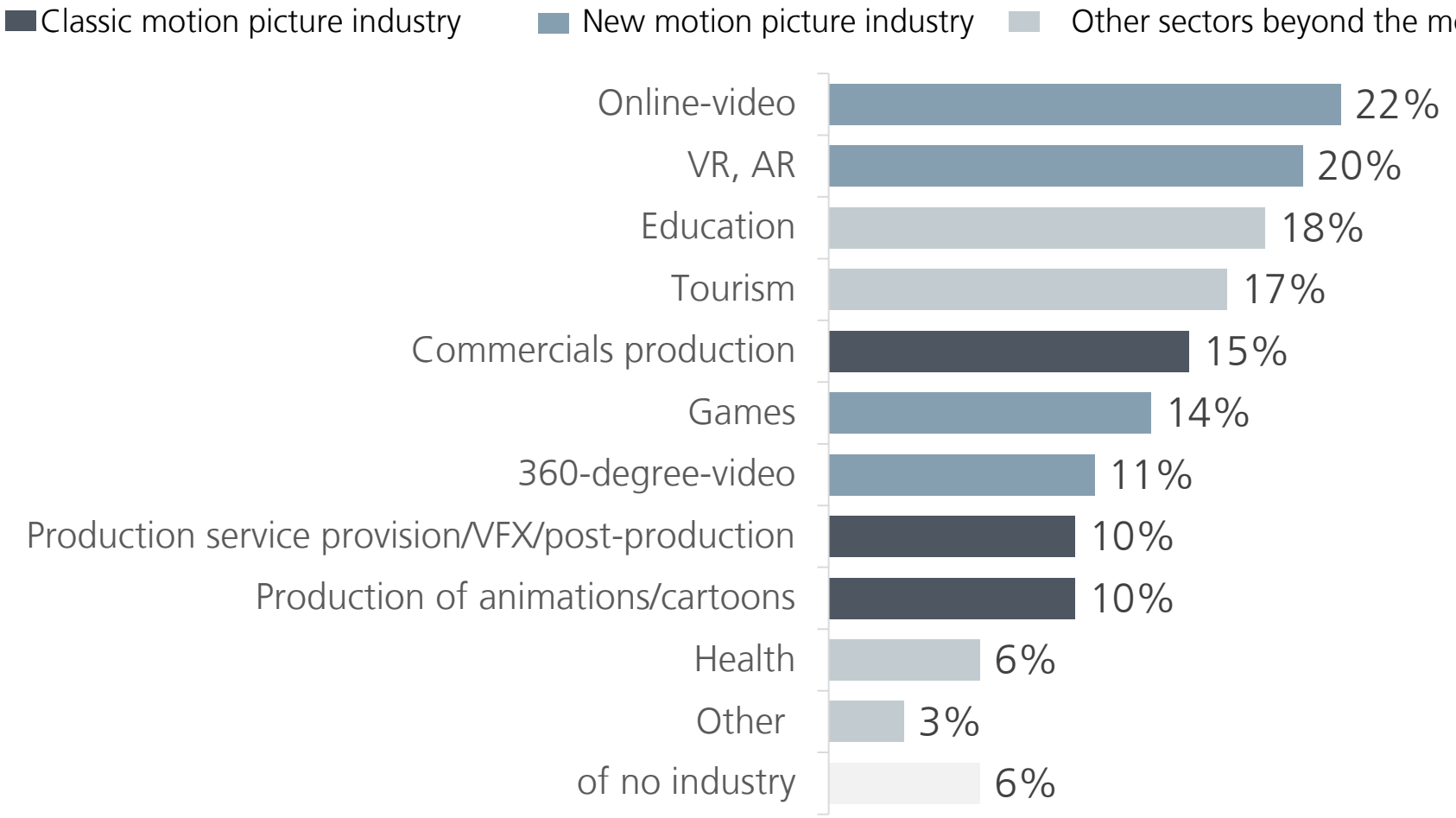


Question: "To which sectors would you welcome an increased level of contact?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139; multiple response is possible, assignment of the sectors: Goldmedia

In the case of film producers, there is a desire for an increased level of contact beyond the traditional sectors, primarily for online video and VR/AR

Sectors, to which, according to the view of the TV- and film producers of Hamburg and Schleswig-Holstein, an increased level of contact is desirable, 01/2017

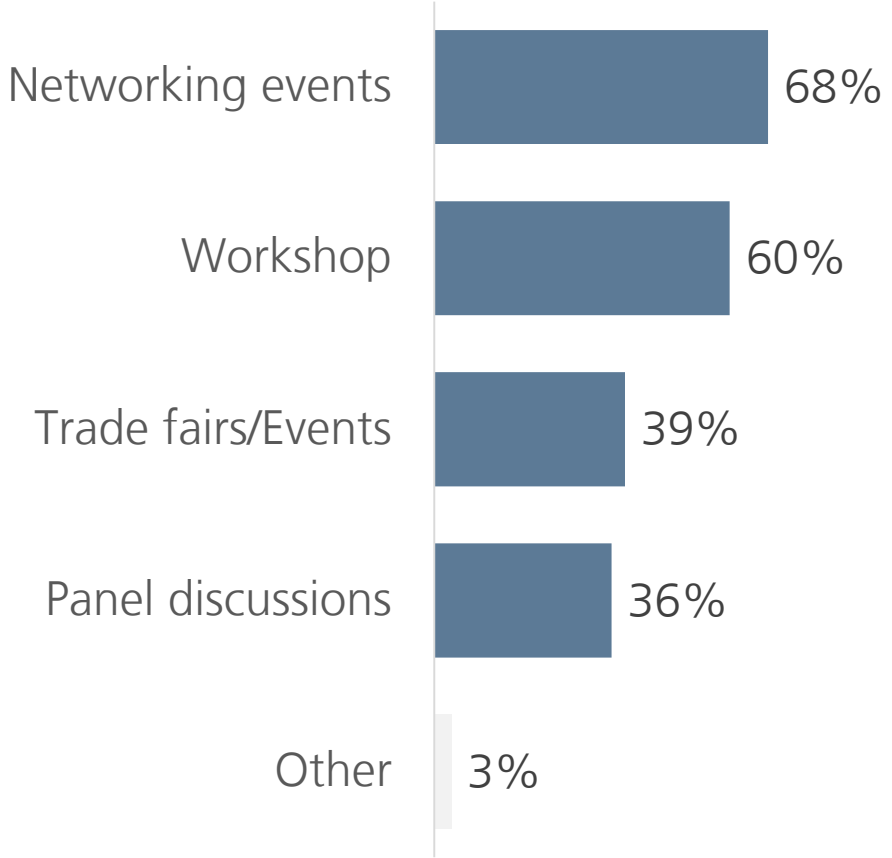


Question: "To which sectors would you welcome an increased level of contact?"

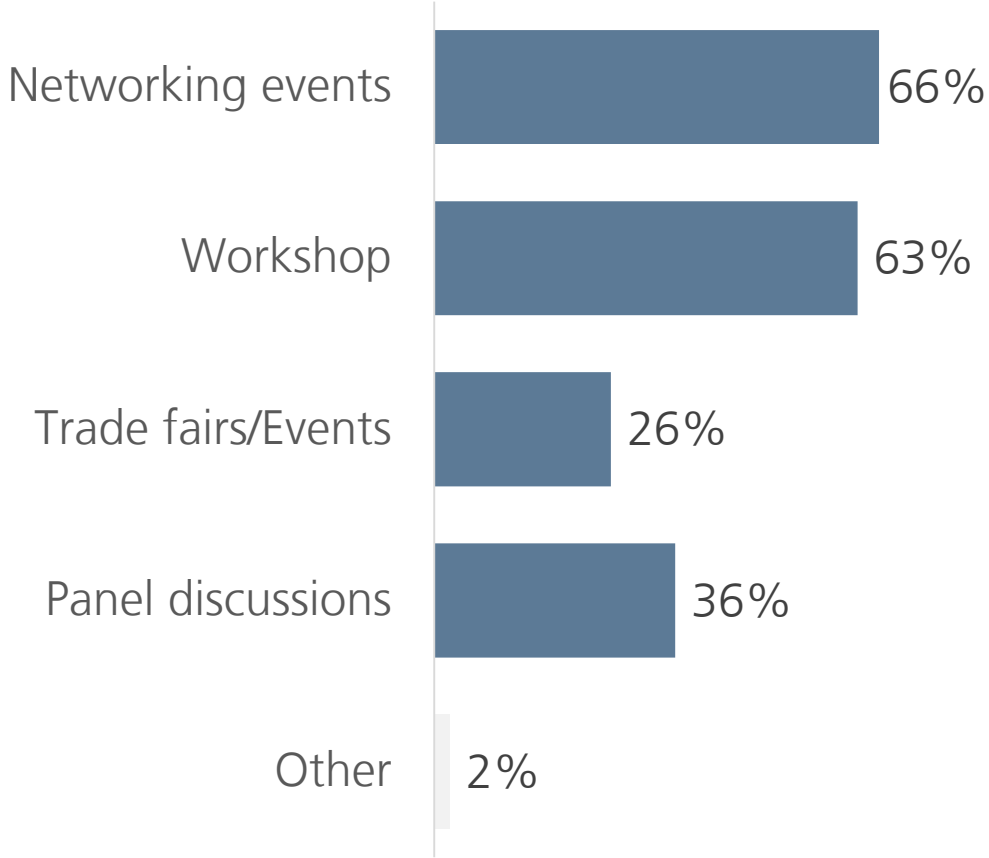
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139; multiple response is possible, assignment of the sectors: Goldmedia

Networking events and workshops as preferred contact channels for the film industry in HH/SH. Trade fairs are less relevant for the film production

Desired type of contact inter-mediation to other sectors of the motion picture industry in HH/SH, 01/20



Desired type of contact inter-mediation to other sectors of the TV- and film production in HH/SH, 01/2

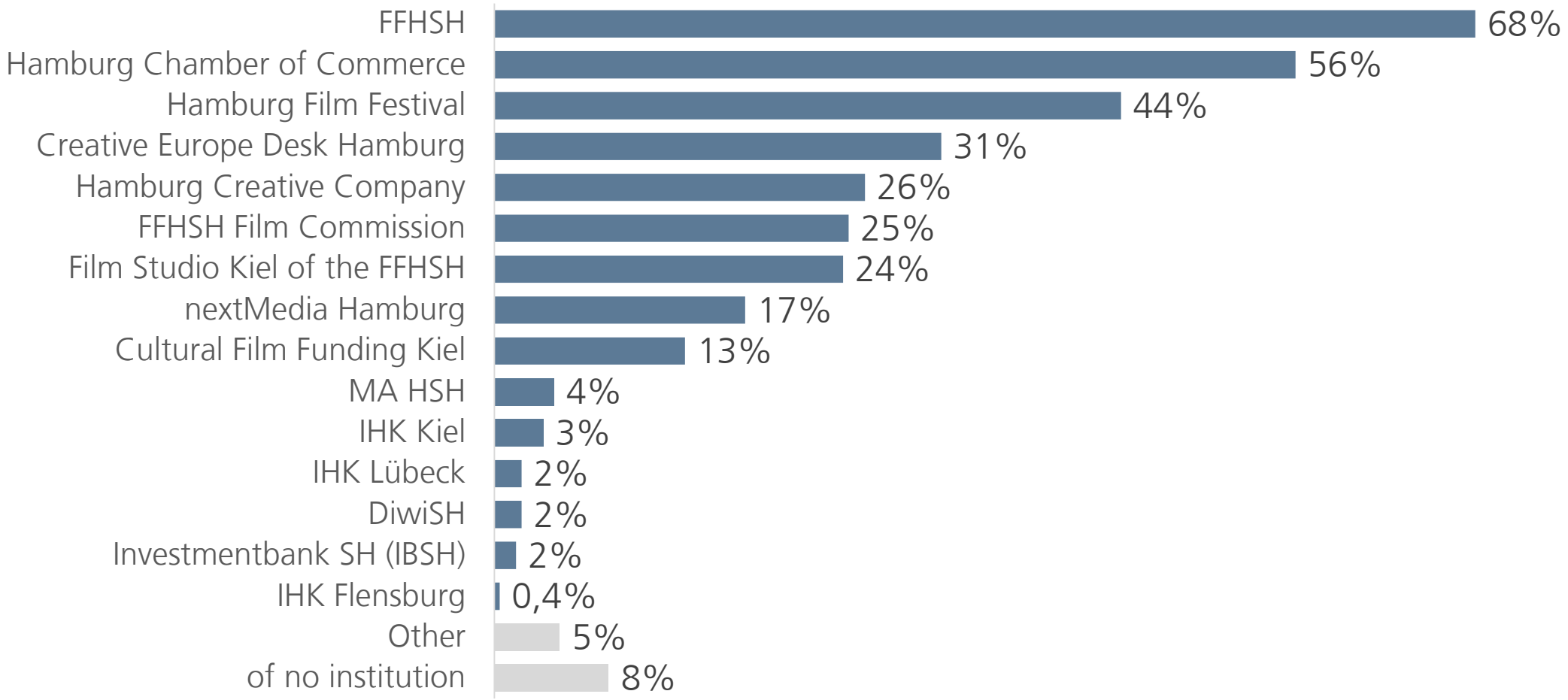


Question: "Which type of contact inter-mediation to other sectors do you prefer?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, left side: n=306, right side: n=139; multiple replies possible

Well-linked: Two-thirds of the companies maintain contact to the FFHSH, 56% to the Chamber of Commerce, 44% to the Hamburg Film Festival

Share of the companies of the motion picture industry in Hamburg and Schleswig-Holstein, which already maintain contact with a regional institution, 01/2017

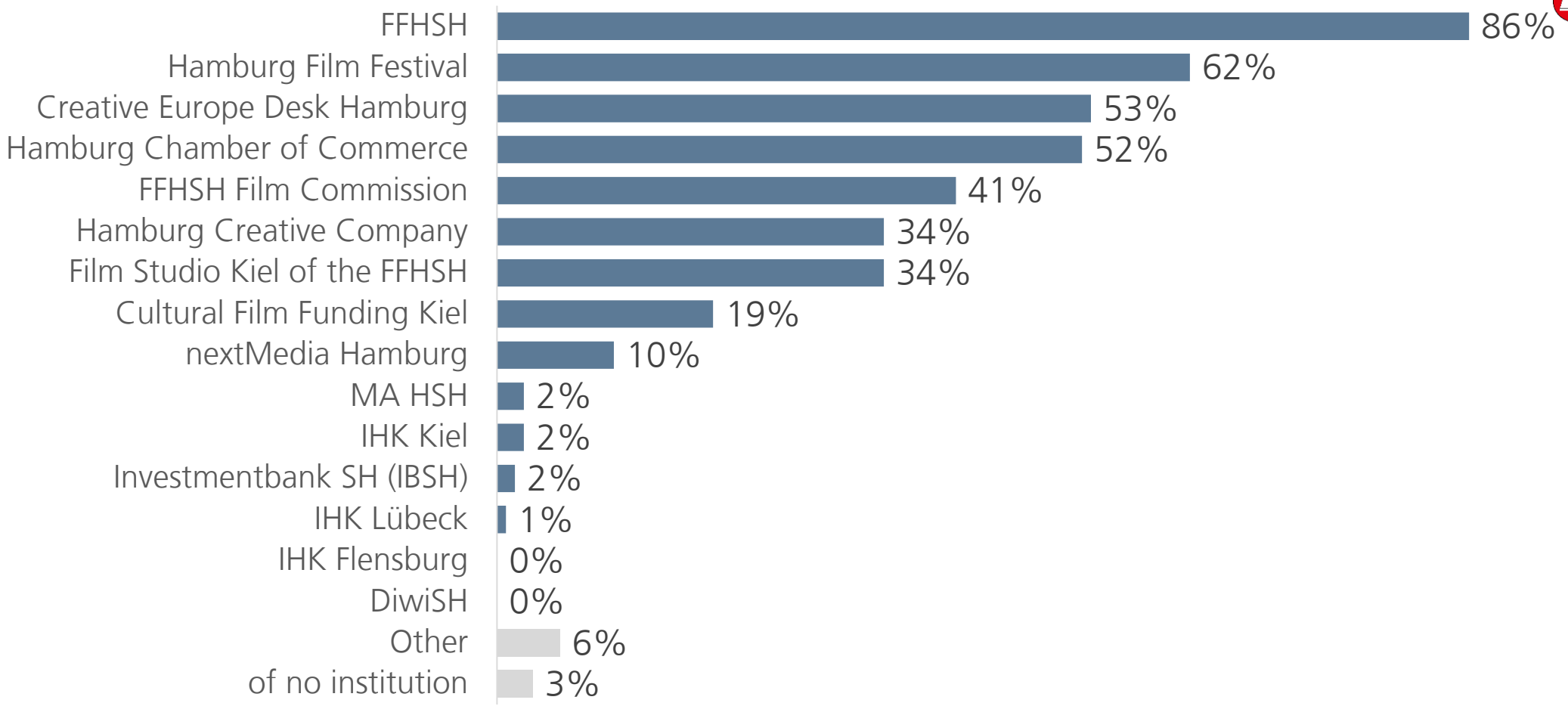


Question: "With which regional institutions do you already maintain contact?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306; multiple replies possible

Of the TV- and film producers, 86% maintain contact with the FFHSH, 62% with the Hamburg Film Festival, 53% with the Creative Europe Desk

Share of the TV- and film producers in Hamburg and Schleswig-Holstein, which already maintain contact with a regional institution, 01/2017

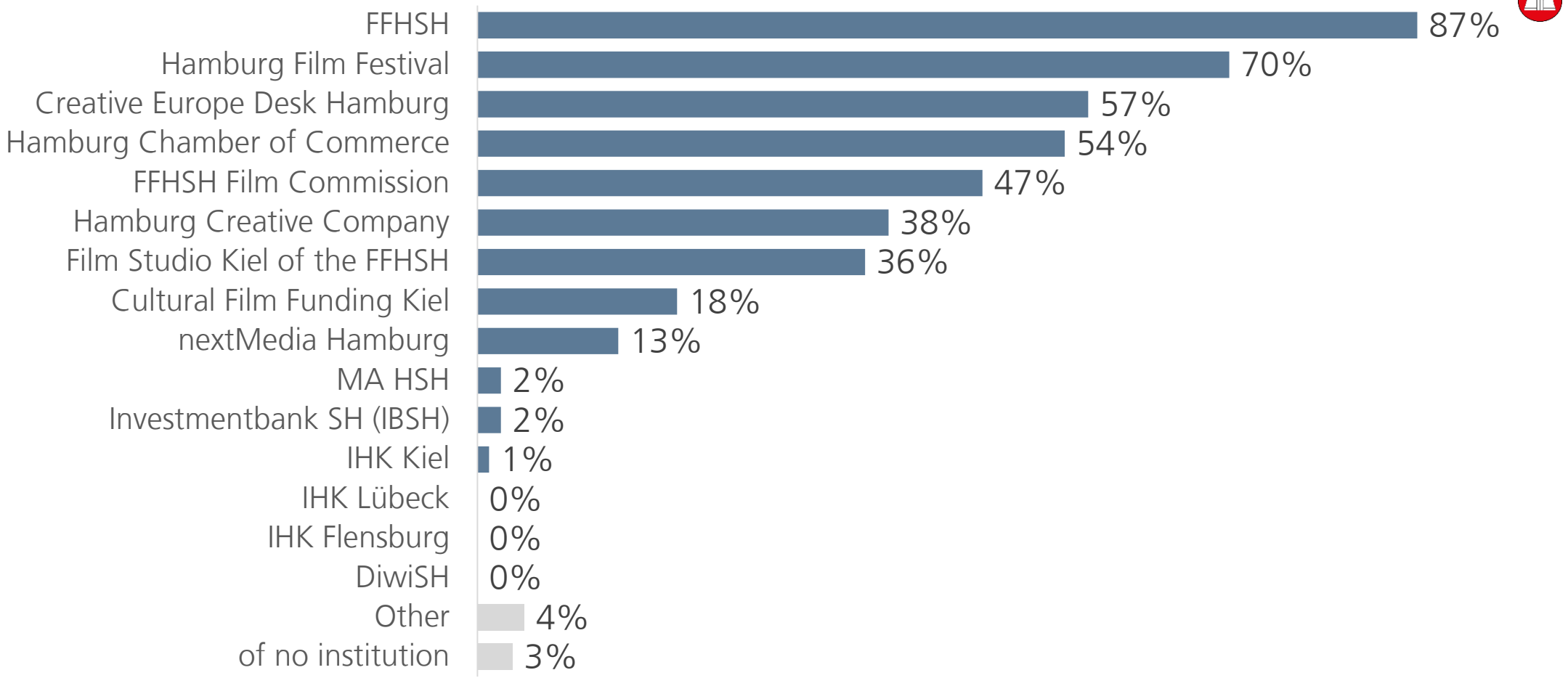


Question: "With which regional institutions do you already maintain contact?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139; multiple response is possible

87% of the Hamburg film producers maintain contact with the FFHSH, 70% with the Hamburg Film Festival, 57% with the Creative Europe Desk

Share of the TV- and film producers in Hamburg and Schleswig-Holstein, which already maintain contact with a regional institution, 01/2017



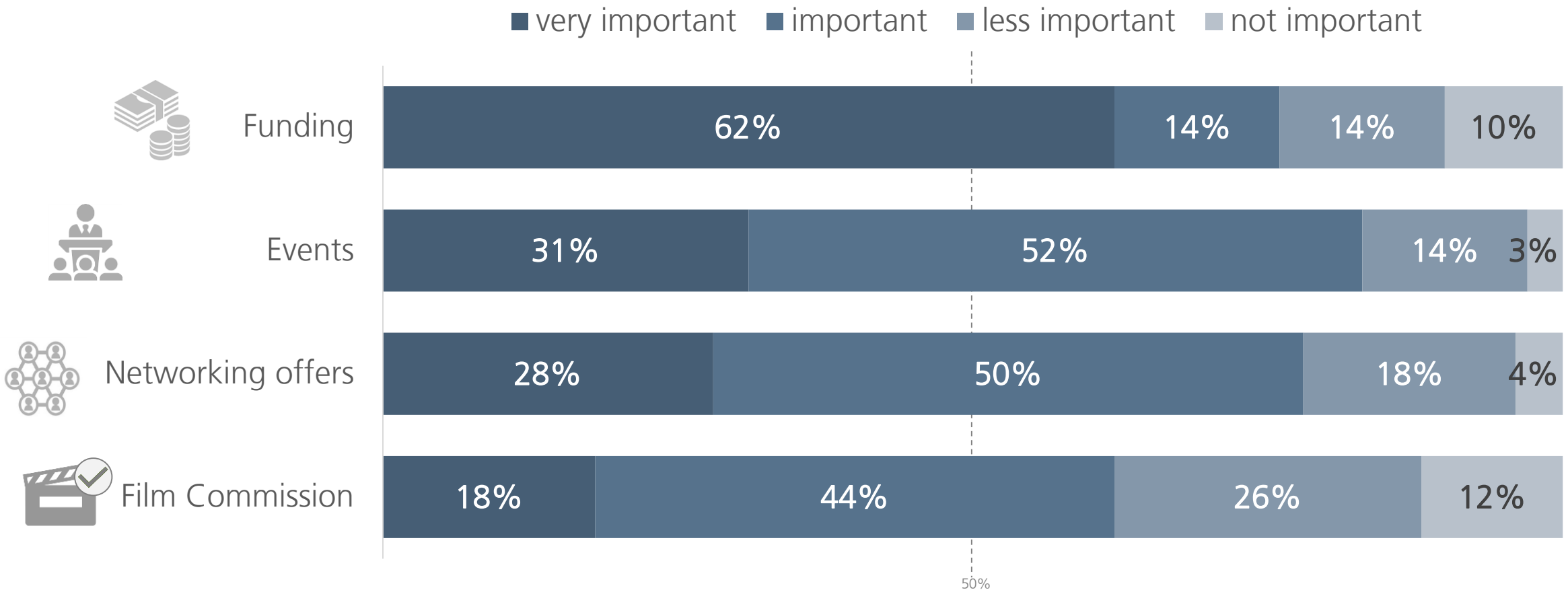
Question: "With which regional institutions do you already maintain contact?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=107; multiple response is possible

Motion picture industry: Funding resources are very important for two-thirds. Events and networking offers are also highly relevant

The relevance of the work of the FFHSH and the Kiel film workshop Kiel for different sectors for the own company
From the point of view of the motion picture industry in Hamburg and Schleswig-Holstein, 01/2017

Basis

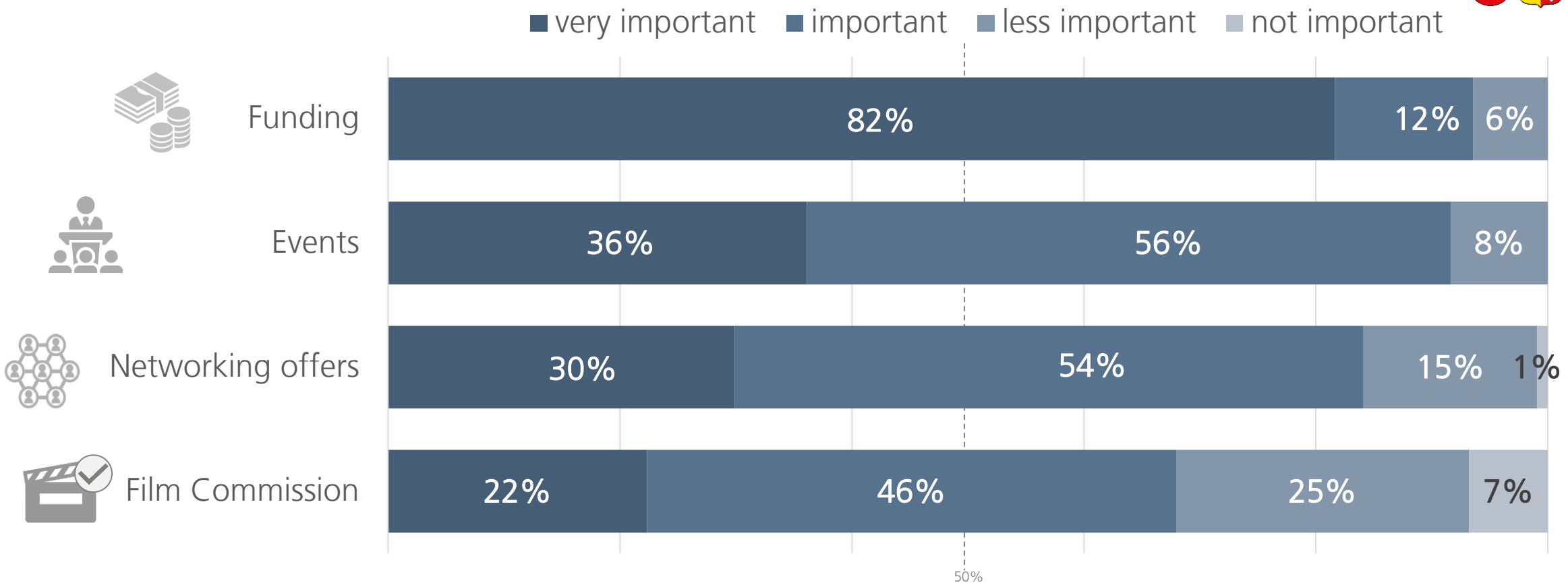


Question: "How important is the work of the Film Funding Hamburg Schleswig-Holstein (FFHSH) and the Kiel Film Workshop for your company in the following sectors?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306

TV- and film producers: For 82%, the funding of the FFHSH/Kiel Film Workshop plays a very important role, events are important for 92%

The relevance of the work of the FFHSH and the Kiel Film Workshop for different sectors for the own company
From the point of view of the TV- and film producers in Hamburg and Schleswig-Holstein, 01/2017

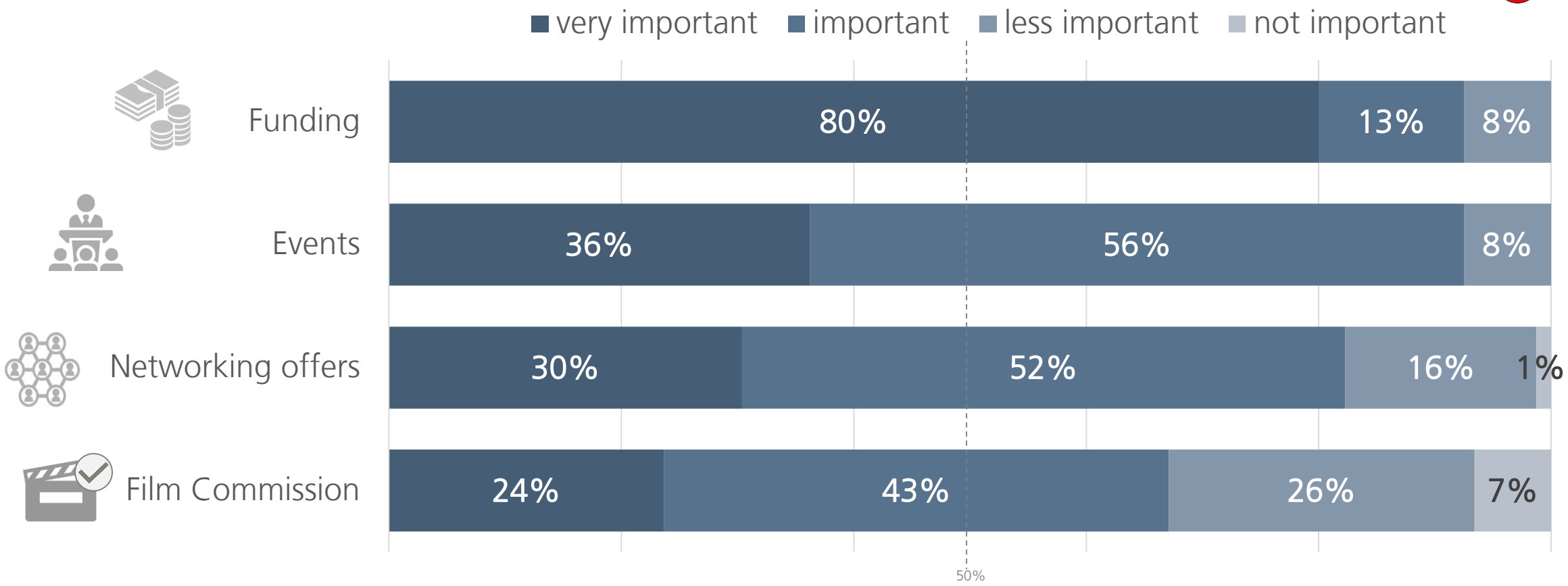


Question: "How important is the work of the Film Funding Hamburg Schleswig-Holstein (FFHSH) and the Kiel Film Workshop for your company in the following sectors?"

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=139

Film producers in Hamburg: For 80%, the funding of the FFHSH/Kiel Film Workshop plays a very important role, events are important for 92%

The relevance of the work of the FFHSH and the Kiel Film Workshop for different sectors for the own company
From the point of view of the TV- and film producers in Hamburg, 01/2017



Question: "How important is the work of the Film Funding Hamburg Schleswig-Holstein (FFHSH) and the Kiel Film Workshop for your company in the following sectors?"

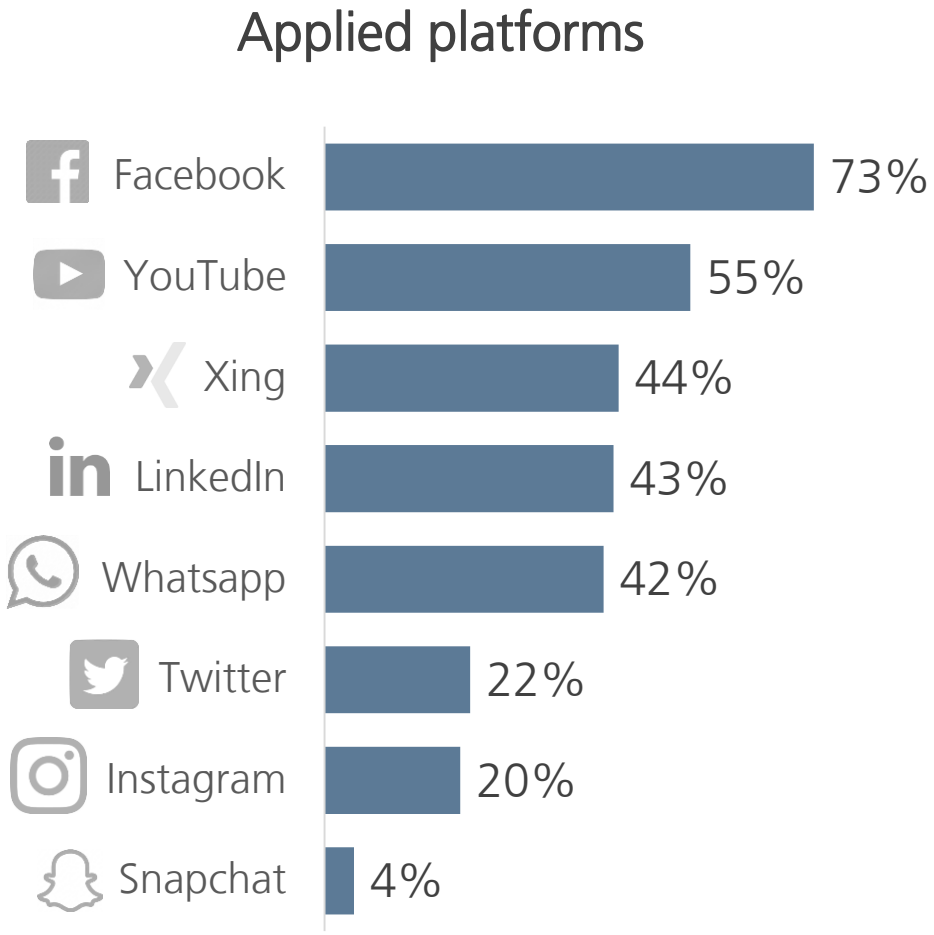
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=107

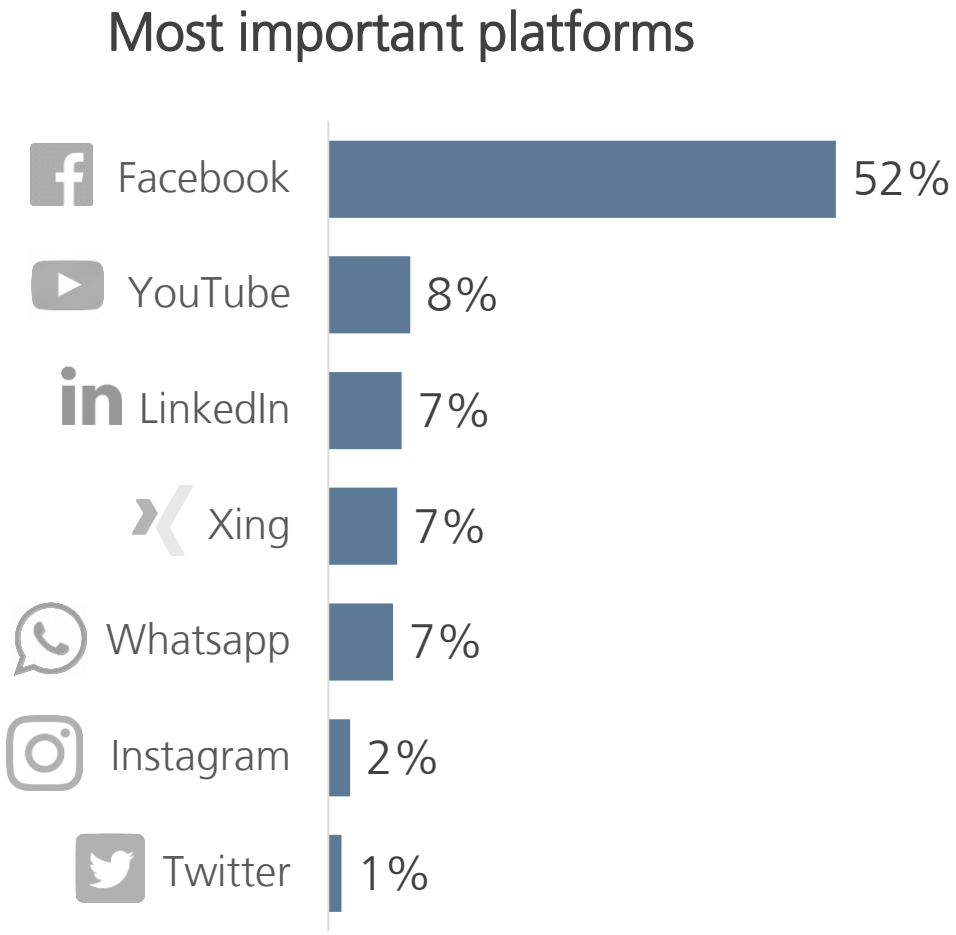
Facebook is the most used and by far, the most important social media platform for more than half of the companies

Social media channels used for comm. with customers, partners, etc., of the motion picture ind. in HH/SH, 01/2017

The most important platform for comm. with clients, etc., of the motion picture ind. in HH/SH, 01/2017

Basis





Question: "Which social media channels do you use for the communication with customers, partners, etc.? And which platform is the most important for you? "

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017, n=306; multiple replies possible

Conclusion and recommendations for action

Film producers´ requests to the FFHSH: more funding, more networking, better management and project development

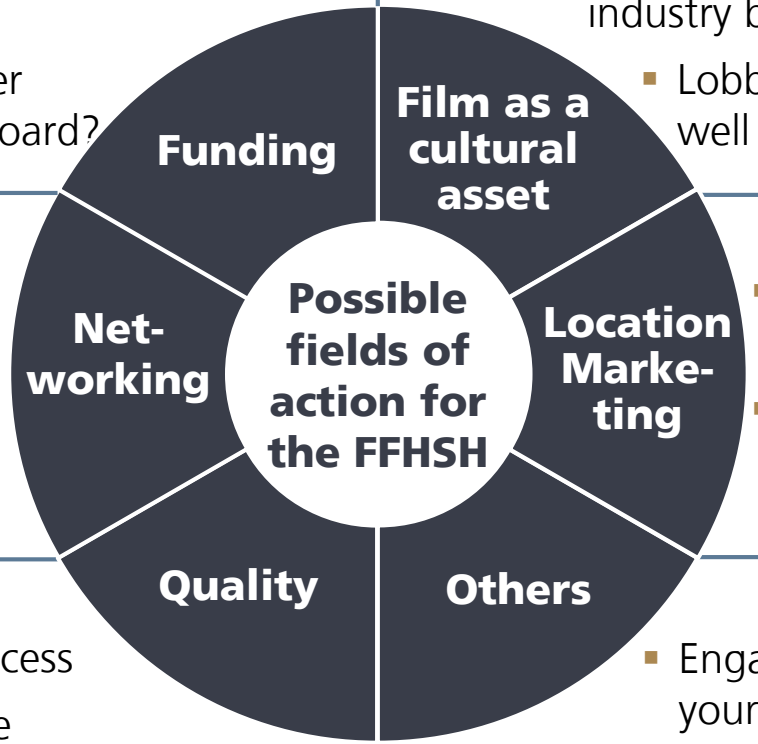
Key-Facts to the main location advantages from the point of view of the TV and film producers in HH/SH, 01/2017

Subsidies

- Many producers demand a distinct focus on funding of local film producers, higher entry barriers for international productions
- Rethink the entry requirements Broadcaster or distributors no longer mandatorily on board?

Film as a cultural asset

- Lobbying for the film industry: the film industry must be increasingly perceived as a cultural asset, on a cross-industry basis and as an investment object
- Lobbying to be directed towards industry, as well as private investors, in particular in HH



Networking

- More networking with investment and in-dustry, raise awareness for the film industry as an economic factor
- Stronger links to the tourism industry

Location marketing

- The film ind. is a great advertisement, this should be taken advantage of
- Some producers, however, request a stronger presence of international projects in HH/SH Projects in HH/SH

Support product quality

- Stronger support for the development process
- Eventually, funds could be relocated to the development phase from the production budgets, to implement higher quality projects

Others

- Engagement in the training sector/boost young talent (training programmes)
- Engagement for summit meetings of the film industry with politics, banks, companies, HMS, art academies, NDR, etc.

Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Goldmedia GmbH Strategy Consulting
Prof. Dr. Klaus Goldhammer | Christine Link | Mathias Birkel
Oranienburger Str. 27 | 10117 Berlin-Mitte | Germany | Tel. +4930-246 266-0 | Info@Goldmedia.de | www.Goldmedia.com

Audit design, methodology and sample

Location analysis motion picture industry in Hamburg/Schleswig-Holstein 2017: Regarding market definition, study goals and methodology

Customer and definition of the market

Customer:

- Film-funding Hamburg Schleswig-Holstein (FFHSH) within the framework of the EU-project CROSS MOTION
- Period of analysis: September 2016 until March 2017

Market delimitation/market definition:

The location study includes all companies of the motion picture industry in Hamburg and Schleswig-Holstein:

- TV- and film production, animation, cartoons
- Production service provision/VFX/post-production
- Production of documentaries and commercials
- Online video and 360-degree video, VR, AR
- Games
- Film distribution/-rental
- TV-event/TV-channel

Assessment goals and methodology

Assessment goals:

- Presentation of the film/VR/AR/animation and games companies in Hamburg and Schleswig-Holstein
- Survey of the economic data, the business areas, business models and financing structures
- Determination of the status quo as well as the demand for further education and networking opportunities, etc.

Methodology:

- Primary data survey among 1,354 motion picture companies in Hamburg and Schleswig-Holstein in the film, VR/AR, animation and games industry, via an online survey
- Recorded WZ-categories/NACE-codes: 5911*, 5912*, 5913*, 5821*, 6020*, 7311*
- 11 expert discussions with representatives of the sector
- Market estimates: Projection by Goldmedia for normal distribution on the basis of corporate information

* Note: the four-digit WZ-codes contain the relevant five- and six-digit sub-categories
Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017

Location study: The motion picture industry in Hamburg and Schleswig-Holstein 2017 - Methodology and data collection of the company survey

Basic summary, registered offers and response rate 2016/17

- **Basic Summary:**
  All companies of the motion picture industry (TV, cinema, online and advertising film production, animation/cartoons, film service providers, VFX, 360-degree, VR, AR and games), with a main or secondary seat in Hamburg and Schleswig-Holstein
- **Number of the registered companies 2016:**
  1,252 relevant companies in the motion picture industry in Hamburg and Schleswig-Holstein
- **Number of the providers, which were technically available and were contacted:** (with a valid phone number/e-mail address): 1,354 companies, of which 452 companies were retrieved from the FFHSH distribution list
- **Response rate:**
  306 providers participated (= 23% overall absorption); 142 companies, of which 452 companies were retrieved from the FFHSH distribution list (= 31% absorption)
- **Period of the survey:**
  December 6, 2016 – January 16, 2017

Information on the sample company survey 2016/2017

- Four per cent of the companies declared an annual turnover of more than 10 million euros, 18% between 1 and 10 million euros and 62 percent of less than 1 million euros; 16 percent did not provide any information
- Display of the results in the following clusters:

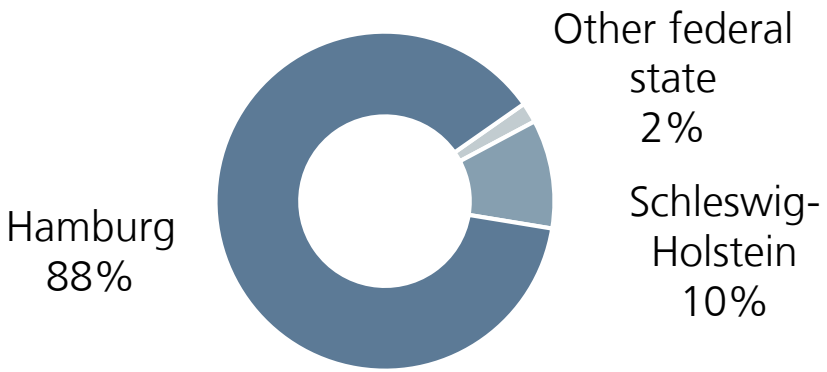
Basis all motion picture companies in /SH (306)

Basis all film- and TV-producers in HH/SH (139)

Sample: Information on main and secondary seat in HH/SH

Basis: 306 companies

Basis



Source: Location study: Motion picture industry in Hamburg and Schleswig-Holstein 2017