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MIA Market: European Film Distributors Discuss Netflix Impact

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AP Images

Industry professionals at the new MIA market debate the video streaming service, which launches in Italy, Spain and Portugal this week.

Netflix's impending Italy launch was a key issue at the new market sidelining the Rome Film Festival, which reinvented itself this year under the leadership of **Lucia Milazzotto** as MIA, the International Audiovisual Market that covers not only films but also TV, web series and video games.

The revived market drew a crowd of 1,250 industry professionals, including 300 buyers, to Rome's historic center to discuss the latest industry topics, and of course, the issue that popped up in almost every panel was Netflix.

The streaming video giant has targeted a rollout around the world by the end of 2016. Up next are launches in Spain on Tuesday, Portugal on Wednesday and Italy on Thursday. After a free one-month trial, pricing across Southern Europe will be \$9 (€7.99) for one SD connection, two simultaneous HD connections for \$11.35 (€9.99) and four simultaneous HD connections for \$13.60 (€11.99). Netflix will be available across devices as well as Vodafone TV in Spain and Telecom Italia and Vodafone in Italy.

"Netflix is amidst a costly international expansion, launching in Spain, Italy and Portugal," Jefferies analyst **Brian Fitzgerald** said in a report last week. "Management sees no structural reason why new countries couldn't achieve the same level of profitability as the U.S. streaming business (currently about 32 percent contribution profit margin) over time."

In one conversation at the Rome festival market, organized by Europa Distribution, independent distributors

from around Europe and the U.S. gathered to discuss fears and potential benefits from the launch of Netflix in various new countries.

"The big issue I see today reading scripts, seeing movies, is that television is better than movies," said **Stefano Massenzi** of Italian distributor Lucky Red about Netflix's bigger-picture impact. "We live in an environment where cinema is important and our business is theatrical. We need product that goes up on the big screen. But, of course, the idea is that talent is moving around, especially in America. All of this talent is going to go write for Netflix, HBO, Showtime. In Italy you think of *Gomorrah*. The quality of these TV productions is so good, and [they] connect with the audience in a completely different way from film, for a longer time and the storytelling is completely different."

He added: "It's not Netflix we're competing with, it's the product, another use of your free time. And it's more and more difficult to get people away from the television, get people out of their houses, to park the car, get the ticket and see the film, which is a completely different experience we know."

Netflix's estimated 2016 content spend of \$5 billion also had some independent buyers worried.

"I have this bad dream that I will come to a market like Cannes one day and there will be this big "Sold Out" sign in every stand because Netflix bought everything out with all their money," joked **Ivo Andrie** of Aerofilm in the Czech Republic.

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But he also acknowledged that in the grand scheme of things Netflix is doing more good than harm in a country like the Czech Republic, where Netflix has not yet launched. "For me the critical mass of people understanding that there is a big legal offering for VOD for them to watch in their homes did not exist, and now with Netflix and their campaign and their power this can be done," he said. "I can see my mom finally getting her smart TV, plugging it in and being a VOD consumer. I see it's coming. For us as distributors, this is a very positive moment."

For **Greta Akcijonaite** of Kino Pasaka in Lithuania the situation is similar. "We don't have a VOD platform that offers legal online screening. Probably Netflix will eventually come to Lithuania and it will be so fast that it will happen in one day and it will change the market in one day I think," she said, adding in jest, "I decided to personally buy some shares of Netflix."

But others were more bearish on the prospects.

Olivier Mortagne of Paradiso Filmed Entertainment in Benelux said about Netflix: "They say we'll pay you peanuts for movies because their main business is series. And we are there to fill their gaps. He also lamented that his firm was affected by a deal The Weinstein Co. had with Netflix that saw the later stream *St. Vincent* in France day-and-date with the U.S. theatrical release. "They're starting more to buy movies internationally. And their model-disruptive way of working, for example, is that we had a problem with a movie in France, they bought it, and they released it ... day-and-date [on] Netflix in France. So we weren't able to release it theatrically in Belgium and that was a big problem. And I think that's going to happen more and more in the future, that it's going to be more disruptive across the board."

He didn't explain why the Netflix deal for the film in France prevented a Belgian theatrical release.

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Kent Sanderson of Bleecker Street Media, the lone American on the panel, shared ways his company, a traditional distributor, is working with the likes of Netflix, for example by helping to put *Beasts of No Nation* in Landmark theaters and working with Amazon Studios on its first U.S. acquisition *Elvis & Nixon*.

"I think that finding ways to work with these guys in creative ways is something we've very enthusiastic about doing, but we're not necessarily looking to work around their strategies as they try to work and expand their worldwide footprint," said Sanderson.

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