



Swiss Entertainment & Media Outlook 2020-2024

Cinema

Pulling the future forward: The entertainment and media industry reconfigures amid recovery

Cinema

Segment definition

This segment comprises cinema revenue (including box office and advertising). The revenue is non-digital, and includes both consumer and advertising spending. Cinema revenue comprises consumer spend at the box office for theatrical motion pictures and advertising spend at the cinema, including on-screen adverts prior to the movie. It does not include revenue from merchandise sales or concessions.

Global market drivers

Franchises and sequels to drive recovery

US superhero films and big-budget animated features will drive a global box office recovery once pandemic-related restrictions are eased. Audiences worldwide continue to take refuge in the familiar and flock to big-budget franchise films – the sequels and offshoots of films that are already proven successes. All of the top ten titles at the global box office in 2019 were Hollywood blockbusters based on already existing franchises. The 28 Marvel superhero films made between 2008 and 2019 generated USD 17bn in box office revenue globally.

Historic resilience of mature markets

Mature Western European markets have showed slow but sustained growth as neither screen numbers nor the number of “tentpole” films released each year has increased at a notable rate. However, prior to the pandemic, several markets already appeared to be in a phase of gradual decline. Italy, France and Germany lost audiences and revenue in 2018 amid gloomy predictions about the future of cinema in the age of the streamers. But they all showed box office growth in 2019 while the UK market, which had had a record year in 2018, contracted slightly. Nonetheless, like the rest of the world, these markets will be hit hard by the outbreak of COVID-19, with the majority set to experience revenue declines through 2024.

Switzerland

Cinema in Switzerland

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019 - 2024 CAGR
Cinema in Switzerland (CHFmn)	237	214	218	197	204	86	134	177	180	182	-2.22%
Box office (CHFmn)	205	187	189	168	173	73	114	151	153	156	-2.16%
Cinema advertising (CHFmn)	31	27	29	29	30	13	20	26	26	26	-2.52%

Notes: Numbers shown are rounded. Totals may not equal the sum of their parts due to rounding.

Sources: PwC, Omdia, European Audio Visual Observatory, Cinema and Audiovisual Institute (Portugal), German Federal Film Board (FFA), German Advertising Association (ZAW)

Switzerland's cinema sector has been bolstered historically by some of the highest relative ticket prices in the world. The average admission price was just over US\$14 in 2019.

Measuring the Swiss market is complicated because of the country's multilingual nature (primarily French-, German- and Italian-speaking regions) and hence the languages in which the films are distributed. But admissions have stayed broadly stable in recent years.

Obviously, this will change in 2020, as the global outbreak of COVID-19 will cause the Swiss market to contract sharply. Cinema revenue is projected to fall by 57.9% this year alone in response to the closing of many theatres and the delay of major Hollywood releases.

The entire cinema ecosystem will be dramatically affected, from cinema owners with burdensome lease payments, to staff members, technology vendors, suppliers of food and beverage products, cinema ad providers, and marketing agencies.

Over the forecast period, cinema revenue in Switzerland will contract at a -2.2% CAGR to total USD 200mn in 2024.

