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Film in the City

A Report on the Film & Video Sub-Sector in London

Film in the City: A Report on the Film & Video Sector in London

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Housed in the School of Creative Enterprise at the London College of Communication (University of the Arts), the Creative Industries Observatory (CIO) is a leading contributor to academic research and analysis within the creative industries, and a source of information for the increasingly influential group of sub-sectors that characterise the modern knowledge economy. The CIO was set up in conjunction with 'Creative Capital World City' (CCWC) – a project funded by the Higher Education Innovation Fund (HEIF) aimed at supporting the creative industries in key world markets, including UK, India and China.

The CIO is an international and multi-disciplinary team with a range of expertise and experience across academic disciplines and industry sub-sectors. We focus on strategic, structural and definitional issues relevant to the creative industries.

This report is one in a series designed to give policy makers, business leaders, practitioners and researchers a comprehensive overview and in-depth analysis of the core activities and key characteristics across thirteen creative sub-sectors in developed and emerging global cities. The report is designed to allow you to identify information that is relevant to your needs quickly and effectively, as well as cross-reference between topics and creative sub-sectors.

CIO reports are designed to provide a snapshot of each sub-sector in each city. This report focuses on the film and video sub-sector in London.

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1

Introduction

The movie business, and the distribution of films through the associated cinema and home video sectors is a truly global phenomenon. In terms of both production and distribution, Hollywood has traditionally dominated international markets, however, with radical innovations in information and digital technologies and the spread of the Internet, it has become increasingly easier to make and distribute films around the world¹. Coupled with this is the 'runaway production' concept, whereby Hollywood productions are no longer tied to site-specific studios and can choose to shoot and edit their (usually high-budget) movies in locations around the globe. This has created an international market where cities, such as Vancouver, Sydney, Brisbane, Prague, Cape Town, London and many more, compete for big movie business. London has a thriving film and video sub-sector and a highly competitive infrastructure, nurtured by a host of supporting institutions, which together create a powerful creative network of players capable of competing at a global scale. The physical geography of the city also matters to the film industry, not only in terms of shooting locations, but also in determining where to locate, pitch or exhibit the final creative product. Consequently, the location and interconnected value chain of producers, post-production, financiers, sales agents and distributors, cinemas and theatres, as well as the myriad of specialised and highly skilled workforce is key to the industry's success. The co-location and clustering tendencies of individuals and institutions located at close proximity in London and highlighted in this report are evidence of the intense social networking that characterises the industry.²

The film industry is one of the most researched of the creative sectors, with academic research focussing on the specific characteristic and dynamics of the movie business and particularly on Hollywood.³ In London specifically, the film and video sub-sector has been the subject of intense discussion among politicians and practitioners as well as academics who have debated their value to the city, regional development and national competitiveness. The inclusion of 'video' within the DCMS sub-sector definition signifies the intention to incorporate

¹ Scott, A. (2005) *On Hollywood: The Place, The Industry*. Princeton University Press, New York.

² Gorenstaeva, G. (2008) The film and television industry in London's suburbs: lifestyle of the rich or losers' retreat? *The Creative Industries Journal*. 1(1): 47-71.

³For examples see, De Vany, A. (2004) *Hollywood economics: How Extreme uncertainty shapes the file industry*: Routledge, London and New York;

Miller D. and Shamsie J. (1996) 'The Resource-Based View of the Firm in Two Environments: The Hollywood Film Studios from 1936 to 1965' *The Academy of Management Journal*. 39(3): 519-543

Jones, C. 2006. From technology to content: The shift in dominant logic in the early American film industry. In T. Lant, J. Lampel & J. Shamsie, (eds.), *The business of culture: Strategic perspectives on entertainment and media*: 195-204. Mahwah, NJ: Lawrence Erlbaum Associates.

distribution and exhibition as critical activities of the sub-sector, which in other creative sectors, are considered related, but remain fundamentally apart.⁴

Overall aim of the report:

To give a statistical, and factual overview of London's **top 100 (by turnover)** film and video firms and to provide an overview of the background and key characteristics of the sub-sector

In detail, this report will:

- I. Give a concise overview of the British film and video industry.
- II. Present definitions, facts and figures on the organisational structure of London's film and video industry.
- III. Provide detailed economic and financial data on the top 100 film and video companies in London.
- IV. Map London's film and video industry top 100.
- V. Provide data on the social structure of London's film and video industry top 100.

The collective data in the report provides an overview of the film and video industry in London and references the UK more generally. The data presented is compiled from leading authoritative sources on film (such as Film London and the UK Film Council), academic scholars and the CIO's own primary research in the creative industries.

Definitions

This document makes use of the UK government's Department for Culture, Media and Sport (DCMS) definition of the film and video sub-sector as a starting point. a. The DCMS film and video categories are used and subsequently reworked (see Chapter 4 of this report for details) to provide a comprehensive analysis of the sub-sector.

For this report we are using the EU definition⁵ for company size which is:

⁴ Blair, H. (2001) "'You're Only as Good as Your Last Job": the Labour Process and Labour Market in the British Film Industry', *Work, Employment and Society*, 15: 1, pp. 149–69.

Coe, N. (2001) 'A Hybrid Agglomeration? The Development of a Satellite-Marshallian Industrial District in Vancouver's Film Industry', *Urban Studies*, 38: 10, pp. 1753–75.

Goldsmith, B. and O'Regan, T. (2003) *Cinema Cities, Media Cities: The Contemporary International Studio Complex*, Sydney: Southwood Press.

Long, M. (2005) 'Solving Box Office Blues: Australia needs more Working Dogs', *Australian Financial Review*, 24 February, p. 44.

Turok, I. (2003) 'Cities, Clusters and Creative Industries: The Case of Film and Television in Scotland', *European Planning Studies*, 11: 3, pp. 549–65.

⁵ EU Enterprise and Industry (2008) SME definition. Available at http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm. Currency has been converted approximately as €1 = £0.8 (correct as of 15th May, 2008).

| Company Size | Staff | Turnover |
|--------------|-------|----------|
| Micro | <10 | < £1.5 m |
| Small | <50 | < £8 m |
| Medium | <250 | < £40 m |
| Large | 250+ | £40m + |

Table 1.1: EU definitions of company size

The term ‘freelancer’ is used to denote a single economic operative.

London’s geographical boundary is limited to the inner boroughs, and where applicable, the areas with London postcodes.

2

History of British Film and Video

Like many other film and video-producing countries around the world, the British film and video industry has had its' share of highs and lows. From the introduction of the Cinematograph by the *Lumieres* in Paris circa 1895, British businessmen, inventors and photographers were taking out moving picture patents, the new technology of its day. As a result, companies began to emerge all over the country and particularly film studios were established in London, Yorkshire and Brighton.⁶

By the turn of the twentieth century, British film shared much of its history with the French film industry in terms of production, the advancement of technology and exhibition practices. The Hollywood film industry emerge with the transfer of skills and their development across the Atlantic facilitated by a common English language and the consequent re entry of the creative product into Britain's market.⁷

In the early days of filmmaking, disused wharves, aeroplane hangers, skating rinks and greenhouses were all converted into film studios.⁸ Around 1910 film studios and film theatres began to appear in great numbers across the country. Small, one stage, studios were established throughout London.⁹

Significant socio-economic developments, gave the public more leisure time to enjoy in film theatres. The working classes formed the bulk of cinema-going audiences before the start of the First World War, during which time; the film theatres were saturated with Hollywood imports. Films from the Californian production cluster made up 85 per cent of those being shown at the time.¹⁰

During the First World War and the economic and political imperatives of the war effort, many film theatres closed and domestic production slowed. Hollywood studios saw this as an opportunity to buy up run down theatres, refurbish them and show even more Hollywood imports; a process exacerbated by the lack of home investment (both private and

⁶ Warren, P. (2001) *British Film Studios: An Illustrated History*, Chrysalis Group, London

⁷ Caughie, J. & Rockett, K (1996) *The Companion to British and Irish Cinema*, Cassell, London.

⁸ Warren, P. (2001) *British Film Studios: An Illustrated History*, Chrysalis Group, London.

⁹ Warren, P. (2001) *British Film Studios: An Illustrated History*, Chrysalis Group, London

¹⁰ Street S. (1997) *British National Cinema*. Routledge, London.

government), meaning that British filmmakers and businessmen were unable to re-open the theatres after the war. As a result, homegrown film production virtually collapsed, with the number of British films produced falling from 422 in 1922 to just 26 in 1925, which made up less than 5 per cent of the total box office.¹¹ Furthermore, the reception of British made films was not a great success, with the (predominantly) working class audiences preferring the 'classless' approach of Hollywood to the highly literary and theatrical traditions of British film products. As John Caughie notes:

"In a country as divided as Britain by class and region, with separate tastes, preferences and prejudices, American film may have occupied neutral territory for the mass market on which the box office depended and Jimmy Cagney may have been recognisable as more working class than Michael Redgrave."¹²

This trend of increased Hollywood consumption continued well into the 1920's. In 1927, however, the government introduced the Cinematograph Films Act that not only defined what was to be classified as a 'British' film but also proposed a quota system for British films to be shown in all theatres. Large companies such as Gaumont-British and Gainsborough took advantage of the need for more British films and reorganised themselves to respond to this new regulation designed to stimulate demand. The largest production company, British International Pictures built and opened their studios in Elstree, Hertfordshire – strategically placed just outside London. Even though the Hollywood films were still popular, the film studios produced numerous 'quota quickies'¹³ in order to fulfil the quota. Filmmakers such as Alfred Hitchcock and Michael Powell learnt the art of filmmaking at this time.

In the 1920's and 30's, a number of production companies built up large sound stages in London and surrounding counties including Hertfordshire, Buckinghamshire, Surrey and Middlesex. London Films was set up in 1932 by Alexander Korda, and he also set up the Denham studios in Buckinghamshire. London Films dominated film production throughout the thirties. Towards the end of the thirties, J. Arthur Rank established the Rank Organisation which eventually bought studios in Elstree/Borehamwood and merged them with Denham studios and Pinewood studios (which still exist today).

From a consumer perspective the thirties saw significant technological change with the arrival of colour cinematography and the introduction of sound to the moving image. Alfred Hitchcock's *Blackmail* (1929) is considered to be the first British sound feature and the first full colour and sound feature-length film was *Harmony Heaven* (1930). It was also in the thirties

¹¹ Cooke, L., 'British Cinema,' In Nelmes, J. (ed.) (1999) 'Introduction to Film Studies,' 2nd edition, Routledge, London and New York.

¹² Caughie, J. & Rockett, K (1996) 'The Companion to British and Irish Cinema,' Cassell, London: 1.

¹³ Street, S., British Film and the National Interest 1927 – 39, in Murphy, R., (ed.) (2005) The British Cinema Book, 2nd Edition, British Film Institute Publishing.

that music hall influenced films with starring actors like George Formby and Gracie Hall beginning to take centre stage on the silver screen.

The cinematograph Films Act was renewed in response to a report from a committee chaired by Lord Moyne in 1938 enforcing

‘...continued protectionism via quotas for a further ten years and introduced a quota for shorts and documentary films. To encourage quality, a cost test was instituted whereby long films had to have cost a minimum of £1 a foot with a minimum total of £7,500 a film.’¹⁴

This Act helped the industry during the Second World War when ‘*a major concern was to limit the large amount of dollars remitted by American companies to the US on account of their films screened in Britain.*’ Estimated monies going back to the US was between £6-10 million. This led to the Anglo-American Film Agreement in November 1939.¹⁵

The start of the Second World War in 1939 halted most film production in Britain. However filmmakers found that by using documentary techniques and styles, they could make gritty low cost social commentary films such as *Millions Like Us* (1943) and *In Which we Serve* (1942), which drew on the patriotic atmosphere of the time. The Rank Organisation came into its own during this time producing films such as *Black Narcissus* (1947). By the mid-forties the industry was dominated by two major companies, The Rank Organisation and ABPC, a situation which caused concern among the many and smaller independents.¹⁶

The reputation of the British film industry grew during the latter half of the forties, with commercial successes, exemplified by the film *Hamlet* 1948 starring Lawrence Olivier. Towards the end of the forties the Attlee Labour government began to develop systems of economic support for the production of ‘quality’ British film¹⁷. This included the establishment of the National Film Finance Corporation (NFFC) in 1949, which would exist for the following thirty-five years. Some of the films it helped fund included *The Third Man* (1949), *Saturday Night Sunday Morning* (1960) and later *Gregory’s Girl* (1981). A tax, The Eady Levy was introduced, a tax added on to the price of the cinema admission tickets that would go towards the production of British-made films. However, this period also saw the emergence of television as a leisure medium, and between the 1940s and the 1960s the role of the cinema in British society changed radically from a very influential mass medium and successful

¹⁴ Street, S. ‘(1997) British National Cinema,’ Routledge, London and New York.

¹⁵ Street, S. ‘(1997) British National Cinema,’ Routledge, London and New York.

¹⁶ Street, S. ‘(1997) British National Cinema,’ Routledge, London and New York.

¹⁷ Caughie, J. & Rockett, K (1996) ‘The Companion to British and Irish Cinema,’ Cassell, London.

business, to a minority component of the leisure industry.¹⁸ The admissions numbers from the mid-1940s were 1,635 million but by 1984 they were 54 million.¹⁹

This downturn also had an effect on the film studios. During the boom of the 1930s studios were set up across the country but predominately in and around London. Many of the studios still exist to this day, Ealing studios in west London, Pinewood, Shepperton and Beaconsfield to name but a few. In addition the smaller, single stage studios, largely based in the city, produced a large number of films, before either moving to other (cheaper) premises outside London or disbanding altogether.

Cross-city inspiration was important with studios such as Ealing, traditionally drawing ideas from the West End theatres and the music hall acts which provided the basis for their films. After the war, Michael Balcon took charge of the studios and in the late forties and early fifties produced some of Britain's best mainstream films of the period, the Ealing Comedies; which included *The Lavender Hill Mob* (1951) and *The Ladykillers* (1955). In 1958 the Ealing studios ceased making films and were bought by the state-owned television company, the British Broadcasting Corporation (BBC). This change in culture saw the production companies switch attention to a new kind of social realist genre of films which came to be known as the British New Wave. These New Wave films were often shot on location in cities outside of the capital such as in the Midlands or the North of England and, experimentally, featured relatively unknown actors and untried film directors²⁰, such as *A Hard Days Night* (1964) and *Kes* (1969). This development challenged to the dominance of London studio-based films of the previous decade.

Nonetheless, London remained a critical location and innovation focus in the industry. In the late fifties, with production offices in the heart of the London's Soho district, Hammer Film productions began making gothic horror films, which came to be known as Hammer Horror. The films incorporated an iconic look and were easily made. The Hammer Horror and British New Wave films encouraged a predominately artistic and specialised audience of cinemagoers, but British mainstream film was also reversing the industry downturn and flourishing throughout the sixties with help from American finances. The "*Carry On*" series was a successful example of this with the first, *Carry on Sergeant* produced in 1958. Another series still running today are the James Bond films based on the novels of writer Ian Fleming.

¹⁸ Dickinson, M (1983) 'The Sate and the Consolidation of Monopoly' in Curran, J. & Porter, V., 'British Cinema History,' Weidenfeld Paperbacks: 74.

¹⁹ Street, S (1997). 'British National Cinema,' Routledge, London and New York.
British Film Institute (1996) BFI Handbook 1996, British Film Institute, London.

²⁰ Hutchings, P (2001) Beyond the New Wave: Realism in British Cinema, 1959 – 63', in Murphy, R. (ed.) The British Cinema Book, The British Film Institute Publishing, London: 147.

These films were heavily supported by United Artists, which helped their distribution into markets worldwide.

The 1970's saw a decline in British film production, as American finance was cut and the popularity of television increasingly captured audiences' leisure time. Many of the creatives working in the British film industry at the time moved to Hollywood which led to a severe talent drain. Those left behind found themselves working more for television as film production slumped and cinema audiences continued to decline.²¹ This may well have been caused by the increase in popularity of home viewing, with Video Home System (VHS) launched by JVC in 1976. VHS became the most popular form of home viewing in the 80s and 90s, with distribution companies releasing more and more of their new films and back catalogues onto the format.²²

During the 1980's, a conservative government looking to reduce state intervention closed down the National Film Finance Corporation. Many independent filmmakers in Britain at the time campaigned for a fourth TV channel to be commissioned as an alternative output for their work. In 1982, Channel Four was launched and in its' first 11 years, Channel Four invested a total of £98 million into films.²³ These contributions from television companies formed an important lifeline for the film industry. The BBC also began to invest in films from the 1970's but it was not until the 1990's that it set up the BBC Film Unit, releasing its titles on VHS, and later, DVD. There was also a flux of 'heritage' films, which portrayed aspects of British life and culture that could be imported with some success in other markets, especially to the US.

In 1979 the Inland Revenue stated that films could be depreciated at the rate of 100% in the first year²⁴. The guidelines were not set out clearly and therefore production companies based in Britain (but not necessarily making British films) were allowed to claim the tax concession. In the early 80's more restriction was put on the kinds of film eligible for the concessions. By the mid-80s, the Chancellor had reduced the allowances considerably before withdrawing the concession all together. The tax concession was lucrative for the large production companies who could set off the production costs against their other profits, smaller, independent companies however could not do this. Instead they applied the sale and leaseback tax

²¹ Cooke, L., (1999) 'British Cinema,' In Nelmes, J. (ed.) 'Introduction to Film Studies,' 2nd edition, Routledge, London and New York.

²² Jones S, Kellengerger R and Cvjetnicin G. (2000) 'Film into Video: A guide to merging the technologies'. Focal Press, London.

²³ Street, S. (1997) 'British National Cinema,' Routledge, London and New York.

²⁴ Baillieu, B., & Goodchild, J., (2002) 'The British Film Business', John Wiley and Sons Ltd., Chichester.

scheme to film. They sold the film to investors and then leased it back over a number of years.²⁵

The 1990's saw a renaissance of the industry. A new host of filmmakers from independent companies (i.e. not part of the major international corporations) came to the fore. The heritage films were still popular with audiences outside the British Isles, as were costume dramas such as *Much a Do about Nothing* (1993), *The Remains of the Day* (1993) and *The Madness of King George* (1994). With some funding from companies in the United States, British films began, once again, to make a global impact; *Four Weddings and a Funeral* (1994) was one such film as well as *The English Patient* (1996) which received nine (US) Academy Award nominations.

A new kind of cinema going experience was also emerging from the late 1980's that helped bring film back into the fore. In 1985, American multi-Cinema (AMC) opened Britain's first multiplex cinema in Milton Keynes. These new multiplex cinemas allowed audiences to have a whole night of entertainment under one roof as many venues also consisted of restaurants and bars. There was greater choice in films available to watch as well as comfort and convenience. As in North America, the pattern of multiplex development in Britain was bound up with the shopping centre and in particular the out of town shopping centre.²⁶

The change of government in 1997 came as a stroke of luck to the film industry. They introduced tax incentives and set up the Advisory Committee on Film Finance. Tax Breaks were introduced to encourage investors and a 100% tax write-off on film production and acquisition costs for British films with a budget up to £15 million²⁷. These incentives and tax schemes were initially for three years but were extended.

Throughout the 1990's and 2000's British films were celebrated for their creativity and innovation as various new genres appeared including the British gangster film with *Lock Stock and Two Smoking Barrels* (1998), distinctly British romantic comedies such as with *Notting Hill* (1999) and *Brassed Off* (1996), partially funded by the state through the National Lottery and UK Film Council. Working Title Films became one of the biggest producers of successful British films, their filmography including *Elizabeth* (1998), *Bridget Jones' Diary* (2001) and *Love Actually* (2003).

In the new millennium the industry continues to grow internationally with huge international successes such as the Harry Potter series, partly financed through Warner Bros, and the new

²⁵ Baillieu, B., & Goodchild, J., (2002) 'The British Film Business', John Wiley and Sons Ltd., Chichester.

²⁶ Hanson, S., 'Spolit for Choice? Multiplexes in the 90s' in ed. Murphy, R., 'British Cinema of the 90s', British Film Institute, London.

²⁷ Baillieu, B., & Goodchild, J., (2002) 'The British Film Business', John Wiley and Sons Ltd., Chichester.

James Bond films. In collaboration with international studios and help from the government in terms of funding, tax incentives and regulations; the industry is now booming and producing internationally-recognised and critically acclaimed films.²⁸ London is used as a location for not only UK film production (*28 Days Later* (2002), *Trainspotting* (1996) *Brick Lane* (2007)) but also for international productions (*The Da Vinci Code* (2006), *Thunderbirds* (2004) and *Fantastic Four: Rise of the Silver Surfer* (2007)). Film London, the film agency for the London area has an impressive database of locations across London for use by production companies. The sights, sounds and symbols of London are celebrated in many films including ones with distinctly international flavour such as popular Indian film – with Leicester Square in *Dilwale Dulhania Le Jayenge* (Lovers Will Walk Off with the Bride, 1996) and St. Paul's Cathedral in the film *Kabhi Khushi Kabhi Gham* (Happiness and Tears, 2001).

As Hollywood is investing money into the British film industry, many of their productions use London and its surrounding areas as locations and for high quality post-production and special effects. London's post production houses, special effects companies and co-ordinators are some of the more competitive element of the industry and are very much sort after. The majority of post houses are based in central west London in the area of Soho. From the early days of film when MGM had set up a studio in Elstree in the late thirties to films like John Huston's *Moby Dick* (1956), *Look Back In Anger* (1959) which starred Richard Burton were all made at the Elstree/Borehamwood studios. In addition, the studios became the locations for the *Star Wars* series (1976 – 1981) and the *Indiana Jones* series (1980 – 1989). Tim Burton's *Batman* (1989) and the recent outings of Batman – *Batman Begins* (2005) and *Dark Knight* (2008) make use of a number of locations throughout London. Last year's *The Bourne Ultimatum* (2007) used Waterloo Station as the backdrop for a key scene in the film²⁹. Such international shoots, contribute substantial income to the city, use of support facilities and expertise as well as attracting other companies to London. It has tourist spin-offs and projects London to the world.

The 21st century has seen the rise of DVD and more recently the introduction of high-definition formats of Blue-Ray (Sony) and HD-DVD (Toshiba) and the decreased cost of large, cinema style televisions. This has fuelled the home cinema industry, increased quality of film viewing in the home and as a result, large numbers of films being released in the formats. The role of these new home formats which have effectively replaced video are obviously crucial to the profits of the major distribution companies and subsequently the production of films.³⁰ The cinema chains, the largest of which have their headquarters in London (see chapter 5) are

²⁸ Blair, H. (2001), "'You're Only as Good as Your Last Job': the Labour Process and Labour Market in the British Film Industry', *Work, Employment and Society*, 15(1): 149–69.

²⁹ www.imdb.com, accessed 16th June, 2008.

³⁰ Jones S, Kellengerger R and Cvjetnicinanin G. (2000) 'Film into Video: A guide to merging the technologies'. Focal Press, London.

also important components of the industry, with London's Leicester Square often hosting important premiers at their flagship cinemas.

London, as a city of production (both indigenous and foreign) and exhibition, continues to grow and support a number of successful and large companies. This report will therefore highlight these companies through a number of thematic lenses, but first, in the following section the methodology is discussed in detail.

3

Methodology

The Creative Industries Observatory database of creative industries organizations in London was constructed using a number of sources. The following is a detailed description of the methodology used for the construction of this database, with the purpose of validating the research procedures and results.

The CIO database was constructed using three key sources:

(1) data compiled using the DASH³¹ database which includes accounting information of all UK firms registered with Companies House³² and cross-checked by Bureau Van Dijk; (2) sub-sector specific datasets purchased or provided by industry participants and professional bodies operating in the creative industries; and (3) data from sub-sector specific directories and manuals. These sources were searched, cleaned and cross-checked by CIO Analysts and all duplicated records removed (4). The final CIO database, completed in March 2008, included more than 63,000 records of individual Creative Industries organizations in London.

The most detailed set of records was extracted from a database of UK listed and non-listed companies using DASH.

The search criteria used to obtain an initial population of creative industries organizations (by sub-sector) were as follows:

(a) **Keywords:** A list of 'key words' specific to each sub-sector of the creative industries was used to search the field 'line of business' and 'company name'. The *DCMS Mapping Documents* (1998 and 2001) specification of 'core' activities was used as an initial guide for the selection of these sub-sector specific keywords. However, because of some inconsistencies found in the DCMS documents³³, the final selection of key words was also informed by expert judgment of individuals with operational knowledge of the sub-sector.

³¹ DASH is a comprehensive database of companies, directors and shareholders and the links between them compiled by Bureau Van Dyke from UK Companies House records and their own research. Reports are included for circa 3.6 million companies. See www.bvdep.com

³² All limited companies in England, Wales and Scotland are legally required to be registered at Companies House, an Executive Agency of the Department for Business, Enterprise and Regulatory Reform (BERR). As of 2008, there are more than 2 million limited companies registered in Great Britain, and more than 300,000 new companies incorporated each year.

³³ E.g. the DCMS Mapping Documents do not acknowledge creative activities in the Arts sub-sector.

(b) **Standard Industry Classification (SIC) codes:** Where a distinct and readily identifiable SIC code existed for the creative sub-sector³⁴ it was used in the field 'SIC code' of the advanced search function. The *CIO Definitional Framework*³⁵ was used (as a starting point) for the selection of relevant SIC codes for each creative industry sub-sector.

(c) **Location:** "Inner" London³⁶ was specified within the search criteria in the 'geographical area' field of the advanced search in DASH.³⁷

The population obtained as a result of the criteria above was still imperfect for a number of reasons, as follows:

1. A number of unrelated companies were captured because of their registration under a generic or incorrect SIC code;
2. Businesses not related to the creative industries were captured due to the use of keywords with multiple meanings; and
3. A number of captured organizations were not relevant to the creative industries as a consequence of inconsistencies in the DASH advanced search engine³⁸.

Because of these limitations in the database, and with the purpose of obtaining a complete and comprehensive population of creative industries in London, the database was then thoroughly checked and manually cleaned by a team of six researchers using the criteria described above. Additionally, it was agreed that a single record would be retained in the final database if

(a) the organization's 'line of business' matched with the definition of Creative Industries given by the DCMS Mapping Documents (1998 and 2001);

(b) the organization's 'line of business' specified activities listed as 'core' in the DCMS Mapping Documents;

³⁴ E.g. the sector Advertising has a clearly defined sub-sector specific code (SIC2003 7440) described as 'advertising' activities. However as a sub-sector of the creative industries it is nearly unique in such a direct match.

³⁵ Compiled as a separate document providing SIC coding across all the Creative industries.

³⁶ According to the Office for National Statistics (ONS) the following boroughs constitute the area of Inner London: Candel, City of London, City of Westminster, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Islington, Kensington & Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth. See the map available at www.statistics.gov.uk/geography/downloads/london_boro.pdf

³⁷ This decision was reached following a number of unsuccessful data export attempts from DASH specified all of London within the search criteria. The use of the criteria 'outer London' resulted in a population formed by numerous business not located in the outskirts of the city of London, but in other counties such as Cambridgeshire, Essex, etc.

³⁸ This issue was discussed with the DASH provider Bureau Van Dijk, but the technical errors were not resolved in time for completion of this research.

- (c) the organization's 'line of business' included activities present in the CIO Definitional Framework; or
- (d) the organization's 'line of business' was 'not ascertained' or 'unknown'³⁹.

However a record was removed if

- (a) the organization's 'line of business' did not match any of the four retention criteria just specified; or
- (b) the organization's 'line of business' specified that a company was 'dormant' or had 'ceased trading'.

This process resulted in a final number of **10,175 organizations** which belonged to the Film and Video industry

Figure 3.1⁴⁰ present the information in terms of percentage of data from each type of source.

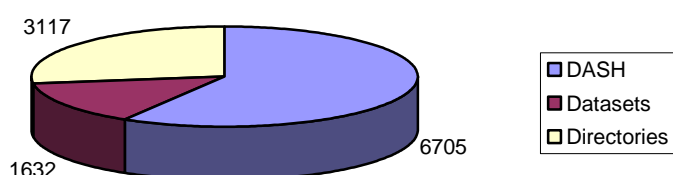


Figure 3.1: Number of companies from different sources for population of film and video companies

This report, and for reasons of consistency with other reports, is based on the **top 100 companies** (ranked by turnover) from the final CIO database. Unlike many of the smaller organisations which might be organised as temporary or project orientated entities, the information provided for the larger companies is more stable over time – providing an opportunity for analysis and comparison over time and across creative industry sub-sectors.

³⁹ These records automatically exported from DASH were retained for the purpose of inclusivity.

⁴⁰ Datasets received included the UK Film Council's database of businesses. Directories used included *FatCat*, *The Knowledge 2007*, *Creative Handbook 2007* and *The Writers and Artists' Yearbook 2007*.

4

Organisational & Industry Structure

The sub-sectors of the creative industries in London are highly varied and cover a wide range of activities. To provide some context and comparison of the film and video sub-sector with other Creative Industry sectors, **Figure 4.1** outlines the average turnover of the **top 20** companies in London per sector.

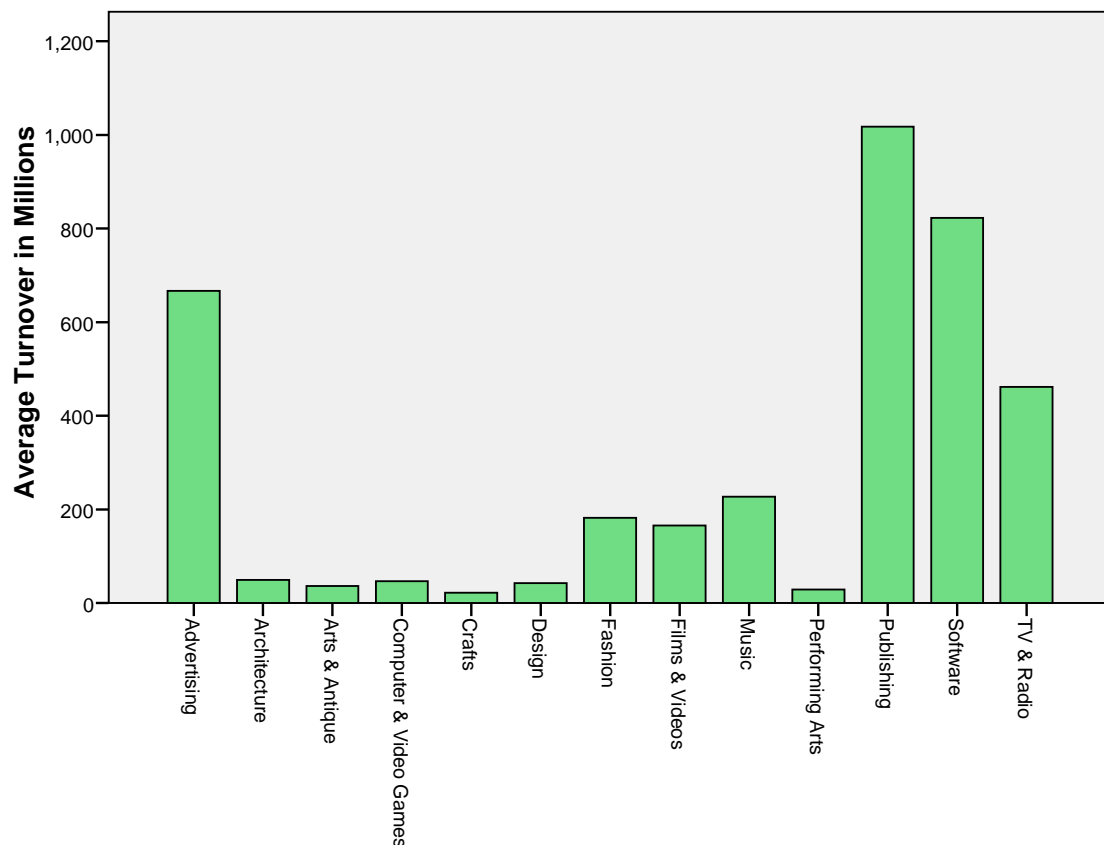


Figure 4.1 Average Turnover of Top 20 Companies in 13 Sub-sectors based on CIO Creative Industries Database

As can be seen from the above graph,⁴¹ the average turnover of the top 20 companies in film and video sub-sector is comparatively low, especially in relation to the 'big 4' of publishing, software, advertising and TV & Radio. Film and Video is comparable in scale to Music and

⁴¹ This graph was created using the CIO Creative Industries Database.

Fashion sub-sectors and significantly larger than a number of others. The structure of the film and video sub-sector will be further developed in the following chapters of this report.

Workforce Balance

In order to provide further comparison across creative sectors, we also evaluated the male/female ratio of board members of the top 20 companies in each sub-sector of the CIO database. **Figure 4.2** illustrates the composition of board membership of male and female directors for the **top 20 companies**. It demonstrates that boardrooms of the top firms within the creative industries remain dominated by male directors and the Film and Video subsector is no exception. At the top most levels, the creative industries have comparably low female representation on boards. At one end of the spectrum, is **software with 3%** and **architecture with 6%** while in contrast, are the **performing arts** and **arts & antiques with 20% and 19%** female board membership respectively. In spite of this disparity at the senior levels, there is evidence to suggest that it is less severe if one takes account the workforce as a whole (see **Figure 4.3** and **Table 4.1**). Furthermore, because we do not compare the number of women who have chosen to enter the sector with the number that reach the top – more research would be needed to establish a measure of just how ‘receptive’ a sector is to female professionals. It is also possible that women choose careers that support their female identity and life style.

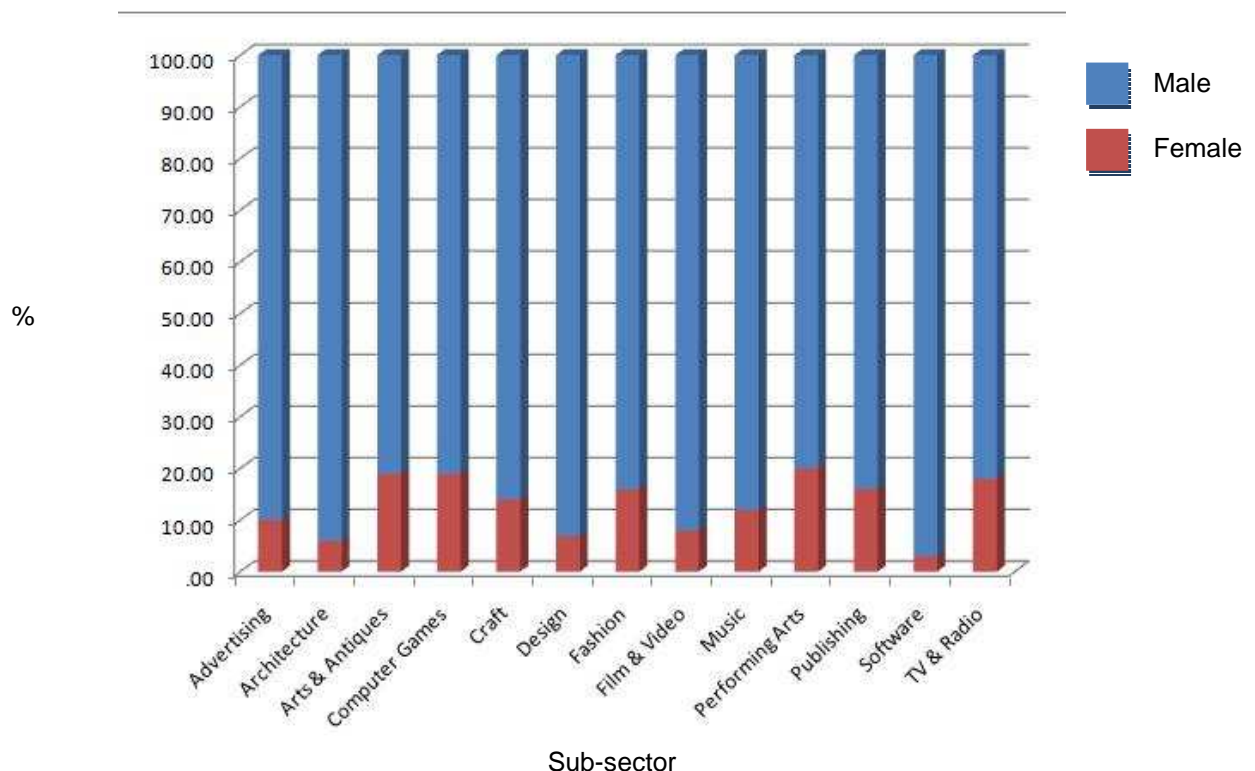


Figure 4.2: Composition of board membership of male and female directors (by sector)

Although the film and video sub-sector has a seemingly low proportion of female directors, this is the case across many sectors in the UK, where only 9% of non-executive directors from the top 100 quoted companies are estimated to be female.⁴² Gender balance and diversity in the boardroom, currently dominated by white males unrepresentative of the proportions in the general population, continues to be a hotly debated topic. In order to rectify the low proportion of female representation on company boards, some governments, have brought in legislation that enforces a certain proportion of female board membership. In Norway, for example, legislation requires that at least 40% of public limited companies are female in composition.⁴³ This is also of significance to the creative industries. In 2008, the Rt Hon Margaret Hodge stated that the Creative Industries were behind other sectors in terms of equality and that a barrier existed which stopped women reaching board membership.⁴⁴

If we look at the composition of the workforce in the film and video sub-sector, we see that the percentage of women is higher than that of the board membership. **Figure 4.3** below is taken from the Skillset Employment Census of 2006.

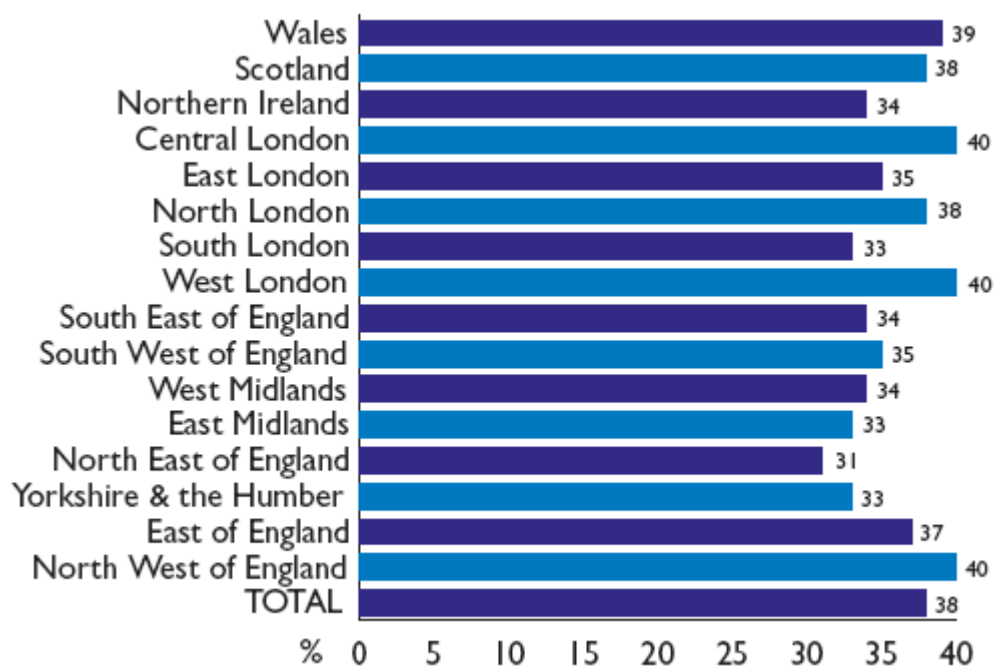


Figure 4.3: representation of women in the workforce nationally and regionally
(Source: Skillset, 2006)⁴⁵

⁴² Li, C.A. and Wearing, R.T. (2001), *The Glass Ceiling and Directors of Large UK Quoted Companies*, University of Essex Working Paper, 01/08 (May).

⁴³ Greater London Authority (2008), *Women in London's Economy*, GLA

⁴⁴ http://blogs.guardian.co.uk/art/2008/04/hodge_is_wrong_about_women_in.html

⁴⁵ Skillset (2006) Skillset Employment Census 2006, available at http://www.skillset.org/research/census/article_5136_1.asp, accessed 29th July, 2008: page 15.

As can be seen from the London entries in **Figure 4.3**, central and west London (which as is discussed in Chapter 6 are the most productive areas of the city) have the highest percentage of women with **40%**. This is the highest for the UK, but it should be noted that Skillset do not include figures from cinema exhibition.

Freelancers and the self-employed

Like many of the creative industries, there is a high freelance population in the film industry⁴⁶ and freelance and self-employed activities provide the backbone and necessary talent pool in the sub-sector. In spite of their central importance the economic activity of this group is very difficult to capture using standard government statistics and measurement which are not designed to capture temporary, part-time/short term, casual or project based employment often also outside traditional organizational structures.⁴⁷ The relatively recent proliferation of dissemination vehicles, particularly web-based (YouTube, MySpace etc) has meant that practically anyone with a camera and a broadband connection can be a 'filmmaker' and distribute their products to a wider audience, more effectively and quickly. Prior studies have been conducted on London's freelance population, with **Table 4.1** below showing the freelance nature of London's industry.

| LONDON | Employees (inc. contracts of 365 days or more) | | | | Freelancers (inc. contracts of 364 days or less) | | | |
|------------------------------|--|-------------------|-----------------------------|--------------------|--|-------------------|-----------------------------|--------------------|
| | Total Number | Number of Females | Number of Ethnic Minorities | Number of Disabled | Total Number | Number of Females | Number of Ethnic Minorities | Number of Disabled |
| Animation | 700 | 300 | * | * | 800 | 200 | * | * |
| Corporate Production | 1500 | 400 | * | * | 1100 | 300 | 100 | * |
| Commercials Production | 700 | 300 | 100 | 0 | 1600 | 400 | 100 | 0 |
| Pop Promos | 300 | 100 | * | * | 400 | 300 | * | 0 |
| Post Production | 3100 | 800 | 300 | * | 1500 | 200 | 100 | * |
| Special Physical Effects | 800 | 200 | * | 0 | 500 | 100 | * | 0 |
| Studio & Equipment Hire | 2200 | 800 | * | 100 | 600 | * | * | * |
| Other Services for Film & TV | 5400 | 2800 | 300 | 100 | 2600 | 600 | 200 | * |
| Film Distribution | 1000 | 500 | * | 0 | 200 | 100 | * | 0 |
| Processing Laboratories | 200 | * | * | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 15900 | 6200 | 700 | 200 | 9300 | 2200 | 500 | 0 |

Table 4.1: Skillset sector census 2006 – London's freelancers in film-related occupations (Source: Adapted from Skillset, 2006)⁴⁸

⁴⁶ Gorenstaeva, G. (2008) The film and television industry in London's suburbs: lifestyle of the rich or losers' retreat? The Creative Industries Journal. 1(1): 47-71.

⁴⁷ *Film Friendly London*, published by London Assembly: The Economic, Development, Culture, Sport and Tourism Committee, November 2006

⁴⁸ Skillset (2006) Skillset Employment Census 2006, available at http://www.skillset.org/research/census/article_5136_1.asp, accessed 29th July, 2008.

This table has been adapted from the original Skillset one in order to show just those occupations relating to the film and video sub-sector (the original table had television occupations as well). It can be seen that while the percentage of women employees (full-time, i.e. the blue column) is **38.9%** (6,200 of 15,900 – which is comparable with **Figure 4.3**), percentage of **freelancers is only 23.6%** (2,200 of 9,300), and the number of ethnic minorities and disabled workers is even lower. Schemes have been enacted to counter this, which have been outlined by other institutions, for example by the University of Hertfordshire in their *Creating Difference* report.⁴⁹ The Skillset “A Bigger Future” national strategy, backed by UK Film Council and Film London, also covers a range of activities designed to promote skills and workforce diversity through the sub-sector.⁵⁰ For Film London, workforce diversity is a high priority item since it represents opportunities to make best use of the full range of London’s creative and talent pool which in turn makes the sub-sector attractive to future participants as well as innovative and internationally competitive. Consequently, a great deal of time and effort is being invested by a range of London and UK institutions working with the Film industry on various diversity schemes.⁵¹

The business of film in London includes substantially more activities than those listed above, with a number of international companies (operating in many different countries across the globe) operating in the exhibition, distribution and financing of films. The presence of a relatively large number of established firms (in relation to other subsectors) suggests that the film and video sub-sector is one of the more productive and prominent creative industry sub-sectors in London.

Size and Age

In terms of the **top 100 film and video companies in London** analysed in detail in this report, they have on average **272 staff**, (with the lowest employing just 1 and the largest employing 4,366). The inclusion of the activity of “distribution”, identified as a “core” activity in the DCMS definitions, means that cinema chains such as Cineworld and Odeon, which employ large numbers of people, are included alongside production companies in the economic profiling in this report. It should be noted that film “production”, also a core activity according to the DCMS definition, employs relatively few *full-time* staff, relying more in project based employment. For example, Universal Productions employs 62 people in London, while Cineworld employs 4,366 – yet they both have a very similar turnover (within £6million of

⁴⁹ Randle K, Wing-Fai L and Kurian J. (2008) *Creating Difference: Overcoming Barriers to Diversity in UK Film and Television Employment*. Available at http://www.creativeconnexions.com/eng/content/download/440/3464/file/Creating_Difference%20Report.pdf, accessed 29th July, 2008.

⁵⁰ See *Film Friendly London*, published by London Assembly: The Economic, Development, Culture, Sport and Tourism Committee, November 2006

⁵¹ Echoed in exchange with Adrian Wooton, CEO of Film London. Also see *Film Friendly London*, published by London Assembly: The Economic, Development, Culture, Sport and Tourism Committee, November 2006

each other – see Figure 5.2). However, this figure represents full-time staff and does not capture the contracting of companies and freelancers in the production process. As well as the Skillset figures provided in **Table 4.1**, estimates also suggest that companies contracted **2.4 million days of freelance work in 2002, costing £629.2million.**⁵²

The majority of the companies in the sample are relatively old, a legacy of the boom of film production in the 1920s, with Twentieth Century Fox, Warner Brothers and Columbia all established around the 1930s. Newer companies include cinema chains and film production companies (the youngest in the top 100 being founded in 2005). **The average year of establishment is therefore 1988**, but again, due to the high spread around this mean, this number is of limited value.

A better representation of the distribution of age of companies is seen in **Figure 4.4**, which shows which year the top 100 companies were established.

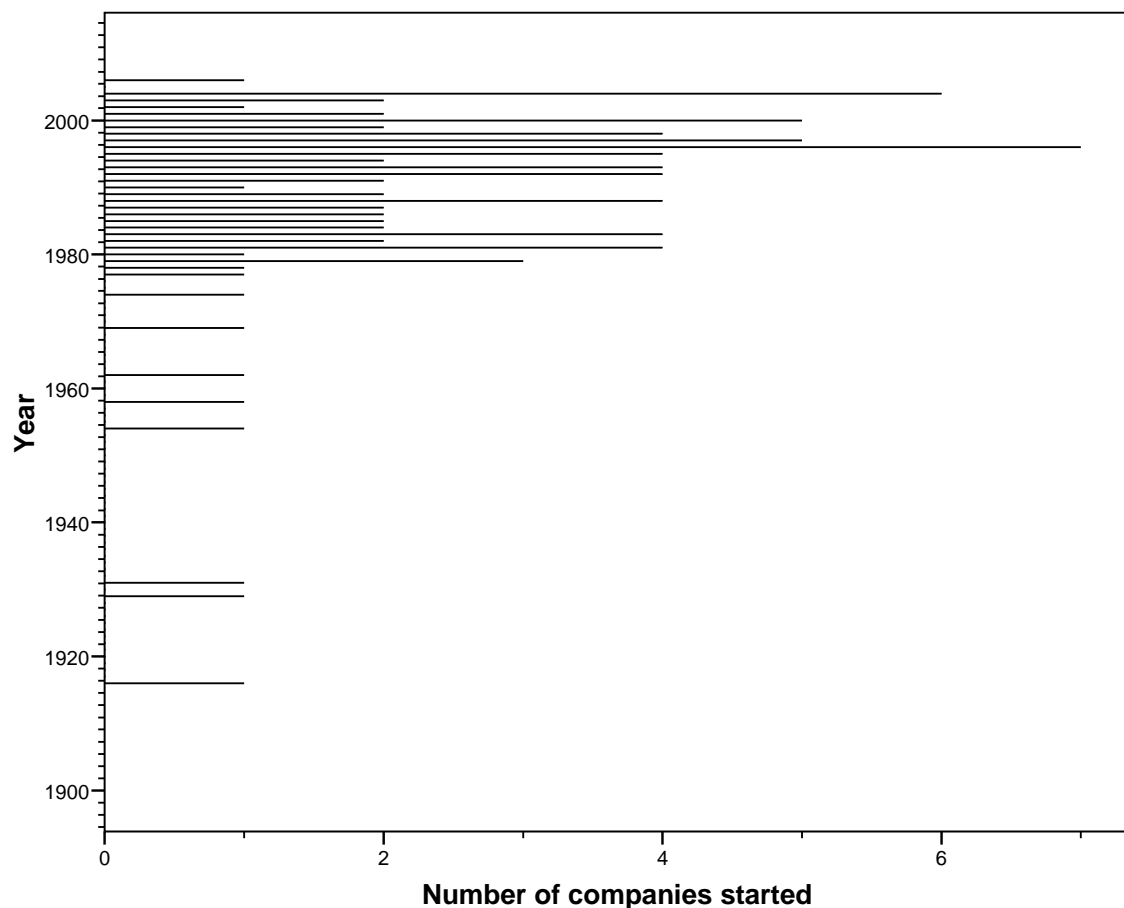


Figure 4.4: Year of establishment for the top 100 film and video companies

⁵² Cambridge Econometrics (2005) Economic Impact of the Screen Industries. Available at <http://www.filmlondon.org.uk/content.asp?CategoryID=1079&ArticleID=1090>, accessed 30th June, 2008.

Figure 4.4 shows that the 1980s and 1990s saw the majority of today's top companies setup, with the most productive year being 1996, when 7 companies were established. Because so many of the top companies are relatively young (about 20 years) we can infer that the sub-sector is highly competitive and there is no room for complacency, with high turnover at the top of the sub-sector.

Structure of Activities

Coe⁵³ suggests that there is a six-stage input/activity procedure in the film and video industry. One of the major factors to the profitability of the largest firms (known as 'majors', of which there are 6⁵⁴) is that they operate in all six stages; thereby controlling the fiscal operations from start to finish. The economies of scale mean that they can cut costs and reduce risk, thereby producing high numbers of film at relatively low cost⁵⁵. In London, these majors have a presence, but the majority of the other film-producing firms operate in one of these six stages⁵⁶, or even in one of the inputs into these six stages (e.g. set design or transport in **Figure 4.5**).

As a result of this fragmentation of occupational structure in the film and video industry, there exists what has been described as a cottage industry⁵⁷, populated by micro businesses and freelancers, indeed it has been argued that "*the progressive fragmentation of the UK film industry and deregulation in the UK television industry has resulted in almost universal freelance working*".⁵⁸

Post-production however, while being an integral part of the films production (increasingly so as digital technologies progress and larger proportions of a films budget is spent on the postproduction), is considered a related activity by the DCMS (see **Table 4.2**), yet is part of the value chain, as per Coe's diagram. However, as is shown in **Table 4.3**, the UK Film Council, when consulted on the SIC coding for the sub-sector (outlined in the next section),

⁵³ Coe, N. (2008) *Power, networks and scale in the creative industries*. Presentation to the 'Creativity and the City-Region' Seminar, University of Birmingham, 4th April 2008.

⁵⁴ Scott, A. (2005) *On Hollywood: The Place, The Industry*. Princeton University Press, New York.

See http://en.wikipedia.org/wiki/List_of_Hollywood_movie_studios (accessed 30th June, 2008) for a comprehensive break down of the majors and their company 'family trees'.

⁵⁵ Scott, A. (2005) *On Hollywood: The Place, The Industry*. Princeton University Press, New York.

⁵⁶ Gorenstaeva, G. (2008) The film and television industry in London's suburbs: lifestyle of the rich or losers' retreat? *The Creative Industries Journal*. 1(1): 47-71.

⁵⁷ Gorenstaeva, G. (2008) The film and television industry in London's suburbs: lifestyle of the rich or losers' retreat? *The Creative Industries Journal*. 1(1): 47-71.; *Film Friendly London*, published by London Assembly: The Economic, Development, Culture, Sport and Tourism Committee, November 2006

⁵⁸ Davenport J. (2006) 'UK Film Companies: Project-Based Organizations Lacking Entrepreneurship and Innovativeness?' *Creativity and Innovation Management*. 15(3): 250-257.

was in agreement with the DCMS, that post-production is a related activity. Also, further analysis (detailed in Chapter 4) suggests that post-production companies are not large companies (i.e. they rank low in our top 100 London film and video companies).

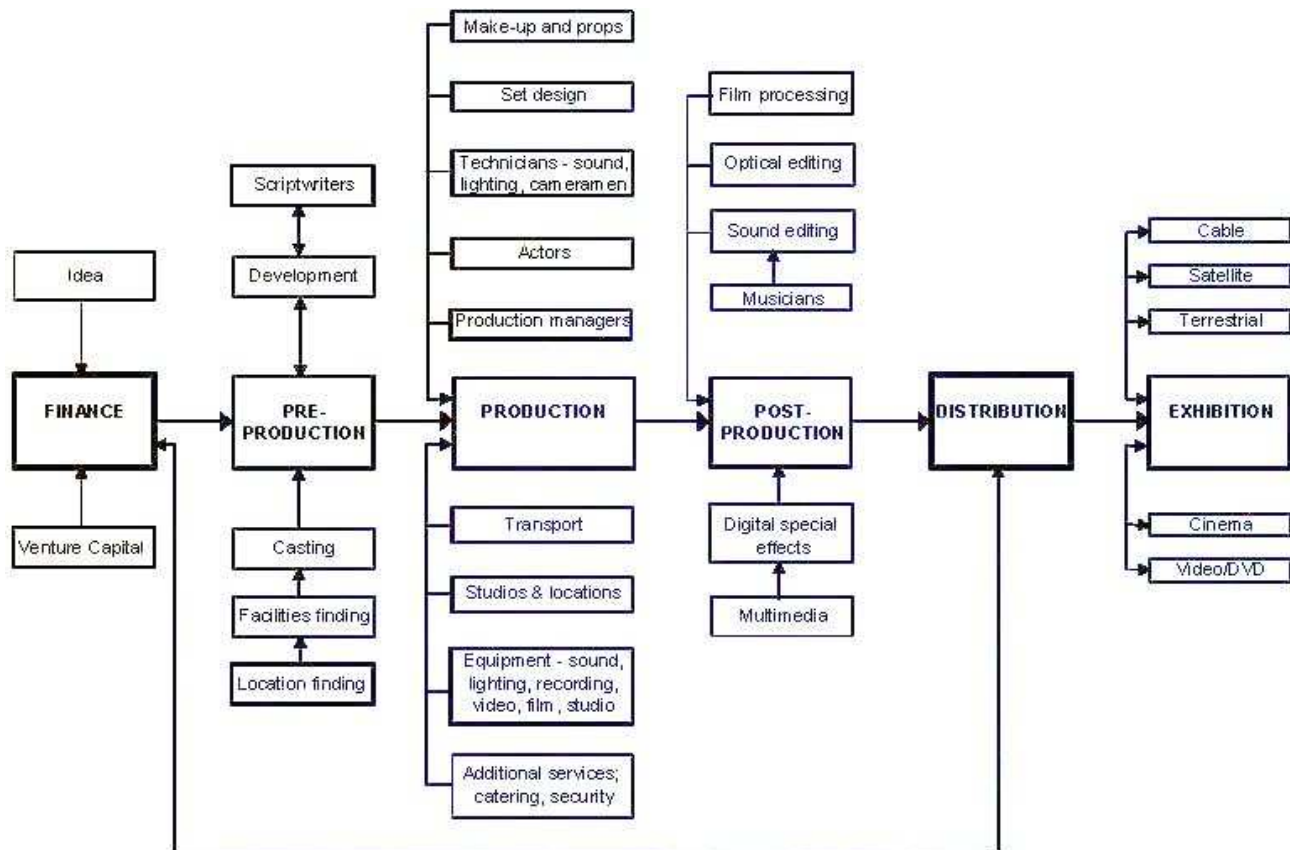


Figure 4.5: A six-stage sequence of inputs/activities in the film production system
(Source: Coe, 2008)⁵⁹

SIC code definitions

The DCMS Mapping Documents of 1998 and 2001 provide a useful initial framework for defining SIC code classification, however they lack a clear and distinct explanation of what exactly is meant by “core” and “related” activity. The CIO therefore interpreted ‘core’ activities as those that represented the creative activities of the sub-sector without which subsequent activities could not exist – the activities which are *necessary* to the sub-sector. This is consistent with the DCMS’ definition of the creative industries, “*those activities which have their origin in individual creativity, skill and talent, and which have a potential for wealth and*

⁵⁹ Coe, N. (2008) Power, networks and scale in the creative industries, Presentation at the Creativity and the City: Sector, cluster or network? Seminar, April 4th, 2008.

job creation through the generation and exploitation of intellectual property".⁶⁰ On the other hand, we interpreted 'related' activities as those which may be important but are not necessary *per se* and may constitute secondary sources of revenue, derived from the core activities.

As well as refining the core and related classifications, the CIO Definitional Framework for film and video was developed by matching appropriate UK SIC codes to the 'core' and 'related' activities as they were identified by the DCMS Mapping Documents (in 1998 and 2001 and given in **Table 4.2**.

Firstly, to develop the CIO Definitional Framework, it was necessary to match the core and related activities listed for the film and video sub-sector with the most appropriate UK SIC 2007 code according to the structure and explanatory notes provided by the Office for National Statistics (ONS).⁶¹

| Core Activities | Related Activities |
|-----------------|--|
| Screenwriting | Music Soundtracks |
| Production | Promotion |
| Distribution | Set design building |
| Exhibition | Catering |
| | Equipment manufacture |
| | Photography |
| | Lighting |
| | Sound Recording |
| | Costume Design |
| | Selling film and video distribution rights |
| | Film and tape delivery and storage |
| | Videos on demand |
| | Digital film distribution |
| | Film web sites |
| | Post-production/special effects |
| | Computer games |
| | Multimedia and digital media |

Table 4.2: DCMS definitions of core and related activities in the Film industry

⁶⁰ DCMS (1998) Creative Industries Mapping Document. Available at www.culture.gov.uk.

⁶¹ ONS (2007) http://www.statistics.gov.uk/methods_quality/sic/operation2007.asp

The explanatory notes provided by the Office for National Statistics,⁶² for the 5-digit level codes explain specifically the activity represented, while the 4-digit level codes have a few additional notes, which have been incorporated into the framework. The main SIC codes that were employed include:

SIC 59.12 *Motion picture, video and television programme post-production activities* include post-production activities such as editing, film/tape transfers, titling, subtitling, credits, closed captioning, computer-produced graphics, animation and special effects, developing and processing motion picture film, as well as activities of motion picture film laboratories and activities of special laboratories for animated films and the activities of stock footage film libraries, etc.

SIC 59.14 *Motion picture projection activities* include, activities of motion picture or videotape projection in cinemas, in the open air or in other projection facilities and activities of cine-clubs.

The set of *related* activities and relevant SIC codes indicated there are links with the other creative industries sub-sectors such as **advertising** (promotion - SIC 73.11 advertising agencies), **music** (sound recording – SIC 18.20/1 Reproduction of sound recording), **design** (costume design and film website – SIC 74.10 Specialized design activities) and **interactive leisure software** (computer games – SIC 58.21 Publishing of computer games). Furthermore, it is recognized that practitioners in the film sub-sectors spill over into videos on demand and digital film distribution part of the distribution (*core*) activity.

Secondly, a selection of the SIC codes were chosen that matched the core or related activity. Where a representative SIC code was not found for a particular activity, this was noted. However, in the case of this sub-sector, each activity did match an SIC code. This may be a result of the long history of film as an industry and state intervention in particular referred to in an earlier part of this report.

⁶² ONS (2007) http://www.statistics.gov.uk/methods_quality/sic/operation2007.asp

CIO DEFINITIONAL FRAMEWORK FOR FILM AND VIDEO

| | Core and Related Activities | SIC Codes Identified by the CIO |
|--|--|--|
| Core activities | Screenwriting | 59.11/1 Motion picture production activities |
| | Production | 59.11/1 Motion picture production activities 59.12 Motion picture, video and television programme post-production activities 59.11/2 Video production activities |
| | Distribution | 59.13/1 Motion picture distribution activities; 59.13/2 Video distribution activities |
| | Exhibition | 59.14 Motion picture projection activities |
| | Music soundtracks | 18.20/1 Reproduction of sound recording |
| Related activities | Promotion | 73.11 Advertising agencies |
| | Set design building | 71.11/1 Architectural activities |
| | Catering | 56.21 Event catering activities |
| | Equipment manufacture | 26.70/2 Manufacture of photographic and cinematographic equipment |
| | Photography | 74.20 Photographic activities |
| | Lighting | 26.70/2 Manufacture of photographic and cinematographic equipment |
| | Sound recording | 18.20/1 Reproduction of sound recording |
| | Costume design | 74.10 Specialised design activities |
| | Selling film and video distribution rights | 74.90/9 Other professional, scientific and technical activities (not including environmental consultancy or quantity) |
| | Film and tape delivery and storage | 59.12 Motion picture, video and television programme post-production activities |
| | Videos on demand | 59.13/1 Motion picture distribution activities; |
| | Digital film distribution | 59.13/1 Motion picture distribution activities; |
| | Film web sites | 74.10 Specialised design activities |
| | Post-production/special effects | 59.12 Motion picture, video and television programme post-production activities |
| | Computer games | 58.21 Publishing of computer games |
| | Multimedia and digital media | 18.20 Reproduction of recorded media |
| <div> <div>DCMS Mapping Document 1998; 2001 approved by the UK Film Council</div> <div>UK SIC 2007 codes chosen by CIO and approved by the UK Film Council</div> <div>Bold Additions by the UK Film Council</div> <div>UK Film Council is agnostic</div> </div> | | |

Table 4.3: Summary of core and related activities versus UK SIC 2007

Next a representative body within the industry was consulted in order to cross check the mapping of codes onto industry activities. In this case, The *UK Film Council* (the Government backed lead agency for film in the UK dedicated to ensuring that the economic, cultural and educational aspects of film are effectively represented at home and abroad) was contacted and consulted. This consultation was intended to ensure that the definitions employed by CIO to collect data made sense to the film and video businesses and practitioners themselves. The results of the consultation with the UK Film Council established the CIO Definitional Framework for film and video as shown **Table 4.3**.

Having seen the attempts by the DCMS, the UK Film Council and leading academics to produce a definitive framework for the film industry, and the disparities between them, it is clear that it is a complex industry to define.

5

Financial and Economic Data

The UK is the heart of the European film industry with approximately 35 crews shooting on London's streets every day.⁶³ A recent study by UKTI indicates that every pound invested in the industry benefits the UK economy by up to £2.50.⁶⁴ According to a study on the economic impact of the UK screen industries, the turnover of the industry was **£20 billion in 2002** of which £3.5 billion were accounted to film, £2.8 billion to commercials and corporate video and the majority of £13.4 billion to TV. Half of the turnover (£10.5bn) was concentrated in production, about a quarter (£5.4bn) in distribution and exhibition, £2.1 billion in post-production and £1.7 billion in pre-production.⁶⁵

Recent statistical estimates from the UK Film council show that 2007 has been a positive year regarding admissions and box office earnings as it recovered from two successive years of declining ticket sales. For that year **UK gross box office earnings accounted for £821 million**, an 8% increase to the previous year with the UK film share of the box office jumping from 19% in 2006 to 28% in 2007.⁶⁶ With over 100 production studios in the country, the UK is considered a world leader in film production.⁶⁷ **In 2007, UK film production accounted for £747 million**, a small decline to the previous year but nonetheless the fourth highest year between 1992 and 2007. **117 films have been produced in the UK in 2007**, 28 of which were inward investment productions⁶⁸, **with a UK spend of £532 million**, 60 were UK domestic features⁶⁹ with a UK spend of £141 million and 29 were UK co-productions⁷⁰ with a UK spend of £74 million. There has been a significant decline in UK co-productions (52 in 2006) due to the impact of the new tax relief with a lower incentive to co-productions, as the majority of their expenditure tends to be abroad. Furthermore ten features with budgets of £30 million or more accounted for 55.8% of the total UK production expenditure, which mirrors the dominance and magnitude of major productions.⁷¹ In 2005, the UK was the third largest film

⁶³ Film London (2006) Annual Report. Available at www.filmlondon.org.uk

⁶⁴ UK Trade and Investment (2007) Creative Industries UK, UKTI, London.

⁶⁵ Film London (2005) The Economic Impact of the UK Screen Industries. Available at www.filmlondon.org.uk

⁶⁶ Film Council (2008) Statistic Bulletin. Available at www.ukfilmcouncil.org.uk

⁶⁷ UK Trade and Investment (2007) Creative Industries UK, UKTI, London.

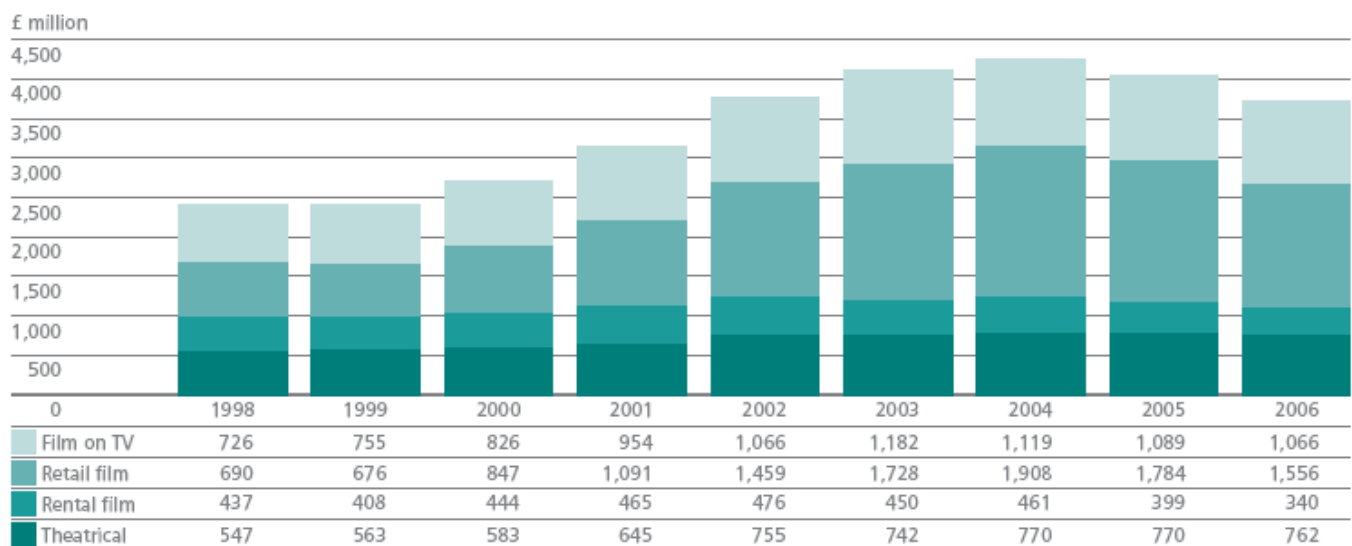
⁶⁸ An inward feature is a feature film, which is financed and controlled from outside the UK and where the production is attracted to the UK because of script requirements, the UK's infrastructure or UK tax incentives.

⁶⁹ A domestic feature is made by a UK production company that is shot wholly or partly in the UK.

⁷⁰ A UK co-production is a co-production involving the UK and other country partners.

⁷¹ Film Council (2008) Statistic Bulletin. Available at www.ukfilmcouncil.org.uk

entertainment market⁷² in the world, preceded by the USA and Japan. For producers and investors the whole film market is very important as it recovers the costs of production and marketing and generates income. In particular the sale and rental⁷³ of DVDs and videos are important for filmmakers and distributors' revenues as well as sales to television. In 2005-06 sell-through DVD/video⁷⁴ was the largest revenue source with 42% (1.556 million) of total revenues⁷⁵ in 2006 (3.724 million).⁷⁶ Also **UK's international trade in film continued strongly in 2006 with exports of £913 million and a film trade surplus of £128 million**, with the largest markets being Europe and the USA.⁷⁷ Regarding the evolution of UK film revenues, the revenues have been declining since a pinnacle in 2004. In detail, box office revenues grew in the late 90s but fell between 2002 and 2006. However, an increase in ticket prices could compensate for the decrease in admissions. In this period the UK film revenues were mainly driven by sell-through DVD/video until they also started decreasing after 2004 when the DVD boom weakened (see **Figure 5.1** below).



Source: Nielsen EDI, MRIB, BVA, Official Charts Company, DGA, RSU Analysis.

Figure 5.1: Gross Film Revenues for 4 categories, 1998 – 2006 (Source: UK Film Council)⁷⁸

⁷² Filmed entertainment market includes box office receipts, home DVD/video retail and rental, online and streaming revenues.

⁷³ The CIO did not consider organisations that describe "renting" as their main line of business, in its research, as renting is largely a secondary activity and not creative in itself.

⁷⁴ Sell-through DVD/video is the total revenue from UK DVD/video retail transactions

⁷⁵ Total revenues include Theatrical (box office sales), DVD/video rental, Sell-through DVD/video, Pay TV, Terrestrial TV and Free multi-channel TV

⁷⁶ Film Council (2007) Statistical Yearbook 2006/07. Available at www.ukfilmcouncil.org.uk.

⁷⁷ Film Council (2008) Statistic Bulletin. Available at www.ukfilmcouncil.org.uk

⁷⁸ Film Council (2008) Statistic Bulletin. Available at www.ukfilmcouncil.org.uk, page 134.

A study investigating the plateau in cinema attendances and decrease in DVD/video sales in the UK pointed out several reasons for the decline in film revenues.

- Film piracy and competition from digital leisure activities influence the film revenues negatively.
- There has been a shift in consumer time-use from live entertainment, TV, DVD/video, radio and music to computer and online activities (since 2000), in particular among 15-24 year olds.
- While spending on cinema and DVD/video as stagnated, there has been an increase in household spending for video games, satellite and cable TV and Internet subscriptions.

These findings show that some of the growth in time and money spent on new digital leisure activities has been at the expense of time and money spent in traditional leisure activities (i.e. watching films).⁷⁹

In terms of the **top 100 film companies in London**, their turnover and staff numbers are visualised in **Figure 5.2**.

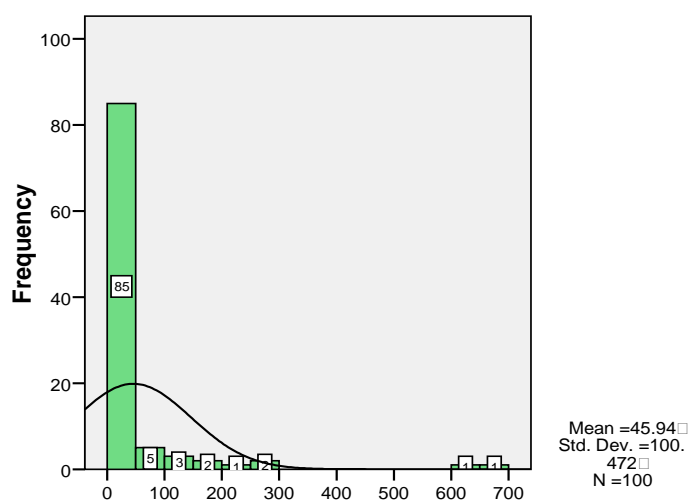


Figure 5.2a: The Distribution of Top 100 Film and Video Firms' Turnover

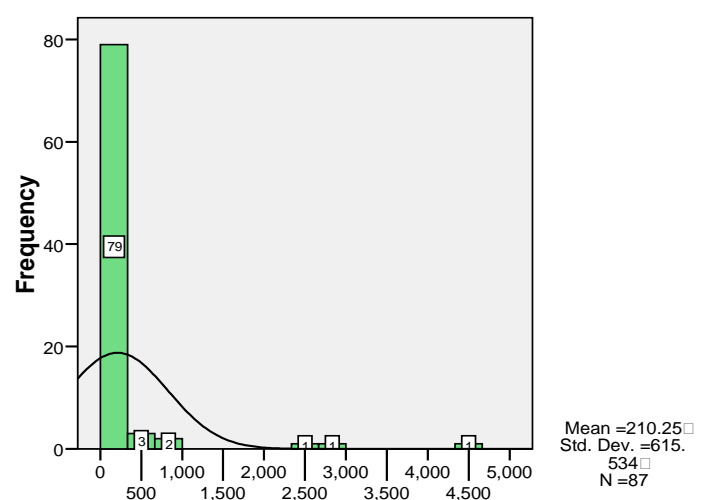


Figure 5.2b: The Distribution of Top 100 Film and Video Firms' Number of Employees

Figure 5.2 shows that in terms of turnover, there are two companies with a turnover of more than £600m, with the rest of the top 100 earning less than £300m. These two large companies are two of the large 'majors' and therefore would be expected to dominate the industry by operating in both core and related activities. This disparity, however, is not

⁷⁹ Film Council (2007) Statistical Yearbook 2006/07. Available at www.ukfilmcouncil.org.uk

matched in terms of full-time employee numbers with a more 'even' spread at the top end, but with the majority of the companies (79) having 400 or less.

Figure 5.3, which shows the top 100 companies split into the categories detailed in Figure 4.1 (less the financing stage), The companies involved in the production of films have the highest turnover, but interestingly, a small number of employees, suggesting that they indirectly employ a large number of freelancers in the production process, or are London-based offices of US-owned companies. It also shows that the exhibition stage (cinemas) employ the highest number of people, which equates with other service-industries (i.e. large numbers of low-waged service staff serving food, staffing ticketing booths, cleaning etc). Post-production companies (which we have seen in chapter 4 are considered related) show a significantly lower average turnover (under £20 million), with only preproduction having a lower average turnover – a by-product of the fact that much of preproduction is investment, with little return in the short term (see **Figure 4.4** in the previous chapter).

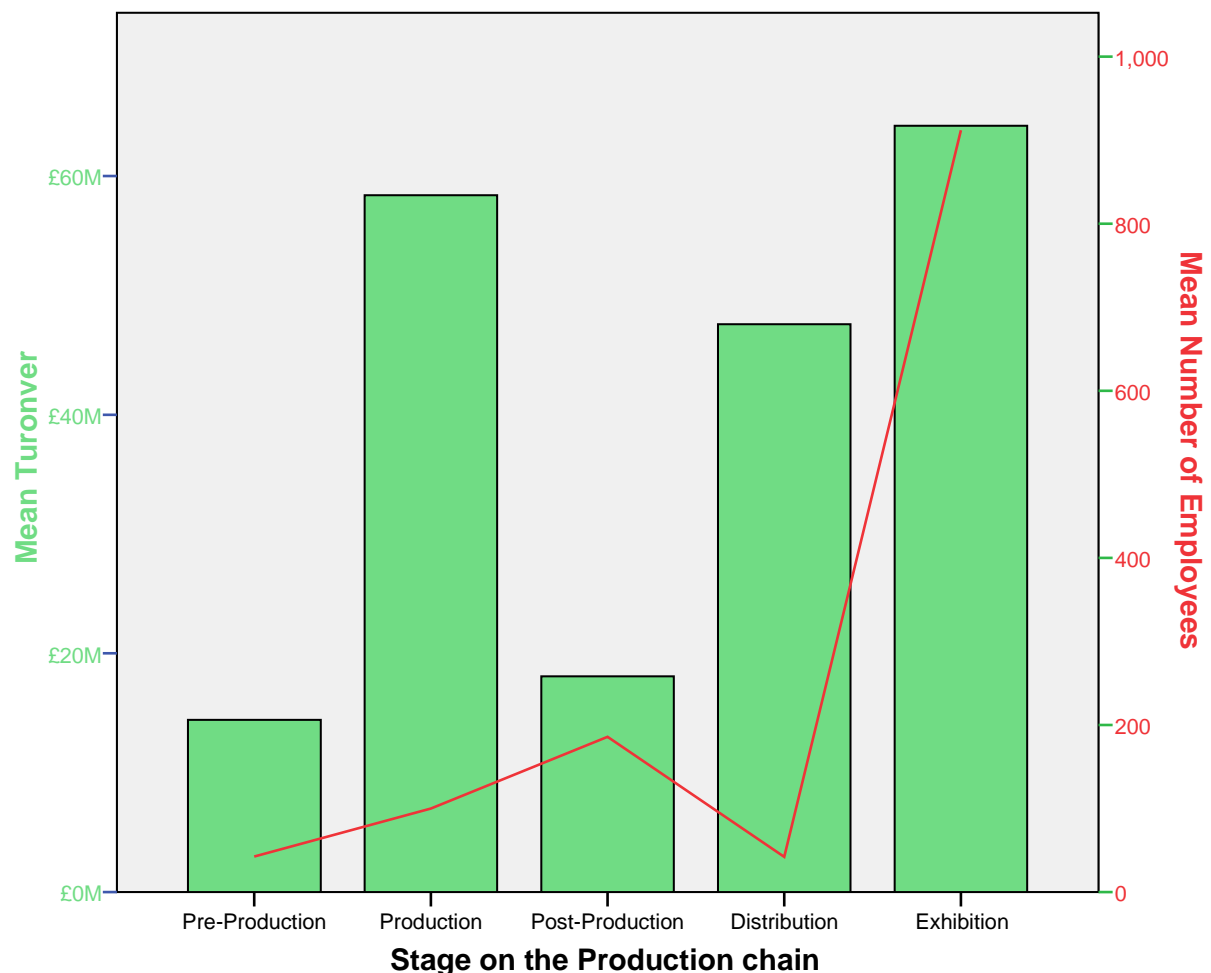


Figure 5.3: Company (sorted by category) by turnover and number of employees

The film and video industry can be said therefore to be in a healthy position, although this is mainly due to the presence of the large 'majors' having an operational capacity in London. These companies have their headquarters in the US (either Hollywood or New York), where they also have their studios and sound stages (and associated theme parks), which entails a much larger number of full-time staff. All 6 of the majors are represented in the top 100 by at least 1 of their subsidiary companies (there are a total of 9), but without them the **average turnover of the top 100 would decrease by 70%**. London is reliant on the economic impact of these companies, as they represent the overwhelming proportion of the turnover, yet if the employee numbers of these companies are removed from the dataset, **the total number employed in the top 100 falls from 25,318 to 23,328** – a fall of just under **8%**.

The majors therefore have a significant economic impact in the city, but employ relatively few people, providing further evidence that these companies are out-sourcing the vast majority of their production capabilities to freelancers or smaller independent production companies. It can therefore be argued that these firms are the financial 'powerhouses' of the industry in London, but the 'creativity' is found elsewhere by outsourcing, hence the large number of freelancers (see Chapter 4) and the large number of post-production houses located in London (indicated by the fact that the CIO database for film and video consists of 10,175 companies (see **Figure 3.1**).

6

Geographical Analysis

Much of the information related to the spatiality of London's film and video industry is condensed into annual statistical reports by various institutions – the most noteworthy being Film London's annual report⁸⁰ (the most recent to date being 2004 – 2006). In it, they suggest, "In 2005, there were 12,655 shooting days in London compared to 10,683 in 2004 and 9,729 in 2003 – a 30% increase in two years. The average number of crews shooting every day in the capital is 35".⁸¹ Also, these numbers are broken down into boroughs, with 2,231 days of filming taking place in Westminster in 2005, and 1,051 in the City of London. Lambeth, Camden and Southwark make up the top 5.

The London Assembly has also produced some reports regarding the geography of London's film industry, notably their report on London's cinema. The 'Picture Perfect?' report⁸² which outlines the relative geography of London's cinemas, highlighting the fact that London enjoys a high cinema per capita ratio, comparable with New York (but interestingly is well short of Paris). The report goes on to breakdown the cinema location into the West End and the 'Outer London' areas (neither of which is properly defined however). According to this report "*the West End has 35 cinemas; 8 are multiplexes and 21 show specialist films. Outer London has 60 cinemas; 35 are multiplexes and 17 show specialist films*". (p.6). Of particular interest is Appendix B (pp. 28-29), which maps the density of screens per 100,000 people and the location of the multiplexes and local cinemas. Unsurprisingly, there is a cluster around the West End, but Richmond and Croydon also have a noticeable small cluster of cinemas.

One of the most comprehensive reports on the sector is by the London Assembly. '*Film Friendly London*'⁸³ which provides an overview of filmmaking in London, includes specific details of how the city helps to support its filmmakers. It gives the example of Southwark's scheme of block-buying parking permits and selling them on to filmmakers to eradicate the problem of parking which was voiced by a number of filmmakers (pp. 8-9).

⁸⁰ Film London (2006) Film London Annual Report 2004-06. Available at www.filmlondon.org.uk.

⁸¹ Film London (2006) Film London Annual Report 2004-06. Available at www.filmlondon.org.uk, page 7.

⁸² London Assembly (2003) Picture perfect? A London Assembly report into the capital's cinemas. Available at <http://www.london.gov.uk>.

⁸³ London Assembly (2006) Film Friendly London. Available at www.london.gov.uk/assembly/reports/econsd/film-making.pdf

Prior research described above, in conjunction with **Map 6.1** produced using CIO data, shows how strongly clustered the film industry is around Soho and the West End. As such, the clustering in the film industry is the most defined of all the creative industries sub-sectors. This tendency suggests that this sector is especially sensitive to the advantages of physical proximity, which support high levels of networking, tacit knowledge and reliance on trust-based relations which proliferate in the sector.⁸⁴

If we look at London more generally (in **Map 6.2**), we can see just how centralised and clustered the top 100 companies are. Small clusters exist around Hammersmith in a more general way spill into the west of the city; a trend mirrored in the rest of the creative industries. However, in film, this geographic spillover is extremely limited due to the high-density levels in the Soho district. The high centrality of the film and video industry is supportive of a wider theoretical discussion concerned with communities of practice, knowledge-building and local buzz.⁸⁵ Physical proximity resulting in geographic clustering is particularly crucial to the film industry which relies on high levels of trust and sociability (both positive and negative) being present to do business. The proximity of firms to one another facilitates 'local buzz', increasing the levels of tacit knowledge through social meetings and serendipitous encounters.⁸⁶ The networks of production that these agglomerations represent create high levels of synergy and a creative milieu that not only creates a unique city environment conducive to filmmaking⁸⁷, but also has positive spillover effects into other creative industry sub-sectors.

⁸⁴ Gorenstaeva, G. (2008) The film and television industry in London's suburbs: lifestyle of the rich or losers' retreat? *The Creative Industries Journal*. 1(1): 47-71.

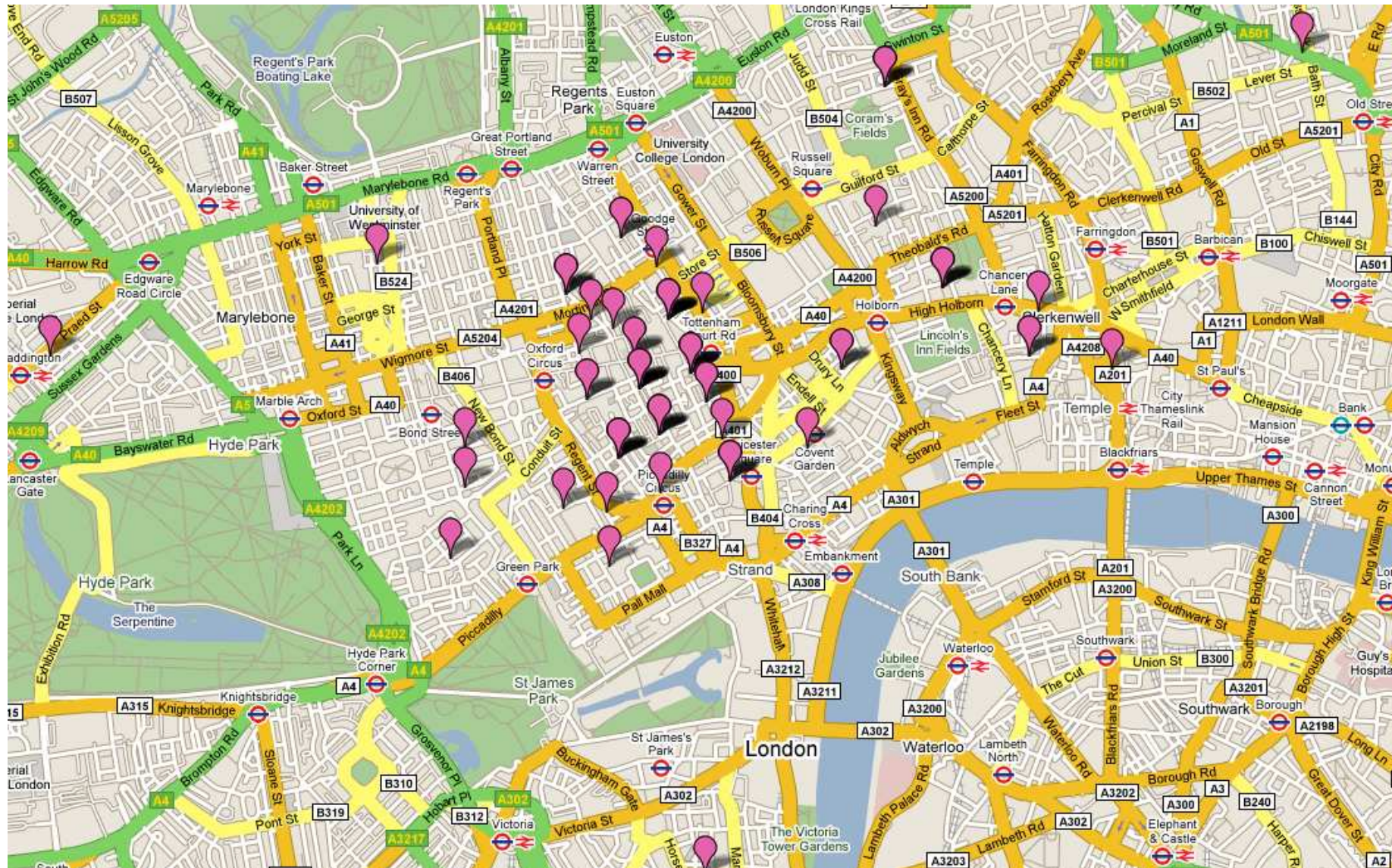
Scott, A. (2005) *On Hollywood: The Place, The Industry*. Princeton University Press, New York.

⁸⁵ Storper M & Venables A. (2004) Buzz: face-to-face contact and the urban economy. *Journal of Economic Geography*. 4: 351-370.

Bathelt H, Malmberg A and Maskall P. (2004) Clusters and Knowledge: Local Buzz, global pipelines and the process of knowledge creation. *Progress in Human Geography*. 28(1):31-56.

⁸⁶ Grabher G. (2004) Temporary Architectures of Learning: Knowledge Governance in Project Ecologies. *Organization Studies*. 25(9): 1491-1514.

⁸⁷ Pratt A & Gorenstaeva G. (2006) Digitisation and Face-to-Face Interactions: the Example of the Film Industry in London, *The International Journal of Technology, Knowledge and Society*, 1(3): 101-108.



Map 6.1 Soho cluster of Film Companies



Map 6.2: Top 100 film firms in London by borough

7

Film and video Networks in London

Social Network Analysis (SNA) is used in this report to analyse networks within the film and video sub-sector in order to explore specific aspects of the social relations and interactions that characterise this 'creative milieu'. In a complimentary report on the design sub-sector,⁸⁸ the CIO analysed inter-locking (management) boards to measure the degree of connectivity and overlap in the top levels of the sector's social networks.⁸⁹

In the current report we have chosen to analyse the relationships or networks between actors working on films shot in London between 2006 and 2007. Actors are at the heart of the filmmaking process and also essential to the subsequent selling and marketing of films (see **Figure 4.1**). Star names are often used to sell films and the role of the actor can be pivotal to the success of a film.⁹⁰ Each actor represents as an independent economic unit (usually represented by an agent) within the industry but actors can work on multiple films or creative project which result in the creative output (the film) in this sector.

As such, the network of films in which individual actors participate, can provide insight into the structure and dynamics of the sector as a whole. The relationship between films and actors provides an insight into the most productive 'stars' in London's industry, and exemplifies how the networks of the industry are structured and maintained. For the purposes of this analysis, to be considered a 'London-created' film, a film must be certified British under Schedule 1 of the British Films Act 1985.⁹¹ Also, we only consider actors who are UK born within each film. The data is taken from the UK film council and analyses the top 20 UK films for 2006 and 2007 (in terms of box office revenue), and all films (32 in number) created in London in 2007.

From this analysis we see that the London based film production data covers 290 actors working on 32 films and has a density figure of 3.45%, which is lower than the UK average density of 5.5% for 2007. This means that fewer actors are working on multiple films in our sample of London films than in the UK as a whole for either 2006 or 2007, suggesting that in London there is a greater choice of projects for the actor. Our analysis identified that there exist 6 components in the London based film production network, each represented by the different coloured dots (actors) in Figure 7.1 Each 'component' is identified as a 'whole set',

⁸⁸ CIO (2008) A report on the sub-sector of design in London. CIO, London, available at <http://www.creativeindustriesobservatory.com/index.asp?s=section§ionid=55>, accessed 1st August, 2008.

⁸⁹ CIO (2008) *A Report on the Top Design Businesses in London*. CIO, London.

⁹⁰ Austin T. (2002) *Hollywood, Hype and Audiences*. Manchester University Press, Manchester.

⁹¹ UK Film Council (2008) *Research and Statistics Bulletin Volume 5* (2).

i.e. not external links to other actors. Given the low-density score of 3.45%, it is surprising then that there is one main dominant component (all the red-dotted actors or 'nodes'). This means that the component consists of loose ties that bond it together, but strong enough so that at least 1 actor from each film works on another London-based production.

When the 'pendants' (defined as those nodes with only 1 connection to another node) are removed from the London network, the main component is apparent and the smaller additional components (around the films *Unmade beds*, *National Treasure of Secrets*, *Incendiary*, *Made of Honour*, *Hitman*) are isolated, suggesting that these films did not use many London-based actors. Within the main component the film *RocknRolla* can be seen as pivotal (see squared area in Figure 7.2). This is highlighted by the fact that so many of the most centralised actors (in terms of degree centrality) in the 2006 London based film production are associated with that film (see table below).

| Actor | Films worked on | URL for more info |
|------------------|--|---|
| Gemma Arterton | RocknRolla Three and Out St Trinians | http://www.imdb.com/name/nm2605345/ |
| Sean Pertwee | Goal Doomsday | http://www.imdb.com/name/nm0675730/ |
| Roland MaNookian | RocknRolla Rise of the foot soldier | http://www.rolandmanookian.com/ |
| Bronson Webb | RocknRolla Clubbed | http://www.imdb.com/name/nm0916037/ |
| Gary Lewis | Goal Three and Out | http://www.imdb.com/name/nm0507207/ |
| Karl Johnson | Is there anybody there The Edge of Love | http://www.imdb.com/name/nm0425490/ |
| Geoff Bell | RocknRolla Heavy | http://www.imdb.com/name/nm1052141/ |

Table 7.1: Highest Ranking Actors of degree centrality of actors appearing in London produced films

RocknRolla is the latest film to be directed by Guy Ritchie, one of London's (and the UK's) most recognised film directors. The films that he directs tend to have a wide appeal with actors, as well as a strong presence of indigenous actors. However, it is worth noting that while it is the film with the most London-based actors, the film is being distributed by Warner Brothers⁹², one of the six Hollywood 'major' production companies. This provides an example of the tendencies discussion in chapter 5, in that creative 'talent' is local (in this case, including the director), yet often, the financing for the creative product can be international and often from the US. The postproduction company for the film is Rushes Postproduction, located in Old Compton Street (just outside Soho).

⁹² <http://www.imdb.com/title/tt1032755/companycredits>, accessed 30th June, 2008.

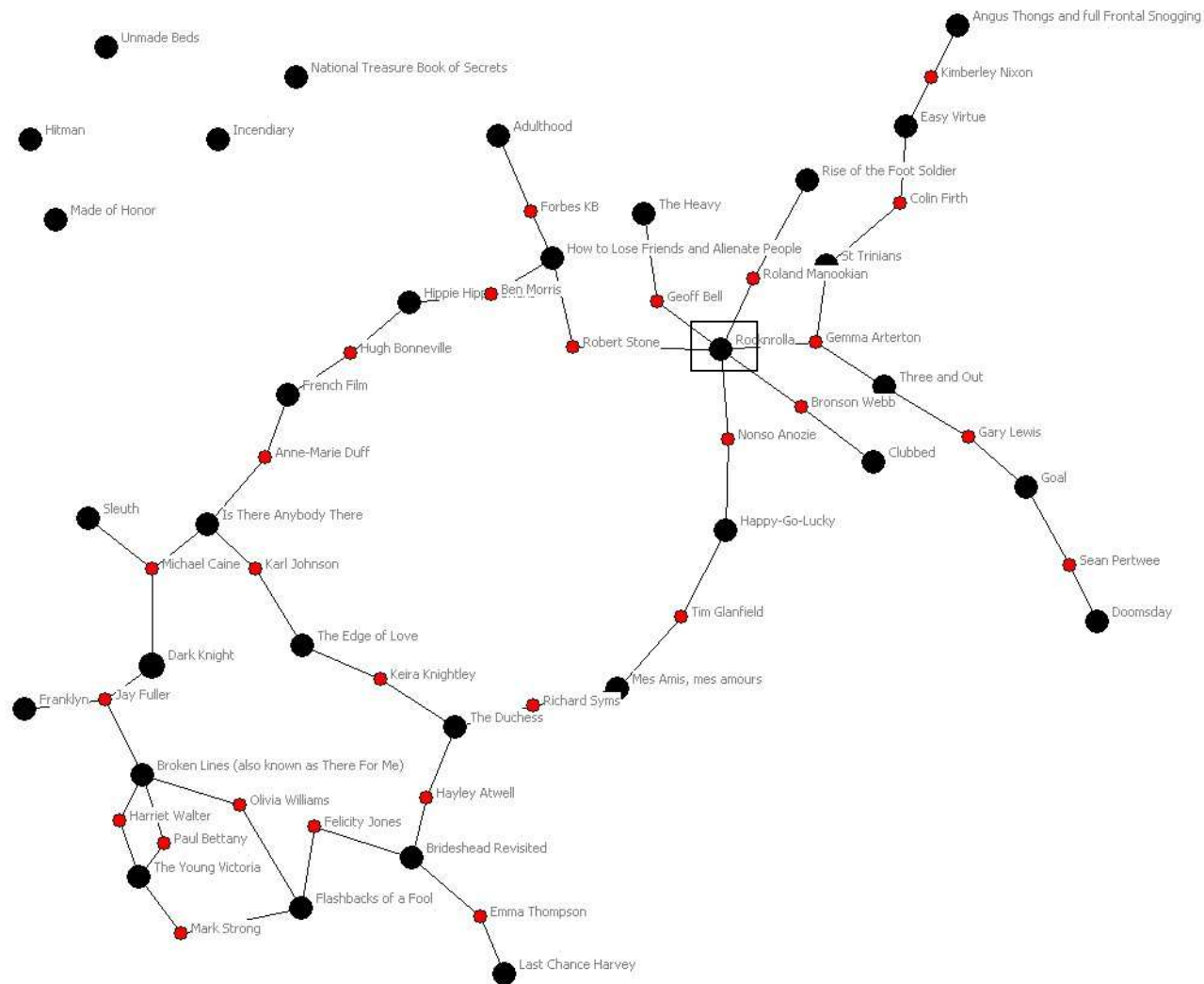


Figure 7.2: 2006 London Actor-to-Film Network diagram (with pendants – connections of 1 degree - removed)

8

Conclusions, Key Findings and Observations

The film and video subsector in London has a long and fascinating history of production, distribution and exhibition which is local as well as global in character and closely connected to Hollywood. What is noticeable in this history is the almost continuous public sector support and intervention that can be traced from the early 1900s to the current arrangements with British Film Institute, Film UK and Film London; all public bodies dedicated to the development and support of the UK film industry using public funds. It does seem that successive governments of differing political complexions have generally supported to a lesser or greater extent public sector intervention in the film industry, and continued public sector support by the licence fee for television broadcasting through the British Broadcasting Corporation (BBC). It could be argued that this history of public sector intervention is justified on economic, social and cultural grounds. There is no doubt that in the case of London film and video sub-sectors, production and exhibition activities continue to make a significant contribution to the economy, and form an integral part of the life of the city. They also provide an opportunity for exporting London culture and introducing London to the world through a global creative product.

The interaction with new technologies which established the film business in London in the early 20th century has continued with the emergence of on-demand digital terrestrial television and high definition formats replacing video recording mechanisms. Technological change therefore has been a noticeable stimulus and will no doubt continue to change/challenge the industry. Interestingly, terrestrial television, another subsector of the creative industries has had a noticeable interaction with the film and video subsector, both as a commissioner and exhibitor. The question to ask is whether the introduction of satellite digitalised television will stimulate a further expansion of the film production in London just as the terrestrial television outsourcing of content triggered a plethora of production companies in the 1980s. This could account for the rapid expansion of companies between 1980 and the 1990s. The exhibition of film has also undergone significant change with the introduction of multiplexes and the rapid expansion of the home entertainment market with example home cinema. This is likely to continue with the emerging Internet and web developments, which it is suggested, may democratise film production, distribution and exhibition.

Currently, there are a number of established firms in London (for example the 'majors') who rely on many freelancers and small companies (often temporary) to undertake the production.

Consequently, as is pointed out earlier in the report, London is dependent upon a small number of large key international firms. These companies employ very few people directly in their London operations, but generate the highest turnover.

On the other hand, the exhibition companies employ high levels of people directly as service providers, but their turnover is generally lower. The high level of dependency on a small number of large businesses and a vulnerability to policy changes in company headquarters outside the United Kingdom is a question that deserves further investigation. If on the other hand employment is a critical factor in London then the exhibition companies and their future is deserving of further analysis.

Another way of understanding the complex structures and interactions within the subsector is to consider the relationship between actors and films. In this report, there is an analysis of the relationship between actors and films, based on films shot in London between 2006 and 2007 and actors in those films. Apart from explaining the networks it provides an insight into the most productive home-grown 'stars' in London's industry. It begins to point in the direction which confirms the creative milieu concept, and the economic importance of actors who appear in more than one film generated in London.

Geographically, there is strong evidence in the report that film and video companies whether they are preproduction, production, or postproduction cluster in and around Soho. This, it is suggested, is because of the nature of the business which is predominantly transacted through social network interactions, often described as a creative milieu, or local buzz. This is no different to New York where there is also a significant cluster of film activity for the same reasons described in the 'Village' (the area south of 14th Street and north of Houston Street). What should not be underestimated is the importance of physical clustering, social interaction and the cultural climate for attracting business to locate in London as well as retaining the 'power players', namely the Hollywood majors. London's cultural ambience therefore is particularly important. It needs to be a place where high-powered internationally mobile professionals want to live, work, and play. It needs to be cosmopolitan and the physical cluster nurtured. London's film and video, distribution and exhibition economic activities are particularly important to the success of the creative industries as a whole.

Report Observations

London's film and video sub-sectors can be summed up by three words: Location, Location, Location. The film industry in London is an example of how in a world of global competition, trans-national organizations and international networks, the local economy and physical location still matters.

Local Talent

The success of London's film industry is dependent on its access to a range of high quality individuals, locally as well as globally. As a capital city, London arguably has one of the most highly skilled and best trained workforces of any film industry in the world⁹³ and the continued success of the film and video sub-sectors will depend on the continue training and re-stocking of this talent pool. This report shows how London has developed historically to nurture and provide such a local talent pool.

Observation 1: To remain globally competitive, London must continue to provide the best in education, opportunities for skilling, re-skilling and continuous training to individuals at the local level.

Intricate Networks

The networks of homegrown and international creative talent are supported by a range of economic actors across the film and video sub-sector's value chain. The richness and reach of London's network stem in part from the range of players that take part in the sub-sector's networks and the ties not only between creatives but their links with producers, financiers, sales agents and distributors, all of whom are concentrated in London. This interconnectivity makes the film and video network particularly strong and resilient in the face of global competition. We specifically analyse the social network of British actors taking part in films shot in London, but future research could analyse the network of relationship between the range of economic actors who all together support and make possible the creative product.

Observation 2: To remain globally competitive, London needs to build on the existing contribution of the full range of participants in the film and video sub-sector and continue to strengthen its social networks across them.

Globally Attractive

In spite of the continuing inequality at the senior levels of the sector's work force, which this report highlights, London as a city is heralded as a tolerant, multicultural highly diverse capital city with significant work opportunities for a range of people. Reflecting the city, London's film and video sub-sector must become equally attractive across genders and ethnic make-up to compete as a truly diverse and equal-opportunities employer.

⁹³ From conversations with Adrian Wootton, Film London and research and policy initiatives of Skillset

Observation 3: London should consider continuing to attract talent globally and compete as the location of choice through the richness of opportunities it provides. In order to attract the very best from around the world London must lead the way in attracting the most talented people from diverse backgrounds and work towards a gender-equal workforce.

Physical Proximity

The complex range of activities and institutions which constitute the unique cultural milieu which characterises London, continues to be magnet for talent internationally. As this report highlights, this is clearly visible in the dense clusters of film and video organizations found at the heart of city in Soho and spreading east. In spite of barriers to entry, such as property costs, and even with technological advances in virtual communications, large organizations in the film and video sub-sectors are still choosing to co-locate in close physical proximity to each other.

Observation 4: There needs to be a formal recognition of the tangible benefits of London physical co-location by public sector agencies with an interest in this field in the sector and opportunities for supporting such clustering should be created and encouraged.

Institutional support

London's film industry has historically been, and continues to be, supported by a range of important institutions. These play a central role in helping to create the right conditions for both individuals and organizations in the film and video sub-sector which allows it to thrive. Contrary to anecdotal beliefs that the creative industries are characterised by loosely coupled and fragmented groups of non-connected players, our analysis of the film and video sub-sector shows a network of powerful players which include both major international corporations as well as important public sector institutions. These institutions have a range of functions including representing the sub-sector's interests at the local and national levels, lobbying the government for favourable laws and conditions, identifying core strengths and weaknesses of the sector and raising its profile nationally and internationally.

Observation 5: There needs to be recognition of the role and contribution of leading institutions in supporting and shaping this creative sector. Key institutions should be supported and developed as important participants in the sector's social networks which underpins its competitiveness.

Exhibition/Consumption

As has been shown throughout this report, the exhibition component of the sub-sector is crucial to London as it employs a large number of people and is a major financial contributor. The flagship cinemas in Leicester Square (and around the rest of central London) act as key attractions for not only tourists to London, but also as major centres for premiers and other spectacles for the film industry. The increase of home cinema technology (widescreen televisions, in-home cinemas and high-definition technology) has seen increased sales of DVDs and high-definition formats (HD-DVD and BlueRay discs).

Observation 7: London, as one of the most important global cities has a key cinema-going demographic (from indigenous populations and tourists) and therefore a large demand-base for the exhibition and consumption of film and video. This consumption base is particularly important to film and video producers. As a consequence the flagship nature of London's cinema should be encouraged and appropriate support given to the exhibition companies as they provide a significant proportion of the employability and profit within the sub-sector in London.

Large and Small

Significant prior research has focussed on the role of individuals, freelancers and temporary organizational arrangements and indeed the film and video sub-sector, like much of the creative industries, rely heavily on such arrangements. However, in this report we have also chosen to analyse and highlight to role of the largest companies in the sector. These firms are the largest in terms of turnover, have international reach and produce globally recognisable creative products. This in turn makes London of international significance to the sub-sector, focuses attention on the city and attracts investment and people. Large companies can also act as a magnet for smaller firms and individuals that cluster around these major international players. Our analysis of the top firms highlights the UK as a leading consumer as well as producer of creative products where the large players have an important stake throughout the sub-sector's value chain – from origination and creation, to post-production, as well as distribution of the creative product for mass consumption. A highly networked, interlinked and symbiotic relationship between large and small players in the market is characteristic of the film and video sub-sectors in London.

Observation 6: London's competitive advantage lies not only in the plethora of specialist and small-scale players but in the pull of large multinational enterprises which have a stake throughout the sector's value chain. As a city London needs to be able to attract, support and retain this range of small and large players to guarantee the ongoing success of the sector as a whole.

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