Professional and industrial impacts of TIFF

TIFF

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OLSBERG • SPI

Presentation Contents

Introduction

- This document presents the findings of Olsberg•SPI's analysis of the Toronto International Film Festival ("TIFF" or the "Festival")
- It follows a period of research which has included detailed analysis of a range of documents provided by the Festival, and 23 consultations with consultees from around the world
- This document will cover:
  - Professional attendance at the Festival;
  - Sales and financing transactions conducted at TIFF; and
  - The impact of TIFF on the Canadian and Ontario film sectors.

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2. **Professional Attendees at TIFF**
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4. TIFF's role in Industrial Development

Professional Attendees at TIFF

- TIFF hosts a variety of film business activity, attracting filmmakers, financiers, and distributors from around the world to meet the North American sector and each other
- This section of the report analyses this audience, identifying:
- Who attends TIFF, from where, and in what numbers
- Why they choose to come to Toronto, and,
- What role they take at the Festival

Professional Attendees at TIFF

- Data provided by the Festival, and analysed by SPI, shows that over the past five years, attendance at TIFF has grown 1.9% per year
- In 2014, 5,139 professionals from around the world attended TIFF, with 5,535 individuals from 87 countries attending in 2018
- This reflects the increasingly global role the Festival has taken, with a majority of consultees noting that it ranks in the top five global film festivals
- Exactly where it ranked depended on the origin of the professional – Europeans tended to place it alongside Venice, whereas US and Canadian consultees felt it was equivalent to Sundance or the AFM

5,535

Attendees in 2018

1.9%

Annual growth in attendance

Professional Attendees at TIFF

- All noted that it ranked third behind Berlin and Cannes though, although there was a general agreement that it was professionally vital to attend
- This reflects the value which the Festival has for sales and business development, and the increasing role which the market places on it as a launchpad for films looking to achieve an award nomination

87

Separate nationalities attending

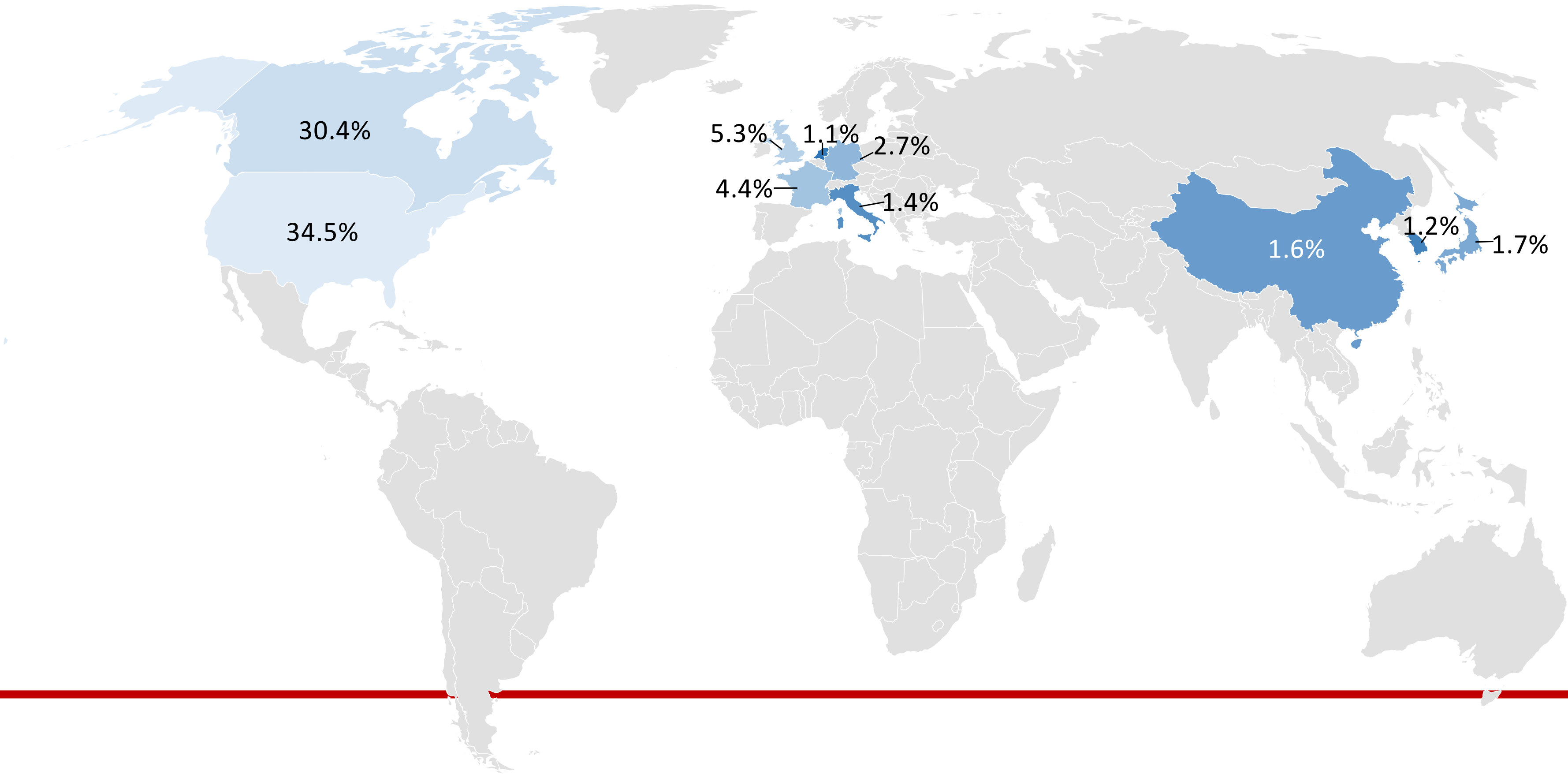
Origin of Professional Attendees

- While the attendees at the 2018 Festival came from 87 separate countries, the vast majority of those attending TIFF come from a relatively small group of nations
- The USA and Canada are by far the largest providers of professional attendees, and collectively provided almost 2/3 of the total in the past 5 years
- In both cases, the number of attendees from these markets has been growing fast over the period, reflecting the increasing importance of TIFF in the North American film market
- Attendance from the US has grown at an annualised rate of 3.7%, from 1,704 in 2014 to 1,974 in 2018
- Canada has also grown fast, at 5.1% Compound Annual Growth Rate (CAGR), to 1,708 in 2018

Origin of Professional Attendees

- The remainder of the top ten come from a range of other major territories in Europe and Asia, which provided 22.7% and 6.2% of total attendees over the last five years
- Latin America (2.3%), Africa (1.3%), Australasia (1.2%), Middle East (0.9%) and Central America (inc. Caribbean, 0.5%) were the origin of the remaining attendees

Origin of Professional Attendees



Origin of Professional Attendees

- International participants attending TIFF valued it as a location for a range of reasons, which depended on the specific role they had in the sector, and the point of production they were presently at
- For those financing films, TIFF was seen as a key location for putting funding together, either through launching a funding drive, or pre-selling the critical North American market
- This importance was also seen in distribution, where stakeholders saw selling a completed product into North America as a cornerstone for a wider successful sales push
- Launching films into general release at TIFF was also key – it is now seen as a critical place to launch for an awards push

Origin of Professional Attendees

- This reflects the place that the Festival has in the global film market, as well as the special position of the audience in Toronto, whose response was widely seen as a proxy for how a film would land on release
- A key focus for most international attendees was the US rather than Canada – TIFF is seen as a key gateway in this regard, facilitated by the friendly and open approach of its Canadian management

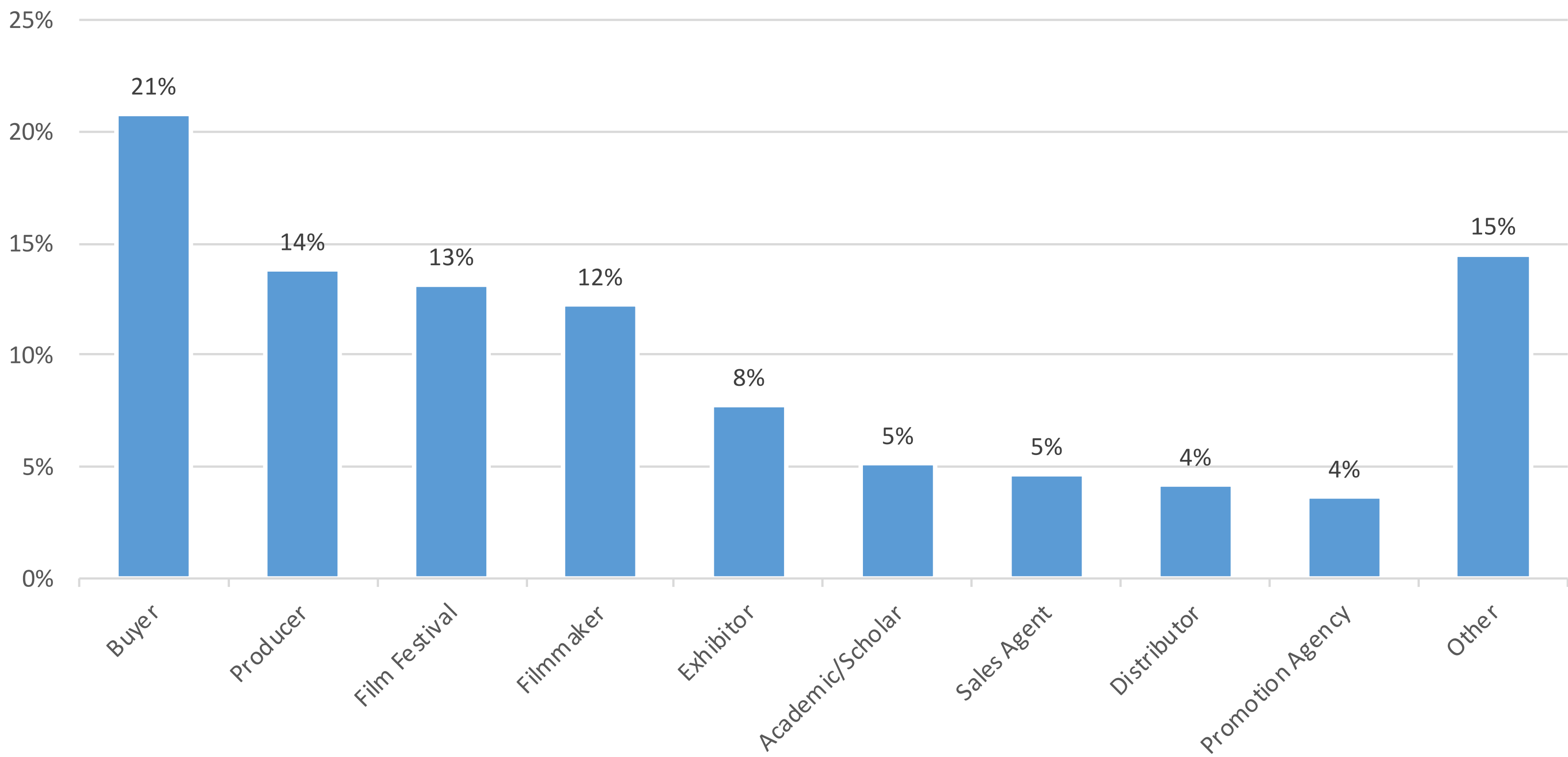
Primary Role of Participants at the Festival

- In order to assess the role which individuals took at the Festival, we used the results of the post-TIFF industry survey, which is sent to all participants
- While this is less comprehensive than the registration data also provided, it asks people only their primary role, and as such is more appropriate than the multiple roles some registration data carries
- At a 10.2% average response rate for this question, these data are also statistically significant for the purposes of this Study
- These data show that 21% of those registering for the industry component of the Festival were buyers – this is unsurprising given the importance of TIFF as a location for transactions

Primary Role of Participants at the Festival

- Distributors in both Europe and North America noted frequently that the market is a key location for the identification and acquisition of content from US indie producers, a role which we explore in chapter 3
- The next most frequent role taken at the festival was Producers, followed by Film Festivals, other Filmmakers, and Exhibitors
- "Other" attendees, ranging from film funds to cineastes, made up 9% of total attendees

Primary Capacity at the Festival



26%

Attendees are producers or filmmakers

57%

Share of professional attendees in production, acquisition or exhibition

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Transactions Conducted at TIFF

- The chapter above outlines that the financing and sales of films represent a key factor in why people come to TIFF; this one will assess the nature of those transactions
- In doing this, it will cover:
- What rights buyers are seeking at the festival, and how these have changed
- What genres distributors are looking to acquire
- The genres producers and sales agents are offering to buyers
- How sales of films in the official selection have grown in recent years, and where these titles come from
- The increasing scale of sales outside the official selection, and
- Other transactions occurring in TIFF

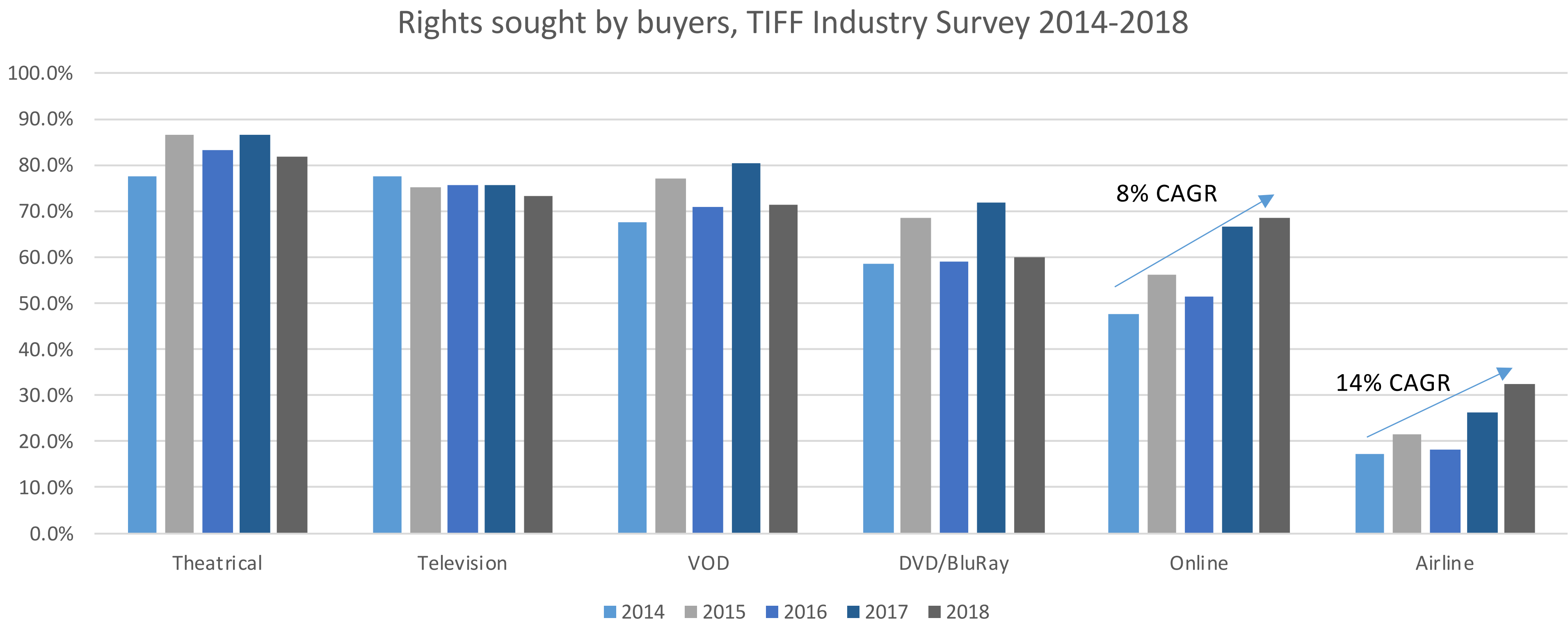
Rights Buyers are Seeking

- Consultations with buyers suggest that, in most cases, distributors are continuing to seek rights across the board
- This reflects the fact that, whereas theatrical is in general a decreasing component of return on these investments, for the quality productions which TIFF shows, theatrical can still play a key role
- Even where this doesn't happen, advertising and launching a theatrical release remains a key part of a P&A strategy, generating interest which can lead to returns in downstream windows
- Analysis of this data from the industry survey underlines this, with an average of 83% of respondents over a five-year period stating a preference for theatrical rights

Rights Buyers are Seeking

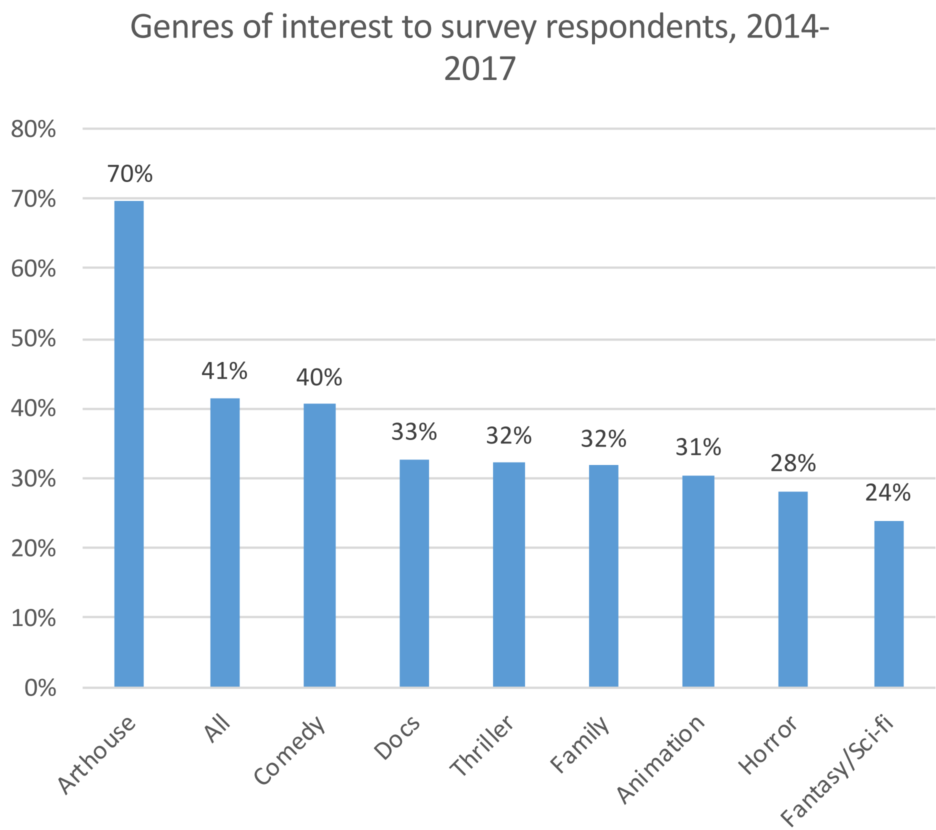
- 76% were looking for TV rights, and 73% for VoD, suggesting that these combine as the key windows to access; DVD/BluRay was lower, averaging 64%, but remains an important part of the mix
- Strong growth was seen in two areas – airline rights were up from 17.2% in 2014 to 32.7% in 2018, and non-VoD online[1] was also up strongly, from 47.5% to 68.4%, though it is not clear from consultations what is driving this change

Rights Buyers are Seeking



Genres Buyers are Seeking

- Consultations with buyers attending TIFF suggest there is no specific genre preference – most are looking for high-quality, independent films which fit within their broader slate
- This may be focused on US indies for European distributors, or European or other international content for those in North America
- This is underlined by the survey responses, which placed ‘arthouse’ content as being of by far the greatest interest to industry attendees



Genres Producers and Sales Agents are Offering

- Given the role which TIFF takes in the wider film industry calendar, the impression from producers and sales agents is that there isn't a specific genre or form of content which tends to be on offer
- Those productions in the awards selection tend towards high-quality independent or studio productions, in particular those which are looking to start seeing awards
- These might tend towards the arthouse or drama end of the industry, but will also include areas such as documentary, or crowd-pleasing and family films
- Pre-sales or other financing of content also occurs around the fringes of the festival, though once again this isn't genre focused, and tends to coalesce around productions at the right stage of financing
- Producers and other stakeholders note that one of the current challenges of selling at TIFF is the difficulty that they face in trying to get a focus on smaller-scale projects

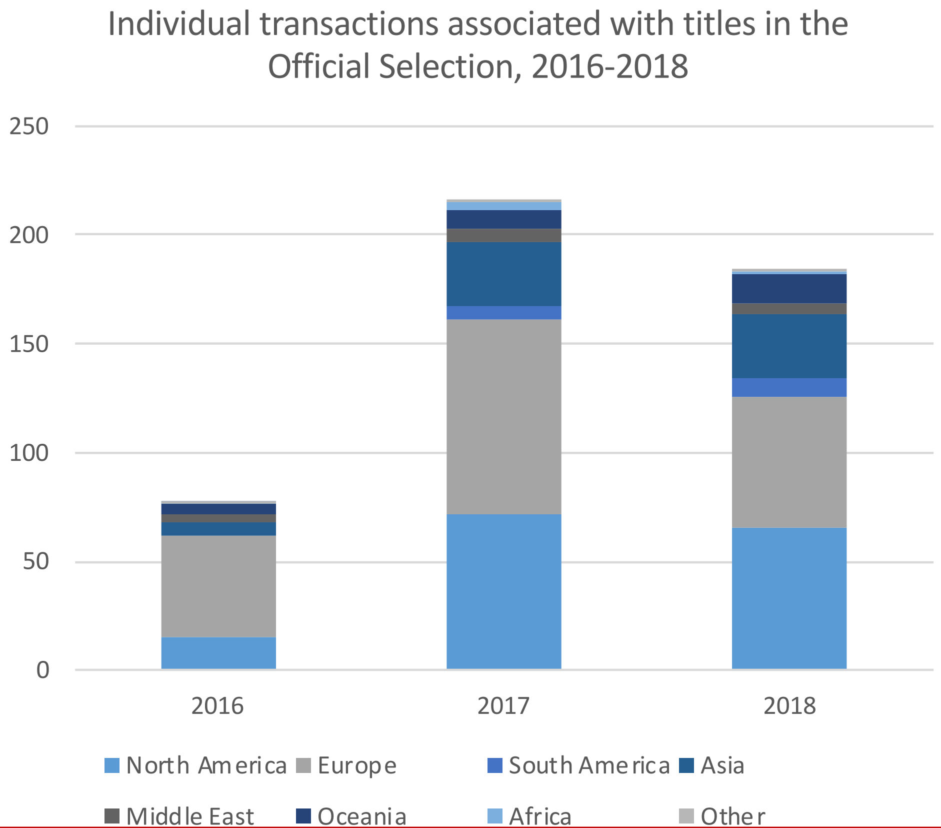
Sales of films in the Official Selection

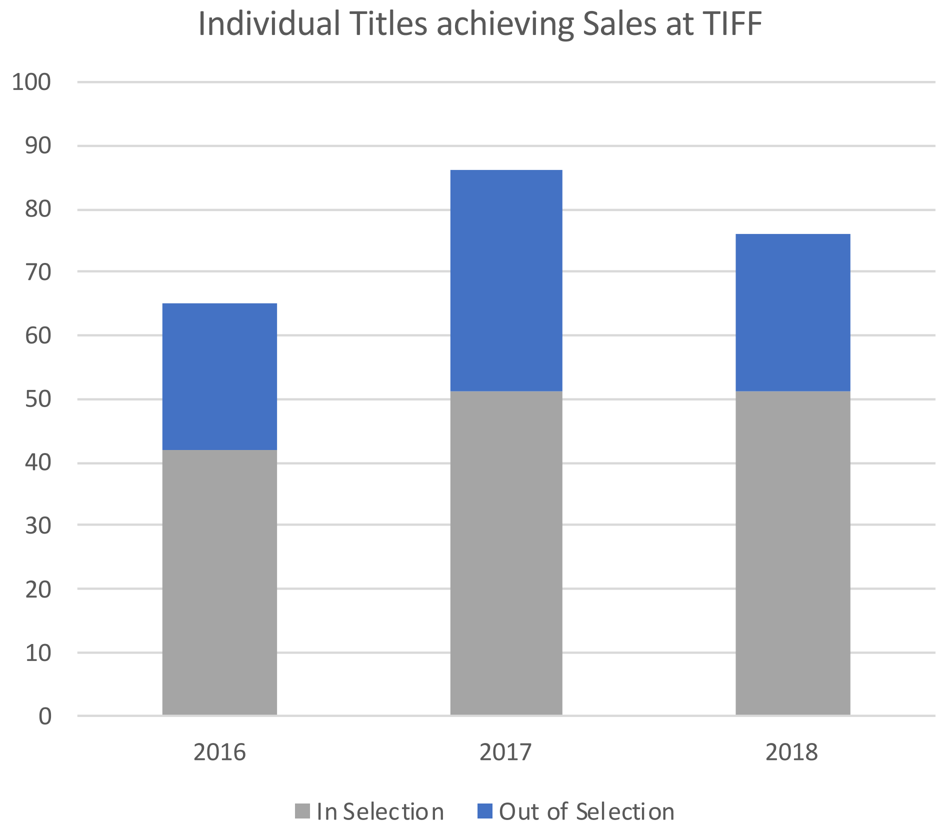
- Sales of films in the official selection have grown strongly between 2016 and 2018, the three years for which we have data, focusing on where TIFF has enabled the transaction
- In 2016, 42 films in the official selection were acquired by distributors from around the world – 78 separate territorial acquisitions were recorded against these titles, with the majority being acquired in Europe and North America
- While the number of titles sold grew marginally in 2017 and 2018 – to 51 in each year, the total sales associated with those titles grew dramatically
- 217 separate transactions were recorded against titles sold at TIFF in 2017, with these sales representing a wide range of global territories

Sales of films in the Official Selection

- Europe once again led (89 transactions), followed by North America (72) and Asia (30); although Latin America had comparatively few transactions (6), many of these represented whole-of-region sales, and likely led to wider releases
- Sales fell marginally in 2018, with 185 total transactions associated with titles in the official selection
- This underlined the views of consultees that the importance of TIFF for selling productions has increased in recent years, despite the difficulty some noted in attracting attention for their projects

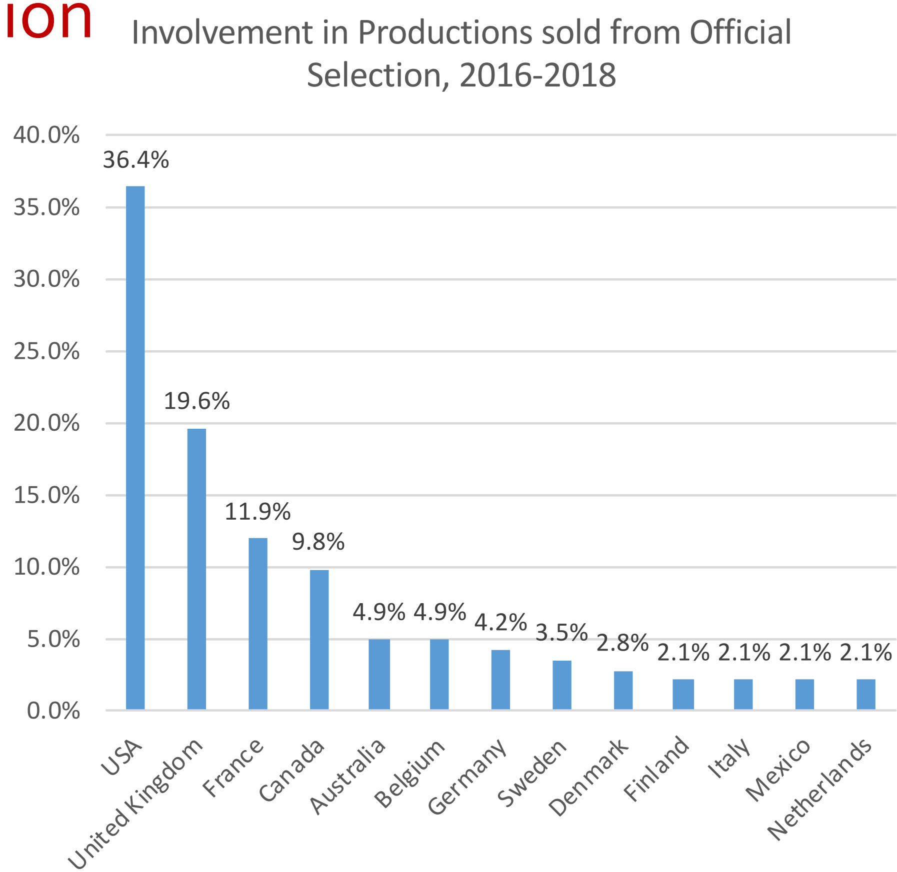
Sales of films in the Official Selection





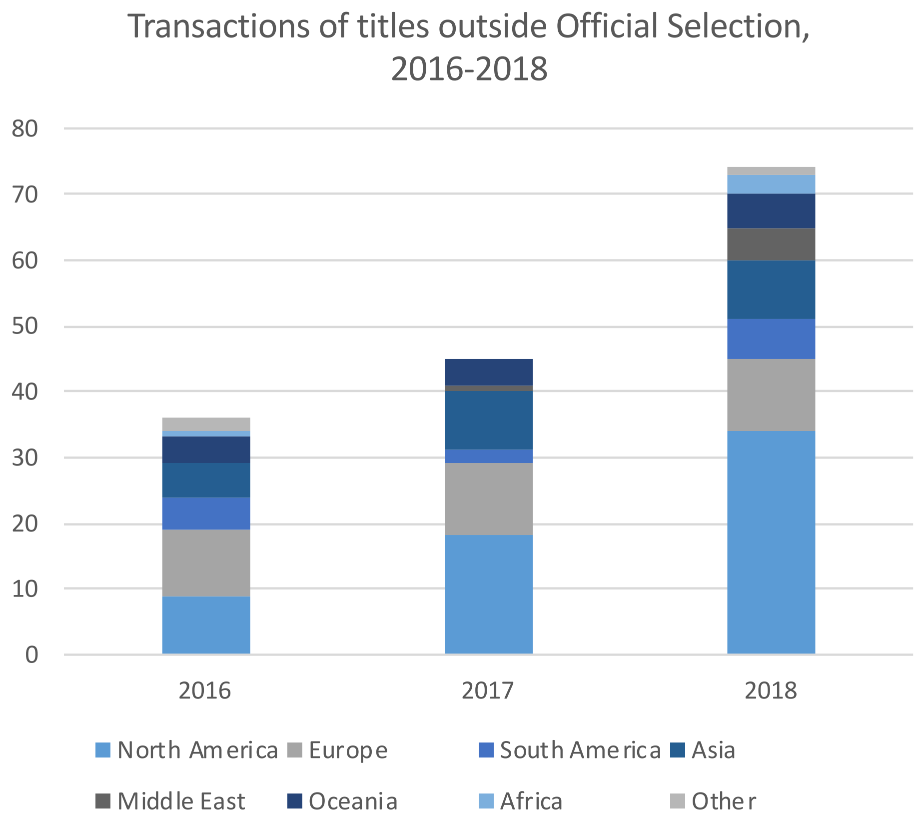
Sales of films in the Official Selection

- In general, buyers stated that they were looking to acquire content from US indie producers
- Reflecting this, we find that over 1/3 of productions sold at TIFF had US involvement
- The UK, France, and Canada also rank strongly, followed by a range of smaller, predominantly European countries
- While Canada ranks lower than its 15.5% share of involvement in titles in the selection, we note that it would be highly unlikely for any Canadian title not to have Canadian distribution coming into TIFF, so the share of titles to be sold is consequently lower



Sales of films outside the Official Selection

- Alongside sales in the Official Selection, titles outside of the official selection have also achieved stronger sales figures in recent years
- The number of individual titles sold increased from 23 in 2016 to 35 in 2017, before falling to 25 in 2018
- 36 total sales were associated with these titles in 2016, increasing to 45 in 2017 and 74 in 2018
- This also underlines the importance of TIFF for sales of content, with a particular focus on the North American market
- Comments from stakeholders strongly suggest that many of these sales follow success in European festivals such as Cannes or Venice, with the title then brought to TIFF to seal the deal



Production finance, attachments, and other transactions

- TIFF is a place where the industry undertakes a number of transactions, given its convenient place in the calendar, and the range of North American stakeholders who attend
- Producers from around the world use it as a location to launch a project for sales, finalise pre-sales, or close finance
- Producers often do this for a large film, where TIFF aligns with financing timescale, or for a quality production where the right people are present

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TIFF's Role in Industrial Development

- Alongside the transactional benefits which TIFF has generated for Canadian and international participants, it has also played a key role in the development of the Canadian film sector, and the international recognition of Ontario as a production destination
- This chapter will assess this impact, identifying
- Previous and current impacts from TIFF on the Canadian film industry
- Specific impacts of TIFF for Ontario, and,
- High-level case studies of success, with a mixture of Canadian and international content identified

Impact on the Canadian Film Sector

- There are significant benefits to the Canadian sector accruing from TIFF – it provides a key meeting point between them and the international industry, relating to co-productions, co-financing, and other co-working
- The co-production forum is highly regarded by the sector, with international stakeholders finding it an effective way into the North American market
- The Festival has also historically provided a key location from which to launch Canadian content into the international market, though as the festival has grown, this has created challenges and complexities for the Canadian market
- For Canadian holders of IP, the Festival is now seen as something of a challenge – it is indispensable, and provides a significant opportunity for success if a film lands well

Impact on the Canadian Film Sector

- On the other hand, it can create complexities in onward success, particularly if the film doesn't land as well as hoped
- This is not a simple problem to solve – many film festivals are facing the same challenges as the theatrical window becomes less lucrative, but given the strength of the audience for TIFF, this challenge has a major impact in the Canadian sector
- Overall, the challenge for Canadian productions has increased as the festival has become more international
- Profile can be very difficult to achieve for Canadian content, and there's a perception from parts of the market that productions only get selected as they're on 'home territory'

Impact on the Canadian Film Sector

- This being said, it is recognised that TIFF is in an invidious position as a result of its success, and there is significant pride in hosting the Festival in the city
- There is also a recognition that many challenges which TIFF is currently facing are not under its control
- Some of these policy challenges are at the Federal level, which TIFF cannot be expected to solve
- Similarly, the global challenges in the theatrical sector are recognised as being beyond the control of the Festival
- Taken as a whole, the impression that we have been given is that, while there are major challenges, overall TIFF has had a positive impact on the Canadian film sector

Impact on the Ontario Film Sector

- TIFF is universally felt to have played an important role in the development of Toronto/Ontario as a film production location
- This has grown on the back of familiarity with the city that the Festival generated in the wider film sector, which has intersected with other policy (i.e., the Tax Credits) to help Toronto place in the top five North American production locations
- It provides a calling-card for the city in LA, to help attract US footloose productions, and also helps position the local creative film industry to co-develop and co-produce international content
- This role was cited by a number of major international producers, who noted that they had filmed in Toronto following the introduction given by the Festival, and the confidence which this helped to develop in the city as a film location

Impact on the Ontario Film Sector

- The Festival is also core for the branding of the city as a film hub, as it links the city inherently with the film sector
- This being said, there is a perception that the Festival could do more in some ways – as a trusted brand, it is felt it could provide a year-round industry focus, building on the existing range of events to assist in the attraction of new workers, and the development of skills in conjunction with other stakeholders

Success Stories

- Through our consultations and desk research, we have identified a number of possible case studies for discussion and agreement, which represent different facets of the value TIFF offers to the industry and consumers
- *Maudie* – Canadian feature, had some pre-sales coming off Telluride, but strong audience reaction at TIFF led to worldwide sales
- *Slumdog Millionaire* – strong reaction from TIFF audience led to wider release (not guaranteed at that point), and eventual Oscar-winning run
- *Falls Around Her* – indigenous Canadian feature, which placed Tantoo Cardinal in a leading role, helping to reinvigorate her career, and a strong example of a Canadian indigenous feature gaining good traction

Success Stories

- *Lion* – played well, but re-edited following audience response at TIFF, leading to stronger public reaction in general release
- *Sweet Country* – production by indigenous Australian filmmaker Warwick Thompson, played strongly, with TIFF promoting both the film and Warwick's indigenous heritage
- *Angry Indian Goddesses* – strong audience reaction both within Indian community in Toronto and wider public, finishing second in people's choice category

Thank you

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