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REPORT

State of European Film

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An overview of key industry trends, insights, and policy recommendations for the European Film and Audiovisual industry

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Co-Authors

STEN-KRISTIAN SALUVEER
Sten-Kristian Saluveer is a media and technology expert, producer, strategist, and entrepreneur based in Europe and Japan. He has pioneered co-productions with South Korea and Estonia, created the first genre film festival (HOFF) in Estonia, co-developed the future strategy for European Film and Media, established media innovation hub (Storytek), managed multi-million dollar innovation projects, and served as Strategist in Residence for the Estonian government. Currently, he is the Strategic Advisor and head of the innovation track at Marche Du Film of the Festival de Cannes and Chief Curator of the European Virtual Production Summit. Sten mentors professionals globally and is a frequent speaker at top festivals and conferences on the future of storytelling and technology.

MANUEL JOSÉ DAMÁSIO
Manuel José Damásio holds a Ph.D. in Media Studies (Universidade Nova de Lisboa) and did his aggregation also in communication at Minho University. He is an Associate Professor and the Head of the Film and Media Arts Department at Lusófona University, in Lisbon. He holds vast experience in consulting and production in several areas of the field of audiovisual and multimedia production.

INDREK IBRUS
Indrek Ibrus is Associate Professor of Media Innovation at Tallinn University's (TLU) Baltic Film, Media and Arts School (BFM), Estonia. He curates also BFM's doctoral program. His research interests include media innovation, decentralization in media markets, emergence of contemporary metadata formats for audiovisual culture, studying the evolution of audiovisual markets by the means of data analytics. He has published on mobile media, media innovation/evolution, metadata evolution, trans-media and cross-media production. He is currently principal investigator in the Estonian governmentfunded research project "Public Value of Open Cultural Data". He has been a co-editor (together with Carlos A. Scolari) of Crossmedia Innovations (Peter Lang, 2012), editor of Emergence of Cross-Innovation Systems (Emerald, 2019) and co-author (with John Hartley and Maarja Ojamaa) of On the Digital Semiosphere (Bloomsbury, 2020).

IVANA KOSTOVSKA
Ivana Kostovska is a researcher in film and TV economics at imec-SMITVUB. Her current research focuses on understanding the changes in the European film and television industries driven by the rise of global streamers, with an emphasis on shifts in policies and commissioning practices. At SMITVUB, she is involved in contract research for various stakeholders, including the European Commission. As part of the CresCine project, Ivana leads tasks and contributes to comparative analyses of film exports, co-productions, distribution, and commissioning practices by global streamers, film sales markets, as well as film and AV policy.

MARIUS ØFSTI
Postdoc, Department of Media and Journalism Studies, Aarhus University Marius is attached to the Europa Horizon project 'CresCine'. His main research interests are film and cultural industries and in particular questions about distribution and availability. His doctoral thesis 'Norway after Netflix: Local strategies in a global movie market' was published in 2023. He has also published several articles on Norwegian film distributors, their historical development and role in the Norwegian industry as well as their responses to Covid-19 and the digitization of cinemas and home entertainment. In collaboration with Kim Tallerås (Oslomet) and Terje Colbjørnsen (BI) he has also developed and published on the concept of contingent availability.

PAUL HAMMOUD
Paul Hammoud is a Researcher at imec-SMIT, Vrije Universiteit Brussel, on Film distribution and policy in European markets. He is currently working on CresCine's project on increasing the international competitiveness of the film industry in small European markets (Horizon Europe, 2023-2026), in collaboration with professionals from the film industry and researchers from other universities in Europe.

HERITIANA RANAIVOSON
Dr. Heritiana Ranaivoson is a Senior Researcher and Project Leader at imecSMIT-Vrije Universiteit Brussel (Belgium) in the Media Economic & Policy Unit. He studied Economics and Management at Ecole Normale Supérieure de Cachan (ENS Cachan) and got a PhD in Economics (Université Paris 1, Panthéon-Sorbonne). His thesis dealt with « Market structure and diversity of production. The case of

the recording industry ».From 2008 to 2010 he was an associate researcher at Cerna, the Centre for Industrial Economics at Mines ParisTech. He is part of the U40-Capacity Building Programme „Cultural Diversity 2030“. He has been a visiting lecturer at several universities in France and Belgium.

MARTA MATERSKA-SAMEK

The Assistant Professor at the Department of Management, Media Economics and Advertising of the Jagiellonian University, researcher and experienced manager of research and development projects, an expert in the film and media industry, who has authored expert opinions and publications in the field of cultural and creative industries, pro-innovation policies and financing the development of the creative sector.

TATIANA CHERVYAKOVA

Born in Siberia, in 1997, graduated from Moscow State University (faculty of journalism, political journalism, and media business majors), had the experience of working in Open Russia and Anti-corruption foundation, obtained a Master in Communication degree in Università della Svizzera Italiana, Lugano, Switzerland.

POSSIDÓNIO CACHAPA

Author of several novels, short stories, and novellas, among which stand out Nylon da Minha Aldeia (1997), adapted to the cinema, and Materna Doçura (1998), besides several short stories, chronicles, children's books, and plays. Among other films, he directed Adeus à Brisa, about the life and work of another writer, Urbano Tavares Rodrigues. His work has been translated into several countries and is the subject of international university theses and adaptations to various artistic genres.

MAŁGORZATA KOTLIŃSKA

Researcher and author of scientific articles in the field of quality science as well as film arts. Laureate awarded by the source for academic degrees of the University of Lodz and the jury of the Project Master competition (2019) for the doctoral dissertation Contemporary Methods of Managing a Film Project. Currently, the author's monograph devoted to the issue of Agile in film and a co-authored book publication on the method of film research for children is being discussed.

CATHRIN BENGESSER

Cathrin Bengesser, Assistant Professor for Digital Media Industries at Aarhus University, focuses on the European streaming and film market, transnational audiences, and European media policy. She leads the AUFF-funded project "EUVoD" (2021-24), analyzing the shift from broadcast to VoD in Europe, and participates in the Horizon Europe project "Crescine" (2023-26), aimed at enhancing the competitiveness of film industries in smaller markets. Bengesser also contributed to a study on European production companies for the EC's Directorate-General. Additionally, she is the co-director of Aarhus University's Centre for Transnational Media Research and chairs ECREA's Television Section.

JUDITH PERNIN

Judith Pernin's background is in Chinese Studies and Film studies. She holds a Ph.D. in History and Civilization from the School of Advanced Studies in the Social Sciences (EHESS, Paris) on Chinese independent documentaries (1990-2010). Based in Hong Kong, China, and Taiwan for over a decade, she has written extensively on documentary films, protests, and festivals from the region.

JAKA PRIMORAC

Jaka Primorac is a Scientific Adviser at the Department for Culture and Communication, Institute for Development and International Relations (IRMO), Zagreb, Croatia. She holds a PhD (2010) in Sociology from the Faculty of Humanities and Social Sciences, University of Zagreb, Croatia.

R. JULIUS TALVIK

Working with start-ups, Fortune 500 clients and international governments alike, Julius has been awarded for his work by both the industry and his peers, nationally and internationally, and continues to actively participate in mentoring accelerators and advising the fin-tech, restaurant & retail, and CPG startup communities.

RITA GRACIO

Rita Grácio holds a PhD in Sociology from the University of Exeter (UK), and an MA and BA in Sociology from the University of Coimbra (Portugal). She is an Assistant Professor at Lusófona University, teaching Organisational Behaviour, Organisational

Communication, and Skills Management, at the undergraduate and master's level.

JOSÉ CARLOS NEVES
José Carlos Neves has in the physical interface and interactive art his main focus of research, subjects he follows on his artistic work and post-graduation studies: he accomplishes a PHD in Communication Studies and a Master in Multimedia Communication Systems with dissertations on those frame studies.

STEN KAUBER
Sten Kauber, a junior research fellow at MEDIT and a doctoral student at the Baltic Film, Media, and Arts School (BFM), Tallinn University, delves into the dynamics of film audience practices in Estonia through his PhD project. With an MA from the University of Helsinki, his research focuses on the relationship between film consumption patterns and industry strategies, including imagined affordances and audience practices. Sten contributes to the field as a prolific film reviewer for Estonia's major media outlets, assistant editor of the Baltic Screen Media Review, and a member of ECREA and the Estonian Association of Film Journalists, showcasing a dedicated engagement with audience research and media studies.

CLAUDILENE PERIM
Claudilene Perim is a Communication Sciences PhD student at the University Lusófona, building upon her extensive research experience gained during her Master's degree in Science and Health Education at the Federal University of Rio de Janeiro, Brazil. Her master's thesis focused on the application of games and other interactive and participatory methodologies, combined with information and communication technologies, to promote health education

ULRIKE ROHN
Ulrike Rohn is a Professor of Media Management and Economics at Tallinn University, Estonia, where she works at the Baltic Film, Media and Arts School (BFM) and where she co-leads the Centre of Excellence in Media Innovation and Digital Culture (MEDIT). She works on managerial decision-making in the media, on audiovisual industry and market characteristics, as well as on entrepreneurship.

RŪTA KIAUPAITĖ
Rūta Kiaupaitė holds an MSc in Digital Anthropology from University College London and works at the intersection of film practice, and research. Rūta currently teaches research at the Lithuanian Academy of Music and Theatre and is engaged with the BFCT Cluster as a researcher. Alongside her academic work, she is active as a film producer and researcher, focusing on research-driven and ethnographically informed audiovisual practices.

AISTĖ LITVINAITĖ-JABLOSNKIENĖ
Aistė Litvinaitė-Jablosnkienė holds a Master's degree in Law and a second Master's degree in Innovation Management and Technology Transfer. She has over seven years of experience as a project consultant and managing director of a consultancy company. For six years, she served as Head of the Project Department at the Vilnius Chamber of Commerce, Industry and Crafts. Since 2015, Aistė has been active as a cluster facilitator, having founded a new cluster in the audiovisual sector. She is currently engaged with the BFCT Cluster as a facilitator and project portfolio manager. In parallel, she works as an expert in multiple national and international projects and runs a private practice specializing in tax incentive schemes in Lithuania.

Statement of Originality

This deliverable contains original unpublished work except where clearly indicated otherwise. Acknowledgement of previously published material and of the work of others has been made through appropriate citation, quotation, or both.

Disclaimer

The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein. Within the scope of the work conducted and presented generative AI tools such as (CoPilot, Chat-GPT 5 and Gemini) were used to proofread, summarise, and produce more concise versions of specific sections. DeepL was used to translate specific terms from local languages to English and to improve writing of specific sections originally written in languages other than English.

Foreword. Research-informed leadership for the future for European film... in small markets and beyond

Three years ago, when CresCine - a Horizon Europe funded academia to industry project - commenced, the notion of arming the European film industry with deep, data-backed insights emerging from the intersection of academia and business seemed an unfathomable goal. Encounters between researchers, practitioners, and creators were scarce; engagement with decision-makers and policymakers across sectors was equally sparse with a few

Admittedly, the times have changed radically within these 36 months: the value chain, particularly for independent and small-country films, has disintegrated with no long-term blueprint in place. The streaming landscape has consolidated further alongside the superstreamers and global platforms. The disparity between market leaders and independents has only widened alongside the digital - physical distribution gap,, and AI and virtual production´- once theoretical novelties - are now regular companions to EU filmmakers. Paradoxically, research and data-driven insights, once accessible only to well-resourced policy, business, and ecosystem actors, are now called for and needed more than ever.

So, what has CresCine managed to achieve?

Our biggest gain within these 36 months was to bridge the gap between academia and industry collaboration, taking the resulting deep knowledge directly to the stakeholders. Whether through our 10+ in-depth dossiers and policy guides, deep dives into audiences and the state of skills, the greening toolbox, or our digital tools FIDA (Film Industry Data Repository) - our database with data-driven dashboards and simulations - and CineFlux (AI driven tool for audiences and market research); CresCine managed to carve its way into powering the best decisions for the industry alongside its venerable foregoers from public and private entities, festivals and markets and our own native, small ecosystems in Europe.

Secondly, we put small markets and their issues and contributions to European cinema back on the map, demonstrating that they are not monolithic but diverse ecosystems with their own avenues and contributions to the overall fabric of the EU's audiovisual business.

We looked into the state of skills deep and wide, highlighting limitations and opportunities for training managers and leaders, as well as diversifying the skills portfolio across the domain, especially in countries that only have a few specialists for the vertical. We synthesized the state of sustainability and greening into a coherent toolbox for producers, as well as brought together vast datasets, innovation examples, and financial decision-makers to look at how numbers play out for the future.

Ultimately, we demonstrated that every stakeholder - whether from an industry or an organization, big or small - can benefit from deep research-based insights to advance the competitiveness of small countries and the EU's film and audiovisual business at large.

This 3rd edition State of European Film from CresCine, is our final, synthesizing our key learnings across our work projects - or work packages, if you will. We hope these insights will help you to make better-informed decisions in this decisive year of changes for European cinema and the world, aiding better decisions to bring more competitive and powerful stories to the screens.

On behalf of the whole CresCine team,
Sten Saluveer & Manuel Damasio

A structural fix to the competitiveness of European film: data standards and infrastructures

by Indrek Ibrus

Distribution as a structural disadvantage for small European markets

For Europe's film industry, distribution has become the decisive bottleneck for competitiveness, and this is felt most acutely in small countries and among small firms. In small language markets, domestic theatrical and VoD revenues rarely cover production costs. Sustainable filmmaking, therefore, depends on cross-border circulation, multi-territory licensing, and timely access to global platforms. Yet, precisely at this point, the European system is weakest. While production capacity has improved and content output is high, distribution infrastructures remain fragmented, manual, and poorly aligned with the data-driven realities of contemporary film markets.

Over the past decade, film distribution has been reorganized around platforms, automated supply chains, and metadata-intensive workflows. Platforms of various kinds operate with machine-readable identifiers, standardized deliverables, and structured rights information that can travel instantly across territories and windows. For large studios and vertically integrated players, these requirements are increasingly absorbed as part of scale. For small distributors, sales agents, and independent producers, they translate into repeated manual work, higher legal and technical risk, and delayed or foregone exploitation opportunities. Each additional territory, platform, or language version multiplies costs that small firms struggle to bear. This asymmetry is structural. Large platforms benefit from clean data and standardization effects, while small European actors carry most of the burden of adapting fragmented catalogs, legacy systems, and ad hoc identifiers to platform-specific requirements. Where standards are unclear, proprietary, or unevenly adopted, small firms and their back catalogs are effectively excluded from efficient circulation. In practice, distribution data frictions quietly select against small markets, reinforcing concentration rather than diversity.

For small countries, this is not merely an efficiency issue but a question of market access. Without shared identifiers, interoperable metadata, and transparent rights information, European films remain hard to discover (Zemaityte, Rohn, Ibrus, 2025), hard to license, and hard to ingest across borders. Catalogs lie dormant (Szczepanik, 2020) not because of lack of demand, but because the information needed to activate them cannot move easily and reliably between actors. In this context, distribution standards are not technical details but economic infrastructure. They determine who can participate in cross-border markets, who can scale their catalogs, and who can compete on the basis of creative quality rather than administrative capacity.

Addressing Europe's distribution disadvantage, therefore, requires treating data standards and rights infrastructures as shared foundations, designed to lower entry barriers for small countries and small firms, rather than as optional optimizations left to market leaders.

Where current distribution workflows penalize small firms most

The weaknesses of Europe's film distribution system become most visible in everyday workflows, where fragmented data practices translate into concrete costs and risks. These frictions affect all market actors, but they penalize small distributors, sales agents, and producers far more than large, vertically integrated players.

A first and pervasive problem is the absence of consistently used, persistent identifiers across the distribution chain. The same film is often referred to by different IDs, titles, or internal codes in sales catalogs, platform portals, public registers, and reporting systems. For small firms, this means repeated manual submission work or checks to ensure that rights, versions, and revenues actually refer to the same work. Each mismatch increases the risk of delivery errors, rejected ingest, or misattributed revenues. Larger organizations absorb this through dedicated metadata teams; smaller firms rely on spreadsheets and institutional memory.

Versioning and localization compound the problem. Contemporary distribution requires multiple picture, audio, and subtitle variants to satisfy platform, regulatory, and market-specific requirements. In the absence of standardized packaging and version-aware workflows, small distributors are forced to commission and track separate masters for each territory and window. This leads to duplicated storage, repeated quality control, and uncertainty over which version has been licensed where. For firms handling limited catalogs, these overheads quickly outweigh potential returns, discouraging further exploitation.

Rights and availability data present an even more severe bottleneck. Information about who controls which rights, in which territory, for which window, and until when is typically stored in proprietary databases, PDFs, or informal correspondence. There is no neutral, authoritative point of reference that film industry actors can rely on. As a result, sales agents hesitate to pitch older titles, distributors delay releases, and platforms require extensive manual verification before onboarding content. SMEs, lacking legal teams and specialized rights staff, face disproportionate risk when this information is incomplete or ambiguous.

Metadata exchange between actors remains largely manual. Producers hand over spreadsheets; distributors reformat them for platforms; platforms impose their own schemas; and public agencies request yet another reporting format. Each hand-off involves re-keying, reinterpretation, and error correction. These inefficiencies slow down time to market and create hidden costs that small firms cannot amortize across large catalogs.

Finally, data fragmentation undermines visibility and discovery. Without standardized identifiers and interoperable metadata, small-country films are harder to surface in platform catalogs, recommendation systems, and cross-border search tools. This reduces audience reach and weakens bargaining power in licensing negotiations. The cumulative effect is a distribution environment in which small firms are systematically disadvantaged, not by lack of content or ambition, but by an infrastructure that rewards scale and punishes fragmentation.

These workflow failures are not caused by the absence of technical solutions. They persist because Europe lacks shared, open, and widely adopted standards that allow data to move reliably across organizational and national boundaries. Without addressing this structural layer, efforts to strengthen European film competitiveness will continue to bypass the actors who need support most.

Research design

This report is based on a qualitative, multi-source research design aimed at analyzing the structural conditions shaping the evolution of film and television distribution data standards in Europe, with particular attention to their implications for small countries and small firms.

The core empirical material consists of 49 semi-structured expert interviews conducted over several years: between 2017 and 2025. Interviewees were selected through purposive and snowball sampling to capture informed perspectives from across the audiovisual distribution ecosystem. The sample includes senior professionals from public broadcasters and their archive and media-asset-management units; national film institutes and audiovisual heritage organizations; international standards and identifier bodies; European and global industry associations; and commercial technology vendors and infrastructure initiatives, including metadata, rights-data, and distribution-technology startups. Interviewees typically held roles with direct responsibility for metadata governance, rights management, distribution workflows, standards strategy, or infrastructure development. The interviews are Europe-centered but also include perspectives from North America, Africa, and Asia, reflecting the global interdependencies of contemporary film distribution infrastructures and standards.

The interview material is complemented by documentary research. This includes close readings of relevant European Union regulations and policy instruments affecting audiovisual distribution and data governance, as well as analysis of international and sector-specific standards documentation, such as metadata schemas, identifier systems, and rights-data initiatives. In addition, the study draws on industry press and gray literature, including policy reports, consultation documents, white papers, and technical briefs produced by industry bodies, standards organizations, and research projects.

Recommendations

Based on the challenges for the European film industries, as well as on the empirical and analytical work described above, the CresCine consortium suggests the following three policy recommendations:

<u>Recommendation 1: EU-wide adoption of EIDR as an open backbone identifier:</u> At the core of Europe's distribution bottlenecks lies a deceptively simple problem: films do not have a single, persistent, machine-readable identity that travels reliably across borders, platforms, and windows. An EU-wide adoption of the Entertainment Identifier Registry (EIDR)[1] as the backbone identifier for audiovisual works would address this problem directly and with immediate effect, particularly for small countries and small firms.

The Entertainment Identifier Registry (EIDR) is a globally unique, persistent identifier system for audiovisual works and their versions, designed to support automated, machine-readable exchange of film and television metadata across distribution workflows. EIDR was created in 2010 by a consortium of major industry stakeholders, including MovieLabs, major studios, technology vendors, and metadata specialists, in response to growing fragmentation and inefficiency in digital distribution supply chains. It is governed by the EIDR Association, a non-profit organization, and is based on the ISO/IEC 26324 Digital Object Identifier (DOI) standard, ensuring long-term persistence, open governance, and international interoperability. The EIDR identifier is already deeply embedded in international digital distribution chains and widely required by major VoD platforms and aggregators. For European distributors and sales agents, especially those operating at a small scale, adopting EIDR reduces repeated onboarding costs and technical friction. A film identified once can be recognized across multiple platforms, territories, and services without manual reconciliation. This is a critical advantage for firms that cannot afford to maintain parallel identifier mappings or platform-specific workarounds.

The openness of EIDR is central to its suitability as European infrastructure. EIDR is a non-proprietary, openly governed standard aligned with the ISO/DOI framework, ensuring long-term persistence and global interoperability. Open and freely usable standards are essential for SMEs because they prevent dependency on single vendors, platforms, or national silos. Open standards allow firms to choose tools competitively and to switch providers without losing their data foundations.

It is sometimes argued that Europe should prefer home-grown alternatives to standards that originated in the United States. From the perspective of small countries, this view is misplaced. The value of an identifier lies not in its geographic origin but in its global adoption, open governance, and interoperability. For European films, refusing globally adopted identifiers would isolate catalogs rather than protect them. Strategic autonomy is achieved not by duplicating standards, but by embedding European public-interest requirements into open, internationally used infrastructures.

Crucially, EIDR also provides the foundation for linked-data-based film ecosystems. Its hierarchical model allows different versions, cuts, and manifestations of a work to be explicitly related. This makes EIDR particularly well suited as a semantic spine connecting distribution metadata, rights information, analytics, and discovery systems. EIDR identifiers can be aligned with widely used metadata schemas such as MovieLabs Common Metadata, Wikidata, EBUCore, and Schema.org, enabling data to flow between commercial platforms, public institutions, web interfaces, and other emerging data spaces. For small countries, this means that national catalogs can become part of a wider European and global information network without bespoke integration work.

EU-wide adoption does not imply excluding other identifiers. ISAN[2] and national systems will continue to play roles in specific regulatory, collecting-society, or archival contexts. What is required is a clear backbone identifier that can interoperate with these systems through stable mappings. EIDR is already positioned to fulfill this role. Making it a common reference point would dramatically lower friction in cross-border and cross-media distribution and create the conditions for further innovation in rights management, discovery, and analytics.

For Europe's small markets, adopting EIDR is not a technical upgrade but a strategic equalizer. It allows small firms to participate in data-driven distribution on the same structural terms as large players, shifting competition back toward content quality, cultural relevance, and creative ambition rather than administrative capacity.

<u>Recommendation 2: HAND as a contributor identity layer for fair attribution and remuneration:</u> While persistent identifiers for films are a prerequisite for efficient distribution, they are not sufficient on their own. Distribution, rights management, and remuneration also depend on knowing who contributed to a work, in which role, and under which contractual conditions. In Europe's fragmented distribution environment, the absence of reliable, machine-readable contributor identities disproportionately harms creators, producers, and distributors from small countries. Today, contributor information in film distribution workflows is largely based on free-text names, inconsistent spellings, and platform-specific profiles. This creates ambiguity in attribution, complicates rights clearance, and undermines the accuracy of reporting and remuneration. Small firms and freelancers lack the leverage to correct errors once data propagates through platform systems.

HAND[3] is a standards-based talent identifier system designed to provide persistent, resolvable IDs for people and related personas in the cultural industries, supporting machine-readable attribution, provenance, and workflow automation across platforms and territories. HAND positions itself as a human Talent ID registry under the Digital Object Identifier (DOI) system, aligning with the ISO-standardized DOI framework. Development began in 2022, when HAND states that its funding and development were initiated, and the initiative has been building its registry foundation since then. It is important to emphasize that HAND should not be understood as the only possible response to the contributor-identity problem in film distribution, but as a concrete illustration of a broader infrastructural need. Contemporary distribution, rights management, and remuneration systems increasingly rely on precise, machine-readable attribution of contributors and roles. Any solution capable of addressing this gap must be open, interoperable, and compatible with international standards, while remaining portable across platforms and territories. HAND exemplifies this design space, rather than predetermining its eventual institutional or technical form.

HAND offers a standards-based, privacy-aware identity solution designed specifically for creative and professional contexts. It enables contributors to be uniquely identified across works, platforms, and territories without relying on proprietary profiles controlled by global intermediaries. For distribution systems, this allows contributor identities to be linked unambiguously to works identified by EIDR, creating a consistent graph that connects films, roles, and people.

From a small-market perspective, the openness of HAND is critical. Open and interoperable identity standards prevent lock-in to platform-specific ecosystems that monetize visibility and control access to professional profiles. For freelancers and SMEs, portability of identity is a condition of fair participation in cross-border markets. HAND's alignment with open and ISO-compatible identity frameworks makes it suitable for long-term use and integration with public infrastructures, including emerging European digital identity initiatives.

Combined with EIDR, HAND enables more precise rights attribution and reporting. Distribution increasingly requires granular information about which contributors are entitled to which revenues in which territories and windows. Without reliable identity resolution, automation of these processes remains limited, and small firms must rely on manual checks and legal workarounds. A shared contributor identity layer reduces these burdens and supports fairer, faster remuneration flows.

From a European governance perspective, it is important to situate systems such as HAND not as competing citizen identity solutions, but as potential sector-specific professional identity layers that could be anchored in the EU's evolving digital identity framework. Under the revised eIDAS Regulation and the forthcoming European Digital Identity Wallet, individuals will increasingly be able to prove their identity and present verified attributes across borders. In this context, HAND can be understood as a domain credential for the cultural and audiovisual industries: a persistent identifier and set of role-based attributes that can be bound to a person who is already identified via national eID, and selectively presented where distribution, rights management, or remuneration workflows require trusted attribution. This model is particularly relevant for small markets, where freelancers and micro-companies depend on portable, privacy-respecting professional identities to remain visible and correctly attributed in cross-border distribution chains. Framed in this way, HAND complements Europe's public digital identity infrastructure rather than duplicating it, while providing the sector-specific granularity that general-purpose citizen identifiers are neither designed nor governed to deliver.

Addressing the absence of interoperable contributor identifiers is therefore not a marginal enhancement but a necessary step toward more equitable data-driven distribution, particularly for small countries and small firms. For Europe's small countries, it helps ensure that creative labor remains visible, attributable, and remunerated as films circulate internationally. By complementing open work identifiers with open contributor identities, Europe can strengthen both the efficiency and the fairness of its distribution ecosystem.

Recommendation 3: Supporting emerging public rights-data infrastructures such as ORDE: One of the most persistent structural barriers to efficient film distribution in Europe is the lack of reliable, interoperable information about rights. Distributors, sales agents, and platforms routinely face uncertainty about who controls which rights, in which territory, for which window, and under what conditions. Large organizations manage this uncertainty through legal teams and bespoke systems. For small firms and small countries, however, it translates directly into risk, delay, and under-exploitation of catalogs. Addressing this problem requires shared infrastructure, yet such infrastructure is unlikely to emerge through market forces alone.

The Open Rights Data Exchange (ORDE)[4] is one emerging European initiative that illustrates how this gap could be addressed. Developed by the Estonian firm Valunode, ORDE is conceived not as a marketplace or licensing platform, but as a neutral rights-data intermediation layer that enables the trusted, interoperable exchange of copyright and licensing information. Its purpose is to allow rights holders to declare authoritative rights data and rights users to query that information in a standardized, machine-readable form, without taking control of content, monetizing the data, or competing with existing distribution services.

Technically and institutionally, ORDE follows a federated approach. Rights data remain under the control of their original holders, while interoperability is achieved through shared identifiers, metadata standards, and verifiable data-exchange mechanisms. ORDE builds on existing identifiers and vocabularies, including work identifiers, contributor identities, and machine-readable rights expressions, and aims to provide assurance and provenance while avoiding unnecessary exposure of commercially sensitive information. Its design is closely aligned with the EU's emerging data-governance framework, in particular the Data Governance Act (DGA) and the concept of regulated, neutral data intermediation services, as well as with the European Blockchain Services Infrastructure (EBSI) as a potential trust and verification layer. Importantly, initiatives such as ORDE are still at an exploratory and pilot stage. This should not be read as a weakness, but as characteristic of public digital infrastructure development in sectors where trust, legal certainty, and coordination are essential. Rights data constitute a sensitive coordination resource, and building shared infrastructures requires time to align standards, governance models, and stakeholder expectations. Without sustained public support, such initiatives risk remaining fragmented pilots or being displaced by proprietary solutions that reinforce existing asymmetries.

For Europe's small countries and small firms, the significance of such an approach is substantial. Small markets lack the scale and resources to build comprehensive rights registries independently and are particularly vulnerable to opaque or proprietary solutions controlled by dominant intermediaries. A publicly governed rights-data infrastructure lowers entry barriers by reducing legal uncertainty, speeding up licensing decisions, and enabling automation in areas such as reporting, compliance, and revenue allocation. It also helps activate back catalogs that are currently too risky or costly to exploit because rights information is fragmented or incomplete.

Supporting ORDE and similar public-interest rights-data initiatives should therefore be understood as an investment in a missing infrastructural layer of European film distribution, rather than as endorsement of a single technical implementation. For small firms and small countries, such infrastructures offer a credible path toward reduced legal uncertainty, faster cross-border licensing, and the activation of under-exploited catalogs. More broadly, they create the conditions under which competition can take place on services and content, rather than on exclusive control over rights information.

Linked open data as Europe's small-market advantage

Linked open data provides the architectural glue that allows open standards, identifiers, and public data infrastructures to function as a coherent distribution ecosystem. For Europe's film industry, and especially for its small countries and small firms, this is not an abstract technological preference but a practical necessity.

European film distribution operates across a highly fragmented landscape of languages, institutions, catalogs, and legal regimes. No single organization, platform, or database can realistically impose uniform systems across this diversity. Linked open data offers an alternative: instead of forcing all actors into the same software or schema, it enables heterogeneous systems to interoperate through shared identifiers and vocabularies. Data can remain distributed, locally governed, and institutionally diverse, while still being connected and queryable across borders.

For small markets, this approach is particularly advantageous. Linked data allows national catalogs, distributor databases, and public collections to become visible and usable at a European scale without requiring large upfront investments or centralized control. Multilingualism is handled natively through linked labels and concepts, rather than through costly duplication. Small firms can publish and consume structured data incrementally, aligning with open standards such as EIDR and contributor identities without rebuilding entire systems.

Open linked data also prevents dependency on proprietary platforms. When data models and identifiers are open, SMEs are not locked into a single vendor or intermediary to access markets or audiences. Instead, multiple services can build on the same data foundations, fostering competition and innovation at the service layer rather than concentrating power in infrastructure. This is essential if Europe wishes to avoid a distribution environment in which visibility and access are mediated exclusively by a few dominant platforms.

Crucially, linked open data connects descriptive information, distribution metadata, and rights data into a single, navigable graph. This is what allows film identification, contributor attribution, and rights information to reinforce one another. Initiatives such as ORDE depend on this architecture to link authoritative rights data to works and contributors, while discovery and analytics systems depend on it to surface European films across borders. The improved affordances for market analytics need to be emphasized: while to this day it has been difficult to carry out comprehensive market analytics across all territories and release windows (Ibrus et al., 2025), the adoption of universal identifiers and linked data infrastructures would enable much improved transparency of market dynamics, enabling European stakeholders to carry out evidence-based production and distribution strategies.
For Europe's small markets, linked open data is therefore not merely compatible with openness and diversity; it is the only scalable way to turn them into a competitive advantage.

Implementation and adoption: who must do what

If open standards, identifiers, and rights-data infrastructures are to strengthen European film distribution, their adoption cannot be left to individual firms, especially in small markets. The costs, coordination challenges, and network effects involved make this a collective action problem. Clear roles and responsibilities are therefore needed at multiple levels to ensure that adoption is feasible, equitable, and effective for small countries and SMEs.

European Commission
At the EU level, the Commission should recognize EIDR, contributor identity systems such as HAND, and emerging rights-data infrastructures like ORDE as elements of strategic audiovisual data infrastructure. This recognition should be reflected in policy instruments and funding programs, notably Creative Europe MEDIA, Digital Europe, and data-space initiatives. The Commission should promote interoperability requirements based on open, ISO-aligned standards and support cross-border pilot projects that explicitly focus on SME adoption and small-market use cases. Importantly, the Commission should ensure that public investment prioritizes infrastructure and coordination rather than the creation of parallel, incompatible solutions.

National governments
National authorities play a key role in translating European objectives into binding frameworks. They should embed the use of persistent work identifiers and interoperable rights data into audiovisual regulation, reporting

obligations, and public-sector data strategies. Rather than developing bespoke national systems, governments should support alignment with EU-wide standards and infrastructures. For small countries in particular, this alignment reduces duplication and enables participation in larger distribution ecosystems without prohibitive cost.

Film agencies and public funders
Film agencies are among the most effective levers for change. They should require the use of persistent identifiers such as EIDR, and structured metadata aligned with open standards, in publicly funded projects and catalogs. At the same time, they should recognize that adoption imposes real costs on SMEs. Targeted support for training, tooling, and data clean-up is therefore essential.

National industry stakeholders
Broadcasters, distributors, sales agents, archives, and other national actors should align internal systems with open standards and linked-data practices, avoiding single-identifier assumptions and proprietary lock-in. Where possible, non-sensitive descriptive metadata should be published openly to support cross-border discovery and reuse. Collective alignment at the national level can significantly lower barriers for small firms that operate across multiple institutions.

European industry guilds and associations
European guilds and trade associations have a crucial coordinating role. They can translate abstract standards into practical profiles, guidelines, and best practices tailored to specific sub-sectors and company sizes. They should represent the interests of small markets and SMEs in standards governance bodies and advocate for openness, fair access, and cost predictability in negotiations with platforms and intermediaries. By acting as collective adoption coordinators, guilds can help ensure that standardization strengthens, rather than marginalizes, Europe’s diverse film ecosystem.

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End notes

[1] https://www.eidr.org/

[2] ISAN (International Standard Audiovisual Number) is an internationally standardized identifier for audiovisual works and their versions, formalized as ISO 15706 and administered by the ISAN International Agency through a network of national registration bodies. ISAN is widely used in Europe in regulatory reporting, collecting-society workflows, and rights administration, where legal certainty and nationally anchored governance are central. However, compared to EIDR, ISAN has seen more limited integration into automated digital distribution workflows and global platform supply chains. In addition, ISAN registration is subject to fees, which can discourage systematic use, particularly by small producers, distributors, and firms in small markets. Together, these factors reduce ISAN’s effectiveness as a low-friction, backbone identifier for cross-border, data-intensive distribution in contemporary VoD and platform-centered environments.

[3] https://handidentity.com/

[4] https://ec.europa.eu/digital-building-blocks/sites/spaces/EBSI/pages/716149456/Open+Rights+Data+Exchange

Small Markets: Future Policies and Avenues for Development

Building policy toolkits to support competitiveness

by Ivana Kostovska

Introduction

This chapter examines the policy toolkits of the seven CresCine ecosystems–Estonia, Croatia, Denmark, Flanders (Belgium), Ireland, Lithuania, and Portugal. The report adopts a qualitative research approach combining systematic mapping of policy measures with expert interviews. The analysis provides in-depth insights into national film support frameworks, strategic policy orientations, and the extent to which existing measures support or constrain the competitiveness of small film ecosystems. Also, the analysis reviews recent policy developments and assesses how film support schemes and related measures across the CresCine ecosystems, as well as in comparable territories, have been revised and recalibrated in response to evolving market and policy contexts.

Over the past several years, film support schemes across the CresCine ecosystems and in other territories have been revised. Many jurisdictions have amended their tax-incentive policies in response to evolving production dynamics and increasing international competition, with reforms typically aimed at enhancing territorial attractiveness through more generous and predictable support mechanisms.

Within this context, Denmark's reforms represent one of the most significant recent developments. As one of only two European countries, alongside Luxembourg, without a production incentive, Denmark has decided to introduce a production rebate targeting international film and television production. From 2026, eligible film and series productions will be able to claim reimbursements of approximately 25% of qualifying expenditure. The scheme is supported by an annual budget of €17 million (DKK 125 million), marking a strategic shift in Denmark's approach to international production competitiveness.

Beyond the CresCine ecosystems, the comparative analysis shows that other jurisdictions have also updated production incentives. For example, in Spain, through the Spanish Society for Technological Transformation (SETT), the government is mobilizing €1.7 million destined to support the consolidation of the sector, promoting Spain's leadership in audiovisuals and strengthening the competitiveness of Spanish companies in the global market. The funds, under loans or repayable investments, are new financial instruments offered by the Spain Audiovisual Hub with the objective of encouraging private investment and improving access to funding for projects related to film, television, content generation, and digital culture, as well as the development of multimedia and interactive content, such as video games and visual effects.

Aside from changes to tax incentive schemes, the jurisdictions analyzed have also refined development and production support measures and implemented carbon footprint reduction policies. Across the CresCine ecosystems and in the larger and non-European reference territories, cultural policy is translated into multi-year statutes, film agreements, management contracts, and strategic plans. These documents in some cases set measurable targets for market share, festival visibility, regional engagement, and greening, while also outlining specific policy priorities. Certain strategies show a preference for setting broader goals such as training, inclusion, sustainability, or administrative efficiency, leaving performance to be monitored through qualitative benchmarks.

Eight Strategic Pillars

Based on the analysis of the policy measures in the CresCine jurisdictions, we outline eight key strategic pillars as building blocks of the policy toolkits identified through the analysis of support schemes and underlying criteria for funding in the small ecosystems: culture, international sales and festival competitiveness, diversity, inclusion and gender balance, environmental sustainability, innovation, audience potential, and enhancing co-productions.

Enhancing artistic and cultural potential
Across the CresCine ecosystems, enhancing cultural potential acts as a primary objective: projects supported by screen agencies must demonstrate a clear connection to national language, heritage, themes, or creative talent before any economic or market factors are considered. For example, applications by the Flanders Audiovisual Fund (VAF) are evaluated based on: 1) artistic quality (originality, narrative strength, and creative vision); 2) cultural significance (contribution to Flemish culture, language, and identity); 3) feasibility (realistic planning, budgeting, and potential for successful completion); and 4) audience engagement (potential to reach and resonate with audiences, both domestically and internationally).

Enhancing international sales and festival reach
An outward-looking emphasis on international sales and festival reach ensures that public support advances projects capable of securing global visibility and revenue, reinforcing both cultural export and sector competitiveness.

Screen Ireland's funding criteria highlight international co-production potential, festival/market viability, and sales agent/distribution plans. The agency supports Irish producers partnering with international counterparts and emphasizes the importance of international reach and festival competitiveness. The importance of international competitiveness is sometimes outlined as an objective in the funding criteria. For example, as a result of granting distribution support, the Estonian Film Institute expects that Estonian cinematography shall be viable, original, and internationally successful, taking the audience into account and representing the past and present in a diverse and engaging manner. As part of the evaluation criteria, the Estonian Film Institute considers questions such as the film's theatrical potential and its potential for film festivals.

International sales often appear as a core objective within festival support schemes. For example, the Danish Film Institute (DFI) provides support for the international promotion of films that have been selected for festival distribution in one of the film festivals prioritized by the Institute. The purpose of the support scheme is to spread awareness of and promote the sales of Danish documentaries, feature films, and other visual formats abroad. In Flanders, VAF provides international promotional support with the objective of increasing and optimizing the visibility of Flemish creations and Flemish talent. The support can be used when a Flemish creation is selected at a foreign festival, following a nomination for a film award, or within the framework of special film programs. VAF also provides a premium for developing promotional materials during the production phase.

Supporting diversity, inclusion, and gender balance
Across the CresCine ecosystems, diversity and inclusion are more often used as eligibility requirements: screen agencies systematically weave gender balance, multicultural representation, and equitable workforce practices into their support criteria, often requiring applicants to document concrete measures and meet explicit targets. By embedding these standards alongside other funding criteria, the schemes aim to ensure that public resources broaden participation and on-screen representation. In Ireland, Screen Ireland has developed a funding scheme—the Animation Pathways Diversity, Equity and Inclusion Fund—specifically for the animation sector to

create more inclusive opportunities on productions for those from diverse and under-represented communities and those where access to the industry would historically be limited.

Supporting environmental sustainability

CresCine ecosystems have also implemented dedicated green film initiatives, ranging from criteria for receiving public funding and uplifts to sustainability coordinators. In Estonia, the Tartu Film Fund provides up to 5% of the evaluation score for funding when sustainable and environmentally friendly production principles are implemented. From late 2024 onward, the Danish Film Institute requires every film production to submit a sustainability plan grounded in the Green Film handbook, with the goal of cutting the industry's CO_2 emissions through greener production practices. In Lithuania, sustainability measures have recently become part of the application form and scoring under the funding schemes of the Lithuanian Film Center.

Supporting innovation

Only some CresCine ecosystems have dedicated innovation-oriented funding schemes, besides the traditional development, production, and distribution streams. In Ireland, Screen Ireland has established the Animation Innovation and Immersive Development Fund—a dedicated, competitive program (launched in 2021 and renewed for 2024/25)—to seed high-concept prototypes that explore new storytelling formats across animation, VR, AR, and app development. Projects are assessed on the quality and level of innovation in their use of emerging technologies (immersive storytelling, interactivity, XR techniques), the creative coherence between narrative and format, and the market potential of the concept.

Supporting audience potential

In Denmark, the film projects supported under the Market Scheme are expected to sell more than an average Danish feature film in cinema tickets in Danish cinemas. The applications are assessed regarding narrative, audience, distribution, marketing, and the film's overall financial sustainability. For the films supported under the Consultant Scheme, there are no special requirements for genre or audience appeal. The purpose of this scheme is to support the art of storytelling. Also, DFI has a support scheme for dissemination of films for children and young people. The purpose of the support scheme is to promote children and young people's opportunities to experience, understand, and create moving images themselves, as well as to contribute to the development and anchoring of educational offerings in the film and media field in day care facilities, schools, and youth education. VAF in Flanders also offers support for the development and production of fiction films for children and youth.

Enhancing collaborations through co-productions

Each CresCine ecosystem operates minority co-production schemes under its respective screen agency. Typically, co-productions supported by the screen agencies must be approved as official co-productions under a bilateral treaty or the European Convention on Cinematographic Co-production. In some cases, as in the case of Croatia, the Croatian Audiovisual Centre agrees to waive this requirement, but films must still be structured as bona fide co-productions in which ownership, rights, and revenues are shared among the co-producers.

Supporting talent development

Across the CresCine ecosystems, screen-agency talent programs include development, production, and promotion grants, mentorship, and structured training within their core funding support, aiming to create policy levers for supporting the sector's competitiveness and skills development.

The Danish Film Institute's New Danish Screen operates as a low-budget incubator for professional-level talent, financing development, production, and promotion of fiction, documentary, and hybrid projects. The VAF's talent-development support, marketed since 2024 under the banner "VAF

Next Generation," pairs support with structured coaching to accelerate the transition from film-school graduation to a first professional credit. The key policy instruments are Wildcards (production grants) and Booster Cards (mentoring packages). Together they form a single, competitive scheme embedded in the VAF/Film Fund budget. VAF positions the Wildcard/Booster Card scheme as a pipeline that refreshes the Flemish creative pool, aligns with wider VAF goals on diversity and sustainability, and feeds higher-budget funding lines with early-career talent. Within its 2024–28 strategic plan, Portugal's ICA sets forth annual funding for new talent and related first-work strands, reinforcing this with writers' contests and mentoring partnerships.

Recommendations

Screen agencies must institutionalize periodic analysis of competitiveness: The analysis in this report shows that there are different understandings of how policy can support competitiveness and what competitiveness is. It is important for the screen agencies to mandate and benchmark the progress of competitiveness. EFAD could serve as a platform to create a shared knowledge base of transferable practices, facilitating evidence-based policy diffusion. EFAD can serve as the coordinating body, hosting a knowledge repository of transferable practices and convening triennial peer reviews. Insights from the co-design workshop, pilot schemes in three small markets, and EFAD exchanges should demonstrate the efficacy of this approach. Alignment between policy instruments in the policy toolkit should be ensured: To enhance the overall efficacy of policy toolkits, all public support schemes must be integrated so that each element reinforces the others rather than operating independently. Annual reports should trace the flow of public support across instruments, assessing not only headline spend but also how the objectives under the strategic pillars have been met. All support measures—production incentives, selective grants, and regional funding (where available)—should be designed and assessed on a shared set of high-level objectives.

Conclusion

The comparative analysis of the seven CresCine ecosystems marks a paradigm shift in how small markets navigate between cultural preservation and global competitiveness. Policy toolkits are no longer static repositories of subsidies but have evolved into dynamic, multi-faceted frameworks where fiscal incentives, sustainability mandates, and diversity requirements intersect with traditional cultural support. The emergence of the eight strategic pillars identified in this report demonstrates that small markets are increasingly adopting a holistic approach, recognizing that sustainable filmmaking requires not just production capital, but a synchronized infrastructure that supports talent, innovation, and international circulation.

Ultimately, the future competitiveness of these ecosystems will depend on the capacity of screen agencies to transition from funding administration to strategic orchestration. As evidenced by the reforms in Denmark and the targeted interventions in Ireland and Flanders, the most resilient markets are those that successfully align their policy instruments to reinforce one another. By institutionalizing the periodic analysis of competitiveness and fostering deeper cross-border coordination through bodies like EFAD, Europe's small

film markets can transform their structural constraints into agile, data-informed policy advantages.

Different avenues – different challenges for competitiveness

by Marius Øfsti

Introduction

Previous research has identified four key avenues employed by small film ecosystems to compensate for the lack of economically viable home markets: production services, cultural resonance, exports, and cinematic arts. These four can be understood as strategies to achieve competitiveness at a fundamental level, as industries require a minimum level of sustainability to remain in the competition.

The CresCine project examined how films face distinct distribution challenges depending on the types of success they target. Building on this work, the following outlines how levels of competitiveness and the hurdles to increasing that competitiveness depend on an industry's orientation and the specific aims of any given project. Across these four avenues, a common challenge emerges: small film industries are susceptible to volatility from both external and internal changes and remain largely dependent on factors they have limited power to influence.

Production Services

The production services orientation positions an ecosystem in a highly competitive arena. Currently, every European country except Luxembourg utilizes some form of incentive scheme to encourage film production. Many nations have attempted to increase their attractiveness as shooting locations by making these schemes more financially lucrative than those of their rivals. Some analysts argue this creates a "race to the bottom" where countries undercut competing schemes to attract foreign productions. Regardless of such claims, the effectiveness of any given incentive scheme depends heavily on the legislation in comparative jurisdictions.

An alternative to competing on incentives alone is to compete on below-the-line talent and facilities. Prospective productions may be swayed by superior locations, facilities, and skill sets if financial incentives are otherwise comparable. While this requires long-term investment, it can both increase competitiveness and reduce dependency on external factors. However, a significant risk remains: these investments may be insufficient if other countries continue to offer more attractive terms, leaving the domestic industry with unprofitable facilities and unemployed professionals. Conversely, underinvestment in facilities and the development of below-the-line workers can lead to a situation where incoming productions outcompete domestic projects for local resources. Evidence from CresCine suggests that local industries benefit most by striking a strategic balance between these factors.

Exports

The greatest challenge for the export orientation is facing direct competition from Hollywood and films from other large markets. These titles compete for attention, screens, and visibility on video-on-demand (VOD) services. In this environment, small-market films face several handicaps. First, while export-oriented titles from smaller markets have comparatively large budgets, they are dwarfed by their competitors from the US and even larger European markets. Furthermore, their success depends on entering foreign markets, making them vulnerable to numerous external factors such as distributors, sales agents, local competition, and regulations that limit imports or specify release windows.

From CresCine research, we find that small-market films most successful in achieving international admissions tend to exhibit high narrative transparency and attempt to mitigate the "cultural discount" by avoiding cultural specificity. While this can increase global appeal, it also makes them more easily replaceable by competing titles. Therefore, export-oriented films from small markets must contend with rarely being the preferred choice for audiences when placed alongside a large-market film with higher resources or a domestic film with specific local appeal.

CresCine market data shows that producers and distributors mitigate this competition by selecting release dates that avoid direct clashes with blockbusters. Some successful titles have also identified underserved audiences, though this carries a risk of "trend-chasing." The Belgian studio nWave serves as a prime example: their first feature-length animated film was released in 2008, a year when 62 animated features were released in Europe. By the time their latest film was released in 2023, competition had spiked to 235 animated feature films. While nWave's success is extraordinary, it illustrates that the export orientation is a high-risk endeavor .

Cultural Resonance

For films within the cultural resonance orientation, the cultural specificities that hinder international competition become a core strength. While foreign productions remain competitors for screens and attention, local films can address audience demands in ways that global productions cannot. Because cultural resonance-oriented films target domestic audiences, they are heavily dependent on domestic infrastructure. Local cinema capacity limits the economic potential of these films, and without committed local distributors, it is difficult to fully exploit domestic potential—especially if those distributors' interests align primarily with Hollywood. This challenge extends into national film discourse; for audiences to select local films over marketed blockbusters, they must be aware of their existence and relevance. Finally, as domestic audiences are diverse in age and taste, small industries struggle to produce a volume of films that covers a wide enough demographic range.

Cinematic Arts

Films produced within a cinematic arts orientation face the highest levels of competitiveness. For titles aiming to reach international arthouse audiences, top-tier festivals have a significant impact, but these circuits are incredibly exclusive. Within prestigious festivals, awards often go to films from larger markets with higher budgets. Success is also reliant on a small pool of directors, who may be "lost" to larger industries following international success.

Cinematic arts films also face stiff competition in theatrical and VOD markets. They compete directly with other international arthouse titles for an audience that may not prefer a local film over a more widely acclaimed foreign alternative. Outside of specialized arthouse cinemas, they must also contend with Hollywood productions and mainstream domestic titles that typically possess larger marketing budgets.

Recommendations

In line with previous policy findings, our primary recommendation is to ensure that success criteria are aligned with funding criteria and policy goals. Additionally, we recommend assessing competitive factors outside of film production to identify potential weaknesses.

Cultural Resonance Focus on how local infrastructure can better support the release and marketing of domestic films and ensure the domestic "slate" serves diverse audiences.

Cinematic Arts Examine whether funding policies and success criteria allow for the talent development necessary to compete on the high-stakes festival circuit.

Exports Evaluate whether funding criteria allow market-competitive production companies to succeed on market terms and reinvest profits into future productions.

Production Services Consider the impact of investments in facilities and below-the-line workers against potential shifts in incentives in competing nations

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Conclusion

All small film industries face competition from considerably better-funded industries across all orientations. Direct competition is highest for cinematic arts-oriented films and lowest for cultural resonance. The key challenge for the latter is the requirement for high local infrastructure investment and production volume relative to limited revenue potential. Conversely, the production service, export, and cinematic arts orientations face higher competition but offer potential for financial and artistic success on a much larger scale. However, they remain significantly more dependent on international trends—an increasing concern in a volatile global market.

Innovation Systems and Responsive Policy Designs in Small EU Markets

by Ulrike Rohn, Indrek Ibrus, Heritiana Ranaivoson, Paul Hammoud

Key Research Question

There is a consensus in contemporary innovation research that innovations do not just fall as manna from heaven; rather, systemic preconditions are needed to condition innovations to emerge, facilitating growth and development. Since the 1980s (see Freeman, 1982; Lundvall, 1992), there has been work on how to facilitate "innovation systems," which refer to the interconnected set of actors, institutions, rules, and practices through which new ideas are generated, tested, financed, regulated, and diffused. Rather than innovation being the outcome of isolated firms or individual creators, the innovation-systems perspective emphasizes systemic interaction between companies, public agencies, universities, financiers, intermediaries, technologies, and cultural norms.

In the context of contemporary film industries, innovation systems encompass production companies, broadcasters and streamers, technology providers, film schools and research centers, public funding bodies, festivals, data infrastructures, and regulatory frameworks that together shape how new production methods, business models, formats, and audience practices emerge. Film innovation today is therefore not only aesthetic or technological but also organizational and institutional—for example, in how data analytics, platform governance, AI tools, or new financing and rights-management arrangements are collectively developed and stabilized within specific national and transnational ecosystems.

Therefore, in this chapter, we examine how sectoral innovation systems are shaped by policymaking in various European contexts. It examines why innovation policies are necessary for film industries, particularly in small markets, and the forms these policies may take to strengthen innovation systems nationally and EU-wide.

The chapter's insights build on mapping exercises as well as in-depth interviews with policy and film-industry experts across seven small markets (Belgium/Flanders, Portugal, Ireland, Lithuania, Estonia, Croatia, and Denmark), complemented by workshop-style focus group discussions with policy and industry representatives in Estonia.

This chapter is aimed at policymakers and professionals in the audiovisual and related sectors. Most recommendations presented in this chapter are policy recommendations—that is, recommendations to be implemented and actioned by policymakers at EU, national, and local levels. However, some can also be applied by film and audiovisual professionals, notably clusters and other organizations connecting these sectors.

Innovation Systems and Policies

Since the seminal contributions of Freeman (1982, 1995) and Lundvall (1992), innovation systems have been understood as configurations of interacting actors, institutions, technologies, and rules through which new knowledge is generated, circulated, and stabilized. From this perspective, innovation is a collective and cumulative process dependent on learning, coordination, and institutional alignment rather than on market competition alone (Nelson & Winter, 1982).

Film and audiovisual industries constitute a distinctive form of sectoral innovation system. Their innovation dynamics are shaped by project-based production, fragmented firm structures, symbolic and cultural forms of value creation, and strong reliance on public funding and regulation. Innovation in these industries rarely takes the form of isolated technological breakthroughs. Instead, it unfolds through gradual recombinations of creative practices, production technologies, organizational arrangements, financing models, and modes of audience engagement. As a result, innovation in film and audiovisual industries is simultaneously technological, organizational, and institutional. The functioning of audiovisual innovation systems depends on a heterogeneous set of actors and intermediaries. These include production companies, broadcasters and streamers, technology providers, film schools and research organizations, public funding bodies, festivals and markets, and regulatory institutions operating at national and European levels. Innovation emerges through interactions among these actors, as knowledge circulates across project networks and becomes institutionalized through funding schemes, professional norms, contractual arrangements, and policy frameworks. Innovation systems in film are therefore particularly sensitive to coordination mechanisms and institutional design.

In small European markets, the systemic nature of film innovation becomes especially apparent. Limited domestic market size constrains economies of scale and reduces the capacity of firms to internalize risk or sustain long innovation cycles. These conditions give rise to recurrent system failures. Coordination failures occur when creative producers, technology developers, and financiers lack shared platforms or incentives for collaboration. Capability failures emerge from small firm size, freelance labor markets, and uneven access to advanced skills. Directionality failures arise when policy instruments prioritize production volume or cultural output without sufficiently supporting longer-term innovation trajectories. Diffusion failures are evident when experimental practices remain isolated projects rather than becoming embedded across the system.

Innovation policy must therefore be understood not merely as a corrective to market failure but as an intervention into the architecture of the innovation system itself. As emphasized in innovation-systems research, policies play a constitutive role in shaping learning processes, aligning incentives, and enabling coordination among heterogeneous actors (Freeman, 1995; Lundvall, 2010). In film and audiovisual industries, this involves supporting shared infrastructures, reducing uncertainty for experimentation, strengthening intermediaries, and facilitating knowledge circulation across organizational and institutional boundaries.

Recent research on audiovisual industries has further shown that innovation increasingly emerges through interactions with adjacent sectors such as education, tourism, health care, and digital services (Ibrus, 2019). While such cross-sectoral dynamics expand the space for experimentation, they also introduce new coordination challenges, as actors must translate between different institutional logics and regulatory frameworks. From an innovation-systems perspective, these processes should be understood as extensions of existing sectoral systems rather than as external spillovers. Understanding innovation policies through the lens of innovation systems thus provides a robust analytical foundation for assessing how film and audiovisual industries can adapt to technological change, platformization, and datafication, particularly in small markets.

Methodology and Research Approach

The research underlying this chapter combined comparative mapping, expert interviews, and a focused participatory foresight exercise. Its aim was to analyze how innovation policies and innovation systems operate in film and audiovisual industries in small European markets, and to identify system-level bottlenecks and policy levers for improvement.

The first phase involved desk research mapping innovation-related policy frameworks and ecosystem actors in six small European markets: Portugal, Ireland, Flanders (Belgium), Denmark, Croatia, and Lithuania. This review covered academic literature, policy documents, and gray literature on film policy, creative industries, and relevant innovation and technology ecosystems. The mappings were not intended as exhaustive inventories but as analytical overviews of the main institutional arrangements, policy instruments, and intermediary structures shaping innovation in each context. They provided a comparative baseline for identifying similarities, differences, and recurrent systemic constraints characteristic of small markets. Relevant policy measures and ecosystem actors were identified and classified using a common analytical framework. For policy instruments, information was collected on objectives, governance models, territorial scope, and relevance for innovation processes. For ecosystem actors, data focused on organizational roles, governance structures, and positioning within national and transnational innovation systems. This enabled a comparative view of how audiovisual innovation systems are assembled and supported across contexts.

In the second phase, semi-structured interviews were conducted with film-industry professionals, policymakers, and ecosystem intermediaries in each country. A shared interview framework ensured comparability while allowing sensitivity to national institutional differences. Interviews explored perceived strengths and weaknesses of existing innovation systems, misaligned or missing policy instruments, and barriers to experimentation and diffusion. Interviewees also reflected on coordination challenges with adjacent sectors and on policy roles in shaping longer-term innovation trajectories.

Building on these findings, a third and more in-depth empirical step focused on Estonia as a case study. Estonia was selected due to both its small-market characteristics and CresCine's existing engagement with the national film ecosystem. A participatory foresight workshop with 19 representatives from industry, policy, and academia was organized as a structured focus-group exercise combining foresight tools with innovation-systems analysis. The workshop included a collective mapping of the Estonian film innovation system, identification of key trends, uncertainties, and pressures across multiple dimensions, and the development of shared views on likely and desired future trajectories. Participants also articulated policy interventions supporting a transition toward more resilient and innovation-oriented system configurations.

Across all phases, the focus was on identifying systemic patterns rather than evaluating individual projects or organizations. The combination of comparative mapping, expert interviews, and participatory foresight enabled triangulation between policy frameworks, actor perspectives, and collective sense-making, providing the empirical foundation for the system-oriented policy recommendations presented in the chapter.

Workshop Results: Innovation-System Dynamics in the Estonian Film Sector

The foresight workshop provided rich empirical insight into how participants understand the functioning, weaknesses, and possible future trajectories of the Estonian film and audiovisual innovation system.

<u>Actors and System Roles</u>

Participants described the Estonian film innovation system as composed of a fragmented set of actors whose roles are increasingly misaligned. Creative workers, particularly freelancers and early-career graduates, were repeatedly discussed as central to the system yet structurally vulnerable. The transition from education into professional practice was described as abrupt, with limited institutional support, leading to talent leakage and precarity. At the same time, production companies and service-production entities were seen as becoming more dominant, particularly as Estonia positioned itself as a destination for foreign productions.

Public institutions were perceived as powerful but inconsistent system actors. Government and funding bodies were described as decisive in shaping innovation trajectories through funding priorities and infrastructure investments, yet often guided by short-term economic justification rather than long-term cultural or innovation objectives. Universities and training institutions were recognized as critical nodes for skills development, but participants questioned their ability to adapt quickly enough to technological change. Intermediaries such as distributors, platforms, festivals, cinemas, and libraries were repeatedly discussed as gatekeepers whose roles are shifting, fragmenting, or weakening, with significant consequences for visibility and value creation.

Capabilities, Skills, and Learning Processes

Capabilities and learning emerged as the most prominent system concern across all workshop groups. Participants repeatedly emphasized that technological change, particularly related to AI, virtual production, and digital workflows, is reshaping required skill sets faster than existing education and training systems can respond. Upskilling and lifelong learning were framed not as optional enhancements but as prerequisites for remaining active within the industry.

Importantly, skills shortages were discussed as systemic rather than individual problems. Participants noted that professionals who fail to adapt risk exclusion, while the system as a whole lacks coordinated mechanisms to support continuous learning for freelancers, mid-career workers, and graduates. This was linked to broader concerns about innovation capacity: without institutionalized learning infrastructures, experimentation and adoption of new technologies remain uneven and fragile.

Infrastructure and Production Capacity

Infrastructure was widely understood as a structuring force shaping the future direction of the innovation system. Participants discussed new production hubs and studio complexes as both opportunities and risks.
On the one hand, such infrastructures enable Estonia to attract foreign productions and strengthen its position in global production networks. On the other hand, participants warned that heavy investment in service-production infrastructure could reorient the system toward externally driven value creation, potentially marginalizing domestic creative production.
Digital public infrastructure, including Estonia's advanced administrative systems and production incentives, was seen as a comparative advantage. However, participants stressed that infrastructure alone does not guarantee innovation outcomes; its effects depend on how benefits circulate back into domestic creative ecosystems and whether infrastructures are accompanied by investments in skills and creative development.

Institutions, Rules, and Governance Arrangements

Institutional conditions and governance frameworks were repeatedly identified as sources of system instability. Participants expressed strong concern about declining or unpredictable cultural funding and the tendency to deprioritize culture during economic downturns. This was seen as undermining the system's capacity for risk-taking, long-term experimentation, and innovation.

A particularly salient institutional issue concerned social guarantees. The lack of health insurance and social protection for creative workers was discussed as a structural barrier to professional sustainability and innovation. Participants framed social guarantees not merely as welfare issues but as foundational conditions enabling creative labor to engage in uncertain and experimental work. More broadly, participants highlighted a perceived misalignment between decision-makers and filmmakers, signaling weak legitimacy and trust within the governance of the innovation system.

Market Formation, Demand, and Diffusion Mechanisms

Participants articulated deep uncertainty regarding demand-side dynamics and diffusion mechanisms. Audience fragmentation, declining cinema attendance, and stagnating consumption were repeatedly mentioned as structural constraints. While the democratization of production was seen as expanding creative participation, it was also expected to lead to overproduction of content and talent, intensifying competition for attention. Traditional gatekeepers were described as weakening, while algorithmic selection mechanisms operated by platforms were increasingly perceived as opaque and commercially biased. Festivals and international visibility were therefore viewed as critical alternative diffusion channels, particularly for small-market content. Cinemas were discussed as needing to reinvent their roles, potentially becoming hybrid exhibition, production, and community spaces to remain viable within the system.

System Trajectories and Future-Oriented Tensions

Rather than producing a single coherent future vision, the workshop revealed multiple competing system trajectories. One trajectory emphasized Estonia as a technologically advanced, globally integrated production hub, primarily servicing foreign productions. Another prioritized fewer but higher-impact domestic films, aiming for cultural distinction, festival success, and international recognition. Participants recognized that these trajectories may conflict, particularly in terms of resource allocation, labor markets, and cultural objectives. Across all discussions, foresight functioned as a mechanism for stress-testing the innovation system. Participants used future scenarios to expose existing bottlenecks in skills, governance, infrastructure, and diffusion, and to reason backwards toward policy interventions capable of reshaping system dynamics.

Policy Recommendations

The recommendations presented below are conceived as system-level interventions rather than isolated sectoral measures. They respond directly to the coordination, capability, directionality, and diffusion failures identified in the preceding analysis and are intended to improve the functioning of film and audiovisual innovation systems in small European markets. Taken together, they form a coherent portfolio aimed at stabilizing experimentation, enabling learning, and supporting the institutionalization of innovation across national and European levels.

Strengthen Coordination Within Audiovisual Innovation Systems: A recurring challenge across small European film markets is weak coordination between key actors in the innovation system, including producers, technology providers, funders, educators, and regulators. Innovation policies should therefore prioritize the creation and reinforcement of system coordination mechanisms. Film institutes, public funding bodies, and regional agencies should be supported and mandated to act not only as grant administrators but also as innovation-system intermediaries. This includes convening actors across production, technology, and data domains, facilitating structured collaboration, and aligning incentives across fragmented project-based networks.

Such coordination functions are particularly critical in small markets, where individual firms lack the scale to sustain experimentation independently. Dedicated coordination platforms, innovation labs, or alliance-based structures can reduce duplication of effort, enable shared learning, and provide continuity across project cycles.

Example actions:

- Establish formal coordination mechanisms bridging ministries of culture, economy, innovation, and education.
- Set up cross-ministerial innovation-culture task forces to reduce policy silos and align instruments.
- Reduce duplication between agencies through joint planning tools and shared strategic priorities.
- Support creative clusters, hubs, and incubators as permanent coordination nodes linking film, technology, and entrepreneurship.
- Equip regional film commissions to act as innovation facilitators, not only logistical bodies.

Upgrade Shared Innovation Infrastructures:

In several markets, innovation is limited by insufficient access to advanced production and experimentation facilities. Such infrastructures should be treated as system assets enabling learning and diffusion, not as isolated investments.

<u>Concrete Actions</u>

- Invest in modern production infrastructure, including virtual production studios, motion-capture facilities, VFX hubs, and advanced post-production centers.
- Support incubators and accelerators focused on film-technology innovation.
- Develop regional innovation centers linking audiovisual production with research and technology domains.
- Promote shared-use infrastructure models, including cross-border access where scale is limited.

Build Shared and Interoperable Data and Rights Infrastructures:

One of the most persistent systemic bottlenecks in European audiovisual markets concerns fragmented and proprietary data and rights-management infrastructures. Inefficiencies in metadata standardization, rights identification, licensing, and revenue transparency increase transaction costs, limit market access for smaller actors, and constrain innovation diffusion. Policy intervention is therefore required at the infrastructural level

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Policymakers should support the development of **interoperable, publicly governed data and rights infrastructures** that align with European data policy frameworks such as the Data Governance Act and the Data Act. These infrastructures should enable consistent identification of works and rights holders, facilitate automated and transparent licensing processes, and support lawful data use across borders. Regulatory sandboxes should be expanded to allow controlled experimentation with smart contracts, automated royalty distribution, and hybrid public-private governance models, while reducing legal uncertainty for small and medium-sized enterprises (SMEs).

<u>Further Concrete Actions</u>

- Incentivize adoption of interoperable identifiers and harmonized metadata standards across audiovisual value chains.
- Use conditional funding and technical assistance to make interoperability operational in publicly supported projects.
- Align audiovisual initiatives with EU data frameworks (EBSI, DGA, MiCA) through dedicated cross-sector task forces.
- Promote blockchain and data-governance literacy where these demonstrably reduce transaction costs for SMEs.

Address Capability Failures Through System-Wide Skills and Intermediary Development:

Capability constraints are a structural feature of small-market audiovisual industries, where firms are typically small, project-based, and reliant on freelance labor. Innovation policies should therefore move beyond project-level training and support system-wide capability building. This includes sustained investment in continuous professional education, the integration of innovation-relevant skills into film school curricula, and the formal recognition of new intermediary roles.

Our research has identified the importance of specialized intermediaries—such as data stewards, sustainability managers, and innovation coordinators—who translate between creative, technological, and regulatory domains.

Policies should support the training, certification, and long-term employment of such roles within production companies, funding bodies, and ecosystem organizations, ensuring that expertise accumulates within the system rather than dissipating across short-term projects.

- Integrate AI literacy, virtual production, XR, data analytics, and digital workflows into higher education and professional training.
- Promote interdisciplinary education linking film, gaming, design, music, and software engineering.
- Establish structured lifelong-learning pathways for mid-career professionals.
- Ensure training access for freelancers, SMEs, mid-career workers, and those re-entering the sector.
- Develop vocational training for technical film professions accessible beyond academic tracks.
- Learn from established qualification models (e.g., France, Ireland) and incentivize industry participation in training design.
- Strengthen institutional capacity by recruiting innovation specialists, technologists, and data analysts into film agencies.

Set Directionality Through Sustainability and Audience Development

Innovation systems require direction. Sustainability and audience development are areas where institutionalized incentives and standards are critical for diffusion beyond individual champions.

Integrate sustainability criteria into film innovation and funding policies. Support R&D in low-energy production technologies, sustainable materials, and green workflows.

Adopt funding models that require measurable carbon-reduction additionality (e.g., sustainability innovation funds).

Enable shared access to sustainability resources, including green consultants and equipment pools.

Strengthen audience-development programs, particularly for young and diverse audiences.

Support microcinemas, pop-up cinemas, and third-space exhibition to expand access to national films.

Promote cultural literacy and awareness of national audiovisual heritage as a strategic cultural asset.

Support Diffusion and Institutionalization of Innovation

Across both digital and sustainability domains, a key weakness of current innovation policies is insufficient attention to diffusion and institutional learning. Pilot projects and experimental initiatives are frequently supported, but their outcomes are rarely translated into standard practice. Innovation policies should therefore include explicit mechanisms for documenting, evaluating, and disseminating lessons from funded experiments.

This may include requirements for structured reporting and knowledge-sharing, the creation of shared repositories of tools and practices, and the use of policy feedback loops to adjust funding criteria and regulations based on demonstrated outcomes. The system, in other words, needs anticipatory capacity and learning loops that turn experimentation into cumulative capability rather than isolated pilots.

Further Concrete Actions

- Develop national foresight strategies for ongoing technological change and market restructuring.
- Build data infrastructure enabling predictive analytics and scenario modelling.
- Introduce key metrics for innovation to guide national training investments and monitor transformation.

Ensure Coherent Governance Across Policy Levels:

Finally, improving audiovisual innovation systems requires greater coherence between local, national, and European policy interventions. Fragmentation across governance levels can undermine system performance, particularly in small markets.

Policymakers should therefore work toward a clearer division of roles, stronger alignment of instruments, and shared strategic objectives across levels. This includes enhancing coordination between cultural, innovation, and data policies, and recognizing audiovisual industries as both cultural sectors and contributors to Europe's wider innovation and data ecosystems.

Conclusion

This chapter has argued that innovation in film and audiovisual industries cannot be adequately understood or supported through isolated projects, technologies, or policy instruments. Drawing on innovation-systems theory and comparative empirical evidence from small European markets, it has shown that innovation in these sectors is inherently systemic, emerging from interactions among creative producers, technology providers, public institutions, educational organizations, and regulatory frameworks, and depending on cumulative learning rather than discrete breakthroughs.

The analysis highlighted persistent structural constraints in small markets—limited scale, fragmented firm structures, project-based labor, and strong dependence on public funding—alongside growing pressures from technological change, datafication, sustainability requirements, and platformization. Under these conditions, the main challenge is not a lack of experimentation but insufficient mechanisms for coordination, capability accumulation, diffusion, and institutional stabilization.

By reframing innovation policy as an intervention into the architecture of sectoral innovation systems, the chapter moves beyond a narrow focus on production support or technology adoption. The policy recommendations emphasize strengthening coordination and intermediation, investing in shared infrastructures, aligning skills formation with emerging innovation trajectories, and embedding sustainability and data governance into the core rules of the system. They also underline the importance of diffusion, foresight, and social stability as foundations for long-term innovation capacity.

For small European film and audiovisual markets, such a systemic approach is essential. Innovation policy, understood as institutional design, shapes the conditions under which experimentation can be sustained and learning can accumulate, enabling these industries to adapt to ongoing transformations while continuing to fulfill their cultural, social, and economic roles.

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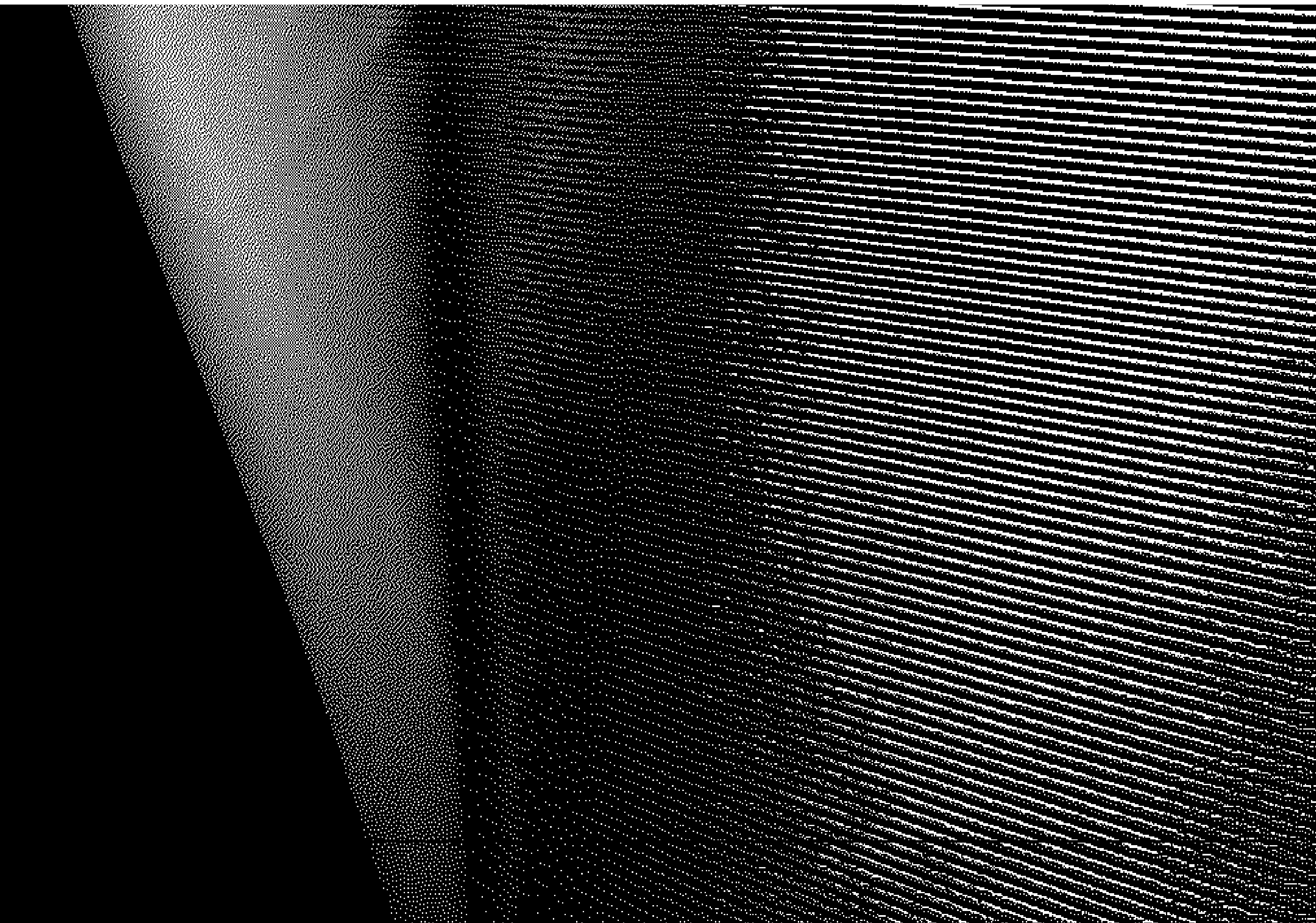

Cooperation as a structural response in small European film markets

by Rūta Kiaupaitė, Aistė Litvinaitė-Jablosnkienė

Introduction

Small European film markets present a paradox for entrepreneurship: while creative capacity and production output are strong, the structural conditions under which companies operate constrain their ability to grow, invest, and innovate. Fragmentation dominates these ecosystems—production is organized around one-off projects, enterprises are predominantly small or medium companies (in some countries, 90–99% of companies are SMEs), and long-term investment capacity remains weak. This means that entrepreneurial risk is rarely absorbed at the company level and is instead deferred through short-term project logic.

In this context, cooperation can emerge as a structural response. Regional clusters and transnational alliances enable companies to pool resources, share infrastructure, and extend strategic horizons beyond individual productions, particularly when supported by policy instruments designed to sustain continuity rather than project-by-project survival. Their effectiveness, however, depends not only on institutional frameworks but also on organizational capacity and trust, with many cooperation models evolving incrementally from informal, practice-led networks where formal structures are initially absent. In this sense, cooperation functions not only as a coordination mechanism but as an enabling infrastructure through which companies can collectively access finance, innovation, skills, and markets that remain structurally out of reach at the individual level.

Cooperation in the European film industry takes multiple forms, from professional associations and project-based alliances to more integrated cluster structures. While associations primarily address advocacy and professional representation, clusters operate as systemic cooperation models that connect companies and institutions across the audiovisual value chain, enabling shared infrastructure, knowledge circulation, and long-term strategic coordination (Porter, 1998). Supported by EU innovation and SME policies, clusters are particularly relevant as organizational frameworks for strengthening production ecosystems in small film markets.

This analysis asks how regional clusters and transnational alliances can function as entrepreneurial infrastructures in small European film markets, and under what organizational and policy conditions they support companies in building sustainable capacity beyond individual projects. Based on desk research, interviews, and participatory action research conducted through pilot initiatives, the focus is on the processes through which cooperation is initiated, structured, and sustained in practice.

Establishing a Regional Audiovisual Cluster: Framework, Steps, and Application in Croatia

The establishment of a regional audiovisual cluster should be understood not as a single institutional act, but as a gradual, multi-stage process shaped by existing industry relations, policy environments, and the capacity of stakeholders to cooperate over time. Within European cluster policy and cluster research, this process is most commonly conceptualized through the notion of a cluster initiative (CI)—a flexible, often bottom-up mechanism through which cooperation is tested, structured, and progressively formalized (Sölvell et al., 2003; Lindqvist et al., 2013).

EU cluster policy recognizes clusters as strategic instruments for enhancing SME competitiveness, innovation capacity, and regional development. Consequently, a range of policy instruments and funding programs have been developed to support cluster formation. These frameworks require not only a clear definition of thematic and geographical boundaries but also the identification of a coordination or "command" function—an entity responsible for managing resources, facilitating cooperation, and representing the cluster vis-à-vis public authorities. Given the conceptual openness of clustering, EU programs and practitioners have adopted diverse terminologies, including "SME cooperation groups," "networks of economic relations," and "cluster initiatives." Among these, the cluster initiative (CI) framework has emerged as the dominant analytical and operational model, particularly following the Global Cluster Initiative Survey and the publication of The Cluster Initiative Greenbook (Sölvell et al., 2003).

Against this conceptual and policy background, CresCine partners jointly agreed to initiate and observe a pilot process of regional cluster formation in Croatia. The Croatian context offered a particularly illustrative small-market setting, characterized by a fragmented production landscape, a high concentration of micro and small enterprises, limited domestic production scale, and the absence of a formalized national audiovisual cluster. At the same time, Croatia hosts a well-developed production incentive scheme that attracts international service productions, creating a structural tension between internationally oriented service work and the long-term sustainability of domestic production companies. Taken together, these conditions provided a relevant context for examining how cluster initiatives can emerge and evolve in environments where formal cooperation structures are weak or non-existent.

The Croatian pilot was designed as a Participatory Action Research (PAR) process, combining analytical inquiry with practice-based intervention. Rather than treating cluster formation as a purely observational case study, the research actively engaged industry stakeholders in diagnosing structural challenges, articulating cooperation needs, and testing initial steps of cluster development. This approach was supported by comparative desk research on European cluster policy and audiovisual cooperation models, as well as by interviews with representatives of existing clusters and intermediary organizations.

A central role in this process was played by the Baltic Film and Creative Tech Cluster (BFCT), which acted as a practical guide and facilitator for the Croatian initiative. Based in Lithuania, BFCT is an industry-led cluster operating at the intersection of film production, audiovisual services, and creative technologies in a small market context comparable to Croatia. The cluster has developed extensive experience in building cooperation among SMEs, coordinating joint EU projects, and navigating European funding instruments. Drawing on this experience, BFCT representatives supported the Croatian pilot by sharing methodological tools, governance models, and practical insights into cluster initiation, coordination, and sustainability.

Through this PAR-based pilot, the Croatian case becomes both an empirical site and a methodological device: a way of testing how established cluster frameworks operate in practice, how stakeholders engage with them, and which steps are transferable to other small European film markets. The following sections build on this foundation by outlining the key stages of cluster development—objectives, membership, coordination, operational models, funding, and scaling—while reflecting on how each was addressed, challenged, or adapted within the Croatian pilot context.

Defining Objectives and the Rationale for Cooperation

The articulation of clear objectives is a critical early step in establishing a regional audiovisual cluster. Research consistently shows that initiatives with a limited number of well-defined goals are more likely to succeed than those attempting to address multiple, loosely connected ambitions (Sölvell et al., 2003). This is particularly relevant in small film markets, where limited resources require cooperation frameworks to be focused, practical, and directly linked to companies' operational needs. Early-stage clusters that prioritize one or two concrete objectives—such as improving access to finance, strengthening production capacity, or enabling joint market entry—are better positioned to generate tangible value and sustain engagement over time.

As a representative of the Catalan Audiovisual Cluster noted, "It started not as a cluster, but as a space to speak about common problems. It became clear that being together was the only way to respond to digital change and structural uncertainty" (Catalan Audiovisual Cluster interview, 2025). In Wallonia, highly specialized companies similarly organized around shared regional strengths to consolidate entrepreneurial capacity and scale their market positioning by forming the TWIST cluster (TWIST Cluster interview, 2025). By contrast, the Aarhus Film City illustrates a top-down pathway, where public investment in infrastructure created the conditions for long-term ecosystem development (Filmby Aarhus interview, 2025).

Across these models, a consistent pattern emerges: sustained engagement depends less on the origin of the cluster than on its ability to deliver concrete entrepreneurial benefits. Companies commit time and resources when cooperation directly addresses constraints they face individually, such as limited access to finance, fragmented production pipelines, or weak bargaining power in international markets.

These dynamics were clearly reflected in the Croatian pilot. During the Zagreb workshop in August 2024, producers identified the dominance of micro-sized companies, limited domestic production scale, and dependence on project-based funding as shared structural challenges. Rather than articulating a broad mission, participants settled on a focused objective: strengthening cooperation along the production pipeline to increase capacity, improve access to EU funding instruments, and support the long-term sustainability of domestic production companies. This emphasis on company-level value creation shaped the subsequent steps of the cluster initiative.

Identifying Stakeholders and Defining Membership

Cluster formation in the audiovisual sector does not begin from predefined organizational schemes or policy templates, but from existing patterns of practical cooperation among companies. In the early stages of cluster initiative (CI) development, the initiating actor almost invariably builds on already functioning business relationships, most often among enterprises that cooperate along a shared value chain (Sölvell et al., 2003; Lis & Lis, 2013). The development of the Baltic Film and Creative Tech Cluster illustrates this logic clearly. The cluster did not emerge as a top-down policy construct but as a response to a practical need to stabilize and sustain an already formed production pipeline. Informal cooperation among producers and their partners existed prior to cluster formation; the cluster initiative formalized these relationships into an organizational structure capable of supporting continuity, innovation, and access to shared resources beyond individual projects. A similar logic informed the Croatian pilot, where discussions during the Zagreb workshop revealed that cooperation needs were already embedded in daily production practices, and the proposed cluster was understood as a way to organize and strengthen these existing dependencies rather than invent new ones.

Cluster effectiveness, however, depends not simply on which actors are included, but on how they are connected. As Lis and Lis emphasize, "the effectiveness of cooperation in a cluster depends not only on the business efficiency of the cluster members but, primarily, on the nature and quality of the relationships that arise among them" (Lis & Lis, 2013). Central to this argument is the concept of proximity, which extends beyond geographical closeness to include sectoral alignment, organizational compatibility, and shared work practices. Without such proximity, cooperation risks remaining symbolic, reducing the cluster to a formal label rather than a functioning system of collaboration.

Finally, cluster membership is voluntary but inherently selective. Cluster organizations typically define entry criteria based on geographical scope, sectoral focus, position in the value chain, innovation potential, or peer recommendation. Such selectivity protects the cluster from unfocused expansion and ensures that cooperation remains strategically coherent rather than inclusive for its own sake.

These findings align with Porter's conceptualization of clusters as systems in which competition and cooperation coexist. Porter defines clusters as "geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions [...] that compete but also cooperate" (Porter, 2008). From this perspective, clusters function not as neutral networks but as entrepreneurial infrastructures that enable companies to compete more effectively by sharing knowledge, infrastructure, and institutional support—an insight that is particularly relevant for small, SME-dominated European film markets.

Coordination, Facilitation, and Governance

Effective coordination is a critical condition for cluster development, particularly in the early phases. Cluster research highlights the role of a dedicated coordinator, often described as a facilitator or cluster manager, in organizing activities, mediating interests, building trust, and mobilizing resources (Sölvell et al., 2003; Lindqvist et al., 2013). In practice, this coordinating function requires an identifiable organizational anchor.

Cooperation does not sustain itself without a cluster organization (CO) acting as a legal and operational entity responsible for facilitation, coordination, and representation. In project-based sectors such as film, where collaboration is frequent but continuity is weak, the CO provides the missing link between episodic cooperation and sustained collective capacity. "Without someone holding the process together, cooperation remains a series of one-off conversations rather than a shared trajectory" (BFCT interview, 2025).

The coordinator role typically evolves over time. In the early stages, it is often assumed by a founding actor and later formalized as the cluster matures. However, coordination alone is insufficient without sustained member engagement. Research identifies commitment—both strategic and operational—as a key success factor (Lis & McPhillips, 2016). This includes co-creation of priorities, participation in working groups and joint projects, engagement in international activities, and financial contribution. In SME-dominated sectors, such engagement is essential, as clusters often function as intermediaries enabling access to innovation and funding instruments beyond individual company capacity.

Recent studies further emphasize the stabilizing role of leading enterprises and public authorities in maintaining cluster cohesion and preventing fragmentation (Hervas-Oliver & Albors-Garrigos, 2008; Belussi, 2015; Parrilli, 2019). Coordination thus functions less as administration and more as a mechanism for sustaining relational density, shared responsibility, and collective identity.

In the Croatian pilot, coordination was deliberately framed as a temporary and enabling function rather than an immediate institutional structure. This sequencing prioritized trust-building and experimentation before formal governance was established. Supported by the Baltic Film and Creative Tech

Cluster, the pilot reflects broader findings in cluster research: premature formalization can inhibit engagement, while insufficient coordination risks fragmentation. Sustainable cluster development, therefore, depends on balancing lightweight coordination with growing member commitment over time.

Funding Strategies, Engagement, and Policy Alignment

Since the early 2000s, clusters have been recognized as strategic instruments for innovation, SME support, and regional development, and are therefore supported through dedicated EU and national funding programs. In practice, cluster organizations rely on mixed funding models, typically combining four main sources:

- Membership fees
- Governmental funding at the national, regional, or local level
- Project-based funding, primarily from EU programs
- Income generated from services such as training, consulting, or brokerage activities

Empirical evidence from the Global Cluster Initiative Survey (GCIS) demonstrates that public funding plays a decisive role in the early development phases of cluster initiatives, accounting for approximately 54% of total revenues. As clusters mature, reliance on public funding tends to decrease, while own-source revenues increase, particularly through membership fees and service-based income (Sölvell et al., 2003; Lis & Lis, 2015).

Across the EU, project-based funding represents the dominant financing mechanism, especially in small and medium-sized markets. Many clusters initially rely on national or regional structural funds, while participation in large-scale international programs, such as Horizon Europe or Euroclusters, typically becomes feasible only once sufficient administrative capacity and coordination structures have been established. This sequencing reflects the transformation of cluster initiatives from project-based entities into more stable, membership-based organizations over time. This sequencing is not merely procedural but entrepreneurial: project-based cooperation allows companies to collectively absorb risk, engage in innovation-oriented activities, and build organizational capabilities without committing to irreversible investments.

At the same time, membership fees generally remain a secondary but symbolically important source of income, reinforcing commitment and long-term engagement. For example, the Baltic Film and Creative Tech Cluster reports that membership fees account for approximately 10–20% of its annual budget, depending on the year. Complementary public support from national or local authorities further stabilizes cluster operations and enables strategic continuity.

Taken together, these findings underline that effective funding strategies for cluster organizations depend on alignment with EU and national policy frameworks, gradual diversification of income sources, and the development of organizational capacity. In small European film markets, where private investment capacity is limited, public and project-based funding remains essential, particularly in the early stages of cluster development.
From Regional Clusters to International Alliances: Scaling Entrepreneurial Capacity

Regional clusters function as entrepreneurial infrastructures that stabilize cooperation and build organizational capacity within national film ecosystems. However, many structural challenges faced by small European film markets, such as international market access, regulatory asymmetries, large-scale innovation, and global competition, exceed the scope of individual clusters.

As regional cooperation matures, scaling entrepreneurial capacity therefore requires an additional organizational layer operating beyond national boundaries.

International alliances emerge not as extensions of regional clusters, but as complementary meta-structures. Rather than relying on geographical proximity, they connect existing organizations, regional clusters, intermediaries, and research institutions around clearly defined strategic objectives. Their primary function lies less in completing production pipelines and more in coordination, representation, and strategic positioning at the European and global level.

Both clusters and alliances can be understood as network organizations operating through vertical, horizontal, and diagonal relationships that combine value-chain cooperation, peer-level coopetition, and collaboration with public and supporting institutions (Lis & Lis, 2015). As formal organizations, they generate synergy effects by creating collective value beyond what individual actors could achieve independently.

Unlike clusters, international alliances are typically initiated by organizations with existing operational capacity, and participation is driven by practical value rather than symbolic affiliation. Our research shows that alliances without clearly defined and limited objectives—such as joint market access, shared innovation agendas, or coordinated regulatory dialogue—rarely persist beyond initial funding cycles. Many fail precisely because they are established as project outputs without a viable operational model once EU funding ends.

Successful alliances are built on trust, reputation, and prior collaboration rather than formal proximity. Regional clusters often form the core membership, providing territorial anchoring and organizational credibility, while scaling strategies respond to opportunity structures, expertise gaps, or funding eligibility rather than comprehensive value-chain coverage.

Across the analyzed cases, the decisive success factor is the presence of a functioning operational model, including formal governance, paid coordination, and diversified income streams combining membership fees, project funding, and service income. Where coordination remains voluntary or project-bound, cooperation tends to stagnate. EU policy increasingly reinforces this logic through instruments such as the Euroclusters program, making policy alignment an operational rather than abstract concern.

Building on these findings, CresCine is currently developing a transnational alliance as a continuation of the cooperation structures established through the project. Rather than treating alliance-building as a standalone intervention, CresCine approaches it as a cumulative process that builds on existing regional clusters and tested collaboration practices. While regional clusters provide the organizational foundation, long-term entrepreneurial scaling within CresCine is understood to depend on sustained transnational coordination beyond the project timeframe. This sequencing, from regional stabilization to the gradual development of a transnational alliance, structures CresCine's implementation logic and positions cooperation as an evolving organizational capacity to be further consolidated after the project, rather than as a time-limited project output.

Recommendations

Start with concrete, shared business problems: Cluster formation should be driven by clearly articulated needs that individual companies cannot address alone, such as access to finance, pipeline continuity, shared services, or internationalization. Early cooperation should prioritize one or two concrete objectives that generate visible value, rather than broad or symbolic missions. Keep early structures lean and adaptable: In initial phases, clusters should avoid over-formalization. Lightweight coordination, clear communication, and pilot activities are more effective than complex governance structures. Formalization should follow demonstrated engagement and value creation, not precede it.

Treat coordination as a shared investment: Effective coordination does not emerge automatically. Companies should recognize coordination and facilitation as collective investments that reduce individual transaction costs and enable access to opportunities, particularly EU funding and cross-border cooperation, that would otherwise remain out of reach.

Build along the production pipeline, not by profession: Membership strategies should reflect actual interdependencies within the production ecosystem. Clusters that connect producers with service providers, post-production, technology firms, and training institutions are better positioned to strengthen production capacity and continuity than those organized around single professions.

Do not scale internationally before cooperation works regionally: International alliances should build on functioning regional cooperation. Without basic coordination and trust at the national or regional level, cross-border collaboration risks reproducing fragmentation at a larger scale rather than creating added value.

Define a clear superior objective for international alliance: International cooperation requires a clearly articulated shared goal, such as joint market access, innovation capacity, or regulatory coordination. Alliances formed mainly as project outcomes often struggle to persist once funding ends if no real operational purpose exists.

Establish a minimal but viable operational model: Even lightweight international alliances need coordination capacity, basic governance, and diversified income sources. Without this foundation, cooperation remains symbolic and difficult to sustain beyond individual projects.

Conclusion

The evolution from fragmented small markets to interconnected European ecosystems requires a fundamental shift in how entrepreneurial risk and capacity are managed. By moving from project-based isolation to structural cooperation through clusters and alliances, small European film markets can build the resilience necessary to compete globally. However, this transition is not automatic; it requires deliberate, step-by-step organizational development, grounded in trust and sustained by professional coordination.

Strategies and policies in distribution and exhibition

Introduction

This chapter presents critical insights from published and forthcoming CresCine reports, focusing on the evolving landscape of film distribution and exhibition within small European audiovisual ecosystems. The following examines policy shifts across the CresCine regions—specifically targeting film support, circulation, and the dynamics of global sales networks. Additionally, this chapter provides summaries of five learning guides that synthesize practical insights, case studies, and strategic reflections, culminating in actionable recommendations for industry stakeholders and policymakers.

Toward Stronger Support Frameworks for Distribution, Exhibition, and Circulation

by Ivana Kostovska

This brief analyzes the role and impact of policies focused on distribution, exhibition, and circulation. It provides new insights into variations in policy approaches across key areas, including release windows, investment obligations for streaming services, quota and prominence rules, and distribution support measures. By examining how these policies shape market outcomes, this research identifies interventions that effectively support the competitiveness of films originating from small CresCine ecosystems.
Based on the analysis, there is an evident need to strengthen the distribution, exhibition, and circulation dimensions of public support frameworks. Current data reveals a lack of measures that effectively support online circulation and visibility, which limits both cultural reach and economic sustainability. Therefore, it is recommended that public support for these sectors be increased and that coherence between various support schemes be improved.

Several CresCine ecosystems face the challenge of fragmented distribution sectors and limited distributor capacity. Independent distributors face structural constraints, including rising marketing costs, limited bargaining power in a globalized film industry, and increasing operational risks, while often lacking access to public support. A key recommendation is to enable slate-based or operational support for these independent entities.

Challenges in Direct Support and Funding Levels

In some CresCine ecosystems, there is a notable lack of public support measures where distributors are the direct beneficiaries. In Denmark, public support is primarily channeled through producer-led launch support provided by the Danish Film Institute (DFI). While the DFI may approve the transfer of support to a distributor following a written agreement, the primary recipient remains the producer. Similarly, in Flanders, the VAF supports audience-oriented measures but does not operate a dedicated distribution grant scheme. Furthermore, the level of support is often insufficient; for example, in Croatia, cinema distribution support accounted for just over 1% of total public subsidies provided by the Croatian Audiovisual Centre (HAVC) in 2024.

Windowing and Innovative Models

Rigid windowing policies may disadvantage films from small markets and reduce their capacity to reach audiences, particularly for underrepresented genres such as documentaries. Policymakers are encouraged to adopt flexible approaches to release windows that account for market size, film profile, and audience behavior. Denmark reflects this shift: the DFI requires, as a condition of launch support, that producers and distributors ensure lower-selling titles become available more quickly on digital platforms and television.

The Landscape of Exhibition and VOD Support

Policy frameworks across the CresCine ecosystems primarily support exhibition through cinema-related activities and festival funding, emphasizing audience development. In Ireland, support is mainly producer-led or focused on audience-development instruments rather than dedicated exhibitor subsidies.

There is also a significant policy gap regarding VOD distribution. Public authorities should introduce or strengthen measures for online distribution to ensure digital circulation is recognized as a component of film competitiveness. Currently, only Estonia and Lithuania clearly embed online circulation within formal distribution instruments, while others, like Portugal and Ireland, support it indirectly through promotion schemes.

Incentivizing Performance and Investment

The VAF in Flanders operates automatic impulspremies that reward festival performance and box-office success, linking artistic recognition to follow-up financing. Lithuania is considering similar schemes. Furthermore, investment obligations for streaming services are being implemented in Denmark, Portugal, Croatia, and Flanders. Conversely, Ireland, Estonia, and Lithuania have not yet introduced such obligations. Moving forward, the effectiveness of these obligations and prominence requirements must be assessed based on visibility and audience reach rather than just financial input.

Shifts in Sales Markets and Global Distribution Networks

by Ivana Kostovska

The transformation of sales and distribution practices, driven by global demand and industry globalization, has led to a reduction in risk-taking. This presents a significant hurdle for films from small territories. Industry experts note that sales agents are increasingly reluctant to commit to projects until the final stages of post-production or until a major A-list festival premiere is confirmed.

Reaching major festivals remains the primary “key for unlocking international markets.” While Cannes, the EFM in Berlin, and Venice remain the most vital hubs for CresCine ecosystems, access has become more selective, and sales outcomes are increasingly concentrated among a few outlier films. Consequently, producers in small markets are increasingly expected to take on “co-selling” roles, actively contributing to international distribution efforts alongside sales agents.

Guides to Building Scale and Competitiveness

by Paul Hammoud

European film distribution and exhibition are undergoing profound changes shaped by streaming platforms and shifting audience habits. The following five learning guides offer an overview of how European players are adapting to these new market realities:

Guide 1 – Release Windows in Post-COVID Film Distribution: Examines lessons from European distributors on shifting strategy in a context marked by dominant streaming platforms.

Guide 2 – Collaboration with Global VOD Providers: Analyzes the power imbalances and opportunities (such as "cost-plus" deals) when European producers work with large US-based SVOD services.

Guide 3 – Strategies for Building Scale Through Platforms: Explores how local European VOD platforms use cross-border partnerships and data-driven approaches to compete with global giants.

Guide 4 – Sustainable Arthouse Cinema (The Case of Lumière Mechelen): Illustrates the importance of cultural entrepreneurship, public support, and strategic networking for city-based screens.

Guide 5 – Uncommon Venues for Exhibition: Examines how pop-up cinemas, micro-cinemas, and cultural centers support independent film circulation through community engagement.

Recommendations

The following recommendations are derived from the aforementioned learning guides and policy analyses:

<u>For Distributor and Producer Strategies</u>

Optimize Release Tactics: Prioritize theatrical exclusivity where viable, but remain flexible with timing and experiment judiciously with day-and-date releases for specific titles.

Mitigate Power Imbalances: Utilize distributors, sales agents, and contract lawyers to bridge the information gap when negotiating with global SVOD platforms.

Expand Roles: Producers should be prepared to adopt co-selling roles to support international sales efforts.

Strategic Partnerships: When building arthouse infrastructure, seek partnerships with municipal governments and financial institutions.

<u>For Cultural and Economic Sustainability</u>

Enhance the Cinema Experience: Complement cinema operations with inviting cafés or bars to position filmgoing as a "full evening-out" experience.

Targeted Marketing: Develop marketing strategies aligned with specific film characteristics and adopt a cultural entrepreneurship mindset.

Community Engagement: Propose community-centric releases and carefully curated programs centered on arthouse and local crossover titles.

For Policy and Regulation

Modernize Support Measures: Increase public funding for distribution and introduce dedicated support for VOD and digital circulation.

Evaluate Visibility: Measure the effectiveness of investment obligations and prominence requirements by their impact on film discoverability and audience reach, rather than financial inputs alone.

Strengthen Oversight: Build robust national regulatory capacity for the enforcement and evaluation of streaming obligations.

Conclusion

The increasing selectivity of leading European markets underscores the urgent need for policy measures that strategically support market access for smaller ecosystems. To ensure the long-term competitiveness of films from CresCine markets, public support frameworks must evolve beyond traditional theatrical models to embrace digital circulation, flexible windowing, and the strengthening of independent distributor capacity. By bridging the gap between festival success and international commercial distribution, these ecosystems can better navigate the pressures of a globalized audiovisual industry.

Building Future Audiences – A Small Market Perspective

By Cathrin Bengesser, Tatiana Chervyakova, Manuél José Damásio, Possidónio Cachapa, Carla Sousa, José Neves, Claudilene Perim, Rita Gracio, Marta Materska-Samek, Gosia Kotlinska, Maria José Brites, Sten Kauber, Jaka Primorac, Paul Hammoud, Judith Pernin, Ruta Kiaupaite, Romanas Matulis

Resources for small film markets are limited. This limitation concerns the number of films produced and their budgets, but also the "natural" limit to their potential audiences in their domestic markets. Consequently, the competitiveness of small film markets depends on their ability to use resources efficiently to reach domestic audiences across release windows and to access an international pool of audiences as a reliable supplement to domestic viewers—or even as a strategic focus for expansion.

It is, therefore, necessary to understand audiences' motivations for watching films from small markets, their barriers to attending the cinema, and the (unused) potential for exports to enhance the competitiveness of small-market films. Crescine's audience research has explored these issues through various research pathways. Findings from these different parts of the research are reported in the previous volumes of the State of European Film (2024[1], 2025[2]), reports (Chervyakova et al., 2025[3]), and academic publications: Gracio et al. (2025[4]), Damásio et al. (2025[5]), Primorac (2025[6]), and several forthcoming publications. This contribution summarizes the policy implications of these results, specifically how national and European policymakers and stakeholders in distribution and exhibition can help build audiences for small-market films.

The Holistic Task

Audience building is a holistic task that encompasses increasing cinema-going in general and attendance of domestic films in particular (Recommendation 1), increasing knowledge and awareness of small-market films at home and abroad (Recommendation 2), enhancing the visibility of small-market films on VoD (Recommendation 3), audience orientation in funding, production, and distribution (Recommendation 4), the use of AI in audience building (Recommendation 5), and building film literacy in educational contexts (Recommendation 6).

This holistic view seeks to maximize synergies between activities across the value chain and exhibition windows, but it also entails potential conflicts between individual goals—particularly when reconciling the needs of domestic and international audiences. We are also aware that the limitations of small markets' resources restrict the scope of audience-building measures. Therefore, we include good practice examples in our showcase of small but effective initiatives for raising awareness of small-market film, boosting cinema attendance, or increasing film literacy.

The Crescine project has sought to distill challenges to European small film markets' competitiveness from an in-depth analysis of seven small markets: Croatia, Denmark, Flanders (in Belgium), Estonia, Ireland, Lithuania, and Portugal. These markets differ in many ways—for example, in their levels of cinema-going and VoD market development, their reach among international and domestic audiences, their funding, production, and distribution landscapes (see Nielsen et al., 2024[7]), as well as in their access to and awareness of domestic film (see State of European Film 2024[8]). Still, the overall challenge of how to use limited resources efficiently and strategically remains the same for all.

1 https://www.crescine.eu/2024?wmTabs=domestic
2 https://www.crescine.eu/2025?wmTabs=audiences
3 https://zenodo.org/records/17801510
4 tandfonline.com/doi/full/10.1080/2040610X.2025.2516334
5 https://journals.sagepub.com/doi/abs/10.1177/13548565251361224?af=R
6 https://irmo.hr/wp-content/uploads/2025/12/IRMO-aktualno-59.pdf
7 https://www.crescine.eu/small-film-industries
8 https://www.crescine.eu/2024?wmTabs=domestic

Recommendations: Summary of Policy Implications

Foster increased cinema-going and attendance of domestic films: To foster increased cinema-going and the attendance of domestic films, stakeholders must leverage the power and pleasure of the cinema as a physical space for social experience. This can be achieved through event-oriented programming, loyalty schemes, or clubs where domestic film holds a special place, thereby spreading knowledge and awareness. Simultaneously, the industry must recognize and address the diverse needs of audiences that are hard to reach. A strategic focus on accessibility—including targeted measures for children, older adults, blind and low-vision, deaf and hard of hearing, and neurodivergent audiences, and migrant communities—not only meets the needs of diverse groups but also activates their broader social circles, positioning the cinema as an inclusive community space.

Increase awareness of and engagement with small-market film at home and abroad: Increasing awareness and engagement at home and abroad requires a strategic understanding of the differing profiles, tastes, and practices of domestic versus international audiences. This involves conducting parallel support measures for films with a clear path in either direction while harnessing the potential of the few films that manage to appeal to both simultaneously. Building capacity for a broad genre portfolio is essential to reaching niche audiences on both the big screen and VoD. Furthermore, the industry should support formal and informal cultural intermediaries, such as cinephile communities and cultural diasporas. As traditional film criticism faces economic challenges, these engaged communities and stakeholders with cultural mandates become vital for connecting audiences with small-market films that lack large-scale international marketing budgets.

Support the effective circulation and visibility of small-market films on VoD: Support for the effective circulation and visibility of small-market films on VoD requires broadening our perspective to acknowledge the distinct roles that national, regional, niche, and global platforms fulfill. Specific policy measures must ensure the prominence of European small-market films in VoD platform catalogs. However, discoverability cannot be solved by prominence measures alone; it requires broader investment in awareness that spans film-literacy initiatives, marketing, and a strong presence on third-party film platforms and communities.

Enhance audience orientation within small film ecosystems: Enhancing audience orientation within the ecosystem involves building a better understanding of audiences among stakeholders in production, distribution, and funding through improved accessibility of quantitative and qualitative data. Establishing audience orientation as a transversal policy goal allows creators to understand how different groups perceive stories and themes.

Shape a fair, responsible, and effective use of AI in audience building: Regarding emerging technologies, stakeholders must shape a fair and responsible use of AI in audience building. This involves investing in leveled access to AI-based tools and recognizing the disadvantages of small-language communities in training data, which currently threatens the diversity of filmic output.

Be inspired by good-practice projects in other small markets: Finally, film literacy must be integrated into secondary education by combining technical instruction in film grammar with initiatives that promote collective viewing experiences, thereby linking technical competence to civic and cultural participation.

Conclusion

Good Practice Examples from Small Markets

Croatia – Filmska pismenost – Developing film literacy in cooperation with the educational sector

By Jaka Primorac

Through its Film Literacy Portal[9], the Croatian Audiovisual Centre collects all activities of the Centre aimed at long-term improvement of cooperation between the audiovisual and educational sectors in the Republic of Croatia, with the aim of increasing the quantity and quality of film teaching—i.e., with the aim of encouraging and promoting film and audiovisual literacy. Thus, the portal contains information on all the activities, events, and (AV and printed) materials related to the development of film literacy. It aims to empower all those involved in children's education to actively seek knowledge and information about film and its potential to positively influence children's artistic development. It promotes film literacy events, offers educational materials, and other online resources.

Denmark – Biografklub Danmark – Building cinema-going habits through a discounted curated program

By Cathrin Bengesser

Biografklub Danmark[10] offers a 50% discount on tickets to a curated list of ten films per season, which club members access by paying a fee of approximately €17 and then redeeming discount coupons in any of the country's 168 cinemas. The program encompasses about one film per month. New domestic releases are most prominently featured alongside selected European titles and a few US films. Members of the club also get information about upcoming films on the website, the club's app, an annual magazine, and through the club's mailing list. Our qualitative research with members of Biografklub in Denmark has revealed that the club generates awareness and becomes a trusted source of information on upcoming films. The program helps to ritualize members' cinema-going, particularly when groups of friends hold memberships together and going to the cinema becomes an occasion to meet. The club has existed for 30 years and has more than 200,000 members in Denmark to date. It is run by a fund set up jointly by the Association of Danish Distributors and the Danish Cinema Union.

Estonia – Arkaader.ee: A VoD platform for national film

By Sten Kauber

Arkaader.ee[11] is a joint initiative of the Estonian Film Institute and the Film Archive of the National Archives of Estonia and operates as an SVOD and TVOD platform dedicated to Estonian cinema and audiovisual heritage, improving access, discoverability, and film literacy while building audiences among all types of viewers. The platform aggregates feature, documentary, and animated films and newsreels, presents curated thematic collections on the main site to guide discovery, and offers a teacher interface (edu.arkaader.ee) that makes all titles available to educators for unrestricted classroom use. Teachers can show full films or clips, add tasks, create and

9 https://filmskapismenost.hr/
10 https://www.biografklubdanmark.dk/
11 https://arkaader.ee/landing/br/rHczO7kKnl

publish curated learning objects (collections of clips and resources), link materials to school subjects, share content with students, and use produced and teacher-created learning materials that are constantly added to the Arkaader ecosystem. By lowering access barriers, supplying ready-made educational materials, and offering curated pathways into the catalog, Arkaader embeds national cinema into curricula and everyday viewing, strengthening long-term engagement and media literacy across generations.

Flanders – Cineville Pass – Unlimited access to local arthouse & independent cinemas

By Paul Hammoud

A successful and active initiative for building and developing audiences in Flanders and Belgium is the Cineville Pass[12]. It is a subscription model for arthouse and independent cinemas that was first introduced in the Netherlands in 2009 and extended to Belgium in 2022. It provides unlimited access to participating venues for a fixed monthly fee and is restricted to cultural and arthouse exhibitors. The initiative initially took root in Brussels, where its success was facilitated by the geographical concentration of cinemas such as RITCS, NOVA, Cinematek, and Palace. This spatial proximity allowed subscribers to easily access a range of venues and encouraged frequent and diverse cinema attendance. In 2023, Cineville expanded into Wallonia, and in September 2024, the model was introduced in Flanders with seven cinemas.

A defining characteristic of Cineville is its cooperative business model. Participating cinemas are members of a collective structure, which ensures joint decision-making and a shared distribution of revenues. This arrangement has fostered stronger dialogue and collaboration between exhibitors, thereby reinforcing the local film culture ecosystem. From the perspective of audiences, the pass encourages more adventurous viewing habits: subscribers are more inclined to attend films outside the mainstream canon, as the subscription format reduces the perceived financial risk of trying new or challenging works. Data indicates that the initiative particularly resonates with younger demographics; a significant share of subscribers is under 35, representing 65% of the base.

Another initiative worth mentioning is the 1+1 action run by the Flemish Audiovisual Fund (VAF). It was implemented as a post-COVID initiative to encourage audiences back into cinemas. Its success relied on three key factors: the availability of attractive films, the willingness of cinemas to participate, and a consistent release schedule with monthly film releases. VAF's analysis showed a positive impact, particularly through broad promotional support.

Ireland – Where to watch Ireland? An aggregator site for finding domestic film in cinemas and on streaming

By Judith Pernin

The national screen agency Screen Ireland aims to promote domestic films and build audiences, especially for Screen Ireland-funded works, via a number of programs. The website WheretowatchIreland[13] seeks to tackle the issue of film discoverability across cinemas and streaming platforms by gathering information in one place about where to watch Irish television drama,

12 https://cinevillepass.be/en-BE
13 wheretowatchireland.com

animations, documentaries, and fiction films. The website organizes films into collections according to genres and types of audiences (Family Favorites, Oscar-nominated films). Website users can also find out about new releases in the "Coming soon" tab, and they can create a personal account to follow selected films. The website provides a community for film fans who can connect, create a profile, and compare notes on films. Built by entertainment tech company usheru, the website gathers analytics from a wide range of providers, collecting data for 40 international and domestic streaming services and for movie theaters across the island of Ireland.

Lithuania – Bringing cinema to people through Cinema Caravan and open-air screening events

By Ruta Kiaupaite & Romanas Matulis

Kino Pavasaris[14] is a major film festival in Lithuania that engages the Lithuanian public not only during the festival but also with several initiatives at different times of the year. During the summer season, the so-called "Cinema Caravan"[15] travels throughout Lithuania, showing films in regional areas and small towns that do not have cinemas nearby. Free screenings are held on mobile screens in open squares or in parks and meadows, often accompanied by the filmmakers themselves, who engage with the audience after the screening. With "Cinema Under the Stars,"[16] Kino Pavasaris engages audiences in Vilnius with special screenings during the summer. Similarly, the Silver Crane Film Awards host the "Silver Crane Nights."[17] Kino Pavasaris is a member of the Baltic Film & Creative Tech Cluster.

Portugal – Information & Communication Clubs

By Maria José Brites & Manuel José Damásio

Within the National Strategy for Citizenship Education, the Portuguese Ministry of Education has recognized Information and Communication Clubs (IC Clubs)—including school newspapers, blogs, podcasts, radio, and TV projects—as key instruments for promoting film and media literacy and active citizenship in schools. In this context, the Directorate-General for Education (DGE) and the Centre for Research in Applied Communication, Culture, and New Technologies (CICANT) at Universidade Lusófona established a cooperation framework linking the IC Clubs network with the research project YouNDigital – Youth, News, and Digital Citizenship. This partnership[18] aimed to reinforce digital, film, and media literacies among young people through participatory and practice-based approaches throughout the school year of 2024-2025.

A series of seven online webinars/masterclasses and one in-person event, reaching around 550 participants in total, focused on core media literacy themes such as ethics, copyright, and the future of information in the age of Artificial Intelligence. Building on YouNDigital's results[19], CICANT has also developed training modules on algorithms, diversity, and digital ethics, delivered to professionals in education, media, health, and justice. These actions illustrate how academic research can inform evidence-based policy and practice, fostering a more inclusive and participatory film industry in Portugal.

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14 https://kinopavasaris.lt/en/
15 https://www.facebook.com/kinokaravanas/?locale=lt_LT
16 https://kinopavasaris.lt/en/projects/cinema-under-the-stars/
17 https://sidabrinegerve.lt/festivalis/
18 https://youndigital.com/index.php/2024/11/18/direcao-geral-de-educacao-dge-e-cicant-estabelecem-parceria-entre-os-clubes-de-informacao-e-o-projeto-youndigital/
19 https://www.cogitatiopress.com/mediaandcommunication/article/view/8272

Final words. The call for evidence-based policymaking in European cinema

By Sten-Kristian Saluveer & Manuel Damasio

As the CresCine project concludes in its Horizon Europe mandate at the end of February 2026, ultimately everyone in the European audiovisual ecosystem - whether in countries big or small - stand face to face with tough challenges for the future. The insights the project gathered across three years of research, deploying and testing multiple pilots of solutions for the industry, and engaging in dialogue with industry and other stakeholders across our seven studied small ecosystems and beyond, convinced us that intuition based decision making - for productions, projects, organizations or larger configurations must be backed with data and research if increased competitiveness in these markets is to be attained. To navigate this ongoing "polycrisis" of market fragmentation, digital consolidation, and geopolitical instability, Europe's film industry must undertake a structural shift toward evidence-based, data-driven leadership.

During its 36 months of deep dives, CresCine has not only identified the challenges of small markets but has also revealed avenues and recommendations for the solutions ahead. As we now conclude and steer towards the future, we hope that our work offers a direct strategic contribution to the evolving priorities of both private entities, but also national governments and the European Union.

For national policymakers, our innovation and data focused approach outlined in our research provides a critical pivot. We must move beyond viewing film funds solely as cultural preservers and reimagine them as key stakeholders in business, data and innovation focused ecosystems. The CresCine toolkits demonstrate that competitiveness in small markets is not a function of budget size or festival prestige, but of coordination—linking production incentives with skills development, green infrastructure, and digital interoperability. Complementarily, our recommendations on how to connect local and international audiences and the developed tool CineFlux, provide National funders with new tools to support their own industry and make it more competitive.

For the EU, we hope that CresCine achieved its role as a source of knowledge and information for the much needed next generation of support mechanisms:

Contributing to the Creative Europe MEDIA "Agora" Transformation: As the Creative Europe program evolves toward a more connected, digital, and transparent marketplace - an "Agora" for European content - data will be one of its core resources. CresCine's development of the Film Industry Data Repository (FIDA) provide the blueprint and lessons learned, if not tangible outcomes for this transformation.

By standardizing how we identify, track, and remunerate creative work, we lay the groundwork for a transparent European Media Data Space that empowers creators and distributors alike.

Fortifying the "Democracy Shield": The European Democracy Shield initiative correctly identifies the information space as a frontline for democratic resilience. CresCine's research on "Cultural Resonance" reveals that small-market films are not only commercial products but vital instruments of narrative sovereignty challenged by actors whose mission is to undermine European democracies and values. By supporting the diversity of local voices through robust distribution policies, we actively counter disinformation and homogenization. A competitive small-market film sector is, effectively, a shield that protects the plurality of European democratic discourse.
Investing in AI and Innovation: As the EU implements the AI Act and seeks to exponentially boost innovation, the audiovisual sector faces a dual challenge of adoption and protection. CresCine's findings on innovation systems and state of skills offer a roadmap for "Human-Centric AI" - deploying technology to handle the "heavy lifting" of metadata and logistics

while protecting the creative core of European storytelling. We advocate for both a wide focus on leadership upskilling and sandboxes that allow SMEs to experiment with AI and virtual production without the prohibitive risks that currently stifle innovation in small markets. The research conducted on attitudes towards AI adoption amongst producers in small markets constitutes a unique update that frames the tremendous challenges we all face in these domains.

Finally, The CresCine Alliance: A Commitment to the Future

The conclusion of a funding cycle does not mark the end of our mission. To ensure these insights translate into permanent structural change, the consortium partners have committed to evolving into the CresCine Alliance. This Alliance will continue to function as a bridge between academia and industry, ensuring that the "State of European Film" remains a go-to resource. We will maintain FIDA as an open platform, continue to champion the needs of small and big markets and beyond, and act as a keen eye and partner for the implementation of the ambitious policies outlined above. As through our 36 months journey, we are committed to bringing data-driven clarity to the complex future of the audiovisual and content sectors. You know where to find us.

Acknowledgments

This CresCine journey would not have been possible without the immense dedication of a diverse community.

We extend our deepest gratitude to our consortium members for their tireless collaboration and rigorous scholarship. To the European Union and the Horizon Europe program, thank you for the trust and resources to pursue this ambitious vision.

We thank our reviewers for their critical eye that sharpened our work; our contributors across seven nations for their honest insights; and our business and data partners for opening their ledgers and workflows to scrutiny in the name of progress. To the speakers, advisors, and followers who amplified our message—your engagement turned a research project into a movement. The challenges facing European film are significant, but so is our collective capacity for reinvention. Here is to a competitive, resilient, and culturally vibrant future for European film—in small markets and beyond!

crescine

INCREASING THE INTERNATIONAL COMPETITIVENESS OF
THE FILM INDUSTRY IN SMALL EUROPEAN MARKETS