

HUNLYWOOD - the Most Important Challenges of the Hungarian Film Industry

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Abstract: Cultural arts are the source and resource of any free time activities. Cinema-going is a highly preferred cultural activity. Indeed, movies as an essential part of cultural activity is fairly popular, moreover they are becoming an ever more engaging, experience, all thanks to constant investment and creativity from cinema industry. Although the European Union supports national cultural activities and investments, unfortunately the dominance of American success movies (blockbusters) hardly can be outweighed. The Hungarian cinema industry is getting to be more active thanks to among other things the strategies of European Union. According to the statistical data, the Hungarian market share of national films' admission is relatively low. It seems that the Hungarians do not really like national movies not even some pretty successful awards. The aim of this study is observing the Hungarian consumption (cinema-going) habits and audience demographics of Hungarian national movie viewers. Answering the questions finding and exploring of secondary data were summarized and I used quantitative methods to find out the biggest challenges of Hungarian film industry.

Keywords: cinema industry, European Union cinematography, consumption habits, support system, strategies, economic challenges

1. Introduction

The film industry in America is essentially an integral part of the entertainment industry, while in Europe it has remained an expression of art and represents significant national values. In this sense, therefore, it is not just a simple entertainment, it is also an expression method that uses a specific actor game and artistic language what mostly - after exhaustive design and work of talented directors – working up a current issue of a nation. The situation is unvaried in Hungary as well, since Hungarian cinematography is not necessarily a business trick but it is an integral part of the national cultural circulation. The support of European film

productions is fundamentally state or central, so the study is mentioning an important aspect that can affect its success, namely the attitudes of the audience. The study compares the film consumption data of Hungary with a selected EU country based on predefined criteria. Using the statistical data of the International Union of Cinemas (UNIC), the study develops research questions and then makes a primer research to find out the challenges and influencing factors of the film market and also to get more general ideas about the problems with help of experts. In the end, the paper uses the results to make a valid SWOT analysis and to draw conclusions and suggestions about the film market challenges.

2. The Hungarian Film Industry and Domestic Audience

After the II. World War Hungarian cinematography could be characterized by political censorship and state control. Till 2004 there were not any law or order what controlled the distribution of funds. In 2004 the Film Act created a frame what formulated the state funds and support. The Film Act was created “in order to enhance and preserve the values of Hungarian motion picture culture, to develop the Hungarian film industry and to make this industry internationally competitive, to create a support system that promotes the efficient use of resources with a view to the development of the culture of films and to establish a legal background that serves this purpose and is in line with the regulations of the European Union.” (Nemzeti Jogszabálytár, 2004) The national film fund through the years wasted all their resources and as a result it increased the film fund’s debt. The latest national organisation was founded in 2011 named MAFILM. In 2011, the national government drafted the 1167/2011. (26 V) enactment, what framed the tasks, operation and financing frameworks of MAFILM. An operational strategy had to be developed that would make the film industry effective and competitive. Their primary task was to support filmmaking as an investor and distributor of state and private resources. At the same time, MAFILM started to deal with the international sale of Hungarian films, and also to recommend various national film productions for famous international festivals. (Nemzeti Jogszabálytár, 2011) The Hungarian audiences’ behaviour because of the chaotic situation of the Hungarian film industry through the years became very negative and rough. The low quality of national movies in the 80’s and 90’s also takes a pressure on their pessimistic attitude. The statistical data about cinema-going, following the 2011 "regime change" was hardly traceable, because the local newscast authority in the same year uncommunicated all the information. (Csákvári, 2012) However, after a huge jump from 60’s in 2014 Hungarian movies became very popular internationally and started to gain many awards. One of the biggest honour what the national

movie industry got was when in 2016 the *Son of Saul* received the Oscar statue for the Best Foreign Film. The film is considered as the most prized Hungarian film of all time, since by the end of the year it won nearly 50 international prizes. Afterwards in 2017, Hungary took pride in another Academy Award, as the *Sing* by Kristóf Deák, won the Oscar Award for Best Short Fiction Film. (Háhner, 2017) The study would like to highlight those factors that discusses the attitudes of the domestic audience, the possibilities of more effective communication and the challenges of the national filmmaking. Though, in order to understand a narrow part, it is worth first to launch a broad perspective, as the recognition of the EU's cultural industry and its audio-visual market.

3. The EU Film Sector - Challenges and Sectoral Comparison Using UNIC data

UNIC is the International Union of what represented itself in 36 countries. The purpose of the association is to perform the economic, social and cultural values of cinemas in the member countries and around the world. Its next mission is to promote the importance of cinemas in Europe, as well as to keep up-to-date information for his members since the alliance has been measuring motion picture trends since 2010. Detailed, freely accessible reports are available on UNIC's website since 2012. According to the latest report, the market share of European-produced films was 26.7% according to cinema ticket sales in 2017. The American film market, however, plays a significant role with 67,4%. In 2016, 1.28 billion inhabitants in the UNIC countries visited the local cinemas, what issued a 2.8% increase over the previous year, and as a result, the ticket revenue was around 8.4 billion EUR. France reached a high audience with attracting more than 213 million viewers, due to its powerful national Filmworks. It was followed in EU by England (168 million spectators), Germany (121 million spectators) and Italy (105 million spectators). Among the Central European countries, Poland showed outstanding values with more than 50 million film-fans, what was due to a 16.5% increase in admission and 17.6% box-office growth from last year. After all, most of the global cinema market (49% of the total ticket revenue) is limited to the eastern continent, especially on China and India, not only by the ticket revenues but also by the audience (vide infra). (International Union of Cinemas, from 2012 to 2017)

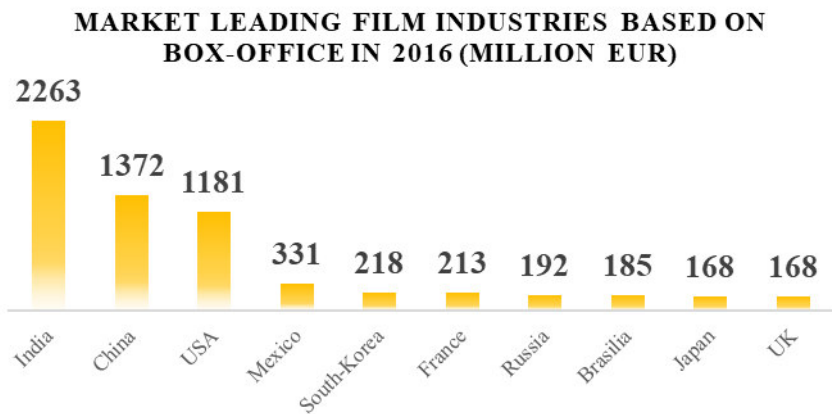


Figure 1.

Market leading film industries based on box-office in 2016

However, the number of European films produced by the UNIC members has doubled on average compared to 2011, what ensures an increasing interest in national and non-national European movies. In each UNIC country European residents spent their times in average once or twice a year at cinemas and each country has an average of 52 cinema screens for a million inhabitant. Among the member countries of the UNIC, in terms of their box-office and admission France, Great Britain, Germany, Italy and Spain are the leaders on the basis of their film industry. Spain has been strengthened since 2011 thanks to their efficient film festivals. Taking into account their economic difficulties (such as raising VAT in cinema ticket prices), series of programs and events have been organized what successfully and long-lastingly attracted the attention of consumers. France is trying to cultivate the future generation with an effective tuition, while England organizes workshops, screenings and performances for young people, what brings the film industry closer to them by motivating for cinema going. However, this is just a few examples of how to move the film market into a positive direction. Since the purpose was also to chart the film challenges and consumption (thus infer to the audience's attitude) the study compares the Hungarian cinematography with one of the European film industry selected on the basis of definite criterion to find out the biggest challenges and most important influencing factors of the market. (International Union of Cinemas, from 2012 to 2017)

3.1. Sectoral comparison based on the UNIC reports

In February 2017 OrientTax and Candole Partners conducted a survey where measured eleven EU countries with similar economic conditions as Hungary. In selecting and comparing the film industries in each country they were taken into

account factors like the film industry infrastructure, wage and living standards, the film's financing structure, political stability and currency. In ranking, each factor was evaluated with scores corresponding to their weight. For the sectoral comparisons, although these data served as a starting point, however, without the more detailed knowledge of scoring, it cannot lean on this information. In addition, it would be more useful to utilize the data provided by UNIC. Although the profitability analysis would be more appropriate in this case, however, some data what are required for the calculation are unknown. With mixing of box-office, admission and market share of domestic films data of eleven selected countries the ranking showed up obvious results. (Gazdasági Versenyhivatal, 2016) These values were selected because, one of the main aims of the paper is to map viewers interest. The values are shown in a grouped bar graph to make these data more comparable and accurate (displaying box-office, admission and market share values in percentage):

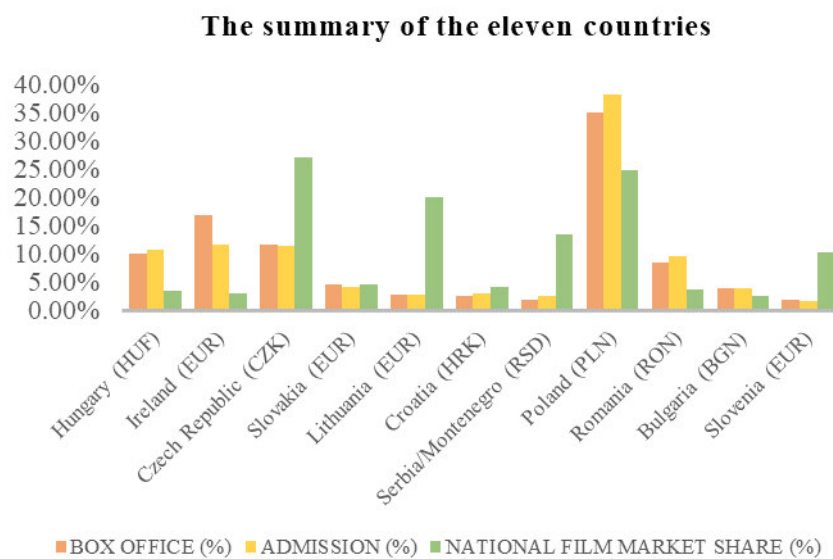


Figure 2.

A summary of the eleven countries based on the box office, admission, and national film market share

It is marking out from the Figure 2 that the highest value was taken by Poland. The most important indicator what was single-minded was the market share of domestic films, because the paper wants to look at the challenges of audience interest. (International Union of Cinemas, 2017) Nonetheless, it is also worth taking into account such factors as the territory or the population, in what the Czech film industry came out with most relevant values, but since Poland has been one of the leader of the central European countries over the past few years in

terms of its film industry it should be examined first. Poland's film industry is much more complex and more sectoral than Hungary's. National directors have more opportunities to apply for funding from several institutions, what give them also more convenience to manage with higher budget. (European Audiovisual Observatory, 2017) The statistical information about the film and cinema market in Poland are easily available for all the market attendance and they have also access to a day-to-day viewing statistic while in Hungary these data are not accessible. As a result of this, filmmakers and distributors can efficiently follow the audiences' needs and behaviour in Poland, and thanks to the consumer's' feedback, they can develop more effective strategies. The transparency and well organizing of the Polish film market is also reflected into the audience's interest. The enormous curiosity from the audience at their national film works have been got their movies into the top of the most viewed features each year. (Film Comission Poland, 2017) Thanks to their strong film festivals, Poland has widely popular national movies not only among the audience, but also among the profession. However, both Poland and Hungary can take pride in international honours because both of them are having a wide range of awarded national film works. After measuring up the EU film market and summarizing up the secondary data to find out the challenges and influencing factors of the market the paper tried to get more general ideas about the problems with help of experts. To explore the point more substantially empirical primary research was needed. (National Centre for Culture, 2016)

4. Empirical Research

4.1. Methodology

The aim of the primary research was to explore the influence of some factors in Hungary and to approach them practically. Another purpose was to facilitate the compilation of a quantitative research and to frame up the questions. Research focused mainly on six factors what are influencing the film market according to the secondary research. Elaboration of the UNIC reports highlighted the factors what led the countries' film market on a positive direction. With the use of an open content analysis three factors have emerged: the cinema ticket prices geared to domestic movies, the intense presence of film festivals and to build in the Hungarian movies into the educational system. Additional three factors were added as the results of the research of Hungarian cinematography. These were the audiences' behaviour, communication tools, and market challenges what are the influential components of the domestic film industry. Method of data collection was by in-

depth interviews what aim was to ask for experts' opinion, to collect their experience and to get wider insight about the problem. Interviewees came from different fields of the profession. Three experts (Ferenc Pusztai producer, István Szabó production manager, András Reszeli-Soós young director, director assistant) are working in the film industry more than 5 years and cooperated with several Hungarian and international film productions so they have a wide range experiences. The in-depth interviews took place in a personal meeting three times and once in a video chat what lasted 30-45 minute. The interview guideline contained semi-structured, opened questions.

4.2. Results

At first hand three factors have been examined, what were the audience behaviours, communication tools, and market challenges. These are the influential components of the domestic film industry, what should be looked at more closely. The coding categories were also created based on these. To analyse the transcript of the interviews the use the method of the annotations was preferred. The ideas of the three interviewees could be handled easily and clearly, so it was not necessary to use any content analysis or text mining software. The data shows out that the opinions and ideas of experts have been the same in many cases, or they specified the same opportunities and challenges. Categorization of responses and keywords are detailed in the tabling below:

Table 1.
Encoding and categorizing content analysis

	<i>Attitude of audience</i>	<i>Communication tools</i>	<i>Market challenges</i>
1.	horrible, disappointed, bad attitude, behaviour what love foreign products	ATL and outdoor items (city light, billboards, campaigns), word of mouth, PR, press	lack of financial resources for communication, lack of cooperation and distribution among film market players, think in BIG, inadequate proportion of art- and entertaining movies, the possibility of independent support
2.	mistrustful, resistant	entertaining movies, demanding trailers, advertising space, appear on a foreign platform	reach larger audience, retrieve audience's confidence, complicated Hungarian film language, waste of resources, elitism
3.	sceptical, rejected, disappointed	demanding trailers, social media, word of mouth, appear on a foreign platform, entertaining movies	lack of support for entrants, a hard-to-reach audience, focusing on copyright movies, high festival entry fees, lack of social capital

According to experts' opinion the attitude of domestic audience is negative and repulsive, but the use of word-of-mouth, directing entertaining movies, high standard previews, or appearing on foreign platforms as communication tools may improve this passive relationship. Biggest challenges of domestic film market are from the lack of independent institutions, wrong distribution of resources, unvarying film works, transformation of audiences' behaviour, lack of cooperation or the bias of market participants. Three additional factors what affecting the movie industry were provided by the UNIC and other EU reports: the cinema ticket prices geared to domestic movies, the intense presence of film festivals and to build in the Hungarian movies into the educational system. During the analyse of the interview sketches based on these categories there were taken into account whether the professionals have shown supportive or negative behaviour. Results and opinions are detailed in the following table:

Table 2.
Encoding and categorizing content analysis

	<i>Cinema tickets</i>	<i>Film festival</i>	<i>Education</i>
1.	difficult to implement because VAT has to be released or "cheaper is bad" consumer mechanism	should be implemented because initiatives are ongoing and opportunities are provided by the location	it is necessary because it is underdeveloped due to lack of quality content or to build up awareness
	REJECTED	SUPPORTIVE	SUPPORTIVE
2.		has to be developed because now it is only for the expert and does not reach the audience	useful because of conscious consumer education
	MISSING	SUPPORTIVE	SUPPORTIVE
3.	does not useful because of the „cheaper is bad" consumer mechanism	feasible because Hungary is a good target	cannot be built in because education faces lot challenges already
	REJECTED	SUPPORTIVE	REJECTED

Results show that all three experts have been positive to develop domestic film festivals and also two professionals were positive to evolve the educational system, but one does not consider that it is feasible. Two professionals would find it unworkable and inappropriate to adjust cinema ticket prices for domestic movie market. According to the secondary and primer research a SWOT analysis (vide Table 3) was created for setting out the most important parameters of domestic film market. One of the biggest strengths of the markets are the internationally awarded movies, and the highly trained Hungarian professionals. However, the lack of entertaining movies, poor communication with the audience or the lack of

cooperation inside the domestic film market cause a low market share of national films. There are anyhow many opportunities like EU support packages, international cooperation or some political and legal rights or factors. Though there are many successful competitors on the market such as Americans, and because of the low number of Hungarian statistical data about the cinema going it is really difficult to meet the audiences need.

Table 3.
SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Highly trained professionals - Acclaimed movies - Scenario development - Well-equipped studios 	<ul style="list-style-type: none"> - Viewers' mistrust and rejection - Lack of distribution - High production costs - Small number of communication channels - Unilateral support - Unrelieved movies - Lack of film events - Low market share
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Creating cultural value - Foreign appearance - Tax relief - Co-production co-operations - Digitalized cinemas - Copyrights - EU support packages 	<ul style="list-style-type: none"> - Centralized cinema market - Difficult to find out and meet audience's needs - Successful competitors - Outdated educational system - High number of substitute products - Investment risk - Adverse impact of trade policy

Conclusions

Since its inception, European Union has been eager to support the thriving of the cultural and creative (also film) sector. It is a decisive, dynamically growing sector what is an important part of the nation and not only a cultural but also an economic and social value what create national heritage. Substantial mapping and screening of some EU film market has given rise to factors what influenced the industry for sustainable growth. Result revealed that Hungary faces several challenges, but there are many opportunities what can put the situation in a positive direction.

This paper made an exploratory research what purpose was to get wider insight about the problem. It can be used by the filmmakers and distributors to keep in these risk factors in mind and pay attention. Further aim of the research was to help create a survey what assess customers' needs or help to construct a program what will improve their behaviour. The question was examined on a professional and consumer side to give a full picture about the difficulties, but also to reveal the vital scope of the market. Additional steps of the subsequent study have already occurred. The audiences' attitude has been revealed by focus group research on both Hungarian and international samples. However, the analysis of this research is still in process forming an excellent basis for publishing the most recent results at the following study.

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