



Studiocanal and the Changing Industrial Landscape of European Cinema and Television

Christopher Meir¹

Universidad Carlos III de Madrid

cmeir [AT] hum.uc3m.es

Abstract:

This article analyzes the recent growth of Studiocanal, which in recent years has expanded from being the French-language production arm of Canal Plus to the preeminent European distributor and producer of fictional film and television. The focus here is on the company's corporate development, with particular emphasis on Studiocanal's acquisition of sales and distribution interests across Europe and beyond, and with its subsequent move into television production. A study of Studiocanal reveals a great deal about the current state of the European film and television industries and allows us to rethink traditional ideas about the relationship between Hollywood and Europe.

Keywords: Film, Television, Production, Distribution, Conglomeration, Globalization, Europe

The global success of *Paddington* (dir. Paul King, 2014)—grossing over US\$260 million around the world, spawning at least one sequel to come, and garnering great critical word of mouth—capped the emergence, or more precisely, re-emergence of its financier, distributor, and sales agent, Studiocanal, as a major player in the international screen industries. The film came on the heels of the success of the action film *Non-Stop* (dir. Jaume Collett-Serra, 2014), which likewise made over \$200 million internationally, making 2014 a banner year for the French company. These successes were a culmination of the company's efforts since 2009 to fully finance features, a strategy that produced critical successes like *Tinker Tailor Soldier Spy* (dir. Thomas Alfredson, 2011) and commercial hits such as *Unknown* (dir. Jaume Collett-Serra, 2011). The rapid ascension of Studiocanal as an international player since the 2004 collapse of one-time parent company Vivendi Universal invites critical assessment of the company's reinvention. The following article addresses the factors that allowed the company to succeed where its previous incarnation—and indeed many other European rivals to the Hollywood studios²—have failed. It furthermore asks what the company's re-emergence tells us about the general state of the European cinema and television industries during this period. After all, this period has seen the unprecedented international successes of films such as *Lucy* (dir. Luc Besson, 2014), the *Taken* franchise, *The Impossible* (dir. J. A. Bayona, 2012), and others, marking perhaps an epochal shift in the history of the Continent's screen industries. By examining the activities of the Continent's biggest and most influential indigenous company, this article establishes a framework through which we can better appreciate significant shifts in the macroeconomic landscape of the

European screen industries in particular and the global marketplace for film and television more broadly.

Beginnings and Work with Carolco

Such an examination does well to take the form of a chronicle of the development of the firm from its original status as the production arm of French pay-television network Canal Plus up to its transformation into the vertically and horizontally integrated, internationally oriented film and television producer and distributor it has become.

Canal Plus itself was founded in 1984 as France's first pay-television cable and (later) satellite network as part of a larger shift in French and European television away from government monopolies in broadcasting and toward private sector competition. Studiocanal (initially called Canal+ Production) was established in 1986 as the in-house production unit of Canal Plus.³ Canal+ Production later expanded into distribution, acquiring foreign titles for France's theatrical, home video, and television markets.

Like many European pay television operators then and now, Canal Plus featured a great deal of American film and television content. Securing such deals facilitated a pact in 1990 with independent producer Carolco, a company in which Canal Plus held an equity stake. One of the highest-flying American independents in the 1980s and 1990s, Carolco enjoyed meteoric success thanks to new revenue from a booming home video market, emergent cable networks like HBO and Showtime, and a growing international market for films.⁴ The company racked up major hits with the *Rambo* franchise, *Terminator 2* (dir. James Cameron, 1991), *Cliffhanger* (dir. Renny Harlin, 1993), *Basic Instinct* (dir. Paul Verhoeven, 1992) and other high concept, star-driven genre films. Under this deal, Canal+ Production (now called Le Studio Canal+) was an equity investor in many of Carolco's hits of the early 1990s. Then, just as suddenly as it rose to prominence, Carolco collapsed only a few years later as a consequence of lavish spending and unfavorable distribution deals in the United States.⁵

Short-lived as it may have been, the partnership between Le Studio Canal+ and Carolco would portend a great deal of what was to come for Studiocanal and the European screen industries. Carolco's high-concept, star-driven brand of genre filmmaking (and that of its contemporaries) offer an artistic template for more recent hits such *Non-Stop*, Luc Besson's films, or Spanish horror films such as *The Others* (dir. Alejandro Amenábar, 2001) and *Mama* (dir. Andrés Muschietti, 2013). More important is the industrial model that these firms pioneered, particularly their exploitation of foreign presales, a strategy upon which Studiocanal would further improve in the 2000s amid rapidly changing market dynamics.

The Rise and Fall of Vivendi Universal Entertainment

With its biggest US partner folding, Studiocanal (as it was christened in 2000) found new Anglophone production partners in Working Title, the now-storied firm run by Britons Tim Bevan and Eric Fellner. Studiocanal cofinanced a number of the company's films throughout the 2000s, including *Billy Elliot* (dir. Stephen Daldry, 2000) and *Bridget Jones's Diary* (dir. Sharon Maguire, 2001). The company also invested in a number of low-budget American art-house titles such as *Bully* (dir. Larry Clark, 2001) and *Raising Victor Vargas* (dir. Peter Sollett, 2002), but by and large, with its investments in Anglophone production, the company gravitated towards works with a European focus in terms of themes, settings and creative personnel. These included not only the Working Title productions but also high-profile art-house works such as

Kenneth Branagh's *Love's Labour Lost* (2000) and Roman Polanski's *The Pianist* (2002), the latter of which went on to win the Academy Award for Best Picture.

Nevertheless, Working Title was the most important production partner at the time and remains important for Studiocanal to this day. This partnership must be understood in the larger corporate context that saw Canal Plus acquired by Vivendi, which was up to this time one of France's largest water utilities but was now intent on transforming itself into a media conglomerate. Under the leadership of Jean-Marie Messier, Vivendi then embarked on a veritable spree of production and distribution acquisitions, including the film and music assets of the Seagram Group in 2000. The assets that Seagram held at this time included Universal Studios, Polygram Filmed Entertainment, and Gramercy Pictures. Vivendi then went on to acquire the USA Film Group in 2001, an asset that included distribution operations and cable networks in the United States. Studiocanal also established a range of distribution interests across Europe during this period, acquiring Tobis in Germany (2000), Sogepaq in Spain (2001), and Mars Distribution in France (2002).⁶ At the same time, parent company Canal Plus likewise acquired or created subsidiaries throughout the Continent, including networks in Spain, Belgium, the Netherlands, and Scandinavia. These maneuvers collectively explain Studiocanal's growing preference for European-themed content, as other companies within the conglomerate assumed responsibility for American and globally-focused works.

We should not, however, overestimate the degree of logic or clarity in the strategic vision of the newly christened Vivendi Universal Entertainment (VUE). The merger was, like other ill-fated media mergers of the late 1990s and early 2000s such as the notorious AOL-Time Warner debacle, poorly planned and executed. From the outset, there was a great deal of internal confusion among the various film and television companies united under its banner. It wasn't long before internal fighting led to the departure of key executives, including Canal Plus cofounder Pierre Lescure and American media mogul Barry Diller. VUE also faced significant financial pressure. Messier's acquisition spree saddled the company with unsustainable debt with little time between mergers to recalibrate financially. The turmoil in the company's leadership ranks and finances deeply affected Studiocanal. It was forced to sell its European subsidiaries to pay off debt, just as Canal Plus had to divest from most of its European networks. In 2003, Studiocanal was described in the trade press as "heading towards total meltdown"⁷ and ultimately the company lost about 15 percent of its workforce (with Canal Plus losing about 10 percent).⁸ While it was still making high-profile films, it saw its production mandate cut from sixty films annually in 2001 to only fifteen in 2003.⁹

While the "meltdown" points to some of the devastating consequences Studiocanal faced as a result of the VUE merger, a lawsuit filed in 2013 against Universal Studios by Studiocanal further underscored tensions between the conglomerate's American and European holdings. In the suit, Studiocanal alleged in relation to its Working Title coproductions that internal audits—conducted in 2012 on six of forty-four films made from 1999 to 2009—showed Universal had systematically cheated the company out of "tens of millions of dollars and likely much more"¹⁰ through various "creative accounting" tactics (e.g., double billing for expenses, withholding payments), a practice for which the Hollywood studios have long been notorious.¹¹ Significantly, many of these alleged offenses took place while the two companies were part of the same conglomerate, drawing attention to the uneven power dynamics at play between Hollywood and European partners. Even though the suit was resolved privately in 2014, the episode speaks to a mistrust of major studios that, I argue, continues to shape Studiocanal's current business operations.

In the autumn of 2004, Vivendi did what it had been seeking to do for almost a year and found a buyer for VUE, effectively ending its US-based operations. The sale of 80 percent of the company to General Electric after such a short period of time (less than four years in total) was seen throughout the media world as marking yet another failed attempt by a European company at becoming a global film powerhouse. The process saddled Vivendi and its subsidiaries with so much debt that they had no choice but to cut spending. For a slimmed-down Studiocanal, this meant scaling down its investment in Anglophone production. Though it retained its deal with Working Title and financed some international auteur works, such as David Lynch's *Inland Empire* (2006), its slate during this period consisted mainly of French-language genre films, including the action film *Crimson Rivers 2* (dir. Olivier Dahan, 2004) and war film *Days of Glory* (dir. Rachid Bouchareb, 2006).

Regrouping and Re-emerging: Studiocanal and the Inversion of Film Market Dynamics

It wasn't long before the company returned to global growth strategies as it acquired British distributor Optimum Releasing in 2006. This gave Studiocanal exposure to one of the world's biggest markets for theatrical, television, and home video distribution. The company now had the scale it needed to re-enter the world of Anglophone film finance with a new strategic aim: fully financing productions in exchange for copyright ownership and sales and multiterritory distribution rights. Previously, the company only held equity shares in its productions. Such a shift spoke to Studiocanal's ambition to be a true international player with control of the marketing of its intellectual property rather than trusting a Hollywood partner to control and exploit these assets.

The initial film made with such plans in mind was Hong Kong auteur Wong Kar-Wai's first English-language feature, *My Blueberry Nights* (2007), which Studiocanal distributed in the UK and France and for which the company managed international sales to other territories. The film would prove something of a commercial disappointment (grossing \$22 million worldwide and only \$3.9 million in Studiocanal's distribution territories)¹² as well as a critical one, but it was nevertheless the beginning of a new direction at Studiocanal. The company wouldn't engage in this kind of production again until Atom Egoyan's *Chloe* in 2009.

To make the next move in terms of expanding its territorial coverage, Studiocanal acquired German distributor Kinowelt in 2008. This move gave the company access to another large theatrical market as well as the world's largest television and home video market outside of America, one that is highly receptive to (dubbed) Anglophone content and stars.¹³ In the run-up to this acquisition, Olivier Courson replaced Frederic Sichler as managing director of Studiocanal. Sichler had been president of the company since 2005, and thus presided over the international expansion noted above.

With three major European territories in place, Studiocanal now turned to fully financing English-language productions and coproducing in exchange for multiterritory distribution rights. This began in earnest with Atom Egoyan's *Chloe* in 2009 and continued with two such films in 2010, and between six and ten internationally oriented films annually from 2011 to 2015. Films from this period (see Table 1) included fully financed hits such as *The Last Exorcism* (dir. Daniel Stamm, 2010), coproductions like *The Tourist* (dir. Florian Henckel von Donnersmarck, 2010) and a range of disappointments of both kinds including *Deadfall* (dir. Stefan Ruzowitzky, 2012) and *Serena* (dir. Susanne Bier, 2014), both coproductions with the American firm 2929. The company also shifted from making equity investments in Working Title's films to fully financing projects that Universal had passed on, including *Tinker Tailor Soldier Spy* and *Legend*

(dir. Brian Helgeland, 2015). It also developed a working relationship with experienced Hollywood genre film producer Joel Silver, cooperatively or fully financing a number of his projects in exchange for distribution rights at a time when Silver was struggling to secure funding from longtime patron Warner Bros. Films made in this way would include two of Studiocanal's biggest hits to date: *Unknown* and *Non-Stop*. Such output, along with a number of one-off projects with producers such as Eric Newman (*The Last Exorcism*) and David Heyman (*Paddington*) came in addition to the company's local production output in France and Germany, output Studiocanal typically only distributed in those markets.

Table 1: Studiocanal's International Output Since 2009¹⁴

Year	Total output	Key works
2009	1 film	<i>Chloe</i>
2010	2 films	<i>The Last Exorcism</i> ; <i>The Tourist</i>
2011	6 films	<i>Tinker Tailor Soldier Spy</i> ; <i>Unknown</i> ; <i>Brighton Rock</i>
2012	6 films	<i>Deadfall</i> ; <i>The Dinosaur Project</i>
2013	10 films, 10 hrs TV	<i>Inside Llewyn Davis</i> ; <i>I Give It a Year</i> ; <i>Crossing Lines</i>
2014	6 films, 38 hrs TV	<i>Paddington</i> ; <i>Non-Stop</i> ; <i>Serena</i> ; <i>Happy Valley</i>
2015	10 films, 64 hrs TV	<i>Shaun the Sheep</i> ; <i>Legend</i> ; <i>The Gunman</i> ; <i>Spotless</i> ; <i>Cucumber</i> , <i>Banana</i> , and <i>Tofu</i>

During this time, the company also added a distributor in Australia and New Zealand, with the acquisition of Hoyts in 2012. While this may seem like a departure from Studiocanal's European emphasis, it is better understood as strengthening its British orientation. Australia and New Zealand have long been healthy markets for British-themed fare.¹⁵ Indeed, the company reportedly took notice of the territory's potential after impressive box office returns for *Tinker Tailor Soldier Spy*.¹⁶ Another motivating factor for the Hoyts acquisition was more straightforward. Despite a relatively small population (approximately 25 million people across the two countries, compared to 64 million in the UK, 66 million in France, and 81 million in Germany), Australia is still one of the top ten box office territories in the world, with total takings of US\$1.2 billion in 2012, the year that Studiocanal made the acquisition.¹⁷

Studiocanal's expansion into key global distribution territories also is notable for its lack of a direct link to the United States, the single biggest market for film and television in the world. Instead of marketing its products directly to US retailers—be it via subsidiaries, joint ventures, or output agreements—the company still relies on sales to US-based distribution firms. This contradicts conventional wisdom on film marketing, as distributors realize more profit from a film's success in a given market than virtually any other segment of the industry. Additionally, there have been several occasions on which Studiocanal films have struggled to find US distribution, with 2015 seeing limited or no theatrical runs for releases such as *Legend*, *Macbeth* (dir. Justin Kurzel), *The Program* (dir. Stephen Frears), and *Man Up* (dir. Ben Palmer). The company experienced similar difficulties with films such as *Serena* and *Shaun the Sheep*, despite the latter's rave critical reviews and successful international box office run. On other occasions, such as with *Paddington*, the US distributor (the Weinstein Company), pushed the release date

back from the Christmas period to mid-January 2015, a decision that likely cost the film millions in holiday ticket sales.

Most, if not all, of Studiocanal's European peers, past and present, have established US subsidiaries to handle North American distribution. This includes Luc Besson's EuropaCorp, Polygram Filmed Entertainment, De Laurentiis Entertainment Group (DEG), and the Vivendi of the late 1990s. In most cases, the results have been disastrous. Both VUE and DEG were shuttered due to escalating costs and management difficulties, respectively.¹⁸ Polygram, for its part, formed a co-venture with Universal called Gramercy Pictures as well as another subsidiary to handle bigger budget releases. Losses on this latter venture contributed to Seagram's decision to disband the company when it could not find a buyer for the distribution network. EuropaCorp has formed a similar joint venture with Relativity, called RED, to handle distribution for both companies' films in the United States. Before the venture could release its first title, however, Relativity filed for bankruptcy protection, leaving the future of RED in a state of limbo.

Given the collective track records of European companies' efforts to develop their own US distribution divisions, along with Studiocanal's own volatile history with Universal, it is logical that the company would prefer to sell its works to US distributors rather than venture out on its own. Such relative independence at least gives the company the ability to move between partners and, in the best cases, to use competition between them to their own advantage. More importantly, it allows the firm to avoid the losses that come from failures in the US market, where marketing costs are so much higher, proportionally, than in Europe.¹⁹ In other words, this strategy may make Studiocanal less bold or ambitious than some of its counterparts and predecessors, but it may also mean that the company is more sustainable in the long run.

Whatever it says about Studiocanal's specific corporate strategy, the fact that it can function successfully without direct access to the American market is symptomatic of a bigger shift in the global film and television industries. This shift over the last fifteen years, which was made possible due to the success of Studiocanal as well as its peers in the Anglophone European cinema niche, is what I describe as the inversion of the global market for film and television. This inversion, which has taken place since the early 2000s, has seen the revenue available from "international" territories—by which the industry (and scholarship) means every nation in the world except the United States and Canada—outstrip revenue available from the North American market. Indeed, international box office revenues routinely have doubled those of the American market. Theatrical box office is of course a relatively small part of the overall revenue for films, with home video of various types (including television broadcast, DVD sales, and streaming rights) constituting the lion's share of a film's revenues. Yet international markets have proved crucial to ancillary revenue as well, with European markets becoming particularly important. Trade press figures from 2014 indicate that the European market constituted 65 percent of the international revenue for Hollywood films when calculations included television and other ancillary deals.²⁰

This larger phenomenon is responsible in recent years for a number of what I call "inverted hits": films and television dramas that are disproportionately successful in international markets relative to the North American market. In the most pronounced cases of inverted hit-making, films or television programs succeed despite what are perceived to be commercial (and often, but not always, critical) failures in the United States. The summer of 2015 produced two rather spectacular examples: *Terminator Genisys* (dir. Alan Taylor, 2015) and *Pixels* (dir. Chris

Columbus, 2015). Both films opened to scathing critical reviews and disappointing box office figures domestically, only to gross large sums in other markets. Studiocanal, for its part, has been involved in a number of inverted hits, including *The Tourist* (dir. Florian Henckel von Donnersmarck, 2010). The film was pilloried by critics in the US and considered a box office failure there, making only \$67 million on a reputed budget of US\$100 million. International success came to the rescue, however, as the film ended up with an international gross of \$280 million, including \$28 million from the three territories controlled by Studiocanal at the time. *The Tourist* is the most successful film within the company's distribution network (see Table 2). Another inverted hit was *Shaun the Sheep: The Movie* (dir. Mark Burton and Richard Starzak, 2015), which earned less than \$20 million in the US but made over \$100 million internationally and \$45.4 million in Studiocanal territories (making it the firm's second biggest hit to date).²¹ Similarly, the British comedy *I Give it a Year* (dir. Dan Mazer, 2013) and the animated film *Thunder and the House of Magic* (dir. Jeremy Degruson and Ben Stassen, 2013) succeeded despite their lack of box office traction in the US. The particular value of the European (and Antipodean) markets, combined with the widely documented preference for Anglophone content in those countries,²² has ensured that Studiocanal's business model generates sufficient returns in this inverted environment to justify pressing forward with Anglophone content despite struggles in the US market.

Table 2: Studiocanal's Biggest Box Office Successes

Film	Global box office	Box office in Studiocanal territories
<i>Paddington</i> (2014)	\$260 million	\$97 million ²³
<i>Shaun the Sheep</i> (2015)	Over \$100 million	\$45.4 million ²⁴
<i>Non-Stop</i> (2014)	\$223 million	\$45.1 million
<i>Tinker Tailor Soldier Spy</i> (2011)	\$82.2 million	\$31 million
<i>The Tourist</i> (2010)	\$280 million	\$28 million

This shift in the international dynamics has helped to create two forms of specialist film and television companies that have influenced Studiocanal's business models. Sales agencies have grown steadily more powerful and influential over the last two decades as independent filmmakers have increasingly come to depend on international sales, especially presales, both to finance films and to recoup costs.²⁵ Pioneers in this field include companies like Hanway Films and Good Machine (a forerunner to Universal's Focus Features), but the marketplace is now crowded with other names—K5, Celluloid Dreams, Funny Balloons, Fortissimo and others—all jockeying for position at festivals and markets. Within this niche, a cadre of agencies has emerged that are wholly capable of financing films and series based on expected sales, not distribution, expectations. These companies, which I term "super sales agents," include FilmNation (financiers of, among others, *The Imitation Game*, dir. Morten Tyldum, 2014), QED (*Fury*, dir. David Ayers, 2014), and Sierra/Affinity (*Nightcrawler*, dir. Dan Gilroy, 2014).

In addition to the rise of the super sales agency, a second outcome of inverted market dynamics is what I describe as the "confederated distributor." These companies combine distribution operations in multiple national territories with a sales arm to secure deals in markets where the company does not have a distribution base. Accordingly, confederated distributors can finance

works of various budgets but also remain dependent on acquiring other works, which they have not financed themselves, to distribute within their home territories in order to generate additional revenues. This business model is utilized by US-based “mini-majors” such as Lionsgate (direct distribution in the US, Canada, and the UK) and the Weinstein Company (US and Canada). It is also practiced by international rivals such as Studiocanal, the Wild Bunch, and Entertainment One.

Tier 2 Filmmaking

Another important change in the macroeconomic media environment has meant less competition in production for Studiocanal and its peers. As a number of commentators have noted,²⁶ in recent years Hollywood majors have increasingly placed their bets on a smaller and smaller number of higher- and higher-budgeted films, effectively concentrating their energies exclusively on big-budget “tentpole” films with franchise potential. This has meant that the majors’ films routinely have nine-figure production budgets as well as enormous marketing costs. Such concentration at the highest end of the production spectrum has left openings in low and medium-budget filmmaking. These segments of the market, which, following Alisa Perren and adjusting her figures for inflation, I will refer to as tier 2 (budgets under US\$60 million) and tier 3 (generally speaking under US\$5 million for contemporary films) filmmaking,²⁷ have since the early 1990s become the domains of the specialty divisions of the majors (e.g., Focus Features, Fox Searchlight), as well as US-based “mini-majors.” These tiers have become more accessible since 2008 as the majors largely (but not completely) deserted the space after the financial crisis, which resulted in many specialty divisions being shuttered or scaled back and production resources redirected toward tentpoles. It is this niche that the most successful European companies have targeted, with the biggest budgets for works fully financed by the respective companies seldom coming in over \$50 million.

This shift in the marketplace has created new opportunities for Studiocanal. These include opportunities for projects by producers who are very well established in Hollywood but otherwise passed over by the studios for reasons of scale and, in some cases, cultural content (e.g., the cases of Joel Silver and Working Title, noted above). Other pickups resulted from the decision by Warner Bros. to put David Heyman’s *Paddington* into “turnaround” (which essentially meant it had shelved the project before Studiocanal agreed to finance it) and from a pact with Aardman Animations to launch *Shaun the Sheep: The Movie* after its producers exited partnerships with DreamWorks and Sony. Studiocanal has not been completely successful in picking winners out of the studios’ refuse—indeed, *We Are Your Friends* (dir. Max Joseph, 2015) and *The Program*, both high-profile flops, are two recent examples that might demonstrate the proverbial “genius in the system.” However, in the best cases, the company has demonstrated opportunism for larger-scale interventions in the production sphere enabled by shifts in studio production strategies.

Moving into Film and Television Production: Studiocanal and the Digital Landscape

With this distribution network in place, Studiocanal at this point (in 2012) had access to a combined theatrical market of US\$4.9 billion²⁸ as well as large ancillary markets. This, combined with a sales operation that regularly pre-sells most of its films and television programs, has provided the basis for the company to increasingly move into production. To this end, the company has invested in a Spanish production company (Ombra Films), a Belgian animation outfit (NWave) and American firms started by Eric Newman (Grand Electric) and Andrew Rona and Alex Heineman (the Picture Company), former executives at Joel Silver’s companies.

The company also signed a coproduction pact with Swedish distributor-producer Svensk Filmindustri and a slate finance deal with Anton Capital Entertainment in 2011. (A slate finance deal is a sophisticated type of financing agreement heretofore only seen in Hollywood.) These moves signal the company's attempts to solidify and control its production pipeline and complement continued investment in one-off projects with a range of producers. They also come at a time when content costs are rising for distributors. Consensus among industry analysts is that "content is king" and major media companies in Europe (e.g., ITV and Sky) as well as the US (e.g., John Malone's Liberty companies, Netflix, and AMC Networks) are investing heavily in production, including acquiring producers and setting up new companies.²⁹

Concerted moves into production by so many companies can be seen as a response to changes in the nature of screen media distribution and consumption. This response is partly due to the rise of digital streaming services such as Netflix and Amazon Prime. With the future of theatrical windows and even television networks in doubt, many companies are betting that content itself is the safest investment. Even before securing production deals to make the content, Studiocanal signed film output agreements in the UK and German markets with LoveFilm (acquired by Amazon in 2011) and even presold some films (e.g., *I Give It a Year*) to the service to offset production costs. Moreover, the company used its extensive film library to enter the Chinese market via streaming deals on select titles with SVOD (Subscription Video on Demand) services BesTV and Yokou Todou in 2014.

Even more telling of the influence of digital streaming services has been the company's move into television drama, which began with the acquisition in 2012 of Tandem Communications, a German-based producer of English-language television series. Given the migration of creative talent and traditional art house audiences to television drama in the 2010s, a move at this point into television drama was a reflection of macroeconomic realities. Such a move also reflected certain shifts within Canal Plus, which established a channel devoted to television drama around this time and was feeling the effects of changes in the pay-television industry, including looming competition from SVOD services as well as from other cable networks. Prices for sports rights, traditionally one of the company's most appealing assets, have skyrocketed in recent years; and Canal Plus, like its counterparts across Europe, is facing competition from networks such as BeIn Sport in France.³⁰ Such an environment has increased the strategic importance of original television drama productions that are exclusively available on pay-television networks, a strategy that has been most influentially employed by HBO in the US.³¹ This strategy has been seen in Canal Plus's commissioning of shows such as *Engrenages/Spiral* and *Braquo* and European counterpart Sky's commissioning of *Fortitude* (2015) and *The Five* (2016). To this end, the two companies have recognized their common needs by partnering on coproductions such as *The Tunnel* (2013), *The Last Panthers* (2015), and other shows.

Tandem was the first major acquisition in this sector in part because of the firm's track record in preselling its projects; for a time, it was internally tasked with being the sales and distribution arm of the company as a whole. A dedicated division was eventually set up to do the latter and it was staffed largely with executives from Tandem. Having a sales and distribution arm in the current environment is important for several reasons. International sales are necessary to offset the increasing costs of production in a competitive environment, where a network in one country cannot necessarily afford the kind of quality production values necessary to compete with imports from other countries on rival domestic networks.³² A sales arm also allows a company like Studiocanal to cash in on these rising costs by selling its own projects to other

networks, regardless of whether Canal Plus commissions those works. Indeed, to date, Studiocanal-owned production companies have only produced one Canal Plus commission (2015's *Spotless*, made by Tandem). Instead, these production companies mainly have relied on networks in France and elsewhere as their primary commissioners.

This move into television also speaks to the ways that the market for television drama has evolved in recent years. In effect, the television drama market essentially has mimicked the inversion of the film market described above. This means that television shows can cover costs outside the US, leaving the US market an important source of profit but not inherently necessary for a program to be successful.³³ Indeed, perhaps the best example of inverted hit-making for Studiocanal is *Crossing Lines*, Tandem's police procedural that is currently in its third season despite being cancelled by NBC after its first season aired. Instead of folding, as the much more critically well-received European-financed drama *Hannibal* did following its cancellation by the same network, season 2 was commissioned by TF1 and international cable network AXN. After TF1 backed out after the second season's conclusion, German broadcaster ProSiebenSat.1 joined AXN to commission season three. In markets ranging from France to Eastern Europe to Latin America, *Crossing Lines* achieved ratings high enough to warrant additional seasons. This ironically has allowed Studiocanal to sell the program back to America but this time to Netflix, with the show premiering on the service months after it airs internationally.

Studiocanal next acquired Britain's Red Productions in 2013 (not to be confused with RED distribution discussed previously). This firm, founded and run by producer Nicola Shindler, earned 98 percent of its revenue from the UK market at the time of acquisition.³⁴ Despite its seemingly limited geographical reach, Red Productions had an enhanced global profile by virtue of its groundbreaking production *Queer as Folk*. Since its acquisition by Studiocanal, the company has gone on to make the highly acclaimed *Happy Valley*, which was sold in France to Canal Plus and to Netflix in the US, as well as a television trilogy by *Queer as Folk* showrunner Russell T. Davies: *Cucumber*, *Banana*, and *Tofu*. *Cucumber* was acquired by US network Logo, which is also working on a US remake of the show. Red Productions also licensed its miniseries *The Driver* for an American remake to cable network Showtime. In addition, it placed a number of other programs on Canal Plus, including the forthcoming *The Five*, which was commissioned by Sky Europe. Studiocanal subsequently tapped Shindler to oversee the establishment of another British production company, which intends to specialize in comedy (*Guilty Party*) and an American-based company focused on suspense thrillers in partnership with US author Harlan Coben (*Final Twist*).

Another move into television production came via Scandinavia with the establishment in 2014 of a Danish-based subsidiary SAM, whose founders are producer Meta Louise Foldager and showrunners Adam Price (of *Borgen* fame) and Søren Sveistrup (creator of *The Killing*). The company partnered with Svensk on the development of two Swedish series and signed a first-look deal with Swedish writer-director Thomas Alfredson, who had previously directed *Tinker Tailor* for the studio. This interest in Scandinavian television talent speaks again to the European bent of Studiocanal. Shows from Sweden and Denmark have become fixtures on the Continent's programming schedules, with crime fiction in particular prominently favored by audiences and network executives, even if the originals (e.g., *The Killing*, *The Bridge*) tend to be remade for the US market.

Although these Scandinavian efforts only have produced one commission to date (*Rides upon the Storm*, a series to be produced by SAM for networks in Denmark, France, and Germany) and Guilty Party has only recently incorporated, Studiocanal has grown its output rapidly through its strategy of moving into television. The company's commissioned works grew from ten hours of programming in 2013, the year following the purchase of Tandem, to sixty-four in 2015 (see Table 1). Studiocanal hopes to increase that figure to one hundred hours in 2016.³⁵ These numbers are still dwarfed by the television production activity of Hollywood majors and mini-majors. Nonetheless, such numbers indicate the company's growing presence in the screen media marketplace, and represent a particularly significant intervention during the current "golden age" of television drama.

It is important to point out corporate parent Vivendi's role in Studiocanal's future television production and distribution activities. There has been a great deal of speculation in the trade press that Vivendi is planning to launch an SVOD streaming service in Italy and perhaps across Europe. Such speculation holds that the company's recent investment in Telecom Italia is part of that strategy, as the company will seek to use the Italian firm's DSL lines for the service.³⁶ Vivendi already operates two such services, CanalPlay in France and Watchever in Germany, and recently acquired Dailymotion, a video-sharing site that competes with YouTube. CanalPlay, launched in 2014, is Netflix's main rival in France. Given the unique regulatory framework for internet-based SVOD services in France—films are barred from these services for thirty-six months—television drama is likely to be the primary force driving subscriptions. This means that CanalPlay will need to increase its television offerings in years to come. Studiocanal's television division already has an output deal with Watchever, which is a smaller rival to Netflix in Germany. Such a hybrid model of selling content to third party SVOD services while also developing in-house streaming services suggests Vivendi is following the long-term strategies of the Hollywood majors, another indication of the scope of its ambitions.³⁷

Vivendi and Studiocanal, Then and Now

Having now made the case that Studiocanal has become the most important indigenous corporate entity in the European screen industries and a major presence in the global film and television industries more broadly, we can now turn to considering what has allowed the company to prosper over the past decade where its predecessors have failed. I have already discussed several macro-level changes that made the marketplace more hospitable to Studiocanal's business strategies, but we should not overlook micro-level differences in company management as factors in its successful expansion.

As shown above, Studiocanal's distribution network has been key to its successful production of original content. For the greater part of its history, the company was without such a network, only branching out into foreign distribution in the early 2000s. But it was hurried process, with the company acquiring two major distributors and setting up numerous others in two years. This was in keeping with the prevailing Vivendi corporate culture (and indeed throughout the corporate world in the early 2000s), which resulted in an ill-conceived, unharmonious, debt-ridden, and unmanageable company. By comparison, Studiocanal's recent approach to acquisitions has been methodical, with over two years elapsing between each territorial acquisition.

A factor related to Studiocanal's methodical expansion and general stability during this period is the leadership of Vivendi, which has been relatively stable in recent years. This stands in stark contrast to the erratic leadership of Jean-Marie Messier, who still faces a number of investor

lawsuits pertaining to his management. Canal Plus also has experienced continuity at the senior management level recently. Nevertheless, there is potential trouble on the horizon. Vincent Bolloré's ascension to chairman of Vivendi, by virtue of his steadily increasing equity holdings (at the time of writing, he controlled about 15 percent of the company's shares), has raised questions about his long-term plans for the company. Since he came on board as a significant shareholder and chairman in 2013, he has pushed the company to sell off a number of assets, including telecommunications companies in Brazil and Morocco and videogame publisher Activision/Blizzard. He also has said publicly on numerous occasions that he plans to focus the conglomerate on media production and distribution. Given such statements, industry analysts have been perplexed by the company's growing shareholdings in Telecom Italia, which—for now—is neither a producer nor a distributor of content.³⁸ At odds with the sale of Activision/Blizzard, the company has begun to amass large equity stakes in videogame publishers Ubisoft and Gameloft, and has launched a hostile takeover bid for the latter. At the same time, Canal Plus management has undergone its own shake-up. CEO Rudolphe Belmer was sacked in 2015. So, too, were a number of other key executives, including the network's head of film investment, Nathalie Coste-Cerdan. Studiocanal CEO Olivier Courson was replaced with the new head of film at Canal Plus, Didier Lupfer. How exactly this realignment will affect the future of Studiocanal remains to be seen. However, given the importance of Courson to the studio's international expansion—he presided over much of the company's reinvention that is the focus of this article—it should at least give observers pause about the future direction of the company. Despite being the most important studio in Europe, Studiocanal is—like its Hollywood counterparts—a small part of a larger conglomerate and always in danger of upheaval caused by actions from above.

Conclusions and Further Questions

This article has sought to draw attention to several important trends in the European film and television industries through the exploration of the Continent's most important indigenous screen company. Studiocanal produces global hit films and successful television series, and it is doing so in what appears for now a sustainable manner without consistently attaining a great deal of success in North America. To achieve this, the company has relied on a highly developed distribution network that has focused on a relatively culturally homogenous set of nations, along with a sales infrastructure that targets distributors in other global territories. This observation reminds us of the importance of sales and distribution in driving media industries, even as the rise of digital platforms has strengthened producers and has fueled the mantra "content is king" in other industry circles. The exact makeup of that distribution network is notable for its lack of American ambition, especially given Hollywood and Europe's historically tenuous relationship. By choosing not to "take on" Hollywood directly in the American market, or indeed not to remain bounded by only one home territory, Studiocanal is embarking on a European strategy that is without precedent within the Continent's screen industries.

Questions naturally arise from these observations, including pragmatic ones pertaining to the future of the company itself. How long will it adhere to this European strategy? Will it eventually open or acquire a US distribution subsidiary? Or will it continue to expand within Europe? Given Vivendi's increasing investment in Telecom Italia, the latter seems likely; but all of this remains speculation at this point, as do the conglomerate's possible forays into developing a pan-European SVOD service. Regardless of whether it expands its distribution network, will Studiocanal manage to keep its fiscal discipline intact and resist overspending on lavish productions, a problem that has confronted predecessors dating as far back as UFA in the

1920s? Overspending, of course, is a relative term; the \$40 million reportedly expended on the making of *The Gunman* (dir. Pierre Morel, 2015), for example, was clearly too much for a film that only grossed \$18 million worldwide. Notably, the greenlighting of this film may well have led to Courson's downfall.³⁹ The situation could have been far worse for Studiocanal, had it deviated from its tier 2 strategy.

Related to these industrial questions are larger cultural concerns. Chief among these is the relationship between Studiocanal's industrial design and the works it produces. Are the studio's films and television programs "European" in any significant way? What kind of Europeanness is on display here? Many Studiocanal films from this period are European in somewhat superficial ways, particularly those that are more genre driven. While *Non-Stop's* main character, Bill Marks (Liam Neeson), for example, is explicitly said to be from Northern Ireland, neither is his nationality significant to the plot nor is it explained how he came to be a US air marshal. Other films, such as *The Tourist*, utilize European locations prominently as exotic markers of difference from American content. *Crossing Lines* combines both of these tendencies by featuring a tokenistic set of European characters and location-hopping plots to showcase touristic locales in various European countries. Other films have US settings but involve European creative talent behind the scenes, including *Deadfall* and *Serena*. Some of the films, though, have no European elements at all, such as *The Last Exorcism*, or take place in completely nonspecific settings, such as *Shaun the Sheep* or the forthcoming *Robinson Crusoe* (dir. Ben Stassen, 2016). Yet still other productions from the company's prestige output, including titles such as *Tinker Tailor* and *Happy Valley*, feature a great deal of cultural specificity and often use discourses of auteurism—the *non plus ultra* in the screen industries of high-minded Europeanness—to promote works in this vein. Tensions between the national, the regional, and the global are thus not easily unpacked and require further analysis. For now, however, it is important to appreciate how closely these tensions mirror the industrial tensions inherent in the design of Studiocanal itself. For its part, Studiocanal likes to promote itself as a European institution, but such claims require further assessment to better understand what they mean in practice.

The preceding analysis has drawn attention to the larger, shifting industrial contours shaping Studiocanal's success and has pointed the way forward for additional conversation and debate. With its confederated sales and distribution structure and its horizontal integration, Studiocanal may have hit upon a formula for a flourishing European studio at a time when global markets for moving images are changing in fundamental ways. Whether its success will continue remains to be seen; but its achievements to this point are enough for international screen industries scholars to take notice of what is going on in Europe's corporate suites.

¹ Christopher Meir is UC3M CONEX-Marie Curie Fellow in the Department of Journalism and Audiovisual Communication at the Universidad de Carlos III de Madrid in Spain. He is also Lecturer in Film at the University of the West Indies, St. Augustine in Trinidad and Tobago. He is the author of *Scottish Cinema: Texts and Contexts* (Manchester University Press, 2014) and coeditor (along with Andrew Spicer and A. T. McKenna) of *Beyond the Bottom Line: The Producer in Film and Television Studies* (Bloomsbury, 2014). He has also published articles on industrial issues and trends in film history in the *Historical Journal of Film, Radio and Television*, *Journal of British Cinema and Television*, and other journals. He is currently working on a monograph on Studiocanal for Bloomsbury.

- ² The pursuit of a European distribution outfit capable of rivaling the Hollywood majors has been ongoing since the dawn of cinema. For just one brief scholarly overview of this pursuit, see Anne Jäckel, *European Film Industries* (London: BFI, 2003), 12–13.
- ³ For a general overview of the shift, see Petros Iosfidis, Jeanette Steemers, and Mark Wheeler, *European Television Industries* (London: BFI, 2005); pp. 36–37 discuss Canal Plus in this context.
- ⁴ Jean-Pierre Jezequel and Guy Pineau, “French Television,” in *The New Television in Europe*, ed. Alessandro Silj (London: John Libby, 1992), 439.
- ⁵ I am indebted here to Justin Wyatt’s discussion of the company in his chapter “Independents, Packaging and Inflationary Pressure in 1980s Hollywood,” in Stephen Prince’s *A New Pot of Gold: Hollywood under the Electronic Rainbow, 1980–1989* (Berkeley: University of California Press, 2000), 143–49.
- ⁶ Deborah Young, “Studiocanal Buildup,” *Variety*, December 21, 2000.
- ⁷ Nancy Tartaglione, “Studiocanal Faces Crippling Staff Losses,” *Screen International*, January 15, 2003.
- ⁸ Nancy Tartaglione, “Canal Plus Announces Staff Redundancies,” *Screen International*, March 12, 2003.
- ⁹ Tartaglione “Studiocanal.”
- ¹⁰ Quoted in Jeremy Kay, “Universal Keeps Quiet over Studiocanal Suit,” *Screen International*, March 4, 2013.
- ¹¹ For just one scholarly discussion of “creative accounting” in Hollywood, see Janet Wasko’s *How Hollywood Works* (London: Sage, 2003), 99–101.
- ¹² Figures taken from BoxOfficeMojo.com, consulted October 12, 2015. Unless otherwise indicated, all subsequent box office figures are derived from this source.
- ¹³ For a discussion of the popularity of Anglophone content throughout continental Europe, particularly that which is culturally American or British in terms of content, see Jäckel, *European Film Industries*, 120.
- ¹⁴ Included here are all fully financed productions and coproductions that allotted distribution rights to Studiocanal for more than one of its territories. As such, it excludes equity investments in certain Working Title and Dark Castle (Joel Silver) productions that gave Studiocanal French distribution rights only.
- ¹⁵ This has been documented extensively in scholarly writing on Australian cinema. For just one example, see Tom O’Regan’s *Australian National Cinema* (London: Routledge, 1996), 78.
- ¹⁶ Andreas Wiseman, “Studiocanal Acquires Hoyts, Plans Local Productions,” *Screen International*, July 17, 2012.
- ¹⁷ Jeffrey C. Ulin, *The Business of Media Distribution: Monetizing Film, TV, and Video Content in an Online World*, 2nd ed. (New York: Focal Press, 2014), 194.
- ¹⁸ Wyatt, “Independents, Packaging and Inflationary Pressure in 1980s Hollywood,” 153.
- ¹⁹ Audrey Darmon (vice president of international development, Studiocanal), interview with author, October 23, 2015.
- ²⁰ Nancy Tartaglione, “Europe Remains Key to International Box Office, Despite Growth in Developing Markets,” *Deadline Hollywood*, June 6, 2014.
- ²¹ Studiocanal, “*Shaun the Sheep* Crosses \$100M in Worldwide Box Office,” press release, September 14, 2015.
- ²² Jäckel, *European Film Industries*, 120.

-
- ²³ Studiocanal, “*Paddington* Crosses \$200M at the Worldwide Box Office,” press release, February 3, 2015.
- ²⁴ Studiocanal, “*Shaun the Sheep* Crosses \$100M in Worldwide Box Office.”
- ²⁵ A sales company or sales agent negotiates international licensing deals on behalf of film and television producers and later collect the monies owed to the producers on these deals, keeping a commission for their services. Deals can be made before (presales) or after (straight sales) a film is completed.
- ²⁶ For just one example, see Tino Balio, *Hollywood in the New Millennium* (London: BFI, 2013), 149.
- ²⁷ Alisa Perren, *Indie, Inc.: Miramax and the Transformation of Hollywood in the 1990s* (Austin: University of Texas Press, 2012), 154. Perren’s original figures defined tier 1 as US\$60 million and above, and tier 2 as \$3–\$20 million, with a “mid-range” “danger zone” between \$20 million and \$60 million. Her figures are historically specific to the mid-1990s; and I would argue that, in the contemporary industrial landscape, tier 2 ends at approximately \$60 million and the new danger zone is between \$60 and \$100 million.
- ²⁸ Ulin, *The Business of Media Distribution*, 194.
- ²⁹ The trade press has documented this trend extensively at various levels of the industry. For just one example of writing of this kind, see Michael Wolff, “Disney-Discovery? Fox-Viacom? Michael Wolff Predicts M&A Mania and a New Wave of Consolidation,” *Hollywood Reporter*, April 9, 2015. Perhaps the most high-profile manifestation of this drive to acquire content assets was Fox’s failed attempt in 2015 to purchase Time Warner, a move that was read by many to be a play for HBO and its library of original content.
- ³⁰ Amy Thomson, Kristin Schweizer, and Marie Mawad, “Pricier Soccer Rights Slam BSkyB, Canal Plus, Lift BT,” *Bloomberg Business*, January 8, 2014.
- ³¹ Ulin, *The Business of Media Distribution*, 332–33.
- ³² While it is not a Studiocanal production or a show that the company is distributing, the recent Canal Plus commission *Versailles* is an instructive case in the economics of contemporary television drama. Canal Plus, the sole commissioner, paid only a third of the series’ 27 million euro budget, with the balance coming from a mix of presales, tax breaks, and the minimum guarantee from the show’s distributor. Bob Jenkins, “NATPE Europe Panel Weighs in on Co-Productions,” *Worldscreen*, June 22, 2015.
- ³³ Scott Roxborough and Rhonda Richford, “Why French-Made Series Are Invading American TV,” *Hollywood Reporter*, October 10, 2014.
- ³⁴ Andrew Spicer, “What Does It Mean to Be an Independent Television Production Company in the UK? A Case Study of RED Production” (paper presented at the Independent States conference at Edge Hill University, September 5, 2014.)
- ³⁵ My figures are based on hours of new programs first *broadcast* in that calendar year—not *delivered*, as the term is utilized in most media industry reporting, including Vivendi’s. It is difficult, if not impossible, for an outside observer to determine the exact time and date a program is delivered to the commissioning network. The projection for 2016 is taken from Studiocanal’s internal document entitled “Inside Pictures” (dated November 2015), which was obtained by the author courtesy of Audrey Darmon, vice president of international development at the company.

- ³⁶ For just one example of this speculation, see Ali Jaafar, “Vivendi Ups Stake in Telecom Italia to 14.9%; Why Netflix Should Be Worried and What It All Means for Europe,” *Deadline Hollywood*, June 25, 2015.
- ³⁷ In an interview for Michael Curtin, Jennifer Holt, and Kevin Sanson’s *Distribution Revolution: Conversations about the Digital Future of Film and Television* (Berkeley: University of California Press, 2014), Warner Bros. executive Thomas Gewecke outlines precisely such a strategy (pp. 70–71). The company began to implement this strategy in 2015 with the launch of its HBO Now SVOD service.
- ³⁸ Elsa Keslassy, “Vivendi Increases Stakes in Telecom Italia to 20%,” *Variety*, October 25, 2015.
- ³⁹ Ali Jaafar and Nancy Tartaglione “Studiocanal Acquires 30% of France’s Mars Films; Appoints Didier Lupfer as President,” *Deadline Hollywood*, September 29, 2015.

Bibliography

- Balio, Tino. *Hollywood in the New Millennium*. London: BFI, 2013.
- Iosifidis, Petros, Jeanette Steemers, and Mark Wheeler. *European Television Industries*. London: BFI, 2005.
- Jezequel, Jean-Pierre, and Guy Pineau. “French Television.” In *The New Television in Europe*, edited by Alessandro Silj, 429–521. London: John Libbey, 1992.
- O’Regan, Tom. *Australian National Cinema*. London: Routledge, 1996.
- Perren, Alisa. *Indie, Inc.: Miramax and the Transformation of Hollywood in the 1990s*. Austin: University of Texas Press, 2012.
- Prince, Stephen. *A New Pot of Gold: Hollywood under the Electronic Rainbow, 1980–1989*. Berkeley: University of California Press, 2000.
- Spicer, Andrew. “What Does It Mean to Be an Independent Television Production Company in the UK? A Case Study of RED Production.” Paper presented at Independent States conference at Edge Hill, September 5, 2014.
- Ulin, Jeffrey C. *The Business of Media Distribution: Monetizing Film, TV, and Video Content in an Online World*. 2nd ed. New York: Focal Press, 2014.



Copyright © 2016 (Christopher Meir). *Media Industries* is an open-access, peer-reviewed, online academic journal. As such, we aim to participate in the open exchange of information. This work is licensed under a [Creative Commons Attribution Noncommercial No Derivatives \(by-nc-nd\) License](https://creativecommons.org/licenses/by-nc-nd/4.0/). Under this license, this work is available for sharing and noncommercial distribution provided the appropriate attribution is given.