

[FR] Netflix arrives in France

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Netflix, the American subscription video on demand (SVOD) giant, was launched in France on 15 September 2014. A few days earlier, the operator Bouygues Telecom announced that it had signed an agreement with the world leader in SVOD, giving not only its Bbox Sensation clients, but also the future clients of its Android box, direct access via their television set to the unlimited SVOD Netflix service. Without Bouygues, Netflix would not have been available via Internet boxes, which is the preferred mode of access in France to top-of-the-range telecom services.

At the same time, Paris Tech carried out a study entitled 'Après Netflix - Sensibilité des obligations de production de la télévision à la pénétration de la SVOD', which shows that the arrival of Netflix on the subscription video market changes the audiovisual sector in terms of competition. It also challenges the sector's regulatory framework. Analysing the impact of this change on the obligations to finance films and fiction works incumbent on French audiovisual groups, the study explores the consequences for the industrial organisation of the sector and concludes that the scheme of production obligations is rendered less relevant and loses its legitimacy. Thus to make better use of their rights (including via Netflix), the study recommends that television companies should more frequently own the programmes they finance; they would then be able to invest in efficient export and pool risk by concentrating and exploiting their catalogues.

Netflix has also signed agreements with the main companies for collecting and distributing French royalty fees. Thus an agreement with the Société des Auteurs, Compositeurs et Editeurs de Musique (SACEM), negotiated well before the launch, covers the remuneration of its members whose audiovisual works will be among those available on Netflix. This guarantees that the use of the works of writers of music, sketches, and dubbing/subtitling, and producers and editors represented by the SACEM, are legally covered before the service is launched in France, with the assurance of remuneration for all the rightsholders concerned. The SACEM has also signed an agreement authorising Netflix's exploitation of its catalogue of documentaries. This agreement applies to French and foreign catalogues represented by the SACEM in France, Belgium, and the Grand Duchy of Luxembourg.

Negotiations are also in hand between the professional organisation in the cinema sector and the CNC to review media chronology, which featured in the conclusions produced by the Lescure mission last May. Whereas the mission advocated shortening the period between the first screening of a film and its being available on SVOD from thirty-six to eighteen months, the CNC proposes twenty-four months, but only for 'virtuous' services, i.e. those meeting certain criteria (including the financing of European and French creation). This is one way for the cinema regulator to warn Netflix, which will have to comply with French regulations in order to be able to benefit from the same broadcasting windows if it should one day wish to reinforce its cinematographic offer. Although the Netflix offer focuses mainly on popular television series, the American company has nevertheless announced its intention to produce more French series, starting with 'Marseille', shooting for which is to start soon. For her part, Minister for Culture Fleur Pellerin said, "We must consider the arrival of foreign players as an opportunity for our production companies to develop".

« Après Netflix - Sensibilité des obligations de production de la télévision à la pénétration de la SVOD », Paris Tech, septembre 2014

http://www.cerna.mines-paristech.fr/images/stories/media/apres_netflix.pdf

Après Netflix - Sensibilité des obligations de production de la télévision à la pénétration de la SVOD', Paris Tech, September 2014

