HKU

VIRTUAL CINEMA IN EUROPE

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Introduction

In the past years, there have been many developments in the field of virtual cinema. Fueled by rapidly increasing technical capabilities of both providers and users, as well as by situations in which lockdowns and other public restrictions made new forms of reaching audiences inevitable, there have been many new initiatives and experimentations in this field. As many arthouse cinemas as well as (independent) distributors in the European market have by now had experiences with (or considered) virtual cinema, it comes at an interesting time to study the current possibilities as well as feeling on this subject.

This report aims to explore whether and, if so, how European cinemas and distributors shape their virtual cinema business models, what the experiences are, what obstacles they experience and what wishes they have when it comes to (support in the field of) virtual cinema. In order to support European cinemas and distributors in the field of arthouse films in increasing the reach of virtual cinema, Stichting Nederlandse Filmpromotie - the organization behind virtual cinema pioneer Picl - and Medialoc - specialist in digital technological solutions to facilitate hybrid cinema events - joined forces. Under the name REACHM, they jointly attempt to increase the reach and engagement of hybrid audiences, in close collaboration with cinemas and distributors, and facilitated by a subsidy under the Creative Europe program.

This report showcases a quantitative study, exploring the experiences (in terms of business model choices, advantages and disadvantages) and wishes of European cinemas and distributors when it comes to virtual cinema. Some of the results in this phase have been further investigated by additional qualitative interviews with selected individuals in the European cinema or distribution field.

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In this study, virtual cinema is defined as the situation in which a rightsholder can offer films to an online audience in collaboration with a cinema or multiple cinemas through a platform of their own, or through an external platform. This can be in the theatrical window or later in de film's lifecycle.

Our approach

This report uses the business model as the lens through which the European virtual cinema landscape is viewed. At the start of this report, it is therefore important to explicate how this report defines this concept of the business model.

Despite the ever-growing notion that a suitable business model is very important for the success of any organization, not everyone uses the same definition of the concept. This makes discussions on successful business models at times unclear. For instance, some define a business model as simply how an organization makes sure money comes into the organization. As such they reduce the business model to only being the 'revenue' or 'income model'.

Strategy experts and academics, however, most often see the business model as a broader concept. **In this view, the business model is not focused solely on the financial aspect, but rather on the question of how an organization makes sure that it is valuable to its stakeholders.** In this way, the focus lies on how an organization is able to create value for its stakeholders (which can be customers, but also partners, suppliers, etc.), how that value is delivered to its stakeholders, and how this value creation is converted into results for the organization.[1] This description of a business model, however, does not exclude the monetary element: a business model also has a revenue model connected to it. If you are able to be of value to your audience (where you create and deliver a product or service that is seen as valuable) then you also immediately create the opportunity to cash in on this. A revenue model is therefore part of a business model, because it is also one of the choices you make as an organization on how you can best be of value to your stakeholders.

Using this viewpoint of the business model, this study consisted of three stages. First, in order to create more insight into possible business model elements in the world of virtual cinema, this research started with an exploration of the different choices that can be made on different aspects of the business model. Through brainstorm sessions with the internal project team (June 15th, and June 17th 2022), a selection of cinemas (September 9th 2022), and a selection of distributors (September 16th 2022), different choice-groups have been identified.

In a second phase of the research, between October and December 2022, a survey was distributed among both cinemas and distributors. In order to reach respondents, **network organizations Europa Cinemas and Europa Distribution helped to spread the survey among their members.**

In total, 129 respondents started the survey (77 cinemas and 52 distributors). Of those, 62 offered some form of virtual cinema. This was either through a direct offer (8 cinemas and 4 distributors), an external central platform (21 cinemas and 19 distributors) or through both (5 cinemas and 5 distributors). 67 organizations did not have any virtual cinema offer.

Table 1 Offer of virtual cinema

	Direct offer only	External central platform only	Direct offer & external platform	No virtual cinema offer	Total
Cinemas	8	21	5	43	77
Distributors	4	19	5	24	52
Total	12	40	10	67	129

As the survey was not completed by all participants, not all questions were filled in by all. In order to extract the most valuable data out of the surveys as possible, incomplete surveys were used for analysis on the questions that were completed. To complement the understanding of the gathered data, an additional four interviews were performed with directors of cinemas or distribution companies in Europe.

A first look at the data

In terms of the size of the organizations, Table 2 shows the number of people working for the different organizations, and Table 3 shows particularly for distributors how many films they distribute annually. As Table 2 indicates, the cinemas in this survey are fairly well divided into different sizes, while within the distributors there is a larger group of small organizations in terms of employment (5 or less).

Table 2 How many people work for your organization (yourself included)

	Cinemas	Distributors
Just myself	1	1
2 up to and including 5 persons (myself included)	15	12
6 up to and including 10 persons (myself included)	13	5
11 up to and including 20 persons (myself included)	9	3
21 or more persons (myself included)	11	6
No answer	2	1

Table 3 How many films do you distribute annually

	Number
1 up to and including 6 films per year	2
7 up to and including 12 films per year	11
13 up to and including 25 films per year	13
26 films per year or more	2

The organizations that participated in the study were based in a wide variety of countries across Europe, with some based in multiple countries.

Table 4 Countries in which the organization is based

Country	Number	Based in multiple countries	Number
Austria	3	Belgium, Luxemburg, Netherlands	1
Belgium	4	Belgium, Netherlands	1
Bulgaria	1	Netherlands, Belgium	1
Czech Republic	2	Scandinavia	1
Denmark	3	The Netherlands, Germany & Poland	1
Estonia	1	United Kingdom and Ireland	1
France	1		
Germany	10		
Hungary	1		
Iceland	1		
Ireland	7		
Italy	11		
Latvia	1		
Lithuania	1		
North Macedonia	1		
Norway	2		
Poland	5		
Portugal	2		
Romania	3		
Slovenia	1		
Spain	1		
Sweden	1		
Switzerland	2		
The Netherlands	6		
UK	1		

Table 5 shows the function that the respondent is responsible for, indicating that most surveys were completed by people in general management or in programming in the case of cinemas.

Table 5 Functions

	Cinemas	Distributors
General management	35	21
Programming	32	9
Finance	14	7
Marketing & communication	15	6
Acquisition	0	2
Legal	0	2
Other	5	2

Most respondents indicate that their virtual cinema offer is limited to their country, or to their language region (Table 6). Furthermore, Table 7 gives an overview on whether there are (other) providers that offer virtual cinema in their country or region.

Table 6 Coverage restrictions

	Cinemas	Distributors
Language	9	12
Country-boarders	16	16
Geolocation (other than country)	3	2
Other limits	2	2
No limits	4	0

Table 7 Other virtual cinema offers in their county / region

	Cinemas		Distributors	
	Yes	No	Yes	No
Yes, there is/are (other) cinemas that offer virtual cinema	30	27	14	16
Yes, there is/are (other) distributors that offer virtual cinema	27	30	8	22
Yes, there is (another) central virtual cinema platform that we do not participate in	9	48	5	25
There are no providers	2		7	
Don't know	12		5	

In financial terms, Figure 1 shows the approximate turnover of the virtual cinema offer (gross per year) per organization. This figure seems to indicate that for most respondents the offer is financially not very significant. This is highlighted as well in Figure 2, which shows virtual cinema as a percentage of total turnover.
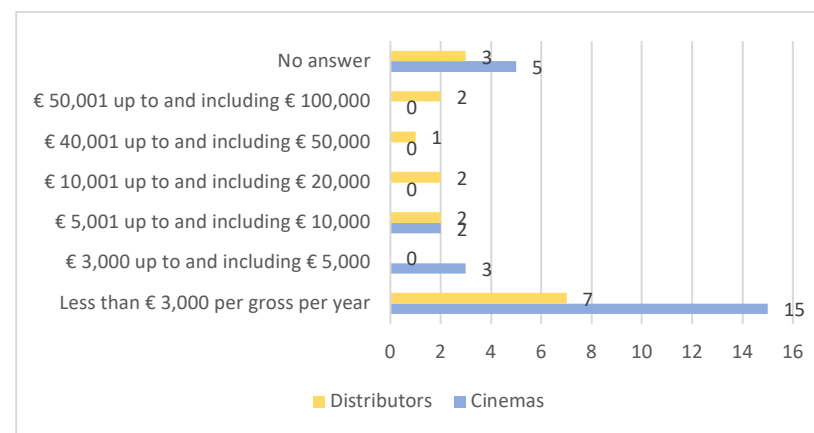

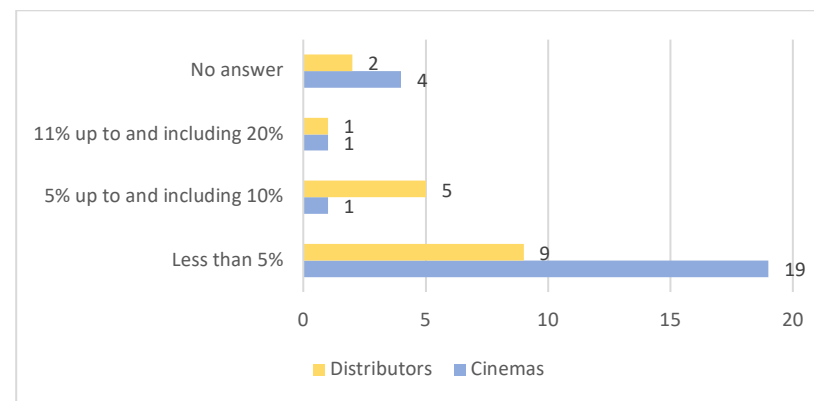*Figure 1 The approximate turnover of the virtual cinema offer (gross per year)*

Figure 2 Percentage of total revenue ascribed to virtual cinema

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Few organizations indicate that their virtual cinema activities receive subsidy (Table 8). The cinemas in this regard, indicate that their subsidy came from the "European Union," the "European Commission for Pilot Project," or more locally from "Nederlands Filmfonds, only during covid," "Polish Film Institute financed setting up server and website," and "the state." The distributor that indicated receiving subsidies indicated that it came from the "European Union MEDIA program."

Table 8 Subsidy

	Yes	No
Cinemas	5	18
Distributors	1	16

When asked how they would describe the situation of virtual cinema in their country, a quite mixed result emerged. Distributors seem to indicate that it still is not developed at all, or in early stages of development, while cinemas suggest more firmly that their situation is in the development phase. Interestingly in this regard is also the relatively high number of respondents that signify that the virtual cinema situation is looking for **a new equilibrium** after the period of Covid-19.

The future of virtual cinema

The respondents were asked to respond to several statements on their **view on the future of virtual cinema** on a 1-5 scale. Statements indicated with an * have a significant difference between the responses of distributors and cinemas, which means that on these statements we can statistically state that they differ of opinion. Furthermore, the results highlighted in green show scores above a 3,5 out of 5, indicating a high result.

In the statements related to strategic aspects, cinemas are more likely to view virtual cinema as a crucial component of their future business model than distributors (significant difference), however the total score for both groups of respondents is low. Both cinemas and distributors however do

believe that the audience The audiences that prefer to watch films (also) online will grow (Table 8).

Table 8 Related to strategy

	Cinemas	Distributors
I think revenue of virtual cinema is crucial for our future business model *	2,78	2,64
The audiences that prefer to watch films (also) online will grow	3,67	3,71
I think virtual cinema will give us the marketing tools/chances to create new cinema audiences for the future	2,94	3,29
I think virtual cinema gives us the opportunity to differentiate more in our programming *	3,18	3,43

Both cinemas and distributors expect major streamers like Netflix, Amazon Prime, Apple TV+, and Disney+ to take over most of the Virtual Cinema offerings, and especially distributors view this as a major threat for independent European cinema (Table 9).

Table 9 Related to major platforms

	Cinemas	Distributors
Major streamers like Netflix, Amazon Prime, Apple TV+, and Disney+ will take over most of the Virtual Cinema offerings	3,84	3,5
I perceive major providers like Netflix, Amazon Prime, Apple TV+, and Disney+ as threats for the independent European cinema *	3,43	3,71
Fewer platforms that offer Virtual Cinema will exist in my country or region	3,08	3,11

In terms of the role of virtual cinema for the future of the European film industry and for the further development of (young) European filmmakers, the results are not outspoken (Table 10).

Table 10 Related to European film industry

	Cinemas	Distributors
I think virtual cinema is crucial for the further development of (young) European filmmakers	3,04	3,14
I think virtual cinema will allow more European productions to reach a broader audience	3,37	3,25

Finally, both cinemas and distributors expect less technical thresholds for virtual cinema in the future, and distributors more than cinemas expect the borders between film, and performing arts (theater, music, etc.) to fade away in virtual platforms (Table 11).

Table 11 Related to technical aspects

	Cinemas	Distributors
There will be less technical thresholds for Virtual Cinema	3,69	3,96
The borders between film, and performing arts (theater, music, etc.) will fade away in Virtual platforms *	2,76	3,11

Table 12 shows an overview of different virtual cinema **thresholds** or barriers that the respondents encounter in their country. The results indicate a wide variety of reasons, with both cinemas and distributors indicating an absence of public demand. Cinemas moreover also point at the financial aspects as well as lacking professional support and finding barriers in technical aspects.

Table 12 What are in your country the main virtual cinema thresholds or barriers?

	Cinemas	Distributors
Technical aspects (for example, No technical solution for my specific needs)	14	3
Financial aspects/subsidy	26	6
Legal and regulation aspects	12	10
The public's demand is absent or limited	24	20
The coverage of devices or internet is limited (laptop, PC, (smart-)television, tablet)	6	2
Marketing aspects	12	11
Lack of professional support, knowledge collaborations, contacts	15	4
Strong lobby from one of the members of the industry	9	7

The remainder of the analysis of the results of the survey is divided into three sections. First, the results of the surveys of respondents that currently have no virtual cinema offer is discussed, followed by the results of the respondents that offer virtual cinema as a direct provider, and concluded by a section on respondents that offer virtual cinema through an external platform.

Section 1:
Currently no virtual cinema offer

Of the 129 participants in the survey (77 cinemas and 52 distributors), almost half of them (62) indicated that they at this moment do not offer virtual cinema. Most of these (42) have never offered virtual cinema in the past, while 20 have experimented with a form of virtual cinema previously (Table 13). This section delves deeper into this particular group of cinemas and distributors, and explores their reasoning and considerations.

Table 13 Virtual cinema in the past?

	Yes, we did offer virtual cinema in the past ourselves	Yes, we did participate in a central platform	No virtual cinema offer in the past	Total
Cinemas	6	11	25	42
Distributors	2	1	17	20
Total	8	12	42	62

Reasons for not offering virtual cinema

Asked why the organization does not offer virtual cinema, different reasons come up.

For **cinemas**, many bring up the reason that they don't believe it is something that they should pursue, as they believe **they should focus on the live, in-house experience**. A second cluster of answers that can be found focuses on their belief or experience of **virtual cinema not being financially viable, or not having enough demand**. A final cluster of answers focuses on the **lack of certain capabilities / capacities** for organizing and offering virtual cinema.

For **distributors**, a much-given reason focuses on the **release windows and on contractual obligations**. Furthermore, some highlight the **unpopularity**

of **virtual cinema** (or the lack of it in its country). Two respondents highlighted that there are **already many platforms out there**. One distributor focused on the difficulty of sharing the revenue.

Thresholds for offering virtual cinema

When asked what the main thresholds for offering virtual cinema for their organization were (Table 14), the cinemas highlighted mainly that the offering of virtual cinema did not fit with their core values, that they fear the risk of cannibalization of cinema visits and that the lack the capacity in their team. For distributors, legal and regulatory aspects were more salient, as well as the risk of cannibalization of cinema visits, a fear they evidently share with their colleagues.

Table 14 Main thresholds

	Cinemas	Distributors
Competition/there is another organization that offers virtual cinema in our country	10	2
Technical aspects	11	1
Financial aspects	14	3
Legal and regulatory aspects	9	8
Risk of cannibalization of cinema visits (offline visits)	22	6
Offering virtual cinema does not fit with our core values/strategic policy	25	4
Marketing aspects	7	2
Lack of capacity in the team	19	1
Lack of contacts, professional network, knowledge collaboration	8	3
Other, specify...	5	1

Section 2:
Offering virtual cinema
as a direct provider

Section 2 focuses on the cinemas and distributors that indicated that they provide a virtual cinema offer themselves to their audiences. In the survey, just 20 respondents indicated that they currently offer virtual cinema themselves (12 cinemas and 8 distributors). The following sections further explore the answers of these respondents.

Positive and negative experiences

The survey asked the direct providers to reflect on positive and negative aspects that they had experienced within their virtual cinema offer. First, they were asked to rank and prioritize six different aspects related to their reason for choosing to offer virtual cinema (Table 15). It is interesting to note that the top answers for cinemas and distributors were different, as for cinemas strengthening the relation with the audience and broadening the programming was the most important, while for distributors importance is on generating new online audiences and creating marketing opportunities through data generation.

Table 15 Reasons for choosing virtual cinema as a direct provider

	Cinemas	Distributors
1	Strengthening the relation with our (current) audience	Generating new online audience
2	Broadening our programming/our offer	Marketing opportunities through data generation
3	Generating new online audience	Strengthening the relation with our (current) audience
4	Additional revenues	Broadening our programming/our offer
5	Generating new offline audience	Generating new offline audience
6	Marketing opportunities through data generation	Additional revenues

In addition, the survey asked the respondents to highlight in text the aspects of their direct offer model that works well for them. In this regard, the <u>**cinemas**</u> indicated the following:

- A main group of answers highlighted that virtual cinema **allows them to offer a broader program**, including films that are not available in cinema any more.
- A second group of answers focused on **the possibility to offer cinema to audiences that can't visit the cinema**, or when the cinema is closed due to health restrictions.
- Finally, one respondent highlighted **new marketing possibilities** through the virtual cinema offer, and one answer focused on the technical **advantages of projection with DCS** (Digital Cinema Streaming)

For <u>**distributors**</u>, the following responses to the question of what works well were given:

- Engagement
- Greater audience reach
- Films get a longer viewing window
- Supporting exhibitors
- Accessible viewing experience (HoH captions, Audio description)
- Theatrical run is extended
- Make available local productions that cannot have a theatrical release after event screening.

In terms of the aspects that could be improved, <u>**cinemas**</u> first highlighted **the struggles of getting access rights to the movies**, and voiced a **concern of the financial costs and benefits**. Moreover, two respondents focused on **technical issues** in their answer.

For <u>**distributors**</u>, the following aspects for improvement were indicated. First was highlighted that they find it **challenging for cinemas to market**

the virtual cinema offer. Correspondingly, on two different aspects, the distributors found it **difficult to position virtual cinema**. This is the case both in regard to release windows, as well as on the spectrum between home entertainment and being part of the theatrical offer. Furthermore, it was indicated that having a virtual cinema offer takes a lot of **coordination**.

Section 3:
Offering virtual cinema through an external central platform

In this final section, the option of offering a virtual cinema experience through an external central platform is explored. In this case, an organization that is external of the physical theaters offers an online platform through which a multitude of cinemas can offer their online viewing experience.

In the survey, 46 respondents indicated that they chose the option of offering a virtual cinema experience through a central platform. It is noteworthy that cinemas in general choose to link themselves to only one external central platform, while distributors often connect with multiple platforms (Table 16).

Table 16 Number of platforms connected to

	1	2	3 or more
Cinemas	24	1	0
Distributors	8	6	7

Reasons for participating

When asked to prioritize reasons for participating in such a central platform, it is evident that its main contributions are perceived to be in audience building and relationship strengthening (Table 17). **Cinemas** focus on the possibility of strengthening the relation with their current audience, and broadening their offer, while **distributors** focus on generating new online audiences and on strengthening the relation with their current audience as well.

Table 17 Reasons for choosing a central platform

	Cinemas	Distributors
1	Strengthening the relation with our (current) audience	Generating new online audience
2	Broadening our programming/our offer	Strengthening the relation with our (current) audience
3	Generating new online audience	Additional revenues
4	Additional revenues	Broadening our programming/our offer
5	Generating new offline audience	Marketing opportunities through data generation
6	Marketing opportunities through data generation	Generating new offline audience

Comparing the reasons for choosing to offer virtual cinema as a direct provider (Table 15), and the reasons for choosing a central platform (Table 17), it is noticeable that the prioritization for cinemas are exactly the same. In both cases, the cinemas place "Strengthening the relation with our (current) audience" as first, and "Broadening our programming/our offer" as second most important reasons, regardless of the form in which they organize the virtual cinema. For distributors, however, a remarkable difference is that as a direct provider they place a much higher importance on the possibility for "Marketing opportunities through data generation" which is in second place for that group, while it is only the fifth most important reason for distributors that use a central platform. For the latter group, however, strengthening the relation with their (current) audience is deemed more important, and the possibility for additional revenues is placed third in this group, while the direct providers place this as the least important reason.

Overview of central platforms

Table 18 below gives an overview of the different central platforms mentioned by the respondents, with most platforms only being mentioned one or two times, exceptions being Miocinema, Picl, and MojeEkino.pl.

Table 18 Which platform?

Platform	Cinemas	Distributors
#iorestoinsala	0	2
Altibox	0	1
Art kino mreža Slovenije VOD	1	0
BFI Player	0	1
Blockbuster - Vega Hjemmekino -	0	1
Blue.tv	0	1
Chili	0	1
CINE CHEZ VOUS	0	1
Cineasterna	0	1
CINEBAIX	1	0
Cmore	0	1
Curzon Home Cinema	0	1
Dalton	0	2
Eventbook	1	0
Eyelet	2	1
Google	0	1
Itunes	0	1
Kino on demand	0	1
Kino VOD Club	2	1
MIOCINEMA	3	1
Modern Films VC platform	0	1
MojeEkino.pl	6	0
Mubi	0	1
myfilm.ch	0	2
MyLum	0	2
MYMOVIES	0	1
Norgesfilm	0	1
Pepr	1	0
Picl	6	5
Prime video (Amazon)	0	2
PROXIMUS	0	1
Rakuten	0	1
SFAnytime	0	1
Shift72	1	2
the container which is currently being developed	1	0
Vega Hjemmekino	0	1

Viaplay	0	1
Vimeo	0	1
VOD	1	0
VODCLUB	1	0
www.adessocinema.it	0	2
Yorck on demand	0	1

Positive and negative experiences

When diving deeper into the positive aspects of offering virtual cinema through an external platform the <u>cinema</u> respondents note that their collaboration with the external platform provides them with **new options to reach a larger audience for a film**. Additionally, a different argument is made by two respondents that emphasize the **possibility to attract new audiences**. For example: "We were able to attract new audiences who cannot have access to the cinema due to being too far from the venue, handicapped." Moreover, two respondents refer to positive aspects they see **to be part of a collaborative network**. "Efficiency through collaboration and sharing experiences." And finally, one respondent highlighted the synergy between the offline and online offer, and one mentioned that a positive fact of their involvement in an external platform is that it provides a legal option of online viewing. Several **cinemas** mentioned the ability to use a platform service **during Covid-19 restrictions** to still connect to their audiences.

For <u>distributors</u>, a main attraction is the **increased visibility** that a central platform can provide, for example: "better visibility for our films compared to the main VoD platforms where it's mostly US blockbuster films that are visible on the homepage." Furthermore, it was highlighted that the central platform offered **an easy-to-use service**. In three cases, the respondents highlighted the **additional revenue** that is possible through the virtual platform. Two respondents explicated the **complementarity that the virtual platform can provide to their regular offer**. "In terms of audience reach, we find that it complements our theatrical release and doesn't

compete with it. A film's success in cinemas strongly impacts the way it performs in virtual cinema." In addition, one distributor indicated that the collaboration with a central platform allowed them to further **develop their relationship** with the cinemas, and one respondent highlighted the possibility to have different audience relations through event-based virtual screenings.

In terms of negative experiences, the <u>cinemas</u> first emphasized the **low viewer numbers**, as well as the **risk of losing cinema audiences** or connection with them. Furthermore, for a group of cinemas that have their own central platform, the theme of **struggling to coordinate** came up. As a specific coordination issue, one respondent focused on the difficulty of balancing release windows, especially between different cinemas.

<u>Distributors</u> mainly focused on the **financial aspects** as being part of their negative experiences with using a central platform for virtual cinema. Additionally, two respondents highlighted a **curation issue** with the platform, as well as the inability to make the platform personal. Finally, three separate single answers indicated that participating in a central platform in a few times has put stress on the relationship with cinemas.

Spotlight

In this last part of the report, we place the spotlight on a specific subgroup of respondents that indicated that for them virtual cinema either provides them with too little financial rewards, or that it constitutes too much work for the organization to make it worthwhile.

Low revenue and/or too much work

In the survey, 32 respondents indicated in the various open responses that they perceive virtual cinema to generate too low revenues or to cost too much work for the organization (18 cinemas 14 distributors). 6 of these respondents have a direct offer of virtual cinema (3 cinemas, 3 distributors), 17 offer virtual cinema through a platform (6 cinemas, 11 distributors), and 14 offer no virtual cinema (12 cinemas and 2 distributors). In this overview, it is apparent that 12 out of the 18 cinemas that indicate that the revenues are too low, or that there is too much work involved with virtual cinema at the moment do not offer the service.

Of the 14 that do not offer virtual cinema, 8 also have not tried virtual cinema in the past, and 11 state that they currently have no plans of developing virtual cinema in the future.

Zooming in on the 6 'direct providers', it seems that they follow similar choices. All offer an on-demand version of PVOD / TVOD, all have a curated offer, and most have a combination of new releases and older releases. Moreover, it is striking that most use their platform for other types of media as well, covering festivals, events, regional productions. 4 out of the 6 offer an accompanying program besides the film, and decisions on interaction varies. Besides their viewpoint on the limited financial gains, they also had many positive remarks on their virtual cinema experience. In particular they highlight the engagement, and the possibility to offer more options to their audience (especially during covid times).

As mentioned, 17 respondents in this group indicated that they offer virtual cinema through an external central platform. Also within this group, they had positive experiences with virtual cinema. The cinemas highlighted the connection with their audience during lockdown, as well as the ability to attract new audiences who have limited access to the venue. Furthermore, it was mentioned that a central platform gives efficiency through collaboration and sharing experiences, and that a central platform can gather a whole arthouse cinema network in a country. For distributors, the positive experiences are highlighted in responses that the central platform gives them better visibility to the audience, as well as create tighter relationships with the cinemas at the same time. Moreover, it extends the viewing window for films that not always are shown in cinemas for a long time.

In terms of where these 17 respondents still need additional support on, 7 out of the 17 indicated that they could use support on financial aspects and applications for subsidies, and 8 out of 17 indicate that they need support on the aspect of marketing / data management / big data / consumer insights.

Final thoughts

The European scene of virtual cinema is currently facing an interesting time. This study shows that opinions on virtual cinema, its development, as well as its future are varied. For instance, a large group describe the situation of virtual cinema in their country as either not developed at all or in development, while others indicate that there is uncertainty and the virtual cinema scene is looking for a new equilibrium after COVID.

Approximately half of our sample (67 out of 129) do not have a virtual cinema offer currently. For cinemas, many bring up the reason that they don't believe it is something that they should pursue, as they believe they should focus on the live, in-house experience. Furthermore, some believe or have experienced that virtual cinema is not financially viable, or does not have enough demand. This is accompanied with the realization of some cinemas that they lack certain capabilities / capacities for organizing and offering virtual cinema. For distributors, several mention difficulties with the release windows and contractual obligations, while some highlight the low response to virtual cinema.

However, it is also notable that both cinemas and distributors believe that the audience for virtual cinema will grow in the future, indicating possibilities for further developing a valuable offer to the audiences through virtual cinema. It is also noteworthy that many of the participants have either a virtual offer themselves, through an external platform, or have experimented with one or the other in the past. Throughout the study, many positive experiences with virtual cinema were highlighted, ranging from a broader, more inclusive offer to audiences, to better relations with these audiences and within the industry as well.

In order to be of value for audiences and the industry in general, knowledge on certain specific areas need to be developed and shared. In particular, there seems to be a dire need for more and innovative knowledge on financial issues concerning virtual cinema, as many cinemas as well as distributors indicated throughout this study. Second, the respondents voiced a clear need to have a better understanding of the possibilities of utilizing the data that is generated through an online viewing service. Issues of data management, big data and how to generate actionable consumer insights are for many players in this field not something they can tackle with their often-limited resources.

The solution for a good and viable business model in this field is not singular. It is evident that each situation, each country or region asks for its own answer that adheres to the particularities of each market, legislative reality and to the personal ambitions of the involved organizations.

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[1]. Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers* (1st ed.). Wiley.