Aku Alanen Published in Tieto&Trendit 3/2008 Journal of Statistics Finland, aku.alanen@stat.fi

Film production plays minor role in Finnish economy

Film production itself has very little impact on the Finnish economy. It is, however, part of a broader 'experience economy'. Throughout the world films are associated with the same value chain as tourism.

The role of film production (=motion picture an video production) in the Finnish economy can be evaluated under various conceptual reference frameworks, such as visual culture, the film cluster or the experience economy. We can also talk about broad and narrow film industry clusters – in other words, either operations that are closely associated with film, or entire value chains of which film production forms one part.

The broad cluster takes into account all the activities associated with the film economy, including the sale of sweets. Very diverse associations with other sectors, education in the sector and the role of pressure groups also have to be taken into account.

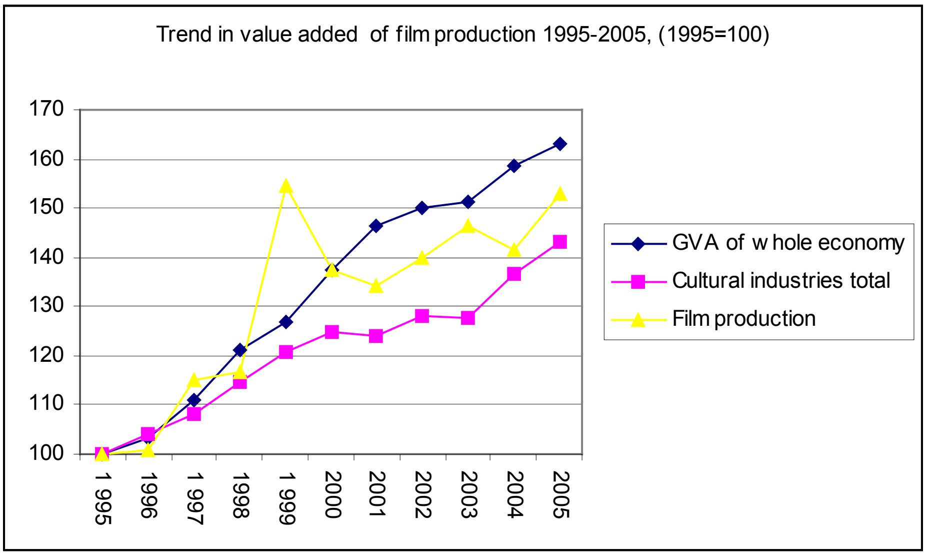
The experience economy perspective is even more extensive. Films and tourism are even believed to belong to the same value chain in Anglo-Saxon countries in particular. Assessments carried out in Great Britain at the turn of the century regard film as a significant catalyst for tourism, but since then the significance has decreased. The current estimate is that one in every ten tourists comes to the UK because of a film. The Lord of the Rings trilogy is believed to have had an even greater positive impact on tourism to New Zealand. In Finland, such discussion has focused on Lapland.

If tourism is incorporated into film's value chain, as some have suggested, the degree to which films directed by Aki Kaurismäki increase or decrease the amount of tourism to Finland will have to be assessed. This type of assessment perspective always seems a little exaggerated, at least to begin with.

This article has used the narrow film cluster concept, or put more simply, the film industry. This means that operations such as production, distribution, rental and exhibition of films and videos and the small-scale business of the distribution of visual recordings are all considered to belong to the film cluster. An interesting point, however, is that the Statistics Finland Business Register classifies the Finnish Film Foundation as part of the film production sector, even though it does not actually produce any films, but purely funds and supports the industry. The statistical figures in this article limit this perspective even further to the production phase only, which in a comparison restricted to the Finnish economy means mainly one sector: film and video production.

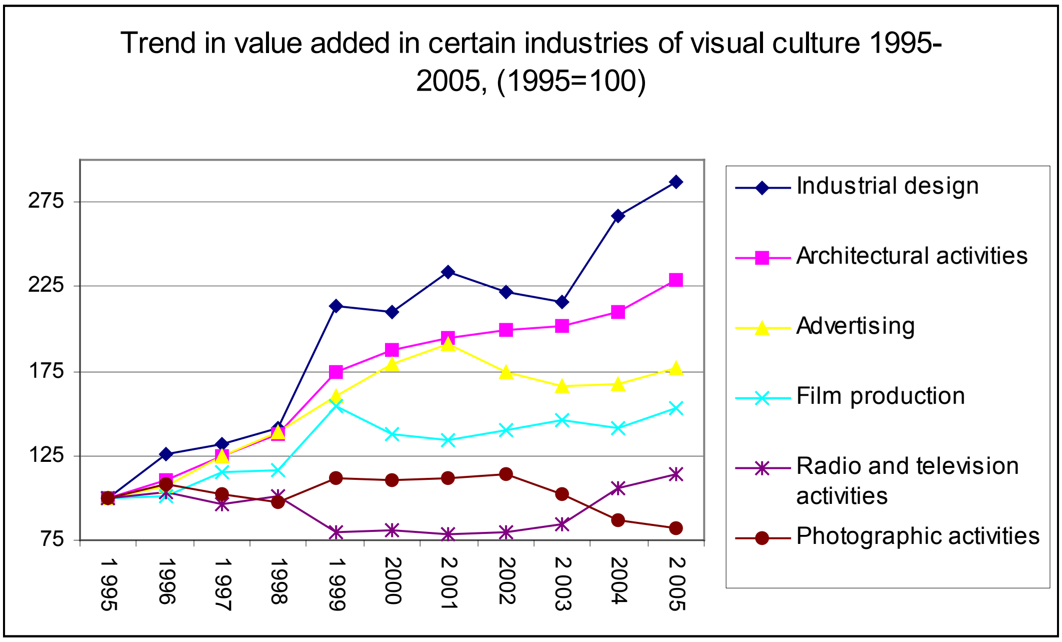
Moderate growth

During this decade, the film production sector has grown slightly more than the cultural sectors combined, but less than the Finnish economy on average. Figure 1.



In Figure 2 the trend in film production is compared with that of the other sectors of visual culture. There has been average growth in the film industry. The value added in design and architecture has increased most significantly. The advertising sector grew rapidly at the turn of the century, but growth has slowed down since then. However, the trends in the value added in photography and television have been less positive than that of film production for the entire reference period.

Figure 2



In a comparison of the sectors within the narrow film cluster, film production has grown more slowly than film rental or distribution. The exhibition of films, i.e. the value of cinema exhibition, displays a similar trend. We must, of course, remember that the domestic share in distribution and exhibition is noticeably smaller than the foreign share.

Production as per mil of the Finnish economy

Film production plays an insignificant role in the Finnish economy as a whole. In Figure 1, two industries with comparable operations, television and architecture and also some nearby, have been used as a point of comparison with film production.

Table 1. **The visual sectors' contribution to the value added in the Finnish economy, 2005, %**

Photography	0.06
Radio and television	0.24
Film production	0.06
Advertising	0.28
Architecture	0.13
Industrial design	0.03

Source: Basic data of National Accounts

In National Accounts, basic data on value added is calculated for each separate sector. Up to now, the Business Register has classified some of the independent film production companies as operating within the television industry. When the contribution of these companies is transferred to film production, the real contribution of the value added in the film production as a whole will rise to 0.06% of GDP.

The contribution of architecture, which has grown rapidly during this century, is over 50% greater. The photography industries as a whole contribute less than production.

In addition to the above, another interesting point of comparison within the area of visual culture is the production of computer games, on which, for the time being at least, there is no comparable statistical data. On the basis of various investigations into the game industry it is, however, possible to assess that the value added of game production National Accounts would be only slightly lower than that of film production.

The game production industry is, however, still in its infancy. If its development continues at the same rate, then it has the potential to become much more economically significant than film production. The production process for computer games is very similar to that used for animated films, and the animation sector has grown most out of all the sub-sectors of film production. The future and competitive edge of the Finnish visual media may well lie in these sectors in which our traditionally highly advanced skills in engineering and computer technology can be combined with art.

The cluster as a whole has little significance in Finland

The value added of exhibition of films, i.e. mainly cinema operations, is over 50% less than the value added of production. Video rental only makes up about one- fifth and distribution about only one-tenth of the value added of the film production sector.

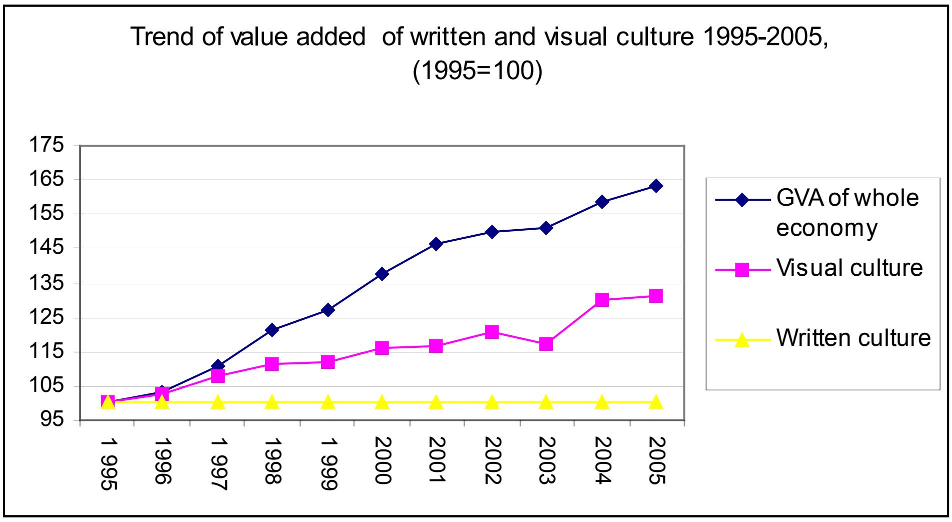
Over the past ten years, the narrow film cluster as a whole has made up about 0.09% of the Finnish economy's value added. In England and Spain the amount is over 50% higher. Comparable calculations exist only in countries where the economic significance of film is clearly greater than it is in Finland.

In Spain, the relative significance of the film industry is probably one of the largest in Europe. The industry has contributed to around 0.4% of Spain's GDP throughout the 2000s.

The GDP figures also provide evidence that visual culture is expanding.

It is claimed that our culture is becoming ever more visual. Some even believe that pictures have replaced reality. However, it is also claimed that the primary issue is not just the increase in the number of pictures, but rather that these pictures shape our thoughts more than ever.

Can the truth of these claims be investigated as more than just a qualitative phenomenon? This has been attempted by studying changes in time use, and the degree to which newspapers have become more visual, more like television. This discussion would also benefit from financial empirical calculations comparing a visual form of economy, based on design, with a verbal or vocal form of economy, based on text.
Figure 3.



The figure above is based on an experimental calculation which demonstrates that National Accounts also support the claim that visual culture is growing. In the calculation the following sectors are included in visual culture:
- television production
- photography production and trade
- industrial design
- architectural services
- advertising
- art shops

- antique shops
- film industry

Artistic operations have also been included in this group.

Verbal or written culture includes:
- printing production
- publishing
- trade and delivery of printed products (bookshops, etc.)

Verbal culture is still predominant

The figure shows that the value added of the verbal culture sectors has remained at the same level for a decade. The value added in real terms has even fallen during previous years. The visual sectors have not risen as quickly as GDP but clearly faster than the verbal sectors.

The absolute weight of the verbal culture sectors is still clearly greater than that of the visual sectors. However, the increasing importance of the Internet will change this situation in future, together with the growth of the visual sectors.

Almost impossible to differentiate

All of the visual sectors mentioned above are, of course, made up of more than just pictures, although other content, such as verbal content, is of far less importance than the pictures.

On the other hand, all printed products were classified as verbal culture in the calculations, even though visual appearance is also important, as is the case for books.

Advertising can be divided into verbal and visual operations in the same way because both are equally important. However, even if the entire advertising sector were combined with the verbal sectors in the calculations, the figure would not significantly change the trends.

More important from the economic point of view is the fact that production of camera phones and computer games were not included in the calculations. Neither provide comparable value added data yet. The incorporation of these figures would only increase the evidence of the expansion of visual culture. However, at the moment, mobiles are still used mainly for two-way communications, and the manufacture and use of camera phones is thus not considered part of the mass media or culture sectors. However, this situation may change in future.

Aku Alanen

email: aku.alanen@stat.fi

Sources:

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The Economic Impact of the UK Film Industry (2007 Oxford Economics)

Datasource:

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Appendix

The nace codes of industries used in article	codes
Film production (= motion picture and video production)	9 211
Motion picture and video distribution	9 212
Motion picture and video exhibition	9 213
Industrial design	74 871
Architectural activities	74 203
Advertising	744
Radio and television activities	922
Photographic activities	7 481
photographic wholesale and retail	51475, 52485