

Alternative Distribution Roundtable

October 23, 2009

1st speaker: Liesl Copland

Windowing

Youtube: 2nd largest search engine

In 2010 Gen Y will outnumber baby boomers

70% of 18-34 yr olds have watched tv online, only 33% on DVR

71% of Americans watch a movie every week and of that, 75% prefer to watch at home

The number of theatrical releases will go down by 25%, but, notwithstanding, theatrical revenue will go up 20% by 2011

Create new paradigm for specialty films rather than old generalized distribution model

Subscription services do better than “bang for your buck” rental stores, with a much higher rental %

Changing screen in home: many screens, many options

Seeking open communication with Exhibition

Theatrical opening weekends’ revenue stays consistent, but theater are losing money on repeat viewership with fewer releases.

In theater is the only method of distribution with a non-flexible pricing system

Find split-screen solutions

Theaters are not actively enriching the in theater viewing experience. Suggests a more pro-active approach on their part would be mutually beneficial.

Studies show that pre-show entertainment is not alienating to the average movie-goer

Agreement that everyone stands to benefit from theaters learning marketing

There is polarization between opening weekend moviegoers and those who attend later

Theater suggestions: Interactive, changing theater options; Digital media; Opening scheduling doors and programming options

Filmmakers in the room were in agreement that they would be willing, at least on these smaller, specialized films, to take a smaller per-ticket cut if they could see ticket prices reduced

Suggested: Movies coming into the home before or coinciding with theatrical release

Foreign markets give discounts for future dvd purchases with a theatrical ticket

Subscription services in music has served to reduce piracy.

Considering marketing in conjunction with playability changes the process of gaining distribution

Offering individual, private screeners with an avid interest the ability to put on “event” viewings

Niche marketing is becoming easier in a modern age where you can give the audience the option of “Ask me for my movie” in order to arrange with these special interest groups

A sizable difference arises between “who is this movie for” and “who is going to show up.” Is the content authentic enough for its actual audience?

Alternate venue: Churches are revamping with video screens, etc. Now pastors are paying \$20 a piece for film clips to use as sermon illustrations. How could this be turned into a marketing tool?

Make windowing deliberate rather than confusing the customer with scattered pricing in different formats and releases

“Power of the 30 day window” consolidates marketing impact

Hulu may start changing in 2010

One size fits all marketing will not work for different types of films (event vs. specialty require different models)

YouTube is the SECOND LARGEST search engine in the world with 100MM videos.

Every 2 hours, more video minutes are uploaded to YouTube than those broadcast across the big three networks since the dawn of television (1948).

70% of 18-34 year olds have watched TV online, only 33% have watched TV on DVR.

in 2010, Gen Yers will outnumber Baby Boomers.

➤ 96% of GenYers are on a social network.

1 in 6 higher education students is enrolled in an online curriculum and studies have proved retention from online courses outpaces face-to-face instruction.

71 % of Americans Watch 1 movie per week, and 75% prefer to watch them at home.

DVD sales are down 14% year over year and will continue.

But rental is up 8% -- Netflix rents about 10M movies a week and Redbox 7.5M. Combined they are a little more than half the rental business. Almost 20M movies a week!

Screen Digest forecasts US online movie consumption to quadruple between 2008 and 2012, after growing 135% in 2008

DTO videos up to \$196 M in first 6 mos of 2009

In July of this year, VOD hit a new record, 19% higher # of orders than VOD in July last year.

Overall in movies, while the number of theatrical release titles are projected to decrease 25% by 2011 revenue is expected to increase almost 20% (or increase 6.5 Billion) due to growth driven by electronic sales and rentals.

2nd speaker: Orly Ravid

Hybrid theatrical, event, and lifestyle bookings

Do appropriate theatrical & non-theatrical showings to gain reviews and word of mouth to pump up other windows. The minimal theatrical coupled with publicity and marketing at festivals and augmented by event-screenings and other non-theatrical exhibition will bolster awareness, generate publicity, and save on marketing costs and generate revenues. Hundreds of thousands of dollars are made this way and can be saved in having to market a film twice.

Vertical integration driving markets across platforms – promote all platforms in initial campaign. Bablegum is a great platform for mobile licensing and they pay well and the FOD window does not hurt any other windows.

VOD top revenue generator in digital. Said to be 80%. Netflix has 1/10th the reach of Cable and Satellite VOD, for now. Game changers always pending. VOD is marquee driven and since it's just listed titles for now, known films or films with names or highly-appealing genres work best (though the MSOs are interested and working on solutions for better programming and ad-targeting to viewers).

Netflix is doing a streaming partnership with Best Buy and is going to be International.

Sundance VOD is also now in France, Singapore and Benelux

Comcast requires a 90-day exclusive so having even a day of Broadcast on any Internet distribution before Cable VOD can kill your chances at cable VOD.

Other cultures (Asia) are already watching full versions of films on mobile devices.

Non-theatrical release still has a certain stigma (direct to video), but stigmas are changing; ie. Pay tv used to be mud wrestling, and network tv was better than cable.

Incoming tv with built in Ethernet and storage

Lifestyles bookings emphasized to generate word of mouth in the most lucrative circles

Use affiliate programs to link and sponsor each other when targeting the same niche

Program less individualized, sponsorship by demo or genre and can get sponsorship (cash) and media to pay for release and save on marketing costs.

Work platform to gain co-op monies

iPhone Apps cost between \$10,000 and \$30,000 to achieve something user friendly and attractive. Note the difference between a simple website version vs a native app that can also function without a signal. We created one for AFI fest for no cash by monetizing back-end via sponsorship. Phone apps are marketing tools, and platforms for sponsorship additional sales, as well a digital distribution platform and platform driver all rolled into one device.

Use the message of the film in order to find marketing opportunities and partnerships

MORE ABOUT WINDOWS (do digital in this order):

1. CABLE & SATELLITE VOD – see Top 10 revenue generating MSOs)
2. TRANSACTIONAL (DTO such as iTunes, Playstation, Xbox, Amazon
3. RENTAL: after DTO turn on RENTAL (Amazon, iTunes, Netflix SVOD)
4. Ad-Supported: YouTube /Google, Hulu (though better for TV), Snag (though I recommend using it to drive transactional and for PR).
5. Mobile/Wireless – for the right film Bablegum's FOD rights deals are a great option. Efe of The Auteurs speaks to mobile's success in Asia and pending success in U.S. (see Sundance panel link on DD Guide). Warner Brothers Digital also said Mobile was opening up as wide as cable VOD.

* iTunes and Xbox (for only the right films) a majority of the non-cable revenue in the digital space, for now. Others say it's Amazon VOD. Very few credit Hulu for generating revenue for films, though B-Side had success with Super High Me. Game changers will happen. Perhaps as a subscription model Hulu will be different

* Companies such as New Video plan on digital being 10% of their home entertainment business but it can be greater and of course it's growing. Gay content for example saw diminishing brick and mortar sales but can generate \$100,000 + in the first quarter or two of release.

* Rental in due time: New Video for example, notes seeing a clear cannibalization of DTO when Rental is turned on too soon. The numbers of people who will buy and just have to have it are strong enough and not matched by rental numbers and those that would have bought, will rent if they can.

According to a digital distribution company that shall remain nameless, the top revenue generating MSOs are:

1. Comcast
2. Time Warner

3. EchoStar
4. Direct TV
5. Charter
6. Cox
7. Cablevision
8. Verizon
9. Echostar VOD
10. Rogers (Canada)

Estimated Number of Homes of some leading companies:

AT&T: 15,000,000 (estimate)

TVN: 40,000,000 (estimate access to homes; TVN aggregates)

COMCAST: 25,000,000 households (estimate)

TIME WARNER: 20,000,000 or 25,000,000 (estimate)

VERIZON: 2,500,000 homes enjoys but rapid growth rate. Fiber-Optic-Cable to the home. You can find it in Malibu now, for example.

Direct TV does not take films for VOD that have not grosses \$10,000,000 in boxoffice.

The Top 25 MSOs (Multi System Operators) – Information from 2008¹

Rank	MSO	Basic Video Subscribers
1	Comcast Corporation	24,182,000
2	Time Warner Cable, Inc.	13,069,000
3	Cox Communications, Inc. ¹	5,328,304
4	Charter Communications, Inc.	5,045,700
5	Cablevision Systems Corporation	3,108,000
6	Bright House Networks LLC	2,307,778
7	Mediacom Communications	1,318,000
8	Suddenlink Communications ¹	1,268,674
9	Insight Communications Company,	707,600
10	CableOne, Inc. ¹	669,469
11	RCN Corp.	366,000
12	WideOpenWest Networks, LLC	363,839
13	Bresnan Communications ¹	309,371
14	Service Electric Cable TV	290,699
15	Atlantic Broadband Group, LLC	285,540
16	Armstrong Cable Services	247,315
17	Knology Holdings	232,777
18	Midcontinent Communications	206,214
19	MetroCast Cablevision	188,881
20	Blue Ridge Communications ¹	177,423
21	Broadstripe ¹	158,375
22	Buckeye CableSystem ¹	147,781
23	General Communications	147,701
24	WaveDivision Holdings, LLC	141,207
25	MidOcean Partners ¹	139,808

High Speed Internet Customers (includes commercial)—now over 40,000,000 and keeps rising (39,300,000 in 2008)	40.2M
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The above data has been culled from The National Cable and
Telecommunications Association NCTA www.NCTA.com

- Ideally start at the FILM FESTIVAL LEVEL and even in branding the film in pre-production.
- Every film and filmmaker is a brand. Start branding and building FAN base.
- Consistency in marketing message and consolidation of marketing to serve all platforms
- Grassroots marketing through organizations and special interest groups, media sponsorship, and lifestyle marketing and sponsorship. E.g. End of the Line, Pepsi gets behind African American and Latino films, Nike has backed skateboarder films for e.g. Whole Foods has helped market environmental films. There are no shortage of brands that want to target specific audiences.
- Targeted Search Engine Optimization; Viral Tools; Social Networking platforms, promotional items, Word-of-Mouth screenings that drive DIGITAL.
- Affiliate Programs with festivals and organizations.
- Educate AUDIENCES about where to find content, which platforms. Wolfe does this for example.
- Try to get co-op marketing from platforms. Of course we want VOD platforms to do more than just list films and have a more curatorial approach and maybe they will.
- CODING by GENRE / CATEGORY and systemizing data entry for all MSOs and having content be programmed and contextualized. Referral algorithms will help. See info re: CANOE on the DD Guide site.
- For Distributors obviously cultivating certain audiences with enough products and marketing across all will help. And sponsors are more attracted to slates than individual films.
- The iPhone app – an example of a marketing tool, revenue generator, platform and platform driver all rolled into one.

Topics of Interest:

- VOD by title, type of title, by MSO (Red Track)
- Exhibition side (someone from AMC, Regal)
- On demand services (AT&T, Comcast)
- Information on how people market the different levels of production
- David Morgan's company
- Targeting the secondary head of households
- Media Arts Lab: brands adding support
- Erin (Aaron?) at Blink Entertainment
- Where do you draw the line in terms of funding and spending?
- Are we moving toward price base rather than production base?
- Special Ops Media (Christian Anthony)
- Marketing in second life
- Digi-Send
- Who are the players in digit space?
- Who are outlets to monetize?