

2nd EUROPA INTERNATIONAL CONFERENCE
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*“New Platforms
for
New Opportunities”*

BE THE CHANGE YOU WANT TO SEE

- GANDHI

EUROPA
INTERNATIONAL

Panel: New Opportunities for New Business

DISTRIBUTION 2.0

PETER DONATH (CINEFIL CO, HUNGARY)

Summary of what has been said during the previous day work sessions

About Cinefil Co Ltd: Independent community based film distribution. Experiment risk free sustainable distribution models on art house cinema. The company aims to find path between film & its audience. Its mission is to navigate through the sea of content with reliable taste and creative preparedness.

How to eventize a release and work together with the community: the Hungarian situation.

« Before starting in distribution, I worked in electronic music, it was important because we always worked with our targeted audience. From this I have learned a lot: **how to ask your audience to be a part of your project** when you make it. How to **work together**. Not just buying some big advertising. And another part is when I started street art, graffiti. Our project has really been based on **street advertising and social media**. 3 years ago when we made a company, we had a couple of ideas on how to make it like a brand new thing. First, we brought together 20 guys, students, artists, and musicians to show them the film in order to understand their opinion. We make events all the time. First project was a musical documentary about a Hungarian group we screened in 15 cinemas around the country and we tried to make an online stream between the cinemas.

We try to figure out some **risk free sustainable models** together with our **target audience**. We learned a lot about how to make it in a **community-based distribution** together with this group of people and figure out what kind of release we could do depending on the film.

The brand behind the company **Cinefil** called Hungariat, which is a play on words with Hungariat too, it has been phenomenal on a social way, there is no company actually called Hungariat, we just wanted to use it to make **an echo, a navigation** for the guys we work with, to share the knowledge of this kind of interesting cinema.

We are ten million people in Hungary and there are ten million admissions in cinemas every year, we have 89% of American films in our city in 2012, which is a very high percentage, because that year, there hasn't any Hungarian movies released in the cinemas.

But another reason is because there is no navigation like good magazines, good blogs or no cinema clubs anymore. The guys who are really into cinema know how to use torrent websites very well. The Hungarian torrent websites are really well navigated, better than any VOD platform in our country. But it's also **completely illegal**. And these people aren't going to the cinema either.

The average ticket price is around 3 euros, which is not really high, but anytime we tried to have some sponsorship, to make it lower, to change it, we always faced walls. The **support of the nation right now is much more for sports** like football than for culture.

That is why we decided to work on this **distribution 2.0. program** from the **Match Factory**.

It was very helpful after everything we had tried before to make an **event based on distribution** for this and we selected three non-European titles. We worked with art galleries in Budapest, which allowed us to work with our **target audience and a community based distribution**. For one of the projects, we made a contest, and the jury was Ai Wei Wei himself, we invited him to Hungary but he couldn't leave China at the time. So we organized Skype conferences, and the winning price was a trip to Hong Kong film festival. The girl who won the contest then went to Hong Kong and made a poster for the film. When the film was released, the owner of Twitter saw this poster and bought it for more than 10 000 dollars.

It was a **huge social success in Hungary**.

Then we went around Budapest with Ai Wei Wei "*fuck off*" sculpture, which was great, since there are now a lot of protest in Hungary for free speech and promotion of culture.

Next project was a film from Japan. We made a Facebook advertisement on which you could give food to cats by just clicking on it. It was around Christmas. It was a charitable project to help lost animals. We're trying to work on all kind of topics, not just the fun ones. We're also trying to address social issues.

The third one was also around a political issue. We tried to make it around the anniversary of the 1956 revolution in Hungary. We made a fake dictator who travelled around Budapest and talked to people. To collect ideas about what is dictatorship. Reflect on our past. We spoke with the biggest independent institute of political communication that made a protest for free speech and we had this actor made a speech for 400 000 people in the street with big signs with the title of the film. It was a really weird but people loved it, the press picked it up. It was very "*Monty Python*".

The result was a success because we were able to release the film. We cannot sell any titles to national television right now because maybe there aren't independent televisions anymore. There are many political issues.

But without the support of the media in this program we couldn't have made any of these projects. VOD platform was like 100 people per films. The admission was like 2000 per films.

The Highway was a documentary, if we had released it in a normal way and waited for the people to come by themselves it would make 600 admissions in the cinema, at the most.

Right now we try to concentrate on a kind of a public DUT in Hungary. Before May of next year, we will do an Alejandro Jodorowski and Claude Lanzmann marathon. Alejandro Jodorowski has never been screened in Hungary. Neither in the cinemas, nor on television. So we organized a contest again and released an animation gift campaign called from "shit to gold" based on the Holy Mountain. We didn't release the film in cinemas at the beginning, we first screened it in some crazy places around Budapest. We worked together with Claude Langmann because of the 70th anniversary of the holocaust next year in

Budapest. So it will be part of a huge remembering in Budapest, and we are currently working with the Jewish institute for this. We want to make a screening of Shoah.

If we still cannot work with the government, we will continue to work with independent artists and students to keep promoting cinema in Hungary.

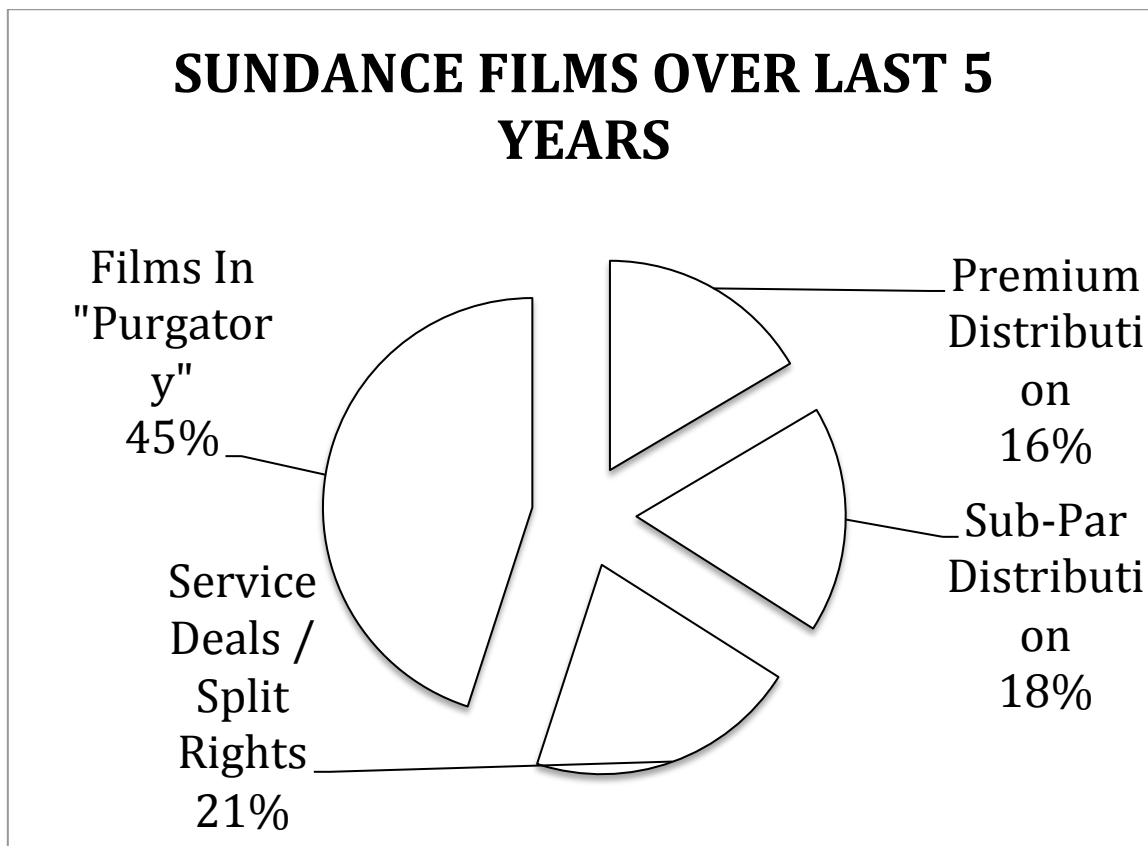
Ted Hope: « Here I counted up to nine examples of how to eventize a release, how we can use a film to generate other original contents and contests, taking full advantage of social media. Working together with different communities just like the music or Jewish community. Here films can become social events and the processes used were able to bring in a new, younger audience, which is absolutely necessary to make the industry sustainable. We don't want the arts audience to be grey haired people, such as myself (laughs).»

JOSEPH BEYER (DIRECTOR OF DIGITAL INITIATIVES, SUNDANCE INSTITUTE, US)

Joseph Beyer currently works as **Director of Digital Initiatives for Sundance Institute**, where he managed the development team and launch of the Sundance Institute #ArtistServices Initiative.

#ArtistServices provides exclusive **creative funding, distribution, marketing and theatrical support** to 6,000+ Sundance Institute alumni artists.

Focus on technologies that can benefit Sundance institute alumnis & digital distribution.



12480 films have been shown at Sundance in 2013, approximately 8500 of those were short films, and 4500 were features film. Only 110 to 120 of them are going to be released.

The great hope is that they could receive traditional acquisition; which was not the case originally. There are very few deals made out of Sundance at the moment, even though it is considered as a deep and very interesting market. We are successful in connecting films with distributors but many of the deals are not good for the artists. Artists are sometimes even forced to upfront the payments for the films that distributors won't finally release. These are types of distribution patterns that we identified recently. It's not a comprehensive list but it's pretty close. There are many different deals offered on films, from the greatest to the most awful.

Over the last five years many films never ended up not being made. Many didn't find a distributors or one that didn't care for them. Which shows **how difficult the market is** at the moment.

We, at the **Sundance institute**, consider ourselves as a real **filter for quality films**, but that doesn't mean that we don't miss films. This year for example, we're going to celebrate our failure by programming films that we failed to produce.

Our services provide three courses services; we identify the projects that have the highest needs for **alumni artists**, they need access to find a **creative finance solution**, they need access to **distribution opportunities** and they need access **promotional support**, especially when they decide to go with a direct distribution pattern, direct to fans pattern, they can't afford marketing and promotion campaign. We have over a million fans and followers on our **social media** and we try to galvanize those fans to help them.

In 2011, we were lucky to partner with an incredible law firm in Los Angeles, O'Melveny & Myers LLPS, and they provided 7 figures pro-bono services to set this project up. "*Best in class*" deals with digital retailers, in all cases, except iTunes, we were able to negotiate a discount against the digital retailers standard service fees, and we were also able to get an aggregator that reduced their fees as well.

Using the power of Sundance, we are able to pass on **very significant discounts**.

Those discounts can really have an impact on small films. These services are considered leader in terms of digital aggregation in the US because of the scope of the titles that they service.

Based on the idea that this could be much more and that we can add platforms as they emerge, as the market will continue to develop we decided not to cut exclusive deals with anybody.

Let's take the example of **Tugg**. It's basically like **Kickstarters** for theatrical screenings. We don't only support our artists; we also recognize many films organization in the US. We then use these partnerships to get access to an unlimited number of movies.

Cinedigm is generously up fronting any types of digitalisation costs. They obviously recoup that on the receipt. It's amazing split with 86.5% of the growth net receipts going back to the artist or producers.

We have been able to launch 80 films into this program and during the first few quarters of the programs, these are the net receipts back to artists, so **digital revenue**, as we all know, is **modest** right now but **growing** quickly. The evidence is that the first two quarterly reports of revenue in 2013 are already double the total revenue of 2012. So it is proof that it is growing very quickly.

We are also trying in some ways to take the place of the distributors by having consistent branding and curated spaces.

What we found out is that filmmakers never ever want to give up the chance to play theatrically, they can't seem to give up even if the numbers would indicate they are very foolish in terms of throwing a disproportional amount of resources and time into theatrical. And this actually giving hope to the idea of **profitability of theatrical for independent**.

Tugg basically works like **kickstarters** in the way that they arrange films to be shown in the theatres that they have negotiated with, as long as someone in that venue or in that marketplace has nominated the film for the screening. So if my mother wanted to see a Sundance documentary and became a host in her hometown in Michigan, **Tugg** would create a page that would say « hey, everybody in Michigan, if we get a certain number of people who want to buy a ticket for that screening, it would automatically trigger away for that screening scheduled. And then I believe about 50 % of the revenues will go back to the producers or the content creators. These tipping points are a little tricky to get to because you do need critical mass in terms of creating one. But this is an interesting model and it is growing quickly.

And the creative community understands this model better than audiences, so these platforms are currently trying to educate people about how this works.

If Tugg focuses a lot on commercial screenings, some of its concurrent are more focused on cultural and universities screenings.

Some films that we showed at Sundance have been made in the knowledge that they wouldn't be shown in traditional theatre, but in exhibition centres, churches or community settings.

There's also the examples of what we call "*superfans*", who are locals that pick a selection of films that would work with the local community, which works, and offer a fantastic opportunities for many films. It is a very promising model. Acknowledging that direct distribution require resources, in 2010, **very early in the crowd funding movement**, we became fascinated by the idea of having a partnership and reached out to **Kickstarters**, I believe that it was 16months after the creation of the company, so very early on, it was a huge challenge convincing people that this would be something worth our time to investigate and we were actually the first organization to start working in partnership with Kickstarters. And now it became a basis for a phenomenal amount of people and organization in order to help artists and independent producers.

Sundance Institute has then been for a while an advocate for social or crowd funding solutions for independent producers. We helped artists to raise more than 16 million dollars now, even if these numbers are now out-dated, which means that we helped more than 200 projects since 2011.

Kickstarters as a crowd funding model, is still complicated and unique in its field because it's an « **all or nothing** » **funding**, which in a way makes sense. But there are other alternative platforms which can offer more flexible models.

An interesting figure is that **10% of the films shown at the Sundance festival had specifically used Kickstarters at least once during their development.**

2nd Panel: New Platforms for New Models

PHILIPPE BELLEZZA (HEAD PARTNER & RELATIONS, CINDEGIM, US)

It has to do with how that platform is consumed. Most of people watch on their laptops. Between 25 and 40 % of our titles are picked up for cable VOD.

As the audience is becoming increasingly fractured, there's going to be a lot of smaller platforms than Netflix.

Cable VOD continues to **perform very strongly**, so it certainly doesn't die out after that premium tag goes away.

You can see that advertising VOD has been performing because of its increasing popularity among a general fan base that is emerging on platforms.

The gamer audience is typically younger male that like sci-fi, documentary stuffs, kung-Fu. This audience can really take off. While the offer on Amazon platform is much more general and more sophisticated because of the brand origin.

CASPER HALD (HEAD OF VOD & SENIOR DIRECTOR, TDC GROUP, DA)

Content of the platform, we've asked ourselves '*What's next*'. Regarding the **TVOD box office** this year, we focused on the transactional side, because **it is where the money is**. Looking at the top 44 this year, we see that half of it come from the media studios, established in the theatres, the so-called no-payment movies. We thought that it's a strong local content and we have strong relationships with **local producers**.

There are couple of examples, like Twilight, of titles that fuelled independent distributors business in Nordic countries.

It's not happening because you don't succeed in selling these movies to the distributors. And why? Because they're **not going to risk** some lottery ticket for the doubtful release of an European movie. And therefore we're never getting these titles offered...

The theatrical release is not to be underestimated but the fact is that it was a homerun from the beginning. Not many distributors have the confidence on taking films because they are challenged by a certain number of factors.

In Denmark we have seen what is probably also what you called "**a phenomenon**", like the blockbuster vocation of things. The **bigger titles became bigger** and the mid-range and **lower ranged titles are totally dropped** on the floor. And you have to fight even harder to get the middle and lower ranged titles to perform.

My suggestion is you should approach the **top 50 VOD platforms considering them as broadcasters**. They are not more than 50 significant broadcasters in Europe that you probably already sold yourself a stuff to. So considering those platforms as TV stations, you should approach all of us as one. In the European film community, you should consider

ourselves as 45 allies and not 45 competitors. You're not getting anyway near the results that you truly want if you're competing each individual market. I need some operators as you to take ownership of the European film category. We now have a deal with all of you. And that deal covers 35 brandhouses. Each individual companies we could see as subsidiaries.

If I had some easy of all the best content that you have all of you together, I wouldn't pick the five independent distributors or sales agents.

After you have organized yourselves and find a good name for it, which is an umbrella, all the brands united, you have to get closer to the money. It 's a simple purpose to go directly to the on demand platforms and they will understand that they need you. By being one united, European films community, you won't need aggregator to go on iTunes or Netflix. You could deal directly with them.

CHRISTIAN GRECE (ANALYST EUROPEAN ON DEMANDE AUDIOVISUAL MARKETS EOA, FR)

We are trying to bring more transparency on the European on demand market.

We notice the emergence of apps of film VOD on connected platforms, as smartphones and tablets have won more success. It poses the question of the future of TV and cinemas on applications on connected platforms. And the trend will be clearly expending dramatically in the coming years.

For European films, there is clearly the question of the importance of smaller digital distribution platforms.