

Report: Distributing Films Online. The Farm Group, London, 27 April 2017

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Distribution is an essential part of the UK film industry and the wider creative economy, performing a powerful gatekeeping function in connecting the structures of production and consumption, and playing a crucial mediating role between film-makers and audiences. On the one hand, distribution is about enabling film-makers to access audiences; on the other hand, it is about enabling audiences to engage with films. UK distribution operatives are the gatekeepers who exert power and control over the sort of access given to specific films in the UK market.

In recent years, film distribution has been increasingly taken up as a subject in academic discourse and industry discussions. In line with broader changes within the media industries brought about by digitisation, the development of the online market and the on-demand culture is changing the nature of film distribution, and this has implications for the film business as a whole (See, for example, C Tryon, *On-Demand Culture: Digital Delivery and the Future of Movies*, 2013). Producers, distributors and VOD platforms are all responding to the fact that online distribution promotes a model of abundance of content. It is therefore argued that the online market provides new opportunities for specialist, art house films to reach long tail global audiences. We organised the workshop 'Distributing Films Online' to explore such issues in more depth. How do UK-based producers, distributors and online VOD platforms anticipate the development of the online market? And how do they anticipate the changing nature of film distribution?

The workshop brought together nine academics and nine industry professionals from UK universities and film companies to discuss the changing nature of distribution (Table 1). It focused on capturing the perspective of producers, distributors, and VOD platform providers who operate at the specialist, indie end of the UK market. We explored the challenges and opportunities this different range of actors currently face in terms of enabling film access in the online market and reaching UK audiences. The workshop was organised as part of a research scoping project supported by The University of York, which focused on examining how on-demand culture influenced the businesses of films and high-end television drama.ⁱ

Table 1. List of UK-based workshop participants in alphabetic order

<i>Industry Participants</i>	<i>Academic Participants</i>
Andee Ryder (Misfits Entertainment)	Andrew Higson (University of York)
Bryan Mueller (MUBI)	Beatrice D'Ippolito (University of York)
Colette McFadden (BFI Player)	Huw D. Jones (University of Southampton)
Daniel Perry (Arrow Films)	John Mateer (University of York)
Elliot Grove (Raindance Film Festival)	Holly Aylett (Birkbeck University)
Heather McIntosh (Curzon Home Cinema)	Michael Franklin (Goldsmiths University)
Kevin Chan (Thunderbird Films)	Phil Drake (Queen Margaret University)
Samm Haillay (Third Films)	Roderik Smits (University of York)
Tom Kerevan (Cannibal Films)	Virginia Crisp (King's College London)

Independent specialist producers

The first session of the workshop focused on the perspective of UK-based independent producers working with films in the low-to-micro budget sector (£75K to £1M). It drew on insights from Andee Ryder (Misfits Entertainment), Samm Haillay (Third Films) and Tom Kerevan (Cannibal Films). Each of the three producers noted that they are experiencing huge difficulties in creating substantial economic value for

their films from a theatrical cinema release in the UK market. In particular, they argued that the theatrical cinema market for films in the UK is overcrowded, with 821 films released in 2016 according to the 2017 *BFI Statistical Yearbook*. The producers therefore noted that they see visibility as a key objective, and they increasingly use the theatrical release window as a means of creating awareness for films to support the release in the online VOD market. Thus, they identified two theatrical release models in particular, which have gained more significance in recent years: ‘day-and-date’ and ‘roadshow’.

Day-and-date strategies, whereby films are given a simultaneous release in cinemas and online, can be very effective in generating awareness and ‘buzz’, particularly as it can generate press coverage in the trade press and other newspapers, who would otherwise not look at what might previously have been seen as home entertainment content. However, the biggest and most powerful cinema chains in the UK are very reluctant to support day-and-date releases as they see it as a threat to their revenue window system. It was noted that day-and-date release strategies are therefore usually developed for lesser-known or riskier product, while bigger film producers continue to maximise revenue through traditional release windows staggered across platforms over longer periods.

The three producers also underlined the importance of the ‘roadshow’ model, whereby producers organise screenings in UK cinemas by themselves. This model was likened to band tours, where films tour around targeted areas to reach fans with the goal of promoting positive word-of-mouth. In particular, film producers acknowledged the importance of so-called ‘tentpole’ screenings, where the director and/or key cast members are available for a question and answer (Q&A) session at the screening. Producer Samm Haillay argued that such screenings help demonstrably to

drive take-up by VOD users – clear ‘spikes’ in views increasing ten-fold (from tens to hundreds per day) were cited.

In terms of distributing films online, the producers noted that revenue from VOD is a slow-burn process, but that it is generally sufficient to ultimately satisfy investor needs via a ‘long tail’. The creative use of social media is seen as central to driving VOD traffic. By way of example, first-time producer Tom Kerevan said that for the £75,000 micro-budget film *Tear Me Apart* (2015), he organised a one-off screening at the Genesis Cinema in London to formally premiere the film and raise attention. He subsequently developed a straight-to-VOD release, and made the film available on the Amazon transactional VOD (TVOD) and subscription VOD (SVOD) platforms. With regard to the marketing and promotion of the film, he noted that 250 people attended the one-off screening at the Genesis Cinema, and that this provided an opportunity to encourage them to review the film on Amazon. They created further awareness through Facebook, Twitter, YouTube and blog posts about the film. According to Kerevan, this was again important to encourage audiences to watch and review the film on Amazon, since it helped to establish a profile and enhance visibility. The rationale behind this logic is that films with high ratings and views are likely to be picked up by Amazon’s recommender algorithm.

The business model of Amazon was also compared with the business model of Netflix, with producers arguing that they can make films available on Amazon by themselves, rather than through gatekeepers such as sales agents, distributors and content aggregators. On the one hand, Amazon acquires the SVOD rights of thousands of premium content films for which they pay upfront fees, and commit to the same rules of exclusivity and restricted access as their competitors. On the other hand, they work with a different revenue model to allow rights holders of non-

premium content to make their films available on their Prime subscription service, much more in keeping with the logic of long tail economics. Those rights holders – often small-scale, stand-alone producers – are not paid upfront fees, but instead must wait for a fee based on the performance of their films on Amazon Prime Video, determined by the number of hours streamed. Thus, Amazon allows producers to self-distribute their films on their VOD platforms, and that is how they differ from Netflix and other globally-oriented mainstream VOD providers.

Independent specialist distributors

The second workshop session focused on the perspective of UK-based independent distributors. It drew on insights from Daniel Perry (Arrow Films), Kevin Chan (Thunderbird Films) and Elliot Grove (Raindance Film Festival). They stressed that the nature of distribution is changing with the growth of the online market and that they are affected by the advent of Netflix and Amazon in the independent film business. They noted, for instance, that Netflix and Amazon are aggressively acquiring films in the global marketplace, resulting in fierce competition amongst distributors. The position of traditional distributors is thus increasingly undermined by the advent of Netflix and Amazon, as exemplified by \$10 million worth of pick-ups for films such as *Manchester By The Sea* (2016) at key film festivals such as Cannes and Sundance. The overall response of independent distributors is vertical expansion by converging production and distribution operations. For instance, the Canadian film and television company Thunderbird Film Group acquired the UK distributor Soda Pictures (now Thunderbird Releasing) in April 2017. This is a strategy adopted to strengthen their competitive position and to ensure their involvement with films they regard as being of high interest.

In terms of the approach of distributors to film releasing, however, the distributors on the panel argued that their strategies have remained largely unchanged in the UK market. Thus, they noted that the vast majority of films in the UK are still released in a conventional way. The prevailing logic is that most economic value can be generated from a staggered release, with films opening first in the theatrical cinema market and subsequently in other consumer markets (physical discs, online, pay television) to maximise value across those markets. They also noted that they occasionally experiment with strategies that enable them to circumvent the heavily protected seventeen-week theatrical release window in the UK. For instance, by working together with stand-alone independent cinemas on films with limited theatrical potential, they are able to release films immediately in the physical disc market (DVD and Blu-ray) and in the online market after the theatrical cinema run.

The distributors also noted that the online market has provided new distribution opportunities for their so-called catalogue titles, involving films for which release strategies have been developed in the past, and which are still available to consumers in the physical disc and online markets. The distributors argued that the notion of 'long tail economics' has become more significant with the growth of the online market. Thus, Daniel Perry of Arrow Films underlined the importance of long term thinking in the online market, placing emphasis on the importance of brand building. The focus, he argued, shifts from re-developing strategies for individual films to promoting coherent selections of films: for instance, by putting together handpicked collections of films as quality labels on Amazon Channels and other VOD platforms. Catalogue films are re-introduced in the online marketplace as part of such quality labels, and it is the task of the distributor to draw attention to such labels through social media and support the performance of catalogue films online. In line with long

tail thinking, the value that film catalogues represent was cited as a relatively secure and steady way for distributors to grow revenue and protect their business in the long term.

Independent specialist distributors

The third session of the workshop focused on the perspective of UK-based specialist VOD platform providers. It drew on insights from Heather McIntosh (Curzon Home Cinema), Bryan Mueller (MUBI) and Colette McFadden (BFI Player). They each operate slightly different business models:

- MUBI is an SVOD platform with a global presence in international markets. Their offer involves a small selection of 30 films available at any one time, with the list changing continuously, and each film being shown for a limited period of just 30 days: every day, a new film on the platform takes the place of another. They have also created an online film database to which users contribute with ratings, reviews and self-produced lists or charts, and an online blog to report on films shown at international festivals.
- Curzon Home Cinema is a TVOD platform with a catalogue of 600 titles available to audiences in the UK and the Republic of Ireland. The TVOD platform is closely linked with Curzon's cinema chain and distribution business and places particular emphasis on supporting day-and-date releases. Indeed, the platform see itself not so much as an alternative to cinema, but as "Curzon's digital venue". In August 2017, Curzon Home Cinema also launched a free SVOD service (called Curzon12) for its members, providing access to a curated selection of twelve films.
- The BFI Player is the VOD service of the British Film Institute. Their offer includes TVOD, SVOD (called BFI Player +) and also Free VOD (FVOD)

viewing. As the flagship British film agency, their overall objective is to support cultural diversity by investing in specialist British cinema and global cinema to provide more opportunities for acclaimed directors and provide a platform to bring their films to the attention of audiences in the UK and the Republic of Ireland. They therefore make large collections of several thousands of films available on their platform.

What all three VOD platforms have in common is the emphasis they place on curated content. While mainstream platforms such as Netflix and Amazon are organised around complex recommender algorithms, the specialist VOD platforms present themselves as ‘anti-algorithmic’ curated spaces, where expert curators put together carefully selected material for consumers. This involves collections on particular themes or directors, often with additional contextual material, such as programme notes, essays or blogs. For Colette McFadden, for instance, curation is ‘truly what audiences are looking for – guidance in what they are watching and context’. In other words, curated platforms function like public service operators, presenting the curator as the guardian of film culture. That is not to say that such platforms ignore user data completely: data intelligence is still always useful to gather personalised information and measure consumer behaviour, but decision-making is more reliant on the taste judgements of their expert curators.

Each of the speakers also discussed the importance of striking a balance between highly-anticipated popular films and small-scale, specialist niche films on their platforms. Heather McIntosh, for instance, argued that you have to put titles up there which make money, and also perform something of a balancing act: ‘Programmers should be using those safer bets in order to do more interesting things which you can take a risk on. And as long as you can satisfy that commercial side and you’re

bringing in some money, then it allows you to take more risks, and do smaller, more niche and more exciting things in other places. But you don't want to be leaning too far either way'.

In terms of their business, the speakers argued that the VOD market for specialist films is growing rapidly, particularly in regions of the UK that are not well served by independent, stand-alone cinemas. However, because they cater to specialist audiences, they don't see themselves as competing with the likes of Netflix and Amazon. As Brian Mueller noted, 'We are not trying to accommodate mainstream consumers. We are looking at a small proportion of the SVOD market in the UK. So whereas Netflix and Amazon do have a mainstream offer that satisfies a broad spectrum of consumers, we really have to be more targeted in our approach'.

In order to further exploit the potential and enhance the visibility of SVOD platforms, MUBI, as well as the BFI Player+, are now also available on Amazon Channels. The Amazon Channels offer involves a combination of existing SVOD platforms providers, television channels and new channels created by producers and distributors (such as Arrow Films) for specific consumer segments. Amazon acts as a service facilitator for such niche channels, resulting in a mutually beneficial relationship, whereby Amazon attracts subscribers to their Prime subscription service, and niche channels secure a presence on one of the most powerful VOD platforms. While the specialist VOD platforms have thus established collaborations with Amazon, it was argued that such collaborations might also develop between specialist platforms and distributors or producers.

Conclusion

What has emerged from the perspectives of UK-based producers, distributors and VOD platforms is that questions of access and availability remain critical in the online market: availability is still bound by the logic of limiting and restricting access through exclusive contractual agreements with VOD platforms, for limited periods of time, and there is a long way to go to establish an online market that offers unlimited choice to audiences. In particular, it was argued that such exclusive access to films does not serve the interest of online audiences, since they still always need to anticipate when films become accessible and inaccessible on VOD platforms. The discussants therefore debated the problematic relationship between business logics and audience demand: the logic of determining what and when audiences watch works against the utopian premise of the Internet that content should flow freely.

Intersecting with this point, the notion of staggered release windows was also addressed as a serious issue in terms of attracting online audiences in the UK market. The fact that most films on show in UK cinemas need to commit to a seventeen-week theatrical release window means that online audiences are able to gain access only after a long wait, and that creates piracy openings. In fact, films are often pulled out of cinemas long before that seventeen-week window expires, resulting in so-called 'freeze periods' in which films are inaccessible on any format. For such reasons, the industry professionals underscored the urgent need for shorter exclusivity windows and called for more synergy between primary and secondary windows to secure better access to films. The day-and-date release model, and the near day-and-date release model, whereby the theatrical cinema window and online window follow each other in quick succession, were therefore proposed as solutions to anticipate online audience demands.

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