

TAKE

12

DIGITAL INNOVATION IN FILM



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Take 12: Digital Innovation in Film

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Take 12: Lights, camera, action

Take 12 is an 18-month pilot programme, run by NESTA and the UK Film Council. It is designed to drive growth in British independent film companies by encouraging them to take better advantage of digital technologies.

The programme pairs individual film businesses with an 'innovation partner' who provides specialist advice and business support. The aim is to improve each company's potential for growth and investment through exploring opportunities for new forms of distribution.

Take 12 will demonstrate how traditional business models can be adapted for emerging digital technologies, relevant to any UK independent film businesses re-thinking their business model to incorporate digital distribution.

The 12 participant film companies are at different stages in the business lifecycle, incorporating film production, distribution and sales. They are: **B3 Media, BreakThru Films, Film Export UK, Hollywood Classics, LUX, Metrodome, Mosaic Films, onedotzero, Revolver Entertainment, VOD Almighty, Warp Films** and Zini Ltd.

Our innovation partner teams are Huge Entertainment, MTM London and Illumina Digital.

We are halfway through the pilot and have collected insights from participants and partners on the Take 12 programme. This notebook contains some of the emerging lessons on reaching and building audiences.

The story so far: What we have learned from Take 12

Marketing and building audiences: what can digital deliver?

- The basic rules are the same as for all other marketing. Start with the end in mind. Think about your target audience: where do they go online? What platforms do they use? How will they find out about your film? Online is particularly good for niche audiences and interest groups, around a particular genre, actor, writer or director. Find out where their fans convene, and market to them.
- Integrate digital with offline marketing – the best film campaigns use a combination of digital and traditional approaches. Identify your campaign objectives at the start, and then discuss how to achieve them using each medium.
- User or viewer? Audiences are not just ‘viewers’ online; they are participants, authors, contributors, publishers – make this work for you.
- Even if you are not marketing directly to consumers you need to know the language of your sponsors, distributors and channels to market.
- Get the director, writer or actor in question to write a blog or Twitter. On-set blogs and diaries can make your potential audience feel part of the film-making process. It can also improve your ranking in organic search and help create a ready-made audience for your film’s release.

- Begin your film marketing campaign as early as possible – at production stage if possible and if not, as soon as you acquire the rights. If you allow time to embed your digital campaign, your search engine ranking, digital marketing and promotional activity will benefit. Get a placeholder for your film web site up at least six months in advance, otherwise no-one will ever be able to find it on Google.
- Use the web beyond your core film site. Hire a freelancer familiar with social media to seed your film on the social media sites. Consider putting the first 15-20 minutes of your film on YouTube and linking through to the site where the user can buy the rest.
- Do not underestimate the editorial commitment that each digital activity will take. Make sure you carefully select how social media such as Twitter will form part of your communications planning for any given activity, and plan your resourcing carefully in advance.
- Do not be afraid to experiment and get things wrong – the whole industry is still learning and there is no perfect online campaign. Take a ‘perpetual beta’ approach which allows you to add in new features on a regular basis and to engage your users as real-time testers.
- Use the free tools at your disposal to track the performance of your campaign and the amount of buzz it is generating by monitoring your site visits and bookmarks. Do not mistake popularity for financial success; getting a billion hits is great but if it doesn’t make you any money (either directly or as a driver to revenue-generating activities) then it’s just vanity.
- Test your digital campaign with your user... then test it again.
- Embrace ‘listening’ platforms to monitor your brand using free tools such as Google Blog Search and Twitter.
- Set up data collection today and make sure every activity you do now and in the future builds on this database. You should be constantly growing your understanding of your audience and how they impact your

revenues. Do bear in mind that a community takes time and effort to grow and run well and if your company isn't able to dedicate the necessary time and resources, look at engaging expertise from outside.

Digitisation, distribution and exhibition: reaching audiences

- Digitising and encoding is becoming a commoditised activity, but don't give away any potential revenue in return for digitisation costs. Look into getting it done yourself; it can be possible to digitise and encode for low per-film costs. Digitise using common standards – two of the most popular standards to use are H.264 and oMPEG2.
- Think carefully about your video on demand (VOD) distribution deals. 'Closed' television-based VOD services (e.g. Filmflex) currently take more revenue than open ones. Games platforms like Playstation and Xbox are an emerging opportunity.
- Aim to sell content to as many platforms as possible and keep the deals non-exclusive or for short exclusive periods. This lets you experiment.
- Think about partnering with providers such as Sky and Virgin Media. They both offer easy to use VOD services. A good example is the film *The Edge of Heaven* for which Curzon Artificial Eye teamed up with BSkyB. The film debuted in cinemas and simultaneously was made available to download for internet users through Sky Anytime VOD for a limited time period.
- Consider other VOD services as well – the free ones (Joost, Babelgum, Blinkbox, YouTube) can be great for generating buzz and demonstrating demand. The paid services such as Jaman can deliver limited revenues, but don't do a deal with them to the exclusion of deals with TV companies and closed platforms.

- Experiment with self distribution to get attention, build profile and help fund your next film; but note that this approach is no easy route to commercial success.
- Do consider mobile phone opportunities, and bear in mind that the content needs to work well in this format. Screen and format size and the way in which people engage with content on their phones may be limiting factors, so think carefully about the potential effects to image quality and the need your content might satisfy. Mobile content can be broadly segmented into four categories – personalisation (e.g. ringtones, wallpapers), information services, user generated content and entertainment.
- Mobile content must be easy to find and be priced competitively. Video content is currently a niche market and content owners' share of revenue is still low. You will need to navigate through a variety of network operators to do deals.
- Think about building scale by collaborating with other rights holders and pooling catalogues.

Funding and business practice: ensuring it is worth it

- Look to new sources of funding – brands and content creators can be natural bedfellows (think Shane Meadows' *Somers Town* financed by Eurostar).
- Learn how brands and potential sponsors make decisions. Do not expect them to speak 'creative'. Talk to agencies and learn the differences in timelines; look for synergies between your process and theirs and how the assets of your projects can deliver what they need – which might be something other than the actual film!
- Bear in mind that some of the VOD platforms like Babelgum also have small commissioning budgets now.

- Try to understand what would make your audiences pay for content (i.e. a fair price point or ‘added value’ in the form of quality of experience).
- Explore non-film merchandise deals. It helps to promote your film and offers an additional profit margin.
- There will come a time (soon) when incentives will shift from pre-production to post-release returns. Be aware of your contribution to the final product and seek to occupy ancillary links. Review where in the digital media world your money is going to come from and point everything you do towards those sources.
- If you are clearing a title for digital, make sure you are crystal clear about what formats you are clearing for – all online, all mobile? Will this entail advertising-funded online, or subscription and pay per view online?
- For low budget film-makers, online can be a powerful tool in supporting production and distribution: you can recruit extras, get help with subtitling and even writing, get free distribution and then mobilise your community of participants to market your film.
- Digital content, marketing and distribution are constantly evolving worlds. Try to keep your knowledge fresh and if you can afford it bring in an expert, or support a member of your team to stay across digital trends.
- Play to your core strengths. You don’t need to change your primary activity, genre or reputation; do what you do well but explore it on new platforms and with new technologies and partners.
- Don’t worry! There aren’t many hard and fast answers in digital and the blessing of a fast-moving landscape is that there is a lot of opportunity to learn cheaply from mistakes. If you get started today you will be further ahead than most of your competitors.
- There are people who can help you. Regional Screen Agencies can put you in touch with digital media businesses that you can team up with for mutual benefit. Make sure that your brief is clear and have it independently vetted beforehand if this is outside of your core specialism.

B3 Media: Connecting and co-creating through social media

B3 Media is an award-winning media arts network that supports emerging black and multi-ethnic talent – including digital artists, film-makers, visual and sound artists – to harness the potential of digital media. B3 also develops projects ranging from digital shorts to features through its network of partners, which include the UK Film Council, Film4, Tate Media, the Young Vic and the National Theatre.

“Over the last few years the projects we engage with have become increasingly cross-platform”, says Marc Boothe, Founder and Managing Director of B3 Media. “We joined the Take 12 programme to explore the question of how to develop an eclectic slate of cross-media projects and distribute content in a converged environment. The programme has challenged us to rethink the nature of our organisation and how we do things.”

Supporting artists

B3 Media regularly receives requests for information and support from its alumni network of more than 2,000 practitioners. “We wanted to help connect the talent in this network with new ideas and opportunities”, explains Marc. “We spotted an opportunity to create an online space where the network could access our resources, share their own content and contribute to the development of other artists’ work.”

The B3 Media team worked with its innovation partner to explore a wide range of social media tools and identify a sustainable business model for its online and development activities, including the new social network. They then refined their ideas to create a prototype online creative network, where invited artists could test out

features and contribute to the development process.

“Our aim is for the site to be a vibrant creative hub, with blogs where artists can record the progress of their work, video streaming, user tagging and links into sites like Twitter, MySpace and Facebook so that individuals and organisations can plug into what they’re doing elsewhere on the web.”

Inviting audience participation

Artists and organisations that contribute content to the B3 Media website will be able to interact with other members of the community, by sharing work in progress, inviting feedback and collaborating on projects.

“The website will provide B3 with a unique content and distribution platform that will enable our network of film-makers and artists to take part in a two-way conversation with their audience. It’s a way of building richer relationships and reshaping the way artists create and distribute content”, comments Marc.

The launch of the new B3 Media website in summer 2009 marks the beginning of a new era for the company as a more digital-facing organisation. “Small to medium sized creative companies like ourselves need to embrace a new way of working that’s about collaboration, adaptability and interaction”, says Marc. “The only way to learn how to do this is to start experimenting.”

www.b3media.net



BreakThru Films: Creating mobile content

BreakThru Films is an award-winning film and animation production company. Its film *Peter and the Wolf* won the Oscar for Best Animated Short in 2008 and has sold out concert halls worldwide with its live orchestral screenings.

Jasmine El Mulki, Associate Producer, says: “All of our projects have a strong digital component but we’re very much aware of the need to push digital even further and to explore new channels for distributing our films. The Take 12 programme is helping us to make significant progress in this area and has given us the right mix of support with research, planning and practical implementation.”

Mobile distribution

BreakThru is working with its innovation partner to understand the commercial and creative potential of mobile as a distribution platform. The company wanted to exploit its strong reputation, assets, capabilities and relationships to enter the mobile market and to develop new approaches to exploiting existing and new products.

BreakThru owns the animation rights to the *Alex* comic strip brand and has developed an innovative format to take the brand to the mobile platform. A detailed analysis of the mobile content market has enabled BreakThru to evaluate the potential economic returns from a mobile content service like *Alex*. The company has also explored the technology, creativity and production workflows for mobile animated comics.



Insight from industry

The research and analysis phase involved a series of visits and interviews with key players across the mobile market, including mobile aggregators, content producers and application developers. This process gave BreakThru valuable insight into the nature and structure of the mobile market, as well as practical, realistic advice from people in the industry. Feedback from the interviews indicated that there is already good demand for mobile content and that this demand will continue to rise.

Showcasing mobile content

BreakThru has now produced its first batch of mobile content and has plans to develop further content in the pipeline. Creating a library of mobile-ready animated films will enable the company to demonstrate a broad range of content types and uses to potential partners. BreakThru has also had promising initial discussions with leading commissioners about their new cartoon format and content.

“It can be a challenge to find time to focus on digital and develop a sound understanding of the issues and opportunities, but independent film-makers must embrace the changes that digital is bringing to the industry”, says Jasmine. “For us, this means applying mobile content across all of our own film titles – and potentially developing mobile content for titles from other broadcasters too. It’s about creating a new way of enjoying and sharing content.”

www.breakthrufilms.co.uk

Film Export UK: A digital approach to sales and distribution

Film Export UK is the trade association for companies with international film sales and distribution operations in the UK. Although the sales companies that make up the membership vary significantly in terms of business model, focus and scale, they share a number of common concerns about changes taking place in the marketplace.

“We’ve been aware for many years that our member companies are greatly challenged by the distribution changes that digital innovation promises to bring”, says the association’s Chief Executive, Charlie Bloye. “Piracy is the biggest concern, but there are also worries about declining DVD revenues, changes to film financing models and the erosion of traditional territory-by-territory sales models that could be triggered by online video-on-demand services. We need to be as well-informed as possible, so that we can help our members understand these changes and how they can adapt to the new landscape.”

Entering the digital value chain

Film Export UK’s focus for the Take 12 project is to explore the role of sales agents in the digital value chain. This includes looking at options for developing new revenue streams, joint ventures and relationships with consumers.

“Working with our innovation partner has helped us to engage with digital issues at a much deeper level than we have done previously”, explains Charlie. “For example, we held a seminar to start the process of sharing our insights with our members and other companies in the sector. We also responded to the Digital Britain consultation *Copyright in a digital world: What role for a digital rights agency?*”

The association is planning a series of practical steps to strengthen the role of UK sales agents, including creating best practice guides and training resources to help members develop the commercial skills and knowledge required to adapt to digital distribution.

Developing licensing procedures

Licensing issues are a major focus of Film Export UK's work. Through the Take 12 programme they have begun to explore the case for collective action to improve the position of both sales agents and traditional distributors in the on-demand market. One of the outputs of this process will be a manifesto containing proposals for licensing procedures.

"In the independent film sector we're increasingly recognising the need for producers, sales companies and territorial distributors to come together in the debate on licensing and piracy", says Charlie. "The work that we're developing will look at licensing from a wide range of perspectives – from individual contracts right up to the regulatory level.

"We hope that by putting forward specific contract clauses and definitions for members and other stakeholders to consider, we'll be able to make a real contribution to moving this debate forward. The goal has to be for every consumer who wants to legitimately pay for a movie online to be able to do so easily."

www.filmexportuk.com



Hollywood Classics: Diversifying into new markets

Hollywood Classics is a UK company that licenses classic Hollywood and European films to other businesses across the theatrical, DVD and TV markets outside of the USA. It represents the theatrical rights to the classic film libraries of Universal, Paramount, 20th Century Fox, Warner Bros, MGM, Canal Plus and ITV Global, as well as a number of independent producers.

The company has built up a large DVD catalogue of more than 500 movies and has experienced rapid growth driven by success in the DVD market. In the first half of 2008, Hollywood Classics' turnover grew by 50 per cent.

A changing marketplace

Hollywood Classics is very much aware that digital technology is bringing changes to the ways in which films are funded, produced, marketed, distributed and consumed. Digital developments are already having a significant impact on areas including rights negotiations, distribution 'windows' and exploitation of films across territories and digital channels.

Against this backdrop, the Hollywood Classics team is working with its innovation partner to explore options for sustaining business growth. "We know that revenues from digital services are unlikely to make up for the long-term decline in DVD sales", explains David Llewellyn-Jones, Head of TV and DVD sales at Hollywood Classics. "Although the drop-off has not been as dramatic as we originally feared, it's important that we plan ahead and safeguard the future of our business by diversifying into new markets."

Exploring options

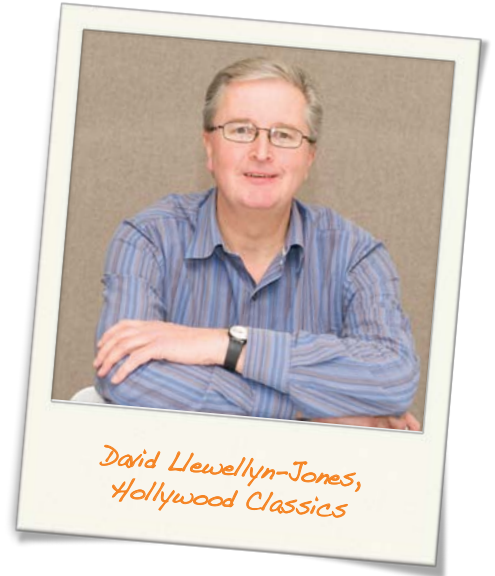
The Hollywood Classics team has explored a number of ideas through the Take 12 programme, including the development of a proprietary video on demand (VOD) platform specialising in classic films.

Hollywood Classics felt that this would be a natural direction for the business to take, but research revealed that the market is already highly competitive and that only a very small number of high profile companies are likely to succeed in each territory. One idea they are now looking at is the possibility of having a channel on another company's VOD platform.

Hollywood Classics has also looked at the possibility of moving away from a purely business-to-business model. A business-to-consumer offering would be a completely new direction for the company, so the team would look to bring in external expertise to help develop and implement any new service in this area.

"I don't think we'll find a single opportunity that will replace the fall-off in DVD revenue completely", says David. "This means it's essential for us to explore lots of avenues and to go through a rigorous process of researching and developing our options. Over the next year we hope to have developed two or three realistic proposals for entering new markets and to be moving ahead with at least one of these."

www.hollywoodclassics.com



LUX: Exploring digital opportunities

LUX is an international arts agency dedicated to supporting and promoting artists' moving image practice and the ideas that surround it. LUX exists to provide access to moving image work and develop new audiences for this art form. It also provides professional development support for artists working with the moving image and contributes to discourse around practice.

LUX applied to Take 12 with the ambition of taking its collection of more than 5,000 films and videos to a wider audience and continuing the development of its online resource.

“Over the last few years production has become less about film stock and other material objects and more about digital formats. The galleries that we work with are increasingly showing films digitally”, says Benjamin Cook, Director of LUX. “Things are changing at a rapid pace – we need to think about what this means for us and how we can respond and adapt to the new environment.”

New partnership opportunities

The Take 12 programme is helping LUX to refine its commercial process, including identifying potential new income streams and ensuring that the company makes effective use of its resources. As a not-for-profit organisation, LUX has to balance its charitable aims with the need to generate revenue.

LUX has been going through a process of mapping its partners and value chain, to develop a better understanding of its current relationships and possible new partnerships. One idea that the agency is exploring is building links with corporate gallery spaces.



LUX has also been working with its innovation partner to research the marketplace and identify gaps in the market that the organisation could capitalise on. “We’re starting to analyse the business and the sector as a whole in a much more rigorous way than we have done previously. We’ve been able to reflect on issues like editorial and the brand that we project as a company”, says Benjamin.

Strategy development

The team is now pulling together propositions to clarify how LUX can address each market sector and drawing up an editorial strategy for how they will address them. Over the course of the remainder of the Take 12 project, they will translate these propositions into digital media specifications and an overall digital strategy that supports LUX’s new business model.

“The big challenge is keeping pace with the way that audiences and users are interacting with film and video art”, explains Benjamin. “We know we want to rationalise our business through the use of digital technologies, but it’s hard to predict how digital will evolve in the future. In this context, it’s important for us to stay light, flexible and open to change, rather than focus too much on any one particular solution.”

www.lux.org.uk

Metrodome: Innovation in digital marketing

Metrodome Distribution Ltd, part of Metrodome Group plc, is a well established independent all-rights distributor. The company is using the Take 12 programme to explore alternative channels and timescales of distribution for releases of independent and specialist films in the UK.

“As an independent distributor we have the flexibility to adapt to new ideas quickly. We’re keen to innovate, but researching and developing new ideas takes resources and this can sometimes hamper our ability to experiment”, says Jezz Vernon, Head of Marketing and Operations at Metrodome. “Take 12 has given us the time to explore new ideas and soak up the knowledge of other companies and our innovation partners.”

Engaging consumers

Metrodome’s initial idea was to create a ‘film club’ to enable film societies, universities and areas without access to art house cinemas to screen independent films as soon as they are released. When a feasibility study revealed that there was already heavy competition in the marketplace and that a new service may not be sustainable in the long-term, the team decided to shift its focus onto digital marketing innovation.

“We want to find new ways of engaging consumers rather than just marketing to them”, explains Jezz. “Digital marketing is definitely a steep learning curve – as soon as you find out a little bit, you realise how much there is that you don’t know.”

Testing out new ideas

The release of the British independent feature film *Shifty* provided an ideal opportunity for Metrodome to test a series of digital and viral marketing concepts across the web, including social networks. The project team developed a digital marketing strategy to support the mainstream marketing plan, with a focus on driving traffic to the website and encouraging visitors to use and share its viral applications.

Shifty is being used as a pilot to assess the effectiveness of a range of online activities and will feed directly into Metrodome's emerging digital strategy. One issue the team has already identified is the importance of having a toolkit and methodology for measuring the success of a digital campaign.

A community of digital innovators

At the end of the Take 12 programme Metrodome will report on the insights they have gained into promoting and marketing websites, covering areas including search engine optimisation, how long a campaign website should be live for and the time needed to build an audience. They will also be sharing their expertise on how to measure and analyse the performance of digital marketing campaigns.

"Sharing knowledge and learning from others is an important part of digital marketing innovation", comments Jezz. "We've already built some valuable relationships with other businesses and this is a good step towards establishing ourselves within a community of digital innovators, rather than acting as one company working in isolation."

www.metrodomegroup.com



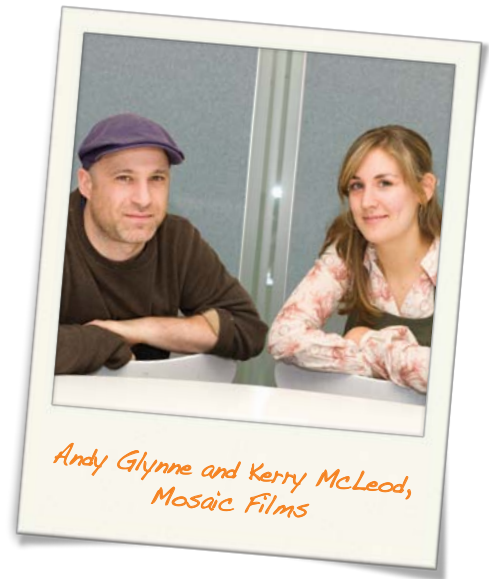
Mosaic Films: Finding a competitive edge

Documentary film producers Mosaic Films have an impressive track record of broadcast social documentaries, including *The Tube*, *A Year in Tibet* and *Made in India*. The market for commissioning and funding documentaries is becoming increasingly competitive, with a large number of film-makers chasing a small number of commissions. Independent documentary film producers such as Mosaic are facing a challenging commercial environment.

Andy Glynne, Managing Director of Mosaic, says: “We knew that we needed to adapt our business model in order to maintain a competitive edge. We’ve always sought to be innovative and felt there was a clear opportunity for us to pursue multi-platform approaches to production and distribution.”

Building new partnerships

Like many creative companies, Mosaic has traditionally relied on a small number of partners and investors. In the future they plan to work with a much broader partner base across the content platform landscape, including advertisers, digital media owners, charities, cultural institutions and public sector organisations. The project team interviewed leading industry participants to explore these opportunities in more detail.



The feedback gathered through the interviewing process suggested that the company could retain its focus on social documentaries but will need to move into new platforms and different kinds of project. It also highlighted that although most partnerships between major digital platforms and production companies are around entertainment content, there are still clear opportunities for small, nimble companies with good ideas.

“We’re beginning to build our networks and develop relationships with a whole range of potential partners”, explains Andy. “We’ve always recognised the value of building solid relationships with funders and investors, but with the production landscape expanding and becoming less defined, it’s more important now than ever.”

Embracing innovation

Mosaic recognises that surviving and thriving in digital Britain will require them to be agile and develop more flexible business models. “The innovation partnership with Illumina Digital and MTM has pushed us to explore new directions for our business”, says Andy. “It’s injected a real buzz and energy into the company.”

The Take 12 collaboration has led to Mosaic and Illumina working together on *The Great British Summer Holiday*. This multi-platform concept won the ‘factual content over mobile’ category – and a £15,000 development contract with the BBC – at the MIP Content 360 awards in Cannes in April 2009. Another of Mosaic’s current projects is *Made in Africa* – a cross-platform, multi-partner project that will give international broadcast production opportunities to new and emerging documentary film-makers in Africa.

Mosaic started the Take 12 programme with a view to identifying and developing a competitive edge based around digital innovation. Several months into the programme, they have selected a number of digital projects that they are developing with Illumina. “Although our new digital projects are still at an early stage, we know this is the right direction for our company – they are essential building blocks for our future.”

www.mosaicfilms.com

onedotzero: Developing a digital content strategy

onedotzero is a digital arts organisation that offers cross-media production services and an acclaimed network of international events. It champions and explores new forms of moving image and celebrates the next generation of creators.

Shane Walter, Director of onedotzero, says: “We’ve always been keen to try out new ideas and have been thinking a lot about how to develop our digital offering, so the Take 12 programme came along at a really good time for us. Digital is moving forward at a rapid pace and it’s extremely valuable for us to have an external partner to work with on this journey.”

Reviewing the business

So far, the main thrust of the programme has been a wholesale review of the business units within the company and the market segments in which it operates. Everyone in the company took part in a series of value chain workshops and the project team has conducted interviews with representatives from each market sector.

“The interviews gave us valuable insight into how other organisations and businesses see us and forced us to challenge our internal viewpoints”, explains Shane. “Often what people don’t say is just as enlightening as what they do say. We’ve realised that you can’t assume that everyone knows what you do and that it’s important to communicate very clearly, to ensure that people know how to engage with you.”

“We’ve also seen that many of the people that interact with onedotzero are only involved in a small part of what we do, so there’s a huge opportunity to introduce them to the rest of our activities.”

Planning for the future

onedotzero has now developed a three-year corporate strategy which includes consolidation of the business units to create a more manageable set of corporate targets. This has given them a set of tools to establish clear commercial, customer and internal process targets. The next steps are to audit the company’s production, commissioning and exhibition content.

The end goal is to produce a content strategy which places digital media at the heart of the company’s business goals, as well as a digital specification outlining the assets the company wants to grow and the partners it will need to work with to achieve these goals.

“One of the challenges for businesses that are looking to move into the digital area is separating out the opportunities from the distractions. It’s essential that you pursue only the opportunities that are right for your business”, says Shane.

“Digital has the potential to transform everything we do – from content creation through to dissemination and community engagement. What we’re looking for are opportunities that will bring significant change and high potential for growth. This isn’t just a theoretical exercise – we want to see real results.”

www.onedotzero.com



Revolver Entertainment: Engaging the consumer

All-rights film distribution company Revolver Entertainment has a reputation for innovation in marketing. It was the first UK distributor to release a 3D live-action digital movie – the concert film *U23D* – and has recently been experimenting with release windows. Revolver Entertainment is now exploring new business models to support the distribution of its eclectic range of films through emerging platforms.

Justin Marciano, Managing Director of Revolver Entertainment, says: “We know that the future lies in digital and we’re prepared to take bold steps to take advantage of digital opportunities. Changes are happening around us and we want to understand what we need to do to guarantee our future as an all-rights distributor.”

Giving consumers more choice

At the end of 2008, Revolver Entertainment released the feature film *Mum and Dad* simultaneously in cinemas, on DVD and through video on demand. Collapsing traditional windows for movie distribution in this way is potentially disruptive – it gives consumers more choice, but cinemas want to protect their opportunity for attracting customers.

Marketing for the movie extended across all of the content platforms, giving the audience complete control about how they consumed the film. The single, concentrated marketing spend meant that the micro-budget movie turned out to be more profitable for everyone involved.

“People want to watch films when and where it suits them. Handing over control and choice is essential if we are to establish more of a direct relationship with our customers”, explains Justin. “We have to be proactive in adapting and finding new business models that address these needs.”



Exploring new avenues

Revolver Entertainment is working with its innovation partner to develop a full understanding of the video on demand market, run masterclasses in digital marketing and explore the risks and benefits of setting up a retail operation. Their overall aim is to establish where the company should focus its deal-making and digital distribution strategies.

Audience engagement is at the forefront of Revolver Entertainment’s marketing strategy for *Freestyle*, a teenage love story set around the world of basketball, which will be released in October 2009. For the first time, the company got involved at a very early stage of production. This gave them the flexibility to develop early opportunities for publicity and community-building.

Justin comments: “We wanted to start marketing the film before it had even been made, so we teamed up with Bebo and the NBA to create an audition process to find the stars of the film. We had 20,000 people visit the audition site before we even announced the cast list. The strong fan base that we’ve built up will play an essential role in promoting the film through word of mouth.”

www.revolvergroup.com

VOD Almighty: Standing out from the crowd

VOD Almighty is a global platform that streams a variety of independent film content on demand. It streams high quality content that can be directly integrated into home entertainment systems. Each film will have its own dedicated page on the website, which makes it possible for film-makers to interact with their audience and the VOD Almighty community.

Refining the business plan

VOD Almighty has been working with its Take 12 innovation partner to refine and develop its business plan, covering areas including market research, audience segmentation and branding. “Take 12 has given us access to a level of expertise and support that we wouldn’t have had otherwise”, says Christopher Figg, CEO of VOD Almighty. “The interaction with other companies has also been valuable – the links we’ve established with complementary businesses will really help us to develop the site.”

Customer segmentation

The project team started off by conducting a segmentation exercise for the UK and German markets. This produced a clear view of four customer categories, with details of what influenced those customers and the differences between the two markets. They then tested these customer groups for pricing sensitivities, available spend and other habits relevant to the VOD Almighty service.

Following a review of video on demand pricing trends across the USA, Japan, France, Spain and Italy, the VOD Almighty team decided to move away from a pure subscription approach. They used the findings from

the pricing review along with the insight gained through the customer segmentation exercise to develop a new pricing strategy which prioritises the customer segments. The new strategy will target subscription models at particular customer segments and offer pay-per-view models for others.

Developing a distinctive offering

The video on demand marketplace is highly competitive, with high-profile companies including Lovefilm and Amazon developing new services. Christopher says that standing out from the crowd will be crucial to VOD Almighty's success.

“What marks us out from other video on demand services is that we're run by film-makers, for film buffs and other film-makers. In a year or so we'll have expanded our library to around 5,000 titles and will also be offering high quality, free-to-access editorial content.”

The importance of communication

One lesson that Christopher has learnt through developing the VOD Almighty website is the importance of effective communication between the different teams involved in the project. “We work hard to ensure that the technical and admin teams are in constant contact. It's also crucial to ensure that any decisions you make about one aspect of the site don't have unintended consequences on other areas – you have to consider the website as a whole and keep everyone informed and engaged in the process.”

www.vodalmighty.com



Warp Films: Tapping into digital distribution

Warp Films and sister company Warp X produce innovative and distinctive content which is both commercially and critically successful. Their features, shorts and music videos share a unique voice and an identifiable, loyal audience.

Alex Marshall, Chief Operating Officer at Warp, explains why they wanted to get involved in Take 12: “Everyone is talking about digital and what it means for the film industry and we wanted to develop our understanding of these issues. We were particularly keen to find out more about the potential for digital distribution and how it could change the way we do things at Warp.”

Exploring partnerships

The Warp team has been working with its innovation partner to explore distribution ideas outside of traditional theatrical and DVD ‘windows’. Part of this process involved conducting interviews with people working in different sectors, covering areas including games development, PR, blogging and direct mail strategy. These interviews gave them valuable insights into how digital distribution works, the different players involved in the process and the potential for partnership working.

“We learnt that there are no simple answers and that everyone is in the same boat, trying to understand the digital environment and what it means for their business”, comments Alex. “One thing that we were surprised by is how little monetisation there really is in digital at the moment.”

Developing test cases

Warp has developed a digital distribution and marketing plan for low-budget rockumentary *Le Donk*, which premieres at the Edinburgh International Festival in June 2009 prior to release in September. The plan includes audience targets for each digital media activity, to allow the team to explore the kind of audience that the film appeals to and the tools it can use to understand its audiences better.

Low budget studio Warp X – an initiative of The UK Film Council, Film4, Screen Yorkshire and Optimum Releasing – is also dipping a toe into the digital pool with *All Tomorrow's Parties*, a music documentary produced by Luke Morris of Found Films. Warp and Found are creating an online portal through which audiences can access the film when it is released in September 2009.

Getting closer to the audience

“The main question for us is how we can use digital to find and get closer to our audiences”, says Alex. “*Le Donk* and *All Tomorrow's Parties* are acting as live case studies, giving us a chance to test out ideas, measure effectiveness and assess the impact on sales targets. The insights and data we gather will enable us to develop an overall digital customer relationship management strategy.”

Kate Fewins is managing the distribution and marketing of both films for Warp. She says: “This is an exciting time for us. We’re really enjoying working with Huge in channelling our creativity into these alternative release strategies. We want to prove to others in the market that there are opportunities to monetise digital content. With the right strategy and the right partners, we’re confident that we can make this happen.”

www.warpx.co.uk www.warp.net/films



Zini: Collaboration for a digital future

Nadine Luque established Zini with the vision of launching a new online platform that gives consumers on-demand access to independent films. The platform will enable Zini to distribute content across the world and to deliver added value elements such as editorial and social networking to help develop a community of users around the service.

Zini has been working with a Take 12 innovation partner to research the market for the content platform and develop its business plan. Nadine explains: “We already had a fairly well-developed business plan, but I knew that there was still plenty of work to do to make it investor-ready. Working with an innovation partner gave us an opportunity to refine our plans and prepare the business for investment.”

Working with peers

“What I’ve found particularly valuable is the opportunity to engage with other businesses that are looking to embrace digital media strategies. It’s given me access to a peer group of companies that are on the same page as Zini”, says Nadine Luque.

“I think that collaboration between like-minded businesses will be key to identifying and exploiting the opportunities that digital innovation can bring to the UK film industry.”

www.zinifilm.com



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