



LOUISE LEVISON, EDITOR AND PUBLISHER

INDIE FILM IS STILL ALIVE AND WELL!

Despite a rocky start at the beginning of the year, the independent segment of the North American domestic box office reached \$2.7 billion, equal to last year and slightly ahead of 2016. The total box office grew to an estimated \$11.9 billion compared with \$11.1 billion last year. Studios may make up an estimated 77 percent, but 23 percent is a hearty amount especially for good indie films with low to moderate budgets.

It is no secret that the proliferation of streaming systems has changed the distribution landscape. Yes, these are challenges, but the best news may be the number of studios entering that distribution lane. Disney, Warner Bros. and NBC Universal have started their own streaming divisions to compete with Netflix, Hulu and the other companies. Meanwhile, Netflix has changed its spending priorities with billions on cable-type series, signing up known filmmakers and, in 2018, partnering with Paramount. In addition, the company is raising its subscription prices by 13 to 18 percent. One executive told indiewire.com that while people thought that streaming was a replacement for a troubled home entertainment market, “in fact it became the replacement for syndication.”

Through the years that I have been following the financial trends, the movie business has been relatively recession proof. Recent history has shown that people still want to leave home and see a film on the big screen; however, moviegoers have a lot of choices and can afford to be particular about how to see a film. In times of economic stress, that person is going to think more about where each dollar goes. Films need to be worth spending those dollars at the box office. Sure, we see really good films ignored. That is the life for filmmakers whatever size film they are making. Over the years we have seen many changes — television/cable to VHS to DVD/Blu-ray and downloading. One truth has remained. Exhibiting companies go bankrupt but movie screens do not die. And they won't now. Take advantage of the moment with your film but make it worthwhile. Creativity is the independent filmmaker's wheelhouse. Tell the story carefully, have a budget that fits it and be able to pitch distributors similarly to the way you pitch investors, on the value of the story and the size of potential audience.

Welcome to 2019! May your life be full of fun and good movies!

HOME ENTERTAINMENT TOPS \$23.3 BILLION IN 2018

Total U.S. home entertainment spending jumped 11.5% in 2018 to a record \$23.3 billion as Consumers continued adding their favorite films and TV shows to their libraries, reports The Digital Entertainment Group (DEG). A fourth quarter surge of 13 percent to \$6.3 billion helped the yearend result.

Among the highlights for the year are:

- Overall electronic sell-through (EST) spending rose 20% in the fourth quarter and 14% for the year. Theatrical EST sales were up nearly 36% in the fourth quarter and 23% for the year, offsetting a decline of less than 5% for TV product for both the quarter and year.
- Video-on-demand (VOD) was up 6% for the year due to a strong fourth quarter. Consumers spent another \$2.09 billion to stream movies on demand, the electronic equivalent of renting a DVD or Blu-ray disc, up 6.2% from the prior year. Total spending on TVOD, the DEG estimates, came in at \$4.55 billion, a healthy 10.5% spike from TVOD spending in 2017. The Redbox On Demand digital service, meanwhile, celebrated its first birthday in December with a new app on Vizio SmartCast TVs. The company also expanded its selection to 12,000 titles, from 7,000 at launch. CEO Galen Smith in December told *Media Play News* that Redbox On Demand has “surpassed major milestones to become a real player in the competitive digital home entertainment space. We’re seeing hundreds of thousands of customers, including bringing back folks we haven’t seen in a while.”
- Total disc sales continued to fall, despite the growing popularity of 4K Ultra HD Blu-ray, with consumer spending on physical media in 2018 coming in at an estimated \$4.03 billion, a 14.6% drop from the prior year. On the retail front, big-box chains like Best Buy and Walmart put discs back into the spotlight, buoyed by the 4K Ultra HD Blu-ray. Sales of 4K UHD content continued to mirror the burgeoning sales of new equipment. The number of 4K Ultra HD Blu-ray Disc titles available in the market grew to 445 titles; 682 4K titles are available digitally.
- Subscription streaming rose 30 percent in both the fourth quarter and year to \$12.9 billion by yearend with 55 percent of total home entertainment sales.

“2018 saw the continued integration of technology and content at an even more accelerated pace, and, with that, the opportunity to engage fans with more focused and meaningful experiences that extend the life of our film and television properties,” said Keith Feldman, President of worldwide home entertainment for 20th Century Fox, told *mediaplaynews.com*. In the end, studio executives agree, the trade paper says, it all comes down to keeping consumers engaged — which requires constant work.

Note: These numbers are preliminary. Updated information will be available in early February. https://www.degonline.org/portfolio_page/deg-year-end-2018-home-entertainment-report/ <https://www.mediaplaynews.com/streaming-tvod-fuel-consumer-spending-on-home-entertainment-to-record-heights/> 

CHINA NEEDS U.S. FILMS TO MEET 2018 GOAL

China has been ramping up approvals for U.S. movies to be screened in the country's cinemas this year to ensure a box-office revenue target is met, even as demand for Hollywood fare has been tepid, people familiar with the matter told *Bloomberg*. The propaganda ministry granted China release dates for Hollywood movies as late as the final week of December, partly to help reach its goal of at least 60 billion yuan (\$8.7 billion) in 2018 movie ticket sales, the people said, asking not to be named discussing private information. Films to screen later this month include *The Grinch*, from Comcast's Universal Pictures, and two Sony movies, *Spider-Man: Into the Spider-Verse* and *Searching*," they said.

"They want to create the perception the cinema business is thriving," said Albert Lee, head of the Hong Kong International Film Festival and a longtime industry executive. "Every year there is a goal, and this year it's 60 billion yuan. One of the easiest ways to achieve that is to allow some Hollywood films." The added releases mean China will permit as many as 41 imported films this year, as many as seven more than the target of 34, the people said. The wider window also suggests filmed entertainment isn't being targeted for retaliation in a U.S.-China trade war.

China Film Insider notes skepticism about China's quota system:

"(1) As an actual quota (the number of revenue-sharing films each year often exceeds the quota, at the Chinese authorities' whim); (2) As a meaningful restriction on foreign films (foreign films are also allowed to play in China on a "buyout" basis, and as that market has become more competitive, the "buyout" terms for stronger foreign films have begun to approach the revenue-sharing terms asymptotically); and (3) As a useful shorthand for the foreign film business in China (the quota applies to all foreign films, but its slots are largely taken up by Hollywood product; China unilaterally controls release dates and imposes unannounced blackout periods; and China has historically been months if not years late in making revenue-sharing payments).

The writer points out that a potential reasons for lack of content is the Fan Bingbing scandal. "Once it became clear that China's film and television productions would be under greater government scrutiny for tax evasion and other financial improprieties, a significant number of motion pictures either postponed or shut down production."

<https://www.bloomberg.com/news/articles/2018-12-13/china-is-said-to-approve-release-of-more-u-s-films-to-meet-goal>; <http://chinafilm insider.com/china-gives-hollywood-an-early-christmas-present/> 

NUMBERS! NUMBERS! NUMBERS!

(North American Box Office)
LOW-BUDGET INDEPENDENT FILMS (\$10.0M and under)

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>Book Club</i>	Paramount	68,556	10,000
<i>Eighth Grade</i>	A24	13,640	2,000
<i>Fahrenheit 11/9</i>	Briarcliff	6,352	5,000
<i>First Reformed</i>	A24	3,448	3,500
<i>Forever My Girl</i>	Roadside Attractions	16,376	3,500
<i>Gosnell: The Trial. . . (a)</i>	GNN Releasing	3,680	4,000
<i>Halloween*</i>	Universal	159,339	10,000
<i>Hell Fest</i>	Lionsgate	11,107	5,500
<i>Hereditary</i>	A24	44,069	10,000
<i>I Am Not Your Negro</i>	Magnolia	7,124	1,000
<i>I Can Only Imagine</i>	Roadside Attractions	83,477	7,000
<i>Indivisible*</i>	Pure Flix	3,510	2,700
<i>Leave No Trace</i>	Bleecker Street	6,046	<5,000
<i>Let There Be Light</i>	Atlas Distribution	7,242	3,000
<i>Life Itself</i>	Amazon Films	4,103	10,000
<i>Mid90s*</i>	A24	7,362	2,800
<i>Possession of Hannah Grace, The*</i>	Screen Gems	14,622	9,500
<i>Slender Man</i>	Sony/Screen Gems	30,569	10,000
<i>Sorry to Bother You</i>	Annapurna	17,493	3,200
<i>Truth or Dare</i>	Universal	40,717	3,500
<i>Unfriended: Dark Web</i>	BH Tilt	8,784	1,000

*Still in North American distribution as of December 31, 2018. Revenues are from boxoffice.com and boxofficemojo.com. Negative costs (production prior to prints and ads) are approximate, based either on industry estimates, and published interviews with filmmakers or personal conversations with filmmakers.

(a) Full title - *Gosnell: The Trial of America's Biggest Serial Killer*

MORE NUMBERS! NUMBERS! NUMBERS!

(North American Box Office)
HIGH-BUDGET INDEPENDENT FILMS (Over \$10.0M)

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous. \$
<i>Alpha</i>	Sony	35,851	51,000
<i>Atomic Blond</i>	Focus Features	51,574	30,000
<i>Bad Mom's Christmas, A</i>	STX Entertainment	72,110	28,000
<i>Darkest Hour</i>	Focus Films	56,443	30,000
<i>Den of Thieves</i>	STX Entertainment	44,947	30,000
<i>Favourite, The*</i>	Fox Searchlight	15,888	15,000
<i>Green Book*</i>	Universal	32,153	23,000
<i>Happytime Murders, The</i>	STX Entertainment	20,706	40,000
<i>Hitman's Bodyguard, The</i>	Lionsgate/Summit	75,455	30,000
<i>House With a Clock in Its Walls, The*</i>	Universal	68,536	42,000
<i>If Beale Street Could Talk*</i>	Annapurna	2,129	12,000
<i>Mary Queen of Scots*</i>	Focus Features	9,726	25,000
<i>Mile 22</i>	STX Entertainment	36,109	35,000
<i>Operation Finale</i>	MGM	17,612	24,000
<i>Peppermint</i>	STX Entertainment	35,419	25,000
<i>Robin Hood*</i>	Lionsgate/Summit	30,645	80-100,000
<i>Second Act*</i>	STX Entertainment	23,545	16,000
<i>Simple Favor, A</i>	Lionsgate	53,530	20,000
<i>Spy Who Dumped Me, The</i>	Lionsgate	33,562	40,000
<i>Tyler Perry's Acrimony</i>	Lionsgate Films	43,549	20,000
<i>Uncle Drew</i>	Lionsgate/Summit	42,469	17-19,000
<i>Widows*</i>	20 th Century Fox	41,977	42,000

*Same references as low-budget table.

LARGE FORMAT FILMS

FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Beautiful Planet, A*</i>	IMAX	15,410	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	25,799	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D*</i>	Warner Bros.	46,374	1,000
<i>Galapagos: The Enchanted Voyage</i>	IMAX	18,612	7,000
<i>Ghosts of the Abyss</i>	Buena Vista	17,041	13,000
<i>Haunted Castle</i>	nWave	13,652	n/a
<i>Hubble 3D*</i>	Warner Bros.	52,362	n/a
<i>Island of Lemurs: Madagascar</i>	Warner Bros.	11,244	n/a
<i>James Cameron's Deepsea Challenge</i>	DisruptiveLA	236	n/a
<i>Jerusalem 3D</i>	National Geographic	7,880	n/a
<i>Journey to the South Pacific*</i>	IMAX/MacGillivray	7,641	n/a
<i>Magnificent Desolation</i>	IMAX	34,109	3,000
<i>NASCAR 3D</i>	Warner Bros./IMAX	21,337	10,000
<i>Ocean Wonderland 3D</i>	3D Entertainment	11,035	3,000
<i>Roving Mars</i>	Buena Vista	10,408	1,000
<i>Sea Monsters: A Prehistoric Adventure</i>	National Geographic	23,746	n/a
<i>Sea Rex 3D: Journey to a Prehistoric</i>	3D Entertainment	6,097	n/a
<i>Space Station 3D*</i>	IMAX	93,348	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D*</i>	Warner Bros.	14,538	n/a
<i>T-Rex: Back to the Cretaceous</i>	IMAX	53,347	14,500
<i>U2 3D</i>	National Geographic	10,362	13,000
<i>Under the Sea 3D*</i>	Warner Bros.	35,997	n/a
<i>Wildest Dream: Conquest of Everest</i>	National Geographic	898	n/a
<i>Wild Parrots of Telegraph Hill</i>	Shadow	3,058	n/a
<i>Wild Safari 3D</i>	nWave	16,621	4,500

* Same references as low-budget table.

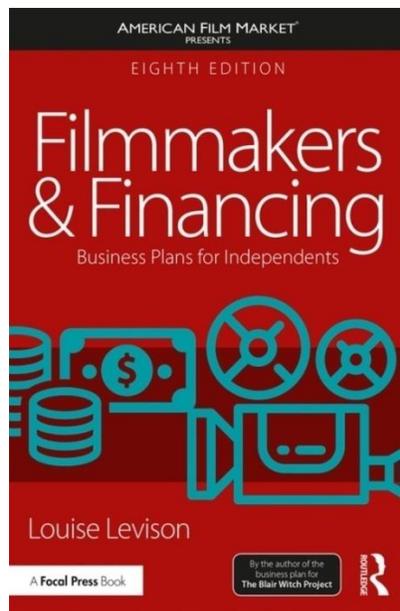
RICK PAMPLIN DIRECTOR OF NEW DOC

Local award-winning independent filmmaker Rick Pamplin has been announced as writer-director of a new feature length documentary inspired by Palm Beach resident Louise Levison's best-selling book *Filmmakers & Financing: Business Plans for Independents*. Pamplin says, "We are making a bold, truthful movie, which will reveal as many secrets as possible." He plans to interview multiple Palm Beach residents on camera and utilize locations throughout the County. Pamplin's storied career spans 18 years in Hollywood and 14 years at Universal Studios in Florida before he relocated to Palm Beach. He has written and directed several award-winning films including *Hoover*, starring Academy Award-winning actor **Ernest Borgnine**. Producers on the new film include Scott duPont, formerly a Jupiter Island resident turned Hollywood-based movie producer, and Palm Beach artist and production designer Maggie Pamplin. The executive producer is P.J. Marks. Follow updates on the production via Twitter at #ConfidentialFilmProject.



Pamplin and Borgnine

The latest edition of *Filmmakers & Financing: Business Plans for Independents*



<https://www.routledge.com/Filmmakers-and-Financing-Business-Plans-for-Independents/Levison/p/book/9781138947443>

**NEED MONEY FOR A MOVIE? DON'T GO IN EMPTY-HANDED.
HAVE A BUSINESS PLAN.**

(Speaking of 21st Century technology, check out the updated [moviemoney.com](http://www.moviemoney.com) site)
The benefit of using a reliable business plan to raise financing for a film is that it allows the investors and the filmmaker to gauge the potential success of a film. Louise Levison, the President of Business Strategies, is a highly respected financial consultant in the entertainment industry, specializing in creation of film business plans. She is the author of *Filmmakers & Financing: Business Plans for Independents*, currently in its revised and expanded eighth edition (A Routledge/Taylor & Francis book, 2017). She also appears prominently in the documentary #*CONFIDENTIALFilmProject* which was inspired by the book.

A polished business plan with projections based on the worldwide results of other films and with clear explanations about the industry, markets and production personnel attached to the film is far more effective than an incomplete document that leaves prospective investors wanting more information. Levison's clients have raised money for low-budget films including *The Blair Witch Project*, the most profitable independent film in history, as well as for companies raising as much as \$300 million.

Levison also is editor of the online newsletter *The Film Entrepreneur: A Newsletter for the Independent Filmmaker and Investor*. Among other clients' projects are *The Prophet* (Kahlil Gibran's), *Unlimited* (Nathan Frankowski), *Burning Bodhi*, *Greater*, *The Redemption of Henry Miller*, *Emoticon*., *Moving Midway*, *Redemption Road*, *Haunted* (2012), *The First of May*, *The Open Road*, *Aluna*, *Yak: The Giant King*, *Visual Acoustics: The Modernism of Julius Shulman*, *My Father and the Man in Black* and *Michael Winslow Live*. Among her corporate clients are Danny Glover's Louverture Films (2008 nominee for Best Documentary Academy Award *Trouble the Water*), Pamplin Film Company (*Hoover*), Majestic World Entertainment and Tokuma International Ltd (*Shall We Dance*, *Princess Mononoke*). Levison was an Instructor in the Extension Program at UCLA for 22 years before moving to Florida. She also has been a Visiting Professor at the Taipei (Taiwan) National University of the Arts, Chapman University (Orange County, CA) and the University of Montana (Missoula). She also has presented seminars and/or been on panels at festivals and markets around the world.

Contact Levison at louisel@earthlink.net to find out how you can put her 30 years of experience as a Film Business Consultant to work creating a business plan for your film.

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