

**LOUISE LEVISON, EDITOR AND PUBLISHER****HOME ENTERTAINMENT STILL POPULAR**

Digital sales keep the home entertainment industry in its upward swing in the first half of 2016 with a 1.85 percent increase over the same period last year bringing the total to \$8.9 billion, according to data from the Digital Entertainment Group (DEG). The biggest gains were in subscription streaming with a 19.8 percent increase (\$2.918 billion compared to \$2.436 billion). The total digital segment, which also includes Electronic sell-thru and VOD, was up 14.1 percent over 2015 (\$4.970 billion compared to \$4.355 billion). On the other hand, Rentals—Brick and Mortar, Physical Subscription and Kiosk (excluding VOD)—were down 7.8 percent.

For the second quarter of 2016, total consumer spending on home entertainment products was more than \$4.3 billion for the second quarter, six percent from the year earlier period. “Boding well for the home entertainment industry was the continuing shift by consumers to next generation 4K Ultra HD TVs, which in turn is expected to drive purchases of new content consumers can enjoy using the state-of-the-art technology. To date, more than eight million 4K Ultra HD TVs have been sold,” says the DEG’s summary.

Among the DEG’s highlights for second quarter 2016:


- Purchases of physical and digital content were up more than four percent to \$1.7 billion for the quarter pointing to consumers’ continued desire to add content to their collections.
- Overall physical sales grew three percent with Blu-ray Disc particularly robust with 35 percent growth for the quarter over the same period last year.

- Digital HD – or electronic sell-thru (EST) - grew nearly nine percent in the quarter, driven by theatrical content which was up nearly 20 percent for the first half of the year due to a strong slate of new releases.

- VOD platforms continued to grow in the period, up more than seven percent for the quarter, consistent with first quarter growth.

For more detail, go to both:

<http://degonline.org/news-releases/deg-news/deg-q2-2016-home-entertainment-report/>

[http://degonline.org/wp-content/uploads/2016/08/2016-Q2-DEG-Home-Entertainment-Spending\\_Rev-3.0\\_8.3.16\\_-External\\_-Distribution\\_Final.pdf](http://degonline.org/wp-content/uploads/2016/08/2016-Q2-DEG-Home-Entertainment-Spending_Rev-3.0_8.3.16_-External_-Distribution_Final.pdf) (detailed 2015-2016 grid) 

### **THE SPIRIT AWARDS—SUBMISSION TIME AGAIN**

Submissions are open for the 31<sup>st</sup> Film Independent (FIND) Spirit Awards. The regular deadline is September 20<sup>th</sup>, with a “no-joke final late deadline” of October 11<sup>th</sup>. The nominations will be announced on Tuesday, November 22, 2016. The Awards ceremony will take place on the beach next to the world famous Santa Monica Pier on Saturday, February 26, 2107, the night before the Oscars. Recognized award categories include:

- Best Feature
- Best First Feature
- Best Director
- John Cassavetes Award (given to the best feature made for budget of under \$500,000)
- Best Male Lead
- Best Female Lead
- Best Supporting Male
- Best Supporting Female
- Best Cinematography
- Best Editing
- Best International Film
- Best Documentary

For submission details, go to: <http://www.filmindependent.org/spirit-awards/submissions/> 

### **QUOTABLE**

“Theatrical will never stop being important,” Tristan Tuckfield, Head of Domestic Film Sales, CAA, @TIFF\_Industry's #BreakfastAtTIFF

## THE COST OF MAKING DOCUMENTARIES

*The Cost of Docs* is a recent survey among documentary filmmakers conducted by Whicker's World Foundation in partnership with the EDN - European Documentary Network and the Sheffield Doc/Fest. The survey provides figures and insights into the actual cost of producing a documentary film in today's audiovisual market.

### Key take-aways:

- 87 percent of the surveyed filmmakers could only finish their films by sacrificing a part of their wages
- travel, transport and accommodation costs are the main cost hurdles in documentary filmmaking
- costs for licensing fees (music & archive), staff and post-production range among the top cost factors of a production
- 65 percent of the producers indicated tight production budgets and insufficient fund-raising opportunities as main reason for not being paid their calculated income
- producers frequently indicated that their projects are made out of passion, meaning that their own financial means were involved in finalizing the film

For detailed data and comments from the filmmakers download the report at:

[http://www.edn.dk/fileadmin/user\\_upload/PDF/Documents/Cost\\_of\\_Docs\\_Report.pdf](http://www.edn.dk/fileadmin/user_upload/PDF/Documents/Cost_of_Docs_Report.pdf) 

## COMINGS AND GOINGS

**Legendary Entertainment** is totally independent again, at least for a while. China's Dalian Wanda Group closed a deal in March to buy the company for a reported \$3.5 billion. Before *TFE* went to press, Dalian's Wanda Cinema Line Corp. reported that Legendary "should operate independently for a period of time and show it can produce stable profits." Previously, an independent company, Legendary began co-financing deals with studios in 2005, first with Warner Brothers for eight years and then at Universal Studios.

Changes in market conditions were cited as the reason for delaying a \$5.6 billion reorganization plan that includes Wanda Cinema Line acquiring Legendary from the parent group. An additional explanation put forth is that due to Legendary's volume of productions in both the U.S. and China, the company should finish its own internal integration first; and, then, show profitability as an independent. Additional details about the arrangement are expected later in August.

**Byron Allen's Entertainment Studios (ES)**, which bought Freestyle Releasing last year, signed a deal with Anchor Bay Entertainment giving that company the Blu-ray, DVD, EST and transactional PPV/VOD distribution rights in the United States to all theatrically released motion pictures produced, acquired, owned and/or controlled by Entertainment Studios. "Byron Allen

and his team have built an impressive media empire with a clear vision and commitment to delivering a strong slate of motion pictures appealing to wide audiences,” Bill Clark, President of Anchor Bay Entertainment, said in a statement. “ABE is committed to expanding their reach even further by offering their unique content to new audiences within the home entertainment marketplace.” ES plans to make 15 to 20 films per year. Anchor Bay’s parent is Starz which recently was bought by Lionsgate.

Continuing the Chinese production deals with both studio and independent companies, Director Renny Harlin has launched **Midnight Sun Pictures** (the same name as his U.S. label) in China with financial backing from the Jiabo Culture Group, a Beijing-based creative consortium. The Chinese company will develop Chinese projects for both local distribution and international co-productions when there is a fit with an emphasis on genre titles and big action films. “As an American who originally comes from Finland, I don’t expect the rest of the world to be like the U.S., so I found China very easy to fit in,” Harlin told *Variety*. “For film makers, nothing is impossible in China. Everything can be improvised.”

Yoram Globus, half of the team that generated 300 pictures through Cannon Films, has returned to finance **Rebel Way Entertainment**, a company that gets underway with *Deported*, a film that will try an intriguing way to reconnect web-crazy young audiences with the theatrical experience. The company plans to take talent that has built huge viral followings through YouTube, Vine, Facebook and other web portals and package them into features surrounded by more experienced actors. In an interview with *deadline.com*, Globus was asked why the audience would pay to see people who are free on the Web. He responded, “We believe the Internet will build stars the same as Menahem (Golan, his cousin and partner in Cannon Films) and myself believed in video when many doubted its potential. We believe the Internet is the new media that is going to capture talent and will fly in features. These people have such a strong built-in following, and we are sure we can give put them in good stories, like this good comedy we are doing, and it will roll.”

## HEAD OF BOSTON FILM OFFICE CHARGED WITH EXTORTION

Two senior officials for the City of Boston, including the head of its film office, have been placed on administrative leave after being indicted in an alleged extortion scheme. The two men allegedly told producers of the 2014 Boston Calling music festival that they wouldn’t issue them the necessary city permits unless they hired members of IATSE Stagehands Local 11, according to a report by *deadline.com*. The U.S. Attorney’s office said that Boston Calling already had entered into a contract with a non-union company and hired all of its labor when they were told that half of the company’s labor force had to consist of union members. “As a result of these City officials’ demands three days before the music festival, the company entered into a contract with Local 11 for eight additional laborers and one foreman. Shortly thereafter, the City of Boston issued the necessary permits.”

## NUMBERS! NUMBERS! NUMBERS!

### LOW-BUDGET INDEPENDENT FILMS (\$9.0 M and under)

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>Bronze, The</i>	Sony Pictures Classics	616	3,500
<i>Compadres</i>	Lionsgate Premiere	3,128	3,000
<i>Dark Horse, The*</i>	Broad Green Pictures	871	2,100
<i>Darkness, The</i>	High Top Releasing	10,754	4,000
<i>Grandma</i>	Sony Pictures Classics	6,980	600
<i>God's Not Dead 2</i>	Pure Flix	20,773	5,000
<i>Green Room</i>	A24	3,220	5,000
<i>Hello, My Name Is Doris</i>	Roadside Attractions	14,445	1,000
<i>Kapoor &amp; Sons-Since 1921</i>	Fox International Prod.	2,607	5,200
<i>Lady in the Van, The</i>	Sony Pictures Classics	10,021	5,500
<i>Lobster, The*</i>	A24	8,947	4,500
<i>Love and Friendship*</i>	Amazon/Roadside Att.	13,806	3,000
<i>Meet the Blacks</i>	Freestyle Releasing	9,096	900
<i>Neerja</i>	India's Fox Star Studios	1,586	1,950
<i>Perfect Match, The</i>	Lionsgate	9,669	5,000
<i>Race</i>	Sony Pictures Releasing	19,115	5,000
<i>Swiss Army Man*</i>	A24	4,093	3,000
<i>War Room</i>	Sony Pictures Releasing	67,790	3,000
<i>Witch, The</i>	A24	25,139	3,500

\*Still in North American distribution as of July 31, 2016. 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.

**MORE NUMBERS! NUMBERS! NUMBERS!**  
**HIGH-BUDGET INDEPENDENT FILMS (Over \$9.0M)**

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous.
<i>Bad Moms*</i>	STX Entertainment	23,817	20,000
<i>Boy, The</i>	STX Entertainment	35,820	10,000
<i>Café Society*</i>	Lionsgate/Amazon	3,990	30,000
<i>Choice, The</i>	Lionsgate	18,730	10,000
<i>Criminal</i>	Lionsgate/Summit	14,709	31,500
<i>Danish Girl, The</i>	Focus Features	11,106	15,000
<i>Eddie the Eagle</i>	20 <sup>th</sup> Century	15,789	23,000
<i>Everybody Wants Some!</i>	Paramount	3,400	10,000
<i>Eye in the Sky</i>	Bleeker Street	18,705	13,000
<i>Forest, The</i>	Gramercy	26,583	10,000
<i>Free State of Jones*</i>	STX Entertainment	20,810	50,000
<i>Gods of Egypt</i>	Lionsgate	31,153	140,000
<i>Infiltrator, The*</i>	Broad Green Pictures	14,387	28,000
<i>Kung Fu Panda 3</i>	DreamWorks Animation	143,529	120,000
<i>London Has Fallen</i>	Focus Features	62,524	60,000
<i>Mother's Day</i>	Open Road	32,493	25,000
<i>Nerve*</i>	Lionsgate	15,497	40,000
<i>Nice Guys, The*</i>	Warner Bros.	36,247	60,000
<i>Now You See Me 2*</i>	Lionsgate	64,555	90,000
<i>Risen</i>	Sony Affirm	36,880	20,000
<i>Triple 9</i>	Open Road	12,639	20,000
<i>Young Messiah, The</i>	Focus Features	6,420	18,500

\*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	4,455	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	24,874	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,207	1,000
<i>Galapagos: The Enchanted Voyage</i>	IMAX	18,557	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.	51,703	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	10,661	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	7,143	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 3D: A Prehistoric</i>	National Geographic	23,746	n/a
<i>Sea Rex: Journey to a Prehistoric</i>	3D Entertainment	6,097	n/a
<i>Space Station 3D</i>	IMAX	93,212	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D</i>	Warner Bros.	14,445	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.	35,060	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. ◻

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

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. 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. Contact Louise Levison at [louisel@earthlink.net](mailto:louisel@earthlink.net) to find out how you can put her 27 years of experience as a Film Business Consultant to work creating a business plan for your film.

Levison, the President of Business Strategies, is a highly respected financial consultant in the entertainment industry, specializing in creation of film business plans. Her clients have raised money for low-budget films including *The Blair Witch Project*, the most profitable independent film in history, and for companies raising as much as \$300 million. She is the author of *Filmmakers & Financing: Business Plans for Independents*, currently in its revised and expanded seventh edition (Focal Press, 2013). The sixth edition of the book continues to be available in Mandarin from [www.hindabook.com](http://www.hindabook.com) in Beijing, China. 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*, *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*), The Pamplin Film Company (*Hoover*), Hurricane Film Partners, LLC and Tokuma International Ltd (*Shall We Dance*, *Princess Mononoke*). Levison is an Instructor in the Extension Program at UCLA. 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). Levison has presented seminars and/or been on panels at festivals and markets around the world. (Additional information is available at <http://www.moviemoney.com>).

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