

TFE THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors



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DIGITAL SALES CONTINUE TO CLIMB

Overall U.S. entertainment spending continued to expand at the rate of 2.5 percent with a total of \$13.1 billion, 2.5 percent higher than last year's \$12.7 billion, reports The Digital Entertainment Group (DEG). Digital sales were \$7.5 billion for the first nine months of the year, 15 percent ahead of the same period last year. Much of the growth came from subscription streaming, which *Home Media Magazine* notes primarily was due to Netflix. Electronic Sell-through and VOD also showed growth of 7.5 percent and 6.4 percent respectively. Despite ongoing predictions of the end for packaged goods (i.e. discs), spending on Blu-ray discs jumped nearly 6 percent. The DEG also points out that consumer adoption of 4K Ultra HD technology helped spur growth.

Highlights for the third quarter 2016 are:

- Total U.S. home entertainment spending was nearly \$4.2 billion for the third quarter, bringing the year-to-date total to more than \$13 billion.
- Consumers continued to transition their collection of filmed entertainment to digital with Digital HD – or Electronic Sell Through (EST) – up nearly 10 percent over the same period last year.
- Blu-ray Disc continues its positive trend, up eight percent for the year.
- Video-On-Demand (VOD) platforms continued to grow, up about five percent in the quarter from a year earlier driven by strong growth of iVOD.
- An additional two million 4K Ultra HD TVs were sold in the U.S. market, up 104 percent from the third quarter of 2015 and bringing the total number of sets purchased to 9.9 million. Seventy two 4K Ultra HD Blu-ray title releases are now available.

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- HDTV penetration is approaching the total number of U.S. households. The DEG estimates that 85 percent – 104.5 million - of all U.S. homes have at least one HDTV. Blu-ray playback devices (including set-tops and game consoles) are in nearly 87 million U.S. households. (Note: With only one manufacturer in the market place, the DEG cannot report sales figures for Ultra HD Blu- ray players.)

For more details go to:

<http://degonline.org/news-releases/deg-news/deg-q3-2016-home-entertainment-report/>

<http://degonline.org/resource/deg-q3-2016-home-entertainment-grid/>

<http://www.homemediamagazine.com/research/blu-ray-4k-and-svod-drive-q3-consumer-home-entertainment-spending-39087> ■

NEW CHINESE ARTHOUSE CIRCUIT

Major news for North American and other filmmakers is a potential opportunity to distribute their films through a new arthouse circuit in China's mainland. China Film Archive (CFA), a state-owned organization based in Beijing that organizes film festivals and screenings has formed a consortium called the National Arthouse Film Alliance (NAFA) with Huaxia Film Distribution, Wanda Cinema Line, Bill Kong's Broadway Circuit, Jia Zhangke's Fabula Entertainment and ticketing platform Weying Technology. French mini-conglomerate MK2, which has a co-production agreement with Fabula, is also a partner in the network, according to *Variety*. The system currently includes 100 cinemas operated by Wanda, Broadway, Lumière Pavilions, Qujiang Film and Television and regional circuits in Jiangsu, Chongqing and Hubei provinces, among others. "Many cinemas are interested in joining the circuit...we hope to increase it to around 500 screens," China Film Archive Director Sun Xianghui told *Screendaily*. The mechanism for import is unclear and at least one report says that CFA will be able to offer both revenue-sharing and flat fee terms to rights owners. Still, all films will have to pass China's censorship system.

With the box office slipping even though the number of screens has been increasing, it is clear that economic changes are not the only reason. In hard times, people go to the movie theater. On the other hand, they can get tired of seeing just the 34 revenue-sharing films — mostly blockbusters — that China has allowed in through its World Trade Organization quota system agreement of 2012. "There's a younger generation growing up in China, and while, right now, they might want big blockbusters and broad local comedies, their tastes are changing. An audience for films outside the Hollywood mold is starting to emerge," says Rikke Ennis of Zentropa told *The Hollywood Reporter*. "This is a very important initiative. Maybe we will now get to see films by Woody Allen, Pedro Almodovar Ken Loach and the Dardenne brothers in China," Isabelle Glachant, an Asia-based film producer, seller and operator of Asian Shadows told *Variety*. Jia also is seeking to open up China's video sector to auteur content. The service was supposed to launch in June, but Jia and his team are curating the selection carefully, resulting in only 20 titles being secured so far. Jia now anticipates that the platform will go live

by December. “Jia Screen is not just for Chinese young directors,” he told *Variety*. “We also want to introduce international filmmakers to Chinese audiences. It is a bilateral communication.”

New Censorship Law

As *TFE* was going to press, China also announced the new “Film Industry Promotion Law” governing the film industry a move that some said would simplify the process of approving and censoring films. The law, which was 12 years in the making, will take effect in March 2017. The legislation is aimed at better regulating the world’s second-largest film industry, which grossed US\$6.8 billion last year. It provides stiff penalties for box-office fraud and piracy, which will make Hollywood and other outside film companies happy; however, the law also states that its aim is to “spread core socialist values” and enrich the masses’ spiritual and cultural life. In addition, it forbids content that stirs up opposition to the law or constitution, harms national unity, sovereignty or territorial integrity, and set ground rules for the industry. <http://news.rthk.hk/rthk/en/component/k2/1295250-20161107.htm> *TFE* will revisit this subject in the November issue along with any new information from AFM’s China panel as to how its restrictions may affect specialty filmmakers both inside and outside of China. ■

RIO FILM FESTIVAL

The 18th edition of the Rio Festival, which took place October 6th to 16th-12th 2016, presented about 250 projects from more than 60 countries. *Première Brasil*, the only competitive section of the festival, presented more than 50 titles, from both national and international audiences, including feature-length, short and documentary films. The concurrent Rio Market ran from October 5th to 12th with more than 50 panels, 20 workshops and master classes.

AND THE WINNERS ARE . . .

AWARD	FILM	WINNER
Best Fiction Feature	<i>The Other End</i>	Felipe Sholl
Special Jury Prize	<i>Whirlpool</i>	José Luiz Villamarim
Best Director, Fiction	<i>A Woman And The Father</i>	Cristiane Oliveira
Best Actress	<i>The Other End</i>	Karine Teles
Best Actor tie	<i>Comeback</i> <i>Whirlpool</i> and <i>Under Pressure</i>	Nelson Xavier Julio Andrade
Best Supporting Actress	<i>A Woman And The Father</i>	Verónica Perrotta
Best Supporting Actor	<i>Under Pressure</i>	Stepan Nercessian
Best Cinematography tie	<i>The Desert of Super Dara</i> <i>A Woman and the Father</i>	Fernando Lockett Heloisa Passos
Best Editing	<i>Era o Hotel Cambridge</i>	Marcio Hashimoto
Best Screenplay	<i>Russian Red</i>	Martha Nowill, Charly Braun
Best Documentary	<i>Fight Of The Century</i>	Sérgio Machado
Best Director, Documentary	<i>The Desert Of Super Dara</i>	Sérgio Oliveira

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Honorable mention	<i>Curumin</i>	Marcos Prado
Best Short Honorable mention	<i>The Parking Lot</i> <i>Demonia – A Melodrama in Three Acts</i>	William Biagioli Fernanda Chicollet Cainan Baladez
NEW TRENDS PRIZES		
Best Feature Film	<i>Then I Died</i>	Bia Lessa and Dany Roland
Best Short	<i>Don't Promise Me Anything</i>	Eva Randolph
Special Jury Prize	<i>Fix Up, Look Sharp</i>	Emílio Domingos
Honorable mention for Performance	<i>Janaína Overdrive</i>	Layla Kayã Sah
FIPRESCI AWARD: Best Latin American Film tie	<i>Dark Skull</i> <i>Era o Hotel Cambridge</i>	Kiro Russo Eliane Caffé.
Felix Award (Film that best recognized LGBT themes)		
Best Fiction Film	<i>Rara</i>	Pepa San Martin
Best Documentary	<i>Divine Divas</i>	Leandra Leal
Special Jury Prize	<i>Love Snaps</i>	Daniel Ribeiro Rafael Lessa
Suzy Capó Felix Personality Of The Year	Lea T	—



WHAT I WISH I KNEW BEFORE I STARTED RAINDANCE

By Eliot Grove, a Canadian-born film producer who founded both the **Raindance** Film Festival in 1993 and the British Independent Film Awards in 1998.

1. Success Doesn't Happen Overnight
2. ...The Movies You Create Now Will Continue to Work for You
3. There's Always Something New
4. There's More to a Successful Filmmaker Than a Film
5. Shooting and Editing Aren't the Only Skills a Filmmaker Needs
6. Sticks and Stones Will Break My Bones
7. Making an Investor Happy is Hard Work
8. Sometimes Film-making is Easier Than You Think

For the details on these thoughts, go to: <http://www.raindance.org/8-things-i-wish-i-knew-before-i-started-raindance/>

NUMBERS! NUMBERS! NUMBERS!

LOW-BUDGET INDEPENDENT FILMS (\$9.5 M and under)

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>Anthropoid*</i>	Bleecker Street	2,964	9,000
<i>Blair Witch*</i>	Lionsgate	19,138	5,000
<i>Dark Horse, The</i>	Broad Green Pictures	906	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>Hello, My Name Is Doris</i>	Roadside Attractions	14,445	1,000
<i>Hillary's America</i>	Quality Flix	13,099	5,000
<i>Lady in the Van, The</i>	Sony Pictures Classics	10,021	5,500
<i>Lobster, The</i>	A24	9,078	4,500
<i>Love and Friendship</i>	Amazon/Roadside Att.	14,017	3,000
<i>Meet the Blacks</i>	Freestyle Releasing	9,096	900
<i>Middle School: The Worst Years of My Life*</i>	Lionsgate	18,566	8,500
<i>Moonlight*</i>	A24	1,499	5,000
<i>Race</i>	Sony Pictures Releasing	19,115	5,000
<i>Southside With You*</i>	Roadside Attractions	6,304	2,000
<i>Swiss Army Man</i>	A24	4,210	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 October 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 \$9.6M)

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous.
<i>Bad Moms*</i>	STX Entertainment	112,514	20,000
<i>BFG, The*</i>	Disney	55,436	140,000
<i>Café Society*</i>	Lionsgate/Amazon	11,078	30,000
<i>Choice, The</i>	Lionsgate	18,730	10,000
<i>Criminal</i>	Lionsgate/Summit	14,709	31,500
<i>Deepwater Horizon*!</i>	Lionsgate/Summit	20,223	110,000
<i>Don't Breathe*</i>	Screen Gems	84,742	9,900
<i>Florence Foster Jenkins*</i>	Paramount	27,154	29,000
<i>Hell or High Water*</i>	Lionsgate	25,764	12,000
<i>Gods of Egypt</i>	Lionsgate	31,153	140,000
<i>Infiltrator, The*</i>	Broad Green Pictures	15,431	28,000
<i>Kubo and the Two Strings*</i>	Focus Features	46,743	60,000
<i>Kung Fu Panda 3</i>	DreamWorks Animation	143,529	120,000
<i>London Has Fallen</i>	Focus Features	62,524	60,000
<i>Mechanic: Resurrection*</i>	Lionsgate/Summit	20,935	40,000
<i>Mother's Day</i>	Open Road	32,493	25,000
<i>Nerve*</i>	Lionsgate	36,914	40,000
<i>Nice Guys, The</i>	Warner Bros.	36,262	60,000
<i>Now You See Me 2*</i>	Lionsgate	65,075	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	6,874	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	25,049	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,216	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.	51,716	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	10,673	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	7,144	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.	35,097	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 to find out how you can put her 28 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 (A Routledge/Taylor&Francis book, 2013). The sixth edition of the book continues to be available in Mandarin from 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, 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*), 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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