

TFE THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors



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OVERALL DIGITAL SALES GOOD Y-T-D

Total U.S. home entertainment spending year-to-date was \$13.53 billion, up from \$13.169 billion last year for the same period, or an increase of 2.75 percent, according to the DEG: Digital Entertainment Group. Overall, home entertainment results outperformed relative to box office which was off more than 3 percent for the year. Blu-ray disc sales rose nearly 4 percent from a year earlier for the third quarter alone. Purchases of next generation 4K Ultra HD TVs and 4K Ultra HD Blu-ray players are the biggest factor in the overall increase. Other details from the report are:

- Consumers are aggressively expanding their digital libraries of filmed entertainment through Digital HD purchases – or Electronic Sell through (EST). Digital HD sales rose 7 percent in the quarter and nearly 8 percent for the first nine months compared to the respective year - earlier periods.
- VOD, on the other hand, was down 3.08 percent for the year.
- Subscription streaming (paid subscribers but not including SVOD bundled with other) was up a whopping 21.6 percent for the year.
- Physical rental (brick and mortar, subscription and kiosk) excluding VOD was down 16.5 percent.
- More than 7.6 million 4K UHD TVs were sold in the first nine months of 2017, bringing the total number to more than 23 million. In addition, approximately 1.5 million 4K UHD Blu-ray playback devices were sold in the first nine months of the year, bringing the total number of players sold to date since the technology was introduced to 4.8 million (including game consoles).

- HDTV (including 4K UHD) penetration now totals more than 116 million households. Blu-ray playback devices (including set-tops and game consoles) are now in 94 million U.S. For more information on this report, go to: http://degonline.org/portfolio_page/deg-q3-2017-home-entertainment-report/ 

PwC: The Future of Film – Thinking Beyond Theatrical Windows

This article, is by PricewaterhouseCoopers, has been shared for us by The DEG. While it is based largely on studios, all of the ideas are relevant to independent films of all budget sizes. Many of the ideas are already in use. Thinking beyond theatrical windows does not imply ignoring them but using both all the old and new technologies to insure that your film reaches its potential audiences. This is an excerpt.

“ Movies have always offered us a window into the future. In a digital, on-demand world, consumers are in control. As a result, studios and exhibitors need to use data effectively to transform marketing and re-envisioning the moviegoing experience. Without identifying and adapting to consumers’ evolving expectations and appetites, we risk losing generations of moviegoers to come.”

- **Dynamic Pricing** – Should cinema chains offer consumers more options when it comes to the price of seating?
- **The Subscription Model** – Perhaps exhibitors can work with the innovators to identify a way an all-you-can-eat model could work for those days of the week and/or times of the day that they need help filling empty seats?
- **Social Media Impact** – Devising marketing strategies based on reliable consumer data is not merely viable but, as consumer preferences increasingly dictate what happens in the marketplace, they are essential.
- **Marketing Dollars & Sense** – As windows compress, up-sell moviegoers for a take-home copy reducing costs associated with marketing a film.
- **Managing Release Strategies** – What can studios and exhibitors do to prepare for the many technological issues around rights management if every movie has its own individual release strategy?
- **Leveraging Consumer Data** – With the advent of big data and advanced modeling techniques, de-coding consumer behavior requires new technology to capture, store and prepare these large datasets for interpretation and analysis.
- **Taking a Holistic Approach** – In a digital world, it’s hard to imagine a future for cinema that doesn’t embrace a holistic “tech-enabled everything” approach, from the box office to the back office. <http://degonline.org/pwc-future-film-thinking-beyond-theatrical-windows/> 

AUDIT FINDS CHINESE CINEMAS UNDER-REPORTED BOX OFFICE

Chinese box office receipts were underreported by as much as 9 percent last year, according to an audit being carried out by PricewaterhouseCoopers (PwC) on behalf of the Motion Picture Association of America (MPAA), reports screendaily.com. A source close to the audit told the *Wall Street Journal* that under-reporting accounted for losses of around \$40 million for U.S. studios in 2016. Typical methods included under-reporting the number of screenings and audience size for U.S. movies, as well as categorizing ticket sales as concessions. PwC is understood to have investigated the 29 biggest U.S. films released in China in 2016, along with 125 screens operated by 27 different exhibitors in a wide range of cities across the country. The audit then extrapolated the results to estimate the scale of fraud across China's more than 40,000 screens.

The news comes as the U.S. Trade Representative is negotiating with Chinese authorities about the country's revenue-sharing import quotas, the U.S. studios' share of Chinese box office receipts and the notice period given for release dates. The current agreement was signed in February 2012 and technically expired in February 2017. The U.S. studios increasingly rely on the China market to boost the box office of tentpole movies. So far this year, Universal's *The Fate Of The Furious* and Paramount's *Transformers: The Last Knight* both grossed more in China than they did in North America. Chinese authorities have also been cracking down on box office fraud – tough new penalties were introduced in the Film Industry Promotion Law, which went into effect in March 2017. Later that month, China's film regulators punished 326 cinemas for box office fraud, with penalties ranging from written warnings and fines of \$24,000 (RMB200,000) up to forced closure of theatres for three months.

FILM MARKETING ESSENTIALS – 5 TIPS TO SELL YOUR FILM

The following are excerpts from an Elliot Grove blog that he sent while at the European Film Market. Follow the link at the end and read the detail for of the 5 tips.

“Here's the common misconception emerging screenwriters and filmmakers entertain: that the film industry is a filmmaking industry when in fact it is a film marketing industry. The films that sell successfully use five basic film marketing essentials. If you want to attend a film market and sell your film, try and understand and then master these film marketing essentials:”

- 1) The power of genre in film marketing:** Film Sales professionals can't sell drama movies. It's as simple as this: all movies are dramas. You have to be more specific.
- 2) Create film marketing materials:** A filmmaker needs to understand the basics of how to write a press release, create a press kit and make a good trailer/sizzle reel for your film.
- 3) Start creating hype:** Get people talking about your film thru festivals and/or social media to create anticipation when film reaches the market.
- 4) Build relationships:** As a filmmaker, you need to become a networker and expand your circle of influence by attending as many film events as possible: film festivals, networking events, film markets and screenings.

5) Make an entertaining film: It goes without saying that the ultimate responsibility for the commercial success of your film rests with you and your ability to tell a compelling story which maximizes the visual medium.

<https://www.raindance.org/film-marketing-essentials-5-tips-sell-film/> 

LOS ANGELES FILM FEST ON THE MOVE AGAIN

Not to yet another group of cinemas, but to the Fall. Film Independent (FIND) is moving its dates to September 20-28 in 2018. “Not solely for the increased opportunities such a move presents within the pumpkin spice sector,” FIND says, “but also (on a serious note) for the Festival’s overall growth and ability to serve our city’s fervent community of independent film makers-and-supporters.” Interestingly, it also will be forcing the local community to choose between the many fests — Telluride, Venice, Toronto and IFP’s Independent Feature Projects and Gotham Awards. “The secret to dramatically changing something is to change it,” says LA Film Festival Director Jennifer Cochis, who added, “The time for evolution has come. Film Independent is so proud of the work we’ve done in showcasing new American and international cinema that embraces diversity, innovation and unique perspectives. But the fact remains that summer is a challenging time for artist-driven films, and fall is clearly where we belong.” The organization points out that the move to Fall will make the festival more accessible to LA-area film students—who have typically all fled home by the time June rolls around, as well as LA-area film professionals who might otherwise be occupied during production-heavy months spanning late spring to early fall. As to remaining with its Arclight Cinemas partner, Film Independent President Josh Welsh says, “Great Festivals need great partners. LA audiences know and love the ArcLight experience, and as our submissions continue to grow, Withoutabox is the ideal service for us to accept and evaluate [film] submissions.” To learn more, go to <https://www.filmindependent.org/la-film-festival/> 

COMINGS AND GOINGS

Update: As *TFE* goes to press, deadline reports that **MGM** and **Annapurna** are “this close” to announcing they will team on the domestic release of the next **James Bond** movie.

Previous Oct. 31 announcement:

The newest duo forming a distribution agreement to combat the inroads of the streaming companies on the Indie market, are **MGM** and **Annapurna Pictures**. Financial terms of sharing costs were not disclosed, but both companies look to have more control over the marketing and distribution of their films. The marketing and distribution team established at Annapurna to release *Detroit* will help in the campaigns for all MGM titles, which will be distributed under the MGM banner. Annapurna’s produced films will continue to be distributed under Annapurna’s already established label. MGM expects to release approximately six to eight films per year beginning with an updated version of *Death Wish* starring Bruce. Other 2018 releases will be a reboot of *Valley Girl* and a pro wrestling comedy-drama *Fighting With My Family*. “The time has come for MGM to regain control of its own destiny and return to U.S. theatrical

distribution,” said MGM CEO Gary Barber. “This efficient distribution model enables us to retain more distribution rights to our feature film releases and create additional revenue opportunities for MGM.” Annapurna expects to release a slate of approximately four to six films per year including Richard Linklater’s *Where’d You Go, Bernadette*, Barry Jenkins’ *If Beale Street Could Talk*, *The Sisters Brothers*, Adam McKay’s untitled Dick Cheney film and Jacques Audiard’s follow-up to *Dheepan* and Adam McKay’s untitled Dick Cheney. MGM maintains relationships with studios including *Creed 2* to be released through Warner Bros. The only comment on the next James Bond movie is that MGM and EON Productions will make an announcement “at a later date.”

Bold Films has signed a first-look deal with management company Industry Entertainment. The partnership will focus on the development of features with Industry’s roster of talent, which includes Jeff Goldblum, Krysten Ritter and Calista Flockhart, among many others. Bold Films, whose previous credits include *Whiplash*, *The Neon Demon* and *Drive*, recently released the Jake Gyllenhaal feature *Stronger*. The production and finance company also has a first-look deal with Gyllenhaal’s *Nine Stories* and Ben Stiller’s *Red Hour*. “We are thrilled to be working with Industry Entertainment. They have a terrific track record along with an impressive pool of outstanding talent,” said Bold Films CEO Gary Michael Walters in a statement. “Joining forces with Industry aligns impeccably with Bold’s vision of developing and producing more feature films and content for television.” Industry, which employs more than 25 managers and has offices in Los Angeles and New York, has a 20-year history representing talent while also producing film and television projects.

Morgan Creek Productions has changed its name to **Morgan Creek Entertainment Group**, as it looks to exploit its library across multiple platforms, reports *deadline.com*. Founded in 1988 by James G. Robinson and Joe Roth and built by Baltimore-based entrepreneur Robinson, Morgan Creek has a library consisting of 60-plus feature titles, including 13 movies that debuted at No. 1 at the box office. Among those titles are *Ace Ventura*, *Major League*, *Young Guns*, *Dead Ringers*, *Diabolique*, *Pacific Heights* and Clive Barker’s *Nightbreed*. “Morgan Creek’s globally recognized brand and premium titles are an ideal fit for the extraordinary creative revolution taking place in the television and digital worlds today,” said MCEG president David Robinson, the son of James Robinson.

Larry Namer and Martin Pompadur of **Metan Global Entertainment Group (MGE)** have partnered with asset manager CMR Capital Group (CMR) on an eight-figure independent cinema fund. Metan President and CEO and former *E!* co-founder and Metan chairman and former News Corporation Europe Chairman Pompadur will work with CMR Managing Director F. Scott Shea on **MGE Film Fund I** to back companies and global projects in the \$500,000-\$2m budget range, reports *screendaily.com*. The five-year commitment will focus on cash-flowing tax credits and incentives, and other forms of secured financing. The partners said they had begun negotiating the first two deals. “We look forward to opening our doors to independent film makers and filmed content creators across the globe to find quality projects that will be a good fit for our fund,” Namer said. ◻

NUMBERS! NUMBERS! NUMBERS!

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

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>47 Meters Down*</i>	Entertainment Studios Motion Pictures	44,307	5,000
<i>All Saints*</i>	Pure Flix	5,802	2,000
<i>Belko Experiment, The</i>	BH Tilt	10,167	5,000
<i>Big Sick, The*</i>	Lionsgate/Amazon	42,872	5,000
<i>Case for Christ, The</i>	Pure Flix	14,682	3,000
<i>Collide</i>	Open Road Films	2,280	800
<i>Friend Request*</i>	Entertainment Studios Motion Pictures	3,756	9,900
<i>Ghost Story, A</i>	A24/Amazon	1,596	100
<i>How To Be A Latin Lover</i>	Pantelion Films	32,149	10,000
<i>I Am Not Your Negro</i>	Magnolia	7,124	1,000
<i>It Comes At Night</i>	A24	13,985	3,800
<i>Jigsaw*</i>	Lionsgate	20,264	10,000
<i>Loving Vincent*</i>	Good Deed	2,131	6,500
<i>Manchester by the Sea</i>	Roadside Attractions	47,695	8,500
<i>Maudie*</i>	Sony Pictures Classics	6,168	5,600
<i>Moonlight</i>	A24	27,850	1,500
<i>Paris Can Wait</i>	Sony Pictures Classics	5,618	5,000

*Still in North American distribution as of October 31, 2017. 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!

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

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous. \$
<i>All Eyez On Me</i>	Lionsgate/Summit	44,922	45,000
<i>American Assassin*</i>	Lionsgate	36,123	33,000
<i>Atomic Blond</i>	Focus Features	51,574	30,000
<i>Baby Driver</i>	TriStar	107,826	34,000
<i>Circle, The</i>	STX Entertainment	20,498	18,000
<i>Detroit*</i>	Annapurna	16,790	34,000
<i>Foreigner, The*</i>	STX Entertainment	29,874	35,000
<i>Girl on the Train, The</i>	Universal	75,395	40,000
<i>Hitman's Bodyguard, The*</i>	Lionsgate/Summit	75,455	30,000
<i>Home Again*</i>	Open Road	26,985	12,000
<i>Kidnap*</i>	Aviron	30,698	21,000
<i>Leap!*</i>	The Weinstein Co.	21,765	30,000
<i>Logan Lucky*</i>	Bleecker Street	27,770	29,000
<i>Lost City of Z, The</i>	Bleecker Street	8,580	30,000
<i>Marshall*</i>	Open Road	7,159	12,000
<i>Nut Job 2, The: Nutty by Nature</i>	Open Road	28,370	40,000
<i>Only the Brave*</i>	Sony	12,810	38,000
<i>Power Rangers (2017)</i>	Lionsgate	85,364	100,000
<i>Tyler Perry's Boo2! A Madea Halloween*</i>	Lionsgate	37,509	25,000
<i>Wind River*</i>	The Weinstein Co.	33,635	11,000
<i>Wish Upon*</i>	Broad Green	1301	12,000

* Same references as low-budget table.

LARGE FORMAT FILMS

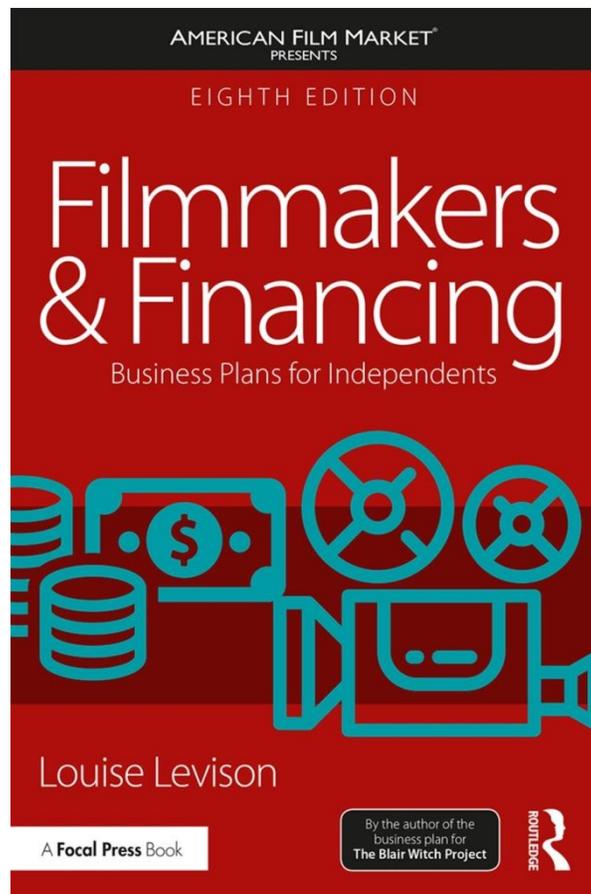
FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Beautiful Planet, A*</i>	IMAX	20,071	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	25,570	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,263	1,000
<i>Galapagos: The Enchanted Voyage</i>	IMAX	18,572	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.	51,884	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	10,947	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	7,608	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	93,289	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D</i>	Warner Bros.	14,517	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.	35,636	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.

EIGHTH EDITION!

Filmmakers and Financing: Business Plans for Independents

By Louise Levison



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

[Routledge.com/American-Film-Market-Presents/book-series/AFMP](https://www.routledge.com/American-Film-Market-Presents/book-series/AFMP)

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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 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. 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 eighth edition (A Routledge/Taylor & Francis book, 2016). The sixth edition of the book was published in Mandarin. 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). Levison has presented seminars and/or been on panels at festivals and markets around the world.

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