



INSIGHT REPORT

STRANGER BY THE LAKE

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INTRODUCTION

The following report analyses the near day-and-date release by Peccadillo Pictures of French thriller *Stranger By The Lake*.

The report, supported by the New Models strand of the BFI Distribution Fund, sought to answer the following questions:

- What are the advantages or disadvantages for releasing *Stranger By The Lake* on VOD at the same time as cinemas?
- How do the VOD platforms affect cinema going?
- And how does a VOD offer so close to the cinema release date affect consumer demand?

1.1 METHODOLOGY

The study relied on evidence from a number of sources:

Exit Polls: Four exit polls of 117 people were carried out at Bristol, London, Cambridge and Manchester, then two weeks later at the Edinburgh Filmhouse and Glasgow Film Theatre (106 people).

The polling took place in two parts: before and after performances.

The results were supplemented by a survey of Peccadillo's Facebook and membership email lists, which resulted in another 140 questionnaires being completed.

Industry data: The report uses data from a number of sources to provide objective analysis of performance, and to provide useful comparisons. Data includes theatrical box office results and sales information, supplied by Peccadillo. The analysis of this kind of day-and-date releases are also increasingly informed by knowledge acquired from the Insight Reports from the series of releases supported by the BFI's New Models fund.

Analysis: The conclusions are based on a study of all the sources of data and interviews with key stakeholders. The expectations and perceptions of performance from the distributor Peccadillo were discussed before and after the film.

1.2 BFI NEW MODELS FUND

The release was supported by the New Models strand of the BFI Distribution Fund, with a grant of £50,000.



EXECUTIVE SUMMARY

- Peccadillo released the film in 24 UK theatres (except Scotland) on February 21, 2014 in London. Two weeks later the film was released on VOD and simultaneously in Scotland.
- The film was primarily aimed at LGBT cinema going community, with an emphasis on a male art house audience.
- The release was supported by the New Models strand of the BFI Distribution Fund, giving a total P&A budget of £100,000.
- One of the major chains, Cineworld, initially agreed to support the film with one-off special screenings, in contrast to Odeon and Vue, which followed the usual practice of refusing to show films breaking an established 17-week window between the theatrical and home entertainment release.
- Cineworld, having agreed to play the film, decided very close to the release date to cancel showing the film due to the windows issue. No reasons were given, but following spontaneous social media protests, that decision was reversed and the film was played as a special one-day screening in a few sites.
- As expected, there was a very strong male skew, both in theatres (76%) and for downloads (84%).
- The majority of the audience was made up of frequent cinemagoers, with 61% going once a fortnight or more. The trend was slightly less marked for downloading, where 55% of the audience attended the cinema at least two or three times a month.
- The average age of the male-skewing theatrical audience was 46.
- 51% of the audience rated the film as 'very good' or 'excellent', which was below the polling norms.
- 81% of theatrical audience said they would not download the film.
- The theatrical gross total was £154,000, which is a respectable result for a subtitled arthouse film and in line with distributor mid-case expectations.
- The decision to release day-and-date, thereby leading to the exclusion of many screens, certainly resulted in lower theatrical revenues.
- The film did not get full shows in any cinema at any point of the release.
- 72% of the box office came from London from 21% of cinemas.
- 71% of the Video On Demand (VOD) revenue came from iTunes and Virgin Cable. Niche branded platforms figured very little in total % sales.
- By contrast almost all theatrical revenues came from arthouse cinemas. This difference in platform revenue between VOD and theatrical might benefit from further discussion in the industry.
- VOD revenues were enhanced by premium pricing and promotional support.
- Those revenues need to be weighed against the impact of most cinemas not playing the film due to the breach of the 17-week window, though the specialist appeal and explicit sexual content may have limited the scope for a wider release.
- Major platforms that might be expected to give promotional support for the day-and-date release were more hesitant due to the explicit nature of the film.
- Online promotion was key to download revenues and the day-and-date release helped incentivise the platforms to promote the film – but not substantially in this case.
- Peccadillo's own survey suggests 74% of the on-demand audience lived outside London. The only other geographical data came from Curzon Home Cinema, which showed 63% coming from London. The lack of real sales data from platforms is again frustrating.

- The stats in the download world are limited in scope and all platforms are bafflingly slow in reporting.
- Total on demand gross sales were £33,953.
- Without premium pricing revenue would have been circa 26,000. Extra revenue from VOD premium pricing is estimated at £7,500.
- Premium pricing equates to a 30% uplift from on demand revenues in the first four months on release.
- This very tentative 30% metric might be valuable for content owners in assessing the relative merits of going day and date. More data would help to verify this.



CHAPTER TWO: PLANNING AND RELEASE

2.0 THE FILM

Stranger By The Lake had enjoyed considerable critical acclaim since its appearance in the Un Certain Regard section at Cannes in 2013, where it won the Queer Palme d'Or and where Alain Guiraudie was nominated for best director.

The film picked up numerous honours on the festival circuit and, by the time of its UK release, it had been nominated for eight awards at the leading French film awards, the Cesars.

The one Cesar winner, Pierre Deladonchamps, and his co-stars Christophe Paou, Patrick D'Assumcao and Jerome Chappatte were widely acclaimed, although it is fair to say that they had little or no profile in the UK before *Stranger By The Lake*.

The film was well reviewed, with a 96% 'Fresh' rating from Top Critics, according to reviews aggregation site Rotten Tomatoes, and an 82% "Universal Acclaim" rating on the Metacritic site.

The leading UK newspapers all gave four and five-star reviews, except the Daily Mail which offered only two stars.

Importantly, The Guardian gave the film four stars and decent coverage, calling it 'gripping' and 'thrilling'. Although Peter Bradshaw's review ran in October for the BFI London Film Festival he repeated the four stars (albeit with less coverage) on the release date.

While the film was lauded for its cinematic quality, the element of the film that attracted the greatest attention was the explicit sex scenes between the male stars.

The sexual content received significant editorial coverage, notably in The Guardian and The Independent. The fact that the film was released on the same weekend as Lars Von Trier's sexually charged *Nymphomaniac* might well have encouraged greater attention.

2.1 THE STRATEGY

Peccadillo has an unusually loyal following and a clear brand, specialising in LGBT (lesbian, gay, bisexual and transgender) films. They have an email list in excess of 10,000 and a Facebook following of 10,000.

A strong community offers considerable advantages in promoting a film and *Stranger By The Lake* in some ways epitomises the distributor's core product.

The French thriller was directed by Alain Guiraudie, who has a strong track record in LGBT-themed films, and good arthouse credentials, having been selected for Un Certain Regard, Cannes 2013, and as well as being the winner of a number of festival awards.

Peccadillo was able to target the film at its core audience of 30-plus gay men with an interest in arthouse cinema.

Stranger By The Lake was a near day-and-date release. It opened in cinemas in the UK (except Scotland) on February 21 2014, and in Scotland and on Video On Demand platforms two weeks later on March 7 2014. The DVD release was the 26th May 2014.

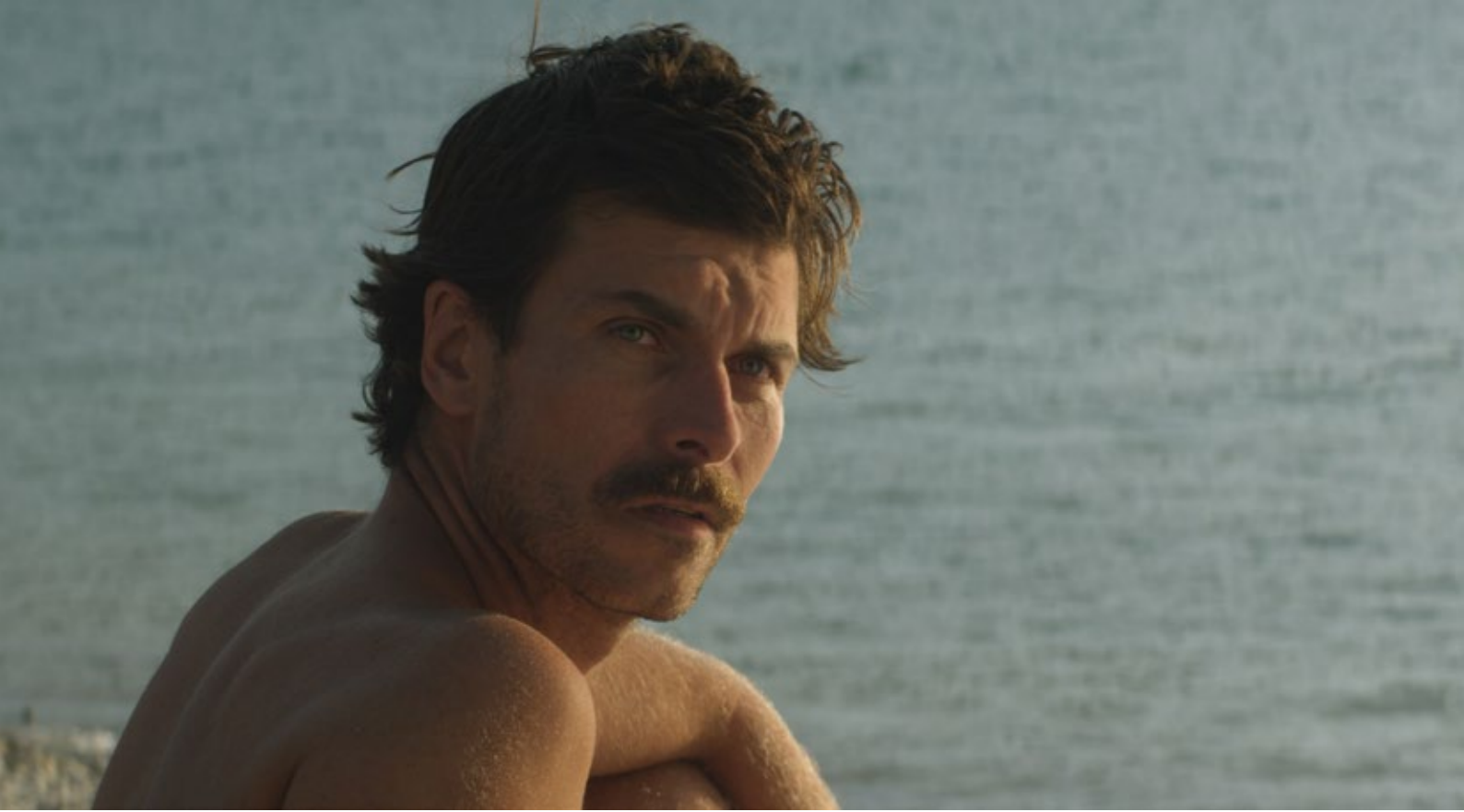
The decision to leave a two-week gap was a compromise, based on discussions with arthouse cinemas, who were keen to maintain at least a short exclusive window.

As expected, the major chains, with one notable exception decided not to support the film because it broke their established policy that films should maintain a window of at least 17 weeks between theatrical and home entertainment screenings.

Peccadillo spent £100,000 on a double marketing push: firstly for theatrical release, and then for VOD two weeks later.

The campaign used a mix of trailers, conventional media, PR and outdoor sites but there was particular emphasis on reaching online audiences. The distributor was able to draw on an established, strong and active fanbase on social media.

While the theatrical release was heavily weighted towards arthouses, Peccadillo did feel that there was potential for one-off screenings in mainstream mainly multiplex cinemas.



2.2 THEATRICAL RELEASE

Peccadillo anticipated that the film would predominantly play to arthouse audiences. The loss of mainstream cinemas, unwilling to show the film because it had shortened the release window, was not seen as a major problem.

The hope was that the additional VOD sales would make up for any lost ticket sales. However the impact of the limited theatrical release, which left large areas of the UK untouched, may have reduced overall revenues more significantly.

The hope for an additional theatrical life, in one-off special screenings, or crucially as a second run in London, did not materialise for a variety of reasons.

The film was released on the same weekend as *Nymphomaniac*, which may have attracted a (probably small) part of the potential audience for *Stranger By The Lake*.

Perhaps more importantly, Curzon Film World's release strategy for Lars Von Trier's two-part film was also centred on a one-off event screening, which cost *Stranger By The Lake* important show times on the opening weekend. This meant that all of the opening cinemas took shows out of *Stranger By The Lake* to play the *Nymphomaniac* live event on the Saturday.

2.3 VOD AND DVD

Peccadillo released the film on VOD two weeks after the UK (except Scotland) theatrical release. It was launched simultaneously with the theatrical release in Scotland. The DVD was released at the end of May.

There were a number of reasons for this release strategy.

- Releasing to VOD significantly ahead of DVD encourages VOD platforms to charge a premium price.
- While there are no fixed rules that link prices to timings, and negotiations are necessary with each platform, in practice a VOD release close to the theatrical release increases the chance of a premium price point.
- Having VOD in a premium position in the value chain tends to increase the willingness of VOD platforms to promote the film on their sites. This is something seen as crucial for a successful VOD release.
- It was felt that the restricted access to cinema screens would be mitigated by access to VOD platforms without a huge amount of cannibalisation.

The on-demand services involved in the release were iTunes, Curzon Home Cinema, Film Flex, Blinkbox, Google Play, Peccadillo Player (Distrify) and the BFI Player.

2.4 AUDIENCE DEMOGRAPHICS

There were four exit polls conducted in cinemas with a total of 223 questionnaires completed. The exit polls were conducted in London, Cambridge, Edinburgh, Glasgow and Bristol.

An online survey was conducted focussing on VOD consumers via Peccadillo's email customer base. A total of 140 responded.

The average age of the theatrical audience was 46 and was overwhelmingly male (78%). 84% went to the cinema once a month or more, putting the audience into the classic arthouse cinema going profile.

Scotland was similar with average age of 45, skewing strongly towards men (84%), with 75% going to the cinema once a month or more.

Exit polls suggest the three main reasons for attendance were the story (53%), an interest in LGBT cinema (52%) and a liking of world cinema (35%). Scotland was similar, with a bigger emphasis on world cinema at 45%.

The download audience was noticeably younger, with 77% under the age of 45. They were also somewhat less frequent cinemagoers with approximately 55% attending twice a month or more.

From the download survey, a total of 26% watched the film on VOD in London. 74% therefore lived outside London. The sample is small here (54) and therefore it is difficult to generalise with confidence, but it points to VOD takeup being stronger proportionately outside London.

2.5 AUDIENCE REACTION

The response of the cinema audience to the film in the polls was below the polling norms:

- 16% rated the film excellent, compared to a UK norm of around 30%
- 51% rated it excellent or very good, against a UK norm of around 65%
- And 30% said they would recommend the film to friends (50% UK norm)

This lower than average rating is also seen in the audience ratings on Rotten Tomatoes – a 66% approval rating, compared with a 94% rating from critics.

The film therefore shows a divide between the critical reception and the audience reaction.

Despite less than average word of mouth the box office held up well in weeks two and three in the crucial Curzon cinema venues in London. While the motivations for attendance varied, the Curzon success might reflect the fact that the film became a talking point in the capital's arthouse cinema going circles.



2.6 AUDIENCES AND DOWNLOADS

Exit polls suggest that the theatrical audience was largely unaware that the film was available on download. A maximum of 5% knew the film could be found on Peccadillo's own streaming player. There was even less awareness of availability on other platforms.

This figure was the same in Scotland with a maximum of 6% aware of the film's VOD presence.

Even if that awareness had been higher, poll responses suggested that the VOD audience would have been small. The audience was very loyal to cinema with 83% stating that they would always prefer to see the film in theatres.

Of the 17% suggesting that they were interested in VOD home viewing, 52% said convenience was the key motivation. The appetite for paying a premium price for home viewing via rental/streaming was low, with 79% saying they would pay £5 or less with 23% saying they would not pay anything.

If buying the film online, 62% would pay £5 or more.

From the Peccadillo customer base survey, 74% of people who did download *Stranger By The Lake* lived outside London. However in the Curzon Home Cinema Reports (the only platform giving location of sales) the figure was almost the reverse, with 63% in London and only 37% outside. Again the absence of even basic information from the online platforms such as location of sales makes this crucial piece of analysis extremely problematic. However the Curzon figure is similar to another release as detailed in the BFI Insight Report on *A Late Quartet* where 69% of people who watched *A Late Quartet* on the Curzon Home Cinema platform lived in London. It may be that the Curzon brand skews London centric – especially as that's where their cinema base is best known. Accordingly the Peccadillo survey might give a more accurate picture. Crudely put, if a cinema is not available to see the film, people might turn to VOD even at a premium price.

It is therefore possible that if download numbers are strong in areas where the film isn't released in cinemas, revenue is additional, whereas where downloads are bought in the same locations, they might well be at the expense of cinema tickets.

2.7 SOCIAL MEDIA

The film's Facebook page garnered 1,773 likes, which is a significant but not notably strong return. The main Peccadillo site has almost 10,000 likes, which served as a good platform for the targeted campaign.

There was a concerted campaign on Facebook with paid for ads into people's feeds.

The final statistics were as follows:

Reach: 189,690

Clicks: 15,448

CPC: £0.08

New Page Likes: 329

Desktop Reach: 24,852

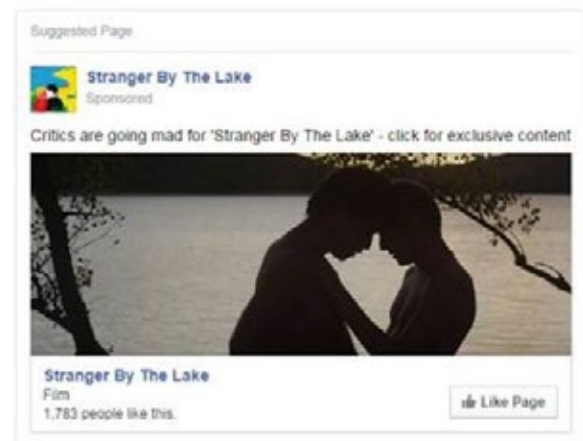
Desktop Clicks: 1,371

Mobile Reach: 157,578

Mobile Clicks: 13,939

Top performing demographics: Males 25-34 (£0.07 CPC), Males 45-54 (£0.07 CPC)

Top performing Page Like Ad:



Top performing promoted post:



CHAPTER THREE: REVENUES AND BENEFITS

This section considers the results, revenues and lessons of the release of *Stranger By The Lake*

3.1 THEATRICAL RELEASE

Table 1: Opening week Box Office & Admissions – 21 February 2014

Cinema	Location	Week Admissions	Week Gross
QFT	Belfast	225	£1,026.50
Riverside	Hammersmith	242	£2090.08
Cineworld	West India Quay	182	£707.80
Cineworld	Wandsworth	58	£251.28
Rio Dalston	London	661	£5,017.00
Picturehouse	Brixton	526	£4,461.50
Picturehouse	Hackney	379	£2,728.80
Picturehouse	Greenwich	199	£1,610.60
Picturehouse	Oxford	200	£1,370.50
ICA	West End	304	£2,153.80
Everyman	Hampstead	245	£3,247.50
Curzon Soho	West End	1792	£18,987
Curzon Renoir	West End	478	£4,776.30
Cine Lumiere	Kensington	258	£2,024.00
Cineworld	Birmingham	53	£250.63
Cineworld	Nottingham	22	£99.54
Broadway	Nottingham	182	£1,201.90
Glasgow Film Theatre	Glasgow	44	£280.5
Cineworld	Brighton	46	£236.08
Watershed	Bristol	263	£1,715.00
Cineworld	Cardiff	21	£116.44
NMM	Bradford	168	£1,004.30

The film played every day in 13 cinemas for the opening weekend, though many on reduced shows.

The remainder of the cinemas played the film as one-off one-day specials and/or on reduced shows and days during the opening week.

Even a film as carefully targeted and critically acclaimed as *Stranger By The Lake* can still struggle to find cinemas offering adequate screen time. This increases the pressure on the distributor to get the audience out on the opening weekend to have any chance at all of a decent theatrical run.

The six Cineworld sites were all one-off specials and the film only played one day in each of these cinemas.

Even this minimum level of support was threatened in the week of the release.

Cineworld decided that they would not play the film at all due to the breach of the 17-week window, in line with the other multiplex chains. This action resulted in a storm of protest on social media especially in the LGBT community, which resulted in it trending on Twitter.

Cineworld reinstated the cinema bookings, but these remained the only Cineworld cinemas playing the film – no additional CW cinemas ever played the film.

It is important to note that the issues and policies surrounding the 17-week window are volatile and differ from company to company.

By the beginning of the third week, with the inclusion of Scotland, nine cinemas were still playing the film, mostly as limited screenings. In London, the number of cinemas had been reduced to four.

Peccadillo executives in interviews commented on the lack of cinemas willing to play the film after the release date, especially in London, again due to the windows issues.

There was a feeling that a successful longer run and/or one off screenings in more mainstream cinemas could have happened and the box office could have improved, especially in the West End.

However the exit polls offer a more nuanced view of theatrical potential. While there is no doubt that having more screens would have boosted the box office, the audience reaction to the film was below the industry norms and there are questions about whether there was sufficient positive word of mouth to drive a long run in cinemas.

Interviews with Peccadillo executives also demonstrated how difficult it is to get access to screens and how important even a small booking can be for the profile and box office of the film.

Arthouse cinemas seem increasingly prone to reducing shows, or taking films off after two weeks no matter how well they might be performing. Over-supply of content and considerable competition for screen space might explain the pressure on screen space and show times, but it leaves arthouse films with very little time to make an impact.

The theatrical run was more or less complete after five weeks. The total box office including the Republic of Ireland was around £156,000 – a respectable number these days for subtitled art house films, particularly given the difficulties in finding screen time, and that most cinemas refused to play the film due to the windows issue.

3.12 VOD AND DOWNLOAD RELEASE

Stranger By The Lake was released on a variety of services, which consumers were able to access through many devices, including smart televisions, tablet computers and games consoles. Curzon Home Cinema (CHC), for example, offered the film through curzonhomecinema.com and on BT TV.

One of the key economic factors for distributors in deciding whether to release a film on VOD in the theatrical window is premium pricing. The difference in pricing can be seen with the pricing in June i.e. approximately 17 weeks after the release date. Certain VOD platforms will allow for a higher price to be charged than usual if the film is available on VOD at the same time as the release in cinemas. The so called Premium VOD price.

From the table it can be seen that there is a variation in supply and in pricing, depending on which platform the consumer chooses.

Table 2: Opening Week Premium VOD consumer prices 21 February 2014 £ per transaction

£ per transaction

	EST (download to own) HD	EST SD	Rental/Streaming HD	Rental/Streaming SD
iTunes	13.99	9.99	n/a	n/a
BlinkBox	13.99	10.99	n/a	n/a
BFI	n/a	n/a	9.99	9.99
Amazon Instant Video	13.99	9.99	n/a	n/a
Film Flex	n/a	n/a	n/a	7.99
Peccadillo player (Distrify)	n/a	n/a	7.99	7.99
Curzon Home Cinema	n/a	n/a	9.99	9.99
Google Play	9.99	7.99	n/a	n/a

Table 3: June 2014 pricing £ per transaction

	EST (download to own) HD	EST SD	Rental/Streaming HD	Rental/Streaming SD
iTunes	13.99	9.99	4.49	3.49
BlinkBox	13.99	10.99	4.49	3.49
BFI	n/a	n/a	4.50	4.50
Amazon Instant Video	13.99	9.99	4.49	3.49
FilmFlex	n/a	n/a	n/a	3.50
Peccadillo player (Distrify)	n/a	n/a	3.49	3.49
Curzon Home Cinema	n/a	n/a	4.00	4.00
Google Play	9.99	7.99	4.49	3.49

The premium pricing achieved was therefore in the rental/streaming transaction but not in the download to own and not on every platform. (Platforms with a premium pricing highlighted in green).

3.13 PREMIUM PRICING

Timings: The premium price window lasts approximately six weeks. The film is then withdrawn from VOD for a period of time until the non premium price VOD date. In this instance the dates were as follows:

Premium VOD release: 7th March 2014.

Finish of premium VOD availability: 21st April 2014 (six weeks).

Normal VOD availability with non premium pricing: 26 May 2014 on the home entertainment release (five 'dark' weeks).

Premium pricing is complex. iTunes and Blinkbox, for example, would only give a premium price of £5.99 for rental, as the film was not actually a day-and-date release, i.e. released simultaneously on all platforms at exactly the same time.

This £5.99 fee is too cheap to qualify as a 'premium' price, especially as the other platforms were willing to charge between £7.99 and £9.99.

Analysing the number of **premium** value units actually sold in the rental/streaming transactions shows the following:

Table 4: Number of premium value units sold by platform

	Rental/Streaming HD	Rental/Streaming SD
iTunes	n/a	n/a
BlinkBox	n/a	n/a
BFI	n/a	141
Amazon Instant Video	n/a	n/a
FilmFlex	n/a	991
Distrify	n/a	131
Curzon Home Cinema	n/a	335
Google Play	n/a	n/a

From those figures, the value of the premium price units can be calculated. Each platform has a premium and standard price. Multiplying the difference between the two prices by the number of premium units sold allows a calculation of the value for the premium VOD window.

Table 5: Value of premium pricing in £

	Rental/Streaming HD	Rental/Streaming SD	
iTunes	n/a	n/a	n/a
BlinkBox	n/a	n/a	n/a
BFI	5.49	141	774
Amazon Instant Video	n/a	n/a	n/a
FilmFlex	4.49	991	4,449
Distrify	4.5	131	589
Curzon Home Cinema	5.99	335	2,006
Google Play	n/a	n/a	n/a

Total premium income is £7,819 attributable to the premium pricing in the theatrical window gross. This is out of a total of £33,000 download sales. Without the premium price – and all things being equal – total download sales would be circa £25,000. The premium price therefore gave a significant boost to the overall revenues in the first four months by a factor of circa. 30%.

This metric needs much more data to be robust. However it might give a clue to the value of a day and date release in terms of revenues.



3.14 PLATFORM MARKET SHARE

Table 6: Total sales by platform were as follows:

Total sales	June			May			April			March		
	Units	£ Unit	Gross	Units	£ Unit	Gross	Units	Units price	Gross	Units	Units price	Gross
iTunes est hd and sd	47	£12.03	£565	54	£12.67	£684	123	£12.53	£1,541	698	£12.30	£8,585
iTunes rental HD and SD	491	£3.99	£1,959	120	£4.09	£491						
Amazon Instant Video HD EST	1	£13.99	£13.99				7	£13.99	£98	2	£13.99	£28
Amazon Instant Video SD EST	4	£10.00	£40				7	£10.00	£70			
Amazon Instant Video HD rental	16	£4.49	£81	8	£4.49	£36				19	4.49	£85
Amazon Instant Video SD rental	48	£3.49	£168	16	£3.49	£56						
Blinkbox EST HD	1	£13.99	£14							14	£13.99	£196
Blinkbox EST SD							6	£10.99	£66	91	£10.99	£1,000
Blinkbox rental HD	18	£4.49	£81	5	£4.49	£22						
Blinkbox rental SD	100	£3.49	£349	53	£3.49	£185						
Virgin cable				374	£3.50	£1,309	166	£7.99	£1,326	946	£7.99	£7,559
Virgin Broadband				2	£3.50	£7						
Film 4				13	£3.50	£46	14	£7.99	£112	38	£7.99	£304
EE										7	£7.99	£56
Play EST HD	3	£7.99	£24	2	£7.99	£16	3	£7.99	£24	15	£7.99	£120
Play EST SD	4	£9.99	£40		£9.99		10	£9.99	£100	18	£9.99	£180
Play Rental HD	3	£4.49	£13	1	£4.49	£4						
Play rental SD	10	£3.49	£35	5	£3.49	£17						
Curzon BT										183	£9.99	£1,828
Curzon Home Cinema				46	£9.87	£454				152	£9.99	£1,518
BFI							141	£9.99	£1,409			
Peccadillo Player (Distrify)							10	£7.99	£80	121	£7.99	£967
Totals	746	£4.52	£3,374	699	£4.76	£3,328	487	£9.91	£4,826	2304	£9.73	£22,426

Table 7: Total gross by platform

	Units	Average overall price	Gross	% Total sales
iTunes EST	922	£12.38	£11,376	34.18
iTunes rental	611	£2.02	£2,450	7.36
Amazon HD EST	10	£13.99	£140	0.415
Amazon SD EST	11	£10	£110	0.32
Amazon HD rental	43	4.49	193	0.57
Amazon SD Rental	64	3.49	223	0.66
Blinkbox EST HD	15	£7.00	£210	0.63
Blinkbox EST SD	97	£5.50	£1,066	3.14
Blinkbox rental HD	23	£2.25	£103	0.30
Blinkbox rental SD	153	£1.75	£534	1.57
Virgin cable	1,486	£4.87	£10,194	30.02
Virgin Broadband	2	£0.88	£7	0.02
Film 4	65	£4.87	£461	1.36
EE	7	£2.00	£56	0.16
Google Play EST HD	23	£7.99	£184	0.54
Google Play EST SD	32	£9.99	£320	0.94
Google	4	£2.25	£18	0.05
Play rental SD	15	£1.75	£52	0.15
Curzon BT	183	£2.50	£1,828	5.38
Curzon	198	£4.97	£1,973	5.81
BFI	141	£2.50	£1,409	4.15
Peccadillo Player (Distrify)	131	£4.00	£1,047	3.08
Totals	4,236	£8.02	£33,953	

It is significant that, despite the specialised appeal of the film, 71% of the gross came from the broader mainstream iTunes and Virgin Cable platforms.

The domination of those platforms might suggest that niche audiences are generally users of the mainstream platforms, rather than niche ones. Or that the film found a broader appeal than the very niche arthouse release suggests, an unlikely event.

Either way, at this stage of the market development, niche platforms are contributing little in the way of the overall pot.

By contrast, almost all theatrical revenues came from the niche cinemas. This fact may have an impact on the marketing and presentation of a film on different platforms. It would be worth exploring this much more as this is a very real issue for minority or niche films in the home entertainment market.

Sales data is extremely slow from all the online platforms sometimes taking three months for data to be sent.

In other words, June 2014 data is only becoming fully available in September 2014, which is ironic given that the digital age has speeded up almost all data collection processes and dissemination.

It means that immediate knowledge of the market place – what is working and where – is almost impossible to know.

Cinema box office can be seen hourly, DVD sales daily, so it is unacceptable for online sales to be seen only after three months of purchase. To demonstrate this a chart showing the reporting times for each platform is attached as an appendix (see Conclusions for more).

3.15 PROMOTION ON DEMAND PLATFORMS

Another critical factor in a day-and-date release is the willingness of platforms to promote films on their sites.

In most cases, the issue of VOD profile came down to commercial considerations or policies.

The film did get front-page placement on the BFI player site, Curzon Home Cinema and Film4OD (through Filmflex) because it was available on VOD at the same time as it was playing in cinemas.

On most other sites, it received a standard profiling for a new indie release. The main benefit in promotional terms was seen on the smaller sites, which of course have a more limited reach and value to the content owner.

There was significant support from Virgin of their own volition. The theatrical marketing push got the VOD team excited (they loved the poster campaign). The support resulted in strong revenues, highlighting the importance of an operator, which is attuned to more UK tastes and cultural acceptances (in contrast to the other platforms).

For Peccadillo, this explains the high % of Virgin cable.

It is difficult to quantify the value of promotion on the platform but all anecdotal evidence suggests that it is essential in driving revenues.

It is especially important when considering the lack of awareness audiences had that the film was available online, a factor perhaps of the limited marketing budget. Getting the platforms on board for a marketing push is a big factor in any evaluation of a day and date release strategy.

3.16 DVD REVENUES

The DVD was released on 26 May 2014.

DVD Units sold to date May / June 2014 period:

Amazon: 2,500

High street (HMV etc.): 1,700

Other online sellers / LoveFilm, Libraries etc: 1,000

Total: 5,200

High street and Amazon Price is approx: £11

Gross revenues circa: £ 57,000



CHAPTER FOUR:

OVERALL CONCLUSIONS

The BFI Insight Reports have been created to draw general conclusions about the value of new release models from specific projects.

As with many of the reports, definitive conclusions are difficult. The lack of transparency in VOD figures, and the lack of support from cinemas insisting on a 17-week window make it difficult to ascertain the real underlying demand for day-and-date releases.

Nonetheless, this release offers useful lessons, which are greatly enhanced when weighed alongside the findings of other Insight Reports supported by the BFI.

Stranger By The Lake is an important test model in how a film might not just more effectively and profitably reach a niche arthouse audience, but how it might engage a broad community interest, in this case of LGBT people.

4.1 DAY-AND-DATE STRATEGY FOR NICHE FILMS

Stranger by the Lake is a niche film in a number of respects: it is subtitled, French, and strongly branded as an “art’ film, not least through its Un Certain Regard banner. It is also an uncompromisingly, and sometimes sexually-explicit, story with a strong appeal to a the LGBT niche section of consumers.

Another release in the same weekend, *Nymphomaniac*, might be said to have the same issues, with unmistakable arthouse credentials and strong sexual themes, that are a difficult sell in cinemas.

There are other categories of film that have the same dynamic, with its strongest appeal to a specialist audience within the already niche taste for arthouse film. Many documentaries fit the same description.

In such cases, day-and-date releasing may have a particular appeal. With theatrical potential fairly low, but a strong core audience with a sense of community, existing outside the reach of an arthouse cinema, a new model may be appropriate.

The results of *Stranger by the Lake* illustrate the point: the theatrical release, partly because of the refusal of some cinemas to play the film, was unquestionably niche.

Yet 71% of the VOD audience watched the film through the broad, mainstream iTunes and Virgin platforms.

The combination of niche theatrical and broad VOD is intriguing, perhaps suggesting fresh strategic approaches.

4.2 THEATRICAL REVENUES

There is little evidence to say that theatrical revenues were hugely impacted by the day and date release.

In part, the lack of impact is down to problems with the film itself. For all the strong critical reviews and festival awards, it failed to inspire much of the audience.

Exit polls demonstrate that word of mouth was relatively weak, with ratings below the industry norm. To that extent, the potential for a long and successful run was limited, and very little chance of breaking out into crossover, or mainstream cinemas.

In theatrical terms, the film was always unlikely to play significantly outside of the arthouses cinemas, where subtitled and specialised films have their core audiences.

As long as there are independent cinemas willing to support films that are breaking the widely protected 17-week theatrical window, a niche film is unlikely to be badly affected.

In short, there was not much to be lost in the refusal of mainstream cinemas to show the film, and no obvious damage to theatrical revenues where it was shown from home entertainment platforms.

From the polling, it is clear that only a tiny fraction of the cinema audience was even aware of the VOD release, and in any case, the audience polls was overwhelmingly convinced (83%) that the cinema was always the best place to watch a film.

Tellingly, of those that did say they would consider watching the film on VOD, there was little appetite for paying premium prices from respondents to exit polls.

Online evidence, however, suggests consumers would pay the premium price, especially if they were with someone else thereby saving money on two tickets.

4.3 VOD REVENUES

A strong factor in any day-and-date strategy is pricing, with an expectation that people will pay a premium price for watching a film while it is still in cinemas.

For *Stranger By The Lake*, the number of premium value units sold (i.e. above the standard retail price) added up to around £7,000 or around 25% of the overall VOD gross.

It might therefore be argued that there is a 30% increase in VOD revenues by going with a simultaneous release, purely due to the premium pricing on some platforms.

This 30% metric might be hugely helpful if it can be proven with more data. It means a distributor can tentatively predict an online value to a day and date release. This can then be offset against other factors such as theatrical revenues. The result might be a more informed distribution strategy.

If iTunes had a premium price as well, then this factor would have increased notably (as they consisted of around 40% of the total sales).

4.3 PROFILE AND PARTNERSHIPS

Promotional support from VOD platforms is a significant factor in the success of online releases, and will become more so as the amount of available content grows.

In the case of the two biggest platforms Amazon and iTunes, *Stranger By The Lake* did not actually get any increased profile or support, and as a result the potential revenues were limited.

Gaining the support of the major platforms is crucial to maximising the value of a day-and-date release.

The experience of this film demonstrates the relative importance of the right partnerships: more than 70% of revenues came from iTunes and Virgin cable. If they could be persuaded to have a premium price and/or promotional support the financial benefits from the online release will become much larger.

4.4 REGIONAL ADDITIONALITY

There is some (limited) evidence that people downloaded the film because they were not able to see the film in cinema: perhaps because there was no local availability in cinemas, or because they would not have gone to see it in the cinema in any event.

Geographical and time and date sales information could offer real understanding of demand outside the cinema circuits and the appetite for day and date in different locations. But this data has not been released by the platforms.

However, a sample of downloaders from Peccadillo's own lists, does show a large majority watching outside of London.

It might be a leap to say that around 60% of downloaders were not near or willing to go to the cinema. On the other hand, the appeal to LGBT audiences may extend beyond the arthouse circuit, suggesting at least the potential that the film reached beyond the arthouse core.

Combined, hopefully with a premium price, this should mean additional revenues for the content owner on a limited release.



4.3 FINAL CONCLUSIONS

In theory, niche films focused on known engaged audiences beyond the cinema circuit may find day-and-date a beneficial approach.

The theatrical element of a film with a specialised appeal and with a clear arthouse pedigree will perhaps necessarily be limited. That is even more so with a film such as *Stranger By The Lake* because sexually explicit content has generally struggled to find audiences in cinemas.

The breakout potential is also fairly limited especially with average word of mouth on a film. The refusal of cinemas, and particularly multiplex cinemas to show the film in this instance in protest at the shortened theatrical window was thus unlikely to affect the theatrical potential. In other words, the film did not have a huge amount to lose.

On the other hand, Peccadillo's core audience of mostly LGBT film lovers extends beyond the reach of the arthouse circuit. The 71% of the audience watching on the mainstream Virgin and iTunes platforms points to the potential that a niche cinema release might best find its wider audience through on-demand release on the broadest services.

If it is possible to strike strong premium-pricing deals in partnership with mainstream players, with revenues offsetting, or exceeding the small lost opportunities from cinema refusals to show the film and cannibalisation of the cinema revenues from home viewing instead of a cinema ticket.

The theory may be sound but it comes with very big caveats. Firstly, the continuing lack of transparency from the VOD platforms makes it difficult to definitively analyse demand.

Secondly, niche releases are finding it increasingly difficult to get the support for a reasonable run of attractive shows in cinemas.

Finally, convincing VOD platforms first to put their promotional weight behind a film and to charge premium prices, and building awareness among audiences is not easy.

Turning theory into practice requires experimentation and the right conclusions to be drawn but each attempt to effectively exploit day-and-date releasing offers new insight.





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