

Netflix and Beyond: How Audience Engagement Data Can Reconfigure Filmmaking

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Key Quotes:

“Netflix will rip the heart out of pre-sale film financing.”ⁱ
S. Moore, Partner Corporate Entertainment Law, Strook LLP

“For the bulk of our content, we are going to try and do all pan-European or global deals” R. Hastings, CEO, Netflixⁱⁱ

“Asked about how the company picks which films to invest in, Sarandos [Netflix Chief Content Officer] called the process “data driven hunches””ⁱⁱⁱ

“When it comes to video on demand, I would like to ask for cross-border access to content and for portability of the content.” European Commission Vice-President Andrus Ansip^{iv}

“We are absolutely of one mind that this [the Digital Single Market] is probably the single biggest threat to our ability to make high-quality content in the UK” J. McVay, CEO Pact, UK Trade Association for independent creative content producers.^v

“For the independent space it is quite different [to the studios] because you are relying on revenue streams from all these different platforms to be able to justify what you’re spending to acquire a film, and when there’s changes and uncertainty it becomes a lot more difficult to justify certain acquisitions when you don’t see the downstream revenue as robust as it used to be, to be able to cover that, so there is a lot of uncertainty in the market.” Richard Rapkowski Sr. V.P. of eOne, a distributor^{vi}.

“there’s a lot of new access to data and analytics, even over the last year, that’s changing the way distributors are evaluating movies and sales agents are selling movies. We’d say ‘Well, (an actor) has 400,000 Instagram followers, and we think we can convert 3% of them to buy the movie on iTunes, so this is worth X amount.’ It’s looking at social/digital presence and digital data Rentrak collects on certain stars’ titles to make a judgment call” Logan Mulvey, Sr. V.P. of Alchemy, a distributor.^{vii}

Key Arguments:

- Increasing movement towards a single HE window + a single EU territory represent a significant threat to established filmmaking practices.
- Independent film finance is greatly reliant on separate territory presales to build budgets, if non-theatrical window is not exclusive, how will smaller films get made? Risk to cultural diversity and increase in monopolistic power.
- Fast growing SVOD has rich cross border consumption data, can afford EU wide licensing for low risk content, filmmakers must be able to swim in this tide.

Key Questions and Implications:

- How does one build value in a project to attract finance, distribution, and an audience?
- What data is important in making calculations for framing related economic transactions?

Example: We Are Colony^{viii} demonstrates diffusion of VOD application across the film life cycle, from crowd-funding campaigns, to flexible sales of distribution rights, to final special issue product delivery. Impacts what content is created and what data can be collected.

Example: Distrify^{ix} & Nesta Digital R&D demonstrates integration of audience relationships across film sectors and importance of outreach, which can be charted via Social Network Analysis (SNA).

Prompts attention to the necessary conditions for success whilst recognizing there are no sufficient conditions – multiple strategies for capitalising on opportunities are required. Activity crosses boundaries and challenges the smooth linearity of the Film Value Chain (FVC) construct. From Google Analytics, Nationbuilder to MixPanel, digital metrics push established ways of operating to be hybridized – adapted. Quantitative data in this field is not comprehensive, probabilistic rationality is absent, markets are made and performed by networks including companies, tools, and inter-subjective agreements. Understanding the market construction process is both practical and useful for generating research insights.

Key Research Tools:

It is greatly beneficial in researching media industries to provide discrete skills as a participant observer in order to gain access. For example: social network graph mapping, film finance tasks, or application of digital humanities methods.^x The industry turn in film theory and media studies, in particular towards distribution issues, means adopting such research methods to also equates to training for new entrants.

References:

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- viii Cross FVC Digital Marketing and Distribution Research <https://www.wearecolony.com/> ; <http://artsdigitalrnd.org.uk/projects/we-are-colony/> ; <http://artsdigitalrnd.org.uk/projects/glasgow-film-theatre/> ; <http://artsdigitalrnd.org.uk/projects/scottish-documentary-institute/>
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^x <http://www.hastac.org/blogs/kallewesterling/2015/05/27/dh-toolbox>