



EUROPA DISTRIBUTION WORKSHOP IN PARIS REPORT PARIS CINEMA/PARIS PROJECT JULY 5-7 2010

[Europa Distribution](#) held its traditional discussion forums around marketing and indie distribution in Europe last July, during Paris Projects workshops (July 5th/6th).

NEW BUSINESS MODELS (July 5th 2010)

Moderated by Michael Gubbins and Antonio Medici

In this first Europa Distribution work session, Michael Gubbins, journalist and [Screen](#) former editor, and Antonio Medici, from the Italian theatrical distributor [BIM](#) (which has been at the origin of Europa Distribution with [Les Films du Losange](#)'s Régine Vial) introduce the panel on new business models, by enhancing the fact, that distributors are still distributing movies as they used to do 15 years ago...

Michael Gubbins is immediately provocative, saying that the problem with new business models is that we speak a lot about them, but from our current point of view, like if they were science fiction. So we try to transfer our current business ideas, our ways of living in digital. But it will automatically be a failure. You need to think that Google or Wikipedia are pure internet creations, they could not have existed without internet. That's the same thing with movies: **you need to change your way of thinking**, now people watch movies on every different screen, computer, home video, mobile. Here is the new era.

By presenting the vicious circle of revenues declines, Michael Gubbins insists on **the idea of time**: no matter you can pour a lot of contents in every platform, you won't still have time to watch them. That's why the business models are not DVDs or VoD versus movie theaters, but movies versus all other possible hobbies!

This fragmentation leads to a new trade breakdown - or at least a changing one - because producers have the impression they could keep a better control on their movies if they self distribute it, but they don't realize they don't know the audience... And 3D is coming and will devour a big market share in theaters... so what's going to happen to indie movies? At that time, a distributor intervenes with this striking reaction "we agree but we might not like it"... Now, iTunes is striking paneuropean deals for VoD with sales agent, that means that, in certain cases, distributors who want to buy a movie to a sales agent, won't have the VoD rights: it will end up not buying the movie or paying less. Furthermore, festivals are progressively changing their roles too, by becoming content providers, distributors (like Sundance or Tribeca). They will become less important for producers and distributors because deals are already done. Everyone wants to get involved in the whole chain.

Then, by showing the existing differences between analogue (windows => rights => industrial => borders => closed) and online (immediate => access => democratic => global => open) age, Michael Gubbins enhances the idea that when you buy something, it belongs to you. But now there is gratuity, and an incredibly strong piracy. When you have so many choices, you end up with the most conservative choice, with the American blockbusters always being the hits. A British distributor intervenes by saying that the local movies have never been so strong, because they become an alternative to the big US movies. **The main stake is to have access to the projects, to be in the loop to be able to choose them.**

One of the main concerns for the distributors still remains the VoD. An Italian distributor raises the problem of the lack of VoD platform in Italy: all the distributors should gather and put their movies in the same platform in order to manage the rights, like French VoD platform [Universciné](#) tries to do with producers. You need to build a high value. Comes the example of music industry ones, like [Spotify](#) (which doesn't earn any money for now), which show that maybe we don't need all these DVD boxes... **How is it going to impact the idea of ownership, the existing business models?** One distributor jumps into the debate by confirming that teenagers don't care to own DVDs. Indeed, music industry is shifting to **rights management**: is it going to be the same for cinema? Thus, if you know you can have access when you want to what you want, you don't need to own it anymore... Still, the fundamental work on a VoD platform (more than convincing people to go there), is to market the titles: audience needs to know what's existing, to have recommendations. What's the audience?

The transparency in the royalties report doesn't exist for now unfortunately, who is going to have the control? The producer? The distributor? The VoD platform? So many questions, but no clear answers yet. No new business models yet...

To conclude, Michael Gubbins says that the situation in movie industry is now changing, either you like it or not: the way the audience is behaving (with the end of ownership), the collective need to work together (pricing and value are different, not based on physical material). Indeed, the voice of distributors needs to be heard louder, and producers, distributors and exhibitors urgently need to discuss about their ways of working, to facilitate commitment of each partner. **Rethinking where you fit, as a distributor, between the analogue and digital sides.**

CASE STUDY: LE QUATRO VOLTE

The second panel was dedicated to the case study of [LE QUATRO VOLTE](#) an ambitious and critically acclaimed project (Director's fortnight...).

The discussion opened with a presentation of the [Europa Cinemas label](#), which is granted by a jury of art house exhibitors (2000 screens in 800 theaters in Europe) gathered around the same will of promoting independent production. Launched in 2003, the label grants selected movies a bonus in order to find distribution, as well as a valuable input in order to promote and market the film.

The association enjoys partnership with Berlin, Cannes and Venice festivals. Among 12 movies selected at the Director's Fortnight section in Cannes, LE QUATTRO VOLTE (European coproduction between Italy, Germany and Switzerland) was

unanimously elected for the award. Now the film is being programmed within Europa Cinemas networks of theaters and targets specific audiences within this network.

In Italy, Istituto Luce has distributed the movie. Claudia Bedoni, head of acquisition of the company, explained the audience how the movie was first backed internationally (with Arte and [Eurimages](#) on board) before getting a green light from the Italian company itself. The narrow relationships of the distributor with Italian politics made the whole acquisition process more difficult, because, just as in Spain, public funds in Italy are mainly attached to projects aimed at promoting the national culture internationally.

Released in Italy on May 28th on a limited number of prints, LE QUATTRO VOLTE has nevertheless enjoyed a long lifetime in theaters (through prints rotation), especially reinforced by exhibitor's engagement in the project through the granted label. Since the movie had been unanimously promoted by exhibitors themselves, they were engaged in the release and their excitement about the project has boosted its total BO.

Regarding the marketing of the movie, Istituto Luce opted for a poetic approach and kept the goat on the poster, which refers to the dreamland universe explored by the movie, "a masterpiece with humor". On the other side, many distributors opted for a more popular marketing approach targeting kids audience appealed to the goat just as they would be in a Disney movie.

In France, [les Films du Losange](#) bought the movie, with a release planned in January, in order to benefit from the beautiful natural landscapes present in the movie to offer the moviegoers an escape from winter. Before the release, Régine Vial explained that she wants to give a wide exposure to the movie through various festivals during the summer. She wants to benefit from a strong word of mouth, and therefore totally exploit the wider initial audiences. "The film gives happiness, and the distributor wants to transmit this happiness to the audience".

[The Coproduction Office](#) also took part in the coproduction of the movie. They do both sales and coproduction, and their involvement in this peculiar project was certainly a good start for the producer to convince more partners even in Italy. After various brainstorming in order to make the poster, they agreed on the goat on the table: it looks like a stolen image from the movie while it's composite. And it gets the humor, the beauty of the images and put in a nutshell the main ideas of the movie.

The film has been sold in 24 territories, mainly in Europe, but ongoing there are discussion with Mexico, Japan and Canada. There were no presales realized because on the paper, it's hard to sell a whole movie with no dialogue, only animal characters, and a premise based on a journey over the soul. But then, after the movie was completed, a strong word of mouth as well as the humor present in the features has managed to convince more and more distributors internationally (just as well as its critical acclaim over festivals in the word.

The workshop went on with a presentation of various lines up:

Firstly, [Bankside Films](#), the UK sales agent and financier who brings money in order to finance producers' gap presented a broad line up, with numerous titles belonging

to distinct genres. Laure Vaysse also presented its marketing strategy putting an accent on the fact that having both financier and sales agent role was an asset in order to communicate with international distributors at an early stage, and find the right partners for each of the projects. When the film is completed, Bankside wants to find the right festivals and markets to launch it, and finds a targeted professional audience.

Ex: [Bran nue dae](#) by Rachel Perkins, which is an Australian project that was launched at Toronto in 2009. It was challenging to raise awareness on something that was completely unknown in the rest of the world beside Australia. When they launch the film on the market, they got a good reaction from the audience, but not from the buyers because they were not looking for that kind of feature anymore. In Berlin, the movie also gathered good reactions and the press talked about the film. Then it grossed 7.2 million dollar at the Australian BO. The film was sold in the US based on Australian success and press echo. In Europe, it was more complicated, and only minor territories were sold. On the final trailer, the accent was put on the aboriginal and love story more than on the cast, which was unknown outside Australia.

[Outcast](#) by Colm McCarthy is the same kind of movie as *Twilight* with a love story between two teenagers within a psychological thriller. The film was launched at SXSW where it opened the midnight section. It was also invited at Tribeca, but after talking with US distributors, SXSW was more adapted for this type of film. The movie was sold for US distribution there. Then, in Brussels, at the Fantastic Festival, it got good reactions from the markets. If other festivals would have been chosen to launch the movie, it could have been lost into the many movies screened in a bigger event, while these appeared to fit perfectly both the targeted distributors as well as critics. It worked pretty well so far (smaller exposition, but a narrow and effective strategy)

Peter Jager also presented the line up of [AUTLOOK](#), an Austrian sales agent who focuses only on documentaries. He underlined the fact that for documentaries, VoD was really useful in order both to promote and sell the movie to targeted audiences. Regarding theatrical release, the documentaries need to really deserve it and justify it. They don't do presale; they buy a documentary only based on finished movie.

Maren Kroymann from the company [M Appeal](#) based in Germany closed the matinee with a presentation of her company. Created in 2008, M APPEAL is independently funded, which grants them a valuable independency in their editorial choices. The sales agent picks up around 10 independent movies per year, and target international distributors in order to give them a wide and efficient exposure. They try to develop long relationship with authors, and create a personal approach with their partners. An approach that seems to prove successful since the company is growing, and sells to an average of 12 to 15 territories each of the selected movies. In order to get involved at the earliest stage, M APPEAL also intervene in co-production, again on selected projects. Karen presented the case study of *SLOVENIAN GIRL* and *THE LAST SUMMER OF LA BOYITA*, which both have sold pretty well internationally despite a narrow target, which the sales agent has nevertheless manages to reach.

WHY DISTRIBUTORS BECOME COPRODUCERS?

July 6th 2010

- Licia Eminentti, Eurimages (moderator)
- Alexandra Lebret, European Producers Club
- Pascal Guerrin, Back Up Film
- Annemie Degryse, Lumiere, Belgium distributor and producer
- Raimond Goebbel, Pandora Film, German distributor and producer
- John Jacobsen, Filmkameratene

Before giving the floor to the panellists, moderator [Eurimages](#) (European movies coproduction funds) Licia Eminentti raises the main questions which are at the heart of this panel: now a project is strong, when it has already a commitment from distribution (and sales as well) before it goes for shooting. Movies are made to be watched, so distribution should not be strayed away the production scheme. But in this technological turning point, **is the role of producer and distributor going to merge?** The future seems intriguing.

Alexandra Lebret firstly explains the goal of the [European Producers Club](#) she's running, as a network of European producers keen on coproductions, and a lobby to protect their interests at a European level. The coproduction becomes more and more logical in this topical situation: indeed, when you coproduce with one or two countries, often it's for shooting (the story is set in different places), for financing (you aren't able to raise the whole budget in your country), and for the circulation of the movie (it has already 2 or 3 countries in which it will be released). The reasons can be multiple, and it's rather a matter of strategy as well. Do you prefer to get a sales agent on board (if you have a package strong enough, in terms of director and cast) who is going to sell the world, or to get several coproducers? According to Alexandra Lebret, crisis solved everything! TV prices decreased, distributors and sales agent MG (minimum guarantees) reduction, etc. that's why distributors try to get more mandates to cover their back, **but is not finally riskier in case of flop?**...

Then, Raimond Goebel from [Pandora Film Produktion](#), the prestigious arthouse German production and distribution company (movies by Emir Kusturica, Jane Campion, Jim Jarmusch, Aki Kaurismaki, etc.) set up by Karl Baumgartner and Reinhard Brundig, tells the back and forward of the company, for 30 years. Indeed, the company has been set up as a distribution one in 1982. In 1994, they discover Kusturica with *Underground* and *unfortunately* decide to become delegate producers for the following one, *Black Cat*, *White Cat*. Overbudget and all the usual production nice stuff... They need to sell all the library titles to [Kinowelt](#) (distribution company, now part from the French Studio Canal group) to stay alive, and from 1998 to 2002, Pandora is only a production company. But you can't forget your original vocation... so in 2002, they set up again a distribution company, strangely enough the production part (there are 2 separate companies) is the strongest one. It comes to be difficult to talk with distributors, because when they're going to present a movie, distributors are always wondering why Pandora is not keeping the distribution mandates?... In 2006, Karl Baumgartner and Reinhard Brundig set up with Michael Weber (former Bavaria sales agent) the world sales company [The Match Factory](#), so movies produced by Pandora go often naturally to this company. For example, when [Tulpan](#) by Sergei Dvortsevov has been selected at Un Certain Regard in 2008, The Match Factory was the only part to get money because the movie has been well sold,

but for production, nothing, and for distribution, 8 000 admissions in Germany... With all these activities overlapping, sales seem the most profitable of their activities. Is the best idea for a distributor to become a producer then?

Sudden turnaround with Norwegian producer [John M. Jacobsen](#) from Filmkameratene who has the impression he needs to refocus the panel, on these two different questions that people mix: why are distributors going into production? How are the movies currently financed through coproduction? He doesn't want to produce or distribute arthouse movies, he "wants to be in the TOP 10"... and gives the supposed ignorant audience a History lesson from 1950. French new wave, student revolution in 1968, American studios bought up by larger firms and Italian producer Dino de Laurentiis going to bankruptcy. These four events are responsible for the European distributors having access to American blockbusters, so they don't want to distribute European movies anymore. Year 2000, crisis happened, all the independent branches from the studios disappear, and if you're a distributor, there are no commercial movies available and there is no market for local movies. So you need to jump into production if you want to have access to "products". The American studios succeeded because they set up their branches locally. He finishes brilliantly his speech by quoting Rupert Murdoch "there are a lot of interesting things, but kids want to eat McDonald's and have basketball caps". So you get the point: you find a place in the market or you leave it. Waouh.

[Back Up Films](#) (Paris based financing agency helping producers to get access to finance internationally and fund operated)'s Pascal Guerrin affirms that the producer's role is to create and bring value to a project. When they study and evaluate a project to get involved in (to bring coproducers, or to invest MG for distributors), it's always the producer who is the main solid asset of the movie, in terms of finding talents, financing, having the skills to deliver a movie. So completely different skills from a distributor who needs to know how to promote a movie in his market... There is a need for confrontation between different partners when you come to make a movie, the relationships between a director, a producer and a distributor won't never be the same.

Finally, [Lumiere](#) (Belgian distribution and production company)'s Annemie Degryse says that it's more a **matter of feelings, of passion** that leads to these activities, production, distribution. Lumiere becomes a production company after being a distribution one (the 2 activities are separated to get less risk), to be involved from the beginning in projects in which they strongly believe. For the coproducers, she says that it's very valuable to have a distributor on board because they know how "to see the movie", same for the marketing team. The movie gets a better international position, it's not only a local movie. To a question in the audience asking what happens if the distributor MG becomes a coproduction part, ironically smiling Annemie Degryse answers that you'll lose twice the money if the movie doesn't work... (question of recoupment and investment)

The panel shifts into problems linked to digital and new technologies. But the story remains the most valuable asset for a producer, a distributor. No matter which platform you're going to sell it to. Though, the needs for finance is still there, and producers can't always be distributor at the same time, they need the distributor's MG. The discussion is drifting along the overproduction, the number of movies produced. Annemie Degryse says "**we need to develop movies and stop producing**". Where are the good movies gone? Is the main question, instead of

repeating that there is no money in VoD, in distribution, production, sales, as if the whole movie industry was not working anymore.

Licia Eminentti closes the debate by saying that countries should still get used to produce more and more to be able to reveal talents (for example, Turkey, Romania): sometimes, you get a bad movie, sometimes a good one. **What's important, it's the power to create and to preserve cultural content.**

So no answer to the main question, but more a global overview of the movie industry, through the eyes of its passionate contributors.

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