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Festival del film Locarno  
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**STEP IN 2016**

In collaboration with:



The fourth edition of Step In, organized by the Industry Office of the Locarno Film Festival, with the cooperation of Telefilm Canada, was held in Locarno on August 6-7, 2016. Participants included producers, sales agents, exhibitors, distributors and other film professionals from around the world. The general topic of the conference was about current issues with the structure of the film business, with a particular emphasis on changes in technology and on Canada as a case study.

A slightly different structure was implemented from prior editions of Step In. The conference began with a panel discussion to lay out some general thoughts and challenges that were worthy of discussion. Then the group was divided into five smaller groups to discuss specific topics. Each group had a facilitator/moderator as well as a designated note-taker. The following day, there was another panel discussion, made up of the note-takers, who summarized the major points from each of the discussion groups, and entertained questions from the larger audience. This session was open to other participants, including the press.

The following summarizes the talking points from the various sessions:

**Opening Panel:**

*Moderator:*

*Ira Deutchman, Independent Producer, Professor of Film, Columbia University*

*Panelists:*

*Hussain Amarshi, CEO, Mongrel Media, Distribution and International Sales*

*Carole Brabant, Executive Director, Telefilm Canada*

*Cameron Bailey, Artistic Director, Toronto International Film Festival*

Carole Brabant began the panel with an overview of the activities of Telefilm Canada, and in particular a new program that is investing large amounts of money in micro-budget films.

Ira Deutchman set the stage for the discussion by urging the participants to embrace change, and to not allow the nomenclature and categorization of the past stifle innovation. He identified the main challenges as audience expectations, demographic changes and the sustainability of filmmakers and indigenous cultures.

The discussion that followed touched on the following major issues:

- Theatrical release is becoming more and more difficult for smaller movies, so on-line platforms and other forms of distribution are becoming more and more important.
- There are far too many films being made world-wide, diluting the market for films that might have potential in the marketplace.
- Festivals need to have a more prominent role in creating awareness for titles that might otherwise get lost.
- Curation is the key to creating audience, but we have to be careful that the business is not handed over to the larger American corporations.
- Various forms of “event cinema” are being experimented with to varying degrees of success
- Innovative forms of marketing are needed to expand the potential audience
- The opening up of borders for distribution of content is both a potential positive for efficiently aggregating audiences as well as a threat to the financing of culturally specific cinema

## **Group 1: Canada: Adapt and innovate to foster a viable film industry.**

*Moderator: Susan Wendt (TrustNordisk, Denmark)*

*Reporter: Mads Mikkelsen (CPH-DOX, DK)*

- Telefilm has been rethinking how institutions can support films, filmmakers, producers, etc.
- New focus on working collaboratively, working closer with other people in Canada.
- *See the North* (STN) initiative an attempt to reach out to audiences interested in independent films, in collaboration with TIFF and other partners (Unifrance among others).
- Not (only) labelling films as Canadian, but also (rather) in genres to reach audiences.
- STN and other initiatives have made sales agents and distributors more confident that there are audiences for independent films.
- Important to note that Telefilm is not the brand to be promoted; talent is what should be promoted. Telefilm takes care not to step on distributors' toes.
- *Branding* is key. The European Cinemas network is thinking about a similar initiative, but the films need a different branding than just being European. Mandatory to find the right balance between established and new names / titles.
- Need to focus on definitions. For instance, the label of "independent" films, or "Cannes films" can be an obstacle in reaching audiences. For instance, almost all foreign-language films are labelled as art house, although they really aren't.
- 300 Canadian features (incl. documentaries) a year, only a fraction get distributed (perhaps 20-30).
- Telefilm looks to other measures of success rather than just box office-- Different performance indicators in line with the nature of each film, for instance a micro budget film doing well in festivals.
- Addressing the stranglehold on exhibition which defines what (especially younger) audiences will get to see and choose from. Recent studies on young audiences: the social event aspect attracts young viewers to a film.
- How to translate the experience and excitement of a film festival into the theatrical release of a film where a film that has been a festival hit suddenly flops? The eventification of a film. The logo of a film festival selection is often helpful.
- Working with the micro budget frame allows Telefilm to work different in the decision making process. Revising the idea of accountability and what it means for emerging filmmakers.

### Conclusions:

- The need for stories that reflect local particularities.
- The need to collaborate and work together, for instance Telefilm and Eurimages.
- The challenges in Canada are more or less the same in Europe, hence the need to identify problems and work out solutions.
- The competition is not between Canadian and European and other national cinemas, but with the American market which at the same time offer possibilities beyond what any other national film industry can offer.
- General optimism!

## **Group 2: Theatres will never die!**

*Moderator: Jon Barrenechea (Picturehouse Cinemas, UK)*

*Reporter: Alaa Karkouti (MAD Solutions/Arab Center, Egypt)*

- Identified challenges such as aging of arthouse audience, number of films competing in the marketplace, price of tickets going up, no time for word of mouth to build due to shorter runs
- Dilemma is that business structure demands profitability, but there is no consistency to successful films
- Hit films are always exceptions, so it is difficult to create any consistency for the audience.
- Expectation that changes in windowing will affect multiplexes more than art house theaters
- Not every film can support a theatrical release—by what structure does this get determined?
- General rejection of pre-theatrical or day and date theatrical models (such as the proposed “Screening Room”) as unhealthy for promoting the theatrical model.

### Conclusions:

- Need to create habits with niche communities by consistent and regular scheduling of various types of films on various nights of the week.
- Have more special events in the cinemas (festivals, game playing etc.) to bring in new audiences and expose them to regular programming.
- Have a clear identity for various strands of programming.
- Focus on targeted marketing either for the cinema or for the films themselves.

## **Group 3: Independent Cinema: transparency please!**

*Moderator: Brian Newman (Sub-Genre, USA)*

*Reporter: Xavier Henry Rashid (Film Republic, UK)*

- It is commonplace for Producers to find it difficult getting reports from the distributors they’re working with.
- Some distributors have access to theatrical information through Rentrak, but many (including most international entities) cannot afford it.
- Sundance is working on an initiative to get distributors to report data unattached to actual film titles so that it can be compiled and analyzed without revealing what is considered to be proprietary information.
- There is no standard format for reporting, making it difficult to compile information and to compare results.
- Need to develop other ways of gauging success for films that have cultural or other agendas—festival success, exposure, festival admissions, press profile, social media stats, etc.
- In particular, there is a need for transparency on SVOD audience numbers, which are valuable to prove size of audience to producers and funders, but not tied to dollars. The downside of this approach is the possibility that low numbers might poison the value of smaller films.
- Do Film funding agencies need to have more control through regulation of reporting processes in order to achieve transparency and consistency? In France, such regulations already exist.

- Should the EU take a stance on information sharing and monitoring? Would this disrupt the free market?
- There is also a need for transparency about distribution subsidies, which in many territories are not disclosed and some distributors wrongly treat as subsidies to the company and are not reported on producer's statements.

#### **Group 4: How does Social Media measure the success of a film and consolidate deals?**

*Moderator: Jan Naszewski (New Europe Film Sales, Poland)*

*Reporter: Mathias Noschis (Alphapanda – UK/Germany)*

- It is essential to clarify the goal of the campaign in order to understand what the best strategy is. Many examples discussed around the table were documentaries that were trying to convey a social or political message. For such documentaries, the ultimate goal isn't just to increase the box office figures, it is to make the world a better place.
- Are all films equally adapted to social media marketing? Certainly not. For typical European festival drama films, social media doesn't play the same role as for genre films, films for younger audiences or documentaries.
- What is a brand in the film industry? Brands are filmmakers, actors, films.
- Everyone seemed to agree that social media marketing is effective for B2B marketing (creating a buzz around a festival selection, attracting the attention of the media, convincing the producer that a good job is being done on the film) while there were more doubts on the effectiveness for B2C.
- Social media has become such a buzz word that some professionals tend to forget it is just one of the elements of the marketing mix. Even the best social media campaign won't be able to compensate bad promotional material or the lack of a proper PR effort.
- There needs to be more study of how best to measure the impact of social media campaigns.
- There are many ways in which social media metrics are gamed (buying "likes" or bogus reviews, etc). There is a discussion to be had about ethics vs. effectiveness.
- General agreement that social media will be more important in the future, but seems at this moment to not be a high priority.
- Filmmakers and stars who have a large social media following should be a factor in whether a distributor decides to buy a film, but that does not seem to be the case at this time.
- Who has the ultimate responsibility for social media campaigns and should shoulder the cost, especially since these campaigns by nature cross territorial boundaries? Should it be the international sales agent, the local distributors in each territory or the filmmakers themselves?

#### **Group 5: How can Auteur Cinema live in the future of "on demand"?**

*Moderator: Quentin Carbonell (MUBI, USA/UK)*

*Reporter: Anke Beining (Utofilm, Switzerland)*

- Branding is an important element of building audiences for films. Packing films under thematic and niche labels or curated festivals and series can help the individual films find their audiences.

- There is no “one size fits all” approach to windowing. The current models vary dramatically from film to film and from country to country.
- There is a lot of experimentation with various day and date models, including VOD combined with festival releases. However, premium VOD shows very little interest in auteur cinema.
- Overall, there is less resistance to digital platforms by filmmakers and sales agents. However, there is not a lot of money to be made as this moment, creating a lot of disappointment.
- Technical costs can represent a huge portion of a film’s Digital Release budget, and are sometimes hard to recoup. There is also an issue with the availability of versions and subtitles, the variety of formats and technical specifications required, making it hard to handle financially and technically for all kinds of distributors, big and small.
- It would be ideal if there were more subsidies and involvement of film funders at a later stage of the life of the film, regarding its distribution costs like material creation, encoding and subtitling (especially for multilingual countries such as Switzerland).
- It’s hard to monetize a whole catalogue, a Canadian producer mentioned having 200 films active against a whole catalogue of 1500+ references, ¾ of the catalogue being dormant and not justifying the costs of having everything digitalized, stored locally and ready to be shipped.
- Google could act the same way, as it did with books, with films and develop a new AVOD model. Is that a solution?
- AVOD is still very close to what TV used to be with programs of different lengths being interrupted by Ad pauses. Maybe there could be a global library/cinematheque--a hopeful dream that would require an incredible amount of work and cooperation between countries and Industry actors.
- There should be more training regarding new software and solutions in every step of the life of the film, from the production to the storage and distribution. Lots of new solutions exist but there is still a strong reliance on old methods and partners.
- There needs to be more transparency of TVOD and SVOD numbers, whether its consumption or user data. It’s not there yet and doesn’t help to understand how to market the films.

#### Follow-Up Session:

On the second day of the conference a panel discussion was held, moderated by Ira Deutchman and including the note-takers from all the small group sessions. Each note-taker presented the themes that had been discussed in their sessions and several larger overlapping issues emerged as the takeaways from the previous day.

- There is a need to find new terminology to discuss niche or specialized films, and to distinguish them from art films, which may or may not cater to the same audience. Art films are something specific, for a particular (and currently aging) audience. The term can also limit the appeal of films that may be more suited to other audiences. Finally, art films have been traditionally marketed in a very specific way, which might not be suitable for other types of films, especially given trends toward social media with younger demographics.
- The Telefilm Canada financing for micro-budgeted movies was held up as a model for other countries to emulate. While Telefilm’s program is far more ambitious than many other countries can afford, the fact that each film is so inexpensive and that the results are not judged on box office numbers, is a paradigm that could be implemented in other places.

- There was much discussion about the need to find other ways of measuring success for films that are created for cultural, artistic and other purposes, and thus not judged by box office alone. How can new platforms and in particular SVOD services, be convinced to supply data that would be helpful in making the case to government funders, foundations and others that the investment in such films is warranted?
- While there was general agreement with the concept that social media is more successful as B2B from the perspective of international sales agents and distributors, it was brought up that exhibitors and on-line platforms are the ones in a position to use social media in a B2C capacity.
- Selling the strand, rather than the film was a much discussed concept that pointed toward the importance of curation and branding in the future of film marketing.