Nostradamus Screen Visions

Editor: Johanna Koljonen

Göteborg Film Festival
LINDHOLMEN SCIENCE PARK

Index

Introduction 3

Summary 4

1. The Day-to-Date Tipping Point 5

2. Being the Now 8

3. Room to Grow in the Screen Squeeze 10

4. The Value of a Movie Ticket 12

5. Engaging the Audience 14

6. Engaging the Future 18

7. Content Made to Travel 20

8. Fifty-Seven Channels and Nothing On 22

Sources 24

Thank You 24

Göteborg Film Festival Office
Olof Palmes Plats 1
413 04 Göteborg
Tel: +46 31 339 30 00
E-mail: info@giff.se
www.goteborgfilmfestival.se

Head of Nordic Film Market and Nostradamus: Cia Edström, cia.edstrom@giff.se
Festival Director: Jonas Holmberg, jonas.holmberg@giff.se
CEO: Mikael Fellenius, mikael.fellenius@giff.se
Editor: Johanna Koljonen, johanna.koljonen@rundfunkmedia.se
Editorial: Lena Lind Brynstedt, Cia Edström, Andrea Reuter
Graphic Design: Magnus Bjelkefelt

Introduction

The Nostradamus Project is an attempt to look into the future – but not too far, just 3–5 years away. In terms of audiovisual production that is the equivalent of bringing one feature film into the world. In terms of legislation it is about the time it takes to decide something or other needs doing. In terms of technical development, of course, it is an eternity.

This 3–5 year span means that our predictions from 2014 should be just as valid and useful now as they were a year ago, and we're happy to report that this is indeed the case. For a brief overview of the state and immediate concerns of the film and tv industries, we'd therefore like to refer you to the 2014 report, which is available as a free download on the nostradamusproject.org website.

This year's focus is on the question most obviously raised by last year's analysis and approached again and again at our seminars: as funding, production, infrastructure and audience behaviours are changing, how does or should our work with content change?

The Nostradamus Project is a joint initiative from Göteborg Film Festival/Nordic Film Market and Lindholmen Science Park. Particular thanks go to the festival's Cia Edström, who helms the project, and Martin Svensson at Lindholmen, who is our staunchest supporter.

Without our industry experts' generosity and wisdom, there would be no Nostradamus project at all. Where they are directly quoted, opinions are theirs. Everything else is based on an aggregate of conversations both formal and informal, on industry research, and on our best judgement. Additional analysis and new interviews will be published on our website throughout the year.

JOHANNA KOLJONEN, EDITOR

For this year's report, we have interviewed the following experts, enormously generous with their time and thoughts:

Jakob Abrahamsson, director of distribution and acquisition, Nonstop Entertainment

Rikke Ennis, CEO, TrustNordisk

Annika Gustafson, Executive Director, Boost Hbg

Michelle Kass, film and literary agent, Michelle Kass Associates

Petri Kemppinen, CEO, Nordisk Film och TV Fond

Keri Lewis Brown, managing director, K7 Media

Jonathan Olsberg, Chairman, Olsberg SPI

Liz Rosenthal, CEO, Power to the Pixel

In addition, our thinking is especially affected by the valuable input of the following speakers and advisors at our live seminars and online:

Malte Andreasson, United Screens

Jakob Bjur, University of Gothenburg

Kristina Börjeson, SFI

Göran Danasten, SVT

Charlotta Denward, producer

Tomas Eskilsson, Film i Väst

Michael Gubbins, Sampomedia

Jonathan Marlow, Fandor

Anette Mattson, Filmregion Stockholm-Mälardalen

Jérôme Paillard, Cannes Film Market

Åsa Sjöberg, TV4

Bengt Toll, Göteborg Film Festival

Christian Wikander, SVT

Summary

1. The Day-and-Date Tipping Point

The industry is finally moving to resolve the issue of day-and-date releases. But while 2014 cases like *The Interview* and *Veronica Mars* show some promise, the impact of day-and-date on the cinema window or the wider value chain is currently impossible to predict.

2. Being the Now

Market communication around audiovisual content is shifting from answering the question "why should I see this?" to "why should I see this *now*?" From the increasing live-ness of linear broadcasting and the high impact of social media on content selection, to new broadcast programme formats and events in cinemas, this change is driving change across our industries.

3. Room to Grow in the Screen Squeeze

Screen time in the cinemas is squeezed by a number of different factors, limiting theatrical opportunities in particular for new talent. Strategies for nurturing filmmakers and for creating other premiere platforms must urgently be created. But an honest conversation about the quality of the product is also needed.

4. The Value of a Movie Ticket

Positive trends in box office revenue build on increases in ticket prices rather than admissions. Consumers are finding the tickets too expensive. Developments in experiential cinema (whether around niche film or big, technical extravaganzas) are adding value to the core product, but the conservative mainstream cinema experience is in need of a service design overhaul. Alternative pricing models could also be considered.

5. Engaging the Audience

The industry is facing a dual audience engagement challenge. On the one hand, filmmakers have lost touch with the make-up and concerns of their audience. On the other, content needs passionate ambassadors in the ubiquitous media environment. Interacting with the audience early in production is a way of addressing both problems.

6. Engaging the Future

The disconnect between the industry and the audience is a particular threat where a cultural change is driven by young viewers. Some examples of such shifts are the impact of the social culture around digital games, the new tonalities and hierarchies in interaction between talent and audience, and the rapid development of enveloping screens.

7. Content Made to Travel

The trend of drama in languages other than English travelling internationally is likely to grow stronger. In the short term this could help broadcasters in a market like the Nordic that is currently strong, but overall competition will intensify. Investing more in the development of talent and projects is necessary.

8. Fifty-Seven Channels and Nothing On

Consumers are frustrated with the difficulty of finding content, especially across broadcast channels and on VOD rental services. Poor interfaces shrink the market for smaller films, drive migration to OTT services and boost piracy. As the industry moves towards personalised services, questions about privacy need addressing.

1. The Day-and-Date Tipping Point

"The big news in November [2014] was that the conversation is happening and that studios are willing to share revenues with exhibitors just to enable the leap, this shift. And to demonstrate that the cinema will continue as an attractive window, without need of protectionism. If you say 2015 is the year [day-and-date] becomes reality, no-one will contradict you.

BENGT TOLL, GÖTEBORG FILM FESTIVAL

"It's a little bit like a snow ball having grown the last 5 years where it seems like now the snow ball is at the end of the hill and it's dangerous now. We have to take it seriously. [But] it's difficult to sit down around one table and agree to 'OK, you'll have three cakes, I will only have one'… That's the dilemma and that is what keeps us from evolving."

RIKKE ENNIS, TRUSTNORDISK

"This shift in behaviour has already happened. Digital viewing is completely normalised among Swedish people… Even the legal viewing is growing fast even though it's difficult and complicated. Finding solutions is in everybody's interest."

JAKOB ABRAHAMSSON, NONSTOP ENTERTAINMENT

"There is buzz around something, there is something interesting out there, but I would either have to go to a film festival to pick that up in its one or two screenings… or wait for I don't know how long. Even though I prefer the big screen experience … for some films not to be available for the audience, I think it's really a sin."

PETRI KEMPPINEN, NORDISK FILM OCH TV FOND

Last year, we wrote: "3–5 years from now… a battle over day-and-date releases will have shaken relations in the industry". This year, we think, will be the tipping point.

In the US, independent films are released day-and-date (at approximately the same time in cinemas and on other platforms) as a matter of course, while the big studios and cinema chains have been resisting. In the Nordic countries too, cinemas operating in a blockbuster economy are forced to maintain good relations to the US majors. And exhibitors here, just as all over the world, have very legitimate fears about their business in a day-and-date world. Unfortunately, this still effectively blocks most alternative release patterns even for independent and niche films.

At our November 2014 Nostradamus seminar we actually suggested, only half jokingly, that there perhaps are only two ways out of the deadlock. Either an individual filmmaker, who is so immensely rich and powerful that they could not care less about financial risk, would decide to self-fund and release a high-profile project in an unconventional manner. Or a distributor with a really strong movie, who for some reason was barred from a conventional cinema release, would resort to four-walling[1] out of sheer desperation, and have a hit despite the odds.

We could not know that over in Los Angeles, on that very day, Sony Pictures Entertainment were learning of the cyber-attack that would eventually stop a conventional theatrical release of comedy *The Interview* over security worries.

On December 24, Sony released the title on YouTube Movies, Google Play and Xbox Video and on a direct download site where, presumably, their cut was very good indeed. Pricing was consistent at $5.99 to rent for 48 hours and $14.99 to purchase. On Dec 28, iTunes was added at the same prices; since then the PlayStation store has been added and the dedicated site taken down.[2] In its first four days online, the movie had been purchased over 2 million times, despite also being the

1. Four-walling is the practice of renting a movie theatre or screen in its entirety, guaranteeing an income to the exhibitor and taking on all the risk.
2. Bernstein: Is the Day-and-Date Release of The Interview… *Indiewire*, Dec 29, 2014.

week's most pirated title. Torrent Freak reported that the film reached 1.5 million illegal downloads in the first two days.[3]

331 independent theatres premiered the film on Christmas day to a domestic box office total of around $6 million.[4] The DVD and Blu-Ray premiere is set to February. Final VOD numbers have not been released, but it seems the movie might just break even over its lifetime. As one of our interviewees observed, this is rather maddening: if *The Interview* had been a better movie, so that the people who chose to see it had also recommended it, it might have delivered the proof of concept commercial day-and-date so sorely needs.[5]

But it is not the only interesting case. Earlier in 2014, *Veronica Mars* was released by Warner Bros in theatres and VOD simultaneously, the first time for one of the major US studios to make that choice. The film was a sequel to a charming and addictive but only moderately successful TV-show, whose third and last season aired in 2007. In 2013, creator Rob Thomas and star Kristen Bell launched a Kickstarter campaign to fund the movie, reaching their original $2 million goal in ten hours. Eventually, 91 585 donors would raise $5.7 million.

The film was almost finished when Warner agreed to a relatively ambitious theatrical release, renting 270 screens across the US. *Veronica Mars* would gross $3.3 million in domestic box office and $163 000 in Austria, Germany and the United Kingdom (fan screenings around the world for funders are not included). Domestic sales of DVD & Blu-Ray alone were almost $3.5 million; VOD numbers are not available.

But the movie made enough money for there being talks of a sequel. The first in a series of canon novel sequels by Thomas and co-author Jennifer Graham was released two weeks after the film premiere by Random House (with the audiobook version read by Bell). In its transformation from a long-dead TV series to a multi-platform story world with fans invested in its success, the value of *Veronica Mars* IP was raised significantly, as was the profile of the key talent.

Another interesting 2014 case was the Danish documentary drama *1989*, premiered simultaneously early November in cinemas all over Denmark and some 15 more around Europe. A few days later it was broadcast on television in several countries to coincide with the anniversary of the fall of the Berlin Wall. If this sounds like rather a special case, that is the point: all films are special, in one way or another, and should be released in the most appropriate manner to maximise popular attention, audience engagement, and financial returns.

"If you fail in one window, there is not much to suggest you'd do a lot better in the next window just by having it two months closer. Rather, you'll need to judge your hand at the beginning and say that this film may not be quite the thing for cinema, but let's give it a brief theatrical window and then bang, put it out there. Then you're aware it will happen, and you can tell the theatres: now you know… let it play as long as you can but we're totally ok if you only give it two weeks. And two weeks after that, digital will happen."

JAKOB ABRAHAMSSON, NONSTOP ENTERTAINMENT

Everyone except some exhibitors agree that we do need a range of release models, and assume that many films would benefit from being available on OTT services – on premium VOD if nothing else – around the time of the theatrical premiere. Whether such a change would be beneficent for the industry overall is less clear.

The test data is better now than a year ago but it is still just as inconclusive.[6] Trial studies mostly on arthouse films do seem to suggest that the additional exposure helps the film overall without significantly hurting the cinema window, and it also seems like producers might eventually end up in a better position in this new market whose standard contracts are yet to be negotiated.

But results of day-and-date trials are difficult to apply to commercial mainstream fare and skewed or unreliable for a number of reasons. VOD results are proprietary information, unconventional releases still garner media interest in themselves and the films typically appeal to niche audiences whose consumption behaviours are different from the majority population's.

Based on his extensive research in the area, Michael Gubbins reminds us in *Audience in the Mind* that day-and-date does represent a real risk, not just for the cinemas but for the entire value chain constructed on staggered windows and multiple territories. The new opportunities might compensate these losses, or they might not. Any first experiments on commercial fare will be specifically vulnerable, since audience awareness of a wider choice of platforms would be lower.

3. Ernesto: Top 10 Most Pirated Movies of the Week – 12/29/14
4. Box Office Mojo: *The Interview* (2014)
5. It may have had an impact on future video sales through gaming consoles by getting consumers to try it. In 2014 only 17 % of console owners reported purchasing video on the platform and of those only a fraction buying more than a film a month.
6. See for instance Gubbins: *Audience in the Mind*. p 31ff

"I don't think The 100-Year-Old Man Who Climbed Out the Window *would have reached a 1 567 000 tickets [in Sweden] or whatever it was if it had been available as a pirate copy. I think it had a lot of repeat customers in the cinema that would perhaps have downloaded it – or seen it legally at home if they could.*

Some people saw Dirty Dancing *28 times in the cinema. … those gigantic [box office] numbers [would be affected by day-and-date]. A mid-sized film, not necessarily. I certainly believe there is an under-utilised target audience of people like me with young children… who'd like to pay both for newer and older, quirkier cultural movies."*

JAKOB ABRAHAMSSON, NONSTOP ENTERTAINMENT

Cinema exhibitors also argue that day-and-date would enable piracy by releasing digital copies into circulation early. This may be true, but it is equally clear that the rigidity of the current system is driving of piracy.

When a film does not play in cinemas for the entirety of the exclusive window (which is most usually the case) no legal alternatives are available. Similar situations arise at other points in the chain, for instance with broadcasters holding rights to content they are choosing not to air.

"Dead" periods like these hurt both the value of the IP and the industry as a whole. Every cent invested in engaging the audience earlier in the value chain becomes an investment in piracy if legal access is periodically unavailable, impossible to locate, or too cumbersome to use. Solving at least this part of the problem very rapidly is in everybody's interest.

The windows are in fact already shorter in markets like Russia and China, specifically as an anti-piracy measure intended to give physical home video sales a fighting chance. The mechanism could well be the same for VOD purchases in Europe and North America.

"Imagine if you found something online in Germany but with English subtitles, and you would be registered as crossing borders and that revenue would be sent to the local distributor. Can you imagine what that would be? Fantastic. I get it on my television screen but I don't care [where it's from] as long as I can understand what they're saying. And I don't really want to know about who's getting the royalties, but the system should be able to fix that the rights owner get the money and so does the local distributor … I think that we will be solving this within the next 2–3 years … Probably Google will solve this!"

RIKKE ENNIS, TRUSTNORDISK

An observation on terminology: historically day-and-date used to mean a release in several territories at the same time. Now it refers to multiple platforms, which often implies global releases, partly because the introduction of digital copies will have a global effect online, and partly because of the necessity to capitalise on online and media buzz.

But neither of these conditions apply to all movies. Niche films with numerically small audiences will not necessarily generate enough online impact to "spoil" the interest of potential international viewers, and films in small languages will create buzz in that language, effectively invisible to the rest of the internet. For smaller films a day-and-date strategy may very well still be staggered internationally, perhaps to coincide with local festival exposure.

It is also worth noting that while alternative release and distribution models like day-and-date are widely expected to better the situation of the filmmakers, the last type of film to benefit is likely big productions in small markets – like mainstream Nordic films.

"The funny thing is… [with] the film Passion of the Christ *that Mel Gibson did like ten years ago, he actually… said to the distributors 'I don't want any MGs, it's financed, don't worry about it. But we want extraordinary cuts of revenues coming in, royalties, we want this and this and that.' And the distributors had to say OK – 'we're not risking any MGs, we're putting up P&A (prints and advertising) but we have to accept these terms.' He earned so much because he had the money up front to pay for the movie being made.*

[It's] like what Peter Aalbeck said: 'it's very expensive to be poor.' European producers and Nordic producers, we are poor. Especially the last million euros is very hard to find, because our films are very expensive… 30–40 million kronor. Once you've got the support from DFI, SFI, NFI, Nordisk Film & TV Fond and so forth you're still lacking quite a lot of money."

RIKKE ENNIS, TRUSTNORDISK

2. Being the Now

Marketing film and television used to be about convincing an audience that they would enjoy the content; to provide an answer for the question "why should I see this?".

In the ubiquitous content society, however, the consumers' problem is rarely identifying things we might like. It is choosing between the many things we can already presume we will enjoy – either because we already have a relationship to it, or because it is recommended by people or algorithms we trust. Or because it is right in front of us. Today, the question to answer is "why should I see this *now*?".

Innovations in distribution, marketing and even format creation reflect the vital importance of making content feel urgent, both in the sense of belonging to a specific moment in the zeitgeist and in the sense of needing to be consumed at a specific moment in one's calendar.

Day-and-date releases are fundamentally about pooling marketing resources to raise the urgency of seeing the content while lowering the threshold to buy in the hopes that audience buzz will reach a level that can break through the social noise. Seeing a film or TV show people are currently talking about has a higher social value than seeing the exact same film four months later.

"Binge releases" of full seasons of TV shows exploit the same strategy. Ostensibly about giving the consumer the flexibility to watch the show any *time* they please, they actually create pressure to consume it *as soon as possible*, only *at the pace* one chooses.

This works best if the content has a high profile. Audiences taking time out of their lives to cram a season of *House of Cards* in its first weekend are likely to talk (or brag about it) to friends or online. Even if they say nothing about its content or quality, the investment of valuable time is in itself a powerful recommendation – and the more people are talking about a show, the higher the risk of spoilers, adding to pressure to prioritise viewing.

Linear TV has for some years been shifting towards live, "as-live" (unique pre-recorded material released on a restricted schedule) and event programming. As 2014 marked the long-expected drop in broadcast viewing in Sweden, Norway and Denmark[7], with Finland likely to follow, this tendency is likely to continue.

"Even if something's pre-recorded you have to keep it as a big secret. This week is a very good example, [the drama series] Broadchurch, which was brilliant in the first series. Everybody was talking about it. There was a lot of publicity so we all knew there was going to be a season two, but they did not release a single detail, not even who was going to be in [it], which cast members were coming back. It made everybody tune in to watch it. And then everybody was talking about it as well. …the traditional TV broadcasters are going to have to be more imaginative with creating those moments that we all want to share together."

KERI LEWIS BROWN, K7 MEDIA

New formats designed to support or generate a culture of discussion around pre-recorded content are showing good results in linear TV. In Finland the *Docventures* transmedia framework of TV pre- and after shows, radio programming, social media and physical events has successfully created cultural urgency around curated broadcast seasons of feature-length documentaries, many of them years or decades old. Whether the same films are available on VOD services is irrelevant, since the experience is seeing it on the day of the broadcast in the context of the multi-platform conversation or indeed at grassroots viewing parties organised by fans.

7. Westerberg: 'Här är facit över tv:s ras…', *Dagens Media*, 2014-12-17

Aftershow formats for TV drama are performing very well in the US and Sweden (*Talking Dead*, *TV-cirkeln: Downtown Abbey*, *Manor of Speaking*). Supporting hit shows with broadcast or web aftershows, podcasts and text content – ideally partnering with other media for visibility – is likely to become more common in the next few years. Since this kind of secondary content is generating profits and engagement anyway, not associating it with the broadcaster's brand would be wasteful.

The UK hit *Gogglebox*, currently in its fifth season, is another example of meta-television, filming opinionated people watching and commenting on the week's TV. Entertaining in itself, it also carries a strong subliminal message that watching TV is a social activity and that following linear programming to formulate and share opinions on them is admirable.

In some ways, linear TV is returning to its role from the time before the introduction of the VCR, becoming a social catalyst with programming that must be consumed at a specific time. Catch-up services have made recording/saving devices redundant in many households, but most of the event-type programming would never be recorded anyway, nor will it be retrieved when the conversation has moved on. Only the strongest content can retain attention on its own merits.

3. Room to Grow in the Screen Squeeze

"Independent cinema is more and more marginalised. And I don't think this is just due to the release windows either. To tell you the truth I think it's the way we develop the product with no thought in mind of its relevance to the audience or consumer or the way they might want to experience it. ...."

LIZ ROSENTHAL, POWER TO THE PIXEL

"We're fighting not just computer games or Facebook, the growth of TV drama is important too… of course we're making some amazing movies that can compete with episodes of the best shows, but it isn't necessarily true that all our movies, all the repertory, is as good as the latest Showtime or HBO episode. This is super important, because we're selling something that's meant to be really damn good, an experience."

JAKOB ABRAHAMSON, NONSTOP ENTERTAINMENT

"I'm sure that [TV-drama] will affect film somehow. The story telling on film may become more visual. Maybe the whole film business will switch more towards supernatural or fantasy or more elevated storytelling."

PETRI KEMPPINEN, NORDISK FILM & TV FOND

Quality is a sensitive topic, but most of this year's interviewees approached it in one way or another both in the context of commercial mainstream fare and independent movies.[8]

Sometimes when a film fails, it's because it is no good. Sometimes that results from limited funds, which is a structural problem; in particular the fact that production companies live on production rather than their catalogues tends to cut down development periods. Sometimes, even in an ideal production situation, the movie just comes out objectively worse than contemporary audiences have learned to expect. At a time when more audiovisual content than ever is available, not all movies should be getting made, and not all movies made should necessarily reach the cinemas – nor will they.

Screen time for independent film is squeezed by the Hollywood blockbusters from one side and on the other by the growth of "event cinema" (live screenings and reprises of theatre and opera, filmed tours of blockbuster exhibitions, etc). These may be more profitable for exhibitors than ordinary programming[9], especially at a time when art house drama is performing less well than it used to. The educated guess is that audiences are finding equivalent or better writing and filmmaking in TV drama. The focus on box office and the cinema window not least in European funding structures makes this particularly problematic.

At the same time, as limited screen time is edging out independent cinema as a whole, the opportunities especially for new filmmakers grow increasingly limited. Two or three years ago, there was still a market for art house films from first or second time directors. Those opportunities have now disappeared, which means the film industry can't afford to invest in talent in the same manner.

"You really want to invest in them because you know they have talent, but you cant' risk it … for a first time director. The national film policy should take responsibility for the new directors … I think you should see it in the long run, so that we will have a new Thomas Vinterberg in ten year's time. It should not be [that] if this film does not sell 15 000 clicks on VOD or this platform, it's not a success. … With the new film policy [Denmark is] actually

8. TV executives have been faster to admit that some of the programming audiences no longer care for was not very good to begin with; see for instance Nordström: 'Nu kommer krisen …'

9. The term 'event cinema' is established but unfortunate. Sometimes it is also used to denote what it sounds like: an event at a cinema with special activities but a film screening at its core.

allocating quite a big sum of the money to new talent, trying to make feature film formats before short films for 3–6 million kronor."

Do you think those kinds of movies will be in the cinema window at all?

"No, absolutely not. Perhaps one out of 50."

RIKKE ENNIS, TRUSTNORDISK

"Several public agencies are using schemes for micro budget movies as a way of developing new talent … instead of using short films as a training ground, where for a short the cost is something under €50 000. [Instead] they're being given from a hundred to five hundred thousand euros [to] make a micro budget film. But then the expectation tends to be that these films will find an audience, creating extra pressures that shorts do not face, and I just don't think that's feasible.

JONATHAN OLSBERG, OLSBERG SPI

"The big issue for independent film community is that people are not going to see [all movies] in cinemas, and I think that's absolutely fine. If we want to maintain any kind of independent business we have to accept that the theatre is not the place where it's necessarily going to be buoyed up."

LIZ ROSENTHAL, POWER TO THE PIXEL

3–5 years in the future, even fewer independent titles will reach cinemas, and developing alternative screening environments and serious alternative platforms for premiering independent movies is now increasingly important. The limitations in big screen opportunities are likely to push producers to accept unconventional distribution deals. Given a choice of accepting a traditional deal which will net her very little or nothing at all, or a generous offer from Netflix for global exclusive rights for a decade, an independent producer or filmmaker may well choose to trade reach for making a living.

There is worry that the long-awaited entrance of serious SVOD money into the marketplace will be matched by an equal drop in broadcaster funding, given that their traditional window is compromised by the streaming services. An interesting response is that broadcasters may occasionally go first.

"Traditional distribution companies are still putting substantial MGs in their projects and thus these will also have a chance to get a proper cinema release. But then I see a lot of films at the moment that don't get as good financing from the distributors and with these films the future is much more unstable. Either the smaller distributors or the smaller companies that get the rights to those films will find alternative ways of releasing films, they might go on digital platforms, or the TV stations might develop a new interest to those films if they have the possibility of releasing them earlier than now. If there is a chance that TV stations invest more in some type of films then they of course will have the first right to show them."

PETRI KEMPPINEN, NORDISK FILM & TV FOND

A year ago you said we should stop talking about distribution and focus instead on circulation. Has there been any development in that direction?

"On balance very marginal. To be honest, I don't think producers or public funders understand enough yet about alternative ways of circulation to push it. There are discussions … we have a couple of regional funds among our clients that are going deeper into this side of things but we're still in an industry where the overwhelming focus is about supply push rather than demand pull. We're still obsessed with getting content made. Not getting content in front of people."

JONATHAN OLSBERG, OLSBERG SPI

4. The Value of a Movie Ticket

"I think [dealing with the screen squeeze] involves two things. It involves audience development initiatives to try and stimulate greater demand for independent films, but it also requires coming up with different venues, alternative venues to the standard cinema, to see this content…Five years from now I think there will be new ways for people to go and see movies out of their home that isn't the traditional cinema …People still want to get out of their house for a shared social entertainment experience and the cinemas, or yet-to-be invented alternatives, deliver that."

JONATHAN OLSBERG, OLSBERG SPI

For all the talk of disaster, the cinema exhibitors are doing really well. PwC forecasts a growth in global box office revenue from $36.1 billion in 2013 to $44.9 billion in 2018. The growth is most rapid in Asia Pacific, but a positive trend is expected in all markets.[10]

But consumers increasingly consider movie tickets too expensive, which is worrying since the continuing revenue growth in cinemas is driven by ticket prices rather than admissions[11]. A contributing factor to this audience tendency is likely the SVOD services, which have broken into the market with aggressively low pricing – unsustainably low, many would argue.

We have had more TV than we can watch for decades, but subscriptions affect the relationship between value and volume. The threshold for committing to a monthly fee is high, but once you have, its value will increase for every hour you spend viewing the programming. In an age of long-format storytelling this makes the value proposition of SVOD as home entertainment strong. There is a clear correlation between SVOD subscriptions and watching less linear TV.

Whether SVOD is directly affecting out-of-home entertainment is less certain. There are no indications that consumers in general would be unwilling to pay premium for experiences outside the home – on the contrary. But cinema exhibitors still seem to be under the impression that what they are selling is access to content and they design their facilities and service processes accordingly.

Not to put too fine a point on it, a visit to most cinemas is an uncomfortable process consisting mainly of standing in lines for tickets, snacks and bathrooms or milling about in stressful, charmless spaces. In this part of the world it often also involves being uncomfortably warm – or wrestling with down jackets, mittens, scarves and hats while carrying oversized snack containers.

Pointless discomfort will always dominate the consumer's evaluation of an experience. Surveys suggest that moviegoers no longer view the cinema as a place to relax. Exhibitors have a very serious think coming about whether part of this change is just due to cinemas being stressful places.

The good news is that cinemas can be places to focus and engage. If "engagement" at home often entails second screen behaviour, at live events it is more about being present in the moment and putting the cell phone away. Since the big screen has a geographic location and can't be paused it is "live" in this sense, which raises the value as an experience.

If the visitor experience is poor overall, the audience will compare it to just staying home – bringing SVOD pricing into the equation. If it is good, it is more likely to be categorised with other types of out-of-home entertainment, to which the cinema prices compare so favourably there is even room to raise them for premium experiences.

10. PwC: Global Entertainment and Media Outlook 2014–2018
11. Gubbins: *Audience in the Mind*. p 26

These would seem to be developing in two completely different directions. First, the blockbuster trend continues. Big, visual, action-packed fare tailored to the big screen draws big crowds and specialty technology like 3D and IMAX supports it. This tendency aligns with a shift in many cultural fields towards immersive storytelling, with screens or worlds designed to envelop the audience and create engagement by physically "pulling them in".

Second, the demand for specialty cinemas with niche or catalogue fare, better facilities, dining and contextual programme like talks or live music is also increasing. In these environments, visitors immerse as much in an atmosphere or theme as in the images. The pop-up cinema trend, with film screened in an unusual location with additional, often participatory programme (like parties or group discussions) attached also represents this tendency.

First, though, the basic product needs to work. Just like TV drama is better today than it used to be, developments in service design practice have raised the bar on customer experiences across industries. Ignoring these developments is a big part of what makes many mainstream cinemas seem old-fashioned or out of touch.

"Maybe you've chosen a [flat rate movie theatre subscription] instead of the Museum of Contemporary Art card or the Fotografiska Museum card… or a gym membership. You are pre-allocating both time and attention and have to use it to feel you're not being cheated. But each visit has a low threshold. You can just pop in. I think that's incredibly important."

JAKOB ABRAHAMSSON, NONSTOP ENTERTAINMENT

Other types of experiential venues like museums and theme parks have seen good results combining one-off tickets with subscription structures like annual passes. These have potential for cinemas, too. In the Netherlands, the Cineville card (introduced in 2008) now gives subscribers access to more than 30 art house theatres in 13 different cities for a €19 monthly fee. The project places the curation and atmosphere of independent cinemas front and center, and participating cinemas share a web page with programme information and editorial content.

While even cinephiles will perhaps not see more than two or three films a month, making the decision to go to the cinema simpler has value for the industry at large. Building and supporting subcultural identities and communities around film and moviegoing is an important part of helping premieres impact social media. The film festival strategy of operating as film clubs and organising screenings around the year is important for the same reason. Festivals curating TV or VOD channels also seems to support a construction of the broader culture of demand; niche VOD services perform best in areas that also have access to independent cinemas.

"I remember a conversation at a think tank 3 years ago with the head of the UK's most substantial independent cinema chain where she explained that for every film you show, for every evening in the cinema, you have to create a special experience like a film festival every night to bring in her audience. Whether it's about the experience around seeing a film in the cinema or creating an interactive narrative, it's about creating valuable and engaging experiences for people … you really have to understand what motivates your audience and take a user-centric approach to story design, of storytelling, and also understand why someone is going to do something, anywhere! [When you are] choosing a platform to show something, you have to think [about] how they are they going to get there, what the experience is."

LIZ ROSENTHAL, POWER TO THE PIXEL

"There is a special situation in Sweden, with [the cinema market consisting of very few companies]. You have SF Bio and Svenska Bio on the one side and the indie cinemas on the other. Today [the independents] are talking to each other, but for the longest time… Folkets Bio cinemas viewed Folkets Hus och Parker cinemas as greater competition than the local SF Bio screen. Which is mad, because they have the same audience … if they could just get a common website … we distributors could make sure they get the reviews and trailers and better visibility, instead of 14 different cinema sites that someone is administrating in their spare time… Given how little papers are paying for film writing today it would not be difficult to do something interesting editorially, to hire some suitable writers before film criticism as a career is entirely dead."

JAKOB ABRAHAMSSON, NONSTOP ENTERTAINMENT

5. Engaging the Audience

Do you ever think about the fact that decisions you make at work are also actively shaping the future of the industry?

"I thought about it a lot when we created the possibilities for VOD platforms to apply for support. I think a lot about it when I see projects coming in with big out of the box financing plans or distribution plans … will they be able to create something different? And if there is a fresh idea of reaching the audience, engaging the audience, then … it always gets a favourable mark. I still think that support for production is of utmost importance, but if we can focus more on what the plan for audience engagement is I think that's gonna do us good. I think that we can be model for some others by doing so."

PETRI KEMPPINEN, NORDISK FILM & TV FOND

"It's really hard creating any product without a knowledge about who you're creating it for. I think you have to understand [that] we have to think very much from a user-centric perspective. The journey people take to either discover things or engage with them."

LIZ ROSENTHAL, POWER TO THE PIXEL

"I think distributors in general will have to reinvent themselves. Their role has already been outplayed a little bit so they will have to be very creative and make the producers convinced that what they bring to the table is added value. Meaning that it's not enough to book a media campaign … but they have to go very actively into marketing the film from a very early stage. They would have to come with their comments, already from script stage, on how they see [it] could be fit into their market. And they will have to specialise in new media and really be the experts on what's going on and the new tendencies of the market. Because otherwise they do not play a role anymore."

3–5 years is really soon. Is this change already happening?

"We are on a baby level right now. The baby is just learning to walk. But I think the baby will grow fast, because the need is there. The consumers want it."

RIKKE ENNIS, TRUSTNORDISK

"Filmmakers are the slowest people in the world to understand what's going on. I think we're looking to a whole new kind of creativity with people that are not afraid of blending different disciplines. We see engineers, scientists, medical people, all kinds of people that are innovative in their field getting connected with people from other fields and creating things together."

Do people from all of these other fields understand storytelling though?

"I think the difference is that filmmakers might understand storytelling, but they rarely understand the audience. I find when I work with filmmakers it's a focus on 'I, me and my film, my way' and very little thought about who's gonna see your film. Or even curiosity about finding the people that might like your film exactly your way. And finding them already when you're being to create your project"

ANNIKA GUSTAFSON, BOOST HBG

If the film industry has long been aware of the impact of changed consumption behaviours, a new development is that voices both in our interviews and all over the research are starting to admit that this is perhaps not entirely a problem created by technological disruption. The hard truth is that big parts of the film industry seem to have lost touch with the audience.

In part, this is a demographic observation. In Europe and North America, the sector is still dominated by white academic middle class men, whose concerns, tastes and lifestyles are not representative of the wider population.

Programmes to address this imbalance will take years to have effect. They are in some places also facing a quiet resistance from within the industry, motivated by legitimate concerns over spreading available resources even thinner – but also by a fundamental inability of industry traditionalists to take this matter seriously. Make no mistake: if the overwhelming majority of the audience are poorly represented among storytellers and the speaking parts on the big screen, they will go where their lives and stories are not being erased.

"Audience blindness" is also driven by the unfortunate combination of the auteur tradition and funding models where the market performance of their earlier films is relevant to producers and talent only as it impacts their next film. Should a movie fail, it is rare for anyone in the value chain to accept any responsibility. Logically, the clues are pointing to the sausage factory. With this much quality content around, marketing can ultimately add very little if the audience does not care – as even recent blockbuster failures demonstrate.

This is not to advocate for filmmaking by committee or surrendering artistic choices to consumer reference groups or algorithms. Indeed the risk in this marketplace of the "tyranny of demand[12]" must be navigated very carefully: cinemas are already dominated by familiar IPs considered to be safe bets. But as the success of high-impact TV drama continuously demonstrates, audiences are certainly willing to engage with challenging, fresh or difficult storytelling. As ever, the role of the artist is to create something that will resonate with an audience that does not yet know what it is aching for.

Other creative industries with strong creative personalities, like fashion, design, theatre and literature, rely profoundly on understanding and interacting with their audiences. They research street styles, test interfaces on users, spend time with members of their core audiences, nurture communities of fans. There is absolutely no reason apart from tradition for audiovisual storytellers not to work in a similar way, which at minimum would involve some kind of real conversation with some of the humans one intends to enjoy the final product.

"With film and TV, we start with the format, making a product, because that's what we've always done. We then develop the 'product' in a vacuum for many years and only generally try to understand and engage that audience and consumer at the point of sale not when we are developing it. When people design products [in other fields] they spend ages looking at how people use them, how they engage with them, user-testing them, rapidly proto-typing an idea. And we don't do that in the media.

So we shouldn't be teaching the audience how we want them to behave… I don't think we shoo d try to be 'teaching' the audience anything about how we want them to consume films! I think you have to understand how they behave … We should be thinking: what are the social norms that change around the [technological] changes that have happened? We really have to look into how audiences are engaging with media in new ways. It's not the other way around. And that's what the film and television businesses sometimes don't get."

LIZ ROSENTHAL, POWER TO THE PIXEL

Engaging with the audience early in the creative process has the additional benefit that real engagement is a two-way street. Access turns audience members into ambassadors. Building a relationship to one's core audience gradually can boost the impact of traditional marketing dollars significantly[13].

This will probably involve crossmedia efforts and a staggered release of additional or (ideally meaningful) complementary content that is scheduled and coordinated, but responsive in real time. This implies both a deep involvement of the talent in marketing production and a staff of "run-time" marketers working through the entire filmmaking process and literally around the clock during global release periods of weeks or months.

"Everybody addresses their content productions in their industry silo. And until those companies become multimedia companies or multimedia brands then the products and art they develop is gong to remain pretty much the same … I have meetings with commissioners and funds or producers who [say], 'we tried multiplatform, it doesn't work. But that because they are usually developing interactive and new media around a single product business model and this content is seen as secondary to the linear product

12. Colombani, Videlain et al: *The Age of Curation*

13. In a 2012 study by market researchers Penn Schoen Berland for *The Hollywood Reporter*, 76 % of social media users reported that positive posts about film and tv affect them more than negative posts. Trailers were still the most influential factor in choosing a movie in a theatre (40 %). Since 2012, however, social media has probably become the most important access point for such preview content.

or simply as marketing; they never think of developing ideas in different ways where there is a strategic approach to development and audience engagement. So lots of times … there's no integration and the projects are not properly developed and they are not properly financed."

LIZ ROSENTHAL, POWER TO THE PIXEL

I think the key to progress rests mostly with storytellers, with writers, or could be directors. It's still very early days in terms of experienced writers knowing what fun they could be having in this arena. I think they think it's not achievable yet. But once they become the architects of story across the different platforms, then everybody's going to fight for them to do what they want to do and to make it happen. At the moment it's still a bit marginal."

Working with IPs across platforms raises rights management issues. Is the legal infrastructure that we need for this in place?

""I believe not. … You've got a lot of very experienced lawyers or production companies or whatever who keep saying 'no, can't do that.' And you say 'why', and you fight and keep going, and most of the time hopefully you get what you want because you take them through … what [they] gain by this or how can we share in it… The current business models will mean that when writers or producers are ready with [integrated cross media] ideas, they'll look to their existing IP agreements and realize they can't do it, or they don't know who owns what. At the other end… are lots of people [who are working explicitly with transmedia], often less experienced in IP, who are detrimentally clueless about the basics of development rights transactions."

MICHELLE KASS, MICHELLE KASS ASSOCIATES

Production, distribution, sales and marketing can no longer remain separate silos. Cross-medial marketing must be integrated into the entire filmmaking process, and thought of in terms of relationship-building rather than selling. And on two-way communication platforms like the internet relationships do need to be "real". Just drip-feeding the audience content one way is unlikely to work.

Since access to the talent has value for the audience, the best use of the talent's time may need to be reconsidered, weighing the reach of traditional media outlets against the impact of direct interaction with the global audience – whether the platform is a crowdfunding campaign, a Q&A live-streamed into movie theatres or a Reddit AMA.

It is also possible to be personal on very, very large scales. The Star Wars: Force for Change initiative, in which fans donated money to earn tickets to a lottery for a walk-on part in the film and other prices such as private screenings, raised $4.26 million for Unicef. More importantly it forced every *Star Wars* fan of every generation – whether they participated or not – to reflect on their relationship to the franchise. Would they want to be in *Episode VII*? Why? How much? Had the storyworld represented something positive enough in their lives that they would be willing to pay a little forward? Getting fans talking about a 37-year old franchise is to get them talking about their lives.

"What does a regular day in your audience's life look like? What the hell are they doing? Do they really want this content at all? It is very difficult for creators to think in those terms, because when I say you have to think about your audience they hear I have to sell out and be commercial. But we actually force them, when they're here in workshops, [to] take an afternoon and go out in Helsingborg and locate – in the streets – people that look like their perceived audience. So if you're making a project for teenagers, you have to go to the high schools in town and hang out during lunch break, and find the students and approach them. It freaks the filmmakers out … it's very very difficult to go out there and say 'Hi! Can I talk to you? I'm making a film about this and I would like to know what you think about my idea.' But [once they go] they never return on time, because they cannot stop … They're coming back with tonnes of ideas, people that want to get engaged, people that want to help and to be part [of it] and they have met their audience for the very first time."

ANNIKA GUSTAFSON, BOOST HBG

Apart from the obvious creative benefits of working in the world instead of in an ivory tower, the new distribution reality also requires it financially. The percentage of consumers who select media content based on social recommendations is very high[14], as is the trust in algorithmic recommendation services[15] catering

14. The Q1 2014 Digitalsmiths *Video Discovery Trends Report* found that 29.3% of all respondents (US and Canada) choose to watch a TV show or movie based on social media buzz. This is an increase from the 2012 *Hollywood Reporter* study, which reported the same percentage but only polled social media users. Today, only 12.1% of the 3 090 Digitalsmiths respondents do not use social media.
15. Colombani, Videlain et al: *The Age of Curation* p 5–11

to their individual taste (which can be understood as a statistical representation of recommendations from very many friends indeed).

This creates new opportunities for independent filmmakers – but only assuming that their product can break through the noise to begin with. Working longer term on engaging members in the core audience is therefore of special importance for creators of independent film or new IPs. If the industry has traditionally sought ambassadors in award juries and among critics, perhaps today the most important person to target at a film festival is not even a buyer, but each potential audience member at each screening. After all, when we say a film has "momentum", what we mean is excited humans.

The first tangible impact of enabling audience engagement occurs at release, when momentum can translate into receipts. In the next phases of circulation, years or decades later, most viewers will either have the work recommended by an algorithm or else view it for cultural "catch-up" reasons – or be revisiting an old favourite, if they're already fans. Here, too, designing for engagement is a solid investment in the value of the back catalogue. *Star Wars*, *Veronica Mars* and *Docventures* are three examples on very different scales of audience engagement extending the life of an IP or an individual film years or decades into the future.

"Collaborative working is really interesting. The idea of rapidly prototyping ideas, the need to work across different industry sectors and scales is something we're going to see a lot … Any producer of media has to really think very carefully about how interactivity is going to add value to what they're making … whether it's about engaging an audience early or about creating a new type of interactive product … Even if your goal is to make a film, the point is as you develop the project, are there other product s that you can be creating to engage your audience, generate income and build your identity or brand. I think it's very different, it's not now about making one single product and then handing it over to a long chain of people who might hopefully engage an audience, it's about integrating this at the beginning of concept development."

LIZ ROSENTHAL, POWER TO THE PIXEL

How does one break through with a new thing?

"Books I think are a really important part of that, to be able to make the book-to-screen transition. I think there are areas of the book world that will still very much embrace originality. And then it can jump across."

MICHELLE KASS, MICHELLE KASS ASSOCIATES

"The social change documentary [is ahead of the curve in these ways of working because] what's the point of making a film about something that you care about if you can't be part of changing it? …What I find incredibly interesting is a lot of wealthy, American liberals are now funding documentary films as a way to change society, all while making money and getting Oscar nominations. … On the other hand it puts a lot of pressure on filmmakers: they feel, oh, I have to do this 'social change stuff' too. It puts pressure on the producers. But we see whole new niche emerging of impact producers and impact creators. People that might not be good film directors but are very good at making change happen [and] finding an audience."

ANNIKA GUSTAFSON, BOOST HBG

6. Engaging the Future

"To talk about public institutions first, I find it incredibly important that those who are seasoned surround themselves with younger people … The make up company L'Oréal does super interesting work on [new] leadership skills and train[ing] because they need their 55 year olds to work with a 19 year old trendsetter. They work hard on the culture in the company for people to understand different generations, why we are the way we are, why we work the way we do, and what we need in the end to do a good job…"

ANNIKA GUSTAFSON, BOOST HBG

In last year's report we briefly mentioned the Twitch.tv gameplay video streaming service as an example of video content produced outside of the industry context. Twitch was attracting enormous audiences and expected to grow significantly with the introduction of the latest generation of video game consoles in 2014. This turned out to be correct; Twitch has 55 million monthly users watching an average of 106 minutes per day and growing. A rumoured sale of the service to Google for $1bn was widely reported last summer. The deal fell through, reportedly over anti-trust concerns. Since Google already owns YouTube, the resulting dominance of online video could have created legal and contractual complications[16].

Eventually Amazon acquired the service for $970 million. Most of the Twitch.tv content is still video of digital gameplay, but in January 2015, music-related streaming services have been added in beta.

Apart from the time committed to it, Twitch is probably much more of a threat to sports broadcasters like ESPN than to scripted programming. The most worrying thing about it is rather how unaware at least European filmmakers, funders and broadcasters are of the cultural practices surrounding computer games. Statistics do show that a significant majority of the population and almost everyone in the younger target groups are players of digital games, but ask around where you work: gamers are alarmingly underrepresented among even young decision makers in film, funding and broadcasting.

This is not to say that gaming or even game design thinking are in itself necessarily relevant to the traditional kinds of audiovisual storytelling. But digital games are the world's most valuable, influential and fast-growing entertainment industry. An unawareness of the product and the ways in which players interact around it is arrogant and dangerous given that games already share all screens except the cinema with film, television and other video content.

When the television industry is asking itself where the younger audiences are, Twitch is part of the answer, just like YouTube is part of the answer. A 2014 Danish Gallup survey for Google charting audiovisual media use compared streaming services with broadcast channels. Calculated like this, YouTube was the biggest "broadcaster" among 15–39-year olds and in fourth place among the entire 15+ group[17].

A July 2014 poll by *Variety* measured the likability of celebrities among US 13–18 year olds on a wide range of parameters.[18] The results should be a wake-up call for the traditional entertainment industry. YouTube celebrities Smosh, The Fine Bros and PewDiePie in the top three spots rated in the low nineties with KSI and Ryan Higgs in fourth and fifth place in the low eighties. Only then did the first traditional entertainment stars even enter the list, with Paul Walker in sixth place (75), Jennifer Lawrence in seventh (74) and Katy Perry in ninth (70) – and Walker's high rating was probably in part due to his recent death.

These results suggest that thinking about YouTube as primarily a technological disruption is a dangerous oversimpli-

16. Mac: 'Amazon Pounces On Twitch…'. *Forbes*, 2014-08-25

17. Presented by Google's Carsten Andreasen (Head of Market Insights, Nordics) at the Copenhagen TV Festival, August 15, 2014
18. Ault: Survey: YouTube Stars…, *Variety* 2014-08-05

fication. Yes, it is a platform with different uses: an important music streaming service for some, an audiovisual search engine for others; a source of long-format entertainment for many and for casual "channel surfing" type viewing for most - qualitative data is not readily available.

Much more importantly, however, YouTube-native programme formats and the celebrities they have produced engage the audience much more than almost anything the traditional industry is making right now. This has to do with the interactive nature of the programming, but even more importantly with tone.

Typical YouTube stars speak with and to their viewers, not at them, and perhaps just as importantly they are not pretending to be flawless – whether in production values, looks or personality. That Jennifer Lawrence compares relatively well to them in this context is unsurprising, since her entire public persona is that of an ordinary girl who just happens to have ended up in the Hollywood machine, and who feels no obligation to treat the artificial rituals of red carpets, interviews or photo ops as serious or sacred. Her "realness" in these situations is of course utterly lovable, but it does make the industry heavyweights around her come across as unnatural or stuffy.

Traditional broadcasters struggling to engage younger audiences do need to think carefully about the tonality of their content and about how power hierarchies between content producers and audiences are constructed and communicated. Talent entering the industry 3–5 years from now will have lived their entire lives in the engagement paradigm. Commissioners and executives of older generations will do wisely to employ that experience as the valuable asset it is.

"Sundance Frontier Installations is pretty much just showing Oculus Rift this year …What some people call the empathy machine. Immersive reality. The ability to finally be inside a story physically, myself… Virtual reality provides positive possibilities for creating stories in a whole new way, because you're inside a space and what you're looking at is following your natural instincts. Who doesn't want to peek around a corner and look if a monster is there? In film you just have to wait for them to cut… When people do try the Oculus Rift and you have storytelling in it people get incredibly moved, because they do get to perceive the reality from somebody else's point of view in a very deep and close to physical way. And it changes their perspective, sometimes permanently. And I'm very intrigued by the possibility."

Do you think that one inevitable consequence of this technology is that the games industry and film making will converge much more than they have?

"I really don't know. We see more and more success for story driven games. …games are evolving to tell better and better stories, the same way as film was [originally] intended as a scientific instrument to measure movements and then later was adapted for storytelling. I think a lot of filmmakers turned their backs on game, seeing them as the lesser culture and missed the story telling boat a lot when it comes to games. And I think our funders have completely missed the idea that games are culture, and … highly immersive storytelling. Just like a reading a book is."

ANNIKA GUSTAFSON, BOOST HBG

The increased thirst for immersive experiences makes the accelerating popularity of enveloping screens such as the Oculus Rift platform important to follow: the virtual reality headset, widely prophesied in the 1990s, has quietly become reality. If a year ago the technology was still somewhat experimental and not widely available, Samsung is for instance now offering Oculus Rift's head tracking software in its Gear VR goggles, which a special Galaxy Note 4 smartphone slots into for a screen. On its website, Samsung pushes "virtual reality cinema" just as strongly as games.

While it is likely that the technology will be adopted first for gaming, once the goggles are in homes (or handbags), what happens next is anyone's guess. The next generation of smartphones could plausibly be VR enabled. How would that change viewing behaviours? How will existing media types be adapted for screens with a 96° viewing angle? And what are the platform's affordances for film-type storytelling? Outlier fields like immersive journalism and interactive documentary have taken to VR with great interest and may provide us with some of the answers. Three to five years from now we will all know, which means that 2015 is the year to make sure one has at least tried the technology[19].

19. As we were going to press, Microsoft announced that Windows 10 would support a similar technology, holographic displays, and introduced the HoloLens googles. The OS and hardware will ship "later in the year".

7. Content Made to Travel

"Nationally based business is decreasing in importance. Pretty soon we will be in a situation where the norm will be to be addressing a multinational audience."

MALTE ANDREASSON, UNITED SCREEN

"I see there's a tendency of [sticking with] Nordic Noir, but then again [the genre] is shifting. Social issues have been there all the time but …they are being brought much more into the limelight in a way that is not traditional in crime thrillers. I think this is a good response to the fact that [the market for] pure crime might be saturated. Your [film may be] about the environment for example … about a company that's building solar panel systems, but [it is actually about] corruption and the individual dilemmas that you are facing. Better stories, and more developed characters."

PETRI KEMPPINEN, NORDISK FILM & TV FOND

"I don't think there's any particular reason if the story is strong enough, why you couldn't make it in another language. A good example of this which is … Hinterland, *which is Welsh. When they were shooting it they made [English and Welsh versions] at the same time … A lot of the scenes didn't have very much dialogue. They've been quite creative about satisfying your local audience and making it international."*

KERI LEWIS BROWN, K7 MEDIA

It is still surprisingly common to hear media executives describe drama in their local languages as fundamentally unexportable. And five years ago it would of course have been unthinkable for a Danish family drama like *The Legacy* – or a subgenre as Nordic as the work/life balance thriller of *Borgen* – to do well in the UK. But the undeniable fact is that we were all wrong. Audiences occasionally willing to read subtitles in independent cinemas certainly do not forget how to read on the way home.

And in retrospect it is an illogical worry anyway. Quite a big part of the world's population watches subtitled programming every day, and in markets that dub the programmes language is even less of a problem. That English-speakers have not always *felt like* reading subtitles is another matter. As with everything, it came down to the quality and appeal of the content relative to the threshold for giving it a try.

Not all drama will travel, but just like with film the strongest stories can – if they are about something specific enough to be universal. On principle, this is especially good news for all Nordic broadcasters battling the decrease in linear viewing by commissioning more local content, since producing drama at the required quality and volume will require international funding and international results.

In practice, though, the strongest writers seem to be clustered in Denmark and occasional hits from exceptional Swedish or Norwegian talent may be obscuring the fact that many Nordic shows and films are met even by home audiences with a yawn.

Nurturing scriptwriters and scripts is not free, but compared to the cost of just one fast forgotten show that had the potential of being a hit or a classic, it is excellent value. The Danish Film Institute and UK's Film4 allocate around 30% of support to the development phase, compared with for instance 10–15% at the Swedish Film Institute[20].

Our interviewees disagree about whether the other Nordic countries will be a natural market for Nordic film and television content in 3–5 years from now. Most would like to see that happen, and agree that they will certainly be viewed as a source

20. Svenska Filminstitutet: *Svenska Filminstitutets tankesmedja om svensk film och filmbransch.* (2014) p 6

of financing. Petri Kemppinen of Nordisk Film & TV Fond talked about production partners in other Nordic countries as an indirect way to check in with the audiences in those markets. While the story must be very local, the eyes of an outsider with a stake in the result are helpful to ensure it is not incomprehensible.

"Thai programmes being sold to China… I actually learned something very very interesting at MipCom, which is that before the markets, like the Australians and the Americans come to London, trying to buy everything before they go to Cannes, the Chileans go to Turkey [to] buy all the Turkish dramas … I'm seeing a lot more of this, countries that like certain content from a particular territory striking up buying channels."

KERI LEWIS BROWN, K7 MEDIA

"Let's say you find a new Dogme concept. Those were very tiny movies when they were made, but they became cult. They were new and fresh, because they were conceptualised. I think that's what's important, [to] sit down a group of talent with known [and less well known] filmmakers. How can we keep the flame burning? All the success we've had in the Nordic countries – we cannot get too lazy and think that we will continue having success. We need to reinvent, all the time."

RIKKE ENNIS, TRUSTNORDISK

If drama travels increasingly well, it means increasing competition, no matter where you're from. It behoves us all to remember that the reason Nordic TV drama has done well internationally is the same why indie movies periodically revitalise Hollywood storytelling: when your focus is on repeating the last big thing, you will become at best institutionalised and at worst soulless and derivative, creating space in your marketplace for something different.

Producing content for the 2018 marketplace is very much about ensuring a higher number of shows and films on par with the best things being made right now. But to still be relevant in 2020, enabling experimentation now is just as important. If there is no space in film and television to look for the next thing, it is likely to show up somewhere entirely different – in another format, or another medium entirely.

When it comes to working towards more than one language group, we may also see more formal and production side experimentation like *Hinterland*. For historically bi- or multilingual countries like Wales, Finland and Belgium, where public funding is expected to support also minority language filmmaking, it can be a way to pool production resources. Perhaps this is an area where small countries will be innovators.

But language minorities are also growing all around the world because of historical and future migration, which is only expected to increase. For instance 14% of the US population are expected to be Spanish speakers just five years from now, most of them Americans for many generations. At the same time wars and climate change are creating new paths for migrants and new language patterns across the world. We have already mentioned the importance of talent and content reflecting the makeup of the audience. If any of the fine words about the power of storytelling to influence hearts and minds that the industry uses in speeches and grant applications are true, we face a moral imperative to make scripted content that creates communities and understanding across barriers of language and culture. Both across national borders and within them.

8. Fifty-Seven Channels and Nothing On

The Digitalsmiths *Q1 2014 Video Trends Report* polled over three thousand US and Canadian consumers about their video habits and in particular their relationship to their satellite or cable provider. A shocking 36.7% answered the question "Do you find it easy finding something you want to watch on TV" with a resounding no. Only 46.9% find it easy to find a movie they want to watch on their Pay-TV provider's VOD service. And over 70% never order movies from these services. 63.6% of respondents "always" or "sometimes" get frustrated when trying to find something to watch on TV.

Almost half of the respondents use a subscription service like Netflix or Hulu and 27.9% are using pay-per-rental digital services like Amazon and iTunes. Convenience was the most commonly selected reason (59%), but almost thirty percent also checked the box suggesting they use the services because it is easier to find what they are seeking. Less than 16% said their Pay-TV provider offered personalised recommendations, but very many would like them to; such recommendations are almost universally perceived as accurate and those who have them are significantly more satisfied with their cable service.

It seems reasonable to assume that one of the reasons consumers resort to "cord cheating" (downsizing their channel package to replace premium channels with streaming services) is that with most providers, content discovery is a disaster. 37.9% wish for improvements – and of the 7.5% already planning to change cable or satellite provider within the next six months, 35.9% say they would consider staying if the provider released new functionality making it easier to find something to watch.

At the same time, about a third of the respondents are overwhelmed by the number of available channels. 87.2% watch the same channels over and over again, and most watch only ten channels or fewer.

When content is difficult to browse, it does not matter how big the selection is: less popular content – or depending on the interface, content far down in the alphabet – will never be found. There are still VOD rental services that don't even offer a search window and the number of titles it is feasible to offer through a cumbersome interface is around a tenth of what online services can carry. On the other hand, search works best for finding things you already know (and can spell). A small independent film might make it into iTunes, but its likelyhood of ever being found just through browsing is very small indeed.

If VOD rentals are too difficult, this will drive migration to streaming services with better searchability and algorithmic recommendations, but which are unlikely to compensate for the loss of income caused by the collapse of the DVD window. And obviously, if consumers cannot find the legal content, it will make piracy all the more enticing. This is also true for cinemas, who are resorting to patchwork programming to optimise operations, making specific films harder to catch.

Social TV apps, digital film and TV guides, and TV provider's content discovery apps are attempts at solving these problems. Search sites for finding specific content legally are finally being introduced. But the onus is on media companies to invest in ways to navigate their content, and to create recommendation systems that still allow for discovery of the thing one did not yet know one could love. This raises questions about balancing personalised services and privacy[21].

"[The lack of] predictability makes it harder for the consumer. If a movie is in cinemas I should be able to see it at some point between six and seven at night. But on Wednesday's it's on at 9,

21. Colombani, Videlain et al: *The Age of Curation*, p 13

and on Thursday at 1 PM, and not at all on the Friday … It's all patchwork. Even on an ordinary booking now you'll usually get no more than five to six screenings over the week when it should be 14 or 18 on the usual, old-fashioned big screen. And one sees the commercial cinemas starting to act more like that, not quite as tough but they can schedule a premiere with only a screening a night, or one daytime screening and nothing in the evening time. For them it's a way of optimising visits … from the distributor's perspective it makes it hard to reach those really high numbers … with an ordinary, successful film … it cuts the tops off. Unless it's a really enormous success – then of course they will give it capacity."

JAKOB ABRAHAMSSON, NONSTOP ENTERTAINMENT

"In think [in 2017–18] we will have reinvented the long tail. I think you will have a few very strong platforms like iTunes and Amazon where you find the films, and even YouTube probably, but I also think that you will have a kind of a social network for streaming a film where people will be the messengers and host a film – taking part of the revenue share as well."

RIKKE ENNIS, TRUSTNORDISK

Sources

Interviews and correspondence with the industry experts listed in the introduction took place in late 2014 and early 2015. For clickable links to the below textual sources, and curated recommendations for further reading, please visit nostradamusproject.org

Susanne Ault: Survey: YouTube Stars More Popular Than Mainstream Celebs Among U-S- Teens, *Variety*, 2014-08-04

Paula Bernstein: 'Is the Day-and-Date Release of 'The Interview' a Success? That Depends.' *Indiewire*, Dec 29, 2014

Box Office Mojo: *The Interview* (2014)

Canada Media Fund with Sodec and Power to the Pixel: *Understanding Funders: Funding approaches, challenges & adaptation strategies to help funders cope in a changing media environment* (Discussion paper, 2014)

Digitalsmiths: Q1 2014 *Video Discovery Trends Report*

Laurent Colombani, François Videlain et al: *The Age of Curation: from Abundance to Discovery. A Bain & Company report on how people consume culture in the form of digital media for the Forum d'Avignon 2013.*

Ernesto: 'Top 10 Most Pirated Movies of the Week – 12/29/14. Torrentfreak.com

Chris Godley:'THR's Social Media Poll: How Facebook and Twitter Impact the Entertainment Industry'. *The Hollywood Reporter* 2012-03-21

Michael Gubbins, Sampomedia: *Audience in the Mind. A Cine-Regio Report* (2014)

Kulturdepartementet. Enheten för medier, film och idrott: *Framtidens filmstöd – Sammanställning från konferens 8 december*. Promemoria 2014-08-18

Ryan Mac: 'Amazon Pounces On Twitch After Google Balks Over Antitrust Concerns'. *Forbes*, 2014-08-25

Graeme McMillan: '"Star Wars: Force for Change" Winner Announced', *The Hollywood Reporter*, 2014-11-08

Andreas Nordström: 'Nu kommer krisen för gammel-tv', *Dagens Nyheter* 2014-08-11

Power to the Pixel Cross-Media Forum 2014: *The Think-Tank Report: London 2014*

PwC: *Global Entertainment and Media Outlook 2014–2018*

Svenska Filminstitutet: *Publikens förändrade beteende. Om filmkonsumtion i olika målgrupper* (2014)

Svenska Filminstitutet: *Svenska Filminstitutets tankesmedja om svensk film och filmbransch*. (2014)

Vandejong Creative Agency. 'Cases: Cineville'

Erik Westerberg: 'Här är facit över tv:s ras under 2014', *Dagens Media*, 2014-12-17

Thank You

Lindholmen Science Park Media Arena is a generous partner of the Nostradamus project.

During the year we have also had fruitful collaborations with *The City of Göteborg* and the *Göteborg Book Fair*, all committed to keeping the region a center of storytelling excellence and expertise.

Thanks to *Lena Lind Brynstedt* for tireless research, *Andrea Reuter*, *Åsa Garnert* and *Magnus Bjelkefelt* for their work on the outcome, and *Cia Edström* without whom there is no Nostradamus at all.

Thank you *Cecilia Beck-Friis*, TV4, *Sami Kallinen*, YLE, *Hanne Palmquist*, SVT, *Martina Ternström*, Koch Media for their generosity with time early in the project, and the Nordisk Film & TV Fond via *Petri Kemppinen* who supported our first steps.

The existence of this project is additional proof that the Göteborg Film Festival and the Nordic Film Market are just as forward-thinking as they seem, both as meeting-places between audience and film and as a greenroom for the industry. We're proud to be a small part of the experience. See you in Göteborg!

Supported by:

LINDHOLMEN SCIENCE PARK · Nordisk Film & TV Fond · VÄSTRA GÖTALANDSREGIONEN · Göteborgs Stad Kultur · go:teborg&co · Creative Europe MEDIA