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Prepared by Jon Fitzgerald, Brian Newman and Lela Meadow-Conner

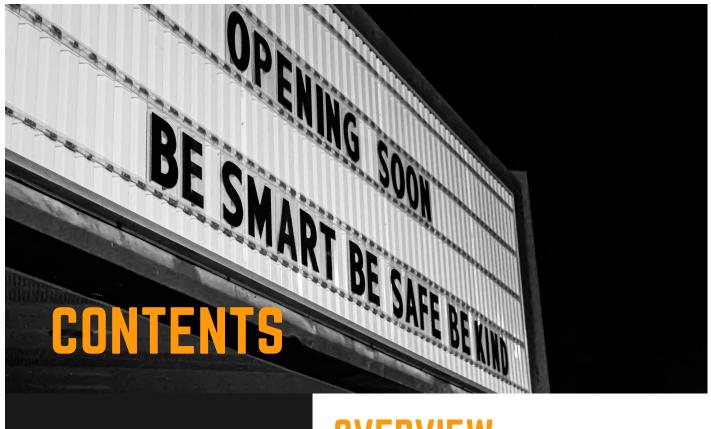












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#### **OVERVIEW**

Now that the world is changing, along with the film and entertainment industry, we wanted to survey the players connected to film exhibition. We recognize that filmmakers are ultimately the content creators, but all know the important role festivals and distributors play in this evolving system. We aimed for a sampling of representatives, knowing there would be overlap, to collect their insights on the problems we face. Hollywood, as a business, has always persevered. To some extent, entertainment has helped communities get through the toughest of times. Now we face a new kind of crisis, with many unknowns. What we do know is that we need filmmakers to keep sharing stories, festivals to provide exposure, and distributors to bring them to audiences around the world. We see this as a preliminary Report, an effort to trigger a more open dialogue. We all need to shed more light on the current playing field, and work together in finding the keys to successfully evolving in this new era of indie film exhibition.





#### **FILMMAKERS**

It's the dawn of a new era. This will be the first year where less films were made than the previous year. Production was shut down. Theaters closed. Social distancing became the new normal. Film festivals faced their own dilemma. Shut down, postpone, or go virtual?

SXSW was the first major fest to postpone, and eventually did a deal with Amazon. Most of their filmmakers pulled out. Cannes cancelled their event, but filmmakers could still use the laurels. Hot Docs would geoblock, limiting to Canadian audiences, and Toronto just wrapped their hybrid version.

Many fests adjusted quickly, opting to present their own versions of virtual cinema. But that brought on more questions than answers. Would filmmakers still participate in Q&As? Would their films be available outside that festival's region? How would online streaming affect their prospects for distribution? Would there be a revenue share? Would there be acquisitions? How could they advance their careers?

Our survey posed many of these questions, as we were looking to help provide some answers. The following graphics illustrate the responses from filmmakers, which includes specific feedback and suggestions for future considerations.

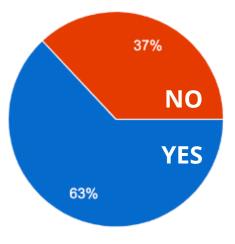
Over the following pages, we present Film Festivals and Distributor feedback as well. Of course, these three connected pieces all have to fit together to make the wheel go round, but the consensus is that it's high time we recognize that without the films, festival and distributors don't have a business. Yes, we need these support systems and the pipelines that feed audiences; but there is clearly a need for more transparency and an open dialogue between the players to even the playing field.

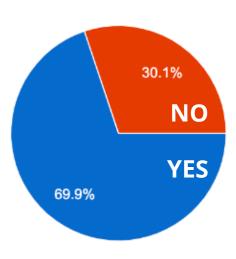
#### FILMMAKER FEEDBACK

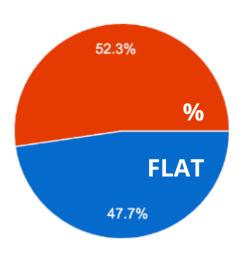
If Screening Fees are typically paid by specific festivals, would you demand the these respective festivals to pay you a screening fee for your film?

If the festival has an online option for audiences, will you require a percentage of ticket sales?

If you will require a fee, would prefer a flat fee or percentage of gross sales?





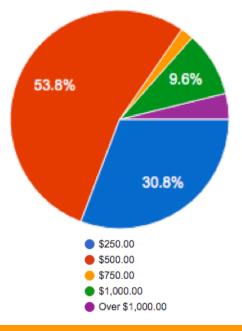


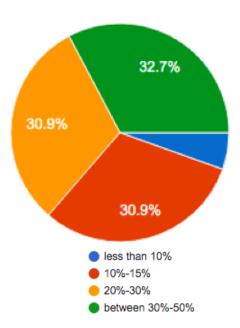
As festivals resume live events, would you waive fee or revenue share if the festival covers your transportation and/or accommodations?

If you will require a flat fee, what dollar If you will require a revenue share, amount works for you?

what percentage works for you?





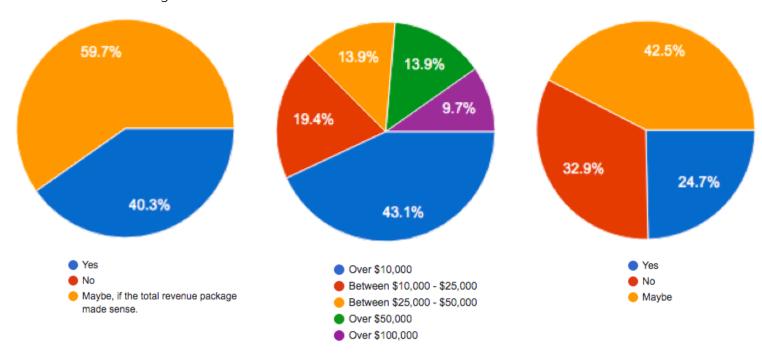


#### FILMMAKER FEEDBACK

If you don't pursue a Theatrical would you entertain an offer from multiple film festivals to pay you a screening fee (from online sales), if there was a minimum guarantee?

If the answer is yes to participating in multiple fest streaming package, what the minimum revenue amount have to be, for the combination of fees?

Are you seeking a theatrical distributor?



42.5% SAY THEY WOULD ALLOW FREE STREAMING TO AUDIENCES

76% SAY FESTIVALS HELPED THEIR CAREER

95% SAY THEY RECEIVED NO DATA FROM FILM FESTIVALS

68.5% SAY THEY WOULD WANT AN AUDIENCE CAP

82.2% SAY THEY WOULD PLAY THEIR MOVIES IN FESTS THAT GEOBLOCKED





- More breakout sessions with filmmakers
- More networking and access to industry players
- More live Q&A sessions with audiences
- More flexibility in viewing times, not just a one time stream
- Better stats and data after the festival
- Social component, more interaction with audiences
- More press and social promotion
- Audience data & email lists
- More help in creating revenue opportunities for filmmakers
- More open dialogue with the filmmakers
- More panel discussions & educational offerings

# WHAT FILMMAKERS ARE SAYING

## WE NEED MORE ACCESS TO INDUSTRY PROFESSIONALS

"Why should festivals own the audience relationship?
Honestly, it's hard to see what the benefit of a film festival is when there's no physical screenings, but if they were working to help market the film and bring in revenue, then I can see it making sense."

"What about highlighting a filmmaker or filmmaking team each day on the festival's website. This could go a long way towards providing the kind of platform filmmakers look to these festivals for."

"One festival we're participating in later this month is recording an hour long podcast where a few filmmakers from each short block talk freely after watching one another's work. This is another great example of pushing the kind of community building that an in-person fest would have been able to foster organically."

## FILMMAKER Q&A

#### **JUSTIN GIDDINGS**

What were some of the positive things that came from your virtual fest play? One of the main benefits is that every "screening" has become an opportunity to bring in a wider audience base. Even when geotagged, we can market our screening locally through social media and Facebook advertising. People who might not show up to a film festival are now showing up for screenings in their pajamas. With streaming viewership up as high as 300%, our film is getting a piece of that pie. I've had more direct outreach come my way from audience members and industry folk than any previous festival run.

#### What were some of the negative things about your participation?

I really miss two things: the chance to engage with people on a face-to-face personal level and the experience of sitting with an audience as they view our film. My favorite part of the circuit is to hear the sniffles or laughs as the audience goes on the journey of our films' characters. And going out for a bite or a party afterward is, of course, an incredible capstone to the experience.

What would you recommend filmmakers look out for on their virtual journey? Be very, VERY clear about how the parameters of the screening might affect distribution down the road. While geotagging is a pretty safe bet, it's ultimately up to the filmmaker to make sure they protect their film. I've noticed a few festivals where there is a worldwide block and a local geotagged block. I think this is a good compromise.

#### What would you recommend festivals adjust as this practice evolves?

A few things. I would love to see the festivals facilitate more audience involvement. While the Q+A's have been pretty great, actually, there's often a chance for a filmmaker to mingle and build their audience/email list. There are plenty of services that not only stream video but also include places for people to chat in real-time. Combine that with some sort of opt-in where audiences can provide their email address to filmmakers to stay updated on future projects. These two practices would go a long way to increasing the value of these screenings to both the filmmakers and the audiences. I'd also love to see some revenue share. I could easily drop a lot of money on an advertising budget to sell tickets if I knew those costs could be recouped. It's less about generating an income stream and more about creating something mutually profitable that drives eyeballs without incurring another huge line item.

If you play more virtual fests in the future, what would your strategy be? Local advertising through Facebook Ads and organic social media. I would find the local cinephile and filmmaker Groups and not just announce the screening, but engage through a Facebook Live video or an exclusive to a local film blogger.

## **TAKEAWAYS**

#### **FILMMAKERS**

The consensus is clear. Some things never change. Filmmakers want more opportunities to advance their careers, beyond a basic screening. They want to network with industry players who could support their next chapter. They also want to meet with other filmmakers, share war stories and grow their information base. Most welcome panel discussions and breakout sessions, which foster these ideas. Virtual editions will have to integrate these ideas to be successful.

They would also like film festivals and distributors to be more transparent about their audiences, sharing data and insights. After all, the more information they have, the better this informs future decisions, from production to distribution.

Finally, they want to see a more even playing field in terms of fees and revenue sharing. We all know fees have typically been allocated to a small subset of the top films on the circuit. To some extent, this can be based on box office projections and prestige that comes with certain pictures. However, these fees are typically orchestrated by the sales agents and distributors who represent such titles, while hundreds of strong films that fill the film festival pipelines go without.

There seems to be growing interest in finding a solution that can serve the interest of both filmmakers and festivals, particularly for films that are not seeing theatrical distribution. One creative solution pondered here is the idea of have overlapping festival coalitions that pool funds to be distributed evenly to a group of films. While there are certainly complications here, with a range of audiences and festival categories not always looking for same type of movies, this is an idea that is worth exploring.



"Virtual talks, which were without geo-restrictions, had participants from across Canada, the US and from as far away as Colombia, Ukraine and Egypt."

Brian Owens, Artistic Director, Calgary International Film Festival



#### **FILM FESTIVALS**

As mentioned above, film festivals had to make drastic changes, with many public facing "live" events and venues being shut down for some time. Some fests were cancelled. Others postponed and many moved online.

The Cleveland International Film Festival was one of the first to pivot, followed by the Ashland Independent, two very strong community fests. These were followed by San Luis Obispo and deadCenter events, and all reported having success.

Of the festivals responding to our survey, some had already had their 2020 editions and some were in the process of planning those editions.

Overwhelmingly, they agreed that COVID-19 has had a drastic impact on the film festival industry, and this survey was completed before the fall 2020 festival circuit began, when a majority of festivals - of all types and sizes - moved online.

The majority of festivals who responded (73%) to this survey, are Community-Driven festivals who serve regional audiences. For these organizations, overall, their primary source of revenue is donations and sponsorship. It should be noted that Box Office only accounts for an average of 15% revenue and Film Submissions approximately 8%.

Most of these festivals received grant money at the state and city level and not from federal sources like the NEA - which more festivals should take note of as they have increased their support of the media arts.

Of festivals surveyed, a majority of them expressed interest in working together to secure non-competitive sponsorships and revenue streams.





Overwhelmingly, the festivals surveyed decided to take a portion, if not all, of their festival online due to COVID-19. A majority of festivals used the ticketing platform turned streaming platform Eventive. For their virtual events, 77% reported using Zoom for their Q&A's, while many also used Facebook Live to support their online programming and Q&A's. More than 80% interacted with their audience via virtual Q&A's, Zoom Parties/Mixers and Panels.

A few staged virtual Awards Shows. Overwhelmingly, festivals hope for a hybrid version of their events in 2021, but concede that they will keep some portion of an online experience going forward. More than 70% of festivals reported that they charged for tickets, with the average ticket price coming in around \$10, and the All Access Pass price ranging from \$20-150. A few organizations made all screenings free.

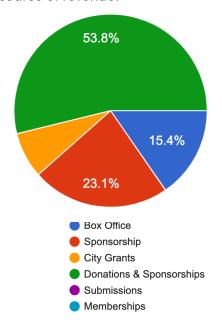
For festivals that produced live events, Drive-Ins seemed to be the only successful option. However, they can be timely and costly, but did allow for some public-facing engagement. Those festivals that decided to cancel or postpone their events rather than take them online chose to do so for the sanctity of the in-person movie-going experience. It is unclear at this time whether those festivals ultimately decided to pivot online or have postponed indefinitely.

It should also be noted that online festivals are not without expense. Although festivals can eliminate some expenses related to venues and travel, the platforms and streaming charges can be equally as expensive. Other effects of COVID-19 on festivals included loss of revenue, from sponsorship, late-cancellation costs on venue and travel that were non-refundable and box office income.

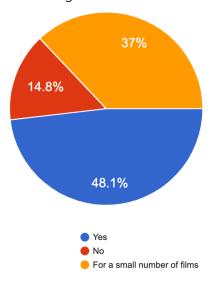
Many festivals were not able to retain staff, both part-time and seasonal contract workers. They expressed challenges in keeping members loyal. Additionally, festivals who don't have their own venues are at the mercy of other property management affected by COVID-19 and may or may not be re-opening due to city, county and state mandates.

#### **FESTIVAL FEEDBACK**

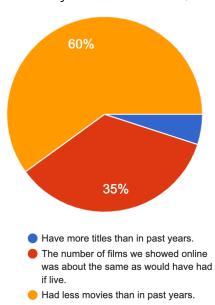
Which category indicates your primary source of revenue?



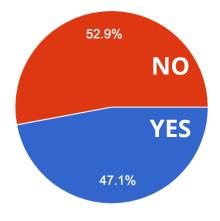
Do you currently pay filmmakers screening fees?



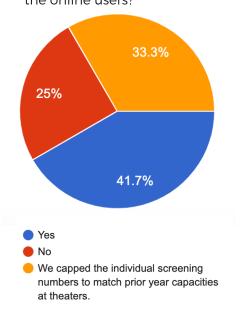
If you have you decided to move a portion of your Festival online, did you:



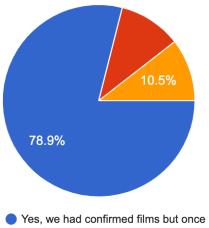
If you did move a portion of your Festival online, did you geoblock the viewing and only make available in your region?



If you did move a portion of your Festival online, and chose not to geoblock, did you have increased sales/attendance from prior years with the online users?



Did any distributors/sales reps withdraw a film or turn down a request for an online screening with your event?



- Yes, we had confirmed films but once the distributor learned we moved online, they withdrew.
- No, we did not have any distributors withdraw films from us.
- We did not invite/confirm any titles represented by a distributor.



## FOR THE MOST PART, THE TOTAL NUMBER OF FILMS SCREENED WAS REDUCED.

COVID-19 brought additional changes to festivals' relationships with filmmakers and how they program their festivals. Nearly half of the festival surveyed regularly pay screening fees, with an average of about \$300/feature and \$50/short. Most reported that in the online environment, they continued to pay filmmakers a flat fee vs. a revenue share of box office income, and that they will continue with the same model in the future.

Sharing box office statistics with filmmakers seems to be more standard and festivals seem to be more willing in a virtual environment. Perhaps this is a practice that will become more standard in the future as a way for festivals to support filmmakers. Festivals did continue to engage with filmmakers via Zoom Parties/Mixers, Panels, Live and Recorded Q&A's. Most festivals still offered online educational programming, including panels, workshops and filmmaker education.

More than 60% of festivals surveyed reported a decrease in the number of films they screened virtually, versus an in-person festival. The majority of festivals did not consult with filmmakers before taking their festival online. Over 70% of festivals surveyed do not require premiere status for feature films and 90% of those surveyed do not require premiere status for short films. However, 50% of these festivals experienced issues programming films because of another festival's premiere status requirements.

Festivals that completed this survey were split between geo-blocking and not geo-blocking to their regions. Of those that chose not to geo-block, 47% reported an increase in attendance from outsider their normal region. Films that were geo-blocked to the U.S. seemed to have succeeded more than films geo-blocked to a state. When geo-blocked to US or worldwide, there seemed to be much better attendance for films and events. As we see the festival circuit continue to evolve in the post-pandemic era, it is likely that we will see more caps and less geo-blocking. Whether that continues to equate to increased audiences remains to be seen.

## FESTIVAL Q&A

#### BRIAN OWENS, ARTISTIC DIRECTOR, CALGARY INTERNATIONAL FILM FESTIVAL

## What form of pivot did you take to integrate Virtual elements, and what were the biggest challenges?

As we were already signed on with Eventive as our ticketing platform, we were able to "tinker" with the virtual festival platform early and we were able to train our audience on it in advance of the "hybrid" festival in September.

## What were some of the positive things that came from your virtual fest play? And will you continue with and/or expand on them as you develop plans for your next event?

The most positive element of virtual fest play was the ability to expand beyond the city of Calgary. Approximately 15% of our virtual participants were from outside the Calgary zone throughout Alberta and into Saskatchewan and Manitoba. Virtual talks, which were without geo-restrictions, had participants from across Canada, the US and from as far away as Colombia, Ukraine and Egypt.

## How did you handle your filmmaker Q&A? Live vs Recorded, and anything you can share about what you will do differently next time?

In pre-festival audience surveys, live Q&A's placed lowest in our audience's interest with only about 13% saying they would tune in. Thus, we turned to filmmaker chats that we could do live, then record them and make them available to our audiences throughout. This allowed for filmmaker interaction in a format that met our audience's needs without stretching staff thin or taking up filmmaker's time for something that wasn't attractive to our audience.

#### One of the most important things for filmmakers and their fest participation is Networking. How did you incorporate this idea into your event, if at all. And how might this evolve for your next event?

We held one filmmaker happy hour on Zoom and had participants from Canada and the US. There were some hiccups that inhibited participation. We would likely do a few more, but instead of inviting all filmmakers to one event, we would "theme" them to allow for more personal opportunities to talk to one another.

## FESTIVAL Q&A

## BRIAN OWENS, ARTISTIC DIRECTOR, CALGARY INTERNATIONAL FILM FESTIVAL

## Did you pay screening fees or revenue shares, and if so, feel free to share your policy, and how that may change going forward?

For any film that chose to go with us into the online world (with a few exceptions), we offered a box office share of 45%. For those that chose in cinema only, we offered a \$250 flat fee (because of limited capacities, that had to be low enough for us to recoup that cost.

#### Did you geoblock and/or set caps. And did you increase sales, or have less?

We geo-blocked films to Alberta, Saskatchewan and Manitoba (as there were no major film festivals in the other two prairie provinces to "steal audience" from). Filmmaker chats were not geo-blocked. All streams were initially capped at 500. Two titles that had their caps expanded to meet audience demand. An additional five films reached the cap but were not expanded due to distributor demands.

#### What is something that you would absolutely do differently if you hold another virtual festival?

The only thing I can think of is to move up the file deadline for filmmakers to allow staff more time to prep the files for digital upload and to create closed captioning (there simply wasn't time to do it for all titles). We would also probably expand marketing into the provinces outside Alberta to raise more awareness.

## ADDRESSING DIVERSITY



The festival industry remains overwhelmingly white; with a closer to 50/50 gender split average amongst orgs who took the survey, as reflected in their senior leadership, their overall staffs, their artistic staffs, and their marketing team.

Their Board of Directors also skewed overwhelmingly white, retained closer to 50/50 gender split on average, and included more representation of the Black Community v. other marginalized communities (LatinX, Asian, Indigenous, etc.)

On average, audiences also remain overwhelmingly white with 60% women/40% male ratio.

A positive step towards inclusion and equity: of the organizations survey, Directors from their most recent editions averaged out at 54% female and 46% BIPOC.

## **TAKEAWAYS**

While many festivals reported lost revenue, several reported reaching larger demographics within their region as well as more first-time attendees.

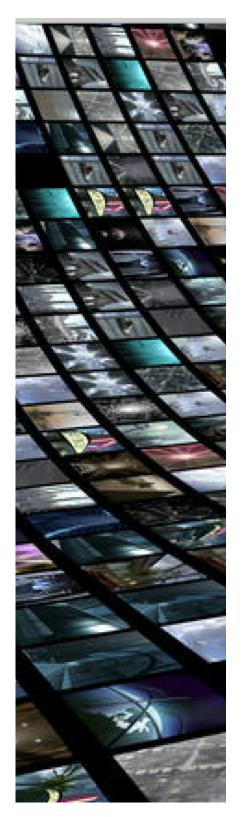
Many festivals are definitely rethinking their missions, their models and their relationship with filmmakers.

Screening fees and revenue sharing will likely continue, but geo blocking and audience capping will be a factor.

A majority of audiences may likely not return to IRL festivals until there is a widely available vaccine

Several Regional and smaller film festivals are reporting less difficulties during this time than many larger and more institutional festivals.





#### **DISTRIBUTORS**

Distributors, sales agents and platforms (streamers) have also been hit hard by Covid, the closure and limited capacity of theaters, and the other changes brought by this new era, but have also adapted quickly. Historically, distribution has also been a very competitive business, with a lack of transparency (aside from box office reporting). Perhaps for these reasons, we received less survey responses from this sector than others.

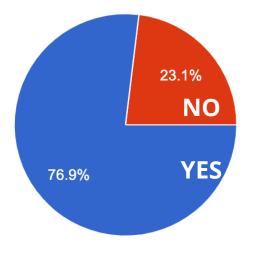
Approximately 35 distributors were contacted and 10 responded - a 29% response rate. Complicating matters, there is some overlap in roles in this sector - some sales agents are also distributors, and many distributors now run VOD platforms (especially since Covid). Most of the responses came from what would be broadly called "mid-tier" distributors, with 7 self-identifying as primarily theatrical distributors, 2 as international sales agents and one as primarily a streaming platform. None of the major platforms (Netflix types) or studio owned distributors (Sony Classics) responded.

For purposes of this preliminary survey report, we'll refer to the respondents collectively as distributors, but due to the low response rate, most of these results must be considered preliminary, and not statistically representative. That said, the survey does give us some insight into the changes in the business and areas for further exploration. First, all but one theatrical distributor reported that they added a streaming platform option to their offerings during covid, showing that everyone is moving quickly to "virtual cinema" and streaming options during Covid.Not surprisingly, 70% of respondents were negatively impacted by covid, with only one reporting increased sales/rentals due to online streaming.

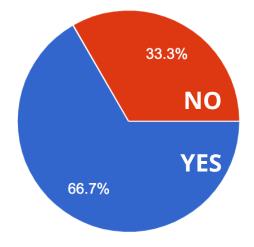
## ACQUIRING FILMS AT FESTIVALS

It is clear from the survey results that distributors find festivals very important to acquisitions and distribution, even during covid and the time of virtual festivals. That said, as the field moves into virtual screenings, most distributors desire some form of ticket cap and geoblocking. While some filmmakers wonder whether they have to play a top-tier festival to be discovered, the majority of distributors clearly look at a broad range of festivals for acquisitions, even if they can't attend but a few. Interestingly, top-tier festival awards seem to matter much more than those festival's laurels. Within this small cohort, regional festivals do influence acquisition decisions, but most distributors said that regional aurels and awards do not seem to impact revenue from distribution.

Have you acquired a film from a non top-tier festival in the past five years?



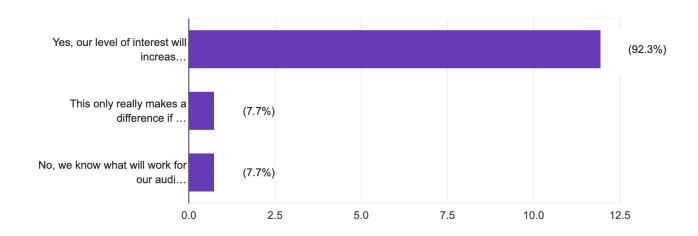
Do you think virtual/online festivals are of value to you in acquiring a film(s)?



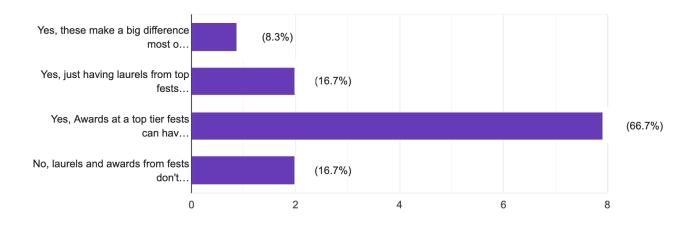
## ACQUIRING FILMS AT FESTIVALS



Does it increase the chances of acquiring a title if it has generated positive reviews or testimonials from critics?



Do laurels and/or awards from Top Tier fests have an impact on sales/rentals?



# PLAYING OUR FILMS AT FESTIVALS

All but one distributor said they use film festivals to premiere and place films within the market. A small percentage (20%) said they only consider "top tier" festivals to be helpful with a film's release and 40% specified that they consider regional film festivals to be important to a film's release.

A small percentage of distributors (20%) said that once they acquire a film, they no longer allow the film to play film festivals. 50% said they will play festivals that take place within 6 months of their acquisition and 30% said they will only allow films to play Tier 1 and Tier 2 festivals where laurels might help distribution.

70% either do not require a screening fee or will waive the fee if the festival has a policy of not paying fees. The other 30% required a fee payment, but were open to a revenue share, with 1 sales agent specifying that they didn't require fees from Tier 1 festivals, but did need a fee or revenue share from other festivals. One also noted they'd usually negotiate for travel funds for the filmmaker first. One distributor mentioned potential lost revenue in certain markets as a reason to require fees in those markets.

40% of distributors said that films should play less than 5 film festivals, but 60% said that more than 5 and 40% said that they would play as many credible festivals as possible.

## **TAKEAWAYS**

Distributors seem to prefer geoblocking and ticket caps, but there is no firm agreement on what are the appropriate limits. That said, most seem to prefer geoblocking, and a significant percentage do seem worried about selling too many online tickets.

70% of distributor said that geoblocking and ticket caps were decided on a case by case basis, but 60% of distributors said they preferred ticket caps on virtual screenings. 30% of distributors said that if a film they wanted to acquire was not geoblocked they would let the filmmaker know that would stop them from making an acquisition.

An additional 30% stated that even with geoblocking they were concerned with playing too many festivals and selling too many tickets online.

30% stated that they would not acquire a film that had sold more than 5,000 total online tickets. I distributor said that their cap was 20,000. 30% stated that as long as the film was geo-blocked there was no cap on tickets or views.

70% look to continue or increase virtual exhibition even once we can go back to theaters. Only one said they would discontinue the practice.

70% said they would continue to work with festivals on virtual screenings as long as there is a geoblock and ticket caps.

### BIOS

#### Jon Fitzgerald - <u>iGEMS.tv</u>

Jon has twenty-five years of experience in the independent film, internet and film festival communities. As a filmmaker, he has produced a number of award winning documentaries; and as a consultant, he has guided many independent film projects through the maze of festivals and hybrid distribution models. As a co-founder of the Slamdance Film Festival (1995), he led the event the next two seasons before being named the Festival Director for the prestigious AFI Film Festival in 1997. After running AFI Fest for three years (1997-1999), he created a consulting business, guiding the launch of numerous film festivals (Bahamas, Lone Star, Orlando), directing several others (Santa Barbara, Topanga and Abu Dhabi), and consulting to dozens more. In October of 2012, Jon authored his first book, entitled Filmmaking for Change: Make Films That Transform the World, published by industry leader Michael Wiese Productions, and in 2019, he founded iGEMS.tv as an internet guide to engaging movies and series.

#### Brian Newman - Sub-Genre

Brian is the founder of Sub-Genre, consults on content strategy, development, distribution and marketing for some of the top brands in the world. Clients include: Patagonia, REI, IBM, Keen, Yeti Coolers, New York Times, Shopify Studios, Sonos, Stripe, Unilever, Merck, Sundance, Vulcan Productions and Zero Point Zero. Brian is also an independent film producer. Projects include: The Outside Story, The Ground Between Us; Love& Taxes, Shored Up, The Invisible World and Remittance. Brian has served as CEO of the Tribeca Film Institute, president of Renew Media (known for the Rockefeller Fellowships) and executive director of IMAGE Film & Video (producers of the Atlanta Film Festival & Out on Film). Brian is the founder of the Brand/Foundation Alliance, and serves on the advisory board of the Camden International Film Festival. He has served on the boards of Grantmakers in Film & Electronic Media (GFEM, now Media Impact Funders, as Vice Chair and Treasurer); Muse Film & Television, Rooftop Films (Chair) and IndieCollect (Co-Founding Board Member).

#### Lela Meadow-Conner - Film Festival Alliance

Lela is Executive Director of Film Festival Alliance and Founder of mama.film, a non-profit arts organization at the crossroads of art & advocacy - where storytellers, changemakers and nurturers come together to champion women of all kinds and their allies. She's a co-founder of Wichita's Tallgrass Film Association, has consulted for various film festivals including Woods Hole and Geena Davis' Bentonville Film Festival. She has participated in the Artist Inc. program through Mid-America Arts Alliance, and The Industry Academy, a program of Film Society of Lincoln Center and the Locarno Film Festival. She currently serves on the Board of the Vidiots Foundation, and as co-Producer on Sav Rodgers' forthcoming documentary Chasing Chasing Amy, and as Executive Producer on Niztan Mager's web series Quarantine, I Love You.