

Cinema on Demand The model and its requirements

Digital Technology enables new business models for cinemas. One of the most promising models is Cinema on Demand. With Cinema on Demand (CoD) the cinema operator can search and acquire films around the clock without having to wait for releases by the distributors. Thus cinema operators gain flexibility in programming that they have never enjoyed before.

What is Cinema on Demand?

In traditional cinema, films are released by distributors; they are practically delivered to the front door of each venue. The choice of the cinema operator, many times, is just on how long a film is allowed to play. In a CoD world it is the other way around: The cinema operator has to search for the films. He determines which film is played when. But before deciding on which film to play, the first question of a cinema operator is, of course: "What films are available and how can I acquire them?"

On online film catalogues like www.reelport.com, cinema owners can search for film they are interested in and view the films online. They should be able to search with all the criteria (Genre, Keyword, Director etc.) and all the functionalities that modern databases can offer. If the cinema operator wants to book the film, the second issue is raised: the clearance of rights. Since a cinema owner has neither the time nor the knowledge or the people to sort out the rights situation with each and every distributor, it is of great advantage, if the rights are cleared even before a film enters the catalogue.

The clearing of rights over the internet is furthermore of advantage for the cinema operator because the operator thus gets access to films that don't have a distributor in his own country. A cinema operator in Finland will not enter into negotiations with a distributor in Spain for example. Typically he neither has the time nor the knowledge to negotiate film rights, especially if the films originate from another country. With an online film catalogue he has at first the possibility to get knowledge of films, he never would have found in the traditional way.

The advantage for world sales agencies is that they can release films in countries where they didn't find a national distributor. Furthermore, CoD can be a second chance for back catalogue films and a first chance for films that have either found no distributor or were not meant for theatrical distribution in the first place. Also alternative content like opera performances and/or TV content can have a second chance on the theater screen.

Technique

Once the cinema operator has acquired the film, he needs to have it sent to his theatre immediately. With digital cinema, this can be done without delay, too. Depending on his equipment and/or the cinema network that he is connected too, he can either receive the file directly by download or on a hard disk or he can have it sent to his network operator who will then pass on the film to him.

Digital Delivery is not a problem anymore in a technological sense. There are numerous networks (CinemaNetEurope, XDC, Artsalliance etc.) which deal with encoding, encryption and delivery. Offering films to *all* cinemas that are connected to these networks, however, is a problem. In a technological as well as in a financial sense. Interoperability is the keyword, technology-wise and money-wise. But as long as the picture and the sound are fine on the

particular screen, both, cinema operator and rights owner will be satisfied. It should be their joint decision on what quality to accept.

Transnational distribution?

Not only technical incompatibility is a problem for the transnational distribution: If the concept of CoD is to work across borders within the European Union, one, if not the major, obstacle is of administrative/political nature: Each country in the EU has different laws and systems for the release of films in the country and/or for example the age classification: France issues Visas, in the Netherlands distributors and broadcasters themselves have the responsibility to classify films, whereas in the UK a private company, the British Board of Film Classification, takes care of age rating etc. A standard European clearing institution would greatly enhance the ability of films to travel throughout the Union. It would not only help CoD but every distributor who wants to work outside his own country, too.

Marketing – Target audiences

The concept of CoD will change the landscape of traditional cinema. The new possibilities of digital distribution will not only add to the content that cinemas will show but they will also change the way cinemas make business:

With CoD the cinema operator cannot rely on the marketing measures of the distributor. Apart from mailing lists, posters, flyers and ads in the local press, his possibilities are quite limited. However, this disadvantage is more than compensated by the opportunity to directly address target groups. Events like a jour fixe „Italian Classics“ for the local Italian minority in London are thus made possible. Any other target group, from trekkies to skaters, huntsmen or art house buffs can be aimed at with specially chosen films. Since members of these social groups usually know each other, the disadvantage in marketing can be leveled out by word-of-mouth campaigns and systematic advertising. The opportunity is to interest groups in films that have never or rarely set foot in a cinema.

Cinema on demand depends on the fact that the operator attends for his cinema audience. Comparable to galleries in the art business, it enables him to build up a core audience in a much more targeted manner than before. At the same time he has the chance to present himself with a multitude of themes that has never been possible before. This requires lots of work and time and, sometimes, a new type of cinema operator.

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