CHAPTER 17

MOVIE MARKETING

◇ Useful words and concepts

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globalization (2)
social media networks
entertainment
beneficial
industry segments
sequential distribution
patterns
monitored
scoring
editing
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Academy Award (s)
seasonal peaks
prospective
purposely
staked out
thwart
unauthorized copying
consolidate
shopping-centre malls
economies of scale
decaying
financial hardships
affluent
consumers
suburbs
grime
deterrents

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Instructions For Study

1. Turn to the **definitions** following the text *Movie Marketing*. They refer to the specialist terms printed in **bold** type in the list of **Useful words and concepts**. Study them closely and pinpoint them in the text.
2. Use an **English** language dictionary to check the meanings (in context) of the other words in the list.
3. Do the exercises to improve your language skills.

Movie Marketing

Since the mid-1970s, the movie industry has been in a transition phase characterized by diminished control of distribution and product pricing through traditional organizational arrangements. The changes extend from the making of 3D films to the proliferation of digital platforms and the globalization of social media networks. Although this transition has already provided consumers with an increasingly varied selection of easily accessed, low-cost entertainment, it has not been beneficial to all industry segments. Technological development has, however, made it possible for more content to be created by more people and to be distributed more widely and at a lower cost (e.g., via the Internet), than ever before.

Sequential distribution patterns

After the principal production phase has been completed, thousands of details still remain to be monitored and administered. Scoring, editing, mixing sound and color, making prints at the film laboratory and conversion to digital formats are but a few of the essential steps. Once the film is in the postproduction stages, however, perhaps the most critical preparations are those for distribution and marketing.

Films are normally first distributed to the market that generates the highest marginal revenue over the least amount of time. They then "cascade" in order of marginal revenue contribution down to markets that return the lowest revenues per unit time. This has historically meant theatrical release, followed by licensing to pay cable program distributors, home video, television networks, and finally local television syndicators. Distribution is thus all about maximizing discrete periods of exclusivity.

Sequencing is always a marketing decision that attempts to maximize income, and it is generally sensible for profit-maximizing distributors to price-discriminate in different markets or "windows" by selling the same product at different prices to different buyers. Control of windows creates scarcity, which is crafted through the use of contractually specified terms and times of exploitation exclusivity that are achieved through the use of what are known as "holdbacks".

It should not be surprising, however, to find that, as new distribution technologies emerge and older ones fade in relative importance, shifts in sequencing strategies occur. For example, the Internet's ability to make films instantly available anywhere now requires simultaneous worldwide day-and-date theatrical or DVD release for major projects. Such "windowing" is also a way in which the public good characteristics of movies used as television programs can be fully exploited.

Distributor-exhibitor contracts

Distributors normally design their marketing campaigns with certain target audiences in mind, and marketing considerations are prominent in a studio's decision to make (i.e., "*green-light*") or otherwise acquire a film for distribution. Indeed, in the earliest stages, marketing people will attempt to forecast the prospects for a film in terms of its potential appeal to different audience demographic segments, with male/female, young (under 25 /old), and sometimes also ethnic/cultural being the main categorizations.

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Distributors will then typically attempt to align their releases with the most demographically suitable theaters, subject to availability of screens and to previously established relationships with exhibition chains. They accomplish this by analyzing how similar films have performed previously in each potential location and then by developing a release strategy that provides the best possible marketing mix, or platform, for the picture. Sometimes, the plan may involve slow buildup through limited local or regional release; at other times, it may involve broad national release on literally thousands of screens simultaneously.

However, instead of negotiating, distributors may also sometimes elect, several months in advance of release, to send so-called bid letters to theaters located in regions in which they expect (because of demographic or income characteristics) to find audiences most responsive to a specific film's theme and genre. This would normally be the preferred method of maximizing distributor revenues at times when the relative supply of pictures (to screens) is limited, as had happened in the late 1970s. Theaters that express interest in showing a picture then usually accept the *terms* (i.e., the implied cost of film rental and the playing times) suggested by the distributor's regional branch exchange (sales office)

Such contracts between distributors and exhibitors are usually fairly standard from picture to picture and are arranged for large theater chains by experienced film bookers who bid for simultaneous runs in several theatres in a territory. The key phrases used in all contracts are *screens,* which refers to the number of auditoriums and *playdates* (sometimes called *engagements*), which refers to the theater booked.

Standard contracts between distributors and exhibitors would, however, almost always call for a sliding percentage of the box-office gross. Contracts are now largely a function of the quality of theater location, number of screens, and number of seats and are also often supplemented by payments for placements of trailers, which are ads for coming attractions.

Some films are supported with national network-television campaigns arranged months in advance, whereas others use only a few carefully selected local spots, from which it is hoped that strong word-of-mouth advertising will build. Sometimes a picture will be opened (limited release) in only a few theaters (i.e. *playdates*) in New York or Los Angeles during the last week of the year to qualify for that year's Academy Award nominations and then later be taken into *wide release* of up to 2,000 national playdates (i.e., engagements/ theaters). Or there may even be massive simultaneous *saturation release* on more than 3,000 screens at the seasonal peaks for which strategically important prospective dates (that purposely exclude World Cup and Olympic event periods) are staked out for up to five years ahead of time. Regional or highly specialized release is appropriate if a picture does not appear to contain elements of interest to a broad national audience. And simultaneous global release is now often used to thwart unauthorized copying.

Since the 1960s, exhibitors have tended to consolidate into large chains operating multiple screens located near or in shopping-center malls in order to achieve economies of scale. Meanwhile, older movie houses in decaying center-city locations have encountered financial hardships as the relatively affluent consumers born after World War II have grown to maturity in the suburbs, and as crime and grime and scarcity of parking spaces have often become deterrents to regular moviegoing by city residents.

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◇◇ DEFINITIONS ◇◇◇

- **digital platforms** systems providing a technological architecture that allows different types of users and complementary business partners to connect and benefit from the platform's base functionality; *platforms*
- **globalization (2)** worldwide dissemination of a phenomenon or a trend
- **social media networks** websites or software programs that enable people who share similar interests to communicate with each other by posting text and pictures*; social networking sites, social networks*
- **industry segments** categories within the film business, such as production, distribution or exhibition
- **scoring** process of creating the musical accompaniment for films
- **editing** the work of selecting and joining together shots to create a finished film
- **mixing** the electrical combination of different sounds, dialogue, music, and sound effects from microphones, tape, and other sources onto the film's master soundtrack during post-production
- **prints** copies made from the master of original light images (negatives) captured on film; *positive images*
- **marginal revenue** the additional receipts that a seller receives from putting one more unit of output on the market
- **revenues per unit time** receipts generated per user or unit which can help investors to identify which products are likely to generate high or low cash returns
- **theatrical release** the date a new film is distributed to movie theaters for public viewing
- **licensing (1)** granting official authorizations to show motion pictures
- **television networks** corporations or groups of companies that disseminate television programs throughout an area; *networks*
- **syndicators** companies which negotiate agreements authorizing television stations to re-use previously exhibited films, in return for a fee; *syndication companies*
- **periods of exclusivity** a contractual restriction on the period during which a distributor may exploit a licensed right; *holdbacks*, *holdback periods*
- **income** gross margin of a company minus its operating expenses; *earnings, net income*, *net profit*
- **distributors** companies or individuals that have exclusive responsibility for releasing films to the public for theater or home viewing*; film distributors*
- **price-discriminate** to charge customers different prices for the same product or service, especially the maximum price each customer is willing to pay
- **windows** the periods of time during which contracts permit exclusive screenings in a film market; *market release windows*
- **scarcity** market situation in which the supply of a product is insufficient to meet the demand
- **terms** the conditions under which the distributor agrees to sell a product for exhibition in a given theater; *terms of contract*
- **public good** a good for which the costs of production are independent of the number of people who consume it, that is, one person's consumption does not diminish the quantity available to others
- **distributor-exhibitor contracts** mutually binding agreements between distribution companies and movie-theater proprietors enabling them to screen motion pictures at specified dates; *contracts*
- **marketing campaigns** concerted action taken by a company to increase consumer awareness of a product, service or business organization

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- **target audiences** the people for whom a film is primarily intended and to whom it is most likely to appeal
- **studio** a company that makes its own movies and TV shows and has established facilities which it rents to other production companies, producers, writers and directors; *film studio*
- **green light** to give the go ahead for a film to be made or acquired
- **theaters** the buildings in which motion pictures are screened for public viewing; *movie theaters, movie houses, cinemas*
- **exhibition chains** groups of movie houses or cinemas which belong to one firm or brand and which operate nationwide or worldwide
- **marketing mix** a framework consisting of four variables of a product's marketing plan commonly termed as 4Ps: product, price, place, and promotion, which are adjusted until the right combination is found that serves the needs of the product's customers while generating optimum income
- **bid letters** written notifications from a distributor to all motion picture exhibitors who own or operate theaters in a market area, informing them that a specific motion picture is available for showing in that area on or about a certain date and inviting them to submit a bid to license that picture; *bid request letters*
- **playing times** the times at which a film is scheduled to show in a movie theater; *showtimes*
- **regional branch exchange** the local office of a film-distribution company which is responsible for licensing films, servicing prints to legitimate customers, and collecting on film rentals due in a given territory; *branch sales office*
- **film bookers** people who arrange to purchase films from a distributor on behalf of an exhibitor; *film buyers*
- **bid for** to negotiate the screening rights on behalf of an exhibitor for a motion picture to begin on a specified date in a given market
- **runs** the number of showings for which a film is booked
- **playdates** the dates for which theaters have booked the screening of a film
- **box-office gross** the cash value of total annual ticket sales resulting from the public screening of motion pictures in movie theatres; *box-office receipts, box office revenue*
- **trailers** advertisements for movies which contain scenes from coming films and which are often presented at the showing of other films
- **network television campaigns** marketing campaigns broadcast on TV which are aimed at promoting new theatrical film releases
- **word-of-mouth advertising** the process in which film-goers recommend to their friends a new movie that they have enjoyed
- **Academy Award (s)** a set of prizes rewarding artistic and technical merit in the film industry, given annually by the American *Academy of Motion Picture Arts and Sciences*; *Oscars (the)*
- **seasonal peaks** recurrent periods during which an exceptionally high number of theater admissions are recorded
- **unauthorized copying** violation of the rights secured by a copyright; *copyright infringement*
- **shopping-centre malls** shopping precincts in which one or more buildings form a complex of shops with interconnecting walkways that enable customers to walk from one shop to another
- **economies of scale** gains in operating costs achieved as a result of the grouping together of exhibitors into large exhibition chains
- **consumers** buyers of goods and services who use them to satisfy their needs

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◇◇ EXERCISES ◇◇◇

◇ EXERCISE 1 *Comprehension*

Answer these questions

1. What effect has technological development had on the creation and distribution of film content?
2. What are the main post-production stages a film goes through once shooting has been completed?
3. Why are films first distributed to movie-theaters before any other market?
4. What tools do film distributors use to maximize their income?
5. How do distributors circumvent unauthorized copying?
6. What is the main factor that distributors consider when designing a marketing campaign for a new release?
7. How do distributors match film releases with suitable theaters?
8. Under what circumstances would bid request letters be the preferred method of marketing a film?
9. What do standard distributor-exhibitor contracts generally stipulate?
10. Why have exhibitors tended to consolidate into large chains?

◇ EXERCISE 2 *Vocabulary*

(A) Use the list of definitions above **to select the appropriate term** to fit each sentence

1. For most pictures, the greatest marginal ..... remain those derived from theatrical issue, and most pictures need theatrical release to generate interest from sources further down the line.
2. To abide by the law, distributors refrain from ..... a series of films to theaters as a means of financing their production.
3. Aggregate booking contracts are those in which a ..... of, say, $10,000 might be split 55% for the distributors and 45% for the exhibitors, so that the theater would retain $4,500.
4. Flat rental is a type of contractual arrangement in which exhibitors pay a fixed fee to ..... for the right to show a film during a specified period.
5. No exhibitor would want to meet costly lease ..... for a film that would soon or, even worse, simultaneously be playing at a competitor's theater down the block.
6. Distributors have no choice but to spend aggressively on their ..... if only to defend against may other films vying to be noticed at the same time.
7. ..... always include a schedule of admission prices, the number of showings on weekends and weekdays, the number of seats in the auditorium in which the film is expected to play, and other conditions that the distributor might find desirable.
8. Pledges of substantial sums from exhibitors may be required for theaters to secure important pictures in the most desirable ....., such as the week from Christmas through New Year's.
9. Exhibitors sometimes complain that distributors force them to ..... pictures they have not been given an opportunity to evaluate in a screening.
10. The ..... of movies on the Internet had by 2003 already risen to the point that many films were commonly available on the Net even before theatrical release.

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(B) Find words or phrases in the text, which mean the following

1. The process of making a movie available for viewing by an audience .....
2. The phase of movie making during which principal photography occurs .....
3. The act of making a new film available for public viewing in a movie house .....
4. A unifying idea that is repeated or developed throughout a film.....
5. A class or type of film in terms of narrative style or thematic elements .....
6. The screening of a movie for a contractually specified number of weeks in a theater.....
7. The large flat surfaces on which movies are shown .....
8. The areas in movie theaters where films are viewed .....
9. The distribution of a new film to a large number of theaters on a national scale: .....
10. The distribution of a new film, which is of interest to a restricted audience: .....

◇ EXERCISE 3 ***Grammar***

Determiners

Supply the **missing articles** where necessary in the text below

On Film Performance

..... (1) pressure to do well on opening weekends has been significantly intensified in ..... (2) recent years. It all began with *Jaws* in 1975, which was ..... (3) first major film nationally advertised and widely released, on over 700 screens. Nowadays, ... (4) pictures that do less than $25 million in ..... (5) domestic box office on ..... (6) opening weekend are likely to be pulled rather quickly. Conversely, ... (7) film that declines by 20% or less on its *second* weekend is considered to be ..... (8) potentially large winner. As of 2004, it was no longer unusual for ..... (9) films to drop 50% by ..... (10) second weekend, as compared with half that percentage ten years earlier. ..... (11) first weekends used to account for ..... (12) average of 20% to 25% of ..... (13) film's total receipts, but that percentage has risen toward 33%. Since ..... (14) early 1990s, ... (15) seasonality has begun to blur at ..... (16) edges, and it is thus less of ..... (17) issue given ..... (18) large number of screens in modern theaters and ..... (19) sophisticated marketing campaigns that ..... (20) studios now launch year-round.

◇ EXERCISE 4 ***Assignment***

Class Discussion

After studying the statements below, **arrange** them in their logical order so as to reconstruct the stages a film would go through to get to the screen. Then **discuss** your choice with the class.

a) The distribution company determines how many copies (prints) of the film to make.
b) You buy a ticket and watch the movie.
c) Someone has an idea for a movie.
d) The studio makes a licensing agreement with a distribution company.
e) The buyers negotiate with the distribution company on which movies they wish to lease and the terms of the lease agreement.

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f) They create an outline and use it to promote interest in the idea.
g) The prints are sent to the theaters a few days before the opening day.
h) The distribution company shows the movie (screening) to prospective buyers representing theaters.
i) A studio or independent investor decides to purchase rights to the film.
j) At the end of the engagement, the theater sends the print back to the distribution company and makes payment on the lease agreement.
k) The film is completed and sent to the studio.
l) The theater shows the movie for a specified number of weeks (engagements).
m) People are brought together to make the film (screenwriter, producer, director, cast and crew).

Case Study

Choose any motion picture released over the last decade and **describe** the specifics of how it was marketed and distributed to exhibitors. **Point out** any difficulties it encountered in finally getting to the movie-theater screens.
Report back to the class in a 15-minute oral presentation.

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