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MARCH NEWSLETTER 2010

Are Independent Movie Bidding wars and huge deals a thing of the past.

Well Sundance has past, and all the stars have walked the red carpet at the Golden Globes and the Oscars. It was an exciting year for independent films, considering “The Hurt Locker” was an independent film and the smallest grossing box office winner in the history of the Oscars. In addition Kathryn Bigelow won as best director, and made history becoming the first female director to ever win an Oscar. So does the old mantra “If you make a great film it will find it’s way”, still stand?

If this is the case, why have so many Independent specialty distributors closed their doors? I could not believe it when MIRAMAX announced they were closing last month. MIRAMAX gave us some of the best films and directors of our times; Quentin Tarantino and Robert Rodriguez just to name a few.

There was a great article in Vancouver News about the Sundance Film Festival, which helps shed some light on where the industry is in today’s climate. The headline **“Sundance a Buyers market: Bidding wars and huge deals a thing of the past.”**

Are these big independent acquisition deals a thing of the past?

Unfortunately it takes so much money to market and release a film. The investment is too great to make money on the smaller films. DVD sales are way down from a few years ago and technology has changed the way we purchase or rent a movie. The specialty Distribution divisions could always count on the rental and sale thru dollars to carry a film, even if they lost money at the theater. I am not saying consumers aren’t buying DVD’s they just aren’t buying the quantity they



did in the past. The movie watcher has many more options when it comes to home entertainment. Redbox is renting movies for a dollar a night. Why should I buy the movie? I can watch it for 5 nights and it only cost me \$5.00, instead of \$19.95. Economy hasn't helped the matter, because people have a lot less money to spend, which causes companies like Redbox to flourish. In addition DVD libraries have grown so much that they just don't have the room to store them. Netflix has 1000's of downloadable movies that take about 30 seconds to show up on your computer or TV for 19.95 a month. With netflix I can have 3 DVD's at a time and download as many as I want for that fee. The box office had a record year last year because of 3D films, which they can charge twice as much to see. Even though, the amount of people that go to the movie theaters are less, the increase in ticket prices have offset this and more.

In addition to all of the domestic issues, 50% of the independent movie revenues come from overseas markets, and they are down more than the US. This is why it is harder than ever to get a film sold, or make any money from it, unless you make it for a competitive budget or you just happen to have a breakout success.

People ask me all the time, why does Hollywood make so many formulaic movies and sequels and not push the edge. Well the reason why, those films make money and it is called show business not show art. Studios are corporations that are owned by stockholders who expect return on investment.

However change in movies and they way we view movies in most cases comes from the independent world. These films are produced from the creative minds that think outside the box, and are willing to take a chance.

How do we make films and continue our careers in movies with the state of the film business? Well first of all I am not trying to be negative I am just pointing out the realities that we are facing. Also, what goes up must come down and visa versa. Things will get better; they always do, however it will be different. The traditional distribution models have changed and will continue to change. The good news is people have not stopped watching movies and will continue to do so; it is the delivery system that has changed, and how to make money in this new system.

Also, I believe in the old mantra "If you make a good film it will find its way". I believe more and more as an independent filmmaker you have to take control of your own destiny. This means, finding different distribution channels to get your film seen and purchased. In one of my past newsletters I talked about retaining the direct response rights and internet rights to your films, that way you can sale direct to the consumer without having to pay distribution fees, marketing expenses, etc. If you sell direct, you can make all the profit from your movie. There are companies out there who will partner with you and help you sale your movies direct to the consumer and just share in the profit instead of taking all your profit through distribution fees and expenses. I have found such a company, if you would like further information email me at info@film3001.com. In the next few years most people will be downloading movies, just like most people download songs on their ipods. The business is still there and will continue to grow again, however the

revenue is shifting and coming from other channels. Social media has been wonderful for many filmmakers in getting their product to potential fans and it doesn't cost anything other than your time. Facebook has no limit to how many fans you can have on a fan page. Filmmakers are setting up facebook pages and twitter pages and getting thousands of fans they can send info about their films. The bottom line is getting your product through to the consumer the most inexpensive and effective way.

If you really want to learn more about how this works and of course how the whole business operates, pickup a copy of “**So You Wanna Be A Filmmaker**”, you will not regret it.

If you have any questions about this newsletter or the book, send me an email at info@film3001.com and I'll get back to you as soon as I can.

Thanks,
Dennis

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