

Film  
Forever



**INSIGHT REPORT**

# A LATE QUARTET

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# INTRODUCTION

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## The following report is an evaluation of the performance and lessons of the day-and-date multimedia release of *A Late Quartet* by Curzon Film World.

The film was released in cinemas, Sky Box Office, Curzon's VOD service Curzon Home Cinema and through FilmFlex services on April 5, 2013. It was released more conventionally on DVD and on other VOD services on July 29, 16 weeks after opening.

The release aimed then to create a 'premium window' of simultaneous release in theatres and on selected VOD platforms, contrasting with later standard windows of release on DVD, other VOD services and television.

This report uses performance data, including box-office data and information on visitors and sales from all platforms. It is also informed by the results of exit polling data of opening weekend and mid-week cinema audiences and of Curzon Home Cinema users.

*A Late Quartet* was awarded £100,000 by the BFI, which was used to support and widen the reach and scope of the release on all platforms. Specifically, the money was used for outdoor marketing (£45,000), the press campaign (£30,000), online marketing (£10,000) and promotion through VOD channels (£15,000). The total distribution and marketing budget was £200,000.

This report is based on a number of measures and key indicators, including:

- Distributor expectations
- Opening weekend exit polls (cinema)
- Midweek exit polls (cinema)
- Survey Monkey poll of Curzon Home Cinema audience
- Financial figures from all platforms

The conclusions are based on an objective view of the data, interviews both before and after the film's release, and on experience of the UK distribution and exhibition market.

The report evaluates the performance of an individual film but it also tries to explain the context of the release and to suggest lessons for other films trying similar strategies.

# SECTION ONE: EXECUTIVE SUMMARY

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- A *Late Quartet* is a mainstream ensemble drama with established stars aimed primarily at older audiences. It had already had a modest release in North American cinemas.
- The film was released simultaneously in theatres, on Sky Box Office, on the Curzon Home Cinema VOD site and through FilmFlex services.
- The release aimed to create a 'premium' window of theatrical and key VOD services, keeping DVD and other on-demand releases in their later conventional window.
- The marketing and distribution budget was more than £200,000, including £100,000 support from the BFI Distribution Fund.
- A *Late Quartet* took £520,375 at the UK box office, well ahead of its stated £400,000 target, although VOD revenues of £25,000 were half of the £50,000 forecast.
- Curzon Film World had predicted 10,000 sales on all non-theatrical platforms but ended with 3,000 rentals and 2,000 downloads from Sky, 300 views on Curzon Home Cinema and 705 from FilmFlex
- The DVD was released on July 29 and had sold 6,435 units (474 on Blu-ray) by the end of September.
- Media spend was £148,000. The traditional press campaign was, as expected, most effective with the older audience for the film.
- The critics were mostly positive about the film and the exit poll ratings from cinema audiences and VOD customers were well above average.
- The film focused on independent venues without targeting multiplexes, and the distributor had to accept that there would be a number of cinemas refusing to show the film given its release strategy.
- There was no clear evidence of any impact from the simultaneous VOD release on audience numbers at those venues screening the film.
- The majority of the audience was made up of regular cinemagoers (going at least once a month), and exit polls suggested most were strongly committed to the cinema experience.
- There are reasons, however, to believe that a wider conventional release might have generated higher revenues, given the relative success of the theatrical release and the under-performance of new-media platforms, compared to forecasts.
- London was at the heart of the success, dominating both theatrical revenues (67%) box office share and view on Curzon Home Cinema (69%).
- The exit polls suggested that price might be a critical factor in the establishment of a viable simultaneous 'Premium VOD' window.
- A big issue in planning day-and-date launches, and indeed in drawing conclusions from them, is the lack of availability and transparency of new media data.

# SECTION TWO: PLANNING AND EXECUTION

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## 2.1 Overview

*A Late Quartet* is an ensemble piece with a musical theme and a star cast, including Christopher Walken and Philip Seymour-Hoffman. It was released in the US (by Entertainment One), two months before its UK opening (on April 5), grossing \$1.56m (£1m) on a fairly limited release.

Despite a modest North American box-office performance, the film received generally positive reviews from critics, with a 78% 'fresh' rating of top critics on Rotten Tomatoes, and attracted a still active Facebook page with 10, 500 Likes. It gathered particularly strong interest from an older demographic, interested in the music and established cast.

There were reasons then to believe that the film had credible prospects of a strong performance in the UK, not least because cinema has been more focused on the older market in recent years. (The UK-produced film *Quartet*, with some similarities of theme and target audience, took \$12.5m in the UK in 2012.)

Unlike many previous day-and-date experiments, *A Late Quartet* was a film with a target audience firmly in the mainstream of independent cinemagoing culture.

The decision to release the film day-and-date was bold, particularly given the inevitability that a significant proportion of exhibitors would not release the film. The risk to cinema revenues, however, was potentially less risky than for a release aimed at a younger demographic. As this report shows, older audiences were more likely to be regular cinemagoers and less

likely to be interested in a premium-rate VOD release.

*A Late Quartet* had already been sold to free television and sVoD and there was no particular pressure to chase box office to unlock a minimum guarantee. With DVD revenues in a precarious position, it was felt a contained day-and-date release, aiming to break even on theatrical sales, was a strong option. The VOD release was treated as a 'virtual box office', helping the cinema release reach its break-even goal.

Curzon Film World has in recent years shown a commitment to these new release patterns believing that it is possible to increase the reach of individual films and of the core brand of the business. Its position as exhibitor, distributor and VOD platform owner puts it in a rare position to test the ground.

Its on-demand service, launched with the support of the European MEDIA programme, was rebranded Curzon Home Cinema in 2013. This experimental release then is particularly interesting, given that an exhibitor has an interest in seeing it succeed on all platforms.

## 2.2 Distribution strategy

*A Late Quartet* was released day-and-date through:

- Theatrical
- Sky Movies Box Office
- Curzon Home Cinema
- FilmFlex services, with Virgin and Film4.

As outlined previously, the aim was to break even on theatrical revenues and to add 10,000 buys across all the non-theatrical platforms, generating £50,000 to the bottom line (assuming a 50-50 share of £100,000 total revenues).

Windows Exploitation Table							
5th April	23rd April (wk3)	4th May (wk5)	29th June (wk9)	29th July (wk16)	29th Dec (wk37)	5th Oct 2014 (wk78)	
Cinema							
Premium VOD Curzon Home Cinema							
Premium VOD Sky Box							
Premium VOD FilmFlex							
DVD							
VOD							
SVOD							
Free TV							

### 2.3 Marketing strategy

Curzon Film World was strongly focused on an expected older, 40-plus target audience, based on experience of this kind of film, and the performance in the US.

The media spend was £148,000, of which £70,000 was allocated to outdoor sites (rail and underground) and £38,000 on print advertising.

This spending on print and posters was logical given the expected older audience, but Curzon was aware of the need to also target the potentially younger VOD audience and therefore spent £40,000 on online and VOD marketing.

The media campaign openly promoted availability on all platforms and the on-demand services pushed the film strongly as available the same day as theatrical release. Sky Box Office ran a series of advertisements and the multi-platform availability was also part of the print and poster campaign.

The Curzon Home Cinema brand, still in its infancy and with an as-yet unfamiliar logo, was arguably a weaker element of the poster campaign.

Because of the target audience, the social media campaign was less central than for many releases aimed at younger demographics but the UK Facebook site generated 549 Likes. The US online marketing was still available, including a separate Facebook page and YouTube trailers (155,000 views for the HD release), which may have also played a part in raising awareness.

### 2.4 The premium VOD window

One overall objective was to see if a new profitable window could be established, provisionally called by some 'Premium VOD'. The idea is that audiences will be more responsive to, and hopefully pay more, for an on-demand screening of a film simultaneous with its theatrical release, in contrast with later VOD releases in conventional windows, generally around four months after a cinema debut.

There is no evidence that the concept of Premium VOD has established itself in the mind of the public at this stage, and no proof that consumers would be willing to pay a higher price to see a film at the same time as it appears in cinemas.

Consumer research in this area is lacking.

The hope, even the expectation, of some distributors has been that consumers will be willing to pay a higher price for a VOD viewing of a film at the same time as its cinema release than they would be in the later DVD window.

On this basis, there needs to be a gap between 'premium' and 'ordinary' VOD. This gap (or window) has been tentatively placed a month after cinema release. In other words, there should be at least one month between a premium-priced VOD at (in this case) £10, and normal VOD pricing at the 16-week mark.

The later VOD release and the DVD window of *A Late Quartet* could have been earlier than the usual window of 16 to 17 weeks after the theatrical release date, as the usual window agreements with cinemas had already been broken by the 'Premium VOD' release on April 5.

It was decided, however, to keep to the later conventional window for the DVD release for a variety of reasons, notably competition from similar titles in the marketplace, and the availability of supermarkets to stock the title.

The home entertainment division of Curzon Film World suggested that a windows strategy, releasing on VOD and DVD at the same time as theatrical release, offered some advantages, for example, synergy of marketing and PR.

And the traditional window, 17 weeks after theatrical release, also offered advantages, notably allowing a second head of steam for marketing and PR.

However, the advantages of a midpoint window between premium and traditional release (around five, seven or nine weeks) remained unproven, in their mind, potentially presenting more problems than solutions with pressure on sales and shelf space.

Equally, for DVD and home entertainment in general, there were no obvious issues about the Premium VOD window. In fact, there was anecdotal evidence to say that the premium window might actually support the later VOD/DVD window, as price-sensitive consumers were more aware of the title through the all-platform release and were willing to wait for the cheaper, later option to buy.

## 2.5 Expectations

Curzon was convinced that the film would perform well theatrically within the constraints of available screens.

Its high estimate for theatrical box office was £400,000. That figure reflected confidence in a counter-programming strategy against the weekend's other big independent release, Harmony Korine's comedy drama *Spring Breakers*.

It is also interesting to note here the influence of the North American release on the thinking. There is a rough rule of thumb, often used for films first released in the US, that the UK will take around 10% of the North American box office.

In this instance, with a North American box office of around \$2m, the £400,000 target could be seen as a reasonably high expectation. In other words, the North American box office helped frame the forecasting of the UK and in some ways the actual release of the film.

The loss of any multiplex support, due to day-and-date release, was considered less of an issue, given that it was Easter when the big chains were focused on family-oriented blockbusters, including *The Croods*, *GI Joe* and *Jack The Giant Slayer*.

Curzon was convinced that there was little chance of strong support, or long runs, in multiplexes, making virtual print fees (VPF) hard to justify.



Focusing on the independent theatres, the distributor believed, would attract more support, even given that a significant number of theatres would not play the films as a result of the release strategy.

The non-theatrical platforms were expected to generate 10,000 buys in total, with the distributor taking half of the estimated £100,000 in revenues.

The final DVD release was always considered unpredictable, even before the added issue of day-and-date release. The strategy was therefore based on that first window of box office and VOD (treated as virtual box office).

As the next section demonstrates, the total takings exceeded expectations, though largely through the higher-than-expected theatrical box office compensating for relative under-performance on the other platforms.

# SECTION THREE: RESULTS

## 3.1 Financial results

By June 20, the box-office figure had reached £520,375, significantly higher than the original 'high' forecast of £400,000.

The other platforms delivered around £25,000, half of the expected £50,000 revenues for Curzon (based on a 50% share of total revenues). Sky registered 3,000 rentals from its Sky Box Office service and 2,000 downloads; Curzon Home Cinema recorded around 300 views and FilmFlex 705.

DVD sales reached 6,435 units (474 on Blu-ray) by the end of September, after release on July 29, 16 weeks after the theatrical release.

## 3.2 The theatrical audience

The strong theatrical performance, compared with home viewing, owed much to the demographics of the audience.

Exit polls from the opening weekend reflected the expectations of the distributor of an older audience, and the success of a well-targeted marketing campaign.

The average age was 53-years-old, split evenly between male and female. Almost half of visits were with partners (45%). Another significant factor was that 75% of the audience members were regular cinemagoers (at least once a month)

The midweek polls showed a still older audience (average 65) and a strong female bias (73%-27%). And 33% went alone.

The figures suggest that word of mouth played a role in attracting a different audience to the later screenings. Once

again, 71% of the midweek audience described themselves as regular cinemagoers.

## 3.3 Other platforms and DVD

Most of the VOD platforms were not able to match the clear breakdown of the audience offered by the cinemas in terms of demographics or motivation. On the other hand, the Curzon Home Cinema survey was fairly comprehensive. The service recorded almost 350 purchases. A survey, bolstered by a prize draw, attracted 42 respondents, who answered a comprehensive range of questions.

The reaction to the film was in line with that of the theatrical audience and well ahead of the norms expected by the survey. Close to 60% of the audience expressed an interest in seeing the film again.

Those expressing a preference for the platform on which they wished to see the film again, were split fairly evenly between digital (Curzon Home Cinema and any platform downloading, both 16.7%), free-to-air television (33.3%) and traditional release (cinema and DVD, 14.3% and 16.7%).

The emphasis on the 'premium' window of simultaneous theatrical and VOD release meant that DVD sales were considered an unknown quantity by the distributor.

Eventually 6,435 units were sold in the UK and the Republic of Ireland, through HMV, Sainsbury's and Asda, independent stores and Amazon with just 474 on Blu-ray. The reason for the relatively low proportion of Blu-ray sales was partly the result of the decision of supermarket chains to focus on DVD, and probably the lower penetration of Blu-ray players among the older audience for the film.

No specific geographical information was made available from retailers, but Curzon said that anecdotal evidence, from online

retailers in particular, was that London accounted for the majority of sales.

### 3.3 Marketing

Print advertising had the biggest effect on the theatrical audience. 43% of awareness of opening week attendees was created through the press campaign, according to polls, with 30% seeing advertising only in the press.

The same was true of the Curzon Home Cinema audience, with newspaper reviews, advertisements and articles reported as the main source of awareness among 45.2% of respondents. Online advertising (7.1%) was perhaps surprisingly low given the eventual choice of home viewing.

Television marketing had little effect on either the theatrical or the Curzon On Demand audience, although it would no doubt have been considerably more effective among Sky Box Office viewers (figures not available).

The results suggest that the conventional media spend on print and posters were more effective for the film's audience than the online and VOD spend.

Curzon's overall approach to the film, however, was successful. Its counter-programming against *Spring Breakers*, stressing *A Late Quartet* as a more mature, upmarket and accessible alternative, seemed to have had a strong impact.

*A Late Quartet* dropped just 24% in its second week, compared to *Spring Breakers*' 61%.

The campaign successfully promoted two clear factors beyond the film's story that promised to play well – a strong cast and music. These were leading factors in the marketing and that paid off with 'good music' (71.4%) and 'good acting (74%) the highest rated aspect of the film, ahead of interesting characters (66.7%) and good cinematography (52.4%).

### 3.4 Word Of Mouth

One particularly strong aspect of the release was its generation of 'word of mouth' recommendation.

The ratings of the opening weekend cinema audience was well above average, with 61% rating it excellent (twice the normal 30% levels). 86% rated it very good or excellent.

83% said they would recommend the film to be seen at the cinema immediately and 30% at some time.

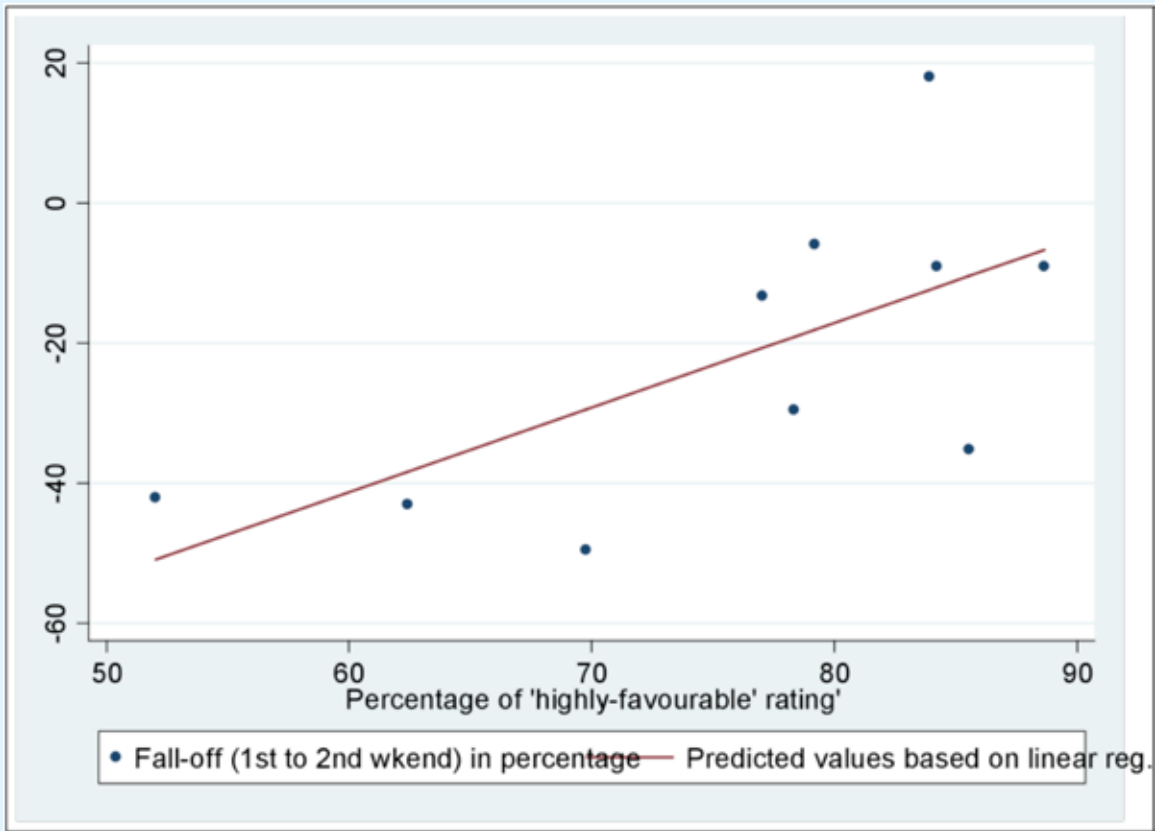
These numbers are very high, which might indicate that the film could have had a longer life in a greater number of cinemas than it actually achieved. An older audience, including regular cinemagoers, might have picked up on strong word of mouth and gone to see the film if they had been given the chance.

Analysis from the RSU unit of the UKFC on the relationship between recommendations and playability scores and box office is attached on the next page.

The analysis suggests that, in this instance, box office during the second week of the film playing in the same cinemas would have been significantly less than the average in the UK for all films (around 45%).

Again this would point to the possibility of longer runs in those cinemas that allowed this to happen (not a programming characteristic that happens in the more independent and/or arthouse cinemas that actually played the film)

Weekend fall-off (from 1st to 2nd weekend) by exit poll rating with predictions (linear) Source Research and Statistics Unit UKFC



## SECTION FOUR: LESSONS AND CONCLUSIONS

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This final section aims to answer key questions raised by the day-and-date release. These questions are related to any actual or perceived changes in audience behaviour; the impact of greater choice; and any evidence about the effect of the release on a range of platforms on the traditional release model, particularly theatrical.

The conclusions are drawn objectively from the available data but they do come with some warnings. Current day-and-date tests take place in a rarified market environment, where there is still a novelty factor and a degree of hostility from exhibition. The refusal of a range of cinemas to take any film breaking the traditional release window is clearly a significant factor affecting revenues, perhaps as significant in the short term as the fragmentation of revenues across platforms.

There are other factors that should also be noted:

- The release of *A Late Quartet* in cinemas was heavily concentrated (67.1%) on London (although the report attempts to compensate for this bias through exit polls, which took place at Bath Little Theatre and Showcase Reading, as well as Mayfair Curzon.)
- Sky was unwilling to provide much detailed information about its audience, citing commercial reasons. And the Survey Monkey research of the Curzon Home Cinema audience had only 42 respondents.

The poll questions were designed between SampoMedia and Curzon to provide as much relevant detail about audience

sentiment and choice as possible. The data on which this report is built is as robust as possible and the study does throw up a number of potentially significant pointers to the potential of day-and-date releases.

### 4.1 Is there any evidence of damage to the theatrical audience?

There is no clear evidence from this release that the actual box office for *A Late Quartet* was adversely affected by the multi-platform release. The £520,375 taken theatrically is more than half of the US takings, well over the 10% usually expected of such releases.

It significantly outperformed Curzon's initial box-office expectations and by any standards was a success, given the number of screens on which it was released.

On the other hand, the other platforms brought in less than half the expected buys, though VOD performance at this stage of the development of digital platforms was always going to be less easy to predict with confidence.

Curzon would seem to have been justified in its strategy to target box-office revenues, using the other platforms as a 'virtual box office' to help the film reach its break-even minimum.

There is no evidence from box office results or polling that the release has a negative impact in those cinemas that released the film.

A bigger question is the effect of the day-and-date release on potential theatrical revenues, particularly in the light of the decision of exhibitors to avoid showing the film because of its release pattern. This is harder to evaluate.

Curzon believed that strong support from multiplexes, and certainly a long run, was always unlikely, given that the film was released during the prime blockbuster season.





**AMONG THE CINEMA AUDIENCE, 86%  
RATED IT VERY GOOD OR EXCELLENT  
AND 68% WOULD DEFINITELY  
RECOMMEND IT.**

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It also felt that focusing on the independent sector meant it received more concentrated support, and offered a chance to push a counter-programming strategy against Spring Breakers.

Nonetheless, there are factors that suggest there could have been a bigger theatrical audience.

Firstly, those cinemas that did play the film were in the mostly arthouse/independent sector. These cinemas have limited screen space, and therefore the film was unlikely to enjoy a long run. A good example is the Phoenix East Finchley, where *A Late Quartet* was the number-one grossing cinema in the first week, (13,700) but still taken off before the second week.

Secondly, the older audience for this film was classically not composed of strong weekend cinemagoers (which would have adversely affected holdovers on a Monday morning).

Older audiences also tend to be more reliant on word of mouth, and the high level of recommendations for the film, way above industry norms, should have been a major advantage. However, a combination of lack of screen availability and limited shelf space meant that it was highly likely that a significant section of the audience was unable to see the film.

Given the box office at Phoenix East Finchley, there is good reason to suspect that cinemas, such as Odeon's Swiss Cottage and Muswell Hill, or the Vue Finchley Road would have taken advantage of the strong word of mouth, yet none of these would consider playing the film. This pattern can be seen in most parts of the UK.

The likelihood then is that a wider conventional release would have generated higher revenues.

While comparisons cannot be definitive, it is interesting to look at the UK box office

for a film with clear similarities, 2011's *The Deep Blue Sea* (romantic drama, established ensemble cast, cultural recognition, etc). With *A Late Quartet*, the percentage of box office at Curzon cinemas was much lower than *The Deep Blue Sea*, suggesting a potentially wider appeal than was actually achieved.

A key factor in the calculation of potential revenues is the analysis of the previous North American release, which influenced Curzon's box-office predictions. Some Curzon executives agreed that, in retrospect, *A Late Quartet* probably underperformed in the North American market and could have achieved a much higher box-office figure.

While putting a number on this is incredibly difficult (and employing the very rough 10% rule of thumb estimation of UK to US box office), the available data suggests a UK box office of around £1m might have been within reach on a normal windows release, equating to circa \$10m in North America.

If the film failed to reach its potential numbers theatrically, there is a question about the effect of the day-and-date release. Again, it must be emphasised that any suggestion of under-performance may be more about the refusal of cinemas to show day-and-date film rather than an intrinsic problem with the strategy itself

Curzon can reasonably point to the fact that its release strategy exceeded its expectations and the second-week performance in cinemas (falling just 24%) offers compelling evidence of success. And given that free television rights had already been sold, and that Curzon had no rate card with VOD platforms, such as LoveFilm and Netflix, the release approach was logical and achieved its objectives



#### 4.2 Did the release suggest any change in audience behaviour?

This release offered no convincing evidence that day-and-date release led to any clear change in consumer attitudes, particularly in relation to cinemagoing.

In fact, the theatrical audience was actively antipathetic to the release on other platforms, according to exit polls.

While 83% of the opening weekend theatrical audience said they were willing to recommend the film in cinemas, just 5% would recommend viewing through Sky Box Office or Curzon Home Cinema.

59% of the 65s-and-over in the audience said there was no price that would tempt them into home viewing at the same time as theatrical release, though that was reduced to a still robust 43% among under 65s. In other words this was an audience, which actively preferred the cinema experience for this film, and issues such as price or convenience were generally unlikely to sway their viewing choice.

The reasons given by Curzon Home Demand customers for choosing to watch at home were based on convenience (52.4%) and choice of watching time (50%), rather than any negative perceptions of the cost or experience of the cinema.

In fact, the home cinema audience was still generally made up of frequent cinemagoers, with 38% going at least once a month and almost 60% more than once every two months. The highest proportion, 38.1%, said they most frequently visited a Curzon cinema.

#### 4.3 Did the release on demand and in theatres attract a different audience?

The demographics of both audiences were similar, according to the polls: the theatrical audience average age was 53, the VOD audience 54.4.

The similarities probably owe much to a highly-targeted marketing campaign. The efficiencies of a single campaign for all platforms may also ensure that the same demographic groups are reached.

The reaction to the film was very similar. 76.7% of Curzon Home Cinema customers rated the film as very good or excellent with 57.1% saying they would 'definitely' recommend it. Among the cinema audience, 86% rated it very good or excellent and 68% would definitely recommend it.

The difference, as outlined in question 4.1, may be in the willingness to embrace the on-demand viewing. The experience of those viewing on Curzon Home Cinema, according to the survey, was positive. 57.1% said they would recommend the film to be seen on Curzon Home Cinema (more than at the cinema (33%).

The demographic evidence is weak in places, so any inferences are speculative. However given the Curzon Home Cinema customer survey, it is probably reasonable to assume that the online customers were fairly similar in age and reactions to the cinema audience, (older and very appreciative).

It is perhaps surprising that the majority of Curzon Home Cinema views came from London i.e. the area that had the highest availability of cinema screens. 69% of all buys against a 67% box office revenue share for London. The higher profile of the Curzon brand in the capital may partly explain the seeming anomaly.

The absence of any Sky box-office data is a real issue in analysing audience motivations (such as availability).

#### 4.4 Is price a significant factor in multiplatform release?

The price of a day-and-date release at home is a critical factor in the future of day-and-date releases (see 2.4 Premium

VOD), and the polls of the theatrical and Curzon Home Cinema audiences suggest some sensitivity to pricing.

That sensitivity is less a problem for the cinema screening, where there is an established value placed on the experience.

Yet the home experience proved a harder sell: only 2.4% of the home cinema audience felt that £15 or more was a fair price. 35.7% thought £10 was reasonable and 38.1% opted for £7.50. That perception of pricing should be weighed against the fact that the majority of respondents were from London, where a cinema ticket price will generally be higher than the suggested fair home viewing price.

The polls are clear that those choosing to watch the film in the cinema went because they really valued the cinema experience, and conversely did not value the in-home offering, via Sky or Curzon, at all – 85% of those who answered the relevant question would definitely not see it in the home as opposed to in the cinema.

68% of the cinema audience who answered the question valued the in-home experience at £5 or under.

There are deeper questions around pricing that emerged in the release.

- What is the 'premium' aspect of VOD that the public is being asked to pay for? While the film industry may be sensitive to the issues of windows, it is far from clear that the public currently has much sense of their existence or the value of any given window.
- What does the consumer perceive as a 'premium' window and what value would they put on it? The industry may have settled on a VOD price of £10, roughly the equivalent of a full price cinema ticket. However did consumers see it that way? Research is needed to evaluate this further.

- Premium value can only be achieved if ALL platforms agree on the same value (e.g, £10). However some platforms, most notably iTunes, which wants one price for all films (and across all territories) may not be prepared to break their own pricing policy for a Premium VOD experiment. Having a large platform with a cheaper price would potentially jeopardize the whole Premium VOD concept and its public brand and could spark a price war in this window.

These comments around pricing, branding, consumer awareness and platform competition may well be teething issues along the way of establishing a new profitable window that can sit alongside and enhance revenue for the rights holder.

However they are significant issues and need careful examination and possibly primary research in the future.

#### 4.5 Can content owners reliably plan and forecast revenues in any new window configurations?

The short answer is not easily. There is a real lack of data from the emerging VOD platforms.

Across all the platforms and formats key executives expressed the same complaint that they did not have enough information to forecast effectively or even to track the performance of their own titles in a good enough timeframe.

It is possible to obtain historical data of the theatrical and physical sales (DVD etc) of other titles through specialist data services. This is vital when building a forecast for any particular title and comparing to other like titles.

There is no such transparency for digital sales, which as this market increases and physical sales decline may become a really big threat to the ability of content owners to effectively forecast. This in turn means

that the risks in acquiring and marketing a film become even higher than they are now.

In addition there is no information about who is actually watching and where online. This lack of consumer knowledge is a second problem for distributors. This is especially important when trying to assess the availability of titles on various formats in different areas of the country, and the corresponding behaviour of consumers.

Both these facts are a real and increasing hindrance to distributors. The first one in particular, if it continues, could mean that film distribution becomes an even riskier enterprise with knock-on effects for the whole market, and could well eventually affect production. This needs high-level attention and lobbying from the industry.

#### 4.6 Conclusions

This final section is intended to draw out lessons that might be of value to future releases contemplating the same strategy.

For Curzon Film World, the experiment was a success in that it exceeded the theatrical targets set for it. Although the film fell below the targets for the premium on-demand window, it is fair to say that such predictions were necessarily more speculative.

Curzon has wider interests in day-and-date releases than most, with interests in exhibition, distribution and VOD. The brand profile of the Curzon Home Cinema service was a positive outcome in itself.

What is open to speculation, acknowledged by many at Curzon, is how far a conventional release for this film might have performed.

The following are some key issues that have arisen from this report that might be considered by others following the lead.

#### **The boycott effect**

It is essential to note that this report does not have evidence to suggest that the damage to potential theatrical revenues was caused by day-and-date release itself. There is no evidence in this report that backs that conclusion.

Rather, it is the refusal of many cinemas to screen a film, released day-and-date that is the critical issue. The lesson from this release is perhaps that the availability of exhibitors willing to show a title is a big factor in well-received films with the potential to build on strong word of mouth.

Relying on a small number of supportive screens is a clear barrier to the kind of momentum that has created many box-office hits. More cinemas would have meant longer runs, wider availability, one-day specials etc that would have increased the box office considerably

It is not clear how strong the resistance will be to these new windows from exhibitors in future but boycotts must be factored into any strategy.

#### **The cinema experience**

There is no evidence from the polls and box-office of this film that there was any reduction in the audience at those cinemas showing it.

The evidence seems to suggest that this audience actively appreciated and sought out the cinema experience. Other evidence suggests that the in-home offer was very much a second best option and one that was not valued highly.

Online sales figures were far below forecasts, adding to the view that this audience leaned heavily to the cinema as the primary experience if they could get to one (interestingly DVD being their next preferred platform).

The obvious point to make is that the older audience for *A Late Quartet*, particularly those who attend arthouse cinema, was far more likely to be supportive of theatrical release, and correspondingly less responsive to, or less aware of, on-demand alternatives.

The polling suggests that the balance will change over time with much less resistance to home viewing among the 45–55 age group than the over-65s.

It is important for anyone planning a multimedia release to consider the demand patterns and behaviour of different demographics.

### **Premium VOD**

The success of a Premium VOD window is predicated on an untested idea, that audiences will be willing to pay a high price for simultaneous screening.

This release tested the idea with a limited and targeted premium release on a few services, leaving Netflix, LoveFilm, YouTube, iTunes, etc to later windows.

The theory is that the premium window and the theatrical release will actually help later windows by raising consumer awareness, while providing what might become a measurable and hopefully lucrative first window. (The scope of this project, and the availability of data (See below) does not allow for in-depth testing of that proposition.)

The conventional VOD window is establishing its own position, becoming an alternative option to DVD, largely building on awareness created in the theatrical window. VOD is also key to long-tail exploitation.

Premium VOD promises something greater in terms of revenues, reach and promotion, but it is predicated on the willingness of audiences to pay a premium price. Day-

and-date plans need to take account of the reality that the correlation between early release and higher price is unproven.

### **London-centricity**

London does not provide a simple benchmark of the potential for day-and-date releasing of specialised film elsewhere in the UK.

The number of independent cinemas, the price of tickets, wider media access, broadband access and engagement with specialised film culture is higher in the capital than elsewhere, raising questions about the potential reach, audience demand and price.

The Curzon release was highly dependent on the capital, even in users of its own on-demand service.

The dominance of London in the conventional film world is, of course, well established too, but among the most promising aspects of the on-demand world is the ability to reach and mobilise audiences across the UK, which do not have access to an independent cinema.

The theory that in a simultaneous release, all ships rise on a swelling tide, with a dramatic increase in total audience, is not proven one way or another in this experiment. Any future project ought to ensure that they do not take London as an indicator of general demand.

### **Lack of transparent data**

The first point is the lack of transparency in online and other forms of VOD release. Box office analysis has its limitations but they are a genuine record of audience behaviour.

The availability and transparency of data from VOD platforms is a serious issue in planning releases and could become an issue for future business models.

In a highly competitive VOD market, particularly the Subscription VOD (SVOD) market, there will be little appetite to share data.

In the early stages of on-demand development, the levels of payment to distributors is fluid and will correct itself over time as the market settles. Confidentiality then is a matter of commercial confidence on the side of the platforms.

It is impossible, however, to build a sustainable strategy on such scant data.

This may be an area of public intervention in supporting, publishing or commissioning research into the on-demand market.

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