

**Gatekeepers and Gatekeeping Networks
in the Film Distribution Business**

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PhD

University of York

Theatre, Film and Television

September 2017

Abstract

Cultural flow, the access producers have to markets and the range of films available to audiences are heavily circumscribed by gatekeeping arrangements that have developed between sales agents and distributors in the film distribution business. This thesis examines how sales agents and distributors operate in that business: the sort of roles they have taken on over time, their ability to regulate the circulation of and access to films, the way they exercise power over distribution, and how they operate as part of gatekeeping networks. The thesis also offers a perspective through which to understand how online developments are impacting on the practice of gatekeeping and the function of gatekeeping networks. Producers, sales agents and distributors have all responded to the fact that online distribution promotes a model of abundance of content as opposed to scarcity of content, and that new powerful players such as Netflix and Amazon have entered the distribution business. This raises important questions about the role of gatekeeping networks in relation to issues of power, control and access. Overall, while gatekeeping networks are certainly affected by online developments, I argue that the function of gatekeeping networks will remain critical to the process of dealing with issues of oversupply and the abundance of films in the global marketplace. They will also continue to have an important impact on the comparative value of films by classifying and evaluating the potential of films against each other.

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Acknowledgements

Several academics have been instrumental in providing support and advise during the course of the PhD. I am particularly grateful to Professor Andrew Higson, who has been a constant source of inspiration, guidance and motivation. Andrew has always been honest in meetings and his critical feedback was important to developing this project. In particular, I appreciate his attention to detail, judgement and patience.

I have also worked with Andrew on two research projects: ‘MECETES’ (Mediating Cultural Encounters Through European Screens), in the first three years of the PhD; and ‘How On-demand Culture is Changing the Business of Films and High-end Television Drama’, in the fourth year of the PhD. This provided opportunities to work with Huw Jones, John Mateer and Beatrice D’Ippolito at the University of York; Ib Bondebjerg, Eva Novrup Redvall and Rasmus Helles at the University of Copenhagen; and Caroline Pauwels and Ilse Schooneknaep at Vrije Universiteit Brussels, amongst others. Huw Jones and Ib Bondebjerg deserve a special mention. Huw has been important from the very beginning of the PhD, providing critical support and advice on how to develop my skills. Ib was kind enough to help with the practical arrangements for my two-month research visit in the summer of 2014 at the University of Copenhagen, and to let me work in his office.

More generally, I would like to thank the staff members and my PhD cohort within the department of Theatre, Film and Television at the University of York, including Nathan Townsend, Martina Lovascio, Jandy Luik, Agata Frymus, Maxine Gee, James Ballands and Romana Turina. I am also grateful to Professor Duncan Petrie within the department. Duncan provided me with the opportunity to teach on his course ‘Film: History & Analysis’ for several years, and I feel fortunate to have worked with him.

Duncan also provided advice on various drafts of the thesis as a thesis advisory panel (TAP) member, which helped to improve my work.

In addition, I would like to thank the various organisations that helped to fund my work, including the Department of Theatre, Film and Television of the University of York, Prins Bernhard Cultuurfonds, and Stichting Vreedefonds. I would also like to extend my thanks to the industry professionals I interviewed for the research. I appreciate that they agreed to share their knowledge with me and thus helped to inform this thesis.

Finally, I am greatly indebted to my parents René and Anne Marie, and my brothers Domien and Leander, who have always been there to support me. I am also greatly indebted to Melony Bethala for enriching my life with love, passion and warmth.

Declaration

I declare that this thesis is a presentation of original work and I am the sole author. This work has not previously been presented for an award at this, or any other, University.

All sources are acknowledged as References.

Parts of this work have been published during the course of the PhD in the following academic journals, edited collections, and online research blogs:

R. Smits (2016). Gatekeeping and Networking Arrangements: Dutch Distributors in the Film Distribution Business. *Poetics*, 58, 29-42.

R. Smits (2017). Film Distribution: A Changing Business. In J. Wroot and A. Willis (Eds.) *DVD, Blu-Ray and Beyond: Navigating Formats and Platforms within Media Consumption*. Houndmills: Palgrave MacMillan, in press.

R. Smits (2017). Mubi's Expanding Film Business. 30 May 2017. *MeCETES Research Blog*. [Online]. Available at: <http://mecetes.co.uk/mubis-expanding-film-business/>.

R. Smits (2016). Film Distribution: Beyond Traditional Release Strategies. 30 August 2016. *MeCETES Research Blog*. [Online]. Available at: <http://mecetes.co.uk/film-distribution-beyond-traditional-release-strategies/>.

R. Smits (2015). The Film Distribution Business: What's Changing? 1 July 2015. *MeCETES Research Blog*. [Online]. Available at: <http://mecetes.co.uk/the-film-distribution-business-whats-changing/>.

R. Smits (2014). Researching the Role of Gatekeepers in the Film Business. 6 June 2014. *MeCETES Research Blog*. [Online]. Available at: <http://mecetes.co.uk/research-role-gatekeepers-film-business/>.

Chapter One

Introduction

1.1 Film distribution and the role of gatekeepers

This thesis is about the business of distribution, which is the point around which the international film business revolves. It brings together thousands of companies who participate in the process of selling and buying the rights of films in the marketplace. These companies mediate and consult between film producers on the one hand, and exhibitors or retailers on the other hand. They directly influence the types of films that are able to circulate to international markets, well beyond the national or domestic markets within which they originate. As such, distribution immediately impacts on the structures of film production and film consumption. From the perspective of producers, distribution performs a critical role in the process of enabling or disabling access to audiences; from the perspective of audiences, distribution performs a critical role in providing public access to films they prefer to watch. In other words, distribution is situated at the heart of the film business, representing a powerful gatekeeping function in connecting the structures of production and consumption.

Studying the business of film distribution is therefore important for two reasons in particular. First, distribution is a process of regulating the circulation of and access to films in both national and international markets. The studies of Paul Hirsch (1972) and Frederic Godart and Ashley Mears (2009) have operationalized such distribution organisations metaphorically as ‘gatekeepers’ and ‘organisational filters’ that filter out product at different levels in the marketplace. Such organisations in effect decide which films are made available to audiences: they exert control over processes of inclusion and

exclusion, over the process of enabling access to some films and disabling access to others, and over the process of rendering films visible to audiences.

These gatekeeping filters are needed to deal with issues of oversupply and abundance of product in the cultural industries. For instance, in terms of the film industry, research by the European Audiovisual Observatory has revealed that an enormous quantity of more than 6,000 feature films was produced in 2015, but only a fraction of these films secured (substantial) distribution in a range of international markets (Focus, 2016). For instance, the German Films Service (2017) demonstrates that between 550 and 850 films were released in large European market such as the UK and Germany in 2016. The fact that only a relatively small number of films secure such distribution is also understood from the perspective of 'scarcity economics', whereby physical resources put restrictions on the process of media circulation and prevent products from flowing freely in the global marketplace (Doyle, 2013:12).

The second reason why it is important to study the business of film distribution, which intersects with the first point, is that distribution is a process which impacts on the comparative value of films in the global marketplace. The distribution business classifies and evaluates the potential of films against each other. By making an investment in selected films and helping to shape their profile in the marketplace, the distribution business impacts on the process of value creation and creates hierarchies. To this end, studies by Brian Moeran (2011), Joanne Entwistle and Agnes Rocamora (2011), and Timothy Havens (2011) have demonstrated that cultural, social and economic values in fields of cultural activity are created within a global institutional environment of festivals and sales markets in which cultural products are introduced and promoted; and cultural and economic values are created by distribution companies which become formally attached as investors and gatekeepers. The cumulative impact

of such values has an important influence over the distribution process of films and the capacity to invest financial resources in marketing and promotion to reach audiences at the level of consumption.

The process of distributing films is organised by sales agents and distributors, who we can describe as traditional gatekeepers, in the sense that they have developed a long-established reputation in the distribution business as key organisations through which films are traditionally distributed, and differ from other types of gatekeepers which have appeared in the marketplace more recently to capitalise specifically on the development of the online market. Sales agents organise the distribution of films to international markets: they represent films from particular producers and sell the rights to distributors in international markets. Distributors, in turn, acquire distribution rights from sales agents and release films in local or national markets. In industry discussions around film acquisitions in the marketplace, sales agents are often referred to as ‘sellers’ in the distribution business, while distributors are ‘buyers’. It is worth noting, however, that distributors negotiate deals with cinema exhibitors, retailers, online platforms and television broadcasters in local or national markets, and thus equally operate as ‘sellers’.

As I will demonstrate in this thesis, sales agents and distributors operate as part of international ‘gatekeeping networks’ through which distribution processes are organised. They gradually filter out and narrow access through decentralised decision-making at national and international levels. Thus, sales agents often make a first selection from new film projects on offer in the global marketplace. There are several hundred such companies in the global film business, and film projects generally need their commitment to enable access to distributors in international markets. The distributors make the second selection and decide which films are made available to audiences in specific countries or territories. They negotiate deals with sales agents to

acquire foreign films in the international film marketplace, but they operate from local or national markets. There are several thousand such distributors worldwide.

Sales agents and distributors are then the primary gatekeepers that invest in films and add values to those films by inserting them into the distribution process. As Peter Bloore (2013:34) notes, for instance, they each have their own role to play in the value chain, between the processes of production and consumption. Their expertise and skills from different levels in the marketplace are critical in positioning films in the marketplace. Together, they create ‘gatekeeping networks’ through which they exert power and control over the distribution of films in the marketplace.

This thesis examines in depth the functions of these gatekeepers and gatekeeping networks, in order to understand where power and control lie in relation to processes of ‘cultural flow’: which films reach which audiences in the marketplace, how those films reach these audiences, and how distribution impacts on the commercial performance of these films.

Given the powerful role of the distribution processes, it is surprising that the practice of gatekeeping and the organisation of gatekeeping networks in the film industry have not been examined in more detail. What is missing is an understanding of the work practices, routines and dynamics of sales and distribution organisations, large and small, which operate within this business. Such an analysis would provide an insight into the decision-making and selection processes of sales agents and distributors, and how they operate as part of gatekeeping networks. It is this analysis that I provide in this thesis, and the first research question of the thesis asks *how gatekeepers and gatekeeping networks operate in the film distribution business and how their conventional practices have developed over time.*

In addition to such conventional gatekeeping practices, it is important to acknowledge that recent online developments in the marketplace brought about by increasing digitisation have impacted on the nature of the distribution business. A recent surge of studies of digital disruption in the film business (Iordanova & Cunningham, 2012; Cunningham & Silver, 2013), on-demand culture (Tryon, 2013) and connected viewing (Holt & Sanson, 2014) has demonstrated that the film distribution business is in a state of transition. Stuart Cunningham and Jon Silver, for instance, noted in 2013 that the online market was still very much in early development and had yet to grow into a state of maturity (2013:31). They argued that the advent of new online corporations such as Netflix, Apple, Google, Microsoft and Amazon would have a dramatic impact on film distribution, changing the current landscape and existing power dynamics. That has indeed proved to be the case. Dina Iordanova (2012:4), in addition, notes that online developments provide new opportunities for small-scale, stand-alone producers at the specialist end of the marketplace. For instance, she argues that the online market allows more opportunities for such producers to retain control themselves over the distribution process and make films available without the intervention of sales agents and distributors. While such new approaches to organising distribution have emerged, conventional distribution and gatekeeping arrangements are being challenged. This provides a new perspective through which to explore gatekeepers and gatekeeping networks. The second research question of this thesis then aims to establish an understanding of those changes now taking place: *How do online developments impact on the practice of gatekeeping and the function of gatekeeping networks?*

1.2 Discussions about film distribution

I have briefly introduced the practice of gatekeeping as an essential part of the film distribution business, and will now survey some of the broader theoretical and analytical

discussions about film distribution. Ramon Lobato (2007) offers a useful starting point. He noted in 2007 that the study of film distribution has received much traction from academics focusing on ‘consumption’ or ‘reception’ studies (2007:114). However, because distribution in those studies is analysed from a consumer perspective, he highlights the need to research “the circuits through which texts move” (2007:114). He also argues that there is still much to be done in terms of understanding the business of distribution analytically and theoretically, arguing that film distribution remains “the least theorized end of the film industry”. As he points out, “researchers often find themselves bogged down in the minutiae of box office figures or sales agreements without the theoretical tools which might help them make sense of this unfamiliar terrain” (2007:114).

In developing the limited theoretical work about film distribution, he is attentive to the work of film industry historians and political economists. Film industry historians such as Thomas Guback (1969), John Trumbour (2002) and Douglas Gomery (2005) have investigated the business structure of the film industry in the past, and particularly the long-standing dominance of the major Hollywood studios in the global film industry since the 1920s. The Hollywood studios were and still are able to exert such dominance through vertically integrated production and distribution structures, with the desired effect that they regulated and controlled decision-making about their own productions at the stages of production and distribution.

This historical industry perspective has some similarities with the political economy perspective. Political economists such as Colin Hoskins et al. (1997), Janet Wasco (2003) and Toby Miller (2005) focus more specifically on issues such as market structures, market powers and market concentration. They and others have consistently emphasised the powerful operations of Hollywood’s studios in the US and international

markets, in terms of box-office revenue in the theatrical cinema market and ancillary revenue in the home video and television markets.

One important notion that emerges from both theoretical perspectives is that control over distribution has been the primary means through which Hollywood studios have exerted power in the past, and continue to exert power in the present. Thus, to enable market access, the Hollywood studios have established global distribution networks to ensure that the films they engage with are shown in countries worldwide, while they are also able to exert control over the processes of making such films available to audiences in these countries. Hoskins et al. (1997:52) note that such control over distribution has governed their business activities since the First World War, and this has separated Hollywood studios traditionally from independent companies in the business, who need to negotiate individual deals with distributors to secure distribution for their films.

Related to this notion of distribution at the centre of Hollywood's business operations, the notion of an unevenly balanced, polarised market structure is prevalent in the perspectives of political economists and film industry historians. The argument here is that the Hollywood studios are able to reduce risk through their global distribution networks. Indeed, Hoskins et al. (1997:61) note that their capacity to circulate films globally provides a competitive advantage, as well as their capacity to work with their own distribution offices in local markets through which distribution is organised. The global film business is thus very much controlled by an oligopoly of Hollywood studios that exert power over distribution.

These questions of power and control have been taken further in more recent academic contributions about online distribution. The work of Stuart Cunningham and Jon Silver (2013), Chuck Tryon (2013), Michael Curtin et al. (2014) and Kevin McDonald and Daniel Smith-Rowsey (2016) have demonstrated that there is a

proliferation of powerful globally-oriented corporations in the online market, including Netflix, Apple, Google, Microsoft and Amazon. Cunningham and Silver note that such companies have formed a new oligopoly in the online market in the 2010s (2013:3). They also note that, despite several attempts to enter the online market and anticipate online growth, the Hollywood studios have lagged behind the new online corporations in terms of control over video-on-demand (VOD) platforms. For instance, in the period from 2008 to 2013, only the VOD platform Hulu was owned as part of a joint venture between some of the Hollywood studios, but that service was (and still is) available only in the US, rather than worldwide. Cunningham and Silver therefore see Hollywood studios as powerful suppliers of content in the online market, but not as powerful VOD platforms.

This raises questions about power dynamics between Hollywood studios in the physical economy and relatively new but already powerful corporations in the online economy – what Cunningham and Silver refer to as the new ‘King Kongs’ of the distribution business. As they asked in 2013: “To what extent is the present moment one where we can trace a decoupling of powerful controllers of content supply and those emerging powers which control the new distribution [VOD] platforms?” (2013:5).

Cunningham and Silver note that these emerging online corporations do not just operate as VOD platforms, but they also exert increasing influence over production and distribution (2013:105). In supporting this argument, they provide examples of VOD platform providers such as Netflix, Amazon and YouTube that have branched out into film production and distribution, and thus increasingly operate as vertically integrated studios. It is worth noting that this expansion to production and distribution operations has further intensified since 2013, and is an important strategy through which online

market leaders such as Netflix and Amazon exert control over distribution in today's film business.

Given the importance of Hollywood studios and online corporations to the film business, and their ability to support films with substantial distribution support to reach mainstream audiences in international markets, it makes sense that such discussions prevail in studies of film distribution. In terms of the film distribution business as a whole, however, this focus on the biggest companies represents only one part of the business. In my own study of gatekeepers and gatekeeping networks, I will therefore explore distribution from a broader perspective, and provide insight into the distribution of films beyond the vertically integrated operations of the most powerful companies.

In broadening my focus to this aspect of distribution, the emphasis of my analysis shifts to the independent sector of the film business. The independent business operates in a markedly different way to the major Hollywood companies. It brings together a range of companies working at various stages of a film's lifecycle. Most of them are small, standalone companies working in film financing, production, distribution or exhibition, but companies with fully or partly integrated operations also belong to this business. Even the Hollywood studios and large online corporations regularly participate in this business as sales agents or distributors. The label 'independent business' is here thus conceptualised in broad terms, describing a context in which producers establish collaborations with other companies to further support their films through subsequent stages, rather than all of those industrial functions being carried out and controlled by one single company. In particular, I am interested in analysing the process of introducing films to the marketplace through sales agents and a range of different distributors in international markets.

While most academic contributions to the study of film distribution since 2010 have focused on the proliferation of powerful online corporations, the work of Julia Knight and Peter Thomas (2011), Dina Iordanova and Stuart Cunningham (2012) and Elliott Nikdel (2017) has provided insight into the independent distribution business. Such studies have in common that they focus on new opportunities for small-scale, low-budget films to reach global audiences in the digital online era. For instance, Knight and Thomas noted in 2011:

In view of the potential offered by digital technology, it is possible to argue that it is now more important than ever that we understand the processes that connect movie image work to its audiences. If we are to more fully understand why we have the film culture we do – both historical and temporary – we need to better understand the factors that shape and influence the distribution process whereby some films are more widely seen while others are not (2011:16).

A better understanding of distribution processes is thus required to comprehend digital online changes. Indeed, as Knight and Thomas argue, such an understanding can be developed through a comparison of industry practices in the past and present. Knight and Thomas have therefore adopted the perspective of ‘continuity and change’. These themes are central to David Hesmondhalgh’s influential book on *The Cultural Industries* (2013, the third edition). In short, Hesmondhalgh argues that it is important to analyse the extent to which online changes “really represent major, epochal shifts in the way that culture is produced and consumed” (2013:3). Elaborating on this point, he notes that, “there are many continuities that might be obscured by an overemphasis on change” (2013:3). He therefore claims that the notions of ‘continuity’ and ‘change’ are entangled with each other, and may overlap, rather than describing quite distinct situations.

In the case of Knight and Thomas, they have embraced this perspective of continuity and change to analyse factors that impact on the way films are introduced to audiences. This perspective of continuity and change could also help to understand the role of gatekeepers and gatekeeping networks in the film distribution business. To date, academic studies have largely ignored the work practices and strategies developed by sales agents and distributors in the independent business, and the wider organisational business context in which they operate. However, industry handbooks and secondary literature provide insight into such film distribution practices and the organisation of the independent film business more generally. For instance, the contributions of Martin Dale (1997), Jeff Ulin (2013) and Angus Finney and Eugenio Triana (2015) have brought into focus the global context in which sales agents and distributors develop professional relationships. Such studies reveal that the distribution business gathers several times each year at sales markets organised as parts of film festivals such as Cannes, Berlin and Los Angeles. Sales agents and distributors have formed close-knit business communities by gathering at such markets, and it is through those business communities that they exert a dominant influence over the distribution of independent films internationally. While such studies are very informative in terms of beginning to understand the work practices of sales agents and distributors, a critical academic consideration is needed to make more sense of their gatekeeper roles in the past and the present.

1.3 Studying gatekeepers and gatekeeping networks

Given the relative lack of critical research within the discipline of film studies about the role of gatekeepers in the distribution business, the purpose of this thesis is to develop an analytical and conceptual understanding of their work practices, and how they

operate as gatekeeping networks. In addition, I contribute to theoretical discussions about gatekeeping.

In designing this study of gatekeepers and gatekeeping networks, I have drawn on insights from the humanities and the social sciences. Since the inception of film studies as an established academic discipline in the 1970s in the UK, film scholars have clearly favoured the study of ‘texts’ over an analysis of the ‘industry’, primarily because film studies in the UK, and to some extent in the US, is traditionally rooted in the humanities research tradition, especially in literary studies. By contrast, research engaged with industry-related analysis is traditionally associated with media studies, which bears more resemblance to a social science research tradition.

More specifically, I have drawn on the tradition of ‘industry-level analysis’ as proposed by media industry scholar Amanda Lotz (2009). Lotz situates media industry-level studies at the meso level, between the “the national and international political economy and policy level” at the macro level, and the “examination of individual companies or productions” at the micro level (2009:27). In line with academic discourse about film distribution, Lotz argues that macro-level analysis, and particularly the political economy perspective, has dominated academic discussions about media industry studies. In particular, she notes that: “Such studies have expansive scope, yet they are typically informed by data such as broad statistical measures that do little to reveal the daily functioning of media or the situation of particular workers” (2009:26). At the other end of the scale, Lotz notes that media scholarship has also focused on micro-level analysis, particularly through case studies of specific producers, directors or individual productions. Because of the specific focus of such micro-level studies, she argues that they are generally informed by qualitative and interpretative research

methods. She subsequently argues that comparatively few studies are positioned at the meso level, between macro and micro analysis.

In terms of the research focus of industry-level studies, Lotz notes that they are primarily concerned with the work practices and routines of industry organisations within the broader cultural field. Her description underlines a typical qualitative sociological approach to studying the media industries. Thus, the focus is on “interconnections and broad processes”, “the dynamic connections of the whole”, and on “how broader processes delimit the opportunities afforded to productions in general” (2009:28).

Such industry-level studies are also distinctive in terms of their use of theoretical perspectives, which are generally grounded in ‘middle-range theories’ as opposed to ‘grand theories’. In a related study, Lotz and others (Havens et al., 2009:243) note that the sociologist Robert Merton (1968) originally called for the need of such middle-range theories. They also note that middle-range theories have been employed in the influential work of media industry scholars such as John Sinclair, Elizabeth Jacka and Stuart Cunningham (Sinclair et al. 1996, Cunningham & Jacka, 1996, Sinclair, 1999). Cunningham and Jacka, for instance, situate middle-range theories between political economy studies and what they call “microsituational reception studies” (1996:22). Lotz (2009) argues that such middle-range theories are useful for studying “the actual functioning of various facets of media industries” (2009:28).

It is precisely this focus on industry-level studies and middle-range theory that characterises this thesis. To study how gatekeepers operate in the film distribution business is to explore their work practices and routines, the network relationships they develop, and the organisational context in which such relationships are maintained. Gatekeeping studies in other fields of cultural activity, such as the work of Timothy

Havens (2006) and Denise Bielby and Lee Harrington (2008) on the television industry, have demonstrated that this approach is important to analysing how distribution companies of different sizes, large and small, impact on the process of cultural flow, adding necessary detail to develop theoretical discussions further.

I follow in the tradition of such industry-level approaches and middle-range theory. My research design is also interdisciplinary, bringing analytical perspectives from the humanities and the social sciences into dialogue. Thus, I draw on conceptual and analytical discussions from film and media studies, as well as on middle-range theoretical perspectives in management, sociology and organisation studies, to analyse current issues in film distribution and the position of gatekeepers. There are rich and well-developed theoretical discussions in relation to gatekeepers and cultural activity in management, sociology and organisation studies, providing an opportunity to draw connections with researchers studying similar issues in other fields of cultural activity.

1.4 The scope of the study

For the purposes of this study, I focus primarily on the distribution of European and North American films. Such films are usually initiated by European and/or North American producers, but may well include co-production partners from other countries. In parallel with the focus on European and North American films, I focus primarily on European and North American distribution companies, as well as the film sales markets in Europe and North America. This focus on European and North American productions, rather than a more specific focus on the US, Europe or a single European country, allows me to include the distribution operations of the most powerful sales and distribution companies within those territories. As will be clear in Chapter 4, this is particularly important because American sales agents play an influential role in the international sales business. In terms of methodology, it also provides opportunities to

speak with industry professionals that belong to international distribution networks, which increases the generalisability of the study.

Despite this focus on Europe and North America, I acknowledge that distribution activity takes place on local, national, international and global levels. While these dimensions often overlap, I use some of these concepts in a relatively strict manner and others rather loosely. It is, for example, often difficult to distinguish between the ‘local’ and the ‘national’, and I therefore use the term ‘local, national market’ to draw attention to a specific consumer market, a local context in which industry players from a single country or a distribution territory of several countries compete against each other. By way of contrast, I use the terms ‘international markets’ and ‘international marketplace’ much more loosely, to refer to several countries or distribution territories; or to refer to a great many countries or distribution territories worldwide. My use of the term ‘global marketplace’, in addition, is less concerned with the sale and distribution of films to international markets, and more about the film industry as one globally connected business marketplace.

Because I analyse US and European films, it is worth establishing upfront that industry professionals, journalists and analysts use different currencies to describe production budgets and other specific costs and expenses related to films. I use the US dollar (\$) by default because it is the standard currency for the international film industry. Where other currencies such as Euros (€) or British Pounds (£) are used, I include a conversion to US dollars based on the rate of the conversation rate on 31 December in the year the film was released.

In terms of the scope of the study, it is also important to further clarify my focus on processes of gatekeeping activity in the film distribution business. As will be clear, distribution intersects with the processes of development, production, marketing and

consumption. I survey the involvement of gatekeepers through these various stages of the film supply chain. In terms of the analysis, I am interested in the processes of inclusion and exclusion, and the relative weight of different gatekeeping influences: how films are acquired in the marketplace, how the distribution process of films is organised, how films are released in local, national markets, and how gatekeepers develop their promotional activities. The focus, in this respect, remains largely on sales agents involved with the process of introducing and promoting films in the global marketplace, and to a lesser extent on distributors who introduce and promote films in local, national markets. The promotional work of distributors, however, is well covered in the academic contributions of Philip Drake (2008) and Nolwenn Mingant et al. (2015), and in industry handbooks of Jon Reiss (2010), Stacey Parks (2012) and Gini Scott (2015). Indeed, these studies also underline that there are also important gatekeeper arrangements between distributors and exhibitors, where the focus shifts to the film exhibition business. This business does not just include theatrical cinema exhibitors, but also organisations such as DVD/Blu-ray retailers, online VOD platforms and television broadcasters – and specific gatekeeping arrangements have developed with each of them (Biltereyst et al., 2012). While I will be attentive to the film exhibition business to demonstrate how distribution arrangements impact on the wider culture of film consumption, an analysis of specific gatekeeping mechanisms between distributors and gatekeeper organisations in the film exhibition business falls beyond the scope of this study. In focussing on sales and distribution companies in Europe and the US, the analysis demonstrates how gatekeepers mediate the circulation of, and access to, international markets.

With regard to the use of the concept ‘gatekeepers’ in the film industry more generally, it is worth noting that their work practices have been associated with the

business of film distribution and consumption, but also with the businesses of film production. At the level of film production, Peter Bloore (2015:25) identifies literary agents, development financiers and producers as important gatekeepers who provide initial support to film productions. Tom Kemper (2010:31), in addition, focuses on gatekeepers as talent agents, who represent the interest of directors and film actors. Further, the work of Pat Brereton (2012) places emphasis on the role of the media as gatekeepers. Various types of gatekeeper roles are thus performed at various levels of the supply chain. My focus, however, remains on gatekeeper organisations – sales agents and distributors – with decision-making authority over the process of cultural flow in the film distribution business only.

Given this specific focus on distribution gatekeepers, I will be less attentive to other current issues in the film distribution business, such as intellectual property rights and public film policies. Discussions around intellectual property have revived with the development of the online market. In particular, the protection of intellectual property rights in the online market is an important issue with the popularity of new forms of legal and illegal viewing. Ramon Lobato and Julian Thomas (2015), for instance, have analysed how informal (illegal) distribution and exhibition networks have developed online. Given such developments, policymakers are faced with the challenge of protecting intellectual property rights in the digital era. In terms of online film policies, Pascal Kamina (2016:3) has therefore called for more synergy between regulations at national, transnational and global levels. While this is an important area of research, my study remains focused on the work practices of sales agents and distributors.

Another current discussion in relation to film distribution revolves around film policies developed by European institutions such as Creative Europe and Eurimages to support the circulation of European films and strengthen their competitiveness,

particularly in response to the popularity of Hollywood studio films in Europe and other international markets (Creative Europe, 2017). Similarly, national film institutions in European markets have developed policies to support the circulation of local or national films, and in some cases non-national films deemed to have special cultural significance. While I will describe the role of such funding organisations at European and national levels in the thesis, the focus remains on the involvement of sales agents and distributors with specific films, rather than addressing how specific policies impact on the distribution of films.

1.5 Methodology

Having situated this thesis within the context of industry-level studies and having clarified the research focus, I will now turn to the specific methodological approaches that underpin my research. I will include additional methodology sections in some chapters of the thesis where further clarification is necessary, but there are some general principles that can be established upfront.

The work of Bielby and Harrington (2008) and Lotz (2009) on studying industry professionals in the television industry provided an important starting point for my methodological approach. They employed two approaches in particular. First, they identify industry literature, trade press publications and other media outlets as important sources of information about both the history of the business and current issues. Like the film business, a great many industry and media observers in national and international markets report about television business developments. Bielby and Harrington (2008:185) note that articles in the trade press, newspapers and television magazines provide “overlapping coverage of all layers and segments of the domestic and international industry and its global market.” Lotz (2009:34) makes a similar point, explaining that trade press coverage is an important aspect of her research: “Part of my

training included constant reading of trade press to maintain familiarity with the nuances of industrial practice.” Such sources are important to establish a contextual understanding of industry discourse, and to keep informed about the most significant debates within the industry.

I followed in the tradition of such studies and read widely across the film trade press and news media, particularly in the early stages of the research. The trade press informs observers about business aspects such as sales and distribution deals, film release strategies and box-office figures. I consulted online trade press coverage in *Screen International*, *Variety* and *The Hollywood Reporter*. Their articles are written in the English language, and while they typically place emphasis on the US and UK markets, they also work with a team of international correspondents who report about developments in other countries and world regions. I also read articles in newspapers that surveyed the state of the film distribution business. In particular, the film and media sections of *The Guardian* in the UK provided important insights, and those articles were typically more analytical than trade press articles. There was also some overlap between media outlets, with some journalists such as Geoffrey Macnab and Charles Gant reporting for both the trade press *and* newspapers. In line with my research focus, I also looked at developments elsewhere in Europe. For instance, I read news articles on *Cineuropa*, which reports about film industry developments in European countries. In order to identify trade publication sources, I use terms such as trade journalists, trade observers and trade analysts throughout the thesis.

While the research of Bielby and Harrington (2008) and Lotz (2009) remains grounded in such trade press and newspapers coverage, I also want to highlight the relevance of industry literature and industry reports in acquiring a sense of industry discourse. Industry literature usually involves contributions from journalists and

experienced film professionals. For instance, I draw on the work of Martin Dale (1997) and Finney and Triana (2015). Although the view of industry professionals can be somewhat subjective, their contributions are still valuable in providing a contextual understanding of film business operations and distribution practices. Similarly, industry reports are very informative. Such reports are often commissioned by funding institutions at national or international levels with the purpose of providing industry professionals with insight about current issues and changes in the industry. Thus, I consulted reports published by the European Creative Europe/MEDIA programme, and by several reports published by national funding bodies, including the British Film Institute (BFI), Ffilm Cymru Wales, and The Netherlands Film Fund. These reports were also useful in gathering statistical data about the performance of individual films or national film industries. In some cases, however, it made more sense to gather such information directly from film databases such as *Box Office Mojo* (2014-2017) to learn about the performance of individual films in international markets. In combining these various sources of secondary material, I have drawn on a sizeable list of references, as my bibliography demonstrates.

Returning to the research approach of Bielby and Harrington (2008) and Lotz (2009), they enriched their contextual understanding of the industry with qualitative research methods such as interviews and participant observation. Interviews are useful in generating a more specific understanding of distribution practices, allowing for questions tailored to specific subjects and extracting in-depth information. The findings are then often triangulated with ethnographic observations or secondary sources. The main difficulty with interviewing as a method, however, is that of gaining access to industry professionals and companies, as Matthew Freeman explains in his work on methodological approaches to industry studies (2016:112). Industry professionals are

not always forthcoming in wanting to talk about their work, partly because much of the information involved might be considered to be private business information. Lotz, for instance, notes that industry professionals in executive positions are particularly difficult to reach for academic researchers (2009:34). She therefore used the trade press to enrich her research since it often provides insights from industry professionals: “trade publications also functioned as a data source – primarily in the form of quotations from top industry executives” (2009:34).

Despite such difficulties with regards to gaining access to some industry professionals, interviews are still an important research method to extract information. In terms of approaching industry professionals, the first introduction is often crucial. I usually approached industry professionals by e-mail to introduce myself. Giseline Kuipers (2014) notes that it is particularly important to identify the research topic and provide context before clarifying the need for more information from interviews. Further, self-promotion is important for academic researchers, as Kuipers (2014:57) notes: “Assume that people will look you up on the Internet, and try to tweak your own online presence. I have benefitted greatly from my personal and project websites.” John Mateer, in addition, notes that approaching industry professionals through personal contacts and networks is valuable in establishing an initial connection, and this approach is often preferred because it demonstrates a link to the individual’s business networks, and lends a sense of familiarity (cited in Freeman, 2016:112).

I conducted interviews with 55 industry professionals in researching this thesis (Appendix 1), and it was precisely this networking approach that I adopted in my research. I experienced first-hand how valuable personal contacts are in the film industry, and how one contact enabled access to other colleagues within their networks. I also learned from the first interviews that film professionals are surprisingly open to

discussion and debate. Kuipers, in this respect, notes that the interview is a method with which industry professionals are familiar, since it resembles the character and the nature of business conversations and meetings (2014:55).

The interviews were conducted with industry professionals in different functions, including representatives of sales agents, distributors, content aggregators and VOD platforms, as well as book scouts, producers, festival programmers, trade journalists and distribution consultants. Most of these interviews were conducted with experienced professionals in senior executive positions to present a picture of the distribution business as accurate as possible. The interviews typically lasted between 45 minutes and 60 minutes. I conducted the interviews in person or over Skype, and they were semi-structured and informal in tone.

While all interviews contributed something different to my understanding of the film distribution business, it is worth noting that some interviews were conducted in a general sense to learn about specific aspects of this business, rather than directly in relation to specific research topics identified in the thesis. For instance, I conducted a Skype interview with Jon Furay of the small-scale, stand-alone production company Vigorous Pictures to talk about his experiences as a book scout. Most of the interviews, however, were more focused on specific research topics.

Following the work of Bielby and Harrington (2008), my fieldwork also involved participant observation at sales markets. While Bielby and Harrington (2008) participated in several television sales markets, I participated in the film sales market in Berlin only. As will be clear in Chapter 3, I was able to observe the organisational structure of the sales market and the hierarchies created between sales agents within the sales market. In broad terms, however, my observation underlines Bielby and Harrington's (2008:186) statement that observing sales markets provides critical

insights into “the presentation and conduct of the marketplace.” For Bielby and Harrington, this means “its social organization and stratification, social networks, cultural tone and sensibilities, vocabulary and discourse, interpersonal tensions, industry issues, and institutional hurdles and goals, as it oriented to the product it markets.” I also attended industry events within the sales market itself to learn about current issues in the business.

Another form of participant observation involved attending industry events. I participated in small-scale events such as Film Expo South and Distribution Rewired in the UK, and I co-organised the public academic-industry event “UK Film Distribution: What’s Changing” and the private academic-industry event “Distributing Films Online”.¹ I moderated several panel discussions with distribution professionals at events like these, while at the same time participating as a research observer. A particular advantage of my involvement in such events was that it provided an effective way of acquiring knowledge about specific subjects from several industry professionals at the same time. Rather than organising individual interviews with industry professionals and having different conversations, the panel discussions brought together several industry professionals who were contributing to the same conversation. Talking with several industry professionals at the same time was also helpful in terms of enhancing methodological accuracy and reliability.

In conclusion, my methodological approach draws largely on existing information gleaned from secondary sources such as industry literature, trade press publications and other media outlets, as well as on fieldwork methods such as interviews and participant

¹ I co-organised several academic-industry events that brought together academics and industry professionals as a project member of the MeCETES research project (www.mecetes.co.uk) and of the ‘On-Demand Culture’ research project (www.ondemandproject.wordpress.com).

observation. In broad terms, this approach aligns with the work of Bielby and Harrington (2008) and Lotz (2009), studying the industry-level operations and practices of distribution professionals. While the methods described here are at the core of this thesis, some chapters required additional methodological approaches, such as archival research and quantitative analysis to explore specific aspects of the business. I explain the usefulness of such additional methodologies in other sections of the thesis.

1.6 Outline of the thesis

The thesis is structured in three distinct sections that focus on specific aspects related to gatekeeping in the film distribution business. Each of those sections involves two chapters that complement each other.

The first section focuses on the role of film sales markets in the distribution business. As noted above, sales markets offer a business environment in which sales agents introduce films to international distributors. Chapter 2 provides a historical account of the sales and distribution business through the analysis of sales markets. It surveys the development of sales markets from the 1960s onwards to analyse how such events have contributed to the construction of an institutional environment for distribution professionals. In addition to industry literature and interviews with distribution professionals who were able to reflect on the distribution business in the past, this research draws on archival documents collated from trade press journals since the 1950s. Drawing on these various sources was useful in generating a contextual understanding of the historical development of sales markets and broader industry developments within the film distribution business. The chapter concludes with a consideration of how the development of sales markets can be understood in theoretical terms, and, as such, will be discussed in relation to the concept of field configuring events, as introduced by scholars in management and organisation studies, such as

Joseph Lampel and Alan Meyer (2008). It will be clear that some sales markets stand out and play an important part in configuring the field of film distribution. Those sales markets structure gatekeeping activities by bringing together the global sales and distribution community several times each year.

While the focus in Chapter 2 remains on the broader field of film distribution and the development of sales markets therein, the focus in Chapter 3 shifts to one of the key sales markets: The European Film Market (EFM) in Berlin. The main purpose here is to use a case study approach to learn more about film sales processes within sales markets, and about the role of sales agents in influencing such processes. Participant observation was an important method for analysing the organisational structure of the sales market, and its symbiotic relationship with The Berlin International Film Festival that took place simultaneously. In particular, it allowed for close analysis of two types of organisational form with an immediate impact on the film sales process: the organisation of exhibition space and the organisation of film screenings. In theoretical terms, I draw particularly on contributions to an edited collection by Brian Moeran and Jesper Pedersen (2011), which focus on sales events and competitive events in other fields of cultural activity. I argue that sales markets exert an important influence over gatekeeping by creating social and cultural hierarchies that impact on the sales process of films.

The focus of the analysis in the first section of the thesis, then, remains primarily on the contextual circumstances that impact on the process of gatekeeping. In the second section of the thesis, I develop case studies of sales agents and distributors, and their gatekeeper practices as part of gatekeeping networks. Chapter 4 develops an analysis of sales agents within the film industry. The analytic purpose is to comprehend how their specific business functions and activities can be understood in terms of the concept of

the gatekeeper: how they organise the metaphorical process of opening and closing the gates, and how they introduce and promote films to international distributors. The theoretical purpose of this chapter is to further develop the ‘gatekeeper’ concept by drawing on sociological discussions in relation to ‘gatekeeping functions’, as proposed by Pacey Foster and Richard Ocejo (2015). Based on interviews with sales agents, I develop three in-depth case studies of particular films to examine gatekeeping functions in the film industry. In line with studies by Keith Negus (2002) and John Thompson (2010), I argue that gatekeeping is a complex process that requires more than just acquiring and selling films. In fact, it becomes clear that the process of influencing the conditions through which value is created for films is as important as the process of approaching international distributors and negotiating deals.

Chapter 5 involves a case study of distributors in the Dutch film market. I focus in particular on the acquisition of international films by Dutch distributors to shed light on the nature of their relationships with sales agents. Drawing on quantitative analysis, I first establish an understanding of the field of Dutch film distributors by identifying different groups of distributors. I then develop a qualitative analysis of a group of what I refer to as ‘major independents’ and ‘specialist independents’. Based on interviews with 12 independent distributors, I analyse how they make decisions about international films as gatekeepers in the Dutch market. In researching their decision-making context, I draw on the theoretical work of Pierre Bourdieu (1984, 1993) and Paul DiMaggio and Walter Powell (1983, 1991) to analyse the ways in which institutional factors, networking arrangements and taste preferences impact on the decision-making of Dutch distributors. It becomes clear that gatekeeping networks are not only important in terms of filtering out a large number of films, but they also play an important role in reducing uncertainties about decision-making.

Having analysed sales agents and distributors as traditional gatekeepers in the film distribution business, I go on to explore current developments in film distribution in the third section of the thesis. The online market developed rapidly since the early 2010s, and this provides a new perspective from which gatekeepers and gatekeeping networks can be explored. Chapter 6 establishes a contextual understanding of the field of online distribution. I will first describe how the nature of the online market differs from the physical (analogue) market, for which I draw on Chuck Tryon's (2013) concept of the 'on-demand culture' and Chris Anderson's (2006) vision on the so-called 'long tail' and the 'economics of abundance'. Using trade press reports and interviews, the analysis focuses on various types of VOD platform providers in the marketplace, and how they associate with processes of 'open' or 'restricted' access. The discussion then addresses how the emergence of such online VOD platform providers has impacted on the business of gatekeepers such as sales agents, distributors, and the newly emerging content aggregators in the film distribution business. I argue that the distribution business has become increasingly competitive because powerful online corporations such as Netflix and Amazon have turned to film acquisition, which is undermining the role of sales agents and distributors as gatekeepers.

Chapter 7 is in many ways a continuation of Chapter 6. It takes issues related to online developments further through detailed analysis of new, alternative ways of organising distribution and of new, alternative approaches to film releasing. The analysis is therefore attentive to the powerful influence of Netflix and Amazon in the distribution business. While an important part of their distribution activity involves acquiring films in the marketplace, they have also started to develop their own in-house productions, which they usually promote under the label 'original' productions. Using the same methodological approach as in Chapter 6, I will analyse their activities in

relation to discussions about the processes of ‘digital disruption’ and ‘dis-intermediation’ developed by Dina Iordanova and Stuart Cunningham (2012) and Paul Hirsch and Daniel Gruber (2015). Beyond Netflix and Amazon, the chapter looks at the role of small-scale, stand-alone producers at the specialist end of the market. I demonstrate that their distribution operations can be described in terms of dis-intermediation processes, but I also draw on Virginia Crisp’s (2017) notion of ‘re-intermediation processes’ to develop this discussion further. Finally, I provide an analytical framework through which conventional and alternative distribution arrangements can be understood.

Overall, what will become clear is that distribution is the point where important decisions about films are made, where gatekeepers negotiate access to international markets, and where they exert power and control over the sort of access given to specific films. It is therefore important to understand film distribution as a process of gatekeeping.

Part One

Film Sales Markets

I will first analyse the important role of film sales markets in the distribution business. In particular, I will survey the historical development of those markets to analyse how they have shaped and structured distribution activities, the role they have played over time in supporting and enhancing the distribution of films to international markets, and their influence over gatekeeping processes. I will also analyse sales markets in relation to processes of value creation, and how sales agents introduce and promote films to distributors at such markets.

Chapter 2:

The Historical Development of Film Sales Markets

2.1 Introduction

Film sales markets are crucial events for the film distribution business because they offer a self-contained environment within which film professionals can conduct their business. Such sales markets are often organised as part of major international film festivals. They have become important meeting places for film professionals, at which a large number of films are introduced and promoted by sales agents to distributors and other buyers, such as television broadcasters, film festival programmers, content aggregators and digital providers. Film projects on offer at sales markets range from low-budget films to medium-budget films and occasionally even big-budget mainstream films. Although the majority of the projects at sales markets fall into the low-budget category, most of the attention is concentrated around a limited number of much more high-profile films. The inclusion of such films in sales markets has a positive impact on the status and reputation of these events, making them attractive to private equity firms, financiers, large independent companies and even major Hollywood studios as both producers and distributors (Finney & Triana, 2015).

Because film sales markets are often organised as part of international film festivals, the role of sales markets is often acknowledged in scholarship focusing on film festivals, where their function is analysed in the context of such festivals (De Valck, 2007; Iordanova & Rhyne, 2009; Iordanova & Cheung, 2011; Ruoff, 2012). However, beyond such studies, their role of film sales markets has been largely ignored in academic discourse. What discussions there are about sales markets are

predominantly based on industry sources such as trade press articles and industry reports, and there is as yet no comprehensive analysis from an academic perspective. There is thus still much to be analysed in terms of how sales markets operate in the film distribution business, and how they have developed historically.

Film sales markets exist in different configurations, and are organised at different times and locations throughout the year. Sales markets such as *Le Marché du Film* in Cannes and The European Film Market in Berlin are formal integrated sections of major international film festivals, and offer industry professionals the opportunity to conduct business at the so-called sales floor or in nearby hotels where sales companies set up temporary offices. Sales markets at other international festivals like Toronto, Sundance and Venice are less formal, but they are still important events for the sales of films, and are usually organised in hotels. There are also sales markets without a strong affiliation to or partnership with a major international festival, more specifically created with the purpose of facilitating business collaborations and negotiations between industry professionals. The *Mercato Internazionale Filme E Documentario* (MIFED) in Milan, which has been one of the key sales markets, is a good example in this respect. While MIFED established loose partnerships with various smaller festivals, the sales market was not formally integrated with those festivals. Similarly, the American Film Market (AFM) in Santa Monica (Los Angeles) has operated independently for most of the time since 1981. However, it established a relatively loose but formal partnership with the American Film Institute Festival (AFI Fest) in Los Angeles in 2004.

As will be clear, sales markets have changed in various ways since the early 1960s, becoming increasingly important events to the film distribution business. They started as simple, low-key events, but gradually expanded in size and number, attracting more industry participants and media attention, and thus becoming important events where

films are introduced and promoted to international distributors. Such events collectively shape business activities between distribution professionals and facilitate and support gatekeeping and networking arrangements, but the persistence of such activity also depends upon the development of the film business, and the way that political, technological and economic influences impact upon that business.

This chapter offers an historical account of the role played by sales markets in the distribution business, combining some of the broader industry developments in that business with changes taking place within and between sales markets. The focus is on the biggest and most prestigious sales markets – Cannes, MIFED, AFM and Berlin – and their development in various periods between the 1960s and the present.

Foregrounding those key markets reveals their contribution to the construction of a business environment for distribution professionals. This raises the following questions: When did these various sales markets develop into key events, and how are they different from smaller industry events? To what extent have the key sales markets shaped and structured distribution activities? What role have they played over time in supporting and enhancing the distribution of films to international markets? And how do they exert influence over gatekeeping processes?

2.2 Research approach and methodology

Given the focus on the historical development of sales markets in this chapter, I will first provide insight into the research approach I developed and the methodologies that have informed the empirical analysis.

An inductive research approach

I follow an inductive research approach in this chapter, beginning with an empirical analysis that charts the historical development of the various sales markets in

chronological order from the 1960s to the present, and concluding with a theoretical framework through which the influences of such events can be understood analytically.

The empirical analysis involves a four-stage periodization that is based on the role of the key sales markets as a collective force that shaped distribution activity and helped configure the field of film distribution. Each period deals with different issues that impacted on the development of the key sales markets. The first period surveys the development of the sales and distribution business in the 1960s and 1970s, and particularly the development of the Cannes and MIFED sales markets in Europe, which were the first important sales markets to emerge in this period. The second period focuses on the development of the television and home video markets in the 1980s, and the immediate benefits these markets were providing in terms of enabling distribution for films. The nature of the distribution business and the state of its economy changed dramatically in this period. In responding to the popularity of the Cannes and MIFED sales markets in Europe, the AFM sales market in the US became the third important sales market in the early 1980s. In the third period, it becomes clear that there were growing tensions between the key sales markets. In particular, the American Film Marketing Association (AFMA) began to play a more authoritative role in the distribution business, directly interfering with the organisation of other sales markets in the 1990s. But there was another trend whereby smaller festivals became more attractive business venues where sales agents and distributors gathered. The fact that such less formalised distribution events were also popular raised concerns about the status of the key sales markets. The fourth period deals with the development of the key sales markets from the early 2000s onwards. In particular, it becomes clear that the Berlin sales market replaced MIFED in the triad of key sales markets and positioned itself on an equal footing with Cannes and AFM.

The way these key sales markets have developed and the functions they perform allow us to understand them as events that collectively bring about change and exert a dominant influence over the evolution of the field of film distribution. Thus, a new historical account of sales markets is placed within more developed discussions about the influences and effects of such events on sales and distribution processes across the business world more generally (Lampel & Meyer, 2008; Bathelt & Schuldt, 2008; Power & Jansson, 2008; Moeran & Pedersen, 2011).

Methodology: a mixed method approach

I have drawn on a variety of sources for examining film sales markets from a historical perspective. First, I consulted books written about the business from the point of view of industry observers and industry participants to establish an initial understanding of the film business and sales markets. Although such industry accounts can be somewhat subjective, they can still provide useful insights into business operations and practices. Some of those books include *Hollywood A-Go-Go: An Account of the Cannon Phenomenon* (Yule, 1987), *The Egos Have Landed: The Rise and Fall of Palace Pictures* (Finney, 1996), *Sundance to Sarajevo: Film Festivals and the World They Made* (Turan, 2002) and *From Cowboys to Moguls to Monster: The Neverending Story of Film Pioneer Mark Damon* (Schreyer & Damon, 2008). Such publications provided detailed information about the distribution business in various periods from the 1960s to the present.

Second, I accessed the Entertainment Industry Magazine Archive to access trade press discourse for the period between the 1950s and 2000.² This fully searchable archive included a range of trade magazines related to film and other media industries. I

² [<http://www.proquest.com/products-services/eima.html>]

examined more than 200 articles, drawing especially on *Variety* and *Screen International* and regular festival sections such as ‘Doing the Cannes-Cannes’ and ‘MIFED meanderings’, which provided insight into the most developments at the various sales markets. This generated a great deal of information about the size and profile of the key sales markets in various periods, as well as information about various influential film professionals and film companies participating in the sales markets. I also accessed the *Variety* and *Screen International* on-line databases to collect more recent articles published in the period from 2000 to the present.

A third source of information was an interview with the experienced trade journalist and distribution professional, Mike Goodridge, who was able to reflect on the distribution business in various time periods. The topics discussed in this interview deliberately overlapped with information gleaned from film business books and trade press articles to allow for triangulation and to explore industry developments from different perspectives.

In order to supplement my analysis with statistical evidence, I also collated information from the various sales markets. This involved attendance figures, which were useful to draw comparisons between various sales markets. Some of those figures were available on their website, while additional figures were provided to me directly by the organisers of sales markets. It is worth noting that they were unable to provide such attendance figures for the period between 1960 and 2004, but I used figures from trade press reports about sales markets in that period to support my argumentation.

2.3 The distribution business in the 1960s and 1970s

Before I analyse the development of sales markets, I reflect briefly on the distribution business more generally, and the various types of companies operating in that business in the 1960s and 1970s, especially in the US market. I acknowledge the powerful role of

major Hollywood studios in this period, but demonstrate that so-called “mini-majors” also began to play an increasingly powerful role in the business.

Hollywood studios versus mini-majors

As mentioned in the introduction chapter, an oligopoly of major Hollywood studios has dominated the US film market as well as many European markets from the 1920s, and they continued to do so in the 1960s. For instance, Paul Monaco (2001:24) notes that the American film industry in the early 1960s roughly comprised a few major Hollywood studios and a large number of predominantly small-scale independent producers. While the major studios invested in big budget, mainstream films, they also invested in American independent films. After the Paramount Decree of 1948, which forced the majors to sell off their exhibition interests, their focus shifted more specifically to distribution. Monaco notes that they established distribution deals with a large number of independent producers for films in development, which enabled them to control the distribution of those films in the American home market, but also in international markets. Richard Maltby (2003:170) argues that American independent producers had little control over their films in this period: “Most producers would be more accurately classified as “semi-independent,” since the precondition of their movies’ production was a guarantee of distribution, under terms defined by the major distributor”. The engagement of major studios with all sorts of American films meant that they could decide which of those films to distribute through their integrated distribution networks around the world.

On the other hand, Monaco (2001:24) notes that American production companies which operated (completely) independently, and did not establish deals with major studios, were more or less obliged to engage with low-budget films, which were often given limited distribution by American independent distributors. Occasionally, some of

those films also appealed to independent distributors outside the US market, and secured international distribution, but they usually generated modest box-office revenues. The major Hollywood studios thus exerted powerful roles as distributors in the distribution business in the early 1960s.

David Cook (2000) explains that these existing power dynamics changed somewhat when two large American television networks, CBS and ABC, expanded their businesses and entered the film industry in the late 1960s. They were anticipating technological change, with the television industry developing as an increasingly attractive market for films. Because both CBS and ABC established partnerships with film companies, they became known as ‘mini-majors’ or ‘instant majors’, positioning themselves between Hollywood studios on the one hand, and smaller independent producers and distributors on the other (Cook, 2000:322). In the period between 1967 and 1973, CBS produced films through Cinema Center Films (CCF) and National General Corporation (NGC), and those films were distributed in the American market by NGC’s distribution department. Similarly, ABC produced films through Circle Films and Cinerama Releasing Corporation (CRC), with CRC handling distribution in the American distribution territory (Cook, 2000:331-333). These mini-majors specialised primarily in mid-range films. For instance, ABC announced in 1967 that they had secured \$30 million to invest in 10 to 12 films to be released in cinemas in the next two years (Broadcasting, 1967:52).

More importantly, the mini-majors produced such films for a global audience and they were able to maintain control over international sales. Because they did not have distribution offices in international markets, they often sold their films to independent distributors in those markets. Cook (2000:331) underscores the involvement of CBS and ABC in the independent film business: “In each case, a television network entered

feature film production with the idea of supplying its own prime-time movie programming in addition to distributing its product to theaters through independent exchanges.”

In order to secure international distribution, the mini-majors negotiated output deals, involving a commitment of a range of international distributors to release their films in their local, national markets. Milton Goldstein, the sales representative in charge of global distribution for CBS productions (CCF and NGC) in that period, noted in 1969: “We have just concluded agreements with leading film distributor organizations in almost every major territory of the world for the distribution of the product of both Cinema Center Films and National General Pictures” (The Independent Film Journal, 1969:18). For instance, they closed a distribution deal with the major British company, The Rank Organisation, to distribute their films in the UK and various Latin American countries (Variety, 1969:34).

Although such mini-majors thus operated in the independent business, their control over the distribution of their own productions distinguished them from other American independent producers. Some of the industry professionals I interviewed acknowledge the influence of the pioneering American independent producer Samuel Bronston in this respect, since he began developing big-budget movies for independent distributors around the world in the early 1960s, including the \$6.25 million production *El Cid* (1961), the \$17 million production *55 days at Peking* (1963), the \$19 million production *The Fall of the Roman Empire* (1964) and the \$9 million production *Circus World* (1964).³ Although such films would normally be distributed through the Hollywood studio distribution networks, in Bronston’s case they became available to major non-

³ The production budgets of those films are estimated by the Internet Movie Database (IMDb).

Hollywood distributors around the world, such as The Rank Organisation, as well as to distributors that previously engaged with the acquisition of small American independent films (Variety, 1962). That is not to say that such companies operated entirely independently, since non-Hollywood companies operating on a global scale, like The Rank Organisation, had themselves established relationships with Hollywood studios such as Universal Pictures and United Artists (Variety, 1962).

Neither CBS nor ABC were able to maintain their reputation as mini-majors for more than a few years, but other major independent production companies, such as De Laurentiis Entertainment Group and Carolco Pictures, replaced them and established offices in Hollywood in the 1970s. Sheldon Hall and Steve Neale (2010:179) note that these new mini-majors were also known for their orientation on films designed for global audiences, and those companies developed similar distribution strategies to CBS and ABC. Thus, they recognised the importance of international sales and established small, in-house sales departments to develop direct relationships with distributors in international markets.

It was in this period in particular that mini-majors began to employ a pre-sales financing model for their films, whereby they would sell the distribution rights of films to distributors in a pre-production stage, before the start of shooting, with the purpose of raising financing to be able to produce films. While Samuel Bronston and others developed the pre-sale model in the 1960s, such deals became much more common in the 1970s, and developed into a conventional financing method for high-profile films. Therefore, some major banking corporations made funds available for film investment and provided advanced financing against discounted pre-sale contracts. Frederick Wasser (2002:354) notes that the Dutch banker Frans Afman is often recognised as a pioneer in this respect. Afman initially discounted pre-sale contracts at Slavenberg Bank

in Rotterdam in the 1970s, and subsequently discounted pre-sale contracts at Cr dit Lyonnais Bank in the 1980s with a large number of film companies, including important US-based production companies such as “Carolco, Cannon, Castle Rock, Cinergi, De Laurentiis Entertainment Group, Empire, Epic, Hemdale, Largo, Morgan Creek, Nelson Entertainment, New World, Sovereign, Trans World Entertainment, and others” (2002:354).

Wasser notes that US-based mini-majors such as De Laurentiis Entertainment Group and Carolco Pictures began to take further advantage of pre-sale financing in the 1970s. While they secured distribution in international markets before the start of the shooting through such pre-sales arrangements, they were also able to secure a quick return on investment and anticipate income from those contracts to finance other films in development. On the other hand, as Wasser (2002:353) notes, it was the distributors that benefited from such pre-sales arrangements if films turned out to be successful: “By selling off exhibition rights in the film before it was made, De Laurentiis diminished his ability to participate in profits if the film became a hit.”

Beyond the US market, some of the biggest producers (mini-majors) in Europe also worked with integrated sales departments to enable access to international markets. For instance, influential production companies such as EMI and The Rank Organisation in the UK sold their films internationally through their own sales departments (Variety, 1975). But international sales became also increasingly important to smaller production companies, who would establish relationships with stand-alone sales persons or organisations – sales agents – who negotiated the sale of films to distributors in international markets. As Linda Schreyer and Mark Damon explain for the late 1970s: “Some in Hollywood were dabbling in the buying and selling of films overseas – there was a small company here and there” (Schreyer & Damon, 2008:49). In addition,

smaller producers would make efforts to sell films directly to distributors by themselves.

The pre-sales arrangements and distribution strategies developed by mini-majors in this period underline their increasingly competitive position in the global distribution business, and their influence within and beyond the American film industry. Although the majority of films on offer in the film business were still small, art-house films with limited distribution in the 1970s, the pre-sales arrangements developed for high-profile films impacted on existing power dynamics in the distribution business and increased opportunities to finance high-profile films through independent distributors.

Film sales markets in the 1960s and 1970s

Having provided a context through which to understand the state of the sales and distribution business in the 1960s and 1970s, I will now describe how sales market have developed to facilitate gatekeeping and networking arrangements between sales agents and distributors.

Film festivals have been important places where the film distribution business traditionally gathered to watch films and negotiate distribution deals. In addition, business negotiations would take place at small-scale, private screening events organised by production companies. Such forms of sales and distribution activity have by no means disappeared and still exist today, but the structure of the distribution business has gradually changed with the development of sales markets. In particular, I will focus on the development of the Cannes and MIFED sales markets in this section.

According to trade observer McCarthy (1997:3), the Cannes sales market, *Le Marché du Film*, started as a simple and low-key event in 1959:

Inaugurated in 1959 in one screening room under a tent on the roof of the old Palais, it soon spread to backstreet local cinemas around the Rue d'Antibes and provided a nascent

forum for the buying and selling that at times have threatened to overwhelm the discussion of artistic matters on the Croisette.

McCarthy description of the Cannes sales market in this period provides an important starting point to understand the historical development of this sales market. He further notes that most of the sales companies conducted their business from the sales market floor in the *Palais Croisette*, which provided access to virtually all registered industry professionals. However, he also notes that some of the largest sales companies set up temporary offices in hotels.

The MIFED market in Milan, in addition, started as a film and television market in 1960. The first MIFED sales market in April 1960 attracted 170 representatives from some 28 countries around the world, and already operated with eight screening rooms where distributors and other buyers watched films (Variety, 1960). Sales activity was also predominantly taking place on the sales floor, the Milan fair grounds, which was located in the city centre. In addition, business meetings were also organised in nearby places like hotels and restaurants (Variety, 1960).

In terms of the development of those sales markets, McCarthy notes that the Cannes sales markets remained a relatively simple and low-key event throughout the 1960s, and only developed into a more vibrant marketplace for film professionals in the late 1970s. Thus, after a long period in which the market developed slowly, the market “finally took on a life of its own as a teeming cinematic bazaar for buyers and sellers, as well as a place for buffs to search for diamonds in the rough” (1997:3). Because the Cannes sales markets had developed a much closer relationship with the festival, important films selected for the festival were now also being shown in the sales market.

Meanwhile, MIFED had also developed rapidly, attracting a growing number of distributors from international countries. Together, they positioned themselves as the

most important sales markets on the annual industry calendar in the late 1970s, with MIFED taking place in the spring and fall of every year, and Cannes in May. Crucially, the growing popularity of both markets coincided with the development of mini-majors in the US, and the development of pre-sales arrangements.

While Cannes and MIFED thus emerged as important sales markets, some of the US mini-majors also continued to organise small-scale screening event by themselves. In this respect, one notable event in Los Angeles in the late 1970s was the four-day ‘La Costa international film conference’, initiated by Lorimar and Melvin Simon Productions. In 1979, about 125 international distributors and exhibitors attended the event (Boxoffice, 1979:9). Among the various industry sessions were ‘product showings’ of completed and upcoming films, and also ‘marketing-promotion presentations’ (Boxoffice, 1979:9). In addition to such industry gathering places, there were also many more localised occasions whereby production and distribution executives would arrange business meetings at their own offices.

2.4 The distribution business in the 1980s: glory days?

As far as the global film industry is concerned, the 1980s is often recognized as an important period for production and distribution companies operating in that business. In particular, the rapid development of the satellite and cable television market and the home video market in the 1980s had a dramatic effect on the business in terms of financing, production and distribution arrangements.

The development of home video and television

Frederick Wasser (2002) has analysed the industrial circumstances surrounding the growth of the home video and television markets, and the various distribution practices adopted by both major Hollywood studios and independent companies in the US. In particular, he demonstrates that home video and the new forms of television developed

into popular additional distribution windows. Although film was still a medium consumed primarily at cinemas, *outside* the home, up to that point, VHS videocassette technology brought about a dramatic growth in the viewing of films in domestic spaces in the 1980s, providing film audiences with more product choice and flexibility. Thus, although this trend originally started with a select number of films in the early stages of cable television from the 1950s, a much larger number were distributed to the cable, satellite and video markets as soon as those markets expanded in the early 1980s. Compared to the highly filtered selection of films shown in US cinemas, the video market offered distribution opportunities for a much wider variety of films. Some of what might once have been called B-films were now specifically designed for the video market rather than for the cinema market, demonstrating the enormous demand for films in the rapidly developing video market. In addition, international films became more attractive propositions to acquire specifically for the video market.

Wasser (2002:94) notes that the video market grew in terms of size and scope in the early 1980s, but an industry infrastructure for this market was already established before that period. Significantly, and somewhat ironically, it was originally established as a market for the distribution of X-rated films, and the demand for X-rated material on video demonstrated the potential of the video market to Hollywood and independent film companies dealing with more mainstream genres such as action and science fiction, as Wasser explains:

Pornography was historically important to the emergence of home video. The distribution of X-rated tapes (in this context, X-rated is a generic term that does not necessarily mean the tape has been rated by the MPAA) inspired people in this genre to move into mainstream video distribution and retailing (Wasser, 2002:94).

Such X-rated videos accounted for as much as 60 to 80 percent of all pre-recorded sales in 1980 in North America and in the UK market, but other film genres such as action and science fiction took over much of that market share as soon as the video market expanded (Wasser, 2002:94).

Table 1. Estimates of worldwide film revenues generated from US films, 1980-1994 (in billions of dollars).

Year	Box-office	Home Video	Pay TV	Television	Total
1980	1.9 (76%)	0.03 (1%)	0.1 (5%)	0.4 (17%)	2.5 (100%)
1981	2.0 (69%)	0.15 (5%)	0.2 (7%)	0.5 (16%)	2.9 (100%)
1982	2.3 (65%)	0.35 (10%)	0.35 (10%)	0.5 (14%)	3.6 (100%)
1983	2.6 (57%)	0.75 (16%)	0.6 (12%)	0.5 (12%)	4.6 (100%)
1984	2.7 (51%)	1.4 (26%)	0.6 (11%)	0.5 (10%)	5.3 (100%)
1985	2.4 (43%)	2.0 (35%)	0.6 (11%)	0.6 (10%)	5.7 (100%)
1986	2.5 (39%)	2.5 (40%)	0.6 (10%)	0.6 (10%)	6.4 (100%)
1987	2.8 (38%)	3.1 (42%)	0.6 (9%)	0.7 (9%)	7.2 (100%)
1988	3.0 (34%)	3.9 (45%)	0.7 (8%)	1.0 (11%)	8.8 (100%)
1989	3.4 (34%)	4.5 (44%)	0.9 (9%)	1.1 (11%)	10.0 (100%)
1990	3.7 (32%)	5.2 (45%)	1.0 (9%)	1.3 (11%)	11.4 (100%)
1991	3.7 (29%)	5.9 (47%)	1.1 (9%)	1.4 (11%)	12.4 (100%)
1992	3.8 (28%)	6.6 (48%)	1.1 (8%)	1.5 (11%)	13.6 (100%)
1993	3.9 (27%)	7.0 (48%)	1.2 (8%)	1.6 (11%)	14.5 (100%)
1994	4.0 (26%)	7.9 (50%)	1.2 (8%)	1.7 (10%)	15.7 (100%)

Source: Adapted from Goldman Sachs (1993:7; 1994:3).

In terms of the subsequent development of the home video market, the investment bank Goldman Sachs (1993) provides estimates of worldwide revenues generated from US films, which put the value of the home video market in perspective (Table 1). They demonstrate that 76% of overall revenue in 1980 was generated from cinemas (the theatrical market), but this share dropped rapidly to 38% in 1987 and to 26% in 1994. By contrast, the home video market increased from just 1% of overall revenue from film viewing in 1980 to 42% in 1987 and 50% in 1994. Alongside those developments, it is also worth noting that television became a more attractive revenue market for films and thus contributed to the further popularisation of film viewing in this period, accounting for 18% of all film revenues by 1994 (Goldman Sachs, 1993).

As with X-rated videos, the home video business rested on a business model that privileged renting over buying because videos were over-priced, often more than \$100 per cassette (Wasser, 2002:95). Distribution was therefore organised through hugely popular video rental stores. For instance, Wasser (2002:101) notes that the number of rental stores in North America grew from 2,500 stores in 1980 to 7,000 stores in 1982 to 23,000 stores in 1985.

Significantly, the development of the home video market in the 1980s helped to rejuvenate the international film business, which explains why producers and distributors often nostalgically refer to this period as the glory days. As Mike Goodridge (2014), who observed such developments as a trade journalist for *Screen International*, put it in an interview: “The video market in the 1980s was so lucrative. Video provided these extraordinary cushions to the business, and this was the birth of ancillary markets. Yes, there was television sales too.”

Above all, film became a newly lucrative business because the demand for films grew so dramatically. The prospect of film revenues in the theatrical market, video

market and television market was particularly to the benefit of producers, sales organisations and distributors. Alongside existing companies, many new independent production and distribution companies entered the film business in this period, with some companies themselves expanding into the video and television market, and others establishing partnerships with more specialised companies, such as video distributors (Wasser, 2002).

The development of the American Film Market

The development of the home video market coincided with the establishment of the first key sales market in the US, the American Film Market (AFM), in 1981. This made a great deal of sense since the distribution rights for American films were usually negotiated at the Cannes and MIFED sales markets in Europe. While some smaller sales events, such as small-scale 'La Costa' event, were already organised in Los Angeles, the idea was borne to establish a bigger sales market in the US.

Trade observers Saperstein and Klady (1995) notes that the ambition of powerful American companies to establish an American Film Market was also a response to the dominant role of the Cannes and MIFED sales markets in the distribution business. For instance, the American companies complained about 'outrageous' rental prices for hotel suites and stands at the Cannes sales market. In the same article, the former Manager Director of the US-based production and sales company Manson, Michael Goldman, recalls that many American companies attending the Cannes market in the late 1970s were asking themselves: "Why should we spend all that money there and keep being taken advantage of?" (quoted in Saperstein & Klady, 1995).

Therefore, a group of influential US independent production and sales companies joined forces and started the American Film Marketing Association (AFMA) in 1980, with the purpose of protecting the interests of US companies in the global film

business.⁴ Saperstein and Klady (1995) note that they organised the first AFM sales market in Los Angeles in 1981, but allowed only their own members to participate in the event, deliberately excluding European sales agents. The sales market took place in the Westwood Marquis hotel, located just outside Santa Monica (Los Angeles). A relatively small number of 34 US sales agents participated in the market, yet most of them were major companies, such as ABC, Carolco, Hemdale, Samuel Goldwyn and Overseas. The AFM started immediately as a vibrant marketplace for film professionals, attracting about 1,200 representatives from several hundreds of distribution companies and other types of buyers, such as television broadcasters and film festival programmers.

Saperstein and Klady (1995) further note that the AFM became more accessible in subsequent years, when non-AFMA members were also allowed to participate: “The buyers attending increased to 1,900 during the mid-'80s video boom and have stayed fairly level since, although in tighter times, companies send fewer representatives.” While the market was organised at different locations in Los Angeles since it was founded in 1981, it established a permanent location in Santa Monica from 1991 onwards.

If the first half of the 1980s was a period of growth for producers and distributors in the film business, then the subsequent years were times of wealth and prosperity. The market environment in the mid-1980s had become more competitive, and distributors were in many cases prepared to pay higher fees for film rights because the theatrical, video and television markets were potentially more lucrative. For instance, the former sales executive of video distributor Vestron, David Whitten, commented on their

⁴ In 2004, AFMA became part of a newly established global trade organisation in 2004, called Independent Film and Television Alliance (IFTA).

acquisition strategy at the AFM in 1984: “They would enter on the first day and put in pre-emptive bids on every film that still had open video rights. Other distributors were forced to increase their own bids or stay out of the game” (quoted in Wasser, 2002:120). Such offers were illustrative for the urgency to match audience demand in the flourishing film business. Given these developments, pre-sales arrangements developed as the principal form of film financing at sales markets, with some producers claiming that pre-sales often put projects into profit before the start of production. The contribution of video distributors was particularly valuable in this respect: video sales accounted for 60% of all sales at the AFM in 1985, and similar figures were achieved at MIFED (Wasser, 2002:122).

Goodridge (2014) notes in an interview that sales markets became increasingly important events to introduce and promote films to international distributors. In particular, Cannes became an important sales market where promotional activity was effectively combined with market intelligence. Thus, some of the biggest producers used the Cannes festival to create enormous excitement around their films, and took advantage of such exposure while selling these films at the sales market. A few major producers established a reputation as ‘movie moguls’ by organising special promotional events at Cannes. Goodridge (2014) underscores the presence of such movie moguls in this period:

All those classic showman came to Cannes. I mean Cannes was the greatest showman place: you would host huge events, you would bring your movie stars to the festival and you would organise big press conferences. You could sell the market out in ways MIFED and AFM could only do on a much smaller level. It was so much fun in the 1980s, it was a big world with people like Dino de Laurentiis [De Laurentiis Entertainment Group], Yoram Globus and Menachem Golan [The Cannon Group], Mario Kassar and Andy Vajna [Carolco Pictures], and others like Alexander Salkind, all those wonderful colourful characters.

Promotional events organised by these self-proclaimed movie moguls were thus characteristic of the flourishing business in the mid-1980s, and spoke to a need to impress and establish reputations, with aggressive marketing campaigns signifying the money flood of the time. For instance, Andrew Yule (1987:60) notes that the Managing Directors of the Cannon Film Group, Yoram Globus and Menahem Golan, organised some spectacular events at Cannes: “An example of Cannon’s corporate hustling was the \$500,000 they laid out in Cannes in the spring of 1984 on a gigantic sales and promotion campaign, culminating in a lavish gala ball at the Casino.” Such promotional activity created an idyllic atmosphere for the buying and selling of films. As Goodridge (2014) explains:

Those were the glory days. That is when you could make a 100% of your budget through pre-sales in a couple of days. It is a terrible sadness that you cannot do that so easily today. There is less money floating around now and the business environment is much more corporate, more institutionalised.

Despite the fact that the business was flourishing and pre-sales arrangements became more valuable, it is worth noting that certainly not all companies in the 1980s were able to turn investments into profits. Schreyer and Damon (2008), for instance, note that some companies were successful, while others went out of business:

It was a decade when independent film companies had dramatic, quick rises to success and even more dramatic downfalls, ending in bankruptcies and ignominy. It was the time some called the decade of greed. Other called it reprehensible. Whatever else it was, the '80s was a whole lot of fun (Schreyer & Damon, 2008:128).

The Cannes, MIFED and AFM sales markets benefited from such economic prosperity in the distribution business. They were organised in joint coordination at

different times throughout the year, with the AFM taking place in February, Cannes in May and MIFED in October. This newly recurrent pattern of three sales events each year contributed to the development of a more formalised distribution environment for sales agents, who were developing organisational routines by introducing films at strategic moments throughout the year.

The sales community in the 1980s: stand-alone sales organisations

The flourishing film business and the increasing emphasis on selling films in international markets provided an incentive for some industry professionals to specialise in the international sales of films and establish what I will refer to as stand-alone sales organisations in the early 1980s. As mentioned above, the sales community comprised mostly of large production companies (mini-majors) that established their own in-house sales organisations, and smaller producers that relied on the expertise of individual sales persons or organisations. However, a growing number of such stand-alone sales organisations began to appear in the early 1980s, especially in the American market. They began to take on an increasingly specialised gatekeeping role between non-Hollywood American producers and international distributors.

The stand-alone sales organisations emerged more or less at the time that the demand for films in international markets increased in the early 1980s. Because they operated specifically as sales companies, their business was reliant on films they could sell to international distributors. Thus, they were competing with Hollywood studios and other powerful companies with integrated production and sales departments for such films.

I will analyse their business model in more detail through the example of the Los Angeles-based company The Producer Sales Organization (PSO), which was founded

by sales veteran Mark Damon in 1978.⁵ According to Damon (2008), the pre-sales model developed by sales companies provided an important opportunity to finance and distribute films through independent distributors, arguing that the pre-sales model could generate as much economic value for films as the Hollywood distribution model. Thus, he developed relationships with independent producers with the purpose of persuading them to prioritise distribution through independent distributors. In particular, he argued that stand-alone sales companies would put greater efforts into such films because they would directly benefit from commercial success:

It's a win-win all around. You want your movie to be a hit. So do the foreign distributors who license it from us because that's how they earn back the money they advance for it. And PSO *really* wants your film to be a hit because if it goes into overages, that's how we make most of our money (Schreyer & Damon, 2008:48).⁶

As Schreyer and Damon note in this citation, because deals are negotiated with different distributors in international markets, it is in the commercial interest of stand-alone sales companies and distributors to invest substantially in films. For this reason, they argue that independent producers are better off going through stand-alone sales companies, where they could benefit from their networks and expertise, in exchange for a relative share of distribution fees and profits.

Like companies with integrated production and sales departments, the stand-alone sales organisations would set up temporary offices at sales markets. For instance, trade

⁵ Damon is currently the CEO of the sales company Foresight Unlimited, which specialises in the international sales of high-profile American films.

⁶ Journalist Linda Schreyer and Mark Damon co-authored a book about Damon's career as a film actor and film business professional, but the book is actually written by Schreyer, recounting many of Damon's experiences and including some quotations from him. I have been very selective in my use of quotations because the book lacks a critical examination of or scepticism about Damon's career as a sales professional.

journalist Dionne (1983) observed the appearance of stand-alone sales organisations at the Cannes market in 1983: “A growing source of business at Cannes is the role of people such as Mr. Shapiro [CEO of the stand-alone sales company Film Around The World] and Mark Damon [CEO of the stand-alone sales company Film Around The World]”. She also noted that they “serve as kinds of brokers between American film producers and foreign distributors”.

Another trend over the course of the 1980s is the change from small-scale ‘mom-and-pop’ sales operations to more refined, professionalised ‘upscale’ sales organisations. PSO, for instance, started with four employees but their team expanded rapidly: “The more films we sold the more people we needed to take care of them” (Schreyer & Damon, 2008:69). This expansion also meant that PSO, “hired more staff to send reports to producers, collect monies and analyze the foreign distributors’ reports to producer and correct them. He [Damon] added a marketing person to get publicity to their distributors, brought in accountants and lawyers and amplified his sales team” (Schreyer & Damon, 2008:69).

Because some stand-alone sales organisations were thus growing in size, they often established collaborations with (external) producers through output deals or joint ventures to further enhance their competitive position in the marketplace. An example in this respect is the sales company Summit, which started in the mid-1980s as a joint venture between producers from respectively Regency Enterprises and Cinergi Pictures in the USA and Neue Constantin Film in Germany, as notes by industry observer Dale (1997:91). In addition, there were collaborations between organisations in particular countries. In the UK film market, for instance, a partnership between Palace Productions, Zenith Productions and the production fund British Screen was established. Angus Finney (1996:120) notes that they formed The Sales Company in

1986 in order to gain more control over their films in the global market. On the other hand, there were still always stand-alone sales organisations that operated independently to the extent that they were not formally distribution sales arms of production companies.

2.5 Increasing competition between film markets in the 1990s

Having analysed the increasing importance of the AFM, Cannes and MIFED sales markets in relation to the development of sales companies and the development of the home video and television market, I will further analyse their development in the 1990s. I will first analyse the increasingly important political role of the AFMA trade association in the distribution business.

AFMA's political influence

As noted above, AFMA was partly established as a response to the dominant role of the Cannes and MIFED sales markets in Europe. In particular, US sales companies complained against the relatively high costs for participation in the Cannes and MIFED sales markets. AFMA protected the interest of those sales companies, providing opportunities for them to respond to the Cannes and MIFED sales markets, and therefore to exert more political influence over the distribution business more generally. Their first response, in this respect, involved passive participation in the Cannes market in 1981, as trade observers Saperstein and Klady (1995) note:

There was something of a gentleman's agreement among the U.S. sellers to keep a very low profile at the European markets, specifically at Cannes. The companies agreed not to screen there, not to advertise and not to throw any lavish parties. The idea was to send a message that buyers looking for American indie product would have to travel to Hollywood to get it.

This was clearly a fierce response through which US sales companies expressed their discontentment, as the citation demonstrates. Another fierce response followed about eight years later in 1989, when AFMA turned its attention to MIFED, once again due to high costs for participation in the sales market, but also due to disappointing business activity. Therefore, some AFMA members began to put serious effort into organising another AFM market in the October slot, which would be take place in direct competition with MIFED. However, despite the efforts of those companies, “the association’s officials at that time did not think it was a wise move. They set up a voting procedure that barely saved Mifed” (Variety Staff, 1991).

Two years later, another fierce attempt to derail the MIFED market was supported by more AFMA members: “The desire to dump Mifed was so strong this time among the smaller companies that AFMA officers did not try to turn on a red light” (Variety Staff, 1991). In addition to their market in February 1991, AFMA organised another market in October 1991, with the desired intention to outcompete that market. This decision clearly impacted on the film distribution business more generally, essentially dividing the sales community into one group that participated in the AFM sales market and another group that participated in the MIFED sales market:

The AFMA is well aware of the hornet’s nest it stirred up in Europe scheduling a second market in Los Angeles in late October. But the organization is confident it will win converts for the added film bazaar once buyers and sellers experience the pleasures of balmy Santa Monica and calculate the effects of a less costly trade event (Variety Staff, 1991).

This hostile attitude generated much commotion amongst industry professionals, particularly in the months prior to both events in October. First, MIFED’s initial response was to organise their market one week earlier, providing industry professionals

the opportunity to visit MIFED as well as the AFM, but they eventually decided to hold on to their original time frame in direct competition with AFM. Second, in order to attract sales companies, MIFED and AFM were offering large discounts for office space and hotel accommodation. Third, trade associations and national film organisations played an important part in this political conflict. Trade observer Young (1991) notes that AFMA relied largely on the support of their own members, especially those from the US, while MIFED relied largely on relationships with European trade associations.

“Mifed is not going to roll over and play dead,” said Fred Sidon of the Princeton Overseas Consulting Group, which represents the Fiera di Milano, Mifed’s parent body. “Solidarity is building in Europe. They’re going to the American Film Market in February, but they’ll be coming to Mifed in October” (quoted in Young, 1991).

Mifed, with the assistance of the Fiera di Milano, the Italian film industry and the Italian government, has been busy marshaling support among Europeans. Industry bodies – such as Anica, the German Film Union and groups from the U.K. and France – are said to have indicated they will not attend AFM in the fall (Young, 1991).

Because of the tensions mentioned in the passages above, trade journalist Alexander (1991) notes that the AFM market in October 1991 turned out to be unsuccessful, with less than 100 sales organisations participating in the AFM sales market in October, compared to more than 210 sales companies in the sales market in February. According to trade observer Hazelton (1992), AFMA therefore immediately evaluated the decision to organise an autumn and spring market: “The members voted almost unanimously at the start of this market not to repeat last year’s experimental October AFM.” Also MIFED experienced the effects of the AFM autumn market, causing a significant decrease in the number of American sales companies. However, attendance figures at MIFED were growing again the next year, especially among American sellers, as trade observers Lieb and Ilott (1992) demonstrate: “With hatchets

buried after last years' s American Film Market–Mifed battle, Yanks have returned in strength, adding to a general atmosphere of optimism”.

Small-scale sales markets

Although the escalating costs for participation in the sales markets was a major concern for AFMA members, other market developments must also be taken into account. One important development was the trend that sales organisations were also conducting business at smaller film festivals in the 1990s. In addition to established markets like Cannes, AFM and MIFED, festivals like London in the UK, Berlin in Germany, Venice in Italy, Sundance in the US and Toronto in Canada, organised their own small-scale sales markets.

Trade observer Dawtrey (1995), for instance, is attentive to the role of the London Film Festival (LFF) as a meeting place for sales and distribution companies, effectively taking the form of a pre-event for MIFED:

For one week every fall, Le Meridien on Piccadilly [London] becomes the center of the international independent film distribution business. That's the hotel where most of the significant theatrical movie buyers from around the world hole up just before the Mifed market in Milan, for a few informal days of viewing the latest completed pics and showreels from the leading British and American sales companies.

Initiated a decade ago in response to the deficient screening rooms and frenetic pace at Mifed, the pre-Mifed screenings in London have evolved organically into one of the most important and compulsory events of the independent film calendar – despite having no organization or even a proper name.

Dawtrey (1995) notes that the London Screenings developed in response to a shortage of screening facilities at MIFED, and was therefore complementary rather than competitive. According to Dawtrey, the idea of organising screenings at the LFF was initiated by the London-based sales company J&M Entertainment in 1985, adopting a

similar strategy to the one developed by Lorimar and Melvin Simon Productions when organising the La Costa events in Los Angeles in the late 1970s. J&M invited a select group of key buyers to private screenings, thus developing a more exclusive way of introducing films. Slowly but surely, the LFF became an increasingly popular industry event with the inclusion of many other British sales companies that developed similar strategies as J&M Entertainment. Dawtrey (1995) also notes that even some of the bigger American sales companies decided to organise pre-MIFED screenings in London. Thus, a number of powerful American mini-majors, like New Line, Summit and Miramax, were among these companies at the event in 1995.

The London Screenings, as they became known eventually, offered an opportunity for those companies to introduce films in different stages of production. For instance, sales executive David Linda of Miramax noted that they were “screening promo reels” and “showing footage from as many films in production as possible” at the London screenings (quoted in Dawtrey, 1995). This was a strategy developed to generate attention for their films before the start of the MIFED sales market.

Because of this development, whereby the orientation and status of smaller festivals like the LFF extended to sales and distribution activities, some trade observers argued that they were increasingly competing with the key sales markets. For instance, *Variety's* 1997 MIFED edition opened with: “Film Markets go to war: exhibitors perplexed by added venues”, followed by statements of trade reporter Hardesty (1997) such as “Market glut shakes up selling scene” and “How marts stack up”. However, attending such additional smaller sales market was certainly not affordable for all sales companies. Some sales companies therefore decided to send only one or two representatives to small-scale industry events, while teams of three or more representatives would participate in the key sales markets. For instance, the Vice

President of the American sales company Showcase Entertainment in 1997, Theresa Dokey, noted:

“My staff and I decided that unless someone could concentrate on London, we wouldn’t do it,” says the international distribution VP, who’s going to London while the rest of her sales force attends Mipcom and Mifed. “Frankly, if you do London like I’m doing, it costs a lot less than attending the other markets, so even if I make one sale, it’s worth it. I think when you’re out networking you can’t lose. Opportunities are always coming up. Also, if there are certain U.K. broadcasters we didn’t meet up with at Mipcom, I can meet them there.” (Quoted in Hardesty, 1997).

Although Dokey thus argues that small-scale sales market provided more flexibility in terms of meeting specific companies at various markets throughout the year, she underscores that the key sales markets remained the most important events for sales agents. Table 2 charts the importance of MIFED, AFM and Cannes in terms of the number of sellers and buyers in 1997, as well as the overall number of industry participants in the market and the number of film screenings.

Table 2. Industry attendance at Cannes, AFM, MIFED and London in 1997.

Sales Market	Sellers	Buyers	Total attendance	Total Screenings
Cannes	385	2,023	4,466	481
AFM	265	1,710	5,046	356
MIFED	285	N/A	N/A	N/A
London	80	58	N/A	174

Source: Adapted from Hardesty (1997).

The table demonstrates that between 200 and 400 sellers participated in those markets, and between 1700 and 2100 buyers. Although Hardesty (1997) notes that the sales markets provided those figures, and they are therefore hard to verify, they are still

useful in acquiring a general sense of sales markets in the late 1990s. For instance, the figures show that attendance figures at the London Screenings were comparatively low, with only 58 buyers and 80 sellers participating in 1997. Despite the proliferation of smaller sales markets, there were still huge differences between them and the bigger sales markets.

Other industry-related events such as Berlin, Sundance, Toronto and Venice were not included in Hardesty's table, but they were nevertheless important places where the industry came together, as other trade observers noted. Like the London Screenings, they positioned themselves as small-scale events for specific sales agents and distributors. For instance, trade reporter Hils (1997) notes that the 1997 Berlin sales market (EFM) accommodated close to 100 sales companies spread over 56 exhibition stands. Despite the EFM taking place only a few days before the start of the American Film Market in Los Angeles, their focus on European art-house films appealed to a number of smaller companies in Europe, the US and Asia. Market director Beki Probst notes: "We don't have exactly the same clientele as AFM, but there are people who feel under pressure to get prepared" (quoted in Hils, 1997).

The Venice festival, in addition, developed a similar strategy to Berlin by establishing a specialised sales market for art-house films in the late 1990s, or as trade reporter Rooney (1998) put it, "a market with attitude". Marlene Sternbaum, the market director of the 1997 Venice market, reflects on the idea to start a sales market: "It's designed for buyers interested in quality arthouse films, which doesn't mean just heavy social dramas but also intelligent comedies and other genres. What you won't find in the Venice market is 'Terminator 10,' since this is not another market for video distributors" (quoted in Rooney, 1998). Despite this specific focus on sales agents and distributors dealing with small art-house films, the decision to organise a Venice sales

market increased tensions and frictions within the Italian film market. Venice could potentially become a competitor to MIFED since it was organised only one month before MIFED, as Sternbaum notes: “There have been tremendous protests. Clearly, buyers coming from the U.S. and Latin America may choose not to make the trip twice, and the advent of this market stands to split attendances” (quoted in Rooney, 1998).

If European festivals and sales markets such as Berlin and Venice were important events for local, national productions and European film productions in the 1990s, North American festival and sales markets like Sundance and Toronto were more committed to North American films. Sundance became known for its role in supporting US indie films, representing films that opposed the aesthetic forms and subjects of Hollywood mainstream films. Toronto, by contrast, was a festival that dealt with various types of North American films, even including Hollywood studio productions. Thus, Piers Handling, the director of the Toronto Film Festival, noted in 1994: “The strength of the festival is that it has a range right across the big-budget studio films to films shot for five, six, seven thousand dollars” (quoted in Murray, 1994). In terms of the involvement of Hollywood films in the festival, the precondition for those films to be screened in the Toronto festival programme Toronto was bound by a cultural logic, as the Vice President in charge of Publicity at Universal Pictures, Bruce Feldman, recalls: “Obviously you have to take the right movie, and it’s great if you take one that’s intelligent, thoughtful and entertaining. It’s not really a place to take something like ‘*Ace Ventura*’ [a mainstream comedy starring Jim Carrey]” (quoted in Webster, 1994).

The development of the home video market in the 1990s and the 2000s

The continuing importance of sales markets should also be understood in relation to the development of the home video market in the 1990s. As demonstrated above, a robust business infrastructure was established in the 1980s and 1990s. Paul McDonald

(2007:150) notes that while the video market had grown into the biggest revenue generator for films by 1994, this growth had slowed down by the mid-1990s. This infrastructure gradually changed with the introduction of the new 'digital' video format, Digital Video Discs (DVDs), in the US in 1997. Videocassette sales and rentals decreased rapidly and were almost entirely replaced by DVDs by 2006. Because DVDs were sold at lower prices than videocassettes, the prevailing business model shifted from rental to retail, with an unprecedentedly high number of DVD units being sold in the early 2000s. For instance, DVD sales in the US increased from close to 575 million units in 2002 to more than 1100 million units in 2005 (McDonald, 2007:151). This new wave of rapid growth gave a strong impetus to the home video market and further underscored its value to the film industry.

The further consolidation and growth of the video market was supportive to the distribution business. McDonald (2007:150) notes that the distributors and by extension the retailers benefited directly from such growth because they received the lion's share of these profits, but producers and sales agents also benefited indirectly from the expanding video market because distribution rights were higher valued.

Technological developments continued have an important impact on the film industry in the years that followed. Thus, the introduction of a new advanced digital format in 2006, Blu-ray discs, enabled home audiences to watch films at higher definition (HD) as opposed to standard definition (SD). While the rapidly growing DVD business in the US reached its peak in this period, DVD revenue started to fall in the latter half of the 2000s. However, figures provided by the Digital Entertainment Group (2011) demonstrate that this loss was balanced by the increase of Blu-ray disc revenue and the simultaneous development of the online VOD market. For instance, in

2010, DVDs accounted for 75% of all home video revenues in the UK market, and Blu-ray and VOD accounted for respectively 12% and 13%.

Compared to the radical transition in the early 2000s whereby DVDs replaced VHS cassettes, the development of Blu-ray discs supplemented rather than substituted for DVDs. While those home video formats remain popular amongst home video audiences in today's marketplace, it is clear that new forms of online VOD viewing have also opened new opportunities for audiences to access films, and this is impacting upon the structure of the home video market. I will discuss such developments in detail in Chapters 6 and 7.

2.6 The development of sales markets in the 21st century

The key sales markets continued to grow in the 2000s, but there were still always tensions between them. In this section, I will analyse how the London Screenings and MIFED were affected by such tensions. Further, I will draw on statistical evidence to analyse the development of the key sales markets in that period up to now.

The changing industry calendar

The competition between sales markets remained fierce in the early 2000s. There were on-going discussions about more effective and efficient ways of conducting business throughout the year, ideally by reducing the number of sales market to only a few every year. This remained a serious issue amongst industry professionals and observers, with some of them speculating about the near future. For instance, *Variety* reporters envisaged the following scenario in 2002:

Picture this: The American Film Market happens in October. Mifed and London Screenings get scrapped altogether. Berlin becomes a truly European Film Market or Toronto beefs up. Meanwhile, Cannes remains in its May slot and continues its reign as the mecca for buyers and sellers the world over. Officially, these changes may never happen.

AFMA's late-February market dates, for one, are fixed through 2004. But talk of changing the calendar is spreading throughout the corridors of the film markets. And it's spreading fast. (Variety Staff, 2002)

Somewhat ironically, this scenario whereby AFM would replace MIFED and London in the October slot of the industry calendar would become a reality in 2004. Two developments in particular, in this respect, are worth analysing in detail. First, the persistence of the London Screenings as a pre-market for MIFED became increasingly problematic because it continued to attract more sales and distribution organisations. Jane Barclay, Managing Director of the UK-based sales company Capitol Films, noted in 2002: "There is the cost factor, the time factor and no one can afford to be out of the office for two weeks. That is the immediate issue of banging this on the head once and for all" (quoted in Variety Staff, 2002).

Barclay therefore argued that sales and distribution organisations reached a point that they decided to participate in either the London Screenings or MIFED. Dominique Orsini, the General Secretary of the French sales association ADEF, reinforced this point: "The London Screenings had grown from a small gathering to screen three or four films into an unavoidable detour before going to Mifed, but it means doubling the money and energy spent", and he therefore concluded: "European exporters have now chosen Mifed" (quoted in Frater, 2002).

Trade observer Frater (2002) further notes that some of the most powerful US sales companies also preferred the MIFED sales market over the London Screenings in 2002. Because the London Screenings in 2002 was a much smaller and low-key event than in previous years, MIFED anticipated an increase in demand for screenings, and decided to organise pre-screenings before the market officially started.

While MIFED maintained its position as one of the three key sales markets, there were still many complaints of sales companies about the organisation of the market, and this was the second development with an impact on existing dynamics between sales markets. For instance, although MIFED organised one extra day of pre-screenings, their Market Director Elena Lloyd argued that there was a huge demand for screenings still, but they were unable to accommodate all requests (cited in Rooney, 2002). Trade observer Rooney (2002) notes that sales organisations also complained about the fact that they worked under time pressure, with a relatively short period of only four days to negotiations with distributors. Further, sales agents complained about the market building and market facilities, as trade observers Harris and Dunkley (2003) point out:

It's held in the labyrinthine corridors of the Fiera Milano, where cigarette smoke wins out over oxygen. While few sellers feel they can skip the early November event, Mifed is known less as a showcase for debuting A-list product and more as home for video and exploitation titles.

While Harris and Dunkley note that AFMA members were complaining about the circumstances within the market itself, they also highlight that MIFED became increasingly associated with low-budget, niche films, what they refer to as video or exploitation titles, rather than as a promotional platform for high-profile films. Because the reputation of MIFED was undermined by these various developments, the idea was once again borne to organise the AFM market in direct competition with MIFED. However, unlike their previous attempt to organise two markets throughout the year, one in February and one in November, they explored the possibility to organise one market, which would take place in November rather than in February. The AFM market in February would then deliberately coincide with MIFED. Two years later, AFMA confirmed that they would indeed organise the EFM market in November 2004, as

noted by trade journalist Goodridge (2003). AFMA also established a partnership with the Los Angeles-based festival, AFI FEST, providing a context for films in the AFM sales market to benefit from festival exposure. In particular, this collaboration provided sales agents with the opportunity to introduce films at the AFI FEST in advance of the awards season some months later in February (Goodridge, 2003).

Trade observer Vivarelli (2003a) notes that MIFED responded by extending its focus to the television market, while they also sought to attract more buyers and sellers from developing markets. MIFED director Carlo Bassi underscored the importance of the 2004 MIFED sales market: “This edition will be crucial: If people aren’t happy we are finished” (quoted in Vivarelli, 2003b). MIFED subsequently decided to organise the sales market in October rather than in November, allowing industry professionals to attend MIFED as well as AFM.

However, with only comparatively few American and UK sellers attending MIFED in 2004, and overall attendance numbers decreasing by almost 50 percent, MIFED was no longer able to sustain its dominant position (Vivarelli, 2004). While MIFED explored various opportunities to prolong its existence in the long term, including organising a combined market with Venice, the demise of MIFED became a reality in 2004.

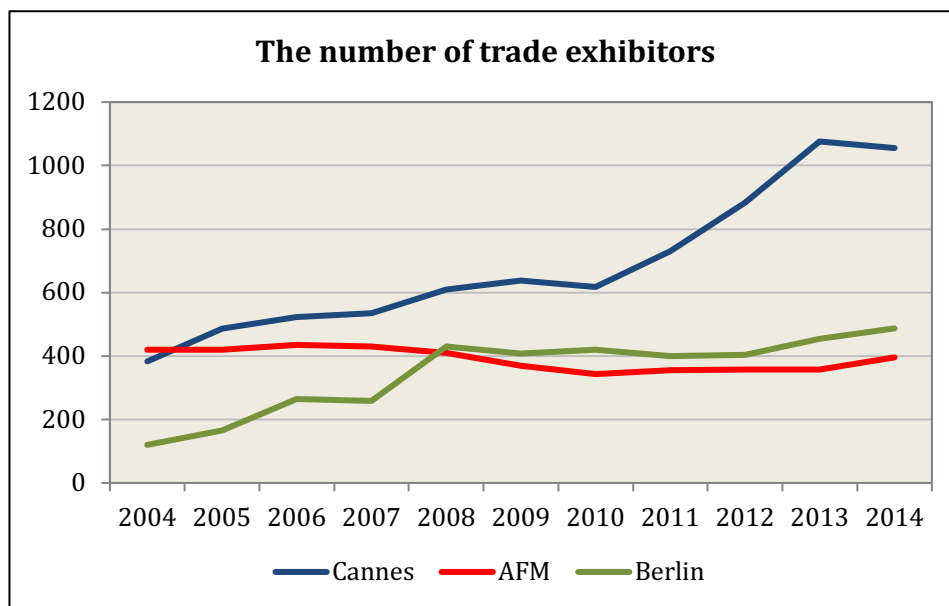
Looking beyond AFM’s November slot on the industry calendar, further implications of this dramatic change become clear. With the AFM deliberately giving up its February slot in 2005, the Cannes sales market in May became even more important, as noted by the General Manager of the sales company Intercontinental Film Distributors, Nan Wong: “There should be quite a lot of completed product at Cannes because it’s been almost half a year since the last big market” (quoted in Minns, 2005).

Despite the long-anticipated desire for only two key sales markets in the film distribution business, the Berlin sales market took advantage of the fact that AFM was organised in November rather than in February. The Berlin sales market therefore developed as a rapidly emerging market. Already in 2005, the trade press noted that the Berlin sales market was “busier than ever before” (Screen International Staff, 2005).

The development of the key sales markets

In order to analyse the development of the key sales markets from 2005 onwards, I will draw on statistical evidence in this concluding section of the empirical analysis. It is important to note that the Cannes, AFM, and Berlin sales markets provided these figures, and they should be loosely interpreted. I collated these figures directly from them because there is no central organisation that collects data about the development of sales markets. The figures inform about the number of trade exhibitors and industry participants at sales markets. While I have used the more specific term sales agents in this chapter, the term trade exhibitors refers to sales agents and so-called national film agencies, who are also participating in sales markets from exhibition stands.

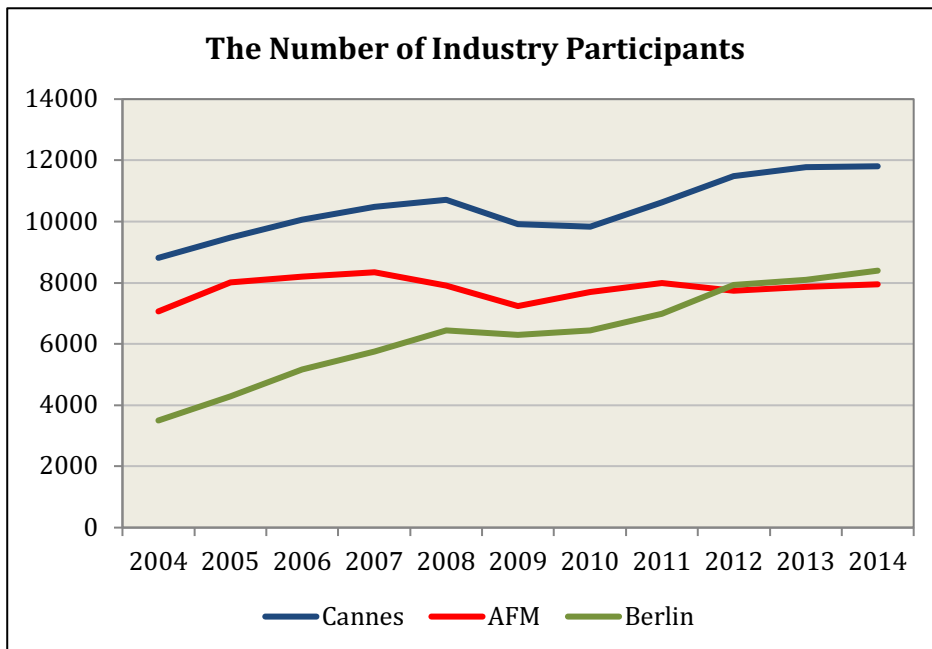
Figure 1. The number of trade exhibitors participating in Cannes, AFM and Berlin, 2004-2014.



Source: Figures are collated from the Cannes, AFM and Berlin sales markets.⁷

In terms of the development of sales markets in 2005, Figures 1 and 2 demonstrate that there were huge differences between the Berlin sales market on the one hand, and the AFM and Cannes markets on the other: 165 trade exhibitors participated in the Berlin sales market in 2005, compared to 420 at the AFM and 486 at Cannes. However, those differences were growing closer in the next three years. Thus, while the number of trade exhibitors at Berlin had increased to 430 in 2008, the number of trade exhibitors at the AFM and Cannes comprised respectively 409 and 610 trade exhibitors. Further, Berlin attracted 6,443 industry professionals in 2008, while the AFM and Cannes attracted respectively 8,200 and 10,709 industry participants. What these figures demonstrate is that Berlin had essentially replaced MIFED as the third key sales market in this short period of only three years.

Figure 2. The number of industry participants attending Cannes, AFM and Berlin, 2004-2014.



⁷ [<http://www.marchedufilm.com/en>]
[<http://www.americanfilmmarket.com/>]
[<http://www.efm-berlinale.de/en/home/homepage.html>]

Source: Figures are collated from the Cannes, AFM and Berlin sales markets.

Cannes, AFM and Berlin consolidated their leading positions in the period up to now. While attendance figures at the AFM remained roughly the same between 2008 and the present, Berlin and Cannes established further growth. Berlin positioned itself on a par with the AFM in this period, both attracting between 350 and 500 trade exhibitors in 2014, and between 7,500 and 8,500 industry participants. Cannes, on the other hand, positioned itself as the most popular sales market, attracting more than 1,000 trade exhibitors in 2014 and more than 11,000 industry participants.

2.7 Conclusion: film sales markets as field configuring events

How have sales markets developed in the distribution business since the early 1960s? How do they operate as part of the gatekeeper process, between producers and distributors? What are the most important sales markets? How have they structured sales and distribution activities? But, also, how did sales and distribution companies impact on the development of sales markets? These were some of the key concerns of this chapter. But we can make yet greater sense of sales markets by combining this empirical account with theoretical discussions of such events. There is a considerable body of work that addresses these sort of issues in fields of business activity beyond the film industry.

Management and organisation scholars in particular have made theoretical claims about the influences and effects of globally-oriented industry events on organisational structures in fields of business activity. Lampel and Meyer (2008), for instance, have introduced the concept of field configuring events (FCEs). The focus here is on trade fairs and other conventions as events that collectively bring about “social and economic change” in particular fields of business activity (2008:1025). Moeran and Pedersen

(2011:5) also address the collective nature of such events, arguing that business activities take place across “networks of fairs”, while Power and Jansson (2008:425) speak of “cyclical clusters within global circuits”, which points to the need for consistency in the work of industry participants, establishing routinised patterns to effectively filter out products and develop networking relations, while at the same time making work processes and decision-making manageable. At the cognitive level, Bathelt and Schuldt (2008:856) note that collective action and sense-making at those events produces a “rich ecology of information and knowledge flows”. Such processes of information sharing are important to provide industry participants with the means to make strategic and well-informed decisions about films, underscoring the need to participate in sales markets.

The empirical analysis reveals how film sales markets have gradually taken the form of FCEs. This started in the late 1970s, with Cannes and MIFED positioning themselves as key sales markets, followed by the AFM in the early 1980s. These markets allowed sales and distribution organisations to conduct business in an increasingly structured and formalised distribution business environment. In the terminology of Lampel and Meyer (2008:1028), the Cannes, MIFED and AFM sales markets functioned as “structuring mechanisms” necessary for the field of sales and distribution to grow and gain institutional legitimacy.

I have demonstrated that the need for industry professionals to gather at these key sales markets increased with the rapid development of the satellite and cable television market and the home video market in the 1980s. A growing number of stand-alone sales companies appeared in the marketplace during this period of growth and prosperity, accounting for a substantial increase in the scope and size of the sales community. Film became a lucrative business, and the Cannes, MIFED and AFM sales markets were

taking advantage of the fact that the demand for films had grown enormously in the 1980s. They became popular events and therefore increasingly powerful, which confirms Lampel and Meyer's (2008:1028) argument that FCEs play a more important role in fields of business activity once they become more established; in addition, FCEs embrace external pressures to ensure growth.

The fact that there were three key sales markets also demonstrates the necessity of participation in those markets. For sales agents, the key sales markets have always been critical events where they establish reputations, develop networking relations and negotiate deals. Because sales organisations decide which films secure access to sales markets, and how those films are introduced and promoted to distributors within these markets, they are important events where powerful gatekeeping decisions are made. Because of the need to participate in these events, sales agents have also repeatedly argued that there should be two key markets, rather than three, to conduct business more efficiently and reduce costs for participation. The development in the 1990s and 2000s, whereby some film festivals also started to organise smaller sales markets, offering what Power and Jansson (2008:423) call "overlapping spaces" for the business to come together, further exacerbated tensions between sales markets. Thus, AFMA developed various concerted efforts to deliberately outcompete MIFED, with the desired effect that they replaced MIFED in 2004. However, while Cannes and AFM consolidated their reputation as key sales market and established further growth in the years that followed, the Berlin sales market quickly emerged as the third key sales market and restored the original triad of key sales markets. This newly established structure of three key sales markets has remained in place from 2008 onwards.

While each of them attracted more than 350 trade exhibitors and more than 7,500 industry professionals in 2014, they have become even more powerful as field

configuring events, and therefore exert a greater influence on the process of structuring distribution and gatekeeping activities, and for a larger number of films. With such developments in mind, it is clear that questions of access to sales markets are particularly relevant in relation to how films are introduced and promoted to distributors, and how the sales process of those films is organised within the highly competitive environment of sales markets. It is precisely this issue that will be explored further in the next chapter.

Chapter Three

The Film Sales Process at the European Film Market

3.1 Introduction

The historical account of film sales markets in Chapter 2 demonstrated the importance of such markets to the distribution business from the 1960s to the present. I employed the concept of ‘the film distribution business’ while describing the relationships *between* sales markets and their influence on the wider field of film distribution. While the film distribution business is a deliberately general concept, I used the concept of ‘the film sales process’ to refer specifically to distribution activities taking place *within* sales markets. It is this concept that I develop further in this chapter, where the focus shifts to a case study of the EFM sales market, which takes place annually as part of The Berlin International Film Festival in Germany. The main purpose of this chapter is then to explore how the film sales process is organised at this market.

Strategically located around the Potsdamer Platz commercial centre in the heart of Berlin, this is a market where more than 8,000 industry professionals come together in February each year to meet and conduct business. The market revolves primarily around sales agents and distributors, but is also attended by producers, financiers, public film agencies, festival programmers and cinema exhibitors. Sales agents and distributors organise formal and informal business meetings at different locations, including the official EFM market venues Martin-Gropius-Bau and Marriott Hotel, and the non-partner hotels Ritz-Carlton, Grand Hyatt, Maritim and Mandala. Some of the most important cinema chains and screening venues are also located in this area, such as CinemaxX, CineStar and the Berlinale Palast. This allowed participants of the sales market to conduct their business in as efficient a manner as possible.

The EFM 2015 took place between the 5th and 13th of February and comprised 179 exhibition stands and business offices spread over the two official market venues, at which 489 trade exhibitors – sales agents and national film agencies – rented space and arranged meetings with industry professionals for around five to seven days. The majority of sales agents, or sales companies, consisted of only two or three sales persons, and most participated in booths coordinated by national film agencies, the so-called umbrella stands. A much smaller group of between 50 and 80 sales agents were larger organisations, usually comprising more than five representatives, and they could afford to set up offices in individual stands or hotel rooms. While those larger sales agents represented most of the higher-profile, big-budget films for sale at the EFM, the smaller sales agents dealt with smaller, more specialist films.

As noted in Chapter 2, sales agents were dealing with the international sales of films they already handle, for which they organised meetings with film distributors and other types of buyers – in particular, television broadcasters, film festival programmers, content aggregators and digital providers. More than 1500 such ‘buyers’ registered at the EFM 2015 (EFM, 2015a). In addition, while many other participants in the sales market were formally registered as financiers, producers or sales professionals, some of them also engaged with the acquisition of films. It is the presence of all these industry professionals in different capacities that make the EFM sales market such an attractive distribution event.

In terms of the process of introducing and promoting films by sales agents within the EFM sales market, there were two types of organisational form in particular with an important impact on the film sales process. First, the sales market provided an organisational structure within which sales agents take more or less privileged positions by means of the type of exhibition stands or offices they work from. To this end, studies

by Brian Moeran (2011), Joanne Entwistle and Agnes Rocamora (2011) and Timothy Havens (2011) have demonstrated that the positioning of trade exhibitors in sales markets and other competitive events create social hierarchies between trade exhibitors, effectively distinguishing between those presenting themselves as more or less powerful companies in the business. Those social hierarchies created within the sales markets have an impact on the values ascribed to the films with which trade exhibitors engage.

The second type of organisational form through which value for films was created involves film screenings, as already indicated in Chapter 2. It is important to distinguish between film screenings organised within the EFM sales market, and those organised in The Berlin International Film Festival which takes place simultaneously. Indeed, while the EFM is a business event with restricted access for industry participants, it is also an integrated section of the Berlin International Film Festival (the Berlinale). These two events are connected in the sense that some films are introduced to festival audiences through screenings as part of the official festival programme, while simultaneously being shown to industry participants at market screenings as part of the EFM. This symbiotic relationship can thus add market and word-of-mouth values to films.

However, the two events are distinct in the sense that films shown in the official festival programme are *selected* by festival committees, while films shown in the sales market are *booked* by sales agents (EFM, 2015c). Unlike the films selected for the official festival programme, a screening fee is required to book film screenings in the sales market, which are thus very much business transactions rather than artistic celebrations.

This chapter focuses on these two types of organisational form at the EFM, to analyse their impact on the film sales process and how they exert an influence over gatekeeping processes between sales agents and distributors. Following a consideration of theory and methodology, I analyse the organisation of exhibition space within the

sales market to get an impression of the full range of exhibitors, and to consider their participation in terms of position-taking and visibility in the market. I also draw parallels with and further develop studies focussing on the disposition of exhibition space at trade fairs in the publishing industry (Moeran, 2011), the fashion industry (Entwistle & Rocamora, 2011) and the television industry (Havens, 2011). What kinds of sales agents participate in the EFM and how do they participate? How is space allocated to those sales agents? And how does the organisation of exhibition space impact on the decision-making of distributors?

The chapter then examines the organisation of film screenings, which give an aural and visual presence to the films being bartered. This process starts during the production stage when the first scenes are shot and a short promo is prepared to show to buyers at the sales market, and continues to the point where the finished film will be on show at the festival screenings, or at the market screenings, or a combination of both. This process raises several questions. For what kinds of films are screenings organised? Why are screenings organised for some films and not for others? How do screenings support those films? And why do some films raise more attention than others through this process?

3.2 Value creation processes

I will further elaborate in this section on value creation processes in relation to sales markets. I will draw on broader academic discussions to develop an understanding of how such processes have been analysed in other fields of cultural activity.

Before I start this discussion, it is worth noting that film scholars and those focussing on the film industry from other perspectives have consistently prioritised the study of film festivals above the study of film sales markets. In terms of discussions about sales markets in the film industry, there is as yet no comprehensive examination

of the structure and organisation of such markets, and the impact of processes of value creation within such markets is therefore largely unknown.

Ruby Cheung's (2011) study on film sales markets in Asia perhaps bears most resemblance to this subject. Cheung outlines the relevance of various sales markets in Asia by positioning them in relation to the bigger markets in Europe and the US. However, rather than analysing the business processes within those markets in detail, her discussion remains primarily descriptive and contextual, and is therefore best understood as an introduction to sales markets.

In terms of analysing processes of value creation that impact on the comparative status and value of films within sales markets, the edited collection by Brian Moeran and Jesper Pedersen (2011) focuses on sales events and competitive events in other fields of cultural activity. Moeran's own contribution focuses on book fairs, while Timothy Havens looks at television programme markets and Entwistle and Rocamora examine fashion weeks. Although these papers work within the paradigm described in Chapter 2, their approach is different in the sense that, following Arjun Appadurai (1986:21), they conceive of sales markets and other competitive events as "tournaments of value". Therefore, the focus in those papers is primarily on how spatial and physical arrangements within sales events impact on processes of value creation. Havens (2011) and Moeran (2011), for instance, observe how trade exhibitors participate in sales markets by focusing on the layout of the sales floor. They highlight the importance of 'stand size' and 'stand location' as a strategy used by trade exhibitors to improve their presence or visibility within the sales market, and stand out from their competitors. Havens builds on these issues by placing emphasis on the 'accessibility' of exhibition stands and offices, as well as forms of 'promotional extravagance'. For instance, he notes that the most powerful companies usually hire the biggest stands on the sales floor

or work from luxury hotels to establish an exclusive position within the sales market, with access only for selected buyers (Havens, 2011:155). Such specific spatial and physical arrangements reinforce social hierarchies between trade exhibitors, and that is why they can be understood as a ‘tournament of value’.

Although these discussions about the physical manipulation of exhibition space demonstrate that there are broad similarities in the ways trade exhibitors participate in sales markets, the actual impact on the sales process is rarely scrutinised. Processes of value creation are by no means confined to the sales floor alone, but equally depend on other ‘tournaments of value’. For the fashion industry, for instance, Entwistle and Rocamora (2011) have demonstrated that trade fairs and fashion shows are integrated aspects of fashion weeks, and they are interrelated in the sense that they are both events where trade exhibitors introduce and promote their new collections as part of the sales process. Similarly, Bielby and Harrington (2008) have demonstrated that trade exhibitors in the television industry use market screenings as a form of promotional activity to introduce their new television series or programmes beyond the constraints of the sales floor.

The sales process at film sales markets works somewhat differently from television markets because they are organised in joint coordination with festivals, more like the combination of trade fairs and fashion shows within the fashion business. The market screenings *and* festival screenings become important ‘tournaments of value’, through which films are presented aurally and visually. That is to say, films are generally first introduced as concepts at the sales market, and subsequently raise additional attention through actual film materials and screenings. It is precisely the added value that is generated through these various organisational and promotional forms, following immediately after one another, that needs to be explored in more detail. This calls for an

analysis of how sales agents situate themselves within the sales market and make use of spatial and physical arrangements, including screenings, to add value to their films as part of the sales process.

3.3 Methodology: participant observation

The empirical analysis in this chapter draws on four days of participant observation at the EFM 2015. I was able to register for market accreditation, which gave me the same access to locations and events as sales agents and distributors, including access to film screenings organised within the EFM sales market.⁸ This enabled me to observe the organisational structure of the sales market and the stands from which sales agents worked. Because I introduced myself to sales agents as an academic researcher, I did not participate in exactly the same way as distributors normally do. I gained access to individual stands and watched promos of films in development, but my capacity to observe meetings or the process of negotiating distribution deals was limited. For instance, I entered the hotel office of the US sales agent The Weinstein Company, where I talked about the sales market with some of their representatives and watched some of their promos, but I did not have one-to-one meetings.

In addition, I used my existing relations with distribution professionals to observe work practices at the sales market. For instance, I joined the manager director of a Dutch distribution company for a few hours at the sales market. While we explored different sections of the sales market, she informed about the market structure and the ways in which sales and distribution professionals conduct business. Through the same contact, I obtained access to an informative meeting between her and German sales

⁸ It is worth noting that there are various types of accreditation providing access to this sales market. Most of the industry professionals register for either a market badge, or a festival badge, or an all-inclusive festival and market badge.

agent in which a number of films in development were discussed. I was introduced as someone with a key interest in film distribution, rather than as a colleague. This meeting was helpful to learn about the way films are introduced to distributors and the tone of such conversations. Such meetings are usually organised in advance of more specific meetings in which contractual terms are negotiated for specific films. In a similar vein, I used my existing relationships with distribution professionals to meet informally for drinks in the evenings to talk about my observations at the sales market and discuss attractive projects on offer in the marketplace. Such conversations were important to test and confirm my understanding of business proceedings at the sales market.

I spent much of my time in the official locations of the sales market. I consulted the exhibitor guide, which included a floor plan of the sales stands and all participating exhibitors. I also collected film catalogues from the stands, which included information about their slate of projects in various stages of production. Even for projects in pre-production stage, important details such as the script synopsis, the director and leading actors, and the co-production partners were included in those catalogues.

The screening schedules of films handled by each sales agent were also available at their sales booths. Such schedules included screening dates for various types of screenings – that is to say, for festival screenings accessible to festival audiences or participants with festival accreditation, for market screenings accessible only to industry professionals with a market badge, for press screenings accessible only to registered press members, for festival premieres accessible to invited guests and press members, and for private screenings or promo reels which are usually organised for a select group of buyers. Those screening schedules of individual sales agents, in combination with the general festival screening and market screening programmes, provided an insight into the way films are introduced to buyers, the trade press, and festival audiences. I also

attended some of the market screenings myself to acquire a sense of the importance of such screenings, and how they could add important values to films.

I also consulted the daily editions of the trade journals *Screen International*, *Variety* and *The Hollywood Reporter* that were produced exclusively for the EFM. Such journals were important to learn about the latest developments within the sales market and to get a sense of industry ‘buzz’ through reports about film deals, reviews and advertisements.

Additional information about the organisation of the market was collated from the official Berlinale website, and from interviews with the market director, Matthijs Knol, and the head of administration, Tilmann Vierzig. This was an opportunity to learn more about the organisation of exhibition space and film screenings, and to improve my knowledge of the market structure.

3.4 The organisation of exhibition space

The centrally located Potsdamer Platz area in Berlin has been the centre of the EFM since 2000. The gradual growth and expansion of the EFM in the last 17 years resulted in the need to relocate to locations in and around this area. Trade observer Brown (2005) notes that the EFM has developed rapidly since 2006, when the market organisers decided to move into a bigger market building, the Martin-Gropius-Bau, which is also located in the Potsdamer Platz area. Thus, the market capacity increased from 170 exhibitors to 300 exhibitors (Brown, 2005). Given the fact that the sales market continued to grow, trade observer Pham (2009) notes that there was a need to expand further, and the Marriot Hotel became the second official market building in 2009. This marked the beginning of a new infrastructure that has remained in place up to the present.

I will now discuss how sales agents position themselves within these official locations of the sales market. As will be clear, I observed that sales agents also worked from non-partner hotels, and they are therefore also included in the analysis.

Exhibition space in the Martin-Gropius-Bau

The Martin-Gropius-Bau (MGB) is the main exhibition centre of the sales market, comprising 104 stands spread over two floors (EFM, 2015b). It is best understood as a venue where industry professionals conduct business in a relatively informal atmosphere. In terms of creative orchestration of exhibition stands in the MGB, the Director of the EFM, Matthijs Knol (2015), notes in an interview that they exerted full control over the positioning and coordination of stands in the MGB, and this allowed them to create a business environment that was supportive for sales agents large and small.

The central hall of the MGB was used as both a social space and a business space. Many industry professionals gathered there to network, but there were also two large exhibition stands. These were allocated to the Creative Europe/MEDIA programme, EU's flagship support mechanism for the audiovisual industries, and the Spanish Film Agency, which brought together various sales agents and film bodies from Spain. They had a strong presence in the market because of the central location of their booths. Most of the exhibition stands of sales agents, however, were located in the hallways surrounding the central hall of the EFM. The informal atmosphere in the MGB was also evident in terms of the arrangement of the exhibition stands in the MGB, with many stands facing each other and designed with open ends, making them very accessible for market attendees. In fact, they were integrated into the public space, while also functioning as private spaces.

Moeran (2011:130) notes that such spatial arrangements in the sales market underline the importance of visibility. In particular, he notes that visibility is important in relation to the location and size of exhibition stands. Crucially, visibility is therefore a means through which power is exercised, since a bigger stand demonstrates that sales agents are prepared to invest more in their positioning in the EFM. This is underscored by the fact that the rental price of an exhibition stand at the EFM relates to the size of stands: the price of an individual stand at the MGB was €420 (\$466) per square metre in 2015 (EFM, 2015a).

The size of stands also matters because bigger stands have more privileges in terms of design and equipment, which has an impact on the business experience of buyers. For instance, the MGB guidelines (2015) demonstrate that small booths of between 9 and 15 square metres are open stands comprising one table and four chairs, while bigger booths of between 16 and 30 square metres include two tables and eight chairs, but also one closed office, which allows the sales team to conduct business with buyers privately. Then there are two even larger stand sizes: stands of between 31 and 55 square metres come with two closed offices, and stands of 56 square metres or more come with three closed offices. For stands of those sizes, wall segments are also provided as a means to further promote specific films. Beyond the fact that the bigger stands are more visible in the market than smaller stands, it is clear that they offer more flexibility in the sense that some business meetings are organised in the open space, while other meetings take place in closed offices with restricted access.

The MGB guidelines also demonstrate that the cost of exhibition stands depend on whether sales agents decide to hire an individual stand or join a so-called umbrella stand. In terms of individual stands, they are usually shared between two companies to reduce the costs of rental, but some companies can afford the luxury of hiring such

stands exclusively by themselves. In terms of umbrella stands, they are usually coordinated by national film agencies to accommodate three or more companies, which may involve sales agents and/or national or regional film institutions. For instance, I observed that the UK umbrella stand, called “We Are UK Film”, offered space to small UK sales agents such as Dogwoof, Parkland Films and AV Pictures, as well as UK film institutions such as the British Film Institute, Creative England, Creative Scotland and Northern Ireland Screen. The main advantage for those organisations is that they are able to hire exhibition space as part of a larger group, without the need to hire at least nine square metres individually. Given the limited space on umbrella stands and the relative smallness of these different companies, their sales teams usually consist of only one or two representatives. It is clear that such smaller sales companies working from umbrella stands participate in the EFM differently than sales agents working from more prestigious, individual stands.

With such diverse interests at stake for specific types of sales agents, the planning and organisation of the EFM sales market involves responding to the competing demands of these participating sales agents. In making decisions about the allocation of exhibition space in response to the requests of different types of sales agents, the EFM notes that they apply two conditions in particular (EFM, 2015e). First, they are “taking into consideration the overall layout of the EFM and the nature of the Exhibitor’s activities.” Secondly, while they make an effort to “fulfil the Exhibitor’s requests in terms of stand/office size and location”, they give “priority to companies returning from year to year, however, without the guarantee of the same space being available each year”. Thus, even though sales agents may be prepared to invest in an exclusive exhibition stand or office at a particular location of the sales market, the market organisers are not always able to accommodate their requests. Because the market

organisers retain the right to make decisions about the allocation of exhibition space, services and facilities, the pressure on such decisions inevitably grows if competition is fierce and space is scarce.

In terms of exhibition space allocated to sales agents in the MGB at the 2015 sales market, I observed that the biggest individual stands were allocated to some of the largest and most successful European sales agents, such as Wild Bunch, Pathé and Gaumont from France, Hanway and Protagonist from the UK, Beta Cinema from Germany and Fortissimo Films from the Netherlands. Further, I observed that very few American sales agents worked from individual stands in the MGB because they preferred to work from the associated hotels in the area, where they worked from more prestigious, private offices. Another important observation is that the biggest umbrella stands in the MGB were allocated to national film agencies from the so-called ‘big five’ markets within Europe: Germany, Spain, France, Italy and the UK. Other large umbrella stands were taken by film agencies from Scandinavia, Russia, Creative Europe, and the global film trade association IFTA.

Exhibition space in the Marriott Hotel

The organisational structure of the second market location, the Marriott Hotel, is markedly different from the MGB due to the nature of the Marriott as a high-end business organisation providing overnight accommodation and other services. Although the Marriott Hotel is thus not specifically designed for the purpose of organising a temporary marketplace for films, I observed that it is nevertheless a popular location because it offers a combination of luxury and exclusivity that appeals to some of the biggest sales agents in the distribution business.

Further, what makes the Marriott Hotel unique in its structure is that sales agents participated in stands, offices or suites, which were spread over four floors. Thus, on the

first floor, they created a small business marketplace comprising 29 exhibition stands, which was in many ways similar to the orchestration of exhibition stands in the MGB. Most of them were relatively small umbrella stands allocated to non-European film agencies. There was, in addition, a much more formal and exclusive way of conducting business, whereby trade exhibitors worked from private hotel rooms that were transformed into temporary offices. Such offices were allocated to about 40 sales agents spread over different floors. Knol (2015) notes in an interview that the creative influence of the EFM was very limited in terms of changing the design or decoration of those rooms. The business experience in those hotel offices was therefore very different from the way sales agents participated in exhibition stands. Thus, hotel offices are closed rooms and usually accessible by invitation only. Most of the offices were single rooms hired by individual sales companies rather than national film agencies. The rental price of a single-room hotel office was €8,000 (\$8,880) per room, which is the equivalent of the price for a 19 square metre stand in the MGB, but these hotel offices were smaller (EFM, 2015a).

In addition to single-room hotel offices, I also observed that some companies hired bigger ‘suites’, or several single-rooms next to each other. For instance, the French sales agent StudioCanal hired one of those suites. They used one room as a lounge where clients were received and were able to watch promos of their films, while other rooms were more secluded to allow private business meetings to take place. The rental price of these more spacious hotel suites was much higher, starting at €16,800 (\$18,684) on the first and second floor, while the prices for a suite on the top floor were only available upon request. It is thus clear that some sales agents deliberately hired such suites to stand out from others and present themselves as powerful companies. In this respect, the location of suites also impacted on their competitive positioning, as the biggest sales

agents demonstrated: EuropaCorp (France) hired three rooms which constituted a whole wing of the second floor; eOne (Canada) and StudioCanal (France) worked from private suites on the top floor, with a view over the city centre; FilmNation (US) was the only trade exhibitor that was located on the ground floor, close to the main entrance.

Just as in the exhibition halls in the MGB, it is clear that there was a social hierarchy between sales agents in the Marriott Hotel. The importance of visibility was once again the decisive factor that enabled some companies to stand out from others.

Exhibition space in non-partner hotels

Although much of the sales activity was concentrated around the two official EFM locations, these were by no means the only locations where business was conducted. I observed that a further 50 to 60 companies were based in non-partner hotels such as the Ritz-Carlton, Grand Hyatt, Maritim and Mandala, also conveniently located in the Potsdamer Platz area. Although those companies had no formal presence in the EFM, the fact that this involved some of the most powerful sales companies in the distribution business, with many of them from the US, made their participation nevertheless important. Chief among them were US sales agents such as IM Global and Relativity Media in the Ritz-Carlton Hotel, and Lionsgate, Mister Smith, Sierry/Affinity and the Weinstein Company in the Grand Hyatt Hotel.

According to Knol (2015), they deliberately separated themselves from other companies by working from those non-partner hotels, forcing buyers to rotate between various locations. He develops this point, arguing that there are various reasons why they have a preference for other hotels. First, he notes that such arrangements are also taking place at the AFM sales market and the Cannes sales market. Second, he notes that such arrangements have developed in the past. Third, he notes that some companies want to position themselves differently within the market, and indeed stand out from

companies participating in the official locations, arguing that prestige is important for such companies. Havens (2011) underscores this point about the importance of prestige. Based on participant observation at television sales markets, he notes that the fact that some sales agents do not formally take part in the official sales market, but nevertheless work from non-partner hotels, should be understood as a “profound statement of power and prestige” (2011:152). For such companies, he further notes that their “absent presence seems to be a more effective business strategy than skipping the market altogether” (2011:152).

In terms of differences observed between the official markets locations and the non-partner hotels, it is clear that while the MGB resembled a business marketplace, and the Marriott Hotel combined the atmosphere of a luxurious hotel with the ambience of the marketplace, the non-partner hotels were more formal still (Table 3). The atmosphere inside the non-partner hotels, for instance, was not so frantic as in the Marriott Hotel, where industry professionals used the lobby as a meeting place. The fact that these sales agents in non-partner hotels did not work from stands, but only from private offices or suites, also underscored that they operated as part of a relatively small-scale but high-prestige business network.

Knol (2015) notes that many of the sales agents in non-partner hotels relied on the services of the public relations company DDA for their business office arrangements. On their website, DDA notes that they provide “fully equipped offices” at a range of festivals and sales markets, including “Sundance, Berlin, Cannes, Edinburgh, Venice, Toronto, MIPTV, MIPCOM and AFM in the film and television business” (DDA, 2015). They also note that they have developed a strong expertise in terms of organising publicity campaigns at these festivals and sales markets.

Table 3. Differences between business locations at the EFM.

Locations	Martin-Gropius-Bau	Marriott Hotel	Non-partner hotels
Exhibition space	Stands	Stands, offices, suites	Offices, suites
Individual sales agents	Mostly European	Mostly European and American	Mostly American
National film agencies	Many	Mainly in the exhibition area	None
Service	EFM	EFM	DDA
Atmosphere	Casual and informal	Neutral	Formal
Stand size	Flexible	Flexible and fixed	Fixed
Accessibility	Open	Open and closed	Closed

Note: these categorisations should be understood in relative terms. There are, undoubtedly, exceptions and overlaps.

Identifying the various types of sales agents in Berlin thus reveals the scope of the international sales community. The fact that this field is so fragmented supports the claim that the allocation of exhibition space is important to the film sales process (Havens, 2011; Moeran, 2011). Those differences between sales agents played out within and beyond the official EFM locations. As already argued by Knol (2015), those social hierarchies are by no means unique to the EFM sales market. It is, for instance, possible to draw parallels with the market structure of the Cannes film sales market. Figures provided by *Le Marché Du Film* (2015) demonstrate that 515 trade exhibitors worked from exhibition stands and another 129 from offices in hotels or apartments in 2015, with others working from non-partner hotels and apartments.

3.5 The organisation of film screenings

I also observed that the positioning of sales agents at sales markets is broadly indicative of the range of films they represent. This is important for understanding how specific films are introduced and promoted within the sales market. As noted in Chapters 1 and 2, the sales process is organised in various stages of a film's production. Thus, at one extreme, the distribution rights for bigger budget, more mainstream films are sold in a pre-production stage because the financing of those films is heavily reliant on pre-sales deals. For instance, trade reporter Keslassy (2013) notes that the French sales agent EuropaCorp presold the distribution rights for *Lucy* (2014) to distributors in France, Benelux, Portugal, China and Japan, while Universal Pictures acquired the rights for all the remaining markets in a pre-production stage. At the other extreme, the rights for smaller productions, which make up the vast majority of films on offer at the EFM, are usually sold to distributors when films are completed. It is for those films in particular that screenings become an important part of the sales process at sales markets.

As noted in section 3.1, films on offer at the EFM sales market may be screened in the sales market as well as in the film festival. Thus, 443 films were shown in the film festival and 748 films were shown in the EFM sales market in Berlin in 2015 (EFM, 2015d). More specifically, the EFM organised 1,014 market screenings for 748 films, while another 1,098 screenings were organised for the 443 films in the festival programme (EFM, 2015d). There was some overlap between these programmes, with 132 films shown in both the film festival and the sales market. In particular, films selected for the most prestigious festival programmes, such as 'Competition' and 'Panorama', were also shown in the sales market. The film festival and the sales market thus provided a context in which films could potentially benefit from an all-important

buzz generated by industry, press and audience response, which in turn could immediately influence distribution negotiations about such films.

I observed that both types of film screenings were important to the process of introducing and promoting films at the EFM, but they served different purposes. Festival screenings were organised primarily for festival audiences (made up of invited guests, critics, reviewers and a self-selecting section of the general film-going public) and only involved films chosen by festival programmers. Market screenings, by contrast, were specifically organised for industry professionals with the purpose of exhibiting the newest films on offer beyond the constraints of the festival.

Market screenings at the EFM

Sales agents were required to pay screening fees for market slots within the EFM, and in return retained the right to decide how they made use of those slots and who was allowed into those screenings (Knol, 2015). Most of the films in the market screenings were either finished or nearly finished, and had been introduced at other festivals and sales markets before, but market screenings were also used to introduce films in development. The bigger companies, in particular, used such slots particularly to show promo reels, involving promos or trailers from several films in their catalogue, with the purpose of establishing distribution deals at this early stage of their production. Such promo reels were mostly presented at the beginning of the sales market to give buyers an impression of what is available before the negotiations about films started. For instance, large European sales organisations such as Pathé, Wild Bunch and Gaumont showed their film promos on the first day of the EFM.

Another way of introducing films was through private screenings organised by sales agents for a select group of distributors only. Those private screenings are sometimes combined with promotional activity such as a question and answer (Q&A)

session with directors or well-known film actors. An example of such promotional activity is the \$15 million film *W.E.* (2011), which was directed by the well-known American star Madonna. Trade journalist Diana Lodderhose notes that the American sales agent IM Global had Madonna flown over to the Berlin sales market in February 2011 to show invited distributors and cinema exhibitors several important scenes of her film, and to inform them in more detail about her vision (Lodderhose, 2011). This was a promotional strategy developed to impress those distribution and cinema exhibitors, while at the same time generating buzz for the film in the sales market. The Director of IM Global, Stuart Ford, argues that Madonna's presence sent "an important message" to distributors, demonstrating that she is "willing to travel and support the film" (cited in Lodderhose, 2011). Madonna's effort, in turn, was supportive to the film sales process, as trade journalist Meza (2011) notes: "After Madonna came to Berlin Saturday to screen footage from the pic, IM Global received bids from France, Germany, Italy, Spain, Russia, Latin America and Scandinavia, with negotiations ongoing."

In addition, film screenings were an important opportunity for completed films to be shown in the sales market. The main purpose here involved convincing buyers of the film's potential and closing further distribution deals, but those screenings were also important because they were attended by programmers from international festivals, who may then introduce those films to audiences in their local, national markets. In particular, such screenings provided important opportunities for small-scale, low-budget films to be picked up by those festival programmers and gain access to the international festival circuit.

A case study of 45 Years (2015)

Given the important role of market screenings and festivals screenings to the film sales process, I will develop a case study of the UK production *45 Years* to analyse how the film was introduced and promoted.

Figure 3. The cover of *Screen International* on the first day of the EFM.



45 Years (2015) formally premiered at the 2015 Berlin International Film Festival, and was also on show in the sales market. The film was directed by the up and coming British filmmaker Andrew Haigh on a budget of less than £1.5 (\$2.3) million, with substantial financial support from the UK public institutions Creative England, Film 4

and the British Film Institute. Trade observer Macnab (2014) notes that the German sales agent The Match Factory became involved at the pre-production stage and sold the film to the distributor Curzon Artificial Eye in the UK home market at the 2014 Cannes Film Festival, just after completing shooting. *45 Years* was subsequently prepared for the Berlin Festival in February 2015, where it was selected for the ‘competition’ programme, the most prestigious and competitive section of the festival.

The festival nomination had an important impact on the comparative status and positioning of *45 Years* as the few films selected for the competition programme were introduced within the festival in a more exclusive way than other films. Thus, they were given a special gala premiere to which the director and leading members of the cast were expected to support the film in front of the press and invited guests in the Berlinale Palast, the biggest and most prestigious screening venue of the festival. The competition films were also introduced to the press and shown publicly to festival audiences as part of the official festival programme, with three additional festival screenings and two additional press screenings for the media following the gala premiere.

The sales agent The Match Factory used the ‘competition’ selection as a means to further consolidate buzz surrounding the release. They organised three extra screening slots in the sales market and promoted the film in the trade press. The following pattern emerged from this strategy:

- On Thursday, at the first day of the EFM, the *Screen International* market edition opened with a cover fully dedicated to *45 Years*, which announced screening dates in the festival and market programme, including one press screening on Thursday evening (figure 3).
- The gala premiere and two other press screenings were scheduled for the next day, Friday.

- The first trade press reviews appeared on Friday and Saturday in the special market editions of *Screen International*, *Variety* and *The Hollywood Reporter*.
- There were three more festival screenings scheduled on Saturday, and one market screening, followed by further market screenings on Sunday and on Thursday.

In terms of the timing of those screenings, this was an almost ideal trajectory from which the film stood to benefit, particularly because most of the business negotiations about films start at the beginning of the EFM and most of the industry participants stay only four or five days. Screening dates in the first few days of the market were therefore beneficial to the film sales process.

Positioning films in sales markets

The Head of Film Administration of the EFM, Tilmann Vierzig (2015) notes that the festival and market programmers make decisions about the programming of film screenings. In terms of the allocation of screening space, priority is given to festival screenings. Festival programmers reserve a select number of screening rooms and time slots for each of the festival sections, and the films selected for each of those sections enjoy more or less the same privileges in terms of the location and size of screenings rooms (Vierzig, 2015). For instance, *45 Years* and other ‘competition’ films were shown in the bigger screening rooms of the festival. Because some of the biggest screening rooms and the most popular time slots are already reserved for festival films, Vierzig notes that the programmers of market screenings can book the bigger screening rooms only for some films, while others are shown in smaller screening rooms. Thus, a team of three film experts, including the well-known president of the EFM, Beki Probst, make decisions about the programming of market screenings (Vierzig, 2015).

According to Vierzig, their decision-making is based on the perceived potential of

films, where the reputation of the sales agent, the producers, the director and the leading actors are important factors.

Returning to the example of *45 Years*, I will demonstrate in more detail how such decisions impact on the film sales process. The market programmers positioned *45 Years* as one of the key films in the sales market by scheduling the first two market screenings in the opening weekend. The first screening on Saturday was organised at one of the bigger screening rooms of the CinemaxX cinema, with a capacity of 300 seats. Knol (2015) notes in an interview that sales agents generally have a preference for screenings at around 11.00am or 3.00pm to avoid that films are being shown during lunchtime or dinner in the evening, and this first screening of *45 Years* was conveniently scheduled at 3.00pm. The second screening on Sunday was programmed at a smaller room with a capacity of 182 seats in yet another big cinema, CineStar. Although the timeslot at 7.30pm during dinnertime was less favourable, the room was packed with industry participants. The scheduling of both screenings in the opening weekend was thus advantageous to the positioning of *45 Years* within the market, particularly when taking into account that screenings of more than 700 films were programmed in the same week.

Thus, what has become clear in this example of *45 Years* is that factors such as the location, time slot and size of screening rooms helped to secure a strong presence within the sales market. Because the film was also well received at the festival, with positive reviews in the trade press, it attracted substantial buzz and clearly became a popular project. Trade reporter Wiseman (2015d) notes that The Match Factory announced after the festival that it closed distribution deals in as many as 30 markets “around the world”, including the US and key territories in Europe.

Although *45 Years* may be an unusually successful example, it demonstrates how festival and market screenings can add value and influence the film sales process. Indeed, a combination of both types of screenings may support films considerably. On the other hand, generating ‘buzz’ through film screenings remained restricted to a select number of films and was certainly not achieved by the majority of films.

3.6 Conclusion

The film sales process is by any standard a complex analytic concept in the sense that it is inextricably tied to the production context of films, beginning at the point when producers first start to develop projects, and continuing through distribution and exhibition and/or retail stages. This process involves introducing and promoting films to the business at different stages of a film’s production. With such issues in mind, the analysis of the film sales process has been deliberately limited on the EFM as one of the key sales markets in the film industry. Even within this market alone, it was necessary to be selective by focussing on two types of organisational form, which I conceptualised as ‘tournaments of value’ (Appadurai, 1986:21; Moeran, 2011:126). Therefore, at best, I only partly recognised the impact of promotional media such as film trailers, billboards and advertisements to the process of value creation.

This specific focus was critical in establishing an understanding of the full range of sales agents and in examining how they position themselves within the sales market and create value for their films. In particular, I distinguished between bigger and smaller sales agents, and argued that they operate as part of specific networks. There are parallel connections that can be drawn from this context at the level of business practices and the type of films represented by sales agents.

One important strand involves the recurrent argument that social hierarchies are reflected in spatial and physical arrangements (Moeran, 2011; Havens, 2011; Entwistle

& Rocamora, 2011). It is clear that the spatial and physical presence of sales agents at Berlin was broadly indicative of their comparative status and reputation. The business infrastructure identified in the analysis, with sales agents working from the MGB, the Marriott Hotel and non-partner hotels, revealed that each of those locations offers a distinctive ambience for specific types of sales agents to conduct their business. For instance, it brought into focus differences in the way sales agents present themselves within the sales market, with the biggest companies exercising power by working from the biggest exhibition stands or from exclusive hotel suites, underscoring the importance of 'visibility' within the sales market. Indeed, as demonstrated by Havens (2011) and Moeran (2011), such exclusive positioning is very much a statement of prestige and dominance, a way of presenting themselves as more powerful than others, and providing distributors with a specific business experience. In other words, it demonstrates the influence of the sales market in creating social hierarchies between sales agents, and how values are ascribed to films represented by sales agents through their positioning in the sales market. Such influences inevitably influence gatekeeping processes between sales agents and distributors.

What risks getting lost in this sort of discussion is an argument that ties together the organisation of market exhibition space with the organisation of film screenings, giving an aural and visual presence to the films being bartered. The analysis of film screenings provided further insight in the film sales process and the value that sales markets can add to films. Given the highly competitive environment of the sales market, in which thousands of films are introduced and promoted, I demonstrated that film screenings are important to the process of building 'buzz' around specific films, generating word-of-mouth interest and free publicity through reviews by newspaper critics. I observed that there are various forms of screenings, including private screenings, promo screenings,

market screenings, press screenings, public screenings, and that each of those forms serves its own purpose in relation to the value creation process of films. For instance, I demonstrated that some sales agents organise private screenings for a select group of distributors to promote specific films. Further, I demonstrated that the symbiotic relationship between the festival and the sales market provides a context from which films can benefit. In terms of the programming of film screenings, I argued that factors such as screening location, screening capacity and screening time matter to the value creation process and securing a strong presence within the sales market.

In conclusion, the analysis of the EFM film market has demonstrated that sales agents add significant value to films through their spatial and physical positioning within the sales market, and their promotional activity in relation to organising screenings of their films. It is through such different ‘tournaments of value’ (Appadurai, 1986:21) that power is exercised and some films are able to raise more attention than others, demonstrating the importance of sales markets in exerting important influence over gatekeeping processes between sales agents and distributors. While I argued in Chapter 2 that it is important for films to gain access to sales markets, this chapter has demonstrated that the competition between films on offer in those markets is fierce, and that sales agents large and small play an important role in supporting the profile of films by making use of ‘tournaments of value’ in specific ways.

Part Two

Gatekeepers and Gatekeeping Networks

Having established a contextual understanding of the film distribution business and the film sales process, I will turn my attention to specific case studies of sales agents and distributors, and their role as gatekeepers. In particular, I am interested in how they impact on the circulation of films in international markets, well beyond the local, national markets within which they originate. In conceptual terms, I will develop an understanding of gatekeepers and gatekeeping networks in the film distribution business.

Chapter Four

The Gatekeeper Role of Sales Agents

4.1 Introduction

The process of enabling and regulating the circulation of creative works in the highly mediated space between producers and consumers has received much attention in academic scholarship (Hirsch, 1972; Kawashima, 1999; Negus, 2002; Havens, 2006; Bielby & Harrington, 2008; Thompson, 2010; Franssen & Kuipers, 2013; Friedman, 2014). This process is understood analytically through the concept of the gatekeeper, with sales agents and distributors performing key gatekeeping roles in the film industry. Sales agents organise the sale of film rights to distributors in the international marketplace; they represent films from particular producers and negotiate deals with distributors operating in national markets or in (bigger) territories of several countries.

In economics and cultural studies, the concept of a supply chain is often used to comprehend the various interlinked stages and processes through which creative works are made and disseminated: from development and production, through distribution and marketing, to exhibition and consumption (Thompson, 2010:14). While the core activities of sales agents are most closely aligned with the distribution and marketing stages, their arrangements and commitments extend to the stages of development and production, as demonstrated in Chapters 2 and 3. At the other end of the supply chain, their work practices equally extend to the stages of exhibition and consumption, as will become clear.

This chapter develops an analysis of sales agents and their specific business functions and activities within the film industry, and how these business activities can be understood in terms of the concept of the gatekeeper. That is, how they organise the

metaphorical process of opening the gates to let some films through and secure (sometimes substantial) market access, while closing the gates to prevent other films from gaining access to the market. Such decisions are negotiated under specific circumstances and require relationships with organisations operating at different levels of the supply chain. Keith Negus (2002) and John Thompson (2010) have demonstrated that gatekeeping is much more complex than a simple definition such as the above suggests. An in-depth analysis from the perspective of sales agents would therefore be helpful in developing this concept further.

Given the enormous influence of sales agents on processes of cultural flow in the film industry, it is surprising how little scholarly attention has been paid to their role. Although sales agents are acknowledged in discussions about large film corporations and film policies, those studies do not specifically attend to sales agents (e.g. Roussel & Bielby, 2015; Meir, 2016). Similarly, industry analysts and journalists acknowledge sales agents in discussions about the film business, but they do not describe their work practices in much detail (e.g. Dale, 1997; Ulin, 2013). If such contributions remain contextual, more detailed and in-depth information is provided in industry manuals which serve as a guide for filmmakers. This includes the work of Jon Reiss (2010), Stacey Parks (2012) and Gini Scott (2015). Those contributions are usually written from the point of view of producers, giving a particular slant to how they understand the role of (and their own professional experiences with) sales agents. Beyond such industry manuals, Angus Finney and Eugenio Triana (2015) have made an important contribution to the understanding of various business aspects of the contemporary film industry, including sales agents. Their contribution also involves case studies of films to provide insight into the functions of producers and sales agents. This helps us begin to understand the operations of sales agents, but a more comprehensive empirical

consideration is needed to make greater sense of their role as gatekeepers in analytical terms.

This purpose of this chapter is thus to further develop the ‘gatekeeper’ concept by investigating the work practices of sales agents involved in making decisions at different stages of a film’s life cycle. In the second section of the chapter, I will develop the concepts of cultural intermediaries and gatekeepers, providing an analytical framework through which to understand how the authority to make decisions is negotiated, cultural flow is regulated, and control over distribution is exercised in the cultural industries. The third section of the chapter looks specifically at sales agents in the film industry, defining the sorts of roles and business functions they perform, the types of companies of which the sales community is made up, and the political influences of trade associations, funding bodies and other film agencies. While section three provides a contextual understanding of sales agents, section four looks at how specific sales agents engage with particular films. Drawing on interviews with executives of sales companies, this section involves an empirical investigation of three selected films. These case studies shed further light on the various functions performed by sales agents as they manoeuvre through the stages of development, production, distribution and consumption.

4.2 Cultural intermediaries and gatekeepers

In this section, I will draw on existing literature to discuss ‘cultural intermediaries’ and ‘gatekeepers’ as analytical concepts that have been employed consistently in media and cultural studies. I will provide some clarification of those concepts and adapt the notion of ‘gatekeeping’ to raise questions about the role of sales agents in the film industry.

A rich research tradition

There is a rich body of scholarly work that focuses on the range of intermediary organisations operating between producers and consumers in the cultural industries. The work of Paul Hirsch (1972), Keith Negus (2002), John Thompson (2010) and Aeron Davis (2013), for instance, has demonstrated the need of those intermediaries in connecting the stages of production, distribution and consumption, adding specialised knowledge and expertise to the process of value creation. Hirsch (1972) already noted in the early 1970s that this is particularly true of those organisations working in sales and distribution because the decisions they make have an immediate impact on filter processes and cultural flow. Davis (2013), in addition, notes that these sales and distribution companies always work together with (and are reliant on) a range of other intermediary organisations working in areas such as marketing, promotion and news media, providing the necessary technical and communication skills to support and promote creative works in the marketplace.

To comprehend such myriad roles in the cultural industries, academic debates have employed a number of different concepts, with sales and distribution professionals variously identified as gatekeepers (Hirsch, 1972; Coser, 1975), brokers (DiMaggio, 1977), middlemen (Coser et al., 1982) and cultural intermediaries (Bourdieu, 1984). The concepts of ‘cultural intermediaries’ and ‘gatekeepers’ have enjoyed a significant degree of interest in media and cultural studies, particularly in discussions drawing on the ‘production of culture’ perspective. Richard Peterson and N. Anand (2004) note: “The production of culture perspective focuses on how the symbolic elements of culture are shaped by the systems within which they are created, distributed, evaluated, taught and preserved.” The work of Nobuko Kawashima (1999), Pierre-Antoine Kremp (2010)

and Thomas Franssen and Giseline Kuipers (2013), in this respect, has demonstrated the critical role of cultural intermediaries and gatekeepers in this process.

The fact that scholarship has paid so much attention to such concepts also reflects broader industrial and cultural developments. Thus, the significance of intermediaries and gatekeepers in the cultural industries has increased with the development of globalisation in the past decades, and this has brought about a growing emphasis on questions of cultural flow and the ways cultural products secure access to international markets (Hesmondhalgh, 2013).

Cultural intermediaries

In order to establish a better understanding of ‘cultural intermediaries’ and ‘gatekeepers’, I will first discuss how those concepts have developed over time. The sociologist Pierre Bourdieu introduced the concept of cultural intermediaries in his influential work *Distinction: A Social Critique of the Judgment of Taste* (1984). Bourdieu’s research focused on the process of social stratification in the 1960s and 1970s in France. In short, Bourdieu identified a range of ‘new’ intermediary occupations – a group of cultural intermediaries – that gradually redefined distinctions between ‘lower middle classes’ in the French society (Bourdieu, 1984:367; Nixon, 2003:59). These new cultural intermediaries, Bourdieu argues, brought about a different ethos and lifestyle that reflected the demands of the growing consumer-driven economy, with a particular focus on ‘individualism’ (Bourdieu, 1984:367; Nixon, 2003:59). Bourdieu therefore highlights that a new social class formed with the advent of these new cultural intermediaries, which he called ‘the new lower middle class’, also known as ‘the new petit bourgeoisie’ (1984: 325, 359).

Characteristic of this new social class are their cultural dispositions and orientations towards taste. In fact, Bourdieu claims that there are broad similarities between the

dispositions and tastes of ‘the new lower middle class’ and ‘the (higher) middle class’. As such, Bourdieu argues that the new cultural intermediaries reduced class distinctions between these lower and higher middle classes, and this relates to his broader thinking about the construction of taste and its impact on social stratification in society (1984: 325, 359).

Keith Negus (2002) and Jennifer Smith Maguire (2014:15) argue that although Bourdieu did not unpack the notion of cultural intermediaries in much detail, this concept has been further developed in ‘culture studies’ scholarship. Julian Matthews and Jennifer Smith Maguire (2014:2), in this respect, note that some scholars have responded critically to Bourdieu’s conception of cultural intermediaries because his interpretation of the parameters of cultural professions is unclear. That is to say, Bourdieu’s conception of cultural intermediaries embraces the cultural industries but also other professions, as demonstrated in the much cited passage below:

presentation and representation (sales, marketing, advertising, public relations, fashion, decoration and so forth) and ... all the institutions providing symbolic goods and services. These include the various jobs in medical and social assistance... and in cultural production and organization (... radio and TV producers and presenters, magazine journalists) (1984:359).

Given that these professions were common long before the 1960s and 1970s, scholarship has called into question the notion that ‘new’ occupations emerged in this period. Scholars have attempted to manoeuvre through such imprecision by employing a loose rather than narrow interpretation of the concept of cultural intermediaries. This, in turn, has thrown up questions about the usefulness of employing the term analytically, with complaints that this is a neutered term for all sorts of organisations working in the space between cultural production and consumption, and with some

affinity to the cultural industries. As Smith Maguire and Matthews (2012:551) put it, “Are we all cultural intermediaries now?”

Cultural intermediaries are therefore usually defined in operational terms.

Matthews and Smith Maguire, for instance, place an emphasis on their professional expertise and role in the cultural economy:

In the struggle to influence others’ perceptions and attachments, cultural intermediaries are defined by their claims to professional expertise in taste and value within specific cultural fields (and the foundations on which such claims rest). And, they are differentiated by their locations within commodity chains (*vis-à-vis* the actors and stages of cultural productions they negotiate with and between, and the goods that they mediate), and by the autonomy, authority, and arsenal of devices and resources that they deploy in negotiating structural and subjective constraints to accomplishing their agendas (2014:2).

Their description underlines the role of cultural intermediaries as ‘tastemakers’.

Bourdieu (1984:231) borrowed the notion of tastemakers from Russell Lynes (1949) to demonstrate that audience preferences and perceptions are shaped and influenced by cultural intermediaries, the media, and the retail or exhibition sector. In terms of making taste decisions, Bourdieu foregrounds the importance of ‘habitus’, which is defined by personal dispositions and aesthetic preferences that are deeply ingrained in professional practice. He therefore highlights that the professional tastemaking of cultural intermediaries is shaped by a combination of personal and professional dispositions. Those taste decisions, in turn, are critical to the process of conveying and legitimising culture, as Smith Maguire (2014:21) notes: “Shaping taste and matching things to people require that cultural intermediaries frame particular practices and products as worthy of their claimed value, involving them in constructing repertoires of cultural legitimacy.” As such, and as Smith Maguire further notes, cultural intermediaries are for Bourdieu also ‘authorities of legitimation’.

In addition to the concept of cultural intermediaries, Davis (2013:2) has introduced a narrower version of the term, ‘*promotional intermediaries*’, to refer to those engaged with “active promotional practices”. This involves professions such as “public relations, lobbying, advertising, marketing and branding, as well as those in related fields (e.g. pollsters, publicists, speech writers and agents).” Davis and others refer to this range of occupations as making up the field of the promotional industries (Powell, 2013; Davis, 2013; Grainge & Johnson, 2015).

Gatekeepers in the cultural industries

In addition to cultural intermediaries, the more specific analytical term gatekeepers has been developed in media and communication studies to describe organisations with the capacity and authority to make decisions about information flows. Pamela Shoemaker and Timothy Vos (2009), for instance, note that this concept has traditionally been employed to analyse how news corporations filter out information.

In terms of the cultural industries, Paul Hirsch (1972) applied the concept of the gatekeeper to cultural organisations in the publishing, music and film industries. In a literal sense, organisations described as gatekeepers in the cultural industries decide which products are let through the gates as they move from the early stage of development, to production, to distribution, and ultimately to consumption; how those products pass through those gates; and what is barred. Their ability to control cultural flow separates gatekeepers from other types of cultural intermediaries in conceptual terms. Given that such decision-making takes place at different levels and stages of the supply chain, gatekeepers have also been operationalized metaphorically as organisational filters (Hirsch, 1972; Godart & Mears, 2009).

Gatekeeping has always been about regulating cultural flow, with a particular emphasis on influencing processes of access, creativity and diversity. In academic

circles, these processes have been explored from the perspective of both production and distribution companies. Scholars have focused on the role of producers in the early stages of the development process, and on the role of distributors in the subsequent sales and distribution stages (Bielby & Bielby, 1994; Havens, 2006; Bloore, 2013). Such studies reveal that the notion of gatekeeping entails more than simply opening and closing gates. For instance, Negus places emphasis on the organisation of the gatekeeping process, and the need for engagement with creative talent to carry projects forward:

Taken alone, the gatekeeper concept is limited by the assumption that cultural items simply appear at the 'gates' of the media or culture producing corporation where they are either admitted or excluded. Not only is content actively sought out (someone has to go and find the talent or the story), it can be systematically planned, with staff in the organization deciding in advance the genre of story, music or film they are seeking and encouraging its internal construction or sub-contracted production (2002:510).

As Negus demonstrates, the conceptual parameters of the concept mean that a literal interpretation of gatekeepers is only helpful to a certain degree. For the publishing industry, Thompson confirms the need for analysing the organisation of the gatekeeping process, demonstrating that relationships between authors, agents and publishers are not always linear:

The interaction is much more complex than it might at first seem. Sometimes it is a simple linear process: the author writes a text, submits it to an agent who takes it on and then sells it to a publisher. But often it is much more complicated than this simple linear process would suggest: an agent, knowing what publishers are looking for, often works closely with his or her clients to help shape their book projects, especially in the area of non-fiction, and proposals may go through multiple drafts before the agent is willing to send them out, or a publisher may have an idea for a book and seek to commission an author to write it, and so on (2010:16).

This quotation shows that multiple factors may impact on the development of creative works before they reach publishers, and that publishers can in some cases exert more control over the creative process than in others. Thompson goes on to draw attention to the nature and complexity of relationships between authors, agents and publishers:

It is not altogether unhelpful to think of agents and publishers as ‘gatekeepers’ of ideas, selecting those book projects they believe to be worthwhile from the large number of proposals and manuscripts that are submitted to them ‘over the transom’ by aspiring authors and rejecting those that don’t come up to scratch. But even in the world of trade publishing, which probably concurs with this model more closely than other sectors of the publishing industry, the notion of the gatekeeper greatly oversimplifies the complex forms of interaction and negotiation between authors, agents and publishers that shape the creative process (2010:17).

The fact that publishers may become involved in an early stage of the development process means that they can intervene creatively as gatekeepers who are expected to know what sells in international markets. However, as Thompson demonstrates in this quotation, such creative intervention results in “complex forms of interaction and negotiation between authors, agents and publishers”. I will further elaborate on such interactions in the next section.

Tensions between creativity and commerce

There is a broader discussion to be had regarding the relationship between creative talent and business professionals in the cultural industries. Several scholars have argued that this relationship is by nature conflictual given the tensions and contradictions that exist between creativity and commerce (DiMaggio, 1977; Negus and Pickering, 2004; Hesmondhalgh & Baker, 2011). Keith Negus and Michael Pickering (2004:47), for

instance, have observed that such tensions particularly exist between creators (the artists) and producers. They demonstrate that creators and producers are always dependent on each other, although they may have divergent interests:

Moving from the moment of acquisition, a further question concerns the degree to which personnel within various media and cultural producing organisations will intervene in the creative process, and the reasons they may have for doing this. This is another issue that is frequently highlighted by musicians, writers and film makers. Their first complaint usually concerns the difficulty of getting signed; their next grudge concerns the degree of 'artistic freedom' which may or may not be experienced. Here we must recognise that due to the organisation of modern production it has become increasingly impossible to produce a cultural artefact alone without the intervention, assistance, guidance, collaboration or hindrance of other people (2004:55).

Negus and Pickering are attentive to tensions between creativity and commerce in this statement, which seem to be inevitable given conflicting interests of creative talent and business professionals. Indeed, such tensions are characteristic of the collaborative nature of processes of cultural production. They also discuss the dichotomy between artistic and commercial works. Taking the film industry as an example, the notion of authorship is attributed to artistic directors such as Alfred Hitchcock and Orson Welles. If some directors are more closely associated with the qualities of artistic filmmaking than with commercial filmmaking, artistic directors are known for their distinctive (and often consistent) style and therefore their relative power over the creative filmmaking process. However, Negus and Pickering (2004:57) note: "Even relatively distinctive film directors are not immune to unwelcome interference, which can occur at any stage of the production process."

It is this creative interference that is often analysed from the perspective of producers, but not from the perspective of sales agents and distributors. However, distribution professionals may equally exert an influence over creative processes. In

terms of the film industry, Finney and Triana (2015:66) note that distribution professionals often demand influence over the creative process if they are to play an important role in the financing of particular films. For example, for the \$14 million film *The Reckoning* (2002), they demonstrate that Paramount Classics (the specialist arm of Hollywood studio Paramount Pictures) demanded several changes to a finished version of the film.

On Screening, Paramount Classics [a distributor in this context] bought North America, Japan, Latin America, South Africa, and the Middle East for \$1.75m, but demanded a new music score, and significant edits and a two-day re-shoot. The additional ‘cost’ of the deal was around \$130,000, which was to be split 50-50 between Renaissance [the producer and sales agent], and Paramount (2015:49).

The rationale behind such demands is that distribution professionals such as sales agents and distributors have developed the skills, knowledge and expertise to position films in the global marketplace, and their interventions in creative processes is then sometimes necessary to support the commercial performance of films. Management studies are particularly attentive to such interventions, whereby the creative freedom of creative talent is restricted to serve the commercial imperatives of investors. Joseph Lampel et al. (2000), for instance, regard such compromises as a ‘balancing act’. The terms of this balancing act are commonly negotiated between creative talents and producers.

However, it is clear that distribution professionals may also impact on this balancing act as soon as they become attached.

Given the ability of distribution professionals to intervene in creative processes, it is important to explore the nature of their relationships with producers in more detail. In what production contexts are distribution professionals able or unable to exert an influence on creative processes? And how do they benefit from creative intervention?

Such questions about the role of distribution gatekeepers will be addressed in relation to sales agents and distributors in the film industry in section 4.4 of this chapter. In this section, however, I will draw further on existing literature to develop an analytical perspective through which to study gatekeeper functions.

Studying gatekeeper functions

The engagement of business professionals at different levels in the marketplace, where they perform specific functions at each level, clearly affects the processes of cultural flow, and it is this engagement, these functions and these processes that are described by the concept of gatekeeping. Pacey Foster and Richard Ocejo (2015:410) offer an analytical perspective for comprehending such different functions, describing how they are played out in different stages of cultural production. They employ the widely applicable notion of ‘brokerage’ to describe mediation processes in the space between production and consumption. While developing the work and typology of Roger Gould and Roberto Fernandez (1989:409), they identify three different brokerage functions. The first they identify involves *gatekeepers* engaging with search and selection activities; the second involves *coordinators* providing input to the production process; the third involves *representatives* organising promotional activities. These brokerage functions change progressively through the stages of production, distribution and consumption.

My interpretation of such brokerage functions overlaps with, and diverges from, this perspective in various ways. Following the descriptions of gatekeeping activities provided by Negus (2002) and Thompson (2010), I conceive the three brokerage functions identified by Foster and Ocejo as integral parts of what I call ‘the gatekeeping process’. My focus is explicitly on distribution professionals with decision-making authority, for whom the more specific term gatekeeping is more appropriate than the

less specific term brokerage. Given this choice of terminology and approach, I refer to gatekeeping functions rather than brokerage functions. Even so, Foster and Ocejo's typology remains helpful in comprehending those gatekeeping functions and I will therefore explore this typology in more detail by drawing on more recent studies (Table 4).

First, those performing a *search and selection* function focus on the acquisition of new projects. This function has been analysed in gatekeeping studies by Timothy Havens (2011), Brian Moeran and Jesper Pedersen (2011), Thomas Franssen and Giseline Kuipers (2013) and Sam Friedman (2014). They demonstrate the importance of close relationships with cultural producers, and the function of networking events such as sales markets or trade fairs in acquiring cultural products. While Foster and Ocejo call this the 'gatekeeper' function, I regard this as the 'search and selection' function as part of the gatekeeping process. Second, those performing a *coordinator* function provide input on the creative and business process of cultural production, as explained by Negus and Pickering (2004). For instance, in the film industry, it is by no means unusual that sales agents (and sometimes distributors) become formally attached as co-producers and their creative input is often needed to prepare projects for sales and distribution (Finney & Triana, 2015). Third, further down the supply chain, those performing a *representative* function engage with promotional and tastemaking activities while connecting cultural works to audiences. Important (international) events such as festivals and awards competitions are often used strategically to position cultural products with critics, the media, and distributors (Moeran & Pedersen, 2011; Mezas et al. 2011). The characteristics of the various gatekeeping functions are summarised in Table 4 below.

Table 4. A typology of gatekeeper functions.

Gatekeeper functions	Characteristic business activities
The search and selection function	Developing relationships with cultural producers. Participating in networking events.
The coordinator function	Influencing the creative and business process of cultural production.
The representative function	Engaging with promotional and tastemaking activities. Connecting cultural works to audiences.

Foster and Ocejo argue that there is still much to be done to understand how these functions in the cultural industries are carried out at various stages and why they are needed. How do gatekeeping functions change in different stages and contexts? What influence do they have in shaping and structuring work practices in the space between production and consumption? And how is their decision-making organised? Before addressing such questions, I will analyse the role of sales agents as gatekeepers in the film industry in depth to provide a better understanding of their role between producers and distributors.

4.3 Sales agents in the film industry

Having set out a conceptual and analytical framework through which to understand the role of cultural intermediaries and gatekeepers, this section will focus on the specific role of the sales agent in the film industry. Drawing on academic literature and trade press coverage, it sheds light on the functions performed by sales agents, the size and scope of the sales community, and the role of policy organisations and trade associations.

The role of the sales agent

Academic scholarship has acknowledged the importance of particular types of ‘agents’ or ‘agencies’ as gatekeepers in the cultural industries, and two types in particular have been cited repeatedly. First, there are *talent agents* who represent creative talent such as writers, artists, musicians, and actors with the purpose of introducing and promoting them to cultural producers (Thompson, 2010; Roussel & Bielby, 2015). Second, there are *sales agents* who mediate between producers and distributors, and this is the type of agent I focus on. Their objective is to sell films to international distributors. While production companies (producers) in the film industry often negotiate distribution deals directly with distributors in the local, national market from which they operate, they work with sales agents to enable distribution in international markets.

In terms of the business functions and activities of sales agents, Stacey Parks (2012) and Gini Scott (2015) observe that film acquisition is an essential part of their work. Sales agents are constantly following and evaluating new films in development, informing themselves and others about the development of the film production process, and responding to market opportunities; they consider when to engage with specific projects, how much influence they can have, and what type of distributors they will attract; and they predict the commercial and cultural values that such films might have to appeal to international audiences. Thus, sales agents assess film projects developed under specific circumstances and negotiate specific terms with producers.

It is, in this respect, important to note that sales agents become attached to projects at different stages of the film production process. Thus, they may become attached when the film project is developed and prepared in a pre-production stage; they may become attached when the film has formally moved into the production stage; they may become attached after shooting in the post-production stage; or they may become

attached when the film is completed (i.e. the finished stage). The commitment of a sales agent in the early stages of the production process is particularly reliant on the film's 'package'. Finney and Triana (2015:28) note that elements such as the script, production budget, (co-)production partners, leading actors and the director(s) impact on the decision-making of sales agents. In particular, the production budget is broadly indicative of the sort of film that is developed. The production budget is also broadly indicative of the way films are financed, and the need for pre-sales, as discussed in Chapter 2.

It is clear that films with relatively high budgets are particularly reliant on pre-sales with international distributors, and therefore need the commitment of a sales agent in the pre-production stage to introduce these films to international distributors, and raise sufficient pre-sales financing to move into production. Finney and Triana (2015:42) note that films will not generally receive a 'green' light to move into production if financing is not in place or guaranteed.⁹ It is the task of the lead producer to make this decision, taking into consideration the sort of funding that is secured from private investors, public funding bodies, tax breaks, co-production partnerships and international distributors.

From interviews with several sales agents and distributors in the UK market, it became clear that film projects with budgets higher than £5 (\$7.5) million are particularly in need of a sales agent in the pre-production stage to be able to secure pre-

⁹ There are various forms of film investment, such as equity, debt and gap financing. First, distributors provide equity financing for acquiring the distribution rights of films; they negotiate a price for which they control the revenue streams in return. Second, debt financing is a loan provided by financiers (usually with interest) to contribute to the financing of films. Third, gap financing is a loan provided by financiers if extra financing is needed to move into production. Gap financing is often based on the predicted value of key territories for which distribution deals are negotiated after the green-lighting decision (Finney & Triana, 2015:250-262).

sales financing. For the sake of clarity, most of such projects fall in budget categories between £5 (\$7.5) million and £15 (\$22.5) million, but some of these projects are also made on budgets of £30 (\$45) million, \$50 (\$75) million, and even £100 (\$150) million or more.

Given that such projects are usually developed with well-known film actors and directors attached, they are frequently introduced as high-profile films in the film sales markets. Sales agents, particularly the bigger ones, are therefore keen to get involved with such projects if they become available to the sales business. In fact, because film production companies with in-house sales departments often develop such high-profile projects, it is often the case that such films already have a sales agent attached before they are introduced in the marketplace. It is also worth noting that some producers have established output deals with sales agents, whereby sales agents become automatically attached to new films developed by producers. Such arrangements are particularly common between sales agents and producers which belong to the same national market.

In terms of the remaining high-profile projects, which are introduced in the marketplace without a sales agent attached, the competition amongst sales agents to represent these films to international distributors is fierce. Because such high-profile films are usually reliant on pre-sales, sales agents perform an important gatekeeping role in securing distribution deals and enabling the bigger films to move into production. This is a challenging process, and Finney and Triana (2015:42) note that it is by no means unusual that some film projects will need to be re-developed and re-packaged to convince financiers and distributors, and secure more financing to move into production. On the other hand, there are also projects that are perceived as too risky and therefore fail to secure the financing needed to move into production. In other words, the role of sales agents is essential in the filtering process of high-profile

projects, directly impacting on the process of enabling of disabling access.

In addition to such high-profile films, sales agents become attached to smaller films on offer in the marketplace, produced on budgets below £5 (\$7.5) million. These films are usually local or national films, which are designed to appeal to audiences in specific countries or territories. However, many such films are also picked up by sales agents and brought into international markets, well beyond the national or domestic market in which they originate. By way of comparison, the financing of such films relies more heavily on public funding and private investors, and is less dependent on pre-sale deals with distributors (Finney & Triana, 2015). While it is a fact that the global marketplace for films is made up of many such smaller, low-budget productions, there is less competition between sales agents for these films. As a result, sales agents can afford to be more selective about which of those films they will support, and in which stage of the production process they become attached. Thus, they may become attached at the pre-production or production stage, when they can bring in creative and business expertise to prepare films for international sales; or they may wait until the first filmed materials become available, and commit at the post-production or finished stage (Creative Europe, 2017).¹⁰ Here, sales agents become involved in a filtering process that is not necessarily related to the green-lighting process of films. Instead, they search for smaller films with international appeal, and it is the overabundance of potential contenders that means some projects will be excluded and fail to gain access to the next stage.

Once sales agents commit to films and become attached, they take control over the distribution process and develop a strategy to bring films to the attention of

¹⁰ I contributed as a consultant and researcher to the Creative Europe report ‘Circulation of European Films: The Distribution Sector Perspective, which will be published in 2017.

(international) distributors, film festivals and the media (Finney & Triana, 2015). Thus, they develop a sales plan and a marketing campaign, while also maintaining close relationships with festival programmers (Parks, 2012; Scott, 2015). As noted in Chapters 2 and 3, sales markets are key to establishing the profile of films, negotiating distribution deals, and enabling access to international markets. Deals with distributors in international markets are usually negotiated on an ‘all-rights’ basis, which allows distributors to release films in cinemas, on DVD and Blu-ray in physical disc market, in the online video-on-demand (VOD) market, in the television market, and in other ancillary markets (Finney & Triana, 2015). In some countries or territories, sales agents also negotiate deals directly with the retail or exhibition sector if distributors are not prepared to acquire all rights.

This capacity to release and circulate films internationally is yet another filter which relates to the notion of gatekeeping and the process of enabling access. On the one hand, sales agents secure distribution and open the gates to national markets or territories worldwide; on the other hand, only a few films manage to secure such access, and the gates to many international markets remain closed to the majority of films. While organising the distribution process of films, sales agents are also able to exert influence over audience preferences and perceptions as contributors to the process of tastemaking.

Given these various stages of gatekeeping, it is surprising that there is little empirical evidence about the decision-making and influence of sales agents in specific contexts. An in-depth analysis of sales agents provides a new perspective through which to comprehend their role as gatekeepers, and to acquire a better sense of the issues raised by Negus (2002), Thompson (2010), and Foster and Ocejó (2015) about the challenging process of gatekeeping. How, for instance, do sales agents become attached

to films? How do they organise the sales process? What role does the film festival circuit play in promoting films to audiences? And how do they exert an influence over the creative filmmaking process?

The sales community

In Chapter 2, I explored how the sales community developed historically, with the first stand-alone sales companies entering the market and offering their services to independent producers. Through such companies, the sales community was able to impact on accepted processes and regulations by which films made their way from the producer to the distributor and eventually to audiences. In particular, such sales companies demonstrated that there is a market for films which are not represented by (in-house) sales departments of integrated production and distribution companies. The sales community expanded considerably in the 1980s and 1990s, and Martin Dale provides a useful typology of sales companies and operations in the US and Europe in the late 1990s (1997:84). I will draw on Dale's analysis of the sales community in the past as a point of comparison for developing a new typology of sales agents in the contemporary film industry.

Dale notes that there were more than 200 sales companies in the late 1990s, which could be broken down into four specific categories (1997:84). He defined these four categories by the nationality of the companies involved, the size of their organisations, and the nature of their sales and distribution arrangements. The two most powerful categories Dale observed were a small cluster of nine 'prestige' sales companies, constituting an oligopoly that accounted for as much as 40% of international sales; and a slightly larger cluster of twenty 'crossover' sales companies which accounted for a further 20%. The sales community also included two further clusters to which a much larger number of hundreds of smaller sales companies belonged: 'niche sales

companies' and 'direct-to-video sales companies'. Although those clusters were larger in size than the 'prestige' and 'crossover' clusters, they accounted for a relatively small share of international sales.

It is important to note that Dale was also attentive to the sales operations of the leading Hollywood studios (the majors). These studios, as explained in the Introduction chapter, would distribute films mainly through their own global network of distribution offices, rather than negotiating individual deals with a range of distributors. The role and function of their sales departments was thus very different to how other sales companies in the independent sector of the business operated to finance films and negotiate distribution deals, which is why Dale discussed their operations in a separate chapter of his book and why they were excluded from his typology of sales companies.

Returning to the four categories identified by Dale, he notes that the prestige category included six US sales companies (Carolco, Castle Rock, Morgan Creek, Miramax, New Line and Summit) and three UK sales companies (Majestic, Polygram and Rank). Some of them had developed strong ties to Hollywood majors (or their subsidiaries), and they organised distribution mainly through their offices in markets worldwide; others established in-house offices in some key markets or territories, and relied on output deals with non-Hollywood studios or large distributors in other markets or territories to organise distribution (1997:78).

In terms of the crossover category, 18 out of the 20 companies Dale identified were of either US or UK origin. They were large production companies with in-house sales departments, and typically relied on output deals with selected international distributors to raise financing and secure distribution in their territories. The niche category, by contrast, comprised US sales companies, UK sales companies, *and* a range of sales companies from other European countries. Dale further notes that the prestige and

crossover companies worked with organisations of respectively up to 30 employees and 12 employees, while niche sales companies and direct-to-video sales companies worked with smaller teams.

Dale’s typology of sales agents in the 1990s is helpful in understanding how the sales community has developed over the last 20 years. New sales companies have emerged in this period, affecting existing hierarchies and the clusters to which sales companies belong. I already noted in Chapter 3 that different types of sales agents were participating in the EFM sales market, which I loosely defined as involving a group of *bigger* sales agents and a group of *smaller* sales agents. However, in this chapter, the typology will be further developed. I will identify four categories of sales activity in the contemporary film industry, which overlap and diverge from Dale’s typology in various ways (Table 5).

Table 5. A typology of sales agents in the contemporary film industry

Different types of in-house or stand-alone sales agents	Examples of sales companies	Business operations and distribution strategies
Hollywood and non-Hollywood studios (tier 1)	The six major Hollywood studios and the non-Hollywood studio Eros International.	Fully integrated production and distribution structures through which films are distributed in most countries and territories.
Sales-financing-production companies (tier 2)	EuropaCorp, Pathé, StudioCanal, Trust/Nordisk, IM Global, Lionsgate, and Entertainment One.	Partly integrated production and distribution structures. Distribution relies heavily on output deals and one-off deals.
Specialist companies (tier 3)	Beta Cinema, HanWay Films, Films Distribution, LevelK, The Match Factory and Protagonist Pictures.	Principally stand-alone sales outfits. Distribution relies on output deals and one-off deals.
Stand-alone companies (tier 4)	MovieHouse Entertainment, Park Entertainment and Parkland Pictures.	Principally stand-alone sales outfits. Their business is more reliant on sales directly to

		companies in the home video and television market.
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First, given the importance of powerful studio corporations in the global marketplace, it makes sense to include a category of ‘Hollywood and non-Hollywood studios’ to make the typology of sales companies fully comprehensive. The six major Hollywood studios are Warner Bros. Entertainment, Walt Disney Studios, Universal Studios, Sony Pictures Entertainment, 20th Century Fox and Paramount Pictures. In addition, the major Indian studio corporation Eros International is a good example of a non-Hollywood studio, operating with a global distribution network in more than 50 countries, as they note on their website (Eros International, 2017).

As noted in Chapters 1 and 2, the studios identified in tier 1 work with vertically integrated production and distribution operations; the films they engage with are distributed through globally integrated distribution networks. For instance, Warner Bros. Entertainment is the lead producer of popular franchises such as *Harry Potter* (2001-2011) and *Batman* (1989-2016). The distribution of those films in most countries or territories is organised through their own distribution offices, while they collaborate (usually as part of output deals) with other studios or local distributors in some smaller markets. In addition to such integrated operations, the Hollywood studios occasionally participate as buyers and sellers in the independent sector of the business, often through their subsidiary arms. In some cases, they decide to sell the distribution rights of their films for some countries or territories at sales markets; in other cases, they decide to acquire distribution rights of attractive projects on sale in the marketplace.

Second, while Dale distinguished between ‘prestige’ and ‘crossover’ companies in the 1990s, they are now more commonly labelled together as ‘sales-financing-production’ companies in the trade press. Like the studios and their subsidiaries, they are often financiers and (co)-producers of the films they represent internationally.

However, the distribution of their films relies heavily on output deals and one-off deals with international distributors, and only some of them work from distribution offices in (a few) international markets. Because such partly integrated operations of sales-financing-production companies put limits on distribution, they occasionally negotiate deals with Hollywood studios to organise distribution through their global networks. Examples of such sales-financing-production companies include the European companies EuropaCorp, Pathé, StudioCanal and Trust/Nordisk, and the North American companies IM Global, Lionsgate, Entertainment One, FilmNation Entertainment, Sierra/Affinity, The Weinstein Company and Mister Smith Entertainment.

Some commentators note that this cluster of sales-financing-production companies expanded when the focus of Hollywood studios shifted to the production of a small number of massive-budget ‘tentpole’ films in the late 2000s, and market circumstances changed. For instance, The French corporation EuropaCorp has produced films such as *Lucy* (2014), *Taken 3* (2014), and *The Transporter Refueled* (2015), on budgets varying between \$25 and \$50 million. They were the lead producer of those films, which they then sold through their own sales department. They also operate as a distributor in the French home market, while they negotiate output deals in as many as 10 distribution territories, including the US and China. As the head of sales, Marie-Laure Montironi notes: “We’ve expanded [our] policy to make sure we have some faithful partners around the world” (quoted in Goodfellow, 2015). And those output deals also contribute to the financing of films: “Knowing we already have at least 10 territories on a pre-financing plan makes our lives a lot easier” (quoted in Goodfellow, 2015). There are also examples of successful franchises which have come out of the film slates of sales-financing-production companies, including *The Hunger Games* franchise (Lionsgate), the *Twilight* films (Summit Entertainment), the *Taken* trilogy (EuropaCorp) and *The*

Transporter franchise (EuropaCorp).¹¹ For some of their most recent films, such as *The Hunger Games: Mockingjay (Part 2)* (2015) and *The Twilight Saga: Breaking Dawn (Part 2)* (2012), they worked with budgets in the range of \$100 to \$200 million, resembling the (extreme) economic standards of Hollywood blockbusters or tentpoles, and demonstrating that they are serious players in the business.

The third tier of sales companies today involves a bigger group of small and medium-sized enterprises (SMEs), which I call ‘specialist’ sales agents. They typically deal with smaller (niche) films, and are particularly known for their commitment to specific directors or film genres. While they operate principally as sales outfits, they occasionally engage with the financing and/or production of films in their catalogues. However, in terms of distribution, they operate on a smaller scale than sales-financing-production companies; rather than controlling distribution through partly integrated structures (e.g. by establishing offices in some international markets), they rely more commonly on output deals and one-off deals with international distributors.

As with the niche sales agents that Dale identified in the late 1990s, this segment of specialist sales agents is less dominated by US companies and UK companies, involving a range of companies from around the world, with several in France and Spain. The European companies include Beta Cinema (Germany), HanWay Films (UK), Films Distribution (France), LevelK (Denmark), The Match Factory (Germany), Protagonist Pictures (UK) and Latido Films (Spain). Beta Cinema is a good example of a specialist sales agent, selling a combination of low- and medium-budget films. At the Berlin Film Festival 2015, for instance, they sold low-budget films such as *The Farewell Party* (2014), *Labyrinth of Lies* (2014) and *Walter* (2015), but also films such

¹¹ Lionsgate acquired Summit Entertainment in 2012.

as *Colonia* (2015), made on a budget of \$14 million. In terms of their business operations, they occasionally become attached as co-financier or co-producer, while they also hold an ownership stake in Majestic Film, a key production and distribution company in Germany, as noted in an interview by their managing director, Dirk Schürhoff (2015). Their relationship with Majestic Film ensures that they represent their films internationally. In the case of *Colonia*, for instance, Majestic Film was the German co-producer and distributor, while Beta Cinema negotiated international sales.

A fourth and final tier of sales agents in today's film industry consists of a large group of 'stand-alone' sales companies. They act principally as sales agents, working with modest financial resources and small sales teams, and engage primarily with low-budget art-house or low-budget mainstream films in popular genres such as drama, thriller, horror and comedy, but usually without well-known film stars or directors attached. Because of limited available theatrical space for such films in cinemas, the stand-alone sales agents might negotiate deals directly with international companies in the home video market (physical and online) and television market, if this provides a more efficient and effective way of securing international distribution than negotiating (all-rights) deals with international distributors. Dale's description of direct-to-video sales companies (now also known as straight-to-DVD or straight-to-VOD) thus applies partly to sales companies working in this segment. It is, however, worth noting that the definition of the straight-to-VOD label is currently subject to change with the development of the online VOD market, because even some big-budget films are released straight-to-VOD. I will argue in Chapter 7 that this development is impacting on the status of the straight-to-VOD label as an analytical category.

Examples of such smaller, stand-alone sales companies in the UK include MovieHouse Entertainment, Park Entertainment and Parkland Pictures. MovieHouse

Entertainment, for instance, is run by a small team consisting of two experienced sales and distribution executives, a marketing and production manager, and a representative based in Los Angeles. They represent low-budget mainstream films such as *Hallows Eve* (2016) and *ID2: Shadwell Army* (2016), which have to compete fiercely for screening space in cinemas, since films made on bigger budgets occupy most of the available theatrical space for films that appeal to mainstream audiences. However, their content appeals to mainstream audiences in the physical disc market (as sold in supermarkets, department stores, entertainment stores etc.), and the online VOD market. In terms of international sales, it often makes sense to bypass the international distributor in this context and negotiate a deal directly with home video companies to save costs on distribution fees.

This typology demonstrates the range of companies working in a remarkably large sales community. As with Dale's typology, a top-down hierarchy is observable, with a few large companies in powerful positions at the top and a large number of small specialist and stand-alone companies at the bottom. Dale writes of a community involving more than 200 sales companies, but this number has clearly increased in the last two decades; for instance, 607 sales companies participated in the 2016 Cannes sales market, which is the most popular sales market for the film sales community (Marché Du Film, 2016). This demonstrates that the number of small, specialist sales companies (tier 3) and stand-alone sales companies (tier 4) have increased in the past decades.

Beyond sales companies

The sales community involves more than just the companies working in the business of sales. Like any other distinctive activity of the film supply chain, the sales community is

regulated by the policy activities of national film agencies and funding bodies, and supranational support bodies and sales associations.

First, national film agencies support national productions in the international marketplace with the purpose of promoting home-grown creative talent, local film companies and workforce in the creative economy. They develop policies to stimulate cultural distinctiveness, national identity and national values, particularly by providing financial support for smaller (national) films. Thus, as noted in Chapter 3, they coordinate umbrella stands in the key sales markets to bring together financiers, film bodies, producers and distributors from their respective countries. These various bodies and companies organise meetings with international clients to talk about film locations, co-production partnerships and post-production facilities, while sales agents use this space to discuss new projects in development and distribution deals. National agencies also provide financial support to film projects, for which they have developed (competitive) schemes which support various aspects of the filmmaking process. Most of the funding is spent on tax rebates for co-production partnerships, but there is also support for international sales and distribution (Creative Europe, 2017). The British Film Institute (BFI), for instance, has developed a ‘film export scheme’ for films selected for international festivals, while they have also created the brand ‘We Are UK Film’, under which British film companies form a collective to represent and promote UK films to the international film business (BFI, 2015). The film collections and the company details of UK sales agents are included in their marketing materials. Similarly, the brand ‘UniFrance’ (French Cinema Worldwide) has been established in France to support French films in the global marketplace. In addition to providing support at the key festivals and sales markets, they also organise an important event, the ‘Rendez-

Vous', in Paris every year to attract international buyers and increase international sales for French films, as noted by trade reporter Goodfellow (2016).

National film agencies in other European markets work with comparable brands through which they support their films. They also work with comparable funding schemes to support their films, although there are huge differences in the amount of funds allocated to international sales. In fact, in some European countries, film agencies have only recently decided to make funds available to support international sales. For instance, the national film agency in France, Centre National du Cinéma (CNC), has been supporting French sales agents financially only since 2013, as trade reporter Keslassy (2015) notes.¹²

On a European level, the European Union (EU) support mechanism for the audiovisual industries, Creative Europe, provides funding for the development, production, sales, distribution and consumption of European films (Creative Europe, 2015). Financial support for sales and distribution is acknowledged through schemes such as 'automatic' and 'selective' funding, and for 'online distribution' funding. Automatic funding is awarded to sales agents and distributors who regularly engage with European films, while selective funding is awarded to European distributors who become occasionally attached to selected European films. The various online distribution schemes provide support to sales agents, distributors and VOD services who increase the visibility of European films online, particularly in countries where European films are not likely to be released in cinemas. European sales agents can also

¹² In France, sales agents have established their own sales association, which is called 'Association des Exportateurs de Films' (ADEF). The association was founded in 1999 with the purpose of strengthening relationships amongst French sales agents and establishing a collective through which their films are promoted in the international marketplace (ADEF, 2016). In 2015, the CNC and ADEF presented a new subsidy plan for French sales agents, which is worth €15 million per year (Keslassy, 2015).

rely on the support of the Creative Europe Network, and participate in their umbrella stands at the sales markets. Furthermore, Creative Europe supports the European Film Promotion Network (EFP), which provides financial support for sales agents to participate in film festivals and sales markets outside Europe.

Eurimages is another pan-European funding organisation developed to support European co-productions, and the distribution and consumption of European films. It provides, amongst others, support for distributors who are based in member states of the Council of Europe, with no access to the Creative Europe programme, such as Turkey, Switzerland and the Russian Federation. The Council of Europe includes 47 member states, and is not to be confused with the European Union (which comprises 28 European countries), although they are both associated with the same European flag.

Also important is the role of sales associations such as the Independent Film and Television Alliance (IFTA). As described in Chapter 2, IFTA replaced AFMA in 2004, which has been a sales association since 1980. IFTA protects the interests of independent film and television companies in the global marketplace. On their website, they note that they negotiate regulations and terms with national and supranational policy bodies on behalf of more than 135 members, including finance companies, producers, sales agents and distributors from more than 20 countries, and some of them are sales-financing-production companies (IFTA, 2016). They also note that their biggest concerns include intellectual property rights, anti-piracy regulations, access and barriers in the new online market, marketplace conditions and media consolidation (IFTA, 2016). It is worth noting that the six Hollywood studios are not members of IFTA; they have their own trade association, the Motion Picture Association of America (MPAA).

There are also trade associations that are specifically designed to protect the interests of European film companies. In Europe, for instance, there is the European Producers Club (EPC) for producers, Europa International (EI) for sales agents, Europa Distribution (ED) for distributors, and Europa Cinemas (EC) for exhibitors. Europa International was founded in 2011 by the sales companies The Match Factory (Germany), TrustNordisk (Denmark) and Doc & Film International (France). According to the Managing Director of EI, Daphne Kapfer, they were determined to establish a better dialogue with Creative Europe and its incentives to support sales agents (cited in La Porta, 2014). Their efforts paid off, with the organisation quickly expanding to 35 members by 2014. Kapfer also notes that the support from Creative Europe for sales agents increased significantly in that period, from €1.5 (\$2.1) million to €2.7 (\$3.6) million. In addition, Kapfer notes that EI negotiated new terms of eligibility for sales agents, and this allowed small-scale sales agents with catalogues of only three films to apply for European funding (cited in La Porta, 2014).

4.4 The empirical analysis: case studies

Sections one to three of this chapter have established a conceptual framework to analyse gatekeepers, and a perspective of the film sales community. I will now develop an empirical analysis of how sales agents at different levels of the business operate through case studies of three European films: *The King's Speech* (2010), *Ida* (2013) and *Oh Boy* (2012). These case studies help develop a more comprehensive understanding of the work practices of sales agents.

The usefulness of case studies

The scope of the empirical analysis is deliberately limited to three films, as this will allow me to analyse the involvement of sales agents in greater depth. Each case study

sheds light on the production context, the involvement of the sales agents and the role they perform in terms of enabling and disabling access to the market.

Each of the three selected European films falls into a different budget category and is represented by a different type of sales agent: *The King's Speech* is a medium-budget film represented by the American sales-financing-production company Film Nation; *Ida* is a low-budget film represented by the Danish stand-alone company Portobello Film Sales; and *Oh Boy* is a micro-budget film represented by the German specialist company Beta Cinema. Such diversity between sales agents and the different types of films they represent allows an in-depth understanding of various aspects of their acquisition and sales process. These aspects are important to explore in terms of how specific circumstances bring about different forms of interaction and negotiation to the gatekeeping process. I will draw on the studies of Negus (2002), Thompson (2010), Foster and Ocejo (2015) and others to take my discussion of the case studies further, and develop an analytical understanding of gatekeeping processes.

Given the specific (and unique) creative and business context in which films are created and developed, a straight comparison between individual films is difficult, if not impossible. Sales agents may rely on routinised patterns and tried-and-tested strategies for films that are similar in terms of the package and budget, but they rarely develop identical marketing strategies and release strategies: partly because they are dealing with films which require a specific approach; partly because they are responding to competitors; and partly because of changing market circumstances. Thus, while one objective of these case studies is to identify broad similarities in the approach of sales agents and the decisions they make, another is to identify particular strategies deployed in specific contexts. It is through this combination of contextual background and close detail that the concept of gatekeeping is developed.

The King's Speech (2010)

This case study is based on information collated from various sources, including an interview with Gareth Unwin, the managing director of UK production company Bedlam Productions; an analysis of the production and distribution context of *The King's Speech* by Angus Finney (Finney and Triana, 2015:73-76); and secondary sources such as the trade press and newspapers. I also consulted the International Movie Database (IMDb) to learn about festival release dates, and the film database Box Office Mojo to learn about theatrical release dates in specific countries. The analysis of several commentators was denominated in US dollars (\$), and I decided to adopt this currency in this case study for methodological reasons.

Table 6. The creative and business context of *The King's Speech*.

<i>The King's Speech</i>	
Director	Tom Hooper (UK)
Leading actors	Colin Firth (UK), Geoffrey Rush (AU), Helena Bonham Carter (UK), Guy Pearce (AU)
Genre	Biography, drama, history
Country of origin and language	A UK-US co-production in the English language
Budget	\$15 million
Co-producers	See-Saw Films (UK, AU), Bedlam Productions (UK)
Funding bodies	UK Film Council
Sales agent	FilmNation (US)
Distributor in the UK market	Momentum Films
Distributor in the US market	The Weinstein Company

The co-producers

The scriptwriter David Seidler originally developed the story as a stage play, but the London-based film producer Bedlam Productions optioned the film rights for a screenplay adaptation and started the development process (Unwin, 2013). Bedlam Productions partnered with See-Saw Productions, another production company with offices in the UK and Australia, to help with script financing, recruiting creative talent and introducing the project to the international business (Finney & Triana, 2015). The

co-founder of See-Saw Productions, Ian Canning, brought in some experience with international sales. The co-producers envisioned a budget close to \$15 million and developed the film's package in order to raise financing largely from pre-sale deals with distributors (Unwin, 2013). In terms of the involvement of creative talent, the well-known Australian film actor Geoffrey Rush and the up-and-coming Australian-UK director Tom Hooper were the first to become attached. See-Saw Productions' involvement in the UK and Australia was useful in terms of establishing the first distribution deals: they pre-sold the distribution rights for the UK (\$1.6 million) and Australian market (\$0.7 million) directly by themselves (Finney & Triana, 2015). These deals were negotiated as part of a first-look arrangement between See-Saw Films and the UK distributor Momentum, while See-Saw Films and the Australian distributor Transmission have cross-shareholdings, as noted by trade reporters McClintock & Lodderhose (2010).

The involvement of FilmNation

With these first pre-sale deals in place and the project circulating to international companies, options for international sales developed when the UK distributor Momentum established a connection between See-Saw Productions and the US sales company FilmNation. Although FilmNation was only founded in 2008, they were already developing medium-budget projects such as *The Road* (2009) and *Frozen* (2010). FilmNation started initially as a sales company, but became a sales-financing-production company (tier 2) in 2009 when Aaron Ryder joined the team and FilmNation started to finance and produce films, as noted by trade reporter McClintock (2016b). The founder of FilmNation, Glen Basner, previously worked for large sales-financing-production companies in the US, such as Good Machine and The Weinstein Company, and his experience with the latter company was crucial to developing a sales plan for

The King's Speech. He envisioned a key role for The Weinstein Company in providing substantial funds for *The King's Speech* by acquiring distribution rights for the US and other key markets. Trade reporter Kay (2009) notes that Basner successfully negotiated a \$6.1 million deal, with The Weinstein Company becoming formally attached as executive producer and acquiring the distribution rights in North America, Latin America, Benelux, Germany, France, Scandinavia, Hong Kong and China. These constructive (independent) distribution deals, orchestrated and controlled by See-Saw Productions and FilmNation, were preferred over an all-inclusive studio deal with the boutique arm of one of the Hollywood majors, Fox Searchlight, as explained by trade reporters McClintock and Lodderhose (2010).

McClintock and Lodderhose further note that, with further financial help from institutions such as the UK Film Council, the UK Film Tax Relief Scheme, the private financier Prescience Film and the post-production company Molinare, the co-producers See-Saw Productions and Bedlam Productions formally moved into production in November 2009.¹³ With the shooting completed by the end of December and the project in post-production, FilmNation started to sell the film rights to distributors in remaining territories around the world. The Berlin sales market in February 2010 and the Cannes sales market in May 2010 were key in this respect. In addition, The Weinstein Company was selling distribution rights to distributors in countries for which they had acquired distribution rights in the pre-production stage. Thus, in terms the sales strategy developed by FilmNation, they opened the 'gate' to a select group of distributors in the pre-production stage, and to other distributors after the shooting. This demonstrates

¹³ Feature films that qualify for Tax Relief in the UK market receive a 25% rebate on production expenditure (BFI, 2017).

their impact on shaping and structuring gatekeeping practice in the space between production and consumption (Negus, 2002).

Another critical wave of distribution deals followed when the film was shown in the film festival circuit. FilmNation and The Weinstein Company used the festival circuit strategically to position the film with critics and distributors, thereby participating in the process of tastemaking and promoting the film to audiences (Smith Maguire, 2014:21). See-Saw Productions, FilmNation and The Weinstein Company followed a similar strategy to that adopted for *Slumdog Millionaire* in 2008. *The King's Speech* was shown publicly for the first time at the Telluride Film Festival in September 2010, raising awareness and industry buzz among a group of cineastes. It was presented the next week to international buyers at the Toronto International Film Festival, where it won the People's Choice Award. This audience prize is known as a strong (pre)-signifier for an Academy Award (Oscar) nomination: *Slumdog Millionaire* and *Precious* won this prize in 2008 and 2009 respectively, and were subsequently nominated for Oscars. The festival strategy, in combination with the positive response of audiences, enhanced FilmNation's bargaining power, and they were able to negotiate many new distribution deals in remaining territories around the world, as Unwin noted in a public interview (2013). The distribution rights were sold primarily to the bigger (non-Hollywood) distributors, including Eagle Pictures in Italy, DeaPlaneta in Spain and Cascade Film in Russia. These distributors often deal with medium-budget films such as *The King's Speech*, and it is this familiarity with the sort of audiences to which these films appeal that enables them to devise an effective festival and release strategy in local markets.

Crucially, in terms of the international release strategy, *The King's Speech* was released in US cinemas in November 2010 to qualify for the 2011 awards season. The

international release expanded to 11 countries in anticipation of the Golden Globe and Academy Award nominations (Box Office Mojo, 2016). This included key markets such as the UK, Australia, Spain and New Zealand. In January 2011, *The King's Speech* was nominated for 11 Academy Awards, including *Best Motion Picture of the Year*. The release expanded quickly to 46 countries in the four weeks leading up to the Academy Awards ceremony in February 2011 (Box Office Mojo, 2016). *The King's Speech* eventually won four Academy Awards, including *Best Picture*, and the release expanded to 55 countries (Box Office Mojo, 2016). The structure of the international release, essentially divided into three different gatekeeping stages in the build-up to and follow-up from the Academy Awards, demonstrates how the promotional and tastemaking process was organised strategically to generate buzz and gather momentum. In keeping with the analytical perspective of Foster and Ocejo (2015), this confirms the importance of sales agents performing a 'representative' function.

The role of FilmNation

FilmNation played an important role in the financing and green-lighting process of *The King's Speech*. Basner's attempt to negotiate a pre-sale deal with The Weinstein Company demonstrates that it was an attractive project for FilmNation to sell to international distributors, while at the same time showing the co-producers their determination to carry the project forward. It required serious effort to become attached to the film, and motivation and market intelligence were important factors in convincing the co-producers. The resulting collaboration between See-Saw Productions, FilmNation and The Weinstein Company meant that each of these companies brought in relevant expertise with international sales.

With these relationships in mind, it is possible to distinguish between three key moments in the gatekeeping process. First, See-Saw Productions negotiated distribution

deals directly in the UK and Australian home markets, thereby cutting out the sales agent (and sales fee). Finney and Triana (2015:76) note that the competitive distribution environment and the opportunity to exert more control over film projects were reasons for the Australian distributor Transmission to establish a partnership with See-Saw Productions. It is clear that such direct distribution arrangements in the UK and Australia are impacting on the gatekeeper role of sales agents, in this case FilmNation. On the one hand, FilmNation was never fully in control of the gatekeeping process because the distribution rights in the Australian and the UK home markets were sold before they became attached; on the other hand, these pre-sale deals were supportive to FilmNation because they added weight to the status of the package and helped to finance the film.

The second important moment in the gatekeeping process involved the \$6.1 million sales deal between FilmNation and The Weinstein Company, for which FilmNation received a sales commission. While this deal involved distribution rights for several countries and territories, The Weinstein Company is only a distributor in the US market. Therefore, The Weinstein Company sold the distribution rights to distributors in countries and territories outside the US for which they had acquired the distribution rights. In other words, they were performing the role of a sales agent and exerted some control over the gatekeeping process.

In terms of the third important moment in the gatekeeping process, FilmNation exerted control over the gatekeeping process in the many remaining countries and territories around the world. The film became a very attractive proposition in the marketplace after it was shown publicly for the first time at the Telluride Film Festival and the Toronto International Film Festival, and FilmNation was able to negotiate many new distribution deals in remaining territories.

To conclude, rather than a linear sales process from producer to sales agent to distributor to consumer, these three important moments in the gatekeeping process have demonstrated that producers, sales companies and distributors operated as gatekeepers at various stages, and they developed different forms of interaction and negotiation, confirming Thompson's description of gatekeepers (2010:17).

Beyond this analysis of gatekeeping processes, it is worth reflecting on the relationship between producers and sales agents. The co-producers Bedlam Productions and See-Saw Productions organised the casting and shooting process, negotiated deals with creative talent and production partners, and controlled the budget. They also engaged with the creative process and worked closely with the director, Tom Hooper. Given the \$15 million budget, the knowledge and expertise of See-Saw Productions in relation to the process of international sales was important in terms of identifying the cultural and commercial appeal of the package. Subsequently, FilmNation became attached and performed the gatekeeper function of 'coordinator' (Foster and Ocejo, 2015). Thus, they provided estimates in countries and territories worldwide, and this enabled all involved to reflect on the budget in relation to creative decisions. However, the co-producers and director Tom Hooper remained largely in control of the creative process, while FilmNation (and The Weinstein Company) focused primarily on the international sales and festival release strategy. The creative filmmaking process and the commercial sales process were thus essentially separated from each other. In fact, Unwin (2013) notes that the co-producers were determined to retain control over the creative process of the film, and this was an important reason for them to turn down a studio deal with Fox Searchlight. In terms of the problematic relationship between creativity and commerce (Negus and Pickering, 2004:57), this case study demonstrates that it is possible to ease and control tensions from an early stage of production, with

the function of FilmNation as ‘coordinator’ restricted in this case to influencing the sales processes only.

Ida (2013)

In my second case study, I shall discuss the low-budget Polish-Danish art-house film, *Ida*. The study draws on an interview with Christian Husum, the managing director of Danish sales company Portobello Film Sales. It is also informed by a public interview with the co-producers Ewa Puszczyńska (head of development of Opus Film) and Sofie Wanting Hassing (associate producer for Phoenix Film). Additional information is drawn from secondary sources such as the trade press, IMDb and Box Office Mojo. The analysis is denominated in Euros (€) because it is a European co-production.

Table 7. The creative and business context of *Ida*.

<i>Ida</i>	
Director	Pawel Pawlikowski (PL)
Writers	Pawel Pawlikowski (PL), Rebecca Lenkiewicz (PL)
Leading actors	Agata Kulesza (PL), Agata Trzebuchowska (PL)
Genre	Drama
Country of origin and language	A Polish-Danish co-production in the Polish language
Budget	€1.4 (\$1.8) million
Co-producers	Opus Film (PL), Phoenix Film (DK)
Funding bodies	Polish Film Institute, Eurimages, Danish Film Institute
Sales agent	Portobello Film Sales (DK)
Distributor in the Polish market	Solopan (PL)
Distributor in the US market	Music Box Films

The co-producers

Husum (2015) notes that the project was initiated as part of a longstanding relationship between the creative producer Eric Abraham of the Danish production company Phoenix Film and the Polish film director Pawel Pawlikowski. They started the scriptwriting process in 2006 and developed various drafts, winning the EU-MEDIA

European Talent Award for the best screenplay in 2010 which secured funding to further advance the script. According to Husum, Recebba Lenkiewicz became attached to assist Pawel Pawlikowski in developing a story concept which included two lead characters rather than one, and this revised script was introduced to funding bodies and business partners. In raising funding for the €1.4 (\$1.8) million budget, Phoenix Film received substantial financial support from the Polish Film Institute, while further funding came from the pan-European funding organisation Eurimages, the Danish Film Institute, and the production company Opus Film in Poland, as noted by trade reporter Barraclough (2015). Although Phoenix Film controlled the development process and put together the financing, Puszczynska (2015) noted in a public interview that Opus Film became the lead producer and organised the (physical) production process in Poland.

The involvement of Portobello Film Sales

Phoenix Film is the production company of Eric Abraham and Christian Husum, and has produced a series of small-scale, low-budget films, including *Kooky* (2010), *The Forgiveness of Blood* (2011), *The Salt of Life* (2011) and *The Three Brothers* (2014). These films were financed primarily with public funding and they were introduced to international distributors through Portobello Film Sales, the in-house sales branch of Phoenix Film. In analytical terms, they are a stand-alone (tier 4) sales company. Given their modest output, the co-director of Phoenix, Christian Husum, is also in charge of sales and distribution operations. The company normally introduces films to distributors only when they are completed and screened at festivals, and they rarely negotiate pre-sale deals.

As an integrated part of Phoenix Film, it was clear from the early stage of development that Portobello would represent *Ida* as the sales agent. Husum (2015)

notes that beyond the fact that Portobello negotiated a television deal with a Danish broadcaster in the pre-production stage to be able to qualify for public funding from the Danish Film Institute, there was no need to negotiate additional distribution deals:

We were awarded funding from various funding bodies and that enabled us to secure the financing needed to move into production. The film moved into production without financial support of international distributors. There were also no additional distribution deals negotiated throughout the production and post-production process (Husum, 2015).

In terms of the sales process, Portobello deliberately finished the production process of *Ida* before they introduced the project to international distributors. Husum (2015) notes the decision of the director Pawel Pawlikowski to shoot the film in black-and-white and in the Polish language had an unfavourable effect on the perceived commercial appeal of the film and thus on what could be expected from the sales process. He also notes that Pawlikowski's approach to filmmaking further complicated the sales process. Rather than working with a written script as guidance, his preferred approach involved breaking the shooting into different phases to allow time for editing the footage after each shoot. This enabled him to re-invent and re-write the film's concept and storyline throughout the shooting process. Puszczynska of Opus Film reinforces this point: "Pawlikowski didn't use the script but he started almost from scratch and wrote the script with the camera" (Puszczynska, 2015). Given that Pawlikowski had adopted this creative approach throughout his career, Husum (2015) notes that the film was likely to change considerably, and pitching the script to distributors in the development or production stages was therefore considered to be misleading.

It was only at the point that the film was prepared for a festival release that the distribution rights for the Polish home market were sold to distributor Solopan. While

the Polish co-producer Opus Film negotiated this deal directly, Portobello negotiated deals with international distributors. Although *Ida* is a small-scale Polish-language film, shot in black-and-white, and very different in form and style from a high-profile English-language film like *The King's Speech*, it premiered at the same festivals. Thus it was introduced at the 2013 Telluride Film Festival and subsequently shown at the Toronto International Film Festival (TIFF), where it won the International Critics Award 2013 and raised awareness amongst journalists and the festival crowd. Even well-known directors such as Alfonso Cuarón and Alexander Payne spoke highly of the film in festival presentations. This demonstrates how Portobello used the film festival circuit to organise the process of tastemaking, and how the judgements of creative talent, critics and audiences helped to establish an international profile. The role of Portobello was important in enabling access to important festivals, where its value was confirmed and communicated to audiences through other tastemakers, demonstrating how they all contributed to the process of generating cultural legitimacy (Bourdieu, 1984:231).

Because *Ida* gained considerable value on the film festival circuit, Portobello was able to negotiate the first international distribution deals at TIFF, where Husum (2015) reports they closed deals with many distributors in Europe and Latin America, while a deal for the US market followed soon after. Husum also recalls that they prioritised deals with niche distributors in their networks, particularly those who had dealt with films directed by Pawel Pawlikowski previously, or engaged with other black-and-white non-English-language films, such as the critically acclaimed German-language film *The White Ribbon* (2009). Examples of such distributors included Cinéart in the Benelux countries, Memento in France, Caramel Films in Spain, Arsenal in Germany and Camera in Denmark. Portobello continued to sales process in the following months.

However, rather than attending the sales markets in Los Angeles in November 2013 and Berlin in February 2014, Husum notes that they attended the sales market in Hong Kong in March 2014 to negotiate deals with distributors in Asian countries, such as Japan, South Korea, China and Taiwan (Husum, 2015).

In terms of the international release strategy, the festival release at Telluride and Toronto in September 2013 was followed by a theatrical release in the Polish home market in October 2013. However, most of the international distributors released *Ida* only in the spring or summer of 2014 (Box Office Mojo, 2016). It was by the end of 2014 that the film became a serious contender for the awards season. The film had been pulled from cinemas in most countries by that time, so the theatrical release preceded rather than succeeded the awards season. *Ida* was nominated for Best Foreign Language Film at the Golden Globes and the Academy Awards.

Although *Leviathan* (2014) won the Golden Globe for Best Foreign Language Film, Portobello was able to take advantage of a rather unexpected development in Poland while they were preparing *Ida* for the Oscars. Journalist Pulver (2015) notes that the film became the subject of political controversy because a Polish nationalist organisation, the Anti-Defamation League, started a petition against the film, arguing that the (Christian) Poles were misrepresented in the film, and insisting on title cards at the beginning of the film to clarify that the Germans were responsible for the Holocaust. While the campaign collected 50,000 signatures, Portobello used this as free publicity and framed the Oscar campaign around the issue, informing the trade press and popular media about the petition to generate interest. Thus, rather than building up aesthetic appreciation of the film through reviews and festival prizes, tastemaking was put into effect through the use of news media to raise attention and create a buzz around the film. Husum (2015) argues that this strategy was critical in securing the Foreign

Language Oscar. The process of tastemaking thus involves more than imposing aesthetic claims about cultural legitimacy (Bourdieu, 1984:243, 1990:96). Although the film was no longer on show in cinemas at this point, Husum notes that the buzz surrounding the Oscars was still productive in enabling the film to reach international audiences in secondary release markets, such as on DVD and Blu-ray, online and television.

The role of Portobello Film Sales

While a medium-budget film such as *The King's Speech* is heavily reliant on pre-sale deals with distributors at an early stage of production, a low-budget film such as *Ida* will often rest on a rather different financing and sales structure. Portobello closed the budget without pre-sale deals and felt no pressure to start the sales process before the film was finished (Husum, 2015). The nature of this financing and sales structure had implications for their involvement as gatekeepers in different stages and contexts. In the pre-production and production stages, Portobello performed the gatekeeper function of 'coordinator' (Foster & Ocejo, 2015). They were formally part of the film's package and thus contributed to the process of value creation. However, the producer Opus Film retained control over the creative process, and the involvement of Portobello at this stage is therefore better understood in symbolical than pragmatic terms. This pre-arranged agreement detached the creative and business processes from each other, and thus reduced tensions between creativity and commerce (Negus & Pickering, 2004). Their 'coordinator' function changed to a 'representative' function when they started the promotion and tastemaking process and *Ida* was shown at film festivals.

Portobello deliberately organised the sales process in line with the film's release on the festival circuit, and the fact that they opened the 'gate' to international distributors only at this stage demonstrates how they shaped and structured the cultural and

commercial value of the film. It also demonstrates that they relied on specific strategies to organise the sales process, which underscores Negus' argument that gatekeeping entails more than simply opening a 'gate' (2002). First, rather than participating in all the key sales markets in the months following the festival release, they were very selective. Thus they attended sales markets such as TIFF and Hong Kong, but were absent from the AFM and Berlin. Second, Husum (2015) notes that they prioritised distribution deals with specific distributors whom they felt were right for the film, such as Memento in France and Cinéart in the Netherlands, which have both established a reputation as specialist art-house distributors. Husum also notes that, in some cases, they turned down higher offers from other distributors. The rationale behind this decision to privilege specialist art-house distributors is that they can take advantage of relationships in the long term if they approach them again for other films.

In terms of the international release strategy developed by Portobello, this case study demonstrates that *Ida* was heavily reliant on festival prizes to establish an international profile. *Ida* benefited from the International Critics Award at TIFF in September 2013, and continued to win prestigious prizes at a range of festivals and award ceremonies, including the London Film Festival and the European Film Awards. The festival release was accompanied by a theatrical run, beginning with a release in the Polish home market in October 2013, and followed by releases in international countries. This meant that *Ida* could also qualify for the Academy Awards in February 2015. With more than 15 months between the release in the Polish home market and the Academy Awards, the international release strategy was never designed in synergy with, or tailored to, the Academy Awards; rather, the fact that *Ida* won the Best Foreign Language Oscar was a remarkable but unanticipated achievement.

If we return again to a comparison between *The King's Speech* and *Ida*, the importance of developing an international release strategy becomes clear. The release of *The King's Speech* was coordinated carefully with the purpose of gathering momentum in the awards season, a common strategy for positioning high-profile films in anticipation of the Academy Awards. On the other hand, the international release strategy for *Ida* was developed with little sense that the film carried such potential, and was less specifically designed in expectation of Oscar nominations or prizes. The release strategy was therefore less constrained in terms of timing and direction, resulting in greater diversity, with distributors releasing *Ida* at different times of the year, a strategy that is more common and realistic for small-scale non-English-language films. This comparison demonstrates that the 'representative' function of sales agents extends from promotional and tastemaking activities to influencing how and when films are released by international distributors and become available to audiences, underscoring the important role of sales agents as gatekeepers.

Oh Boy / A Coffee in Berlin (2012)

This final case study of a low-budget German film is informed by an interview with Dirk Schürhoff, the managing director of German sales company Beta Cinema, as well as the secondary sources used for the previous two case studies. The analysis is denominated in Euros (€) because it is a German production.

Table 8. The creative and business context of *Oh Boy*.

<i>Oh Boy / A Coffee in Berlin</i>	
Director	Jan Ole Gerster (DE)
Leading actors	Tom Schilling (DE), Katharina Schüttler (DE)
Genre	Drama
Country of origin and language	A German co-production in the German language
Budget	€0.3 (\$0.4) million
Co-producers	Schiwago Film (DE), Chromosom FilmProduktion (DE)

Sales agent	Beta Cinema (DE)
Distributor in the German market	X-Verleih
Distributor in the US market	Music Box Films

The co-producers

The initiative for this project came from the writer and first-time director Jan Ole Gerster. He wrote the script for a graduation project and decided to pitch it to the German film business. While developing and packaging the film, Gerster asked his friend Tom Schilling to play the leading role. Although Schilling was a talented film and television actor with experience in Germany, he was relatively unknown amongst mainstream German audiences. Gerster also approached the producer Marcos Kantis of the German company Schiwago Film, and they started the development process together, as noted by industry observer Wallace (2014). They raised financing for the €300,000 (\$387,000) micro-budget film with support from the German public television stations ARTE and Hessischer Rundfunk, and a direct distribution deal with the German distributor X-Verleih (Wallace, 2014). Gerster decided to shoot the film in black-and-white to add a timeless feel to the film, and selected German actors to make the film in the native language. The shooting took place in the summer of 2010, but Gerster spent a long time on the editing process to prepare the film for the festival release (Wallace, 2014).

The involvement of Beta Cinema

The film premiered at the Karlovy Vary International Film Festival in the Czech Republic and at the Munich International Film Festival in Germany in July 2012. Schiwago Film invited the Munich-based sales agent Beta Cinema to attend the screening at the Munich festival. Beta Cinema is a specialist sales agent (tier 3), dealing with a combination of low-budget and medium-budget films, with a specific focus on

German (co)-productions. Beta represents a relatively high number of films. At the Berlin sales market in 2015, for instance, they organised screenings of 14 finished films whilst having another 6 films in development. In terms of their engagement with *Oh Boy*, they watched the film and responded enthusiastically, as their director Dirk Schürhoff recalls:

We knew the producers [Schiwago Film] very well and they called us saying: “We know that you are usually looking for foreign language films with crossover potential, and we know that this is only a micro-budget film, but have a look at it.” We watched the film at the Munich Film Festival for the first time and we immediately fell in love. This was really something unique and special. However, at the same time we were thinking: how can a €300,000 black-and-white film made by an unknown director travel internationally? We said to the producers that we really loved it, but it was a little early to become attached, and decided to wait and see how the film performed in Germany.

The cautious interest of Beta in *Oh Boy* depended on what Bourdieu (1984:171) refers to as personal and professional dispositions: despite their personal judgement, they made a strategic decision not to get involved with the film until they had seen how it performed in the German market. Their professional habitus was thus instructive to the acquisition decision of the film. The distributor X-Verleih scheduled *Oh Boy* for a November release in German cinemas, where it opened on 25 screens, but increased to 39 in the second week and 49 in the third (Boxofficemojo, 2016). Slowly but surely, *Oh Boy* became the sleeper hit that Beta anticipated, as Schürhoff explains:

Oh Boy had fantastic German reviews, everybody was shouting, and there was word-of-mouth buzz. We then came to the American Film Market in Los Angeles in November 2012 where the film was on show [i.e. at the American Film Institute Festival]. We really started to feel that there was something we could rely on. We have German box-office revenue (close to €1 million after 4 release weeks); there was a very good German distributor (X-Verleih); and it had a very good first review at the AFM sales market from a

journalist of *The Hollywood Reporter* [Sheri Linden]. At the end of November when we came back from Los Angeles we said: listen, we will do it. We can create a certain buzz and make it even bigger.

This statement demonstrates that the impressive box-office results in the German market and the positive buzz surrounding the American festival release were key factors in Beta becoming involved. The film continued to be shown in 45 to 55 cinemas in the weeks that followed, and the length of the release extended when it won two prizes at the Bavarian Film Awards ceremony in January 2013 (Boxofficemojo, 2016). At the same time, it continued to gain attention through the film festival circuit: it won both the Jury Prize and the audience award at the Premier Plans Festival d'Angers Festival in France and was shown at the International Film Festival Rotterdam in the Netherlands. This was important in sustaining a buzz around the film and preparing it for the sales market at the Berlin Film Festival in February 2013.

While the film had opened six months earlier on the festival circuit and three months earlier in the German theatrical market, Beta didn't formally open the 'gate' to international distributors and start the international sales process until Berlin, where they organised two screenings for international distributors (Schürhoff, 2015). Given that the film depicts various aspects of everyday life in Berlin, the location and timing of these market screenings were strategically planned. Beta established the first key distribution deals after these screenings, including deals with European distributors from France, the Benelux countries, Italy, Norway, Russia and Greece (Schürhoff, 2015). The film continued to be shown in German cinemas, with the theatrical run expanding to 105 cinemas, and it gained further momentum when it won six German Film Awards in April 2013, including the prize for Best German Feature Film of the Year (Schürhoff, 2015). These new box-office and festival results were instrumental in

negotiating distribution deals at the sales market at the Cannes Film Festival in May 2013, where Beta secured the interest of the US distributor Music Box Films, as notes by industry observer Macnab (2013).

The timing of the theatrical release in Germany was important in positioning this micro-budget film for national prizes in the German market, while the film festival circuit was helpful in establishing an international profile. *Oh Boy* went on to generate further awareness by winning prizes at a range of European festivals. However, it was not selected for key festival competitions such as Toronto, Berlin or Cannes, and lacked sufficient international recognition to be considered for the most popular international film prizes and awards.

Beta eventually secured distribution in more than 10 countries (Schürhoff, 2015). As with the international release strategy of *Ida*, they selected specific distributors within their networks, and they were given a high degree of autonomy with regards to the timing of the release in their national markets. Some international distributors released the film in coordination with the hugely successful theatrical run in Germany – prolonged to a period of 49 weeks (Boxofficemojo, 2016). For instance, the distributors in neighbouring German-language country Austria released the film in December 2012, while countries such as Spain, the Netherlands, Belgium and France released it in the spring of 2013 (Boxofficemojo, 2016). On the other hand, in countries such as the US, Greece and Mexico, the film was released after the German theatrical run had finished (Boxofficemojo, 2016).

The role of Beta Cinema

The motives behind Beta's decision to represent this micro-budget film provide insight into the 'search and selection' function, and how their well-considered acquisition approach had an impact on their involvement as gatekeeper 'coordinators' and

‘representatives’ (Foster & Ocejo, 2015). Beta was approached by Schiwago Film to get involved with *Oh Boy* rather than vice versa, and Beta was therefore able to exercise a powerful role in negotiating access as a gatekeeper, monitoring the film’s release for a few months before making a well-informed acquisition decision. Schürhoff (2015) notes that there were four developments that influenced their selection process in this period. First, *Oh Boy*’s success on the festival circuit; second, Beta learned that Western-European distributors in their networks had yet to watch the film; third, the film was well-received at the AFM sales market; and fourth, the film became a commercial success in the German market. These positive developments were important in convincing Beta of the film’s potential in the international marketplace. On the other hand, the powerful role that Beta was allowed to play underscores the difficulties that producers of micro-budget films such as *Oh Boy* (and also low-budget films) experience in convincing sales agents of their films and enabling access to international distributors.

Through this acquisition strategy, Beta’s ‘search and selection’ function changed directly to a ‘representative’ function. The fact that Beta became attached by the time the film was released in Germany meant they were only able to provide creative input at this stage. Their creative intervention was therefore limited to minor changes that helped in promoting the film to international distributors and audiences. For instance, Schürhoff (2015) recalls that they felt it was important to highlight that the film was taking place in Berlin and changed the international title to *A Coffee in Berlin*. Beta was acquainted with the preferences of international distributors, and applied a tried-and-tested strategy to promote films in the international marketplace. In the words of Lampel et al. (2000), a ‘balancing act’ was required to match the expectations and demands of distributors. This example also demonstrates that creative intervention is

not limited to those performing a ‘coordinator’ function in the production stage, but may extend to those performing a ‘representative’ function in a ‘finished’ stage.

Creative intervention is thus also part of the tastemaking process (Bourdieu, 1984:243, 1990:96).

4.5 Conclusion

I adapted the typology of Foster and Ocejo (2015:410) to comprehend different gatekeeping functions, and this provided a useful analytical framework through which to understand how gatekeeping functions are played out at different stages of a film’s lifecycle under specific circumstances, and how they relate to each other as part of the broader gatekeeping process. Employing this typology to sales agents highlights the decisions which are negotiated, the motivations that lie beneath the process of opening and closing gates, and their capacity to exert control over the distribution of films.

The case studies above confirm that gatekeeping is a complex proposition in the sense that it requires more than acquiring and selling films. In fact, the process of influencing the conditions through which value is created for films is as important as the process of approaching distributors and negotiating deals. These processes are always intertwined and occur simultaneously. The case studies have demonstrated that film festival strategies and theatrical release strategies are particularly important in generating value for films, and that they are critical to the process of tastemaking and legitimising cultural products (Bourdieu, 1984:23; Smith Maguire, 2014:21). Even if films are promoted and pre-sold to selected distributors in an early stage of production, the value creation process through festivals in a finished stage is critical to negotiating more distribution deals. Similarly, theatrical release strategies help to generate further attention and negotiate deals with distributors in remaining countries or territories.

Gatekeeping thus requires precise timing and well-considered promotional strategies, and these underlying conditions impact directly upon the sales process.

My analysis of the work of specific sales agents also demonstrates their impact on shaping and structuring gatekeeping practices in the space between production and consumption (Negus, 2002). Gatekeeping is a rigorous process that involves several stages and develops progressively through production, distribution and consumption. Sales agents may acquire films with a distribution strategy in mind, but how that strategy develops in practice is always subject to opportunities and complexities that arise when films are introduced in the international marketplace, and it is such shifting circumstances that dictate how the sales process is organised by sales agents. Rather than immediately selling films to as many international distributors as possible, this process is organised in different phases to maximise value, as my case study of *The King's Speech* demonstrates. The rationale behind such thinking is that distribution fees are likely to increase if films are nominated for festival prizes or film awards, and gatekeeping practices may thus (deliberately) extend to the stage of consumption for economic reasons.

My analysis also provides insights into the differences between the 'search and selection', 'coordinator' and 'representative' functions within the gatekeeping processes, and demonstrates that the involvement of sales agents at different stages of a film's production affects the way these gatekeeping functions are exercised. If they become attached at an early stage, it is usually to start pre-sales of high-profile films. In terms of the 'search and selection' function, it is clear that sales agents are keen to represent high-profile films because there are comparatively few such films available in the marketplace. The example of *The King's Speech* confirms that sales agents promote such films to the bigger distributors. The commitment of a US distributor was

particularly important in securing financing because this involved a package deal for the US and several other territories. The implication of this arrangement was that the US distributor was able to exert influence over the gatekeeping process, and this undermined the function of sales agents as ‘coordinators’ and ‘representatives’ to some degree. However, sales agents are able to decide what sort of deals they negotiate with distributors in various stages of production, and to what extent they are prepared to give away control over the gatekeeping process.

If sales agents become attached to films in a finished stage, they can base their acquisition decision on the quality of those films and their ability to exert control over the gatekeeping process. This was what Beta did in monitoring *Oh Boy*’s German run as a means of assessing its commercial value. At the same time, while the successful international festival run and the domestic theatrical performance in the German market were critical in convincing the sales agent, their late involvement limited their capacity as ‘coordinators’ and ‘representatives’. Because the international festival strategy was organised by the producer Schiwago Films, the role of Beta as sales agent specifically involved approaching international distributors and organising the international release strategy. The capacity of sales agents to control the gatekeeping process is thus always circumscribed by interactions and negotiations developed with producers and distributors, as argued by Negus (2002) and Thompson (2010).

While the case studies have underlined the importance of the ‘search and selection’ function and ‘representative’ function of sales agents, their ‘coordinator’ function deserves more analytical attention. Sales agents add specialised knowledge and expertise to gatekeeping processes: they are expected to know *why* films sell to international distributors, and *what* elements of films appeal to specific audiences. In line with Finney and Triana (2015:66), the case studies confirm that sales agents and

distributors may impact on the process of balancing creativity and commerce in the film industry (Lampel et al., 2000). However, the negotiations between creativity and commerce are by no means limited to the production process, and may well extend to the finished state of films, a process that can be seen in the case of *Oh Boy*. This demonstrates that sales agents performing ‘representative’ functions may equally intervene creatively to organise the tastemaking process for audiences: for instance, by changing the title of films. While such insights help in generating a better understanding of the ‘coordinator’ function, more empirical research is needed to identify which creative elements of filmmaking are important to the process of making films accessible to international audiences.

Overall, this chapter has demonstrated how the business activities of sales agents can be understood analytically through the gatekeeping concept, and has revealed the importance of relationships with international distributors in connecting films to audiences. The next chapter will look in more detail at the nature of these relationships, whereby the analytical focus shifts from individual gatekeepers to gatekeeping *networks*.

Chapter Five

Gatekeeping Arrangements of Dutch Distributors

5.1 Introduction

I develop the discussion about gatekeepers and gatekeeping arrangements further in this chapter by focusing on the role of film distributors. As noted in previous chapters, distributors work with sales agents or sometimes directly with producers to acquire distribution rights of films for local, national markets. They subsequently develop release strategies to introduce and promote films to cinema exhibitors, retailers, television broadcasters and other organisations in local, national markets.

Distributors are important gatekeepers because they make a selection from several thousands of films on offer in the global marketplace every year. For instance, an industry report by the European Audiovisual Observatory reveals that more than 6,000 feature films were produced in 2015 (Focus, 2016). Distributors select only a fraction of all those films for local, national markets. Statistics provided by the German research organisation German Films Service demonstrate that the larger markets in Europe such as UK and Germany released between 550 and 850 films in 2016, while smaller European film markets such as The Netherlands and Poland released between 325 and 425 films in 2016 (German Films Service, 2017). Crucially, the majority of films released in those markets were international productions, rather than domestic productions, and this demonstrates the important role of distributors in working together with sales agents to enable access for such films.

My focus in this chapter will be precisely on the acquisition process of those international films by distributors. Given the enormous quantity of films on offer in the marketplace, I investigate how they filter out films, classify and evaluate projects in

relation to others, and acquire selected films. Thus, rather than analysing the various gatekeeper functions of distributors throughout a film's lifecycle, I focus specifically on their film acquisition process, where the emphasis shifts to the mediation of cultural flows from international markets to national markets.

In terms of the acquisition process of distributors, I am thus particularly interested in the relationships they have developed with sales agents. Together, sales agents and distributors fulfil quite specific roles as part of what can be referred to as 'gatekeeping networks'. Thomas Franssen and Giseline Kuipers (2013) have introduced this concept in their analysis of acquisition process in the publishing industry, to highlight that decision-making about the distribution of cultural works is decentralised amongst different types of gatekeepers mediating at global, transnational and national levels in the marketplace. Such gatekeeping networks exercise control over the flow of cultural works to national markets.

It is this concept that I develop further in this chapter by analysing relationships between sales agents and distributors. In order to analyse such relationship in detail, I limit my focus specifically to the acquisition process of distributors in the Dutch market. Because the Dutch market belongs to the Benelux distribution territory, distribution rights are normally acquired for the Benelux territory, and then subsequently divided amongst distributors in the Netherlands on the one hand, and Belgium and Luxembourg on the other. Some distributors are active in both markets, while others focus on either the Dutch market or the Belgium and Luxembourg market.

The focus is firmly on films acquired by them for a theatrical release in cinemas to provide insight in their relationships with sales agents. In exercising control and power over acquisition decisions, Dutch distributors collectively determine which films are shown in Dutch cinemas. In recent years, the number of theatrical cinema releases in the

Dutch market varied from 353 films in 2013, to 362 in 2014, 371 in 2015 and 407 in 2016 (Filmfonds, 2017). Only 58 films (14%) of all cinema releases were Dutch films in 2016, demonstrating a strong reliance on international films in the Dutch market (Filmfonds, 2017). Further, the distribution process of Dutch films is different from international films to the extent that Dutch distributors usually become attached with Dutch films in an early stage of a film's production process through personal networks in the local Dutch market, rather than through more formal international distribution arrangements.

In terms of the structure of this chapter, I start with a discussion that situates gatekeeping arrangements within global, transnational, and national contexts. This discussion draws on aspects of two important traditions in culture studies – neo-institutional theory (DiMaggio & Powell, 1983, 1991) and Bourdieu's field theory (Bourdieu, 1993, 1984). Those perspectives have been consistently employed in gatekeeping studies. In terms of my use of Bourdieu's theory, there will be some overlap with issues discussed in the previous chapter, but I will also introduce new aspects. I subsequently outline how scholarship has approached the study of gatekeeping activity methodologically, and follow those studies in combining quantitative methods with qualitative methods. The first purpose involves developing a typology of Dutch distributors, their relative positioning in the market, and the films they are dealing with. The second purpose involves analysing how they acquire films in the international marketplace, and their reliance on gatekeeping networks to effectively filter out films and reduce uncertainties about their decision-making.

5.2 Analysing acquisition processes

Given the focus on the acquisition process of distributors, I will draw on analytic discussions about search and selection processes. One important strand of gatekeeper

studies has consistently addressed matters such as overabundance, competition, and ambiguity about the nature and quality of cultural products as the prevailing obstacles to effective decision-making. Such accounts have drawn particularly on the longstanding tradition of neo-institutional theory (DiMaggio & Powell, 1983, 1991) and Bourdieusian theory (Bourdieu, 1993, 1984). Both traditions acknowledge the influence of field structures, and the inherent pressures and forces they bring along, as the starting point of analysis. What they reveal is that the prevailing logics within such organisational fields structure business routines and practices.

Integrating such theoretical frameworks with gatekeeping studies has brought into focus ‘institutional logics’ (DiMaggio & Powell, 1983, 1991) and ‘taste preferences’ (Bourdieu, 1984) as the principal subjects worthy of study, often in response to the uncertain nature of the cultural industries. Although there are commonalities in their approach, neo-institutional analysis is primarily concerned with issues surrounding institutional logics and Bourdieusian analysis with issues surrounding taste preferences. I follow in the tradition of gatekeeping studies that combine aspects of both perspectives to deepen thinking about decision-making (Kuipers 2012; Franssen & Kuipers 2013, Friedman, 2014).

The neo-institutional perspective has developed as a sub-discipline within organisation studies, and is frequently employed to demonstrate that gatekeepers rely on institutional strategies and resources to cope with uncertainties. Organisational fields, DiMaggio and Powell (1983:148) note, “constitute a recognised area of institutional life”, in which organisations socially construct shared logics and understandings, as reflected in rules, beliefs, and conventions. Such institutionalised logics bring stability and durability to rapidly changing business environments (Bielby & Harrington, 2008). Thus, gatekeeping studies have pointed to rhetorical strategies designed to legitimise

decision-making (Bielby & Bielby, 1994), social relationships (Kawashima, 1999) and the reputation or status of organisations, a business strategy that is strongly associated with their engagement in previous productions.

While such institutional logics bring along influences from *without*, Bourdieusian theory (1984, 1993) is more attentive to the habitus of decision-makers, which generates structural dispositions from *within*. Such dispositions, Bourdieu notes (1984:171), involve aesthetic preferences deeply ingrained in professional practice, making explicit the relationship between personal and professional habitus, as I noted in the previous chapter in relation to the acquisition decisions of sales agents. Although scholarship has confirmed the pervasive role of taste preferences in relation to decision-making, Bourdieu's taste analogy has been criticised by those who argue that the 'personal' habitus of decision-makers does not necessarily correspond with the aesthetics of the products with which they engage, and that their 'professional' habitus is more calculative and driven by audience preferences (Smith Maguire, 2008; Kuipers, 2012; Friedman, 2014). I will explore this dynamic between personal and professional habitus further in this chapter.

A new strand of research has increasingly taken up the notions of institutional logics and taste preferences with discussions about gatekeepers working at the intersection of national, transnational and global levels, demonstrating that decision-making is a decentralised process (Havens, 2006; Bielby & Harrington, 2008; Godart & Mears, 2009; Kuipers 2012; Franssen & Kuipers, 2013; Friedman, 2014). Such accounts point to networking relations as another important aspect that should be taken into account while considering acquisition decisions. Networking relations are also acknowledged within neo-institutional and Bourdieusian theory, but are here increasingly taken up as a process which serves its own function and which can be set

alongside institutional logics and taste preferences. Networking relations, as Frederic Godart and Ashley Mears (2009:680) note, are understood as a process involving social dependencies and pressures between gatekeepers mediating at different levels in the marketplace. Foster et al. (2011) and Havens (2011), in addition, note that search and selection strategies are reliant on the involvement of gatekeepers in specific business networks. Given the important impact of networking relations on search and selection processes, it is surprising that important aspects such as social reliance, personalised relationships and cooperation have not yet been studied in sufficient depth between gatekeepers operating at global, transnational and national levels. How exactly do gatekeepers make use of networking arrangements? What sort of arrangements do they maintain with each other? How does that affect decision-making?

Beyond such questions about the role of networking relations, there is a need to bring various analytic perspectives on decision-making together. In particular, in order to develop such discussions further, it is important to investigate empirically how networking, institutional logics and taste preferences work together as important aspects of decision-making processes. Given that films are introduced in different stage of the production process, there is no doubt that it is more important to rely on institutional logics in some decision-making contexts, and on taste judgements in others, but what role do networking relations play? Are networking relations more important in some decision-making contexts than in others? How exactly do networking relations relate to institutional logics and taste preferences?

5.3 Methodology: a mixed method approach

While it is a fact that distributors release a good number of foreign films in the Dutch market, the main objective of this chapter is to explore the process by which such films are acquired. In this respect, Foster et al. (2011) and Friedman (2014) have

demonstrated the effectiveness of mixed methods in creating a typology of gatekeepers in local, regional contexts within national markets, while Franssen and Kuipers (2013) have shown the utility of this approach in analysing the acquisition operations of gatekeepers within a broader transnational context. Those studies draw on quantitative data to establish a preliminary understanding of a specific group of gatekeepers and the type of product they engage with, and on qualitative data to bring into focus their work processes. It is this combination of methods that adds weight to the resulting typology and helps to avoid methodological inadequacies.

In keeping with this approach, the first section of the empirical analysis that follows involves *creating* a typology of Dutch film distributors through a quantitative examination of the films (national and international) released by them in the Dutch market, which will be examined from the perspective of multiple correspondence analysis (MCA). This analysis casts light on the relative positioning in the market of Hollywood and independent distributors. The position of independent distributors here is particularly important. While they typically engage with medium-budget and low-budget films, there are exceptions because some major production companies are competing against major Hollywood studios and therefore organise distribution through the most powerful independent distributors in international markets. For instance, the distributor Independent Films acquired the rights of *The Twilight Saga: Eclipse* (2010), a major franchise film produced with a budget of \$68 million (Box Office Mojo, 2015). There is then a great variety in the size and scope of this group of independent distributors, which thus needs to be further broken down into smaller segments. Film studies often distinguish between major and specialist independents (Wyatt, 1998; Tzioumakis, 2006), and this is a distinction I draw on here.

The second section of the empirical analysis involves *developing* this typology through a qualitative analysis of the search and selection strategies adopted by the various groups of distributors. Semi-structured interviews were conducted with senior executives of 14 distributors in the Netherlands, and with two experienced distribution professionals in the UK and Denmark to make the study generalisable to other European markets. For instance, I conducted an interview with Michael Berg (2014), the Managing Director of United International Pictures in Denmark, which distributes films of Universal Pictures, Paramount Pictures and Sony Pictures. He is an experienced distribution professional who informed about the structure of the field of distributors in Denmark, and its historical development. Similarly, I conducted an interview with David Shear (2014), who has worked for various distribution companies in the UK, including Revolver Entertainment. Shear informed about the field of distributors in the UK.

Where the interviews were conducted in Dutch, the translations provided in citations are my own. In terms of distributors based in the Netherlands, I conducted interviews with senior executives of two Hollywood distributors and 12 independent distributors. For confidentiality reasons, many of the interviewees asked to remain anonymous, and I will therefore refer to them anonymously in the chapter. The interviews typically lasted between one and two hours, yielding information about industry discourse, decision-making processes, competition, networking and individual films. For instance, the Dutch independent distributor Paradiso explained how and in what stage they acquired the distribution rights for *The King's Speech* (2010), and this provided critical insight into their decision-making processes.

5.4 Distributors in the Dutch market

Having established some vital theoretical and methodological considerations, I will now analyse the position of distributors within the Dutch market. For verification purposes, the quantitative analysis that follows does not only involve international films, but also domestically produced Dutch films released in the Dutch market.

Correspondence analysis: data collection

The utility of relational analysis has been frequently acknowledged in culture studies as a means of analysing field structures, particularly from the perspectives of correspondence analysis, principal component analysis and social network analysis.

Correspondence analysis is often used to draw attention to objective rather than interpersonal relations, as demonstrated by De Nooy (2003). In drawing on this perspective, I developed a form of multiple correspondence analysis (MCA) to compare interrelations between and within a set of categorical variables, and project the strongest associations into a relational space of positions (Greenacre, 2007).¹⁴ Including multiple variables in the analysis allowed for an exploration of how distributors correspond to different categorical variables.

The Netherlands Association of Film Distributors (NVF) promotes the interests of distributors in the Netherlands. They also collect information about the number of film released in Dutch cinema and how they have performed. My analysis draws on their data, and specifically the 884 films (features and documentaries) released in cinemas in 2009 and 2010 in the Netherlands, each linked to a distributor and admission figures. Indeed, this dataset of films released in 2009 and 2010 is now quite dated, but the

¹⁴ I used *Stata* software to perform the multiple correspondence analysis.

analysis was undertaken at the very beginning of my research project, and it still raises important points that are applicable today, as I will demonstrate.

In analysing this dataset, 166 of those films were excluded because they were directly imported films distributed by foreign distribution companies not based in the Netherlands and not members of the NVF. A further 46 films were excluded because they were only booked for special or temporary events in cinemas and attracted very few visitors. The remaining 672 films were released by 17 distributors, with each distributor representing at least 11 films. This involved four Hollywood major distributors, as they will be referred to, and 13 co-called independent distributors. For each film, additional information was collected from the Internet Movie Database (IMDb) to further enrich the analysis with variables such as country of production, language and awards.

Each variable comprised three categories, and each category was mutually exclusive. In terms of the variable 'admissions', the 672 films were ordered into *low*, *medium* and *high* admissions categories. Because the distribution of those admission figures was positively skewed, the cut-off points for these various categories were identified in a histogram, resulting in a large low-admissions category of 477 films, a small medium-admissions category of 133 films and an even smaller high-admissions category of 62 films (see Appendix 2). In terms of the production country, a distinction was made between *US-led productions*, *Dutch productions* and *Productions produced in other countries*; a similar approach was applied to language, distinguishing between films shot in the *English language*, the *Dutch language* and *Other languages*. Because many films were co-productions involving productions from two or more countries, I used only the first production country and language identified by IMDb.

Another useful variable for analysing films is awards, adding weight to a film's profile and commercial potential, while also providing additional publicity that is valuable to distributors. For this variable, the categories were defined in terms of films that won *international awards* (Academy Awards (US), BAFTA Awards (UK), Golden Globes (US), AFI Awards (US) and Screen Actors Guild Awards (US)); films that won *festival awards* at one of the major European festivals (Cannes, Berlin and Venice) or North American festivals (Toronto and Sundance); and films that won *no awards*.¹⁵ Appendix 2 provides an overview of all variables included in the MCA.

Correspondence analysis: the relative positioning of Dutch distributors

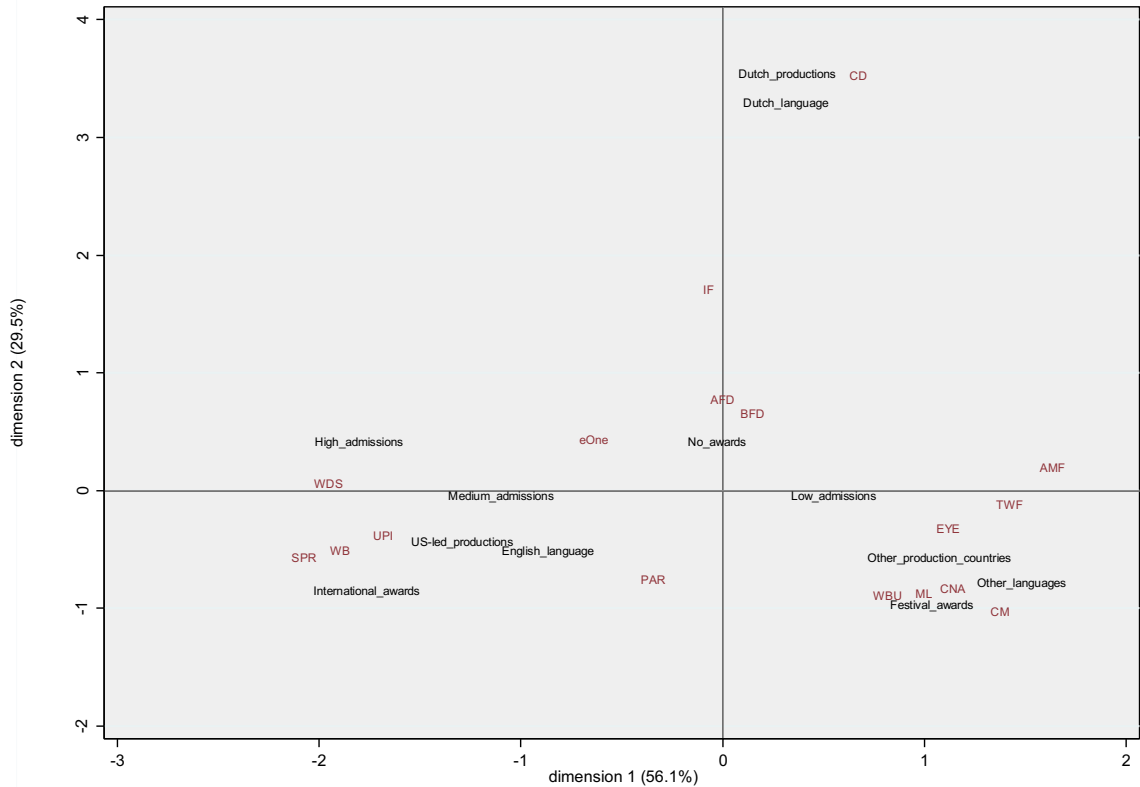
Mapping all of these categorical variables against each other using MCA produces the graph below (see Figure 4). The graph involves two dimensions which explain a total variance of 85,58%, demonstrating a high level of reliability in methodological terms.¹⁶ While these dimensions together produce the graph below, it is important to note that dimension 1 (the horizontal dimension) exhibits a total variance of 56.1%, while dimension 2 (the vertical dimension) exhibits a total variance of 29.5%. The relative weight of dimension 1 in the plot is therefore more significant to the positioning of distributors in the two-dimensional space in the graph than dimension 2. The meaning of both dimensions, however, is not predefined, but should be interpreted based on how

¹⁵ I looked at various films with Oscar nominations in IMDb, and these five international awards appeared before other awards were shown in alphabetic order, implying that IMDb classifies these awards as more significant than others. See for example the IMDb entry for the film *The Curious Case of Benjamin Button* (2008). If a film was nominated for both a festival award and an international award, I assigned the film to the *festival award* category because such films benefit first from industry buzz generated at festivals and are subsequently likely to be nominated for awards. I did not distinguish between various competition programmes (In Competition, Out of Competition etc.) or categories (i.e. Best Picture, Best Actor, Best Director etc.). Re-releases of well-known 'classics' were assigned to the *no prize* category.

¹⁶ Appendix 3 involves more specific details. I also performed additional multiple correspondence analyses separately for 2009 and 2010, revealing the same clusters of distributors in both years.

distributors and other categories respond to both dimensions in terms of their positioning in the graph.

Figure 4. Multiple correspondence analysis of film distributors in the Dutch market.



Note: Acronyms in red indicate film distributors; terms in black indicate categorical variables.

Table 9. Four types of distributors are identified in the MCA analysis.

Hollywood majors	Major independents	Specialist independents	Documentary specialists
Sony Pictures Releasing (SPR)	Independent Films (IF)	Amstel Film (AMF)	Cinema
Universal Pictures Int. (UPI)	A-Film Distribution (AFD)	Cinemien (CM)	Delicatessen (CD)
Warner Bros (WB)	Benelux Film Distribution (BFD)	Cineart (CNA)	
Walt Disney Studios (WDS)	Entertainment One (EONE)	Eye Film (EYE)	
	Paradiso Entertainment (PAR)	Moonlight (ML)	
		Twin Film (TWF)	
		Wild Bunch (WBU)	

Looking at dimension 1 (the horizontal dimension) in the graph, it is possible to distinguish four different clusters of distributors in the Dutch market (see Table 9). A cluster of major Hollywood distributors (SPR, UPI, WB, WDS) is located on the left side of the graph, while a cluster of specialist independents (AMF, CM, CNA, EYE, ML, TWF, WBU) is located on the right of the graph. In addition, two different clusters are positioned in the middle of the horizontal dimension. This involves one group of major independents (IF, AFD, BFD, EONE, PAR) and one group of documentary specialists (CD). Cinema Delicatessen is formally an independent distributor but their distinctive positioning separates them from other independents. On their website, they note that they are a non-profit company specialising primarily in Dutch *documentaries* which are funded by the Dutch Film Funds (Cinema Delicatessen, 2016). It is also clear that the horizontal dimension is largely structured by factors such as admissions, awards, production country and language. In the case of admissions, for instance, major Hollywood distributors positioned on the left side of the graph attracted the highest admissions numbers, while specialist independents on the right side attracted relatively low admissions for the films they distributed in the Dutch market.

Looking at dimension 2 (the vertical dimension) in the graph, it distinguishes between the extent to which distributors released Dutch films or international films. While all Dutch distributors acquired at least some international films, it is the extent of their engagement with Dutch films and/or international films that determines their relative position. For example, Cinema Delicatessen (CD) takes a position at the top of the graph because it released more Dutch productions than other distributors. Although the second dimension exhibits a total variance of 29.5%, this dimension is less significant to the graph because Cinema Delicatessen is the only distributor located at the top of the graph, while other distributors are located lower in the graph.

What emerges from dimensions 1 and 2 is thus that there are four different clusters in the Dutch market of film distributors. The graph is also helpful to analyse what sort of films these various types of distributors released. The films released by Hollywood distributors correspond to specific categories in the graph that are characteristic of Hollywood mainstream cinema: they tend to be US-led productions, shot in the English language, and often winning international awards. From statistical data collated by Box Office Mojo, it becomes clear that most of their films are given a wide release in more than 50 cinemas in the Netherlands. Thus, the Hollywood distributor Sony Pictures Releasing (SPR) released the \$40 million film *The Karate Kid* (2010) in 84 cinemas and the \$150 million blockbuster *Angels and Demons* (2009) in 132 cinemas (Box office mojo, 2014). Similarly, the Hollywood distributor Warner Bros (WB) released the \$30 million film *Bride Wars* (2009) in 89 cinemas and the \$75 million film *Valkyrie* (2008) in 96 cinemas (Box office mojo, 2014).

For specialist independents, on the other hand, the graph shows that they deal mostly with non-English language films with relatively low admissions and a strong reliance on film festival prizes. As Higson (2003:90) notes, such small-scale, specialised films are designed to circulate in the art-house market and appeal to niche audiences. Statistical figures by Box Office Mojo demonstrate that most of those films are given a small release in less than 20 cinemas in the Netherlands. Thus, the specialist independent distributor Cinemien (CM) released the low-budget film *Le Refuge* (2010) in 12 cinemas, the distributor Cinéart released *Desert Flower* (2010) in 18 cinemas, and the distributor Wild Bunch released *Mao's Last Dancer* (2009) in 14 cinemas (Box office mojo, 2014).

Major independents, in addition, are positioned in the middle ground of the graph, between Hollywood majors and more specialist independent distributors. Interestingly,

they do not correlate as strongly with categories such as language, admissions and production country as the major Hollywood distributors and the specialist independents. They deal primarily with so-called mid-range or crossover films, which are modest productions in relation to most of the Hollywood mainstream films, but big-budget productions compared to most of the films that circulate through the independent business or that are made primarily for small, national markets. Some of those films are released modestly in cinemas and may open out more widely if they perform well; other films are likely to attract more audiences and open on more screens. In other words, the films released by major independents may be positioned modestly in the specialised art-house market or widely in the mainstream market.

Table 10. The performance of films by different types of Dutch distributors in 2009 and 2010

Distributor type	Number of films	Admissions (in millions)	Admissions average per film (in thousands)
Hollywood majors	158 (23.5%)	34.4 (62.3%)	217.1
Major independents	254 (37.8%)	17.7 (32.1%)	69.7
Specialist independents	233 (34.6%)	2.9 (5.2%)	12.4
Documentary specialists	27 (4.0%)	0.1 (0.2%)	3.7
Total	672 (100%)	55.1 (100%)	82.0

Source: NVF database 2012. Total admissions figures for films released by specific types of distributors in 2009 and 2010 are divided by the quantity of films to calculate admissions averages.

In order to substantiate such findings about films distributed by different types of distributors in the Dutch markets, I have used to NVF database to analyse admissions figures of all films included in the MCA analysis. Table 10 demonstrates that the films of Hollywood majors generate the highest admissions (and thus box-office revenue),

accounting for more than 62% of cinema audiences in the Dutch market. Although the independent distributors released a higher number of films, their admission figures are lower – even the major independents account for an average that is significantly lower (three times) than Hollywood majors. Reports by the Dutch Filmfonds demonstrate that Hollywood majors have continued to generate the highest admissions in the Dutch market in subsequent years (Filmfonds, 2013, 2017).

While these differences between Hollywood majors, major independents, documentary specialists and specialist distributors in the Dutch market might not be surprising in itself, it confirms broad assumptions about power dynamics in the international film distribution business (Finney & Triana, 2015). With such broad similarities in mind, it is possible to situate the Dutch market in a broader European and international context. Interviews with David Shear (2015) and Michael Berg (2015) confirmed that similar types of distributors operate in the UK and Denmark.

5.5 Hollywood studio distribution versus independent distribution

Having established an understanding of the positioning of distributors in the Dutch market and the power dynamics between them, I will explore further how they engage with the process of gatekeeping and acquiring films in the global marketplace. I will first discuss the differences between Hollywood major distributors and independent distributors in more detail.

The wealth of writing about Hollywood cinema has brought with it a number of insights into Hollywood's global operations (Wyatt, 1994; Neale & Smith, 1998; Maltby, 2003, Miller et al., 2005). Chief among these is their control over the distribution business achieved by establishing their own distribution offices in key film markets and by collaborating with other studios or independent companies in smaller or less established film markets. For instance, the six Hollywood studios (Warner Bros,

Walt Disney Pictures, Universal Pictures International, Sony Pictures Releasing, 20th Century Fox and Paramount Pictures) work with their own distribution offices in the UK, but in smaller territories consisting of several countries, such as Benelux, they have established non-competitive partnerships with each other, primarily to lower their overheads. Such arrangements were confirmed in interviews undertaken with executives of two Hollywood majors in the Dutch market. Thus, while Warner Bros distributes its own studio films in the Dutch market through their local distribution office, it also distributes films for 20th Century Fox. By contrast, 20th Century Fox distributes the films of Warner Bros in the Belgium and Luxembourg market through their local distribution office in Belgium. Universal Pictures and Paramount also have similar agreements in the Benelux distribution territory. Such partnerships between the Hollywood studios are occasionally changing. For instance, Warner Bros, Walt Disney Pictures, Universal Pictures International and Sony Pictures Releasing were distributors in the Dutch market in 2013, but Universal is now, four years later, also distributing films for Sony Pictures.

The interviews with Hollywood majors also underscored that they operate as part of globally organised, in-house distribution networks. For instance, Universal Pictures and Warner Bros coordinate the distribution of their films to European markets from their head office in London. Thus, the Hollywood majors in the Dutch market noted that they work closely with their superiors in London, and decisions about release strategies are always negotiated in consultation with them. Because gatekeeping decisions are usually made by their superiors at the London head office, the authority of Hollywood majors in the Dutch market to make decisions about gatekeeping processes is very limited. Beyond the films delivered to Hollywood majors in the Dutch market through internal integrated production and distribution operations, they engage only occasionally with

domestically produced Dutch films. If they do, this involves handling mainstream films for which permission from their superiors in London is required.

Given their limited capacity to exert influence over gatekeeping processes and to acquire specific films for the Dutch market, the focus of the subsequent analysis shifts to independent distributors only. I also omit the distributor Cinema Delicatessen (CD) since it focuses primarily on Dutch documentaries (20 out of 27 in the period of analysis). This leaves two big groups of independents to analyse in more detail – major independents and specialist independents.

As will be clear, the acquisition process of independent distributors once again underlines the importance film sales markets. Distributors engage in the task of filtering out which film projects they see as of low interest, classifying and evaluating projects in relation to others, and acquiring selected films. As demonstrated in Chapters 2 and 3, thousands of film projects enter the sales markets every year with the objective of achieving sales, and they are introduced to distributors at different stages of production, with some films being able to secure distribution deals before the production process has formally started. The following sections of the chapter analyse the search and selection processes of these different types of independent distributors, and especially how international films are acquired for the Dutch market.

I will demonstrate that major and specialist independents in the Dutch market search for and select films in different ways. These differences between major and specialist independents should be understood in relational terms. Although I argue that they acquire films in different stages of production, there are always exceptions.

5.6 Film acquisition: the major independents

In line with conclusions drawn from the multiple correspondence analysis, the major independent distributors underscored in interviews that they deal primarily with mid-

range films. In particular, they stressed that the comparative status of such films within the sales markets is not to be compared with the vast majority of smaller, low-budget films on offer, arguing that mid-range films are considered as high-profile projects in the international marketplace. As demonstrated before, this speaks to the way such films are introduced to distributors, usually already from the moment that the film's 'package' is put together. This involves sales agents promoting key elements such as the script, production budget, (co-)production partners, leading actors and the director(s) (Finney & Triana, 2015). The example of *The King's Speech* (2010), described in Chapter 4, highlights the importance of such elements in the pre-production stage. Thus, the up and coming filmmaker Tom Hooper directed the film on a budget of close to \$15 million, and well-known actors such as Colin Firth, Geoffrey Rush and Helena Bonham Carter were involved. It is the cumulative value of those elements that establishes the comparative status of films and their attractiveness to distributors in the pre-production stage. I will explore such issues in more detail.

Institutional logics and taste judgements

Major independents usually commit to films at the pre-production stage, or thereafter as the film formally moves into production. The precise status of the film remains uncertain at this point as the first rough-cut, let alone a finished version, is yet to be developed. However, because such high-profile projects already stand out from smaller films, the competition amongst Dutch distributors for the distribution rights is fierce, sometimes resulting in a 'bidding war', as one major independent noted:

There are not so many films in development that really stand out and we need to acquire rights at a very early stage because the Dutch market is very competitive. I am looking for the same films as five other distributors. It is so crazy that you have to buy things at script stage, otherwise you do not have a business, you cannot survive.

Given such circumstances, major independents feel the need to acquire films at this early stage of a film's development. In order to make decisions about films at this early stage, they noted that they rely on institutional factors. In particular, they noted that the elements of a film's package work in synergy with a strong reliance on factors such as status, reputation and trust (Bielby & Bielby, 1994; Kawashima, 1999). First, major independents argued that the status of (co-)production partners is important to the value of projects. Do the leading producers have the required knowledge and experience, and are they capable of managing a mid-budget production from script to completion? What sort of films do they typically engage with? Second, they argued that the reputation of well-known film stars and other high profile creative talent is vital to the promotion of films and the process of attracting a broader audience (Wyatt, 1994). Third, they noted that business relations do not emerge in a vacuum; they are reliant on partnerships with gatekeepers such as sales agents and scouts to compare film projects against each other and to make well-informed decisions about which distribution rights to acquire. Such partnerships are built on trust and routine, as argued by one of the major independents:

You do yourself a disservice if you create enemies in this business. This is a networking business. The agent you upset in one negotiation is the person who could offer you the next big movie in a subsequent negotiation.

As demonstrated by this distributor, such trustworthy networking relationships are central to the business, providing a means to gather more information about films, which is important to make decisions at this early stage of a film's development. The combined effect of the various influences described above is what sets high-profile films apart from others at the sales markets. As noted in Chapter 4, films produced

against a budget higher than £5 (\$7.5) million are therefore usually supported by a well-established producer and/or sales agent and typically involve well-known actors.

In terms of the decision-making process of major independents, an emphasis on such institutional factors tends to overshadow the impact of taste judgements in relation to decision-making, and particularly how personal and professional preferences compare to one another (Bourdieu, 1993; Smith Maguire, 2008; Kuipers, 2012). On the other hand, predicting the quality and marketability of films on the basis of personal taste at this early stage of production is difficult, if not impossible. That is not to suggest that taste judgements are to be dismissed at this point, but rather to indicate that taste judgements are guided primarily by professional habitus rather than personal habitus. The professional habitus of decision-makers is here important to assess if films in development are an appropriate fit for the distribution catalogue of major independents. For instance, major independents noted that factors such as film genre and subject matter were important in building a coherent identity through a slate of films.

Crucially, the inability of major independents to rely on personal habitus at this stage is balanced by a strong reliance on networking relations. That is to say, while their relationships with sales agents are helpful to identify and classify film projects, the impact of those relationships extends further. To borrow a phrase from Havens (2011), they are best understood as ‘personalised relationships’, close and long-standing relationships which add a personal touch to the decision-making process. For instance, one major independent noted:

I maintain long-term relationships with many sales agents. They are not just colleagues; they are friends. They know my taste. I know what type of films they represent and the producers they work with.

This citation dovetails with an argument made by the sales agent Portobello in the previous chapter. In terms of securing distribution deals for IDA, he noted that they privileged distribution deals with like-minded distributors in international countries over other distributors, even if were prepared to pay higher fees for distribution rights. In this way, reliance on personalised relationships becomes an alternative to personal taste, adding weight to the decision-making process of major independents. I will analyse the impact of such networking relations further in the next section.

Networking arrangements with sales agents and scouts

Major independents noted that they rely heavily on the expertise of sales agents in their networked decision-making process. As the previous chapter demonstrated, sales agents are usually the first to commit to high-profile projects, which they subsequently introduce and promote to distributors with the objective of attaining international sales. In so doing, they will have already filtered out a large number of other productions, as demonstrated by one major independent:

There are a great number of scripts introduced to the business every year, but many of them remain ideas. Only a relatively small selection of projects secure approval for moving into production, which is often dependent on the financing. The sales agents will consequently make a selection out of those projects and sell the distribution rights to us.

While this first selection through sales agents helps to filter out a large number of films, major independents create another filter by maintaining relationships with only a select group of bigger sales agents that take similar positions to themselves - that is, they operate in a network with identifiable organisations (Franssen & Kuipers, 2013; Friedman, 2014). Their mutual interest in the same sort of high-profile films strengthens long-term relations, as one major independent argued: "I attend the sales markets in

Berlin, Cannes and Los Angeles every year, where I organise meetings with about 10 to 20 sales companies, who collectively represent about 100 films.” While another major independent said: “I tend to meet with the same group of sales agents at the sales markets.” Relationships with sales agents are thus important in organising the gatekeeping process (Hirsch, 1972).

Such long-term relations bring along privileges that inevitably influence their decision-making (Godart & Mears, 2009; Foster et al. 2011). The importance of such privileges should be understood in the context of the hectic state of film sales markets (Moeran & Pedersen, 2011), where distributors are competing for the most attractive projects on offer. In order to acquire film rights, some major independents will go out of their way to meet with sales agents before the film sales markets formally start.

Some distributors travel around before the start of festival markets because the competition amongst Dutch distributors is incredibly fierce. There are distributors flying to America before the Berlin Festival to meet with sales agents. They make efforts to acquire film rights beforehand, and this often means that those rights are not available anymore to us at the market in Berlin.

While such pre-arrangements do occasionally take place, competition remains fierce within the film sales markets themselves. As described in Chapter 3, new film projects are introduced and promoted to distributors, in direct competition with other films, and word-of-mouth reputations begin to develop. The hectic state of sales markets impact on the acquisition process of major independents, in the sense that they need to anticipate changes, as demonstrated by another major independent:

In essence, everything changes at the sales market. There is the priority list, there are options, and there are alternatives. Although you buy only few titles, your shortlist includes many more titles. You are constantly considering: OK, I want this and this, but I cannot get this and this. While you realise later that your selected film has been sold and the second

option is too expensive, so you need to look for alternatives. I walk around at these markets with about 30 to 40 films in mind.

Given such changing market circumstances, personal relationships with sales agents are important in securing the distribution rights of films on the priority list. For instance, distributors who have been involved with previous films of a particular director are usually first approached to become attached to the next film, demonstrating the importance of processes of reciprocity and relationship-building. But personal relationships also matter when making decisions about films that attract much industry attention during the market, and for which competition is fierce.

Relying on close and long-standing relationships with sales agents is equally important to information sharing (Godart & Mears, 2009:679). Major independents use their networking arrangements with sales agents to acquire a better sense of film projects. Decision-making is particularly challenging in relation to films at an early stage of development, at a point when not all elements of a film's package are yet in place. Major independents rely on information sharing with sales agents to obtain in-depth and advanced information about the state of projects. For instance, they obtain more details about the involvement of creative talent such as the leading actors, the director(s) and creative producers. Further, they find out about the financing of the film and the likelihood that the film will receive a so-called 'green-light' to move into production, for which the commitment of distributors in a range of markets is usually required.

The privileges established through socially constructed relationships with sales agents are thus important for gaining a competitive advantage and helping to make well-informed decisions. While major independents also rely on institutional logics and professional taste judgements at this early stage of production, their networking

arrangements with sales agents bring along a personal touch which is more emotionally charged, as one major independent explained:

Your network relations are critical. The hectic environment of the sales market affects your decision-making. Sales agents introduce films at strategic moments, often just before the start of sales markets, so that you need to make decisions as soon as the market starts, in the heat of the moment. Emotion, therefore, becomes an important part of the process.

In order to cope with the hectic environment of sales markets and control emotions, major independents noted that it is important to gather as much information as possible before the start of sales markets. Some major independents therefore noted that they make use of the expertise of 'acquisition scouts' or 'consultants' to follow the development of new projects on offer in the global marketplace. Acquisition scouts and consultants mediate between producers and distributors. Their role is particularly important in an early stage of production, when they collect information about projects (sometimes even from the screenwriting stage), assess the state of film packages, and report their findings to distributors. Therefore, they act primarily as consultants to distributors rather than personally becoming attached as co-financiers to film projects. Franssen and Kuipers (2013) have observed that acquisition scouts perform similar roles in the publishing industry.

In terms of their scouting reports, one major independent demonstrated that they usually involve a summary of the script (usually three or four pages) and information about the (co)-producers and creative talent committed to the project. According to this executive, scouting reports are important to get a sense of the script and other important elements that inform about the business context of film.

Look, the script is completely analysed. What I get is a synopsis of about four pages and

information about the cast, the producers and other business people involved. She also gives her own opinion, involving some general comments about the business context and its commercial potential, as well as her expectations.

As this citation demonstrates, their relationships with scouts are thus helpful to effectively filter out film project against each others, while also acquiring more specific details about a film's development, which in turn impacts on decision-making at this early stage of production. In fact, because scouts have developed close relationships with producers, major independents argued that they are often able to acquire confidential and privileged information about the state of film projects. The role of the scouts extends thus further than just filtering out projects, taking the form of yet another social influence that helps develop professional assessments of films. This confirms Godart and Mears' (2009) argument that networking relations bring along privileges and add weight to the decision-making process. In fact, the analysis of major independents demonstrates that their decision-making is largely based on such networking influences.

5.7 Film acquisition: the specialist independents

The other main group of Dutch distributors engaged with the acquisition of films at sales markets involves specialist independents. They look primarily for smaller, art-house or specialist films which, unlike the higher-profile medium-budget films, are usually acquired after production is completed. Specialist independents therefore search for films that have not yet been acquired by one of the major independents at an earlier stage, focusing on a more limited selection of films. On the other hand, there are still always a great many small-scale, art-house films on offer in the global marketplace, and they are at least able to see the finished version of those films. A film such as *Ida* (2013), described in Chapter 4, is characteristic for the sort of films they are looking for.

It was made without the involvement of high-profile film actors on a relatively small budget of close to €1.4 (\$1.8) million, and deals with specialist distributors were negotiated after the finished version of the film was introduced at film festivals and sales markets.

Taste judgements and networking arrangements

The fact that specialist independents usually acquire films in a finished stage has an important impact on their search and selection process. Thus, they argued that they typically engage in more extensive and diverse networks than major independents, and maintain relationships primarily with the smaller sales agents, including those that have not yet established a reputable or trustworthy name in the industry. In some cases, this means that they work with sales agents for the first time. Most of their relationships with sales agents are therefore kept at arm’s length, while they maintain closer relationships with only few sales companies.

Table 11. Differences between major and specialist independents in the Dutch market.

The context	Major independents	Specialist independents
Film acquisition stage	The focus is primarily on mid-range or crossover films acquired at the pre-production or production stage	The focus is primarily on small, art-house films acquired after being screened at festivals
The acquisition context	The film’s potential is hard to predict at this stage	The film’s potential is easier to predict
The search and selection process	Close and personalised relationships with a selected group of bigger sales agents, with additional help from scouts	Arm’s length relationships with a large number of sales agents
Decision-making	Largely based on institutional factors and networking with sales agents	Largely based on taste judgements

In this respect, this analysis of major and specialist independents shows broad similarities with the study by Foster et al. (2011), who identified differences between various types of talent buyers in the music industry, and demonstrated that the business context in which they operate shapes the nature of their networking arrangements. Thus, those looking for original bands maintain relations at arm's length with many different bands, while those looking for bands playing familiar music maintain close relationships with a small number of bands. Such networks are equally noticeable in the film industry, with major and specialist independents engaging with films in different ways, as summarised in Table 11 above.

While such arm's length relationships between specialist independents and sales agents remain more often 'professional' than 'personal' in nature, this inevitably affects the decision-making process. Specialist independents enjoy the privilege of watching finished films at festivals, where the emphasis shifts to the importance of taste judgements. While gatekeeping relations help filter out a large number of films, taste judgements are critical to decision-making about the final selection of films. Personal taste is here different from professional taste in the sense that judgements are based on the quality of finished films rather than the professional assessment of film packages. One specialist independent stressed the importance of watching finished films as follows:

We cannot take the risk of pre-buying and paying high fees for the films we acquire. It is absolutely necessary that we see films first so that we know precisely what we can afford to pay for the rights.

In order to reduce uncertainties, it is thus important that specialist independents watch completed version of films. The personal judgement of specialist independents becomes

important to confirm their decision-making. In particular, they argued that they look for a strong personal engagement with films, “an impactful story with an educative subject matter”.

It is, however, worth noting that there are still a great many films that meet such criteria at this final stage of their filter and selection process, as demonstrated by one specialist independent: “The film festivals are flooded with high quality art-house product. There are simply too many films worthy of theatrical releasing.” While another specialist independent said: “I’ve worked in this business for more than 15 years. There are so many good films out there. It is a shame that I am only allowed to acquire between 10 and 20 titles every year.” Given such abundance of choice, personal taste is by no means the only impactful factor in their decision-making.

For specialist independents, professional taste is secondary to personal taste, yet remains important to their decision-making. Their professional taste judgements are bound by a more commercially minded and calculative logic. To this end, they argued that they look for elements or ‘hooks’ around which a marketing campaign can be built to draw audience interest. One executive demonstrated this as follows: “It is very expensive to buy an audience so we need to be creative and inventive.” This calls for strategies that draw attention to the content of films, as he further specified: “Our approach is that the content is the marketing and the marketing is the content.” More specifically, specialist independents cater to the demands of niche audiences by creating an interactive dialogue through low-cost promotional forms such as social media and special events (e.g. local festivals and special screenings). For instance, one distributor mentioned that they have established relationships with many small-scale festivals across the Netherlands to generate word-of-mouth attention. Specialist independents therefore acquire films with a more precise understanding of the process of introducing

and promoting films to Dutch audiences in mind. What this demonstrates is that professional taste judgements are important to assess the value of films in the Dutch market.

Combining personal and professional taste in this way is a luxury born out of necessity, enabling specialist independents to acquire films in which they believe. The abundance of quality films on offer at sales markets brings about a need to rely on both personal and professional judgements to classify films and navigate decision-making accordingly. In other words, taste judgements serve the function of filters, further paring down the number of films to choose from. Therefore, in line with Bourdieu's argument (1984:240), it is clear that personal and professional taste judgements are closely aligned.

Beyond the notion of taste preferences, specialist independents argued that like-minded distributors in other countries impact on their assessment of films at sales markets. In particular, their social influences are important to test and confirm taste judgements, adding weight to their assessment of films. They noted that they regularly organise meetings with distributors from other countries at sales markets: some of those meetings are pre-arranged, while others take place spontaneously. Such informal meetings are important to align taste judgements with industry opinion and build in a degree of certainty. Friedman (2014:31) has also observed that involvement in "non-competitive informal networks" is an important strategy employed by gatekeepers to reduce uncertainties about decision-making.

5.8 Conclusion

This chapter has supplemented the relatively limited scholarly knowledge about gatekeeping arrangements between sales agents and distributors with a case study of Dutch film distributors and the development of a typology of distributors operating in

different segments of the Dutch market. While several studies have pointed to methodological complexities in researching gatekeeping practices at global, transnational and national levels (Peterson & Anand, 2004; Foster et al., 2011; Friedman, 2014), the mixed methods approach has enabled a productive triangulation of evidence. I argue that this approach remains critical to open out perspectives on such gatekeeping arrangements through an inductive case-based study.

Developing this empirical research in a way that is informed by the enormously rich work of Bourdieu and neo-institutional theory has made it possible to identify the ways in which institutional factors, networking arrangements and taste preferences are directly involved with the decisions that major and specialist independents make about the film acquisition process. The analysis highlights that the major independents in the Dutch market usually acquire high-profile films at an early stage of production. They rely largely on institutional factors such as status, reputation and trust, but also on the professional assessments of acquisition scouts and sales agents about the nature of the packages available for pre-sales, which adds necessary expertise to compensate for the inability of relying on personal taste. Those major independents tend to develop personalised relations with a group of selected sales agents, and use such networking arrangements to gain a competitive advantage and acquire a better sense of the state of projects in which they are interested (Godart & Mears, 2009; Havens, 2011). The positioning of gatekeepers in specific networks is thus key to their decision-making.

By contrast, specialist independents usually acquire smaller art-house films in a completed state. They are also part of gatekeeping networks, since filtering out a first selection of films requires working with sales agents, but such relationships are more often maintained at arm's length. However, because they are able to watch finished versions of films, their decision-making is largely based on taste judgements. In

addition, they rely on the opinions of like-minded distributors in other countries to develop a more fuller consideration of films.

Following Bourdieu (1984:171), this comparison between major and specialist independents has also demonstrated how personal and professional judgements work together in different decision-making contexts. I argued that major independents rely on their professional judgements, while specialist independents rely on both personal and professional judgements. For specialist independents, personal and professional taste judgements serve the function of a second filter through which films are classified and evaluated, paring down their selection to films in which they believe. This process of classifying and evaluating films, as I have argued, is reliant on networking relationships and information flows within sales markets.

Taken together, the findings have provided new insights in the discussion of gatekeepers and their decision-making process. Rather than asserting that decision-making is complex, it becomes clear that decision-making is heavily regulated and controlled. Regardless of the context in which major and independent distributors operate, the analysis shows that they are able to rely on several sources to legitimise their decision-making. Networking arrangements help in acquiring in-depth and sometimes privileged information about the state of projects, as demonstrated by Godart and Mears (2009), Franssen and Kuipers (2013) and Friedman (2014), but, crucially, this analysis shows that they are also being used to evaluate and confirm decision-making. That is not to deny that decision-making remains an uncertain process, but tried-and-tested methods add weight to the decision-making process of independent distributors.

Returning to the notion of gatekeeping networks, relationships between sales agents and distributors are certainly important to the process of filtering out films against each

other (Hirsch, 1972). However, it is clear that the function of gatekeeping networks extends from filtering out films to influencing the actual decision-making process about which film rights to acquire. Sales agents and distributors are connected through such networks, rather than operating in a vacuum or on their own. They are able to influence each other in their operations through these networks, bringing along privileges and social dependencies into the decision-making process that are more valuable in some contexts than in others, while at the same time highlighting the fact that gatekeeping networks carry forces through which power is exercised.

Part Three

Online Film Distribution

I demonstrated in Chapters 4 and 5 how sales agents and distributors operate as part of gatekeeping networks through which films are filtered out against each other, and that such distribution arrangements prevail in the film industry. While it is clear that such conventional gatekeeping arrangements will continue to prevail in the next few years, it is also clear that recent online developments in the marketplace brought about by increasing digitisation impact on those gatekeeping arrangements, and my aim in the last section of this thesis is to develop an understanding of changes now taking place.

Chapter Six

Online Distribution and Gatekeepers

6.1 Introduction

In line with broader changes within the media industries brought about by digitisation, online developments are impacting upon the film distribution sector and the film business as a whole. Studies of digital disruption in the film business (Iordanova & Cunningham, 2012; Cunningham & Silver, 2013), on-demand culture (Tryon, 2013) and connected viewing (Holt & Sanson, 2014) have demonstrated that online developments provide new opportunities in terms of how film distribution is organised, and that alternative forms of distribution have emerged. This provides a new perspective through which to explore gatekeepers and gatekeeping networks: How is the role of gatekeepers changing with the advent of online distribution? Who are the gatekeepers in the new online market? Do they continue to perform a critical role as mediators between producers and consumers, regulating processes of inclusion and exclusion?

The online market has been rapidly developing since the early 2010s, when Michael Franklin (2012) and Michael Gubbins (2012) were already arguing that film distribution was in a state of transition, and that online distribution had profound implications for existing business structures. For instance, Franklin (2012:101) argued that:

Digital distribution has an impact on every aspect of the industry: it determines not just what films audiences see and how they see them, but also how films are developed, produced and sold.

Franklin is thus attentive to the fact that digital or online distribution impacts on various stage of the supply chain, including production, distribution and consumption. Gubbins (2012:67), too, predicted that the impact of the online developments would dramatically change the film and media business in the long term:

We now live in an age of ubiquitous entertainment: in a couple of decades most of the developed world has gone from controlled and scheduled access to film, music and television to a multi-channel multi-linear and mobile access, increasingly on-demand.

Gubbins underlines here that the film business now at a crossroads, with audiences becoming increasingly accustomed to on-demand viewing. Keith Kehoe and John Mateer (2015:105) identify two market developments in particular which are impacting on traditional forms of distribution. First, the structure of the home video market is changing with the gradual transition from physical discs (DVD and Blu-ray) to Video on Demand (VOD) viewing through the Internet: the physical disc market is declining and the online market is growing. Journalist Sweney (2017), in this respect, foresees that physical discs will be almost entirely replaced by online forms of viewing in the long term. Second, the theatrical cinema market has come under increasing pressure as the first exclusive release window for films, and this has broader implications for the way films are released in national markets. Distributors are finding that the theatrical cinema market is saturated and small-scale, low-budget films in particular struggle to build up a profile and gather sufficient attention.

Such changes are gradually restructuring the current field of film distribution, with new companies moving into distribution. There is an ongoing proliferation of VOD platform providers in the global marketplace that anticipates a growing demand for films in the online market. The most popular platforms such as iTunes, Google, Netflix, Microsoft and Amazon have grown enormously in recent years, changing the dynamics

of power in the distribution business. Netflix and Amazon have also established in-house production and distribution departments to exert more control over distribution and film releasing. McDonald and Smith-Rowsey (2016:4) note that Netflix in particular has emerged as a disruptive online player because it now releases some films directly and exclusively on its online viewing platform, rather than working with distributors and cinema exhibitors to organise conventional staggered release strategies, starting with a theatrical release.

Iordanova (2012:2) notes that the business of film distribution is also growing because online distribution creates new opportunities for smaller stand-alone producers at the specialist, indie end of the market: they are undertaking experiments with alternative distribution and release strategies by taking advantage of the growing potential of the online market, and they do not always work with gatekeepers to secure distribution and introduce films to audiences, instead seeking to retain control themselves over the distribution process.

While the emergence of such relatively new entrants (large and small) in the distribution business is generating new approaches to distribution and film releasing, the incumbents of the industry remain stagnant and resistant to change, holding on to traditional forms of distribution and release strategies. Traditional distribution arrangements organised through sales agents and distributors have therefore remained largely unchanged for the distribution of films of varying sizes. Only a few specialist distributors have adopted new distribution strategies in recent years to exploit the potential of the online market. In the UK, for instance, Curzon World, which is strongly committed to independent, specialist cinema, launched a transactional VOD platform in 2010 (McIntosh, 2017). They are experimenting with day-and-date release strategies, whereby films are shown simultaneously in cinemas and online, rather than exclusively

in cinemas. Other specialist distributors in the UK, such as Bulldog Film Distribution and Thunderbird Releasing have also experimented with day-and-date releasing.

The purpose of this chapter is to make sense of the current transitional state of film distribution and to explore how gatekeepers operate under these new circumstances. In the next sections, I will discuss the economic growth of the online market and introduce Chuck Tryon's notion of the 'on-demand culture'. I will subsequently turn to Chris Anderson's (2006) influential work on the so-called 'long tail' and the 'economics of abundance' to provide insight in the current state of play in the on-demand film business. Drawing on trade press reports and interviews, this framework will be advanced with an analysis of various types of VOD platform providers in the marketplace, and how they relate to processes of 'open' or 'restricted' access. In particular, emphasis will be placed on the notion of 'cultural democratisation', whereby I will scrutinise how online developments support specialist, niche films in the marketplace. In addition, I will analyse how online developments are impacting on the business of gatekeepers such as sales agents, distributors, and the newly emerging content aggregators. I will argue that distributors are particularly affected by the increasingly competitive distribution business, and that more risk-taking is required to exert control over distribution. I will also compare the gatekeeping role of sales agents and distributors with the gatekeeping role of content aggregators, and analyse their differences in orientation.

6.2 Economic growth

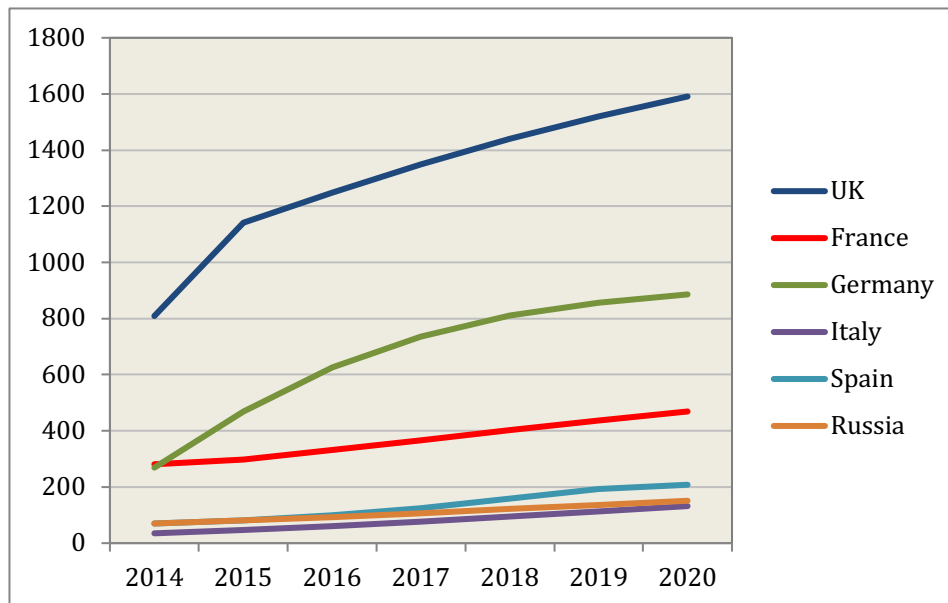
Stuart Cunningham and Jon Silver (2012:36) note that the online VOD market initially developed slowly following the first experiments with VOD platforms in 1999, shortly after the introduction of DVDs. The first locally-oriented platforms were formally launched in the early 2000s, involving companies such as Universciné in France,

Lovefilm in the UK, Maxdome in Germany and Film is Now in Italy. Once Internet technology had sufficiently progressed by the mid-2000s, new players entered the marketplace and locally-oriented platforms were competing against what would become the leading global VOD players – including iTunes, Google, Netflix, Microsoft and Amazon.

In terms of the impact of online VOD viewing, the research company The Digital Entertainment Group (DEG) collects figures for films and television series in the US home video market. Their figures demonstrate that DVD and Blu-ray revenue dropped from \$16.3 billion (87%) in 2010 to \$11.76 billion (65%) in 2013, while online VOD revenue increased from \$2.5 billion (13%) to \$6.46 billion (35%). Although annual home video revenue in the US remained consistent at between \$18 and \$19 billion in that period, an increasing proportion of such revenue thus involves online VOD sales and rentals. Online VOD revenue further increased in the next two years, accounting for close to 50% of home video revenue by the end of 2015 (DEG, 2016). Consultancy agency PricewaterhouseCoopers (2014) foresaw continuing growth in the next few years, predicting that online VOD sales and rentals would account for 66% of revenue in the US home video market by 2018.

The rapid growth of the online market in the US and its value to the home video business clearly demonstrates the potential here, and industry observers have repeatedly argued that online viewing is the future. To that end, it is somewhat surprising that developments in most European countries have lagged behind American developments and still have a long way to go to develop into massive online revenue markets (Figure 5).

Figure 5. The growing online VOD market in European countries (in \$ millions).



Source: Statista (2016). Figures and estimates provided by Statista are based on market research, third-party data and macro-economic indicators.

The research company Statista (2016) provides forecasts for different world regions and countries.¹⁷ In terms of European countries, only the development of the online VOD market in the UK stands out, generating \$809 million and accounting for 38% of home video revenue in 2014. Statista forecasts that online VOD revenues in the UK will grow further to \$1,591 million by 2020. Substantial growth is equally expected in key European markets where the online VOD market is less well developed, with revenue in France projected to increase from \$281 million in 2014 to close to \$469 million in 2020, and revenue in Germany from \$269 million to \$886 million (Statista, 2016). The online VOD market in other large European markets such as Italy, Russia and Spain is expected to grow much more slowly, with none of them expected to generate more than \$210 million in 2020. By comparison, European markets with much smaller populations, such as The Netherlands and Sweden, are expected to generate respectively

¹⁷ The Statista figures are regularly updated, and my experience is that their forecasts could change enormously within a period of six months. However, their figures remain useful to acquire a basic understanding of online growth.

\$249 million and \$274 million by 2020. Although there are huge differences between European countries, the figures demonstrate overall growth in Europe, with that growth predicted to continue, increasing from just under \$3 billion in 2014 to close to \$5 billion by 2020. Having outlined the economic development of the online VOD market, I will now analyse the broader underpinnings of the on-demand film business in more detail.

6.3 The on-demand film culture

In terms of film viewing, the development of video-on-demand enables audiences to browse through online film catalogues and decide *which* films they want to watch and *when* they access those films. Video-on-demand is thus a form of film viewing that empowers audiences to be responsive and hand-pick from a collection of films.

Tryon (2013:10) notes that this approach to film viewing is understood as the most recent advancement in discussions about the concept of time-shifting. He refers to Frederick Wasser's (2002) historical analysis of the film industry, which notes that the development of video rental services and videocassette recorders and players in the 1980s presented audiences with the authority to select from film collections and watch films on their own terms. Wasser notes that this authority to take control over film viewing has historically redefined audience engagement. These new ways of audience engagement with film viewing were initially described in relation to linear programming of theatrical cinema exhibitors and television broadcasters. Linear programming – scheduling, in broadcast television terms – is restricted by capacity constraints and time limitations, with programmers scheduling films at specific times and for a limited period of time only. Such restrictions create a sense of urgency that is not among the principles of non-linear viewing. The differences between linear and

non-linear viewing can be characterised by two contrasting pairings: between time specificity and time flexibility, and between capacity specificity and capacity elasticity.

Given the popularity of the home video market since the 1980s, notions of time-shifting and audience choice intensified with the development of DVDs, Blu-rays and VOD viewing in the digital era. Tryon (2013:10) points to the development of digital video recorders (DVRs) and DVD and Blu-ray box sets, making it easier for home audiences to watch entire film collections. He also points to the development of catch-up services in the 2000s, offering home audiences access to films previously shown on linear television. Such catch-up services are blurring the lines between linear and non-linear forms of watching films on television because audiences feel less urgency to commit to linear programming.

The proliferation of VOD platforms has further promoted non-linear forms of film viewing in recent years. Audiences are now able to access online collections of tens of thousands of films, providing extreme comfort and flexibility. Tryon (2013:2) situates such developments within the wider narrative of ‘on-demand culture’. While online companies such as Netflix, iTunes, Amazon and YouTube have played, and continue to play, an important role in shaping the on-demand culture, he is particularly attentive to the development of advanced communication technologies which provide new means of digital delivery and mobile access to films and television series. He argues that the on-demand film culture is created through the development of relatively new consumer devices – including smart TVs, streaming media players such as Roku, game consoles, set-top boxes, tablets and smartphones. Such technologies set this newly emerging culture apart from other forms of digital access in the home video market.

In contrast to DVD and Blu-ray film viewing, Tryon (2013:60) argues, these new consumer devices allow audiences to move seamlessly between devices, with the

desired mobility effect that film collections can be accessed and watched online at any time and on every location – within and beyond the home. Mobile devices such as laptops, tablets and smartphones in particular make such mobility possible. With easy mobile access to film catalogues, audiences are further empowered to take control over film viewing beyond the home. For instance, audiences may watch films on smartphones when they travel from one location to another. Such mobile film viewing practices are often discussed in relation to traditional viewing practices, suggesting a gradual shift from collective viewing to individual mobile viewing. Sarah Atkinson (2014), for instance, has contrasted the social and cultural implications of mobile film viewing with the collective film viewing experiences of audiences in cinemas and on television within the home. In Tryon's view, mobile access is an extension of home viewing opportunities, giving audiences the choice to hold on to traditional forms of viewing, or to engage more actively through mobile viewing devices (2013:173). While he notes that it remains uncertain to what extent audiences will embrace mobile viewing in the future, and inherently to what extent this will have social and cultural implications, he argues that mobile access is a critical aspect through which the on-demand culture is further promoted over linear forms of viewing (2013:10; 2013:70).

6.4 The on-demand film business

In analysing the implications of the on-demand culture for the business of films, I will introduce the vision of Anderson (2006) in relation to the principles of the 'long tail', the 'economics of abundance' and 'cultural democratisation'. I will subsequently analyse how various types of VOD platforms, such as transactional VOD platforms, subscription VOD platforms and video sharing platforms, associate with these principles in different ways.

Long tail economics

In economic terms, the on-demand culture brings with it a shift in focus from supply to demand. Anderson (2006) has made several influential assumptions about radical digital transformations in relation to the cultural industries, and this provides a perspective through which to understand the broader underpinnings of online distribution and the on-demand culture. In short, he describes the implications of the new online economy of media distribution in relation to the longstanding physical economy of media distribution, arguing that online distribution is dramatically changing the processes of regulating access and cultural flow.

In laying out these differences, he notes that the traditional (physical) media economy – sometimes referred to as the analogue business – is by necessity built on an assumed scarcity of content to produce mainstream best-selling hits. This need for scarcity is ascribed to the fact that physical products generate spatial constraints, with Anderson specifically referring to costly physical storage space and limited storage capacity as constraining factors in the traditional media economy (2006:144). By contrast, such physical limitations become obsolete in the online media economy. Rather than limiting cultural choice, the online economy therefore promotes a model of abundance of content. Anderson (2006:55) conceptualises this model as a democratising force, enabling access to products of varying sizes and shapes, rather than imposing restrictions on media circulation. In particular, he argues that the online economy allows a large number of niche products to circulate at the specialised end of the market. In the online economy, he argues, products can flow in an ‘unlimited’ and ‘unfiltered’ manner (2006:3, 2006:123).

Because of what he sees as the democratising power of online distribution, he proposes that long-established power dynamics between mainstream markets and niche

markets are gradually shifting, and presents this economic argument through the metaphor of the head and the tail. The head in this metaphor represents a relatively small number of hugely successful ‘hits’ which accounts for the lion’s share of revenues in the media economy; the tail represents a large number of niche products which account for only a small proportion of revenues. Anderson argues that the traditional hit-driven economy is polarised and unevenly balanced, but claims that the online economy provides a new playing field which is about to restore this balance. He takes this argument further by foregrounding the opportunities that are created for an ‘infinite’ number of niche products to enter the marketplace if the tail is no longer restricted by a maximum capacity. It is clear that he associates the new supply of niche product in the online economy with an influx of niche product in the tail. While the head remains associated with a relatively small number of mainstream best-selling products, the tail grows longer, but remains economically viable, and this is described by his notion of the ‘long tail’.

In Anderson’s view, the new supply of niche product in the tail represents substantial economic value. The accumulation of all the niche products that belong to this longer tail constitutes an emerging revenue market that is expected to level with revenues generated by the head. In supporting the claim that new commercial opportunities are created for niche products, Anderson (2006:8) provides examples of early online retailers such as iTunes and Amazon to demonstrate that their businesses in the mid-2000s already relied on long tail distribution. Because there is a demand for such products on those mainstream online retail outlets, cultural producers are finding that the online market creates new economic value for niche content.

Transactional VOD (TVOD) platforms

Anderson's perspective has proven to be influential in academic and industry discussions, providing a useful framework through which to understand online transformations and to analyse the transitional state of distribution. In terms of change, it is clear that the online film market has enabled, and continues to enable, greater access to a wider range of films in the marketplace.

The development of Transactional VOD (TVOD) platforms has been critical in providing such access. In line with conventional sales and rental models in the film business, TVOD platforms require audiences to pay for each film they watch. Two models in particular have been adopted by TVOD platforms: download-to-rent (DTR) allows audiences to rent films for a short period of time (audiences are normally given 48 hours to watch films); and download-to-own (DTO) – also known as an electronic-sell-through (EST) – allows audiences to purchase films and watch without time restrictions.

The economics of abundance are most visible on mainstream TVOD platforms: in particular, the catalogues of Google, iTunes, Amazon and Microsoft have grown enormously in recent years. In line with Anderson's assertion with regards to long tail distribution, it is in the interest of these mainstream TVOD platforms to make large catalogues of films available, in their thousands. These catalogues include a combination of mainstream and more specialist niche titles. Amazon, for instance, claimed that their TVOD catalogue in the UK (called Amazon Video) included more than 14,000 films for rental and 27,000 films for purchase in June 2017 (Amazon Video, 2017). iTunes UK meanwhile claims to provide provides access to 85,000 films (iTunes, 2017). Such enormous quantities are of course hard to verify and should therefore be interpreted loosely, but it is clear that tens of thousands of films are

available online. Such quantities stand in stark contrast to the highly filtered catalogues of films selected for release in the (physical) theatrical cinema market, as noted in the previous chapter.

In order to guide users through such enormous TVOD catalogues, they are ordered by categories such as popular genres, film actors, directors, distribution companies, and so on. They also rely on algorithm technology, where computers replace the cultural gatekeeper role of human agents, to gather consumer intelligence and provide recommendations to users. For instance, for each film in their catalogue, the algorithm provides a list of films that share broad similarities, or that other users have viewed that film.

The mainstream TVOD catalogues of Google, iTunes, Amazon and Microsoft have been made available in a large number of countries in recent years. For instance, Google introduced its film catalogue under the name Google Play Movies in the US in March 2012, with South Korea, Australia, Canada, the UK, France, Spain, Brazil and Russia following later that same year. It continued to expand, to 63 countries by March 2014, and 117 countries by December 2016 (Google Play Movies, 2016).

Despite the growing availability of films in international markets, Tryon (2013:41) notes that licensing regulations put limits on Anderson's claims about the democratising power of online distribution. One important restriction in this respect is that distribution is organised on a territory-by-territory basis due to geo-blocking regulations which apply in the physical economy as well as in online economy. The process of enabling access to the same films on the same TVOD platforms in a range of international markets thus requires the commitment of international distributors, but they develop strategies based on individual needs in their respective local national markets or

territories. The TVOD catalogues of Google, iTunes, Amazon and Microsoft are therefore by no means always identical in each country or distribution territory.

In reinforcing this point, Tryon notes that the contractual terms of online distribution deals also impose restrictions on the availability of films on TVOD platforms. For instance, contractual terms are reliant on the type of rights holder (e.g. the producer, sales agents or distributor) that negotiates the deal, and on the territory for which the deal is negotiated. As noted in Chapter 5, a film may not have a distributor in each territory, in which case the producer or sales agent negotiates deals directly with VOD platforms. Rights holders may also have developed online distribution arrangements which curtail access to specific TVOD platforms.

Further, transactional platform providers such as Google, iTunes, and Microsoft require rights holders to work with content aggregators to make films available on their platforms. Content aggregators, as I will explain in more detail in section 6.5 of this chapter, are online gatekeepers who aggregate large collections of films from rights holders and negotiate package deals with globally-oriented platforms. The fact that some of those globally-oriented platforms only work with content aggregators limits the options available to individual rights holders, not least since content aggregators partake in the process of revenue sharing. Some producers, for instance, prefer to organise distribution directly with VOD providers without the interference of further gatekeepers. Only Amazon provides an alternative to working through content aggregators. They allow rights holders of smaller films to make films directly available on their TVOD and SVOD platforms in addition to conventional distribution through content aggregators, as I will describe further in the next section.

With regards to the financial terms of TVOD deals, mainstream TVOD providers do not usually pay upfront licencing fees to make films available on their platforms,

with the financial rewards instead being based on the performance of films on those platforms, with the rights holders retaining a considerable share of pay-per-view sales transactions. Also, TVOD deals are usually non-exclusive, allowing rights holders to make films available on various TVOD platforms at the same time and reach a wider range of audiences. While TVOD contracts are time-bound, films generally remain available for a relatively long period of several years rather than a short-term period of one year or even shorter.

In addition to the leading mainstream TVOD platforms with a global presence in international markets, there are also nationally-oriented mainstream TVOD platforms. These are mainly television broadcasters or providers, such as Sky, Virgin and BT in the UK market. Alongside linear programming and catch-up services, they have established their own digital VOD services with large collections of films. Here, the online film catalogue is part of a broader television offering. The online film catalogues of television broadcasters are therefore smaller in size than the catalogues of globally-oriented TVOD platforms. Such TVOD deals are also time limited.

There are thus certainly factors which restrict films from flowing freely on TVOD platforms. On the other hand, there is a strong democratising influence, with globally-oriented mainstream platforms enabling easy access and providing distribution opportunities for tens of thousands of films. The fact that these globally-oriented mainstream TVOD providers are not committed to paying upfront licencing allows them to grow their catalogues in line with the logic of the economics of abundance. I will further analyse how this logic compares with SVOD platforms.

Subscription VOD (SVOD) platforms

The development of Subscription VOD (SVOD) platforms has also been critical in enabling greater access to films in the marketplace. Unlike the transactional pay-per-

view model, in this case audiences pay a set monthly or yearly membership or subscription fee in exchange for unlimited access to the SVOD provider's catalogue. Globally-oriented mainstream SVOD providers such as Netflix, Hulu's premium service and Amazon Prime Video have grown quickly in recent years, attracting tens of millions of subscribers. Because of their popularity, it is generally argued that they are particularly responsible for the economic growth in the online market and for promoting the on-demand culture.

In line with the growing catalogues of mainstream globally-oriented TVOD platforms, the economics of abundance are equally visible on mainstream SVOD platforms. According to research undertaken by banking corporation Barclays, the catalogues of Netflix and Hulu in the US market included respectively 4,500 and 6,600 films in March 2016 (Spangler, 2016a). Their collections are smaller in size than globally-oriented TVOD platforms because rights holders usually require an upfront fee for SVOD distribution rights, and SVOD platforms work with acquisition budgets which put limits on their spending. SVOD providers thus negotiate deals to license individual films or packages of films for viewing through their subscription services. They are usually required to pay a higher fee for exclusive rights to make films available only on their subscription platform.

Like TVOD, the terms of SVOD deals are bound by time restrictions. In order to draw the attention of subscribers over an extended period, it is important that SVOD catalogues regularly change, with a small collection of new acquisitions being introduced each month to replace other films. SVOD rights for such rolling catalogues are therefore usually licensed for a relatively short fixed period compared to rights for TVOD platforms – often between 12 and 24 months, but occasionally longer.

Given that these large-scale SVOD platform providers are targeting a wide range of audiences, they are looking to acquire films with elements such as high production values, the involvement of star actors, a commitment to popular genre conventions, and commercial recognition. In trade press articles, such films are often described as ‘premium content’, particularly in relation to attractive Hollywood propositions. One substantial SVOD deal, in this respect, involves a collection of 2000 Hollywood studio films of the American film and television company Epix, including popular films such as *Star Trek: The Future Begins* (2009), *Iron Man* (2008), *Indiana Jones and the Kingdom of the Crystal Skull* (2008), as well as vintage titles such as *The Godfather* series (1972-1990). Trade observer Littleton (2015) notes that Netflix first licensed the collection in 2010 as part of a groundbreaking five-year deal with Epix. The terms of the deal allowed Netflix to show the film collection exclusively on their SVOD platform in the first two years, but the terms changed to a non-exclusive license in the three years thereafter. Epix therefore also sold the collection to Amazon Prime Video, Amazon’s SVOD platform, in 2012. Trade observer Stedman (2015) notes that Epix also negotiated a deal with Hulu once the five-year contract with Netflix expired in 2015, and was not extended.

This example thus demonstrates that, over time, film collections may become available on a variety of SVOD platforms, providing wider distribution of films beyond TVOD platforms. However, in essence, the principle of a rolling SVOD catalogue contradicts Anderson’s (2006) notion that digital platforms would provide permanent online access to audiences and build up large (infinite) film catalogues. In order to distinguish themselves from competitors, mainstream SVOD platforms also seek to negotiate exclusive ownership over the SVOD rights of some films. Such exclusivity is perceived as an important quality in creating a brand identity, playing an important role

in promoting SVOD platforms to audiences. For such reasons, the traditional conventions of exclusivity and restricted access are generally more closely associated with SVOD platforms than with TVOD platforms.

As noted above, Amazon Prime Video is Amazon's SVOD platform. Unlike Netflix and Hulu, their film and television collection is part of a broader offering that includes access to their music catalogue and two-day delivery on selected physical products ordered on the Amazon website. They also differentiate themselves from Netflix and Hulu with regards to their programming strategy: research by Barclays reveals that their SVOD catalogue in the US included more than 18,000 films by March 2016, about three times the size of Netflix and four times the size of Hulu (Spangler, 2016a).

This substantial difference in volume has emerged because Amazon works with two SVOD revenue models for rights holders. On the one hand, they acquire the SVOD rights of thousands of premium content films for which they pay upfront fees, and commit to the same rules of exclusivity and restricted access as their competitors. On the other hand, they work with a different revenue model to allow rights holders of non-premium content to make their films available on their Prime subscription service, much more in keeping with the logic of long tail economics. Those rights holders – often small-scale, stand-alone producers – are not paid upfront fees, but instead must wait for a fee based on the performance of their films on Amazon Prime Video, determined by the number of hours streamed. The benefit for rights holders is that they are able to submit films directly to one of the world's most powerful VOD platforms, without having to go through content aggregators, as explained in the previous section in reference to access to their TVOD platform. Beyond technical requirements, this submission process is unfiltered, with no gatekeeping restrictions to making such films available. Amazon subscribers, in turn, are given access to a greater range of films.

Tom Kerevan, a first-time producer with the UK production company Cannibal Films, underlined in a public interview that rights holders have unfiltered access to Amazon whilst explaining that he made the micro-budget film *Tear Me Apart* (2015) available on Amazon's transactional and subscription services (Kerevan, 2017). Because there was no gatekeeping interference from Amazon, the revenue returns were based on the performance of the film on Amazon. He also mentioned that they organised a social media campaign to draw attention to the film on Amazon (Kerevan, 2017).

The fact that Amazon presents first-time producers with the opportunity to make non-premium content available on their SVOD platform demonstrates that the logic of the economics of abundance and the long tail certainly applies in the SVOD business. Amazon has reduced entry barriers to the online market by offering a distinct revenue model for non-premium content alongside the conventional SVOD revenue model for premium content. This strategy aligns with Anderson's vision of long tail economics:

That's the root calculus of the Long Tail: The lower the costs of selling, the more you can sell. As such, aggregators [in this case, Amazon] are a manifestation of the second force, democratizing distribution. They all lower the barrier to market entry, allowing more and more things to cross that bar and get out there to find their audience (2006:88).

While Amazon Prime is a good example of the long tail economics model, other examples of SVOD platforms with similar strategies are rare at the time of writing.

Specialist TVOD and SVOD platforms

While the leading mainstream platforms work with relatively large catalogues to attract a wide range of audiences, specialist TVOD and SVOD platforms tend to work with smaller catalogues of predominantly specialist, niche films. They present themselves as more autonomous niche platforms, whereby the carefully restricted size and scope of the catalogue is key to establishing a distinctive identity. Thus, they offer 'hand-picked'

selections of films and underline the importance of expert taste judgements in relation to their gatekeeper function. This personally curated approach of the specialist platforms is generally set against the algorithmic approach of the leading mainstream platforms, as Andrew Higson (2017) explains:

These are two different systems for recommending viewing experiences; as such, they are two different means of cultural gatekeeping, two different means of shaping and reinforcing taste. Curated sites function more like public service operators, presenting the curator as the guardian of ‘good taste’, who knows their ‘culture’. Algorithmic platforms on other hand profess to know the individual consumer and to make recommendations based on that personalised knowledge.

Mainstream platforms such as Netflix and Amazon are organised around complex recommender algorithms. Smaller, more specialised platforms such as Mubi for film and Walter Presents for television drama present themselves as ‘anti-algorithmic’ curated spaces, where a small amount of carefully selected material is made available to consumers.

Higson underlines the differences between mainstream and specialist platforms in terms of how they anticipate audience expectations and seek to shape audience taste, while also noting that specialist platforms work with smaller curated catalogues. It is precisely through such smaller, selective catalogues that specialist platforms are able to develop coherent but distinctive identities. Thus they will often present new film releases as part of a repertoire that includes vintage films and themed programmes paying homage to particular filmmakers.

Examples of specialist platforms in the UK market include Curzon Home Cinema, Mubi and BFI Player. Curzon Home Cinema is a TVOD platform that offers a relatively small rolling catalogue of classic and contemporary films, and also themed programmes to bring niche films to the attention of audiences. Their programming executive,

Heather McIntosh, notes that they deliberately work with a catalogue capacity of 600 films to strike a balance between audience choice and exclusive cultural identity (McIntosh, 2017). New film releases are given special attention on the platform, particularly if they are released in UK cinemas at the same time. In order to support the release, they organise special programmes to provide a historical and cultural context through which to understand how films relate to specific film traditions.

Mubi is an SVOD platform with a global presence in international markets. Unlike most other platforms, their offer involves a small selection of only 30 films at any one time, with the list changing continuously, and each film being shown for a limited period of just 30 days: every day, a new film on the platform takes the place of another. On their website, Mubi describe themselves as “a curated online cinema bringing you cult, classic, independent, and award-winning movies” (Mubi, 2017). For instance, in May 2017, their collection involved new films and documentaries such as *The Park* (Manivel, 2016) and *Between Fences* (Mograbli, 2016) alongside vintage films such as *La Rupture* (Chabrol, 1970) and *Juliet Of The Spirits* (Fellini, 1965), more recent world cinema such as *Storm Children, Book One* (Diaz, 2014) and *Battle Royale* (Fukasaku, 2010), and themed programmes of films by directors such as Frank Capra and Jaime Rosales.

The BFI Player is the VOD platform of the British Film Institute, and their offer includes TVOD, SVOD and also Free VOD (FVOD) viewing. They have also developed a curated approach to film viewing, but their VOD collections are more diverse and somewhat larger in size than Curzon Home Cinema and Mubi. As the flagship British film agency, their overall objective is to support cultural diversity by investing in specialist British cinema and global cinema to provide more opportunities for acclaimed directors and provide a platform to bring their films to the attention of

audiences. Their programming policy therefore includes complementing existing film offerings with a selection of handpicked films from filmmakers in the past and the present. They also seek provide audiences with an educational learning experience, and organise special programmes and events in cinemas to celebrate their work.

Over the last 80 years, they have built up a collection of thousands of specialist, niche films, and this is reflected in their branding: “The British Film Institute presents the best global cinema on-demand: From classic and contemporary films to the best of the BFI national archive” (BFI Player, 2017). They are therefore able to make a collection of several thousands of films available on their TVOD service, as their digital director Edward Humphrey (2016) explains:

One of our objectives is to enhance the diversity of choice. Whilst there has been a huge growth in the number of platforms and in audiences on those platforms, we are very conscious that the diversity of choice on those platforms isn’t necessarily big, particularly for new films. So what we want to do with BFI player is support the market, which was already developing with companies like Curzon, and make sure there is an opportunity for audiences to find a wide diversity of films at home; and that would include independent film, foreign language films, documentaries, the sort of films that on the mainstream platforms don’t really get much of a look in.

As a cultural institution, we are not driven only by new releases, we are very keen that audiences explore and discover the whole catalogue of British and world cinema. Having our own platforms allows us to tell those stories. As an organisation, we are very focused on curation and programming, and we could bring that to the fore on our platform when we tell audiences about films, we can tell something that comes from the heart of the film, and we can start to build a story about the film, and inform about the director, and the genre and the period. So we can take audiences on a journey through the film in a way that maybe mainstream platforms wouldn’t.

As demonstrated in these statements, BFI Player has developed a curatorial approach to film programming, with the purpose of enhancing of cultural diversity and

widening access for a greater range of films. Despite the BFI's intentions, Humphrey notes that initial sales and rental numbers of catalogue titles were disappointing due to competition from SVOD services and their more attractive monthly pricing offer. The BFI Player team therefore decided to enhance their offer with a SVOD platform (called BFI Player+) in October 2015, involving a limited collection of 300 films. Humphrey notes that the initial results demonstrated that audiences were responding well to their SVOD platform, and that older archive films in particular were becoming of more interest to their subscribers.

In terms of the potential of the market for SVOD platforms, Humphrey situates the BFI Player+ in the context of a broader trend for niche SVOD platforms:

We have seen a rise of niche SVOD services in the US and in the UK. Niche platforms are targeting particular genres: there is one platform called Shudder that is targeting horror only and there is one platform targeting kids only. And what we are seeing is the emergence of independent films on those platforms. The emergence of niche subscription services is certainly something that the market can take and audiences are ready for it (Humphrey, 2016).

Here, Humphrey implies that the inclusion of specialist, niche films in smaller carefully-selected collections of SVOD platforms provides new commercial opportunities for both platforms and filmmakers, and a new cultural prominence and visibility for the films themselves. This specialist SVOD approach to generating both economic and cultural value for such films is dynamic rather than static, and that stands in marked contrast with how such specialist, niche films usually appear rather anonymously on mainstream platforms within large catalogues of thousands of films. In other words, with the inclusion of such films on specialist platforms, the focus shifts from simply making films *available* online to making such films *visible* online. Paradoxically, on the other hand those carefully curated specialist SVOD platforms

offer relatively small catalogues, and thus abide by the rules of exclusivity over open access or abundance, even to the extent of limiting the range of specialist, niche films they make available, and for a limited amount of time. However, in providing a degree of visibility, they help in establishing a more effective ‘long tail’ for the specialist, niche films they see of high interest and thereby create a more diverse film culture.

Video sharing platforms

The mainstream and specialist platforms described above engage predominantly with films produced with (often substantial) financial support from public and private investors, for which consumers pay a rental or purchase fee. However, video sharing platform providers have also appeared in the online market, and they provide opportunities for creators of (very) low to no-budget films to make videos available to online audiences. YouTube and Vimeo are the best-known examples of video sharing platforms which have grown rapidly since the mid-2000s, and which are generally associated with both user-generated content and professional content, which is often available to watch for free, although sometimes for a fee. This content includes film and television trailers, short films, music clips, entertainment videos, television programmes, and other forms of entertainment. Some of the most popular user-generated and professional videos reach millions of viewers. While there are now a great many such video sharing platforms in the global marketplace, YouTube and Vimeo stand out in terms of delivering film content to global audiences.

YouTube and Vimeo have developed new strategies over time in order to generate more revenue from paid content. Like mainstream platforms such as iTunes, Google, Amazon and Microsoft, they established TVOD services with film catalogues for sale and rental. YouTube, which is owned by Google, launched its TVOD service in April 2009 in the US, while Vimeo launched in March 2013. They developed collaborations

with rights holders such as producers, sales agents, distributors, and content aggregators to license a wide range of several thousands of films for their TVOD catalogues, with consumer prices varying from £0.50 (\$0.75) to more than £10.00 (\$15.00). YouTube's TVOD collection includes new popular film releases, classics, documentaries and mainstream genre films such as comedies, dramas and animations. For instance, new releases in July 2017 involved popular films like *Kong Skull Island* (2017), *Resident Evil Vendetta* (2017), *Hidden Figures* (2016), *Logan* (2017) and *Fifty Shades Darker* (2017). By contrast, Vimeo's TVOD collection focuses more specifically on smaller, specialist films. Although their films are also categorised by genres such as comedies, dramas and animations, there is little overlap between their collections.

More recently, YouTube decided to develop their offer by expanding to SVOD in the US market. Their subscription offer (called YouTube Red) was first introduced in the US market in the summer of 2015, with Australia, Mexico, New Zealand and South Korea following in 2016. The platform provides advertising-free access to entertainment videos on YouTube and to Google's online music platform Google Play Music. In order to further enhance this subscription offer, they also started to invest in their own distinctive brand of feature films and television series. Rather than licencing film collections, they branched into film financing and developed a number of 'original' in-house productions. This new focus on film financing and film production is illustrative of a broader trend towards control over distribution. Netflix and Amazon are particularly known for developing in-house productions, as I will explain in detail in the next chapter, but Vimeo and YouTube have also begun to move in this direction.

In developing original productions, YouTube strategically approached talented filmmakers and creative talent within their online community of 'creators', with the

objective of building on their previous success, as trade journalist Zelenko (2015) notes while quoting the Chief Business Officer of YouTube, Robert Kyncl:

Kyncl also believes Red needs premium content, but he is committed to creating it on YouTube's terms. The service has no plans to pay big bucks to license the NFL or *Seinfeld*, Kyncl told me. He sees Hulu, Amazon, Netflix, HBO, and others all bidding for the right to show the same films and TV series, all trying to grab the hottest actors, producers, and directors to make originals. He wants to move against that tide. "To us what is important is we are not doing what everyone else is doing, competing for the same sources of material, the same creative elements. We are looking for people who are proven to work really well on our platform."

In providing the biggest creative talents among their community of users with the financial support to produce films with high production values, YouTube are providing them with the opportunity to further develop their creative work, while the YouTube TVOD and SVOD catalogues are enhanced with a distinctive brand of premium content tailored to the YouTube community. YouTube has made 15 'originals' exclusively available in the first two years since the launch of their SVOD platform. The experience of producers developing those YouTube originals with YouTube user-creators underscores that they saw this opportunity as a continuation of their existing professional work, and that they were able to exert professional control over the creative process. For instance, trade observer Greenberg (2016) quotes Judy McGrath, the Managing Director of the production company Astronauts Wanted, as she reflects on her involvement with the YouTube original *A Trip to Unicorn Island* (2016):

"The idea was to see if we can help tell the kind of story [the fans would] expect to see," McGrath says, "but to take it a little deeper in terms of story, challenges, and overcoming odds." She adds that, even as Astronauts Wanted worked to make the production value a bit higher than Singh's [i.e. YouTube creator Lilly Singh] normal videos, they wanted to make sure it didn't look "too manufactured."

While YouTube expanded its offer with original productions, Vimeo have also branched out and released 12 ‘originals’ on their platform since the summer of 2015. Trade observer Moylan (2016) notes that Vimeo’s originals include feature documentaries such as *Wizard Mode* (2016), *Toro Y Moi: Live from Trona* (2016) and *Garfunkel and Oates: Trying to be Special* (2016). Moylan also notes that the form and style of those originals are directly inspired by popular short videos on Vimeo. Trade analyst Shaw (2017) expects that Vimeo will continue to develop these sorts of films in the next few years:

Vimeo may not spend as much to nab content and talent as Netflix, Amazon or Hulu, but its shows [and films] also won’t be confused with the [free] user-generated content seen on YouTube or Snapchat.

The company is after edgy, risky and provocative programming. That could include documentaries, action sports, comedy or drama -- but not traditional romantic comedies or superhero fare.

Vimeo and YouTube have thus adopted very similar strategies. For YouTube, developing original productions was a key means of creating a distinctive YouTube Red SVOD offer, while also making such films available on their TVOD platform. Vimeo has yet to establish a subscription platform, although they are developing serious plans to launch one in 2017, so their selection of 12 originals has been available only on their TVOD platform.

The expanding businesses of Vimeo and YouTube, and the fact that they have enormous online fan bases in international markets, demonstrates their potential. In creating TVOD and SVOD platforms, their business activities are gradually changing in the direction of the leading globally-oriented mainstream providers. They are blurring

the lines between mainstream and specialist platforms on the one hand, and video sharing platforms on the other, as well as the lines between professional content and user-generated content. The digital landscape is thus opening up new opportunities for content creators to become part of the professional film community and to monetise content in the online market through video sharing platforms. This change underlines Anderson's (2006:16) claim that online distribution transcends traditional conventions and boundaries, whereby new hybrid forms of content are widening audience choice and audience interest.

Cultural democratisation?

In line with Anderson's claims about change in the digital era, the development of globally-oriented mainstream platforms in particular and the online film economy more generally is defined by abundance of content, and this seems to have an increasingly democratising impact on the circulation of films. However, there are important influences which prevent filmmakers from gaining easy access to those platforms. For instance, globally-oriented mainstream platforms present themselves as platforms with enormous catalogues, but their ability to make films available is still always restricted by licensing regulations and contractual terms with regards to online distribution rights. While the globally-oriented mainstream platforms follow the logic of the economics of abundance, there are huge differences in strategies between other types of platform providers, with video sharing platforms and locally-oriented mainstream platforms making several thousands of films available on their platforms, and with smaller, specialist platform providers deliberately restricting their offer.

Anderson (2006:180) associates the proliferation of platforms beyond the mainstream with increasing market fragmentation. He claims that mainstream audiences increasingly access niche platforms in addition to mainstream platforms. Audiences, he

argues, have always been interested in niche content, and online distribution makes it easier to access a diverse range of platforms: "...the problem is that once people shift their attention online, they don't just go from one [mainstream] media outlet to another – they simply scatter. Infinite choice equals ultimate fragmentation" (2006:181). In the film industry, the proliferation of smaller, specialist platforms, but also Vimeo, raise the profile of specialist, niche films. Although the specialist, niche films on those platforms might be equally available on the platforms of globally-oriented platforms, they are given a higher degree of visibility because they do not compete with popular mainstream films. Given the availability of specialist, niche films on various types of platforms, market fragmentation is not only enhancing the circulation of these films, but also stimulating the cultural and economic value of those films.

Market fragmentation through smaller specialist platforms provides an attractive alternative for specialist, niche films to respond to the dominance of the most powerful global VOD platforms. In contrast to Anderson's vision, some academic and industry observers have argued that the powerful platforms tend to reproduce the winner-takes-all economy – whereby a relatively small number of incredibly successful hits accounts for most of the revenues in the marketplace – rather than creating a more evenly balanced cultural playing field (Taplin & Bedi, 2016:46; Tryon, 2013:4). They argue that the online film business is very much controlled by an oligopoly involving the aforementioned global mainstream companies Netflix, Amazon, iTunes, Google and Microsoft. The global VOD providers are able to attract audiences by presenting themselves as platforms with enormous catalogues of all sorts of films. However, because of the size of such catalogues, observers point to the critical role of algorithms in guiding audiences behaviour. Their main argument is that such algorithms draw

audience interest to the biggest hits rather than niche products. As trade analyst Gady Epstein (2017) puts it:

The economics of blockbuster films, which are shown in cinemas, might seem different from those of blockbuster music and TV streaming, but in the digital age they and other entertainment products have much in common. There is almost no limit to the supply of entertainment choices in every category, but people's awareness of these products and their ability to find them is constrained by the time and attention they can spare. Overwhelmed by the abundance of choice, they will generally buy what they are most aware of. The algorithms used to make recommendations, offered by many sites, reinforce this trend: they push consumers to what is popular rather than send them off to explore obscure parts of the tail.

Such argumentation about limiting choice through algorithms goes against Anderson's thinking that niche films benefit from long tail economics. Indeed, drawing on quantitative academic research by Anita Elberse (2013), Epstein argues that digital platforms help the hits to grow even bigger as opposed to stimulating niche products. Reinforcing this point about the relative weight of the long tail, Epstein concludes that less value is generated from niche products even though the tail is growing longer:

Paradoxically, enabling every individual and product on the planet to find a market has made it next to impossible for the market to find them. Consumers generally favour whatever they find on their mobile screens or at the top of their search results. The tail is indeed long, but it is very skinny.

What this statement demonstrates is that, while the most popular mainstream TVOD platforms offer access to enormous collections of tens of thousands of films, in line with the notion of democratisation of access, it does not necessarily translate into significant economic value for specialist, niche films. On the other hand, market fragmentation has provided opportunities for specialist, niche films to generate

additional economic value through other platforms. Such platforms provide a high degree of visibility, but put limits on the notion of the cultural democratisation as they open their ‘gates’ and provide access only to specialist niche films they see of high interest, while still excluding tens of thousands of other specialist niche films.

6.5 The changing circumstances of gatekeepers

Having analysed various types of VOD platform providers in the online marketplace, the focus in this section shifts to the nature and role of gatekeepers in the era of online distribution. I will therefore return to a consideration of the role of sales agents and distributors, as analysed in detail in Chapters 4 and 5, as well as introducing a new type of online gatekeeper: the content aggregators.

Opportunities for sales agents

The arrival of VOD platform providers has important implications for the distribution business. Because powerful SVOD platforms such as Netflix and Amazon have turned to film acquisition, the distribution business has become increasingly competitive. Sales agents in particular have taken advantage of the fact that there are more distributors in the marketplace, providing increasing opportunities to sell films in international markets and command higher distribution fees. Trade journalist Jeremy Kay (2017b) observed at the Sundance sales market in January 2017:

The proliferation of distributors - old and new, theatrical and digital - has created a fiercely competitive sellers’ market, as anybody who attended Sundance would have noted. Acquisitions executives from Netflix, Amazon Studios and the Hollywood majors, particularly Universal, scoured the [Sundance] Park City festival aggressively, driving up prices with their deep pockets and hunger for content.

“Anybody who wants a chance to buy one of these type of movies has to get [in] early,” SPC [Sony Pictures Classics] co-president Tom Bernard says. “Once it’s in the

marketplace, money speaks.” This applies to the international circuit, too. Netflix is buying the world, mostly, and Amazon Studios, as evidenced at Sundance, is moving in that direction. Both have been - and will continue to be - growing forces at international festivals and markets, which is why local buyers [distributors] have become very worried while sales agents speak diplomatically about competition, privately only too happy to cut the odd deal if they can move the world on a sales title.

As argued in these citations, sales agents are particularly taking advantage of the new opportunities provided by the ways in which Netflix and Amazon have moved into the distribution business. Their business circumstances have improved, but there is more competition amongst distributors. The acquisition strategies of Netflix and Amazon have put pressure on other buyers competing for distribution rights. Thus, trade journalists have observed some substantial deals at film sales markets in recent years, including the \$17.5 million fee for all worldwide distribution rights to *The Birth of a Nation* (2016) paid by the Hollywood specialty studio Fox Searchlight, and the \$10 million fee for all North American distribution rights to *Manchester by the Sea* (2016) paid by Amazon Studios (Watercutter, 2016). Beyond such hugely attractive propositions in the marketplace, the demand for smaller low and medium budget films has also increased. Netflix in particular has invested in low and medium budget films in recent years in order to enrich their SVOD catalogue with new exclusive content.

In a public interview with Natalie Brenner, the sales manager of the specialist UK sales company Metro Films, she recalled Netflix’s involvement with the \$3 million budget film *iBoy* (2017) for which they were putting together the financing in collaboration with the UK production company Wigwam Films.

Wigwam Films is a relatively inexperienced production company with really smart people, and their core business is creating commercials. They were working with the up and coming director Adam Randall, who won prizes for short films. I read the script and immediately loved it. It was a low-budget project, quite gritty, science fiction. We really

wanted to help so we partnered with Wigwam to try and get it made, and we put a little bit of development money in and created a sizzle reel with [the actor] Will Poulter in it to introduce to international distributors at sales markets. We needed a lot of soft money to get it made because distributors were nervous about a first time director and negotiating pre-sale deals was difficult. Eventually, we decided to squeeze the budget, but that changed the film significantly: we found out that we were developing a film that wasn't the original film anymore, and the producers felt unhappy about that. Just before we were about to move into production, Netflix became interested in the project and negotiated a co-production and distribution deal with Wigwam. This was an absolute blessing for Wigwam because they were able to make it for at least \$3 million and they got a cast with Maisie Williams and Bill Milner, and it is now on release on Netflix, while we recouped our investment (Brenner, 2017).

This example demonstrates how the producer (Wigwam Films), sales agent (Metro Films) and distributor/platform (Netflix) worked together in developing and financing *iBoy*. Wigwam and Metro initially introduced the project to distributors in various international markets, but eventually closed an all-inclusive deal with Netflix, involving the right to show the film exclusively on their online SVOD platform in worldwide markets. The fact that Netflix became attached as co-producer and as (worldwide) distributor at an early stage of production demonstrates the demand for such films, and that other distributors need to respond at this stage to be able to compete with Netflix.

Changing distribution dynamics are thus creating new opportunities for sales agents. They continue to respect conventional arrangements with traditional distributors, but also acknowledge that new online players are part of the distribution business. This new state of affairs presents an opportunity for sales agents to perform their traditional gatekeeper role by negotiating deals with a range of international distributors and organising the international release strategy, or to act primarily as an investor in films by selling off the distribution rights to online players like Netflix who demand exclusive control over the release strategy.

Fierce competition amongst distributors

The role of traditional film distributors has come under intense scrutiny in this new era of online film viewing. Trade journalist Greenberg notes that Russell Levine, the managing director of the US specialist production company Route One Entertainment observes a general sense of dissatisfaction amongst those distributors:

Not everyone is happy with Netflix and Amazon's dominant stance at Sundance. For established distributors, the tech giants buying the rights to films, even just the global streaming rights, has proven extremely frustrating. "They're peeved," Levine says (quoted in Greenberg, 2016).

Trade journalist Kay (2017b) notes that the competitive distribution environment is affecting both the major and specialist distributors, and argues that they need to be responsive to protect their business in the long term: "Smaller companies are having to be even more focused and collaborative if they are to find great projects in an unforgiving market, where the likes of Netflix and Amazon have very deep pockets." One such response involves establishing closer ties with producers (through output deals or first look deals, for instance) to exert more control over the creative development and distribution of films, without competing with other distributors. Some have themselves turned to film production and film financing activities, such as the UK distributors Altitude Film Entertainment and Lorton Entertainment. Other major and specialist distributors have established their own VOD platforms, such as the London-based specialist distributor Curzon Artificial Eye. Kay (2017b) argues that such developments present a problem that affects major and specialist distributors in different regions of the world, taking Latin America as an example:

The tentacular presence of Netflix in Latin America is threatening the regional ecosystem. At the Ventana Sur market in Buenos Aires last December, much of the talk

among buyers centred on the need to adapt or face extinction within 10 years. Buyers that do not move into production, invest in the films they sell, cut exclusive supply deals with desirable producers or get into bed with the Netflixes of this world, will slide off the face of the earth before long.

Kay is here attentive to the fact the distributors need to respond, and describes several strategies that have been developed in recent years, including vertically integrated operations to exert more control over film production. Journalist Jones (2017) further notes that Netflix and Amazon have an economic advantage over Hollywood and independent distributors because their acquisition budgets are primarily based on their subscriber numbers. While the acquisition and distribution budgets of Hollywood and independent distributors in new acquisitions are based on the expected commercial performance of individual films in cinemas, online and in other consumer markets, Netflix and Amazon may invest in films with the sole purpose of enhancing their SVOD catalogue for subscribers. He takes the Netflix original *War Machine*, made on a \$60 million budget, as an example: “The film’s commercial success will be measured not [only] by its box-office takings, but [also] by new subscriber numbers” (Jones, 2017). Because the branding and the popularity of their SVOD platforms are reliant on the inclusion of this sort of high-profile premium film, Netflix and Amazon are occasionally prepared to make offers that exceed the market value of those films.

The position of traditional distributors is thus increasingly undermined by the advent of Netflix and Amazon. The overall response of independent distributors is vertical expansion by converging production and distribution operations. In order to ensure their involvement with films they see of high interest, they increasingly become attached to films at an earlier stage of the production process, occasionally even in the role of financier or co-producer. The implication of this development towards integrated operations is more control over the production process, but this inevitably necessitates

more financial investment and risk-taking, making the business of independent distributors increasingly vulnerable.

At the same time, Netflix and Amazon have also anticipated this development and moved into film financing and production themselves, with the purpose of exercising more control over distribution, as I will explain in detail in Chapter 7. While Netflix and Amazon are presented with the same commitments in relation to their financial investment in both film production and distribution, the issue of risk-taking is less significant to them because their business is not reliant on the performance of individual films, and this provides an important competitive advantage over independent distributors as well as Hollywood distributors.

The emergence of content aggregators

The distribution of films in the online market has also called for a new type of gatekeeper to enable rights holders such as producers, sales agents and distributors to secure access to VOD platforms, and this process has been taken on by so-called content aggregators.

The concept of the aggregator is commonly associated with the emergence of the Internet, with websites such as Google News or MSN News collecting content from a large selection of online sources to allow audiences to process information more effectively. The emergence of the online VOD market has similarly created a need for aggregators. Given the shift in focus from supply to demand, aggregators are exercising the role of online gatekeepers, regulating the process of access to the online platforms by rights holders. As discussed in section 6.4, this involves enabling access for tens of thousands of films. Aggregators are therefore also performing critical intermediary roles in organising the online distribution process for so many films in an efficient way. In aggregating films from rights holders, they allow VOD platforms to work with a

relatively small number of trusted partners rather than directly through a plethora of individual rights holders.

The role of aggregators as online gatekeepers dovetails with the logic of the economics of abundance. While they work with films picked up for distribution by sales agents and distributors, they also work directly with producers for films which have not been picked up by those gatekeepers to enable access to the online market. In other words, rather than simply filtering out content and limiting access, the aggregators also open their gates wide to online platforms, providing audiences with greater choice and increased access to a wider range of films online.

With regard to the financial terms of deals with TVOD providers, industry analysts Fontaine and Simone (2017:36) note that aggregators do not usually pay upfront fees to licence films, but retain a share of revenues based on the performance of films on TVOD platforms, typically 20% of every online sale or rental transaction. Thus, in terms of making films available, they follow the same logic as TVOD platforms to the extent that there are no substantial financial obstacles to making films available online, and their business benefits from engaging with an ‘infinite’ number of films. Similarly, it is in their interest to make those films available on SVOD platforms. Their focus on large quantities of content is acknowledged by the fact that they are generally called ‘content aggregators’ in the industry.

This description of content aggregators needs to be put into perspective. Some distributors have established their in-house aggregator departments in recent years. These are usually known as digital departments within the companies themselves. Such in-house aggregators are established to retain control over the online distribution of films in their catalogue, and coordinate the release of those films across various exploitation markets. For instance, if films are first released in cinemas, they are often

subsequently released in the physical disc market on DVD and Blu-ray and in the online market on TVOD platforms, with the SVOD and television releases following thereafter. The in-house digital departments thus gather together specific films from their own catalogues, which are introduced as packages to VOD platforms. On the other hand, smaller production and distribution companies, outsource online distribution through separate stand-alone aggregator companies. Their films are usually introduced to TVOD and SVOD platforms as part of larger packages of aggregated film collections. Although both in-house aggregators and stand-alone aggregators belong to the same field, their objectives and functions within this field are thus different. I will explore such differences in more detail in the next sections.

In-house aggregators

In-house aggregation departments have emerged rapidly since 2010. Broadly speaking, they fall into one of the following groups: Hollywood studios, non-Hollywood studios with distribution offices in a small number of international markets, and locally-oriented producers and distributors in national markets.

The Hollywood studios have established in-house departments to make their collections available online. This includes hundreds of contemporary films released in recent years, and thousands of archive films released in the past. Because they usually remain in possession of the distribution rights of their films in international markets, they are able to control the online distribution of those films internationally by working directly with globally-oriented mainstream VOD platforms. Other film companies with distribution offices in a small number of international markets, such as eOne, TrustNordisk and StudioCanal, have equally established in-house departments in recent years to make their collections available online, but their control over online distribution is limited to the countries or territories in which they (physically) operate because the

distribution rights for other territories are not in their possession. They also work predominantly with globally-oriented mainstream VOD platforms in those countries. Similarly, there are locally-oriented producers and distributors in national markets with in-house aggregator departments; these include specialist distributors such as Soda Pictures (which was acquired by Thunderbird Entertainment in September 2014 and re-branded as Thunderbird Releasing in April 2017, as their acquisition manager Kevin Chan noted in a public interview in 2017) and Koch Media in the UK market. Because such distributors have also built up large collections in the past, it is the role of their aggregator departments to develop online strategies and further exploit the potential of those films on VOD platforms in the local UK market. For instance, Soda Pictures made 188 films available for rent or purchase on Amazon's TVOD platform in May 2017 (Amazon, 2017), as Kevin Chan (2017) noted in the same interview:

Essentially, when we release films in the home video market, that involves a release on DVD, Blu-ray and on online TVOD platforms. We work directly with Amazon and iTunes, and with specialist platforms such as BFI player, Curzon Home Cinema, We Are Colony).

In-house aggregator departments also allow distributors to develop close collaborations with VOD platforms. The UK specialist distributor Arrow Films makes a good example to illustrate the importance of such relationships. A key part of Arrow's film business is the home video market, and most of their acquisitions are specifically licensed for a home video release. The Arrow brand includes four labels under which their films are introduced and promoted: Arrow Video, Arrow Academy, Nordic Noir and ArrowDrome. The labels Arrow Video and Nordic Noir are particularly well-established and speak to specific fan bases in the home video market. In terms of their online business, Arrow created the position of digital strategy manager in July 2016

with the aim of developing a long-term business plan for their digital commercial business. Daniel Perry, who was appointed to take on this newly created role, noted in a public interview that their focus in the online market will remain on brand building (Perry, 2017). Thus, beyond the conventional routes through which their films are introduced on TVOD and SVOD platforms, they are developing other partnerships. For instance, they created a channel on Amazon for their label Arrow Video. This channel, which provided access to a selection of more than 50 films by June 2017, is a so-called ‘add-on’ subscription to which Prime members can sign up for an additional fee. Such channels on VOD platforms provide opportunities to distributors to promote their labels directly to audiences, while at the same time generating attention for the films included in the collections on those channels.

These new online distribution operations can thus be understood as an extension of Arrow’s conventional physical and online distribution activities. It is also clear that such online distribution requires a very different approach. Given that further growth is expected in the online market in the next few years, it is important to explore how distributors introduce and promote films to online audiences, and if release strategies of films will be affected by new initiatives.

Stand-alone aggregators

While in-house aggregation departments thus provide certain advantages to distributors, there are also distributors (and other rights holders) who work with separate stand-alone aggregator companies and outsource online distribution. Those aggregators operate from specific countries or territories and develop strong relationships with local producers, sales agents and distributors to aggregate large collections which they subsequently introduce to VOD providers. The distribution process is subject to the availability of the online rights: aggregators are able to circulate films in one specific

country or distribution territory, or more widely in various countries, or even worldwide. Examples of such aggregators include Film Buff in the US, Content Film in the UK and the US, Premiere Digital in India and the US, The Movie Partnership in the UK, Universciné in France and Kontor New Media in Germany. The French company Under The Milky Way is more globally-oriented, working with an international network of individual agents in different countries.

Globally-oriented platform providers usually demand that distributors (and other rights holders) with relatively small catalogues of predominantly small-scale, low-budget films work with stand-alone aggregators, with the implication that those aggregators exercise authority over the online gatekeeping process of those films before they are introduced to VOD platforms. It also means that the rights holders of those films retain a smaller share of revenues because aggregators partake in revenue sharing. Muriel Joly, business development manager with the aggregator Under The Milky Way, noted in a public interview that globally-oriented VOD platforms deliberately reduce the number of aggregators they work with to organise online distribution effectively and introduce large quantities of films:

Because global VOD platforms like iTunes, Google and Netflix don't have the internal organisational resources to deal with a large number of rights holders in international markets, they developed partnerships with a small group of major players [i.e. in-house aggregators], while smaller companies go through [stand-alone] aggregators. So what we are doing is acting as a mediator between producers, sales agents and distributors on the one hand, and global VOD platforms on the other hand (Joly, 2016).

As Joly notes, there is a need for stand-alone aggregators to make online distribution manageable for a greater range of films. In terms of the gatekeeping authority of stand-alone aggregators, they necessarily make decisions about which films they represent online and introduce to particular TVOD and SVOD platforms. I will

draw further on Joly's insights in this section to explain how Under The Milky Way operates. Joly notes that it is to their advantage to build up large film collections to offer to VOD platforms, and that they rarely reject films – generally only if rights holders do not commit to their technical requirements with regards to the digital formatting and delivery of films. Their acquisition process is thus very much described as a routine practice, and is different from the acquisition process undertaken by traditional distributors to the extent that aggregators are far less selective at this stage. The process of negotiating deals with TVOD and SVOD platforms is much more selective, however. This process involves negotiating one-off, short-term deals for packages of several films, with aggregators putting together different packages for specific platforms.

Joly, in this respect, highlights the fact that VOD platforms are occasionally looking for specific films to anticipate audience demand. For instance, she notes that the success of the critically acclaimed Oscar-winner *12 Years A Slave* (2013) created an opportunity for other films with similar subject matter and characteristics. Thus, Netflix became interested in *Half of a Yellow Sun* (2013) because, like *12 Years A Slave*, it provides a socio-culturally distinctive representation of African diaspora culture, while the British-Nigerian actor Chiwetel Ejiofor plays a leading role in both films.

Another important aspect of the aggregator's gatekeeping process involves providing promotional support, working closely with the editorial teams of VOD platforms to market films, as Joly explains:

We also add promotional value because our representatives are in contact with the editors who decide which films they highlight on their platform and where films are positioned. We also send out newsletters to the platforms to inform about new films in our catalogue, and which films are important in specific weeks. We have developed those relationships over time and that enables us to help supporting the rights holders.

The platforms also invest in marketing, but not always for the same reasons as we do. Their marketing campaigns are designed to attract online audiences to their platform, while we invest in the marketing campaigns of individual films. Because our marketing budget is limited, we apply for public funding to be able to support the marketing of films online.

Joly is here referring to their involvement with EU-funded online distribution projects such as *Walk This Way* and *The Tide Experiment*, which are specifically developed to experiment with online releasing and marketing campaigns. For instance, an important aspect of online marketing is video seeding, the process of bringing trailers of films and other promotional material to the attention of online audiences through social media and specific websites or blogs. Joly notes that *Under The Milky Way* works with the digital advertising company *Emerse* to organise online marketing campaigns. She also notes that the leading VOD platforms have created their own online marketing applications for rights holders. For instance, iTunes created the *iAd* and *Search Ads* applications, which allows rights holders to put advertisements or trailers on mobile apps of selected iTunes business partners. In terms of the impact of online marketing, Joly notes that so-called ‘click-through’ rates have so far demonstrated that users respond well to advertising, but that has not yet amounted to significant online sales revenue. Like in-house aggregators, then, stand-alone aggregators also provide promotional support for films in the online marketplace. However, Joly argues that there is still much progression to be made.

Trade analysts Fontaine and Simone (2017:33) provide a perspective on the position of stand-alone aggregators in the short term. They observe that more distributors are establishing their own aggregation departments and therefore argue that stand-alone aggregators need to respond to remain competitive. Beyond their gatekeeping role in enabling access to VOD platforms, Fontaine and Simone argue, their technical support with regards to digital formatting and promotional support

becomes increasingly important. They also observe that some aggregators have reorganised their business by expanding to DVD and Blu-ray acquisition, with the desired effect that they are able to control the physical disc release and online release in the home video market, allowing producers to organise distribution more effectively (2017:41).

While it makes sense for distributors to establish their own in-house aggregation departments, there is also a response from VOD platforms themselves. As mentioned earlier, Amazon allows rights holders to add films directly to their catalogue, and this may undermine the role of aggregators. Video sharing platforms and specialist VOD platforms also provide opportunities for rights holders to bypass aggregators. For instance, beyond YouTube and Vimeo, the online video service Distrify is another example of a sharing platform – it allows rights holders to make their videos available on Internet websites or blogs for rent or sale as an alternative to official VOD platforms. Further, while globally-oriented mainstream platforms require rights holders of small-scale, low-budget films to work with content aggregators, specialist platforms are happy to work directly with rights holders, as representatives of Curzon, BFI Player and Mubi indicated in interviews. Some producers therefore prioritise partnerships with specific specialist platforms over content aggregators, with the effect that revenues flow back directly to themselves.

In line with Joly's observations about the importance of online marketing and promotion, research by Drake et al. (2015) in relation to the specialist UK TVOD platform We Are Colony reveals that there is still much to be learnt about the process of monetising promotional values in the online market through VOD platforms, and that this will remain an important research area in the next few years. Further research about such online processes of value creation will reveal more insight into the benefits of

working with content aggregators as opposed to working directly with smaller VOD platforms.

6.6 Conclusion: The transitional state of distribution

What has emerged in this chapter is that the logic of the online economy stands in stark contrast with the traditional physical economy, and that such differences have major implications to gatekeeping processes. Anderson's (2006) vision of the economics of abundance, the long tail, and cultural democratisation has provided a useful perspective through which to understand the continuing shift in focus from supply to demand in relation to online distribution. Iordanova (2012), Franklin (2012) and Gubbins (2012) already observed in the early 2010s that online distribution was structurally changing the practice of gatekeeping in the film industry, providing increasing opportunities for producers large and small to circumvent traditional conventions and boundaries, and organise distribution in new ways.

The empirical evidence presented in this chapter confirms that the online economy is based on the economics of abundance, but also shows that there are huge differences in how processes of restricted access and open access associate with different platforms and different types of gatekeepers. Globally-oriented TVOD platforms underline the logic of the economics of abundance to the extent that they provide access to enormous catalogues of tens of thousands of films. However, the distribution of films to such platforms is still reliant on exclusive contractual agreements between rights holders and VOD providers which put restrictions on the process of providing 'open' access. With such restrictions to open access in the online market in mind, it is clear that distribution operations are still shaped by structural dynamics of power and control, and that the need for gatekeepers remains critical to the process of distributing films.

Despite the fact that the operations of globally-oriented platforms are most strongly associated with the economics of abundance, critics have disputed the notion of the long tail, arguing that the algorithms of globally-oriented platforms stimulate audience demand for the most popular films rather than specialist, niche films (Elberse, 2013; Epstein, 2017). On the other hand, specialist platforms provide opportunities to gain a higher degree of visibility for specialist, niche films by exercising the role of cultural gatekeepers. Because their expert curators deliberately restrict access to relatively small catalogues of specialist, niche films, they support the profile of a limited selection of films only, while preventing many other specialist, niche films from gaining access to such platforms. In other words, the perspective of globally-oriented platforms stimulates ‘inclusivity’ of specialist, niche films, but this does not necessarily support the commercial performance of those films. By contrast, the perspective of specialist platforms stimulates ‘exclusivity’ of specialist, niche films, and is therefore more supportive to the commercial performance of selected specialist, niche films. What emerges from this comparison is that both perspectives put limitations on specialist, niche films in one way or another, and this undermines any sense that the digital era has provided a more evenly balanced online playing field.

This argument intervenes with Anderson’s notion of market fragmentation (2006:180). The power dynamics in the UK market between mainstream and specialist platforms bear resemblance with longstanding power dynamics between multiplex cinemas and art-house cinemas. In other words, such dynamics demonstrate that the online market has reproduced the segmentation of the physical market. Anderson, however, associates the development of the online market with *increasing* market fragmentation, which he sees as a positive development in terms of providing access to a wider range of products. To that end, it is important to analyse how the online market

might develop in the next few years, particularly because industry observers predict further growth. The proliferation of globally-oriented video sharing platforms such as YouTube and Vimeo points to further market fragmentation within the TVOD and SVOD markets. There has also been a proliferation of niche stand-alone platforms and niche ‘channels’ on globally-oriented platforms in recent years, providing access to smaller collections of films. Amazon has positioned itself at the forefront of this development with the launch of the ‘Amazon Streaming Partners Program’ (now known under the name Amazon Channels) in the US in December 2015, as journalists Villarreal and James (2015) demonstrate. This new business model allows their Prime subscribers to supplement their Prime offer with individual SVOD channels to which they subscribe. In line with the logics of the on-demand culture, the Amazon model empowers consumers to take control over film viewing. Journalists Bury and Williams (2017) therefore understand this model as a response to television broadcasters, who put together large pre-programmed packages of channels with films and other forms of entertainment for their consumers.

The Amazon Channels offer involves a combination of existing television channels and new channels created by producers and distributors for specific consumer segments. Examples of dedicated film channels include Shudder, UP Family and Viewster, and each of them focuses on specific genres, tailored to specific types of audiences. Shudder specialises in horror films, UP Family in family films, and Viewster in anime films. The UK distributor Arrow Films has also created a channel on Amazon for their label Arrow Video, as mentioned above. The presence of such channels on Amazon provides opportunities for films which are already part of the film catalogues of television channels, as well as for films which are not part of film catalogues of such television channels. Because this model stimulates audiences to complement their Prime

subscription with niche subscriptions, it adds weight to Anderson's assertion that mainstream audience preferences gradually 'scatter' in the online market (Anderson, 2010:181).

Amazon Channels is a business model that is very much in development. Amazon, for instance, notes that the number of channels in the US has grown from 30 providers to nearly 100 providers in the first 12 months, and that subscribers have become more accustomed to using these additional SVOD channels, as trade journalist Porch (2016) demonstrates. More recently, in May 2017, Amazon Channels also launched in the UK and Germany. Its impact on further fragmentation in the online market will therefore become clearer in the next few years. The fact that Amazon acts as a service facilitator for such niche channels results in a mutually beneficial relationship, whereby Amazon attracts subscribers to their Prime service and niche channels secure a presence on one of the most powerful VOD platforms. This mutually beneficial relationship between mainstream and niche platforms is supportive to the creation of a more level online playing field in the future.

While such increasing fragmentation may occur in the near future, power dynamics in today's online market mirror those in the physical market. To date, a sense of continuation has therefore remained at the level of consumption and exhibition. The analysis in this chapter, however, demonstrates that the development of the online market has already changed power dynamics at the level of distribution. The involvement of Netflix and Amazon in distribution has affected the business of sales agents and distributors, and their role as gatekeepers. Sales agents seem to have benefited from this development because Netflix and Amazon have presented themselves as powerful buyers and the distribution business has become increasingly competitive.

However, while their role as sellers remains unchanged, their role in organising the distribution process and release strategy is being undermined if they negotiate deals for worldwide distribution with online corporations such as Netflix. To that end, they are confronted with power dynamics that bear resemblance to how the major Hollywood studios have negotiated deals and exercised influence over distribution terms for decades.

On the other hand, distributors are finding that they are increasingly competing with Netflix and Amazon for the distribution rights of the most attractive projects. Because their business is under pressure, they take more risks by turning to vertical expansion – through output deals and first look deals with producers, or through the integration of their distribution with production and financing operations. In other words, vertical expansion is a strategy that has been developed to enable distributors to continue to exert control over the film business.

Sales agents and distributors continue to operate as part of gatekeeping networks, but the development of the online market has called for content aggregators to enable access to the online market. Rather than taking on the task of further filtering out films against each other, as an extension of the gatekeeping work of sales agents and distributors, they promote a reverse logic by engaging with large quantities of films. For instance, Joly (2016) mentioned that Under The Milky Way usually accepts films if they specific technical requirements for digital delivery. In line with the logic of the economics of abundance, they *enable* rather than *disable* online access for films. They work with distributors, but also directly with sales agents and producers, to organise online distribution for films that have been included and excluded by sales agents and distributors. This orientation towards quantity over quality is what separates the aggregators from traditional sales agents and distributors.

While rights holders are able to outsource online distribution through stand-alone aggregators, some distributors have established their own in-house aggregator departments in recent years to organise online distribution for their film catalogues by themselves. For those distributors with in-house aggregator departments, the online business is integrated with their physical (analogue) business. The role of such in-house aggregators is thus restricted to films in their own collections only. This reveals their difference in orientation in comparison to stand-alone aggregators, while also underlining how the logics of the physical and online markets contrast with each other.

Chapter Seven

New Approaches to Distribution and Release Strategies

7.1 Introduction

Having established a broad contextual understanding of the field of online distribution and the position of various types of gatekeepers and VOD platforms therein, I will take this discussion further with an empirical and analytical consideration of approaches to distribution and release strategies. The focus shifts from conventional approaches to new, alternative ways of organising distribution and developing release strategies. There are some key questions to consider here. How are gatekeeping networks affected by new approaches to distribution? How are release strategies for films changing as a result of new online opportunities? And how can we make sense of such developments analytically?

Such questions will be analysed from the perspective of Netflix and Amazon on the one hand, and from the perspective of small-scale stand-alone producers on the other. They are both moving into distribution, but their strategies are structured by different motivations because they are positioned at opposite ends of the market. Netflix and Amazon started to develop their own in-house productions to be able to exert more control over the distribution and release strategies of films. Such operations are contextualised as an extension of their powerful role as VOD platform providers. The perspective of small-scale, stand-alone producers, by contrast, is very different in the sense that they operate at the specialist, indie end of the market, and they need to respond to changing circumstances in the marketplace. To those producers, the development of the online market provides increasing opportunities to exert more

control over distribution by experimenting with forms of self-distribution or direct distribution, which undermines the role of traditional gatekeepers.

In terms of the structure of this chapter, I will first focus on Netflix and Amazon to expand on the discussion in the previous chapter. Their move towards in-house productions will be analysed in relation to the distribution and release strategies they develop for those films. It is clear that they are positioning themselves at the forefront of the film distribution business, albeit in markedly different ways. Given their powerful impact as emerging online corporations, I will also draw parallels between their business structures and the longstanding operations of the Hollywood studios, and underline that they are changing existing power dynamics in the distribution business. This discussion, which is largely based on trade press coverage, will be integrated with claims in academic and industry discourse about processes of digital disruption and dis-intermediation (Iordanova & Cunningham, 2012; Hirsch & Gruber, 2015; Lyttelton, 2016; Garrahan, 2017). I will demonstrate that the distribution operations of Netflix underline such notions, while the distribution operations of Amazon put limits on such points of comparison.

In the second part of the chapter, the notion of dis-intermediation will be further explored in relation to small-scale, stand-alone companies at the specialist end of the market. Rather than subscribing their operations to the notion of digital disruption, I will demonstrate that their response to online developments is borne out of necessity. In foregrounding their business context, the changing circumstances and challenges they are facing will be discussed before analysing their operations in relation to distribution and release strategies. I will draw on trade press coverage, interviews and industry reports to develop a better understanding of their responses to change. Producers and distributors of low-budget films are increasingly experimenting with day-and-date

releasing as opposed to conventional staggered releasing. I will then compare conventional distribution with new forms of distribution, such as direct distribution and self-distribution, to further explore the perspective of producers. This comparison is supplemented with case studies of distribution and release strategies developed for the low- and micro- budget films *Borrowed Time* (2012), *The Machine* (2013), and *The Survivalist* (2015). I will argue that while alternative distribution operations can be described in terms of the processes of dis-intermediation, they can also be described in terms of re-intermediation. The chapter therefore concludes by providing a framework through which conventional and alternative distribution arrangements can be understood analytically.

7.2 The perspective of Netflix and Amazon

I will analyse the business activities of Netflix and Amazon in the next sections. As I explained in the previous chapter, they are both breaking into the distribution business. While an important part of such distribution activity involves acquiring films in the marketplace, they have also started to develop their own in-house productions. I will analyse these strategies in relation to the vertically integrated operations of Hollywood studios, and make analytical associations with the concepts digital disruption and dis-intermediation.

Netflix

Netflix originally started in 1997 as an online DVD retail company in the US market. They introduced a subscription-only rental model in 1999 and gradually developed a (physical) collection which included 70,000 films and television series in 2007, as journalist Helft (2007) explains. They were also an early adopter of online on-demand viewing, and complemented their DVD rental service with a newly developed online SVOD platform to create and anticipate new consumer interest. This online SVOD

platform was formally introduced in 2007, with an initial collection of just 1,000 films and television series. Over the next three years, their overall subscriber numbers increased from 7.5 million in December 2007 to 14 million in March 2010, and online viewing quickly began to overtake their DVD business (Netflix, 2008, 2010).

In order to exploit the potential of the VOD market, Netflix reorganised its business by separating its VOD offer from the physical disc offer in 2010. Journalists Arango and Carr (2010) note that the VOD offer changed from a maximum number of rentals at any one time to unlimited streaming, and the monthly price was brought down from \$19.99 to \$7.99. They also started to introduce this VOD model in various other countries and territories: by 2014, it was available in the UK, Latin America, Canada, Scandinavia, France, Germany, and the Benelux countries. Journalist O'Toole (2014) argues that the new SVOD model proved hugely successful, reaching 36 million subscribers in the US market and another 14 million international subscribers in July 2014. Such growing subscriber numbers allowed Netflix to increase acquisition budgets and make available substantial investment in high-profile films and television series.

This period marked the beginning of a new phase in which Netflix rebranded itself from a distribution and retail business to a fully integrated studio business with the financial resources to invest in in-house productions (McDonald & Smith-Rowsey, 2016:4). In other words, they established a new business structure which was beginning to resemble the longstanding operations of the Hollywood studios. High-end, big-budget television dramas such as *House of Cards* (2013) and *Orange is the New Black* (2013) were heavily promoted as 'Netflix Originals' as part of their rebranding strategy, and undoubtedly helped to increase subscription numbers.

In addition to television series, Netflix started to invest in in-house film productions, beginning with the \$6 million film *Beasts of No Nation* (2015) and the \$20

million film *Crouching Tiger, Hidden Dragon: Sword of Destiny* (2016). Unlike the productions of *House of Cards* and *Orange is the New Black*, Netflix was not involved from the very beginning in these films and did not contribute financially their development and production, but simply acquired the rights as a distributor. Trade observer McNary (2015) notes that the production budget of *Beasts of No Nation* was just \$6 million, but Netflix paid \$12 million for worldwide distribution rights – and they subsequently rebranded it as a ‘Netflix Originals’ production. This is a strategy they also pursued for medium-budget films such as the war dramas *The Siege of Jadotville* (2016) and *Sand Castle* (2017), and for a string of low-budget films. In acquiring the worldwide distribution rights to those films, they were able to exercise control over the release strategy in international markets.

In terms of their release strategies, they normally prioritise a worldwide SVOD release exclusively on their platform for new films in order to support their business model, rather than organising a conventional strategy with a theatrical release in cinemas before films are introduced online. Occasionally, if films have the potential to be nominated for prestigious award competitions, they are released on their SVOD platform in combination with a modest theatrical release (often in the US market only) to be able to qualify for these competitions. For instance, Netflix developed a day-and-date release strategy in cinemas and online in the US market for *Beasts of No Nation*, *Crouching Tiger, Hidden Dragon: Sword of Destiny* and *The Siege of Jadotville* in the US market.

In addition to acquiring rights as a distributor, they have also invested in ‘Netflix Originals’ as a co-production partner. For instance, trade observer McClintock (2015) notes that Netflix was keen to fund the \$60 million satirical comedy *War Machine* (2017) when the initiators of the film – the well-known actor and producer Brad Pitt and

the Australian director David Michod – were unable to reach a financing agreement with the companies New Regency and RatPac Entertainment. Such involvement as financier and co-producer generally provides the means to exert more creative control over the production process. They also immediately acquired the worldwide distribution rights to exploit the film commercially.

Netflix assigns the label ‘Netflix Originals’ to films for which they acquire worldwide distribution rights as a financier, co-producer, or distributor. Table 12 demonstrates that Netflix started with just two films by the end of 2015, but another 22 films were released in 2016. Analysis by industry observers Cobb (2017) and McAlone (2017) in April 2017 forecasts that the number of Netflix originals will continue to grow in 2017 and thereafter. Beyond this focus on quantity, Cobb (2017) also observes that Netflix is increasingly prepared to compete with Hollywood studios by investing in big-budget in-house productions: in addition to *War Machine*, he notes that the 2017 slate includes the \$50 million film *Okja*, the \$40 million *Death Note*, and the \$90 million *Bright*.

In terms of growth and availability, Netflix had branched out to more than 130 countries by January 2016, and to 190 by January 2017 (Netflix, 2017). Trade analyst Weber (2017) notes that their worldwide subscriber numbers increased from 50 million in July 2014 to more than 93 million by the end of 2016. The prospect of continuing growth has encouraged Netflix to continue its investment in in-house productions and acquisitions, with the budget for ‘original’ films and television series growing to \$6 billion in 2017. The Chief of Content, Ted Sarandos, announced in September 2016 that Netflix originals would account for as much as 50% of their film and television content in a period of just a few years, as noted by trade observer Spangler (2016c).

Table 12. Self-compiled list of Netflix original feature films ordered by date of release, October 2015 - December 2016.

	Film	Release date worldwide	Genre
1.	<i>Beast of No Nation</i>	October 2015	Drama, war
2.	<i>The Ridiculous 6</i>	December 2015	Comedy, western
3.	<i>Crouching Tiger, Hidden Dragon: Sword of Destiny</i>	February 2016	Action, adventure
4.	<i>Pee-wee's Big Holiday</i>	March 2016	Adventure, comedy
5.	<i>Special Correspondents</i>	April 2016	Comedy
6.	<i>The Do-Over</i>	May 2016	Action, adventure
7.	<i>The Fundamentals of Caring</i>	June 2016	Comedy, drama
8.	<i>Brahman Naman</i>	July 2016	Comedy
9.	<i>Rebirth</i>	July 2016	Thriller
10.	<i>Tallulah</i>	July 2016	Comedy, drama
11.	<i>XOXO</i>	August 2016	Drama, music
12.	<i>The Little Prince</i>	August 2016	Animation, adventure
13.	<i>ARQ</i>	September 2016	Sci-fi, thriller
14.	<i>Mascots</i>	October 2016	Comedy
15.	<i>The Siege of Jadotville</i>	October 2016	Action, drama
16.	<i>I Am the Pretty Thing That Lives in the House</i>	October 2016	Thriller
17.	<i>7 Años</i>	October 2016	Drama
18.	<i>True Memoirs of an International Assassin</i>	November 2016	Action, comedy
19.	<i>Mercy</i>	November 2016	Drama, mystery
20.	<i>Skiptrace</i>	November 2016	Action, adventure
21.	<i>Divines</i>	November 2016	Crime, drama
22.	<i>Spectral</i>	December 2016	Action, mystery
23.	<i>Barry</i>	December 2016	Biography, drama
24.	<i>Sand Storm</i>	December 2016	Drama

Note: Documentaries are excluded from this list.

Amazon Prime Video

Amazon has operated in the film business since 2006. They established a reputation in the US market as an online retail company providing access to large DVD and Blu-ray catalogues, as well as to large transactional VOD catalogues. The VOD catalogue was initially accessible through the service Amazon Unbox, which was rebranded as Amazon Video on Demand in 2008, and to Amazon Instant Video in 2011. Having established a TVOD catalogues of tens of thousands of films and television series by 2011, Amazon anticipated the growing demand for online viewing and launched a subscription service. This subscription service, called Amazon Prime, initially included access to 5,000 films and television series, as well as complimentary free two-day delivery on physical products ordered on the Amazon website (Amazon, 2011). Industry observers viewed their Amazon Prime subscription strategy as a response to the continuing popularity of Netflix.

In the five years that followed up to 2016, the Prime subscription offer advanced to 18,000 films and several more thousands of television series, while also providing access to the Amazon music catalogue, as trade observer Spangler (2016a) notes. In the meantime, the Amazon TVOD and SVOD offers were rolled out internationally, beginning with the UK, Germany and Austria in 2014, followed by Japan in 2015, and further expanding to more than 200 countries by the end of 2016.

As with Netflix, they started to invest heavily in ‘original’ content to promote their SVOD offer, beginning with television series. In order to analyse audience preferences, trade observer Spangler (2014) notes that Amazon viewers were first provided free access to a first batch of 14 pilot episodes of series in April 2013, and a second batch of 10 pilots in February 2014. Based on feedback gathered from these viewers, they

ordered full seasons of series such as *Alpha House* (2014), *Bosch* (2014) and *Transparent* (2014).

Having developed these television series, they announced in January 2015 that they were also moving into film production. They appointed Ted Hope, formerly one of the leading voices for independent filmmakers, to lead their film and television production departments. This was a strategic choice that underlined Amazon's future intentions. Trade observer O'Falt (2017) notes that Hope is a long-time advocate of low-budget independent cinema, who launched the US production company Good Machine together with his partner James Schamus in the 1990s. Through Good Machine, they invested in the careers of filmmakers such as Ang Lee, Todd Haynes and Todd Solondz. These filmmakers and others working at the specialist, indie end of the market demonstrated their potential in this period, with several low-budget independent films becoming commercial breakout successes. The unprecedented commercial success of Good Machine and other indie companies, O'Falt notes, provided an incentive for Hollywood studios to acquire such companies and establish their own so-called specialty divisions. This became a truism for Good Machine, with the co-founders selling the company to Universal Pictures in 2002.

Hope went on to start a new production company called This is That, where the focus remained on investing in original content and working with low-budget independent filmmakers. Having run This is That for eight years up to 2010, he continued to share and promote his vision through a series of short articles in which he called for more financial support for independent filmmakers and drew attention to new business models and online VOD platforms designed to support independent filmmakers. In 2012, he became the director of the San Francisco Film Society, for which he developed the direct distribution programme 'Artist2Entrepreneurs', as trade

observer Willmore (2013) notes. This programme was specifically aimed at independent filmmakers experimenting with new forms of distribution. He worked as an advisor for the US-based specialist SVOD platform Fandor from 2011, where he was made Managing Director in 2014.

It is precisely this legacy and approach to filmmaking that Hope has developed further with Amazon Studios, the creative and business department that is responsible for films and television series developed, produced and distributed by Amazon. Part of their production and branding strategy, O’Falt (2017) notes, involved developing relationships with indie filmmakers who became important in the 1990s, including Spike Lee, Jim Jarmusch, and Todd Haynes. Spike Lee’s *Chi-Raq* (2015), for instance, became the first ‘Amazon Original’ that they acquired as a distributor. They released the film in US cinemas just two months after Netflix released its first ‘original’ film *Beasts of No Nation* in US cinemas. Other Amazon originals included Jim Jarmusch’s *Paterson* (2016) and Todd Haynes’ *Wonderstruck* (2017), with Amazon being involved as both co-producer and distributor.

Like Netflix, it is clear they are also prepared to invest heavily in new acquisitions. Trade reports by McClintock (2017) and Kay (2016) demonstrate that they acquired the distribution rights of highly-anticipated films such as Woody Allen’s *Cafe Society* (2016) for \$15 million and Kenneth Lonergan’s *Manchester by the Sea* (2016) for \$10 million, as well as the distribution rights of smaller acclaimed films such as Nicolas Winding Refn’s *The Neon Demon* (2016) and Chan-wook Park’s *The Handmaiden* (2016).

Amazon’s vision and focus on independent films has been carefully promoted at film festivals. They made a huge splash at the 2016 Cannes Film Festival with five films showing in various competition programmes. Unlike Netflix, they emphasise that

they work together with distributors to give their films a substantial release in cinemas before they are introduced on their SVOD platform (Fleming, 2016). However, to date they have only acquired distribution rights for their acquisitions for the US market, with distribution rights for international countries and territories being sold to other distributors. For instance, with *Manchester By The Sea*, the US sales agent Sierra/Affinity sold the US distribution rights to Amazon Studios and negotiated additional deals with international distributors in other countries and territories, as trade reporter Tartaglione (2016) notes. Because their ownership over distribution rights is restricted, they use the label ‘Amazon Originals’ in the US market only. By contrast, the label ‘originals’ is used by Netflix to promote films internationally.

Table 13. Self-compiled list of Amazon original feature films ordered by date of release, December 2015 - December 2016.

	Film	Release date worldwide	Genre
1.	<i>Chi-Raq</i>	December 2015	Comedy, crime
2.	<i>Creative Control</i>	March 2016	Drama, sci-fi
3.	<i>Elvis & Nixon</i>	April 2016	Comedy, history
4.	<i>Love & Friendship</i>	May 2016	Comedy, drama
5.	<i>The Neon Demon</i>	June 2016	Horror, thriller
6.	<i>Wiener-Dog</i>	June 2016	Comedy, drama
7.	<i>Café Society</i>	July 2016	Comedy, drama
8.	<i>Complete Unknown</i>	August 2016	Drama, mystery
9.	<i>The Dressmaker</i>	September 2016	Comedy, drama
10.	<i>An American Girl Story – Melody 1963: Love Has To Win</i>	October 2016	Family
11.	<i>The Handmaiden</i>	October 2016	Drama, mystery
12.	<i>Manchester By The Sea</i>	November 2016	Drama
13.	<i>Paterson</i>	December 2016	Comedy, drama

Note: Documentaries are excluded from this list.

Nevertheless, with Amazon expanding to film financing, production and distribution, they have followed the example of Netflix to the extent that they increasingly operate as an integrated studio, and the trade reporters such as Kay (2017b) have observed such parallels between them. This comparison gains more relevance when taking into account that both are multi-national online companies with the financial and organisational resources to change the film business dramatically in the long term. Amazon, in this respect, has never been secretive about their ambition to operate as a studio, but consistently stresses that they are keen to work with the independent film business and willing to adhere to conventional distribution approaches which privilege the film festival circuit and the theatrical cinema market. In this way, they go against close comparisons that put them on a par with Netflix. Jason Ropell, Head of Films at Amazon, reflects on the difficulties they experienced while introducing their philosophy in the beginning:

Messaging around our model was a challenge initially. When people thought of Amazon, they immediately expected that ours would be a direct-to-platform play and that if you were going to do business with us, that's where your film would end up [as with Netflix]. That was not the intention, so it took time for that to really sink in. It's clearly sunk in now because we've been so fortunate with films like *Manchester [By the Sea]* and *Love & Friendship*, where it's clear, "Oh, they're going to release movies in theaters, that's what they're about, and then those movies eventually go to Prime, now I get it" (quoted in Ford, 2017).

The elements of success we've seen this year were audiences really connecting with our films, critics connecting with our films, being recognized by respected bodies. All of that — you want to build on that success and have more of it. That's what I want to see in the future. I see this as the beginnings of a studio, so I can't really think of a better way or a better foundation to have laid for the building of the studio within the past year (quoted in Ford, 2017).

In this statement, Ropell places emphasis on traditional release strategies for films. Rather than developed straight-to-VOD releases, he notes that Amazon remains committed to staggered releasing, starting with a theatrical cinema release. In this way, he argues, they operate in a similar fashion to conventional studios with integrated operations.

In terms of Amazon's slate of films, Table 13 demonstrates that *Chi-Raq* was the only film they released in 2015, with another 12 films following in 2016. The Director of Amazon Studios, Roy Price (2016), notes that their commitment to films is reliant only on the quality of films in the marketplace, and there are no specific quantitative targets in terms of the volume of film releases. Their decision-making is driven by their enthusiasm and confidence in films, and they take an open approach with regards to their involvement in specific stages of the production process:

We're definitely developing IP [intellectual property] and scripts. So we're definitely developing from zero as we also acquire finished films, and everything in between. Our only priority is to get the best, most interesting, most creative films. We can be open-minded about everything else (Roy Price quoted in Fleming, 2016).

Price underscores in this statement that Amazon's approach to film production and distribution is flexible: while they usually acquire film rights as a distributor, they are occasionally prepared to commit from an early stage of development as a producer and distributor. Central to their commitment is their assessment of content. Ropell (2017) reinforces this point about the importance of quality to their decision-making. Making reference to the commercial success of *Manchester By The Sea* (2016), which generated more than \$47 million in the US cinema market (Box Office Mojo, 2017), he sees a role for Amazon in supporting small or medium budget films with break-out potential.

Because Hollywood studios increasingly focus on a small number of massive-budget ‘tentpole’ films, there are opportunities for other companies:

There's this polarization between tentpole blockbuster studio franchises based on pre-existing IP and then much, much smaller microbudget or very independent fare. The in-between films are the ones getting squeezed out, but there's an appetite for them. In order for a film to perform as *Manchester [By the Sea]* is performing, you need to reach secondary markets, you need to get out to parts of the country that you might not necessarily think would be interested in an independent film (quoted in Ford, 2017).

As this statement from Ropell demonstrates, Amazon is thus particularly keen to invest in mid-range or cross-over films, with the potential to break out to mainstream audiences, such as *Manchester by the Sea*. It is precisely such critically acclaimed films with important cultural as well as commercial values that allow Amazon to build up their brand.

Industry analysts have responded with mixed views to Amazon’s film operations. They see Amazon Studio as a company which protects the interest of filmmakers by investing in low-budget and medium budget films, but they are concerned about the fact that they are part of a multi-national company with broader commercial incentives, and therefore question their intentions in the long term. As trade journalists O’Falt (2017) and Bart (2017) put it:

While it’s hard to imagine the economic model for Amazon’s original movie strategy is a profitable one in terms of box office and other forms of revenue, Hope and his team have brought prestige and a brand of quality to the streaming giant, which might at this conjuncture [sic] may prove to be more valuable to the rapidly expanding company than the bottom line (O’Falt, 2017).

Though Amazon is a giant company with resources to outmatch the majors, Amazon’s movie slate remains a bastion of specialty films aimed at adult filmgoers. Competitors

respect the company as a serious player, but are skeptical about its long-term strategy (Bart, 2017).

O’Falt and Bart understand Amazon’s film operations in the light of their broader corporate business strategy, as a means of brand building to support their retail business. They point to Amazon’s ability to prioritise creative decisions over commercial decisions with regards to film acquisitions, and set this opportunity against the inability of other film companies to do this because their decision-making is guided primarily by economic motives. It is therefore implied that the Amazon film department operates with the purpose of adding important promotional values to the overall branding of Amazon. Indeed, the Amazon Prime offer, which connects their digital entertainment and physical retail business, is an important business strategy which substantiates such thinking.

Digital disruption

The substantial impact of online corporations such as Amazon and Netflix has been explored analytically in relation to the changing nature of businesses in the digital age more generally. Clayton Christensen (1997) introduced the influential concepts ‘disruptive technologies’ and ‘disruptive innovation’ in an effort to understand how digital technologies were gradually replacing existing technologies and businesses. While these concepts have been consistently employed in macro-economic studies, the term ‘digital disruption’ is more commonly employed in film and media studies. In particular, the contributors to the edited collected by Iordanova and Cunningham (2012) make reference to this concept. For instance, Franklin (2012:102) defines digital disruption as the process whereby companies innovate by employing new digital technologies and business models that impact on value creation processes and conventional business procedures. Digital disruption is also primarily associated with

multi-national technology corporations. Iordanova (2012:2), for instance, specifically points to the arrival of disruptive corporations in the late 2000s, such as Amazon in the publishing industry, iTunes in the music industry, and Netflix in the film industry. With Amazon and iTunes diversifying to film and other fields of cultural activity, along with other multi-national corporations such as Microsoft and Google, the term digital disruption gained even more significance.

Digital disruption quickly emerged as a popular ‘buzz-word’ which was easily associated with online change and developments, but which was also in need of further clarification to be employed analytically. To that end, it is surprising that only a few film and media scholars have developed these discussions further in recent years (Crisp, 2017). The trade press, however, has adopted a more narrow working definition, with a strong emphasis on companies with strategies that deliberately disrupt accepted business procedures and arrangements. Because Netflix and Amazon recently rebranded as integrated studios, their operations are now discussed in relation to digital disruption, as noted by trade reporters Lyttelton (2016) and Garrahan (2017).

The danger that they pose to the conventional film distribution business, the argument goes, is that they will be able to control distribution and monetise content exclusively through their own online VOD services. If films are made available directly to online subscribers, that disrupts the business of the companies that are part of the traditional film industry, including distributors, cinema exhibitors, DVD and Blu-ray retailers and others who conventionally participate in the process of delivering films to audiences.

While digital disruption seems easily linked with the studio operations of Netflix and Amazon, such associations are by no means always correct, and sometimes hugely misplaced. As noted in the previous section, Amazon has stated that they are willing to

collaborate with the independent film business and that they are committed to traditional film releasing. To that end, it makes sense to argue that they are simply another player in the marketplace rather than a disruptor. As Amazon director Roy Price explains, they usually demand exclusivity only in the SVOD window, which they see as the secondary or tertiary release window:

Having the film be a theatrical success is good for the filmmakers, and it's desired by them. I think it's good for the customers because they get an opportunity to see it in theaters today, and the film is treated like a real film. It feels like a real movie. At the end of the day, it kind of works for everybody that we support a theatrical release. So really, as you observe these films going in the market and going between windows, it won't be unfamiliar to you. It's just that instead of the normal Pay One carrier [i.e. pay TV], it will be on Amazon (quoted in Fleming, 2016).

Price thus confirms that they are prepared to release films first in cinemas, and then in the home video market. He compares the release window on Amazon Prime with the pay TV window, which is organised simultaneously with the home video release on DVD, Blu-Ray and TVOD, or shortly thereafter. Price further notes that they are usually prepared to commit to the standard 12-week theatrical release window for films in US cinemas, although some films are given a shorter release if cinemas pull them off their screens early:

We want to work with exhibition and it has to be a win-win for everybody. We think that's a fair trade-off that works with our model. The principle of the whole thing is let's do what's great for our customers, and if we get the film widely distributed so that a lot of customers have the opportunity to see it in the movie theater, then that's great. There may be changes from time to time where we're not really doing that, on a smaller picture that may come out on 30 screens. In that case, probably the best thing from a customer point of view and even for the filmmaker, in terms of the economic model, might be to have a shorter window. But that would be the exception and not the rule (quoted in Fleming, 2016).

Price places emphasis on the fact that Amazon's release approach is guided by audience demand, and that they can be flexible in terms of developing strategies for specific types of films. While that is a common approach to film releasing, Price also notes that they are prepared to reduce the theatrical release window if films are given a modest release in cinemas. As I will explain in depth in section 7.3 of this chapter, that is a relatively new strategy that is still rare in today's film business.

Recent examples of films released by Amazon in the US market, such as *Chi-Raq* (2015), *Manchester by the Sea* (2016) and *The Neon Demon* (2016), substantiate the claim that they prioritise a (substantial) release in cinemas over a release directly on their SVOD platform. Amazon partnered with the specialist distributor Roadside Attractions and the studio Lionsgate to release *Chi-Raq* modestly in the US market: it opened in close to 300 cinemas in the first two release weeks, but that number dropped quickly to 76 in the third week and only 20 in the fourth week (Box Office Mojo, 2017). The film became available in the home video market (DVD, Blu-ray and TVOD) after seven weeks, followed by a release on their SVOD platform one week later. The film was thus released in cinemas before opening to other release windows, yet the theatrical release window was shorter than usually required.

Amazon also partnered with Roadside Attractions to release *Manchester by the Sea*. They developed a platform release on just four screens in the first week, which then gradually expanded to 366 screens in the fourth week and more than 1200 screens in the fifth week. The film won two prizes at the Oscars and became a huge commercial success, grossing \$45 million at the US box-office after 12 weeks (Box Office Mojo, 2017). Because of this success, it continued playing in cinemas while at the same time being released in the home video market in DVD or Blu-ray format and for TVOD viewing. Further, it became available on Amazon Prime only eight weeks after the

initial release in the video market (i.e. 20 weeks after the theatrical cinema release).

Hollywood studios and traditional distributors dealing with high-profile films commonly employ similar strategies with films being available exclusively in cinemas, on DVD and Blu-ray, and on TVOD before they become available on SVOD.

For the release of *The Neon Demon* in the US market, Amazon partnered with the specialist distributor Broadgreen Pictures. The film opened immediately on close to 800 screens, but this number fell to less than 200 screens in the second release week and to only 16 screens in the third release week (Box Office Mojo, 2017). The film was released in the home video market after a long theatrical holdback enforced by the 12-week window restriction, while becoming available on Amazon Prime only eight weeks thereafter. The strategy, planned with a long wait across several release windows, was thus similar to *Manchester by the Sea*.

These three releases by Amazon in the US market confirm that they respect traditional releasing and work with distributors to organise the theatrical cinema and home video releases. In acquiring all distribution rights for the US market, they are able to control the release strategy across different windows and ensure that films eventually become available on their SVOD platform. In other words, rather than performing the role of a digital disruptor, they perform the role of a relatively traditional all-rights distributor – for which they rely on the help of theatrical distributors to organise the cinema and home video releases, while organising the SVOD release themselves.

The operations of Netflix, on the other hand, are much more closely related to digital disruption, since they usually release films on the same day in the theatrical cinema and online windows, or they circumvent the theatrical window completely and release films exclusively on their SVOD platform.

As noted above, Netflix developed day-and-date releases in the US market for *Beasts of No Nation*, *Crouching Tiger, Hidden Dragon: Sword of Destiny* and *The Siege of Jadotville*. *Beasts of No Nation* enjoyed a worldwide online release on Netflix in combination with a modest theatrical release in the US and UK. The US cinema release was organised only to enable the film to qualify for the awards season and the UK cinema release for the BAFTA awards, with the film showing in only 30 US cinemas and no more than 15 UK cinemas, as noted by trade reporter Child (2015).

The martial arts film *Crouching Tiger, Hidden Dragon: Sword of Destiny* also enjoyed a worldwide online release, this time in combination with a theatrical cinema release in 15 IMAX cinemas in the US. Significantly, because China is one of the few countries in which Netflix has not yet been introduced, Netflix negotiated a distribution deal with the distributor The China Film Group and the film was given a wide theatrical release in Chinese cinemas. Trade observer McClintock (2016a) notes that it already generated more than \$20 million at the box-office after the opening weekend.

The war drama *The Siege of Jadotville* was also released to worldwide audiences on Netflix, while a modest theatrical cinema release was organised in the US. This theatrical release marked the beginning of a new distribution agreement with the US cinema chain iPic. Rather than having to negotiate separate distribution deals with distributors for new film releases, iPic was due to release the next 10 Netflix films in up to 15 cinemas in the US to accompany the worldwide online release, with the desired effect that those films would qualify automatically for the awards season, as noted by trade reporter Spangler (2016b).

Cinema exhibitors have responded critically to such day-and-date releases by Netflix, particularly with regard to films competing for festival prizes and awards. *Beasts of No Nation* impressed many critics at international festivals such as Venice,

Telluride, Toronto and London, and would have been an attractive proposition to international distributors and cinema exhibitors. However, Netflix only developed a day-and-date strategy in the US and the UK to qualify the film for the awards season, as a box-ticking exercise rather than with the intention of exploiting its commercial potential in cinemas. Such day-and-date strategies by definition reduce the commercial potential of their films in cinemas because the biggest cinema chains have formed a pact with each other to refuse to show films for which such strategies are developed. For instance, in the US, the cinema chains AMC, Regal, Cinemark and Carmike refused to show *Beasts of No Nation* in their cinemas, as noted by trade reporter Lang (2015).

Those cinema chains feel that they are missing out on box-office revenue if films are available online at the same time, with the online window disrupting their business. The underlying logic of this assumed cannibalisation effect is that on-demand viewing provides a cheaper and more flexible alternative to cinema viewing, which poses immediate threats to cinema exhibitors. It is thus in the interests of cinema exhibitors, and particularly the biggest chains, to preserve existing windowing regulations for as long as possible. Despite the position of the bigger cinema chains, some smaller specialist cinema chains and stand-alone exhibitors have taken advantage of the negligence of the large chains and work with Netflix to organise a modest release for their films in cinemas, as demonstrated in the aforementioned examples.

Given that Netflix develops day-and-date release strategies only for selected originals, and that such release strategies are usually only developed in the US and UK markets, it is clear that preference is given to releasing films directly on their SVOD platform. For this reason, industry observers have introduced the term 'straight-to-Netflix'. This term suggests a comparison with the pejorative label 'straight-to-video', whereby certain films are released direct to the home video market rather than in

cinemas first, which has traditionally been interpreted as a mark of poor quality. The term straight-to-Netflix, however, does not match with such a description because the immediate SVOD release can no longer be seen as an indicator of poor quality. Indeed, some of these films have been highly acclaimed.

Because Netflix's objective is to exploit the potential of their SVOD business rather than the theatrical cinema market, some trade observers have condemned the straight-to-Netflix strategy. They argue that such films should be accessible to film audiences beyond Netflix. As trade reporter Ehrlich (2017) puts it: "Netflix keeps buying great movies, so it's a shame they're getting buried." He specifically mentions *Trumps* (2017), a film he enjoyed watching at the Toronto Film Festival, but which was made available on Netflix only. He notes that the straight-to-Netflix strategy impacts on the viewing experience of audiences and the public perception of such Netflix originals. In addition to the 'straight-to-Netflix' label, such films have also been compared to the equally pejorative 'TV movies' label in industry discussions. Ehrlich takes this comparison further, arguing that Netflix originals are 'laptop movies' and 'iPhone movies':

The problem isn't that Netflix Originals are TV movies, the problem is that — more often than not — they're laptop movies, or iPhone movies, or watch-out-of-one-eye-while-checking-Twitter movies. And while that may be the ultimate fate of all video content in this day and age, Netflix Originals never get the chance to be anything more.

Because films like *Trumps* are only available on Netflix, the viewing experience of audiences veers further away from a traditional cinema experience. Ehrlich thus effectively argues that the direct-to-Netflix strategy is not disruptive only to the film business, but also to the medium of film as a whole. In this view, the development of the on-demand culture, and inherently the convenience of mobile access via laptops and

smartphones, undermines the film experience of audiences. The commercial interests of the Netflix platform are given priority regardless of the quality of films as cultural commodities, but also regardless of the viewing experience.

This argument throws up questions about the perspective of filmmakers who produce straight-to-Netflix films. Trade observers have argued that those filmmakers would benefit more from a promotional campaign organised through the theatrical cinema circuit with an SVOD release thereafter. Some industry professionals therefore argue that Netflix will need to change its business strategies in the future in order to remain competitive. As Russell Levine of the US production company Route One Entertainment puts it:

Netflix wants to be able to work with all the [creative] talent, and all the talent is not going to settle for the [online-only] Netflix paradigm. They'll have to have an alternative model, like Amazon's. Eventually, Netflix will do the same (quoted in Ford & Roxborough, 2017).

Levine is thus attentive to expectations of creative talent, who are likely to prioritise deals with VOD platforms which continue to show films in cinemas. Similarly, Efe Cakarel, the managing director of the specialist SVOD platform Mubi, foresees that the Netflix model is unlikely to be sustainable in the future because the theatrical release is critical to establishing a reputation for filmmakers.

The 90-day theatrical window [in the US market] is very important to the producers and the filmmakers, that's how they build their reputation and how they get the attention. If both Amazon and Netflix pay \$10 million, you will chose [sic] Amazon because they will guarantee you a theatrical release (quoted in Ford & Roxborough, 2017).

Levine and Cakarel are thus pessimistic about the potential of straight-to-Netflix strategies because it does not support the careers of creative talent in the same way as

traditional releasing. In line with Ehrlich, they argue that Netflix needs to show a genuine interest in films by recognising the cultural impact of the theatrical cinema release. This becomes even more pertinent if the competition for attractive propositions in the marketplace further increases. In order to continue to engage with such projects, it is argued that they need to make compromises by accepting the catalyst function of theatrical cinemas at the centre of film exhibition. It is therefore expected that the longstanding tradition of theatrical cinema exhibition will undermine their role as digital disruptor in the future.

Dis-intermediation

In analytical terms, the disruptive operations of Netflix are also often understood in relation to the concept of dis-intermediation. Iordanova (2012) and Hirsch and Gruber (2015), for instance, employ this concept in arguing that the actions of digital disruptors such as Netflix undermine the traditional role of distributors as gatekeeping intermediaries, and therefore provide new opportunities for producers. Iordanova (2012:4) thus observes that small-scale, low-budget filmmakers at the specialist, indie end of the market sidestep traditional distributors by developing direct relationships with online platforms:

Traditional distribution channels, where the producers of a film enter a contract with distributors for certain territories, are being undermined, particularly in independent and low-budget filmmaking; the cycle of film circulation is frequently limited to the interaction between the content owner and the exhibitor.

Dis-intermediation is thus the process by which the traditional role of gatekeeping intermediaries is undermined and even cut out of the relationship between producers and online platforms. Such a process is often associated with the specialist, indie end of the market because distributors dealing with low-budget films increasingly struggle to

generate sufficient cultural and economic value out of the cinema release to support aftersales in other consumer markets. Producers are therefore experimenting with alternative distribution and release strategies to generate more value for films, and this includes arrangements without gatekeepers such as sales agents and distributors. However, for films with more potential in cinemas, conventional distribution arrangements through gatekeepers remain common.

Hirsch and Gruber (2015:422) describe such dis-intermediation processes in relation to the media industries more generally. They note that dis-intermediation through the online platforms of multinational corporations such as iTunes and Amazon provides an efficient alternative for producers to secure distribution. Given such direct interactions between producers and online platforms, they also argue that such dis-intermediation processes allow online corporations to exert increasing control over distribution through their online platforms. For Hirsch and Gruber, such assumed control over distribution by the online platforms bears resemblance with their multinational counterparts in the physical media economy, resulting in an increasingly competitive playing field.

With regard to the film industry, Hirsch and Gruber (2015:429) note in this respect that online multi-nationals such as Netflix, Amazon and YouTube undermine the dominant position of Hollywood studios in film production and distribution processes. The analysis of Netflix and Amazon in previous sections of this chapter underscores the point that their influence has grown beyond their powerful role as platform providers in recent years. They increasingly present themselves as film studios that compete for the same films as the Hollywood studios, and increasingly exert control over distribution by investing in high-profile films.

A recent example that substantiates the powerful position of corporations such as Netflix and Amazon involves the \$60 million budget film *War Machine* (2017). As discussed above, it was initially set up as a Hollywood production, with distribution organised through the global distribution networks of the Hollywood studios. However, Netflix became attached as financier and prepared the film for a day-and-date release in the UK and US markets, and a straight-to-Netflix release in other countries and territories.

Because Netflix and Amazon acquire distribution rights of films as online studios, they exert control over the release strategy and the process of rights allocation. They are thus impacting on existing distribution process to the extent that they approach distributors (or occasionally cinema exhibitors directly) to organise the physical release in cinemas and on DVD/Blu-ray, while organising the online release themselves. In other words, the process of rights allocation is reversed.

It is in the interest of online corporations to give priority to generating cultural and economic value in the online market, and strategies that undermine conventional distribution are developed by them to organise the distribution process more efficiently. Their consequent control of distribution and release strategies can certainly be understood in terms of dis-intermediation. For instance, Netflix released *War Machine* in cinemas and online in the US and in the UK, but not in the DVD and Blu-ray markets. Their authority over distribution and release strategies may thus be understood in relation to dis-intermediation because the video retailers are cut out of the distribution process.

On the other hand, the analysis of Netflix in relation to digital disruption has shown that a more narrow interpretation of dis-intermediation can be employed. Such an interpretation suggests that distributors are completely cut out of the process, as

underscored by the label straight-to-Netflix films. Given the size of some of the projects commissioned by Netflix, sales agents usually remain part of the distribution process in representing producers with regard to negotiating the financial terms of those deals, but their influence over the distribution and release strategies of films is minimal.

The concept of dis-intermediation is now thus broadly applicable to films of various sizes, rather than primarily to small-scale, low-budget films. While the concept carries a positive connotation in supporting films that struggle to secure distribution, the association with high-profile films comes with the risk that the term will be employed synonymously with the term digital disruption, carrying a negative connotation. The role of Netflix as a digital disruptor has thus broader implications to the interpretation of this concept.

7.3 The perspective of small-scale, stand-alone producers

The analysis of Netflix and Amazon has provided a new perspective on distribution arrangements and release strategies in the film industry. I will complement this discussion with an analysis of small-scale, stand-alone producers at the specialist, end of the market, who are also turning to distribution. The business of such small-scale stand-alone producers is under pressure because they struggle to generate sufficient value for films through conventional distribution arrangements and release strategies. I will analyse how they have responded to such circumstances by experimenting with alternative forms of distribution which undermine the role of traditional gatekeepers, such as self-distribution and direct distribution. Through the analysis of such alternative forms of distribution, I will return to the concept of dis-intermediation, while also introducing the further concept of 're-intermediation' to provide nuance to existing discussions about the relationship between traditional gatekeeping intermediaries and the process of dis-intermediation.

In order to investigate the changing circumstances of small-scale stand-alone producers as accurately as possible, I will restrict my focus to the context of the UK market. I will, however, draw on trade press discussions to demonstrate that producers in other large film markets are currently experiencing the same difficulties.

Changing circumstances

In order to understand the situation of small-scale, stand-alone production companies in the UK, it is important to understand the changing market context in which they are operating. Their business is heavily affected by the fact that competition for screen time in cinemas is fiercer than it was and the length of the run of films in cinemas is shortening. Trade reporters speak of the saturation and polarisation of the theatrical market in the UK, and this particularly affects smaller films because they are struggling to build a profile and gain momentum in cinemas (Macnab et al., 2017; Grater, 2016). Various industry commentators show that this trend is evident across European markets large and small (La Combe, 2016; Heidsiek 2014).

The function of theatrical distribution as a shop window or marketing device from which added value can be generated is therefore under serious pressure, particularly for small-scale, low-budget films. I will draw on quantitative data to explore such issues further for the UK market. Although the number of screens went up by 7.6% between 2011 and 2015 (UK Cinema Association, 2016), there are two developments in particular which impact on the potential of films in cinemas. Firstly, event cinema (i.e. live and encore screenings of entertainment forms such as television, theatre, music and sports) has gradually taken up space in cinemas, with as many as 117 releases in 2015 (FDA, 2016). Secondly, as Table 14 shows, the quantity of films in the UK market increased by 36% between 2011 and 2015, from 558 to 759 releases (BFI, 2016a). The

chief executive of the Film Distributors' Association, Mark Batey, comments on this development:

The lavish supply of new titles into cinemas is not universally beneficial. Not necessarily for distributors, charged with sustaining as well as launching their titles week by week. And not necessarily for the public, either, as many films vanish before the full potential audience has had a chance to catch them (quoted in Macnab, 2016a).

As Batey argue, while more film releases offer more opportunities for film producers and distributors to enable access for a greater range of films in the theatrical cinema market, it is often the case that such films are given a modest release and they are therefore unable to build up a profile. The shifting circumstances within the theatrical market create huge challenges for smaller films. The British Film Institute's (BFI) *Statistical Yearbooks* classify films released in UK cinemas as small to wide releases, based on the number of screens on which each film is shown at the widest point of its release (BFI 2012, 2016a).

Table 14. The number of film releases in UK cinemas.

	Screens at widest point of release	Number of releases in 2011	Proportion of all films in 2011	Number of releases in 2015	Proportion of all films in 2015
Films showing on >50 screens	>=500	19	3.4%	46	6.1%
	400 – 499	57	10.2%	50	6.6%
	300 – 399	44	7.9%	33	4.3%
	200 – 299	26	4.7%	22	2.9%
	100 – 199	41	7.3%	41	5.4%
	50 – 99	41	7.3%	52	7.0%
	Total	228	40.8%	244	32.2%
Films showing on <50 screens	10 – 49	138	24.8	236	31.0%
	<10	192	34.4	279	36.8%
	Total	330	59.2%	515	67.8%
Total		558	100%	759	100%

Sources: Adapted from BFI Statistical Yearbooks (2012, 2016a). Figures are provided for feature films and documentaries. The FDA Yearbook (2016) also involves event cinema releases, and therefore identifies 853 releases in 2015.

As Table 14 demonstrates, the increase in the number of releases has been matched by an increase in the number of film releases on no more than 50 screens: the bottom half of the table shows that this number has increased substantially from 330 films in 2011 to 515 in 2015, accounting for an increase of 185 films (+56%). By contrast, the top half of the table shows a small increase in the number of films released on more than 50 sites, with 228 films released in 2011 compared to 244 in 2015, an increase of only 16 films (+7%).

The table thus foregrounds just how competitive the market is now. The fact that nearly 68% of films released in the UK in 2015 showed on less than 50 screens underscores the fact that a higher concentration of smaller films are competing against each other in an overcrowded segment of the market. For instance, small-scale, low-budget films such as *The Survivalist* (2015), *Remainder* (2015) and *Hector* (2015) were all shown on between 20 and 50 screens in the first week of the theatrical release, but this number immediately dropped to less than 10 screens in the second week (BFI, 2016b).

Trade observers have shed more light on those changes within the UK theatrical market. While specialist independent distributors acquire some small-scale, low-budget films, as demonstrated in Chapter 5, other films rely on other forms of distribution. To that end, trade observers such as Wiseman (2015a) have argued that small-scale, stand-alone producers increasingly present themselves as distributors and take control over the distribution process themselves. That is to say, they experiment with forms of self-distribution or direct distribution rather than going via a conventional distributor.

Trade observers have also stated that changing circumstances in the theatrical market have an impact on producers and distribution dealing with bigger films. They see that the theatrical run of films of various sizes is shortening. There is thus a growing

sense amongst producers and distributors that the standard 17-week protected theatrical window demanded by the largest cinema chains in the UK, such as Vue, Cineworld and Odeon, is only beneficial to the business of those cinema chains and needs to change to keep up with industry circumstances and audience expectations. According to various trade observers, such as Macnab et al. (2017), this exclusivity window was under pressure because most films were by then shown in cinemas for between 2 and 8 weeks, but audiences were still unable to access films in other formats as soon as they were pulled out of cinemas. Macnab et al. also note that the president of the Film Distributors' Association (FDA) in the UK, David Puttnam, employs the pejorative term "rights freeze" to describe the period in which films are inaccessible to audiences, and producers and distributors are unable to generate revenue. Rights freeze periods, he notes, are associated with higher levels of piracy as audiences endeavour to access films online illegally. For such reasons, Puttnam underscores the urgent need for shorter exclusivity windows and calls for more synergy between primary and secondary windows to secure better access to films.

The standard 17-week holdback has serious implications for small-scale, low-budget films because they are often given a limited release in cinemas and a theatrical run that is generally much shorter than mainstream films, creating huge challenges in terms of building up sufficient attention for those films. For most of those films, specialist independent distributors and small-scale stand-alone producers have developed alternative strategies to circumvent windowing restrictions: rather than working with the largest cinema chains, they book films in stand-alone independent cinemas where windowing restrictions do not apply. Trade observer Wiseman (2015b) has called this circumvention of the traditional windows a 'broken window release strategy'. While there were 771 cinemas in the UK in 2015, industry observers

note that only about 100 of these are ‘independent’ cinemas which do not belong to bigger cinema chains (UK Cinema Association, 2016; Wiseman, 2015b). However, because such ‘independent’ cinemas typically show a combination of mainstream and smaller art-house films, the competition for screen space in those independent cinemas remains fierce. On the one hand, then, working with stand-alone independent cinemas enables windowing commitments to be circumvented, and offers more flexibility in terms of reducing freeze periods and organising the theatrical release in synergy with other windows. On the other hand, there is only limited scope for such circumvention, given the small number of such cinemas nationally, which inevitably reduces the potential of the theatrical run.

For this reason, day-and-date release strategies have become an attractive alternative to conventional release strategies for such films. Kehoe and Mateer (2015:102) note that such strategies offer audiences the choice of watching films on two or more (exclusive) windows, foregrounding the immediacy of availability and accessibility. This also provides new opportunities in terms of organising the challenging process of generating attention and sustaining buzz for small-scale, low-budget films.

Day-and-date and other release strategies

Day-and-date release strategies have traditionally been associated with small-scale, low-budget films. The first experiments with day-and-date releasing were carried out in the mid-2000s, particularly in the US and the UK. Stephen Soderbergh’s low-budget film *Bubble* (2005) broke new ground in the US, with it being simultaneously released in 32 cinemas and on (subscription) television, and only four days later on DVD (Gross, 2006). Around the same time, trade observer Geoffrey Macnab (2016a:222) notes, the £40,000 (\$73,200) micro-budget film *EMR* (2004) was released simultaneously in UK

cinemas, on the Internet through downloads at the online service Tiscali Film, and on DVD. Over the next few years, a relatively small number of other films in the UK also employed some type of day-and-date strategy, including *The Road to Guantanamo* (2006), *The Edge of Heaven* (2008), *Mum & Dad* (2008), *A Late Quartet* (2012), *What Maisie Knew* (2012) and *A Field in England* (2013).

The specialist independent distributor Curzon Artificial Eye has positioned itself at the forefront of the development of day-and-date release strategies in the UK. Having established a reputation as a distributor and boutique cinema chain in London, they launched their online service Curzon on Demand in 2010 in order to expand their business activity and anticipate online changes. Their ambitions were also underscored by the fact that they invested further in their cinema chain, growing to 11 cinemas across the UK by June 2016, and providing new opportunities to promote the day-and-date release model by exerting more control over the length of the cinema run, as noted by trade observer Bambrough (2016).

Box-office figures provided by the BFI (2016b) show that they have organised day-and-date strategies with substantial cinema releases for modestly-budgeted films in recent years, such as *Two Days, One Night* (2014), *45 Years* (2015) and *Tale of Tales* (2016). In the summer of 2014, they showed the foreign-language film *Two Days, One Night* on between 50 and 55 cinemas in the first three release weeks before this number decreased to 27 in the fourth week and 15 in the fifth week. With the film generating £720,000 (\$1,188,000) at the box-office, this demonstrated that a theatrical release could remain effective in combination with a simultaneous online release. One year later, they broke records with the release the UK film *45 Years* in the summer of 2015. It opened on 67 screens, but the release expanded to 103 cinemas at the widest point of release. Given that the film did not play in the largest cinema chains, it reached the

maximum capacity of independent cinema sites. The film went on to generate £1,705,000 (\$2,608,650) at the box-office, while Curzon claims that it was also their most successful TVOD title to date, with online transactions accounting for about £315,000 (\$481,950), as trade reporter Wiseman (2016b) notes. After this success, they developed a substantial release for the European film *Tale of Tales* in the summer of 2016. While the film opened in 73 cinemas, slightly more than *45 Years*, this number cut back to 46 cinemas in the second release week, and to 41 cinemas in the third release week. It went on to generate £390,000 (\$530,400) from cinemas.

The day-and-date release strategies by Curzon demonstrate that this model is an increasingly attractive alternative to conventional release strategies for modestly-budgeted specialist films with commercial potential in cinemas. Although such films do not play in the largest cinema chains, they can still play in a relatively large number of cinemas and for a relatively long period, even if those films are simultaneously available to online audiences. At the same time, there are also examples of day-and-date releases which have been less successful, and other specialist independent distributors in the UK remain somewhat reluctant to go down this route, as the Head of Curzon On-Demand, Phil Mordecai, notes:

...more distributors are realising that they're buying films and just not getting screen space using the traditional method because the multiplexes won't support them, especially the smaller independent films. Even the bigger films, we're generally seeing a lot more failures. You keep hearing about another flop and another flop. And the point is, everyone's trying to find out what's the best model, and day-and-day [sic] allows you to efficiently market and promote (quoted in Van Beek, 2016).

Mordecai thus underlines the complex position of smaller independent films in cinemas, arguing that while the largest cinema chains continue to demand a 17-week exclusivity period, they do not sufficiently support those films in their cinemas. On the

other hand, he notes that day-and-date releases are still comparatively rare, and that other distributors have yet to be convinced. In an interview with trade reporter Smith (2016), Mordecai also notes that audiences in the digital age increasingly demand flexibility in terms of how they access films, and that day-and-date releases provide a solution to such changing preferences.

The potential of day-and-date releases is further underlined by the fact that the Hollywood studios are considering new ways of responding to changing audience preferences. For their films, the theatrical cinema window remains a shop window and marketing device that drives aftersales in other consumer markets, but they are now experimenting with other release strategies in special circumstances. For instance, trade reporter Macnab (2016a:225) discusses the example of the \$44 million production *The Interview* (2014), which was released day-and-date in the US market by Sony Pictures. *The Interview* is a satirical political comedy about two American journalists hired by the CIA to assassinate the North Korean leader Kim Jong-un. The film became the subject of fierce political discussion in the media and fuelled tensions between the North Korean and US governments before it had been released publicly. The headquarters of Sony Pictures, the US distributor, also became the victim of cyber attacks and the biggest US cinema chains were warned by online hackers to ban the film. Although Sony Pictures initially developed a traditional release strategy involving a wide theatrical release on thousands of screens, the biggest US cinema chains pulled out and declined to show the film. Sony Pictures subsequently approached independent cinemas in the US to show the film as part of a day-and-date release strategy: although the theatrical release was scaled down to 331 cinemas, the film was simultaneously available for rental online at transactional VOD (TVOD) platforms such as Google Play and YouTube (Hamedy, 2014). Macnab (2016a:225) notes that the subject matter of the

film created a media hype and the (limited) theatrical release supported the film enormously in the online market, generating more than \$15 million in the first four days from online transactions, and increasing to more than \$40 million after four release weeks.

In addition to day-and-date experiments with films given a relatively substantial release in cinemas, the trade press have also observed a development whereby potentially quite high-profile films are given a token cinema release. Those films are introduced in the theatrical market primarily for strategic promotional purposes rather than actually to make (substantial) box-office revenues. For instance, journalist Lee (2016) reports that the \$14 million budget thriller *The Colony* (2015), with a leading role for the British star Emma Watson, was released in just 3 cinemas across the UK and generated just £47 (\$72) in the opening weekend. Lee notes that such cinema releases are designed to generate press coverage in the trade press and newspapers, and to enable those films to show simultaneously at cinemas and on the biggest online VOD platforms. In the same article, trade reporter Wiseman comments on this development, arguing that the theatrical release becomes a ‘box-ticking exercise’ for distributors as part of the online strategy for such films:

Distributor deals with platforms such as Netflix, LoveFilm, iTunes etc. often require that a film is shown in a certain number of cinemas, so distributors will sometimes see the theatrical release as a box-ticking exercise (quoted in Lee, 2016).

Lee (2016) elaborates further on the relevance of such box-ticking exercises, arguing that these VOD platforms promote those films under the glossy label ‘in cinemas now’, rather than under the pejorative label straight-to-VOD. The UK distributor of the film, Signature Entertainment, explains that they developed this strategy to “give the film the widest possible level of distribution and exposure” (quoted

in Lee, 2016). Other films released by them in this way include mainstream films such as *Misconduct* (2016) with Al Pacino and Anthony Hopkins in leading roles, and *Man Down* (2015) with Shia LaBeouf in a leading role.

While such token cinema releases in cinemas are still comparatively rare in today's film industry, they raise questions about the definition of a theatrical release. Returning to the issue of market saturation, a token release has little impact on the issue of competition for cinema audiences, but it does subscribe to the notion of oversupply and market saturation. In establishing greater clarity about competition in the theatrical market, a working definition of theatrical cinema releases should thus exclude such token releases.

In addition to day-and-date strategies, Kehoe and Mateer (2015:102) note that other very similar release models have been developed, such as near-simultaneous releasing and ultra-VOD releasing. Films are released near-simultaneously if they open in two or more consumer markets shortly after each other, usually initially in cinemas and then online. By contrast, the ultra-VOD release model involves releasing films exclusively on VOD platforms for a limited period of (usually) a few weeks, and then opening them up to a theatrical release and other consumer markets. Trade reporter Macnab (2016a: 224) notes that the ultra-VOD release of the \$3 million low-budget film *Bachelorette* (2012) and the \$12 million film *Arbitrage* (2012) in the US market offered new ways of building momentum for films. Because both films performed well in the iTunes VOD charts, the online release became the driving force that supported the subsequent theatrical run. With such practices, the status of the theatrical release window is changing; as Macnab (2016a:224) puts it: "This was turning conventional wisdom on its head – ancillary was now driving theatrical rather than vice versa."

Conventional distribution: A case study of *The Survivalist* (2015)

In order to underline some of the issues regarding distribution arrangements and day-and-date releasing by specialist independent distributors, I will provide a case study of the debut feature drama of the UK director Stephen Fingleton, *The Survivalist* (2015).

The film was made on a small budget of around £1 (\$1.53) million, with initial financial support from the UK producer The Fyzz Facility, the BFI Film Fund, the UK Tax Credit scheme and Northern Ireland Screen. The first distribution deal was closed with the German sales agent K5 International in the post-production stage, and they introduced the first promotional materials to international distributors at the American Film Market in Los Angeles in November 2014 and the European Film Market in Berlin in February 2015, as noted by trade journalist Barraclough (2014). The fact that the film was green-lit to move into production without a commitment from a sales agent or a UK distributor in place allowed the producer to think carefully about the international festival and distribution strategy. They formally premiered the film at the Tribeca Film Festival in April. The sales agent K5 collaborated with their US partner Cinetic to close a US distribution deal with the specialist independent distributor Alchemy at the Cannes film sales market in May. The film gathered critical acclaim on the international festival circuit, and Fingleton won the award for best debut director at the British Independent Film Awards in December.

The UK specialist independent distributor Bulldog Film Distribution became attached at this stage of the festival strategy. Steve Rogers, the managing director of Bulldog, notes that they acquired all distribution rights for the UK and Ireland territory, and thus exerted full control over the marketing campaign and the release of the film in cinemas, online, and in other consumer markets (Rogers, 2016). In addition to their financial investment in the marketing campaign, they were awarded £60,000 (\$91,800)

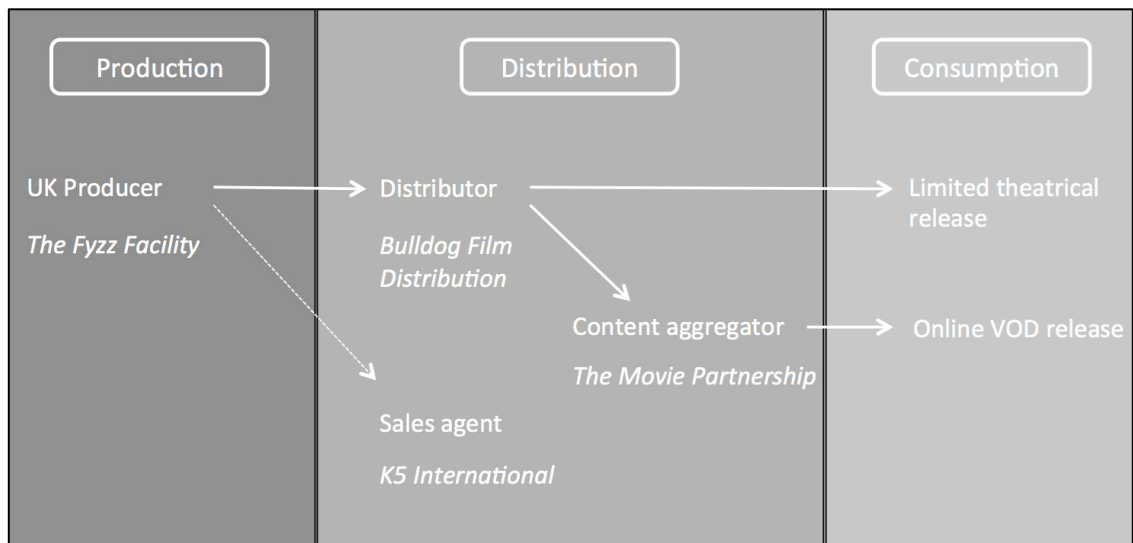
by the BFI 'New Models' Distribution Fund to promote the film across the UK and Ireland. This strand of the BFI Distribution Fund is specifically designed to support innovative release models, including day-and-date (BFI, 2014).

In terms of the day-and-date release strategy developed by Bulldog, the film was scheduled to coincide with the BAFTA ceremony in February 2016, for which Stephen Fingleton was nominated, to benefit from the additional publicity this would generate. The day-and-date strategy involved an exclusive release in cinemas and on online VOD services for a period of eight weeks (see Figure 6). BFI weekend box-office figures (2016b) demonstrate that it opened in 27 cinemas across the UK and Ireland in the first week, but that number cut back to only four cinemas in the second week and three cinemas in the third week because the film was unable to attract sufficient attention. This demonstrates that the difficulties that small, stand-alone UK producers and distributors are currently experiencing in building up momentum for films. Rogers (2016) notes that Bulldog worked with the UK content aggregator The Movie Partnership to enable online access to 12 TVOD platforms, including both global services (Amazon Video, iTunes and Google Play) and locally-oriented services (BFI Player and Curzon Home Cinema), where it was available for rental only (i.e. a buy-to-rent purchase). Online rental prices on those UK platforms were kept on a par with cinema tickets, ranging between £5.99 (\$7.99) and £10.00 (\$13.00). Rogers also notes that the day-and-date release opened up after eight weeks, with the film becoming available for purchase on DVD and Blu-ray and in the online market as a buy-to-own purchase.

In the UK market, this is a common way of organising day-and-date releases for comparatively small-scale films. However, because the impact of the theatrical release is often limited, the need to organise the distribution process through distributors is

scrutinised. Alternative approaches such as self-distribution and direct distribution have emerged in recent years, whereby small-scale, stand-alone producers take control over distribution themselves in order to generate more economic and cultural value out of the distribution process. Trade observer Sandwell (2015) identifies US films such as *Upstream Color* (2013), *Red State* (2011) and *Hits* (2014) as examples of self-distribution and direct distribution. Because of the potential of self-distribution and direct distribution for such producers in the future, these approaches are becoming more popular. Even if producers are able to secure conventional distribution through traditional distributors for films, they may privilege alternative forms of distribution, as I will describe in the next section.

Figure 6. Traditional distribution and day-and-date release strategy of *The Survivalist* in the UK home market.



Alternative distribution: Self-distribution versus direct distribution

Experiments with self-distribution and direct distribution demonstrate that small-scale, stand-alone producers are exploring new opportunities in response to the changing circumstances of the distribution business. I will first explain the differences between those forms of distribution, and how they relate to the process of dis-intermediation.

Self-distribution implies that producers organise distribution directly with exhibition or retail platforms, where direct-to-VOD platforms are the most popular form. Gatekeepers such as sales agents and distributors are thus cut out of the distribution process, hence the appropriateness of the term dis-intermediation. In principle, self-distribution is predominantly applied by up and coming filmmakers to disseminate films directly on video sharing platforms such as YouTube and Vimeo, as described in section 6.4 of the previous chapter.

The term direct distribution has been introduced to describe alternative distribution *with* the involvement of distribution professionals. However, rather than selling the rights to distributors, the idea behind direct distribution is that producers remain in control over distribution rights, and work with distribution professionals to develop release strategies. Such distribution professionals are often individual distribution consultants with the expertise and networks to enable producers to introduce and promote films to audiences. They replace traditional distributors by advising on distribution strategies and helping with the execution of such strategies. The entrepreneurial logic behind this model is that producers acquire a higher degree of autonomy over distribution, and that a bigger share of revenue flows back directly to producers if distributors are cut out of the distribution process.

As noted in section 7.2, the pioneering producer Ted Hope, now at Amazon Studios, was a strong advocate of alternative forms of distribution, noting that direct distribution arrangements are often overlooked in discussions about the future of low-budget independent films. Already in 2011, he called for more nuance and precision to make sense of alternative distribution arrangements (Hope, 2011). The term self-distribution, he notes, is employed as a catch-all term for alternative distribution, and this has produced confusion amongst industry participants and observers. Because

intermediaries such as distribution professionals usually remain an important part of the distribution process, Hope has repeatedly argued in more recent years that direct distribution is the prevailing model employed by small-scale, low-budget producers as an alternative to conventional distribution, while self-distribution is less common.

The discussion of these different forms of distribution mirrors a broader academic comparison between the analytic concepts intermediation, dis-intermediation, and re-intermediation. While the term dis-intermediation was introduced as an all-embracing term to describe processes that seemingly undermine conventional intermediation processes, it fails to describe the hybrid distribution arrangements that have emerged with online developments. Crisp (2017), for instance, notes that online developments are certainly affecting the role of intermediaries, but they are not necessarily cutting them out of the distribution process altogether. Crisp employs the term re-intermediation to highlight the fact that relationships are re-arranged within existing distribution structures and intermediaries remain an important part of that process. This description corresponds with the direct distribution approach adopted by some film producers.

The direct distribution approach is still relatively new in today's marketplace. In 2013, Hope organised the first Artist-to-Entrepreneur (A2E) event at the San Francisco International Film Festival (SFFILM), for which 12 film projects were selected. The producers of those projects worked with a group of distribution consultants and online platforms to discuss direct distribution strategies. Hope (2013) notes:

Self-distribution is not the same as direct distribution. You need a team to make direct distribution work. This strategy is all about filmmakers wanting to make sure they earn fair and maximum value for the work they have generated. For indies who want to build sustainable careers, they need to learn how to retain their rights in the most profitable manner possible (quoted in SFFILM, 2013).

As Hope notes in this statement, the direct distribution model is designed for producers to retain more control over distribution rights. Too often, revenues flow back to sales agents and distributors, but not to producers. In order to control distribution rights, producers are working with distribution consultants to organise the distribution process, rather than with traditional distributors. Hope's initiative has also inspired other film festivals and film institutions to organise training events for film producers. For instance, the Edinburgh Film Festival has organised the Distribution Rewired event since 2015 in the UK. The main organiser of this event is distribution consultant Beatrice Neumann, who underlines the educational purpose of the event for producers on their website: "Distribution Rewired will create a space and marketplace dedicated to new and emerging distribution models. It is designed to educate, support, connect and incentivise filmmakers and content creators about diverse distribution models" (Distribution Rewired, 2017). Like Hope's A2E event, this allows producers to learn from distribution consultants and representatives of forward-looking firms and platforms.

Examples of UK films for which direct distribution strategies have been developed in the UK market include small-scale, low- and micro budget films such as *Borrowed Time* (2012), *The Machine* (2013), *Kajaki: The True Story* (2014) and *Secret Sharer* (2014). In the next sections, I will discuss direct distribution arrangements between producers and distribution consultants in more detail by analysing the first two of these films.

Direct distribution: A case study of Borrowed Time (2012)

In this section, I will draw on a case study by industry analysts Gubbins and Buckingham (2014) to provide insight into the distribution of the £120,000 (\$198,000)

micro-budget comedy *Borrowed Time*, which was made by the small-scale UK production company Parkville Pictures. The case study of Gubbins and Buckingham draws on interviews they conducted with the lead producer of Parkville Pictures, Olivier Kaempfer, and with the rest of the production and distribution team.

Kaempfer's desire to develop a direct distribution strategy was driven by the fact that UK distributors remained reluctant to acquire the distribution rights of the film, even after it won a prize at the Edinburgh International Film Festival. He felt that his film had a strong appeal for cinema audiences, and therefore explored new distribution opportunities to assure a theatrical cinema release for his film, rather than just a straight-to-video release: "You put in so much passion and ambition that it felt spiritually draining to see it just on VOD or TV. The big screen correlates to your sense of ambition" (quoted in Gubbins & Buckingham, 2014:7).

Shortly after the festival screening in Edinburgh, Kaempfer started a crowdfunding campaign through Kickstarter to secure funds to pay for marketing and distribution process. He raised an initial £20,000 (\$31,200) through Kickstarter, and received another £30,000 (\$46,800) from the public funding bodies BBC Film and the BFI Distribution Fund, resulting in a relatively high marketing and distribution budget in comparison to the production budget. He was also one of the producers selected for the inaugural Artist-to-Entrepreneur event in San Francisco in May 2013, and was inspired by their forward-looking thinking about direct distribution strategies: "Suddenly these people, who were five years ahead in their thinking, started talking about the big picture, and how theatrical and VOD strategies should be integrated" (quoted in Gubbins & Buckingham, 2014:7).

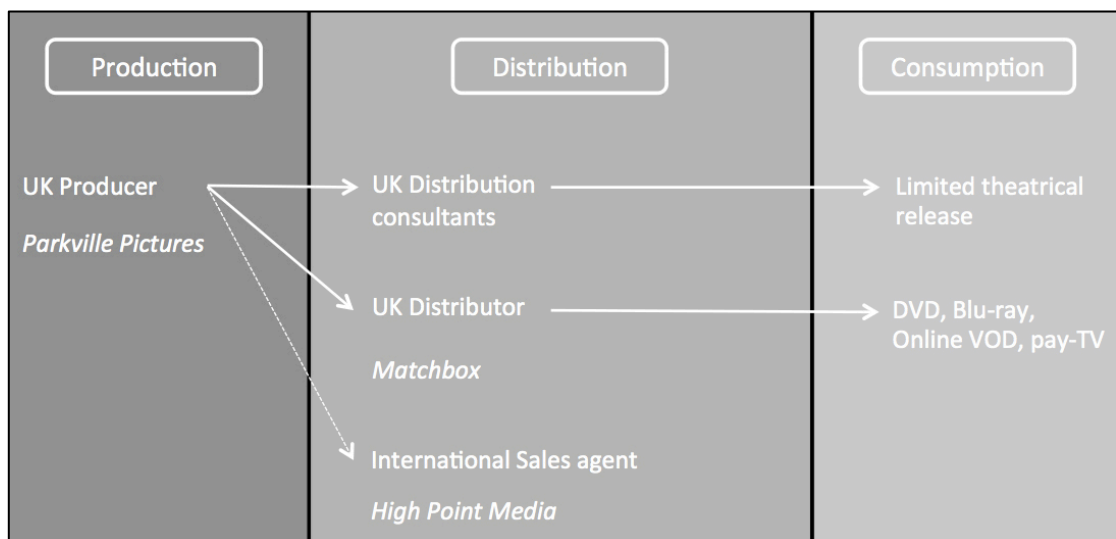
In terms of the execution of a direct distribution strategy, Kaempfer was convinced that it was important to retain control of the theatrical cinema release of the film in the

UK, but made a huge compromise by negotiating a deal with the UK sales agent High Point Media Group, as Gubbins and Buckingham (2014:7) explain: “High Point would take international sales in return for ancillary sales in the UK.” As a result of this deal, Parkville Pictures only controlled the distribution rights for the UK cinema release. In practise, the deal allowed Kaempfer’s production company Parkville Pictures to organise the theatrical cinema release in the UK, while High Point was in charge of the home video and television markets in the UK and the distribution of the film internationally. In developing this strategy, the potential of direct distribution was inherently reduced to the theatrical cinema release in the UK. High Point, by contrast, developed a conventional ancillary distribution strategy in the UK by negotiating a deal with the UK distributor Matchbox Films to release the film in the home video and television markets.

In line with the principles of direct distribution, Kaempfer worked with distribution professionals to organise the marketing campaign and theatrical cinema release. Kaempfer notes that Mia Bays, the founder of the production and consultancy company Missing In Action Films, was involved from the very beginning of the process to provide sales and distribution expertise as a consultant. Bays had worked on previous projects with distribution consultant David Shear, and he was brought on board to organise the theatrical cinema release. Gubbins and Buckingham (2014:9) note that other companies also became involved, such as the PR and marketing company Organic Marketing, the film website provider Assemble, and the Cinema on Demand service Tugg. While Kaempfer succeeded in bringing together a unique team of team of experts, Gubbins and Buckingham note that there were difficulties in coordinating the agendas of those experts, who were working on various projects at the same time, and therefore to make use of their expertise when most needed.

In terms of the theatrical cinema release, the team developed a near day-and-date release strategy (Figure 7), starting with a promotional tour in collaboration with the UK broadcaster Sky. This tour involved free one-off previews in 25 venues across the UK to build word-of-mouth interest. The official release started one week later, on 20 September 2013. Although the team developed a small release with just 31 screenings in total, some of those involved special screening events that helped to raise awareness. The distributor Matchbox released the film on DVD, Blu-ray, VOD and Pay-TV immediately after the opening weekend. The film also became available on the Cinema on Demand service Tugg, whereby audiences can book films in cinemas by themselves, but it was booked just once through this scheme.

Figure 7. Direct distribution and near day-and-date release strategy of *Borrowed Time* in the UK home market.



Gubbins and Buckingham note that the film generated disappointing results across various windows, with only £7,000 (\$10,920) from cinemas, £4,000 (\$6,240) from DVD and Blu-ray, and £6,000 (\$9,360) from VOD platforms in the first four months of the UK release. Despite such modest results, Kaempfer continues to believe in the potential of direct distribution. In hindsight, he argues that he should have exploited the

potential of the direct distribution further, rather than selling off most of the distribution rights to a sales agent:

When we started out, the key ambition was attaining a theatrical release. It was something I felt I could get my head around – it was much like event organising – but VOD, DVD and TV appeared to be more of an unknown territory, and we felt more comfortable bringing on board an experienced Sales Company.

It was only later, especially through participation in the Artist2Entrepreneur scheme, that the possibilities and opportunities for film-makers in retaining full control of ancillary rights became clear (quoted in Gubbins and Buckingham, 2014:14).

These statements are illustrative of the experimental state of the direct distribution model in the evolving business of distribution, with producers learning slowly and finding out how this model could work effectively. In addition to the theatrical release, it offers possibilities to control distribution rights in other revenue windows too.

Kaempfer sees this campaign thus as an important learning experience, and argues that the model could pay off in economic terms in the future if the online market continues to grow. Gubbins and Buckingham, in this respect, conclude that “the lack of conventional alternatives” to distribution works in favour of direct distribution (2014:19). They are particularly intrigued by the fact that the role of distribution professionals changes from holding rights to acting as consultants. Further experiments with this model, they argue, will offer more clarity about the qualities required of producers and distribution professionals in organising this process.

Direct distribution: A case study of *The Machine* (2013)

The distribution context of *Borrowed Time* has provided insight into the discussion about alternative distribution for *micro-budget* independent films, but subsequent experiments with *low-budget* independent films can further advance this understanding.

Drawing on another case study by industry analyst Buckingham (2015), I will present an analysis of the low-budget science-fiction film *The Machine* (2013) as an extension of the previous case study, and explore in more depth how direct distribution can be exploited further. This analysis will reveal some of the strengths and shortcomings of direct distribution.

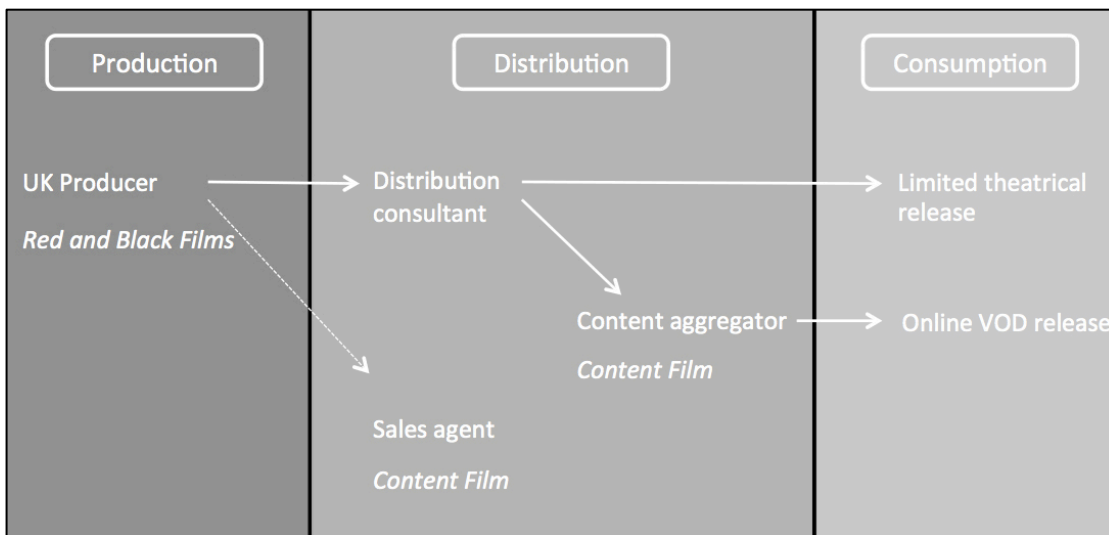
The Machine was made on a budget of just under £1 (\$1.56) million by the Cardiff-based producer Red and Black Films. They were able to finance the film with help from private investors, Welsh funding bodies and pre-sale distribution deals. On the basis of a short promo of the film at an early stage of production, the lead producer of Red and Black Films, John Giwa-Amu, secured an important distribution deal with the UK/US company Content Film, which is both a sales agent and a content aggregator. Content Film acquired the international distribution rights, but Red and Black retained the UK rights to exploit direct distribution opportunities. Buckingham (2015) notes that the team moved into production in July 2012 and formally premiered the film at the Tribeca Film Festival in New York in April 2013.

The distribution deal with Content Film provided an opportunity to discuss the comparative positioning of the film in the marketplace. It became clear in various conversations that the film was expected to appeal to an online audience of science-fiction fans, rather than to cinema audiences. Giwa-Amu therefore began to develop a strategy to exploit the potential of the online market. He was awarded £50,000 (\$78,000) towards the marketing and distribution campaign by the Welsh funding agency, Ffilm Cymru Wales (FFCW).

This budget allowed Giwa-Amu to work together with distribution consultant David Shear, who was also involved with *Borrowed Time*, and various PR and Marketing agencies. In collaboration with Shear, he developed a day-and-date release

strategy, involving a small theatrical cinema release that was designed to support the online release by generating word-of-mouth interest and free publicity through reviews by newspaper critics. Giwa-Amu also worked with Content Film to release the film in the online market. Given the involvement of Content Film as sales agent, they were approached to become involved as a content aggregator in the UK market to secure access to the bigger VOD platforms such as iTunes, Google, Amazon and locally-oriented mainstream platforms. In addition, Giwa-Amu worked with the UK company Platform Entertainment to release the film on DVD and Blu-ray.

Figure 8. Direct distribution and day-and-date release strategy of *The Machine* in the UK home market.



The Machine was released simultaneously in cinemas and online on 21 March 2014, while the DVD and Blu-ray release followed 10 days later (Figure 8). Significantly, the team was able to draw insight from the near day-and-date strategy developed for *Borrowed Time* in the UK market, as it was released seven months earlier than *The Machine*. In terms of the execution of the day-and-date release strategy, Buckingham (2015:24) notes that *The Machine* played in only six cinemas in the first release week and in two cinemas in the second week, with further occasional screenings following in the weeks thereafter. It generated just £16,000 (\$26,400) from 2,700

visitors. Buckingham explains that this result was in tune with their modest expectations of the theatrical release.

The online release, by contrast, was of much more importance, with the marketing campaign tailored to raise awareness amongst online audiences. The collaboration between Red and Black and the marketing and PR agencies Incite and ARPR was critical to organising the (online) social media campaign, as Buckingham (2015:20) notes:

Red and Black knew that both Incite and ARPR had a strong track record in genre film and understood the market for science fiction films. The strategy identified and targeted blogs, websites and events that were most influential with the target audiences.

This online campaign involved creating social media accounts for the film on Facebook and Twitter, and promoting the film through the social media accounts of cast members to reach their fans. Further, the team informed selected websites and blogs about the latest developments to build momentum. The online campaign also drew the attention of illegal viewers, with *The Machine* becoming the most popular film on the piracy website Torrent Freak in April 2014 (Buckingham, 2015:14). Although high levels of piracy impacted on the commercial performance of *The Machine*, Red and Black argues that it brought a promotional side effect because it supported the process of building buzz, and therefore indirectly the performance of the film on legal VOD platforms (Buckingham, 2015:24). As a result, the film performed much better than *Borrowed Time* in the online market. In the first 10 months after the release in the UK, it generated £143,000 (\$235,950) from 10 TVOD platforms, with iTunes and Virgin Media accounting for more than 80%. In terms of iTunes, Buckingham (2015:23) notes that *The Machine* reached number two in the weekly charts in the UK and number five in the US. Content Film also negotiated a SVOD deal with Netflix, where the film

became available in September 2014 in the UK and the US. There are, of course, more SVOD opportunities to exploit its potential further. The online performance of the film, and the fact that a relatively large proportion of revenue flowed back to the producer, underlines the fact that the direct distribution strategy offers a serious alternative to conventional distribution in economical terms. *The Machine* also performed well internationally, but revenue shares flowed back first to the sales agent Content Film. Giwa-Amu expects overall revenues (the cinema, DVD, Blu-ray, VOD etc.) in national and international markets to grow to between £1 (\$1.53) million and £1.5 (\$2.30) million (Buckingham, 2015:23).

However, Giwa-Amu notes that there were also constraining factors. The fact that he was in control of the marketing campaign and distribution required substantial effort. In particular, organising the festival release and theatrical cinema release was a time-consuming process, particularly for special screenings with the director and cast members. Giwa-Amu reflects on the implementation of the direct distribution approach: “...There was far more work than anticipated in trying to run a Direct Distribution strategy, and it soon became clear that the theory that the hard work could be left to experts was fanciful” (quoted in Buckingham, 2015:20). Buckingham adds that “a considerable part of his day was taken up by focusing on marketing and distribution”. Giwa-Amu points to the fact that traditional distributors take on the legwork of approaching cinemas, organising special events, and PR and marketing activities, but working with distribution consultants requires more involvement on the part of the producers. He notes that distribution consultants shared important knowledge, and created openings through their networks and developing strategies, but the Red and Black production team remained responsible for the execution of those strategies. It is

therefore argued that such effort in organising distribution draws attention away from production activity that is the core of their business.

This case study has thus demonstrated that a day-and-date release in combination with an online marketing campaign can successfully support the performance of films in the online market. It should be noted that this release was organised in 2014, and that the online market in the UK has grown further in recent years. Direct distribution is still in an experimental phase, but its potential is becoming stronger. On the other hand, Giwa-Amu notes that the heavy workload for the producer that comes with direct distribution is a drawback, and other producers who have experience of alternative forms of distribution underscore this point, such as Samm Hailay (2016). In effect, the producer is taking over the work of distributors. The entrepreneurial motivation of producers is therefore key to organising direct distribution in response to the difficult position of low-budget films in the marketplace. If they choose direct distribution, their function changes accordingly. Kaempfer reinforces this argument by arguing that the entrepreneurship of independent producers mirrors the approach of integrated film companies.

If producers and production companies want to continue making independent film, paradoxically they have to begin thinking more like studios. You have to become more integrated and cannot be happy just being the content creator – it is not going to make it through the system (quoted in Gubbins and Buckingham, 2014:15).

As Kaempfer notes, in order to organise direct distribution more effectively, it is important that producers learn how to operate like studios or distributors. If the lion's share of their revenues is generated in the online VOD market, it is critical that they learn more about online distribution. While *Borrowed Time*, *The Machine*, and other direct distribution case studies have demonstrated how producers can organise the

theatrical cinema release, the online release remains overlooked. In fact, the online release on VOD platforms is usually organised by content aggregators, rather than directly by producers. In line with conventional distribution, the involvement of such content aggregators means that they take a proportion of online revenues at the cost of producers. Some small-scale stand-alone producers, however, work directly with a number of specialist VOD platforms to circumvent content aggregators. Their possibilities are more restricted because they may not secure access to some selected globally-oriented mainstream platforms which require them to work with content aggregators. On the other hand, they may establish exclusive deals or promotional arrangements with specific platforms with which they partner. For instance, UK producers could negotiate exclusive deals with specialist platforms such as the BFI or Curzon Home Cinema to make films available on their VOD platforms in return for promotional support. As with the physical release in independent stand-alone cinemas, direct distribution, in this way, restricts access to specialist VOD platforms in the online market. These sorts of online arrangements call for further examination. What is the role of distribution consultants in advising about online distribution? What sort of distribution expertise is needed? How can films benefit from exclusive deals for VOD platforms? Is online distribution also a time-consuming process? Such questions provide further insight into the potential of direct distribution as opposed to conventional distribution, and the sorts of films for which direct distribution might work in local national markets without the intervention of distributors and content aggregators.

7.4 Conclusion: Analysing distribution

The differences between conventional distribution, direct distribution and self-distribution are much debated in industry discussions. Such different approaches to

distribution align with broader academic discussions about processes of intermediation, dis-intermediation, and re-intermediation in the film industry and across the media industries more generally (Iordanova, 2012; Hirsch & Gruber, 2015; Crisp, 2017). In effect, the analytical concepts of dis-intermediation and re-intermediation are posited as alternatives to traditional intermediation processes. The empirical evidence presented in this chapter has further intensified and diversified this discussion. What emerges is that parallels can be drawn between industry terms and analytical concepts: between conventional distribution and intermediation; between direct distribution and re-intermediation; and between self-distribution and dis-intermediation. Such a framework provides a perspective through which new distribution arrangements can be understood analytically.

However, it is clear that the conceptual parameters of those concepts need further refining. Alternative forms of distribution are still relatively new, but it is expected that continuing growth in the online market will encourage more independent, stand-alone producers to pursue alternative forms of distribution. An important effect of the growing entrepreneurialism of independent producers is that their production operations are increasingly interwoven with distribution and consumption operations, with the result that knowledge gaps in distribution are reduced. If producers retain control over distribution rights, it becomes necessary to think strategically about distribution and consumption – particularly in an early stage of production. On the other hand, organising distribution is a time-consuming process and production activity remains at the heart of their business.

While self-distribution and direct distribution have developed as alternative forms of distribution which provide opportunities for films barred by traditional gatekeepers such as sales agents and distributors, the status of these alternative forms of distribution

is gradually changing. They are no longer *just* alternatives to conventional distribution, but some independent producers deliberately prioritise these forms to be able to exert more control and generate more economic value. This is a development that affects the specialist independent distributors, who may need to commit to new demands of producers and sales agents, such as substantial investment in the marketing campaign and a guaranteed theatrical cinema release to demonstrate the value they add to projects.

In particular, specialist independent distributors remain critical to organising distribution for specialist films for which a wider cinema release is developed than for specialist films with specifically limited appeal. Conventional distribution is thus still an effective means in terms of generating cultural and economic values for specialist films with more commercial potential in cinemas. Specialist independent distributors can also be flexible and organise day-and-date release strategies, while still supporting the theatrical cinema release substantially. The specialist UK distributor Curzon Artificial Eye, in this respect, has demonstrated theatrical cinema success with the day-and-date release of *45 Years* (2015).

Alternative approaches to distribution by independent producers do not only impact on distributors, but also on sales agents. Like distributors, they are being cut out of the process if producers make films available on video sharing platforms such as YouTube and Vimeo, while they remain part of the process if producers prioritise conventional distribution. However, unlike distributors, direct distribution provides new opportunities for sales agents to exploit the potential of international markets. They normally negotiate deals with international distributors, but the fact that small-scale, low-budget films generally secure international distribution in only a few countries allows sales agents to organise distribution themselves in remaining countries. To this end, the development of the online market is critical in enabling international distribution. The

sales agents may work with content aggregators to organise distribution, or they work directly with VOD platforms and operate as an aggregator themselves. This development presents opportunities for sales agents that need to be explored further in the next few years.

Beyond such initiatives at the specialist, indie end of the market, the empirical analysis above has presented Netflix and Amazon as emerging online studios which also impact on the role of sales agents and distributors. They have positioned themselves differently in the marketplace, with Netflix taking a radical position as digital disruptor and Amazon operating as a more conventional studio corporation.

The controversial in-house operations of Netflix can be closely associated with the terms dis-intermediation and self-distribution. In principle, Netflix acquires worldwide rights of films to show directly on their SVOD platform, and the role of sales agents and distributors is marginalised in this distribution process. The producers of such films rely on sales agents to negotiate the deal with Netflix, but sales agents do not exert further influence over the distribution and release process. The involvement of distributors is further restricted only to films released day-and-date by Netflix. Distributors give such films a token release in a limited number of cinemas to qualify for the awards season, rather than a conventional cinema release. In analytical terms, this approach to distribution by Netflix subscribes to the notion of self-distribution rather than direct distribution because distributors are needed to organise the theatrical release strategy rather than advising about the distribution and release strategy. However, this interpretation of self-distribution in relation to Netflix is somewhat loose and differs slightly from how this concept has been employed in relation to small-scale, stand-alone producers.

The potential of the self-distribution model in relation to Netflix remains uncertain because their controversial operations are heavily criticised. If they make compromises and put more emphasis on the theatrical release of their films in the future, as some critics believe they will have to, their strategies are likely to become a hybrid of self-distribution and conventional distribution in the future. Such hybrid strategies create opportunities for distributors to remain involved with the distribution process of such films because the integrity of Netflix's distribution operations will be increasingly reliant on their capability of organising significant theatrical cinema releases through distributors.

Given the development of new approaches to distribution, I want to conclude this discussion by reflecting on the role of traditional gatekeeping networks. It is clear that Netflix impacts most strongly on traditional gatekeeping networks in the film distribution business. Although they also participate in the sales markets, they stand out from other distributors because they usually acquire worldwide rights for films – even Hollywood studios are often more selective as they acquire rights for a select number of territories rather than globally. As such, they disrupt the business of other distributors, particularly of those operating in specific national markets or territories. Given Netflix' commitment to produce and distribute a greater number of 'original productions' in the next few years (Spanger, 2016c), it is likely that such strategies will be employed for more films, and that will impact further on the global community of distributors. Alongside this development, they may also increasingly operate as a co-producer from the very beginning of the production process of films, with the effect that those films may not become available for sale to the marketplace, and that sales agents are excluded from the distribution process as gatekeepers. In that case, they will increasingly operate like Hollywood studios and bypass gatekeeping networks for some films. Despite the

development of Netflix, however, the community of traditional gatekeepers has remained strong and robust, and particularly films with substantial distribution opportunities are still distributed and released in traditional ways. In particular, Amazon's strategy to embrace traditional forms of distribution and operate like traditional distributors in the UK and the US underscores the continuing importance of that model.

Looking at small-scale, low-budget films with traditionally limited distribution possibilities, gatekeeping networks begin to play a more important role in securing online distribution, particularly through content aggregators. While gatekeeping networks previously limited access to this particular category of films, the development of the online market allows content aggregators to secure access for such films on VOD platforms. Gatekeeping networks are thus playing an important role in facilitating the gradual change from scarcity of content to abundance of content. Enabling access to a greater range of films through gatekeepers is particularly important if processes of re-intermediation or dis-intermediation do not become more attractive for such films. Although gatekeepers may secure online access for such small-scale, low-budget films, there is still a long way to go in terms of supporting such films online and generating substantial film revenues.

Chapter Eight

Conclusion: Continuity and Change

8.1 Continuity and change

Sales agents, distributors and the like are the gatekeepers of the film distribution business and play a key role in regulating the circulation of and access to films in national and international markets. In the preceding chapters, I have outlined some of the historical development of film distribution in the modern period, and mapped the current state of affairs, including the ways in which online developments are impacting on the distribution business. In this conclusion, I discuss gatekeepers and gatekeeping networks by returning to the themes of ‘continuity’ and ‘change’.

While Hesmondhalgh (2013) has adopted these themes to identify several important industry developments across the cultural industries, others scholars have drawn on this perspective to analyse industry practices and routines. For instance, in Jeanette Steemers’ analysis of the UK television distribution business in the period between 2006 and 2015, she identifies “shifts and continuities in the destination and type of sales as well as shifts and continuities in the role of U.K.-based distributors as they adapt to changes in the U.K. broadcasting landscape and global production environment” (2016:2). On the one hand, she demonstrates that Netflix and Amazon Prime are changing distribution dynamics in the UK television marketplace: for instance, because they usually acquire worldwide distribution rights, and that undermines the position of distributors in local, national markets. On the other hand, she demonstrates that the majority of UK television programmes are still financed by national television providers, and that such programmes are sold on a territory-by-territory basis (2016:16-17).

In terms of processes of ‘continuity’ and ‘change’ in the film industry, Elliott Nikdel (2017) also addresses the impact of online developments on existing distribution dynamics. He is particularly attentive to processes of ‘historical continuity’, analysing how long-established distribution practices for UK specialist films and niche films in the physical analogue market are also visible in the online market. Thus, in terms of regulating the circulation of and access to films, he argues, “many of the challenges and barriers which have hindered the wider circulation of specialised film are not simply abolished with the move online” (2017:2).

In terms of the impact of online developments in the long term, Cunningham and Silver (2013) provide more clarity about the progression of online distribution in the film and television business. Drawing on classical business theory, they identify four phases through which the online market has and might still develop: the pioneering phase, shakeout, maturity and decline. Cunningham and Silver (2013:16) associate the pioneering phase with the period between 1997 and 2001, when there were low barriers to entering the market, and small-scale companies in particular experimented with online distribution. They argue that the shakeout phase started in 2001 and has advanced to a late shakeout phase at the time of their writing in 2014. The online market progressed gradually through this period, with large companies entering the market and establishing a more corporate business structure (2013:20). As an oligopoly of large online companies began to exert an increasingly powerful role in the online distribution business, they also speak of a transitional period from the late shakeout phase to the early maturity phase of online distribution (2013:3). Now, some years later, that has indeed proved to be the case. The fact that the online film business is entering the maturity phase also suggests that the biggest growth is yet to come in the near future. Such further growth has then implications for processes of ‘continuity’ and ‘change’.

In line with Hesmondhalgh's position on continuity and change (2013), I have been wary of making too optimistic claims about the impact of digital change in this thesis. He notes that various commentators have over-dramatized the impact of digital change, arguing that "digitalisation has transformed cultural production beyond recognition", with notions such as "the internet and the mobile phone have triumphed" (2013:3). This suggests that the physical analogue market no longer represents significant value, which is clearly not yet the case. Hesmondhalgh further notes that these optimistic commentators foresee more dramatic changes in the long term, arguing that "distinctions between producers and audiences disappear, and 'users' become the new creators" (2013:3). Rather than delving too much into speculation by predicting the long term future of distribution, I analysed how *gatekeepers and gatekeeping networks currently operate in the film distribution business, and how they are affected by online developments*. With such questions in mind, the purpose has been to develop a view of the changing role of gatekeepers and gatekeeping networks in the next few years, rather than in the long term.

8.2 Research findings

In the various sections and chapters of this thesis, I have focused on different aspects of the gatekeeping process to develop an understanding of the historical development of the various distribution agents, their role in today's distribution business, and how their role is affected by online developments. Lotz' (2009) concept of industry-level analysis was useful to develop this understanding of gatekeeping by bringing together overlapping theoretical perspectives in different sections of the thesis. Thus, the first section involved the theoretical concepts of field configuring events (Lampel and Meyer, 2008) and tournaments of value (Appadurai, 1986; Moeran, 2011) to develop an in-depth understanding of film sales markets as events where important gatekeeping

processes take place. Both theoretical concepts have been useful to comprehend how the business of film distribution is organised and how value creation process impact on gatekeeping processes. In terms of the usefulness of these concepts in future analysis, they are also applicable to research around the role of film festivals: for instance, they can be applied to analyse how a number of key festivals have developed internationally or within local, national markets, and how gatekeeping processes impact on the comparative status of films at those festivals. My understanding of gatekeeping processes was further developed in the second section of the thesis about gatekeepers and gatekeeping networks, where the focus was more specifically on gatekeepers functions of sales agents and distributors (Bourdieu, 1984; Negus, 2002; Thompson, 2010; Foster and Ocejó, 2015). In addition, I adopted the theoretical perspectives of Bourdieu on notions of taste (1984, 1993) and DiMaggio and Powell on institutional logics (1983, 1991) to analyse gatekeeper relationships between sales agents and distributors. Both theoretical perspectives were critical to develop the concept of gatekeeping networks. While my focus was restricted to sales agents and distributors in the business of distribution, a broader focus on the levels of production, distribution and consumption in future analysis could provide further insight in gatekeeping networks, particularly in the relationship between producers and sales agents on the one hand, and between distributors and exhibitors or retailers on the other hand. In the third section of the thesis, my analysis extended to online distribution by discussing Anderson's (2006) perspective on the long tail and the economics of abundance in relation to gatekeeping. The role of gatekeepers in the process of organising online distribution is an important research area that deserves more attention in current discussions about film and media distribution. Given that the online market offers more opportunities for specialist, niche films to secure distribution, it is particularly important that future analysis investigates

how gatekeepers can support such films online to generate more substantial film revenues. Critically, I also analysed how processes of digital disruption and dis-intermediation affect traditional gatekeepers and networks (Iordanova & Cunningham, 2012; Hirsch & Gruber, 2015). Given the increasing popularity of VOD platforms, it is clear that future analysis should continue to address such processes to understand the influence of powerful VOD operators over the circulation of films in international markets. Overall, my thesis has thus brought together a range of middle-range theoretical perspectives, with each of them contributing something different to a comprehensible account of gatekeeping operations in the film distribution business, and this theoretical approach has resulted in several interrelated arguments about the importance of gatekeepers and gatekeeping networks.

One of the key historical developments I noted was the increasing importance of sales markets as field configuring events where the business came together (Lampel and Meyer, 2008), beginning with Cannes and MIFED in the late 1970s, with AFM appearing in the early 1980s. In terms of processes of continuity and change, this pattern of three increasingly popular sales events marked the beginning a much more structured and formalised distribution business environment, which has remained in place today. However, fierce tensions between those markets have also resulted in a dramatic change, with the demise of MIFED in 2004. Despite this change, it became clear that the Berlin sales market subsequently emerged and became the third key sales market in the years that followed, with the established structure built on a triad of sales market more or less continuing in the same vein.

Other key historical developments included the development of the home video market in the 1980s, and the appearance of stand-alone sales companies during this period of growth and prosperity, accounting for a substantial increase in the scope and

size of the sales community. Their participation in the sales markets in turn attracted more international distributors and other types of buyers to the sales markets. That growth has continued with the three key markets attracting more than 350 trade exhibitors and more than 7,500 industry participants in 2014. Such figures demonstrate how important it is for films to gain access to these sales markets, and explains how powerful the key sales markets are in terms of gatekeeping, and thereby enabling access to some films and disabling access to others.

Sales agents play important roles at such markets in organising the sales process of films as well as introducing and promoting films to distributors. In particular, they create value for films through their own positioning within sales markets. Thus, the most powerful sales agents work from the biggest exhibition stands or from exclusive hotel suites, underscoring the importance of ‘visibility’ (Havens, 2011). I argued that such exclusive positioning is very much a statement of prestige and dominance, a strategy through which they present themselves as more powerful than others. Further, sales agents add value to films through different types of screenings at sales markets: for instance, by organising exclusive private screenings or promo screenings, or by creating a context in which films benefit from the symbiotic relationship between film festivals and sales markets. Overall, what has become clear is that circumstances within sales markets directly impact on the process of value creation and the film sales process, and thus exert an important influence on gatekeeping processes between sales agents and distributors.

During my participant observation at the 2015 EFM sales market, it became clear that the EFM had developed a new ‘Drama Series Days’ programme to anticipate the increasing popularity of high quality television series, and this development provides a perspective through which to analyse current processes of ‘continuity’ and ‘change’ at

the EFM and other sales markets. The Director of the EFM sales market, Matthijs Knol (2015), noted that they developed this programme because more film companies had established television departments, and because the EFM wanted to become a more attractive market for television buyers. Trade journalist Wiseman (2015c), describes the development of television series programmes within film festivals and sales markets as a “rapidly emerging trend”. This trend has further intensified in recent years, with more festivals and sales markets including at least some television series. Even the Cannes Film Festival, which initially refused to show television series because they already organise the MIPCOM and MIPTV television markets, included two television series in the official programme for the first time in May 2017, as noted by trade journalist Schneider (2017). The increasing convergence between film and television is thus certainly a development that may further impact on the nature and organisation of film sales markets in the next few years. In terms of continuity, television series may offer an opportunity to attract more industry professionals and establish further growth. In terms of change, the nature of film sales markets might change if more television series are included.

My research about sales agents and distributors also enabled me to develop an account of gatekeeping practices that is both empirically and theoretically informed. The gatekeeping functions performed by sales agents are about developing strategies to bring films to the attention of international distributors, film festivals and the media. These strategies are always subject to opportunities and complexities that arise when films are introduced in the international marketplace. In order to maximise the value of films, the process of gatekeeping is organised in different stages in which sales agents perform different functions at different stages of a film’s production process, which

impacts on their ability to perform ‘coordinator’ and ‘representative’ functions, and on the authority they can exert over the gatekeeping process (Foster and Ocejo, 2015).

The gatekeeping functions performed by distributors, in addition, are about developing strategies to bring films to the attention of audiences in local, national markets. Through the case study of distributors in the Dutch market, I demonstrated how that market is organised, with different types of distributors handling different scales of film. I developed the concept of gatekeeping networks to analyse relationships between distributors and sales agents who are connected through such networks, rather than operating in a vacuum or on their own. Through these networks, different gatekeeping agents are able to influence each other in their operations, and some of them have established personalised relationships, bringing along privileges and social dependencies. In other words, they provide an element of continuity in terms of the relationships they maintain with each other to reduce uncertainties and legitimise their decision-making.

In terms of continuity and change, I have also demonstrated that online developments are impacting on the practise of gatekeeping and the function of gatekeeping networks, with new approaches to distribution emerging rapidly. Producers, sales agents and distributors have all responded to the fact that online distribution promotes a model of abundance of content as opposed to scarcity of content. The various types of TVOD platforms, SVOD platforms and video sharing platforms associate in different ways with this principle of online distribution. Some promote the logic of open access and include tens of thousands of films, but others abide by the rules of restricted access and include several thousands of films or even less.

The fact that Netflix and Amazon have moved into distribution represents an important change, with the distribution business become increasingly competitive. The business of some (traditional) independent distributors is therefore at risk, while others are turning to vertically integrated production and distribution operations in order to ensure their involvement with films they see of high value. In terms of continuity, the position of sales agents has remained largely unchanged, with some benefiting from the fact that Netflix and Amazon have become part of the distribution business as ‘aggressive’ buyers.

Further, there is the development of content aggregators in the online market, with some distributors establishing their own in-house aggregators to organise online distribution for their films, while other distributors (and other rights holders) work with stand-alone aggregators who operate specifically as online gatekeepers. Because stand-alone aggregators work with large catalogues of several thousands of films, they are far less selective than traditional distributors. Their focus on quantity represents an important change in orientation, enabling (easy) online access to international markets for many more films.

Small-scale, stand-alone producers at the specialist, indie end of the market have responded in various ways to changing circumstances in the marketplace. In terms of change, they are experiencing huge challenges in creating value for films and are therefore increasingly experimenting with new forms of distribution, such as direct distribution and self-distribution, exerting more control themselves over the process. While some producers have already prioritised direct distribution over conventional distribution, the continuing growth of the online market might encourage more independent producers to pursue this form of distribution. Small-scale, stand-alone producers are then no longer reliant only on a commitment of specialist distributors to

secure international distribution for films. To date, however, such arrangements remain rare.

At the other end of the market, Netflix and Amazon have begun to play a powerful role in the distribution business, demonstrating that they are increasingly operating like vertically integrated studios, albeit in markedly different ways. In terms of continuity, Amazon follows a relatively conventional distribution model and is committed to traditional film releasing. In terms of change, Netflix has positioned itself much more as a digital disruptor in the distribution business, since they usually release films day-and-date in cinemas and online, or directly (and exclusively) on their SVOD platform.

8.3 Questions of power, control and access

What role might gatekeeping networks play in relation to ‘continuity’ and ‘change’ in the next few years? Overall, I would argue that the function of gatekeeping networks will remain critical to the process of dealing with issues of oversupply and the abundance of films in the global marketplace, and they will continue to have an important impact on the comparative value of films by classifying and evaluating the potential of films against each other. However, I have also demonstrated that new developments in the distribution business are impacting on long-established relationships between sales agents and distributors, and their capacity to operate as gatekeeping networks. This raises important questions about issues of power, control and access in the distribution business.

First, the nature of the distribution business has changed with the development of Netflix and Amazon, and this is undermining the ability of traditional distributors to remain involved with high-profile projects in the marketplace. It is important to follow this development carefully in the next few years. If we return to Cunningham and Silver’s (2013) argument, and the idea that the online market is indeed entering a stage

of maturity, we can expect that other powerful online players will follow the example of Netflix and Amazon and expand their business activities. To this end, recent articles in the trade press reveal that online corporations such as Apple and Facebook have made substantial funds available to invest in film and television content. Trade journalist Wiseman (2017) notes, “Apple and Facebook are accelerating their long-awaited film and TV content drives in a bid to rival Amazon and Netflix.” Industry veteran John Sloss, the CEO of the US consultancy company Cinetic, underlines the potential of Apple and Facebook: “I think we’re only scratching the surface of what they’re going to do” (cited in Wiseman, 2017). In the same article, Google is mentioned as yet another online corporation with plans to expand into film and television series. The arrival of more powerful online corporations is thus certainly expected in the film distribution business, further promoting change and increasing competition in the marketplace. It is too early to provide an accurate assessment of how disruptive these digital players will be and whether their emergence in the market will lead to a further process of dis-intermediation, but this development is likely to further undermine the impact of gatekeeping networks in terms of exercising ‘power’ and ‘control’ over high-profile films.

The second key issue to identify in the contemporary distribution market is that questions of ‘access’ are critical at the specialist, indie end of that market. The development of the online market provides producers with more choice in terms of deciding how to organise distribution, whereby conventional distribution through sales agents and distributors remains an important strategy, but forms of direct distribution and even self-distribution are emerging. Crucially, these emerging forms of distribution allow a larger number of films to secure access to international markets. As I have demonstrated, the first experiments with direct distribution have been undertaken

primarily in the US and UK, but it can be expected that producers in other countries will follow their example in the next few years. The potential of this model relies heavily on the pace of growth in the online market in particular countries. More research is needed in the next few years to analyse how this model compares with conventional distribution if further growth takes place in the online market.

For producers at the specialist, indie end of the market, the process of regulating access and cultural flow is thus dramatically changing, and this provides opportunities to organise distribution beyond gatekeeping networks. One issue that this development demonstrates is that producers have become more attentive to the value that sales agents and distributors add to films, and are thus better able to draw comparisons with alternative distribution approaches. In terms of deciding which films are distributed through gatekeeping networks, it is clear that power dynamics are no longer controlled only by distributors because producers can prioritise alternative forms of distribution. On the other hand, the growth of players like Amazon and Netflix will once again see an intense concentration of power and control over the mainstream market. Once again, this is both a change – new players – and a process of continuity, in that the distribution market has for some years been dominated by a very powerful oligopoly.

Appendix 1

Interviews

I conducted interviews with 55 industry professionals in the period between 2012 and 2017. Table A.1 provides an overview of these interviews. The interviewees were based in the following countries: the UK, the US, the Netherlands, Denmark, France, Spain and Germany. Face-to-face conversations were conducted in The Netherlands, Denmark and the UK.

Most of the interviews were face-to-face conversations or conversations over Skype. I also participated in various panel discussions at film events in the UK, either as moderator or researcher, and this provided another opportunity to ask questions. Given that such questions were asked in panel discussions, I call these ‘public interviews’. The job title of the industry professionals in table A.1 corresponds with their function at the time when the interview took place.

Table A.1: List of interviewees (in alphabetical order)

	Name of Interviewee	Type of Interview	Job Title
1.	Alex Agran	Public (London)	Managing Director of the distributor Arrow Films in the UK
2.	Helene Aurø	Public (Copenhagen)	Managing Director of the television sales company DR Sales in Denmark
3.	Esther Bannenberg	Private (Rotterdam)	Acquisition Manager of the distributor Lumiere in the Netherlands
4.	Michael Berg	Private (Copenhagen)	Managing Director of the distributor United Pictures in Denmark
5.	Hajo Binsbergen	Private (Amsterdam)	Managing Director of the distributor Warner Bros in the Netherlands
6.	Natalie Brenner	Public (Southampton)	Sales Executive of the sales company Metro Films in the UK

7.	Sarah Calderon	Private (over Skype)	Managing Director of the marketing company The Film Agency in Spain
8.	Kevin Chan	Public (London)	Acquisition Manager of the distributor Thunderbird Releasing in the UK
9.	Fabrice Denizot	Private (over Skype)	Marketing Manager of the French studio corporation EuropaCorp in France
10.	Clement van Droffelaar	Private (Noord-Brabant)	Managing Director of the distributor Moonlight Films in the Netherlands
11.	Rikke Ennis	Public (Copenhagen)	Managing Director of the production and sales company Trust Nordisk in Denmark
12.	Angus Finney	Private (Berlin)	Project Manager of the Film London Production-finance Market in the UK
13.	Howard J. Ford	Public (Southampton)	Director and Producer of the production company Latitude Films in the UK
14.	Jon Furay	Private (over Skype)	Managing Director of the production company Vigorous Pictures in the US
15.	Peter Gerard	Private (Edinburgh)	General Manger of the online platform provider Vimeo in the US
16.	Mike Goodridge	Private (over Skype)	Managing Director of the sales company Protagonist Films in the UK
17.	Elliot Grove	Public (London)	Director of the Raindance Film Festival in the UK
18.	Samm Hailley	Private (Leeds)	Managing Director of the production company Third Films in the UK
19.	Pim Hermeling	Private (Amsterdam)	Managing Director of the distributor Wild Bunch in the Netherlands
20.	Tim Highsted	Public (London)	Acquisition Manager of Channel 4 television in the UK
21.	Edward Humphrey	Public (London)	Director Digital at the British Film Institute in the UK
22.	Christian Husum	Private (over Skype)	Managing Director of the sales company Portobello Film Sales in Denmark
23.	Muriel Joly	Private (over Skype)	Acquisition Manager of the content aggregator Under The Milky Way in France
24.	Marieke Jonker	Private (Amsterdam)	Acquisition Manager of the distributor Amstel Film in the Netherlands
25.	Matthijs Knol	Private (over Skype)	Managing Director of the European Film Market (EFM) in Germany
26.	Alan Lathan	Private (Yorkshire)	Managing Director of the production company Green Screen Productions in the UK

27.	Dirk de Lille	Private (Amsterdam)	Acquisition Manager of the distributor Paradiso Films in the Netherlands
28.	Geoffrey Macnab	Private (over Skype)	Trade Journalist with Screen International and The Independent in the UK
29.	Ivan MacTaggart	Private (over Skype)	Producer with the production company Trademark Films in the UK
30.	Heather McIntosh	Private (Edinburgh)	Head of Programming of the online platform provider Curzon Home Cinema in the UK
31.	San Fu Maltha	Private (Berlin)	Managing Director of the production company Fu Works in the Netherlands
32.	Bobby Meyers	Private (over Skype)	Consultant with the sales company Meyers Media Group in the US
33.	Bertrand Moullier	Public (London)	Managing Director of the consultancy company Narval Media in the UK
34.	Beatrice Neumann	Private (over Skype)	Distribution consultants with Bea Films in the UK
35.	Cynthia Ophorst	Private (Utrecht)	Acquisition Manager of the distributor Benelux Films in the Netherlands
36.	Daniel Perry	Public (London)	Digital Strategy Manager of the distributor Arrow Films in the UK
37.	Wallie Pollé	Private (Amsterdam)	Acquisition Manager of the distributor Cinéart in the Netherlands
38.	Max van Praag	Private (Amsterdam)	Freelance film consultant in the Netherlands
39.	Steve Rogers	Public (Southampton)	Managing Director of the distributor Bulldog Films in the UK
40.	Michael Ryan	Public (Southampton)	Managing Director of the sales company GFM Films in the UK
41.	Andee Ryder	Public (Southampton)	Managing Director of the production company Misfits Entertainment in the UK
42.	Jon Sadler	Public (Copenhagen)	Acquisition Manager of the distributor Arrow Films in the UK
43.	Dirk Schürhoff	Private (over Skype)	Managing Director of the sales company Beta Cinema in Germany
44.	David Shear	Private (London)	Managing Director of the consultancy company Shear Entertainment
45.	Julia Short	Private (over Skype)	Programme Director of the film business training programme Inside Pictures in the UK
46.	Martina Ternstrom	Private (over Skype)	Acquisition Manager of distribution company Koch Media in the UK

47.	Gareth Unwin	Public (Leeds)	Managing Director of the production company Bedlam Productions in the UK
48.	Mark Vennis	Public (Southampton)	Managing Director of the sales company MovieHouse Entertainment in the UK
49.	Tilmann Vierzig	Private (over Skype)	Head of Administration of the European Film Market (EFM) in Germany
50.	Karel de Vries	Private (Amsterdam)	Managing Director of the distributor Universal Pictures in the Netherlands
51.	Malcolm Warner	Private (over Skype)	Managing Director of the production company Itasca Films in the UK
52.	Hans de Weers	Private (Amsterdam)	Managing Director of the production company Eyeworks in the Netherlands
53.	Susan Went	Private (Berlin)	Sales Manager of the production and sales company Trust Nordisk in Denmark
54.	Babette Wijntjes	Private (Amsterdam)	Acquisition Manager of the distributor Cinemien in the Netherlands
55.	René Wolf	Private (Amsterdam)	Acquisition Manager of the distributor Eye Film in the Netherlands

Appendix 2

Variables included in the multiple correspondence analysis

Variables	Number of films	Percentage	Cumulative
High admissions [> 250,000]	62	9.23	9.23
Medium admissions [60,001 – 250,000]	133	19.79	29.02
Low admissions [500 – 60,000]	477	70.98	100.00
Total	672	100.00	
US-led productions	277	41.22	41.22
Other production countries	311	46.28	87.50
Dutch productions	84	12.50	100.00
Total	672	100.00	
English language	378	56.25	56.25
Other languages	205	30.51	86.76
Dutch language	89	13.24	100.00
Total	672	100.00	
International awards	71	10.57	10.57
Festival awards	137	20.39	30.96
No awards	464	69.04	100.00
Total	672	100.00	

Appendix 3

Results multiple correspondence analysis

Multiple/Joint correspondence analysis

Number of observations = 672
Total inertia = 0.3714475
Number of axes = 2

Method: Burt/adjusted inertias

The two dimensions explain a total variance of 85.58%, demonstrating a high level of reliability in methodological terms.

Dimension	Principal Inertia	Percent	Cumulative Percent
Dimension 1	0.2084678	56.12	56.12
Dimension 2	0.1094341	29.46	85.58
Dimension 3	0.004623	1.24	86.83
Dimension 4	0.0016042	0.43	87.26
Dimension 5	0.0005169	0.14	87.40
Dimension 6	0.0001671	0.04	87.45
Dimension 7	8.04e-06	0.00	87.45
Dimension 8	5.13e-07	0.00	87.45
Dimension 9	4.33e-32	0.00	87.45
Dimension 10	4.33e-32	0.00	87.45
Dimension 11	1.20e-33	0.00	87.45
Total	0.3714475	100.00	

Glossary (in alphabetical order)

Content aggregators: aggregate large collections of films from rights holders such as producers, sales agents or distributors to secure online distribution through VOD platforms.

Day-and-date releasing: films released on more than one distribution window/platform at the same time, rather than exclusively in the theatrical cinema window.

Direct distribution: a way of organising distribution in local or national markets through distribution consultants rather than traditional distributors to retain control over distribution rights.

Film distribution: the process of mediating and consulting between film producers on the one hand, and exhibitors or retailers on the other hand.

Film distributors: gatekeepers that acquire distribution rights from sales agents and release films in local or national markets.

Film sales markets: industry conventions where films are introduced and promoted to distributors in international markets.

Gatekeeping: the process of enabling or disabling access for films to markets.

High budget film: films produced on a budget higher than \$22.5 million.

Low budget films: films produced on a budget between \$0.5 and \$7.5 million.

Medium budget film: films produced on a budget between \$7.5 and \$22.5 million.

Micro budget film: films produced on a budget below \$0.5 million.

Sales agents: gatekeepers that represent films from particular producers and sell the distribution rights to distributors in international markets

Self-distribution: a way of organising distribution to consumer platforms without the involvement of distributors or other types of gatekeepers.

Subscription VOD (SVOD) platforms: VOD services for which audiences pay a set monthly or yearly subscription fee in exchange for unlimited access to specific content.

Transactional VOD (TVOD) platforms: VOD services for which audiences pay a fee for each film they watch.

Video-on-demand (VOD) platforms: online consumer platforms that allow audiences to browse through collections and decide which films they want to watch and when they access those films.

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