



# We Are Colony: Digital VOD Distribution for Independent Film

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## Research & Development Report

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## Contents

<b>Executive Summary</b>	<b>4</b>
<b>Background</b>	<b>7</b>
<b>The Project</b>	<b>13</b>
<b>Results</b>	<b>20</b>
<b>Case Study Films</b>	<b>25</b>
<b>Insights</b>	<b>58</b>
<b>Future</b>	<b>70</b>
<b>Further Resources</b>	<b>72</b>
<b>Glossary &amp; Abbreviations</b>	<b>75</b>
<b>Acknowledgements</b>	<b>76</b>
<b>Appendix: Research Outputs</b>	<b>77</b>

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## Executive Summary

Through development and analysis of a slate of film releases on the We Are Colony Video-On-Demand (VOD) platform, alongside contextual qualitative research, this project explores the value of additional materials as part of an innovative, extended digital distribution approach to UK independent film.

Project partners, Film London using the We Are Colony platform and researchers from Edge Hill University, wanted to explore how different VOD releases, supported by additional content, can deepen audience engagement, provide filmmakers with a better understanding of their online audience, and demonstrate potential for new digital business models. The research showcases a mix of potential new strategies for audience engagement and rights exploitation, as well as noting current barriers to adoption.

The research explores the use of bundling films with additional content and behind-the-scenes extras to capitalise on underexploited international rights for previously released titles, and the potential for trailing future releases through such extras. During the span of the project (with the VOD platform in private then public beta) mixed successes were observed across the case-study films, although additional time on the platform has the potential to yield accumulating results. The project was pioneering. A release strategy involving VOD supported by digital extras is as yet untested by the market, and it is envisaged that in future this might offer a number of routes to enhanced audience engagement and potential revenue.

The report presents an analysis of the findings from a project involving seven different titles on the We Are Colony platform, alongside observations of and interviews with producers and practitioners across the film value chain (FVC). In doing so it offers some key insights into the value of digital platforms in distributing additional or archival materials, and considers how this can extend the opportunity for revenue generation and audience engagement, including through social media sharing and recommendation.

Industry observation and interviews across the FVC uncovered both positive views on the project's potential and revealed barriers to new model adoption, notwithstanding widespread acknowledgement of the failure of current distribution models for independent film. In the context of a rapidly changing industry segment characterised at present by relatively low but

increasing use in the UK of transactional VOD (TVOD), a paucity of reporting on VOD in general, plus regulatory uncertainty in the EU over the Digital Single Market, we see how existing value and business approaches prevail, albeit with signs of recognition of the need to consider new digital distribution strategies.

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**RECOMMENDED BUNDLE**

## Little Favour

Action thriller starring Benedict Cumberbatch, Colin Salmon and Nick Moran, from director Patrick Victor Monroe.

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### New on We Are Colony

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**RECOMMENDED BUNDLE**

## Appropriate Behaviour

A sexually-frank romantic comedy written, directed and starring Desiree Akhavan. Shirin is struggling to be the ideal Persian daughter, a politically correct bisexual, and a hip young Brooklynite but is failing miserably...

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# Background

Independent and emerging filmmakers are increasingly moving towards models of more direct funding and digital distribution, producing a deeper and sustained relationship with consumers. Given these shifting audience dynamics, emerging revenue models and the persistent dominance of mainstream content, the starting point was that new tools are required to support independent filmmakers in gaining effective distribution and better exploiting digital viewing potential.

This R&D project sought to explore whether filmmakers, using the We Are Colony platform, could exploit under-utilised additional and behind-the-scenes ('companion' or 'extra') content to deliver earlier, more valuable, sustained and direct relationships with audiences.

## Industry motivation

The talent development and production department at Film London has the objective to create a ladder of opportunity for filmmakers through its multi-layered training programmes and production schemes. Film London wishes to enable filmmakers to have a sustainable career in the industry, and motivate audiences to champion the best low-budget storytelling the UK can offer.

In order to achieve this, the sector is faced with a difficult task. As filmmaking has become cheaper, and the number of people wanting to work in the industry expanded, the number of films produced has grown. The market place is hugely crowded by low-budget production, but often not by high quality production.

Due to the high volume of content, and the disproportionate spend these titles cost in order to gather an audience, sales and distribution have become disinclined to pick up low-budget independent films. Whilst Film London runs its own successful low-budget feature film scheme 'Microwave', which has delivered eight successful theatrical titles into audiences worldwide and continues to launch a new slate of Microwave films, it wanted to ensure the films had effective routes to finding audiences, despite the fractured distribution landscape.

The audience wishing to champion independent stories is small and now chased by many; financing a film is no longer the biggest challenge, instead it is finding a paying audience.

The problem is stark. The fractured landscape and segmented audience does not make building an audience easy, even for bigger budgeted films. The film industry's reaction to these challenges has been slow, with the majority yet to embrace new pathways to the audience, or to utilise the wealth of possibilities offered through digital distribution. In short, a large percentage of the industry is trying to maintain its analogue methods, and focuses its digital efforts only on titles that they believe will struggle to find an audience via 'traditional' release methods, such as the full chronology of sequential distribution windows, from theatrical through multiple home entertainment iterations that maintain an 'artificial scarcity'. This is a release process captured in Bloore's analysis of the FVC (2009).

Questions of particular interest to Film London speak to a range of issues facing many low-budget independent films:

- Can you find and monetise an audience for a film that had a disrupted release strategy? Does re-launching the project online give the film a second life?
- Can a filmmaker monetise companion assets based around a film? What assets are the most likely to sell? Can a film build an audience without assets?
- Can a genre film sell internationally without a star cast? Can the genre lead the film to having an audience?
- Does an issue led film that has received press attention translate into audiences? Is the interrogation of the subject attractive to the audience?
- Does a star cast automatically lead to audiences? What level of star translates into audiences?
- Does filmmaking talent – i.e. writer, director and producer – attract an audience?
- Can online and social media 'noise' lead to audiences?

The partnership of Film London, We Are Colony and Edge Hill University collaborated on the project to seek solutions to the problem 'Most films made do not reach an audience.'

The project partners wished to find out whether We Are Colony, and new VOD distribution platforms like it, might provide an alternative route to market that can support filmmakers to better monetise their film and ancillary assets. Whilst box office figures globally are growing, dominated by a few large budget titles, DVD sales are plummeting, and VOD figures are unknown. Our project aimed to address this issue, working directly with a VOD platform.

Contrary to popular belief, the digital age has not resulted in an 'easy to access audience'. The problem of plenitude rather than scarcity means that the competition for an audience is high and projects clamour for the attention of audiences that can easily be diverted by projects with bigger marketing spend.

The film industry sells individual stories to a global audience and often the energy spent enabling the film to meet its audience is greater than that spent making the film. The project aims to enable other arts initiatives to discover the power of early and deep engagement by audiences in a project's life cycle. This learning can build engagement, and improve potential financial revenues not only for films but plays, musicals, exhibitions, literature and other cultural activities searching for a global audience hungry for high quality arts. By exploring different models for additional content creation organisations can enable audiences to enjoy a fully immersive cultural experience.

## The Platform

The We Are Colony platform has had global ambitions from launch, aiming to enable UK filmmakers to reach national and international paying audiences through innovative new models of digital release. Partnering with Film London and Edge Hill University provided a valuable opportunity to further understand the film distribution value chain and explore both the appetite for new models and potential barriers to growth for a new UK VOD business.

The We Are Colony platform was established to be the new home of the “special edition” digital VOD release, connecting independent filmmakers to fans through early and exclusive access to behind-the-scenes content. For filmmakers, We Are Colony aims to be the new place to launch films earlier to build a following, and to monetise under-exploited additional content. For audiences, We Are Colony aims to deliver early and exclusive behind-the-scenes access to talent or titles.

During the R&D project, the platform tested a small number of digital release windows, including a day/date release (where digital release was at the same time as theatrical and other outlets), as well as an innovative presale model and the digital rebooting of archive/library titles. In addition to offering new revenue streams such as extras-only purchases, the platform aims to help deliver more sustainable and cohesive marketing practices, as well as deepen audience engagement through additional content and social media interaction. The platform is both commercially and technically innovative, and presented the partners with a unique opportunity to test a digital solution to challenges faced by the majority of independent films in securing distribution and generating revenues.

## The Project Partners

### Film London

Film London is the capital's screen industries agency. It connects ideas, talent and finance to develop a pioneering creative culture in the city that delivers success in film, television, animation, games and beyond. We work to sustain, promote and develop London as a global content production hub, support the development of the city's new and emerging filmmaking talent and invest in a diverse and rich film culture. Funded by the Mayor of London and the National Lottery through the BFI, it also receives support from Arts Council England, Creative Skillset and the Heritage Lottery Fund. The project lead at Film London is Deborah Sathe, Head of Talent Development and Production.

Film London's activities include:

- Maintaining, strengthening and promoting London's position as world-class city to attract investment through film, television, animation and games.
- Investing in local talent through a range of specialised production and training schemes.
- Boosting employment and competitiveness in the capital's screen industries by delivering internationally facing business development events.
- Maximising access to the capital's film culture by helping audiences discover film in all its diversity.
- Promoting London through screen tourism

Film London also manages the British Film Commission ([www.britishfilmcommission.org.uk](http://www.britishfilmcommission.org.uk)) through a public/private partnership which is funded by the Department for Culture, Media and Sport through the BFI, and UK Trade and Investment.

### Edge Hill University

Edge Hill University is the Times Higher University of the Year 2014-2015. The research lead, Professor Philip Drake is Professor of Film, Media and

Communications and Head of Department of Media. He has research expertise and publications on the film and television industries, distribution and marketing; and recently co-edited the book *Hollywood and the Law* for the BFI and Palgrave. He has received research grants from the AHRC, ESRC, British Academy, RSE and Carnegie Trust. He recently delivered three EU funded international lecture series on media management.

The research team was augmented by Michael Franklin, Research Associate at Edge Hill University, to deliver expertise in film business modelling and qualitative/quantitative research methods. Franklin has published articles in a range of journals on film industries and distribution models.

Edge Hill directed the research design, analysis and delivery, and was supported by an Advisory Board that included Professor Jennifer Holt, University of California Santa Barbara Carsey-Wolf Center and Co-Director of the Media Industries Project and Warner Brothers' Connected Viewing Initiative, Eddie Berg, former Director of Partnerships at the BFI, Bill Grantham, Partner/Founder of Hollywood Legal attorneys Rufus-Isaacs, Acland & Grantham LLP, and Professor Roger Shannon, formerly Head of Production at the BFI and UK Film Council, as well as an independent film producer.

### We Are Colony

We Are Colony was established in early 2013 by former filmmaker turned digital distribution specialist Sarah Tierney. A global film streaming platform, We Are Colony distributes quality independent feature and short films with a bundle of additional and behind-the-scenes content, such as teasers, trailers, making-of documentaries, interviews with cast and crew, deleted or extended scenes, scripts, storyboards and more. Venture-backed, We Are Colony has developed a proprietary technology stack and launched globally in public beta in Spring 2015. We Are Colony has registered account holders in 110+ countries, with strong conversion rates and deep audience engagement.

# The Project

The overarching question for this project was: how can an innovative VOD window and companion content model best generate deeper audience engagement and thereby drive new revenues for film rights-holders?

In order to explore this question, the project:

- Mapped community dynamics as a means of ongoing audience development, for comparison with project-based marketing around single film releases
- Explored how VOD release and social sharing allow a re-envisioning of the film value chain
- Discussed the opportunities for different VOD services and social media audience engagement via online platforms with stakeholders. This was carried out through workshops and interviews with filmmakers including participants of Film London's Build Your Audience programme.

The research focused on:

- Analysis of data from the seven pilot titles on the We Are Colony platform
- Audience survey with platform users
- Follow-up interviews and discussions with producers and a variety of film professionals
- Case-studies of films on the platform
- Social media analysis, and how this might feed into greater discoverability and reach.

## Key Steps

The project sought five-eight film titles that would provide essential learning to the research.

The selected films came from a subset of We Are Colony's catalogue. All the films are produced by UK companies and were selected by Film London in conjunction with We Are Colony, who engaged in negotiations, provided the tech infrastructure for launch and delivered integrated marketing campaigns for each film's release.

The films vary in genre, budget, experience of team, the amount and type of extra digital assets they have available, the international territories in which they have been released alongside digital extras, and in resources allocated to additional marketing.

In securing films for this pilot project, Film London sought particular projects that enabled the partners to explore key distribution and audiences questions. The project partners hoped for a number of titles across genre and budget scale, but were hindered by an industry reluctant to enable the bigger budgeted titles to be platformed on a new site. Whilst the partners were delighted to secure the seven, each faced particular challenges in meeting its audience, including a fractured distribution strategy or genre but no star cast for example. However a unifying factor for all seven was that a lack of significant marketing and distribution budgets meant that they needed the We Are Colony site and the exposure the launch of the site would give the projects.

The collaborative nature of independent film as an endeavour is well established. In part, the films' performance is dependent upon the success of platform as a whole, including its slate of other films. The performance of the project titles is also dependent upon the activity by producers, distributors, and other market participants involved.

## The Film Slate (ordered chronologically by UK We Are Colony release)

Film	Description	Release Strategy
Third Star (18.6.2014)	Feature, British road movie starring Benedict Cumberbatch.	Library title, rebooted with extra content and the addition of the screenplay asset sales. 'Extras-only' bundle in the UK and some other international territories (i.e. feature not included). Released globally in private beta.
The British Guide to Showing Off (18.6.2014)	Feature, documentary following an LGBT alternative beauty pageant.	Library title, rebooted with extra content. Released globally in private beta.
Electricity (6.4.2015)	Feature, drama – 'Alice in Wonderland' tale of young woman with epilepsy. Lead actress Agyness Deyn.	Traditionally windowed, unsuccessful theatrically, released by reputable independent distributor. Released in public beta in UK and Ireland only.
We Are Monster (4.5.2015)	Feature, crime drama based on real life racist murder in a young offenders institution.	Near Day-and-Date Theatrical / VOD release in UK. Social issue championed by Guardian. Released in public beta in UK and Ireland only.
Some Candid Observations of the End of the World (22.5.2015)	Short, comedy – award-winning film from producer of Appropriate Behaviour.	BFI London Film Festival selection; winner of London Calling Jury Prize. Released globally in public beta.
Appropriate Behaviour (22.6.2015)	Feature, rom-com set in Brooklyn, NYC.	Critically acclaimed debut from writer/actor/director's. Traditionally windowed in the UK. Released in North America in private beta, and UK and Ireland in public beta.
Containment (11.9.2015)	Feature, sci-fi – thriller in London tower block.	August presales in UK and VOD in North America. Split Rights and Hybrid Release. Released in public beta.

## Research Methodology

In order to successfully address the original research proposition, the research partners chose a mixed methods approach, using both quantitative and qualitative data as well as drawing from contextualised case study analysis of the seven films. The research responded to trends in data and themes from film selection/negotiation. Sources include film professionals from companies across the value chain and actual audience behaviour captured over time.

Quantitative data was drawn from:

- The We Are Colony platform
- Google Analytics for the We Are Colony platform
- MixPanel Analytics for the We Are Colony platform
- Twitter via NodeXL
- A user survey of the We Are Colony platform (894 respondents)

From March 2015 MixPanel Analytics was added to the suite of tools for gathering project data. This followed a redesign and re-launch of the We Are Colony platform as it launched into public beta in February. Although this was an unexpected endeavour for the research team, the change proved fruitful, enabling the set up of detailed engagement pathway tracking. As the research is structured on a film-by-film case basis, and as the move from private to public beta marked a distinct project phase, the alteration could be accommodated into the methodology. The MixPanel segmentation, funnels and formulae tools took over the role of event mapping and goal conversions in Google Analytics. As a result the digital metrics used for project evaluation were not uniform throughout.

Data was sourced from Twitter using Social Network Analysis (SNA) tool Node XL. SNA was used as a means of complementing and cross-referencing platform analytics. It enables us to contextualise the films' engagement and sales performances in terms of social media marketing, and potentially opening new avenues for marketing strategy.

Whilst Twitter is just one marketing channel, and is not necessarily statistically representative of We Are Colony's audience, the network is a key source of platform traffic. Two kinds of network were charted: "user" and "search", both capture the structure of relations amongst Twitter users (nodes) and their relations (edges).

For the official @WeAreColony account, followers were iteratively mapped over time. There was a specific interest in identifying possible communities that might be interested in particular titles or display notable audience characteristics. To this end the software's 'group by cluster' function was used to inform a surface level analysis of network structure development and to understand audience reach and the effects of increased engagement opportunities.

Individual films' search networks were used to identify users linked together (by mentions, follows, or replies) by virtue of shared content use. Specific marketing terms – for example, hashtags, mentions of key handles or short code links to promotional assets – formed the mobilising network link. The research partners examined the networks to chart the sharing of digital extras for insight to depth of audience engagement.

Data was sourced with qualitative methods from:

- Observation of Film London's Build Your Audience (BYA) Programme 2015, over five days from April to June. The observed programme included 16 film business professionals and projects with 28 filmmakers (producers, writers, directors) spread across 11 feature film projects.
- A one-hour focus group built into the BYA Programme 2015.
- Survey responses from the BYA Programme 2014 (6/10 responses) and 2015 (8/11 responses).
- Interviews with selected volunteer participants of the 2015 BYA Programme.
- In depth interviews with 10 film industry professionals including sales and distribution specialists recommended by project partner Film London; selected volunteer participants of the 2015 BYA Programme; and filmmakers engaged with the case study films. Interviews lasted between 30mins and 1 hour 30mins, and consisted of semi-structured

questioning designed to elicit insight regarding the value of digital engagement via creative “extras”, new models of VOD distribution, and issues of film evaluation with respect to the specific position of the interviewee.

- A user survey of the We Are Colony platform (894 respondents).

The research team and the project research was introduced to participants at the first meeting of the BYA programmes and participants engaged on the informed basis that their responses – in interview, workshop and via survey would be utilised to inform the research.

### Research changes

The manner by which we addressed the overarching research aim shifted over the course of the investigation. A key output of the project was the set up of a very detailed analytics structure, to give fine-grained detail of the type of asset engagement conducted by audiences. Pathways between assets, conversion between film and asset types, linked to traffic sources and social shares were all available.

Since public beta launch, total page views of the project’s slate of pilot films represented just 9.68% of the We Are Colony platform’s total traffic. Therefore, relatively low total levels of attention and very typical asset interaction trends prevent such metrics being used for reliable indications of any specific new strategies’ success. These limitations, alongside consumption trends ascribable to the attraction of talent, popularity of video, and clear user experience design prompted a refocus of analysis to use the case films to demonstrate tensions and market environment issues into which the particular films fit.

This issue-specific approach ensures the generation of most learning from the project and avoids the simple provision of metrics that are not likely to be comparable slate, or industry wide.

## Roles and Responsibilities

### Film London

Film London is the lead partner and was responsible for running the administration of the project and ensuring delivery of milestones, outreach strategy to select films, budgets and information.

### We Are Colony

As technology partner, We Are Colony contributed the underlying platform for this R&D study: a global VOD platform for film, aiming to deepen and extend the opportunity for audience engagement through a unique special edition bundle. These are created from high-quality additional or archival materials that deliver behind-the-scenes insights. Responsive to device, with a focus on mobile and tablet experience, the bundles are streamed, not download to own, with in-built digital rights management (DRM). By creating an app-like environment within the browser, the We Are Colony platform delivers interoperability and global scale.

### Edge Hill University

As the research lead, Edge Hill University worked with the project partners to develop a research and data strategy in order to address the research question. This template was then used to engage in data collection, with access to quantitative analytics via We Are Colony and to industry sources via Film London. Data examination was conducted in iterative milestone reports and presentations, discussed at joint meetings with project partners and an international advisory board of industry experts and academics.

# Results

## Summary

The partners found that at this early stage of the VOD platform's life, and with the limitations of a small slate of pilot films, sales are as yet insufficient to draw normative sector-wide conclusions about conversion from particular kinds of engagement to revenues.

However, in examining a variety of films types and release strategies, it is possible to uncover a number of interesting conclusions that can open a clearer path for innovative digital marketing and exploitation model adoption.

Some findings reassert commonly conceived features of the film market, such as the power of star talent to drive attention, the relative appeal of rich-media assets such as video, and the agency of user experience design in determining asset engagements.

Other, more nuanced findings emerged from contextualising issues highlighted by quantitative and SNA measures in relation to business model development. The project found:

- Some supportive evidence for the application of a second life model, in which an underexploited film with a defined marketing hook can be exploited internationally via extras-supported VOD.
- Optimism amongst the representatives from the UK's production sector, characterising We Are Colony as an empowering new tool for audience engagement and innovative distribution, supported by plans for future use of the platform.
- Reinforcement of the acknowledged need for a robust and well-planned marketing strategy, often integrated across multiple stakeholders. However the existence of such marketing plans is no guarantee of commercial success.
- A number of barriers to innovative digital release models exist within the FVC, including tensions between producers' typically positive sentiment regarding the market value of digital extras and the more circumspect opinions of incumbents across financing, sales and

distribution, highlighting issues of asset budgeting and inertia in contractual norms.

- These tensions prompt the requirement for a calculative framework that can clearly be understood to demonstrate the financial cost of not adopting We Are Colony-style models for extant financiers and gatekeepers. Given the lack of a substantial volume of TVOD sales data at present – a paucity recognised industry wide outside of this project – the perceived value of engagement with digital assets (as opposed to proven relationships) is even more influential on market organisation.

It takes time to build scale in an exceptionally competitive market environment. The We Are Colony proposition faces the added challenge of being a new market proposition reliant on content from licensors often reticent to trial new models with highly valued product. This makes the creation of data for a demonstration of companion content value very difficult. However, there are a number of positive indicators for the future:

- We Are Colony users articulate a clear desire for early access to film content, with 49.1% indicating a desire to consume content *before* cinematic release, which can be met by distributing extras to grow market demand ahead of general release.
- We Are Colony users also articulate a clear desire for extra content, with 55.4% reporting it was a “must have” or “nice to have”, thereby influencing purchase, and only 1.03% reporting that they did not wish to consume the extra content.
- We Are Colony users also articulate a clear desire to purchase content, with over half of those surveyed indicating they purchase film every month or more frequently.
- A strong community response was evident through calls for input to the service, and brand affiliations with the platform.
- The particular Unique Selling Points (USP) exhibited by We Are Colony distinguish it in the market, demonstrated through multiple data sources, and include: novel behind-the-scenes and short-form content experiences to deepen engagement in the film itself; an integrated

marketing and distribution approach; and licensing flexibility in terms of windows, territories and models of release.

## Impact

The project has had a significant positive aspect on research on VOD, which is currently underdeveloped. Proximity to industry is vital in enabling grounded research in media industries studies, marketing and market studies. It is very hard to access such a rare and exclusive industry and the project has furnished the research with an extremely rich quantitative and qualitative dataset embedded in practical research questions.

## Key Research Findings

### Audience Engagement with Creative Content

We Are Colony operates a metered paywall, with extra content assets either locked or open for free preview. This mixed approach incentivises users to purchase and unlock premium content, while also exploiting the marketing potential of the extras. Asset interaction over time showed that free and restricted interactions followed the same engagement trends. The popularity of specific film releases was largely the cause of asset engagement trends on the platform. Video and Images Collections were the most popular asset types, they were also the most shared type of assets. For each of the pilot films the most popular assets were either video interviews with lead talent or behind the scenes/making of documentary-style videos.

Social networks are the largest source of traffic for the We Are Colony platform, delivering on average 50% or more of traffic each month. Therefore analysis of the growth in social profile of the platform provided additional interesting insight into audience dynamics. Twitter is one of We Are Colony's key social referrers, second to Facebook by volume of referrals. Building on platform analytics, contextualised by rights-holder information, SNA provides some unsurprising, but reassuring results.

Generally the relatively popular assets on the platform correspond to those receiving attention from the most powerful social media accounts (e.g. magazines or media organisations) reinforcing the value of marketing partnerships. The relative popularity of particular talent in the user network aligns closely with asset interactions and sales on the platform.

### Network Components and Structure

The We Are Colony user network grew over time and new clusters developed as the library increased and fans coalesced around certain films. Followers of We Are Colony tend to be more diverse in their explicitly stated cultural interests, and consist of greater proportions of individuals (as opposed to businesses) than other specific film related social media campaigns. This potentially indicates a capacity to break out of industry-dominated (as opposed to general consumer) attention, traditionally a problem for film/tech start-ups.

Stars have big impacts, and their fans are not silo-ed into territorial clusters. Instead they are spread across the world reinforcing the need of content owners to exploit global rights.

We Are Colony followers were grouped by a clustering algorithm that defines groups through their connection structures (some user groups are more densely linked together than with others). We then investigated likely explanations for such groups by examining tweet and bio content, location and shared links.

The network structure mapped on 06.02.15, 13.04.15 and 22.07.15 showed three distinct clusters from the outset, and two further, smaller groups that emerged from very small beginnings over time.

The largest group was largely composed of UK-based and London centric users interested in film and filmmaking.

In contrast, the second biggest group is much more densely interconnected. It contains an important proportion who can be identified as fans of the actor Benedict Cumberbatch (and *Sherlock*) fans. These users are anticipated to be more likely to engage in continued conversations and sharing. Just like We Are Colony's user base – with registered account holders in 110+ countries – fans are spread across international territories. Next to the UK and US, the third largest distinct grouping was located in Japan. These users included fans of Ben Whishaw and other key British talent.

Over time two smaller groups also developed. Their sub network constituents seem to be connected by virtue of their interest in respectively, the actor Tom Hiddleston and literature as a broad interest, and *Doctor Who*/Karen Gillen fans. These small groups are understood to be a consequence of other We Are Colony titles outside the scope of this pilot.

## Case Study Films

Over the course of the pilot, the varying release strategy of seven films on the We Are Colony platform were studied (see earlier table of the film slate for the summary details). An overview of each pilot title, the relative investment in companion content, the overall release strategy on- and off-platform, and the specific insights or thematic discussions generated are discussed below.

### Platform Level Issues

The slate of films selected for this pilot were chosen at an early stage of the platform's development. Whilst the platform continues to expand, and the number of users multiply, a number of the pilot titles have struggled for attention. Over the course of the public beta, the pilot films have attracted 9.68% of total page views traffic with the pilot films performing at the lower end of the catalogue in terms of conversion to pay.

As a result there is a lack of confidence in extrapolating from the asset engagement figures to any particular trends for levels of revenue generation. However, by looking in detail at the platform in the context of the case studies there are a number of important features to bear in mind: We Are Colony is a new platform competing with established players with dominant market share. For a significant proportion of the project the platform was in private beta and users required an approved sign-up to purchase. Piracy statistics detailing the illegal viewing of the pilot films offer a reasonably close reflection of the popularity of the films on the platform and indicate that the titles performance on We Are Colony is indicative of the wider market.

## The British Guide to Showing Off

This is a library title, a documentary feature with a niche subject of The Alternative Miss World contest, produced by Dorigen Hammond. The film had a successful festival run and received positive critical responses. However, its theatrical release was fractured and it did not have an international release, so the opportunity to re-vitalise the film's distribution via We Are Colony was seen as an ideal opportunity by the producers.

Documentary making creates a wealth of digital assets. We Are Colony funded the filmmakers to produce a rich bundle of extras for international availability, including video interviews, deleted scenes, image collections and cast and crew pages. 60% of the overall assets were restricted, with 70% of the videos behind a paywall.

The film and bundle is available worldwide, although as the first pilot title released, for a substantial proportion of time the release required consumers to be accepted onto We Are Colony's private beta. Marketing activity by We Are Colony concentrated around the live Alternative Miss World 2014 event on 18.10.2014 and the film's BBC4 screening on 07.12.2014.

Even though interactions were limited, the producer noted the international reach of sales via the platform as one of the most interesting results from the project to date. As the film did not have an international sales agent, it was easy for the producers to use We Are Colony to exploit their niche content's long tail across global markets. There is a striking difference between the restricted original availability of the film in theatres, a two-week run at the ICA, and the unbounded provision now possible through We Are Colony.

Building on the technological theme, it is the digital capacity of the platform that enables We Are Colony to present a significantly different market opportunity as a value chain intermediary. The producer decided against self-distribution originally and took a traditional UK deal, partly due to their understanding that the DIY model required significant resource requirements over three-four years. The task of audience engagement today is understood to have similar implications of "producer fatigue" if taken on wholly.

However, We Are Colony was seen as a toolset with a level of the financial benefits of DIY (i.e. deal terms preferable to traditional revenue splits) as well as a means to share marketing load. The producer has had experience of public funds being allocated to a distributor, which were then transferred on to a subcontracted digital agency without specific understanding of the product or market. This informs their opinion that in the context of specific digital interventions, We Are Colony can add value.

Digital asset creation is now a matter of course for all films, but it is the conscious planning for their use, and continual cataloguing with specific marketing audiences in mind that makes a new difference. Whilst there was limited collaboration between producer and We Are Colony for the marketing of this film, the producer has already begun planning a more conjoined approach for their next film.

The screenshot shows the homepage for the film 'The British Guide To Showing Off' on the 'We Are Colony' website. The header includes the site logo, navigation links for 'BROWSE' and 'ABOUT US', a search bar, and a 'SIGN IN' button. The main banner features the film's title, a quote from Empire magazine, and a collage of images related to the film, including a man in a top hat and various people. Below the banner are buttons for 'WATCH FILM', 'EXTRAS', and 'ABOUT', along with rental and purchase options for £2.99 and £4.99 respectively. The page is divided into several sections of behind-the-scenes extras, each with a title and a grid of video thumbnails. The sections are: 'Alternative trailer & deleted scenes', 'Interviews', 'Alternative Miss World Show' (Year by year), and 'Stills, artwork, festival premieres & more'. Each section contains multiple thumbnails, some with play buttons and some with lock icons, indicating locked content. The overall design is clean and modern, with a focus on visual storytelling and user engagement.

**WE ARE COLONY** BETA

BROWSE ABOUT US Search... SIGN IN

# The British Guide To Showing Off

Raucous, liberating and sexually charged, *The British Guide to Showing Off* speaks to the outsider in all of us.

“Makes Salvador Dali look like a painter decorator... It's the cinematic event of the year, sweetie.”

★★★★☆ Empire

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RENT £2.99 BUY £4.99

### BEHIND-THE-SCENES EXTRAS

#### Alternative trailer & deleted scenes

Trailer: Fundraising

Deleted scene: Andrew Logan on painting

Deleted scene: Andrew Logan on Warhol

Deleted scene: Cont

### BEHIND-THE-SCENES EXTRAS

#### Interviews

Interview: The idea for the film

Interview: Beginnings

Interview: Finding the film

Interview: Challenge

### ALTERNATIVE MISS WORLD SHOW

#### Year by year

Stills: Alternative Miss World show 1972

Stills: Alternative Miss World 1973

Stills: Alternative Miss World 1975

Stills: Alternative Miss World 1978

### BEHIND-THE-SCENES EXTRAS

#### Stills, artwork, festival premieres & more

Artwork: The British Guide to Showing Off - artwork

Scene shots: Screen shots

Stills: Developing the film (2007)

Stills: Developing the film (2008)

Stills:

Film homepage

## Thematic Discussion: The importance of concerted, jointly executed and significant marketing

Whilst there are no conditions understood to be sufficient for a successful film release, there are many barriers, which, if not circumvented will likely prohibit positive results.

A clear theme running through the slate is the damaging effect of a lack of substantial and integrated multiparty marketing. As a re-release without the support of a distributor, *The British Guide to Showing Off* did not enjoy the best conditions with which to test the We Are Colony model. Across the slate, difficulties in attracting sufficient audience awareness to convert into meaningful sales were especially pronounced when lack of extended and early communication between producers, distributors and We Are Colony occurred.

The marketing of independent film is a complex and nuanced environment. Respondents to the We Are Colony user survey overwhelmingly cited online sources of information for their news on the latest films and related content (78% social media; 71% web and blog) compared to traditional, and much more expensive media (television was similarly popular to newspapers and email 19-25%). But this should not be read as indicating that a film campaign can achieve success without substantial resources.

Many practitioners pointed out that whilst digital extras are exciting marketing and marketable assets, even achieving a nominal level of audience attention requires sizeable amounts of time and money, as well as expertise. Active collaboration across different companies connected to a film was seen to make a material difference in generating attention.

In other examples detailed in the following cases, notably the UK release of new film *Appropriate Behaviour*, the active engagement of the distributor was both well received and borne out as impactful. Increased audience engagement figures were seen for assets promoted by all related parties.

In the case of the most recently released title *Containment*, digitally facilitated marketing and distribution circumvented traditional distribution entirely. The producer Christine Hartland cites We Are Colony's role in marketing as mobilising their market opportunity, particularly when it came to social media marketing and content seeding to press partners.

All rights-holders were active in their films' lives on We Are Colony to a greater or lesser extent, there are important distinctions to make in the levels of this interaction and the reasons behind it. In the case of *Containment* - a new, self-distributed theatrical and on-demand release - all of the producer's attention was dedicated to that film. In contrast, for re-release titles, understandably the producer's attention is largely occupied with more current projects. For *Third Star*, the production company opened up their social media channels to We Are Colony, provided prizes and interacted with a promotional Reddit. However, as a small production company actively producing other titles, they don't have an "always-on strategy" for promoting library titles. Whilst checking spikes in their internal engagement data, they don't have the resources to go further. From interviews with slate filmmakers and We Are Colony's own experience, decisions to work with the platform are often motivated by the knowledge We Are Colony invests in a media push and takes on organic and paid marketing responsibility.

## Third Star

*Third Star* is a previously released feature, a comedy/drama road movie starring Benedict Cumberbatch. The film did not achieve significant critical or commercial success on first release.

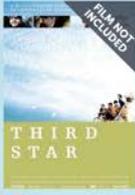
The film's assets comprise video interviews, deleted scenes, filmmakers' statements, press, image collections, artwork, the script, and cast and crew pages. The film is included for sale with the bundle in Italy, Czech Republic, Israel, Hungary and China; beyond which the 'extras only' bundle is available worldwide.

This is the only bundle in which image collections (50% restricted) outperformed other asset classes (video – 75% restricted) consistently. Notably video is still most popular with UK audiences, potentially because the actual film was not available to them. The We Are Colony twitter community certainly shows a large and geographically diverse set of Cumberbatch fans.

Sales of this title are the highest across pilot slate, and were made in 53 countries. Asset interaction also shows the bundle to be by far the most popular in the pilot slate. The film benefited from deleted scenes and a behind-the-scenes trailer promoted on YouTube, a fansite trailer promotion, an AMA (Ask Me Anything), and a competition (September – December 2014). There is also strong conversion to a similar title, *Little Favour*, which also stars Benedict Cumberbatch. The dominance of star-based titles in terms of engagement and sales was notable throughout the entire project life cycle.

Looking at asset interactions for the film over time shows a different pattern from the other slate titles. Rather than spikes typically relating to defined marketing efforts, *Third Star* evidences continued engagement across asset types over time. Audiences appear to explore the bundle as opposed to arriving at a particular asset. It is the only pilot film with an internationally recognisable star, it has the second highest total number of assets, and only 30% of them are restricted. Thus the film's relative engagement performance is readily understandable.

WE ARE COLONY
BROWSE ABOUT US Search...



**Third Star** 15

Critically acclaimed British road movie starring Benedict Cumberbatch, Tom Burke, JJ Feild, Adam Robertson and Hugh Bonneville.

« A huge, sweeping film with a knockout central performance from Cumberbatch... The ending is uplifting as well as emotionally devastating: the audience sat in stunned silence »

★★★★☆ **The Times**

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EXTRAS

ABOUT
BOLT-ONS
COMPETITIONS

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**BEHIND-THE-SCENES EXTRAS**

**Interviews, production diaries, deleted scenes & more**






**STILLS**

**Scene shots**






**STILLS**

**Behind-the-scenes**






**BEHIND-THE-SCENES EXTRAS**

**Script, posters, press & more**



**Script**



**Artwork: Posters**



**Press: The Big Issue**



**Press: The Weather Club**



**Press: The Guardian**

**Film reviews**

*« There is a knocko... by Benedict Cumber... strange, ethereal cre... who sports a ... »*

**Press: Kate Muir for Th**

Film homepage

### Thematic Discussion: The benefit of 'star power'

That star power influences film popularity is no new finding, but evidence is starkly apparent in this study's quantitative and qualitative data. Survey respondents picked out Benedict Cumberbatch as a reason for attraction, and the presence of a particular star or topic was continually cited as a reason to buy rather than rent. The importance of key talent to asset performance is triangulated through: traffic to assets on the platform; social network analysis of twitter campaigns, and the user surveys.

Recognisable actors are the simplest, most effective way of obtaining attention. As Katie Ellen, Senior Manager, Distribution and Audience Funds, BFI points out:

"There is so much product being advertised and sold to consumers, anything that potentially can help your film stand out from the crowd, and work as a mini advert in order to encourage audiences to buy it, has to be worth exploring, but you have to have some really marketable elements, to make the assets of interest to anyone."

High profile talent also provides a gateway to international markets.

The popularity of Benedict Cumberbatch in multiple territories demonstrates the potential for We Are Colony to be used both in international dis-intermediated distribution strategies, and in subcontracted service offers. For the former, deals are done direct with sales agents, circumventing local distributors, thereby improving the returns for the producer. In service deals, once the product bundle is created for one location, the offer can be simply made available for other territories where deals are conducted. For example, in the case of *Appropriate Behaviour*, We Are Colony bought out the rights for the extra content bundle for world distribution from UK distributor Peccadillo, to expedite deals in other territories. The adoption of split rights deals forms part of following thematic discussions.

## Electricity

*Electricity* is a feature drama concerning a young woman's journey with epilepsy, starring high profile model Agyness Deyn. The film was released theatrically on 12.12.14 in the UK, on eight screens and totalled approximately £11.5k from box office sales, according to BFI reporting.

The film's extra content assets comprise video interviews, a documentary, film clips, deleted scenes, image collections, the script, and cast and crew pages. Overall the assets 38% are restricted, with video assets being 71% restricted. The 'Agyness Deyn' and 'Behind the Scenes' image sets dominated the engagement figures, reflecting the key hook – the lead actress. The UK and Ireland We Are Colony release did benefit from support by distributor Soda Pictures, including the promotional sharing of assets which was notable in the twitter search networks for #Electricityfilm which displayed a larger scale (still small) but with greater reach and density than for other project titles.

### Thematic Discussion

Whilst *Electricity* has not yet achieved notable levels of digital engagement and sales conversion, examination of the market context in which the film and its associated parties exist provides insight to the need for digital engagement and the role anticipated for We Are Colony. Looking at how a sample of users view the site and their own film consumption, paves the way to understanding the logic of using digital assets in diverse release strategies.

### Alternative release strategies

The majority sentiment amongst user survey respondents regarding when they like to access film content was: "*as early as possible*" (43%). This is the logic behind day-and-date theatrical and on demand releases. Working through the structural implications of such a distribution decision, producers noted their intention is to exhibit in independent cinemas not bound by traditional windowing commitments.

Many workshop participants and interviewees voiced similar understandings, recognising the limitations of alternative modes of release, and foregrounding their respect for cinema as a communal experience. At the same time they put forward the belief that for independent films about character, story and emotion, VOD is a good way to experience the work.

Given the struggle to obtain attention from distributors and exhibitors in a market containing as many as 23 new box office releases in a week (BFI Statistical Yearbook 2015 figures quoted by The Independent 01.05.15), filmmakers conclude that the most important point of all is that their film does get seen. It is a common sentiment that refusal to break windows amounts to practitioners not recognising that the behaviour of the audience is changing. This perspective informs practice. The producer of *Containment* positioned their theatrical self-release utilising rolling cinema dates in nine locations, the digital theatrical on demand platform Ourscreen, and digital release including We Are Colony, all in order to create a multi-platform window of attention for the title.

Multiple users pointed to the value of the platform in providing access to films they would not usually be able to access, due to the narrow programming of local theatres, particularly in the US. This position is mirrored by BYA participants, one stated regarding Europe wide access and multi-territory deals:

“it’s the same thing as day and date – its changing, if someone wants to watch a film and its available in one country and not another, they are just going to find it illegally, so why would you stop them [from accessing a film legally in a different country] ?”

Certainty there are pertinent answers to this question, not least the viability of low-mid budget films and upwards being based on territorial segmentation of rights. Further literature on this issue is included in the recommended reading. What is most important here is the variety of opinion across FVC segments into which pilot adoptions of the We Are Colony model intervene.

Comments from interviewees with experience and business interests across film finance, sales and distribution provide cogent argument for retention of their established market practices. They emphasise that the first thing sales and distributors want to do, is to get people to see their films. The only argument they consider in favour of the European Digital Single Market is for consumers to access the content they want immediately. However, they argue that to establish desire for a film in the first place takes local knowledge, expert experience and established market frameworks. Achieving sales purely via direct access without such tools is deemed unworkable.

There is a spectrum of opportunity for film releases, not simply the global DIY model set up as an alternative to traditional windowing per territory. Netflix, Amazon and similar services now compete to take worldwide rights for quite a long duration, and they have the resources to capitalise on any potential de facto Europe-wide mass release. However, for a filmmaker, obtaining such a distribution deal is a low probability proposition, and is predicated on a film financing model that reinforces the historical hit-based exceptionalism maintained by traditional portfolio approaches, i.e. each film is made in the expectation that they will be the rare success, but of all films sales agents and distributors can only fully support a few.

As interviewees pointed out, financing a new UK independent film on a realistic view of its revenue opportunity would be almost impossible. For instance, targeting only independent cinemas as theatrical locations provides around 1% of the screens in the UK. For these screens exhibitors can also book any other release, or indeed, higher margin alternative content. Modelling the financial performance of a film based on six key cities theatrical sites in April/May or September/October and day and date VOD returns, does not provide compelling evidence for investment, particularly because these same revenue opportunities exist for films at both the £100,000 and £1m budget levels. Additionally, the lack of transparency surrounding VOD revenue and viewership figures propagates anecdotal evidence that the value of such rights is low. The compounding lack of quantitative evidence of VOD hits based on digital engagement paints a troubling picture. But interviewees also proposed ideas for ways forward.

Building on evidence that shared information and campaign management are increasingly important in an era of digitally mediated markets, the concept of flexible release strategy also surfaces in the data. It is vital for films to retain the potential to exceed expectations and break out, to stay in cinemas as long as possible, if possible. Yet it seems wise to be able to capitalise, as much as possible, on audience awareness through all channels of consumption, rather than waiting for an extended period following a theatrical run. The flexibility to move a film from theatres to VOD after six weeks or perhaps as few as 30 days, facilitated by a shifting revenue split from VOD to all vested interests is a potential solution. Though there are barriers to the adoption of such a model. For example, the concentration of screens in multiplexes committed to full windows, and the way traditional distribution operations are built into the finance plans of many independent

films. Additionally, We Are Colony's marketing experience would suggest that any delay between first release and digital windowing can significantly diminish the press' and marketing engagement with a title's VOD release.

However, a possible route forward could be engendered by use of digital technology not just as a pipeline and platform, but also a framework of assessment for calculating likely value, so that multiple parties can agree jointly how to operate. This type of evaluation happens regularly in the film business, with the use of sales estimate sheets to manage a myriad of organisational requirements through a simple toolkit. Moving digital metrics into a similarly central role for distribution would be a significant challenge. It would require a shift from a very FVC focused, linear understanding of the industry as chopping up and handing over risk and reward sequentially, to a more device oriented reading of the market in which multiple interests are continually at work.

WE ARE COLONY BETA

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# Electricity 15

Electricity is an 'Alice in Wonderland' tale for the modern day – an extraordinary hallucinatory journey of a young woman searching for her lost brother.

« There's a jump and crackle to Electricity...a movie full of visual spark. It's a gutsy, vibrant film about taking control of life. Fresh and free of cliché. »

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BBC Film 2014

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WATCH FILM EXTRAS ABOUT COMPETITIONS

BEHIND-THE-SCENES EXTRAS

### Documentary, interviews and film clips

Documentary: Making Electricity

Film clip: Walk on the seafloor

Interview: Agyness Deyn

Interview: Christian Cooke

BEHIND-THE-SCENES EXTRAS

### Stills, artwork, press and more

Scene shots: Part 1

Scene shots: Part 2

Stills: Behind-the-scenes

Stills: Agyness Deyn

CAST AND CREW

### Biographies

Cast: Agyness Deyn

Cast: Christian Cooke

Cast: Paul Anderson

Cast: Alice Lowe

### Similar bundles

## The Kármán Line

The multi-award-winning story of a mother struck by a mystery illness that sees her body physically lift off the ground a little more each day... Stars Olivia Colman and Shaun Dooley.

GET BEHIND THE SCENES >

Film homepage

## Some Candid Observations on the Eve of the End of the World

*Some Candid Observations on the Eve of the End of the World* is a comedic short film. Available worldwide, the most notable spike in asset engagement occurred immediately prior to the premiere of the BBC TV series *Tatau*, also starring the film's lead Theo Barklem-Biggs. The film was supported by paid narrow-targeting on social media platforms by We Are Colony.

The film's assets include a documentary, deleted scenes, image collections, artwork, script versions, storyboards and cast and crew pages. Given there is only one video, cast and crew info and image collections are most popular asset types.

The application of digital strategies to the monetisation of short films has been a repeated proposition in the digitally disrupted film industry, with few successes. The lack of resources for supporting shorts and low market demand illustrates in the extreme, how limited the opportunity for film rights exploitation can be.

However, qualitative responses in the user survey to shorts provision on the platform were strikingly positive. In multiple responses We Are Colony users pointed to shorts and filmmaking-focused, behind-the-scenes extras as the site's USP. This appreciation potentially points to a longer-term strategy of capitalising on larger bodies of work, with fans following a star's or director's multiple projects behind-the-scenes.

Appreciation that We Are Colony was not a one project only opportunity, but a long-term proposition also came across in comments from the producers of other films on the slate. The producer of *The British Guide to Showing Off* reasserted this perspective in interview, citing We Are Colony as a rare opportunity to get short-form work seen. The producer was particularly enthusiastic at being able to make films with this plan for film dissemination in place in advance.

The screenshot shows the homepage for the film 'Some Candid Observations' on the We Are Colony website. The header includes the site logo, navigation links for 'BROWSE' and 'ABOUT US', a search bar, and a 'SIGN IN' button. The main banner features a large image of the lead actor, Theo Barklem-Biggs, with a quote from a critic: "A fresh and imaginative short film which contains a genuine surprise for its audience. Cleverly directed...with great performances from a talented cast." Below the quote is a 'WATCH TRAILER' button and the text 'London Calling Awards'. A 'BUY THE BUNDLE' button is priced at £1.49. The 'BEHIND-THE-SCENES EXTRAS' section includes a documentary, script draft, scene shots, concept art, and deleted scenes, with 'SPOILER!' warnings and lock icons. The 'CAST & CREW' section features biographies for Theo Barklem-Biggs, Adrian Scarborough, Ria Zmitrowicz, and Tamzin Griffin. A 'Similar bundles' section highlights 'The Nostalgist' with a 'GET BEHIND THE SCENES' button. The footer contains social media links, a 'FIND US ON' section, and legal information including 'Content Ratings', 'Terms & Conditions', 'Privacy Policy', and '© 2015 We Are Colony Ltd'.

Film homepage

In previous discussions the scene has been set in which digital extras are interpreted and used for film business aims. Now it is important to look at the types of assets themselves and examine the appeal.

### Thematic Discussion: What is the appeal of digital extras to end-users?

The characteristic of We Are Colony that most users would use to describe the platform to a friend was shown to be: 'as a provider of behind-the-scenes content' (68% of respondents). Those assets that typically perform best onsite – deleted scenes and videos with cast – were noted in user comments as well loved. However, when asked to describe what users like about the extra content in We Are Colony's film bundles, overwhelmingly the response was to privilege the engendered understanding of the filmmaking process.

More than 50% of respondents took time to write about what they liked and, whilst praising the quality, variety, diversity, and user experience of the extras, it was the deeper understanding of the film provided by going behind the scenes that people appreciated most:

"I really like getting a sense of the process that went into making the film, everything from the script to interviews with the director and cast."

The exclusivity of the bundle was noted to be the second and very strong motivating factor for liking the extras:

"...by giving us extra content, such as behind-the-scenes photos and videos, you encourage us to see something unusual, something unique..."

These user comments refer to the provision of extras on the platform overall, which are provided in a multiplicity of forms, as free tasters, as bundled with film rentals or purchases, or available for purchase without film.

In interview film producers anticipated these kinds of user opinions, offering an understanding of how the variety and compendium of extras combine to create the world behind the film:

"The advantage of We Are Colony, as opposed to just having the extras on DVD, which are now few and far between, is the extra types of assets such as script and storyboards" - Christine Hartland.

A producer on the BYA program with experience of working on major studio films characterized the We Are Colony model's capitalisation on extras assets, as in some way encouraging a studio mindset in the independent world:

“When I was first introduced to what the platform is doing, I thought it was brilliant because, storyboards, set interviews, costume design – all of the stuff that is any way created when you make the film – you realise that as a producer you can use that when you sell the film and add value to your product.”

Other interviewees repeated this point of view, particularly in respect of how the model requires the filmmaker to plan strategically throughout the film life cycle.

## We Are Monster

This film concerns the true story of a racially motivated murder of a boy in a young offender's institution. The film does not benefit from any stars, but is Executive Produced by Noel Clark and had a limited theatrical event release in London preceding the VOD launch.

We Are Colony worked with the filmmakers to create an asset bundle which included video interviews, film clips, press articles, filmmaker's statements, image collections, script versions, and cast and crew pages. Their exploitation was not maximised during the theatrical release, as the distribution arrangements were characterised by a lack of joint planning and partner company interaction.

We Are Colony delivered twitter promotion from its own account, and were able to garner promotional tweets from cast, related talent and media outlets. However, it was unable to secure the non-We Are Colony social media push enjoyed by other titles, for instance *Appropriate Behaviour*. Asset interaction spikes on the opening and second weekend of release reflect the bump in attention the film received by being a cinematic release and reviewed in press. However, the total asset interactions were low with, as is commonly the case, video being most popular. The theatrical bookings and performance were not of a sufficient scale to be captured by BFI reporting and this corresponds to low on-platform engagement to date.

The film's producer, Leeshon Alexander puts the difficulties in securing exhibitor support and significant theatrical distribution in context by citing inherent difficulties in generating awareness for critically important creative work that is not mainstream entertainment. The producer states: "99% of difficulties in attracting attention are down to not having stars, or winning significant festival awards". Reflecting on the experience with We Are Colony, he referenced the high quality of the platform, the constructive efforts of the marketing team, and direct contact as real positives. The producer also indicated a number of other potential ways engaging with the platform could help his kind of film in future.

Although recognising that We Are Colony's reach is not yet at the scale to hit mainstream audiences, the appeal is clear and attractive to the niche that loves filmmaking. Exploiting this audience could have helped the film at an earlier point in its life cycle. The producer highlighted that a significant

amount of the film's attention was created around the film's Edinburgh International Film Festival premiere, and if they had been in a position to capitalise on this attention at the time using We Are Colony, for instance in a bounded festival window, this could have helped the film. It was suggested that this could be a potential model to pursue: partnering with films at the festival stage, and festivals themselves – providing the rich extras package to audiences naturally inclined to be deeply interested in the film-making process.

WE ARE COLONY
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## We Are Monster 15

On 8th February 2000 at Feltham Young Offenders Institute, Robert Stewart, a known violent racist, was placed with Asian cellmate Zahid Mubarek with devastating consequences.

“ There are shades of American History X and Primal Fear in this powerful British drama...Alexander gives an impressive performance ”

▶ WATCH TRAILER

▶ Empire Magazine



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EXTRAS
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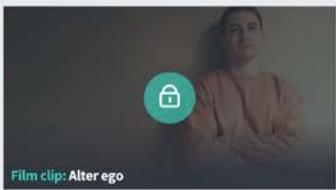
BEHIND-THE-SCENES EXTRAS

**Interviews, script, stills & more...**

◀
▶



Script: Shooting script



Film clip: Alter ego



Stills: Behind-the-scenes



Stills: Leeshon Alexander

BEHIND-THE-SCENES EXTRAS

**Interviews**

◀
▶



Interview: Leeshon Alexander & Imtiaz Amin



Interview: Leeshon Alexander part 1



Interview: Leeshon Alexander part 2



Interview: Antony Petrou

CAST & CREW

**Biographies**

◀
▶



Cast: Leeshon Alexander



Cast: Aymen Hamdouchi



Cast: Gethin Anthony



Crew: Antony Petrou



Crew: Simon Richards

**Similar bundles**



## Leave to Remain

How far would you go to escape your past? A provocative coming-of-age drama, featuring a soundtrack from Mercury Music Prize-winners Alt-J.

GET BEHIND THE SCENES >

Film homepage

### Thematic Discussion: How to use digital extras during a film's release?

The perspective that digital extras have a valuable and varied role across the life of the film was espoused by a number of different interviewees. Each emphasised the qualification that use of such extras must be context specific and fully realised in order to have a chance of making a difference. Franki Goodwin, Assets Producer for Western Pictures, the makers of *Third Star* summarises:

“The role of digital assets and their exploitation is something that we are very focused on, they are invaluable, but I think (their role and success) is dependent on how you use them.”

In relation to the strategic use of digital assets during the life of a film, Katie Ellen (BFI, Audiences) cites *Northern Soul* as an example of how community engagement can develop from production onwards. Whilst this campaign, as most do, used social media and digital assets, the value was created in the specific adaption of a campaign to the target audience, leveraging resources particular to a single title.

A majority of research participants foregrounded the marketing value of digital assets as opposed to their transactional value. Some experts in the sales and distribution market sectors went as far as to dismiss any value in the transactional phase, others qualified their position to state that only in a compendium of materials lasting at minimum an hour could warrant a model for selling extras. Interviewees did stipulate that for specific fan-bases there would always be some appetite for any content. This perspective is supported by the user survey in which multiple commenters expressly emphasised their desire for assets featuring high profile talent such as Benedict Cumberbatch and Ben Whishaw. However, establishing a business model, or even altering project processes requires careful consideration of the costs and benefits. One recurring issue is the question of when most effectively to leverage the value of digital assets.

Sales and distribution expert, and Program Director of Inside Pictures, Julia Short points out that the value in assets' role for building awareness is two-fold, both in direct to consumer via social media engagement, but also as a corollary to develop derived demand – ‘buzz’ from industry companies as a result of online attention, which may be parlayed into effecting deals or deal terms.

The knock-on impact of digital assets' use in that situation is that they then may not be perceived as adding value in any later transactional relationship. *Appropriate Behaviour* producer Cecilia Frugiuele makes a related point regarding the maintenance of audience relations, indicating her positive opinion of using extras throughout the film life cycle, but reticence about building up an audience and then risking alienating them if a film is a delayed and the demand created cannot be satisfied in a timely manner. The need to have a confirmed release plan in advance of, for example, putting out production video diaries to build an audience early on, is a barrier to wide-scale adoption of digital engagement. This perspective was common amongst BYA participants.

## Appropriate Behaviour

*Appropriate Behavio(u)r* (US/UK) is a New York comedy feature written and directed by the lead actress Desiree Akhavan (HBO's *Girls*), developed from her web series, *The Slope*. It is a critically well reviewed and traditionally released film, with continued support from its specialist UK distributor. It is available on We Are Colony in the UK, Ireland, North America, Australia and New Zealand.

The US and UK bundles differed slightly, but include: video interviews, documentaries, short films, deleted scenes, trailer versions, press articles, filmmaker's statements, image collections and cast and crew pages.

In North America, the film had a day-and-date release initially without companion materials, as iTunes held exclusive rights to the extras. In the UK, the package started as a pre-order due to the traditional 16-week window between theatrical and VOD release, with assets drip fed over time. The film opened on 17 screens to £22k, and totalled £65k from seven weeks on release, according to BFI reporting. Asset interaction figures on the We Are Colony platform spiked on five occasions (March 27 and 8, 17, 24, 29 April). Each of these instances coincide with a tweet linked to a new video release by a marketing partner account - e.g. Film London, Women in Film and TV, FWord, or the BFI - each having substantial follower figures in the tens of thousands. At the time social sources provided the platform overall with the highest proportion of its traffic, 54% and 47% of this from Twitter (Facebook 38%, Tumblr 12%).

Despite densely networked interactions by official and linked accounts sharing assets and promotions across the release, rarely did these links get taken up and shared by fans. Where accounts with large reach retweeted links, there were spikes in asset engagement, but little noticeable translation to sales. This may reflect the emergent nature of the talent attached to this title.

WE ARE COLONY BETA
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Search... 
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## Appropriate Behaviour 15

A sexually-frank romantic comedy written, directed and starring Desiree Akhavan. Shirin is struggling to be the ideal Persian daughter, a politically correct bisexual, and a hip young Brooklynite but is failing miserably...

« Funny, risky and in excitingly bad taste... »

WATCH TRAILER
★★★★☆
The Guardian

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WATCH FILM
EXTRAS
ABOUT
COMPETITIONS

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BUY £9.99

BEHIND-THE-SCENES EXTRAS

Documentaries, deleted scenes & short films

Trailer: North America

Documentary: Behind-the-scenes

Documentary: Coming Out

Documentary: Appr

BEHIND-THE-SCENES EXTRAS

Script, stills & much more

Script

Maker's Statement

Scene shots

Stills: Behind-the-scenes

INTERVIEWS

Desiree Akhavan and Cecilia Frugieuele

Interview: Part 1

Interview: Part 2

Interview: Part 3

Interview: Part 4

CAST & CREW

Biographies

Cast: Desiree Akhavan

Cast: Rebecca Henderson

Cast: Scott Adsit

Cast: Halley Feiffer

Film homepage

### Thematic Discussion: *How to pay for extras?*

Whilst there is a lack of consensus across the FVC as to the value of digital extras, within the production sector, the majority of companies interviewed and observed believe in the guiding logic that digital extras can engage an audience and ultimately serve revenue goals. Therefore financing asset creation is an important consideration.

Many producers commented explicitly on their appreciation for We Are Colony's funding of asset creation. Producers recognise the need to develop operations in order to self-finance asset creation. A core motivation is the flexibility to be able to adapt to a variety of distribution and rights sales opportunities with the best package possible, a strategy promoted by BYA.

Despite the best intentions, market forces often conspire against provisions for these "extras", and many interviewees recognised that when financing their film these line items were under threat.

We Are Colony is addressing the problem head on through direct investment, but clearly a broad, industry-wide shift is required for a shift in practice to occur at scale. The producer of the film discussed in the next case, *Containment*, contextualises We Are Colony's investment at the post-production stage by noting the producers had a budget line for behind-the-scenes content that was not enough, and the timely funds to finish asset generation to a high quality was very important.

A producer's desire to make a film at any budget, as opposed to not making one at all, combined with limited funding options, can lead to delivery of less than the best potential product to the market. This is a risk recognised by many film funders. The BFI's Katie Ellen notes that ensuring that the budget line for digital assets is not squeezed, and remains at a reasonable level, even when a distributor is attached, is an important task. How this activity can be supported is a live issue at the BFI. There are arguments that digital assets can aid both the work of domestic distributors and international sales, as well as requiring funding at the production stage, and so the allocation of support requires consideration of balance across the FVC.

Franki Goodwin agrees with the important role set out for public funding. She states:

“We [the industry] have to be more disciplined about spending the money upfront, or ring-fencing for marketing. That is something I would definitely endorse in terms of a percentage of public money being spent on reaching people who have ultimately paid for it (the film).”

Other ways of financing asset production are continually explored by producers. However, often the early stage at which investment is required, before marketing plans are fully realised, even before distribution pipelines are guaranteed, makes external funding such as brand partnerships difficult. Thus film industry relationships are paramount.

### *Distribution rights and the role of digital extras*

Alongside increasing revenues by generating greater audience awareness and attraction, digital extras are understood to facilitate new distribution models that increase the proportion of revenues returning to rights originators.

Pilot films with traditional distribution relationships demonstrate how the concerted marketing efforts of an established distribution company can drive asset engagement. Both *We Are Colony*, and *Appropriate Behaviour's* producers commented on how interaction with Peccadillo Pictures was a positive experience. Assets were shared for joint promotion, and long lead planning enabled a cohesive market presence for the film. In other territories distribution companies have not been engaged, with the producers taking the position they could sell directly:

“I think it’s such an empowering tool, you can distribute your film on your own. With *We Are Colony* you can simply address each territory without incurring more costs, but with iTunes you need an aggregator” – Cecilia Frugieue

Regarding ongoing filmmaking decisions, producers note the tension in dealing with distributors who expect extras to be created and made available, but will not pay extra for them, or create them if they do not exist. Producers are torn because they believe the extras would add value to the product being distributed and thereby potentially generate more revenue, but want this work to be valued by business partners.

Banking assets for future use and selectively providing them to different markets is one way to capitalise on their existence. The issue of deliverables is a site of contest for digital engagement issues. We Are Colony has faced resistance to their model as some rights-holders do not want to provide assets to We Are Colony, which are not also given to more established services. This position is held regardless of whether these assets are even asked for or used, or how they are valued.

The motivation to retain assets, withhold data, and proactively defend existing business models is drawn from the myriad implications of digital disruption in a deeply uncertain industry. Opaque reporting and accounting procedures are widely promulgated industry stereotypes. The common reasoning for their existence is that, given the pervasive uncertainty regarding future film performance, any data or pre-established structures that may potentially provide competitive advantage must be protected. Many of these themes also emerge when we consider adoption of split rights deals.

## Containment

*Containment* is a feature length horror-thriller available in the UK and Ireland (from 11.09.15) and North America (from 01.08.15). The film enjoyed a UK theatrical release in nine venues coinciding with the VOD launch on We Are Colony and iTunes. The self-distribution in cinemas was designed as an exercise to promote the film's availability across multiple windows. Asset engagement rates show the second highest peak after *Third Star*, but to date haven't converted through to mirrored sales. The spike in attention is likely due to a combination of factors. Over time We Are Colony's total library has built up, its user base has increased and consumer awareness has improved, this benefits the newer films. In addition, *Containment's* simultaneous theatrical release included more screens and more cities than the other day and date example, *We Are Monster*.

The film's assets comprise 'making-of' videos, deleted scenes, video interviews, film commentary, image collections, storyboards, the script, and cast and crew pages. As the film marketing campaign built towards the UK release, asset engagement patterns followed the platform's general trends with video being most popular.

*Containment* was released in the UK via a split rights deal. Theatrical rights were retained for self-distribution, VOD rights were acquired by Content and We Are Colony rights were parcelled separately via the sales agent. The benefits of this arrangement cited by the producer, included the avoidance of cross-collateralisation processes, which then allows for the free flow of revenues directly per window.

**WE ARE COLONY** BETA

BROWSE ABOUT US Search... SIGN IN

# Containment 15

Neighbours in a housing block wake one morning to find they have been sealed inside their apartments. Can they work together, or will they destroy each other in their fight to escape?

“Tense, stark and thrilling...with a grab-your-face finale...the stand-out indie feature of the year.”

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BEHIND-THE-SCENES EXTRAS

Documentaries, script, commentary & more...

Script: Shooting script

Scene shots

Documentary: Making of Containment - Part 1

Documentary: Making of Containment - Part 2

BEHIND-THE-SCENES EXTRAS

Extended interviews & deleted scenes

Interview: Louise Brealey

Interview: Sheila Reid

Interview: Graham Hadfield

Interview: Director

CAST & CREW

Biographies

Cast: Lee Ross

Cast: Sheila Reid

Cast: Gabriel Senior

Cast: Andrew Leung

Similar bundles

## Captcha

Could love be used as a weapon? An award-winning film noir spy thriller, set in 1940's 'steam punk' London, starring Arthur Darvill and Amy Beth Hayes.

GET BEHIND THE SCENES >

Film homepage

### Thematic Discussion: Balancing work and the perceived chance of reward

The exploitation of rights in non-domestic territories provides multiple examples of competing influences on decision making, some of which are metrological and others that are not. BYA participants foregrounded their attraction to hybrid or service deals, predicated on the use of digital engagement tools. Many were happy to take on self-distribution in the UK, but harboured worries about managing the complexity of clashing contracts internationally without expert assistance, and therefore actively considered consultancy sales services for future projects. It is significant that of the programme participants that responded via the survey with the intent to take on distribution roles, many indicated public funds as the intended resource for that market activity. *Containment* is a counter example, the producer raised investment for both production and Prints & Advertising privately.

Alongside decisions over costs and capability in determining the viability of direct or split rights international sales, is the factor of capacity. If a film does lend itself to detailed audience engagement then the issue of time as a resource takes great importance. The fit between film type and digitally mobilised split rights deals is a point of debate. Interviewees variously specified comedy, documentary and horror as the most appropriate genres, though notably not independent drama. Hanway Films for instance, strikes first-run all-rights deals for its prestige drama titles, i.e. without splitting up different rights between multiple companies per territory. The Ben Wheatley film *High Rise*, is distributed in the UK by StudioCanal, whereas the 'Hanway Selects' slate of documentaries and features that the company evaluates as particularly suiting a digital life, include more bifurcation of rights in their deals.

From an independent producer's perspective, the work required to steward a film release, per window, in multiple territories is substantial and incurs significant opportunity costs. Interviewees across the FVC recommended that the fees of an aggregator, or benefits of guaranteed upfront payment from SVOD services (which are increasingly taking exclusive, world rights for extended periods) should be weighed against the potential from more direct releases.

Better deal terms from SVOD services mean increased deference to such companies in relation to the timing and ordering of the other windows. The

SVOD flat fee model also has a number of implications. The first regards cashflow, which can differ from the typical payment schedule of traditional deals - traditionally apportioned across signature and delivery dates - to be paid in quarters across the lifetime of a license. This change can have significant financial planning implications for creative companies that are typically SMEs. The second implication of a flat fee is that there is no potential for continued returns from upside participations in the instance of performance above expectations.

The corporate finance of the few longstanding film companies, and indeed the blueprint for economic organisation of the film business as a whole, is based upon rare success. Traditionally once costs have been recouped, rights-holders have been able to profit from incremental returns for every DVD unit and relicensed television rights from the hits in their library. However, as home entertainment windows collapse towards fewer distinct digital options, and SVOD, which typically does not share viewing data or pay by number of views, dominates, then the potential for companies to survive based on achieving a hit within a wider portfolio decreases.

### A rapid pace of development

A number of promising indications arise from the study of We Are Colony, not least the optimism with which the model has been embraced by producers. The core concept of planning for audience engagement and being prepared for multiple rights exploitation options is built into both We Are Colony's model and BYA. Digital extras are shown to generate attention internationally when known stars are involved, benefit greatly from integrated marketing campaigns involving distributors, producers, funders and platforms.

Clearly We Are Colony provides features highly valued by market participants, these include data transparency, improved deal terms, marketing resources and finance for asset creation. Yet the disrupted market environment still presents a challenge for all parties involved.

It is too early in the life of the model, and the scope of the pilot study too narrow, for clear evidence of the conversion of digital audience engagement to financial returns. What each individual case points out are the multifaceted issues that act as barriers and motivators for new model adoption.

In the production sector, the model has prompted attention to early stage consideration of how to capitalise on digital engagement, but also a respect for how intellectual property can be revitalised. For instance, Franki Goodwin, notes that for *Third Star* they are only four years away from the end of their distribution deal. This makes filmmakers think about the lifespan of their film:

“There is an inclination to say it’s finished once it’s in the can, but...you have to expect to be involved in the life of the film for many years, which is a good thing I think.”

The demonstration of the potential for innovative VOD enabled release has inspired new approaches and future intent in the participant filmmakers. Although no definitive evidence based recommendations to increase sales were derived from the cases, a commonly agreed format to evidence the value of digital extras appears central to progress in the field.

## Insights

### R&D in a market governed by extreme Pareto distributions of returns

The project encountered a number of difficulties linked to the reticence with which film companies approach R&D. We Are Colony is clearly differentiated in the marketplace by virtue of its global ambitions and provision of bundled extras. However, it operates an extremely competitive environment. Survey results showed that platform users were familiar with a total of 29 other VOD players. Some of these were illegal services, but most were more established and possess larger libraries and brand recognition. Major market players were referenced most frequently (iTunes, Netflix) but other branded services also received attention (Curzon, Mubi), more so than those platforms that are white-labelled or without a platform identity (VHX).

Securing attractive films for the platform and for the project proved difficult. At the core of the issue is the intense risk inherent to the film business. The radical uncertainty regarding which films will prove popular and the marginal nature of most companies' financial operations mean that rights-holders are strongly motivated to retain close control of the films they rate most likely to be a hit. Due to the reliance on a few titles to cover the costs of an entire portfolio, the most attractive films are delivered to the market through the most tried and trusted means. As a result the films made available for test models are those on which the rights-holder has decided they can afford to make a loss, or for which they have not been able to secure a traditional, reliable release. The outcome for innovators such as We Are Colony is a kind of Catch 22: to obtain high quality titles they must convince rights-holders that their model will generate high revenues; but to generate such data they need attractive films to give their model the best chance of success.

There are also other factors that work against the model being trialled by established operators: one is a division of opinion amongst film practitioners regarding the inherent appeal of digital extras; another is the perceived and actual extra work involved in adopting the We Are Colony model.

First it is important consider the diversity of views regarding the value of digital extras. Matthew Baker, Head of Acquisitions Hanway Films & Recorded Picture Company, like other established market incumbents in

sales and distribution, questions whether extras add value. Specifically, these business professionals, whilst recognising the aesthetic quality of many film extras, question whether purchases would be made anyway without them. This informs their evaluation of such assets and the organisation of business relationships involving them. Matthew Baker notes that his company only considers extras regarding an early stage pick-up or investment, in so far as they validate the decision to be involved with that film – a decision made on the basis of other factors. He states:

“It is very difficult to see making them [extras] as additive to the life of the film or as an added means of generating revenue”.

Julia Short takes a similar position. She highlights the difference between studio movies at the budget level of \$100m, around which rich digital worlds based on blockbuster content can be based, and the assets possible and appropriate to films at a fraction of the budget, more likely to be drama than fantasy. It is expected that such studio extras will be made available free with home entertainment purchases as MPAA (Motion Picture Association of America) companies, along with Apple, look to encourage the ownership model of film consumption (Vonderau 2013).

These perspectives inform how industry players consider deal terms and engage with filmmakers. For example, the producer of *Appropriate Behaviour* notes in relation to discussions with sales agents and distributors about the availability of extra content:

“it is always – it would be best if we had the extra content, it’s not like a deal breaker.”

We Are Colony data gathering is beginning to develop in ways that over time may contribute towards shifting opinions. Evidence from the user survey indicated that for the majority (55%) of buyers the extra content did positively influence the decision to buy. With 21% of those saying the extra content was a “must have”, rather than just “nice to have”.

Respondents commented that the extras represented material they could not access elsewhere and therefore had value to them. This validation of the We Are Colony proposition by its users is encouraging for proponents of the model as a first step, but to mobilise change, film professionals must be

presented with overwhelming evidence that motivates deviation from established practices.

During negotiations outside of the project films, We Are Colony founder Sarah Tierney noted that distributors were wary of the new model, having had previous bad experiences with new VOD services, and retained the perception that involvement with such a new platform has significant cost implications. This was a common conception, that incremental digitisation costs, editing and encoding, and implications for social media outreach requirements will outweigh any benefits. Whilst We Are Colony have been keen to point out that their model covers everything – delivery costs, encoding, hosting, DRM and app licenses, and uniquely a marketing spend - this message has taken a while to be recognised by companies who already have standing market arrangements in place.

Even when appreciating the negligible costs of the proposition, there are still implications for time allocation and legal contracting. These commitments can act as barriers to adoption, without wide-scale evidence of the benefit of adoption, the amount of work involved in engaging the new model is considered disproportionate for one element of a film's life in the distribution landscape. It is hard to pinpoint what type or level of data provision a potential partner might find convincing, one interviewee suggested engagement trends based on two years of fully operational platform activity.

## Netflix dominates but ownership considered an attractive option

A survey of We Are Colony's registered users includes positive indicators for the potential of the platform's model. More than half (57%) of respondents indicated they rented or bought a film at least monthly, 14% consuming weekly. Even more encouraging from a distributor business model perspective, was that the majority of responders (48%) preferred to buy rather than rent (41%). Ownership is typically a higher price point option, and as such has been at the heart of the movie studio's response to digital disruption. Supporting this strength of opinion regarding the merits of film ownership was the relative parity between respondents' noted usage of the major TVOD service (iTunes: 50%) and SVOD players (Netflix 55%, Amazon Prime 46%).

Yet among those citing different purchasing regularities, the key issue of competition becomes clear. One respondent's answer to: "*how often do you buy or rent films online?*" puts the environment in stark perspective: "*never, unless Netflix counts*". Throughout the many hundreds of comments provided in the survey, the dominance of SVOD (Netflix, Amazon, Hulu, Sky) as the preferred home entertainment option is clear.

A noted reason to veer from the norm and consume a film via TVOD points to the issue of availability. Respondents stated that there had to be a specific reason to make them purchase a film online, and foregrounded that the film being unavailable elsewhere would often be that prompt. For a UK independent film, being unavailable elsewhere could mean that wider distribution deals with established market players were not achieved, and thus the film may have suffered financially. The un-intended benefits of restricted availability via TVOD sales may not provide recompense.

Competition with dominant SVOD players is a recurring theme. In the present context, to stand a chance of being successful, an independent film must demonstrate sufficient marketable elements to secure access to mainstream distribution platforms. They must also generate additional awareness such that audiences are motivated more than usual, and will pay online to access the film earlier (e.g. via We Are Colony) – rather than wait for availability on their traditional home entertainment service.

Capitalising on audience demand is the motivation for non-traditional, or collapsed window, distribution strategies. There is no robust evidence to suggest that had the films without a day-and-date release received one, they would have performed better on We Are Colony. However, the provision of bundled digital extras to distinguish the consumer proposition from other market options is intimately interlinked to the enduring question of when and how can such assets be used best.

## Cinema by numbers: the temptation of quants in an era of big(ger) data

This project enables the use of an increasing wealth of digital data on film and marketing asset consumption, the consuming audience, and the revenues generated as a result. General reaction to the proliferation of quantitative data around the film business can be characterised according to two extreme stereotypes. The 'enthusiastic adopter' is keen to see probabilistic analyses of engagement variables as a panacea for the extreme uncertainty of film revenue distribution. There is also the 'naysayer', refusing to believe the role of creative nous or gut feeling can be supplemented. Of course the true value of most engagement data can be found somewhere in the middle of such positions, requiring a good degree of contextual application.

Whilst social media data for instance, has been shown to improve box office prediction models - most famously by Asur and Huberman (2010)<sup>1</sup> and summarised neatly by Ghiassi et al (2015)<sup>2</sup> – this has little practical import for most independent market players. Only the largest distributors can make such analysis actionable. The fundamental dynamics of the film industry – radical uncertainty and extreme Pareto distribution of returns – continue to hold (De Vany 2004<sup>3</sup>; Hadida 2010)<sup>4</sup>. Film is a unique experience product and its value is not known before it is seen and is hard to predict. These features, combined with the inability to invest in a wide enough slate, at once or early enough, makes purely quantitative approaches to filmmaking inappropriate, not to mention creatively unappealing.

However, this is not to dismiss the role of quantitative analysis. There are multiple impacts of the new wealth of information. These include not just what can be proven as statistically significant characteristics of films' social media performance and revenue relationship, but importantly, also the actions taken by industry participants based on their beliefs in what certain metrics may mean. Such actions, based on rigorous research or not, do have very real consequences in the market.

<sup>1</sup> <http://www.hpl.hp.com/research/scl/papers/socialmedia/socialmedia.pdf>

<sup>2</sup> Ghiassi, M., Lio, D., & Moon, B. (2015). Pre-production forecasting of movie revenues with a dynamic artificial neural network. *Expert Systems with Applications*, 42(6), 3176-3193.

<sup>3</sup> [https://books.google.co.uk/books?id=PIS9dXE1k6cC&redir\\_esc=y](https://books.google.co.uk/books?id=PIS9dXE1k6cC&redir_esc=y)

<sup>4</sup> <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2370.2008.00240.x/full>

To characterise the kind of calculations currently proposed, Logan Mulvey, senior VP of digital distribution at Alchemy, notes that<sup>5</sup>:

“there’s a lot of new access to data and analytics, even over the last year, that’s changing the way distributors are evaluating movies and sales agents are selling movies.”

“We’d say ‘Well, (an actor) has 400,000 Instagram followers, and we think we can convert 3% of them to buy the movie on iTunes, so this is worth X amount.’ It’s looking at social/digital presence and digital data Rentrak collects on certain stars’ titles to make a judgment call.”

Revenue flow arrangements are extremely complex, often negligible, and organised on a case-by-case basis; because of this, looking for pragmatic, sufficient conditions as rules for film success is a thankless task.

However, understanding both general trends of how audiences come to engage with extra content, and the specific details of campaigns, can be helpful as a way to improve the potential for independent British films to reach an audience.

<sup>5</sup> <http://variety.com/2015/film/spotlight/cannes-jerome-paillard-digital-revolution-1201491013/>

## The coming storm – a single digital market for the EU and global Netflix? Flexibility is Key.

In the current, digitally disrupted film industry environment, the maximisation of international ancillary rights is crucial to a film's financial performance. Netflix's intention to be in 200 countries in two years<sup>6</sup>, combined with the EU's disputed proposition to eliminate territorial geo-blocking of audiovisual content, puts a high premium on audience engagement data and international reach. These factors also create fundamental problems for independent film financing, depending on how the EU balances portability with exceptions for territorial sales.<sup>7</sup>

We Are Colony is differentiated from both SVOD services and their large TV libraries, and simple TVOD platforms providing solely films in non-exclusive windows. As a result of curated extra content provision, We Are Colony can provide a deeper, more fine-grained level of engagement data concerning multiple kinds of film materials. This information is relevant for release at all FVC stages not just TVOD.

The increasing international reach and proliferation of VOD providers, especially in Europe, has led to numerous companies intervening in the market attempting to make it more efficient. Legacies of complex deal terms between international sales agents and distributors, across different territories, can lead to a film's digital rights being underexploited.

However, the basic logic of all or selected window self-distribution via digital platforms, glosses over the value created from specialist local marketing and distribution knowledge, and the impact of split rights strategies on film financing. Paradoxically a significant opportunity has emerged in the "direct to fan" future for more intermediaries. Digital rights management services that can deliver films globally, provide transparent revenue reporting and collate multiple data streams have begun to emerge. For example see Digital Film Cloud Network and others.<sup>8</sup>

<sup>6</sup> <http://www.screendaily.com/festivals/cannes/-cannes-2015-raising-the-curtain-on-this-years-festival/5087689.article>

<sup>7</sup> <http://variety.com/2015/digital/festivals/euro-bizzers-react-to-the-european-commissions-digital-single-market-plan-1201489764/>

<sup>8</sup> <http://variety.com/2015/film/spotlight/cannes-jerome-paillard-digital-revolution-1201491013/>

We Are Colony has developed a flexible contracting strategy such that it can work with films on a bespoke basis. This enables the platform to work for filmmakers with the desire, acumen and finance to distribute digitally directly in certain territories, thus benefiting from un-interrupted reporting – an enduring concern for producers. It also means the platform can work with traditional partners to deliver TVOD and premium VOD (EST) per territory in windows timed to the overall release strategy. In addition sales agents can adopt the service to “clean up” un-exploited rights to films that have not been made available in all territories. From these multiple initiatives we learn from both market actors and public audiences.

## Implications for Future Business Models, Marketing and Network Engagement Activity

Although TVOD is growing, SVOD is dominant and this point leads on to technological questions and business model issues. In providing a streaming service We Are Colony has the technical capacity to provide both a transactional and subscription tier to enable both behaviours, and this may be pursued in the future.

The prominence of bundled extras to the We Are Colony model links it strongly to TVOD, the window in which iTunes extras have become established, and EST, the window which the studios are looking to rejuvenate. During the project timescale We Are Colony have concentrated on differentiating the platform as a site for fans - not necessarily for film buffs or cinephiles. This has proved a success for a narrow but defined audience.

Research from University of California Santa Barbara indicates consumers prefer access over ownership of content and majority of audiences view any output of cash as purchase. This environment points to SVOD adoption as the most viable business model and as a result the issue of product differentiation then becomes prominent. Film London see Netflix and Amazon as serving the mainstream, less discerning audience, whereas We Are Colony provides a curated platform, with quality control on film, to serve as a filter and recommendation for acclaimed, independent films.

Data from McKinsey & Company shared at the FT Digital Media conference 2015 demonstrated that whilst the (daily) average global consumer watches most videos on Youtube, the dwell time on Netflix is significantly longer, 57 minutes compared to 23. The challenge and opportunity for We Are Colony is to bridge these distinct modes of viewing within one platform, and do so in such a way that the paywall is not a barrier to profitable levels of conversion.

Filmmaker questionnaires indicated a spread of opinion regarding the popularity of business models – from basic TVOD, classic SVOD, bundle packages, asset only options –each had its own supporters. Filmmaker respondents were unanimous that We Are Colony should curate a platform of independent “discovery” films. Presently the platform has little choice but

to adopt this model, given its new entrant status and high asking price for exclusivity of known properties.

Consumption data shows the difficulty of attracting attention to films that audiences do not know, and for which there are few hooks and/or little marketing support. The perceived risk of a TVOD purchase, compared to the free trial of unfamiliar content on an SVOD service mitigates against consumers trying new films. So how can film discovery be engendered, repeat purchasers be encouraged and developed?

An option being considered is a mixed transactional/subscription model according to titles' time on the platform, as per the Sky Store/Sky Go service. We Are Colony already adopts an adaptable contracting approach, and the flexibility to attract the most high profile titles for some kind of release combined with a subscription element to move customers across to less well-known films may be an option. Opinions gathered from filmmakers indicated a broad range of consideration as to the period in the film life cycle when the rights holders would expect to conduct a non-exclusive VOD deal. Some respondents indicated interest from the script stage with cast attached, others would expect to wait until sales and distribution deals were already in place. Whilst these filmmakers may not be the type of rights holders We Are Colony are willing to alter deal terms to entice, the respondents did uniformly indicate a very low expectation in terms of market partners' audience engagement data provision. We Are Colony's ability to offer analytics to prospective partners sets it apart from the major library platforms, whilst its curated collection differentiates it from self-distribution toolsets that do provide detailed back end data.

Outside of platform business model restructuring, the choice and promotion of films have a dramatic impact. We Are Colony's increase in titles, perseverance with talent oriented curation (Benedict Cumberbatch, Ben Whishaw, Aiden Gillen, Felicity Jones, Olivia Coleman etc.) and integration with live offline events such as Q&As and theatrical screenings has had a positive impact on asset interactions. We Are Colony must maximise returns from the catalogue and the marketing materials created in-house, which are highly regarded by filmmaker interviewees.

## Methodological Limitations

### Data tracking

Following a major revamp of the platform in early spring 2015, We Are Colony added to their performance assessment tools by adopting MixPanel alongside Google Analytics and internal back-end systems. MixPanel has been incredibly useful thanks to its capacity to designate multiple properties to a single event or asset interaction. Historically web analytics have been page view and click based, but the current user experience style for many sites, We Are Colony included, hosts multiple events on the same page. Thus the user, when engaging with a film and its bundle of videos, images and graphics remains on the same page but performs a wealth of different activities.

The We Are Colony team has coded a large number of different events to track via MixPanel, which allows for the creation of bespoke formulas to explore behaviour per title and at a platform level. This activity is charted not just in a stepwise funnel basis, or via comparative trend analysis, but allows the team to slice and dice segments of audience engagement activities by an extremely wide variety of multiple events, such as video plays and a vast number of characteristics about the event and the viewer. Thus relationships between site structure and asset placement, types of asset content, sources of audience traffic and outcomes such as sign-up, sharing or purchase can all be cross-referenced. This work will have longstanding benefits for We Are Colony's management of film campaigns in the future, and the opportunity for insight as the platform scales up is substantial.

### Data Types

Whilst absolute totals were relatively low, and insufficient to draw new broad learning about engagement and sales, it is also important to recognise the boundaries placed on the contextual interpretation of data. It is difficult to use the relative position of a project title's performance within the platform library as a measure of success as the small portfolio is continually expanding, with platform functionality continually developing to host a wide variety of types of films, with different exploitation rights and assets, in different ways. During the project timeframe the provision of TVOD options has not been uniform. Rentals and presales have come online for different films at different times and analysing customer choice will help We Are Colony determine their model in the long term.

## Future

### For the sector

For the sector to be able to face current challenges and to evolve, the industry must embrace new models. We Are Colony is a quickly growing platform, increasing its audience base and catalogue month by month, evidencing that its users want to engage with content as early as possible in a film's life, and are willing to pay for it.

Film London's ambition is to ensure it remains relevant to the talent and audiences it serves. Forging partnerships with organisations that embrace the oncoming challenges, and improve on the industry's fractured business model is key to Film London's future strategy.

### For future research

Immediate work for project partners is to translate and disseminate the findings into useful and usable knowledge for the wider arts sector, and to contribute to academic research in the fields of media industries studies. The clearest findings from the project, such as the perceived barriers to adoption, have great potential for theoretical examination regarding how valuations are constructed inter-subjectively. The Appendix contains a list of research presentations already undertaken by the research team.

Capitalising on the promise of the applied quantitative elements of the research is the second priority. Longitudinal Social Network Analysis of film company reach, combined with campaign assessments as part of data triangulation in conjunction with web analytics and platform CMS data is an area of rich promise for the arts sector. To date the limited rates of sales and audience engagement for the slate films, partly due to the early stage nature of the platform have as yet prevented the full potential of such tools being examined in this research setting, however a model for how to do this has emerged from the project.

The research partners will continue to test the application and understanding of Twitter and other film related digital engagement metrics across FVC segments. Charting the growth of an evidence base at a broader scale, over time will generate further insights into current sector inertia. Results might then have normative policy implications, for example in the allocation of

digital asset funding between FVC sections by policy-makers and arts funders.

## Further Resources

### Further project information

Native: <http://artsdigitalrnd.org.uk/projects/we-are-colony/>

We Are Colony: <https://www.wearecolony.com/>

Film London:

[http://filmlondon.org.uk/news/2015/august/new\\_digital\\_distribution\\_scheme\\_gives\\_independent\\_films\\_a\\_boost](http://filmlondon.org.uk/news/2015/august/new_digital_distribution_scheme_gives_independent_films_a_boost)

### Trade Press Coverage

Hollywood Reporter: <http://www.hollywoodreporter.com/news/we-are-colony-raises-funding-810066>

Indiewire: <http://blogs.indiewire.com/sydneylevine/film-londons-innovative-digital-distribution-research-project-20150825>

### Tools and guidance

MixPanel: <https://mixpanel.com>

[https://www.youtube.com/channel/UCb9jIwZC\\_7RtLLeU5qJ42WA](https://www.youtube.com/channel/UCb9jIwZC_7RtLLeU5qJ42WA)

Node XL: <http://nodexl.codeplex.com/>

## Further reading

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[http://ec.europa.eu/culture/library/studies/cinema-diversity-report\\_en.pdf](http://ec.europa.eu/culture/library/studies/cinema-diversity-report_en.pdf)

Smith, M., Rainie, L., Shneiderman, B., & Himelboim, I. (2014). Mapping Twitter Topic Networks: From Polarized Crowds to Community Clusters. *Pew Research Internet Project*.

<http://www.pewinternet.org/2014/02/20/mapping-twitter-topic-networks-from-polarized-crowds-to-community-clusters/>

Vonderau, P. (2013) Beyond Piracy: Understanding Digital Markets in: Holt, J., and Sanson, K. (eds.), *Connected Viewing: Selling, Sharing, and Streaming Media in the Digital Era* (New York/London: Routledge)

## Other examples of VOD research

Exhibition Led VOD Innovation: The GFT Player:

<http://artsdigitalrnd.org.uk/projects/glasgow-film-theatre/>

Integrated Fundraising and VOD technology: Scottish Documentary Institute:

<http://artsdigitalrnd.org.uk/projects/scottish-documentary-institute/>

## Glossary & Abbreviations

AVOD Advertising (supported) Video On Demand

Cross-Collateralisation – The process of grouping all costs and revenues across the life cycle of a film together, so that for example the sales of DVDs may cover the outlay on Prints and Advertising for the theatrical release should box office receipts not cover such costs.

BYA Build Your Audience – A Film London industry training scheme and site of research.

EST Electronic Sell Through – the digital ownership of a film (as opposed to rental) in the home entertainment window.

FVC Film Value Chain – a conceptual analysis for the organisation of the film industry in which risk and return are segmented across several distinct practices (Bloore 2009).

SNA Social Network Analysis – in this case applied to digital social media networks, specifically Twitter (Smith et al 2014)

MG Minimum Guarantee: an amount typically paid by a distributor to a producer to obtain exploitation rights to a film, which serves as an advance (Finney 2010).

SVOD Subscription Video On Demand

TVOD Transactional Video On Demand

USP Unique Selling Point

UVOD Ultra Video On Demand

VOD Video On Demand

WAC We Are Colony

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## Project Team

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## Interviewee Participants

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# Appendix: Research Outputs

## Project Dissemination

During the live project emerging findings were presented at many academic conferences and invited presentations. Audiences included university researchers and students, industry professionals, higher and secondary education specialists, and were spread across the UK, Europe and Asia. Findings will continue to be developed for academic journal publications as well as a symposium on VOD with both industry and academic presenters.

Research presentations:

- Drake, P. Presentation to Institute of Creative Enterprise, Edge Hill University, October 2014.
- Drake, P. Paper at University of Nottingham, Ningbo, China, October 2014.
- Drake, P. Paper at Queens University Belfast – Digital Humanities Research Group, April 2015.
- Drake, P. Keynote Address at New Directions in Film and Television Production Studies conference, April 2015, Bristol.
- Drake, P. & Franklin, M. Establishing a new role for digital archive in the disrupted independent film industry: the case of We Are Colony. European Network for Cinema and Media Studies (NECS) Conference. Warsaw, Poland, June 2015.
- Franklin, M. Netflix and Beyond: How Audience Engagement Data Can Reconfigure Filmmaking. BFI Media Conference, Southbank London, July 2015.
- Drake, P. Building an Audience: VOD and independent film, Mediating Cultural Encounters through European Screens (MeCETES) conference '[A New European Film and Television Culture: Trends and Challenges](#)', hosted by the Danish Film Institute, September 2015.
- Drake, P. The Digital Deluge: VOD, film distribution and independent cinema, University of Lund, September 2015.

- Franklin, M. Exploring Innovation in UK VOD. European Film Agency Research Network Annual Meeting, European AudioVisual Observatory, Luxembourg, October 2015.

A number of publications are planned from the research project, as well as a symposium on VOD/Digital Film Distribution.

Film London's ambition is to disseminate the findings as wide as possible. Film London will disseminate key findings and insights at festivals, online and integrate our findings into our training and production schemes.