



The Business of Movies®
March 2008 | \$6.95
boxoffice.com

Boxoffice®

ALTERNATIVE CONTENT

**The very latest in a
Boxoffice Special Report**

STEWART HARNELL

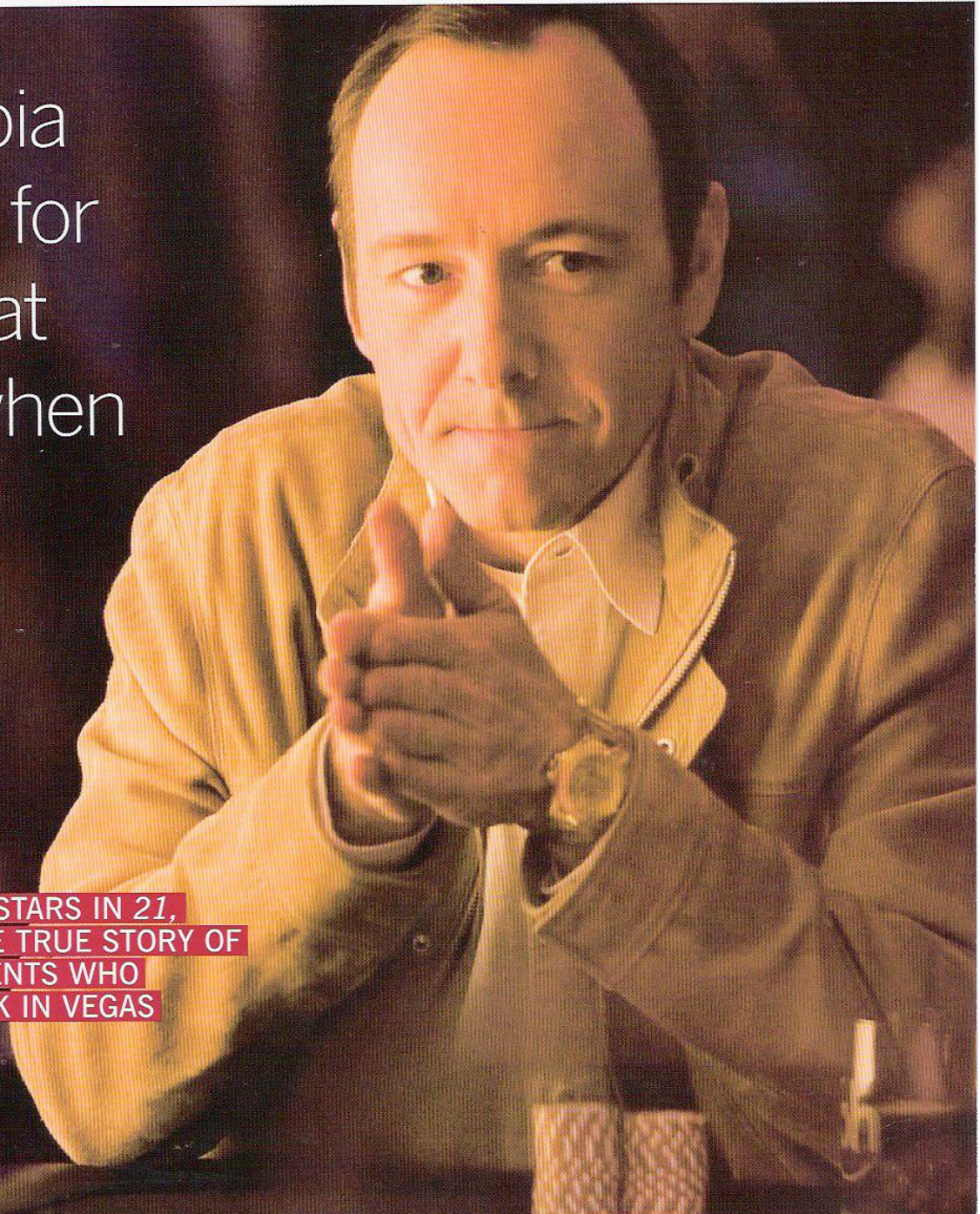
The industry salutes
one of its own on
Cinema Concepts'
30th Anniversary

NATO NEWS

**John Fithian has some
questions for you**

Columbia
looking for
a hit that
stays when
it plays
"21"

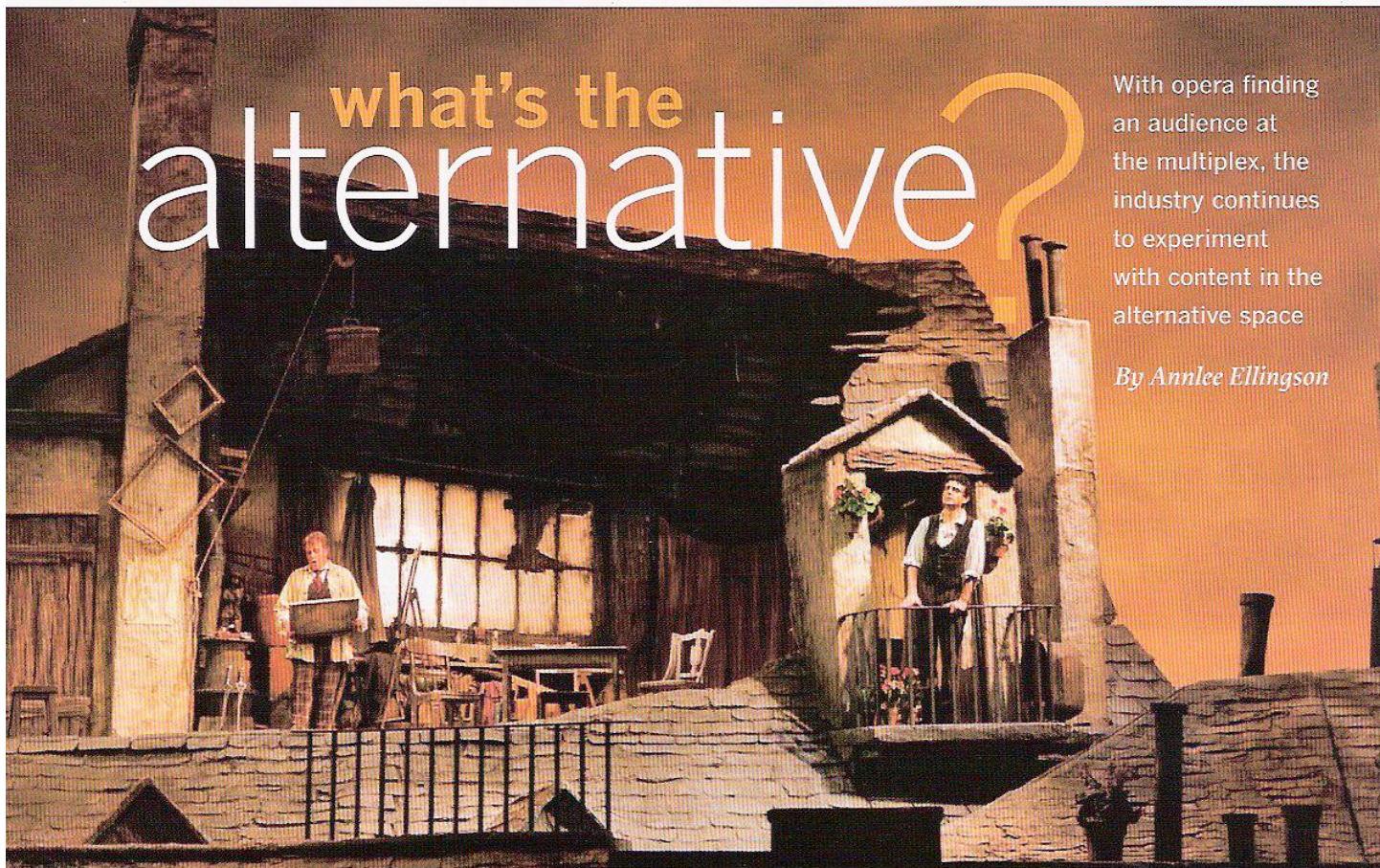
KEVIN SPACEY
PRODUCES AND STARS IN *21*,
INSPIRED BY THE TRUE STORY OF
THE M.I.T. STUDENTS WHO
BROKE THE BANK IN VEGAS



what's the alternative?

With opera finding an audience at the multiplex, the industry continues to experiment with content in the alternative space

By Annlee Ellingson



Onstage, onscreen
The Metropolitan Opera: Live in High Definition includes the live broadcast and encore replay of Puccini's *La Boheme* into movie theatres via National CineMedia's Fathom network

The movie theatre is already full. As the minutes tick down to show time, the sound on the preshow goes down, and an usher makes an announcement, asking those seated to make room for others still arriving, clutching tickets purchased weeks in advance. Outside, the box office turns away fans who didn't plan ahead.

But it's not a Friday night on the opening weekend of *Pirates of the Caribbean IV*. Rather, it's 10 o'clock on a Saturday morning; the program, the Metropolitan Opera's matinee performance of *Romeo et Juliet*. And the scenario is a dream come true for exhibitors: butts in seats during non-peak hours.

Launched worldwide in December 2006, National CineMedia's (NCM) *The Metropolitan Opera: Live in High Definition* ultimately reached 325,000 audience members who attended either live broadcasts or prerecorded encores at movie theatres. With 600 venues participating in the 2007-08 season, the eight-title series is expected to attract one million patrons in its second outing.

Based on NCM's success with their new flagship programming, other alternative content providers are also adding high-profile performing arts to their

offerings. The Bigger Picture has announced its own deal with the San Francisco Opera to broadcast six operas beginning this month, and Screenvision's new Programming Services division, Exhibitor Relations EVP Darryl Shaffer says, played La Scala's production of *Aida* in 44 theatres late last year.

"We had always thought that performing arts was a category for alternative entertainment," says Michele Martell, COO of The Bigger Picture, a six-year-old alternative content company that was acquired by AccessIT last year. "It isn't just people in the big cities who want to experience different things. It's people everywhere. To me, that gets to the heart of why digital cinema and alternative content are so great... To be able to say to people across the country, 'If your theatre has digital, you now have access to some of the finest content in the world,' is really an amazing and compelling thing. Performing arts and the opera are one stellar example of that."

In the nascent industry of alternative content, this competition among rival programmers is welcome. "I think it's wonderful that The Bigger Picture has announced their deal with the San Francisco Opera," says Dan Diamond, VP of NCM's Fathom division, which has been experimenting with in-theatre

events for five years. "I think that alternative programming in this space clearly, whether it be to our group of theatres or whether it's The Bigger Picture, helps the collective good for all."

There are differences, however, in the technological presentation of alternative content among the various providers. Fathom, which uses its high-definition onscreen advertising system for playback, offers live, real-time capabilities. "There is a unique and special nature about a live performance in a movie theatre," Diamond says. "As it's happening at the Metropolitan Opera, it's happening on movie theatre screens. ... Prerecorded programs are very exciting and very successful, but there's a special live sizzle to an event that no one else can replicate."

On the other hand, The Bigger Picture's content is presented on AccessIT and others' 2K-resolution, Digital Cinema Initiative (DCI)-grade installations. "When we started at The Bigger Picture a number of years back, we did deploy content over the onscreen advertising networks because really that was all there was," Martell says. "That worked for some content, and clearly it works for content where the audience is so eager to see it [they're] willing to forgive the fact that it isn't digital cin-

On the Bigger screen The Bigger Picture will offer performances by the San Francisco Opera on 2K-resolution, DCI-grade digital systems starting this month

ema quality. ... [But] people do expect if you're in a movie theatre that what you see on the screen should look like a movie. It should sound like a movie. It should have all of the attributes of being in a movie theatre."

With Digital Cinema Implementation Partners (another AMC-Cinemark-Regal company), AccessIT and others poised to pull the trigger on the wide-scale rollout of digital cinema this year, more alternative content providers expect to display their programming on DCI-grade systems. "As the digital cinema initiative continues to roll out across our exhibitor partners in greater and greater numbers, there will be a transition from our current digital delivery system, which is high-def and looks terrific on the screen," Fathom's Diamond says. "Clearly, when given the opportunity to increase the number of theatres that have digital cinema-compliant projection, our events will transition to those systems."

Interestingly, Shaffer says that although Screenvision planned on using its onscreen advertising display equipment, the couple of events it has held so far have all been at theatres with digital cinema systems already installed, and so that feature-grade projection was utilized.

Not everyone is convinced that such high-end presentations are a requirement for alternative content, however. "We don't need to be DCI-compliant," says D&E Entertainment's Evan Saxon, who with his partner Doug Kluthe has been marketing music-related DVD releases with in-theatre digital events for a couple of years. "We want to have a great presentation, but for us it's all about creating an event for the consumer—that's what we're about. And if the content needs to be played on DVD and it looks beautiful, as beautiful as it can, and we create an exciting viewing experience for the consumer, that's great."

"People are shooting alternative content on stages using HD cameras," adds Mark Hooper, CEO of DigiScreen, a Canadian company that launched its alternative content network late last year with a performing-arts slate that included the *Nutcracker* ballet. "They're not using 2K [or] 4K digital systems or post-producing it like a *Spider-Man* movie. Their budgets just don't come up to that. ... You're just not going to make something that's got a \$200 million budget and \$200 million promotion sit on exactly the same system as a film that was made



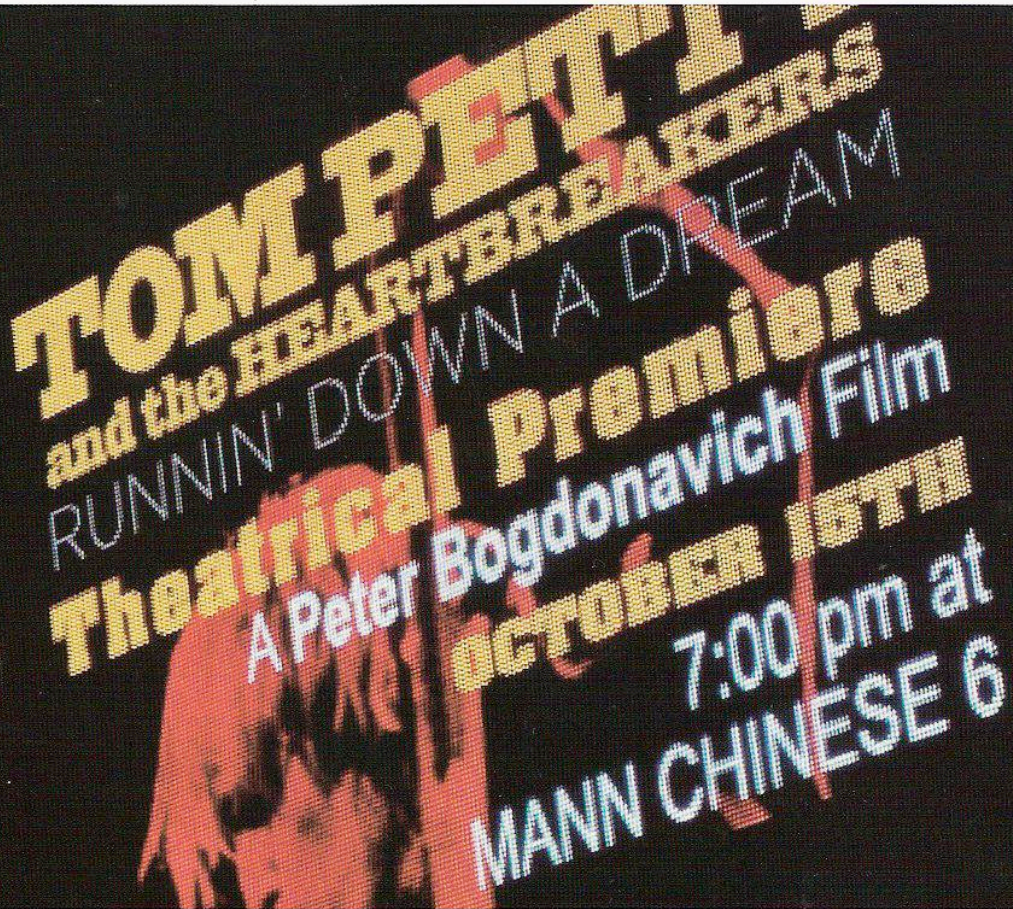
We had always thought that performing arts was a category for alternative entertainment. It isn't just people in the big cities who want to experience different things. It's people everywhere.

—Michele Martell,
COO,
The Bigger Picture

Music video

D&E

Entertainment
specializes
in marketing
music-related
DVD releases
with in-theatre
digital events



Take me out to
the movie theatre:
Screenvision's Mat-
thew Kearney and the
Mets' Dave Newman
launched the onscreen
advertising company's
new Programming
Services division with
a live broadcast of a
baseball game at the
Ziegfeld



for \$5 million and has maybe handouts and email promotions."

Whether it's opera, rock concerts, kids' programming or anime, alternative content presents unique challenges to exhibitors accustomed to studios who handle marketing their product for them. Successful programming requires focused market research, premiere content and packaging events into series.

"We do a ton of work on our side doing Nielsen research around each theatre that has a 2K installation to see who lives there, what age, what

education, what income level, what interests," says The Bigger Picture's Martell. "You can really look at where content should go and also look at what kind of content should we go out and find in order to feed the audiences that we know exist for our theatre partners."

Once potential audiences are identified, alternative content providers attract them with exclusive product. "If we use the theatres ... to premiere programming, these programs work very successfully, much like the movies do," Fathom's Diamond says. "Or if it's the type of program that has maybe been released prior but hasn't been seen in some time, or has some unique relevance to a group of impassioned theatregoers across the country, it works well ... Whether it be anime or classic films with unique question-and-answer sessions, a rock concert or an opera, when [fans] can't experience it anywhere else, it's a very unique community experience in a movie theatre."

Finally, they build momentum by programming alternative content in series with regular, recurring schedules. The Bigger Picture's Kidtoons Films, for example, plays G-rated movies every Saturday and Sunday, with a new film opening each month.

"You have to get people queued up so that they'll

alter their schedule to come," says Hooper of DigiScreen. "If every second Monday is documentary day, people will mentally start to tune their schedule for that, and you'll get a basis of regulars."

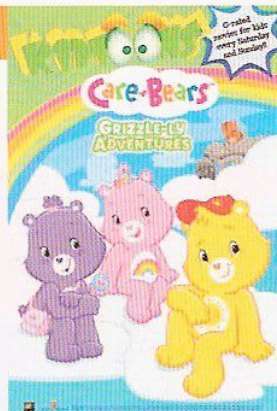
In an industry that is still in its experimental stage, alternative content providers are learning what works and what doesn't. "What doesn't work from our perspective, at least in our experience to date, is trying to do simulcast performances of programs that may be put on the Internet at the same time or be broadcast on television at the same time," says Fathom's Diamond. "There's a uniqueness and a special [value] proposition about the movie theatres in an experiential nature that you just can't replicate anywhere else, and I think [what] the movies have done so successfully for decades is to be that place of the premiering of the best of what Hollywood brings forward in the movie business. ... Premieres with unique content—that works well."

In addition, packages of programming work better than one-off events. What hasn't worked for DigiScreen, Hooper says, is "pure indie film, totally separated, not run in a series, but just like an indie film here and an indie film there. This is not to say that the quality of the films was not good. They're, to my mind, better than anything coming out of the major houses. But it has to be packaged in such a way that you can get continuity."

Several companies are still bullish on live sports—Screenvision sold 1,000 tickets to a Mets game at the Ziegfeld in New York—but this line of programming continues to present challenges. Rights to broadcast games are a sticking point. And, Fathom's Diamond says, "those programs are widely available to fans on television. It's not a premiere. We're basically showing what's already available."

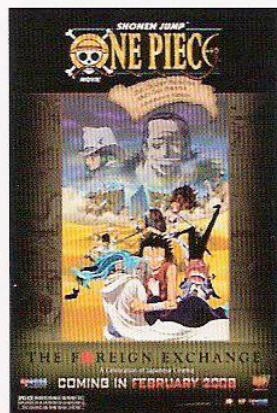
"Sporting events do well in certain markets where there's an emotional connection to a particular team," Diamond adds. "Anything short of the Super Bowl tends to be a difficult sell for the theatre space on a national basis, which is what we do. ... Dallas and Indianapolis may not care about Tampa Bay and their game that particular weekend. The fans in Tampa certainly care, and we appreciate that, but for us doing a lot of regional events, it's really not something we can scale effectively and efficiently."

When it does work, however, alternative content generates additional revenue for exhibitors by increasing both attendance and concessions sales, particularly during the off-peak Monday-through-Thursday timeframe. Less tangibly, but perhaps



Regular programming

The Bigger Picture offers alternative content packages of Kidtoons Films and Japanese anime



we don't have any problem getting screen time with our clients. But in terms of dedicating a space, I think they would do that if there was a steady flow of content that was marketed correctly and created awareness."

Ultimately, it's "up to the exhibitor" how the multiplex will incorporate alternative content into its day-to-day operations, Screenvision's Shaffer says. "We don't want to just throw content at exhibitors. We want to give them a reason to take that film down."

In the end, alternative content could play a role in redefining how the industry and consumers think about movie theatres. Citing the capabilities of digital cinema—in addition to alternative content, the delivery system uniquely facilitates 3D—Diamond says, "The steps that are being made forward from the technology perspective are all enabling movie theatres to become perceived more so on a daily basis as entertainment destinations for all types of programs."

"You're getting new audiences [and] you're getting existing audiences, but you're getting them more often or staying longer," Martell adds. "[So] movie theatres [can start to] think about themselves as essentially location-based entertainment palaces." **B**

more significantly, this kind of event, as The Bigger Picture's Martell says, "builds the moviegoing habit [and] reinforces that it's fun to go to the movie theatre."

"The alternative events not only showcase the programs that we're putting on, they give the fans that are attending an opportunity to see everything that is going on in that theatre at that time," adds Fathom's Diamond. "And if there is something of interest to them that they may not have known about, or if they did know about it and weren't sure, there's a likelihood that after having an enjoyable experience at an alternative event, they're going to want to come back to that theatre soon to see the next big movie that's coming out and be a part of that."

Eventually, the benefits generated by alternative content may lead to theatre complexes even setting aside screens for non-film programming, much like AMC through its Select program dedicated screens to specialty cinema. "That kind of thinking makes a lot of sense," Martell says.

"I think the exhibitor will dedicate a screen if there's compelling content," adds Saxon of D&E. "I can tell you almost every exhibitor that we work with wants to build this business on a regular basis and provide their customers alternative viewing experiences. And I know



Whether it be anime or classic films with unique question-and-answer sessions, a rock concert or an opera, when [fans] can't experience it anywhere else, it's a very unique community experience in a movie theatre.

—Dan Diamond,
VP,
Fathom