

DIGITAL MARKETING STRATEGIES FOR NEXT-GENERATION FILM DISTRIBUTION

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Abstract

Digital distribution led to the rise of *next-generation* filmmakers, whose content (both short and feature length) was created for and distributed to online audiences (Ryan & Hearn, 2010). Independent companies and large studios (Netflix, Amazon Studios, Hulu) producing *next-generation* film do not rely on theatrical success, since they work on micropayment, subscription or advertising-driven business models.

This paper includes a literary review that maps the digital marketing strategies over the purchase journey, and define key performance indicators for each digital marketing strategy.

To explore how *next-generation* film distributors are currently employing digital marketing strategies, a survey and a multiple case study methodology was designed and then implemented.

The findings of the literary review, the survey, and case study are used to point out the limitations, industry challenges and research opportunities in the field of *next-generation* cinema.

Keywords: film marketing, film advertising, digital marketing, digital advertising, film distribution, VOD

Introduction

According to Anderson (2006), the main problem of film distribution are the limitations of the physical world. As film markets are becoming dominated by studio backed blockbusters, independent productions face shrinking screen availability (Ryan & Hearn, 2010). The release period duration is also diminishing, with an increasing reliance on the opening-weekend box office.

In Europe, national films have a market share of 26.7% while Hollywood films took over 67.4% of the market (UNIC, 2017). Beyond the small market share, there is also an overcrowding of the available screens since the number of national film productions offered to cinemagoers has almost doubled in the last 15 years.

Alternatives to the traditional theatrical release system have existed for a long time. In communities without a tradition of art cinema, regional film theatres and magazines pushed the context to possible viewers (Elsasser, 2005). And in places where this was not possible, film festivals provided filmmakers the opportunity to bypass the bottleneck that is commercial release and approach their target audiences directly (de Valck, 2008).

However, the emergence of video-playing gadgets revolutionized the way film

and video content is consumed. In a world with 2.3 billion smartphone users (STATISTA, 2017), digital distribution offers filmmakers a way to reach niche markets and move their content across a variety of platforms (Ryan & Hearn, 2010).

Digital distribution has led to the rise of *next-generation* filmmakers, a segment of film professionals whose content (both short and feature length) was created for and distributed to online audiences (Ryan & Hearn, 2010). Independent companies and large studios (Netflix, Amazon Studios, Hulu) producing *next-generation* film do not rely on theatrical success, since they work on micropayment, subscription or advertising-driven business models. In what concerns to this dissertation, the population studied is the segment of *next-generation* independent filmmakers.

For *next-generation* indie filmmakers, finding an online audience presents two problems: (i) designing an effective digital marketing strategy (ii) measure the performance of the implemented strategy.

Digital marketing helps "*next-generation*-films" reach their audience by finding their audiences by sifting through the data captured by the websites previously visited by them (Baumgartner, 2014). However the ecosystem of online distribution considers several platforms and factors, which increases the

learning curve self-releasing filmmakers must bridge. Also, the usage of most of the digital marketing tools is paid, although there are ad-revenue based platforms (such as YouTube) which allow filmmakers to upload content for free (Izquierdo-Castillo, 2012).

Facing a constant emergence of competitors, *next-generation* indie filmmakers can benefit from understanding the viewer's purchase journey from a digital point of view. The tools to make effective campaigns are available, but there is a know-how gap that *next-generation* indie filmmakers need to close to know which advertising platforms to employ according to the distribution goals. Therefore, the goals of this dissertation are:

- 1) To map current digital marketing strategies over the purchase journey.
- 2) To define key performance indicators to evaluate digital marketing strategies.
- 3) To overview how *next-generation* film distributors are currently employing digital marketing strategies.

This dissertation begins with an overview of the concepts of *next-generation* film and online film distribution. It continues with the explanation of the *purchase journey* concept and discusses the digital marketing strategies that support the journey. Then, the author proceeds to explore the current marketing

strategies employed by *next-generation* filmmakers through a survey and a case study.

The methodology used for the survey and case study are explained, followed by an analysis of the key findings, which considers the reviewed literature. Then, limitations, such as the EU law digital marketing regulations, caveats, and research opportunities are discussed. The dissertation ends pointing towards the biggest challenge in the digital marketing of *next-generation* film: the lack of knowledge regarding the measurement of digital marketing effectiveness among emerging filmmakers.

Chapter 1 - *Next-generation* film and online film distribution

The digital innovations in film production has lowered the barriers to entry for the younger generations of filmmakers (Garon, J.M. 2013). Technology has impacted beyond production, making self-release and distribution available to anyone who wants it. For the research purposes of this paper, the term *next-generation* film will be employed to refer to the productions that were created for and catered to online audiences.

Next-generation film is called Original Video Content by IAB (2016), while Iverson (2016) calls it new independent film production. Unlike traditional independent film, *next-generation* film production is

not usually backed by state funds and is produced by smaller crew. This does not mean the productions are amateurish, but they rather can be classified as semi-professional (Iverson, 2016).

Next-generation film began when independent producers started experimenting with digital strategies in which they found relevance and profitability, which happened in occasion at first. The isolated success of independent productions such as *The Blair Witch Project* (1999), *Four Eyed Monsters* (2005), and *Paranormal Activity* (2007) encouraged other filmmakers to consider digital audiences. At first making niche films, eventually the new independent producers started aiming digitally at long-tail audiences (Garon, 2013).

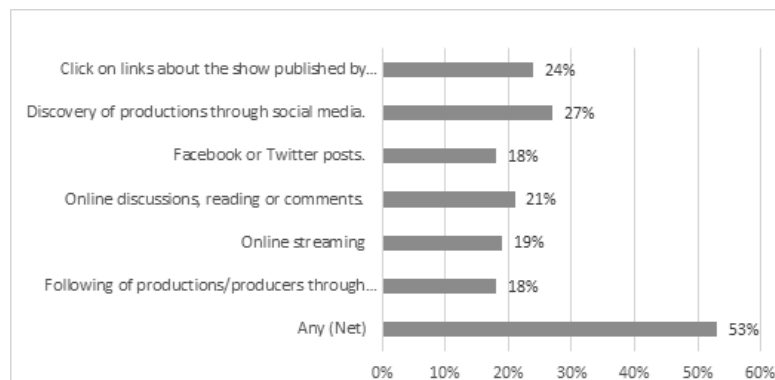
Next-generation filmmakers are characterized for having the technological access to tools needed to obtain feedback directly from the audience and use it

for content development (Garon, 2013). The percentage of viewers that interact through social media with digital content creators is 53% (IAB, 2016). This socialization of the filmmaking process creates a relationship between content and author which can be traced through time via purchases, public reviews, social recommendation and direct feedback. In other words, *next-generation* filmmaking is defined by the acceptance of the audience as a source of knowledge in the ongoing creative process of the filmmaker.

This change in the role of the audience is related to the rise of native digital consumers (Izquierdo-Castillo, 2012), and has impacted the film value chain in two ways:

- 1) The establishment of a reciprocal relationship between media producer and spectator, which translates into a need to find a profitable transactional model for both.

Fig. 1 Social Media Interaction with *next-generation* Film



Source: IAB, 2016

- 2) The restructure of the film value chain, particularly in the production and distribution sections.

The restructure of the film value chains arises from a sophistication of the digital market which obeys to the entrance of high-definition monitors, high speed internet, constant introduction of smart devices with video playing capabilities, and the emergence of new online business models. This has translated into a reduction of distribution costs, due to the use of Internet platforms as substitutes of theatrical screens (Izquierdo-Castillo, 2012).

Distribution now includes digital-based business models, while a film's popularity is built on public recommendations, either on selling platforms (such as Amazon) and social media (Garon, J.M. 2013). Izquierdo-Castillo (2012) states that online film distribution can be categorized into three business models:

- 1) Micropayment

Pay-per-unit model, which includes video on demand (VOD) and electronic sale. While in VOD the consumer only has the right for direct streaming, in electronic sales the user actually acquires a file.

- 2) Subscription Video On Demand (SVOD)

Streaming system which allows the user access to a certain film catalogue. Main companies include Netflix and HBO.

- 3) Advertising-dependent model

Allows streaming access to users in exchange of screening advertisements to them, such as HULU and YouTube. This is the least profitable model.

The online distribution market has grown steadily over the last years. In the segment of SVOD for example, by 2018 there will be 249.3 million subscribers with a revenue of 8.7 billion USD (Bogen, 2015).

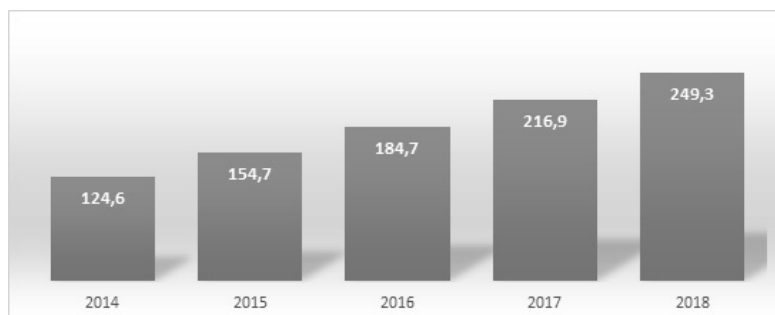
While the main challenge of the traditional distribution model was making the content accessible, online distribution faces the problem of offering too many choices. The film catalogues are ever-increasing, which tasks producers with making their productions stand out for their audiences. Unlike the old distribution system which controlled the content by managing its creation, now the content distribution is controlled intermediaries in charge of marketing it (Garon, G.M. 2013).

Disney has traded its model of producing content and selling it to distributors for one in which the company owns both the content and the streaming platform through it will be distributed (Thompson,2017)

Baumgartner (2014) points out that the new online distribution ecosystem includes several actors aside from the streaming platforms and content distributors:

- **Authentication Services:** Determine the access to which the viewer is entitled, usually through a sign-in process although there is a trend towards auto-authentication. Examples: Adobe, Akamai, Synacor.
- **Content Delivery Network:** A network of content storage that use algorithms to determine the popularity of the titles. This network organizes the content in such way that the most popular titles are placed first,

Fig. 2 SVOD Forecast of Number of Subscribers (in millions)



Source: Bogen, 2015

lowering the cost of data-transfer. Examples: Comcast, Amazon Web Services, Akamai Technologies.

- **Multiscreen Advertising:** Services that insert dynamic ads according to the demographics of the user. Examples: DoubleClick, LiveRail, Anvato, Hemisphere Interactive.
- **Video Encoding and Packaging:** Services that slice video files into several streams at multiple bit rates and resolutions for different screen sizes and package them for different viewing devices. Examples: Arris, Cisco Systems, Envivio, Verizon Digital Media Services.
- **Design, Development & System Integration:** Services that unify the streaming interfaces for multiple platforms and integrates them into services that compound multiple streaming services. Examples: Northpoint Solutions, Itaas, Digiflare.
- **Security and Digital Rights Management:** Companies that protect the content that is delivered to ensure that it cannot be replicated or redistributed. Examples: Arris, Google, Kudelski Group.
- **Online Video Publishing:** Managers of video assets which ingest and prepare them for different devices. They also code into the files the usage policies required by the distributor. Examples: Comcast, Brightcove, Anvato.

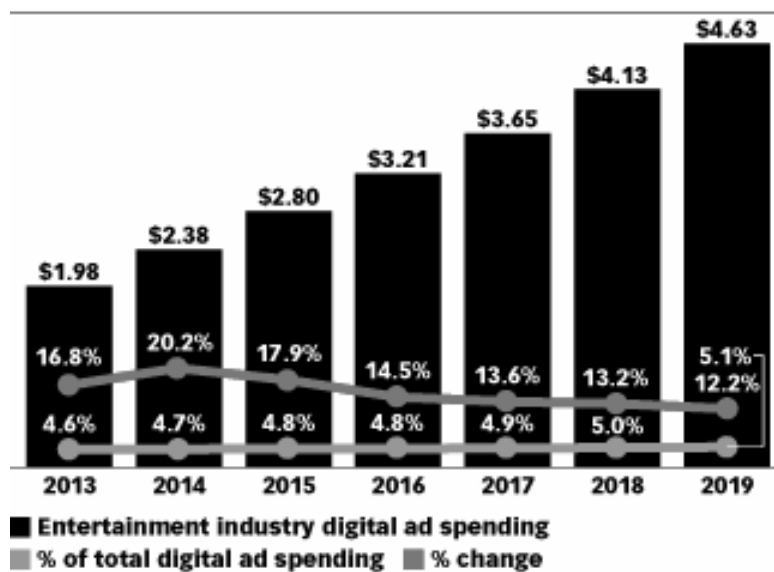
To access the online distribution ecosystem *next-generation* filmmakers can:

- Manage the distribution themselves via third-party services.
- Hire online distribution aggregators
- Make distribution deals with different distribution platforms directly.

However, the competition for the attention of online users is increasing which translates in more complex campaigns and higher spending. The amount of digital ad spending of the US Entertainment industry (which comprises both videogames and cinema) was estimated to reach 3.65 billion USD in 2017, a growth of 84% against the digital ad spending of 2013.

The main takeaways of this ad spending are a focus on mobile users, which accounted for 51% of the ad spending in 2015, and longer pre-launch campaigns, as long as six months in the case of videogames (eMarketer, 2015). In other words, the management of digital marketing is evolving in complexity, which requires different skills and knowledge to understand (Patterson, 2008).

Fig. 3 Digital Ad Spending in the US Entertainment industry



Note: CAGR (2014-2019)=14.3%; includes advertising that appears on
Source: eMarketer, 2015

Chapter 2 - Purchase journey and digital marketing strategies

2.1 Purchase Journey

According to Kotler (2012), there are five steps in the purchase journey: problem recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour.

This linear approach seen from the perspective conventional of the consumer's decision over the choice of a brand is called "the funnel metaphor"

(Gupta, Laddhi and Singh). In this purchase journey model, a range of brands considered for purchase are reduced as the consumer reaches the purchase decision.

Online and social media platforms have changed the way in which people recommend and purchase products, changing the flow of the purchase journey to revolve around the consumer's loyalty rather than brand preference (Gupta, Laddhi, and Singh, 2017). This loop includes the following (non-consecutive) stages: consideration, evaluation, advocacy and brand bonding.

Gupta, Laddhi, and Singh (2017) state that Internet enables marketers to distinguish between occasional and loyal customers. Internet tools are able to indicate loyalty by measuring the repeated purchase of a specific brand in terms of proportion, sequence and purchase probability. This has built on the previous mentioned purchase models, evolving into one that considers the possibility of making consumers brand ambassadors.

For the purposes of this paper, the purchase journey will be approached from this angle as it incorporates both the funnel and linear models.

Fig. 4 Purchase Journey as a linear process



Source: Kotler, P. & Armstrong, G., 2012

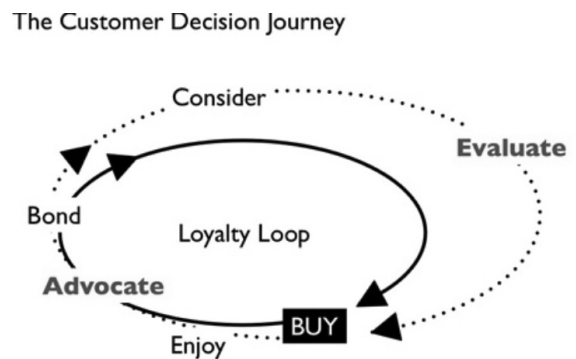
Fig. 5 Purchase Journey as "The Funnel Metaphor"



Harvard Business Review Dec 2010

Source: Gupta, Laddhi, and Singh (2017)

Fig. 6 Purchase Journey as "The Loyalty Loop"



Harvard Business Review Dec 2010

Source: Gupta, Laddhi, and Singh (2017)

2.2 Modelling Digital Marketing Strategies over the Purchase Journey

Divol, Edelman, and Sarrazin (2012) state that there are four primary goals for digital marketing tools:

- 1) Monitor: Get insights and trends active in the market through interaction with potential and active clients.
- 2) Respond: Answer comments from the consumers.
- 3) Amplify: To grow a positive activity/comment/tone found among consumers.
- 4) Lead Behaviour: Change the feelings or behaviour found in the audience.

These four primary goals can be achieved through several marketing strategies, which can be mapped into

the aforementioned Purchase Journey as follows.

Digital marketing is layered, each element enveloping the possible customer into the loyalty loop. Withers (2013) suggests building the consumer's purchase journey by first walking through it with the staff, then by reviewing the current performance and finally defining the ways to optimize this process. In other words, *next-generation* filmmakers should start by improving their existing reachout efforts instead of launching a variety of strategies at once.

Withers (2013) also proposes limiting marketing activities by identifying which add cost or time, but do not add value to the business. The implications for *next-generation* filmmakers regarding the design of their purchase journey

and digital marketing strategy will be explored in another chapter.

2.3 Key Performance Indicators

Measurement and accountability have been part of business for a long time, performance have been improved with different techniques such as Six Sigma (Patterson, 2008). This has helped companies to dimension their effectiveness and efficiency. Key performance indicators (KPIs) are therefore metrics and measurements that give marketing power, through facilitating decisions to optimize success, impact, and customer value.

Patterson (2008) also mentions that Internet made possible to evaluate marketing data in real-time, and making marketing analytics accessible to many. Not all KPIs are related to sales, and can be rather be organized on a continuum that flows from qualitative evaluation into quantitative analysis, from intra-organisational to market-based.

Fig. 7 Digital Marketing strategies over the Purchase Journey

	1. Monitor social channels for trends, insights	2. Respond to consumers' comments	3. Amplify current positive activity/ tone	4. Lead changes in sentiment or behavior
Consider	Brand monitoring	Crisis management	Referrals and recommendations	Brand content awareness
Evaluate				Product launches
Buy				Targeted deals, offers
Experience		Customer service	Fostering communities	Customer input
Advocate			Brand advocacy	
Bond				

Source: Divol, Edelman, and Sarrazin (2012)

Fig. 8 Marketing Performance Evaluation Continuum.



Source: Patterson (2008)

Since the main focus of study of this paper is the digital purchase journey, the enclosed measurements of performance fall into the continuum of outcome-based, and leading indicators.

Karlson (2017) mentions that key performance indicators for digital marketing may fall into five categories: lead generation, website & traffic metrics, search engine optimization, paid advertising, and social media tracking. Although there are dozens of measurements, the ones highlighted by Karlson (2017) comply with the following:

- i) Evaluates if the current strategy pays itself off.
- ii) Monitors cost-effectiveness.
- iii) Monitors customer acquisition
- iv) Fall into the continuum of outcome-based and leading indicators according to Patterson (2008)

The current technological capabilities for getting and analyzing data, and the variety of data sources have resulted in an information overload for those managing digital campaigns(Patterson, 2008). To overview the way in which *next-generation* filmmakers evaluate their digital marketing campaigns, the following chapter proposes a methodology followed by the results of its application.

Table 1. Key Performance Indicators according to category

<p>LEAD GENERATION</p>	<p>Number of new leads/prospects Number of leads acquired over a period of time. Number of qualified leads Number of leads acquired over a period of time that have a sales potential. Cost per lead Cost of acquiring a new prospect. Cost per conversion Cost of acquiring a lead that turned into a purchase. Average time of Conversion Time for leads to convert into a purchase. Retention rate Calculation of number of clients with repeat purchases. Attrition Rate Number of customers no longer buying a product. Net promotor score Calculation of the level of customer brand advocacy.</p>
<p>WEBSITE & TRAFFIC METRICS</p>	<p>Monthly website traffic Overall, and page visits. Returning vs. New Visitors Number of new and returning website visitors. Visits per Channel Measurement of visits according to traffic source. Average time of page Time spent in a website Website Conversion Rate. Number of sales closed in-site. Conversion Rate for Call-to-Action content Price-per-conversion according to ads and campaigns driving traffic to specific sales pages Click-through rate on webpages Measurement of where and what users click on a webpage. Pages per Visit Number of pages visited during a single-site visit.</p>

SEO OPTIMIZATION	<p>Inbound links to website</p> <p>Number of quality links that lead to the site.</p> <p>Traffic from Organic Search</p> <p>Visits received from search engine results.</p> <p>New leads from Organic search.</p> <p>Leads received from organic search</p> <p>Conversions from Organic Search</p> <p>Page Authority</p> <p>Rank of the website according to its content quality.</p> <p>Google Page Rank</p> <p>Page authority calculation made by Google, which influences the position in which the page appears in its search results.</p> <p>Top Keywords</p> <p>Top keywords that drive traffic to the site</p> <p>Conversion rate per top keyword.</p> <p>Number of sales per top keyword.</p> <p>Volume of traffic from video content</p> <p>Number of visits, leads, and sales that were funneled from a video into the site.</p>
PAID ADVERTISING	<p>Leads and conversions from paid advertising</p> <p>Number of leads and sales from cost-per-click campaigns.</p> <p>Cost per Acquisition (CPA)</p> <p>Cost of acquiring a new customer.</p> <p>Cost Per Conversion</p> <p>Cost of closing a purchase.</p> <p>Click-Through Rate</p> <p>Calculation of clicks over number of ad impressions.</p>
SOCIAL MEDIA TRACKING	<p>Traffic from Social Media</p> <p>Visits that come from social media channels.</p> <p>Leads and Conversions</p> <p>Leads and sales that come from social media channels.</p> <p>Conversion rate</p> <p>Number of leads that turn into a purchase.</p> <p>Audience size</p> <p>Number of followers per channel.</p> <p>Engagement rate</p> <p>Calculation of the percentage of followers who engage with the content posted in social media.</p> <p>Mentions</p> <p>Number of times the brand is mentioned in Social Media.</p>

Source: Karlson, 2017

Chapter 3 - Methodology

To give an overview of the digital marketing strategies utilised by *next-generation* filmmakers, a survey and a case study were executed. The methodology of the survey departs from the work of Andrews, Nonnecke, & Preece (2003) and Fowler, & Cosenza (2008). The methodology for the case study considered the best practices described by Tellis (1997) and Baxter, & Jack (2008).

3.1 Survey methodology

Following the methodology of Andrews, Nonnecke, & Preece (2003), this survey was designed to attract *next-generation* filmmakers that are active in social media. Generalizable results to all *next-generation* filmmakers are not possible, yet the results could indicate what may be found in the overall population of *next-generation* filmmakers.

With this consideration, the survey employed nonprobabilistic sampling option of self-selection. The study got access to subjects through two heterogenous community resources, Reddit and Facebook, as they host several filmmaking groups with different member segmentation approaches.

Following the best practices noted by Andrews, Nonnecke, & Preece (2003), the design of the survey included:

- Statement of privacy and confidentiality.
- A full view of the survey so participants could read it before answering it.
- An incentive offer
- Surveyor's contact information.
- Clear instructions.
- Enough space for open-question answers.
- An accurate time estimate of time needed to answer the survey.

In addition, the survey asked first for the following personal information: name, e-mail, occupation, company.

Survey questions were written using the style proposed by Fowler, & Cosenza (2008), which has four main goals:

- a) Ensure the respondents understood the question.
- b) Ensure the respondents can retrieve the information to answer the question.
- c) Give the respondents the relevant information required to answer the question.
- d) Facilitate the respondents a way to provide answers to the question.

Ten survey questions were selected using the following considerations stated by Andrews, Nonnecke, & Preece (2003):

- Avoiding inappropriate demographic information questions.
- Avoiding too many questions
- Avoiding open-ended questions that does not provide useful information.
- Avoiding overlapping question scales.
- Avoiding hidden or revealed incorrect defaults
- Avoiding unscrolling text boxes
- Avoiding bias in wording of questions and answers
- Avoiding technical vocabulary unknown to the population.
- Avoiding answers that cannot be edited.

The resulting questionnaire text is as follows:

Fig. 10 Survey Text

Thank you for agreeing to take part in this survey measuring digital marketing tools used by filmmakers to sell their films online. This survey should take 5-10 minutes of your time to complete. Your responses are voluntary and will be confidential. Responses will not be identified by individual. All responses will be compiled together and analyzed as a group.

As a reward for participating in this survey, you will participate in the raffle of a 20 USD Amazon Voucher. The winner will be selected with a random number generator on February 28, 2018 and announced via e-mail.

If you have any questions or concerns, please contact Ana Falcon at hola@anafalcon.com.

Thank You.

Ana Falcon

hola@anafalcon.com

First Name:

Last Name:

E-mail:

Country of residence:

- 1) What is your main activity in the film industry (i.e. producer, director, writer, sound designer, editor, director of photography, etc.)?
- 2) Theatrical release, film festivals, DVD/Bluray sales, online sales, free streaming are different ways to distribute film. In the past twelve months, what distribution options did you use to distribute a film?

Theatrical release

Film festival

DVD/Bluray

Online sales

Free streaming

Other:

None

- 3) There are several ways to distribute a film and make it accesible to audiences. In a scale from 1 to 10, classify the importance of the following distribution options:

Theatrical release

Film Festival

DVD/Bluray

Online sales

Free streaming

- 4) In the past twelve months, have you sold a film online (directly on your own website OR via Amazon, Vimeo, Youtube OR via distributors such as Netflix, Hulu, etc.)

Yes

No

- 5) In the past twelve months, have you worked in a film production aimed to be sold/distributed online without theatrical release?

Yes

No

- 6) Digital marketing tools are PAID advertising tools that advertise products online. Some examples of digital marketing tools include: Youtube Video, Google Ads, Facebook Ads, Facebook Video Ads, Bing Ads, Instagram Ads, Snapchat, Twitter Ads, Google Double Click, Google Display Network, Mailchimp. In the last twelve months, what digital marketing tools have you used to promote the online sales of your films? (Write NA if the answer is none)
- 7) The performance of PAID digital marketing tools can be evaluated through different factors such as number of downloads, cost-per-click, clickthrough rate, cost-per-conversion, cost-per-view. In the last twelve months, what factors have you used to evaluate the performance of digital marketing tools? (Write NA if the answer is none)
- 8) In the last twelve months, how much have you spent in online advertising to promote the online sales of your films?
- 9) Twitter, Facebook, Snapchat, Instagram, Pinterest are examples of UNPAID social media platforms. In the last twelve months what social media platforms have you used to promote the online sales of your films? (Write NA if the answer is none)
- 10) Would you like to receive the results of this survey (estimated delivery July 2018)?

Yes

No

3.2 Multiple Case Study methodology

For this paper, a multiple case study was conducted with two *next-generation* film producers as participants (Baxter, & Jack, 2008). The general questions were established to allow further examination of the information observed:

- 1) What key performance indicators should be monitored to evaluate digital ad spending?
- 2) What digital marketing strategies next-generation filmmakers are currently doing?

The information collected in the literary review helped to build a framework of the study determining. A protocol was then designed following the structure proposed by Tellis (1997):

Table 2. Protocol of Case Study

Overview of the case study	An intrinsic case study was conducted to explore the digital marketing strategies that a next-generation filmmaker uses to distribute their work independently.
Field Procedure	Interviews -A targeted interview regarding digital marketing strategies held with the next-generation filmmaker.
Case study questions	In the past twelve months, what distribution options did you use to distribute a film? In a scale from 1 to 10, classify the importance of the following distribution options: theatrical release, film festival, DVD/Bluray, online sales, free streaming. In the past twelve months, how many films were sold online (directly on your own website OR via Amazon, Vimeo, Youtube OR via distributors such as Netflix, Hulu, etc.) In the past twelve months, how many films were produced aimed to be sold/distributed online without theatrical release? In the last twelve months, what digital marketing tools were used to promote the online sales of your films? In the last twelve months, what factors were used to evaluate the performance of digital marketing tools? In the last twelve months, how much was spent in online advertising to promote the online sales of films? In the last twelve months what social media platforms were used to promote the online sales of your films?
Outline and format of results report	1. Introduction to the Case Study subject. 2. Mapping of Digital Marketing Strategy of the Case Study. 3. Key Insights. 4. Relation to Survey Result

The protocol was then implemented via interviews conducted over Skype and Facebook Messenger.

Chapter 4 - Analysis of results

1. Survey

1.1 Summary of Survey Results

The survey was promoted over a two-week period, during which it was answered by 29 participants from the film industry. The most common occupation of the volunteers was film director (9), followed by producer (7).

Table 3. Main occupation of survey participants in the film industry

Director	9
Producer	7
Unit production manager	1
Writer	2
DP	2
Writer/Director	2
IT	1
Editor	3
Actor	1
Chose not to answer	1

In the last twelve months, the participants distributed content mainly through film festivals (12) and free streaming (11). Only three participants had commercial distribution, two through theatrical release and one through television. Regarding online sales, four participants mentioned selling a film online in the last twelve months and one volunteer mentioned distributing a film through Amazon

digital store. No participant mentioned distribution through DVD/Blu-Ray sales.

The participants' preference for distribution through free streaming and film festival distribution was also replicated in the question regarding its importance. Most volunteers scored them with a

10, which means they are perceived as most important. Theatrical release and online sales were mainly scored with an 8, which means they are very important.

20 of the survey participants claimed to have worked for a *next-generation* film in the last twelve months.

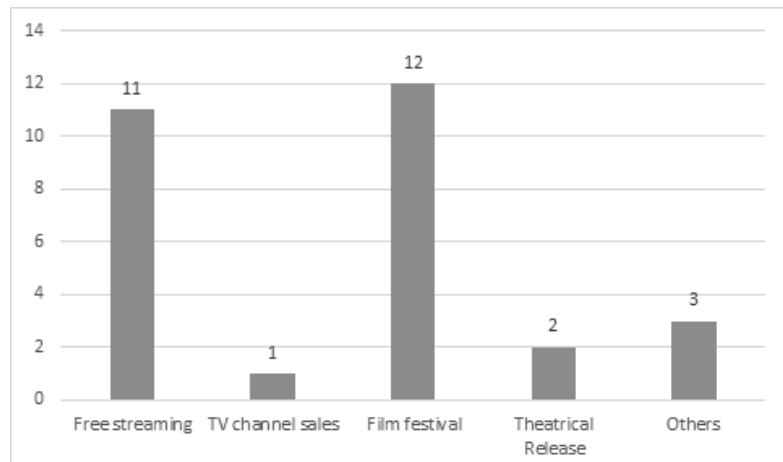


Fig. 11 Film distribution channels used by participants in the last twelve months.

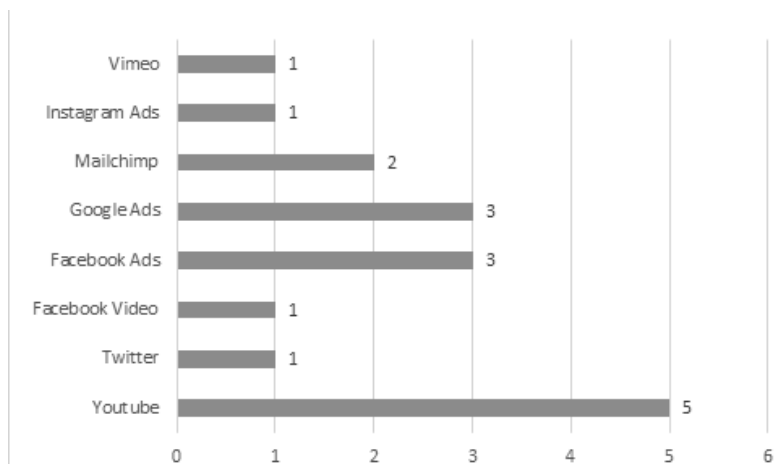


Fig. 12 Paid digital marketing tools used by participants

Most survey participants (17) do not use paid digital marketing tools to promote their films. Among the twelve survey participants who invest in digital marketing, the most popular tools are YouTube ads (5), Google Ads (3), and Facebook Ads (3).

Ten participants claimed to measure their digital marketing strategy

performance. Clickthrough rate and cost-per-click were the most mentioned indicators.

Ten participants claimed to have invested in digital marketing in the last twelve months. The amounts ranged from 24€ (30 USD) to 810€ (1000 USD), but the most common amount mentioned was 405€ (500 USD).

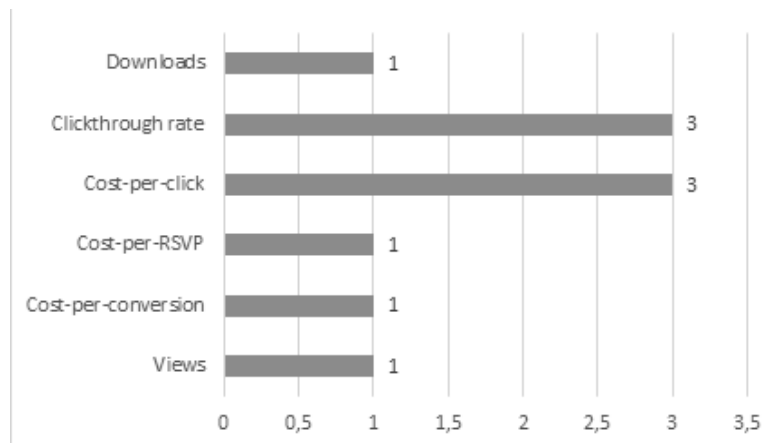


Fig. 13 Key Performance Indicators used by participants

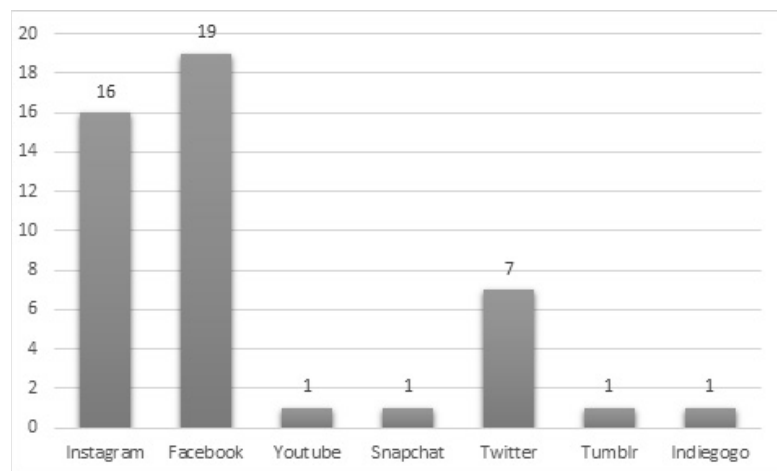


Fig. 14 Unpaid digital marketing tools used by participants

22 participants claimed to have used unpaid digital marketing tools in the last twelve months. Most of these participants manage two unpaid digital marketing tools. The platforms most used are Facebook (19) and Instagram (16).

Key Insights of Survey Results

- Theatrical and online sales are considered important distribution channels.
- Theatrical and online sales were scored as very important, but they were the distribution channels less used by the participants. This could relate to the shrinking screen availability describe by Ryan & Hearn (2010).
- Advertising-dependent model (free streaming) is the online business model most used by the participants.
- Distribution via free streaming was considered as important as distribution through film festivals. Also, both distribution channels were almost equally used by the participants.
- Unpaid digital marketing is more popular than paid digital marketing
- Most participants (22) claimed to manage a digital marketing platform. However, only 10 invest money on online advertisements. Instagram and Facebook are the most popular unpaid tools, which also happen to be very popular social networks.

2. Multiple Case Study

2.1 PHK Producciones Hermanos Kamikaze

PHK – Producciones Hermanos Kamikaze is a Mexican production company led by filmmaker Yeyo Kamikaze (IMDB, 2018). The company has produced several web series including: "Top Taco" (2014), "Merthon: the Series" (2015), "This is my Age" (2015), and "Martin & I" (2018), all of which are distributed freely via YouTube.

In the last year, the company has distributed two *next-generation* productions. These independent productions are not the company's main source of revenue, which is film production outsourcing services. In addition to the web series and outsourcing services, the company produces short films which are distributed first via film festivals and then are released online.

2.1.1 Mapping of Digital Marketing Strategy

PHK – Producciones Hermanos Kamikaze currently has three active social media networks: Facebook, Instagram, and Twitter. Most of the published posts are unpaid encourage the viewership of the content promoted without direct calls to action. Overall, the digital marketing budget of the company was 65 €.

The company's most successful social media network in the last twelve months

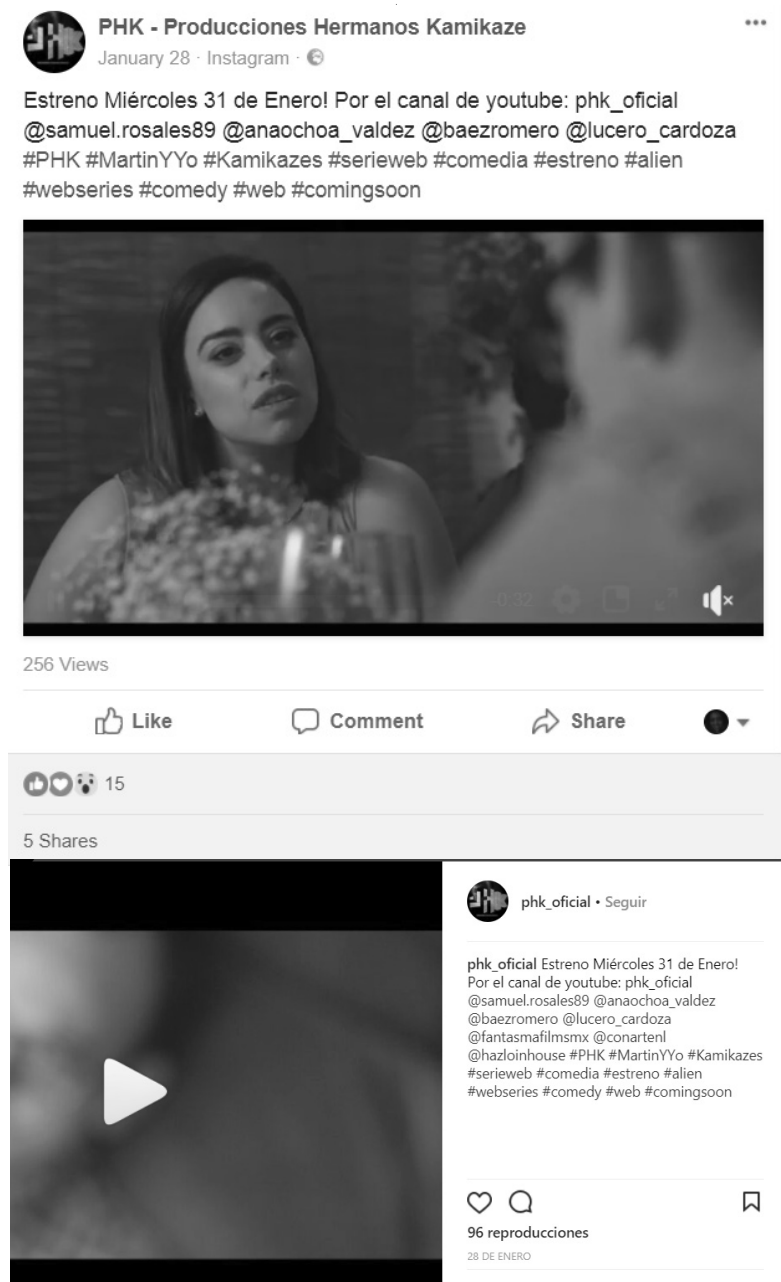


Fig. 15 Comparison of performance of the same post in the Facebook and Instagram accounts of PHK- Producciones Hermanos Kamikaze

was Facebook, in terms of engagement with their target audience segment which is 24-35-year-olds Mexicans.

Yet for the company, Instagram offers a simpler way to handle online promotion:

"More than everything, we are using Instagram due to the ease for people to interact and also is a very popular social network which I can connect with my personal account and that has a more audiovisual profile." – Yeyo Kamikaze (2018)

The company's focus in fostering a community and brand advocacy classifies its current digital marketing strategy into the category of Amplification (Divol, Edelman, Sarrazin, 2012). The prioritization of audience engagement indicates that the current digital strategy is aimed towards the steps of Experience, Advocacy and Bonding in the Consumer's Journey (Divol, Edelman, Sarrazin, 2012).

2.1.2 Key Insights from PHK- Producciones Hermanos Kamikaze Case

- Simple account management is key for self-promotion in social media.
- The company currently manages three social media accounts in Facebook, Instagram, and Twitter. Although it has produced several web series, all are promoted through the same account. Ease of management was mentioned as a

key element of preferring a social network over another.

- The online channel has the same importance as the other distribution channels
- Although the company is currently free streaming their productions, it considers as equally important the distribution via theatrical release, film festivals, and online stores. Only the sale of physical copies is considered as less important.
- The company's online focus is audience engagement.
- For PHK, the main key performance indicator is the user engagement via post interaction. Although YouTube is a social network, the company employs it as a distribution platform.

2.1.3 Relation to Survey Result

In the survey, film festivals and free streaming were scored to be as equally important by the participants. In the case of PHK – Producciones Hermanos Kamikaze, they are combined to elongate the time of distribution.

The company uses the two most popular unpaid digital marketing platforms mentioned by the survey participants (Facebook and Instagram). Although most of its marketing efforts are unpaid, the company does track its own performance based on audience engagement.

2.2 Camus Films

Camus Films is a Mexican production company led by filmmakers Mariale Espinosa and Antonio Guajardo (Camus Films, 2018). The company has produced several web series including "For the Last Round" (2014), which also was distributed through film festivals. Some of the company's latest projects include "The Informal Monster" (2016), and "Work and Delirium" (2017) which are currently distributed via YouTube.

"(Distribution) has been through digital platforms, specifically social networks. And regarding the distribution of new but already settled productions, this is with a proper distributor, the release is also through websites."-Mariale Espinosa (2018).

The company core business are commercial productions including the production of institutional videos, motion graphic animations, and advertisements. In the last twelve months, the company has produced two *next-generation* productions, one has been already released online and the other is pending.

2.2.1 Mapping of Digital Marketing Strategy

Camus Films

Camus Films has three official social media profiles in Facebook, Instagram,

and Twitter. In addition, the company has specific social media accounts for some of their productions. Camus Films' decision on promoting content via the official page or creating an independent page for the production is based on the perceived market potential of each production.

Instagram and Facebook are the most successful social media platforms used by the company in the last twelve months. The most popular content are videos, which the company monitors to improve viewership performance.

By creating self-contained profiles with niche audiences and maintaining official brand profiles, the digital marketing strategy of Camus Films can be classified into two categories: Monitoring and Amplification (Divol, Edelman, Sarrazin, 2012). The current digital strategy is aimed towards the steps of Experience, Advocacy and Bonding in the Consumer's Journey (Divol, Edelman, Sarrazin, 2012) since there is no clear call to purchase in most of their posts.

2.2.2 Key Insights.

- Online sales are hindered by online purchase challenges in the target market.
- The company pointed out that their target audience (which is based in Mexico) has problems purchasing products online since not many

own credit cards or are used to buy online.

- Theatrical release is seen as an aspirational, yet appealing distribution channel.
- Theatrical release, film festivals, and online streaming hold the same importance to the company. However, theatrical release is

seen as a distribution goal with its own set of challenges. The sale of physical copies is seen as medium relevance.

- Video engagement is key.
- Camus Films' main key performance indicator user engagement via post watching. The information regarding viewership over time is

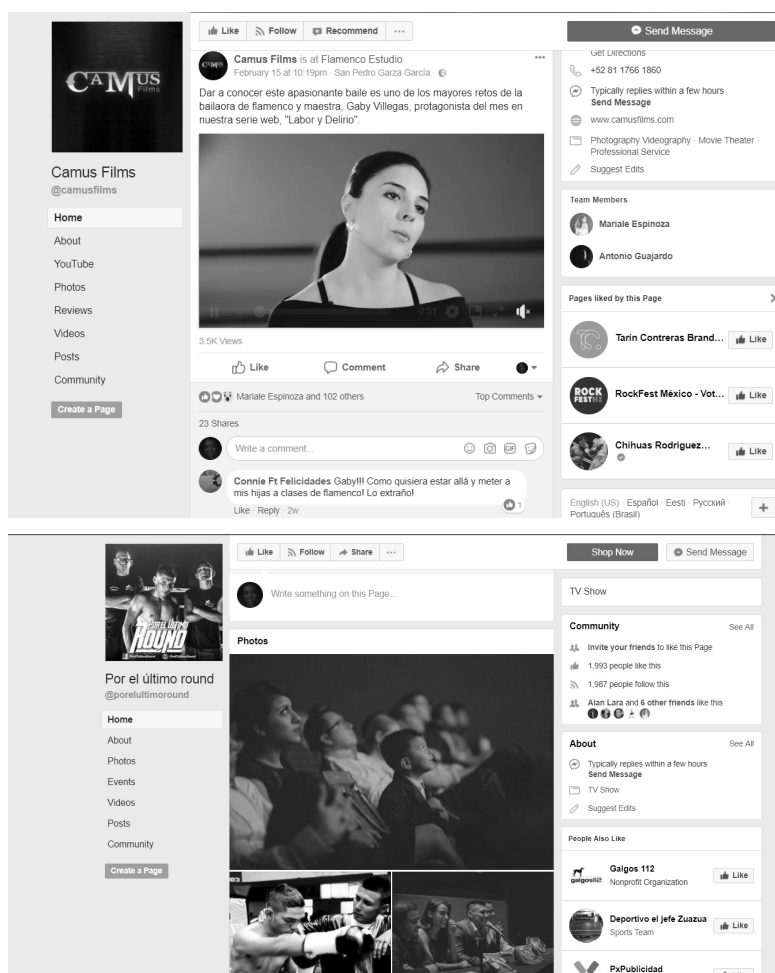


Fig. 16 Comparison of Camus Films official Facebook page and the Facebook page of one of its productions, targeted to sports enthusiasts

used to create video posts which are more akin to be viewed more.

2.2.3 Relation to Survey Results

Camus Films perception of theatrical distribution is similar to the one shown by the survey participants. Theatrical release is still highly regarded, but accessing it is perceived as a challenge by the company.

The company employs the two most popular digital marketing platforms mentioned in the survey: Instagram and Facebook. But unlike most survey participants, Camus Films does monitor key performance indicators.

3. Analysis

- Theatrical release is still highly regarded by *next-generation* filmmakers but is rarely accessed.
- Free streaming has grown to equal the appeal of film festivals as distribution channels. This online business model is the most used by the participants and is also the less profitable one (Izquierdo-Castillo, 2012).
- Facebook and Instagram are the main unpaid digital platforms used by *next-generation* filmmakers to promote their content.
- Free digital marketing platforms are self-managed, but performance is mostly not monitored by the filmmakers.

- The mentioned key performance indicators are outcome-based and not sales related (Patterson, 2008).
- Overall, the digital marketing strategies used by *next-generation* filmmakers that participated in this research indicate that the focus of filmmakers lays into creating and fostering their own audience rather than closing sales.

Chapter 5 - Limitations, industry implications, and directions for future research

5.1 Methodology Limitations

There are several limitations in the creation and implementation of online surveys (Andrews, Nonnecke, & Preece, 2003):

- Surveys require participants to recall past behaviour which can be better accounted through observation.
- The lack of an Internet central registry means that is not possible to identify all the members of an online population.
- Selection is limited to nonrandom and probabilistic sampling.
- Online survey results are not generalizable to offline population.

Another limitation was that the number of willing participants was low. Although the survey post announcement was seen by over 6,000 possible participants, only 25 agreed to fill the survey.

Tellis (1997) states that case studies have an inability to give a general conclusion. Due to the intrinsic nature of the case study, the results and insights presented have limited transferability (Baxter & Jack, 2008).

For the purposes of this paper, both the multiple case study and survey were executed to provide data triangulation which could give external validity (Tellis, 1997). The main takeaway from these limitations is that the results presented in this paper should be considered only as indicative.

5.2 Digital marketing for next-generation films limitations

One of the limitations for digital marketing strategies is the poor modelling of data (Yahav, 2016). Attribution, or the pinpointing of the most effective advertising form, is challenging to measure in digital marketing (Berman, 2015). Divol, Edelman and Sarrazin (2012) point out that the lack of clarity and evident financial impact is what keeps digital marketing as an enigma for professional with no marketing background.

Izquierdo-Castillo (2012) also observes that the hegemonic distribution approach of major studios, based on intensive and extensive distribution of blockbusters, has created entry barriers for new players.

5.3 Implications to the industry

5.3.1 Creative implications

Next-generation filmmakers should take into consideration Internet's capability for reaching minor audiences that form reasonable demand (Anderson, 2007) while developing their projects. Instead of aiming to create blockbusters, *next-generation* filmmakers should aim to create smaller projects for smaller audiences that are willing to pay for them. The aggregation of these audiences will lead to profitable distribution.

5.3.2 Organisational implications

Thus, the first implication for the industry is the demystification of digital marketing through understanding how the purchase journey has changed and how different digital strategies work for different marketing goals. According to Patterson (2008), companies defining their digital marketing strategy should educate and invest in creating an infrastructure of systems, processes or tools to facilitate the marketing performance measurement and management.

This educational process can be done in small steps, starting from setting up goals manually for current outreach strategies and then evolving into the definition of a KPI catalogue. The end-goal is to create and out-come based dashboard which stores and refreshes

marketing data to assess if a marketing strategy achieved the desired objective.

Nonmarketing film professionals should also learn about offline factors that affect digital marketing effectiveness such as seasonality. Cartier and Liarte (2011) propose three periods in which demand for film is higher: Christmas (November and December), Easter (March and April) and Summer (June through August). Seasonality also include the observance of public holidays, since it affects the viewer's availability to watch a film.

The digitalization of the distribution model is also creating levels of specialization in the operation of digital distribution. Patterson (2008) states that these professionals, at the bare minimum, are characterized by their ability of analysing data and proving performance. Mid-level specialists are change agents that can address the cultural implications that digital marketing brings to any business and know when to bring new tools and how integrate them into the existing business process by managing information. Senior digital marketing operators go a step further and model the existing data enabling decision-makers to see possible scenarios and understand the correlation between different tools used over the purchase journey.

Since the distribution horizon of a *next-generation* film does not have a natural endpoint, the film marketing strategy should consider two things: the maximization of viewing during the first weekend after the film release and that the demand will evolve with time (Ryan & Hearn, 2010).

Consistency in the marketing management is key for *next-generation* film and other industries integrating digital marketing strategies. Patterson (2008) points out that the documentation and operationalization of their measurement process will end up creating a culture of accountability that integrates the efforts of the marketers with the results in performance.

5.4 Directions for Future Research

With over fifteen years of web advertising platforms, the latest campaigns consider programmatic ad-serving as a key asset and a good opportunity for film distribution research. Relatively still untapped, programmatic content delivery (Charski, 2016) is the automatic bidding market to display visual, graphic or sound content to Internet users based on rules over their previous behaviour while browsing the web.

The precedent over programmatic delivery comes from display advertising (Derrick, 2012), which consisted on the presentation of web advertisements

based directly on the profile of each site's visitors. However, it goes beyond that and automates the bidding for the advertiser or content manager by matching their media to several user and site pools administered by an audience manager and handling its delivery through a media exchange.

Programmatic content streamlines media from the provider through a demand side platform with a logic algorithm that rents media spaces in several sites and caters to very segmented audiences. (Hunter, 2012). This logic algorithm is handled by ad exchanges and is not limited to frequencies, inclusions and exclusions like previous display content algorithms. The amount of information handled by DSPs through cookies may include location, purchase points, average ticket, credit card provider, likes,

dislikes, social media activity, ad exposure, shopping behaviour, mobile provider, online persona and screen time attribution (Marketing News, 2016).

By using programmatic content delivery creators access a more complex market of both display sites and viewers in real time according to Kauffman (2011). By employing DSPs, it is possible to analyse the transmedia strategy or transmedia potential of a story through user data since it gives access to third party data (Dent, 2015).

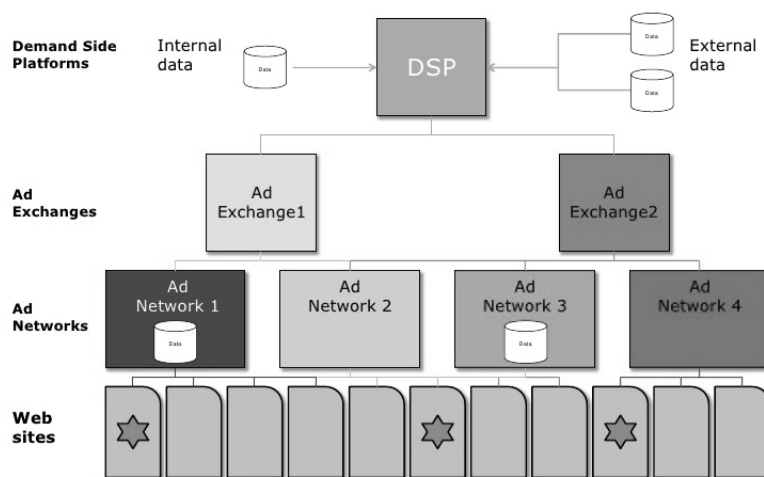
Being a recently developed tool has the caveat of not having enough qualified professionals that can handle it (Hunter, 2012). More than a simple digital manager, it is key to be able to create and interpret statistical models that forecast audience behaviour in order to do the

minor tweaks necessary to improve the logic that the algorithm follows.

The main critique to programmatic delivery is the way users are tracked constantly, sometimes even without their consent. In December 2016, the US Federal Trade Commission reached a settlement with a DSP company that tracked users even if they blocked or deleted cookies in their browsers (Marvin, 2016). The risks on tracking users derive not from its practice, but on the financial consequences of being caught transgressing privacy laws since fines may be as high as 100 million Euro or 5% of global revenue (Hawthorn, 2015).

The legal boundaries of tracking users are changing constantly, which is a risk for content distributors, advertisers and agencies who do not update constantly the configuration of their DSPs. The most recent EU Data Protection Directive was published by the European Commission in May 2016, and will come into full effect in the entire Euro zone by May 2018. This new directive expands liability beyond advertising agencies and involves all content providers, companies, or third parties with access to user data. The reach of privacy laws is not geographically limited (Hawthorn, 2015), which means that companies must abide by the laws active both in their country of residence and in their users' countries.

Fig. 11 Workflow of a Demand Side Platform (DSP)



Source: Hunter, M. 2012

The lack of transparency in DSP management is also a concern. According to Chen (2016), some agencies outsource the work to tech focused companies while others mark their services with margins as high as 80% over the real market value.

Finally, de Valck (2008) points out that some distributors may misinterpret the concept of media convergence and instead of using served content as a complimentary distribution tool, they will solely rely on it. Real media convergence is not a reductionist approach to simply distribute film through a single medium, but is actually a strategy that considers both online tools like DSPs and offline channels like film festivals.

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