



2011

DIGITAL SURVEY

**A Report on the Practices
and Personal Perspectives
of Independent Producers**



Corporation
for Public
Broadcasting

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EXECUTIVE SUMMARY

02 Who put the audience in charge? Technology, demographic shifts, and a globalized economy have all shaped a 21st century media ecosystem where power has shifted away from traditional broadcasters and gatekeepers. It's a shift that's revolutionized where and how and why people use media. And content makers and distributors are playing catch-up, trying to figure out ways to reach viewers, make money, and break through the deafening noise of the marketplace.

In three of the past four years, ITVS surveyed independent producers—who so often bridge the public interest, artistic, and commercial worlds—to share their opinions, knowledge, and yes, anxiety about these changes. With this most recent survey, we took the opportunity to combine their responses with other ITVS research and observations on the landscape and its impact on producers, all as part of the mission of ITVS IndiesLab, our joint initiative with PBS to test and model independent filmmaker strategies for online distribution platforms.

VIEWERS: WHERE THEY ARE, WHERE THEY ARE GOING?

Every day, the average American watches four to five hours of television, uses the Internet for almost an hour, and views nine minutes of online video¹. While television consumption continues to rise and still dwarfs all other media, Internet and mobile viewing are growing fast—over 10 times TV's growth rate—and faster yet among the younger demographic. A recent report from Retrevo found that 29 percent of Americans under age 25 get all or most of their TV online, compared with only 8 percent of the entire video-watching population².

What they're watching online, however, looks increasingly like television. In the first half of 2011, one-third of Internet users watched full-length films and TV programs online, and full-length content now makes up 18 percent of online viewing, compared to 11 percent in 2009³. Eight percent of online viewing is now spent on full-length movies, up from 5 percent two years ago, and the audience for premium online video content is expected to expand to three-quarters of Internet users in the next two years⁴. New research also shows viewers are spending less time watching online video during the day, with online viewership now peaking around 9 p.m.—the same time broadcasters air their most valuable TV properties. The result: The number of Netflix Streaming subscribers nearly doubled in 2010, and cable is losing subscribers, with heavy Netflix users cutting the cable cord⁵. For the first time it appears clear that these services are cannibalizing the TV market. And the evidence suggests more viewers are building the habit of watching their favorite films and television programs online—a trend likely to be driven faster and further with the rise of iPads, Apple TV, Roku, Boxee, Google TV, game consoles, and other devices that offer content beyond the web browser with a more seamless, “lean-back” experience.

And what about those devices? Video viewing on tablets and mobiles has increased 41 percent year over year, and 70 percent of tablet owners and 68 percent of smartphone owners say they use their devices while watching

television⁶. It's all about following the audience—which is why companies we once thought of as technology players have gotten into the content game, with YouTube and Netflix investing in original content such as the \$100-million David Fincher Netflix series.

It remains unclear what impact will these trends have on content makers writ large, and in particular on independent producers—a do-it-yourself community defined by the ability to adapt and innovate but challenged by a financial ecosystem too fragile to weather easily the storms of transition that sputter and shift the flow of funds. Yet through this survey and our ongoing conversations with the independent filmmaking community, we have learned that producers are grappling with the big questions and thinking seriously about how to a) enhance the viewing experience, b) leverage social media to build audiences, and c) distribute content across multiple platforms—all the while anxiously awaiting a revenue model to come into focus.

INTO THE LOOKING GLASS: WHAT CAN WE LEARN FROM THE MUSIC INDUSTRY AND HOLLYWOOD?

Today, revenue from digital sales makes up roughly 5 percent of the total home video distribution market. DVD revenue has declined at a faster rate than digital revenue has grown, rightly worrying content producers faced with trading analog dollars for digital dimes. The evolution of the music industry, in which U.S. digital sales now account for an estimated 40 percent (and rising) of a total revenue pie, may portend the future of film. As artists and labels gradually accepted this brave new digital world, they tested revenue models combining elements such as touring, merchandise, licensing, personal appearances, and corporate sponsorship. Today, music consumption is at an all-time high, and some independent artists who would never have had the opportunity to produce and distribute their work can connect directly with audiences and even make a decent living. No wonder many opine that these are the best and worst of times to be a musician.

Hollywood and the cable companies have had plenty of time to learn from the music industry's mistakes, and in some ways it seems they have. The big studios and content providers are signing deals with the premier online content players, especially iTunes, Netflix, and Hulu. Netflix will pay \$150 to \$200 million for one year of ABC and Disney Channel content; Hulu will ante up some \$40 million for Viacom content⁷. Meanwhile, the cable companies, afraid of losing subscribers, are offering "TV Everywhere," making television content available online through a cable subscription and gateway. The major studios are collaborating on a "Ultraviolet" system to enable consumers to purchase a movie once and access it on all of their devices, with Apple creating its own DRM/cloud solution for music that will likely extend to movies. Each of these steps demonstrates a delicate dance, with cable companies and major studios balancing control of content, positioning, and profit margins with the flexibility the public increasingly demands.

04 As Hollywood makes more premium content available on these new platforms, mainstream consumers will speed up their adoption of new technology, accelerating the inevitable transition away from old business models. The film industry is trying to compensate for the DVD decline through expanded international pre-sales brand and product endorsement alliances content franchising to transmedia properties and the deals with digital and video-on-demand distributors. The payoff remains uncertain, but the studios appear to be in a better position than the woefully unprepared music labels of 10 years ago.

A digital world brings hyper-fragmentation. In the music market, the global online audience⁸ uses no single monetizable online consumption channel. For online movies, Apple's iTunes dominates the per-title download-to-own and -rent market while Netflix rules the streaming side. For now, content providers know how to reach the largest audiences. Yet as the cost of hosting and streaming high-quality video goes down, more niche platforms and competitors will emerge.

TRANSITION: HOW WILL INDEPENDENT PRODUCERS ADAPT?

Many independent filmmakers have watched the marketplace and decided to explore revenue channels outside of per-title retail sales. The ITVS Digital Survey finds independent producers are selling merchandise, creating special versions of their films for NGOs or educators, and touring with public screenings and speaking engagements. This approach loosely echoes what technologist Kevin Kelly calls "1,000 True Fans," wherein artists focus on products and services for a core audience that will spend a premium on their content (e.g., Amanda Hocking in book publishing, Jonathan Coulton in music, and Tiffany Shlain in film)⁹. Still, video production and distribution costs mean that, in the short term, many producers increasingly will rely on *funding* rather than *revenue*. ITVS and others are arguing strongly that independent filmmakers need support now more than ever as they experiment, innovate, and transition to a 21st century model. For producers who are struggling to pay down the credit cards they maxed out to finish post-production, the future looks daunting. Collaborative efforts like the Merlin Network for independent music labels might give filmmakers a way to collectively lobby with online retailers like iTunes for better deals, making the case that demand for high-quality documentaries exists. Or maybe filmmaker-specific models will emerge. With *Race to Nowhere*, for example, a built-in audience helped not only to promote but also to distribute the film.

Other encouraging signs are surfacing. A few years ago, filmmakers reported feeling ill-equipped to develop and manage digital distribution and promotion strategies. In this year's survey, more filmmakers reported tapping social media strategists to inform their campaigns, implementing robust online outreach campaigns with non-profit partners, or working with distributors already connected to the digital platforms. Inevitably, as filmmakers and their partners transition their business activities to the digital environment, true experts and support systems will value.

LESSONS FROM THE INDIES LAB: WHAT WORKS?

Again this year, ITVS Digital Survey respondents expressed much enthusiasm over the possibilities to connect and engage with audiences—and also great anxiety over money.

Yet as we looked beneath these general sentiments, we noticed counter-trends. For example, while filmmakers reported spending more time promoting their films online using social media, they questioned whether such engagement efforts were really “worth their time.” At the other end of the spectrum, individuals aware of the limited revenue in digital distribution said they were excited to move away from the traditional revenue models and explore hybrid and DIY strategies.

In the belief that knowledge sharing and experimentation are essential for independents to survive and thrive, ITVS created the IndiesLab in partnership with PBS. Since 2008, the IndiesLab has placed 114 titles on one or more distribution platforms: iTunes, Amazon Video-On-Demand, Hulu, YouTube, SnagFilms, PBS Video, and several other video-on-demand services on cable. Several reports from the Lab—including digital distribution case studies—have been published and excerpted on the ITVS's *Beyond the Box* blog. We have included two case studies detailing specific strategies and outcomes as an appendix to this report. Keys to success include:

1. High-traffic distribution platforms. Unsurprisingly, the survey suggests the producers earning the most revenue have distributed their films on both Netflix and iTunes. Other niche platforms like Snagfilms are popular among independent documentary producers as a means to find a core audience, but its advertising-supported model generates very modest revenue.

2. Engaged filmmaker. Case studies have indicated marked success when the filmmaker activated fans and networks online to help drive sales, even indirectly (e.g., writing reviews on iTunes).

3. Social media promotion and marketing. The ITVS Digital Survey found that the heaviest social media users (7 to 10 hours per week) also reported the strongest earnings of digital revenue¹⁰. A Nielsen report verifies these findings, indicating a large overlap (49 percent) between visitors to network and broadcast media sites and social networking and blog sites. Another indicator of the vital relationship between television and social networking: 17 of the 100 “most liked” Facebook pages are TV show landing pages.

4. Collaborative relationship with distribution platform. Digital sales increase when a program receives a home page promotion on a digital platform. A broadcaster or distributor’s relationship with a platform can not only help quickly get a program on the online retail site but also secure promotional partnerships to invigorate sales.

5. Windowing strategy. A strategic timeline for distribution on partner platforms increases success and optimizes opportunities to leverage audience behavior and engagement to boost sales.

As Peter Broderick and other distribution consultants have suggested, there is no “cookie-cutter” approach to the successful distribution of a film; each film demands a distinctive strategy. But these broad trends provide a starting place for independents.

06 THE FUTURE: WHY SERVE THE PUBLIC?

What if independents and their partners lag in developing models for working in this environment? We know that independents need the public—for relevance, for revenue—but the public also needs shared independent voices, now more than ever. Although Americans consume three times as much information as they did 30 years ago, their diet increasingly consists of top stories dominated by celebrities, conflict, and spectacles of sex and violence—or of niche content unconnected to the civic discourse that helps promote a healthy democracy.

Yet for independents, whose stories have such power to engage communities and tackle society's great challenges through the lens of compelling character, the public's tolerance for media bombardment holds real promise. Nielsen now consistently tracks simultaneous, or "second screen," mobile or web multi-tasking alongside television, finding one-third of media consumers watch TV while using mobile apps. Thirty-seven percent browse the web, 40 percent engage via social networks, and 56 percent text with a friend or family member. In short, audiences are more distracted yet more connected. HBO has responded to this trend with a suite of mobile services called HBO Go. Creative and nimble, independents and their allies will undoubtedly seize this moment to provide access to their content across the spectrum of platforms. Public media leaders, too, will step up to help support multiplatform, multimedia, multidirectional conversations on issues that matter most.

Yes, it takes more effort than ever to get out the work, make a difference, and pay the bills: the many versions, many partners, the social networks, the thousands of touchpoints where audiences consume and interact. But independent producers share a commitment to, passion, and talent for telling stories that go beyond the balance sheet of commerce, delivering authenticity and experience seldom matched by studios or Hollywood. Now, together and individually, these independents, their distributors, and allies like ITVS must continue to find ways to make the most of these stories in a 21st century marketplace.

Matthew Meschery
Director of Digital Initiatives

NOTES

- ¹ "Cross-Platform Report: Americans Watching More TV, Mobile and Web Video." *Nielsen*, June 15, 2011. http://blog.nielsen.com/nielsenwire/online_mobile/cross-platform-report-americans-watching-more-tv-mobile-and-web-video/
- ² "Most Internet users to watch video online by 2014." *CNET*, June 11, 2010. http://news.cnet.com/8301-1023_3-20007442-93.html#ixzz1QbXTgRvm
- ³ "Phase 2 Video: Revolution Evolution." *Yahoo*, 2009. <http://gigaom2.files.wordpress.com/2011/06/phase-2-evolution-revolution-snapshot.pdf>
- ⁴ "Online Video Viewing Shifts to Long-Form Content." *eMarketer*, June 9, 2010. <http://www.emarketer.com/Article.aspx?R=1007745>
- ⁵ "Proclivity to Downgrade PayTV Services Increasing among Netflix Streamers." *The Diffusion Group*, June 13, 2011. <http://tdgresearch.com/blogs/press-releases/archive/2011/06/09/tdg-proclivity-to-downgrade-paytv-services-increasing-among-netflix-streamers.aspx>
- ⁶ "In the U.S., Tablets are TV Buddies while eReaders Make Great Bedfellows." *Nielsen*, May 19, 2011. http://blog.nielsen.com/nielsenwire/online_mobile/in-the-u-s-tablets-are-tv-buddies-while-ereaders-make-great-bedfellows/
- ⁷ "Hulu's Pitch to Viacom: We'll Pay You More Than Anyone (Online)." *GigaOm*, February 3, 2011. <http://gigaom.com/video/hulu-defends-ad-split/>
- ⁸ "The Hyper-Fragmented World of Music." *Nielsen*, March 2011. <http://nielsen.com/content/dam/corporate/us/en/reports-downloads/2011-Reports/Nielsen%20-%20Fragmented%20World%20of%20Music.pdf>
- ⁹ "The Stars of 1,000 True Fans." *Kevin Kelly blog*, March 6, 2011. http://www.kk.org/thetechnium/archives/2011/03/the_stars_of_10.php
- ¹⁰ A telling report from digital research firm Futurescape demonstrates the importance and power that social networks have on the success on new programs. Social chatter can influence the success of a show by amplifying conversations for a niche program, or hurt the reputation of a big-budget show after a few weak episodes. "Broadcasters must turn to social media." *Futurescape*, July 9, 2010. <http://www.warc.com/LatestNews/News/ArchiveNews.news?ID=26946>

BACKGROUND

08 With support from the Corporation for Public Broadcasting, ITVS initiated the Digital Survey in 2008 to capture data and narrative comments from the domestic independent documentary filmmaker field on the challenges and opportunities of the fast-evolving digital marketplace. The survey went out to all applicants and funded producers from ITVS's domestic and international funding initiatives. In 2009, and again in 2011, ITVS invited both domestic and international producers to complete similar surveys.

The Digital Survey is intended to contribute to the growing and important body of knowledge on the practices and perspectives of diverse independent filmmakers and to share insights on trends in the digital environment.

ITVS SURVEY 2008–2010

	Pool	Respondents
2008	Domestic	430 of 4,300 (10%)
2009	Domestic and International	942 of 7,500 (13%)
2011	Domestic and International	1,017 of 9,184 (11%)

2011 SURVEY RESPONDENT PROFILE

ETHNICITY

	Percent
European American	46
African American	8
Asian American	7
Latino	8
Native American	1
Pacific Islander	1
Other	28

AGE

	Percent
Under 35	19
35 to 44	33
45 to 54	26
55 or older	22

GENDER

	Percent
Female	51
Male	49

FILM/ TV/ VIDEO EXPERIENCE (in Years)

	Percent
5 or less	11
6 to 10	22
11 to 15	22

FILMS OR PROGRAMS PRODUCED (in Number)

	Percent
0	6
1 to 2	30
3 to 4	19
5 or more	45

DEVICE/VENUE USED MOST OFTEN FOR WATCHING FILMS

	Rank	Percent
Mobile phone or tablet	1	25
Blu-Ray/DVD	2	21
Theater/Festival	3	20
Television	4	19
Online streaming	5	18
Online purchase or rental	6	19

TOPLINE ANALYSIS

10 **Over the past three years, independent producers have grown more active in the digital space, but there is very modest revenue to show for it. Many producers are still holding on to their rights, with many citing market uncertainties and following the Peter Broderick doctrine: Indies should hold onto their rights for as long as possible.**

Producers are increasingly dependent upon the internet for promotion and audience engagement, with many saying it's a critical tool for making an impact with their films.

Social media promotion correlates to digital revenue, with high revenue earners investing more time on social media. The high earners use online commercial outlets more than low earners.

Facebook and Twitter continue to grow in popularity and usefulness, but Vimeo stands out with a 25% increase in usage in the past year.

Television remains the most important distribution outlet for independents yet, especially among younger producers, digital distribution gained in importance.

TOPLINE FINDINGS

12 About two-thirds of domestic producers own new media rights to their most recent project, the same as 2009. Of the 35% of all respondents who did license their project's new media rights to a third party, one-quarter said they felt satisfied or very satisfied with the terms.

Most documentary filmmakers view the internet as an essential tool in fundraising, producing, distributing, promoting, and achieving social impact, and generating revenue for their projects. Forty-four percent of respondents said it was “very important” for fundraising, a 4% increase over 2009.

Eighteen percent of respondents reported earning more than \$1,000 from online distribution per project; 62% generated less than \$100 per project.

INTERNET AS ESSENTIAL TOOL

Activity	% Important or Very Important
Fundraise	79
Produce	84
Distribute	89
Promote	96
Achieve Social Impact	93
Generate Revenue	73

About 10% of all respondents distributed their films on iTunes. Of those, 23% reported over \$5,000 in revenue, and another 23% from 1K to 5K. On Netflix, 22% reported over 5K and 30% 1K to 5K. Overall, producers distributing on these platforms reported three times the average revenue from digital sales.

At the same time, less than 30% had used a crowd-funding platform to raise money, and the majority of those who had generated \$500 or less.

“Crowd-funding will become an essential tool, allowing interaction and audience to build before and during the production phase—almost shaping the film.”

CROWD-FUNDING REVENUE

Amount (in US Dollars)	%
0 to 500	13
501 to 5,000	7
5,001 to 25,000	7
25,001 and up	1

Younger producers (under 35) found more success with crowd-funding, with nearly 20% of respondents reporting earnings of more than \$1,000.

TOPLINE FINDINGS

- 14** The percentage of filmmakers who regularly use Facebook as a tool to engage audiences jumped 10% over 2009 to 85%, and Twitter also gained in popularity with a 9% increase, to 38%. Regular use of Vimeo grew 27% over 2009 to 55%.

Most respondents reported spending one to three hours per week on social media efforts, with only one in 10 investing seven to 10 hours.

One-third of heavy social media users (7-plus hours per week) reported earning more than \$1,000 off of digital distribution –nearly double the average.

SOCIAL MEDIA AS A TOOL

Hours per week	%	% Change Over 2009
1 to 3	59	-5
4 to 6	25	+3
7 to 10	10	-4

“The social media network has become so bombarded with people trying to create their own buzz that it’s hard to shine above the crowd.”

One in three respondents ranked promotion and marketing as the most challenging aspect of online distribution, ahead of securing deals with distributors, piracy, clearing rights, and delivery and encoding.

“I’m spending much more time in pre-production mapping out a distribution plan, constantly updating the plan, and actively pursuing distribution throughout the life of the project.”

DISTRIBUTION CHALLENGES

1

**Promotion/
Marketing**

16 **DISTRIBUTION CHALLENGES**

2

Securing Deals

3

Piracy

4

Clearing Rights

5

Delivery/Encoding

“Piracy is a huge problem. The only thing that is saving independents is, ironically, the lack of popularity of our work.”

**CONCERNED
ABOUT
PIRACY (2009)**



TOPLINE FINDINGS

18 **Forty-six percent of producers ranked television broadcast first or second in order of importance among eight distribution streams, down 19% over 2009. However, it's more important for older and more experienced producers. Younger producers rank internet distribution higher than do older producers. A third of the producers selected theatrical exhibition or festival exhibition first or second, 33% and 36%, respectively.**

DISTRIBUTION STREAM IMPORTANCE

Venue	Rank (First or Second)
Television	1
Festival Exhibition	2
Theatrical Distribution	3
International Sales	4
Educational Sales	5
Blu-Ray/DVD	6
Internet Streaming	7
Internet Sale or Rental	8

“Things will continue to move away from broadcast TV.”

“Broadcast and traditional distribution models will continue to fall apart. Online niche marketing, allies with brands that have survived in an online distribution universe, will be key.”

“Despite the power of the internet, public television will reign as the tool that has the credibility, power, and expansiveness to reach the highest number of viewers.”

“The majority of film and general media will be distributed on the internet on mixed technological devices: iPod, iPad, cell phone, devices not yet designed. Viewing/listening may take place on traditional TV and radio.”



THEATRICAL
DISTRIBUTION

INTERNATIONAL
SALES

“Television is showing remarkable resilience and strength, particularly public television and cable.”

TOPLINE FINDINGS

- 20 **“Niche promotion strategy” ranked first as the most important factor in the success of independent content online, with 93% of respondents selecting it as “important” or “very important.” A close second at 92% was “multiple distribution partners.” The percentage who selected “public television leadership” stayed unchanged compared to 2009 at 80%.**

ONLINE SUCCESS FACTORS

Factor	Rank (Important or Very Important)
Niche Promotion Strategy	1
Multiple Distribution Partners	2
Strong Independent Brand	3
DIY Tools	4
Public Television Leadership	5
Exclusive Distributor With Lots of Traffic	6

“I welcome the current change because it puts more of the responsibility of marketing and distribution in my hands.”

“The DIY model has always involved working a film from conception through distribution. Now, it’s just more apparent that you never get to walk away from the film. More opportunities, more challenges.”

22 “As an old dog, I must either find a young new-media partner to give currency to what I have done in the past or lie down and allow the sedimentary sludge to cover me, to leach out of my bones and turn me into another dinosaur.”

TOPLINE FINDINGS

Looking ahead to what it will take to be successful in the next five years, the filmmakers believe the No. 1 factor will be online promotional strategies targeting niche audiences. They also see the importance of more slots for independent work on broadcast television and increased acceptance of non-exclusive and hybrid distribution models.

FUTURE ONLINE SUCCESS

Factor	Rank (Important or Very Important)
Niche Promotion Strategy	1
More TV Slots	2
Non-Exclusive/Hybrid Distribution	3
Increased Distribution to Online Retailers	4
Educational Distribution Online	5
Tailored Windowing Strategy	6
Piracy Controls	7
Same Day Theatrical, TV, New Media Release	8

“It seems like the best strategies for these new outlets have been hybrid releases (e.g., *Exit Through the Gift Shop*) that combined live events/ screenings along with a presence in the digital marketplace. People still seem to want objects when collectible and seem unbothered with buying digital releases alongside physical versions.”

ABOUT INDIESLAB

24 The IndiesLab (formerly the Independent Digital Distribution Lab) was launched in 2008 after the Paley Center for Media and ITVS convened a set of national meetings for members of the independent filmmaking community with digital distributors, commercial and public television broadcasters, and educational and home video distributors to explore the potential of new technology and digital distribution platforms to increase audiences and revenue.

ITVS launched IndiesLab in partnership with PBS to provide leadership in the digital arena for independent producers and public television. At its core is a spirit of experimentation and testing new models to ensure that independent documentaries successfully transition to digital platforms without negatively impacting traditional distribution models. Through IndiesLab, ITVS brings programs to online platforms such as iTunes, Hulu, Amazon, and COVE under the “PBS Indies” brand, and uses social media platforms such as Twitter and Facebook to reach audiences online. IndiesLab conducts surveys and commissions studies to help navigate the swiftly changing media environment and reflect trends and data to the field and the public media system.

The IndiesLab is one of several innovative digital initiatives supported by ITVS. Others include Project 360, supporting producers in new media production; FUTURESTATES, an online short narrative series; and Beyond the Box Blog, one of ITVS’s many strategic social media platforms.



APPENDIX A

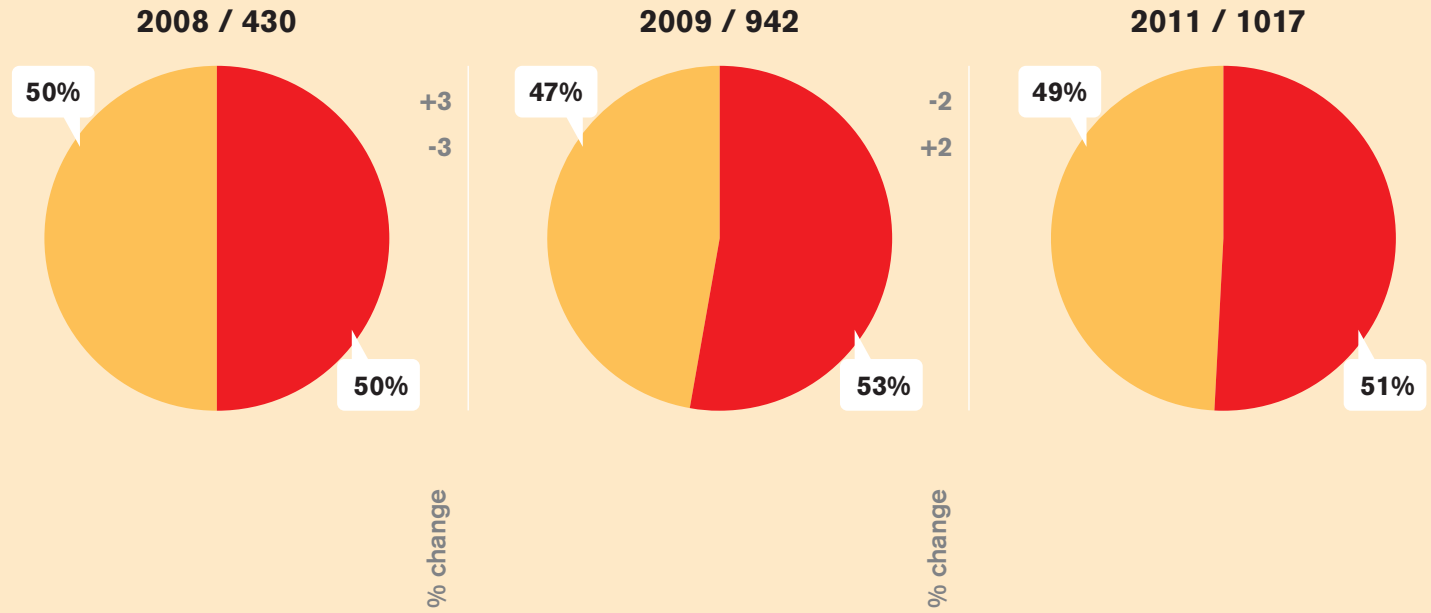
Comparative Data

2008–2011

26

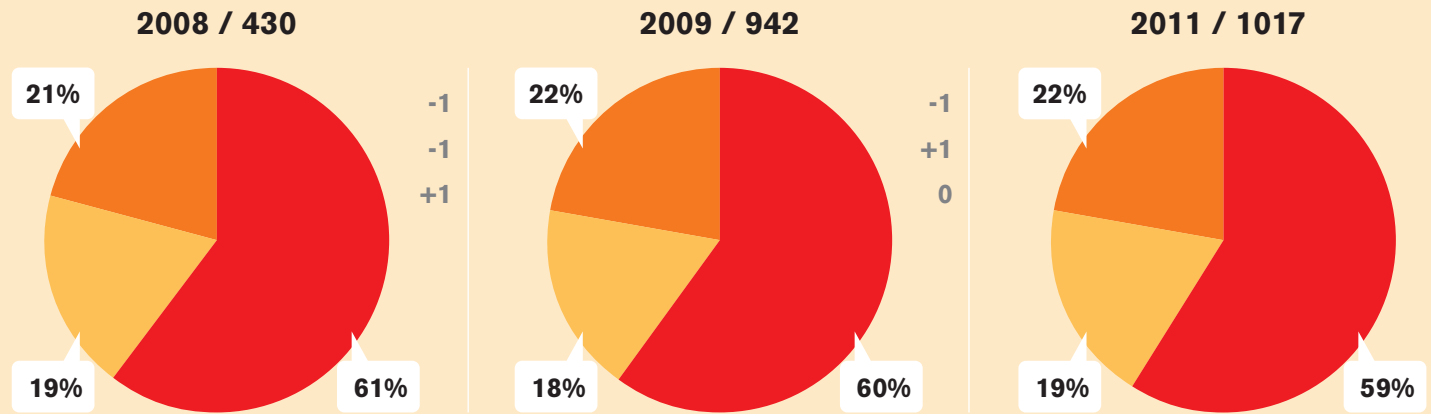
GENDER

- Male
- Female



AGE

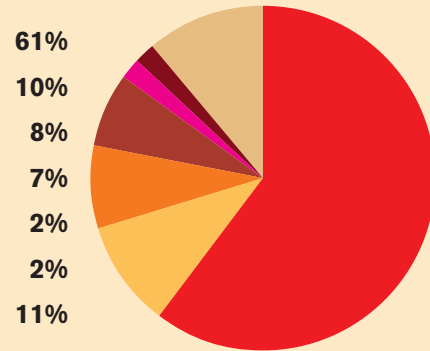
- Age 35–54
- Under 35
- Over 54



ETHNICITY

- Euro-American
- African-American
- Asian-American
- Latino
- Native American
- Pacific Islander
- Other

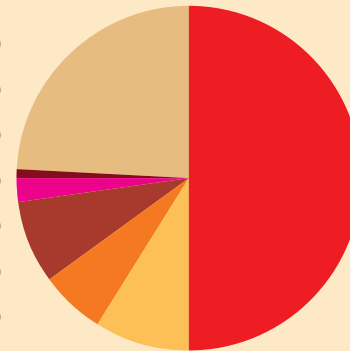
2008 / 430



- 11 50%
- 1 9%
- 2 6%
- +1 8%
- 0 2%
- 1 1%
- +13 24%

% change

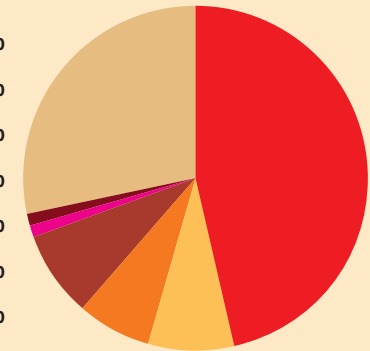
2009 / 942



- 4 46%
- 1 8%
- +1 7%
- 0 8%
- 1 1%
- 0 1%
- +4 28%

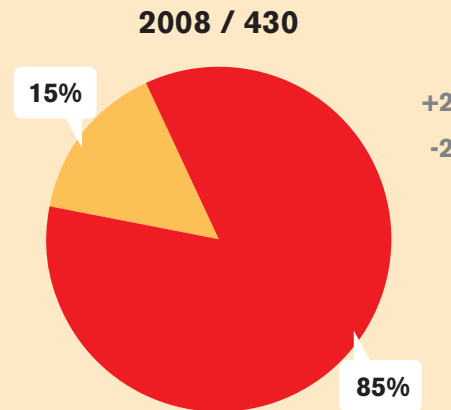
% change

2011 / 1017

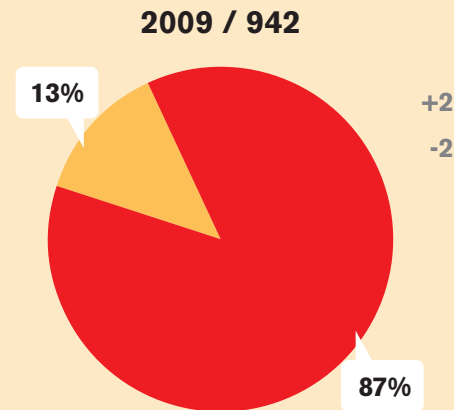


EXPERIENCE

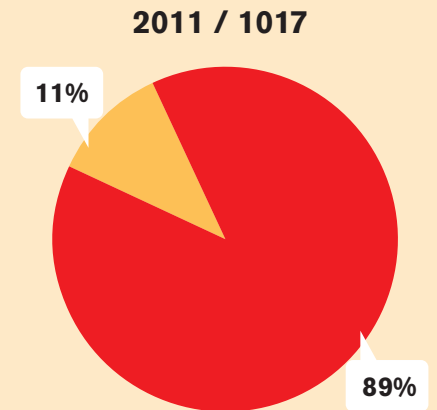
- Over 5 years experience
- Under 5 years producing



+2
-2



+2
-2

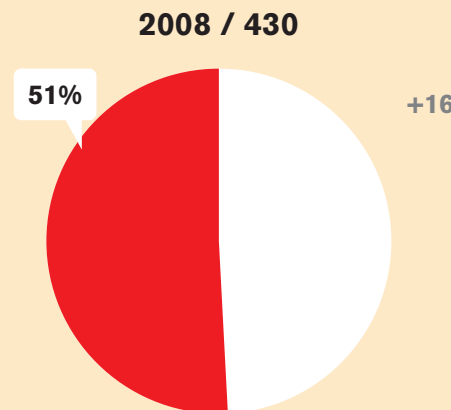


% change

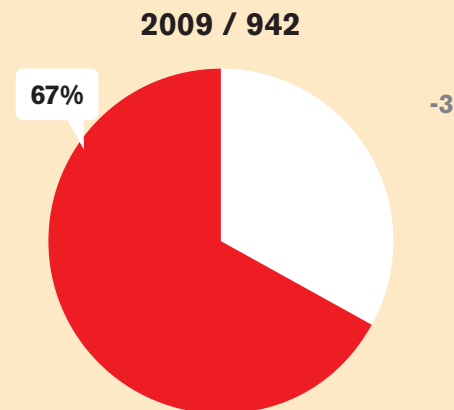
% change

PROJECTS

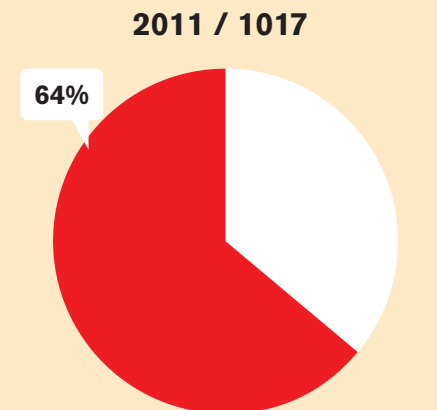
- Produced three or more long-form projects



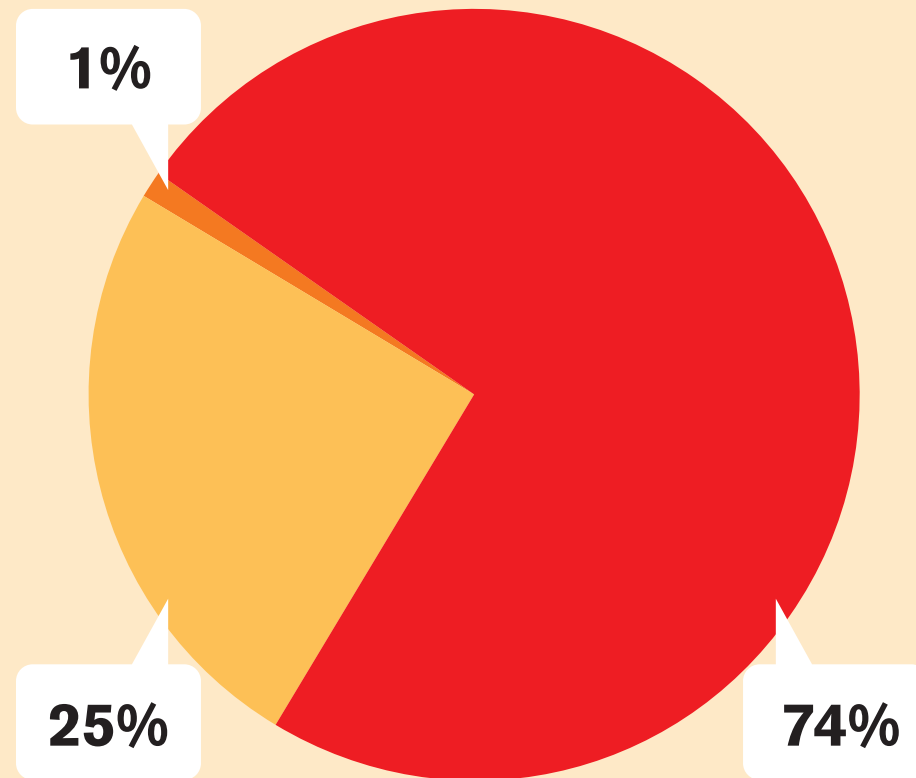
+16



-3



2011



FUNDED BY ITVS

- None
- One to three
- Four or more

Internet

USES

	2008	2009	2011	Change
Internet “very important” for marketing	70%	75%	76%	1%
Internet “very important” for distributing	45%	55%	56%	1%
Internet “very important” for fundraising	32%	40%	44%	4%

NA=Not Applicable

Social media

PLATFORM

	2008	2009	2011	Change
Facebook	NA	75%	85%	10%
Twitter	NA	29%	38%	9%
YouTube	NA	68%	67%	-1%
Personal Blog	NA	37%	34%	-3%
Vimeo	NA	28%	55%	27%
Event Service	NA	5%	5%	0%
Other	NA	28%	20%	-8%

HOURS PER WEEK

	2008	2009	2011	Change
1–3 hours/week	NA	64%	59%	-5%
4–6 hours/week	NA	22%	25%	3%
7–10 hours/week	NA	14%	10%	-4%

OTHER OPPORTUNITIES FACILITATED BY SOCIAL MEDIA

	2008	2009	2011	Change
Yes	NA	39%	55%	16%
No	NA	61%	45%	-16%

NA=Not Applicable

Rights

DIGITAL RIGHTS

	2008	2009	2011	Change
Own digital rights	81%	65%	75%	10%
Sold or licensed digital rights	19%	35%	25%	-10%
Generated revenue from digital rights	20%	20%		-20%
Avg. of anecdotal revenue reported	\$0-\$4K	\$100-\$5K		\$1,000

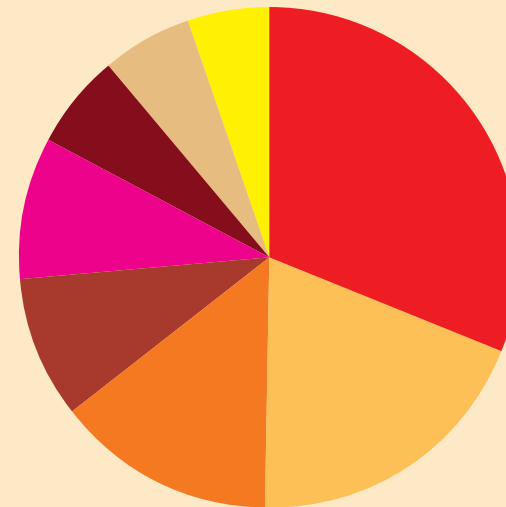
Distribution

IMPORTANCE OF DISTRIBUTION VENUES

(respondents who rated this category “most” important)

	2008	2009	2011	Change
Domestic broadcast	51%	62%	31%	-31%
DVD	47%	28%	5%	-23%
Education	35%	31%	9%	-22%
International broadcast	27%	38%	9%	-29%
Theatrical	20%	26%	19%	-7%
Internet	19%	15%	12%	-3%

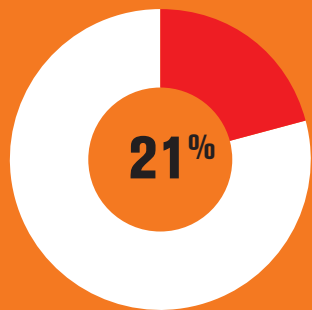
MOST IMPORTANT DISTRIBUTION STREAM (2011)



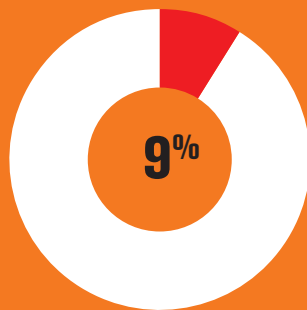
● Domestic television broadcast	31%
● Theatrical exhibition	19%
● Festival exhibition	14%
● Educational sales	9%
● International sales	9%
● Internet download, streaming	6%
● Internet advertising, supported streaming	6%
● Blu-Ray/DVD home video	5%

Online distribution

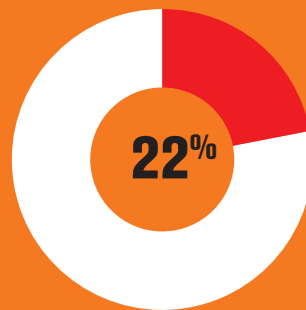
Amazon
on demand



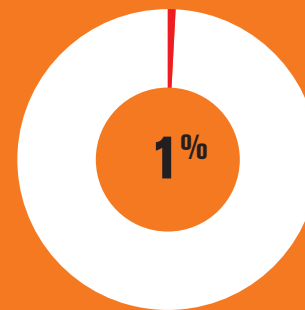
Hulu



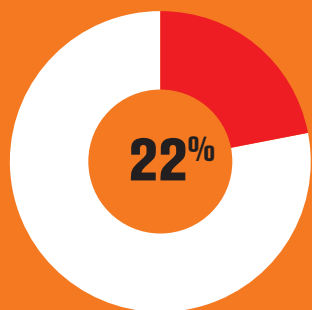
iTunes



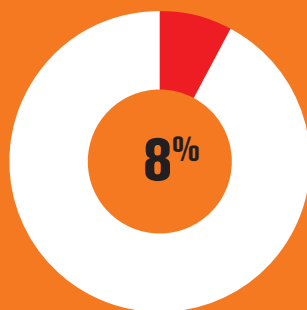
Jaman



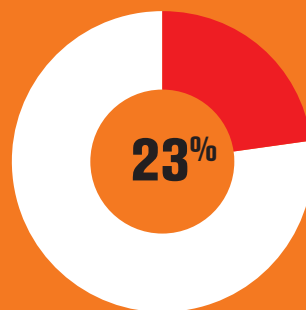
Netflix
streaming



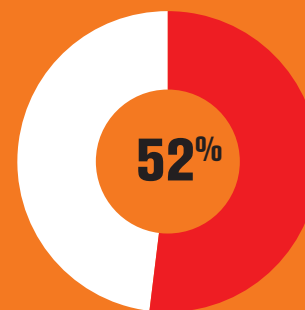
SnagFilms



YouTube



Other



APPENDIX B

Lessons From the Lab



LESSONS FROM THE LAB

The Parking Lot Movie

For those of you who aren't aware of the mission of IndiesLab, it is a joint initiative of ITVS and PBS and our goal is to test and devise strategies for filmmaker success on emerging online distribution platforms. Our distribution partners include iTunes, Amazon Video-On-Demand, Hulu, YouTube, Snag-Films, PBS Video, and several other video-on-demand services on cable.

In IndiesLab's first year, we focused on establishing and strengthening relationships with these new partners. We spent much of our second year placing great ITVS and *Independent Lens* titles onto these platforms. In year two, we learned that just because a film resides on a prominent platform does not necessarily mean it will break out. It turns out the keys to success are: first, making a film available digitally when it is most visible elsewhere; and second, support it by concentrated online marketing and smart, tight windowing.

This strategy aims to maximize revenue first while striving to reach the widest audience possible down the road. This year's season of *Independent Lens* gave us an opportunity to put our theories into practice. And we witnessed some extremely positive signs with Meghan Eckman's *The Parking Lot Movie* and its initial release on iTunes.

Meghan did the hard work months ago by hiring friend and social media consultant Howard Arnn after the film's critical praise at South by Southwest. Arnn's goal: to revamp her website with Facebook, Twitter, YouTube, and e-mail newsletter buttons to grow her core base. Short video was key.

Meghan says, "At several points along the film's career, we created a first-person video of me in our communications just conveying our strategy and telling the audience what we needed them to do. We told the audience that we're a small, independent film and we could use their help."

As we mentioned in previous case studies on *Beyond the Box*, we noticed iTunes appears to have a "virtuous cycle" where robust rentals and sales in the first few weeks help create a longer tail over time. So we recommended to Meghan that the most effective thing she could do is reach out to her fans and get them to rate and review the film on iTunes.

On the ITVS and PBS side, we deployed Google, Facebook, and PBS.org banner ad campaigns and Facebook fan outreach to promote the film's availability on iTunes. This resulted in millions of impressions for Meghan's film and tens of thousands of clicks to *The Parking Lot Movie's* iTunes page.

Meghan also kicked her network into high gear during the film's first week: "After the *Independent Lens* national broadcast on PBS, my e-mail list and Facebook fans doubled. So I sent everyone in my network another video and said, 'Even if you've already seen this movie and you liked it, help us make it a bigger hit, by renting it for \$2.99 on iTunes. I sent a movie poster to whoever rented it in the first week.'"

In the first month after its debut, *The Parking Lot Movie* cracked the Top 10 on iTunes documentary list for three weeks straight. Through grassroots efforts, Meghan and IndiesLab helped stimulate more than 81 ratings and dozens of reviews. In two short months, *The Parking Lot Movie* has sold or rented more than 1,300 units on iTunes alone. The strength of its iTunes performance also helped IndiesLab in its discussions to get the film on Netflix and cable VOD.

What we are learning at the lab is there is not a one-size-fits-all approach to a successful online debut, but creativity, collaboration, and coordination can really help kick-start an independent film's digital career.

LESSONS FROM THE LAB

36 **Art & Copy**

One of the more notable documentaries in our stable of IndiesLab films is *Art & Copy*, which recently aired on *Independent Lens* on October 26. In case you haven't seen it, the film pays homage to the groundbreaking advertising campaigns of the 60's and 70's in an aesthetically-pleasing walk down memory lane—in this case, Madison Avenue.

Art & Copy emerged on the scene in January 2009 at the Sundance Film Festival to generally positive reviews from critics and strong word-of-mouth buzz. The film made its way online onto iTunes in May 2010. Since its launch, we've spotted a couple of interesting patterns in this film's career on iTunes that you might want to consider when plotting out your online digital distribution strategy.

In an interview with IndiesLab and *Beyond the Box*, director Doug Pray said that he had no idea about the online possibilities for his film. "My attitude [toward digital distribution] was much more conservative and wary. One year ago, I would have been cautious and said, 'Oh know we're going to cannibalize this other thing over here.' Now, I'm just sitting back and going 'wow.' ... The old school rules aren't flying so much."

By the time the film appeared on iTunes in May 2010, its reputation as an elegant film worth watching definitely preceded it. *Art & Copy* began selling straight out of the gate with brisk sales—between 150 and 250 purchases or rentals per week. The film was consistently in the top five of our entire PBS Indies library for months; sales hardly dropped off.

Why? Well we noticed that the iTunes user interface seems to have a built-in "virtuous cycle" which helps best-sellers keep on selling. In iTunes, films or songs that sell well tend to float to the top. For example, our PBS Indies

iTunes page ranks our top-selling films first by default. Because of strong initial sales, *Art & Copy* always appeared as one of the top five thumbnails. This high placement, in turn, encouraged more sales. Eventually, *Art & Copy* appeared a few times in the Top Charts column.

So it behooves any filmmaker with plans to put their film on iTunes to concentrate any promotional, Twitter and Facebook power they have to the film's landing page. (You can find it by clicking on the Rent Movie bar and scrolling down to Get Link.) Filmmakers should encourage sales, reviews and ratings from their devoted community in the first week or two of the film's debut.

It also didn't hurt that Netflix CEO Reed Hastings actually chose *Art & Copy* as his demo film to showcase searching on the iPhone Netflix app at the Apple Worldwide Developers Conference in May as well.

Soon after its iTunes debut, the PBS team figured that *Art & Copy* shared some of the same glam-ad nostalgia that has made AMC's *Mad Men* such a nationwide obsession. So we sold iTunes on a limited promotional discount for *Art & Copy* to celebrate the *Mad Men*'s 2010 season premiere. *Art & Copy* began rotating in the main iTunes documentary carousel thanks to consistently strong sales. Lowering the price temporarily had a pronounced effect. Sales of *Art & Copy* nearly quadrupled for the duration of the promotion and were elevated for few weeks afterward. So, strategic discounting in narrow windows may also be helpful in stimulating a film's sales.

So bottom line: if you want a long-tail in sales on iTunes as a documentary filmmaker, do everything you can to create a large head during your first few weeks in debut.

