



## Cinema's boom and bust up year

Despite a potentially sensational line up of theatrical releases this year, the exhibition sector is shaping for a punch up over windows and DVD marketing, reports Sam Andrews.

Spiderman 3", "Shrek 3" and "Pirates Of The Caribbean 3", "Harry Potter 5", "Die Hard 4", "Fantastic Four 2", "The Bourne Ultimatum", "The Transformers", "The Simpsons", "Ratatouille", "The Bee Movie"....

Even for the most jaded movie industry executive, the list of films due for release this year should prompt an unsavoury degree of salivating but a rather unseemly spat has developed in the high stakes theatrical sector.

At issue is the decision by 20th Century Fox to crash the theatrical to DVD window on "Night At The Museum" to just 13 weeks — three weeks inside the generally agreed four month period in the UK.

Exhibitor anger was remarkably swift to surface. Cinema chains across the country pulled the Ben Stiller-starrer and, after an initial period of silence, Vue Entertainment's CEO Tim Richards publicly issued an ultimatum.

"As a consequence of recent events — and this is very uncharacteristic of Vue where we have always prided ourselves on our flexibility — we have regretfully had to draw a line in the sand at four months, which is the period at which windows have been reduced over the past few years," he told delegates to the recent RAAM Management cinema conference. "Four months is a calendar four months, which means 17 weeks, not 16 weeks." Richards, who worked in the home entertainment sector internationally with Paramount, was backed by Geoff Greaves of Cornish independent chain Merlin Cinemas.

"It is the edge of a slippery slope," he said. "A successful cinema release has always delivered the high impact platform and the high awareness factor that goes on to generate the enormous potential second tier of earnings from DVD, television, cable and all the licensing and merchandising. If we let this window shorten, it will very much be an own goal."

### Scenting blood

To some extent the UK cinema chains were scenting blood after a similar crisis in Germany saw the News Corporation-owned film studio climb down, but Fox's response in the UK displayed singular sang froid.

European theatrical chief Christian Grass told reporters that he saw the issue as a storm in a teacup. "We are not going to change the window," he said. "The decision taken on the window for this movie is based on seasonality and is a oneoff.

It was a Christmas release and we want to release it on DVD for Easter." Grass, it might be noted, was shortly to announce he was off to a production job at Universal Pictures.

Early DVD releases are not the only fly in the ointment as far as cinema owners are concerned.

Richards, again, took time to criticise the practice of advertising the DVD releases of a film that has just begun its theatrical run.

"If you go right now to most of the large online retailers of DVD, you will see movies being marketed almost day and date with the theatrical release," noted Richards.

"This cannot continue. We have to stop that. We have to give the consumer the choice to go and see the movie without being bombarded with messages that if he just sticks around and waits he can buy it on DVD much cheaper in the near future." The hardening of the exhibitors' stance may seem vaguely familiar to that of rental dealers a few years ago over two tier pricing but there is one crucial difference. Cinema exhibitors really can platform a movie and the distributors know it.

Take away the buzz factor derived by a theatrical release and multi-million dollar investments

are going to look rather sick, a fact acknowledged by Mark Batey of the Film Distributors Association.

"Cinema remains the heartbeat of the whole film business. As a launch pad a cinema release does add value in the ancillary platforms and it turns a film into a movie," he said.

Theatrical distributors certainly doff their caps to the notion.

Paramount Pictures International boss Andrew Cripps underlined the importance of cinema but with a delicately put caveat.

"We are a theatrical distributor, we believe in the sanctity of the theatrical marketplace and we work with our exhibition partners in trying to come up with something that works for everybody," he said.

"I do think the recent experiences in Germany and now the UK are unfortunate for the industry and I don't think it helps when you have all this stuff written in the press.

"I personally believe there has to be some flexibility built into the system. I'm not sure what the solution is and I perfectly understand about the desire to maintain windows.

"We're a big supporter and proponent of windows."

### **Bigger problems**

But exhibition has a bigger problem than windows, according to Batey. Ofcom, he revealed, calculated last year that the average UK household spent £1052 on communications — that is telecoms (mobile and fixed), television (licence fee, Sky, Cable etc) and the internet.

"The average UK household spend on cinema tickets last year was £30," he added. "It's about 3%, that's all it is." UK consumers, Batey said, are facing myriad choices for their money. Alcohol, websites such as YouTube and the 150 million or so cover mounted DVDs given away in the UK last year were all competing for consumers' time and income.

"That's the equivalent of six for every household," he said. "They were free of charge and that's clearly had some influence on the perceived value of film." For Millard Ochs, the veteran head of Warner Bros. Cinemas International, the answer to the threats was simple. People want to know they're going to have a good evening out, he said. "They just gave you a lot of money to be entertained and if you treat them as if they are coming into your own home — and you do that to every single customer — the business would grow tremendously. But if it is sticky floors...you'll kill the business."

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