



## EUROMED AUDIOVISUAL III

EU funded Programme  
Regional Monitoring and Support Unit

### Euromed Audiovisual Programme

#### Minutes of the workshop on distribution, Dead Sea, July 5-6, 2012

The Euromed Audiovisual Programme organised a meeting to bring together South Mediterranean film distributors and European sales agents to discuss the present and future of the distribution sector in the region, given the profound financial and technological changes in the sector.

The seminar was held on July 5 and 6, 2012, on the Dead Sea in the presence of some 30 South Mediterranean distributors, several European sales agents, and a dozen of experts.

#### Day 1

Valerio Caruso, RMSU Team Leader, introduced the discussions, focusing on the peculiarities of the film distribution industry today and the need to think about the future of the business. Today, the distribution market faces several challenges:

- The increasing concentration and integration of distribution companies
- A deterioration in film exhibition conditions (P&A, the increase in the cost of publicity and advertising, a faster turnover...)
- A decrease in revenues from second markets (DVD, television)
- New challenges, such as the arrival of digital cinema and competition from the video-on-demand market

Euromed Audiovisual held this first meeting to reach several objectives:

- To reflect on the modalities of creating a distributor network in the South Mediterranean
- To present several examples of existing networks and their successful working methods
- To present the latest developments in theatrical distribution in Europe and the South Mediterranean
- To encourage exchange between European sales agents and Mediterranean distributors, through presenting line-ups of European and Mediterranean films

**Adeline Monzier**, General Director of **Europa Distribution**, started the seminar by presenting this network of European distributors. Europa Distribution was founded in Cannes in May 2006. **The network is made up of 120 distributors** from 26 countries from the heart of the European film industry, and is notable for its strong cultural diversity and lack of any association with television channels or telecommunication groups.



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The idea to create such a network was born of **a critical lack of representation of independent distributors at European level** and a **serious lack of connections between European distributors**, despite them releasing the same films.

The network started with 25 members and a membership fee of €500 per member. At the time of its creation, the network only had one person working part-time on its administration. After 6 years, the membership fee is of €1,000 per member and one person works full-time on the network's administration.

In 2009, the European Union's MEDIA Programme awarded the association two grants for its networking activities, notably workshops at film festivals and the creation of its online film distribution database CIDINET.

Europa Distribution mainly works in four areas:

1. **Lobbying** international and national authorities
2. Organising **seminars, training sessions, and meetings with other countries at European and international level**
3. Organising **working groups** on topics such as video-on-demand clauses, distribution contracts, and royalty statements
4. Providing support to European distributors for their non-European releases (funded by the MEDIA Programme)

The network has enabled distributors to share knowledge and experience of different markets, as well as to work together more, **sharing promotional and technical material for better distribution strategies and increased cost saving.**

In the second presentation, **Mohamed Shawky Hassan** presented the Network of Arab Arthouse Screens (**NAAS**). NAAS is a network of independent **arthouse cinemas** and **cultural institutions** united by the common goal to develop cinema culture across the Arab world.

NAAS was created in response to several aspects of the region's distribution market:

- The limited resources of arthouse cinemas and film societies
- Common challenges for distributors across the region
- A common language (or common languages) as a strength to exploit in the region
- The absence of an alternative distribution platform
- The need for a mediator between distributors and independent screens

NAAS offers different services, including:

- Online and offline training opportunities, as well as professional advice and consultancy
- Free and discounted touring programmes
- Regional and international networking opportunities
- Promoting members' activities and achievements to NAAS' international network through the network's website, monthly newsletters, and an annual report
- Sharing news, resources, and good practices



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**Erik Gonzalez** then presented **La Red**, a network of seven distributors based in Latin America. The idea was presented back in 2009 during a training workshop organised by Europa Distribution in Toulouse. Distributors who had been invited to take part in the workshop wanted to create something more concrete. In 2010, a distributor network was created as a result.

The starting point was the fact that Latin America countries are considered territories without interest by the independent sales agents. **The idea was then to join together to become financially interesting.**

The network was created to meet very specific objectives:

- To pool marketing, distribution, and translation costs
- To divide the work time among the members
- To distribute films at risk and to diversify the offer
- To exchange methods, know-how, and experience
- To increase each member's visibility

La Red is an informal association. Members choose the films that they will distribute together. Each member establishes the amount that they are ready to invest for each film, and seeks funding for the distribution network.

There are, of course, several difficulties, namely:

- A lack of funds to support an administrative structure
- The region's audiovisual institutions' unwillingness to cooperate with each other
- A competition in a large territory
- A wide gap in the size of markets
- A variety of print formats
- A lack of previous experience in network distribution
- Differing personal tastes among network members

Next, **Tess Renaudo**, presented the **European Distribution and Exhibition Network (EDEN)**. Founded in 2011, the network was developed in the context of Cinemalab with the support of ARCALT (Association des Rencontres Cinémas d'Amérique Latine de Toulouse) and the European Union's MEDIA Mundus Programme.

The initiative's objectives are similar to those of La Red:

- To work together to distribute quality Latin American films
- To explore alternative exhibition platforms
- To develop and consolidate wider cinema audiences
- To share experiences, knowledge and ideas
- To share financial expenses

Challenges have included the very different background of members and countries involved, and deciding how to spend very small budgets.

Several Latin American movies have been distributed since 2010, like *Las marimbas del infierno* by Julio Hernández Córdón. Each selected title must be distributed for a minimum of three territories covered by EDEN. For example, Córdón's film was distributed in Lithuania,



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Croatia, and Spain, based on a 2-year contract for its theatrical, non-theatrical, video-on-demand, television, and new media distribution.

The EDEN network has confronted several difficulties, including:

- Low admissions on theatrical releases and low income on non-theatrical distribution
- The network's lack of financial viability without funding
- Member's difficulty agreeing on titles

In the future, the EDEN network intends to distribute films for a larger audience and to broaden its database of members, according to Renaudo.

**Ivan Hronec** presented **Film Europe Channel**, the first European pay television film channel to exclusively offer European films.

The channel was launched by Film Europe, a media company based in Prague with expertise in financing, developing, producing, distributing, selling, and broadcasting European films. In November 2011, Film Europe started regular broadcasting on Film Europe Channel, Europe's first pay television film channel to exclusively show European films from almost all 50 countries in greater Europe.

Film Europe offers business partnerships to European producers, distributors, content providers, and festivals. The company cooperates with European, Asian-Pacific, and other international television broadcasters, including cable, satellite, IPTV, and new media operators and distributors, and it is looking to cooperate with Mediterranean partners.

In the morning's last presentation, **Loïc Magneron** then presented **Eye on Film**, a new business model for the promotion, circulation, and distribution of first and second feature films. The project is financed by the European Union's MEDIA Mundus Programme.

Eye on Films is a network of 70 international partners, including 40 festivals and 30 distributors. The project selects a dozen of recent first or second feature films (fiction, animation, feature-length documentaries) that have never been screened or released outside their country of origin, and then ensures their circulation in partner festivals and commercial exploitation via partner distributors in Europe and third countries.

In an increasingly challenging distribution sector, pooling communication and visibility costs for a film's distribution can be a great advantage, said Magneron.

In the first presentation of the afternoon, **Pascal Diot**, the newly-nominated director of the **Venice Film Market**, spoke about the market.

The the 69th Venice International Film Festival's Venice Film Market will be held on the first floor of the Excelsior Hotel of the Lido di Venezia between August 30 and September 3 this year, to avoid competition with the Toronto International Film Festival.

Up to 100 distributors from all over the world have been invited to attend the film market. The event will feature a digital video library, an industry business centre, and an industry club for producers, buyers and sellers to meet, besides its exhibition area.



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Diot is also the director of the Dubai Film Market that features a Distribution Award for distributors of Arab feature films and documentaries.

**Loïc Magneron (Wide), Frédéric Corvez (Urban) and Nelleke Drissen (Fortissimo)** next presented different strategies for distributing and selling films.

The Cannes Film Festival is the most important event of the year for distributors and international sales agents, they argued, since it gathers the greatest number of business people and film professionals compared to other similar events. While the American Film Market is mostly a film market and the Venice Film Festival is mostly a film festival, Cannes successfully manages to combine the two.

The speakers agreed that distribution strategies are changing. Whereas previously most directors attracted people's attention with their fourth, fifth, or sixth film, today the same is possible for a first or second film. For example, a Japanese distributor might easily point out an amazing film with a simple phone call, or distributors can buy the film online for \$200, receive the DVD 48 hours later, and suggest it to a festival's selector.

"It's a big mess, explained Magneron, "because if we have seen it, lots of people other might have seen it too! That's the big difference. Things are getting quicker and quicker."

**Pascal Diot** then moderated a discussion on negotiating with international sales agents, during which several important points were made.

1. A lack of sales agents in South Mediterranean countries impedes the exposure of South Mediterranean films at film market and festivals.
2. South Mediterranean distributors need to expand their professionals' networks to include major players at film markets and festivals.
3. Arab films are sometimes hard to sell because of the low quality of their screenplay.
4. Several South Mediterranean distributors found the process of negotiating and finalising contracts with sales agents very long, and said that they were not taken seriously by the European sales agents.
5. Distributors should seek to acquire all new media rights (Internet, video-on-demand, mobile) to a film. This is a new area, and distribution company's legal departments should take a great deal of time to analyse all possible related issues.
6. Some South Mediterranean distributors do not understand the international film market and film sale policies in other territories. Euromed Audiovisual can play an important role in informing and training these distributors.



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- Audiences are moving towards alternative platforms, and it is becoming increasingly difficult to promote a film's theatrical release. New concepts, festivals, and small events should be created to draw these audiences back to cinemas

Up next was **Jonathon Perchal (Artificial Eye)**. The distributor discussed current industry trends for independent distributors, then discussed the main elements necessary in any distribution agreement.

Today, films compete with many other sources of entertainment, including books and magazines, the radio, video games, the Internet, mobile phones, and sports.

Revenues in the film industry are increasingly generated by a few titles only, as up to 5 % of titles generate 90 % of the profits. Nevertheless, niche hits are becoming commercially more rewarding than blockbusters.

Distributors need to increase and widen their scope to succeed on different platforms. Distributors, even in Europe, do not have the capabilities to invest minimum guarantees anymore. Advertising revenues and government funding are decreasing, while broadcasters feel less obliged to fund independent film productions.

The positive new factor is that new platforms and channels want to enter the distribution market and are therefore ready to invest (in and buy programmes as there is increasingly more competition to attract an audience).

Perchal then presented the main elements to be included in a contract for a film's distribution: "At least the title, cast, director, writer, running time, whether shot on 35mm or high definition... Extremely important are the rights to terminate."

Distributors want to pay minimum guarantees as late as possible, and sales agents want to be paid as early as possible.

When the film has not been made yet, the minimum guarantee is typically between 10 to 15% on signature of the long form agreement, 10 to 15% on the start of principal photography, and then the remainder on delivery and acceptance of the materials.

The distributor shall have the right to create any additional materials for the purpose of advertising, publicising, marketing, and promoting the Film.

Perchal concluded his presentation with a note on the costs of digitisation: "The new digital world was supposed to save everyone costs and allow greater freedom with filmmaking, but the reality very different, especially during the conversion period."

**Sophie Juin (Bac Films)** then concluded the first day with an extensive description of the deliverables and technical material a distributor must request from the producer.

Today every aspect of film production, post-production, and distribution is driven by digital technology, and it is getting even worse as HD means so many different things to so many different people, she explained.

Day 2



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The Euromed Audiovisual film distribution workshop's second day started with **Menem Richa**, Europa Cinemas network coordinator, presenting the network's international support scheme.

Since 2009, Europa Cinemas International has been offering support for theatrical programming, based on the exchange of films between non-EU and EU countries, within the MEDIA Mundus framework, with the following goals:

- To develop the market and audience for European films in non-EU member state cinemas by providing technical and financial support to the exhibitors for their programming efforts, and to develop the market and audience for films from eligible countries outside MEDIA in EU member state cinemas, by providing technical and financial support to exhibitors for their programming efforts.
- To bring together cinema professionals in an international network to improve the visibility of European productions and productions from eligible countries outside MEDIA, and to increase their circulation.
- To foster a policy of trade and partnership between exhibitors in all these countries through professional meetings and joint projects, targeting younger audiences in particular.

This project includes countries in Asia, Latin America and in the South Mediterranean.

A **screening of European and Mediterranean trailers** followed this presentation.

Three European sales agents -- Urban Distribution, Wide, and Fortissimo -- presented their line-ups of recent movies, including Marjane Satrapi's *Gang of the Jotas*, Faouzi Bensaidi's *Death for Sale*, Safinz Bousbia's *El Gusto*, Jung and Laurent Boileau's *Approved for Adoption (Couleur de peau: miel)*.

These European sales agents then watched a selection of trailers for Mediterranean films without any sales agent, including Michel Ghosn's *A Man of Honor*, Lara Saba's *39 Seconds*, Hicham Lasri's *The End (Al Nihaya)*, and Wissam Charaf's *It's All in Lebanon*.

Finally, a general wrap-up discussion highlighted participants' needs and outlined the general structure for a distribution network of South Mediterranean distributors.

All the participants agreed on the fact that the two-day workshop was extremely useful to meet each other in person, and explore new ideas on how to work together. Participants asked for further coaching sessions from the Euromed Audiovisual team to establish a real network of distributors to better make use of international markets and festivals.

Pascal Diot suggested follow-up sessions at the Venice and Dubai film markets to:

- Further outline the main issues of challenges to film distribution in the region:

- Clarify the objectives of a South Mediterranean distribution network
- To share knowledge and experiences at Mediterranean level
- To lobby national institutions and the European Union



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- To organise training workshops on specific topics
- Define the distribution network's legal structure:
- Should this network be a non-profit organisation?
  - In which Mediterranean country should it legally be based?
  - What board of administration should it have? Should it have a president or a co-presidency?
  - What should its statutes be?
- Define the new network's image:
- What should the network be called?
  - Should the network have an honorary president, such as a well-known filmmaker from the region to give it a voice?
  - What logo should this network have?
  - Define the network's coordination and representation
  - Define membership targets, criteria, and fees

All participants agreed that local and international broadcasters, as well as concerned government institutions, should be invited to a next meeting.

Many participants proposed that Euromed Audiovisual organise a further meeting to continue these discussions, to anticipate trends in the distribution sector, and to work on new financing and business models.

A majority of participants agreed on the creation of a South Mediterranean film distributor network to give them a common voice and to represent their interests at international level.

All participants agreed to lobby international organisations, to stress the challenges facing the industry.