

3. The Hurdles in programming Alternative Content



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I'm a projectionist and technical manager, working at Mustsee Delft and I've specifically been hired for my knowledge of digital cinema. That's because in my second job, as a journalist writing about the cinema industry, I've been following the rise of digital cinema since 2001. I've also organized a number of digital cinema events and I have recently launched the premier Dutch website on D-cinema, www.cineserver.nl

I've entitled this piece 'The hurdles in programming alternative content', because I think that when cinemas start exploring this topic they come across technical, financial and even mental matters that could hinder their advance in this field or even make it come to a grinding halt. This article isn't particularly technical, but I hope that it will help you to appreciate some hands on experiences of starting out in the field of Alternative Content.

First let me explain about the digital cinema situation in The Netherlands. We have about 30 2K screens in this country, with all chains having 1 or 2 cinemas with a few pilot installations. Up to now we have seen no roll out of any significance, though this might change in the coming months.

When the Mustsee cinema in Delft was opened 2 years ago, we were the first cinema in the Mustsee group with digital projectors: one in the main auditorium and one in a medium sized screen. The only cinema that I was aware of having any experience with alternative content was the Luxor Hooerveen, an associated cinema in the north of the country. Talking to them didn't make us very happy. They had for instance been offered the European Championship soccer 4 years ago for 25,000 Euros, which they'd kindly declined. And they had played a pre-recorded concert of Marilyn Manson to no more than two paying customers.

So for a while we didn't do too much with the projectors, apart from getting acquainted with them and trying to get to grips with all the faults and bugs that were still in the projectors and servers. We hardly played any movies on them, as there simply weren't any digital movies available in this territory.

First steps into AC

With our booker concentrating on features, I was allowed to venture into the wonderful world of alternative content or Other Digital Stuff. Apart from Euro1080, the first European HD channel that also does broadcasts to cinemas, I wasn't aware of any company offering this kind of content. This is true for most exhibitors: I sometimes say that we in exhibition have only one address book and it only contains the names of the film distributors. This is the reason why in the near



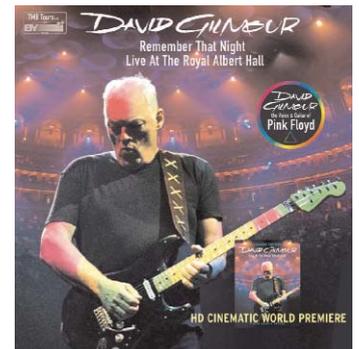
Mustsee cinema in Delft.

Photo credit: Roloff de Jeu

future they will also start offering alternative content; to them it's only another kind of content for which to broker the rights.

Learning lessons

So what to do? You could take a look around D-cinematoday, but in my experience it's also good to regularly check the websites of International exhibitors. So one day on the website of the British exhibitor Vue I came across the announcement of Dave Gilmour live by satellite. We didn't have a satellite connection back then, but I also decided that this Dave Gilmour wasn't for us. I mean some guy from the seventies that we hadn't heard from for ages? The show did play at Pathé Tuschinski and Cinemec Ede and sold out, in Cinemec even on 2 screens. I've since learned that old rockers are big business, especially since their fans are generally somewhat older and don't mind spending some money, which is nice for us exhibitors. Another lesson is that we in exhibition know a lot about movies, but that's about it. So when working with alternative content, but also with gaming, it's good to have a partner organization with knowledge in that field. So now when I get offered rock concerts, I visit my local record store and ask the owner how well this act sells. I then also phone a friend who is a rock promoter to enquire about the act, and with both their inputs I can save myself disasters like with Dave Gilmour.



Later on, also on the Vue website, I came across Take That live from the O₂ in London. I could see the commercial potential of this event and rang my contact at Vue to express my interest in this project. At first he seemed willing and told me the conditions, but later on it became clear that Pathé, the major exhibitor in The Netherlands, was also talking to him. Pathé wanted to bring the Take That event exclusively to their site in The Hague. I argued that Take That are big enough an act to bring to two sites in a country of 16 million people, but that didn't work.

So that was another lesson: while the distributor of Harry Potter wants to carpet bomb every territory with his film, alternative content doesn't work like that. Exhibitors sometimes want to claim exclusivity, in an attempt to distinguish themselves from the rest. Of course this is an emerging market, and conditions and arrangements still need to be tried out.

I did in the end buy a ticket for Take That at Pathé Buitenhof and - not being a fan myself - it was good to see the fans standing up from their seats during the show and singing and dancing along. The best thing however and one of my cinema experiences of last year was before the actual show started, to see the wave go through the O₂ venue in London and continuing in the cinema in The Hague.

Revenue implications

Let me at this point say something about the general expectations of how alternative content can add to our revenue. The example above with two exhibitors fighting for Take That is in my view exceptional, basically because the focus of exhibitors will remain on screening movies. Expectations are that alternative content will not add more than 10% to the box office. Having attended Cinema Expo and other trade shows since the year 2000, I know how manufacturers have stressed again and again how much more money exhibitors can earn with digital projectors, using them for seminars and the like in the dark hours in the morning. Well, I can tell you that the Mustsee Delft cinema is certainly not full in the morning, it's just the cleaning ladies at work.

To illustrate this point, let me tell you about a recent project. I got a phone call from a UK company offering a live rock concert by satellite. In order to be able to bring the event to The Netherlands, they needed to convince the record company of the band that there was sufficient interest in this project with Dutch exhibitors. Thing was that they didn't know all the digital cinemas in this country, so there I was phoning our competitors enquiring if they were interested in screening this event. It turned out that some of the early adopters, that had been the very first to install the equipment more than two years ago, had never been offered alternative content at all, and had not ventured into this field themselves either. This astounded me.

There is more to AC than money

Later on, when these cinemas had their satellite equipment installed, they wrote me an e-mail enquiring where they could get certain alternative content. They'd made some calculations with costs, ticket price and number of admissions, which covered my whole computer screen. My reply to them was that starting out in alternative content should be a commitment more or less regardless of money. This period should be utilized in gaining experience with the equipment, with finding an audience for this content, getting your ticket price right etc. Any money you lose, should be regarded as the cost of gaining experience in this field. To say it another way, you should turn a mental button about wanting to venture into this field.

In some strange way when talking about alternative content people always end up talking about opera. We at Mustsee were always a bit hesitant when opera came up. We thought we know how to reach movie lovers, but how will we reach opera lovers and convince them to come and see opera in the cinema? Last year we were offered The New York Metropolitan, but had to

commit to 8 transmissions right from the start. Having at that time no experience whatsoever with alternative content, we decided to let it slip. How wrong could we be...

When we were offered live opera by the Italian company DDCinema late last year we decided to give it a go, as the only group in The Netherlands. We have up to now done four live operas from various locations like Venice and Madrid and especially in Mustsee Delft it has been a great success: our highest number of admissions is 270 people, proving that exhibitors tend to be more conservative than their customers. However, to make this kind of content a success takes a lot of work. In exhibition we're used to open our doors when we have the new Disney movie and people will just turn up to come and see it. Alternative content really is something else. Especially in mainstream cinemas, marketing is regarded as something that is done by the distributor, and a cinema marketing manager is seen as something of a luxury. For alternative content to work, this attitude needs to change.

Live Sport

We have had some interesting experiences with live sports here. Let me start by telling you why we decided not to screen the Euro2008 soccer tournament. I visited Euro1080 in Belgium together with our CEO a few months before the tournament, where we discussed this. They offered us a good price and we expressed an interest in screening it. However, as time went on and they were finalizing their agreement with UEFA, hesitation grew. It appeared that matches would be broadcast with English commentary - so not in Dutch. Also, when it was finally offered to us, it was already just a few weeks before the start of the tournament so there was hardly any time to prepare. And thirdly: here in the Netherlands, every bar has big football matches on TV or a big screen for free, so it would be hard to compete with them. In our view alternative content that is live should be exclusive; otherwise it's better to leave it.

Formula 1 is something that we often talked about, but never thought we'd be able to show. Word had it that Bernie Ecclestone, the boss of Formula 1 had objections to it being shown in cinemas. Much to my surprise at the end of last Formula 1 season, I suddenly saw it featured on the website of Odeon Cinemas in the UK. It wasn't easy to get in touch with the company that brokered the rights to the races, calling it 'F1 in Cinema' and when we did, their conditions were not like what we're used to in exhibition. They asked a contribution towards satellite costs of 1000 Euros per race which therefore acted as a minimum guarantee plus a 50/50 ticket revenue split on top of that. This is something that I've noticed with companies that offer alternative content: their financial demands can be quite out of



Formula 1 screenshot in cinema

this world. I already mentioned the 25,000 Euros that was demanded for the World Cup soccer and at another instance we were offered live opera at a flat fee of 1500 Euros per screen. Another company argued that there were so many players involved in a certain project to legitimize the quite exceptional revenue split that they demanded.

The first Formula 1 race that we screened was the race in Spain, the first European race of the current season. The deal came about only 10 days or so beforehand because of long negotiations, but also because of the contract that was sent to us. It was so lengthy that we had it checked by our solicitor: again, something that we are not used to in this business. A little over 100 people turned up at the Mustsee cinema for this first race, which was a number that we could live with, but we'd had higher expectations of Formula 1. Problem was that 'F1 in Cinema' didn't provide us with any promotional items like regular distributors do. We'd advertised in the local newspaper and on some Formula 1 websites, but apart from that we hadn't been able to produce any promotional items like flyers, as 'F1 in Cinema' had to okay them all...and they didn't. Also we weren't allowed to use the name Formula 1, but had to call it F1. Thereby we had to use the 'F1 in Cinema' logo on all our announcements. We could buy the official Formula One photos but everything that Mustsee produced at our own costs got rejected. This matter dragged on for weeks and weeks, to the point that we started to think 'hey, it's also in your interest that we promote this thing and make some money'. Some people have said that we should have made a joint promotion with broadcaster RTL. For one, I think this has only any chance of being accepted when you have a good spread of cinemas showing the content. With our four digital Mustsee cinemas showing Formula 1, I think our chances would have been very low. On the other hand, this is hardly a tried and tested concept in exhibition; cross media promotions coming from cinemas themselves are few and far between.

Looking at the survey that we did with the Formula 1 audience, it turned out that they missed a decent preshow looking ahead at the race and that they missed the Dutch commentary by Olav Mol, who works for broadcaster RTL, F1 in Cinema only providing English commentary. Subsequently for the next race from Turkey, we had a smaller audience, also with a small number of returning visitors, which bothered us. So what could be the reasons for this. The audience might not have liked what they saw: I can tell you that Formula 1 on the 17 meter screen in Mustsee Delft's main auditorium, with 5.1 sound is quite something. It is however only 720p and not 1080i like the operas that we showed. The reason for this is that for fast movement you need progressive pictures, interlaced would look bad. And apparently 1080p is not currently possible over a satellite link. However, when one of my colleagues used his videoscanner to produce a split screen with the regular broadcast signal from RTL, he was amazed to discover that there was hardly any difference in the image quality.

Getting the price right

Secondly the price might have been an issue. We charge 15 Euros admission, which is almost double the price of a regular movie ticket and some might consider this expensive. However, they don't realize that we got offered this content at 1000 Euros satellite cost per race. On the other hand it should be said that we're having a hard time getting our admission price right. In cinema we're used to charging 8-9 Euros, but opera lovers are used to spending much more. After much internal discussion we



Formula 1 promotion outside cinema with car decorated by 'Miss Drenthe'. Photo courtesy Luxor Theater Hoogeveen

now charge 21.50 Euros for live opera, but for instance Pathé charge 32.50 Euros. And if people are willing to pay...

Technical difficulties

The second race turned into a major disaster as during the race our signal deteriorated, up to a point that we had to cancel the show and refund all the tickets. It turned out that our satellite guy had mixed up 2 satellites and that our dish was pointed a fraction off target. This time it was our fault, but to cinema people live events are very scary. We're used to having the film, our equipment and the knowledge of how to use it all in house and if something goes wrong, we can generally fix it ourselves. With satellite, you have to say a little prayer as it's all in other people's hands. If some guy in Italy or wherever pulls the wrong plug, it's over and out. Getting to grips with satellite equipment, video scalars and external sound signals is also an art in itself. In Mustsee Delft we're now up to our third upgrade of the satellite installation: after having started with just a fixed installation, we had a motor added, then a back-up dish and now we're looking at an upgrade of the whole system, with a new receiver and cables. Knowing nothing of satellite whatsoever, it's a strange feeling venturing into the world of LNB's, different kinds of receivers and the likes. Starting out in alternative content, an exhibitor has no idea where to get his equipment and what to buy. Once you have a dish installed, it quickly emerges that your demands change, for instance if you're screening from multiple satellites and you have to upgrade the equipment. But if you have a problem with the equipment, it's hard to find out who to believe in getting the matter resolved. Some will for instance say that a small dish is good enough for good reception, while others will claim that there is a huge difference between a 1.1 and a 1.2 meter satellite dish. And then we haven't even started to discuss the wonderful world of video signals and video scalars, but that's worth a whole article in itself.

I hope that I've been able to give you an inside look into to the pitfalls and hurdles to take when cinemas enter the arena of alternative content. To some, they seem so huge that they never even start screening it, but when they do decide to give it a go and the hurdles are taken successfully, screening alternative content can be quite rewarding.

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This article is based on a presentation at the ICTA technical seminar June 22nd 2008 in Mustsee Delft. ICTA, the International Cinema Technology Association, is an organization of hardware manufacturers for the cinema industry, designing equipment that gets used day in day out by projectionists in cinemas.