

**Evaluating the impact of an integrated supply
chain on the process of marketing European
feature films**

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*To my family, who have taught me never to give up, no
matter how tough things get.*

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Abstract

The film industry in Europe is characterised by a fragmented supply chain. The film market is historically dominated by films from the United States, leaving little room for other national cinemas. In this context, film marketing suffers from the same illness as the rest of the industry in that US companies enjoy dominance over the market.

This thesis provides an historical analysis of the film industry and inherent marketing practices in order to explore the interplay between supply chain management and the film marketing mix. In particular, the thesis draws upon relational concepts of trust and exchange relationships, bringing marketing approaches in the field from macro and micro levels to a multi level analysis involving micro, macro and meso level considerations.

Drawing on an empirical case study, documentary analysis, policy analysis and participant observation, the thesis reveals that supply chain management is necessary in order to create an environment conducive to the formulation of an appropriate film marketing mix. It shows that there is interdependency between the market structure and the individual choices which marketers can make in formulating the mix. In response to the constraints of the current market structure, supply chain management offers independent film marketers a method of improving the chances of success for their films in the market. Integrated supply chains can facilitate a development of relationships leading to enhanced trust. The existence of such trust has been shown to increase understanding and the flow of information between the members of the supply chain which in turn ensures consistency in the marketing offering.

This thesis contributes to the current film marketing literature by bridging the gap between the overtly contextual explanations of the domination of the film industry by Hollywood with individualistic explanations of marketing strategies which fail to recognise contextual elements. This research has policy implications at regional, national and supra national levels. Namely, it would seem beneficial for policy makers to concentrate on building relationships between film industry professionals in order to develop levels of trust and mutual understanding. In this way, virtual rather than vertical supply chains can be created within the film industry.

List of publications

Edited Books

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Journal Articles

Kerrigan, F and Özbilgin, M (2004) "Film Marketing in Europe – Bridging the gap between policy and practice" **International Journal of Non-profit and Voluntary Sector Marketing**. August, vol. 9(3):229-237(9)

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Kerrigan, F (2004) "Issues of Trust in the Marketing of Films", **British Academy of Management Conference**, St Andrews University.

Schafer, A and Kerrigan, F (2004) "The Social Responsibility of Industries", **20th EGOS Colloquium**, Ljubljana University, Slovenia.

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Kerrigan, F and Özbilgin, M (2003) "Marketing of film: an ethical and social overview", **British Academy of Management Conference**, Harrogate.

Kerrigan, F (2002) "Does structure matter? An analysis of the interplay between company structure and the marketing process in the film industry" **Competitive Paper, Academy of Marketing Conference**, Nottingham.

Kerrigan, F and Özbilgin, M. (2002) "Educating Rita or Freeing Willy" (2002) **Competitive Paper, Academy of Marketing Conference**, Nottingham.

Summary of Abbreviations

| | |
|----------------|--|
| BFI | British Film Institute |
| EAO | European Audiovisual Observatory |
| EMDA | European Media Development Agency |
| EU | European Union |
| FPRG | Film Policy Review Group |
| GATT | General Agreement on Tariffs and Trades |
| GFC | General Film Council |
| MEDIA | Mésures pour encourager le development de l'industrie audiovisuelle |
| MMC | Mergers and Monopolies Commission |
| MPPC | Motion Picture Patents Company, also known as The Trust |
| MPAA | Motion Picture Association of America |
| NAACP | National Association for the Advancement of Colored People |
| NFFC | National Film Finance Corporation |
| NPD | New Product Development |
| PACT | Producers Association for Cinema and Television |
| P&A | Publicity and Advertising |
| RAS | Recruited Audience Survey |
| SPD | Sequential Product Development |
| UK | United Kingdom |
| UKFC | United Kingdom Film Council |
| US | United States |
| USP | Unique Selling Proposition |

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PROLOGUE

The purpose of this thesis is to investigate the impact of supply chain structure upon the marketing process in the film industry and evaluate the role which can be played by policy makers in improving the film making and marketing environment for film makers in Europe. This research was initially inspired by my work at the European Commission's MEDIA Programme which is responsible for supporting and developing European Audiovisual Industries. This prologue consists of an account of my first day at the MEDIA Programme as events during this day, combined with the early literature review incorporated into chapters two and three, later influenced my research design and choice of methodology.

It was the first day of my stage (placement) at the European Commission's MEDIA Programme in Brussels. I was familiar with the MEDIA Programme as I had written my Masters dissertation on audiovisual policy in the European Union, but did not know what would be expected of me in my role at the MEDIA Programme. After meeting my colleagues, I was shown my office by the then Head of Development at MEDIA, Gisela Gauggel-Robinso, handed a lengthy report from a British consultancy firm and told to read it and prepare notes for a meeting later in the day with the principal consultant and Gisela. Not quite the gentle induction I had expected. The report had been commissioned in order to gain an understanding about expenditure on feature film development in all of the member states so that this information could influence the development of European level policy in the area. Development had long been neglected by European filmmakers and was gaining increasing interest from policy makers.

As I started reading I was torn - here I was in my first day as a "trainee", feeling very much the new girl with little real knowledge of the film industry - but yet I felt there were real problems with the results of this research. The development figures that were quoted were not credible for various reasons. Some were very obviously untrue, the expenditure on development exceeded the total expenditure for the project when it had not proceeded out of development. For others, the development costs were far too high a percentage of the final budget and the third group cited almost no development expenditure despite long development periods. The further I read, the more incredulous I became that these results were being presented as fact. While I had little doubt that the questionnaires used had yielded such information, understanding the secretive nature of film production finance, I was surprised at the research method chosen. In an industry built on precarious piecemeal finance deals, exploitation of taxation loopholes and complex profit sharing, sending out intrusive questionnaires on behalf of the European Commission to the film production companies of Europe was bound to fail. In order to solicit this type of information, there must be assurances that the research is entirely confidential; that the information will be used in order to improve support for development of feature films in Europe and that the research was being undertaken by trustworthy individuals.

I saw the impending meeting as both terrifying and a chance to prove myself, although not knowing what my new boss thought of the report caused me anxiety about how honest I could be in my evaluation. She called me to her office shortly before the meeting and we had a few minutes to discuss the report. I cautiously shared my reservations but decided to play them down until I gauged her reaction. Luckily she had similar views to my own and I was more confident going into the

meeting. When the consultant arrived, Gisela introduced us and said “Finola has some comments to make on the report”. I had no option but to express my concerns as to the validity of the findings and to question their triangulation of the results presented. The consultant admitted that his colleague who had originally been employed to carry out this research (and had, apparently, extensive film industry knowledge) had been taken ill and had to be replaced. It was agreed that the consultancy should try to salvage the study and collectively we decided that they should utilise the network of MEDIA Desks and Antennae, located in each member state, which were the communication point between the MEDIA Programme and film makers in each of the member states. As a relationship already existed between the personnel employed in the Desks and Antennae and the film making communities in their respective member states, a certain degree of trust could be relied upon. The MEDIA Desks and Antennae represented the interests of their member states, and due to this, could be trusted by the film making community.

The consultancy would contact a substantial proportion of the original respondents through the Desks and Antennae and they would be asked to provide the again. This procedure would ensure confidentiality for the respondents and it was hoped that this more personal approach would improve the validity and reliability of the findings. Once each local representation explained the purpose of the research, it was felt that there would be more understanding of the purpose and a greater willingness to communicate the actual nature of development expenditure both in terms of time and money. The consultant left and we informed the MEDIA Desks and Antennae of what would happen.

The activities of my first day, and my subsequent involvement with salvaging that research at the MEDIA Programme provided me with a lot of industry knowledge. I gained greater understanding of the secrecy and reluctance of people in the film industry to impart financial information to “outsiders”. I also began to understand more fully the slipshod enterprise of the development of feature films in Europe. Due to the independent nature of the companies involved, “development” meant scabbling around trying to get finance from somewhere to produce the film so that the producers could start getting paid for their work. Many legitimate development expenses were absorbed by those working in small production companies or individuals subsidising this project development by working elsewhere. Profits from previous films, if any remained after all intermediaries took their percentages, were not sufficient to provide adequate development funding for new projects. After months, or more commonly, years of slaving over a fresh idea for a feature film, to have to walk away and sustain the development losses may mean that subsequent films do not get made either.

Surely these issues were marketing concerns, no different from new product development in other industries? The process of getting a film to the market began right at the outset; from the formation of the idea for the film in the mind of the creative personnel and permeated all of the latter stages in the creation of a feature film. This was my starting point. Upon starting the PhD research process, it was necessary to draw upon existing film marketing literature and the wider film industry literature, as discussed in chapters two and three, in order to frame this research and to then go beyond this with my own study, in order to answer the research questions outlined in chapter one.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The prologue offers an insight into part of the motivation behind my thesis topic. This chapter synthesises the motivating factors, and sets out the context and contribution that my research makes to the understanding of the film marketing process. It also outlines the structure of the thesis, chapter by chapter. The thesis should answer a number of questions. This chapter will pose some fundamental questions, such as: Why this subject? Why is this important? How have I contributed to the body of knowledge in this area? How did I set about tackling the subject and what were my main findings? These issues will be elaborated upon through the course of this thesis. In posing and addressing these questions, previous research in the area will be acknowledged and my thesis set in context of this research.

1.1 Why this Journey?

One of the questions often posed to PhD students throughout their PhD journey is, "why are you doing a PhD?" I have provided various answers, depending on who has asked to the question, "why a PhD on marketing films?" The reason for the variation in answers is partly due to my mood at the time, partly due to the appropriateness of the answer to the questioner, but largely due to the fact that the reasons are many. In reality, my path to the door of the PhD has been long and may have seemed directionless, but many events and experiences have driven me in this direction.

The motivation towards pursuing my investigation of film marketing began to form at an early age. The frustration that I felt on my regular visits to my local video

rental shop was probably one of the earliest factors leading to my decision to undertake this research. Shelf after shelf was filled with films, each of which I had either seen (in the cinema, on television or had previously rented) or had vowed never to see for whatever reason. In addition to this, joining my University film society introduced me to the world of non-mainstream film, which, growing up in a small town in Ireland, had been denied to me. My local cinema fed me on a diet of blockbusters, which eventually made their way from the west coast of the US to the west coast of Ireland via almost everywhere else. Even in the pre-internet days, word of these films would filter through and we would wait in anticipation for them to make it to us. At this early stage, with a naive understanding of the process of film distribution, I was aware that if they were not successful in other territories, they might never make it to our screens. I often felt cheated by this distribution system as the tastes of others determined whether or not I would have the opportunity to see a particular film or not.

During the final year of my undergraduate degree in humanities, I wrote about post-modern film. Again I became fascinated with the number of high quality independent films from both sides of the Atlantic that failed to get an audience. Was this only due to audience resistance to subtitles, the emotional investment that many of these films demanded in order to enjoy them or was it just a matter of bad marketing and naive segmentation, targeting and positioning strategies? Or was it a clash of the titans with the heavily financed Hollywood marketing machines wiping out low budget competition?

The next stage in my life saw me as a constant consumer. Wherever I travelled I tried to see as many films as possible, trying to understand the subtleties of different national styles. At this stage I was purely a consumer. When deciding on my Masters dissertation topic, my fascination with film, both from a cultural and an industrial perspective informed my decision. I began to look at European film policy to try to understand why we in the West of Ireland did not get to see all those great films that I knew existed but never travelled outside their national borders. This led me to work in the European Commission's MEDIA programme, where I got to see European audiovisual policy being created and debated. As I was working in the development section, I saw how important and neglected this stage was in the whole process. So many films are made with no audience in mind, rushed through production without any thought to early publicity and abandoned without achieving substantial, if any, distribution. It was here that I developed my early ideas relating to "film marketing".

The prologue reported on my first day, and indeed my first task, at the MEDIA Programme. It was this experience which helped me to clarify some of the problems involved in investigating the European film industry. Firstly, how do you find those involved in the process? As the majority of European films are produced under very fragmented conditions, with small groups of individuals coming together on a project by project basis to work on the various stages of the film and then moving on to the next project, these individuals are hard to find. Who shapes the film? How do they manage the various stages involved in the production process under such conditions? Also, due to the nature of such fragmented filmmaking, where little profit is made, (and this profit rarely finds its way back to those who developed the film) accounting

practices in the film industry are both complex and secretive. All of these conditions make it very difficult for the film marketing researcher to gain access to this world and, upon gaining access, to gather reliable data. My work at the MEDIA Programme confirmed the importance of two of the elements of my theoretical framework, supply chain management and trust. Over the course of my research I concluded that these two constructs were in many ways interdependent. During my field research, these two factors consistently arose and therefore played a central role in my analysis of the film marketing terrain.

Up to this point, my personal interest had combined with academic enquiry in leading me to undertake a PhD in the area of the marketing of feature films. This thesis focuses upon feature films to the exclusion of other audiovisual products. Feature films are defined as films of greater than forty minutes which are made for initial theatrical distribution, i.e. release in cinemas (<http://www.answers.com/feature%20film>). My initial literature search revealed that this was a largely neglected area. The main focus of the limited literature that did exist, was concerned either with audience studies (eg. Austin, 1981a, 1981b, 1982; De Silva, 1998) or predictive economic modelling of box office success (eg. De Vany and Walls, 1996, 1997, 1999; Elberse, 1999; Eliashberg and Sawhney, 1994; Eliashberg and Shugan, 1997), based on a number of variables such as the previous box office performance of similar films, the performance of the main stars, the genre, the time of release and so on. In addition to this were the inevitable and useful “how-to” manuals (Durie 1993; Durie et al. 2000; Goldberg, 1991; Lukk, 1997) as well as historical accounts of the formation of the early industry (eg. Barr, 1996; Bowser, 1990; Chanan, 1980; Dyer McCann, 1987; Gomery, 1991; Jacobs, 1968).

All of these sources were valuable starting points, but, if it were as simple as identifying a number of variables which, when combined, would result in box office success, how come there were still so many failures? My interest lay firmly in looking at the process of bringing a film to market, which involves gaining an understanding of the environment within which films are developed, produced and “marketed” through the various stages of the film industry supply chain.

Having a background in political science and sociology and having worked at the European Commission’s MEDIA programme, I could not overlook the role of policy in shaping the business environment in which film companies exist. Although this is seldom recognised, the audiovisual industries are subject to many policy developments and the implications of policy changes are felt in the industry. Hollywood’s integrated structure and the ability to cross-subsidise projects through the integrated studio system is seen as one of the reasons for the success of the studios. In saying this, the various industrial and creative waves, which took place in the development of the Hollywood industry, illustrate the negative impact such a system may have on creativity (Blair and Kerrigan, 2002)¹. At various stages since the birth of the film industry, Hollywood has failed to keep cinema audiences and has turned to more maverick independent filmmakers to rebuild their relationship with cinemagoers (Biskind, 1998; Blair and Kerrigan, 2002; Scott, 2005).

Although no self-respecting “principles of marketing” textbook would exclude the marketing environment, all too often marketing literature seems to propagate the myth of vacuum within which marketing activities take place. The world is not a

¹ A copy of this book chapter can be found in Appendix H.

static place and one successful campaign repeated will not necessarily result in success. How can this most usefully be explained? By examining the market for film in relation to the consumer's reaction to segmentation, targeting and positioning strategies employed by film marketers; by examining the policy environment in which filmmakers operate; in recognising that each film must be treated differently; and that a bland formulaic approach to marketing in the film industry will not result in long term sustainability.

My use of the term "journey" resonates with O'Malley and Patterson (1998) who interrogate the mix management paradigm in an article which compares their journey through marketing theory with a road movie, comparing the American origins of marketing theory with the origins of the road movie. It seems that marketing academics and the film industry in Europe are under the shadow of the United States and the process of this doctoral research was indeed like a road movie. My experience during this research closely mirrors that described by O'Malley and Patterson (1998:41) when they say that during this journey they;

...began to challenge our own positions, thoughts, and perspectives and this was, initially at least, difficult and uncomfortable. Indeed, rather than 'getting somewhere' we seemed to be fast losing our way. As the journey continued, however, we began to find the terrain liberating: reaching the end of the road became less of an issue and knowing exactly where we were going became less important.

Throughout my research journey, there were periods of incomprehension, confusion and a feeling of not knowing where I was going, but I was determined to continue my journey.

1.2 The Research Problem

The research problem, which emerged from my early investigation into film marketing, was why European films did not travel well outside their national borders and what policy initiatives could be developed in order to improve this situation? This is, in essence, a marketing problem. Existing film marketing literature has ignored the crucial role played by policy from the inception of the film industry and this thesis aims at redressing this shortcoming and providing a more informed analysis of film marketing in Europe. From this fundamental research problem the aim of the thesis emerged along with the specific research questions which drove this research.

1.3 The Aim of the Thesis

The aim of this research is

- (1) to investigate the environment in which feature film marketing takes place in Europe with specific reference to the UK;
- (2) to examine the impact of supply chain structure on the marketing campaign for feature films and
- (3) to evaluate the impact which public policy has upon the film marketing process.

In summary, this thesis investigates the impact of company structure upon the process involved in marketing feature films and evaluates the role which can be played by policy makers in addressing this. This approach is in line with Bourdieu's (1977, 1998) assertion of the need to examine "the field" in order to understand the impact which this macro level has upon activities at the meso and micro levels. In adopting this approach, this thesis goes beyond existing studies of film marketing

such as those discussed in Chapter Three. In order to fulfil these aims, a holistic view of marketing is adopted as outlined below. However, it must be acknowledged that this is an exploratory piece of research examining the relevance of marketing and its application in a highly specific context of the film industry. Therefore, many concepts emerged during the research process that merit more detailed analysis in any future empirical work; these are specified in the concluding chapter of the thesis.

1.4 Setting the Scene

Marketing as an academic discipline, borrows from more established areas such as economics (Heeler and Chung, 2000), sociology (Grønhaug, 2000), psychology (Foxall, 2000) and cultural theory (Lee, 2000). This thesis reflects this parasitic nature of marketing through the eclectic range of literature referred to in the following chapters. In addition, the role of marketing in influencing and being influenced by the other functional units in an organisation (film companies being no exception) is portrayed. It is the combined failure to recognise both the intrinsic role of the marketing function within an organisation, in addition to ignoring the role of public policy in shaping the film making and marketing setting, which is problematic in optimising the environment in which the marketing of films can take place. The holistic approach to marketing adopted in this thesis fits with Baker's (2002a: 146) view of marketing which, in recognition of "the variety and complexity of possible exchange relationships" leads him to conclude that "no single solution exists and multiple explanations are to be encouraged". Indeed, this thesis seeks to set the marketing mix approach, as applied to the film industry, within the context of a relational approach to marketing, in order to advance film marketing scholarship.

1.5 Remit of Study

The international film industry is dominated by Hollywood, which, while producing fewer films than European or Bollywood filmmakers, commands a greater proportion of the world wide box office revenue earned. In order to understand the nature of the European film industry, it is necessary to trace the historical development of the film industry from an industrial context. Again, this approach is supported by Bourdieu's (1977) recognition of the need to understand the field within which film marketing takes place. Swartz (1997:117) defines fields as;

denoting arenas of production, circulation and appropriation of goods, services, knowledge or status, and the competitive positions held by actors in their struggle to accumulate and monopolise these different kinds of capital.

As this thesis aims at developing existing film marketing scholarship in order to provide a fuller understanding of the context of film marketing, it is necessary to explore the macro environment, or field. Chapter Two draws on historical and economic literatures in order to outline the development of the film industry and to identify the key reasons which account for the domination of the global film industry by Hollywood. The film industry in Europe is reliant on both public and private sources of finance in order to survive. For this reason, the film marketer has various stakeholders to satisfy which means that films must be packaged in various ways in order to appeal to these stakeholders.

The European film industry is fragmented and typically consists of very small companies with few permanent employees working on a project by project basis (Kerrigan, 2004). This is in contrast to the fully integrated structure of the Hollywood studios where activities from the development process through to

distribution are carried out by one company and quite often this company is not only vertically integrated, but horizontally integrated as well as part of a media conglomerate (Wayne, 2002). This thesis recognises that the continuity offered by this integrated structure provides the main explanation for the domination of the global box office by Hollywood films. The structural power of the Hollywood majors has been discussed by Baillieu and Goodchild (2002); Huettig (1944); Scott (2005); Thompson and Bordwell (2003); Ulf-Møller (2001) and Wayne (2002), among others. As this structural domination is well documented, this thesis will build upon this accepted view in trying to establish how European filmmakers can operate within this structure. In addition, building on the work of Heuttig (1944), Ulf-Møller (2001) and others, and through extensive policy analysis, this thesis will make a case for supporting the retention of public policy measures aimed at developing the film industry, based upon analysis of the policy arena which provided the backdrop of the Hollywood film industry.

Merely mimicking the Hollywood structure is not suggested as the solution for the European film industry. The European film industry does not have the capital necessary in order to compete at this level nor the strong history of diplomatic lobbying which the majors have profited from (Ulf-Møller, 2001). What is suggested is an alternative, where long term relationships are encouraged to form and public policy supports the formation of a positive filmmaking and marketing environment.

In order for the marketing process to be most effective, such continuity is necessary. This thesis shows how the existence of trust, both internal, between members of the filmmaking and distribution supply chain, and external, between the film company

and the consumer, is necessary in order to foster the most suitable film marketing environment.

1.6 Methodology

This thesis aims to further current film marketing scholarship. As existing film marketing scholarship ignores the environment within which the marketing of feature films takes place, there was no existing theoretical framework which could be adapted in order to shape the research. Industry documentation and existing studies of the film industry and film marketing provided the starting point and helped to shape the theoretical framework used. This also helped the design of the primary data collection and the primary data was collected in a number of forms. This thesis uses an interpretive methodology in order to understand the process of feature film marketing within its industrial and environmental context. In doing so, a reflexive approach is incorporated into the research, where the researcher acknowledged her role on the research process. An entirely reflexive method was not deemed appropriate, as according to Özbilgin and Tatli (2005), and drawing on Bourdieu, there is a need for two forms of epistemic break in social research. The first break is with one's own perceptions of reality and the second with the perceived reality of the participants in the research. Reflexivity was used in order to first acknowledge one's own and others' internally constructed version of events and interpretations before stepping away from these interpretations and considering the wider research context and other forms of evidence. For this reason, reflexivity gives way to more traditional methods of qualitative enquiry as the research progresses. Participant observation and qualitative interviews were undertaken during the Strategics Film

Marketing Workshop². Participant Observation was also undertaken during the related Film Test Screening. My participation in these two events led to my gaining the access needed in order to undertake a case study of one of the few vertically integrated film companies in Europe. This case study comprised three embedded case studies concerned with the making and marketing of three contrasting films. This data was supplemented with attendance at a number of film industry talks and panel events where additional insight into the film industry and the marketing process was gained.

In addition, three interviews were conducted with film industry experts, one an expert in audience research, one in film policy and film finance and the other in film marketing. Further interviews were conducted with five European Commission civil servants and consultants to the Commission; four from the MEDIA Programme and one from International Audiovisual Policy. The final source of data were a number of books, ranging from biographies of film industry professionals to accounts of the rise and fall of various film making collectives, be they groups of individuals or formally structured companies. These various sources, which are listed in appendix A, allowed for multi-angulation to ensure that the research questions were approached using different sources of evidence to increase the reliability of the conclusions drawn. Figure 1.1 below, shows the nature of evidence which collectively contributed to the findings of this thesis.

² Strategics is a European organisation which provides business training for film industry professionals.

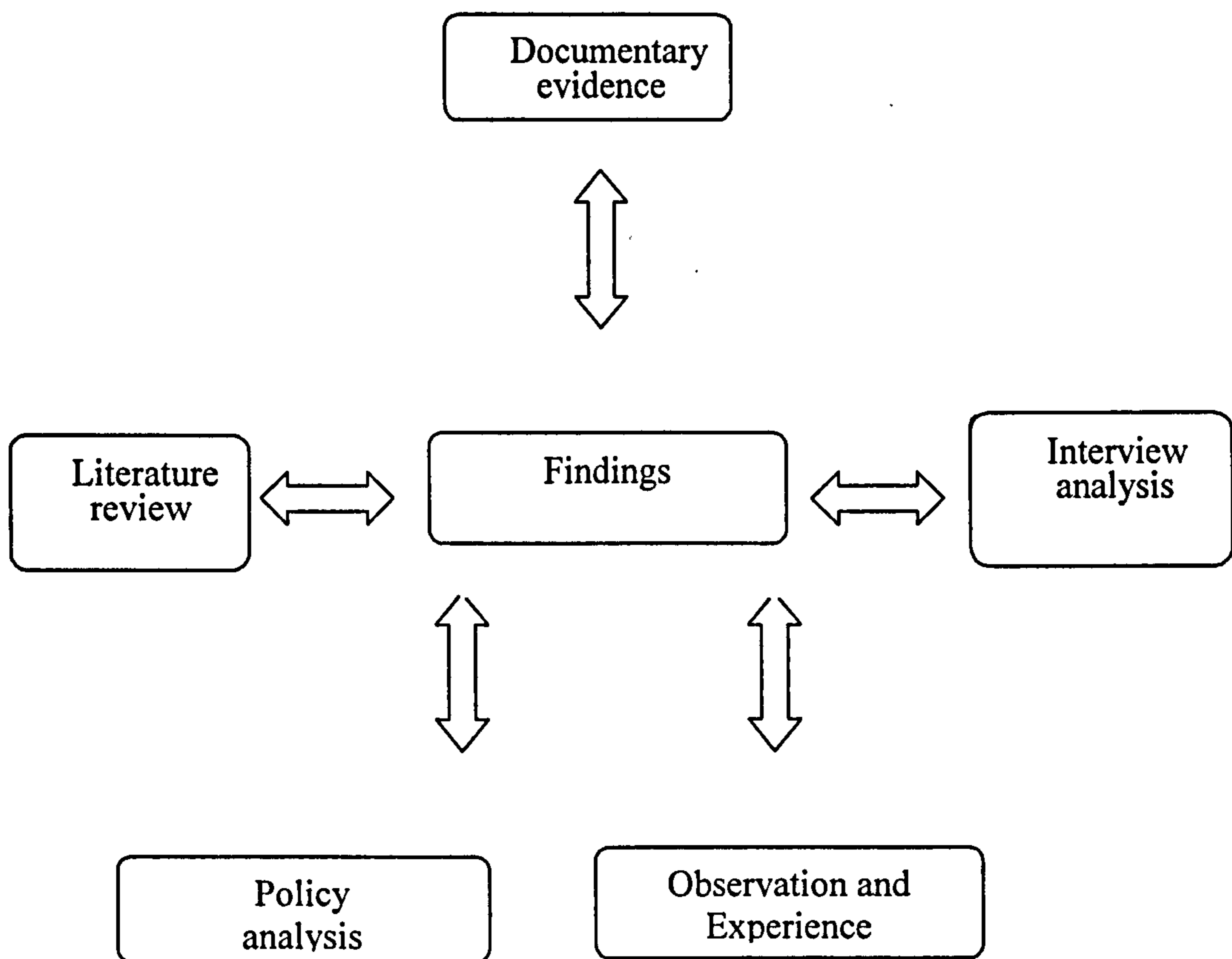


Figure 1.1 Nature of evidence used

1.6.1 The Case Study Company -VertiCo

My experience in the MEDIA Programme combined with the industrial and historical literature on the film industry, indicated that supply chain structure was central to the success of the Hollywood film companies and could often explain the failure of European film companies in sustaining a long term place in the film market. In studying the nature of the European and Hollywood film industries as outlined in Chapter Two, it seemed that merely attempting to mimic the vertically integrated structure which exists in Hollywood would not necessarily be appropriate

for the European industry. The European industry is diverse in terms of geography as well as linguistically, culturally and legally, which all impact on the film making and marketing process. For this reason, I wanted to undertake a case study in an integrated European company. As European film companies are generally independent, the challenge of finding an integrated company with a European profile was daunting. Through contacts made at the Strategics workshops, it was possible to secure the co-operation of Working Title Films, the production entity of a formerly European owned (by Philips) production and distribution company based in the UK. One year before the commencement of the field research, this company was purchased by Seagram, which also owned Universal, one of the major, integrated American film companies.

Working Title is a well respected company both nationally and internationally and has a good track record of success in both mainstream and non mainstream films. Carrying out this case study has enabled me to unpack the theories of film marketing that do exist, qualitatively analyse the underlying reasons behind the success of Working Title as a company and many of the films that they produced; and finally to make observations on the suitability of current policy in developing a sustainable and globally competitive film industry in the UK.

This case study data combined with the data collected during my participant observation at Strategics, documentary evidence, policy analysis and additional qualitative interviews, provided me with a good understanding of the nature of relationships within the film industry and how, if at all, public policy can engage with the formation of these relationships.

As the thesis is concerned with analysing the impact of supply chain structure on the marketing activities, I researched both the production company -Working Title Films- and the distribution company which financed their productions –Universal Pictures International. For the purpose of this thesis, these two companies will now be known collectively as VertiCo.

1.7 Outline of the Thesis

This chapter has highlighted the research problem; introduced the research topic; indicated the research objectives; and outlined the underlying motivation behind the research. In tackling an under-researched area such as film marketing, there are challenges: finding an appropriate theoretical framework, locating the study in appropriate literature and gaining access to the industry. In following Bourdieu (1977) and approaching this research from a macro, meso and micro perspective, this thesis makes a contribution to the development of film marketing scholarship by situating the marketing process within the “field” of the film industry and in so doing, ensuring a holistic examination of the film marketing process.

Chapter Two, *The Development of the Industry*, investigates the historical development of the film industry in order to set the scene for the contemporary film industry environment. In doing so, historical analysis of the development of the Hollywood and European film industries and memoirs of film industry professionals are combined with empirical data to provide a full picture of the formation and development of the film industry. This is in keeping with the theoretical framework which necessitates an examination of the historical formation of the field. This chapter explores the notion of supply chain structure from an historical perspective,

as well as examining some more recent histories of film making collectives and film companies. As a result of this analysis, the chapter introduces and explores the concept of trust as a key explanatory factor in the early film industry as well as the stories of more recent successes and failures.

Chapter Three, *Film Marketing Literature*, introduces and discusses the existing literature relating to the marketing of films and introduces the theoretical framework which has emerged through the process of this research. Although such literature is limited, Chapter Three frames the contribution of this thesis to the debate through exploring the gaps in the current literature. The chapter also illustrates the range of disciplines, from economics to sociology and cultural studies within which academics have undertaken research into the film market. In doing so, this strengthens the argument in favour of developing research which is grounded in the marketing literature in order to understand and develop the area of film marketing.

Chapter Four, *Methodology and Research Design*, discusses the various approaches to research which were considered before outlining the methods and methodology used and the reasons why this methodology was chosen. The chapter details the nature of the evidence used, the type of data collection employed and the analytical process undertaken, and embeds this in the relevant literature. In conducting research of an entirely qualitative nature, the methods used are often uniquely tailored to the piece of research being undertaken. For this reason it is necessary to discuss the formation and development of the research methods in order to understand how they contribute to the investigation of the problem at hand. This chapter shows how the combination of empirical data, policy and documentary

analysis as well as the use of life writings combined in providing insights into the field of film marketing which aid in the progression of the film marketing literature.

Chapter Five, *The Role of Policy in Supporting the Film Industry*, traces the development of public policy in the film industry and evaluates its impact upon the nature of film making and the film industry in Europe. In doing so, the chapter looks at the various types of policy which impact upon the film industry and, by implication, on the marketing of films. This chapter illustrates the importance which public policy has and still plays in relation to protecting the US film industry and in doing so, undermines the US in its efforts to pressurise national governments, such as South Korea and trading blocs, such as the European Union, into liberalising their film industries. In exploring the policy environment, both in how it has developed and in its current state, this thesis fills a large gap in film marketing scholarship in recognising the impact which such policy has upon the field in which film marketing practice takes place. Such analysis is essential in order to deepen the understanding of the film marketing field in line with Bourdieu's (1977) approach to social research.

Chapter Six, *The Film Industry Supply Chain*, moves from the broad policy environment to focus on one aspect of this environment in analysing how supply chain structure impacts on the marketing process in the film industry. The policy environment plays a large role in dictating the nature of the supply chain which exists in various parts of the world and, in Europe has resulted in very fragmented supply chains in terms of ownership, and weak supply chain management. Indeed, an analysis of the supply chain for the majority of European films which are

successful in being shown in cinemas, whether nationally, on a European level or internationally, demonstrates that the US majors are generally present at some stage in this supply chain. This chapter introduces the concept of the supply chain and supply chain literature in order to develop these concepts in terms of the film industry and the subsequent impact on the marketing process. In doing so, it draws upon the primary data collected during the Strategics events, the VertiCo Case Studies and film industry memoirs and biographies (life writings). This chapter is both theoretical and empirical in nature.

Chapter Seven, *The Role of Trust in the Film Industry*, explores the concept of trust in relation to the filmmaking and marketing processes. The importance of trust was first introduced in Chapter Two in terms of explaining the development of the early film companies and their activities, and trust arose repeatedly during both my primary data collection and the various film industry biographies, autobiographies and other memoirs and academic writings which informed me during the course of this research. In order to explore the nature and impact of trust in the European film industry, trust literature is presented and the empirical data from the primary research is analysed in relation to this literature. In this way, the importance of trust in maintaining creative vision will be highlighted. This chapter will revisit some of the points raised in Chapters Five and Six in terms of both analysing the role played by trust currently and what sorts of policy initiatives could be implemented in order to aid the development and maintenance of such trust in the UK and other such film industries.

Chapter Eight, *The Film Marketing Mix*, examines the various marketing tools used by the film industry in relation to the case study films. This chapter draws upon the film marketing elements identified in Chapter Three and uses the subsequent film marketing mix in order to analyse the case study films. This analysis builds on the previous three empirical chapters in testing the impact which the supply chain structure and existence of trust has had upon the film marketing mix. Chapter Eight identifies a framework which can be used in order to shape the marketing campaign at various stages in the supply chain.

The final chapter, Chapter Nine, ties all of the previous chapters together in a discussion around the suitability of current policy and future policy strategies that should be employed. This chapter also highlights the contribution which this thesis makes to the development of film marketing scholarship, generic marketing scholarship and film industry policy analysis. In addition, this final chapter summarises the main points made during the thesis, the limitations of the study and suggests areas for future exploration which may be researched.

1.8 Summary

This chapter has introduced the thesis in terms of the purpose and aims, the justification for the study and the motivation behind embarking on this course of research. In addition, the original contribution of this thesis is indicated in that the historical development of the film industry and an analysis of the policy environment within which film marketing takes place are introduced into film marketing literature for the first time. Such acknowledgement of the need to examine the field within which marketing activities are conducted is in recognition of the holistic nature of the

film marketing environment and the impact which external factors have on the ability to market a film. In adopting this approach, the body of film marketing scholarship has been strengthened and developed. Such a policy informed approach has allowed an exploration of the role of supply chain structure on the marketing of film, and an exploration of the important role played by trust in explaining the success or failure of various film marketing endeavours.

CHAPTER TWO

THE DEVELOPMENT OF THE FILM INDUSTRY

2.0 Introduction

The previous chapter laid out the parameters of this thesis; defining the notion of marketing as applied to the film industry and introducing some key concepts to be discussed in the thesis. In indicating the shortcomings of existing research into the marketing of feature films, the introduction indicates the need for the development of a theoretical framework in order to analyse these issues. Existing frameworks do not acknowledge the political and social environment within which the marketing of films takes place. In order to redress this, it has been necessary to provide an adequate theoretical framework, which takes the political and social environments into account, within which to position this research. Such a need to situate social research within its historical context was recognised by Bourdieu (1977, 1998) as this allows for the explanation of the market dynamics which impact upon organisations and individuals within the field.

This chapter examines a variety of literature which will serve as an introduction to the film industry in general and the problems that face European filmmakers in their quest for market share. The causes of some of those obstacles are explored in terms of historical and structural reasons which underlie the domination of the worldwide box office by the Hollywood film studios. As acknowledged by Kindem (2000:2) “many countries’ domestic movie markets have been greatly impacted if not dominated by Hollywood movies since at least 1917” which necessitates any examination of the film industry to engage with an analysis of the role of the Hollywood majors in that industry. In undertaking this analysis, existing literature relating to the history and development of the film industry and marketing within the film industry is discussed. In addition, a number of biographies and autobiographies

of filmmakers, academic and other accounts of film collectives and formal film companies have been used, in order to understand the structural issues which face those involved as well as to provide insight to the social and political dimension of film making and film marketing. The term collectives is introduced here to denote the informal groups of filmmakers who decide to work together on a number of projects without the formation of a formal company.

The chapter starts by outlining the nature of Hollywood's domination of the worldwide film markets and then investigates the reasons why. Early technical and industrial developments are outlined and analysed, followed by an examination of the early European film industry, the birth of today's majors and finally an analysis of the reasons underlying today's domination of the worldwide film markets by Hollywood. The chapter concludes by analysing the reasons for the success and/ or failure of various non-Hollywood film companies or collectives of filmmakers. Chapter Three goes on to examine literature which focuses specifically on marketing issues in the film industry and concludes by summarising the theoretical framework which emerged from the review of the relevant literatures in addition to emergent themes from the research.

2.1 Hollywood's Domination of the Global Box Office

The film industry is just over one hundred years old, and, for the majority of its existence, has been dominated by the Hollywood majors. Despite sporadic success for European films both within their home countries as well as overseas, the United States still overshadows the European box office. According to the European Audiovisual Observatory (EAO), cinema attendance in Europe remained stagnant in

2002 while in America it continued to grow, surpassing all attendance figures since 1957 (EAO, 2003: 5). In addition,

...a number of European markets clearly lacked successful local films. The European market was, however, above all lacking in European films that were successful continent-wide” (EAO, 2003:5).

Although the average number of films produced in Europe exceeds that produced annually in the United States, Hollywood films continue to have substantially higher average production budgets and also still dominate in terms of box office revenue earned.

Figure 2.1 below illustrates the number of feature films produced by the US, the European Union member states and Japan. Despite the fact that the population of the EU is five times that of Japan, Japan produces less than half the number of films produced in Europe annually, while the United States produces approximately one third fewer feature films than the EU member states. With the expansion of the European Union from fifteen to twenty-five member states, the level of film making in the European Union is set to rise, as is the diversity of European films in terms of language. European filmmakers are still producing more films than their American counterparts, with 625 films produced across the European Union in 2002 and 628 in 2001, while in the US, 449 films were produced in 2002 and 462 in 2001.

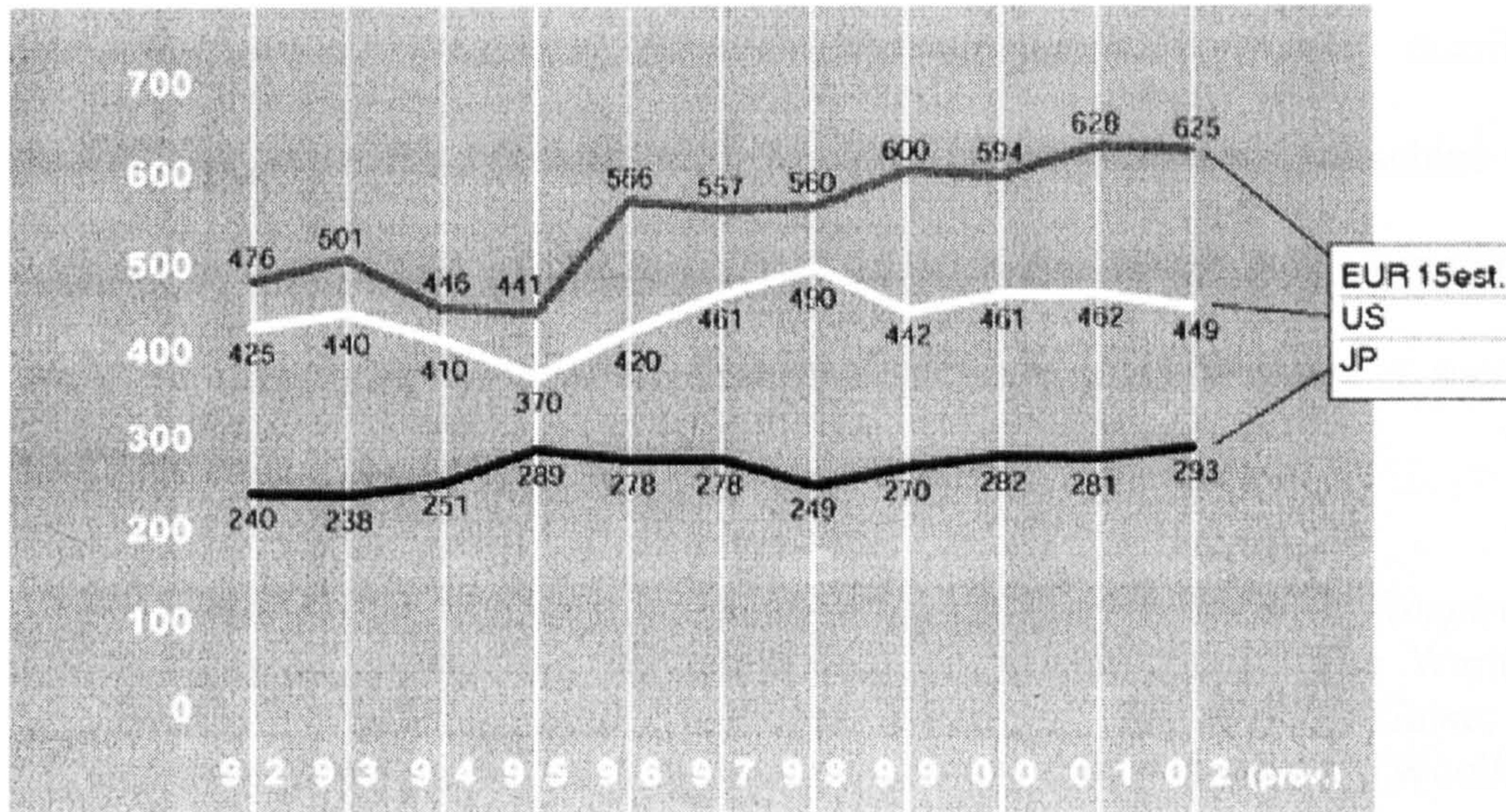


Figure 2.1 Number of feature films produced in Europe, the United States and Japan 1992-2002 (Source: European Audiovisual Observatory, 2003:7)

Figure 2.2 below shows the extent to which the production costs of Hollywood films exceed that of European films.

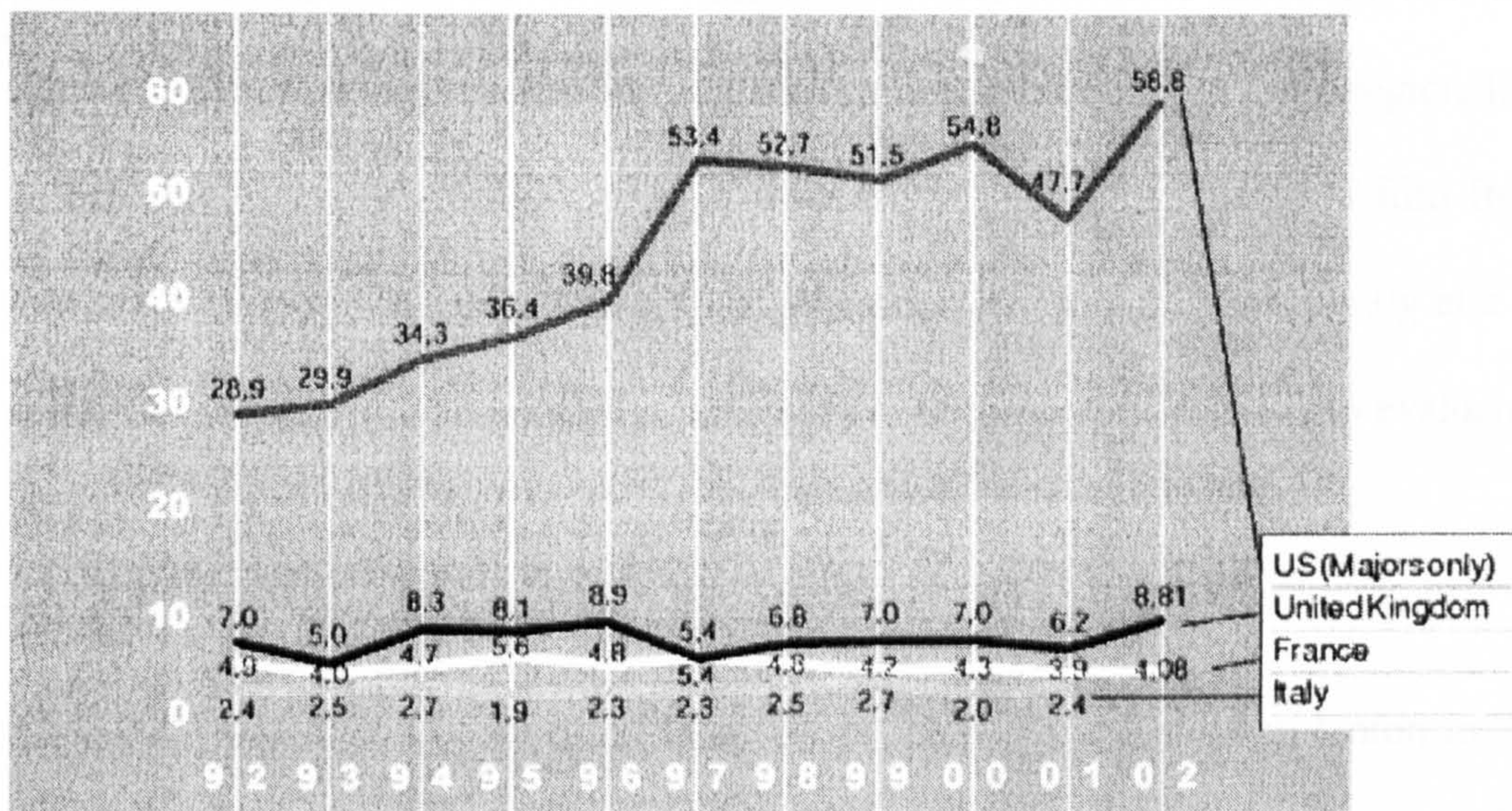


Figure 2.2 Average cost of production of feature films (\$) 1992-2002 (Source: European Audiovisual Observatory, 2003:7)

While Europe struggles to compete with Hollywood in terms of big budget films, a number of low budget (certainly in Hollywood terms) European films have done well at the box office and there is a belief among many independent filmmakers,

confirmed by the PACT/MMC report (1994), that independent distribution companies can recoup a greater profit for films than the marketing machine of the majors. In recognition of the strength of independent distributors in maximising return on investment for smaller European films, Stephen Woolley a successful independent producer said;

...when you are making something as big as *Interview (with a Vampire)*, there is an appropriate marketing machine waiting for it. The Warner Brothers' machine would have been useless for *The Crying Game*; it wouldn't have known what to do with such a specialised movie" (Woolley quoted in Finney, 1998:292).

Apart from analysing the film market in terms of number of films produced and the cost of such productions, it is important to look at the earning power of the various industries in terms of box office. It is in scrutinizing these figures that one of the difficulties of analysing the various film markets becomes more apparent. Due to the nature of film making, it is very difficult to attribute nationality or even regionality to a film and various formulae are used in identifying what constitutes a film from a particular country. Generally these classifications are drawn up nationally and may differ from country to country. For an example of the criteria applied to evaluate the British nationality of a film, see appendix B.

Figure 2.3 below shows the admissions to all films in the European Union in 2002. The top twenty films in terms of box office revenue were all US productions or co-productions between the US and one other country (New Zealand, Australia and the UK). It is indicative of the poor performance of non-English language films that the co productions which achieved top twenty status were all with English speaking countries (EAO, 2003:9). In this respect, the UK and Ireland should have an advantage over other European Union member states in terms of the ability of their

films to travel. In fact, their performance outside their country of origin is not hugely out of line with that of their non-English speaking counterparts. This indicates an additional problem. It is not just language which seems to stop films from travelling; films may also have appeal only in the country of origin due to their subject matter. There may also be additional problems related to how these films are marketed or structural problems within the market.

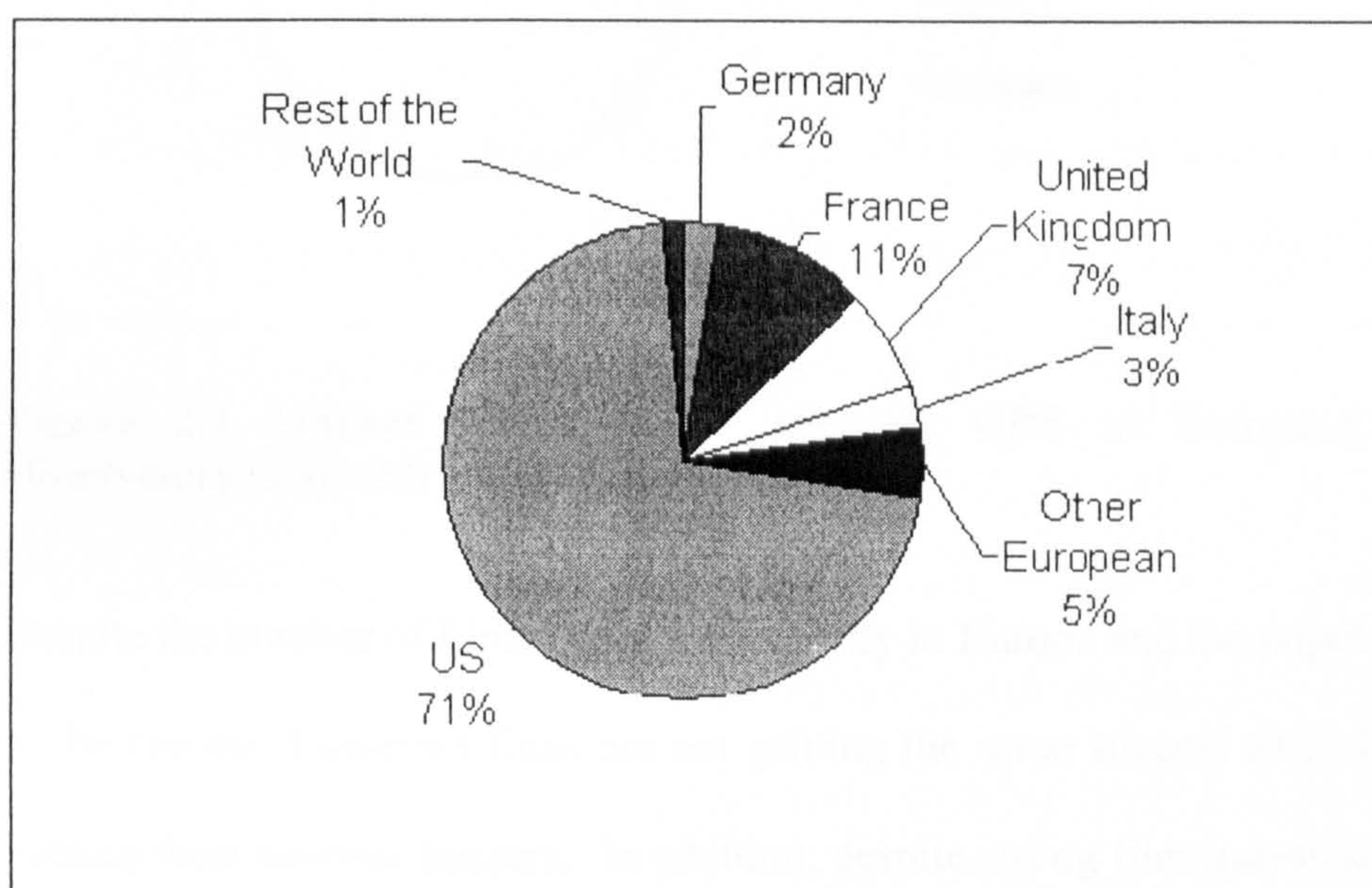


Figure 2.3 Admission to films in the European Union (Source: OBS in European Audiovisual Observatory, 2003:24)

Figure 2.4 below indicates market share in 2002. As can be seen from this figure, the US, with 71% of the market, dominated the European box office while non US or European film accounted for only 1% of the box office, despite the continued popularity of Bollywood and other Asian films. Although European films accounted for 28% of the cinema box office during 2002, 20% of this was for national films while only 8% accounted for films which travelled outside their home markets. Europe remains united in its appetite for US films while, in general, not accepting of non-national European films. Reasons for this apparent rejection of European films

and other world cinema in favour of Hollywood films will be discussed later in this chapter.

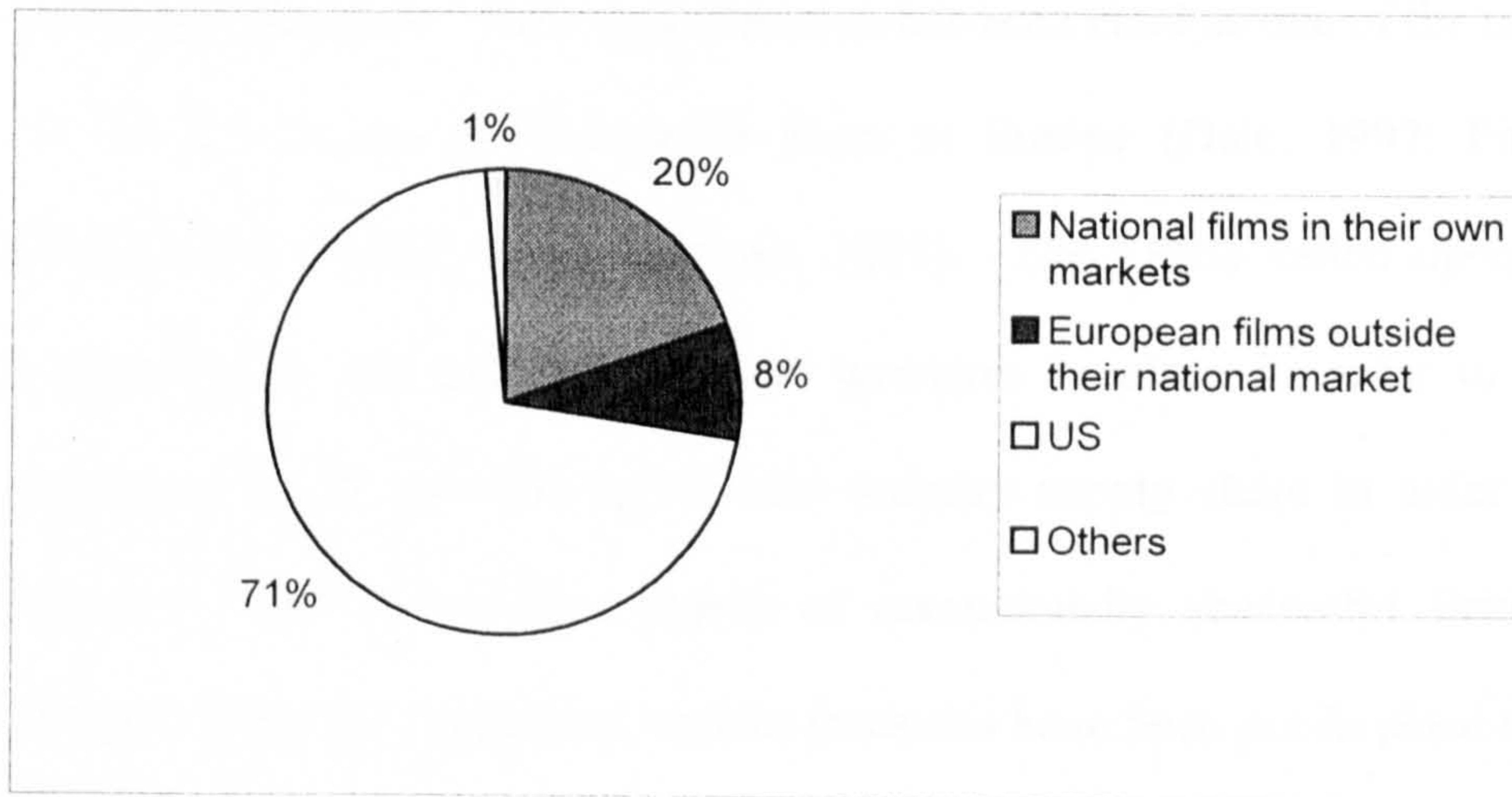


Figure 2.4 Market Share 2002 (Source: OBS in European Audiovisual Observatory, 2003:20)

Despite the number of films produced annually in Europe and the popularity of going to the cinema, European films are not gaining the same success as Hollywood films outside their national borders. In addition, despite strong film industries in countries such as China, South Korea and particularly India, films from these markets are failing to achieve box office success in Europe. This thesis proposes that in order to understand the current situation, it is necessary to look at the structure of the European film industry; examine the role which public policy has played historically in forming and supporting this structure; and to examine the film industry supply chain.

As stated in Chapter One, the European film industry has, until recently, been characterised as fragmented, consisting of many independently operating companies involved in production, distribution and exhibition of motion pictures (Blair and

Kerrigan, 2002; Kerrigan, 2004). In 1998, the Labour Government's Film Policy Review Group (FPRG) contrasted this fragmented structure with the Hollywood model, in which the functional areas are integrated with the emphasis on the distribution function. Such fragmentation has been cited as one of the major reasons for the domination of Hollywood films in Europe (Dale, 1997; Finney, 1996; Kerrigan and Culkin, 1999; Puttnam, 1997). The FPRG called upon the British government to put structural support measures in place in order to support the integration of all activities in the film industry supply chain in order to "provide audiences with a consistent supply of commercially successful British movies" (FPRG, 1998:18). Since then, certain measures have been put in place to tackle this structural problem; these will be evaluated in Chapter Five.

Blair and Rainnie (2000) represented this pattern of instability in relation to the British industry as a series of unsuccessful waves of company formation, and alliances of small production companies with large 'studios'. The most recent phase of mergers and alliances (M&A) in the entertainment industries (Blair and Kerrigan, 2002; Minns, 2000; Waters, 2000) is but the latest in a series of waves of integration and subsequent fragmentation, "make-ups" and "break-ups", that has occurred in the British film industry since its inception. This phase comes in the aftermath of British industrial policy during the 1980s, which sought to deregulate industry and remove support mechanisms in order to enter into the "free market". This general policy impacted very negatively upon the film industry. It is within the context of this policy environment that Goldcrest Films, the company that was seen as providing an environment within which British films could compete with those from Hollywood, went bankrupt (Eberts and Illott, 1990).

In line with the view of marketing outlined in Chapter One and which informs the theoretical basis of this thesis, it is only possible to engage with marketing issues by understanding the wider environmental context in which marketing takes place. Although the importance that marketing plays in ensuring a film's box office success is often referred to, understanding of the process is not well understood and very little academic attention has been given to studying the marketing of films from a holistic perspective. Bourdieu (1977) emphasises the need to understand the historical formation of the field in order to fully understand the current processes and how they have been formed. It is in situating the current process of film marketing in Europe within this historical and wider industrial context that this thesis pushes forward current understanding of the nature and practice of film marketing. The following sections begin to address the existing shortcomings by outlining the rise of the film industry and developments which contributed to Hollywood's dominance of the industry. This is followed by an analysis of the development of research into film marketing after which, a framework of analysis for the marketing of films will be proposed. Examples will be drawn mainly from the US and European industries, although other film industries are also drawn upon.

The usual starting point for academics discussing any area of the arts is the debate regarding the commercial versus the artistic nature of the arts, in this case, film (Kerrigan et al., 2004). Is the commercial only achievable by the sacrifice of the artistic? One of the foremost debates that prevails in the study of the film industry is concerned with whether it can, in fact, be viewed as an industry at all. Kerrigan and Culkin (1999) separate the notions of industry and art form, differentiating between "the film industry" and "cinema". The former, by virtue of its phrasing, implies that

the film industry can be seen in purely industrial terms, while the latter intimates that film is, in essence, an art form and therefore the rules of industry cannot be strictly applied to it. Common historical discourse on the matter divides filmmakers into two camps. The US (i.e. Hollywood) is seen as approaching film making from an industrial angle, while Europeans believe film to be the preserve of artists where industrial models could not be applied without sacrificing the necessary artistic values of true filmmaking. Puttnam (1997:114) sums up this difference using the words of a 1926 cinema critic,

Film is not merchandise...Indeed, precisely because film is not merchandise we can compete with America... In the cinema, Geist (spirit) can balance the monetary supremacy of the competition.

Buscombe (1977) discredits those theories that suggest such a separation between art and industry can exist in relation to film. Instead, he points out that both elements are evident, to greater and lesser degrees, in each and every film that is produced. In order for a film to be realised, it is necessary to secure a budget, irrespective of size. This debases the proclamations of those who support the theory that filmmaking is merely an art form, as commerce does enter the equation to some extent, despite the regard or lack of regard which the filmmaker attributes to it. The reverse is also true. In following the procedures necessitated by film production (creation of a storyline and script, shooting the scenes, the verbal and visual processes inherent in a film's genesis) there is an intrinsic artistic quality in all filmmaking. Various memoirs (Eberts and Illott, 1990; Evans, 2003; Kuhn, 2003; Phillips, 1991) of feature filmmakers document the artistic processes undertaken in making a variety of films from those viewed as "artistic" to more commercial blockbusters like *Jaws*.

The failure to recognise this duality has resulted, according to Buscombe (1977), in the concentration of studies upon the artistic aspects of film, to the detriment of an examination of the underlying industrial mechanisms which produce such art. While this imbalance has been addressed by the rise in academic interest in the commercial side of film making, and while such research (Elberese, 1999; Eliashberg and Shugun, 1997; Litman, 1983, 1998), does pay lip service to the creative elements of the film making process, it fails to examine the role of the personnel involved in maintaining creative integrity throughout the process of a film's genesis and eventual launch into the market. In addition, this failure to attach equal importance to these two elements which constitute the film industry, culture and economics, can be viewed as partially responsible for the failure of Europe to sustain its film industry.

The fact that the European film industry is not as commercially successful as its US counterpart is not surprising if one examines the structures which are in place in America in terms of production and distribution and the historical context in which this is founded. This is reinforced by an examination of the motivation behind film making in the US as opposed to Europe. As discussed above, the former views the film industry as just that, an industry, while the latter has traditionally placed cultural consideration over commercial gain. This spirit of cultural protection is evidenced by the words of Jean-Luc Goddard: "Films are made for one or maybe two people" (Puttnam, 1997:291). By understanding the historical development of the film industries in the US and Europe since their inception, it is possible to explain the reasons for the domination of global box office revenue by Hollywood that exists.

In the United States the 'Movie Business' was always viewed as a business that had to make a profit in order to survive. After Thomas Edison's development of the Kinetoscope, those who took advantage of his advancements were able to conduct thriving businesses, initially in the "nickelodeons³" and subsequently in movie theatres (Balio, 1985; Gomery, 1991; Thompson and Bordwell, 2003). In fact, Edison's influence in creating the structured industry that exists today cannot be underestimated.

2.2 Edison, Technical Developments and their Effect on the Infant Industry

By August 1897 Edison had secured three motion picture patents. On achieving this position, Edison's organisation began to defend itself by issuing lawsuits against its competitors and, in certain circumstances, against its own associates (Robinson, 1996:101). In 1889, Edison invented the motion picture camera (Huettig, 1944). He did not recognise the potential of his invention and failed to take out patents on his inventions outside of the United States. While Edison dominated the market for equipment and films in the United States, his lack of international foresight resulted in his inventions being used in England and France free from the threat of litigation (Huettig, 1944).

The exhibitors, being at the coalface of interaction with the consumers, were the first to recognise the significant demand that the general public had for this new form of entertainment. In so doing, they communicated the need for an increase in both

³ The nickelodeons were entertainment halls where people could insert a nickel into a viewing machine in order to view images.

product and projection equipment. Edison's policy was to rent or sell projection equipment to the exhibitors and, in addition, to supply them with product, which was sold by the foot, therefore diminishing any interest in the content of the film. In order to safeguard their production position, they refused to rent or sell any cameras. In retaliation, inventors patented their own cameras, which were all based to a greater or lesser extent on Edison's invention (Balio, 1985; Litman, 1998; Thompson and Bordwell, 2003). In this way, the early industry progressed in line with technical developments. The lucrative nature of the industry was recognised by early entrepreneurs who were determined to take advantage of potential earnings through this infant industry.

2.3 The Formation of the Trust

Edison's main competitors; Lubin, Selig, Vitagraph and Essanay were finding it very hard to compete by the turn of the century. This was due to the endless threat of litigation posed by Edison's control of the patents to the majority of equipment which was used in the production and exhibition of motion pictures. The United Film Services Protection Association was formed in November 1907 in order to protect collective patent rights but was replaced in February 1908 by the Film Service Association. This organisation united Edison, Pathé, Vitagraph, Selig, Lubin, Kalem, Essanay and Georges Méliès. The only major company that refused to join the Film Services Association was the American Mutoscope and Biograph Company. They objected to Edison's elevated position within the organisation and so chose to remain outside. Upon acquiring the patent for the "Latham Loop", they re-entered negotiations and agreed to join the Motion Picture Patents Company (MPPC), the

name adopted by the Film Services Association from 1 January 1909 (Robinson, 1996).

“The Trust” was the common name given to The Motion Picture Patents Company (MPPC), which began to operate on the first of January 1909. The formation of The Trust arose as a result of the litigation frenzy which had become a central element of the motion picture industry from the latter part of the 1890s until 1907. Its activity was restricting the other participants in the Motion Picture Industry. They granted licenses in return for royalty payments. In a further move to protect their domination of the market, they signed an agreement with Eastman prohibiting Eastman from supplying other producers with its film. In this way, they sought to control all aspects of the industry and to therefore prevent entry by non-members. However, the mistake that the Trust members made was in excluding prospective new members from joining, excepting Kinemacolor, which joined in 1913 (for a detailed discussion of the Trust see Anderson, 1985; Bowser, 1990; Brownlow, 1979; Robinson, 1996).

2.4 Aims of the Trust and Economic Background

The formation of the Trust was in line with the economics of the time. Jefferson’s model for an American future based on small, independent, mainly agricultural enterprises was being usurped by the Hamiltonianism that was greatly in vogue by the late 19th Century. Hamiltonianism embraced finance capitalism and industrialism as opposed to the cottage industry approach taken by Jefferson (Dyer MacCann, 1987:4).

One of the main aims of the Trust was to harmonise the activities within the film industry. They wished to gain exclusive control over production and distribution channels to the industry. They did so by renting prints to the exchanges for a fixed fee each week and had taken control of the vast majority of exchanges (the agencies who then rented the films to exhibitors) forbidding them from sourcing product from the independents. The exchanges in turn rented these prints out to the nickelodeons. Such levels of standardisation were not adopted by the last link in the distribution chain; with the exchanges charging the nickelodeons varied fees in accordance with the quality of, or demand for the prints being hired.

This grouping can be identified as the first monopoly to exist in the film industry and is characterised by Anderson (1985) as the definitive force in terms of safeguarding the developing US film industry against European competition. Anderson (*ibid*) characterises the developments made by The Trust as overwhelmingly positive for the film industry. By this, Anderson means the US, or more specifically, the Hollywood majors. During that period, such co-operation to protect patent rights and, in effect, the creation of a monopoly, was commonplace in all of the main utilities and in manufacturing. In parallel with many fledgling industries, there was a developed spy system in place by this stage (Dyer McCann, 1987:3-5). Robinson (1996:102) highlights the aggressive nature of the Trust members in enforcing its provisos and the penalising measures of license cancellation as a response to non-compliance with the dictates of the Trust.

2.5 The Opposition and their Dependence on Europe

The prohibition on new members led to the opposition forming a coalition of its own (Robinson, 1996:104). Dyer McCann (1987:40-3) credits John J. Murdock with the creation and strengthening of the independent sector during the Trust. Murdock saw the opportunity of sourcing films in Europe and exploited this. When it was obvious that these European films were not enough to satisfy the US audiences he encouraged Americans to commence the manufacture of films under his protection. Due to the restrictions on accessing film because of Eastman's allegiance to the Trust, the Alliance (the name applied to the independents when they united to resist the activities of the Trust) turned to France to source their film. Their successful import of raw Lumière film stock from France forced the Trust to seek further restrictive measures. The tactic that the Trust employed was to introduce Eastman's non-flammable film into common usage and to endeavour to get the French nitrate-based film banned for safety reasons.

2.6 The Growth of the Independents

As referred to earlier, the foundation of and evident determination of the Alliance inspired the creation of many small independents. The independent sector soon became organised and market leaders emerged. The most noteworthy of these independents is Carl Laemmle who was instrumental in bringing down the Trust. Laemmle, one of the original Trust licensees, abandoned it after a membership that only lasted three months. His reason for withdrawing from the Trust agreement was that the MPPC had not lived up to its promises to Trust licensees.

The Motion Picture Patents Company promised to elevate the business, promising to give protection to the little fellow in the small town. They

promised everything on earth to make things better, and what have they done? Nothing (Laemmle, quoted in Robinson, 1996:104).

Not only did Laemmle end his association with the Trust but also his dissatisfaction with their actions inspired his subsequent anti-Trust campaign. He enlisted the assistance of an advertising agent, Robert Cochrane, and proceeded to launch a series of cartoons in the trade press which were pointedly aimed at the Trust. One year after the foundation of the MPPC, in retaliation to the establishment of the General Film Company by Trust members, Laemmle launched a new cartoon character, General Filmco.

The General Film Company was established in order to deal with all of the licensed exchanges and was legally independent from the MPPC. This autonomy was compromised by the fact that it was run entirely by members of the MPPC. The General Film Company proceeded to take over all of the licensed film exchanges with the exception of William Fox's Greater New York Film Company. Fox had refused to agree with the General Film Company over pricing details, so the GFC retaliated by cancelling his license and refusing to deliver on contracted shipments. Fox issued a lawsuit against this action, which was instrumental in the demise of the Trust.

In competition with this, the Independents established the Sales Company, which centralised control over the independent film exchanges. When they were investigated for violation of the Sherman Antitrust Act, this caused internal difficulties, resulting in the division of the members into three distinct groups. These groups released their films through Universal, Mutual and other disparate companies.

In recognising that the public wanted a more sophisticated product in advance of the Trust members, the Independents endeavoured to create features of higher quality than had previously been in existence (Balio, 1976:107). Adolph Zukor (1954:40-9) was one of the first to believe in the American audiences' capacity for longer features. Zukor bought the distribution rights for the French production *Les Amours de la Reine Élisabeth*, but felt that in order to achieve success with features, it was necessary to produce them in the US. For this he needed the permission of the Trust. He approached Jeremiah J. Kennedy, the head of the Trust, who dismissed his idea of feature production saying; "The time is not ripe for feature pictures, if it ever will be" (quoted in Zukor, 1954:49).

2.7 The Rising Importance of Market Awareness

In failing to recognise the public's receptiveness to feature films at that time, the Trust left the independents with no option but to vertically integrate in order to fulfil this identified niche. As discussed in Chapters Six and Seven, modern supply chain theory places great emphasis upon the role of trust in maximising the positive effect of an integrated supply chain. Kerrigan (2001, 2002, 2004) and Kerrigan and Özbilgin (2004) have applied this to the film industry and shown how the existence of trust can enable those involved in the various integrated operational processes to share a common creative vision and produce a product (film) with a coherent identity and message. This framework is useful in retrospect in order to illustrate how the vertically integrated model ensured the independents' success. McGuffog (1997), Director of Planning and Logistics at Nestlé UK stated that; "the various chains require voluntary integration, which is the aim of Supply Chain Management". The

Trust was not willing to enter into such voluntary integration and to engage in the exchange of information that underpinned it.

Zukor (1954) recognised the importance of audience research in enabling the film industry to provide the consumer with the films they wished to see. His audience research took a very crude form, but it can be seen as beginning a trend (which remains part of the majors' ethos today) of applying market research to the film industry. The Independents' acknowledgement of the importance of data flows between the various individuals involved in the supply chain has ensured their market success and is reflected in the information exchange which exists in the case study company VertiCo, and was supported by the interviews undertaken during *Strategics*, as discussed in Chapters Six, Seven and Eight of the thesis.

In addition, the independents saw the attraction of introducing a star system while the Trust members felt that such a move would merely cost them more in actors' fees without creating the revenue necessary to stabilise profits. As Litman (1998) points out, Zukor understood that he could charge higher rental fees for films featuring stars such as Mary Pickford, Douglas Fairbanks and Gloria Swanson. When the adoption of stars of the stage by the film industry was proven to be profitable, even the Trust members could not ignore it. As Balio (1976:106) said; "The star craze hit the industry like a storm and forced even the conservative members of the Trust to change with the times". According to Scott (2005:24), it is this increased concentration upon market awareness that contributed to the "Independents" in their development of Hollywood as the centre of filmmaking. This will be discussed further in section 2.11 below.

2.8 The Trust and Antitrust

By 1912 the evidence of unfair practice was stacking up against the Trust. This culminated in the government's decision to bring antitrust proceedings against the Motion Picture Patents Company under the Sherman Antitrust Act. They issued proceedings on the 15th of August 1912 and due to the extensive evidence that had to be presented, the decision was not arrived at until October 1915. The court ruled that;

The agreements and acts of the defendants in the present case went far beyond what was necessary to protect the use of the patents or the monopoly which went with them, and that the end result...was the restraint of trade condemned by the law (Robinson, 1996:106).

In January 1916, the Motion Picture Patents Company was prohibited from retaining their present organisation by decree. Their subsequent appeal was dismissed in 1918 and this ended the matter. Nevertheless, as Robinson (1996) observes, this lawsuit was not the single influencing factor in the fate of the Trust. Robinson cites five factors that contributed to the demise of the Trust - the strength of the Independents' in their organised opposition: the financial drain ensued by constant litigation; the failure of the Trust to look to Wall Street for finance; the inflexible nature of the organisation and finally, the loss of the European markets which resulted from World War One (WWI).

Despite the relatively short term impact of the Trust on the US industry, in the long run it can be argued that it was instrumental in the creation of a cohesive, structured and competitive international industry which remains today (Anderson, 1985). This is in part due to the US success in implementing Hamiltonian strategies coupled with

the creation of a united opposition who would go on to form the studio system, which dominates the worldwide film industry today.

2.9 World War I

The United States' limited involvement in World War I had a major impact on the development of its film industry (Ellis, 1995; Trumbour, 2002). The four main film producing countries, namely; France, Germany, Italy and Great Britain were disadvantaged by their involvement in the War from the outset. This had the combined negative effect of restricting raw materials needed for film production and curtailing film distribution for the European film companies, as photographic film and high explosives require many of the same materials. Thompson and Bordwell (2003: 56) support this by saying that "without the War, Hollywood might not have gained a pre-eminent global position". Due to the expansion in the market for US films, budgets could also afford to rise as they were based, according to Thompson and Bordwell, on potential earnings. This was an additional factor which ensured continuing US domination of global and certainly European markets. In saying this, Thompson and Bordwell (ibid) recognised the foothold which US films had in the English speaking world and Germany prior to World War I.

While the international markets for films were hugely disrupted as a result of World War I, there was still a market demand for films during this period. This resulted in a rise in domestic production of films in Sweden, Russia and Germany, which prior to this period were relatively low producers of films. Conversely, the industries in France, Italy and Denmark reduced in capacity during the War, due to their inability to trade in the international market (Thompson and Bordwell, 2003).

Puttnam (1997) also accords great significance to the impact that the War had upon the simultaneous fortification of the American film industry and the decimation of the European industry. According to Puttnam (1997), the initial aim of the American Independents was to develop their domestic market share due to a reduction in European competition. It was only after this that they looked to Europe for greater development possibilities. The US was now in a position of natural advantage as they had a large receptive audience for their films, combined with a stimulated wartime economy, talented filmmakers and an acute business sense. Balio (1976:388) describes the effect of the war as such that;

American distributors were able to gain control of the foreign field without competition. And by the time capital was once more available for production abroad, American films had obtained almost complete control of world markets.

2.10 Product Differentiation

Betts (1973:46) argues that, in the case of the UK market, quality of the films being produced was also a factor in explaining the dominance that America secured over domestic product at this time. Betts identifies the years between 1914 and 1927 as the crucial time in America's domination of the British film market and offers a simple explanation for their success; "Their films were better than ours". Film quality has always been a contentious subject, with British films, filmmakers and public funders being repeatedly admonished by film critics and commentators for producing films with either limited appeal or low quality. Barr (1996) acknowledges the poor reputation which British cinema held historically and tries to refute this impression. This returns us to the debate regarding the classification of film as art or commerce. Hollywood has the resources needed to make high budget films with

very high production values and their dominance of the market for these films is unquestionable. But, the strength of European films often lies in the story they tell and the stylistic nature of their direction. This is the case for films which broke through both in Europe and the US over the past number of years such as *Billy Elliot*, *Trainspotting*, *The Full Monty*, *Amelie*, *All About My Mother* and so on.

The opinion that British films were of low quality was challenged in relation to film production in Britain during World War II. MacNab (1993:35) draws on various sources who proposed that British film during this period was of high artistic quality, although the scale of production was drastically reduced. In doing so, MacNab (1993) quotes Manvell who attributes this high level of quality to the fact that British filmmakers possessed “an individuality of style contrasting strongly with the rubber-stamp Hollywood entertainment” (Roger Manvell, quoted in MacNab, 1993:35). This is still posited as one of the differences between European films and those produced by Hollywood. European films are often viewed as more creative, artistic or individual than their Hollywood counterparts, although this is not always the case.

One European company which was early in recognising the US domination of the film industry and the importance of appealing to the sizeable American audience was Pathé. French film companies were successful in capturing a substantial part of the global film market between 1896 and 1910, culminating in 1910 when Pathé opened their first US film studio in Bounds Brook, New Jersey (Spehr, quoted in Dyer MacCann, 1987: 39). Pathé Frères recognised that the tastes of American audiences were different to those in Europe and began making films specifically for the American audience in order to successfully compete. This proved very successful,

until Pathé sold his production company and moved fully into distribution. This went against the trend of vertical integration which he is credited with starting, and resulted in his business ultimately failing.

While the US companies were vertically integrating in order to reduce costs, Pathé and Gaumont (Pathé's main domestic rival) were reducing their risk by concentrating on the revenue earning activities of distribution rather than the high risk, expensive activity of film production. This left a gap in the market which the US companies could exploit by providing these distributors with their films.

Gomery (1991) stresses that product differentiation came from the independent sector which had formed in opposition to The Trust, and which later became the Hollywood majors which we know today. By emphasising popular stories and developing films as star vehicles, films no longer were sold by the foot and became valued on the basis of the popularity of these stories and the stars of the films. It was also during this period, according to Gomery (ibid), that widespread marketing came into play in terms of communicating with the film going audience. Such marketing was used in building the profile of the stars of these films, who were obliged to enter into contractual relationships with these independent film companies in order to star in their films.

2.11 The Birth of Hollywood

The Trust has been viewed as one of the contributing factors in the move from New York to California which began early in the 1900s. The increasingly difficult operating environment created by the official, and more so by the unofficial activities

of the Trust, had created an unwelcoming location for Independents wishing to continue activity in the film industry. As Scott (2005) acknowledges, the shift of film industry activities from the East to West Coast of the US is well researched by film historians. Scott (2005:13) accepts that one of the reasons for this move was related to the climate and landscape of Southern California, which were suited to year round film production. The need for constant sunshine, which had driven filmmakers, Independents and Trust members alike to destinations from Jacksonville Florida to Cuba, was also instrumental in inspiring this move to Southern California. Southern California offered a combination of easily accessible and varied locations, good weather and a haven for non-Trust producers “who wanted to skip across the Mexican border at a moment’s notice” (Zukor, 1954:37) to avoid litigation by the Trust. But, at the same time, Scott (2005) is dubious of the explanation supported by Litman (1998) when he points to the proximity of the Mexican border as an incentive for the independents as they could flee to Mexico if their defiance of The Trust were discovered.

Another incentive proposed in explanations of this move was the lower wage bill resulting from a move to Los Angeles, “the country’s principal non-unionized city” (Puttnam, 1997:77). A third factor in this relocation was the ease with which the independents and the studios could find premises, for a fraction of the rent that they were paying in New York and New Jersey (Robinson, 1996:104).

Scott (2005) casts doubt on the belief that those who relocated to Southern California were doing so to escape the stranglehold of the Trust, as he notes that some of the firms to locate in this region during the period from 1909 to 1912 were in fact

members of the Trust, although their headquarters were still located in New York or New Jersey. Rather Scott (2005:19) believes that the location of many film companies' activities in Los Angeles up to 1912 was arbitrary. However, in saying this, Scott (2005) draws on theories of industrial agglomeration in order to explain the development of Hollywood as the centre of the film industry and why it has retained this dominance.

At this time, another important development was occurring in the American film industry. The Edison litigation combined with the mushrooming of nickelodeons combined to create a shortage of films (products) for film exhibitors in the US. This, in addition to the superior quality of the European productions, inspired the exhibitors to look to Europe in order to source product. George Klein secured distribution rights for the majority of European films shown in the US, but many of the Europeans also set up their own branches in the US at this time. By 1907, Robinson (1996: 133-137) estimates that two thirds of the films released in the United States were European. This period has resonance today as the film industry moves towards digital exhibition of films, which should open up the market and increase demand for product.

Scott (2005) stresses the need to look beyond the above explanations, which have dominated the literature to date. He proposes a theoretical framework within which to place the analysis of the development of Hollywood as the centre of film activity.

In formulating this theoretical framework, Scott (2005:15) poses two questions:

- (a) when and how a simple accumulation of production units at any place begins to manifest signs of an endogenous developmental dynamic, and

(b) how this place then pulls ahead of actual or latent competitors, and how it subsequently acquires a dominant position in extended markets, sometimes over long periods of time.

Scott's investigation is focused not on how and why the companies that became the Hollywood majors located there at that time, but why they have remained there ever since.

2.12 United States Conquers Europe.

The US filmmakers began to recognise the importance of the European market during WWI, and developed this market in the early 1920s. German and Soviet films were receiving great critical admiration in this period while in the US the concentration was upon industrial issues. It was in the 1920s that the US began its domination of the box office, which it retains to this day.

Between the signing of the Versailles Treaty and the crash of the stock market, there began in the US forms of economic expansion and cultural expression that signalled a new kind of empire (Ellis, 1995:97).

This was a period of expansion for business in the US, which began to export its industrial products throughout the world. There was widespread interest in the arts as a form of cultural expression in the US at the time, which was echoed in American writing in the aftermath of WWII.

But it was American movies, which connected art most firmly with commerce, that became the pervasive centurions in the new cultural conquest (Ellis, 1995:97).

This shows that the importance of film as a form of cultural expression was recognised in the early stages of the industry. The 1920s seemed to signal the beginning of the industry that remains today. In this period, the relatively new production studios saw the need to expand further in order to survive in the

competitive market. The recognition of the need to expand into distribution and exhibition resulted in a greater demand for capital.

2.13 The Majors are Born.

Three companies had firmly established themselves in the area of exhibition by the middle of the 1920s. Paramount gained most control during this period. Between 1919, when it floated a \$10 million issue of preferred stock, and 1921, Paramount had succeeded in building up an empire which had the foremost production, distribution and exhibition capacity in the US, as well as being in control of the vast proportion of the acting talent of the period. Paramount faced competition from First National, which had been formed by a group of exhibitors who identified the need to become stakeholders in film production in order to ensure supply of product. The final grouping that was in competition with Paramount was Loews.

By the middle of the decade, practically all of the majors and first run theatres in North America were being run by one of these three groupings. Heuttig (1944) discusses the motivation behind the expansion and integration strategy of these groupings and also highlights their belief in the power of advertising during their expansion period. Ellis (1995) noted that Universal and Fox also had some theatres but that these did not pose a threat to the domination of the sector by the big three. In this way, the majors controlled the market, independent producers could not access the theatres and independent exhibitors could not gain access to product in order to exhibit. This was especially the case in the New York area where this activity was centred. Ellis (1995:99) estimates that approximately four to five hundred feature films were produced annually in the latter part of the 1920s. In order

for the programmes to change weekly in the theatres, each of the majors had annual release figures of 52 films. Distribution was handled regionally by the six hundred exchanges, which were situated in forty-six of the leading American cities. Average attendance for each of the twenty thousand or so theatres in the US was approximately four thousand a week.

The newly formed majors had recognised the need to vertically integrate in the areas of distribution and exhibition, in order to allow their films access to the market, and in all aspects of film production; script development, acting, physical production, editing and so on (Scott, 2005). From the late 1920s until the late 1940s, with the introduction of sound, increased unionisation and so on which occurred, Hollywood enjoyed what Scott (2005:32) refers to as its golden age when it operated as a “mature oligopoly”.

2.14 Spiralling Costs.

During this period, expenditure on films increased, as did that on creating and building lavish theatres for exhibition.

Extravagance reigned, and the notion of spending money to make money was unquestioningly accepted. Salaries soared for directors, writers, and especially stars (Ellis, 1995:100).

However, despite spiralling budgets, the staples of the studios’ production were the “B-movies”. As the cost involved in production rose, the importance of the production supervisor usurped the director. Not only was this person involved in the financial side of production, but also in an increasing way in the creative aspects. With the advent of sound in the latter part of the twenties, this control became more

manifest due to the increased cost incurred by the use of sound. At this stage in the US industry, the business element of filmmaking took priority over the artistic.

2.14.1 The Big Budget Feature

The increase in budget size had begun in the mid-teens with Griffith's 1915 production *Birth of a Nation*. Following this, Americans began to produce the first big budget features, which have become synonymous with today's Hollywood. Griffith has been hailed as the American filmmaker who brought the film form into its own in separating it from theatre. The sheer size and elaborate nature of this film earmarked it as the model for the big budget Hollywood films that have succeeded it. *The Birth of a Nation* cost five times more than Griffith's *Judith of Bethulia* which had up until then been the most expensive film to be produced in the US.

In addition, *The Birth of a Nation* also heralded in a new era for the consumption of film. Balio (1985) recalls how the economic potential of film was confirmed when this film was released at Liberty Theatre in New York and played there for forty-four weeks. This run, according to Balio (1985:113), was to a large extent due to the "exhibition format, consisting of reserved seats, scheduled performances, orchestral accompaniment, souvenir programs, costuming of ushers, intermissions and the like" which increased the level of luxury experienced by film goers at that time.

Such a sizeable investment was rewarded by exceptional box office success. The film was a current day marketers dream. This big budget film, based on a best selling book and subsequent play about the American Civil War combined with the controversial treatment of African Americans, was ensured success at that time. Ellis

(1995:29) sums up the significance of *Birth of a Nation* by saying that it was; “More than merely a motion picture, it was a cultural phenomenon that everyone felt obliged to witness”.

The difficulty in calculating box office receipts for *Birth of a Nation* is caused by the organisation of American distribution at the time. Theatrical distribution was arranged on a state by state basis, which precluded the possibility of collecting accurate data relating to nation wide receipts for *Birth of a Nation*. Although rarely getting theatrical release outside of film societies today, *Variety* estimated that it grossed approximately \$50 million (Ellis, 1995: 29). While *Birth of a Nation* was an undoubted commercial and creative success, the first such epic film in the history of the cinema, it was also controversial as the book it was based upon was *The Clansman*, by Thomas Dixon, a well known racist author. Despite Griffith's watering down of the racist elements of the book in his adaptation, according to Thompson and Bordwell (2003), the film fell foul of the National Association for the Advancement of Colored People (NAACP). Such a reaction strengthened the view held by early social commentators that film played a role in influencing social perceptions and behaviours.

Griffith followed *Birth of a Nation* with *Intolerance*, which comprised of four shorter films set in various time periods but with an underlying common theme. This four-hour successor to *Birth of a Nation*, which cost \$1.9 million to make and ran to approximately four hours, was critically acclaimed. Despite the positive reaction from the critics, the audience did not mirror this, confusion and frustration with its length causing a predominantly negative response to *Intolerance*. This, combined

with the failure of the theme to inspire audience sympathy, resulted in the film's unmitigated failure at the box office. Thompson and Bordwell (2003) recognised Griffiths' ability to retain control over his productions in the face of increasing control over the creative process by the studio producers.

2.15 Why Does American Still Dominate?

The above sections traced the development of the Hollywood industry and the problems posed by this increasing domination for the European film industry since the early Twentieth Century. Despite early beliefs that this domination could be redressed, The European and Hollywood Film Industries are in constant battle. While the number of films produced in Europe is greater than in the US, the number of films achieving box office success in Europe is well below the US figure. The reasons behind this disparity have long been the source of investigation and many explanations have been proposed. This domination is mirrored in other film making regions. Although, recent years have seen success for South American and Indian films outside their own territories, such success is still not comparable to the financial success and notoriety achieved by Hollywood films.

2.15.1 The Commercial Element

European filmmakers are at last acknowledging that they must make money to survive in all sectors, and that while there is a place for artistic and sensitive films which do not achieve major box office success, these must be subsidised by blockbusters. The recent success of non-Hollywood films like *Billy Elliot*, *Monsoon Wedding* and *City of God* around the world is testament to the fact that a filmmaker

can retain his/her creative integrity while achieving commercial success, one, therefore, does not exclude the other.

The problem facing many film industries is a combination of lack of business acumen, reluctance of many to watch non-Hollywood, non-national films and structural shortcomings (Kerrigan and Özbilgin, 2003). The basic structures in place in the European industry are disjointed and fail to provide the level of support offered by the much more cohesive American structures. It is interesting to note that the vertical integration, which is now an integral part of the Hollywood film industry, was a European invention. Charles Pathé saw the immense potential of the American market and sought to exploit it. His visionary tactics form the basis of the film industry in the United States today. Pathé introduced vertical integration, perceiving that the real money to be made emanated from the distribution of films rather than from their manufacture.

In recognition of the need to improve the business side of the film industry, both the European Commission and European national governments are providing support for the training of producers. In the UK, the UK Film Council will award the status of “Film Business Academy” to a UK higher education institution in 2005. In order to apply for this status, higher education institutions were invited to submit proposals, which would illustrate their ability to provide a film business education to the industry. This required the cooperation of the film, business and law faculties of the institutions, submitting a joint proposal to ensure that these areas would be given prominence by the successful applicant. This move reflects the Film Council’s growing interest in providing courses on the business side of film.

This difference in the approach of the Hollywood film industry and European filmmakers can perhaps be summed up by Zukor (quoted in MacNab, 1993:177) when he said (about British filmmakers) “They haven’t studied the wants of American markets as we have done traditionally, and therefore our films are, and will continue to be, superior”. Although Zukor believed that the success of Hollywood films was due to their superiority, this superiority seemed to lie with Hollywood filmmakers’ desire to be market focused. This remains as true today as it was in the 1940s when Zukor made this statement, but it does not mean that European filmmakers need to “give them what they want” in order to achieve a certain level of success.

2.15.2 Marketing and Distribution

It is undisputed that the Hollywood industry has more star appeal with more internationally recognisable stars than the European film industry. In addition, as outlined above, the majors control the worldwide distribution networks and have a prevailing foothold in the exhibition sector. Through maintenance of this control, they retain their domination of the worldwide film industry. The distribution sector is undoubtedly the most instrumental element in a film reaching its audience. Irrespective of the talent of the writer, director, technical staff and stars involved, if a film fails to secure a distribution deal with one of the majors or a respected independent distributor, it will not be widely exhibited and will certainly not recoup its production budget. A good marketing campaign, which is coherently planned with the production team and distributor from the earliest possible stage, is essential in order to secure good box office receipts. Durie (1993:13) stresses, “the goal of

film marketing is to maximise the audience for a film and, by extension, its earning potential”.

When access to the integrated supply chains of the US majors is denied, the need for marketing techniques to be employed is increased. The film marketing expert interviewed for this thesis stressed that the smaller the film, the more aggressively it must be marketed. It is through the clever use of marketing that such films can try to find their audience. This need was recognised in 2000, when an international symposium was held in Zurich in order to “outline the specific problems small European countries face in the area of film marketing” (Joeckel, 2003). Film producers from across Europe concerned with the importance of marketing attended this symposium. Indeed, over the last number of years there has been an increase in public support for film marketing initiatives, like the Lithuanian Institute for Art’s summer school for young filmmakers which focuses upon marketing, and the Danish Film Institute’s programmes which focus on marketing techniques for film producers.

2.15.3 European Suspicion of Distributors

In Europe distributors are still viewed with suspicion. Rhetoric surrounding the industry abounds with rumours that directors or writers are asked to change certain aspects of their project in order to fulfil market demands as determined by the distributor, or by one of the major studios offering European directors production finance. For example, Kirk Jones, the writer/director of *Waking Ned* sought production finance from one of the US majors, but turned down the offer as it would have meant compromising on casting to a greater extent than he felt desirable (Jones,

1998). Another example is the Neil Jordan film, *We're No Angels*, where Jordan felt that the final film had been edited to such an extent that it no longer remained the film that he shot (Jordan, 1997). There are also accounts of the lengths that filmmakers have gone to in order to avoid distributors editing a film or making alterations prior to release (Phillips, 1991). However, such stories have so far been restricted to the US majors and not independent distributors (Biskind, 2003).

As will be illustrated later on in the thesis, recruited audience screenings (RAS) are primarily used in order to ascertain if a film has connected sufficiently with the original target audience and whether cross over potential exists. The European industries are very heavily production led, as is evidenced by the very low number of distribution companies operating in the European Union in addition to the low market share enjoyed by European distributors. Despite this, policy initiatives have failed to address this funding imbalance sufficiently and this has impacted negatively upon the ability of non-US filmmakers to secure a greater share of the global film market.

2.15.4 Structural Considerations

This chapter has looked in detail at the formation of the Hollywood film industry up until the mid 1940s when the Hollywood majors operated as a mature oligopoly. At this stage, according to the analysis of Christopherson and Storper (1986); Storper (1989); Storper and Christopherson (1987), this strongly vertically integrated oligopoly was forced to restructure as the Paramount Anti-Trust case of 1948 found that the fully vertically integrated structure of the majors was unfairly restricting competition in the post war film industry. This was coupled with the arrival of

television in the 1950s which also impacted negatively upon the film industry. As a result of the Paramount case, the majors were forced to sell off their exhibition chains, as it was agreed that ownership of production and distribution as well as exhibition resulted in an anti-competitive market for film. Christopherson and Storper (1986) argued that this resulted in a disintegration of the majors at this time and a focus on flexible specialisation where smaller independent firms were involved in various film making activities, and the majors' role was restricted to acting as the coordinators of these networks. Scott (2005) depicts this period as one of instability where the industry restructured itself in the face of these pressures.

There has been some disagreement with regard to the degree of control exerted by the majors over the film production process since the 1950s. Critics of the views of Christopherson and Storper such as Aksoy and Robbins (1992), Blair and Rainnie (2000) and Wasko (1994) and have stressed that despite the more disintegrated structure which existed during this period, the majors still exerted economic control over the film production process. Blair and Kerrigan (2002) have emphasised the cyclical nature of film production and consumption throughout the film industry's existence, and in doing so, acknowledged that these cycles took place under the control of the majors, despite the periods of integration and fragmentation which occurred.

Once again, we are witness to the fact of the major players from the American film world dominating, and in so doing restricting entry by (largely European) independents, into the market. Although there have been investigations by the MMC in the UK, the Antitrust authorities in the United States and the European

Commission's Directorate General for Competition (DG IV), to date there has been no proof that this domination is taking place unfairly. It will be interesting to note how this develops with the continued growth of the multiplex sector and their specific arrangements with their parent companies, in addition to the burgeoning digital distribution sector. It is, however, unlikely that we will again enter into a situation resembling that which existed during the reign of the Motion Picture Patents Company. Tackling the historical domination which the US has over its markets is very difficult, but progress cannot be made until European filmmakers acknowledge that, in film, there is no natural separation between commerce and art.

The European film industries are still heavily reliant upon government support for production but are beginning to recognise the need to improve upon the current, substantially restricted, level of access to distribution channels that European film product suffers from. Until the late 1990s, there was an imbalance in the concentration of public subsidy in Europe, with 62% of total public finance for the film industry being invested in production in 1994 (Minns, 2000). In the UK and Ireland, 100% of subsidy money was earmarked for production, although this has changed in recent years as is outlined in Chapter Five.

2.15.5 Lack of a Strong European Film Lobby

Another important and often overlooked explanation of the domination of the global film industry by Hollywood is the existence of a strong film industry lobby working on behalf of Hollywood in opposition to the lack of such a lobby in Europe. The origins of the Hollywood film lobby are laid out in detail by Ulf-Møller (2001). The strength and importance of the film industry was recognised by the US government

from the early days of trade in film and they used their diplomatic networks in order to promote their films around the world. Puttnam (1997) has documented how this strong film lobby, now presided over by Jack Valenti of the Motion Picture Association of America (MPAA), mobilised itself during the Uruguay Round of the GATT negotiations which took place between September 1986 and December 1993. This will be explored in Chapter Five. It is clear from Puttnam's account that the European industry could not safeguard itself without forming a collective which would take on the role of lobbying GATT and safeguarding Europe's protection of its film industry during this period.

Although the Europeans succeeded in maintaining levels of public support for the film industry at the end of the Uruguay Round, this was done so with the assurance that they would start to liberalise the industry. The strength of the US political lobby is also apparent when observing the negotiations currently occurring between South Korea and the US. The US has insisted that South Korea lower its current quota on the percentage of indigenous films which are shown at South Korean cinemas from 40% to 20% in order to increase other trade with the US. Since South Korea introduced their quota system, their industry has seen success both at home and in foreign markets such as Japan, Hong Kong and to a lesser extent, in Europe. Again this will be developed further in Chapter Five.

2.16 Common Features of Film Collectives

Having analysed the development of the field of film marketing, it is now important to examine the impact which this has had upon micro and meso level activities in the film industry. This final section of the chapter draws upon various biographies,

autobiographies and other writings which discuss the formation and operation of various successful filmmaking collectives. These sources provide interesting insights into the filmmaking environment. This additional documentary source was used both in contextualising and analysing the industrial environment within which film marketing takes place.

This material, which is listed in figure 2.5 below, provided the following data: Firstly, these sources present contextually based insights into the process of developing, producing and packaging a film taking into account the various interpersonal relationships which played central roles in these processes. These accounts also offer a context through which to evaluate the relevance of public policy initiatives for filmmakers, and, finally, they provide invaluable data about interactions and events which can be analysed through the theoretical lens provided by this PhD thesis.

These data sources or types of documentary evidence can be classified, in accordance with Smith (1994:286-288), as “life writing”. Life writing is generally understood as biography or autobiography, but in the case of the documentary evidence described in this section here, this definition is extended to accounts of the life of a particular company or creative collective within the film industry. Table 2.1 below lists and classifies the life writings used. Further to my classification of these sources as life writings, Hodder (1994:393) stresses the importance of such “mute evidence” in providing historical context for qualitative investigation.

| Author | Title | Year | Type of writing |
|-------------------------------------|---|-------------|--|
| Biskind, P. | Easy Riders Raging Bulls- How the sex 'n' drugs 'n' rock 'n' roll generation saved Hollywood | 1998 | Account of film making in 1960s and 1970s Hollywood |
| Phillips, J. | You'll Never Eat Lunch in This Town Again | 1991 | Memoir of a film producer |
| Kuhn, M. | One Hundred Films and a Funeral- PolyGram Films, Birth, Betrothal, Betrayal, Burial | 2003 | Company history from the perspective of its British President |
| Finney, A. | The Egos Have Landed: The rise and fall of Palace Pictures | 1998 | Company history written by film industry journalist |
| Evans, R. | The Kid Stays in the Picture | 1994 | Memoir of a film producer |
| Eberts, J. and Ilott, T. | My Indecision is Final | 1990 | Company history written by the company founder and a film industry journalist |

Figure 2.5 List of life writings used, classified in terms of the nature of the source

These sources of evidence will be discussed in context in Chapters Five, Six, Seven and Eight. In general, these accounts of the working lives of US film professionals or the company histories of some of the most successful (though now no longer functioning) companies in the recent history of the British film industry, contributed to the formation and the subsequent analysis of my theoretical framework as outlined in the following chapter. All of these accounts share a common focus on trust. They illustrate the importance of interpersonal relationships, social capital and shared

experience, all of which all contributed to the many successes documented. The structures of the collectives in which these accounts are set are similar, with an emphasis placed upon working with those who share a common creative vision and mutual respect. These accounts also point to either the erosion of such trust as one of the main contributing factor of the demise of the companies or collectives which are documented, or to the demise as being a result of having to work with un-trusted creative partners due to structural pressures.

2.17 Summary

This chapter has sought to examine the key drivers behind the dominant position that Hollywood holds over the global box office. Historically, the structural problems, which are seen to hinder the European film industry, emanate from the organisation of the industry itself combined with reluctance on the part of the Europeans to adopt industrial and marketing tactics readily embraced by Hollywood. Whilst acceptable growth could have been achieved in its domestic market, the US majors felt little need to dilute their effort and develop a foothold in Europe. However, as the home market became saturated and demand for US product in Europe rose, the majors found it relatively easy to mobilise their marketing machine and take a significant share of the European distribution and exhibition market.

Europe's policy makers are belatedly employing some of these techniques in order to develop the European industry. The majors' domination of the distribution sector continues to cause problems for the European, and indeed American, independents. The additional problems which Europe has in relation to language and culture are merely asides to the question of industrial organisation and market awareness. It is

upon these areas that national policy makers are concentrating their efforts to increase the commercial success of the global film industry and loosen the stronghold that America currently has over this market.

This abridged historical account is necessary in order to acknowledge the role played by policy in shaping the existing film industry and also in identifying early recognition of the tools used in order to differentiate films within the market. In piecing together this account, a number of documentary sources were used, from social history, film history, political science, economics and sociology to biography and journalistic sources.

As shown above, European filmmakers are still struggling with the imbalance that exists in the film industry. The might, experience and structure of the Hollywood majors is difficult to compete with. This chapter has outlined the macro level issues which impact upon the market, namely; the overarching structures of the film industries concerned, primarily that of Hollywood and European cinema; the role which public policy has played in shaping and sustaining these structures and the current issues facing European filmmakers at a macro level. In doing so, emphasis has been placed upon the impact of the field (Bourdieu, 1977) upon the macro and meso level activities of film marketing. Only by understanding the external pressures and the power structure of the industry is it possible to fully understand the constraints under which film marketers in Europe operate. In recognising these constraints, this thesis pushes forward existing explanations of the performance of films in the market and contributes constructively to the development of a holistic view of the film marketing process. While, as shown above, there are still areas for

disagreement between the historical accounts of the development of the Hollywood industry, what is unanimously accepted is the power which the Hollywood majors continue to exert over the world wide film industry. It is within the context of this domination that my analysis of film marketing is set.

Chapter Three examines film marketing from a micro perspective by discussing the existing film marketing literature in terms of the impact which the various elements of the marketing mix have upon both the construction and consumption of feature films. In order to do so, it focuses specifically on the film marketing literature and literatures from sociology, psychology, economics and cultural studies. These can be drawn upon in formulating an informed picture of the current state of film marketing scholarship, before moving on to more empirical forms of analysis.

CHAPTER THREE

REVIEW OF FILM MARKETING LITERATURE

3.0 Introduction

Having examined the film industry from the macro level, this chapter examines the existing literature which deals with the subject of marketing within the film industry and moves on to outline the theoretical framework underpinning this research, derived from marketing, psychology, sociology, economics, cultural theory and film studies. Litman (1998) uses the terms “psychological approach” and “economic approach” to distinguish between the two main strands of research into the market performance of films. The psychological approach incorporates studies which seek to explore and explain the motivation for cinema attendance; the latter approach is more focused on what Litman (1998:176) terms “the economic factors that influence collective movie attendance decisions”.

This thesis is concerned with evaluating the impact of an integrated supply chain upon marketing decision making and the marketing process and the policy environment within which this takes place. In this respect, the study differs from previous film marketing research in that it is concerned with the industrial consideration of the factors influencing collective movie attendance and how the structure of the supply chain informs this process rather than consumer behaviour in feature film consumption. In examining film marketing from the company perspective, the theoretical framework has been informed by an evaluation of both psychological and economic types of research as indicated below.

Before moving to a discussion of the film marketing literature or literature which can be used in order to draw conclusions about film marketing, it is important to identify what is meant by marketing in this thesis. This is followed by an initial examination

of the development of the use of market research within the film industry, as this has identified many of the key marketing characteristics of the industry from its inception. Although the methods used during this period were crude, they did aid the pioneer filmmakers in gaining a fuller understanding of their audience. Apart from literature concerned with market research, literature pertaining to the marketing of films generally focuses upon success factors ranging from the role of the star and the critics' influence to the release strategy. Each of these marketing tools and techniques will be discussed below. Finally, some initial policy approaches are introduced; these will be developed later in the thesis. Some areas are well researched while others have only been touched upon so far; this is evidenced by the discussion below.

3.1 Definitions of Marketing

Marketing as a concept as well as a process has been much discussed, particularly since the 1960s. While the majority of this work has emanated from marketing academics, sociologists, cultural theorists, psychologists and economists often discuss marketing. It is not surprising then that there is a need to define precisely what marketing within the boundaries of this thesis means. As whole PhD theses are concerned with the creation of marketing knowledge, it is far beyond the remit of this study to discuss in detail the various theoretical approaches to the study of marketing which exist, but the following section outlines where this thesis is positioned in relation to marketing theory.

The starting point for this discussion is exchange theory. Marketing as exchange was written about by Bogozzi (1975) and has provided a useful framework for marketing

academics. The marketing management school mainly emanates from US business schools and has viewed marketing as the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals (AMA definition cited in Grönroos, 1994:347). But, the AMA (American Marketing Association) launched a new definition of marketing at their 2004 Summer Educator's Conference; "Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders" (AMA, 2004). This change in definition reflects the movement of marketing academics and practitioners towards a more relational approach to marketing.

The marketing concept, which has dominated marketing since the 1960s has been defined by Felton (1959:55) as

a corporate state of mind that insists on the integration and coordination of all the marketing functions which, in turn, are melted with all other corporate functions, for the basic purpose of producing maximum long range corporate profits.

Drucker (1954) emphasised the need to place customer satisfaction at the centre of the marketing concept, with profit being achieved as a reward for attaining customer satisfaction. Min (2000) proposed that the marketing concept is compatible with theories of supply chain management as well as that of relationship marketing. Figure 3.1 below illustrates this compatibility as defined by Min (2000) linking the marketing concept theoretically to the philosophical origins of relationship marketing and to the underlying philosophy of supply chain management.

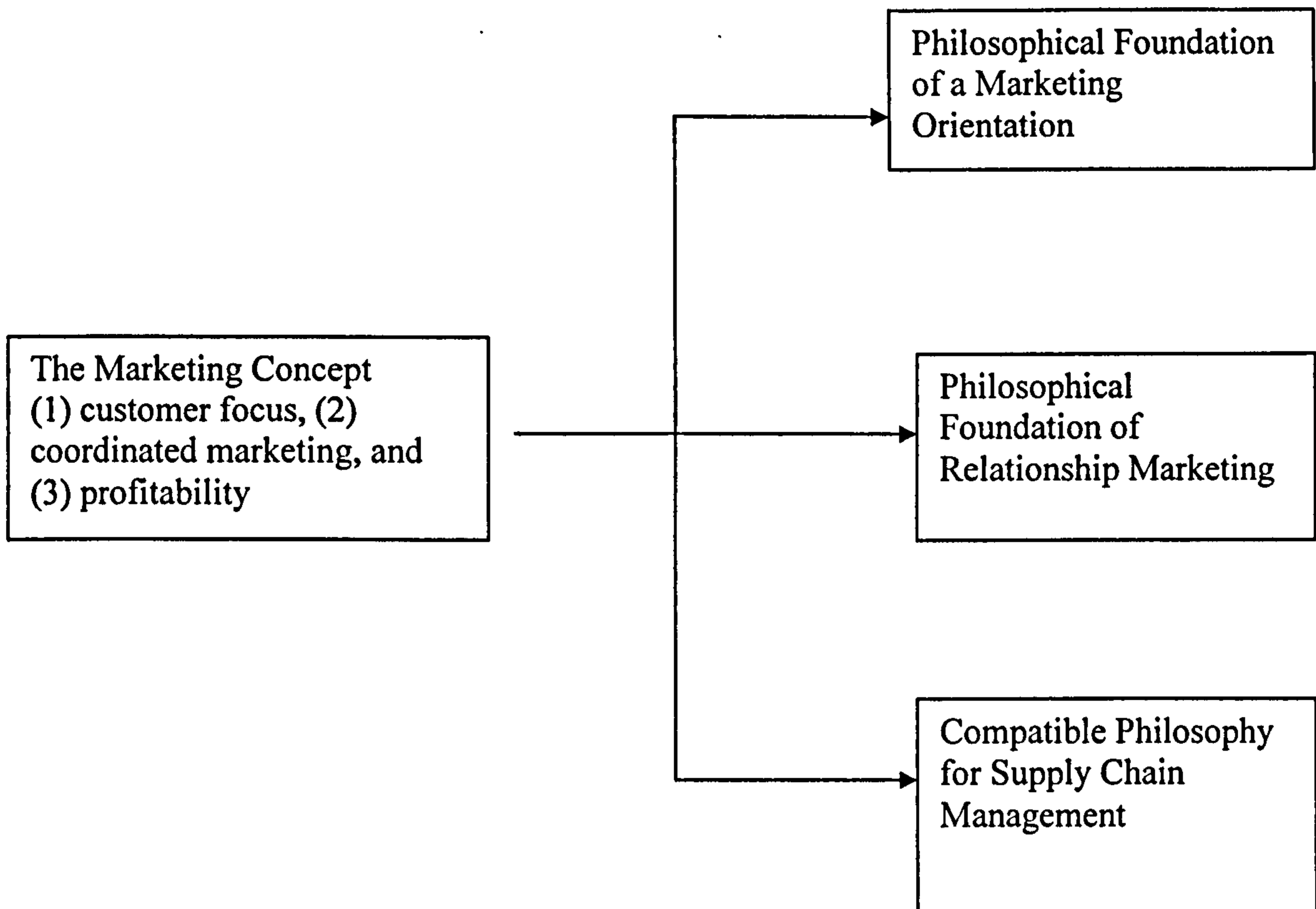


Figure 3.1 The Impact of the Marketing Concept Source: Min (2001: 81)

This interdependence, which Min identifies between the acceptance of the marketing concept and the practice of supply chain management, has resonance for researching marketing within the film industry. However, much of the rhetoric surrounding the marketing focus and the subsequent marketing orientation which companies adopt as a result of this orientation, focuses on the needs and wants of the customer. It is here that arts marketing researchers encounter problems. How do the ideas of customer satisfaction fit compatibly with the creation of artistic works? Are existing theories of marketing sufficiently broad to deal with marketing in the creative industries? In answer to these questions, researchers such as Fillis (2004) O'Reilly (2004) and Rentschler (1999; 2004) have tried to redefine marketing theory in order to provide useful frameworks for the analysis of marketing the arts or creative industries. However, it is not necessary to turn away completely from the marketing concept in

order to examine film marketing. If customer satisfaction is seen as the ultimate goal of the market orientation (Kotler, 2002), this can be seen as compatible with film marketing aims. Although, as discussed in Chapter Five, the aims of filmmakers/marketers range from socially motivated through to fully commercial, there is a focus upon the end user in this process. Only if a narrow view of customer satisfaction is adopted must we reject the marketing orientation as a relevant approach for this study.

If a broad view is taken, we can state that companies or film making collectives can possess a market orientation in the film industry if their focus is upon identifying and targeting an appropriate audience and satisfying the expectations of this audience. As films are made to be watched (consumed), there is a need to focus on the audience. This approach emphasises the need to segment the audience for film; to select appropriate segments based on how receptive they will be to the film in question; to target these segments through marketing communications; and to position the film appropriately by setting expectations in relation to its genre, style and so on. The film marketing mix is derived from applying mainstream marketing theory to the film marketing literature as discussed in the remainder of this chapter and is analysed in detail in Chapter Eight.

This leads us back to the question of how this marketing orientation can exist in a firm. Gummesson (1991) introduced the idea of the part-time marketer, where marketing is integrated within the various operational units of an organisation and marketing is placed at the core of the organisation. When adopting this perspective, the role of internal marketing is accepted, where all employees are focused on the

marketing process and share a common direction and understanding of this process. According to Min (2000), the move to such a marketing orientation necessitates a move to a restructuring of the organisational system. Such a marketing orientation has been shown to result in various positive outcomes such as improved firm performance in terms of increased financial rewards and employee performance (Jaworski and Kohli, 1993), and increased new product success (Narver and Slater, 1990; Slater and Narver, 1994, quoted in Min, 2000).

As shown in Min's (2000) model in figure 3.1, firms' adoption of a market orientation is conducive to an environment where relationship marketing can thrive. In fact, both supply chain management and market orientation draw upon concepts developed by relationship marketing proponents such as Berry (1995); Grönroos (1990, 1995, 1997); Gummesson (1994, 1997); O'Malley (2003); O'Malley and Tynan (2000, 2001). Key elements of the relationship marketing discourse are trust, commitment and cooperation (Grönroos, 1995; Sheth and Parvatiyar, 1995).

Berry and Parasuraman (1991) identified relationship marketing as concerning the relationship between a firm and its customers. Grönroos (1990:236) went on to expand the concept of relationship marketing by offering the following definition; marketing is to establish, maintain, and enhance relationships with customers and other parties, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises.

It is from this perspective that marketing in the film industry is viewed. No one theory is applied to the film marketing process, but the various marketing perspectives shown above contribute towards the theoretical framework of this thesis. As the film industry operates in a particular context where commercial perspectives are considered alongside artistic elements and public policy, an expansion of existing marketing frameworks is necessary.

This thesis, while using a marketing mix approach in addition to examining the role of policy, structural issues and company structure, avoids a definitive list of marketing mix elements that apply to the marketing of film, but in keeping with Borden's (1964) original article which discussed the marketing mix, provides a number of elements which should be considered collectively on a case by case basis. This approach fits with Culliton's view of the marketer as a mixer of ingredients (Culliton, quoted in Grönroos, 1994). Having reviewed the marketing approach adopted in this thesis, the following sections will proceed with a review and analysis of relevant film marketing literature before finalising the theoretical framework used in this study.

3.2 The Origins of Market Research in the Film Industry

Although the early movie moguls in the US were established businessmen, the impact of marketing was not immediately apparent. Early signs of the importance which market research had gained in Hollywood were evident by the late 1920s when a crude form of market research had begun to take place (Zukor, 1954). Box office success factors had been identified and studios incorporated these observations into their production strategy; Albert Sindlinger began to plant ushers in the cinema toilets where they would discuss a film with audience members who had just exited a performance (Jowett, 1985).

Initial audience research was socially motivated with psychologists and sociologists recognising that film could be an effective research tool. The films themselves were not being investigated, they were merely used to draw in members of the public in order to collect data (Jones and Conrad, 1930). Attempts to ascertain consumer

demand only really came about with the recognition that using film as an efficient method of social research necessitated the identification of the interests and preferences of the audience. Small-scale studies of audience preferences began with simple observations of content in the early cinema forms. This proved sufficiently popular to support the foundation of the Hollywood film industry that flourishes today (Jowett, 1985).

In the 1930s, industry professionals began to be more scientific in their data collection and analysis of their customer base. This was a response to the Depression combined with the restrictions of the self-censorship, known as "the Code" instigated by the industry in the face of criticism on the grounds of the negative moral impact of films. Immediately after World War II, Chambers (1947) identified the need for Hollywood to introduce sustained research into film production and audience composition in order to retain its lead in the world markets. He stressed the adoption of a global strategy to establish a sufficient understanding of the overseas markets in order to compete successfully (Chambers, 1947).

The 1930s also heralded the introduction of the "sneak preview" as a means of determining success and failure factors of a newly produced film. These early Recruited Audience Screenings (RAS) did not have the advantage of today's more sophisticated testing systems. Their biggest impediment to accuracy was the lack of discrimination employed in audience selection. Those currently running RASs are careful to attract clearly defined audience segments in order to determine accurately a film's potential impact on the target group. They also endeavour to ensure that each participant returns a fully completed questionnaire; there was a tendency

towards self-selection in the early years, whereby only those who enjoyed the film completed the questionnaire⁴. In saying this, during the course of this research I attended three RAS sessions and observed differing levels of professionalism in terms of audience recruitment at each. These are discussed in detail in section 8.8 (Chapter Eight).

In addition to investigating audience tastes while at the cinema, early research also began to consider the motivation behind cinemagoing as a pastime. Through his work, which drew upon the methods employed in other communications research, Paul Lazarsfeld highlighted a trend of equivalent consumption of "mediums of mass entertainment" (Lazarsfeld, 1947, p.164). For example, frequent cinema visitors were also heavy readers of magazines and regular listeners to the radio (Lazarsfeld, 1947).

Whilst Lazarsfeld's study attempted to explain the psychological motivation underlying why individuals go to the cinema, he was unable to identify any decisive factors. However, in using a demographic analysis of film audiences that drew upon research into audiences for radio, Lazarsfeld did conclude that age was a significant determinant when examining audience profiles and in the older segments of the population, educational level was important.

These early forms of market research concerned with evaluating the impact of cinema on the population, understanding the motivation to attend the cinema as well as indicating the factors which result in enjoyment of particular films based on

⁴ For an example of a recruited audience screening questionnaire, see appendix I.

demographic or psychographic considerations continue to date. While impact studies are located primarily within the remit of cultural studies, psychology and sociology the latter two types of research are undertaken by those investigating the film industry from a marketing perspective. The following section will outline the current situation with regard to the film industry's use of market research, before identifying the marketing tools identified in the literature as impacting on the selection of films by audiences. Adapting Borden's (1964) marketing mix philosophy, these marketing tools when combined constitute the substantial value adding activity that new product development in the film industry demands and is reflected in the marketing processes undertaken at the various stages of a film's life cycle.

3.3 Perception of Market Research in the Film Industry

Certain European filmmakers are scathing of the practice of audience research as carried out by the majors in the US, but lack of direction or knowledge of the appeal of a project from the early stages is likely to restrict the effectiveness of the marketing campaign. All too often, such research is left until the latter stages of production when it is ineffectual. Puttnam articulates the European situation by stating that; "Many film-makers in Europe still regard research with distaste," (Puttnam, in Ilott, 1996).

While market research is widely used in the US film industry, its introduction into the European industries has met with some resistance, particularly on the Continent. Recruited Audience Screenings (RAS) are events where a film is shown to an audience consisting of members of the target audience with the purpose of testing various aspects of the film to see if it does in fact appeal to this group. Resistance to

such research is gradually being overcome. An example of this is the interest shown by the Danish Film Institute in introducing a system of RAS to the industry, although it is hampered by the fact that there are no specialist film research companies in the country. The situation is different in the UK, where a number of companies specialise in RAS. Unsurprisingly, with US films accounting for 86% of box office revenue in the UK (EAO, 1999), their client lists are mainly composed of US companies operating within the UK.

3.4 Frameworks to Identify the Marketing Tools Involved in the Film Industry

The above section outlines the development of the use of market research as a tool in the marketing of films. The next section draws on existing literature in order to identify other elements of the marketing mix to be considered in this thesis. These elements, referred to as the film marketing mix, have been incorporated into the theoretical framework of this thesis and are explored in detail in Chapter Eight.

Litman (1983) identifies three decision making areas that he believes are important in ensuring a film is successful in the marketplace: the creative sphere, scheduling and release pattern and finally the marketing endeavour. The problem with such a framework is the separation of “the marketing endeavour” as a final and separate consideration. This thesis proposes a more holistic approach to marketing activities. As marketing is concerned with developing, packaging and communicating, film marketing activities range from very early development activities through the budgeting processes to the exhibition and distribution strategy. This, as indicated in

Chapter One, is in keeping with the relational approach to marketing as espoused by Scandinavian academics since the 1960s.

3.4.1 The Role of the Star- Actor, Director, Producer

To date there has been a lot of attention paid to the role played by the lead actors (stars) cast in films. The literature discussed below does not provide a definite answer as to the marketability of films in relation to “the star”, but it is recognised that the star can often be a point of reference for consumers when choosing particular films. In addition to this, many of the other creative roles can prompt a decision to select particular films from the available offerings; this will be discussed later in this section.

Jacobs (1968) divided the factors influencing film choice into five loosely defined areas, with the principal stars seen as the most important factor in attracting an audience. The importance of a star's earning capacity is recognised by the Hollywood Reporter with their "Star Power" service. It has a database of over 500 actors and actresses around the world, with an indication of their box office potential.

The importance of genre, script development, target audience and budget will be discussed below, but these factors must be considered in choosing appropriate creative personnel. The impact that these individuals may have on the ability of a film to crossover from one audience segment to a wider audience should be evaluated. The aim of the marketing campaign for many small films is to precipitate a film in crossing over from niche market to mainstream.

Chapter Two traced the early use of stars as a key method of product differentiation for the majors, and this appeal of “star quality” has not diminished. On occasion this appeal is over estimated, as some films do not support big names. This can be problematic for filmmakers when trying to secure production finance from the majors who may exert pressure on the filmmakers to cast well known stars in the lead roles in order to increase the attractiveness of the film at the box office. Latterly, research has shown conflicting results regarding the role of the star in the ultimate success of individual films. De Silva (1998), Neelamegham and Chintagunta (1999); Sawhney and Eliashberg (1996) and Sochay (1994) found that star involvement in a film had a positive result on box office performance. Austin (1989), Litman and Ahn (1998) and Ravid (1999) concluded that the inclusion of a well-known star in the cast of a film played no significant role in increasing earnings. Litman and Kohl (1989) identified that the star had a small role in increasing revenue but was not the most significant factor. De Vany and Walls (1999) found that those films which featured a star were more likely to have a longer run on more screens than those without. However, as they point out, this may be linked to the fact that such films are likely to have a greater overall budget than films without stars, which may account for this box office longevity. Evaluating the impact of stars on the box office performance of films is problematic as it is often dependent on the star in question; the image that this star has; and how the intended audience for the film receives them.

The star is not always the main attraction. For many cinemagoers, the director or cinematographer of the film may be a major draw. For example, the films of Quentin Tarantino have a certain style and following. This is true for many directors, Pedro

Almodovar, Stephen Spielberg, Gus Van Sant, Lars Von Triers, Paulo Pasolini and so on. In each case, the attachment of such a director indicates a certain style, genre or quality which appeals to the intended audience. Nowell-Smith (1981) refers to this ability of particular directors to inscribe themselves on the film, as seeing the author's style as inscribing itself in the "text" of the film resulting in the provision of a coherent enabling device which allows the audience to recognise the film as "authored discourse" (Nowell-Smith, 1981). A problem arises when this style is deviated from, as the previous audience can be alienated without the new audience fully accepting the work of such a director. In Europe, unlike in America, writers and directors control the direction of the film. According to Andrew Macdonald, producer of cult hits *Trainspotting* and *Shallow Grave*;

They (writers/ directors) don't make films for anyone other than themselves. They believe that it's important for them to say their thing and then they give it to the producer and the producer is told to raise the money (MacDonald, quoted in Goodridge, 1995).

3.4.2 The Creative Sphere

Since the end product of the film industry is in itself a creative product, within this it is difficult to distinguish the "creative sphere" from that which is not creative. However this thesis is not concerned with debating and defining the role of creativity in organisations. Litman (1983:159) defines the creative sphere as "the total creative effort expended in making the film", and within this he stresses the importance of the story. This elevation of the story is echoed by experienced filmmakers such as Neil Jordan (1997) who in a public interview stressed repeatedly that the quality of the story was one of the most difficult, yet important, tasks to achieve. Jacobs also includes the story as a key feature in his (1968) framework. Linked to the appeal of

the story is the genre. It is impossible to consider the role of the story without discussing the genre of the film.

3.4.3 Genre

The identification of a film's genre is essential as the tastes of cinema audiences move with fashion, and one hit in a particular genre can inspire a revival, as was the case with Les Craven's *Scream* films, which heralded a revival of the teenage horror film. There is an element of chance involved in identifying what will attract audiences when the film is completed. Bowser (1990) and Ellis (1995:102) examined the trademark genres which existed in American film in the 1920s and remain today. The 'western' typified America and the American film of the time. The 'comedy' became very popular in the 1920s when the first comedy features were made. This was the era of Charlie Chaplin, Harold Lloyd, Harry Langdon, Buster Keaton and Laurel and Hardy. Ellis (1995:104-5) highlights the history of 'genre films' in the following way;

Though the introduction of sound required extreme modifications of style and introduced a new group of comics, the comedy, along with the western, the gangster film, and the musical, remains among the most distinctive, indigenous, and important American contributions to film forms.

Another popular genre of the time was the 'love story'. These were originally referred to as 'women's pictures'. Although the love story had been around since the beginning of the film industry, it reached its popular plinth in the 1920s as, by this time, women constituted the largest cinema going social group. This is in contrast with the situation today where the main target audience for films are young males who are now the most frequent cinemagoers. Such types of light entertainment appealed to the populace as it enabled them to escape from the humdrum of everyday

life. This has remained part of the quintessential appeal of the Hollywood blockbuster to date.

Genre continues to be a key determinant for financial success (Litman, 1983; Litman and Kohl, 1989; De Silva, 1998). However, it can be difficult to predict the genres which will appeal at the time of a film's release - as the lead-time between development and theatrical release can be two years or more, the result can be producing in a genre that has run its course or suffered from overkill (Litman 1983:160). Ellis (1995) highlights the popularity of adaptations of successful novels and plays during the 1920s and 1930s. This enthusiasm for adaptations has not faded, the recent success of films such as *Bridget Jones's Diary*, *Charlotte Gray*, *High Fidelity* and *The End of the Affair* are testament that the trend towards popular adaptations has not ceased. However, the success of the original novel alone does not ensure success as was seen by the relative commercial failure of *Captain Corelli's Mandolin* or *Bonfire of the Vanities*.

3.4.4 Target Audience

Durie et al. (2000) stress the need to identify the target audience for a particular film in order to focus the marketing campaign. The target audience and any potential crossover audience may be determined by studying the success or failure of similar films at the box office. This can highlight the successful and unsuccessful strategies employed in the production and marketing of such films in order to determine potential audience size.

Durie et al. (2000), share the belief held by Tim Bevan from *Working Title Films* that it is essential to know a film's target audience from an early stage in its development. Bevan admits that it has taken him a long time to recognise this necessity, but urges the writers whom he produces to imagine the trailers and the target audience before writing at all. The identification of the target audience is closely related to the genre of a film as discussed above.

3.4.5 Word of Mouth

Many commentators believe that it is impossible to control "word of mouth". However, identifying the most likely audience for a film and focusing on bringing it to their attention can go some way to ensuring that word of mouth is positive. Durie et al. (2000) also look at the impact of "word of mouth" and reviews on a film's success or failure. They differentiate between "want-to-see" and audience enjoyment. Film marketers can create "want-to-see" through the marketing campaign. However, the ultimate aim is to achieve audience enjoyment and therefore "good word of mouth" in order to sustain a film in the market. Accurate targeting of a film can assist in positive word of mouth.

The experience of Neil Jordan in relation to his film *In the Company of Wolves*, provides an example of where the positioning of a film resulted in its failure at the box office (Jordan, 1997). This adult allegorical fairy tale was distributed in the US by Miramax, who marketed the film as a horror movie and targeted this audience. Audience expectations of a horror movie were unfulfilled resulting in the film being slated by audiences, which ultimately created negative word of mouth and commercial failure; the film was failed by its marketing campaign. Negative word of

mouth can undermine the most sophisticated marketing campaign (Katz and Lazarsfeld, 1955).

3.4.6 Critics and Avids

An essential role in creating and sustaining good “want-to-see” and word of mouth is played by the critics and what the film industry calls “avids”- the mavens or opinion leaders from among the consumers. Much research has been carried out regarding the role of critics and awards in predicting box office success (Austin, 1983; Austin, 1989; Cameron, 1995; D’Astous and Touil, 1999; Eliashberg and Shugan, 1997, Holbrook, 1999; D’Astous and Colbert, 2002). Findings here are inconclusive but there would seem to be an overall acknowledgement that good critical reviews can help a film to achieve box office success. The question of the role of award ceremonies seems more complicated. Films with Oscar (Academy Award) nominations are more likely to achieve box office success than nominees and winners of festival prizes such as Cannes, Venice and Sundance. There has been evidence from Austin (1981) to show how the influence of critics and reviewers only impact on the more “esoteric films” and therefore do not heavily affect box office receipts in the main.

The use of avids has not yet been researched, but avids are used extensively in film marketing. The main strategy is by placing features on new films in publications read by such avids in addition to targeting them for preview screenings. Another way in which avids have been used to increase publicity for a film prior to release was in the marketing of *The Blair Witch Project*. Here, the internet was used extensively in spreading the word about this film and in building up suspense and

creating word of mouth around the film. Although at the time this was heralded as a new way to promote low/no budget films through the internet, it subsequently emerged that this campaign was heavily financed by the film's distribution company. The targeting of early adopters in the film industry is similar to that used in other industries. This is another example in support of the argument that marketing in the film industry is similar to marketing within other industries.

3.4.7 Production Values

In the early film industry, production values, such as impressive sets and crowd scenes involving large numbers of extras were identified by Jacobs (1968) as influencing the level of audience appeal. In today's terms, this would translate into the appeal of elaborate special effects and the use of digital mastering in order to impress the audience. However, De Vany and Walls (1999:308) stress that, "heavy spending on special effects or "production value" is the most risky strategy for making a movie a hit". Litman (1983) also mentions "picture sense", in other words, cinematography, as an important creative element in a film's marketability, although this could also be considered as a production value.

3.4.8 Development

The above factors are all important considerations when packaging a film, but often considerations pertaining to the marketing of a film occur too late. In the development stage of a film's life cycle, it is important to identify the genre, target audience and so on in order to select the correct creative talent and to make appropriate budgeting decisions. The approach to film making in the US is still based on the principle of market success, despite the rise of the independent

production sector. In Hollywood, films which are not easily classified by target audience and genre have little chance of surviving the development process. In Europe, the percentage of projects proceeding from development into production is extremely high in comparison to the US, and this is despite expenditure on development being much lower in Europe. "Hollywood spends around 7% of each film's overall budget on development compared to Europe's more characteristic 1-2%" (Finney, 1996:17).

This disparity is mainly attributed to the pay structures existing in Europe, with production companies reluctant to invest money in projects that need further development. In a panel discussion as part of the 1998 London Film Festival, Andrea Calderwood, Head of Production at Pathé Entertainment, confirmed that production companies are unwilling to become involved in the script development stage preferring to wait and see the fully developed project before committing to it. Therefore, the scriptwriter is likely to hurry along the process of development of a script due to financial necessity. Due to the budgetary constraints which this imposes, independent filmmakers in Europe rarely carry out cohesive audience research at this stage. This failure in the European film industry has been recognised and programmes like the European Commission's MEDIA Programme as well as national level programmes have been established to address this problem. This lack of development finance was also noticed by Jake Eberts who went on to form Goldcrest Films, which originally provided development finance on a commercial basis (Eberts and Illot (1990).

3.4.9 Distribution, Scheduling and Release

A wealth of debate surrounds the issue of whether the majors or the independents can secure the most successful distribution deal. While it cannot be denied that the majors are ideally suited to distributing big budget, high profile films, independents and specialist distributors are often more suited to the distribution of smaller films. As they invariably have lower P&A⁵ budgets, they are required to execute a more exact and focused distribution campaign than the majors and this is often more successful for these films. Goldberg (1991) summed up this question as whether to aim with a rifle or a shotgun. PACT (1994:55) found that, in relation to UK productions, films which were independently distributed, recouped a significantly higher proportion of their budgets than those distributed by the majors. The average proportion of budgets recouped, from all media, by independent distributors in the UK and US was 17.75% and 35% respectively. In contrast, the figures for studio-distributed British films in the UK and US were 6.75% and 20.6% respectively.

The power of the majors to secure preferred play dates, length of run and maximum levels of prints emerged in the PACT submission to the Mergers and Monopolies Commission in 1994. This was especially true for films that were distributed by the majors in the US; a phenomenon that can easily be explained. The majors control the distribution of the overwhelming majority of films in the international market and for this reason it is imperative that the exhibition sector co-operates with them in order to secure a constant flow of product.

⁵ P&A budget stands for Prints and Advertising budget, this includes the costs incurred for all publicity materials and activities as well as the cost of making the prints for release. The wider the release strategy employed (in terms of the number of screens that the film is released on simultaneously) the more prints that are needed, and therefore, the higher the P&A budget.

In fact August 1989 heralded a new era in film marketing in the US when Miramax released *sex, lies and videotape*. According to Perren (2001:30),

sex, lies and videotape helped to set the standard for low-budget, niche-based distribution in the 90s and to lay the groundwork for a bifurcation within the entertainment industry.

This led to each of the major Hollywood studios purchasing a specialist distribution company to handle quirky small films.

In addition to the above characteristics, latterly the research focus has shifted to look at the release strategy as well as the characteristics of the film itself. De Vany and Walls (1996, 1997, 1999); Jedidi, Krider and Weinberg (1998); Jones and Ritz (1991); Litman and Ahn (1998); Neelamegham and Chintagunta (1999) and Zufryden (1996) all look at the impact that the number of screens on which a film opens, runs and closes on has upon success. In general, the greater the number of screens a film is released on, the more likely the film is to achieve financial success. But, this explanation is overly simplistic. The number of screens that a film opens on as well the length of the run that a film achieves is dependent on the budget which the distributors have for prints and advertising (P&A). The cost of each print is in excess of £1000 and one print is needed for each screen showing the film. In this way smaller films with lower P&A budgets will be restricted in terms of the number of screens the film can be shown on at any one time. In addition, according to Kerrigan and Culkin (1999), the major film studios, due to the integrated supply chain at their disposal, can negotiate longer guaranteed runs in cinemas than independent distributors.

3.4.10 Ratings

Litman also emphasised the impact that a film's rating can have upon the success of a film. Austin (1981), in agreement with Litman, draws upon Brehm's concept of psychological reactance "which focuses on the specific motivational and behavioural response of individuals for whom a given freedom has been threatened or eliminated" (Austin, 1981:384). When a film is rated R or X in the US (18 or X in Europe) the film has the aura of something forbidden. The publicity gained by such films as *The Last Temptation of Christ*, *Crash* and *Natural Born Killers* when the censors wanted to outlaw them, was invaluable. This controversy created "must see" the feeling that one is missing out on an important cultural reference by not seeing a particular film-which is something that every film marketer strives for.

Brehm's (1966:9) theory predicts that the individual "will be motivated to attempt to regain the lost or threatened freedoms by whatever methods are available and appropriate"- the more a freedom is threatened, the more it is sought. Therefore, when applied to the ratings systems of films, the more forbidden it is to see a film, the greater "*want-to-see*" (the industry term for very strong word of mouth, which creates great anticipation for a particular film) is created.

To support this belief empirically, Austin draws upon Herman and Leyens (1977) work (Austin, 1981a). In a study of films transmitted by Belgian based French language TV station, RTB, they concluded that, "qualifications make the movies more desirable for the television viewers ...movies with advisories are watched more than the movies without them" (quoted in Austin, 1981a: 390).

3.5 Theoretical Framework

The majority of the research discussed in this chapter has been undertaken by economists such as De Vany, Litman, Jowett and Ravid. Therefore, their primary interest is in the economic performance of films rather than in explanations of the environment in which such performance takes place. The “how to” guides such as those of Durie (1993), Durie et al. (2000), Illot (1996) and Lukk (1997), while providing useful practical tips for film producers and marketers, do not tackle the film marketing environment in any detail. Social psychologists such as Austin, are predominantly concerned with issues of choice and decision making (presuming an element of freedom in this choice). Finally, those approaching film marketing from a marketing background (as in those emanating from a marketing department) such as Eliashberg and Elberese, have also adopted an economic methodology for the analysis of film marketing, looking at the result of such marketing rather than the environment in which marketing decisions are taken.

While the literature discussed above is valuable in understanding film marketing, due to its narrow focus it does not provide insight into the constraints placed upon film marketers by the environment in which they operate. Therefore, this thesis addresses the gap in the literature that exists and in doing so, progresses film marketing scholarship by adopting an holistic marketing perspective.

As can be seen above, there has been an evolution in terms of looking at or using film as a means of social commentary to looking at ways of manipulating tastes in order to sustain and develop the market for film. As this thesis focuses on the marketing of films and the specific impact which supply chain structure has upon the

process of marketing, it is fitting to present this in line with a theoretical framework which encompasses the various strands of this work. As outlined in the following chapter, my methodological approach aims at building upon existing theory as well as creating new ways of understanding the nature of feature film marketing. In this way, the theoretical approach was initially formulated from the literature outlined above and was developed and refined during the process of data collection and analysis. This is in line with Layder's research map (1993:8) as outlined in Chapter Four.

What has been absent from previous research and has major preoccupation with this research, is contextualising the decision-making process underpinning marketing choices in the film industry. By setting this research within the wider historical film marketing environment, this study draws upon Bourdieu's (1977; 1998) approach to social enquiry, which urges researchers to acknowledge the historical development of "the field" and, in doing so, to deepen the understanding of the current sphere of activity, the "habitus". Chapter Two traced the historical development of the film industry and illustrated the nature of power which exists in today's film industry. Historically, the film industry has been dominated by the US. The global film industry is controlled by a very small number of vertically (and horizontally) integrated audiovisual organisations competing in a very tightly controlled market. It is within the context of this historical industrial (macro level) analysis that any examination of the film marketing process must be set in order to develop existing film marketing scholarship.

Bourdieu also urges researchers to examine meso level activities (i.e. those at the level of the organisation and interaction between organisations). In order to tackle inquiry at this level, primary data collection was undertaken. The nature of this data is discussed in the following chapter, but the aim of the primary research was to gain an understanding of the practice of film marketing and how the supply chain structure impacts upon this practice. In analysing these concepts, Bourdieu's (1977) theory of "habitus", the social environment within which interaction takes place; provided insights into the process of decision making and marketing strategy which was apparent in the case study company chosen as well as in the life writings analysed.

In trying to make sense of the environment in which marketing activities took place in my case study organisation, as well as my analysis of the life writings discussed in Chapter Two, the idea of the habitus as both existing due to the beliefs and working practices of the company employees and unconsciously shaping these beliefs, provided an understanding of the dynamics observed. Individuals are drawn to the working environment due to their sympathy with the habitus and this sympathy results in a reinforcement of this habitus, hence becoming "the product of history, [which] produces individual and collective practices, and hence history, in accordance with the schemes [is] engendered by history" (Bourdieu, 1977:82). Bourdieu's framework complements my use of relationship marketing and supply chain management literature as discussed in section 3.1. Figure 3.2 below illustrates the theoretical framework, which underpins this thesis. In keeping with Bourdieu's approach, the research is historically grounded and film marketing practice is analysed at industrial (macro), organisational (meso) and individual (micro) levels.

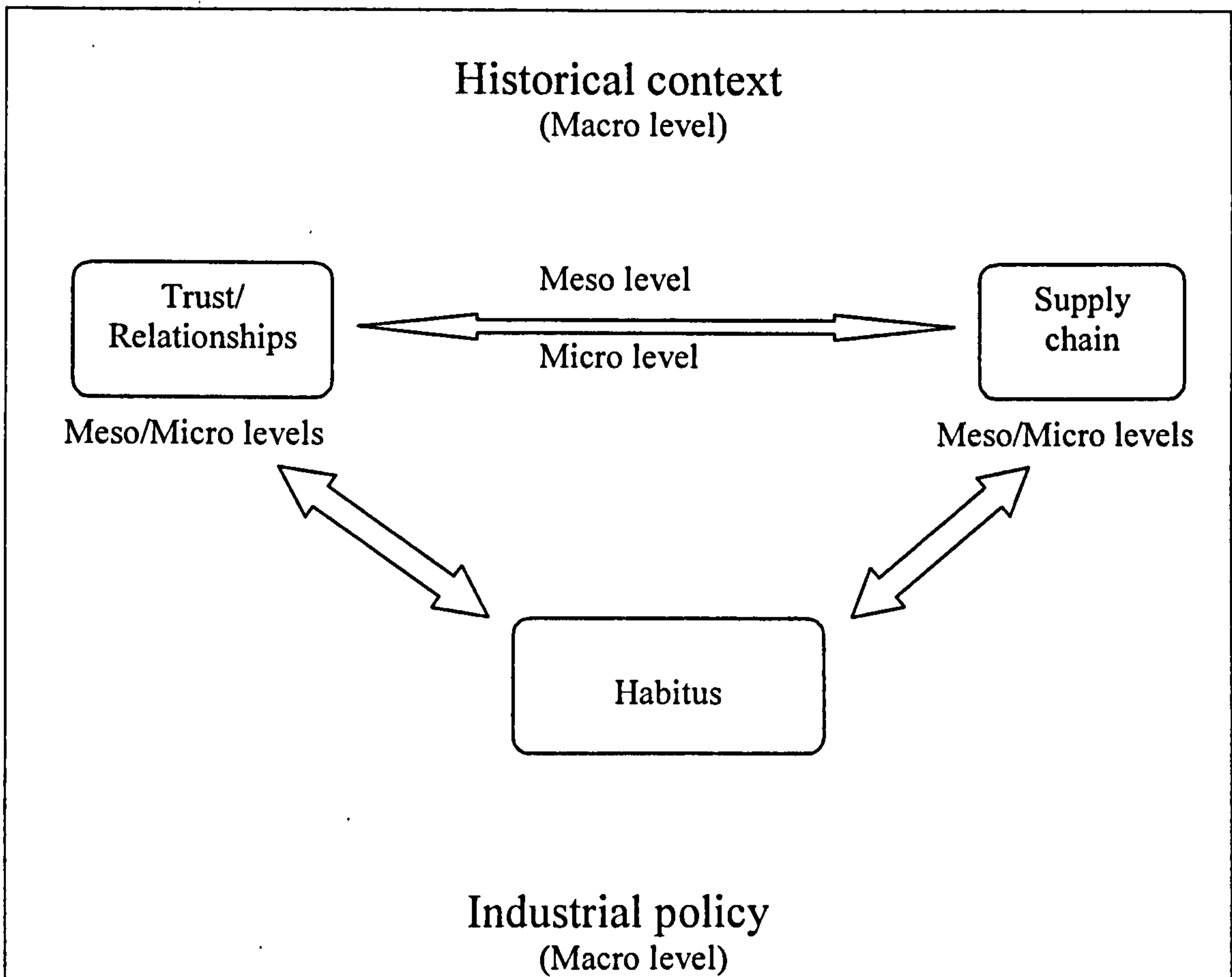


Figure 3.2 Theoretical framework

Bourdieu (1977:87) also discusses how our *modus operandi* are formed through imitating the actions of others, rather than by learning them through a formal educational practice. Employees in the film industry, particularly those involved specifically in the marketing function, often do not have formal business or marketing qualifications. Industry experience has much greater value than such qualifications and, in this way, language and working practices within film industry organisations are formulated through the working practice of the organisation. This emerged from my field research, where participants seemed to possess a sense of pride that they did not have formal business qualifications, coming instead from mainly creative educational backgrounds.

Doxa, as presented by Bourdieu (1977: 164) denote the notion of reality that is within the accepted behaviours and limits of understanding as intrinsically accepted and unquestioned by that society. The doxic approach accepts the natural world order as an objective truth which is unquestioned and, in this way, reproduced and legitimised

not as arbitrary... but as a self-evident and natural order which goes without saying and therefore goes unquestioned, the agents' aspirations have the same limits as the objective conditions of which they are the product (Bourdieu, 1977:166).

There is no room for debate within the doxa, debate can only occur outside of this realm, as doxa is defined as "...that which is beyond question and which each agent tacitly accords by the mere fact of acting in accord with social convention..." (Bourdieu,1977:169). Habitus is presented in figure 3.3 below. In an environment where doxa exist and there are subsequent high levels of shared, unconscious meaning, trust is likely to exist and thrive. My early research illustrated how the existence of trust and a shared creative vision were highly valued in the independent film sector.

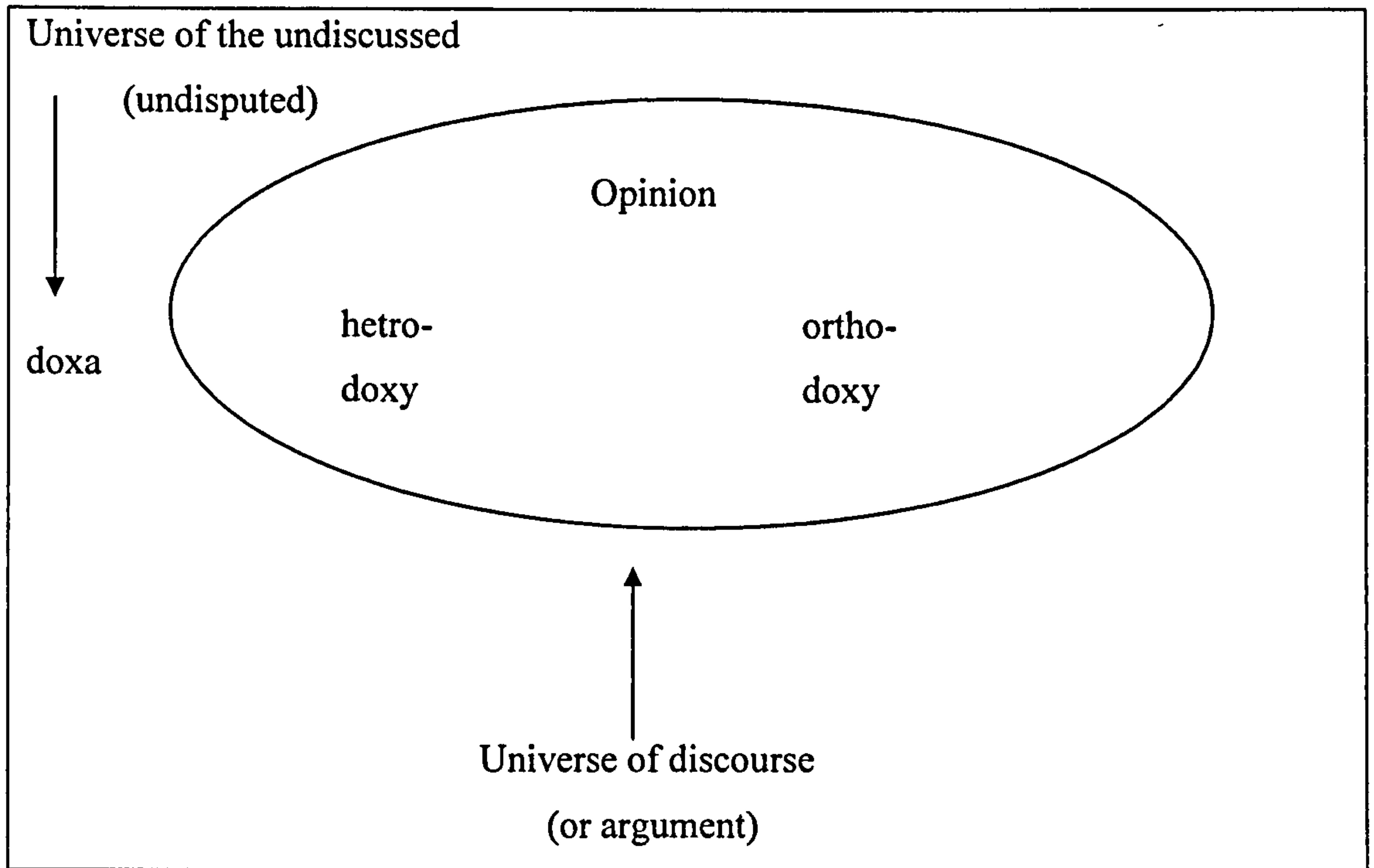


Figure 3.3 Bourdieu's map of habitus. Source: Bourdieu, 1977: 168

Discourse takes place when

the social world loses its character as a natural phenomenon ...the question of the natural or conventional character (*phusei* or *nomos*) of social facts can be raised (Bourdieu, 1977: 169).

Once a state of discourse is entered into, some realisation of the nature of the doxa is arrived at and defended. This is a more conscious level, where positions are adopted and defended rather than adopted subconsciously, resulting in the *orthodox*, which, as shown in figure 3.3 above, by objectifying the doxy, legitimises it, or

aims, without ever entirely succeeding, at restoring the primal state of innocence of doxa, exists only in the objective relationship which opposes it to heterodoxy (Bourdieu, 1977:169).

Heterodoxy offers the choice of competing possibilities due to the exclusion of the orthodox view. The greater the level of doxa within a habitus, the less room for debate. Bourdieu's theory of habitus fits in well with relational interpretations of

marketing. The process of internal marketing, or the adoption of a marketing orientation, is facilitated by an environment in which the realm of doxa is greater than the realm of discourse.

Bourdieu's (1977) "Outline of a Theory of Practice" provides a useful framework for analysis of the terrain which I have explored in this thesis. Both at company and at industry level, the realms of doxa, orthodox and heterodox exist and in this way the habitus can be explored and explained. The literature explored in the previous two chapters has indicated the need to address industry and company structure in the European film industry within the framework of the supply chain literature. The existence of an integrated structure in Hollywood has been identified as a significant contributor to the success of Hollywood film studios in controlling the film market. This necessitated the inclusion of an analysis of the film industry supply chain in the thesis. When analysing the impact of the structures in existence, Bourdieu's notion of habitus provided illumination and insight into understanding those structures which provide a successful marketing environment.

When the macro and meso levels of analysis were undertaken, it was possible to evaluate the impact the VertiCo habitus had upon the operationalisation of the marketing campaign and film marketing mix. The film marketing mix proposed in this thesis emerged from existing film marketing literature as outlined in this chapter. The impact of public policy initiatives upon the marketing of films was evaluated and in the context of the life writings and fieldwork including the micro level case study analysis, policy suggestions were formulated.

3.6 Summary

Chapter Two indicated the structural environment from which the current film industry arose. In doing so, my research has contributed to the development of film marketing scholarship by recognising the impact which the historical development of the industry has upon film marketing practices in the current environment. Following on from this, Chapter Three has considered the film marketing literature in order to formulate an initial theoretical framework. Generic marketing literature was discussed in order to locate this work in the academic field of marketing. This was followed by a discussion of literature showing the development of the marketing function in the film industry since the origins of the industry, and then by discussion and analysis of literature relating to film marketing.

In analysing existing film marketing literature it was noted that economic studies predominate. The majority of such studies focus on specific elements of market performance such as the role of critics, release strategy, the role of the star in predicting performance and so on. In this way, they ignore the industrial environment which impacts upon the ability of film marketers to pursue certain strategies. In order to contribute to the discussion of film marketing (and to some extent to reclaim this ground from the field of economics), a holistic view of the marketing process has been adopted and incorporated into the theoretical framework.

The chapter acknowledges that, to date, context has been missing from the study of film marketing. In order to rectify this, the structural and policy environment (macro environment) within which film marketing takes place will be examined in Chapter Five and company specific factors emanating from the relationship marketing, supply

chain management and trust literatures will be examined in Chapters Six and Seven (meso level), leading to the proposal and analysis of the film marketing mix in Chapter Eight (micro level). The company level analysis takes place using Bourdieu's theory of habitus as a theoretical lens.

This framework merges views of marketing emanating from the relationship marketing school, which emphasises relationships, trust and commitment with the marketing mix approach. This necessitates an acknowledgement of the role of supply chain management and the role of trust in the marketing of films, and the need to propose a film marketing mix which can be used in order to analyse the film marketing process.

In discussing the existing film marketing literature and the gaps that exist in this literature, an alternative theoretical framework within which to examine film marketing has been necessarily proposed. The following chapter will outline the methodological approach adopted in line with this theoretical framework and in doing so, will illustrate further how this thesis develops film marketing scholarship through the adoption of an holistic approach to marketing.

CHAPTER FOUR

METHODS AND RESEARCH

STRATEGEY

4.0 Introduction

The previous chapters introduced the study and set it in the context of the existing literatures. My analysis of this literature combined with my experiential knowledge formed the basis of the theoretical framework that shaped my field research. This thesis adopts an interpretive methodology which aims to understand the process of film marketing within its industrial and environmental context. This requires a multifaceted approach to the research, examining a range of data and looking for multi-angulation from this data in order to provide an understanding of the research terrain.

The following sections identify and elaborate upon the research process that I undertook, providing explanation and justification for the choices made. This chapter will give the reader insight into the various stages and decision making processes which have constituted this thesis. In addition to detailing how my research was carried out, the chapter contains a discussion of possible alternative methods of data collection and analysis, and provides reasons as to why these methods were not deemed suitable.

4.1 Factors Influencing Research Design

The purpose of this research was to investigate the marketing environment in which film marketing takes place, to evaluate the impact which public policy has upon the marketing activities of a film professional and to examine the impact of supply chain structure on the marketing campaign. In addressing these aims, the thesis develops existing film marketing literature by providing a contextual setting for my analysis. In addition, in applying established marketing theory to the film marketing process,

the thesis provides an alternative view of film marketing to existing research, which is dominated by an economic view of film marketing issues. These aims necessitated a particular research approach, as outlined in the following sections. These span the philosophical to the practical considerations that resulted in the final methodology and methods used.

In undertaking research, there is a need to situate oneself in a particular methodological school. The research methodology literature identifies two distinctive approaches to undertaking research. The researcher must decide whether their research is of a deductive or inductive nature. As indicated by Carson et al. (2001), deductive approaches are associated with positivism where a hypothesis is tested (Cassell and Symon, 1994) through the use of large samples. Such deductive research is viewed as providing wide scale generalisable findings. In opposition to this is the inductive approach, associated with phenomenology (Healey and Perry, 2000), where theory is developed through observing empirical evidence. The following table indicates the difference between these approaches on the basis of assumptions regarding ontology, epistemology, axiology, rhetoric and methodology.

| Assumption | Question | Positivism | Phenomenology |
|-----------------------------------|--|---|--|
| Ontological assumption | What is the nature of reality? | Reality is objective and singular, apart from the researcher | Reality is subjective and multiple as seen by participants in a study |
| Epistemological assumption | What is the relationship of the researcher to that researched? | Researcher is independent from that being researched. | Researcher interacts with that being researched. |
| Axiological assumption | What is the role of values? | Value free and unbiased | Value-laden and biased |
| Rhetorical assumption | What is the language of research? | Formal, based on set definitions, impersonal voice, use of accepted quantitative words | Informal, evolving decisions, personal voice, accepted qualitative words |
| Methodological assumption | What is the process of research? | Deductive process, cause and effect, static design-categories isolated before study, context free, generalisations leading to prediction, explanation and understanding, accurate and reliable through validity and reliability | Inductive process, mutual simultaneous shaping of factors, emerging design-categories identified during research process, context-bound, patterns, theories developed for understanding, accurate and reliable through verification. |

Table 4.1 Assumptions contrasting positivism and phenomenology (Creswell, 1994:3)

The research questions dictate the use of a phenomenological approach where the researcher is an essential research tool. The following section outlines the characteristics of qualitative research and illustrates the fit between the research approach chosen and the research objectives.

4.2 Characteristics of Qualitative Research

According to Rossman and Rallis (1998:8), qualitative research has four key characteristics: it takes place in the natural world; uses multiple methods that are interactive and humanistic; is emergent rather than tightly prefigured; and is fundamentally interpretive. In addition, the qualitative researcher views the social phenomenon holistically; systematically reflects on who she is in the inquiry, is sensitive to her personal biography and how it shapes the study; and uses complex reasoning that is multifaceted and iterative. Rossman and Rallis' (1998) classification highlights the key elements of qualitative inquiry as were used in my research.

As shown in the previous chapters, my research seeks to overcome the shortcomings of much of the film industry research undertaken to date by locating the research firmly in the "natural world" in which the events take place. Multiple methods were necessary in order to meet the objectives of the research, to understand the role that policy can play in facilitating the film marketing process and to evaluate the impact of supply chain structure on the marketing process. In order to meet these objectives, interviews were undertaken with policy makers and film industry professionals, extensive policy analysis was undertaken and other relevant documentation was also analysed. Due to my experience of working in the area of study prior to commencing the research, and having carried out an extensive literature review, the approach taken, while not "Grounded Theory", was emergent in nature. As the literature did not look at film marketing from an holistic perspective, this was a necessary approach. In addition, my method of data analysis as detailed below was

interpretive in nature. Some themes emerged from the initial literature review and my own industry experience, but many emerged as the research took place.

Wolcott (1990:17) proposed that “the most appropriate place for examining the literature seems to me to be in consort with the analysis of the data”. In line with Dexter (2003), I have chosen to combine Wolcott’s approach with the more traditional placing of the literature in an early, separate literature review section. Literature reviews have an evolving purpose. According to Dexter (2003:26), the literature review is used in the early stages to “raise issues to enable the aims of the research project to be formulated and refined”. It is also necessary to review relevant literature in light of the data analysis in order to find explanations for what is emerging. The initial literature review has focused on the historical development of the film industry in order to ground the film marketing environment in its historical context, in line with Bourdieu’s (1977; 1998) approach. This was followed by an analysis of the existing film marketing literature. This early exploration of the literature shaped the research process and early enquiry and was added to and updated as new studies emerged. Once data collection and analysis began, themes began to emerge necessitating a further investigation of the literature regarding the themes of supply chain and trust. In line with Dexter’s (2003) approach, which is embedded in Wolcott’s (1990) view of the use of literature, these literatures are introduced in the analysis stage, as it is here where their relevance in making sense of my data becomes apparent.

In terms of my role as researcher, I embraced the need to “view social phenomenon holistically”. As already mentioned, not doing so has lead to many studies of film

marketing issues which are limited in use, having been undertaken without considering the social sphere within which the marketing activities took place.

Adopting a reflexive approach to my study necessitates the acknowledgement of the role of the researcher in the research process. Throughout my research I questioned my role and my interpretation of events and in writing up this research, I have at all times acknowledged the inherent bias to which I am subject in looking at the issues tackled in this research.

Finally, in carrying out the data analysis, complex reasoning was used in tracing themes through the data and in looking at what was said and not said by interviewees. It was also necessary to triangulate all forms of data gathered, in order to come to a sensible conclusion; in an attempt to eliminate bias on my part as the researcher; and also the inevitable degree of self-editing that my participants would engage in.

4.3 Scope of Study

As shown in the previous chapters, marketing academics interested in investigating the film industry have historically neglected the environment in which these marketing activities take place, resulting in the presumption of a vacuum, free from time and situational factors which may influence events. One of the main aims of my research was to show how these environmental factors impact on the film marketer and, in particular, how national and supranational level policy impacts upon marketing decision making.

According to Bourdieu's (1977: 159-197) theory of Structures and Habitus as discussed in the previous chapter, it is necessary for researchers to acknowledge the social world in which all organisations and organisational reality is formed. In this way, objectivism insinuates that the world exists as a static entity upon which the individual has no impact. It is this assumption, which seems to underpin much of the literature discussed in Chapter Three that presumes a film industry operating outside of its industrial context. In fact, this industrial context, which has been historically shaped, plays an indisputable role in curbing the film marketing possibilities, which the studies of Elberse (1999), Eliashberg and Sawhney (1994), Jedidi et al. (1998) presume. In order to fully explore the macro environment, it was necessary to couple a review of literature relating to the historical formation of the film industry with an extensive analysis of the development of existing film policy.

In carrying out my research I followed Bourdieu by situating myself within real activity. In undertaking social research there are various ways in which to "situate oneself within real activity", from the ethnographic techniques of participant observation, to action research. In order to situate myself within the film world, I immersed myself in the world of the film industry as much as is possible for an outsider. In doing so, I had the advantage of having worked with film people during the six months prior to beginning my PhD. In this way, I was familiar with much of the language, the prevailing issues facing the industry and the structures within which the industry operated. I was very familiar with the macro level issues facing filmmakers as well as understanding the day to day pressures involved in making and bringing a film to market. In order to maintain my film industry knowledge, I read the trade press and regularly attended film industry events. In addition, I undertook

two periods of participant observation during the fieldwork for this dissertation; the Strategics Film Marketing Workshop and the Recruited Audience Screening as discussed below.

In line with Layder's (1993:27) approach, my research brings "macro and micro analyses closer together" by analysing the links between the layers of analysis. In keeping with Layder's (1993:8) research map, I have identified the various layers of analysis within my study, referred to by Layder as; 'self', 'situated activity', 'setting', and 'context'. Layder's 'self' constitutes the individual characteristics of the film marketers and other participants in my study. 'Situated activity' refers to the interaction of the various individuals in their working environment. The 'setting' is their micro environment, the company in which they work; and the 'context' refers to the wider industrial, cultural and policy environment in which they exist. Layder (1993) stresses the importance of an understanding of the macro environment in order to fully understand the micro. By adopting Bourdieu's theoretical lens, I also introduced the concept of meso level analysis, and it was at this meso level that analysis of the supply chain and its influence on marketing could be understood, and themes such as relationships and trust emerged as key factors within the film marketing process. This research employed mixed methods, mainly of a qualitative nature. Figure 1.1 (page 13) illustrated the various sources of data which were used in researching the research questions posed. These data are presented in table 4.2 and discussed in more detail in section 4.8 (Chapter Four).

4.4 Theoretical Basis

The theoretical basis of this thesis has emerged by drawing on my own working experience. From my experience as a consumer; reviewing previous academic work in the area as well as an analysis of policy relevant to my area of enquiry. As outlined in the previous chapters, my experience has been set in the context of Bourdieu's (1977) theory of Structures, Habitus and Power. In adopting a phenomenological approach, as introduced by Schutz's (1967), I have openly acknowledged the role of the researcher in the research process as well as recognising the importance of the public sphere in shaping the business environment. This is in line with Schutz (1967) emphasis on the need for social scientists to base their assumptions on the commonly held assumptions of people in a collective society. As marketing can be viewed as a parasitic discipline, drawing on diverse areas such as sociology, psychology and economics (as acknowledged by Burton (2005) my desire in conducting this research was to incorporate disparate but relevant literatures, in order to accurately reflect the environment in which film marketers work. This is not a one-way process as latterly, as illustrated in Chapters Two and Three, disciplines such as sociology, cultural studies, economics and geography have produced work relating to the marketing or consumption of film.

In the process of my research journey, I have had to broaden the remit of my research in order to gain a comprehensive overview of the subject. With the knowledge gained from this broad overview I narrowed the remit once again in order to design my research, and the final stages have necessitated a final broadening of my scope in order to situate my study in the current academic and policy environment.

The process of carrying out phenomenological research results in the continuous renegotiation of the boundaries of the research as the research environment evolves. As the film-making environment has changed during the course of my study, it has been necessary to incorporate this into my investigation and to evaluate the impact of these changes, as outlined in Chapter Two, on the film industry in Europe.

4.5 Defining Independence

One question that constantly arose in thinking about my research methodology and the parameters of my research was the issue of independence. I wanted to look at the "independent" film sector, as the European film industries are predominantly composed of a large number of small companies which are involved in one or two activities, mainly production. In addition to these, there are some pan-European companies, which are "vertically integrated", encompassing development, production, post production, distribution and exhibition of films. In looking at purely "independent" companies, I was faced with many problems. Firstly, a PhD takes a number of years, generally not less than three. In the film industry, small production companies come and go. Many producers operate on a project-by-project basis, setting up a new company each time they start to develop/ produce a new film. This makes it very difficult to draw comparisons, to look at the track record of companies and so on. In addition, the more successful companies are either taken over by larger (generally integrated) companies or enter into "first look" deals with the major European or American companies. In this way, the successful can no longer be defined as "independent". In restricting my study to looking at independent companies, the pool of companies to be investigated became very small and constantly changed.

A final but very significant consideration was the staffing of such independent companies. As I said above, producers generally set up new companies for each production. In this way, independent film companies are generally staffed by a very small number of full time employees. Additional film workers are taken on for each project on a contract basis. For a discussion on the nature of employment in the film industry see Blair, Culkin and Randle, (2001); Blair, Grey and Randle, (2001); Grey, (1999). Such casual employment practices pose problems in terms of access for researchers. As shown in the studies of Blair, Culkin and Randle (2001) and Culkin and Randle (2002), such freelance employees are concerned with finding employment and therefore gaining access to these workers would have been extremely difficult.

4.6 New Direction

In the initial period of my research, I became very interested in the small number of pan-European companies that existed. I began to see the advantage of carrying out research in such a company, over trying to gain access to a number of small, often inexperienced production companies. In addition to contributing to the development of film marketing scholarship, I wanted my work to have value in industry terms. For this reason, I wanted to look at "successful" companies in order to find out what lay behind this success. Previous quantitative studies have sought the holy grail of box office success by statistically analysing financially successful films and quantifying the various elements that they felt contributed to the films' success (Elberse, 1999; Eliashberg and Sawheny, 1994; Eliashberg and Shugan, 1997; Neelamegham and Chintagunta, 1999). What these studies miss are the many films

which also contain these elements, such as Hollywood star, specific genre, ideal release date, prints and advertising budget and so on, but fail at the box office. Also, these studies do not recognise the variety of films, which exist and the alchemy involved in finding the right balance between audience expectation and the creative vision of the filmmakers. I set out to explore this; I wanted to see how this balance was struck on a project by project basis.

This rejection of what (Sayer, 1992) refers to as “extensive” research in favour of “intensive” research allows for the study of the actors involved in their causal contexts. This study relates back to Bourdieu’s (1977) insistence on considering the “habitus” in which events are shaped and take place. Neglecting the formation and nature of the filmmaking habitus in offering generalisations on why films are successful or not is a major shortcoming. My study seeks to explain the impact of the habitus on the marketing process and therefore draw inferences regarding the success or lack of success of various films in relation to the way in which the habitus facilitates the marketing process.

There are many sources of motivation underlying the production and distribution of film, ranging from purely commercially motivated exploitation, to some level of enlightened self interest or creative expression, to purely altruistic motivations (Kerrigan and Özbilgin, 2002). Purely commercial films are those which are produced solely for financial reasons, whereas purely altruistic films are usually produced in order to give voice to a particular cause, the motivation is wholly social, to get a message across rather than any artistic or commercial motivation. Although this type of film provides an interesting source of investigation for the marketing

researcher, this thesis does not consider films produced for purely altruistic reasons. My concern is for those films which are either wholly or partly commercial. When are marketing considerations introduced in the filmmaking process, how are marketing decisions taken and what impact does this have upon the success or failure of the films in question?

Another practical consideration when designing my research concerned the secrecy embedded in the film industry. As with many of the "creative" industries, there is a certain mystique which surrounds successful filmmaking. As it is also, in financial terms, a high-risk industry where the majority of films make a loss, accounting practices and financing deals are very complex. This means that film industry professionals are reluctant to reveal information to outsiders on how they conduct their business and on the levels of their success. Many films that earn money for investors, show a loss on the balance sheet and so financial success can often be downplayed. In addition to this, success is not always measured in terms of financial gain. Films can sometimes act as "calling cards", to be shown as proof of a young or inexperienced filmmaker's ability when trying to secure funding for future projects.

Filmmakers may also choose to make films which they do not believe will be financially successful, but have creative qualities which they want to express. In judging a film's success I have asked those involved what they wanted the film to achieve and what the film did achieve - in this way, success was possible to measure. As referred to in the prologue, the method of using a large-scale survey distributed to independent film companies across the European Union resulted in a low response rate and lack of credibility. In evaluating the research project, it emerged that there

was a lack of trust between the respondents and the researchers. The film producers did not fully understand the purpose of the research, which was to develop a support system, which would help independent European film producers to invest adequate resources into the development of films and in this way, increase their chances of success. In addition, they did not know the consultancy firm involved, and were wary of the fact that this information was being collected for the European Commission. I was aware that in order to collect credible data, a personal relationship had to be established between the respondents and myself.

4.7 Research Tools Chosen

| Nature of evidence | Source |
|---------------------------|---|
| Participant observation | Strategics Film Marketing Workshop |
| Qualitative interviews | Strategics Film Marketing Workshop |
| Participant observation | Recruited Audience Screening |
| Case study | VertiCo |
| Qualitative interview | Film Marketing Expert |
| Qualitative interview | Audience Researcher |
| Qualitative interview | Film Producer/ Former Film Journalist |
| Qualitative interviews | MEDIA Plus |
| Qualitative interview | European Commission Official |
| Public interview | Neil Jordan |
| Panel interviews | London Film Festival/ The Production Show |

Table 4.2 Nature of primary evidence used

In order to achieve what Robson (1993) refers to as “triangulation”, various methods of data collection were used, which allowed an excellent overview of the general and specific contexts I was researching. Primary data was collected using semi-structured interviews, participant observation and my research diary. My secondary data was drawn from available results from previous research into the area, company documentation, reports from governments and other public bodies as well as the trade press and life writing as outlined in Chapter Two. Table 4.2 above illustrates the range of primary data sources used during this study.

4.7.1 Participant Observation

One of the most commonly identified problems associated with observational research centres around the question of objectivity. As the observer becomes more immersed in the context and setting of the research, there is a “danger” of their objectivity being eroded as they gain sympathy with the participants. The term “going native” (Pelto and Pelto, 1978:69) has been used negatively to denote those who begin to sympathise with their participants to such an extent that they have lost all objectivity. Baker (2002b: 167) echoed this when he said;

ethnographers are closely involved in the subject matter they are studying and, as a result, may acquire more information and greater understanding at the risk of losing some of their objectivity.

The transition in ethnographic research from objective outsider making observations, to insider who, through participating in events, gains empathy with their participants and therefore has a greater understanding of the meaning of events has developed further in recent years. According to Angrosino and Mays de Pérez (2000), post-modern views of such social research question the possibility of achieving

objectivity, focusing attention instead on the inevitable impact which the researcher has upon the research environment.

Participant observation is still seen as one of the main tools to used in carrying out social research. Burgess (1990:78) asserts;

it is the task of the social scientist to interpret the meaning and experiences of social actors, a task that can only be achieved through participation with the individuals involved.

Bourdieu (1977, 1998) stressed that in order to deepen the understanding of social phenomena, it is imperative that such observational research be set within the historical context of that which is being researched. My review of the industrial development of the film industry and understanding of the current issues affecting film marketers informed my observations. My role as a participant observer took a number of forms; the main form saw me as “participant-as-observer” (Gold, 1958 in Burgess 1990:80) during the Strategics Film Marketing Workshop and the RAS as detailed below. While at the offices of my case study company and while attending film industry events, I adopted the role of “complete observer” (ibid).

4.7.2 Semi-structured Interviews

Due to the exploratory and explanatory nature of my research, interviews were an appropriate research tool to use. As I was concerned with diminishing the inevitable bias inherent in my data collection and aware that my interviewees would possess more knowledge of the area of enquiry than I did, the use of tightly structured interviews was not deemed appropriate. As Fontana and Frey (2000:651) note, structured interviews will often obtain rational responses, but do not deal satisfactorily with emotional determinants. However, as I was investigating specific

issues and did have a certain level of knowledge of the areas under investigation, unstructured interviews were also dismissed as tools of enquiry. Semi-structured interviews, with a combination of defined questions as well as more general lines of enquiry were selected as the most appropriate type of interview. See Appendix C for an example of my interview schedules.

According to Gubrium and Holstein (1998), the interview can be seen as a form of storytelling, where individuals' versions of events are retold as requested by the interviewer. In this way, issues of validity have to be tackled. One method of addressing inevitable reinterpretation of events as they are told is to ask for the same information in a number of different ways; to ask probing questions; as well as repeating a summary of interviewees' answers to them for confirmation. All of these techniques were used in my interviews.

Fontana and Frey (2000:647) highlight the need to recognise the context within which the interview takes place as well as social and interpersonal issues. Having an awareness of these issues and the subsequent power which I had as the interviewer to "shape the nature of the knowledge generated" (ibid), I could only acknowledge this in my write up and analysis of each interview. In each of the stages of research listed below, I considered the context in which the interviews were taking place and acknowledged the potential impact which this may have had upon the respondent and my interpretation of the information gathered from them.

In addition to the style of questioning, I was conscious that I needed to use appropriate language and dress in order to facilitate information gathering during the

interviews. Having been around film industry people during my time at the MEDIA Programme, while attending the Cannes Film Festival, and at various film industry events attended in the early days of my study, as well as reading the trade press and film industry commentaries widely, I was familiar with much of the language of the industry. I was aware of the labels which would be attached to me while carrying out my interviews and the need to overcome any barriers which these labels would create. I would be seen as an “academic” who was removed from the reality of the industry and had gained all my knowledge from dusty books. I would also be seen as a “student”, so of lower status to those being interviewed. “Marketer” was also a label to be overcome, as many, even those in marketing roles within organisations and specifically within the film industry, do not understand the scope of marketing.

Marketing has many negative connotations; “getting people to buy things they don’t want or need” is one of the most common. Many believe that marketers are concerned only with posters, trailers and other promotional activities, and would not view their role as marketing. At the very least I would be seen as an “outsider” and therefore viewed with suspicion.

In order to overcome these labels and the inherent negative connotations and suspicions, needed to show that I spoke the language of my interviewees. In carrying out my interviews there was no need to use marketing terminology. When I was aware of particular film industry terminology I used it in framing my questions, otherwise I used everyday language. In this way, I both raised my status as student and lowered my status from academic. During the various stages of my research as detailed below, I coped with the role of outsider in different ways and therefore

minimised this as much as possible. I explained my definition of marketing as it relates to the marketing of films to each participant so that they had a clearer understanding of the scope of my study. Furthermore I began each interview with the statement “if I knew all of the questions that I should ask, I probably would not need to be here, so if you think of something you think I should know about but have not asked about, please let me know.” This statement served the obvious purpose of ensuring the participants knew that they were free to volunteer seemingly unsolicited information as well as putting them in the “expert” role.

While it was important to attribute expert status to my interviewees in order to elicit information from them, there was also a need to show my own knowledge of the area. One of my participants agreed to provide me with an introduction to his business partner, as he said that he did not think I would waste his partner’s time as I clearly knew what I was looking for. It is often easier to get information when people believe that you have a certain level of knowledge and will therefore understand what they are telling you. This was my experience at all times during my fieldwork. This process is referred to as the snowballing technique (Biernacki and Waldorf, 1981).

4.7.3 Policy Analysis

As my research was concerned with proposing policy initiatives which could empower European filmmakers in accessing a market for their films, it was important to undertake extensive analysis of film industry policy. In undertaking this analysis, policy statements, documentation and evaluation were collected and analysed from various European Union countries and was set in context by comparing such policies

and their impact on those employed in the US in the early years of the film industry as well as to other non-EU countries. According to Deem (1998:16), case study analysis,

by focusing in depth on what happens in one of more locations, offers policy makers the opportunity to see what consequences, both intended and unintended, may flow from particular policies.

4.7.4 Exploratory Research

Traditionally researchers begin the PhD process by conducting a large-scale literature review in order to understand the area to be researched and to help in shaping the research question. According to Emory and Cooper (1991), the literature search alone is not sufficient as a form of initial exploratory research. This is due to the fact that "seldom is more than a fraction of the existing knowledge in a field put into writing" (Emory and Cooper, 1991, pp145-146). Therefore they recommend speaking to those knowledgeable in the area in order to obtain an accurate picture of the situation under examination.

This is particularly pertinent in my chosen area of research as literature relating directly to the topic of marketing European films is very limited. What little literature does exist pertaining to marketing issues in the film industry, generally relates to the US industry rather than Europe and much of it is practically focused (Durie et al. 2000; Lukk, 1997), concerned more with the mechanics of marketing a film rather than dealing with the structural impediments that exist. The purpose of my study is to address this gap in the research. More academic attempts at looking at the area of marketing films have mainly been concerned with using quantitative methods to predict box office performance (Elberse, 1999; Eliashberg, and Sawhney

1994; Eliashberg and Shugan, 1997; Neelamegham, and Chintagunta, 1999). In drawing upon my experiences while at the European Commission's MEDIA Programme, carrying out background interviews and attending industry events, I extended the remit of my exploratory research beyond the standard literature search in line with the approach favoured by Emory and Cooper (1991).

4.7.5 Understanding the Terrain - Participant Observation

For this reason, initial fieldwork was carried out with experts from the various fields involved in film marketing. In order to gain a good understanding of current issues facing film marketers in Europe, as well as to identify the key stages in the marketing process, I attended the Strategics Film Marketing and Recruited Audience Screening workshops in Luxembourg and London. These workshops are run for independent European producers who bring dedicated projects to the workshops in order to get advice from established professionals on the various aspects of marketing their film. The Film Marketing Workshop was a five-day intensive workshop which took place in Luxembourg. European Union producers brought projects to this workshop and attended the various sessions in an attempt to improve their marketing strategies for these films. There were a series of talks from the experts listed in Appendix A, as well as a number of generic exercises intended to improve the marketing skills of participants. Each participant also had the opportunity to book a session with each of the experts in order to work on their particular projects. I took this opportunity to interview each of the experts regarding their views of marketing practices, marketing timescales and so on. For examples of my interview schedules see Appendix C. These will be discussed in Chapters Six, Seven and Eight.

The second stage in the Strategics Film Marketing Workshops was a two-day session in London, which dealt with recruited audience screenings (RAS). On the first day, there was a general briefing regarding the structure of the RAS after which we attended a screening of the film being tested later that evening. We were briefed on participant recruitment for the RAS, venue selection and all of the planning activities which were undertaken prior to the screening of the film. After the screening we observed the focus group discussion, and the following day attended the analysis session and saw the results presented to the distributor of the film. We were involved in the discussion regarding the subsequent marketing of the film.

Places on these courses are very limited so it was necessary to convince the organisers of the value of my research. Having done so, I benefited from a range of opportunities; gaining a deeper understanding of the practical considerations faced by film marketers; conducting eight in-depth semi-structured interviews spanning the whole range of film marketing activities with experts in attendance, as well as locating a gatekeeper who would provide access to the case study company chosen. The information gathered in these interviews helped to refine my ideas on the problems faced by European filmmakers in terms of marketing and to become familiar with some of the devices used in marketing films.

Having been granted participant status put me in the role of participant observer for the workshops. While the other participants were required to bring active projects with them to the workshops, I did not have a project. Most of the exercises carried out during the workshop used generic materials and I participated in each session like the other participants. For this reason, I did not feel set apart from them. In this

way, the five stages identified by Janes (1961 in Burgess, 1990:84) inherent in establishing field roles were hastened. As a group of participants with no previous relationship to one another, we collectively moved from newcomer, provisional acceptance, categorical acceptance, personal acceptance and imminent migrant together. In fact, I had previously worked with one of the other participants while at the MEDIA Programme in Brussels, so by knowing one of the participants in advance of the event, my credentials as a valid group member were improved. Also, as the whole purpose of the workshop was to disseminate knowledge of film marketing practices, my need to gather information was easily facilitated and I did not face the difficulties encountered by many other researchers when using participant observation as a technique, being part of but apart from a situation.

I was also aided greatly by the form of the workshop. Participants were drawn from across the European Union and did not know each other before the event. In this way, I did not have to break into an already existing group in order to carry out my research; I was part of the group's formation. I used the many side conversations, which took place in forming my ideas regarding the marketing of films. In addition to the majority of participants who were film producers, there were participants from the Danish Film Institute, who were there on behalf of a producer with whom they were working. This allowed for much discussion of European and Danish film policy, the role of public support for filmmaking and the need for public policy and funding to support marketing activities.

4.7.6 My Observations from the Events

Each of these exploratory interviews with the Strategics experts lasted approximately one hour during which I took extensive notes. Ideally I would have taped these interviews, but this would have placed me apart from the other participants too markedly, so I felt that taking notes and writing up my reflections on these interviews after the fact was the best approach to use in this situation. I also wrote up notes during the workshops relating to the topics under discussion. These interviews allowed me to explore each of the areas of expertise of the interviewees in detail and in this way to begin to structure the research questions for my remaining data collection. The information gathered from these interviews was very general and related to the principles involved in putting together the complete marketing package for a film.

The data collected from the workshops was in a number of forms, the interview notes I compiled; documentary evidence provided by the participants of the workshop; notes from each session; and observations regarding my fellow participants. These were analysed thematically in order to understand the major issues facing film marketers in Europe. I went through the data manually looking for the main issues of importance as identified by the participants, and for any common themes which arose from the interviews and observations. My methods of data analysis will be discussed in more detail later in this chapter. The findings are discussed in the remaining chapters.

4.7.7 Further Exploratory Interviews

In an attempt to test the validity of my early assumptions, the gaps in the literature in relation to marketing challenges and practices facing European filmmakers, I carried out three further background interviews. One of these interviews was taped and transcribed; and the others were not taped as one was a telephone interview and the other took place in a venue with too much background noise, but both were immediately written up from the extensive notes taken during the interviews. The questions covered in these interviews related to general marketing issues; challenges and trends; the use of RAS and structural issues as well as public policy and the film industry. I have analysed these interviews in the same manner as the case study interviews as detailed below. Details of these interviews are also contained in Appendix A.

My early fieldwork was concerned mainly with what Layder (1993) terms context. It was now necessary to narrow my research down to test the assumptions made from the combination of my literature review, own industry experience and early fieldwork. In order to tackle the remaining layers identified by Layder (1993); 'self', 'situated activity' and 'setting' I undertook an in-depth case study of one of the few pan-European fully integrated film companies. Details of my case study company are provided in section 1.6.1.

4.7.8 Case Study: VertiCo

VertiCo is an "umbrella" name which I have given to refer to the collaboration of the production company Working Title Films (WT) and the distribution company Universal Pictures International (UPI), both part of Universal Studios which is

currently owned by the joint venture NBC/ Vivendi Universal. Working Title films produces four to six films a year. VertiCo's distribution company, now called UPI, incorporates the distribution, marketing, sales and publicity functions for these films as well as films from other associated companies. Working Title is headed up by two producers who operated independently until 1991 when they were offered the chance to become part of VertiCo; then called Polygram, which was owned by Dutch multimedia conglomerate Philips who wished to extend its media activities to film.

In 1998 Seagram acquired PolyGram. Seagram's main interest was in Polygram's music library, which caused concern within the European film industry as to what would happen to Polygram Filmed Entertainment. Although Seagram were not interested primarily in the film side of the business, according to Ron from UPI Sales, "the film side was about 70% of the turnover and growing...The idea behind it was to develop a European based studio". In 1999, the parent company, Seagram, took a strategic decision to move away from the film and music business. VertiCo was sold to Seagram, which also owned Universal Studios, which was then taken over by Vivendi and Canal Plus.

The initial sale of VertiCo to Universal was seen as a blow to hopes for a strong European vertically integrated film company, and pressure was applied to public bodies such as the European Commission's MEDIA Programme to provide finance in order to retain European ownership of the company. The remit of the MEDIA Programme is discussed in detail in Chapter Five. However, such action is outside of the remit of the MEDIA Programme.

In June 2000 Seagram who, then owned Universal, announced a strategic business alliance with Vivendi and Canal+, resulting in the creation of Vivendi Universal, a global media organisation. Then, early in 2002, Universal Studios and USA Networks, Inc. combined to form Vivendi UNIVERSAL Entertainment (VUE), an American film, television and leisure division of Vivendi Universal (http://www.universalstudios.com/homepage/html/about_us/). In May 2004, Vivendi Universal concluded a takeover deal with General Electric owned NBC where NBC would control 80% of shares and the remaining 20% was retained by Vivendi/Universal.

During the early period of this study, the VertiCo's distribution division was informed that it was being closed down and its activities being merged into the parent Distribution Company and therefore future films would be distributed by UIP (United International Pictures). UIP is the biggest distribution entity in Europe, distributing films for both Universal and Paramount. This added unexpected depth to the research, as it served as an example of the differences in approach to marketing taken by VertiCo and the majors. The perceived success of this company in its European form was its reliance on local experts in each of the territories in which it operated, with promotional and release campaigns tailored to suit individual territories according to the advice of the local staff. On being taken over, the company has been forced to revert to the centralised approach favoured by the US majors. VertiCo employees stressed the uniqueness of the company as their marketing capacity. Ron, the VertiCo Sales Agent, stressed that;

...marketing in particular has been one of the strengths of this company, in positioning product that may not have performed in the hands of a smaller independent...it would be superior (as) to how it would be handled in a

major studio set up....films which are not necessarily obvious box office successes...did turn into huge hits.

The initial decision to distribute future Working Title films through UIP was rejected by the Working Title producers and an agreement was reached which resulted in the retention of a skeleton staff of the former UPI personnel who would be in charge of the marketing, publicity, sales and distribution of Working Title films.

4.7.8.1 Case Study Interviews

As my research is explanatory in nature, focusing on "how" and "why", I decided to undertake a case study approach in line with Yin's (1994) framework, where each case and case within a case is taken as an example in its own right, rather than a statistical generalisation on the basis of frequency of occurrences. According to Yin (1994), the case study is suitable when there is no prior commitment to a theoretical model. In addition, as mentioned above, Deem (1998) asserts the suitability of the case study methodology in undertaking policy research. This study is concerned with the marketing methods employed in a vertically integrated company, so a single case design, consisting of further embedded cases, was chosen.

During my participation in the Strategics Film Marketing Workshop, I made contact with an employee from the publicity unit of UPI. This was one of the two vertically integrated companies in existence across Europe at the time of my field research. Denise, my gatekeeper, helped me to gain access to VertiCo. Baker (2002b) spoke of the possible need to enlist the help of a member of the group which you are interested in researching in order to play the role of advocate who will promote your research within the organisation. Denise fulfilled this role by asking her colleagues to speak to me. VertiCo was the ideal company for me to study as it was

independent, as defined above, pan-European and had a track record of success in making and marketing a range of films.

In order to add depth to the research I concentrated on three embedded case studies based on individual films within VertiCo. The selection process eliminated films first released more than two years before the commencement of my study, in order to ensure that the interviewees would be able to provide the information required. It was decided to look at the company's most successful film to date (in terms of box office), *Notting Hill*, and one of its recent films that failed to achieve commercial or critical success, *Plunkett and MacLeane*. Finally, in order to provide balance, a third film, *Elizabeth*, which had achieved both critical and commercial success, was selected.

Since Yin (1994) stresses that multiple methods are used in case study research in order to ensure construct validity, multiple sources of evidence were used. The semi-structured interviews were supplemented with documentation provided by the company relating to the films being studied as well as secondary material gathered relating to both the case study company and the specific films. All of this was set within the wider context of the existing film policy and industrial environment.

Nine semi-structured interviews were conducted between December 1999 and June 2002 in the distribution, sales, marketing and publicity divisions of this company, as well as with the producer of one of the films who works in externally to the company. Morse (1994) asserted that in order to fully understand a situation or experience at least six participants must be interviewed. Each interview concentrated

on general background information and specific details of each of the case study films, the interview schedules are included in Appendix C. I used a snowballing technique, as outlined in Biernacki and Waldorf (1981), within the company, asking my gatekeeper to introduce me to some possible interviewees who in turn recommended that I speak to other colleagues to whom they introduced me.

When commencing my interviews, my interviewees were undergoing a company restructuring which would result in many of them being made redundant. This posed time pressures for me in carrying out my research and also provided interesting data on the cultural change that the company was in the early stages of undergoing. As my gatekeeper was not in a direct management position to my other participants, I did not face access difficulties related to hierarchy as experienced by some social researchers (Calveley, 2000). Although the company was under extensive press scrutiny, this did not result in any discernable reluctance by those interviewed in speaking to me or being open about their approach to the film marketing process.

The first round of interviews included members of the publicity team, distribution, marketing and sales. These interviews drew to a close when the pool of willing interviewees was exhausted. This gave me the opportunity to analyse and reflect upon the results of these interviews.

The following year, I approached one of the producers/ development executives from the production arm of VertiCo. She agreed to be interviewed and assisted in my interviewing another producer/ development executive. Shortly after this, I approached the producer of one of my case study films who works externally to

VertiCo, although he has collaborated with them on a number of projects. These three interviews were all taped, transcribed and analysed and followed a similar pattern of questioning to the earlier interviews. These interviews provided triangulation, which will be explained in further detail in the data analysis section of this study.

In conclusion, interviews were carried out with all those in middle management positions who were directly in charge of the case study films' movement through the various marketing stages. Two information-gathering meetings with members of distribution and publicity were also held in order to add depth to the information gathered in the interviews. Where possible these interviews were taped, transcribed and checked for accuracy. When it was not possible to record the interviews, then extensive notes were taken and written up immediately upon completion. These details are shown in Appendix A.

The style of questioning used in the semi-structured interviews allowed the respondents to enter into discussion about their work, how projects were devised and run, how they were evaluated and with whom the respondent interacted. As great care was taken so as not to "lead" the interviewees, the level of triangulation achieved can be accepted. In addition to the interviews carried out, my time visiting VertiCo's offices allowed me the opportunity of observing, although to a limited extent, the behaviour of VertiCo employees. These observations were recorded in my research journal and used in untangling the data that I gathered.

4.7.8.2 Case Study Films

In choosing the embedded case study films, commercial and creative considerations were taken into account. The first film chosen was *Notting Hill* as it was, at the time, Working Title's most commercially successful film. *Notting Hill* was the second in what has come to be known as the "Four Weddings Franchise" - films made from the collaboration of Duncan Kenworthy, Richard Curtis and produced by Working Title. The other common factor is the casting. The third film in this loose franchise is *Bridget Jones's Diary* and all three films star Hugh Grant as the male lead. They all also have a Hollywood A list actress in the romantic female lead role. The final element that makes these films a franchise is the genre, romantic comedy.

The second of the case study films to be chosen is *Elizabeth*. This film was developed internally in Working Title and was a critical success; receiving many nominations and winning various prestigious awards (see Appendix D for full details of these awards). Financially this film was a risk as the genre, costume drama, is not very commercially successful and the cast and director were relatively unknown to UK and US audiences at the time.

The remaining film selected was *Plunkett and MacLeane*, a teen focused costume drama which was given a dark edge and contemporary feel. This film was in development for a long time and various writing teams made amendments to the script as it moved through development. This resulted in the film changing creative direction a number of times before it was completed. *Plunkett* was not seen as a success, either critically or commercially.

Choosing the above three films allowed for comparability of the various approaches taken by Working Title and UPI employees to different projects. This illustrates the collective decision making relationships that exist in VertiCo and enables an evaluation of the impact of the vertically integrated structure on the flow of creative ideas and the ultimate success or failure of the film. It also allows for the identification and examination of the film marketing mix that can be used to add value at the various stages in the filmmaking process. The following sections will develop these points in further detail.

4.7.9 Triangulation with Policy

In order to investigate the policy element of this research project, it was necessary to track changes to national and supra national support for the film industry. This was done by accessing and studying film industry policy documentation, in addition to carrying out further qualitative interviews as indicated in table 4.1 (Chapter Four) and listed in detail in Appendix A.

Public policy is a complex area of investigation. In order to explore this area fully, it was necessary to assess policy documents. I had to unify the various strands of existing policy; regional, national and supra national policy directly applicable to the film industry, and policy with an indirect impact on the film industry. It was also necessary to plot the development of public policy and draw conclusions in relation to the impact which this policy had or would have upon the film industry, and the marketing function in particular.

In addition to this extensive policy analysis, I undertook five semi-structured interviews with European level policy makers. These interviews were carried out in July 2002 in order to update my knowledge and understanding of the supra national policy environment in which European filmmakers work. Four of these five interviews were taped, transcribed and analysed. During the fifth interview, which the interviewee did not wish to be taped, extensive notes were taken during and immediately after the interview, and these notes were analysed.

In terms of gaining access to these interviewees, one was a former colleague who agreed to be interviewed. The other interviewees were contacted via e-mail, the focus of my study explained and asked if they would be willing to be interviewed and they agreed. The questions asked fell into similar broad topics as those asked of industry professionals, as the purpose of the interviews was to evaluate the impact of public policy on the marketing function within the European film industry. Obviously, the emphasis here was not on individual films, but on the advancement of the industry as a whole. In asking the same open-ended questions of the policy interviewees as far as this was feasible, it was possible to achieve triangulation in relation to my questions of company structure and impediments.

Policy makers were questioned on their vision for future European film policy; the threats faced by European filmmakers; the impact of company structure on success and so on. In this way it was possible to analyse this data in relation to the impact that policy has or can have upon the way European film marketers operate. In approaching this research from a macro and micro perspective, I have adopted Layder's (1993) approach, where the researcher concentrates on the links between

macro factors (structural considerations) and micro factors (behaviour and interaction); and developed this by also addressing meso level factors as proposed by Bourdieu (1977; 1998).

4.8 Common Problems Faced while Interviewing

The most common problem faced during the interviewing process was the inherent desire of the interviewee to relate my questions to the area of “marketing” within the film industry. Many had the narrow view commonly held of marketing as what I would refer to as ‘consumer communications’, rather than marketing in its entirety. My concern with internal marketing, company structure, and the personalities involved and levels of cooperation between individuals and groups of individuals seemed to puzzle certain of my respondents. It was hard to balance the need to enlighten my interviewees enough about my research focus in order for them to be of use to me, with a desire not to plant ideas or beliefs in their heads.

A second, but none the less significant, problem was in pitching my level of knowledge of the film industry, the films or company being studied or the work of the people being interviewed at the right level. If I appeared too knowledgeable, this could be off putting and I could be viewed with suspicion. If I appeared naïve, this may have irritated my interviewees and on one occasion this did happen. In my search to obtain triangulation with relation to public policy at a pan-European level, my questions seemed to grate on my interviewee. I had to try to reassure my interviewee that I was aware of policy and recent changes while not leading him.

Finally I needed to address the question of research ethics. This research was approved by the University of Hertfordshire Ethics Committee. In applying for research approval, I had to consider the ethical implications which my research might have. Having read about research ethics and consulted fellow students and more experienced researchers, I was initially determined to protect the identities of my respondents. However, I abandoned this intention early on in my research as my respondents told me that they did not care about anonymity and that they felt that much of the interesting nature of what I would be researching would be lost in my efforts to disguise my case study company, its employees and the films studied. Instead, I only agreed to protect anonymity for a small number of people who agreed to speak to me on the understanding that their anonymity would be protected. Appendix A contains a list of my interviewees. Where names are given, they are the actual names of my respondents. Where names are not given, these people preferred to remain anonymous.

4.9 Additional Specialist Knowledge Acquired

In addition to the interviews carried out, it was important to keep up to date with industry developments. In line with this aim, I attended six sessions of The Production Show 1999 and 2000. This is an industry event where panel discussions on topical issues in the film industry take place. Trends and changes within the industry were discussed and it was valuable to have access to industry professionals who were fluent in policy and industry matters. I also attended a conference on legal issues in the film and television industries in 2000, which provided a useful update on the complex legal environment relating to film finance and distribution.

4.10 Data Analysis

In carrying out qualitative research, many have identified the researcher as “bricoleur” (Becker, 1998:2; Levi-Strauss, 1966:17; Weinstein and Weinstein, 1991: 161). This term is used to denote one who draws from a variety of sources and approaches in order to research social phenomena. According to Nelson et al., (1992: 2), a researcher’s “choice of research practices depends upon the questions that are asked, and the questions depend on their context”. It is from this perspective that the analysis of my data took place.

My approach to the data analysis was what Denzin and Lincoln (2000: 637) call non-empiricist, as I did not seek to quantify, or translate my findings into numbers; rather, I have used words in order to explain my findings. In addition, I favoured the sociological tradition of data interpretation over the linguistic or narrative tradition. Ryan and Russell Bernard (2000: 769) distinguish between these traditions by highlighting the role of sociological tradition as treating the text “as a window into human experience”.

There is no standard approach to the analysis of qualitative data. Researchers now have the choice of using various computer packages designed to aid in the analysis of qualitative data, such as NUD.IST and ATLAS/*ti*. I chose not to use a computer package, but processed the data manually. The most commonly agreed approach to analysing qualitative data is to disaggregate the data collected into a number of meaningful categories. According to Saunders et al. (1997) this allows for information management and comprehension; the amalgamation of data from interview transcripts and notes; identification of key themes or patterns, the

development or testing of hypotheses based on apparent patterns; and allows for conclusions to be drawn.

4.10.1 How the Data were Analysed

As the data gathered through my fieldwork were predominantly in the form of “free-flowing text” (Ryan and Russell Bernard, 2000:771), they were analysed by finding meaning in large segments of the texts rather than in isolated words, hence coding the data; “coding is the heart and soul of *whole-text analysis*” (Ryan and Russell Bernard, 2000:780).

According to Ryan and Russell Bernard (2000:780-781), various authors have identified methods for finding themes. Rather than adopting a grounded theory or schematic approach to locating relevant themes, my initial themes emerged from the literature (Miles and Huberman, 1994, quoted in Ryan and Russell Bernard, 2000:781), in addition to my own values and prior knowledge (Bulmer, 1979, quoted in Ryan and Russell Bernard, 2000:781). This framework was built upon during the research process itself when themes emerged and were incorporated into the later fieldwork. My initial interviews tested the assumptions that I had made regarding the nature of the industry, the marketing process, the role of public policy initiatives and the relevance of company structure. Once these assumptions were confirmed or discredited, more themes and questions emerged as relevant for my study.

My interview schedules allowed for the exploration of the emerging themes and took on three main forms. The initial interview schedules used in my stage one interviews with industry professionals were very broad in scope, allowing for themes to be both

tested and to emerge from the conversations that ensued. My case study interview schedules were more precise, as by this stage some definite themes were emerging and the questions I asked were more specific in nature. Despite the more structured nature of these interviews, in my role as interviewer I explored areas and themes that arose during the interviews and incorporated these into my later interviews. Finally, when interviewing European level policy makers, my questions were open ended but specific and related to the policy areas in which they were involved. A sample of these is included in Appendix C. Again, in my role as interviewer I had to identify additional themes while interviewing.

4.10.2 Stages of Analysis

Due to the nature of qualitative research, the initial analysis takes place while the data are being collected. As my research was exploratory and explanatory, I had to be open to the information that I was given during the interviews and make instant decisions about the relevance of any themes which emerged while interviewing. As access is always a problem, it was necessary to glean as much relevant information as possible from a single interview with a participant. Participants' body language, tone of voice and eye contact were key indicators of their willingness to speak about a particular event or decision making process. While interviewing, I had the complex task of note taking and recording, monitoring the level of comfort of my participant, maintaining a relaxed and safe interviewing environment; and evaluating the information imparted, as well as ensuring that I picked up on and fully explored any new thematic areas.

As indicated above, themes or categories were devised using terms and concepts which had emerged from the literature, been used by the participants or that I had devised independently. This draws on Strauss and Corbin's (1990) Grounded Theory in a very loose way. These categories were chosen in line with my research questions and objectives and therefore centred on the marketing activities and the industrial and cultural context in which these take place. Once the categories were identified and noted (during the literature review and while interviewing), I went through the transcripts manually, identifying the units of data relating to each category. Appendix E shows examples of how these data were coded. Saunders et al. (1997:341) refer to this as unitising the data, Ryan and Russell Bernard (2000: 782) call it coding.

I set up an Excel spreadsheet to help me to manage my data. Appendix F shows extracts from this spreadsheet. The vertical fields contain the name of each individual interviewee and the horizontal fields contain the data categories. As I went through the transcripts I numbered the units of data and these numbers were entered into the individual cells that corresponded to the interviewee and the category. The original categories were added to as analysis proceeded when additional categories emerged. As expected, there were instances of cross-referencing as more than one data category could be attributed to a single section of a transcript.

According to Randle (1999: 87), such a system of data management allows "different topics to be dealt with thematically". From looking down a particular column, it was evident whether a particular theme or issue was important in the case of an individual

interviewee and allowed me to return to the necessary interviews and parts of interviews in order to extract the required narrative to support my arguments. While I avoided quantifying the importance of certain themes by counting the occurrences in the texts being analysed, looking through my spreadsheet helped me to see the spread of certain themes. Some themes occurred during each interview, while others only appeared once or on very few occasions. I was concerned with the emphasis placed upon the theme as well as how many times it occurred.

Once I had "managed my data" it was necessary to re-evaluate it in light of the greater context of the research and the co-themes that existed. I identified relationships between the categories of data that had emerged from the initial stage of coding. According to Saunders et al. (1997:355), the purpose of this stage is to "explore and explain" the subject of the research. This was done by identifying what was occurring and why, and set the data within the wider economic, political and cultural context. This was done manually by reading and rereading the relevant sections of the transcript in the context of the themes discussed in the following chapters. The themes emerging from the data analysis were compared to those identified in the literature and set in the context of public policy. In this way, my data analysis took a non-linear format.

According to Saunders et al. (1997) the interactive nature of data collection and analysis allows the recognition of the important emerging themes and patterns as the data is collected and therefore permits the identification of ultimate categories prior to formal data analysis commencing. He stresses the need for time between interviews in order to undertake some informal data analysis in order to inform future

interviews. This process was adhered to when possible. The interrelation between the various forms of data collected and analysed in my research will be illustrated in the following chapters.

4.11 Summary

This chapter has outlined the methodological approach and various methods used in my study. In order for this thesis to contribute to existing film marketing scholarship it is important, in line with Layder (1995) and Bourdieu (1977; 1998), to provide macro level analysis within which to situate the micro and meso levels that are the main concern of this thesis. This holistic view of the film marketing process necessitated a phenomenological approach rather than the positivistic approaches which have dominated this field of enquiry to date. In order to explore the habitus within which film marketing practices take place, it was necessary to make epistemological assumptions concerning my role of researcher. It was imperative that I interact with those that I was researching rather than remaining independent from them. In starting with some level of knowledge regarding the research problem, my approach necessitated an inductive process where themes emerged as the research progressed and these themes fed back into my methodological approach.

By using Bourdieu's theory of habitus as my theoretical lens, I was able to move forward from existing film marketing scholarship, by contextualising my study within a wider industrial and policy environment. In this way, I have been able to provide a deeper analysis of the film marketing terrain than previous scholars who, by ignoring relational issues such as trust and control issues such as power within the industry, have provided a somewhat naïve picture of film marketing.

In indicating the shortcomings of existing literature concerned with film marketing, I have justified the need to provide a new methodological approach to the investigation of the film marketing field. By using a combination of policy analysis, observation, qualitative interviews and review of life writings, I have been able to multi-angulate my findings and to look for alternative explanations for film marketing practices. By combining these various methodological approaches, and viewing them through a Bourdieuan research lens, it has been possible to develop a more holistic view of film marketing than those of existing studies. In addition, in situating the subsequent analysis within the context of generic marketing literature, it is hoped that this thesis will promote greater understanding of the marketing process to those from disciplines such as economics, cultural studies and social psychology in their research into the market for film.

This chapter allows the reader to progress to the following empirical chapters with an understanding of the research methodologies that have been used in order to produce the empirical findings. The remaining section of the thesis consists of Chapter Five, which analyses the policy environment, making empirical observations based on documentation and primary data collection as well as relevant literature, some of which is revisited from the earlier literature review. This is followed by Chapters, Six, Seven and Eight which discuss the three key themes emerging from this doctoral research: the film industry supply chain; trust; and the film marketing mix. Finally, Chapter Nine draws these chapters together, relating them back to the earlier literature and revisits the research questions and aims of this research.

CHAPTER FIVE

THE ROLE OF POLICY IN SUPPORTING THE FILM INDUSTRY

5.0 Introduction

While the importance of the external environment is acknowledged by marketing academics in their teaching, much research into marketing neglects an analysis of the role played by policy in influencing marketing practice (Kerrigan, 2004). As outlined in Chapter Three of this thesis, the film marketing literature to date has ignored the role of policy in influencing the filmmaking and marketing environment. In keeping with the theoretical framework which informs this research, this chapter addresses this relationship between policy and practice in the film industry in order to deepen meso and micro levels of understanding. The early chapters highlight the problematic structure of the film industry in Europe and the resultant lack of sustainable film production companies in existence in Europe. The film industry has been recognised as a central element of the expression of national identities within European nation states and as a result of this, has received public support in the form of subsidies and policies intended to support and develop the production and consumption of national film within the European Union. Film is viewed as both an economic commodity and a cultural good (Moran, 1996:1) and for this reason, the formation and operationalisation of public policy which supports the film industry is problematic and under constant scrutiny.

During a speech made at the opening of the 2004 European Film Awards in Barcelona, German film producer Wim Wenders referred to the European Film Industry as a work in progress, likening it to the Gaudi designed Sagrada la Familia. Since the early days of European cinema, this work has been aided by policy interventions. This chapter examines the historical role played by policy, at national, regional and supra national levels in creating the film industry which exists today. In

addition, the role of public policy in supporting the formation and development of an industrial environment within which film marketing can have maximum positive impact for European films will be assessed. Finally, proposals will be made in terms of how public policy can be used to enhance the formation of such a positive environment.

The initial focus of the chapter examines the need to engage with the film industry on a policy level. This is followed by a discussion of the evolution of public policy in the film industry and the impact which this has had upon the formation of the film industry in the present day. Following this is an analysis of the various policies which impact on the British filmmaker: supra national, national and regional policies, both those relating to film specifically, in addition to policies which impact on filmmaking but have general industrial application, such as competition policy, social policy and wider cultural policy. From this comes an examination of the impact which these policies have had upon the structure of the film industry supply chain and the nature of marketing in the film industry. An evaluation of current policy, in light of interview data as well as a policy analysis, is undertaken in order to ascertain the level of impact this has had to date upon film marketing and finally, suggestions for future policy directions are proposed.

5.1 Is there a Need for Policy Intervention in the Film Industry?

In 1923 Will H. Hays, then head of the newly formed MPPDA, in a speech concerned with the aims of the US film industry delivered in London stated: “We are going to sell America to the world with American motion pictures” (quoted in Trumbour, 2002:17). Since Hays made this declaration, we have seen the success

of his aim in that Hollywood films control the global box office, as discussed in Chapter Two, and also such films have often been identified as the medium through which globalisation (in its interpretation as the communication of American ideals and consumerism throughout the world) has travelled (Trumpbour, 2002:8).

During the numerous crises that have occurred in the European or British film industries, various solutions have been suggested. Many attempts have been made at solving the problem of Hollywood's domination of the global film markets, but to date, none have succeeded. In the UK, J. Arthur Rank proposed some solutions to the stranglehold which Hollywood has over the British film industry. These suggestions, according to Mullally (1946), were based upon the desire to mimic the Hollywood approach by using American stars and directors, producing large budget epics and tailoring British films in order to appeal to the US market. This suggestion has been repeated numerous times and the opposing argument has also been posed. Kuhn (2003) once again called for the need to form a European studio which could compete with the US majors. However, this approach may not be the most sensible for European filmmakers. One of my interviewees, a former industry journalist and analyst now involved in film production, criticised Kuhn's plans as being very much based around the US model.

For many small European films, the US market is ignored in their projected earnings. In 1926, J.D. Williams, then managing director of British National Pictures Ltd., warned producers that ignoring the US market would result in restricting their market to forty percent of the total world market and urged them to compete with the US in terms of quality and variety (quoted in Higson and Maltby, 1999). In his

communication, Williams stressed that European films' competitive advantage was their quality over those produced in the US where quantity was resulting in their domination of the market. This is often the argument posed in the current day; Europeans make artistic, quality films, while Hollywood makes bland, low quality films. In reality, as discussed by Blair and Kerrigan (2002) and Biskind (1998), the Hollywood studios respond to the cyclical nature of the market and have backed a variety of film styles in response to market demand.

It has become so difficult for European, particularly non-English language films to penetrate the US market that European producers are often turning to co-production partners in other European countries in order to access finance and tax breaks as well as an additional market. Julie Baines, a successful British producer, has spoken about how she looked for European co-producers in order to access additional public funding and tax breaks, as well as to secure additional markets for the films that she was making (Baines, 2004).

While it is undisputed that the Hollywood majors' control of the film industry is a result of their size and power in the market, Mullally (1946) stressed the problem which ensues from full integration of the film industry supply chain. As the exhibition sector, cinema is the most profitable element of the supply chain, if this supply chain is fully integrated, this will reduce the desire of the exhibitors to take risks on challenging films due to a possible reduction in their profit. If it is accepted that film is a cultural product and an important means through which diversity and national identity is expressed and communicated, then the exhibition sector should be encouraged towards supporting this diversity, rather than moving towards a

monopolistic, market-driven approach. For this reason, there is a need for policy intervention at the levels of distribution and exhibition as well as production, in order to ensure that the commercial drivers of exhibitors do not diminish the diversity of the films which are available to cinemagoers. This problem of the commercial considerations of the cinema owners versus the need for access to diverse films which governments must safeguard is discussed in Kerrigan and Özbilgin (2002 and 2004).

5.2 Policy and the Development of the Film Industry

Accounts of the early development of the film industry as discussed in Chapter Two touched on the role played by policy during that time. This section will discuss some specific aspects of this in order to illustrate the important role which policy has played in forming the Hollywood dominated global film industry which remains today.

Maltby and Higson (1999), Trumpbour (2002) and Ulff-Møller (2001) have provided extensive evidence of the US use of international diplomacy in securing their dominant market position over Europe. Ulff-Møller (2001) also supports the view that the US identified the commercial potential of film much earlier than the Europeans. In Europe, there was greater fear of the possible negative impact which film could have upon society and a number of legal restrictions were placed on film exhibition in Europe prior to the 1960s. While the US was using its extensive diplomatic network in order to support the expansion of US films during the 1920s and 1930s, various European countries responded by instituting various restrictive measures on film imports. Appendix G lists a chronology of these measures taken

from Thompson (1985). It is obvious from the list provided by Thompson that the domination of European markets by the US was of concern even at that early stage in the development of the film industry.

5.2.1 Development of Film Policy in the UK

Film policy in the UK has been much debated and arose largely in order to safeguard the indigenous industry from the power of Hollywood. However, early attempts at doing so did not have the intended result. As documented by Mullally (1946:10) and Petrie (1991), the first Cinematograph Films Act was adopted in 1927, (for details of this see Appendix G) reserved an annually increasing share of exhibition time for British films and obliged renters of imported films to acquire a proportion of British films, known as “the renter’s quota”. According to Mullally, this did result in an increase in production of British films, but these films were not of a high quality due to the pressure applied by the Americans to produce cheap films in order to fulfil their quota obligations. This period of producing “quota quickies” remained from 1927 until 1933 when United Artists began to look for higher quality films which they could import to the US in the face of market pressure from the MPAA.

Historically, access to distribution has been one of the principle problems faced by European filmmakers. There have been various attempts to overcome this structural impediment, some of which are documented in the preceding sections. In the case of the British industry specifically, the need to improve access to film distribution inspired the 1927 Film Act, as discussed in section 2.14 (Chapter Two). This resulted in the first of a number of attempts to create a vertically integrated film consortium, where production would be financed through the profits from

distribution. This early attempt failed according to Petrie (1991) due to its partnership with the US studios that safeguarded their interests at the expense of the British film industry.

This left the way open for J. Arthur Rank, head of the Rank Organisation, to establish his vertically integrated film organisation during the 1930s and 1940s. Rank's investment in the various filmmaking activities from production (including studio facilities ownership) to distribution and exhibition are well documented (Petrie, 1991; Mullally, 1946; MacNab, 1993). Mullally's depiction of Rank himself and the Rank organisation is overwhelmingly negative, focusing on Rank's promotion of religious causes through his media empire and the monopolistic presence the Rank organisation occupied in the British film industry during this period. MacNab (1993), on the other hand, focuses on the positive side of the Rank empire, affording J. Arthur Rank the title of possible saviour of the British Film Industry during this period:

Rank managed to tie all the discrete strands of British film culture together. In his bid to set the industry on its feet, he intervened on every level. He pioneered technical research and developed equipment. He invested in 'B' pictures. He started up a 'charm school' to generate stars. He financed the making of children's films, newsreels, cartoons and educational shorts as well as features. He even bought a meteorological company so that his units on location would know when it was going to rain. For a brief moment in the mid-1940s, it seemed as if he had managed to introduce a measure of harmonious sanity to the schizophrenic organism which the British film industry has traditionally been (MacNab, 1993:x-xi).

Nevertheless, both positive and negative accounts of Rank highlight that while Rank's stated purpose in forming his film empire was to regain market share for British filmmakers in the American market, he had little actual success in doing so (MacNab, 1993; Mullally, 1946). Britain's economy was weak in the aftermath of World War II and the main focus of Attlee's post war Government was upon

providing the basics, such as food and shelter, for the British people. In 1947 the British government, in an attempt to vastly increase exports and reduce imports, used increased import taxes on American films as one of a number of such measures. Hollywood responded to this ad-valorem duty whereby 75% of an American film's box office earnings would go to the British Exchequer, by claiming it was illegal (MacNab, 1993:173). This action, known as the Dalton Duty (after then Chancellor of the Exchequer, Hugh Dalton) is in keeping with what Ulf-Møller (2001) referred to as the diplomatic wars, which existed between European and American governments over the film industry.

The British rationale for imposing these measures was so that they could afford to keep purchasing goods from the US, but this tax was seen as contravening the spirit of the British Loan Agreement⁶ and in breach of the British/ American reciprocal trade agreement. The Hollywood studios refused to export any more films to Britain until the tax was lifted. Rank played an important role in the ensuing negotiations due to his professional relationship with the American majors. They needed access to his exhibition circuits in the UK, while he needed their distribution networks in the US. While Hollywood films monopolised British screens, British films were seen in the US as foreign films despite their shared language according to MacNab (1993:178). This relegated them, irrespective of subject matter, to the art house or specialist category, which did not hold much negotiation power on the distribution circuits. Art house is a heavily debated term, but in general, it is applied to films which are considered artistic as opposed to purely commercial.

⁶ This was a programme of loans established to allow British companies to borrow money from the US in order to support the reconstruction of the post-war economy.

The boom in film production which occurred in the mid 1930s was seen as the beginning of Britain's road back to prominence in the global film market. At that time there were three main groupings which controlled the structure of the British film industry. One of these groupings was American controlled and consisted of the companies associated with the MPAA. The next was the Anglo-American grouping, United Artists, which had acquired a number of financial interests in British companies in order to secure access to films for their US market and was closely tied to the British Odeon group. And, finally, two independent film industry empires, Associated British Pictures and Gaumont-British (Mullally, 1946:11) were in existence at that time.

By 1941, the Rank Organisation had gained control of the UK film industry through a series of expansion programmes. As a result of this, Rank now had controlling interests in film studios, production companies, distribution companies and in exhibition circuits (Petrie, 1991). In addition to this, as noted by Petrie (1991) and Mullally (1946), Rank had very highly developed relationships with US film companies such as Fox, United Artists and Universal. The power which Rank was now able to exert over the film industry, in addition to its strong links to US companies are cited by Petrie (1991) as contributing to the production of the Palache Report in 1944, "Tendencies to Monopoly in the Cinematograph Industry". This report led to calls for greater state intervention in the film industry, but was not acted upon by the government at that time.

When the Dalton duty was removed, American films flooded the British market again. Once more, the British film industry was calling out for the need for public

intervention. Finally, the government responded with the establishment of the National Film Finance Corporation (NFFC) in 1949 (Petrie, 1991:56). The NFFC acted as a film financier, providing repayable loans which would partially finance film production. It was established in order to compliment existing sources of finance, rather than as a film production subsidy. Despite some successful films, such as *The Third Man*, *Saturday Night and Sunday Morning* and *Gregory's Girl*, benefiting from this source of finance, the fund lost a lot of money. Petrie (1991) attributes this to their provision of 'end money', which was used in order to finish off a film, and was repaid once the earlier production finance had been recouped.

The second state intervention in the UK at that time was the Eady Levy. This scheme was based on similar schemes in France and Italy where exhibitors paid a proportion (levy) of each ticket price into a fund established for the benefit of British film producers. In return, entertainment duty would be decreased for those agreeing to pay this levy. In 1957, this was changed from a voluntary scheme to a statutory arrangement. Petrie (1991) cites the liberal use of this production finance in explaining why it was not as successful as the similar French or Italian schemes. Like many public policy initiatives which have been established across Europe since then, it was used as a source of production finance by American companies who established production interests in the UK in order to access the fund.

As cinema audiences declined in the UK with the rise in popularity of television, there was a resultant rationalisation in cinema exhibition, with only those with sufficient resources surviving. Many independent exhibitors went out of business during this period, resulting in a consolidation of the American control of the British

film industry. This was recognised by Dickinson and Street (1985:238) when they defined the film industry in the UK during the 1960s as “Anglo-American” rather than British. This resulted in the vulnerability of British filmmakers and, in the 1970s, when US audiences began to embrace the New Hollywood films such as *Easy Rider* and *The Graduate* (Biskind, 1998), the US majors withdrew from production in the UK.

The British film industry was in crisis in the early 1970s, but the Conservative Government responded by reducing financial support for the film industry. When the Labour Party regained power in 1974, despite commissioning the Terry Committee to evaluate the film industry, they did not introduce any new support systems at this stage. Public policy in the UK film industry continued in this manner until the Conservative Government introduced Capital Allowances in 1979, which allowed film companies to treat films as plant and machinery for depreciation purposes. This allowed film investors to write off their film investments in the first year. This scheme developed until the Government decision to phase it out between 1984 and 1986. A similar sale and leaseback scheme has since been reintroduced by the Labour Government and has benefited film investors since the late 1990s. In 1985, the Conservative Government also abolished the Eady Levy and the NFFC and replaced this with the British Screen Finance Consortium.

5.3 The Current Policy Environment

5.3.1 The Supranational Policy Environment

Chapter Two traced the development of the early film industry in the US and in Europe. The role of industrial policy and state intervention are apparent. Despite

Hollywood's reliance on early protectionism for its development, Hollywood, under the auspices of the Motion Picture Association of America (MPAA), is opposed to forms of industrial protection and state intervention in the global film industry.

The film industry has been governed by trade rules since the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947. From its inception, GATT acknowledged the special characteristics of the industry and subsequently awarded it special protective measures in recognition of the difficulties faced by the industry in the aftermath of WWII. During the Uruguay Round (1986-1994) of the GATT negotiations, there was much controversy over whether or not the European film industries should be forced to liberalise (Chantan, 1994, Clark, 1996).

Although on the surface the debate focused on the media of film and television, the outcome of these discussions had much deeper ramifications for a range of allied industries. The debate arose out of the American desire to change the methods of regulation relating to intellectual property, in order to safeguard the interests of corporate bodies dealing with the information society as well as the entertainment industry (Chantan, 1994). The importance of these negotiations was due to the expansion of the audiovisual industries predicted for the future.

Primarily due to the organisation of the French and the role played by David Puttnam, a "cultural exception" was granted to European Community filmmakers. The Marrakesh Final Act was signed in 1994 and through signing this, the Europeans legally committed to begin liberalising before the Millennium Round of the World Trade Organisation (WTO) (Miller, 1996). Talks on liberalisation were due to take

place from the 31st January 2000. However, due to disruptions during the Millennium Round, there has been little advancement on this position since the end of the Uruguay Round. In an interview conducted with a European Commission official involved in the liberalisation talks, it was noted that, as the future nature of the film industry would be determined by technological developments, it was difficult to predict what the nature of these developments would be. This situation is similar to the early years of the film industry as outlined in Chapter Two, when industrial developments were technologically driven.

This benefit of hindsight has instilled a note of caution into the European Commission negotiators when moving forward legislation on this matter. It is interesting that the US has called for the audiovisual market to be liberalised and subsidies for filmmaking curbed, when such protectionist measures were responsible for the growth and development of the modern Hollywood (Ulf-Møller, 2001). Recently, the US has begun to apply pressure on the South Korean government to reduce their national film quota from 40% to 20% in order for the US to increase trade with South Korea. This is further proof that the US recognises the strength and importance of the audiovisual industries both in industrial and cultural terms. Korea is one of the few international territories where Hollywood cinema does not dominate the box office and which has a thriving export market for its films.

Following on from the Marrakesh agreement, the WTO was established in 1995 in order to progress the decisions taken during the Uruguay Round and enshrined in the Marrakesh agreement. The WTO recognised the move from focusing on trade of physical goods, to acknowledging the area of trade in intellectual property by

establishing three councils: The Council for Trade in Goods (Goods Council), The Council for Trade in Services (GATS) and the Council for Trade related Aspects of Intellectual Property Rights (TRIPS). Castells (1996) recognised this change in direction and attributed it to the influence of the US government. This movement challenges the desire to protect the cultural industries in the face of increasing focus on the creation of an international trade environment which reduces barriers to trade. Harbord (2002) characterises this move as a triumph for Multi National Corporations (MNCs), and overwhelmingly, for the US in terms of global trade.

5.3.2 Pan-European Policy

On a pan European level, there are two main bodies that produce and control audiovisual policy, the European Commission and the Council of Europe. The following sections will trace the development of audiovisual policy in both of these institutions and evaluate their current activities.

5.3.2.1 The European Commission

The European Commission has recognised the need to develop policy in support of the film industry from both an industrial and a cultural perspective. The need to protect the cultural industries was enshrined in Article 128 of the Treaty of European Union which came into force in 1993. This was followed by the establishment of the *Mésures pour Encourager le Développement de L'Industrie Audiovisuelle* (MEDIA Programme) in 1987. The first stage of the programme, MEDIA I ran a pilot scheme from 1987 to 1990, and in 1990 became a full Community programme. MEDIA, in its first form, was heavily criticised for being too fragmented and having too low a budget (Finney, 1996; Dale, 1997). This programme was replaced by MEDIA II,

which ran from 1995-2000. This programme moved away from financing many diverse activities towards a concentration upon training, development and distribution. While the majority of its budget was invested in distribution activities, as lack of access to distribution was seen as the greatest obstacle for European filmmakers, the need to provide development funding was also acknowledged, as European member states' public support for film focused upon production. Finally, MEDIA II invested in training initiatives across Europe aimed at all areas of the film industry from scriptwriting, through initiatives like Moondance and Arista, to production and financial considerations, through the support of the initiatives such as the Media Business School and Strategics.

MEDIA II was recognised as being more commercially orientated than its predecessor and aimed at developing a more sustainable film industry across the member states (Jäckel, 2003). This programme required film companies to develop relationships with co-producers in other member states and to develop business plans with an emphasis on developing a slate of films rather than one film at a time. Jäckel (2003) summarised the achievements of MEDIA II as increasing the number of films which travelled outside national borders from 246 in 1996 to 456 in 1999; supporting 145 training initiatives which involved having partnerships with more than 400 institutions throughout the member states. Criticisms of the programme were that it no longer financially supported production; that it benefited larger companies rather than individuals (Jäckel, 2003); and that it was slow in responding to applications, according to one of the programme co-ordinators (interviewee).

MEDIA Plus came into force in 2001 with an increased budget of €400m over five years. MEDIA Plus moved from supporting the development of single projects to supporting single projects in addition to assisting companies with established track records that wanted to develop a slate of projects. In addition it continued to support distribution and training activities, as well as promotion and the provision of funding for “pilot projects”, from the multimedia industries like prototypes for video games. One of the problems in developing the MEDIA Programme which was encountered while I worked there and echoed by the Commission official whom I interviewed later, was the difficulty in predicting changes in technology and how such changes will impact upon the nature of the film and other audiovisual industries.

In addition to the MEDIA Programme, which focuses entirely upon the film and related audiovisual media, the European Commission has various other programmes which provide financial and structural support for the film industry. Framework Five and Six and the European Structural Fund, contribute more financially to the film industry than MEDIA. These programmes have wider aims and as they are not directly concerned with the development of policy which supports the film industry, they will not be analysed in detail here. Suffice to say that each of these programmes is charged with developing the member states in general through various infrastructural measures, the effects of which are inevitably shared by those in the audiovisual sector. Another area of public policy which impacts upon the film and other audiovisual industries is the European Commission’s Competition Directorate. It is here that proposed mergers and acquisitions are considered and judgements made regarding the impact they will have upon competition in the marketplace. A

number of cases have come before the Competition Directorate regarding companies involved in the film industry.

As mentioned in Chapter Two, the European Commission examined the business practices of the Hollywood majors in Europe upon receiving complaints about anti-competitive practices in the distribution and exhibition sectors, but due to lack of evidence, no charges were brought against the majors. Despite this, anecdotal evidence such as that expressed by Eberts and Illott (1990), Kuhn (2003) and a number of those interviewed for this research, supports the view that practices such as block booking and negotiation over release dates are widespread. The activities of the European Commission in developing policy which supports the European film industry are supplemented at a European level by the activities of the Council of Europe through its programme, Eurimages, which is discussed in section 5.3.2.2 below.

5.3.2.2 Eurimages

Eurimages, (http://www.coe.int/T/E/Cultural_Co-operation/Eurimages/) a French initiative, was established by the Council of Europe in 1988 (Jäckel, 2003) with the intention of consolidating public funding from the twelve founding members in order to develop co-production and distribution of films from these member states. There are now 32 members.⁷ Eurimages is financed by annual subscriptions from member states in addition to various legacies and private sources of funding that the

⁷ Since 1 January 2005, EURIMAGES comprises 32 member States: Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Turkey

programme has received. Wayne (2002) asserts that approximately fifty percent of Eurimages funding comes from the private sector. Member states should contribute an amount which is calculated based on GDP and the population size (Wayne, 2002). Eurimages is administered from Strasbourg, where the Council of Europe is based. Jäckel (2003) asserts that Eurimages has a greater “cultural” remit than the European Commission programmes, which have more commercially focused aims. In supporting this claim, Jäckel (2003:76) draws upon the words of Eurimages Executive Secretary, Ryclef Rienstra, in describing the main aim of the fund as “not to get its money back but to support an activity which is both industrial and cultural, and which asserts Europe’s identity”.

Unlike MEDIA Eurimages provides production finance, but like the MEDIA Programme, it is criticised for providing contributions which are too low to make a substantial difference to European producers (Jäckel, 2003). As the programme’s intention is to develop a European film industry, it aims at developing networks of filmmakers from different member states (Wayne, 2002). Initially, productions were required to have three partners for feature films and two partners for documentaries in order to qualify for funding; and production companies from non-member states were allowed to apply, but their contribution was restricted to 30% of the budget (Jäckel, 2003). The support is provided in the form of what Finney (1996) classified as “soft loans”. These loans are repayable, but are interest free (hence the classification as soft loans). The loans are repayable only after the film makes a profit.

The UK joined Eurimages in 1993 but left again in 1996. Both Wayne (2002) and Jäckel (2003) stress that the mood among producers in the UK at the time was in favour of remaining as members. This illustrates how the film industry operates in a wider political context which needs to be recognised. The UK's decision to leave the programme seems strange when it is acknowledged that UK filmmakers increasingly became involved in co-productions during their membership of Eurimages. According to Screen Digest (1995), co-productions went from 8 in 1990 to 32 in 1994. 34% of all films produced in the UK in 1995 had secured some funding from Eurimages (Wayne, 2002). Both Wayne (2002) and Jäckel (2003) show how the British film industry was a net beneficiary of the scheme during its short membership and that the sudden decision to leave Eurimages was poorly received by British filmmakers.

5.4 National Policymaking and Practice in the UK Film Industry

A unified and strategic approach to policy making in the UK film industry is a very recent development. The British Film Council was established in November 1999 in order to develop the film industry and film culture in the UK. The formation of the Film Council was the result of the amalgamation of all of the disparate film bodies in the UK into one strategic body. This development was a welcome change as the previous structure of the UK policy making system was not capable of providing a strong enough response to competition from the US. The two objectives of the Film Council reflect the council's desire to unify the industry around long term and pluralist objectives: "Developing a sustainable UK film industry" and "Developing film culture in the UK by improving access to, and education about, the moving image" (Film Council, 2000).

The Film Council promotes a desirable policy discourse, which uses key terms of social responsibility such as 'sustainability' and 'widened access'. The Council propagates sustainability for local producers through restructuring the industry and offers support in the form of financial subsidies based on thematic priorities. It also promotes widened access to non-mainstream and national productions and a commitment to increasing diverse audience participation in cinema going. It is too early to appraise the effectiveness of these policies, bearing in mind that the period from production to consumption is on average between two and eight years for films. Despite this, critics of public subsidy such as Walker (2001) unjustifiably attack these policy initiatives, claiming that they reinforce the production of inferior quality films rather than support the development of a sustainable indigenous industry.

The British Film Institute (BFI) has also been realigned to fit in with these new objectives of the British Film Council, its parent organisation. The BFI is now responsible for increasing public appreciation of film, which can be achieved through improving public access to cinema, film heritage and educational provision. In line with this the BFI has launched an initiative through multiplex cinemas in the UK whereby they provide incentives to multiplex cinemas in order for them to reserve some of their screening capacity for low budget independent films rather than the blockbuster films that they normally screen. Take up for this scheme has been quite promising. To date, both the British cinema chain Odeon and UCI (a joint venture between Universal and Paramount) have agreed to open up their programmes to include classic films, world cinema and previews of new films. Odeon introduced this scheme in eight towns in the UK and UCI's "BFI@UCI" saw 35 of their UK multiplexes becoming involved. Further seasons are set to include Film Noir and

1960s British classics strands. The need to open up viewing possibilities to the multiplex audience has been recognised by UCI's senior vice-president for Northern Europe, Steve Knibbs, "We are constantly looking for new ways to bring a wider choice of films to our audience" (Forde, 2001).

However, increasing access through multiplex cinemas is ethically dubious, as multiplex cinemas are often located in densely populated cosmopolitan areas and cater for only an elite segment of the British public. Such social and geographical focus inevitably limits the access of groups that do not or cannot use multiplex cinemas. In addition, despite the growth in the multiplex sector over the last fifteen years, multiplex cinemas still only account for approximately half of the cinema going population; 46% of cinema visits in 1999 were to multiplex cinemas, an increase of 3% on 1998 (CAVIAR, 1999).

One of the aims of the Film Council (2000) is to;

...extend and improve access to film culture and film heritage, serving the diverse geographical needs of the UK's nations and regions, and recognising the differing needs of rural, suburban and metropolitan locations.

This is a welcome development for an inclusive approach to film marketing. A commitment to inclusion is also evident in the BFI's support for twenty regional independent cinemas in order to widen access to non-mainstream film. However, this is unlikely to make a real impact as it is consistent with the strategies employed by the major distributors who only target urban areas for the exhibition of independent, art house or foreign language films. In this way, the industry is using an obsolete and risk-averse segmentation model, targeting mainly a secure segment of the national market, with the dual negative result of curtailing potential profit, and

depriving non-urban populations of a diverse range of film. The Film Council through the auspices of the BFI is also using a rural/ urban segmentation model in its support mechanisms, and in so doing is opening up access, while at the same time denying access to a substantial segment of the population.

In addition, the Film Council has committed itself to ensuring that British film receives appropriate exposure. As a non-commercial body, the Film Council can concentrate on widening access to non-mainstream film, unlike commercial organisations. In trying to achieve its aims, the Film Council recognises the need to work with the private sector in order to encourage a change in terms of film distribution and consumption provision within the UK. One such initiative is their commitment to providing support for digital exhibition throughout the UK. This programme is open to all exhibitors operating in the UK, irrespective of their ownership. But, despite the highly polished discourse of its policy statements, the stark reality seems to be that the United Kingdom Film Council (UKFC) lacks both the will and the influence to affect real change in an industry which is driven by risk averse and profit maximisation considerations.

This discrepancy between policy and practice resounds in the theoretical debate between proponents of shareholder and stakeholder approaches. The shareholder approach, famously propagated by Milton Friedman, implies that a business' sole responsibility is to make profits and that stakeholder or social responsibility considerations should be integrated into business life through government intervention (Friedman 1970). It was also claimed that business managers are not elective members of the society and therefore they should not interfere with social

and political issues. Wealth creation, which was the central focus of the shareholder approach, has long been considered as the pillar of free market economies.

However, there is now a growing recognition that wealth creation alone does not guarantee sustainable development of economies or markets. It has been argued that the sustainability of a business rests not only with its pursuit of financial performance, but it is also shaped by its fit within its broader environment. This new approach which recognises the significance of the social role and responsibilities of business is termed the stakeholder approach. Wilson (1997: 50) explains that the Royal Society of Art's report titled "Tomorrow's Company" also identifies an 'inclusive approach' to business management as a source of sustainable success for business. An inclusive approach to business means that business decisions are made with attention to the diversity of viewpoints held by, and the needs of, groups and individuals who are affected and who influence the operation of business, namely the stakeholders. Application of this debate to the film industry highlights that support for a more inclusive stakeholder approach is growing in terms of public opinion and at the policy level. Nevertheless, it is hard to claim that this approach is adopted by cinema managers, who are still holding onto more conventional, profit driven, and risk-averse shareholder approaches.

The Film Council recognised a number of weaknesses in the British film industry in relation to the exhibition sector, both in terms of industry provision and audience tastes. British films are not given priority by distributors but similarly; perhaps in response to this, demand for and take up of Hollywood films is greater than for UK films. They also identified the failure of the industry to reflect British society as a

whole, both in social and cultural terms. In line with other European film councils (or equivalents) the Film Council is committed to increasing audience access to films from other European countries in exchange for British films achieving greater audience exposure across Europe. In order to realise this commitment, they will need to seek ways to make British film more appealing for the European audience.

While the industrial policy promotes a discourse which values inclusion, diversity and 'beauty of the small', marketing practices in the industry leave much to be desired. Film is a popular cultural and leisure pursuit in the UK. The film industry is a growth industry in this country. The total value of the UK box office in 2003 amounted to £742 million, which was a slight (2%) decrease from 2002, which had been a very successful year (Film Council, 2003: 5). With the rise of multiplex cinemas as the predominant providers of film for entertainment since the first multiplex was built in Milton Keynes in 1986, the market reach of this industry gained new momentum. Despite the increase in cinema admissions from 123 million in 1996 to an estimated 148 million in 2001, (<http://www.pearlanddean.com/marketdata/admissions.html>), the increase in the number of screens has not resulted in greater access to a variety of films and therefore not challenged the domination of mainstream Hollywood cinema. Moreover, historically, cinema going was viewed as an entertainment for the masses. However, the advent of communication technology and the emergence of ethnically and politically diverse cosmopolitan regions meant that the film market was polarised between mainstream films and art house films, the latter enjoying limited reach.

The most recent challenges to the status quo, where Hollywood products dominated the market, has been the introduction of Bollywood films and most recently, the commitment to introducing art house and foreign language films to the multiplex audience. Initially Bollywood films were screened in areas with a high Asian population and proved highly successful, although, the audience for these films was generally restricted to the British Asian population. Recently some Bollywood films have succeeded in crossing over into a wider audience:

Still in the UK top fifteen after five weeks on release, Bollywood crossover *Lagaan* passed the £500,000 mark at the box office over the weekend, making it the sixth highest-grossing Bollywood production in the UK. 1998's *Kuch Kuch Hota Hai*, distributed by Yash Raj Films, remains the best performing Bollywood film in the territory, with a total gross of £1.75m (Mitchell, 2001).

However, the success of the 'cinema from the margins' in comparison to the reach of the mainstream cinema can be overstated, when compared to the overall business performance of mainstream cinema in the UK.

The European Union has implemented antitrust laws and a competition policy in order to curb state intervention and to promote a 'free enterprise' system. The practices of the 'major' distributors were investigated by the Mergers and Monopolies Commission (MMC) in 1998 and the European Commission's Competition Directorate in 1999. However, it was found that the 'majors' were not engaging in anti-competitive practices. Despite this, due to their size and strength it is extremely difficult for independent distributors to exist in a market which is dominated by the majors. Nevertheless, PACT/MMC (1994) found that films distributed by independent companies recouped a greater percentage of their budget than those distributed by the majors in the UK. The domination of the market by the

'majors' constitutes a grey area between ethical and legal legitimacy: Although legal objections can be avoided in the present climate of deregulation, the ethical stance of the majors bodes ill in terms of widening access and removing barriers to entry for small independent companies.

The national policy moves towards a wider and more inclusive definition of the stakeholder interest in the film industry. This is a significant departure from the current policy of the major producers who place 'profit' before 'people'. Admission of this discrepancy leads us to think how national policy and industrial practice may converge. Ethical theory provides two alternatives: the 'pull' of self-regulation and cultural transformation of the industry, or the 'push' of increased regulation and enforcement of controls over the industrial practice.

The national and institutional policies in the UK rely on self-regulation of the film industry, rather than recourse to legislation. Stiles (1997: 47) explained the reasons why self-regulation is seen as appropriate by the British government: First, legislation, with its reactive stance, does not necessarily guarantee better behaviour; second, particularly in the creative industries, a legalistic approach may hinder innovation and creativity; and lastly, change induced by self-regulation is more effective and immediate than change proposed by legislation. However, it should be noted that self-regulation would be a sound alternative to legislation if the film business were to observe these self-imposed controls. Frequent breaches of established codes of conduct may ultimately require legislative controls. However, as far as the film industry is concerned, self-regulation is currently promoted as a viable method for promoting inclusive marketing practices.

5.5 Summary

This chapter examined the policy environment in the film industry in Europe, while drawing examples from the global film industry in order to illustrate certain key points. This is in keeping with the need to examine the field within which film marketing takes place necessitated by adopting Bourdieu's theoretical approach, and, in doing so, this chapter problematises the discrepancies between policy and practice. Therefore, this thesis makes a contribution to existing film marketing scholarship by illustrating that marketing activities take place within an industrial environment. This undermines free market assumptions made by those who have researched the film market from an economic perspective. In undertaking this policy analysis, the realities faced by film marketers in Europe can be more fully explained and in this way, a deeper level of analysis (in keeping with Bourdieu's approach) is attained.

It is noted that the global trends in the film industry are towards vertical integration and strategic partnerships and this is discussed in Chapter Six. This is so, largely because the American film industry dominates the global market and presents 'an ideal model' for film industries which aspire to similar commercial success outside their home market. However, it is identified that the course of development for the European film industry contravened the American model when it sought a strategy of fragmentation, through a process of liberalisation and deregulation in the 1980s. Twenty years of undergoing fragmentation and subsequent 'make ups' and 'break ups' between its many small sized firms has resulted in a lack of success for the European industry in challenging American global domination.

The failure of the European film industry in reaching a wider global audience does not just rest with the fragmented nature of the industry, but with its failure on two other accounts: First, the financial reporting in the industry operates in such a way that producers only receive profits after the exhibition of their films, once all the other costs are deducted. Even when their films achieve box office success, this approach exposes the independent British producers to greater business risk and financial instability. Therefore the Film Policy Review Group's (FPRG) proposals of integrating activities in the film industry supply chain in order to minimise the risks for independent producers is promising. Secondly, the UK and the European film industries are characterised by operational partnerships. However, evidence from successful companies suggest that vertical integration and strategic partnerships are instrumental in providing access to product and markets (Kerrigan 2001). This will be developed in the following chapter.

It was argued in this chapter that there is a growing public and policy awareness regarding the majors' domination of the British and European film markets. Although the recent legal claims of unfair competition were not successful, legal and policy controls may become more stringent following the spirit of popular awareness. If there is a tightening of control over market domination by the majors, with changes in international, US or European legislation on antitrust or fair competition laws and policy, this may allow small producers fairer opportunities for competition (Kerrigan and Özbilgin, 2002).

Similarly the growing body of policy suggestions in the UK emanating from FPRG, the BFI and UKFC urge the UK government to provide support to its independent

producers. This would work to counteract the domination of the majors as the independent producers will be able to provide a stream of small films, and the commercial success of some of these films will help to absorb other box office failures. Integration of the supply chain in this way could prove instrumental in responding to the challenge of the increasingly integrating global competition. Some progress has been made by the UKFC towards realising this scenario through their new policy initiatives promoting support for independent producers. This is also the approach adopted by the European Commission's MEDIA programme, which is now in its third and enhanced phase.

CHAPTER SIX

THE FILM INDUSTRY SUPPLY CHAIN

6.0 Introduction

“American cinema has a military-style presence in many countries around the world. It is money that manoeuvres the taste of the public” (Abbas Kiarostami, quoted in Rodier, 2003:11). The earlier chapters have shown how this “military-style presence” developed and the difficulties that this presents to filmmakers from smaller film industries like those in Europe. The previous chapter discussed the role played by public policy in contributing to and defending against this domination. During the process of policy analysis, it became evident that the disintegrated structure common in the European film industry has proven problematic and has also been the focus of a number of national and European level initiatives. Existing government initiatives have not resulted in a substantial change to the position of domination which the US enjoys and it would appear that a new approach to looking at this problem is needed.

In examining the development of the film industry from an historical perspective (Chapter Two) and conducting an in-depth policy analysis (Chapter Five), I have provided the context necessary in order to understand current film marketing practices in Europe. This examination of the macro environment, or field, according to Bourdieu (1977; 1998) is necessary in order to provide a deeper interpretation of social phenomena than that which has been afforded by the existing film marketing scholarship. Previous studies have looked at the performance of films in the market, without considering the structural constraints which impinge on European (and other non Hollywood) filmmakers and marketers.

Having completed the macro level analysis, it is time to focus upon the meso level activities which contribute to the film marketing process. The initial review of the film industry literature, combined with the experiential knowledge gained while working at the MEDIA programme, have demonstrated that the nature of the film industry supply chain is an important indicator with regard to why European films do not perform well in the market. As a consequence, the film industry supply chain became a focus of my early research, and this research confirmed that the supply chain is a key explanatory factor in understanding the domination of the global box office by Hollywood films.

This thesis is concerned with looking at how supply chain structure impacts on the marketing of a film and the role played by policy in structuring the industry. The previous chapter looked at the development of film industry policy at a national and supra national level in Europe. Various initiatives were examined in terms of what they set out to achieve in the film industry and conclusions were drawn regarding the intentions of public policy makers in relation to the film industry. It was shown that, latterly, increased attention has been paid to the structure of the film industry supply chain and the need for reinvestment of revenue earned from successful films into developing additional films. This has resulted in various policy initiatives aimed at facilitating the formation of integrated supply chains within the European film industries. In order to examine this, a case study was undertaken examining the impact of an integrated supply chain on the marketing of three films. The details of this company are explained in Chapter One and Chapter Four of this thesis. This chapter will present the literature relating to the supply chain and supply chain management and use them as tools of analysis for the case study and contextual

interviews undertaken. In doing so, Bourdieu's lens of habitus is used in order to add more depth to the discussion of the concepts of supply chain management and trust.

6.1 Defining the Supply Chain and Supply Chain Management

In order to discuss the concept of supply chain management in relation to the film industry, it is first necessary to define these terms. Mentzer et al. (2000a:2) define a supply chain as "a set of three or more companies directly linked by one or more of the upstream and downstream flow of products, services, finances, and information from a source to a customer". The three main activities in the film industry are production, distribution and exhibition. As shown in the preceding chapters, in the European context independent companies operating in one of these areas generally undertake these activities. For a film to reach the marketplace it must pass through the hands of a production company, a distributor and an exhibitor. There may be one or more production companies involved in a film production, there are generally a number of distributors involved (each with control of various distribution territories) and an even larger number of exhibitors, whether they are individual cinemas or large exhibition companies.

Upon the rise of the US majors as documented in Chapter Two, the film industry supply chain in the US became fully integrated, with a small number of companies gaining control of the production, distribution and exhibition of films. Following the Paramount Decrees (as discussed in 2.15.4, Chapter Two), the majors were legally obliged to divest themselves of their exhibition interests and, in this way, the supply chain became technically disintegrated. Nevertheless, although the majors no longer owned exhibition chains due to their dominance of the supply of films to the market,

they could dictate more favourable terms from the exhibitors than their independent competitors. It is within this context that film marketing in Europe takes place. As existing studies of the film market have ignored the impact of this environment on film marketing practices, this thesis advances the understanding of the film marketing process within the context of its environment as called for by Bourdieu (1977; 1998). An understanding of the nature of the control and power that exists within the market is important in contextualising the marketing process.

The term supply chain management (SCM) is frequently used but often not sufficiently defined. In acknowledging this confusion in relation to accepted definitions of supply chain management, Mentzer et al. (2000a) attempt to synthesise various existing definitions in order to come up with a definitive definition. Although this is a necessary process, this will only prove profitable if those who have been using the term accept their definition. Wisner and Tan (2000:1) declare that SCM includes "all value adding activities from the extraction of raw material through the transformation processes and delivery to the end user". This definition is wide enough to be applicable to most industries but, as a consequence of this universality, too general to be useful in the study of a particular relationship or circumstance. Through the use of the term "raw materials" it is evident that Wisner and Tan see SCM as a concern of the manufacturing industries. However, "raw materials" in the information age can be extended to include forms of intellectual property and therefore more easily applied to the film industry and other creative industries.

The definition proposed by Mentzer et al. (2000a:2) defines supply chain management as;

the systemic, strategic coordination of the traditional business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long term performance of the individual companies and the supply chain as a whole.

This definition is more helpful in terms of the study of the film industry, as it recognises the need to co-ordinate activities across functions as well as across organisations. What is also welcome in this definition is the recognition for this process of coordination to occur in order to ensure sustainability. In referring back to the discussion of film industry policy developments over the past number of years, this need for sustainability has been recognised by film policy makers at national and supra-national level. Therefore, a discussion of the film industry supply chain, in line with Mentzer et al.'s (2000a) definition is entirely appropriate.

Mentzer et al. (2000c) also stress that the existence of a supply chain does not infer that supply chain management is being undertaken. In fact, in the case of the film industry, what is problematic is the absence of such management or a co-ordination that will lead to long-term sustainability. In the case of the vertically integrated Hollywood majors, it can be argued that such SCM does exist, and this explains why they have dominated the film industry since their formation in the 1920s.

This chapter examines the systemic, strategic co-ordination of the business functions within the film industry in an attempt to propose solutions which will improve the long term performance of the supply chain as a whole, and the individual companies involved in filmmaking and marketing. In doing so, the existence of and need for supply chain management in the film industry is recognised and proposals for improving this process within the current structural constraints of the European industry are suggested. This chapter investigates the transfer of creative vision

through the supply chain and shows how value is added at each stage in the process of film development, production and distribution. In order to do so, supply chain and logistics literature are drawn upon in so far as it is relevant, but the limitations are recognised of using literature that is usually applied to the manufacturing industries to what is, essentially, a creative process.

6.2 Marketing and the supply chain

According to Min (2000:78-79), “the role of marketing through the marketing concept, a market orientation, and relationship marketing is essential for the success of supply chain management.” In Chapter Three, definitions of marketing and marketing in the film industry were discussed and Grönroos’ (1990) definition of marketing was adopted. This view of marketing explains the approach adopted by VertiCo. In VertiCo, each business unit operated in co-operation with the next and information was passed up and down through the supply chain. The objectives of each project were decided upon by using this exchange of information and each unit being aware of these objectives. Trust emerged as playing an integral role in allowing this process to operate smoothly, as each unit possessed a high level of belief in the abilities and professionalism of the other units, as is explored in depth in Chapter Seven. This trust has been built up over a number of years and has shaped the working environment in line with Mentzer et al. (2000c) in their espousal of the need for relationship building to exist in order to optimise supply chain strategy. The working environment in VertiCo (its habitus) enhanced relationship building through the existence of shared unspoken assumptions about the nature of their work (doxa) and this was built up over time. As discussed in Chapter Three, Min (2000) proposed that the existence of market orientation within a firm was conducive to

developing a relationship marketing approach and engaging in supply chain management. This was indeed apparent in VertiCo as discussed later in this chapter.

6.3 Integration/ Fragmentation

Chapter Two traced the structural development of the film industry, with special emphasis on the integrated Hollywood model. This integrated model is seen as offering the greatest possibility of success for individual films due to the automatic access which filmmakers have to distribution and exhibition once they are aligned with one of the major Hollywood film companies. The current trend in the global entertainment industries is integration. In supply chain terms, the European film industry consists of many operational partnerships rather than strategic partnerships. Mentzer et al. (2000c) recognise that operational partnerships are entered into in order to fulfil the need for access to product. This need exists in the audiovisual industry at present with the advances in distribution technology, which have resulted in an increased demand for such product. This is in opposition to strategic partnerships where such relationships are entered into in order to develop long term relationships.

As with previous waves, the present phase of merger and strategic alliance activity is driven by access to product and access to markets for that product. Currently there is evidence of increased levels of vertical integration among film companies in an attempt to integrate the various stages in the supply chain, the largest and most well documented case being the Time Warner/AOL merger, which took place in 2000 after much scrutiny by various national and supranational competition bodies. Thompson (2003) described the AOL Time Warner merger as 'keiretsu', a Japanese

term denoting a confederation of firms from different industries with interlocking ownership and a shared strategic vision. The expansion in mergers and strategic alliances in the media industries that is occurring at this time is reminiscent of the early days in the development of the film industry as described in Chapter Two of this thesis. In recognition of the concepts expressed by Levitt (1960), present day media companies are recognising and exploiting possible areas of business that can be accessed by entering into strategic relationships. The problems in terms of overvaluation, faced by AOL/Time Warner following their merger should, however, act as a warning to media companies of the danger of overvaluing the results of such a merger.

6.4 SCM in the Film Industry

The various stages in the film industry supply chain, as well as the activities involved in each of these stages, are illustrated in table 6.1. In this table, the processes are presented as linear, although in fact, much in common with the process of undertaking a PhD, some of these stages overlap depending on the nature of the film project, the type of finance and, importantly, the nature (if any) of the supply chain management.

| Development | Pre-production | Production | Post Production | Distribution & Advertising | Exhibition |
|---|---|--------------------------------|---------------------|--|--|
| Rights acquisition; script development; financing | Financing; greenlighting; cast and crew selection | Above the line; below the line | Editing; Soundtrack | Sales; Distribution; Trailers; Publicity | Theatrical (cinemas) DVD/VCR TV Pay per view Free TV |

Table 6.1 The Film Industry Supply Chain (adapted from Kerrigan, 2004)

In order to understand the impact of an integrated supply chain on the process of marketing a film, it is important to develop ideas drawn from the supply chain literature such as waste minimisation (in the case of the film industry, this waste is creativity). Building on this, Mentzer et al. (2000b) identify the importance of looking at supply chain relationships, both in the traditional manner of the consideration of operational issues in addition to considering relationship building as an important function. Mentzer et al. (2000b) focused upon retail supply chains, but their thesis is equally applicable to the film industry. European film production and distribution companies in general conform to the model of "partnering relationships" where relationships are the result of extensive operational links developed over time.

In the European industry, the integrated structure enjoyed by VertiCo is not the norm. Most companies are truly independent, usually established on a project-by-project basis, where the company itself has little or no financial value. They are dependent on outside, often piecemeal, financing deals for each project. In line with the recent trend towards integration, a number of production companies now have "first look" or housekeeping deals with either successful distribution companies or broadcasters such as BBC or Channel 4. First look deals allow independent production companies to avail of development financing from the distributor on condition that they have access to all projects before any other company, i.e. they have the "first look". Such arrangements are beneficial to both parties but carry an inherent risk for both parties. If the distributor finances a film's distribution but does not want to finance production in return for the rights to the film, they have "lost" the development money. Conversely, if a production company has a first look deal,

other distributors will be wary about distributing projects that have been turned down by the "first look" company.

In the case of VertiCo, being part of a vertically integrated company has the benefit, as expressed by VertiCo producers Bevan and Fellner, of having a parent company which provides one hundred percent of the budget necessary to produce and distribute a film, therefore allowing the producers to concentrate on fully developing the project (Higgins, 2005).

The first stage of my field research confirmed my early assumptions relating to the most advantageous method of developing the marketing campaign. This method involves all relevant actors from the earliest possible stage in a film's development and/ or production. Having attended the Strategics Film Marketing Workshop in Luxembourg, I interviewed each of the participants and began by asking at what stage they believed they should become involved in the marketing decision making process or negotiations. Having spoken to those involved in producing the creative materials (such as posters and trailers), for marketing campaigns distributors, a sales agent, a publicity executive, the head of an international film festival and a film marketing consultant, they all confirmed that early involvement is essential in order to gain a full knowledge of the overall image and direction of the film. Stephen, from a creative agency, stated, "big companies are such a machine that everything is structured and not flexible". In speaking about the autonomy of the design team, he stressed the need to follow clients' wishes, but that sometimes clients "lose sight of the big picture". The big picture being the marketing campaign as a whole - who the film is for and how the publicity materials can indicate that this film is for them. If

the creative team is not privy to discussions as to the genre, target audience and mood which the filmmakers want to convey, there may be a breakdown in creative continuity at this stage.

The need for early involvement was also stressed by Denise from publicity. During Denise's session on public relations, she stressed the need to employ a dedicated unit publicist at an early stage in order to ensure a well-formulated publicity campaign.

The unit publicist is wholly responsible for all of the publicity for a particular film.

Denise also emphasised the need for a unit photographer to be attached to a film as early as possible. Many low budget films overlook the need for this early expense, to their detriment. If a unit photographer is attached when a film begins production, they can take shots of the cast and crew at work and shoot scenes as they are being filmed. This saves later expense if photographs need to be taken after the completion of filming; the cast has to be reassembled which can be very costly, if not impossible, due to other commitments, or cast members unwillingness to participate.

Dirk, a distributor, stressed the need for distributors to be involved in decision making regarding a film at the earliest possible stage, but contrary to popular belief, Dirk stressed that a distributor could not impose changes unless they had worldwide rights to the film. In the case of the majority of European films, this will not apply. Different territories will buy the rights at various stages in a film's development. Initial rights are often sold in order to finance production. At this stage, distributors can negotiate the best deals and are rewarded for the high level of risk involved in investing in a film prior to its being filmed. For an incisive discussion of the nature of deal making in the film industry see Eberts and Illot (1990) and for more

information on the nature of distribution agreements see Cones (1997). Again, in recognising the meso level activities such as the need to deal with different companies in order to gain access to various worldwide markets, this thesis advances current understanding of the film marketing process as expressed through existing literature. Although studies such as those by Elberse (1999), Eliashberg and Sawhney (1994), Litman (1983) and Neelamegham and Chintagunta (1999), show correlations between various elements of the film and box office performance, they fail to recognise the nature of negotiations which take place in order for a film to enter a particular national or regional market.

Bill, a sales agent, also emphasised the need for early involvement in a project. Bill indicated that the main benefit to be gained was the fact that there is no fee payable to sales agents "up front". Sales agents take a percentage from any distribution deal that is struck. For relatively inexperienced producers, using an established sales agent allows them access to distributors using the reputation and previous relationship which the sales agent has with the distributors. The earlier a deal is agreed with a distributor, the less financial risk is involved for the production company, so it is beneficial for producers to attach a sales agent to a project at the earliest possible stage. Ron (VertiCo) also stressed the professional value of the sales agent by saying;

this is not a business where we just chuck a few videos on a wheelbarrow and go out there and say, get your films, fresh films, lovely films...it's a whole wealth of thought, strategy, planning that goes on before we even send a script off to people.

The above sections emphasise the need for close long term inter-firm relationships and inter-firm co-operation. These are the two resultant components of supply chain

management according to Min (2000:93). As the film industry is characterised as high risk (Biskind, 1998; Eberts and Illott, 1990; Finney, 1998; Evans, 2003, Phillips, 1991), such close inter-firm relationships and inter-firm cooperation can provide a level of reduced risk. Sheth and Parvatiyar (1995) illustrated how perceived risk is linked to uncertainty. Such uncertainty of outcome is inherent in the film industry and therefore it is natural to seek assurance through established relationships. Such inter-firm relationships are the norm in the European film industry and the nature of the relationships which have formed out of this fragmented structure are documented by Eberts and Illott (1990); Finney (1998) and Kuhn, (2003). In these accounts, much emphasis is placed on risk and the need for close relationships to form, where creative and financial risks could be taken due to the high levels of trust in existence in the inter-firm or inter-personal relationships.

6.4.1 Supply Chain Management in VertiCo

In VertiCo the partnering, referred to by Mentzer et al. (2000b) in section 6.4 above, was formalised by the alliance of the production company, *Working Title Films*, and the Distribution entity, *Universal Pictures International*. In addition to this, UPI had a number of further small-scale production companies with whom it had comparable arrangements. In the aftermath of being taken over by *Vivendi/Universal*, these terms and conditions were necessarily renegotiated.

The structure of *VertiCo* has proved an important factor in explaining its success, both critically and commercially. This research shows how such an integrated structure allows the free flow of information through the supply chain, in both directions, enabling the creative process of filmmaking to be complemented with an

early awareness of marketing issues. Figure 6.2 below shows the model of supply chain flow as developed by Mentzer (2004). This model, has parallels with the supply chain structure illustrated in table 6.1 of this chapter, with each of the stages in the film industry supply chain, corresponding to those in Mentzer's model.

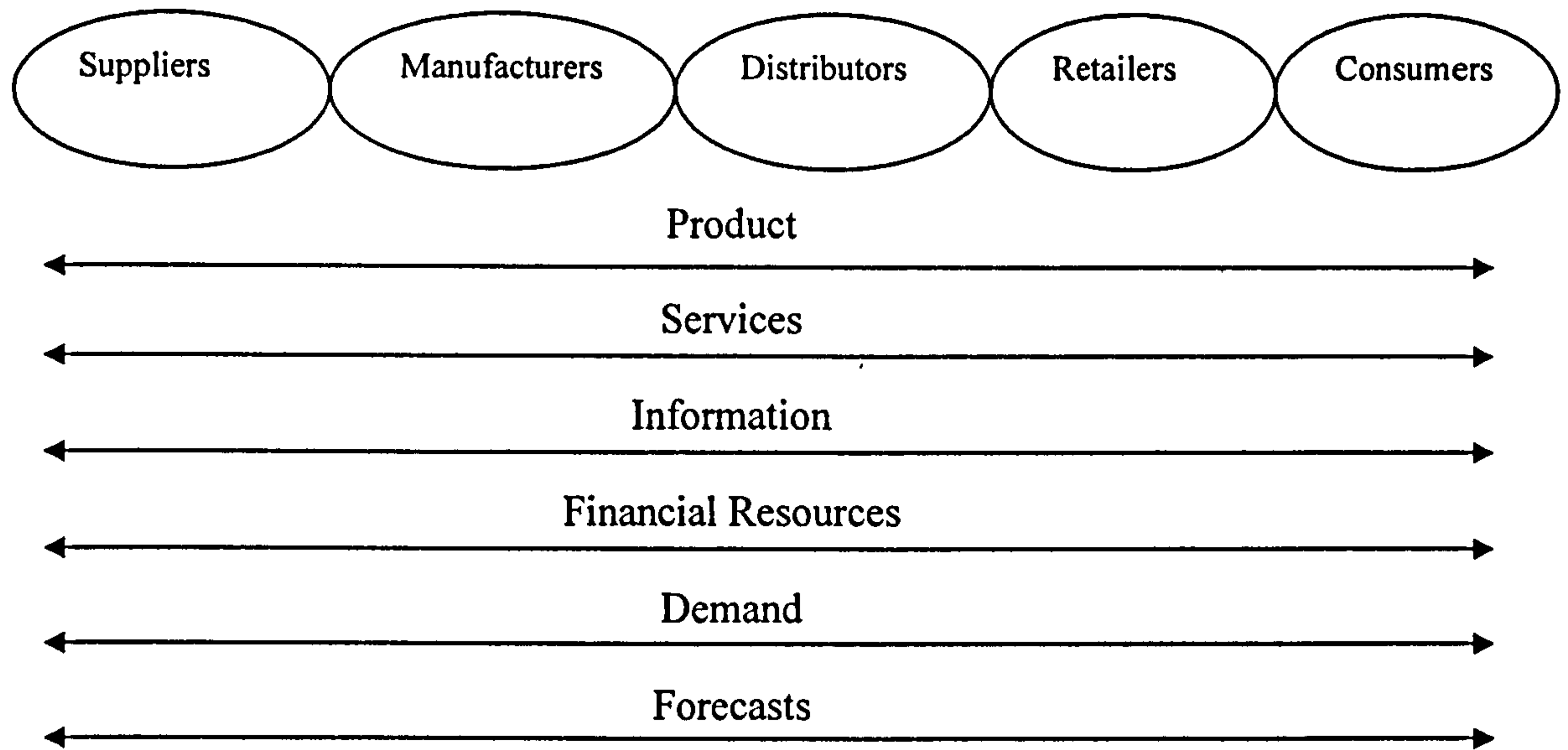


Figure 6.2 Supply chain flows (taken from Mentzer, 2004:116)

As documented by Kuhn (2003), part of PolyGram's⁸ approach to their involvement in the music and film businesses was to employ creative people and to let them get on with what they were good at. In addition to the flow of information, the integrated structure of the company allowed for the comprehensive financing of production, marketing and distribution within the company. Therefore, VertiCo embodied the "total marketing concept", whereby marketing principles are consistent throughout the company and "marketing" in the loose definition of the term, is not restricted to the final marketing campaign but is considered from the outset. This is in line with relationship marketing theorists such as Gummesson (1991, 1994).

⁸ PolyGram was the former owner of VertiCo.

Relationships in the film industry are complex, like in many industries. Those who conceive the ideas for films are generally not directly involved with their ultimate customers. For them, their relationship building must focus upon the next link in the supply chain.

In saying this, the ultimate consumer, i.e. the cinemagoer, is the constant focus of VertiCo employees. The need to match specific films to their target audience and to develop strategies for communicating effectively with that audience concerns those in all functional areas of VertiCo. This approach matches Webster's (1992) assertion that the central function of the marketing personnel to gain knowledge about the consumer and to pass this knowledge on to the rest of the network involved in the supply chain. The following section illustrates how VertiCo's integrated structure facilitated this flow of information and how the flow of information was not restricted to one direction, but moved forward and back through the supply chain shown in table 6.1.

6.4.2 VertiCo's Integrated Structure

Having acknowledged the need for some form of early involvement by the various film professionals in developing and greenlighting (the process of approving the film to proceed into pre-production) the film, this can be illustrated more fully by examining the structures and benefits of these structures in existence in VertiCo. Although Kieran and Charlotte from the marketing department stressed that they did not get involved in making creative decisions, their early involvement in the film included meeting with all other VertiCo departments at the earliest possible stage in order to identify the genre of the film. In saying this, they did not advocate a rigid

approach to genre identification, saying instead “the target audience must be identified by script stage although this can evolve with the script”. Close involvement in the development process means that a certain level of monitoring of this process is possible. The distribution division of VertiCo also got involved with greenlighting films. Chloe stated that “greenlighting numbers are created from the databases [that they maintain] and these have a breakdown across different media in each territory to see how much they will make”. VertiCo employed three people full time in order to collate tracking information on VertiCo films as well as other major films distributed and this information was used in forecasting the probable performance of the film in various markets.

In addition to the involvement of the marketing and distribution teams at the development stage, the sales people from VertiCo also monitor the script development stage closely. Ron stressed the importance of maintaining reputation, therefore, only once a script has been greenlit, would they start to bring the script to a market. The sales agent sends the script to the main distributors with whom they have a relationship 4-5 weeks prior to the market and

... we get them to the market itself and start to really go for a pitch ... especially on a hot project, something which is, you know, definitely going to be sought by distributors in the market (Ron).

Ron’s emphasis on reputation, which was also stressed by Bill during the Strategics workshop, fits with Garver and Min (2000) in their assertion that the contemporary salesperson is viewed as a relationship manager. This is certainly how both Ron and Bill viewed themselves, valuing the long term relationships they build up over individual short-term transactions.

The main strength advocated by the participants in terms of VertiCo's success was its treatment of the various territories in which VertiCo films were released as unique. Each territory had what they termed an "op-co" or operating company. The original vision for the company, when it was Polygram Filmed Entertainment, had been to "...have their own distribution in the key territories and to give quite a lot of autonomy to the local offices rather than have centralised distribution activities" (Chloe). VertiCo moved their films through the supply chain using a combination of supply chain structures. If an op-co did not exist in a particular territory, they sought to sell the film on to a distributor in that territory. In this way, they tailored each local campaign to the market in question, drawing on the expertise of the local distributor or op-co. Chapter Eight will examine the marketing tools used in each of the embedded case study films in the context of the integrated supply chain which exists in VertiCo and in doing so, will illustrate the importance of relationships and trust in managing the film marketing mix.

6.5 Resources

The above section makes a case for early involvement in the marketing decision making process. However, as acknowledged in section 6.4, such early involvement is only possible when a vertically integrated structure exists, or alternatively, there are long term partnerships in the film making process. Therefore, there is a need for independent film companies to forge alliances in order to develop these long term partnerships. Too often such early involvement is problematic and the lack of communication at such an early stage can be held attributable for some of the failure of European films in the marketplace. Eberts and Illott (1990) present a number of examples where film projects could not proceed due to a lack of commitment by

various essential members of the supply chain, such as distributors. Finney (1998) also illustrates how such strong relationships led to Palace Pictures' initial success and how the breakdown of these relationships was the major contributor to its eventual failure. The following section will draw on the literature regarding the supply chain and theories of the firm, as well as an analysis of the case study company and the imbedded case study films in order to support this theory, in an attempt to suggest solutions applicable to the fragmented European film industries.

Drawing on the resource based theory of the firm (RBT), (Porter, 1985; Wernerfelt, 1984) and developments of this theory (Prahalad and Hamel, 1990; Olavarrieta, 1996) aspects of the firm that are specific to it alone must be considered alongside the more obvious structural implications of the industry. Hansen and Wernerfelt elevated the firm specific factors over structural issues in their 1989 study. In VertiCo, structural issues and firm specific competencies have a dual role in determining its success. By acknowledging both firm specific factors as well as structural considerations, this thesis deepens current understanding of the film marketing process. Various writers have identified specific competencies and resources that should exist in order to optimise the performance of the firm. Amit and Schoemaker (1993), speak about assets of the firm in terms of either ownership or control. Capabilities are seen as enabling devices in order for firms to utilise their resources. These are generally abilities that are possessed by the firm as a collective entity or by the individuals within the firm. Amit and Schoemaker (1993) refer to these capabilities as bundles of individual skills.

In the case of VertiCo, the skills of sound judgement and a shared creative vision coupled with respect for the decisions and expertise of others emerged as a competitive advantage for the firm. According to Peteraf (1993) income can be generated through both economic and monopolic rents. Economic rents derive from efficiency differences in resource use and monopolic rents from intentional restriction of output. There is an interdependent relationship between these two elements in VertiCo, as the success of the company in the film market allows its employees the creative freedom to maximise their own resources (creativity, judgement, experience) which, in turn, boosts the market power of VertiCo. This resultant habitus derives from the historical interaction which VertiCo employees have had with each other and the resultant doxa which exist, and are contextualised within the greater film industry environment. VertiCo employees are aware of the privileged position which they occupy within the context of the European film industry.

This is in line with Winter's (1995) explanation that the possession of more efficient resources combined with substantial market power is an indication of potential success. VertiCo's current market position is in contrast to that of Rank, the first vertically integrated film company to exist in the British film industry. In Rank's case, it secured its position in the market, according to MacNab (1993) and Mullally (1946), due to the creation of monopolistic rents, which led to a public investigation of its control of the industry.

The next stage of this chapter will explore how the above issues impact on the movement of VertiCo films through the various stages in the supply chain from

development, through preproduction, production, post production, distribution and exhibition. This process mirrors New Product Development (NPD) activities within various industries and, therefore, this section will be contextualised by drawing upon NPD literature.

6.6 New Product Development and the Creative Elements

In common with other industries, successful innovation and the creation of a continuous stream of new products are essential to the survival of companies in the film industry. Although in many industries, the term NPD is commonly used, this is not the case in the film industry. Despite the lack of common terminology between film and other industries, the processes involved in NPD are in existence and these processes are examined in the following section.

6.6.1 NPD Defined

According to Zacharia (2000:134) new product development is defined as “the process of conceiving and creating a new product and the outcomes of that process”. This is essentially what filmmaking is concerned with and film marketing has the dual function of informing and being informed by this process. Various categorisations of NPD have been produced by researchers such as Hall (1991) and Meyers and Tucker (1989). Nevertheless, while these categories have some resonance for the film industry NPD process, it is more useful to adapt these in order to provide functional categories for film. Using Hall’s (1991) framework, which proposes five categories, table 6.2 shows how this can be adapted in order to apply to the film industry.

| Hall's (1991) NPD categories | NPD in film categories |
|---|---|
| The break-through product | Art house film which crosses over to mainstream |
| "It's new for us" product | Copycat films |
| The new, improved, next generation product | An innovation on a tried and tested genre |
| The line extension product | Franchise film |
| The three Rs (repackaged, repositioned, recycled) | Blockbuster |

Table 6.2 NPD categories in film based on Hall's (1991) categories

The ultimate aim for an independent film producer and therefore the concern of the film marketer involved in such films is to find an art house film which will "cross over" from its generally small, niche audience, to the mainstream. Recent examples of this type of NPD are the British film *Billy Elliot*, the French film *Amelie* and the US film *Sideways*. All of these films were thought to have a small but appreciative, audience and initial marketing targeted this audience, yet the stories and quality of these films saw their appeal broaden out to mainstream audiences.

The second NPD category presented above relates to films hoping to benefit from the previous success of films of a similar kind. These films generally have easily identifiable genres; examples include the number of British gangster films released in the years following the success of *Lock, Stock and Two Smoking Barrels*. This is a dangerous tactic since, as discussed in Chapter Eight, tastes change and audience can tire of the same genre offered to them repeatedly.

The third NPD category in table 6.2 is the franchise film. This is a film which, while unique in its story, can be seen as one of a number of related films. One of the most famous examples of this type of NPD is the *Star Wars* franchise which, like *The Lord of the Rings* and *Harry Potter* franchises is easily identifiable. While each film

has a separate story, there is continuity between them in terms of characters, genre and often, the creative team. This type of film promises a certain level of financial security as it has a definite and generally captive audience.

Finally, category five is the blockbuster. This is the most well known type of film, routinely dominates the box office and is generally a variation on the action genre. Due to the high budgets involved, this type of film is normally produced by the American majors and seldom attempted by independent companies such as those in existence in Europe.

Each of these types of film must be dealt with in a specific manner. The case study undertaken for this thesis examines three films produced and marketed by VertiCo. The case study films will be discussed in the following sections in terms of the value added to the NPD process, in line with the category under which they come.

The nature of the supply chain and supply chain management also dictates the manner in which NPD is undertaken. Due to the fragmented nature of the film industry in Europe, the NPD process undertaken is generally of a sequential nature as described by Zacharia (2000:137-8). In sequential product development (SPD) the functional areas involved in the NPD process work independently and in a prescribed order. The problem with SPD is that, according to Schilling and Hill (1998), this means that there are no early warning systems in place. It is often precisely for this reason that European films fail in the market. If initial development activities take place without consulting distribution, sales or marketing personnel, little market or customer intelligence is considered at that stage.

In a vertically integrated company or where a functioning, integrated supply chain is in existence, flexible NPD is possible. The benefit of flexible NPD, according to Iansiti and MacCormack (1997) is that changes can be made to all NPD processes at any stage in its development. The benefits of flexible NPD in the film industry can be seen by my examination of NPD in VertiCo, as discussed in the following sections.

6.6.2 Development - Project Based Versus the Slate Approach

The development stage is one of the most important and often, in Europe, neglected aspects of the production process. Historically, this has been due to the fragmented structure of the industry (Kerrigan and Culkin, 1999). As the producers do not earn any revenue during the development stage, the emphasis has been upon pushing films through to production, rather than developing them fully or deciding that they are not marketable and abandoning the project in development stage (Finney, 1996; Dale, 1995). Bevan and Fellner, the VertiCo Producers, have indicated that one of the benefits of being part of an integrated supply chain is being able to commit resources to fully developing their projects (Higgins, 2005). Due to the integrated structure of VertiCo, finance is available for development:

Before Polygram started backing us, we were both independent producers to whom the end is getting a film financed, not made. So now, we spend far more time on the content of a movie and as things have progressed we've got a slate (Tim Bevan, Working Title).

The term "slate" of films, refers to a situation where one company has a number of films in various stages of pre-production, production and post production simultaneously. This allows the company to retain the majority of the rights to its

films and therefore is conducive to a thorough development process more in line with the practice in the US. Under this system, each successful film provides the finance for the films to follow in the development process. According to VertiCo development executive, Debra, Working Title produces approximately one in every five films that it develops. This is slightly less than the average for European Commission funded projects under the MEDIA Programme, which saw under 17% of the films they supported for development funding going into production in 1998, in comparison to just over 26% in 1996 (European Commission communication). This trend is an encouraging one, as the emphasis on development is working in eliminating films that are not commercially viable at script stage. Ron stressed the need to fully develop projects before looking for distribution deals: "the project would be greenlit, which is something that we have a reputation to maintain, so we never float projects that aren't going to be made". Externally, Working Title are known to spend a lot of time and energy in the development of projects.

The need to develop a slate of films rather than just one film at a time was recognised by the MEDIA Programme, who began to finance companies for the development of a slate of films rather than individual projects during MEDIA II and have continued with this initiative during the current phase of the programme, MEDIA Plus. In recognition for the need to support this type of activity in the UK, the UK Film Council also dedicates funds derived from the National Lottery for this purpose.

In addition to the time taken on developing projects, due to their long and successful track record, VertiCo work with experienced and established writers and filmmakers as well as new talent. Kieran stressed the quality of the script for *Notting Hill* when

the VertiCo marketing employees first saw it, as the writer, Richard Curtis; "... was writing for a long time before he was confident, you know, to pass it to Working Title". This film was developed from an idea which Richard Curtis had.:

It was always his fantasy to, you know, what would happen if I turned up at a party and I had either Madonna or Julia Roberts with me, you know, what reaction would my friends have? (Kieran).

Having worked with Richard Curtis previously on VertiCo's first very successful film, *Four Weddings and a Funeral*, and having seen the script, VertiCo had no doubts as to the potential success of this film, both commercially and critically. The VertiCo team felt that the quality of the script and the creative team involved would result in its approval by the critics. All of those interviewed at VertiCo confirmed the sense they had that the film would inevitably be a success. As *Notting Hill* was from the writer, producer and director of *Four Weddings and a Funeral*, and had the same male lead and genre (romantic comedy), this film can be seen as a franchise film for NPD purposes.

Such a positive development phase was not in evidence with regard to *Plunkett and MacLeane*, which was in development in Working Title for many years. VertiCo had hoped that this film would be a successful cross-over film, therefore falling under category one of the NPD in film categories. This script was developed by a number of different writers and its direction and style changed accordingly. In addition, and in many ways, more importantly, this film changed producer mid-way through the development process and, in this way, creative continuity was not preserved. This made it difficult to pitch accurately at the various stages of movement through the supply chain.

For the final film, *Elizabeth*, the development process was again different. This film conformed to an innovation on a tried and tested genre (category three). While for *Notting Hill* the idea came from the writer; and for *Plunkett* it came from the director; the idea for *Elizabeth* came from Working Title itself. During a regular brainstorming session, Debra, from development, suggested they make a film about a monarch and after a process of elimination, they decided on Elizabeth. They then commissioned a script with the clear understanding that they did not want to end up with a stereotypical "frock flick". Costume drama does not traditionally do well at the box office and, according to VertiCo employees, is not a very popular genre, so they needed to give the film an edge which would diminish its frock flick identity. This will be developed further in Chapter Eight.

VertiCo has adopted a portfolio of projects designed to support each other. Due to its track record and the structure of the company, it is able to take risks on question marks due to the presence of "cash cows". *Notting Hill* was one such "cash cow": with the presence of a creative team with an excellent track record in this genre, the highest grossing female star in the global film industry and a popular male lead actor, this film was destined for success. *Notting Hill* followed in the footsteps of *Four Weddings and a Funeral*, which was a surprise hit for the company in its early years. VertiCo's subsequent romantic comedies have become known as the *Four Weddings* franchise, as the films in question have similar genres, A list stars and the same creative teams. These franchise films include *Bridget Jones's Diary* and *Love Actually*.

Each of these films has been successful at the box office, and combined with the company's other successful films, have allowed the company to invest in films such as *Elizabeth*, which had an unusually high budget for a costume drama from a first time director in the English language and a, at the time, largely unknown cast. VertiCo also established a spin off company based in their London offices called Working Title II specifically to develop smaller budget, more experimental films than the parent company. In addition, they have also opened an Australian arm, WTA (Working Title Australia) which produced the film *Ned Kelly*. The vertically integrated structure that exists in the company allows for reinvestment in the development of new films, without the pressure to go into production with all of them.

6.6.3 Pre-production

The pre-production stage in filmmaking involves the activities needed in order to move a film from script stage through to the actual shooting of the film, the production. This involves finalising production financing, casting and crew decisions and the identification of suitable locations in which to shoot the film. Securing the finance, the most appropriate cast and crew and so on can be the most complex area of filmmaking. This is where an experienced producer is necessary. As production finance was available for greenlit films through the various financing structures in place in VertiCo, its producers had much more autonomy than similar "independent" European producers. The combination of a long and established track record of success in making commercially risky films, the availability of sources of finance from presales to op-co territories and to distributors in territories where VertiCo did not have a presence and an established relationship with many of the top

creative talent, cast and crew in the film industry gave VertiCo an advantage over their competitors.

6.6.4 Greenlighting

As VertiCo had the benefit of an integrated structure with in-house project development and distribution, there was a strict and tested method employed for evaluating the potential marketability of a film. As part of the greenlighting process (the industry term for approving a film's transition from development into pre-production) the various departments collaborated in order to identify the genre of a film, the USP (unique selling proposition) and to try to predict the earning potential of each film based on the performance of similar types of films within the market.

6.6.5 Creative Continuity

In *VertiCo* creative decisions are not made by the marketing and sales personnel, but their experience and knowledge is drawn upon in order to budget appropriately and to understand casting implications. This flow of information is not only in one direction. As mentioned above, such early meetings in the life of a project ensure that all of the people involved will have a shared vision of the creative identity of the project and in this way, the sales, marketing and distribution personnel will be able to plan and execute their own campaigns in line with this creative vision. The emphasis on the experience of the people involved in both producing and marketing the films in VertiCo was repeatedly expressed by interviewees, with intuition valued over formal marketing qualifications; "marketing here is largely instinctive and that's what they try and nurture, elsewhere you don't find it, they are much more

specialised. So aptitude, interest, enthusiasm, I don't know, they are all valuable really" (Charlotte, Marketing).

6.6.6 Film Financing

Financing film production in Europe is extremely complex. Usually films are financed through a combination of sales of rights to distributors, sale and leaseback deals with banks and insurance companies, tax breaks and public subsidy money. This process is extremely complex and time consuming for the producers involved, which is reflected in the increased numbers of specialised film financing operations which have been established over the past few years. As acknowledged by Tim Bevan above, as VertiCo's costs are covered by the parent company, allowing the producers to focus upon developing projects and making casting and other decisions, rather than trying to finance these projects from various sources. The vertically integrated structure also allows for all costs to be covered at the necessary stages, allowing smooth transition between the different stages in the supply chain, unlike in the independent sector where finance is piecemeal and rarely completely secured when a project first enters into production.

Eberts and Illott (1990) as well as Phillips (1991) provide detailed accounts of the difficulties involved in securing finance independently. Julie Baines (Baines, 2004), an independent producer also spoke about the precarious nature of piecemeal film financing and the subsequent need to find co-production partners that are trusted and with whom a filmmaker has experience of working, in order to make the process as trouble free as possible.

The European film industry generally produces low budget films, which do not necessarily appeal to the mass market. The benefit of low budget film making is that the pressure to target this mass market is not there. There is constant assessment of the size of production budgets for Hollywood films in opposition to UK or other European films. The implication in some of these assessments is that European films are not competing well with Hollywood films due to the much smaller size of their budgets. Yet, as pointed out by Petrie (1991), smaller budget films are more likely to recoup their budgets and go on to make a profit than big budget films. The financial risk is much less and many believe this assists in developing creativity in filmmaking. As Gareth Jones of Handmade Films said;

The bigger the budget is you've got to be able to say 'This has a mass appeal'. Therefore you cannot be so idiosyncratic in your taste, you have actually to get out there and say, 'will this appeal to the great unwashed American public?' and by doing that you have to actually make compromises" (quoted in Petrie, 1991: 107).

VertiCo, as shown from the case study films, has achieved a balance between creative credibility and box office appeal. *Elizabeth* was critically acclaimed and despite an historically high budget for a costume drama, did very well at the box office.

6.6.7 Production

As my study is concerned with the "marketing" activities rather than the manufacturing activities, the production stage will not be dealt with in detail. During this stage, value is added in terms of the production values espoused by the creative team. The director, director of photography (DoP) and the key creative members of the crew are responsible for adding value at this stage. In an action film, the second unit, which is primarily responsible for the special effect and stunt aspects of the

film, is extremely important in adding value. In terms of my case study films, this was relevant for *Plunkett and MacLeane*, as this film utilised elaborate and complex lighting in order to merge the contemporary with the historical.

Areas such as hair, costume and make-up also play a central role in adding value during the production stage. *Elizabeth* relied heavily upon these areas as all costume dramas do, with the high production values in these and other areas being recognised by the number of nominations and awards won in the area of production values (see appendix D).

6.6.8 Early Publicity Activity

Stage one of my fieldwork showed that European independent producers often overlook the importance of budgeting for a unit publicist or a stills photographer. In this way they incur higher costs later on, as it is inevitably more costly to reassemble the cast for a photo shoot after principal photography has been completed than if photography took place on set. Good quality stills and a unit publicist allow for early publicity activities to be organised, which will increase the profile of the films being produced, and in that way increase its chances of success.

The unit publicist is responsible for organising on set visits for the press in order to create an early awareness of the film in their minds and to generate media coverage. In the case of *Notting Hill*, the film was eagerly anticipated so the role of the publicist was to minimise publicity in order to prevent boredom. Press visits were seen as particularly difficult on *Plunkett and MacLeane*, as the film was shot in Prague in very difficult conditions due to the harsh winter climate. The co-operation

of the cast is very important for on set visits. On set visits were also seen as important for *Elizabeth*, due to the beauty of the costumes and the set, and this strategy worked in VertiCo's favour, as the press visits generated media interest and thus succeeded in locating the film in the mind of the film going public.

In addition to press visits, VertiCo's sales agent expressed the need to arrange on set visits or meetings with the major stars for principal investors. In the case of VertiCo, these investors were distributors from territories where VertiCo did not have a presence:

Let's call it after sales service for want of a better word.... I mean if somebody's putting a multimillion-dollar investment, well technically you should treat everybody the same. You know, I mean you've got to be diplomatic and realise, you know, that they're the one that should get em Tom Hanks to visit them in Japan and stuff like that as they are investing huge amounts of money (Ron, Sales).

6.6.9 Post Production

Post production activities concern those activities that take place after the film is shot. These include editing, finalising the soundtrack and special effects added after the film is shot. Another important marketing consideration at this stage is the audience research process. All of the case study films were tested at least twice prior to release. VertiCo normally use a particular RAS company in order to carry out this testing and they follow a definitive brief. This process helped in identifying the elements of the films that appealed to the various target audiences and the potential market share of the films. For VertiCo RASs are not used primarily to make major creative changes to a film, merely to fine-tune the marketing campaign. As stated by

Charlotte, “if in doubt, test it”. For a detailed analysis of the RAS process, see Chapter Eight, and for an example of an RAS questionnaire see appendix I.

6.6.10 Theatrical Marketing Campaign

Although the majority of revenue is not earned at the box office, theatrical revenue is seen as a key indicator of a film’s overall potential earnings and also provides an essential marketing vehicle for the film. A film breaking records at the box office or receiving critical acclaim will benefit from the publicity that this generates. This may result in someone renting this film at a later date and has an influence over the negotiations regarding terms for other distribution platforms such as video, DVD, pay and free television.

As discussed in Chapter Three, much has been written about the release strategy and how this impacts on the performance of the film at the box office. However, while pointing out the importance of a controlled and measured release strategy, such an ideal scenario is not possible in most cases. This is particularly true in the case of the mainly independent European films produced each year. Independent distributors, such as Universal Pictures International, have to negotiate for dates in the cinemas of various territories in the face of competition from the major distributors such as UIP, Warner Brothers and so on. There is a logical power structure in place in these negotiations. This illustrates the need for film marketing research to set this research in its wider context or field, in order to gain a more complete understanding of the film marketing environment and the realities faced by European film marketing professionals. The bigger the organisation, the more influence they have in the negotiation process. This was confirmed by Chloe in UPI distribution.

Traditionally, there were specific times of the year during which particular types of films were released. According to Kieran;

art house films were released in spring, blockbusters in summertime. Now, with so many blockbusters being released, they are coming out all year round. Christmas has become a popular time to release major films.

In acknowledgement of the difficulty in finding space in the ever full release diary, Zygi Kamassa, from Redbus Distributors, bemoaned the lack of available screens in the run up to Christmas in 2003 and 2004 for a film which his company backed. As this film had a Christmas theme, this would have been the most appropriate time for release, but they could not wait until Christmas 2005, so released the film in Spring 2004.

Although there has been an expansion in cinema screens since the mid 1980s due to the rise of the multi and megaplex cinemas, this has not increased the openings for greater numbers of films to be released year round. This is why analysis of box office figures and length of release of films is a limited method of understanding the dynamics of the film industry. Film distributors understand that impact, i.e. opening a film as widely as possible across the maximum number of territories, will result in box office success. Through VertiCo's integrated structure and track record of successful films, combined with its role as gatekeeper to the Working Title romantic comedy franchise films, VertiCo does have influence upon release dates for its films. The mechanics of the release strategies for the case study films will be discussed in Chapter Eight.

6.7 Summary

So far the thesis has traced the historical development of the film industry, and in doing so, has shown the importance of company structure in facilitating the marketing process. In the early chapters, the supply chain structure has emerged as key in explaining the domination of the global film industry by the Hollywood majors. This chapter has explored the film industry supply chain in more detail and in doing so illustrated the advantages of having such an integrated supply chain.

In order to analyse this, supply chain literature, which is primarily applied to physical products, has been applied to the film industry. In doing so, an argument was proposed regarding the use of a vertically integrated supply chain in minimising creative waste and enhancing the existence of trust in the subsequent relationships. One of the key strengths of VertiCo appears to lie in its vertically integrated structure. The benefits of this structure were numerous. Firstly, and importantly, such a structure resulted in VertiCo retaining profit derived from its commercially successful films. This profit could be reinvested into later projects, therefore resulting in a sustainable film production and distribution organisation. As this created a strong financial pool on which to draw, VertiCo staff were able to spend more of their time on developing projects rather than raising finance. This resulted in more fully developed projects than are possible for fully independent companies, where each project is separately financed, which is the case for the vast majority of European production companies.

The additional benefit of the vertically integrated structure in existence in VertiCo is the ability for relationships to develop within this structure, as people work together

on a continuous basis and have a common interest in their work. Through early involvement in decision making for the various operational units of VertiCo, information can flow through the supply chain resulting in continuity of creative vision.

Bourdieu (1977; 1998) advocates an exploration of the field in social research in order to provide deeper explanations of social phenomena which occur within this field. By setting VertiCo in the context of its field, i.e. the wider film industry, interesting observations can be made. As has been stated repeatedly through the course of this thesis, VertiCo's vertically integrated structure is uncommon within the European film industry. Despite changes in ownership, the nature of VertiCo has remained relatively stable. According to Bourdieu, an organisational habitus is both a result of historical development and shapes this development and indeed this appears to be the case for VertiCo. VertiCo stands apart from other European film companies due to its sustained success within a difficult market. It has a particular approach to filmmaking and the resultant marketing of those films, which is heavily reliant upon interpersonal trust and establishing and maintaining relationships. The bundles of individual skills (Amit and Schoematker, 1993) which are apparent in VertiCo, have contributed to the development of this trust, as well as being developed due to the habitus in existence in VertiCo. Many of VertiCo's employees have spent the majority of their working lives with VertiCo and have a sense of pride in being part of VertiCo. This sense of pride, which is similar to that observed by Hackley (2000) in the advertising industry, helps to reinforce the VertiCo habitus.

Despite the obvious advantages which a fully integrated supply chain offers in terms of convenience for the companies in question, this chapter also highlighted the negative results of such a structure. Looking back to the early years of the film industry and the debate over the power of the Rank organisation of the British film industry, Mullally (1946) warned that a fully integrated supply chain would, in all probability, reduce creativity in the film industry, in line with the reduced competition which would ensue. In addition, previous attempts to emulate the Hollywood model in the UK have failed. Accounts of these attempts have provided reasons for these failures. MacNab (1993) and Mullally (1946) discuss the failure of the Rank organisation in succeeding in its aim, while Eberts and Illott (1990) provide an account of Goldcrest. In both cases, heavy reliance upon the US as well as breakdowns in relationships, were seen as deciding factors in the failure of these projects.

Although the film industry does not use the language of new product development, NPD is evident. This chapter proposed five categories of NPD in the film industry based on Hall's (1991) classification. The differing intentions of filmmakers are explored in each of these categories and the case study films were used in order to unpick the implications of each of these types of NPD for filmmakers and more specifically, film marketers. In order for successful NPD to take place in the film industry, the supply chain structure and management must be addressed. Effective NPD relies upon the exchange of information, and such exchange is possible when the supply chain is integrated and when supply chain management is undertaken. This deepens the argument in support of greater public policy to encourage the formation of working relationships within the film industry.

In summary, this chapter makes an argument in favour of the benefits of an integrated supply chain in allowing long term relationships to form, which results in a common understanding and a reduction in creative waste. This structure also allows film development, production and distribution to be adequately financed in the long run, leading to a sustainable future for the company. However, fully integrated supply chains reduce industry wide competition. It is within the context of this recognition of the nature of the field of filmmaking that it is proposed that structures need to be put in place in order to encourage virtually integrated supply chains in the European film industry. In such a virtually integrated filmmaking field relationships between individuals and organisations are developed with a view to the development of long term partnering.

Although VertiCo work with particular filmmakers on a regular basis, many of these relationships, such as those with Duncan Kenworthy and Richard Curtis, are not formalised. In addition, through interviews with industry experts as well as the period of observation undertaken for this thesis, it became evident that film professionals need to have mechanisms in place which facilitate them in forming such relationships. Through initiatives such as those currently supported by the MEDIA programme and other publicly funded bodies, film professionals can begin to work together in a supported environment and, in so doing, have a chance to develop relationships with other film industry professionals with whom they can continue to work. The importance of habitus is recognised here, as these professionals must share common principles regarding the filmmaking and marketing process (doxa) in order to develop lasting working relationships.

A review of the life writing sources undertaken for this thesis makes a distinction between relationships entered into out of need, and those motivated by willingness to work with someone. Biskind (1998; 2003), Eberts and Illott (1990), Finney (1998) and Phillips (1991) all distinguish between working relationships and partnerships based on mutual respect, understanding and trust, and those based on need. In the cases of working relationships based purely on need (for access to finance, product or creative personnel) the filmmaking process was made more difficult as the area of doxa, or shared meaning, was reduced and the realm of debate necessarily increased. Chapter Seven develops the discussion of the role of trust in film marketing. In doing so the VertiCo habitus as well as those included in the life writings are analysed, in order to draw conclusions with regard to the importance of trust, and also with regard to how public policy can be developed, which will aid in increasing the existence of such trust in filmmaking and marketing habitus.

CHAPTER SEVEN

THE ROLE OF TRUST IN MARKETING FILMS

7.0 Introduction

Chapter Six examined the benefits of an integrated supply chain and supply chain management in moving a film through the filmmaking process and minimising creative waste in doing so. The issue of trust and reputation came up repeatedly and this chapter explores these issues in more detail. The first section of this chapter introduces trust as a concept, comparing definitions in order to propose a relevant analytical framework. Then, starting with the first stage of my research, I illustrate how trust is an industry wide consideration for independent filmmakers and those involved in bringing a film to the market, I then proceed to look at the role played by trust in the case study company, particularly in relation to the embedded case films examined. The final section draws on the literature in order to develop the ideas of internal and external trust in relation to my case study. Although, as stated in Chapter Four, my findings are not generalisable, they seek to illustrate how the existence of a certain set of circumstances, involving a particular group of people working in a particular time period has resulted in success. I will draw conclusions on an industry wide level, as many of the issues arising from this area of my research indicate good practice in the area of marketing films.

As illustrated in Chapter Four, in designing my research I came up with a number of key themes which I wanted to investigate. In addition to this, themes emerged during the research process itself. One such theme was that of trust or reputation. Each of my respondents referred to the importance of established relationships, trust and reputation repeatedly during the interview process. In addition, having analysed the nature of relationships at work in the filmmaking process, it became evident that there were tightly bound communities of practice at work in the British film industry.

These communities, rather than being based on formal workplaces, derived from professional and social networks, which were established and strengthened through working and collaborating with each other. The freelance nature of working in the film industry has been well documented (Blair, Culkin and Randle, 2002; Blair, Grey and Randle, 2001; Christopherson and Storper, 1989; Culkin and Randle, 2001; Jones, 1996) but the impact of this upon the marketing of films has not been explicitly explored. As this thesis supports the view that early involvement and the existence of trust built on previous experience has a positive impact on creative decision making and continuity within the independent film sector, such tightly formed informal networks are key to gaining an understanding of this. In order to speak about trust, it is firstly necessary to define trust in the context of the literature. Many studies have looked at trust from various angles and these will be discussed in order to identify an appropriate framework within which to place my work.

7.1 What is Trust?

Currall and Judge (1995) refer to trust in terms of willingness to depend on others in given situations, whereas Mayer, Davis and Schoorman (1995) speak about trust in terms of belief in the competency or predictability of another in a given situation. McKnight et al. (1998) trace this dichotomy of willingness and belief back to the work of Fishbein and Ajzen (1975). Such definitional differences are important - is trust contingent upon predictability or goodwill? The concept of trust that seems particularly useful in relation to my study is that of Lewis and Weigert (1985) as they incorporate confidence into the trust relationship. Predictability alone does not guarantee trust, but confidence in the abilities or judgement of co-decision makers does. This view of trust is more appropriate to the situations observed and related to

me in my field research. The high levels of trust in existence within VertiCo were based on previous experience of working within particular teams or on the reputation established by certain film industry professionals among their peers. This resulted in a wide area of doxa, or shared belief, in line with Bourdieu's (1977) theory of habitus.

In an embodiment of both concepts, willingness and confidence, Moorman et al. (1993:82) defined trust as "...a willingness to rely on an exchange partner in whom one has confidence". They went on to qualify that this trust is a result of a combination of expertise, reliability and intentionality. Grönroos (1997) developed this view of trust as a simplified relationship between a Trustor and Trustee and suggested a scenario where individual actors adopt both roles. This is in line with Sniezek and Van Swol (2001) who expand this concept to incorporate the role of consultation between the "judge" (who retains ultimate responsibility for decisions) and "advisor" (a non-responsible person who offers advice) when making decisions.

According to Grönroos' (1997) definition of relationship marketing as discussed in Chapter Three, marketing is a process including several parties or actors, the objectives of whom have to be met. A mutual exchange and fulfilment of promises is necessary in order to meet these objectives, a fact that makes trust an important aspect of marketing. Trust as a concept has emerged in many areas of the marketing literature from branding (Ambler, 1997; Lau and Lee, 2000), to relationship marketing (Cowles, 1997; Garbarino and Johnson, 1999; Grönroos, 1995, 1997). The following section draws on the empirical data collected for this study in order to unpick issues of trust in relation to the independent filmmaking sector.

7.2 The role of Trust in the independent film sector

7.2.1 Trust in the MEDIA Programme

The European Commission's MEDIA Programme, as discussed in Chapter Five, was established in order to provide support for the European independent film sector. While working at the MEDIA Programme, I was involved in the decision making process regarding which films were selected for development funding and which were not. Various criteria were used in order to make such judgements. Professional script readers read scripts and the market potential for the film and relevance of the genre were evaluated. Finally, the production company was assessed in terms of their track record. This was where trust played a major role in the decision making. Some companies or individual producers were known to those responsible for the selection process, as they had been funded before, had attended MEDIA Programme training events, or they were known to the MEDIA Desk or Antennae in their country or region.

In addition, an expert panel was used whose members were drawn from the film industry across Europe. This panel was composed of different experts each time, drawn from producers, sales agents and other professionals who could comment on various aspects of the projects under consideration. These experts were also asked to disclose any knowledge they had about the production company or producer in terms of their track record and trustworthiness. In using public funds to support the film industry, there was an obligation to use this money wisely. Although it was not expected that each film supported would necessarily go into production, indeed, as shown in chapter six, this would be undesirable, it is important to know if producers have a reputation of being erratic in their business dealings as this could have an

impact on the project. Every effort was made to use the money wisely, supporting films which would not necessarily attract commercial development funding, and films which had enough potential in proceeding into production to warrant an investment at the development stage.

The existence of professional trust was based on a combination of previous track record and reputation. This was characterised by the judge/ advisor roles (Sniezek and Van Swol, 2001) played by European Commission Functionaries (judge), who retained ultimate responsibility for the budget, and the advisors. The advisors consisted of those working for the Intermediary Organisation (then the European Media Development Agency (EMDA)) and the panel of experts. During the selection stage, this trust was reinforced with rigorous checking of facts. Each application included details regarding the track record of the producers and this was confirmed prior to funds being allocated to them. In addition, companies receiving finance from the MEDIA Development Fund were required to pay this money back (as it was a loan, rather than a subsidy) if and when they proceeded into principal photography. The first repayment was due on the first day of principle photography.

7.2.2 Strategics

The issue of trust and relationships came up while carrying out the initial interviews at the Strategics Film Marketing Workshop. During my time there and the subsequent RAS workshop in London, I began to realise the impact that MEDIA Programme events such as this have upon the relationships in the European film industry. Producers attending Strategics had access to some of the most talented and successful figures in the European and North American film industries. Ordinarily, it

is difficult to secure a short meeting with these people, due to their hectic schedules and constant requests for appointments. Participation in this workshop guaranteed them one hour individually with each of the experts, in addition to the organised group workshops and the social time during the course. The experts also gained from this experience as they got to meet new filmmakers and to assess the nature of their projects.

As relationships were formed during this workshop, these professional relationships could develop after the workshop as people chose to work with each other. Some participants had attended previous Strategics workshops or other MEDIA Programme funded training courses. They spoke of the networks they had developed during this time. The workshop is a non-threatening environment in which to work on individual film projects. Contrary to meetings at film festivals and meetings in which producers pitch their films to distributors, sales agents or financiers, it was possible over the duration of the workshop to build a relationship with the experts and other participants and to introduce them to the participants' projects. Networking between participants was valuable in establishing support networks for those in similar positions in terms of being independent producers in particular European countries and struggling with the structural issues faced by the industry. Also, it was possible during the workshop to make links with other participants which might lead to future work. As the field in which they operate is characterised as fragmented, the formation of such relationships are vital. Each project brings new challenges regarding access to finance, access to talent and access to distribution channels, the existence of European wide networks of individuals means that European filmmakers can have access to wider levels of information as well as

access to additional markets through these networks. As Julie Baines (2004) stressed, in the fragmented industry which exists today, it is important to build up long term relationships based on trust rather than need.

The Strategics experts acknowledged that they had worked with previous Strategics participants after they had attended a workshop. They confirmed that the relationship formed during the workshop had been pivotal in their subsequent collaboration. During the interviews with the experts and other participants, as well as during the social events, I was made aware of the importance of such networks, the formation of trust and the development and protection of professional reputation. Stephen, from the creative agency, mentioned one client with whom he liked to work, stressing their clarity in formulating a consistent overall plan and selecting “people they respect” to work with. This sentiment was echoed by Denise. I shared with Denise my reservations about the focus which some people working in the film industry put upon the feeling of “cool”, being “cool” themselves, making “cool” films or giving things a “cool” look in terms of the materials associated with the film. Denise acknowledged that this reverence of “cool” existed in certain individuals within the film industry and that this made them unsuitable to work on particular films, which were not deemed “cool”. She emphasised the need to know the people you are going to work with and to know the type of work that they do well. In this way, it is possible to choose to work with those people whose professional approach is suited to the nature of the film in question.

Darren also spoke about the need for directors to let trailer makers make the trailer, rather than directing their own trailers. The trailer maker is “outside” the process of

making that particular film, and therefore can see the USP or the attractiveness of the film to a potential audience and frame this in the 90 seconds allowed. They are experienced in terms of what should and should not be included in the trailer. In some cases, where there has been no previous relationship with the director and trust has yet to be established, time has to be taken in demonstrating the superior skills of the trailer maker in making an appropriate trailer rather than the director. This process has to be managed by the producer who acts as a “trusted” intermediary between the director and trailer maker. During the initial stages of negotiation over the structure and contents of the trailer, the process can be difficult, but Darren acknowledged that once the director was satisfied that the trailer worked for the film, the working relationship was simplified.

Bill stressed the importance of trust and reputation in the role of the sales agent. An established sales agent will have well developed relationships with distributors. In line with the definitions of trust and the trust relationship defined above, this will involve the exchange of expertise and be based on previous experiences of each other. Bill highlighted the need for the sales agent to identify the USP of the film and to exploit this when establishing distribution deals. For example, if the cast, director, director of photography or others involved in the film have a good track record, particularly in a similar genre, this should be used in order to interest possible buyers. In this case, the reputation of the sales agent and the reputation of the main cast and crew involved in making the film are combined in order to instil confidence in distributors in committing money to an, often incomplete, film. For films which are finished and entered into one of the various competitions associated with film festivals such as the Cannes Film Festival or Sundance, Bill emphasised the

importance of building up hype around the film at the festival so that distributors feel they will miss out on the next big hit by not bidding for rights. As sales agents rely on their reputation in order to do business, it is not enough just to create hype around every film; the sales agent must tailor the publicity to suit the film and the likely buyers. Trust is established over a period of time and after having had positive experiences in previous transactions. This is similar to the final publicity used to communicate to the public; if the image of the film presented to the consumer sets expectations which are not met by the film, this will impact negatively on the box office and critical success of the film. This point is developed further in Chapter Eight.

Although the importance of trust in terms of cementing relationships and allowing risks to be taken was acknowledged, the limitations of this trust in resulting in positive outcomes was also noted. Dirk, a distributor, stressed that it was important to try to ensure that cast members and the director travel more to promote their films. Dirk suggested that public subsidies should be made available for activities such as these as the costs involved in bringing cast to film festivals and undertaking other publicity at this stage is the responsibility of the distributor. In this respect, independent or smaller distributors are at a disadvantage to the majors who have greater budgets for these activities. The majors have both a greater bargaining position and greater financial resources in terms of persuading stars to commit to publicity activities. Having been introduced to the notion of trust as discussed in the general marketing literature and having applied this to the independent film sector above, the following section examines the role of trust as displayed in the case study company, VertiCo.

7.2.3 Case Study Films

The case study films have been introduced and the logic underlying their choice presented in the preceding chapters. The first film chosen was *Notting Hill* as it was, at the time, Working Title's most commercially successful film. The second of the case study films chosen was *Elizabeth*, an internally developed Working Title production, which was a critical and commercial success. The final film chosen was *Plunkett and MacLeane*, a teen focused costume drama which was given a dark edge and contemporary feel but not seen as a success, either critically or commercially. The choice of these films allowed me to investigate the role played by trust in retaining creative vision and in successfully marketing a range of films both internally (to the different business units within the company) and externally (to external distributors, exhibitors and the public).

7.2.3.1 Internal Trust

My interview data revealed that the VertiCo producers were permitted to take risks in their approach to filmmaking due to their track record. In this way, the internal marketing which took place within VertiCo was dependent to a large degree on the existence of trust between business units in VertiCo, this will be explored in the following sections. At times during the interview process, I felt that my respondents were providing me with an unrealistic account of their working environment. Each respondent was very positive about the company itself and their fellow employees. In constantly stressing the high levels of competence which their fellow VertiCo employees had in carrying out their roles, I became suspicious that they were putting on their "public face" rather than being honest about the workings of the company. However, in analysing this further, it seemed to fit with Bourdieu's notion of habitus

as outlined in section 3.5 (Chapter Three). Due to an apparently high level of agreement in the approach to filmmaking and marketing which existed in VertiCo (and which seemed largely due to the existence of mutual respect for fellow employees which was apparent within VertiCo), Bourdieu's (1977) "universe of discourse" was minimised.

As my fieldwork progressed and I spoke to more people, both within and external to VertiCo, I began to accept this picture of VertiCo. Having spent many hours sitting in the reception areas of the company waiting to interview people, I was aware of a very positive working environment in the organisation. This was despite the fact that many of those working there were being made redundant or would possibly be made redundant in the near future. VertiCo are acknowledged as the industry leaders in terms of film production in the UK and possibly in Europe. From their humble origins, they have created an integrated, fully financed production and distribution company which makes European or US/European co-productions, many of which have been commercially and critically successful. Similar levels of pride in the company have been identified in the advertising industry, where Hackley (2000) found that the employees in the advertising agency that he studied emerged as "...advertising enthusiasts working at the top of an elite industry. Their regard for the privileged status of their agency in the industry was clear" (Hackley, 2000:240). Hackley's experiences of researching an advertising agency mirror my own while studying VertiCo.

Bourdieu (1977) believed that individuals are drawn to the working environment due to their sympathy with the habitus and this sympathy results in a reinforcement of

this habitus. Through the collective and individual actions of the VertiCo employees, their habitus was reinforced. VertiCo employees possessed a cohesive approach to their roles, and contributed to the reinforcement of the language and methods of working already in existence in the organisation. Many of those interviewed had started their careers in the company and therefore had been shaped by the VertiCo culture as well as inevitably contributing to it. Each of my participants was questioned in relation to how they joined the company and what they brought with them in terms of skills or aptitude.

VertiCo employees stressed the positive benefits of “industry experience” over formal qualifications. Chloe felt that working in production had provided her with invaluable experience of the workings of this process, which she could draw on in her role within the distribution division of the company. She also dismissed those who maintained the databases of box office performance as not really having much to do with film. I got the impression that the further removed from the creative side of the filmmaking process, the less valued individuals were in terms of their contribution to the success of the film or the company as a whole. Technical skills, in the business sense, were valued less than creative skills. This elevation of creativity over standard business skills was contrary to that found by Hackley (2000) in his study of a top advertising agency. This is perhaps indicative of the difference in motivation behind the functions of advertising and filmmaking. While advertising is a creative form, it is a creative form which aims at producing finite commercial or social goals. In communicating a message, advertising should result in increased sales, improved public image, or a change in behaviour. Hesmondhalgh (2002:12) reinforces this view that advertising has a more functional base than other creative

industries. While, as mentioned earlier in this thesis, there is a debate about the commercial versus creative motivations of filmmakers, in a company such as VertiCo (where doxa includes an expressed belief in artistic credibility) the elevation of the creative personnel over those fulfilling the less creative functions is understandable.

The marketing team downgraded their “learned skills”, i.e. those derived from formal study, while elevating the VertiCo approach to marketing. “Marketing here is largely instinctive and that’s what they try and nurture, elsewhere you don’t find it, they are much more specialised. So aptitude, interest, enthusiasm... they are all valuable really” (Charlotte). In talking about “life before VertiCo” my participants seemed keen to downgrade their previous experience. Kieran said; “while I was kind of looking to get the job here I worked for about six months at a PR company that did sports PR and although I wouldn’t say I brought anything... sports PR has absolutely no relevance at all but I always had an interest in marketing and I used to collect old movie posters since I was young and it was always an area that was kind of interesting”.

This reverential feeling for VertiCo also seemed to be part of the doxa of the organisation. In an industry where longevity is rarely achieved and the majority of European companies are unable to sustain long term success, VertiCo’s position as the market leader in the UK and more widely in the film industry is unquestioned by its employees. The business model employed where safe franchise films help to finance riskier films is unquestioned in the organisation, and is a key element of the VertiCo habitus.

Experience in working in the film industry and an interest in film from a consumer perspective emerged as the key identifier of potential to perform well in VertiCo. There was almost a pride in not having formal business qualifications, stressing the importance of this interest in film over and above such qualifications:

I think in the film business, marketing is much more interesting, you have to have an interest in the product to really make a success of it. And people like David Livingstone who is our boss, president of marketing, his only qualification is like a catering one and most, a lot of people in marketing start you know, relatively low and work their way up in the film business as opposed to in other branches of industry, where for marketing you now get your professional qualifications... its much less so in the film industry (Kieran).

This elevation of experience over qualifications adheres to Bourdieu's (1977) development of ideas around the formation of individual working practices when he speaks about how our *modus operandi* are formed through imitating the actions of others, rather than through learning them through a formal educational practice. Bourdieu's (1977) doxic approach accepts the natural world order as an unquestioned objective truth, which is reproduced and legitimised. Such actions and behaviours are not debated, but accepted, as they are not in the conscious realm of thought of those operating in the habitus. Trust in the professionalism of individuals was a key part of the VertiCo doxa. This was coupled with the belief that VertiCo employees were working for one of the most successful European film companies in the history of European filmmaking. The importance of trust in working relationships was also highlighted in Finney's (1998) account of Palace Pictures and Eberts and Illott's (1990) Goldcrest memoir. In these cases, breakdown in trust resulted in a breakdown of the companies in question.

7.2.3.2 Institutional and Knowledge Based Trust

In order to develop this idea further, it is necessary to examine the many studies which have looked at the existence of trust within organisations. McKnight et al. (1998) divide trust into five conceptual areas (see table 7.1 below). For the purpose of this thesis, I will develop the idea of institution based trust and knowledge based trust, as these are relevant to this research. The structure of VertiCo is one of the most important factors in explaining the existence of trust within the institution. The usual independent (or fragmented) structure of the film industry supply chain does not allow for the formation of trust-based relationships, since such working relationships are generally project based and therefore short term. Shapiro (1987) and Zucker (1986) stressed structural considerations as playing a vital role in creating trust between individuals in institutional settings. VertiCo conformed to this idea because integrated structure allowed the free exchange of ideas from business unit to business unit, as well as allowing the formation of long term working relationships between the various VertiCo employees. This incorporates McKnight et al.'s (1998) theory of knowledge-based trust where this trust is based on an interaction history. Table 7.1 below looks at the characteristics that are associated with each category as identified by McKnight et al. (1998).

| | CATEGORY | CHARACTERISTICS |
|---|-----------------------|---|
| 1 | Personality | Faith in humanity |
| 2 | Institutional | Institution based faith |
| 3 | Calculative | Trusting stance |
| 4 | Cognitive | Categorisation processes and illusions of control process |
| 5 | Knowledge-based trust | Knowledge based on an interaction history |

Table 7.1 Categories and characteristics of trust (Adapted from McKnight, Cummings and Chervany, 1998)

As discussed in the previous chapter, Grönroos (1989) refers to the exchange process involved in marketing, highlighting the role of promise fulfilment. This trust has been built up over a number of years and is in line with the above theory of knowledge-based trust. In addition, there was a great feeling of “trust” and “respect” between the various teams and departments of VertiCo which informed the way in which they worked; an acceptance of specialisation and professional nature of workers in the industry.

7.3 The Historical Existence of Trust in the Film Industry

The importance of trust and intuition in the film industry is not a recent phenomenon; the original “movie moguls” rated intuition highly when explaining their success (Kerrigan, 2000). VertiCo’s employees have inherited this legacy of trust. As highlighted above, my interviews have shown that “intuition” is highly valued by the marketing personnel in identifying their skills in marketing films. This “intuition” is also attributed to the other business units of VertiCo. Such mutual respect for the professionalism of fellow employees has resulted in the creation of a working environment in which ideas are freely exchanged at each stage of the filmmaking process. This is part of a coherent and predetermined strategy, rather than the more typically depicted *modus operandi* of the independent producer who must work with a variety of individuals at each stage in the process (Dale, 1997; Finney, 1996; Kerrigan and Culkin, 1999; Phillips, 1991). As many of these actors, such as the distributors and their marketing personnel, may not have had any involvement in the project at an early or mid stage in the process, this could result in a lack of shared creative vision for the film. VertiCo sees this shared vision as essential.

However, as already mentioned, in VertiCo creativity was elevated above more traditional business practices, and VertiCo employees were keen to stress their different roles in such early negotiations. The adaptation of the roles of judge and advisor varied in accordance with the situation and the stage in the development, production or preproduction phase of the film making process at which advice was sought. Charlotte and Kieran stressed from the outset that they did not get involved with “creative decisions”, meaning they did not make demands on producers, directors or writers to change certain creative elements of a film, rather they advised on the potential audience and appropriate method of communicating with this audience. In this way, “creativity” in relation to the filmmaking process was acknowledged, while “creativity” which informed other business practices was underplayed.

It has been acknowledged that many European writers and directors do not have an informed idea of audience tastes (Finney, 1996; Kerrigan, 2000). Experienced producers recognise the need to identify the potential audience for a film at an early stage, in this way marketing, sales and distribution personnel can become involved in the early planning stages which is instrumental in aiding the success of the film. In VertiCo, creative decisions are not made by the marketing and sales personnel, but their experience and knowledge is drawn upon in order to budget appropriately and to understand casting implications. This flow of information is not only in one direction. Such early meetings in the life of the project ensure that all of the people involved will have a shared vision of the creative identity of the project and in this way, the sales, marketing and distribution personnel will be able to plan and execute their own campaigns in line with this creative vision.

7.4 External Trust

There are two elements to consider in looking at external trust in relation to VertiCo - the relationship between the sales team and external distributors and the trust which the consumers had in VertiCo's films. The following sections will explore these relationships.

7.4.1 Trust and the Sales Team

Crosby et al. (1990) studied trust in relation to salespeople. Apart from the need for the customer to trust the individual sales person, the sales team in VertiCo emphasised the trust that VertiCo's customers had in the company itself and the need to retain this trust. "You can't be ridiculous; you can't say everyone's a winner. You have to have a very human connection with your buyer, they have to trust you..." (Ron, Sales).

During Strategics, Bill, who continually emphasised that "all a sales agent has is their reputation", echoed Ron's assertion that trust had to be present in the sales relationship. Garbarino and Johnson (1999) have studied this type of trust and see it as customer confidence in the quality and reliability of the services offered. Gwinner et al. (1998) believe that the psychological benefit of confidence and trust is more important than special treatment or social benefits in consumer relationships with service firms. In the case of VertiCo, both these elements are mentioned. The emphasis of the trust is threefold: the track record of the sales agent involved; the track record of the company who have consistently provided successful films to their customers; and finally, VertiCo's track record in adding value, as introduced in Chapter Six and developed in Chapter Eight. As VertiCo's customers are also their

financiers in many respects, they are rewarded not just with successful films but also with additional extras such as on set visits and publicity trips by cast members to their territories.

7.4.2 Trust and the Customer

The final area of trust to be explored is the trust which the consumer has for the films in question. This is an area that is more complex and less easily attributed to a single factor. In the service sector, the consumption of the service comes with an inherent risk factor. Once a cinema ticket is purchased or a videotape or DVD rented, refunds are not available due to lack of enjoyment. Many people have had the experience of sitting through films which they did not enjoy or which they left half way through. This element of risk can drive people to make decisions based on previous experience when choosing to see a film. Some filmgoers evaluate the film more strongly in terms of the creative talent, the actors, writer or director. Terms such as “the new Spielberg film” are evidence of this trust in a brand that has been based on the track record of the director. There are some filmgoers who even use the distributor as an indication of the type of film, “Miramax”, “Walt Disney” etc. They conjure up certain expectations of the film. In addition, the role of critics in determining the success of a film has been explored in the marketing literature as discussed in Chapter Three. VertiCo acknowledge the power of the critics, especially in relation to “edgy British films” (Charlotte).

Such trust between the customer and the company relies on the development of the film marketing tools as discussed in the following chapter. The consistency of the marketing campaign and consumer communications are essential in providing the

customer with the information required in order for them to make a judgement as to the suitability of the film for the purpose they require.

7.5 Summary

Although trust as a concept is discussed in great detail in marketing as well as general management literature, the importance of trust in marketing films is an unexplored area. However, in an industry which recognises creative judgement over formal business training, the role of trust cannot be underestimated. Trust emerged as a key concept in explaining successful relationships within the film industry. Drawing on Bourdieu's (1977) theory of habitus, this chapter has shown how trust was a key doxic element in VertiCo's habitus. The shared belief amongst VertiCo's employees was as a result of their history of interactions with their fellow employees as well as their interactions with the industry at large. Locating themselves within the field of the wider film industry, it was possible for VertiCo employees to appreciate that their *modus operandi*, their approach to filmmaking and subsequent marketing, had resulted in the longevity that VertiCo has enjoyed.

The results of this trust were threefold; firstly, the VertiCo producers could make creative decisions based upon their track record that would have been denied producers of lesser experience and success. There was an inherent trust in their judgement that overrode decisions based merely on commercial considerations. The second area where this trust is indicative is in the relationship that exists between the sales team at VertiCo and their clients. The sales team stressed the importance of the role of trust in this relationship. They practice relationship marketing where long term loyalty is favoured over short-term gain. Finally, I examined the trust which the

consumer has for the films in question and found that cinemagoers seek to reduce the risk factor in choosing a film based on previous experience. VertiCo uses this knowledge in their publicity and marketing campaigns in order to reassure the customer and therefore, increase box office revenue.

The central importance of trust in facilitating the marketing activities within VertiCo has been shown to be critical in explaining their modus operandi and also their high levels of success. This trust is based upon confidence in the ability of fellow employees as a result of previous experience of working with them, in line with Lewis and Weigert's (1985) definition of trust. As illustrated above, VertiCo's strength lay in the track record of success and innovation that the company had in terms of internally developed projects, as well as films from external production sources backed (distributed) by VertiCo. This success strengthened the trust that existed both internally and externally and is one of the important contributory factors towards VertiCo's critical and commercial success. This has resulted in both shaping and reinforcing the habitus which exists in VertiCo and which explains much of their success.

The life writings reviewed for this thesis also emphasise the value of trust in terms of creating successful relationships in the film industry. The life writings distinguished between relationships based upon need and those based on trust and mutual respect. In doing so, a strong argument in favour of fostering relationships based on such trust and mutual respect is difficult, as this comes about as a result of experience. When such experience is gained, this reduces the universe of discourse and increases the

doxa in the habitus which is created. In so doing, there is less room for discord as levels of understanding are increased through shared history and experience.

Through participant observation in *Strategics*, as well as experiential knowledge gained from working at the MEDIA programme, the role of public policy in developing relationships was evident. Publicly funded workshops and programmes, such as *Strategics*, can create an environment within which relationships can be established. Having already had some knowledge of working together, albeit in the manufactured environment of such courses, it is possible for participants to gain experience of each other's working style. The challenge in developing such relationships comes in moving from a state of what Sniezek and Van Swol (2001) characterise as professional trust, to Moorman et al.'s (1993) view of trust as existing due to the combination of expertise, reliability and intentionality.

This chapter argues, that trust is highly valued throughout the independent film industry, where many business relationships do not take place within the formal structures of a business organisation. Secondly, publicly funded or supported industry events, such as the training activities supported by the MEDIA Programme, contribute to developing trust based on knowledge and previous experience. And, finally, that the decentralised structure of VertiCo coupled with the embedded facilitation of trust within the organisation can provide a successful model for European producers and marketers in the film industry.

Having established (in Chapter Six) that VertiCo's company structure is an ideal type in terms of facilitation the free movement of creative vision and information through

the supply chain, and in this chapter, highlighting the role played by trust in the various relationships at play in the independent film industry, the following chapter will examine the use of various marketing tools used by VertiCo in marketing the case study films mentioned above. In doing so, the roles played by the vertically integrated supply chain of VertiCo and the presence of high levels of trust will be discussed in terms of their relevance to the use of these marketing tools.

CHAPTER EIGHT

THE FILM MARKETING MIX

8.0 Introduction

Chapter Six has shown the role played by an integrated supply chain and supply chain management in facilitating marketing decision making and Chapter Seven highlighted the importance of the existence of trust between the various actors involved in this process. I have illustrated how the existence of high levels of trust based on previous experience are as a result of the habitus which exists and shape the formation and development of this habitus. In the case of VertiCo, this resulted in the creation of a working environment conducive to the free flow of ideas and a safeguarding of creative continuity. Chapter Five showed the role which can be played by public policy in shaping the ideal structure which is most conducive to increasing the flow of creativity through the filmmaking and marketing process. The following chapter explores the film marketing mix, drawing on the embedded case studies as well as additional relevant evidence and in doing so questions the impact of supply chain structure and the resultant trust on the film marketing mix. While the previous chapter examined internal trust, this chapter is concerned with external trust.

As shown in Chapter Three, existing studies which have sought to examine box office success started by examining the nature of the offering of each film in terms of these marketing mix elements. The key elements under examination have been the cast, genre, budget, distribution schedule, release strategy and critical reviews. This has been the starting point for these studies, but in this thesis, these issues can only be discussed in the context of the wider field of the film industry. While these variables are the public face of a film, and the focus of the marketing communications process, they are affected by the structure of the film industry

supply chain through which they have moved. In addition, the levels of trust which exist in the supply chain are developed through this process as well as being shaped by the policy environment in which they are conceived, developed and produced. Therefore, the following discussion of these marketing elements is positioned at the end of this thesis, once the external environment has been discussed, analysed and evaluated. In this way, this chapter furthers the contribution made to the film marketing literature by going beyond merely analysing these elements as if they are independent of other environmental factors, and in doing so, is in keeping with the theoretical framework.

The mix marketing paradigm has faced much criticism (Gummesson, 1994; Kent, 1986; O'Malley and Patterson, 1998), largely based on marketing writing which focuses upon the concept of the marketing mix as lacking the context of the marketing environment. Additionally, Grönroos (1994) points out the shortcomings of such lists in so far as they fail to apply to all situations and do not include the full range of relevant elements. By providing context in terms of the film marketing environment in the earlier chapters, I hope to improve upon earlier attempts to utilise a marketing mix framework in order to advance film marketing scholarship. Indeed, in Chapter Three, I have demonstrated how studies which adopt such a marketing mix framework in isolation of the context of the marketing environment, are flawed. This chapter sets the marketing mix in the context of the wider socio-political context of the film industry and acknowledges the need to reassess this framework repeatedly as the context in which it is set changes.

8.1 Establishing External Trust

The long term success or failure of a film is dependent upon how well this film lives up to the expectations of the audience in terms of providing the ingredients normally associated with this genre. When these expectations are consistently met, this trust is established. This aspect of trust proved a problem for one of VertiCo's films, *Life Less Ordinary*, the third film from the well-known, writer, director and producer team which created the successful cross over films *Shallow Grave* and *Trainspotting*. The first two films had a similar dark feel and were very successful, both in terms of box office receipts and in critical acclaim. Such success offered the filmmaking team the opportunity to make a bigger budget American film and the project which emerged was not of the same genre as the earlier films. This posed a difficulty for the marketing team as they needed to communicate to the target audience that this was a much lighter film than its predecessors. They stated that it was necessary to emphasise certain elements of the story and to identify primary and secondary messages to be included in the marketing campaign.

The main reason that the marketing team felt their campaign failed was that the public did not look closely at the film's publicity and tended to hone in on the more obvious aspects of the film; the track record of the creative team. Due to the change in genre, this was detrimental to the success of *Life Less Ordinary*. In speaking about this film, Kieran noted that "the public did not look closely at publicity and tended to hone in on the more obvious aspect of a film". In this case, the film's creative identity outshone the marketing communications campaign. It was not enough to inform people that this film was very different and would therefore appeal to a very different audience to the first and second films. The USP of this film was

the creative team and the reputation they had for being involved with type one films as identified in table 6.2 (Chapter Six) art house films which cross over to mainstream. Indeed, due to the success of *Trainspotting* and *Shallow Grave*, both involving the same creative team and starring Ewan McGregor, there was a possibility that audiences began to view these films as a Danny Boyle (the director) franchise. In fact, audiences were presented with a type three film, namely an innovation on a tried and tested genre, romantic comedy/ drama. The creative team's brand was too strong and overcame the overall film marketing mix.

8.2 Identification of Marketing Tools

As my study is concerned with identifying and evaluating the tools used in marketing European films, it is necessary to identify the factors that have been shown to influence people's choices when it comes to choosing to watch a particular film. It is assumed that these aspects would be used to beneficial effect when marketing a film. As discussed in Chapter Three of this thesis, a number of quantitative studies have been concerned with trying to identify the most influential factors in this choice. Although this type of research is valuable in showing the ideal situation in terms of planning and executing a release strategy, my study is concerned with looking at how such strategies have emerged and been refined for various genres of film, while acknowledging the wider film marketing field. In carrying out in-depth semi-structured interviews with the personnel involved in developing, producing, marketing, distributing and selling films for *VertiCo*, I was afforded the opportunity of identifying and evaluating the marketing tools and strategies employed in marketing three different types of films, a romantic comedy (*Notting Hill*), a costume

drama (*Elizabeth*) and a youth orientated, modern version of a costume drama (*Plunkett and MacLeane*), as discussed in the previous chapters.

As mentioned in section 3.4.1, Jacobs (1968) divided the factors which influence a film's box office performance into five loosely defined areas: star quality, production values, creative sphere, story and ratings. Litman (1983) defined the elements influencing success as constituting three categories: creative, scheduling and release, and marketing. These two frameworks provide the outline for the film marketing mix proposed in this chapter. As discussed in Chapter Three, it can be difficult to separate out some of these elements. The framework which is proposed here should be seen as a flexible one, in keeping with Borden's (1964) original framework for the classic marketing mix. In adopting this flexible approach to the film marketing mix, the need to evaluate the impact of the film marketing environment on the strategy chosen is recognised.

8.3 The Creative Sphere

Drawing on Litman's (1983) definition given in section 3.4.2, the creative sphere is viewed very broadly. This definition, as discussed in Chapter Three, creates some problems in application, as the process of filmmaking, from the development of the screenplay, securing finance, the production, post-production, distribution to exhibition elements all encompass creativity and innovation. But, for the purpose of establishing a workable framework for the film marketing mix, the creative sphere here will be used as Litman (1983) intended, to provide a collective name for the development and production phases of filmmaking from an applied perspective.

8.3.1 Star Quality

It is fitting to begin with star quality. As discussed in section 2.7 (Chapter Two), the rise of the film star was one of the earliest methods of product differentiation in the film industry. Indeed, since Zukor recognised the importance of the star quality of actresses such as Gloria Swanson, film stars have retained their importance to the film industry and their ability to draw in an audience based on this star appeal (Balio, 1976; Litman, 1998). The principal stars were seen as the most important factor in attracting an audience. Today, the importance of a star's earning capacity is recognised by the Hollywood Reporter with their "Star Power" service, as discussed in section 2.7 (Chapter Two). Companies such as *VertiCo* retain databases which track the box office earnings of actors in relation to the genre of film in which they appear and use such figures in planning the production budget based on the projected earnings of the film.

Many stars have strong brand associations. Such brand associations must be considered by producers and directors in making casting decisions, as a clash of brands may occur if the star's brand does not match that of the film. Not all actors are considered stars and not all films are deemed suitable for stars, as the star may, in fact, overpower the film. The power of the star to attract an audience was recognised by *VertiCo* in marketing *Notting Hill*. The writer of the film, Richard Curtis, always wanted to make a film about bringing the most famous woman in the world to a friend's house for dinner. In his mind he thought of the actress Julia Roberts or the singer Madonna. When he wrote the screenplay, his first choice to star in the role was Julia Roberts. Julia Roberts has a strong brand as a film star and is associated with lead roles in romantic comedies; in fact, she recently played a character who

had to pretend to be Julia Roberts in the film *Oceans 12*. This Julia Roberts brand has been established by her playing a number of such roles throughout her career, the most famous of which was the role of a prostitute in the film *Pretty Woman*.

In her role in *Notting Hill*, where she played one of the most famous and beautiful actresses in Hollywood, Julia Roberts was both strengthening her brand as a film star and providing a precise fit with the aspirations of the film. The marketing team at *VertiCo* acknowledged that it was “clearly a star driven romantic comedy with, you know, the emphasis on Julia Roberts” (Kieran, Marketing).

Although the star quality was very important for this film, the marketing team also recognised that a high profile star is not always enough. In the case of *Plunkett and MacLeane*, the stars were thought to be enough to guarantee an enthusiastic audience, however retrospectively, in the face of negative reviews from the critics, the two main stars, Johnny Lee Miller and Robert Carlisle “were thought to have some appeal but it was not enough” (Chloe, Distribution). These two young British actors had recently achieved international recognition for their roles in *Trainspotting*, an independent Scottish film which received both critical and financial success. As a result of this film, and other gritty British dramas, these actors were associated with quality, edginess and youth marketing appeal. In addition, the producers cast Liv Tyler, a young American actress, whose brand was influenced by her associations with the world of American rock music, through her father, Steve Tyler, lead singer with band Aerosmith, and her success in critically acclaimed films such as *Stealing Beauty* and *Inventing the Abbotts*. Tyler was also seen as a great beauty who would appeal to the predominantly male target audience. The combination of the edgy

British brand of Lee Miller and Carlisle and the edgy beauty of Tyler was a good fit with the brand ambitions which the producers had for the film. Nevertheless, a good and appropriate cast could not save this film from poor reviews and poor box office earnings.

In the case of *Elizabeth*, the marketing team believed that the quality of the script and production values were good enough to support a largely unknown cast and director. In saying this, it must be noted that although the actors cast in this film were, at that time, not recognisable stars, the producers did cast some experienced British actors and a well known footballer in this film. In using the then Manchester United footballer Eric Cantona in the role of Monsieur de Foix, the producers were accused of stunt casting. The producer denied this was the case by saying;

This is not stunt casting. It is going back to our original concept of not wanting to see actors popping up who had been seen in other frock flicks. It was a deliberate strategy and one that helps give the film its freshness.

The case of *Elizabeth* contrasted with that of both *Notting Hill* and *Plunkett and MacLeane*, as in the latter films the producers wanted a match between the brand of the actors in the leading roles and that of the film, in *Elizabeth* they deliberately wanted to avoid type casting. Although the genre of the film was costume drama, in casting actors generally associated with this genre the producers felt that they would undermine their strategy of portraying this film as a political thriller, rather than a traditional “frock flick”. As in the case of *Notting Hill*, this strategy seemed to work and both Geoffrey Rush and Cate Blanchett who starred in *Elizabeth* went on to become stars after this film was produced. The producers concentrated on casting solid, mainly character actors and some relatively unknown actors in order to give centre stage to the script and cinematography and in this case they were successful.

Their casting strategy for *Elizabeth* was very different to that employed by the producers of another successful British costume drama, *Gosford Park*. In *Gosford Park*, the unique selling proposition was its cast - the producers opting for what is known as an ensemble cast, comprised of some of the most well known actors in Britain, particularly those associated closely with roles in other costume dramas. This is the more conventional approach to casting for costume dramas and works when there is a strong fit between the brand associations of the actors and the genre of the film. As *Elizabeth* was not seen as a traditional costume drama, casting actors whose personal brands were heavily associated with this genre would have sent out the wrong message to cinema goers.

The marketing team did stress that VertiCo's producers' track record (having produced some of the most successful independent British films to date) allowed them the freedom to cast as they wished. Having a non-British director in charge of a very British subject was a deliberate decision by the producers to bring "a completely different sensibility to the movie... it is a fresh approach which an audience will immediately react to" (Duncan, Producer).

Another consideration regarding the cast is the relationship which exists between the production company and the stars' agent. Denise discussed this relationship and stressed the need to develop good relationships with the agents. She spoke about the convenience of having the same agent representing a number of key cast members on *Plunkett and MacLeane*. The power of agents was also mentioned by other interviewees. The role played by agents in the US was spoken about during a London Film Festival 2004 panel discussion where producers and directors

recounted stories of their first interactions with Hollywood agents. The power of these agents was also discussed in Phillips (1991). The view expressed by my interviewees was that a good relationship with the agents of key actors was necessary in order to ensure that casting options are available. Existing film marketing literature which focuses upon predicting earnings in relation to the cast, among other variables, neglects the examination of the relationships which control access to these stars. Therefore, both in terms of casting and in managing actors once they have committed to a film, the importance of maintaining a good relationship with agents cannot be overestimated.

Plunkett and MacLeane was filmed on location in the Czech Republic. The weather conditions were very bad, which made things difficult for the cast and crew. There were many outdoor scenes to shoot and the temperatures very low. Denise stressed the importance of VertiCo's relationship with cast members' agents in persuading the cast to persevere with these conditions. She also stressed the benefit of working with a group of actors who were all represented by the same agent, as this made individual level discussions easier to conduct. If an agent needed to protect the interests of a number of clients on a particular film, then they are more likely to agree to specific concessions than if they are only representing one cast member. Obviously, the reverse is also true, thus if the relationship with the agent breaks down and they represent all of the main cast members involved in a particular film, this creates great problems for the filmmakers. In the case of *Plunkett and MacLeane* one agent represented the main cast members and, therefore, in maintaining a strong relationship with this agent, VertiCo were better equipped in persuading the cast

members to remain on set despite the very difficult physical conditions which they had to endure as a result of the weather in the Czech Republic.

8.3.2 The Story

The discussion of the cast in section 8.3.1, demonstrates the need for a good fit between the cast and the type of film, while the experience of VertiCo in marketing *Plunkett and MacLeane* shows how a fit between the intended genre and the actors alone does not guarantee success. In Litman's (1983) discussion of the film marketing tools, he stressed the importance of the story. The story is told through a script and the scarcity of good scriptwriters in Europe is constantly cited as a reason why European films do not travel as well as those from Hollywood. This is not a recent complaint in the British film industry; in the post-war years Mullally (1946:18) observed that "there is a dearth of writers capable of conceiving, and constructing, a good strong story for cinematic treatment". The Rank Organisation, in recognition of the difficulty in finding and developing good screenwriters, developed the Scenario Institute in London (MacNab, 1993:84-5). As a result, Rank was heavily criticised for trying to control access to high quality screenplays and in doing so, contributing to the anti-competitive environment which existed in the UK film industry at that time. The quality of European screenwriting came up repeatedly during my period of observation on the Strategics Film Marketing Workshop, my interviews with industry experts and those from the MEDIA programme, as well as during my case study interviews.

One explanation of why this is the case may be clarified by revising the structural problems experiences by British and other European filmmakers as discussed in

Chapter Two. As the development process is often undertaken without funding, screenwriting for film is financially unrewarding. Even in the US, where development funding is more forthcoming through the studios, the role of the writer is often seen as undervalued in comparison to that of the director. This was characterised by screenwriter Charlie Kaufman in his film *Adaptation*, where he played himself as a screenwriter. It is encouraging, as discussed in Chapter Five, that public policy is starting to recognise the role of the screenwriter and the need to support the development process financially, and perhaps this will result in an improvement of the quality of screenwriters working in Europe. European level writers programmes, such as Arista and Moondance, fulfil the dual role of providing tutoring for aspiring screenwriters as well as providing networking opportunities as discussed in Chapter Six.

8.3.2.1 VertiCo and the story

The story, and by association, the script, is seen as an essential element for VertiCo films. As soon as a script is developed, the marketing, sales and distribution personnel see it and give early impressions of how it will perform. VertiCo provides development funding to writers as well as financing scripts which are already developed. They have two methods of script development: either agreeing to finance the development of a project pitched to them by a writer/ producer with a view to producing the film, or generating ideas in-house and commissioning a writer or writers to develop a script for this project. Structurally, VertiCo has two separate companies controlling this process, Working Title, where the focus is on the larger budget, more commercially focused projects, and Working Title II, which focuses on smaller budget, more experimental films.

The script was key to the success of *Notting Hill*. Speaking about early marketing activities Kieran, one of the marketing team said:

Well as soon as the script arrived... I mean we all saw it and obviously the sales guys read it to do the numbers for the, you know, for the sales activities and you know the film was taken to the first market.

When asked what the strong points were in terms of marketing *Notting Hill*, the marketing personnel constantly stressed the quality of the script. "It was just a superbly written script and certainly one of the best scripts of the year, no doubt about it" (Charlotte, Marketing). Richard Curtis first came to prominence while writing for the *Blackadder* series on television and is now one of the most sought after screenwriters in the UK film industry.

The quality of the script was also an important indicator of success for *Plunkett and MacLeane*. The marketing team stressed the tension between the script and the intended feel of the film:

We were obviously wanting it to go a bit more mainstream, but the director had a lot of input, especially for a first time director. Um, he was veering us very much towards the more, um, well the arty, maybe a bit grittier, edgier feel to it. So we were sitting between two stools for a long time (Kieran, Marketing).

The director of *Plunkett and MacLeane* was Jake Scott, son of acclaimed filmmaker Sir Tony Scott, producer of *Spy Game*, *Enemy of the State* and *True Romance* among others. Jake Scott is the nephew of Ridley Scott who produced *Black Hawk Down*, *Hannibal*, *The Browning Version*, *Bladerunner* and *Thelma and Louise*.

While this was his first film, his filmmaking heritage and having a background in advertising (like many of the successful British filmmakers of the 1980s such as David Puttnam and Alan Parker) Scott was able to wield more power over the

production company than most first time directors. Although there are successful examples of the children of established filmmakers (such as Sophia Coppola, daughter of Francis Ford Coppola) also achieving success in the “family business”, trust may be established in the filmmaker based on their film making lineage rather than their proven ability. VertiCo’s trust in Jake Scott was based upon predictability, as characterised by Mayer et al. (1995) rather than Lewis and Weigert’s (1985) definition of trust as resulting from confidence as well as predictability.

The script for *Plunkett and MacLeane* passed through many hands before it was deemed ready for production, with writers being sacked, new ones brought on board and then sacked until the producers and director were happy with the final team of writers and their script. Natascha, the film’s development executive and producer spoke about the change of direction which the film took, and the need for a change in writers twice during the film’s development. The original script was written by Selwyn Roberts, who was replaced by Robert Wade and Neal Purvis who were known for their work on the James Bond film, *The World is Not Enough*. Finally Charles McKeown was brought in for a re-write. Despite the change in personnel, the relationship with these individuals was maintained, with Selwyn Roberts getting an executive producing credit and Purvis and Wade working with VertiCo again on the script for *Johnny English*.

The script was also seen as one of the main strengths of *Elizabeth*. The idea for this film was conceived by Debra, one of the development executives at VertiCo. They wanted to make a film about a monarch, but, as noted earlier, did not want this film to be a traditional costume drama. With this in mind they commissioned the script

and when they were happy with this, they passed it along to the marketing team at VertiCo. From reading the script alone, the marketing team knew that they had a very strong and unique story and began to formulate their campaign immediately. "It was very obvious that we weren't going into sort of Merchant Ivory territory, it was coming up with something a lot grittier, a lot harder...and had a more contemporary feel" (Charlotte, Marketing). This script was written by Michael Hirst, who was not well known in the UK at that time, although he did have had a good track record having worked with István Szabó on *Meeting Venus* as well as the psychological thriller, *Uncovered*.

8.3.3 Production Values

Section 3.4.7 discussed the nature of production values as they have developed over time. Production values in Europe are often viewed as lower than those in the US and with the development of digital distribution that is occurring, the emphasis on production values is set to increase. Film purists criticise digital filmmaking for lower quality picture than celluloid. Small, edgy films such as the Scandinavian Dogma films such as *Festen* and *The Idiots* have benefited from the clear artistic fit between the effect of digital film and the underground style of such films. In addition, films which are heavily reliant on special effects such as the *Star Wars* franchise and *The Matrix* franchise are suited to digital filmmaking. It is in the middle ground of filmmaking where the superiority of celluloid is still debated.

In the main, production values, in film marketing mix terms, relate to cinematography and any graphics or special effects which are used in a film. This was believed to be one of the key qualities in *Elizabeth* and was seen as overriding the need for a well-known cast. The cinematographer was Remi Adefarasin, who

had worked extensively on film and television, and has since worked on other VertiCo productions such as *About a Boy* and *Johnny English* as well as on a number of productions with acclaimed British director Mike Leigh.

While for many films, the genre, the actors or the director may act as the unique selling proposition, for some films the cinematography can fulfil that role. When talking about creativity in filmmaking, Petrie (1991) refers to the ability of the cinematography to go beyond the simple reproduction of images onto film. He points out the ability of the cinematographer to draw out particular emotional responses or thought processes through their positioning and use of colour, types of film stock, filters and lenses in order to “convey certain information and guide an audience’s response” (Petrie, 1991:26). It was its cinematography that provided VertiCo with their USP in the case of *Elizabeth*. In order for the chilling nature of the story to be communicated, the cinematography resulted in a dark and sinister film which, combined with the script, reinforced its genre as thriller, rather than “frock flick”.

In the case of *Plunkett and MacLeane*, the music video roots of its director may have explained its cinematographic style. The film switched from more darkly lit, highwayman tale to the sharply lit, technicolour of a modern music video. This was complemented by a soundtrack which relied upon 1990s style dance tunes. While the remit of *Plunkett and MacLeane* was to give a traditional highwayman tale a modern twist, this mixing of cinematographic styles and music from different periods seemed to result in a confusing film, neither firmly set in a particular time period, nor fully embracing the post modern film’s ability to transcend time. The

cinematographer for *Plunkett and MacLeane*, was John Mathieson, who previously worked on *Love is the Devil*, a film about artist Francis Bacon as well as Welsh film; *Twin Town*.

For *Notting Hill*, cinematography was not seen as a unique selling proposition. While production values were high, in keeping with the expectations of the target audience for a big budget romantic comedy starring Julia Roberts, the emphasis was upon the script and the stars in telling the story, and it was here that the film founds its unique selling proposition.

8.4 Scheduling and Release Patterns

In a study by Elberse (1999) it was shown that scheduling and release patterns do have a direct impact on the box office performance of a film. Although limited in scope, this study does show that these are important issues for the marketing department to deal with. In my study, these issues will be put in context and such issues as the impact of the release dates of other films, prints and advertising budget, relationships with exhibitors and other restrictions will be considered.

In planning a film's release strategy, VertiCo's marketing and distribution personnel had to investigate the most advantageous dates for their films to be released. Chloe from distribution highlighted the status quo when it came to securing release dates with exhibitors saying, "the bigger you get, the easier it is to get (release) dates". The power of the majors in securing release dates was discussed in section 3.4.9 (Chapter Three). Kuhn (2003) outlined the release strategy for *Four Weddings and a Funeral* in the United States. Having undertaken audience research, VertiCo were

conservatively optimistic that they would achieve a level of box office success with *Four Weddings and a Funeral*. But, having a limited P&A budget, they decided to release initially in New York and Los Angeles and to spend heavily on localised advertising in those cities. Hoping that the film would be a success, they planned on using the box office revenue from these cities to finance the gradual roll out of the film across the US. Their strategy of what is called a platform release, worked as planned. Kuhn admitted his naivety regarding the power of the major distributors. When he spoke to Linda Ditrinco, who was the New York representative for the distributor, Gramercy, she had to explain why they had only shown it on a small screen in a multiplex cinema, despite it being sold out. Ditrinco explained that the cinemas have agreements regarding the screens where the major's films are shown. In this instance, as the demand for *Four Weddings and a Funeral* exceeded that for the other films, the cinema programmer swapped screens, but did not inform the majors of what they had done.

As a result of the success of *Four Weddings and a Funeral* and subsequent VertiCo films, things have changed with regard to the level of influence a VertiCo film can exert within the market. Contrary to the situation for the earlier romantic comedy, in the case of *Notting Hill*, levels of interest were so high that other distributors began to avoid its intended release date. This allowed VertiCo to choose the ideal date to release on and they decided to release in May in both the US and the UK as "May was this great date for romantic comedies" (Kieran, Marketing). As the RAS for this film had shown that it was going to be a big hit, it was decided to give it a wide release. "It's the widest release that we've ever had in the UK. It was like 450 prints I think, and it was the biggest P&A that we ever had in the UK" (Kieran, Marketing).

VertiCo had, by this stage, gained confidence in the romantic comedy genre from their experience with *Four Weddings and a Funeral*. They understood the level of audience hype that existed for *Notting Hill* and so decided on this wide release strategy. Denise noted that as there was so much hype around regarding the film, there was a danger of people becoming bored before seeing the film, this is another reason why a wide release was the best strategy.

For *Elizabeth*, it was decided to use a platform release strategy, whereby, the film is opened in a few cinemas initially and then opened more widely over the following weeks. This helps to minimise the initial P&A budget until the performance of the film is evaluated, as was the case for *Four Weddings and a Funeral* as discussed above:

The spend on the campaign was not agreed up front. It was platformed in the UK, the first few weeks it opened in London, then Greater London, the South East and then went on a wider release. The campaign grew with the film's success (Chloe, Distribution).

VertiCo plan their release campaigns in terms of the anticipated performance of a film derived from initial projections based on the script and creative talents, as well as the results of RAS and the performance of comparable films. The level of uncertainty that VertiCo believe exists in terms of a film's actual box office performance necessitates the preparation of an alternative release strategy: "In releasing a film, there is always a plan A and a plan B. Plan B provides that if by the second week admissions are dropping off you pull the film out" (Chloe, Distribution).

Although box office projections for *Plunkett and MacLeane* in the UK were very positive, the critics did not support the film. As VertiCo was relying on the UK performance for the film to boost its appeal in the other territories, this was very disappointing. It was necessary to evaluate whether it would be advantageous to increase the P&A expenditure or to minimise losses:

The decision was whether to spend or to admit defeat. In most territories there was a very small release or it went straight to video. The US release was minimal and it came a long time after the UK release (Chloe, Distribution).

8.5 Ratings⁹

The importance of ratings is discussed in section 3.4.10 (Chapter Three). VertiCo's marketing personnel recognised the need to adapt language and humour in order to fit into the ratings category necessary to attract the target audience. The marketing team highlighted the cultural nuances that exist in what is acceptable in terms of language, nudity and humour. For *Notting Hill*, they needed to change a few words that would necessitate a higher rating, particularly in the US:

Some of the language is considered a bit more vulgar in the US... they had to, they revoiced some of those lines in the States and in the UK.... It's not so bad in other territories actually, well it depends. I mean, in like, you can be a bit more vulgar or uncouth perhaps in some European territories, more so than in other territories like Japan, you can't do anything, you can't show anyone, you know, unless they're, you know, fully clothed and you know its just, you've got be sensitive to certain territories needs" (Kieran, Marketing).

It is very important to attract a rating which will fit with the target audience.

⁹ A rating refers to the age classification awarded a film by the national censors.

8.6 Target Audience

Two additional factors identified by Jacobs (1968) which are important in ensuring box office returns, are the accurate identification of the target audience and the impact of "word of mouth", reviews and awards on a film's box office success. Durie et al. (2000) stressed the need to identify the target audience as the essential step in devising the overall campaign. The ratings of a film can obviously help or hinder in gaining access to this audience.

When the marketing personnel from VertiCo were asked how they identified the target audience for the case study films, they cited instinct as one of the main tools used. In identifying the target audience for *Notting Hill*;

Well, common sense was the process. I mean it's a romantic comedy and with very, very broad appeal. You know, broad appeal from, you know, 15-50, you know, skewing female naturally. But very broad appeal, certainly ... You know that level of talent really does appeal across the board (Kieran, Marketing).

According to Chloe from distribution "the target audience (for *Plunkett and MacLeane*) were males of 15 to 20 and in order to try to attract them they added a very aggressive contemporary soundtrack". The target audience identified for *Elizabeth* included the typical audience for this genre:

in terms of your typical target audience, we're looking at the slightly older, female biased audience, which, you know, you would associate with your average period frock flick. We had to try and reach both, sort of a younger audience, broaden it out, but also do something that would appeal to our core (Charlotte, Marketing).

It was interesting to note that while anxious to avoid being classified as a "frock flick", the marketing team did not want to alienate the natural audience for this type of period drama in their pursuit of the thriller audience. It is important when dealing

with the crossover category, to ensure that this balance is struck so that the film truly crosses over, i.e., having succeeded in appealing to its core audience, the additional audience were also attracted to the film due to its edgy thriller qualities.

The process for identifying the target audience involved the producers as well as the marketing, distribution and sales personnel. This collective approach is one of the benefits of VertiCo's integrated structure over the fragmented decision making approach necessitated by independent film companies as discussed in Chapters Six and Seven.

8.7 Genre

One identifying factor when looking at target audience is the genre of the film. The identification of genre is heavily reliant upon intuition and the VertiCo interviewees acknowledged this. Once the genre is clear, the target audience can be easily identified and this is done collectively by the producers and marketing personnel. Where the genre is not clearly defined or changes in genre occur during the development or production stage, the target audience must be redefined. This makes it essential that marketing are informed of any changes likely to impact on the target audience. As publicity activities can take place very early in the life of a film, a change in genre can necessitate a complete overhaul of publicity activities. The changing genre was the main problem in marketing *Plunkett and MacLeane*.

Identifying the target audience for specific films is viewed as a somewhat exact science that is accepted throughout the film industry. The sophisticated marketing machine of the film industry uses such information widely in planning marketing

activities. Certain films may be positioned such that they appeal to a particular audience grouping. This can be in terms of age, sex, gender or indeed cultural background. For example, according to Ron, the Japanese market is wary of the tag “comedy” unless it is a specific style of comedy, but they do welcome drama, particularly historical drama. Figure 8.1 shows the box office performance for *Elizabeth* and *Notting Hill* in Japan and illustrates how popular historical dramas such as *Elizabeth* can be in Japan. This was the only market in which *Elizabeth* outperformed *Notting Hill*. Despite the market knowledge which VertiCo had about the Japanese market, they were still surprised at this result.

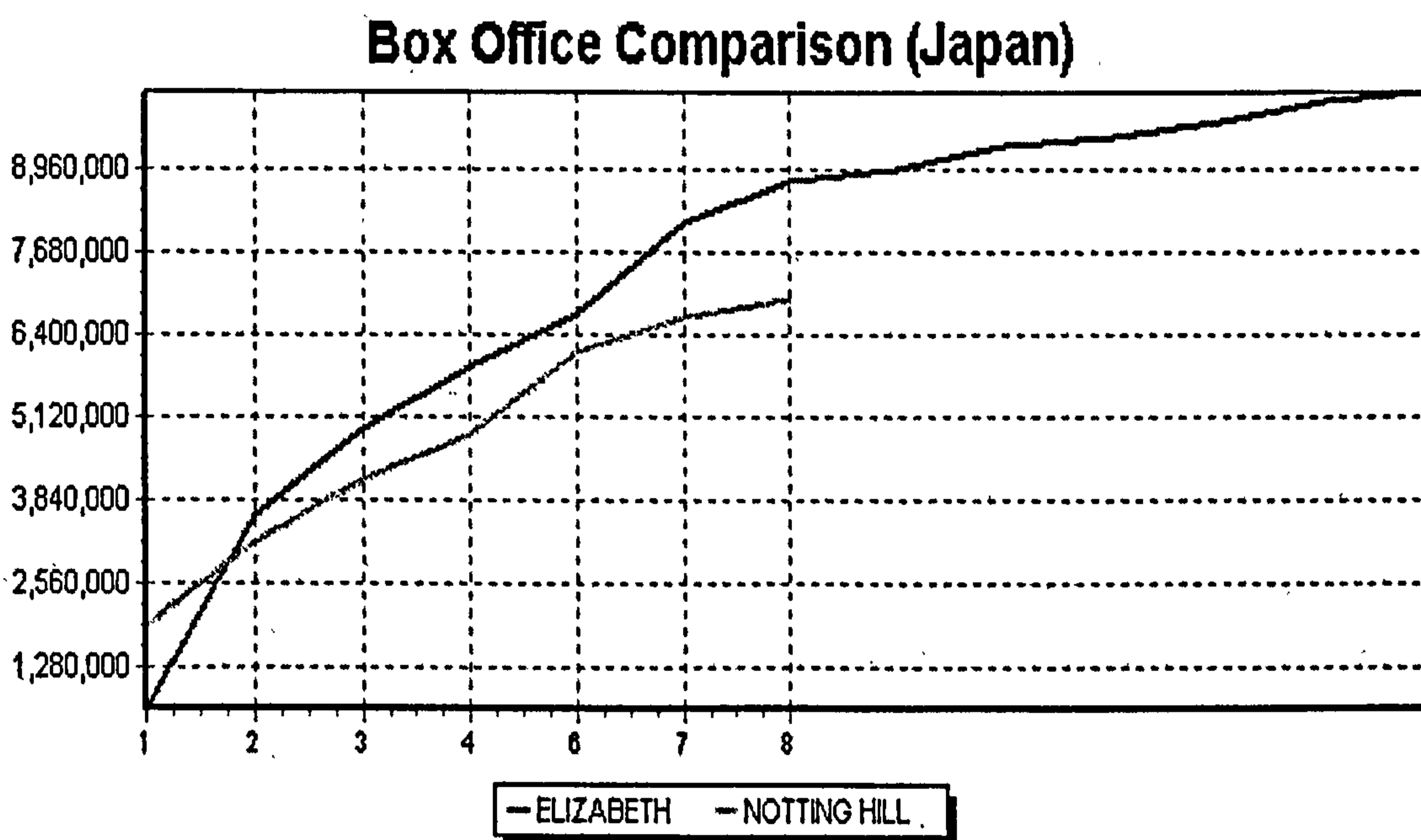


Figure 8.1 Box office comparison of Notting Hill and Elizabeth. (Source: Showbizdata)

In most other territories the word drama is to be avoided at all costs as this has negative connotations. This means that some imaginative marketing must be employed in order to find the appropriate label for a particular film. Again, trust, instinct and professional experience were cited as the most important factors in

identifying the target audience. Here, the role of judge, as described by Sniezek and Van Swol (2001) was adopted by the marketing, sales and distribution teams.

From an external perspective, the identification of genre will dictate the communications with the target audience, who, based on the factors identified above, will use previous experience in order to select films which appear to be targeted at them. The most prevalent cinemagoers are 18-25 year old males and the most popular genre for this age group is the action adventure. This type of film is sometimes referred to as a formula film. The audience for such films has certain expectations of the type of film that will be presented to them. The long term success or failure of these films is dependent upon how well the film lives up to the expectations of the audience in terms of providing the ingredients normally associated with this genre, well known actors, lots of action scenes, simple storyline and usually much use of special effects, which fits in with the blockbuster, which is type five from table 6.2 (Chapter Six). The audience displays a sense of trust in paying their admission to such a film as they have expectations to be met. When these expectations are met consistently, hence trust is established.

Buscombe (1977:34) has spoken about the ability of a genre to provide rules and frameworks within which a filmmaker can work, “a formal pattern which directs and disciplines his work”. He also warns of the danger of moving too far from the conventions of the genre as “constant exposure to a previous succession of films has led the audience to recognise certain formal elements as charged with an accretion of meaning” (Buscombe, 1977:34). This supports the view expressed in this thesis that there needs to be a high level of trust in the relationship between the filmmaker and

marketers and the audience. If the film which is offered to the audience varies greatly from their expectations, this trust will be undermined. Again these films are branded on one level, as action adventure films, on another, more developed level, as a John Woo, Jackie Chan or Quentin Tarantino film. This does not necessarily mean that the audience for these films is capable of identifying the role played by John Woo, Jackie Chan or Quentin Tarantino, but rather that their names conjure up certain images and expectations in the mind of the consumer.

The problem of overkill was one that faced *Notting Hill* as Julia Roberts, the main female star's next project, *Runaway Bride*, was also a romantic comedy and was due for release at the same time. Another factor, which could have lead to overkill, was the anticipation that existed among the press and general public for the film. The high profile of this film due to the excellent track record of the writer/director and cast members ensured a high level of interest in the film: "The main weaknesses were there was a risk of overexposure or overkill" (Kieran, Marketing). Denise stressed that in situations where word of mouth is very strong, there is little that can be done by the company involved to reduce this.

In terms of *Plunkett and MacLeane* one of the main problems was in identifying the genre of the film. Therefore this film suffered from its audience not knowing what to expect from the film once they had decided to see it. *Elizabeth*, needed to illustrate in the publicity that it was a costume drama, in order not to isolate the audience for such films, as well as showing that it was more than *just* a costume drama and that it had wider appeal in line with type three NPD as shown in table 6.2:

If you've got something which is set, you know, previous to the date today, then you really don't want it to be classed as a costume drama, unless it

really, really is something like that. If you can, make it look like an epic...Epic is good, drama is a bad word (Ron, Sales).

8.8 Word of Mouth

Durie et al. (2000) stressed the need to differentiate between "want-to-see" and audience enjoyment. Film marketers can create "want-to-see" through the marketing campaign. However, the ultimate aim is to achieve audience enjoyment and therefore "good word of mouth" in order to sustain the film in the market. Accurate targeting of the film can assist in positive word of mouth. This is where extensive audience research prior to release is valuable. NRG (National Research Group) conducts the vast majority of RAS in the film industry. It has been criticised in the press for allegedly fixing results, allegations which they have denied. In addition, the RAS researcher that I interviewed expressed the belief that NRG had a formulaic approach to the RAS and therefore were not very effective for off-beat and/or non-mainstream films. Having observed three RASs, one conducted by NRG and two undertaken by other organisations, there is a high degree in variance. While all asked the same types of general questions, NRG tested a non-mainstream film in a multiplex cinema, while the other two testing organisations tested art house films in art house cinemas. Apart from the venue, there was also variability in the level of professionalism involved in selecting the target audience for the group. While the NRG testing did recruit the appropriate age group for the test film which they were testing, by attracting the multiplex audience they perhaps missed out on intelligence from the more natural audience for this film, the art house audience.

In the case of the Strategics testing, the target audience for the film being tested was deemed to be mainly women in their 30s. The audience recruited for the screening were largely within this age range, but during the analysis of the result of this testing, it was established that the film held great appeal for male art house audiences as well and as a result of this, the marketing campaign was altered in order to appeal to this group. The final testing was much different. This took place in an off beat London cinema which is known for its eclectic programming as well as low ticket prices. Unlike the other RASs, where individuals were approached by market researchers who asked them a range of screening questions to ascertain if they would fit into the intended target audience, the cinema used its mailing list in order to invite people to come along and get a free cinema ticket for this new British film. The audience that turned up consisted of people of all ages. After the film, when people were completing their RAS questionnaires, the organisers asked for volunteers to remain behind for a focus group. This proved problematic as many people wished to stay to give the producers the benefit of their extensive wisdom. The subsequent focus group was practically useless, as rather than discussing their reactions to the film, various members of the focus group talked about unrelated matters or focused upon exhibiting their extensive knowledge of the film industry so that the producers of the film could learn from them. In the cases of the other RASs attended, the researchers chose a cross section of the audience and invited them to stay behind for the discussion. In this way, they could ensure that the composition of the focus group was in keeping with their intended sampling method. This shows the need to match the RAS company to the needs of the particular film.

Cinemagoers are influenced by critics and by avids, the industry term for those frequent cinemagoers that influence others in their choice of films. Austin (1981b) concluded that the influence of critics and reviewers only impacted on the more "esoteric films" and therefore did not heavily impact on box office receipts. According to Chloe from distribution, *Plunkett and MacLeane* "got appalling reviews". It did not go to festivals as the marketing, distribution and sales teams felt that it would not be well received. The film died despite the general market appeal of its cast for the targeting audience.

Notting Hill and *Elizabeth* received very favourable reviews and benefited from these in building up "want-to-see" and positive word of mouth. *Notting Hill* also did not go to festivals, as it was not seen as a festival film where as *Elizabeth* was shown at Venice, where it won an award. The impact of reviews and awards on *Elizabeth's* box office performance may support the view expressed by Austin above. "It (*Elizabeth*) got fantastic reviews and nominations for awards added to its box office success. The final box office was approximately \$8 million" (Chloe, Distribution).

8.9 Summary

This chapter has proposed a film marketing mix which can be adapted to films depending on the specific qualities of that film. This proposal is in keeping with the spirit of Borden's (1964) article which proposed a long list of elements that depending on the circumstances involved, could be combined in order to create an appropriate marketing strategy.

In proposing this flexible film marketing mix, this thesis contributes to the development of both the film marketing literature as well as the general marketing literature. Although the value of existing studies which have evaluated the box office potential of various films in terms of the perceived value of the stars, directors, release strategy and so on, is recognised, the need to contextualise these elements is argued for in this thesis. It is not enough to look at such factors in a vacuum, rather it is necessary to consider the field in which they exist. In recognising the nature of this field, in line with Bourdieu (1977; 1998), this thesis proposes the creation of a bespoke film marketing mix dependent on the wider macro factors in place. Issues such as the power relationships between the various members of the supply chain will dictate how the specific film marketing mix can be formulated and managed. In addition, depending on the genre of the film and the resultant target audience, mix elements such as casting, creative personnel and so on will need to be decided.

A number of elements are important in planning and executing the marketing campaign for a film. While star quality and the creative elements are instrumental to a film's box office performance, other factors are also important. My research has shown that certain marketing tools can be used effectively to enhance the box office performance of particular types of films. VertiCo has a long and successful track record in marketing European independent films and sees its main strength as "instinct". Although there is no recognition of conventional marketing tactics being used, the heavy reliance upon research and projections are evidence that instinct alone has not been responsible for the success of VertiCo to date.

I have shown how different strategies are employed in relation to different types of films. Larger, star driven films allow marketers more control over release dates and securing the desired screens to show the film upon, as well as less impact from reviews, while for smaller films, it is necessary to start slowly and build the campaign up gradually. *Plunkett and MacLeane* highlighted the need for marketers to plan for failure as well as success and to ensure that if a film does not perform well in the marketplace, they must minimise expenditure and employ a damage limitation strategy. As *Plunkett and MacLeane* and *Elizabeth* were innovative films, falling into categories one and three respectively from table 6.2, these films were more reliant on good reviews than *Notting Hill*.

Finally, this chapter has further developed the argument for public policy initiatives aimed at providing further vertical integration between various elements of the film making and marketing process and in developing relationships between the various actors within the film industry supply chain in order to increase levels of trust. VertiCo's habitus, which emphasises the existence of trust, allows for the free exchange of information between the members of the supply chain in order to formulate an appropriate film marketing mix. The chapter shows that despite matching some elements of the film marketing mix such as actors and target audience in the case of *Plunkett and MacLeane*, the final marketing campaign cannot save a film which is not consistent in its film marketing mix. However, the vertically integrated supply chain in existence in VertiCo means that finance, as well as information, flows through the supply chain. VertiCo can sustain some commercial failures, such as *Plunkett and MacLeane*, as they are financed out of the overall company profits such as those derived from films such as *Notting Hill*.

In conclusion, an appropriate film marketing mix needs to be formulated on a project by project basis. Although intelligence can be gained from examining previous films, it is necessary to treat each film individually, in accordance with the existing macro environment. In order to maximise the results achieved from the film marketing mix, there is a need for consistency between the various elements proposed in this chapter and this is best achieved as a result of early involvement by all functional units within the film industry supply chain.

CHAPTER NINE

CONCLUSIONS,

CONTRIBUTIONS AND FUTURE

RESEARCH

9.0 Introduction

This chapter provides a summary of the main findings of my research in order to bring the thesis to a close. The chapter examines whether and how the aims and objectives of the thesis have been met through the research process, and in doing so, illustrates the contribution which this thesis has made to film marketing scholarship. In doing so, the limitations of this study are highlighted and contextualised and a programme of future research emanating from this thesis is outlined. This is in recognition that a doctoral thesis is not an end in itself, but is part of an ongoing process of enquiry. In providing a summary and conclusions to this research, the nature of the research must be considered. This thesis provided an in depth analysis of the feature film marketing process within an integrated supply chain. The findings are context specific and seek to provide an understanding of the impact of a particular supply chain structure on this marketing process in order to inform policy.

9.1 Revisiting the Aims and Objectives of the Research

While initial aims and objectives for this thesis were established at the beginning of the research process, the nature of such a research process necessitated revisiting and refining these aims and objectives once in the field. The focus has always been on understanding the specific issues faced by feature film marketers in the European independent film sector, but as the research process proceeded, the overall research aims were (1) to investigate the environment in which feature film marketing takes place in Europe with specific reference to the UK; (2) to examine the impact of supply chain structure on the marketing campaign for feature films and (3) to evaluate the impact which public policy has upon the film marketing process.

9.1.1 Investigation of the Environment in which Film Marketing Takes Place in Europe, with Specific Reference to the UK.

The filmmaking and marketing environment in the UK has been classified as fragmented in this thesis. The majority of films produced are small in scale and are undertaken by independent production companies. If distribution is secured for these films, the distributor is often one of the major American distributors and they control the marketing function. As indicated in the thesis, the US majors favour globally standardised marketing campaigns for their films and aim at a mass market. As the film marketing mix presented and discussed in this thesis necessitates an early examination of marketing considerations during the film marketing process and the blending of the marketing mix, the structure in the UK does not support this approach.

Chapters Five, Six and Seven discussed previous attempts to create a vertically integrated company in the UK/ Europe, such as Rank, Goldcrest or Polygram Filmed Entertainment, and showed how all previous attempts have failed. In the case of Rank, some of this failure was attributable to a change in public policy and a desire to open up the film market in the interest of increasing diversity. In Goldcrest's case there were instances of lack of trust which eroded the organisational structure and led to eventual breakdown. And, for Polygram, the dreams which they held for creating and sustaining a vertically integrated "European studio" were dashed by the strategic decision of their parent company, Philips, to withdraw from the entertainment industries. In all three cases, strong relationships between the British/ European companies and the American film industry were apparent. In the memoirs of Kuhn (2003), Eberts and Illott (1990) and MacNab (1993), and Mullally's (1946) accounts

of Rank, differences in approach to filmmaking and marketing, as well as changes in public policy, impacted negatively on these relationships. The conclusion drawn is that European filmmakers need to work with their structural environment in order to create an environment which is supportive of European filmmaking at the same time as recognising the global nature of filmmaking. Rather than trying to mimic the Hollywood studio system, the Europeans should work on creating a virtually integrated supply chain rather than a vertically integrated one.

Such a virtually integrated supply chain should build upon current public policy initiatives, which support the development of strategic partnerships and the creation of networks. Public policy should begin to focus more on creating programmes supporting the retention of rights to European films so that the profits from these films remain in the European film industry and can be reinvested. This could be developed through further programmes aimed at supporting European distributors in distributing European films, as well as the creation of a programme which supports the development of film libraries for networks of European producers and distributors. By retaining the rights to their films, these networks will possess the valuable assets necessary for the creation of a long term, focused and sustainable European film industry. By placing this research in the context of the historical development of the film industry and recognising the structural constraints within which film marketing takes place in non Hollywood film industries such as the UK, understanding of the film marketing process has been deepened.

Although there are industrial and structural elements of the film industry which are specific to this industry, many aspects of marketing practice present in the film

industry are the subject of well developed theories. These findings resonate with theories based on the Structure, Conduct and Performance model initially introduced by Scherer (1970, 1980) and developed by Scherer and Ross (1990), which has been popularised by Porter (1979, 1980, 1985). This model highlights the role of industry structure upon the performance of individual firms operating within that structure while recognising that this structure and business behaviour were the products of economic forces.

Further research should draw on theories of Vertical Marketing Systems (VMS) in studying the film industry in order to identify the presence and impact of the different forms of VMS present; corporate, contractual or administered. The Hollywood majors are examples of corporate VMS, where single ownership over all of the stages of production and distribution is held by one organisation. The type of relationships illustrated in this thesis indicate a high level of administered VMS between the Hollywood major distributors and European independent film production companies due to the power of the industrial power of the majors. Etgar's (1976) study showed that administered VMS can result in improved efficiencies. The impact of the development of administered VMS was noted by Sheth and Parvatiyar (1995b). The thesis suggests greater development of contractual VMS as the model for greater success for European filmmakers. This is in opposition to previously proposed solutions which are more in line with developing organisations which mimic the corporate VMS evident in the majors. Future research, as outlined below, should study examples of such contractual VMS which do exist in the European film industries. In doing so, particular attention should be paid to the conditions necessary for such contractual VMS to be adopted

and to the role of public policy in facilitating the formation of such relationships. Within the film industry, the dominance of the industry by the majors through both corporate and administered VMS has left little room for the European independents. In addition, the current industry structure in which distribution is controlled by the US majors means that contractual VMS with partners from outside of the Hollywood system is rare.

Discussions of vertical marketing systems should incorporate the notion of channel power which was touched upon in this research. Issues of power in marketing relationships have been discussed by Alderson (1958), Brown et al. (1983) and Gaski (1986) and these issues are still current. Chapter one traced the development of the industry and in so doing, highlighted the role of power in creating the industrial structure which exists today. Furthermore, the research has shown that VertiCo has been able to use its power within the supply chain to negotiate favourable conditions with exhibitors and other distributors. The impact of such power in a wider range of companies should be investigated further.

9.1.2 An Examination of the Impact of Supply Chain Structure on the Marketing Campaign

This thesis has proposed a film marketing mix around which the marketing campaign should focus. Through the use of the primary data presented, the benefits of a vertically integrated supply chain are illustrated. As the approach to film marketing proposed in the thesis is an holistic one, the vertically integrated supply chain structure facilitates this approach, through allowing information and creative vision to flow forward and backward through the supply chain. In this way, if all functional

areas are housed within one company, this communication is greatly supported. Drawing on Bourdieu's theory of habitus, shared meanings will be present between the various members of the supply chain, if the supply chain is well managed and derived from choice rather than necessity. As the organisational culture is both shaped by and shapes those working within it, the doxa, or assumptions which are accepted without question, increase cohesion in terms of working practices and the approach to this work. Having a shared understanding of the creative vision inherent in a project and confidence in the abilities of co-workers, based on their track record and previous working relationships, is beneficial in creating a coherent marketing campaign.

As the previous attempts to create a vertically integrated studio in Europe have failed, this thesis proposes that it is time to move towards another solution. This solution is more in keeping with the network society in which we live and with the European approach to filmmaking. The supply chain need not be vertically integrated in the same manner as in the Hollywood studios in order to promote shared creative vision and minimisation of waste. What are important are the formation of long term strategic partnerships between producers and distributors and the use of supply chain management in organising these networks. Public policy can have a positive impact in creating opportunities for trust to be established between production partners through further development of European and national level programmes designed to allow film professionals to network constructively.

This thesis has illustrated the importance of maintaining and sustaining long term working relationships in order to increase the levels of trust in existence within the

film industry supply chain. This increase in trust is both as a result of the integrated nature of the supply chain and aids the integration of this supply chain and subsequent minimisation of creative waste. Through the empirical case study and participant observation undertaken for this thesis, the role of relationships in creating an environment within which an appropriate film marketing mix can be formulated and operationalised is highlighted.

The proposal of a film marketing mix in chapter eight is in line with Borden's (1964) 12 factor conceptualisation of the marketing mix in that it incorporates a great level of flexibility in terms of the elements which may be drawn upon according to need and appropriateness. Borden (1964) also allows for additional elements to be added to the mix as required. In terms of new product development theory, the new product development practices outlined in this thesis illustrates that NPD processes in the film industry are similar to those in other industrial sectors. Drawing on Cooper's (1998) Stage-Gate Process model of NPD, further research can incorporate the Stage-Gate approach to NPD in examining the nature of NPD in the film industry.

The relevance and application of the above theories should be developed through hypotheses or working propositions to be followed up in future research designed to test the validity of the preliminary findings as outlined in section 9.4 below.

9.1.3 Evaluation of the Impact which Public Policy has upon the Film Marketing Process

To date, public policy initiatives have had a huge impact on the formation and structure of the film industry. As shown in Chapters Two and Five of this thesis, the

US was assisted in their increased domination of the global film industry by intensive diplomatic activity. From that point onwards, trade in film was used as a bargaining tool in the larger international trade discussions. While, at the international level, public policy has impacted upon the movement of films around the world (or not), at a national level, such policy was also concerned with the control, in the early years of the film industry, and latterly the development of the national film industry in the UK.

The policies of various national governments have resulted in the development or the recession of the film industry, as measures were instigated and then removed which supported film production. While, for the majority of the history of film in the UK, distribution and exhibition of film were not supported, with financial assistance being channelled into production, there has finally been recognition of the bottleneck which this has created in the industry. While numbers of films made are high, the numbers exhibited and particularly, the numbers making a profit at the box office are extremely low.

Public policy has assisted European producers in promoting and selling their films at international film markets. Policy developments have also obliged exhibitors to recognise the need to programme a more diverse range of films than previously, which opens up the market. As shown through the analysis of the Rank Organisation's involvement in the industry as well as recent investigations by the competition authorities, public intervention can prevent market control resting with a small number of organisations which would in turn decrease the diversity of products offered in the film marketing environment.

This thesis has proposed that the development of long term strategic partnerships, which are based upon mutual trust and serve to develop such trust, can provide a way forward for the UK and other European film industries. Public policy that supports the development of a filmmaking and marketing environment within which such networks are fostered, is vital for the creation of a sustainable film industry in Europe. Initiatives such as those supported by the MEDIA Programme, which encourage European film professionals to work together and, in doing so, build relationships have been shown as effective in developing working partnerships. Programmes of this type should attract continued financial support from the European Union member states as well as national governments. In a field as fragmented as the European film industry, creating strong networks within which relationships can be further developed seems a sensible middle ground between mimicking the Hollywood studio structure and admitting defeat.

9.2 Contribution to Knowledge

This is the part of the thesis which can cause the doctoral student most anxiety. The research has been undertaken, data analysis has taken place and this has been set within the context of the existing literature. Then comes the question, so what? So what has this doctoral thesis contributed to the knowledge of the issues studied? While constantly reassured at doctoral symposia that Newton's doctoral thesis was pedestrian and that new discoveries are rarely found in doctoral theses, after all those years of investigation, what exactly have I contributed to knowledge in the area of film marketing? What I have not done is come up with a sure fire way for films to succeed at the box office. My contribution is to the understanding of the process of film marketing and the importance of the film marketing environment in facilitating

this process. Existing studies have ignored the need to examine this environment in order to understand the impact that working relationships have upon formulating the film marketing strategy. I have shown how the early stages of a film's development, and communication between the actors at various levels of the film marketing supply chain play an enormous role in maintaining the creative continuity necessary in order to accurately communicate with the filmgoers. I have interpreted existing public policy which seeks to support a sustainable film industry in light of this, and made suggestions as to how such an environment can be facilitated.

9.2.1 Contribution to Film Marketing Scholarship

This is where this thesis makes the most substantial contribution. Researchers from an economic background have dominated film marketing literature to date and as such, this research is open to the criticisms which have been levelled at scientific approaches to marketing in general. Grönroos (1994) criticised the marketing mix approach as clinical, where the consumer is a passive part of the relationship. This criticism is apt for the film marketing literature discussed in Chapter Three and throughout the thesis. By conducting large scale studies into the success factors of a variety of films, and using the results to predict future success based on such criteria, these film marketing scholars are failing to recognise that film making is “alchemy” as stressed by Natasha from VertiCo. Most of the existing studies which look at the marketing of films, have neglected the wider macroeconomic reality within which film marketing activities take place. This thesis identifies the importance of these issues in understanding the complexities involved in marketing films, as well as in suggesting ways forward for independent European film companies.

Although film historians and film studies academics recognise the need to examine the structural problems inherent in the film industry, to date these have not been given central importance by film marketing scholars, or those examining the performance of films within the market. Hence, my contribution to the film marketing literature is to provide and encourage an holistic approach to film marketing scholarship and to propose a flexible film marketing mix, which should be applied to films on an individual basis. There is no magic formula for successfully marketing films, but there are some steps which can be taken in order to offer the greatest chance for a successful campaign. In doing so, this thesis suggests the development of a marketing mix specific to the film industry which draws upon Borden's (1964) original concept of the marketing mix as discussed above.

Supply chain management is essential in the film industry, information should be shared at all stages of the supply chain in order to preserve creative vision. Supply chain management and recognition of the need for the early involvement of relevant personnel in the marketing decision making process supports the development of both internal and external trust. Through examining the film life writings, and undertaking the primary data collection during this thesis, it became apparent that the environment within which marketing decision are taken impacts upon the consistency of the film marketing mix. Previous studies have not applied supply chain management literature to the study of film marketing, but in doing so, this study has expanded upon existing knowledge of the film marketing process and to the understanding of how this environment can be developed in order to facilitate the marketing process.

In examining the policy developments which have occurred, this thesis has illustrated the importance of public policy in facilitating the development of the film marketing environment. There is a need for a strong European film lobby in order to defend and develop public policy which supports the film industry in making and marketing films and in developing effective and diverse opportunities for exhibition.

The practical implications of these findings are relevant for film marketers. As this thesis has shown, consistency in terms of the 'film marketing mix' elements identified in the thesis is important in offering a film to the market. The elements identified can be used as a checklist for filmmakers and film marketers in deciding on how to develop and position the film in the market.

9.2.2 Contribution to the Development of Marketing Scholarship

While a range of marketing theories are discussed and used in the thesis, in general this is undertaken with the aim of progressing film marketing scholarship. However, I hope that through this research, I have contributed in some way to the progression of marketing theory. In proposing the combination of a tailored marketing mix approach with an acknowledgement of the impact of policy and structural issues in shaping relationships, my contribution continues in the spirit of Baker's assertion quoted above that "no single solution exists and multiple explanations are to be encouraged" (Baker, 2002a:146).

In addition, in revisiting Borden's (1964) seminal article on the marketing mix, I have attempted to reclaim Borden's original idea. Critics of the marketing mix approach rarely revisit this article and this failure to do so often results in a

misrepresentation of Borden's idea. Rather than proposing a one size fits all approach to marketing, Borden supported the idea of looking at a number of key elements and formulating an appropriate marketing mix based on these key elements. Furthermore, in drawing on relationship marketing literature and recognising the role of relationships in the film marketing process, I have contributed to a further development of the relational approach to marketing by examining the impact which such relationships can have upon the operationalisation of the film marketing mix.

Finally, by examining the realm of film marketing from a marketing perspective, I have contributed to the reclamation of marketing questions for marketing scholars. While, as illustrated in this thesis; economists, cultural theorists, psychologists and sociologists have all investigated the area of film marketing, they have done so without drawing upon marketing scholarship.

The practical implications of the thesis' contribution to marketing scholarship are important in introducing film professionals to marketing concepts which are grounded in the evolution of marketing theory. Much of the existing writing on marketing in the film industry fails to incorporate this literature, resulting in a limited understanding of the field of marketing by those involved in marketing films.

9.2.3 Contribution to Film Policy Literature

Finally, this thesis contributes to film policy literature. Existing film policy literature examines policy somewhat in isolation from the commercial considerations of the industry. Policy makers have sometimes been slow to react to changes in the filmmaking environment and conservative in their approach to advancing the cause

of European filmmakers. This research has proposed that policy makers build on their existing programmes to create a European solution to a European problem rather than trying to apply the Hollywood model. Through encouraging greater use and formulation of networks within the European industry, greater power may be achieved. It is difficult to manufacture such networks, so opportunities for networking with others from the industry should be increased.

As Bourdieu (1977) believed, and as was shown through my examination of VertiCo, individuals are attracted to working with others when there is a high level of shared, subconscious meaning (doxa). Through intensive use of networking and programmes put in place in order to regulate these networks through the use of supply chain management, such networks should form organically. As the failures of the Rank organisation and Goldcrest can be attributable to breakdowns in trust and lack of common understanding, it can be seen that the filmmaking and marketing habitus is very important. If the decision of whether to form strategic alliances is based on prior knowledge and a certain level of trust, there is a greater chance of the resultant habitus being conducive to the minimisation of creative loss, the creation of structures supportive of information exchange and common understanding. The emphasis must be on voluntary alliances rather than those based purely on the need to access resources.

The practical implications of these findings are relevant for policy makers within the film industry. By identifying the need to develop advanced networking opportunities for filmmakers and marketers, this research can contribute to the development of policies to facilitate this. It is important to base policy developments on empirical

data. This research both illustrates the need for policy which develops relationships that can result in the creation of virtually integrated supply chains, in addition to identifying some areas for further research, as outlined in section 9.4, regarding the policy environment and its impact upon the film making and marketing environment.

9.3 Limitations of the Research

The first limitation is that due to the narrow focus of this research, the findings cannot be drawn upon to make generalisations about the impact which company structure will have upon film marketing in all instances. However, the findings of this research promote the view that such “one size fits all” marketing strategies do not exist. In proposing classifications of new product development and a general film marketing mix, this research has provided broad parameters within which film marketing strategies can be formulated. Qualitative research of this kind allows a contextual analysis of the environment within which film marketing decisions are taken. As one of the aims of the research was to inform future policy, this thesis can do so by illustrating a case where a successful environment existed, which was both based upon and encouraged the existence of high levels of trust. The importance placed on personal relationships and individual reputation indicates a need to create a policy environment which encourages collaboration and, therefore the voluntary formation of strong working groups who, over time begin to work together in a cohesive way.

A further limitation of the study is the lack of a comparator case. The initial research plan was to undertake an additional study in a small, non vertically integrated production company in order for comparison to take place. Research access was

negotiated and initial research was undertaken in this company, but, as outlined in Chapter Four, it was not possible to pursue this angle. It would be interesting to conduct further research into how relationships are formed with other levels of the supply chain in truly independent companies, in order to achieve further understanding of the role played and the formation of trust in such a competitive environment. Despite this limitation, the fact that the case study company chosen had established relationships with smaller, fully independent companies provided an insight into these types of organisations. In addition, through reviewing several life writings for this thesis, further insights into the world of non vertically integrated companies was gained. In this way, the unique opportunities for building relationships afforded by the integrated supply chain in existence in VertiCo were more fully understood.

9.4 Areas for Further Research

This research process opened many doors and judgement was applied in deciding which of these doors needed to be entered and which not. This thesis had defined boundaries, mainly those defined by resources such as time and funding, but also due to the necessary focus of research upon particular elements to be investigated. Along the way I became interested in the ethical implications of the current structurally constrained industry and this was touched upon in Chapter Five. Initial research has been undertaken by Kerrigan and Özbilgin (2002, 2003, 2004) and Schaefer and Kerrigan (2004, 2005) into various ethical aspects of film marketing and corporate social responsibility in the film industry. This research should be developed in order to provide further insights into policy which will support the development of the film industry. This attention to the ethics of film marketing has also developed my

interest in the social marketing role of film. With the rise in popularity and box office success of documentaries such as *Buena Vista Social Club*, *Fahrenheit 911* and *Supersize Me*, over recent years, research should be undertaken into the impact which such documentaries and other films with strong social motivations have upon behaviour. Social marketing scholarship to date has been dominated by research into the role of marketing in health promotion; the academic community has not yet investigated the social role of arts marketing.

As shown in this thesis, the US exerts power over the global film industry. While Europe is committed to further liberalisation of its film and related audiovisual industries, countries such as South Korea are now facing this pressure to liberalise. A further investigation into the nature of public support for film in South Korea and the impact that this has had to date will yield some interesting insights into the nature of public policy for film. As policy at supranational, international and national levels is constantly evolving, future research should be undertaken at regular intervals in order to monitor these changes in light of the impact they will have upon the film marketing environment.

As this thesis has proposed a film marketing mix, the next step would be to apply this mix across a range of films while retaining the holistic framework proposed here. The research design should incorporate Borden's (1964) and McCarthy's (1960) concepts of the marketing mix in formulating research propositions. In addition, established NPD theories such as Cooper's (1988) Stage-Gate Model should be drawn upon in constructing the theoretical framework for this study. This thesis suggests that NPD processes in the film industry are similar to those in the industrial

environments such as those studied by Cooper. This study should consider the habitus in which this film marketing mix is managed, in order to understand if Bourdieu's theory holds true for a variety of creative companies. In doing so, the approach to filmmaking and fostering creativity in a range of film production companies should be undertaken. Through the process of this research, contacts within the film industry have been established. These contacts will allow further access to film production and distribution companies in order to carry out this future research.

The focus of this thesis has been upon the film marketing environment and the operationalisation of film marketing strategy within this environment. This has developed film marketing scholarship by bringing the environment into the analytical process and recognising the range of forces which impact upon the film marketing choices made. Another natural development from this research is to examine the consumer response to the film marketing mix as proposed in this thesis. Existing studies which have looked at consumer choice have been narrow in focus, concentrating upon large samples and narrow research parameters, such as the role of the critic or the release strategy, in order to achieve generalisability.

In keeping with the research approach proposed by this thesis, future research should be undertaken which uses participant observation to understand consumers' film choices. All too often, research assumes that individuals are rational and that choices are made as a result of a clear decision making process. This research should track a number of individuals, with different levels of frequency in cinema attendance, and identify the range of influences impacting upon their film choice in specific

situations. This longitudinal study should examine such choices in the context of the genre of film, who else is involved in the decision making process; as well as the range of choices available to the consumer at that time. In undertaking such a study, a deeper understanding of the range of influences which exist in relation to film choice will be gained, which can aid film marketers in formulating the film marketing mix for particular types of films.

During the process of this research the idea of the film as a brand also arose. The need for brand consistency and a reflection of this consistency in the marketing communications mix is necessary in order to satisfy consumer expectations. Further research into branding within the film industry should be undertaken, using the NPD frameworks proposed in Chapter Six in combination with the film marketing mix from Chapter Eight are combined in order to investigate the nature of branding in the film industry.

Finally, this research made me aware of the importance of networks in the film industry. While much existing network research is of a quantitative nature, it would be interesting to examine the nature of relationships in these networks from a more holistic perspective. In doing so, it is important to research the role of institutions in facilitating such networks. How do film schools or training establishments contribute to the formation of such networks? What other sorts of institutions do filmmakers use in order to develop networks? What role does public policy play in developing an environment within which such networks can fruitfully develop and how can this role be enhanced? This research can also be extended to look at others at work in the creative industries.

9.5 Summary

This chapter has tied together the various strands of this research and presented the general conclusions of this thesis in accordance with the three research questions posed. This research was undertaken as a result of my long term interest in the film industry and how films find their markets. Although the process of completing this thesis was filled with difficulty and challenges, my interest in researching this fascinating area has grown over the course of my study. Having illustrated the contribution that this thesis has made to film marketing scholarship, film policy analysis and marketing literature, the need to continue research in the area of film marketing and the role of networks in the creative industries has been established. My survival of this process has provided me with the encouragement to progress this research, to open these doors and hopefully to continue to contribute to marketing scholarship in general and film marketing scholarship in particular over the coming years.

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<http://www.pearlanddean.com/marketdata/admissions.html>

Appendix A: List of Interviews Conducted

This appendix lists the interviews undertaken for this thesis. Where names are given, they are the actual names of the interviewees, and permission was given to use their real names. Where names are not given, the interviewees requested anonymity.

Film Industry Experts interviewed at Strategic Film Marketing Workshop

| Name | Expertise | Taped/ Notes Taken |
|------------------|--------------------------------|---------------------------|
| Bill Stephens | Sales Agent | notes taken |
| Darren Cavanagh | Trailer Maker | notes taken |
| John Durie | Film Marketer | notes taken |
| Denise Bassett | Publicity | notes taken |
| Mélanie Friesen | Creative elements and pitching | notes taken |
| Stephen Burdge | Creative design | notes taken |
| Dirk De Lille | Distribution | notes taken |
| Fridbert Palsson | Distribution and Exhibition | notes taken |

Additional background interviews

| Expertise | Taped/ notes taken |
|--|----------------------------------|
| Audience Research Specialist | Telephone interview, notes taken |
| Head of Marketing Department of a publicly funding film body | Notes taken |
| Film Producer, Former Journalist | Taped, notes taken |

Case study interviews

| Interviewee(s) | Department | Taped/ Notes Taken |
|----------------------------------|--------------------------|---|
| Charlotte Saint and Kieran Breen | Marketing | taped, notes taken |
| Denise Bassett | Publicity | taped, notes taken |
| Chloe Sizer | Distribution | taped, notes taken, continued by telephone, notes taken |
| Deborah Balderstone | Distribution | taped, notes taken |
| Charlotte Saint | Marketing | taped, notes taken |
| Kieran Breen | Marketing | taped, notes taken |
| Ron Fogelmann | Sales | taped, notes taken |
| Debra Hayword | Producer/ Development | taped, notes taken |
| Natascha Wharton | Producer/ Development | taped, notes taken |
| Duncan Kenworthy | Producer | taped, notes taken |

Policy Interviews, European Commission

| Name | Role | Taped/ Notes Taken |
|---------------------|-------------------------------|---------------------------|
| Jean Jeannaux | MEDIA Development | Taped and notes taken |
| Hughes Becquart | MEDIA Distribution | Taped and notes taken |
| Nils Koch | MEDIA Promotion | Taped and notes taken |
| Commission official | International Relations | Notes taken |
| John Dick | MEDIA Programme Consultant | Taped, notes taken |

**Appendix B: Criteria for qualifying as a British Film and
benefits of qualifying as a British Film**

GUIDANCE NOTES ON THE EC CERTIFICATE OF NATIONALITY

BACKGROUND

These certificates are issued under a provision of the 1963 EC First Films Directive (63/607/EEC), which laid down uniform criteria for the recognition of the nationality of films from EC member States.

Some EC countries, for example Italy and Spain, may have quotas on the number of non-EC films exhibited in their countries. Therefore exporters and importers of British films may ask for a Certificate of Nationality to evidence that the film is indeed a British film (rather than, say, an American film) in order to qualify for the benefit of any screen quota in such countries.

The EC certificate of nationality is of no use for purposes of UK tax reliefs for film.

CRITERIA

Applications may be made by nationals and companies of EU member States. Criteria for eligible films were laid down by the EC and are based on the following:

- 1) who makes the film: the persons or company producing the film must be a national or company of an EU member State.

- 2) where the filming is done: any or all of the outdoor scenes may be filmed anywhere in the world. Normally all studio filming must take place in studios situated in EC territory; however in the event that any outdoor scenes are filmed in a third country (non-EC territory), up to 30% of all the studio scenes can also be shot in that country and at least 70% of all the studio scenes must be shot in EC territory.

For the part of the form marked "studios", the most helpful approach is for an applicant to state both the countries in which location work was done, marked "location", and the country in which studio work was done, marked "studio". If there was no studio filming, you should add "no studio filming" or "shot entirely on location": this adds clarity when we assess the application. Nothing else is needed for this category: there is, for example, no need to enter details of the location of any post-production facilities unless they are undertaking work which might be considered as shooting.

- 3) language in which the film is made: one of the UK's indigenous languages.

- 4) personnel: Here are the alternative formulas according to the various nationals employed in specific categories on the film:

- where the director is a British or EC national* and all persons in categories 1 and 2 (writers and composers) are British or EC nationals: a simple majority of persons employed in categories 3-9 (below) must also be British or EC nationals;
- where the director is a British or EC national but not all persons in categories 1 and 2 (writers and composers) are British or EC nationals: third country nationals must not comprise more than two-fifths (40%) of persons employed in all the categories 1-9;
- where the director is a non-British and non-EC national: all persons in categories 1 and 2 (writers and composers) must be British or EC nationals; and non-British and non-EC nationals must not comprise more than one-fifth (20%) of persons employed in categories 3-9.

(British includes nationals from countries considered to be within the cultural domain of the United Kingdom for purposes of the EC certificate of nationality.)

* Nationals from three of the countries which are party to the European Free Trade Agreement (EFTA), i.e. from Iceland, Norway and Liechtenstein, must be granted equivalent status as nationals from EC member States with regard to the provisions of the Directive. This relates to the fact that there is provision for non-discrimination on the grounds of nationality under the European Economic Agreement which came into force in the UK on 1 January 1994 and extended the provision of the EC's single market to the five EFTA states. Switzerland also has a non-discrimination treaty with the EU.

- the 9 categories are as follows:

- (1) writers of the scenario, adaption and dialogue.
- (2) composers of music specially written for the film
- (3) principal cast
- (4) executive producer (or production manager)
- (5) director of photography
- (6) sound engineer
- (7) editor
- (8) art director
- (9) chief of wardrobe

TELEVISION PROGRAMMES AND ANIMATION FILMS

In the case of television programmes and animation films, to satisfy that the criteria have been met, we will still require the fullest possible details to be entered on the Technical Details page of the

application form. For instance in the case of documentaries or animation, for "Actors", a narrator or voice-over artists may be entered, or, for Director of Photography you may put someone who supervised the filming or the taking of the photographs or similar role.

Generally where possible, something should be put on the form. If one person performed more than one of the roles listed on the form, the same name may be entered on each occasion.

If no-one fulfilled certain roles, for example, say, "Chief of Wardrobe", please write "no personnel for this category" in the appropriate box. This may avoid questions being raised in the countries to which your technical details will be sent, and should speed up the process of exporting the film.

CO-PRODUCTION FILMS AND THE 1963 EC DIRECTIVE

UK producers involved in international co-production films may wish to note the following. Films co-produced under the terms of reciprocal international co-production agreements and made by producers from member States, or made by producers from member States in co-operation with producers from third countries, are eligible for an EC certificate of nationality without fulfilling all of the criteria set out above, on condition that the artistic and technical contribution of the member State or States in question was not less than 30%. Such certificates may be issued by DCMS on request any time after the film has received final co-production status from DCMS. In that event there is no need to complete the usual two-page certificate of nationality application form, and a simple written request for a certificate of nationality for the official co-production would suffice.

Alternatively, an application for a certificate of nationality for a co-production film may be made on the usual two-page form any time after the film is finished.

STATUTORY DECLARATION

The Statutory Declaration ("the oath"), on the first page of the form, is required to verify the details of the application. The oath must be made before a person authorised by law to administer an oath: for example a Justice of the Peace, notary public, or Commissioner for Oaths.

- The person administering the oath must be independent of the production.
- Under section 5 of the Perjury Act 1911 and section 2 of the False Oaths (Scotland) Act 1933, a person making a false statutory declaration is liable on conviction to imprisonment for any term not exceeding two years, or a fine or both.
- Where any additional sheet(s) is/are submitted as an addendum to the application:
 - (i) mention of the addendum should be made in the appropriate place on the application form;
 - (ii) each page of any addendum should be signed by the same person making the application, and signed and stamped by the person (eg solicitor) administering the oath to show that the addendum formed part of the application when the statutory declaration was made.

Applications must be submitted with the original statutory declaration (copies are not accepted).

WHAT IF WE NEED MORE THAN ONE CERTIFICATE?

You only need to complete one application form. Say on a covering letter how many original certificates you need us to supply. DCMS may also, on receipt of a written request, produce further "original" certificates of nationality in the future for the same film without any need to complete the application form again.

CAN WE APPLY FOR A "CERTIFICATE OF ORIGIN"?

A "certificate of origin" is not issued by DCMS but may be issued by the Chambers of Commerce.

Creative Industries Division (Films)

SYNOPSIS OF ELIGIBILITY CRITERIA under Schedule 1 of the Films Act 1985

For a film to be certified as a British film by the Secretary of State for Culture, Media and Sport, it must fulfil either the conditions set out under Schedule 1 to the Films Act 1985 or the terms of an international co-production agreement to which the UK is party. (Information on co-production agreements is separately available from DCMS).

The Schedule 1 criteria are summarised below:

i) THE MAKER TEST

a film must be made by a company that is registered and centrally managed and controlled in the UK, in another state of the European Union/European Economic Area or in a country with which the European Community has signed an Association Agreement*. The "maker" means the person (or company) undertaking the arrangements for making the film;

ii) THE PRODUCTION COSTS TEST

70% of the production cost of the film must be spent on film making activity in the UK (If the costs of one or two people are deducted from the total labour costs -as described at iii) below- then the same costs must be deducted from the total production cost before the 70% test is applied);

iii) THE LABOUR COSTS TEST

(a) 70% of the total labour cost (minus - if desired - the cost of one person whose nationality must be non-Commonwealth/EU/EEA/Association Agreement country) must have been paid to citizens or ordinary residents of the Commonwealth, EU/EEA or a country with which the European Community has signed an Association Agreement*; or

(b) 75% of the total labour cost - after deducting the cost of two persons whose nationality must be non-Commonwealth/EU/EEA/Association Agreement country, and one of whom must be an actor (and engaged in making the film in no other capacity) - must have been paid to citizens or ordinary residents of the Commonwealth, EU/EEA or a country with which the European Community has signed an Association Agreement*;

Note on Living Expenses:- for the labour costs test, the labour costs of a film are deemed to exclude such living expenses as a person incurs because it is not reasonably practicable for him to reside at his usual place of residence while directly engaged in the making of the film, and which are reasonable in the opinion of the Secretary of State.

iv) PREVIOUSLY FILMED MATERIAL

no more than 10% of the playing time of the film should comprise a sequence of visual images from a previously certified film or from a film by a different maker. In the case of documentary films this limit may be extended if an acceptable case is made to the Secretary of State.

NOTES

1. Films cannot be certified before they are completed.

2. Series may comprise up to 26 parts and 26 hours.

3. *Iceland, Liechtenstein, Norway belong to the EEA (European Economic Area) in addition to the countries of the EU. The EC has Association Agreements with Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia

4. The Isle of Man and the Channel Islands are not part of the UK or part of the EU/EEA for the purposes of Schedule 1. They are part of the Commonwealth. Their citizens are British nationals; persons ordinarily resident there are ordinarily resident in the Commonwealth.

5. The full Guidance Notes are available on request from DCMS, and on-line at: www.culture.gov.uk

THE BENEFITS OF QUALIFYING AS A BRITISH FILM UNDER THE FILMS ACT 1985

DCMS can certify films as British films where they meet the qualifying criteria. Applications for certification as a British film can be made by either the maker or acquirer of the negative, tape or disc. Films may qualify for certification either:

- a) by satisfying the specific provisions of Schedule 1 under the 1999 amended criteria; or
- b) by satisfying the terms of one of the UK's co-production treaties.

Texts The text of Schedule 1 to the Films Act 1985, with a summary and guidance, may be accessed at:
www.culture.gov.uk/creative_industries/film/CriteriaforBritishfilms.htm

The texts of the UK's co-production treaties, with separate guidelines, may also be accessed at the same web-location. All these documents are also available from the Department for Culture, Media and Sport. The following are DCMS's film certification contact points:
e-mail: filmcertification@culture.gsi.gov.uk
tel: 020 7211 6435 or 6436 or 6476; fax: 020 7211 6417;
or write to: Film certification officer, Creative Industries Division,
Department for Culture, Media and Sport,
4th Floor, 2-4 Cockspur Street, London, SW1Y 5DH.

Tax Benefits Having a film certified as a British Film is necessary for access to the tax benefits particular to film. These relate to Sections 40A to 43 of the Finance (No.2) Act 1992 and Section 48 of the Finance (No.2) Act 1997. The latter introduced 100% tax relief for production and acquisition expenditure for British qualifying films costing £15m or less. The Revenue has published guidance on how they presently treat tax relief for film, including s48 tax relief. This is at:

www.inlandrevenue.gov.uk/manuals/bimmanual/BIM50000.htm

Queries about this should be directed to the Inland Revenue. An Inland Revenue document entitled "Avoidance using exits from businesses that have accessed film tax reliefs" is available on their web-site, using their search facility, and you may wish to note it includes relevant Inland Revenue contact details. Another Inland Revenue document called "tax avoidance using film and partnership reliefs" can be found at the same link: www.inlandrevenue.gov.uk

Sale and Leaseback Access to film tax benefits is often via a sale and leaseback deal whereby a film maker sells the negative to an acquirer, eg a bank, who then leases it back again to the maker for exploitation purposes. The acquirer sets off its expenditure against its own tax liabilities using the advantageous tax provisions for film set out above. It is able to pass on some of the benefits it gains in terms of cashflow to the film-maker through favourable terms in the lease. The benefit to the film-maker is generally around 10% of the production cost. The mechanism is used for both larger budget films and packages of smaller budget films. DCMS does not provide a list of those firms who arrange sale and leaseback products.

PRODUCTION FUNDING There is no automatic support for film in the UK. However, having a film certified by DCMS as a British film may be important for the elective support available from these bodies:

i) The UK Film Council, 10 Little Portland Street, London, W1N 5DF. Tel: 020 7861 7861/ Fax: 020 7861 7866 www.filmcouncil.org.uk

ii) Lottery Unit, The Arts Council of Northern Ireland: Tel 028 9038 5200/ Fax 028 9066 1 715 www.artscouncil-ni.org

iii) Lottery Unit, The Arts Council of Wales: Tel 029 2038 8288/ Fax 029 2039 5284 www.ccc-acw.org.uk

iv) Lottery Department, Scottish Screen: Tel 0141 302 1700/ Fax 0141 302 1711 www.scottishscreen.com

In the case of such funding, producers should be aware that these bodies have other considerations to take into account when making funding decisions.

EC Certificates of Nationality

British film certification under the Films Act 1985 by DCMS is not directly related to the issuing of EC certificates of nationality.

To facilitate distribution of films in and by the European Community, an EC Directive was issued in 1963 (63/607/EEC) providing for freedom to distribute and exploit films. That directive is no longer in force. However, many European countries continue to seek evidence that English-language films originate in the European Community. Therefore, EC certificates of nationality continue to be issued in the UK by DCMS.

Details of the rules and application procedure are set out on the DCMS website.

FILM CLASSIFICATION

British film certification is not directly related to "film classification". Film classification by the BBFC is for censorship purposes, whereas British film certification under the Films Act 1985 by DCMS is a gateway to film tax reliefs.

CINEMAS ACT 1985

British film certification under the Films Act 1985 by DCMS is not directly related to the licensing (and exemption) of premises for showing films under the Cinemas Act 1985.

Appendix C: Example of interview schedule

| | Question | Prompt | Reason |
|---|---|--|---|
| 1 | How did you get into the film industry? | Was it always an ambition? | Find out level of education, qualifications, motivations |
| 2 | What experience did you bring to your current job? | What skills could you transfer to this role? What benefits did your previous experience provide you with? | Evaluate the different elements which constitute the approach |
| 3 | Who has the responsibility for the P&A budget? | Marketing/ Distribution? | |
| 4 | Who ultimately authorises expenditure for P&A? | Marketing/ Distribution? | Who has ultimate authority? |
| 5 | Can you give me an outline of the decision making chain in relation to publicity and marketing decisions? | Who reports to whom? Is there a strict chain of command or are ideas generated collectively? | |
| 6 | What impact does/ will the internet have upon distribution? | | |

| | | | |
|----|---|--|----------------------------|
| 7 | Plunkett and MacLeane | | |
| 7a | How was the idea for this project arrived at? | Who drove it? | Where are ideas generated? |
| 7b | At what stage did you get involved in this project? | How much input did you have? How much time was available to plan the campaign? | |
| 7c | Can you explain a bit about the early distribution activities that took place during this campaign? | Publicity events? Level of awareness created in the media? | |
| 7d | What were the main strengths of this project in terms of marketing? | | |
| 7e | What were the main weaknesses of this project in terms of marketing? | | |
| 7f | Can you explain the process used to identify the target audience for this film? | | |
| 7g | Who was involved in this process? | | |
| 7h | Did you use Recruited Audience Screenings to test this film? | | |
| 7i | What results did these produce? | Was it to your expectation? | |
| 7j | What release strategy was chosen and why? | Did this strategy change for any reason? | |
| 7k | Was this film successful? On what terms is this success/ failure measured? | Was the success box office? What about critical acclaim? How does critical acclaim translate into receipts? Implications for video, | |

| | | | |
|----|---|--|--|
| 8 | Notting Hill | | |
| 8a | How was the idea for this project arrived at? | Who drove it? | |
| 8b | At what stage did you get involved in this project? | How much input did you have? How much time was available to plan the campaign? | |
| 8c | Can you explain a bit about the early distribution activities that took place during this campaign? | Publicity events? Level of awareness created in the media? | |
| 8d | What were the main strengths of this project in terms of marketing? | | |
| 8e | What were the main weaknesses of this project in terms of marketing? | | |
| 8f | Can you explain the process used to identify the target audience for this film? | | |
| 8g | Who was involved in this process? | | |
| 8h | Did you use Recruited Audience Screenings to test this film? | | |
| 8i | What results did these produce? | | |
| 8j | What release strategy was chosen and why? | Did this strategy change for any reason? | |
| 8k | Was this film successful? On what terms is this success/ failure measured? | Was the success box office? What about critical acclaim? How does critical acclaim translate into receipts? Implications for video, TV? | |

| | | | |
|----|---|--|--|
| 9 | Elizabeth | | |
| 9a | How was the idea for this project arrived at? | Who drove it? | |
| 9b | At what stage did you get involved in this project? | How much input did you have? How much time was available to plan the campaign? | |
| 9c | Can you explain a bit about the early distribution activities that took place during this campaign? | Publicity events? Level of awareness created in the media? | |
| 9d | What were the main strengths of this project in terms of marketing? | | |
| 9e | What were the main weaknesses of this project in terms of marketing? | | |
| 9f | Can you explain the process used to identify the target audience for this film? | | |
| 9g | Who was involved in this process? | | |
| 9h | Did you use Recruited Audience Screenings to test this film? | | |
| 9i | What results did these produce? | | |
| 9j | What release strategy was chosen and why? | Did this strategy change for any reason? | |
| 9k | Was this film successful? On what terms is this success/ failure measured? | Was the success box office? What about critical acclaim? How does critical acclaim translate into receipts? Implications for video, TV? | |

Appendix D: Awards for Elizabeth

Awards for Elizabeth (1998)

Academy Awards, USA, 1999

Won

Oscar Best Makeup - Jenny Shircore

Nominated

Oscar Best Actress in a Leading Role - Cate Blanchett

Best Art Direction -Set Decoration - Peter Howitt, John Myhre

Best Cinematography - Remi Adefarasin

Best Costume Design - Alexandra Byrne

Best Music, Original Dramatic Score - David Hirschfelder

Best Picture - Tim Bevan, Eric Fellner, Alison Owen

American Society of Cinematographers, USA, 1999

Nominated:

ASC Award Outstanding Achievement in Cinematography in Theatrical Releases -
Remi Adefarasin

Australasian Performing Rights Association, 1999

Won:

APRA Music Award Best Film Score - David Hirschfelder

Australian Film Institute, 1999

Nominated Best Foreign Film Award - Tim Bevan (producer), Eric Fellner (producer),
Shekhar Kapur (director), Alison Owen (producer)

Bodil Awards 2000

Nominated

Bodil Best Non-American Film (Bedste ikke amerikanske film) - Shekhar Kapur (director)

British Academy Awards, 1999

Won

Alexander Korda Award for Best British Film - Tim Bevan, Eric Fellner, Alison Owen

BAFTA Film Award Anthony Asquith Award for Film Music - David Hirschfelder

Best Cinematography - Remi Adefarasin

Best Make-Up/Hair - Jenny Shircore

Best Performance by an Actor in a Supporting Role - Geoffrey Rush

Best Performance by an Actress in a Leading Role - Cate Blanchett

Nominated BAFTA Film Award Best Costume Design - Alexandra Byrne

Best Editing - Jill Bilcock

Best Film - Tim Bevan, Eric Fellner, Alison Owen

Best Production Design - John Myhre

Best Screenplay - Original - Michael Hirst

David Lean Award for Direction - Shekhar Kapur

Broadcast Film Critics Association Awards 1999

Won

BFCA Award Best Actress - Cate Blanchett

Breakthrough Artist - Joseph Fiennes, Also for *Shakespeare in Love* (1998).

Nominated

BFCA Award Best Picture

Camerimage, 1999

Won

Golden Frog - Remi Adefarasin

Chicago Film Critics Association Awards, 1999

Won

CFCA Award Best Actress - Cate Blanchett

Nominated

Best Cinematography - Remi Adefarasin

Best Original Score - David Hirschfelder

Golden Globes, USA, 1999

Won

Best Performance by an Actress in a Motion Picture - Drama - Cate Blanchett

Nominated

Best Director - Motion Picture - Shekhar Kapur

Best Motion Picture - Drama

Golden Satellite Awards, 1999

Won

Best Motion Picture Costume Design - Alexandra Byrne

Best Performance by an Actress in a Motion Picture - Drama - Cate Blanchett

Nominated

Best Director of a Motion Picture - Shekhar Kapur

Best Motion Picture - Drama - Tim Bevan, Eric Fellner , Alison Owen

Best Motion Picture Art Direction - John Myhre

London Film Critics Circle Awards, 1999

Won

ALFS Award Actress of the Year - Cate Blanchett

British Producer of the Year - Tim Bevan,, Eric Fellner, Alison Owen

MTV Movie Awards, 1999

Nominated

Best Breakthrough Female Performance - Cate Blanchett

Motion Picture Sound Editors, USA, 1999

Nominated

Golden Reel Award Best Sound Editing - Foreign Feature unknown

National Board of Review, USA, 1998

Won

NBR Award Best Director - Shekhar Kapur

Online Film Critics Society Awards, 1999

Won

OFCS Award Best Actress - Cate Blanchett

Screen Actors Guild Awards, 1999

Nominated

Actor Outstanding Performance by a Female Actor in a Leading Role - Cate Blanchett

Society of Motion Picture and Television Art Directors, USA, 1999

Nominated

Award for Excellence in Production Design Feature Film - John Myhre

Southeastern Film Critics Association Awards, 1999,

Won

SEFCA Award Best Actress - Cate Blanchett

Toronto Film Critics Association Awards, 1998,

Won

TFCA Award Best Female Performance - Cate Blanchett

Venice Film Festival, 1998

Won

Max Factor Award - Jenny Shircore

Appendix E: Example of analysis

generate, put the two together and then you know. What we do is at the very early stages, you know, when the scripts put forward, without even necessarily cast, to evaluate the commercial value we think the project will yield. And we have to stick to that, because we're expected to get those numbers in.

(40) Forecasting/
Add research/
Script/
Greenlighting
Budget!

What sort of things do you look for in greenlighting?

Cast, cast is very important. Em, you know, its market value of the lead talent. Genre, genre, the director, the elements of the script itself, i.e., is it based on an international best seller, like *Captain Corelli's Mandolin* or is it an original screenplay.

(41) Cast/
greenlighting
(42) Genre
(43) Director
(44) Script/Genre

Em, ah, you know, and again, you're looking at every level and using your nose, but your nose and sense of smell is really geared by what you've learned about those specific markets themselves.

(45) Intuition/
Culture!

Would you rate certain of those aspects above others?

I don't think you could come up with a geometrical formula that does it, you know, we are, one of the most interesting aspect of the business is that we are, sitting on a tightrope between creativity and commerce.

(46) Success/
Strategy!

Um, and you know, I think you'll fail in this business if you try to be too psychic on the commercial side, but equally you'll fail in this business if you're too creative and don't think about the business side.

Trying to balance the two in the decision making process is a knack in itself. Um, and that's something that I think we've been doing. Somehow we've managed to get the two sides working very closely together, which is really not easy.

(47) Decision-making

Um, but um, yes, at the green lighting stage we'll look at the numbers, we'll do the market research; we'll look at other films that we consider to be comparative to the project in hand. We'll look at the talent to see how successful its been. You do get oddities, you do get um, for

(48) Greenlighting/
research/cast

NB

³³ importantly, is it something that is right for their market? Is it something that they can, you know, within reason, go to their audience and say, will you watch this film? Can they go to their exhibitors, like the cinemas, and get the films into those cinemas? Um, which is another area of the business that is not always easy. I mean, you know, there's ³⁴ no point releasing a, a film you spent a lotta money on, on one screen, because even before anyone goes to it, you're never gonna make your money back. So you need to have a film that's going to be easy to position, or relatively easy to position for the exhibitors themselves, on a wide enough level to make it a real business proposition.

³³ Culture / distributor / exhibitors / target audience

³⁴ Budget / release strategy / exhibition

³⁵ Target market / exhibition

When you go to a pitch, have you got a . . .

Absolutely. You build, well, ³⁶ research as such is that its partly, partly experience, em, partly from being in the business for a number of years, you get to learn from buyers themselves as to what there is. I mean, ³⁷ the other form of research as well is just looking at the box office number. We have a, em, box office database, which is crammed with not just the numbers from our films but also from all our competition and you know, and local films as well going back to, you know, the early 90s. And this is something you really need to be aware of, because ³⁸ there's no point going and saying, hey I've got a fantastic baseball movie em called for the Love of the Game, with Kevin Costner and find out that every Kevin Costner film for the last 3 years has bombed at the box office, and not only that, but everybody hates baseball movies, because, you're just going to look stupid in the eyes of the buyers.

³⁶ Research / intuition

³⁷ Add. research / (box-office)

³⁸ Genre / Target audience, Research / Reputation

Em, you know, one thing we do is we also set the pricing. Em, ah, we have global investing in the project, um, ³⁹ we ah, do the greenlighting of the script. Basically, we don't just invest in movies on a whim,

³⁹ Greenlighting / Sales Agent / Add research / intuition

em every project that's put forward, even if its self evidently fantastic, we will run numbers at quite a detailed level, to work out what previously our own operations were handling, and what we can

(27) to reach one of those three markets, we don't really attend the others,
we'd much rather spend the year travelling to the markets specifically
for market research and to build up relationships with the distributors.
Um, so there are 3 dates that we have in the diary and as I said, there
are three opportunities to sell the film.

(27) Strategy /
Markets

(28) Um, commonly the approach that we would take is to, get a script, um,
the project would be greenlit which eh, you know for us is, is
something that we have a reputation to maintain so we never float
projects that aren't going to be made. (29) We would get a script, for which
we would have got the cast and the budget and know its going to go
into production and we would then um, prior to the market, about four
or five weeks before, um, issue the script to our main distributors for
them to just get familiar with the project. Um leading up to the time
where we get em the market itself and start to really go, go for a pitch.
And so, what we do in contrast say with the TV business, is we are
very much involved in eh, and when we go to the market, especially on
a hot project, em something which is you know, definitely going to be
sought by distributors in the market. Em, we do handle the start and
production process.

(28) Script /
Greenlighting /
Reputation

(29) Script / Cast,
Budget / Market

Every buyer from around the world is there, em they're all there to buy.
They have usually budgets for the market, and they you know, there is
usually only a handful of good films to buy, you know films that are
evidently worthwhile going to such a high level and nobody wants to
miss out. Em, and ~~so~~ so they'll come, and you'll have an initial meeting
where you pitch the project. And pitching is, of course marketing, and
theres no set, defined aspect of what that is. Um, I mean ⁽³¹⁾ invariably,
what you're really trying to do is give a picture of how the distributor,
who are usually lazy people, in that they don't want to take risks, you
know, unless they really believe in something that is unusual. What

~~(30) Pitching~~

(31) distributor /
pitching /
risk

(32) they want to see from you, is that the film that you're gonna em ah,
make is going to live up to your own expectations, i.e. you know, you're
saying why you invested in the film, is it going to live up to that. More

(32) Intuition / for

working with independent distributors, that it can work with us
successfully and help widen its production slate in a carefully
orchestrated way. Um you know, help them to diminish their risk in
certain areas, to make the most of the money they have to invest in all
projects.

Okay, occasionally they won't have the world and all media rights but nevertheless, you know, if it helps get product made if it means that they can get a project that they would like to invest in but only for America or on a certain value internationally, they can do that, or, you know, you know, and films that are, apart from that they could be easy to work with. It could be very useful to them. So in the last few weeks we've been looking at all sorts of projects, not just from the usual channel of production that we've been working with, which would be the Working Title's, Castle Rock, DNA, but also from the main core Universal product as well to see if its worthwhile them, ah, exploiting our operation, the benefits of our operation, em like maybe selling off Japan on a few projects and so that way, creating a degree on a huge chunk of the project.

(23) Strategy .

Em, so that's a brief overview, now in terms of marketing the films, what do we do? Well, I think we sell the sizzle and we also sell I think utures in film. Because invariably there are 3 stages, there are 3 markets a year, three stages of markets where we would sell. Um, the three markets would be the American Film Market in Los Angeles in February, the Cannes Film Festival which is a combined festival and an actual market as well, which is two weeks long. And then, ah also there's the London screenings for MIFED, which is kind of a schizophrenic market, the first part of it in London and then it shifts to Milan. And those are the three main dates in the diary, um there are other opportunities, but there much more inconsistent, some people like to go to Toronto, and you know, if you've got the film that's positioned in the festival and theres enough buyers there to take advantage of, maybe you can get deals if you want. But, for us, its certainly critical

(24)
(25) Festivals / Markets / Strategy .

(26) Markets / Strategy .

get one or two of them, you know, that does help. I mean, it's only Bond or Jurassic Park that have like several. Or animated pictures, you know, they can obviously tie-in to all the fast food chains and toy stores as well which is a big deal. But for the romantic comedies, this is as much promotion as you will see for any romantic comedy and historically Julia Roberts hasn't approved any promotions before. So to get her to okay Max Factor and Haagen Daas was, you know, a big step.

(65) Product placement
Contracts
Stars.
Genre.

And the placement of Captain Corelli's Mandolin in the last scene, was that the director's initiative?

Yes, it was just a, it was just a, I think it was just, it wasn't a placement, it was just a gag, just a joke.

Yes it was his next..

It was a joke, an insiders joke because he knew and it would probably be his next, or he suspected and yes Working Title knew it was the next project on their books. So it was just that, it wasn't a placement it was a joke more than anything.

Ok. Can you think of anything else?

There probably is, but nothing that I can think of off the top of my head. But I mean I think that is the bulk of it.

Okay

few other brands but we weren't able to sort anything out with them. And eventually it came down to two really. Haagen Daas who had a placement and they paid a fee for a placement but it was a fee against a guaranteed support further down the line. They had a, you know, a great scene whereby Hugh and Julia were eating ice cream, you know, a really romantic scene and she was holding the carton of Haagen Daas which was clearly visible. And, I don't know, I think we a nice little promotional deal with them, it could have been bigger. It could have been bigger, I don't know quite what they were expecting, they had like it was compared to a placement in most movies, they had a very big placement in a very effective scene, perfect for their product. I thought they were going to do more, but they didn't. But the biggest one was Max Factor which, it's not placed as such in the film, but to deal with ????? in a similar way and Julia Roberts okayed it cos she supported the concepts of the make up of the make up artists and she always got on with the make up artist. So she okayed the use of the poster in those ads. And the whole idea was that when we started was there was going to be a TV campaign as well, but in the early part of the year, Max Factor signed a deal with Madonna and they shifted their TV budget into the Madonna promotion, which was disappointing but I mean if you saw any of the Madonna ads, she completely endorsed the product where as, you know, Julia Roberts and Hugh Grant were not endorsing this product, it was just the tie-in. So those were the two main ones. There was also a promotion of Coca Cola but it never really took off in the UK. I think they did some work in the US with it. And the problem is that there is such huge lead times with most of these products that it's difficult to, you know, it's so difficult to set them up. And also there are contractual problems with talent not wanting to be associated with certain products. But if you can

60 Product placement

61 Product placement

62 Product placement
Promotion

63 Product placement

64 P. Placement/
Contracts

poster. We used those them in some, print ads as well which helps, and just gives the people the feeling that this was something that could revisit, or if they missed it, it was something they should want to see. But yes, it's important to kind of eek out the extra dollar on films like that. The longer you can keep it going, the better it is. And if you remember, Full Monty, and that film played throughout that summer of whatever, 97, or whatever it was, and cos they threw loads of money at it. They spent an absolute fortune in supporting it. We didn't go quite to that extreme, but we certainly spent very, very competitively compared to any of the other studios.

And, can you tell me a bit more about promotional partners and product placement and things and how those deals come together just in general?

Yes, we had, well we brought a company on board called IEM to help us with product placement and promotions and there were quite a number of companies placed. Or we, we approached a lot of companies but in the end we, maybe half of those were placed in the film in various functions.

The whole motivation was to secure, rather than to secure a fee for placements, to secure promotional support during the release of the film.

And obviously some, a lot of those placements weren't really in position to support it, you know and some were. But and some were. We had one with Heineken which was going to be really quite interesting.

There's a huge scene in the film with Heineken written into it, but it never made it to the finished film. That would have been a great tie-in, but it was on the cutting floor so we weren't able to carry forward with that one. And there was, there was Peugeot we were talking to, and a

(55) Publicity / ~~character~~ exhibitions want-to-see

(56) P+A

(57) Product placement

(58) Product placement Promotion

(59) Product placement editing

know, our competitors normally would see, so for example our rentals on Notting Hill were probably better than UIP's were, definitely better than UIP's rentals on the Mummy, now UIP obviously would, you would think would have a lot more leverage with that kind of level of product than we did, but the film was so strong, that that benefited us hugely. Yes, I think that was really the strategy wide. The same in the US it went wide, it was like 2600 screens, again a big P&A, probably about \$20 million. You know, big release films, you know, spend that sort of money in the States. And again, very, very TV driven. In the UK we also did a lot of outdoor advertising, 96 sheet billboards in all the major cities, plus on British Rail we have a lot of sites, huge 48 sheets on British Rail, and postering, general postering bus shelters and so forth. And then there was also support from, some support from the promotional partners that we brought in. We had a deal with Haagen Daas which is relatively small, but you know, it helps. And then as the film had been open 2 weeks or something, or 3 weeks and then our deal with Max Factor kicked in. And they had a deal whereby they could use the poster artwork and they did a huge amount of postering up and down the UK and in other territories as well, which really helped I think carry, you know, supported the campaign and I mean that was, once that opened well, it was a question of supporting the campaign and we did, I mean we did another series of posters that we used in London and some other cities. But we introduced Spike into the campaign to refresh it, so for example, where you had, there were 2 posters, there was Hugh, the original poster was Hugh walking by a billboard of Anna Scott and we had two versions, one where Spike was walking behind him, wearing only his underpants, giving the thumbs up and a second image where Spike was up a ladder spray painting his name on the wall beside the

(49) Release strategy .

(50) P&A/budget

(51) Publicity

(52) Product placement
Haagen Daas

(53) Product placement
- Max Factor .

(54) Publicity

of like a Premiere or something like that and she was looking all incredibly glamorous and he was slightly nervous which we thought encapsulated the concept. But they didn't like it for various reasons, so we went back, we went back to the drawing board there, but I mean it was, you know, we still had time at that point, it wasn't like we were really up close to it. Hugh was involved in it as well, you know. He takes an interest, you know, as a producer and writer himself, he was very interested. So no, there wasn't really any contractual thing. I think actually, that contractually they're supposed to have equal likeness in artwork, although the poster image has obviously Julia's face a lot bigger than Hugh Grant although proportionately there is as much of her as there is of him loosely, but they appreciate the fact that it is a concept that works and they liked it, you know, even though Hugh's was slightly smaller, and we made him bigger but even though it was smaller, he didn't have a problem with it because it tells the story of the film really well.

Could we just go back on the release strategy. You opened it wide didn't you?

Yes, it opened wide, it's the widest release that we've ever had in the UK. It was like 450 prints I think, and it was the biggest P&A that we ever had in the UK. And it's a similar strategy across Europe. Very TV driven, lots of the budget was spent on TV ads which you need to do to get that, an audience that big, that broad. And on the great thing is, certainly in our territories, something that really helped us, is that we were able to negotiate very favourable rentals on this film, especially in the UK, cos it's UK rentals were significantly higher than other, you

④② Star/contracts/
credits/public

④③ Contracts/public

④④ Release strategy

④⑤ P&A, budget

④⑥ Release strat

④⑦ Publicity/budget
target audience

④⑧ Distribution

What release strategy was chosen and why?

Well, it was chosen to release as close as possible the US and UK partly because Julia Roberts was shooting in another film and she needed to do the, you know, the Premiere publicity all at one go. The other thing that affected the date was that she had wrapped Runaway Bride which was also another early summer release. We were just trying to make sure that the two films did not clash in any way. So that was one factor that dictated the date. The third factor that dictated the date was Star Wars. You know, we wanted to make sure that we got it out in the US and the UK, you know, well ahead of that film. Although interestingly the film, Notting Hill played alongside Star Wars very effectively throughout the summer and in a way complemented their audience. And what else? The other thing was that May was this great date for romantic comedies. You know, just before you go into the summer and in a date that affected the European and UK dates was the football this summer. We just moved to one side of the footy.

Were there any contractual restrictions that impeded the marketing process in relation to this film?

No, not really. Although, Julia Roberts had approval over the marketing materials, so we had to show her everything we were doing, but that's not unusual. We did come up with one idea for a poster that everyone really liked and that she killed, that Julia and her agent killed, which was, it was basically that a ~~closer crop~~ close up of the two of them together coming out

(37) Release strategy, star/publicity

(38) Release strategy

(39) " "

(39) Release strategy

(40) Release strat.

(41) Creative control / star/publicity, contracts.

was excellent and I think the second, it was probably maybe the second test they got the highest ever, you know, that was I think it was the highest ever test score recorded in the UK, I think it was 1 point ahead I think, of Full Monty. But I mean we kept testing it because it was clear that there was more to be had out of it because, you know, just sitting with an audience and hearing them react, you know, you can just see where the picture was edited wrong like, I don't know, where for example little things that, you know, if there are two jokes too close together, you know, people will be still laughing at one and they won't get the second. You know, so that was looked at and also the spacing of the film was looked at and then as I said, there was so much material in the film that they had to decide which sections worked the best, because they wanted to end up with a film that was no longer than two hours really, but they had so much good stuff, it was a question of testing which group of scenes and gags worked best together. So that's why there was so many test screenings. Of course, the test figures appeared in the press very shortly afterwards, people, when you have that sort of test where everyone was talking about it, so they knew there was something special in the air which did us no harm at all. What it meant was that everyone else in the industry knew about it and were moving away from the date that we had staked out for Notting Hill. I mean the dates, you know, we staked out that May date very early, everyone knew that we were going to take that date, it was close to the Four Weddings date in the UK and the US had a date that was you know was around the same, I think, I think it was actually the same date, so other productions effectively moved away when they heard the rumble of Notting Hill in the distance. Yes, so they produced, they produced fantastic results.

(33) RAS .

(34) Creative sphere +
editing

(35) Publicity

(36) Release strategy

know, 15-50, you know, skewing female, naturally. But very broad appeal, certainly more broad than say for example Micky Blue Eyes. You know, that level of talent really does appeal across the board.

Who was involved in this process?

Well, it was something, it was a common decision, you know, everyone understood the audience we were going for. We wanted this to be at least as successful as Four Weddings & a Funeral, so it was going to be at least, to appeal to at least as broad an audience. And indeed this film did appeal broader, certainly in the US. I mean, Four Weddings & a Funeral did 55 million in the US, bringing American stars to the table, especially Julia Roberts calibre and you bought, you bought a guarantee to an even wider audience and that was reflected around the world.

Do you use recruited audience survey, audience screening to test this film?

Yes, there were loads of them, well about seven of them I would say. Five I think in the UK, and two in the States, or maybe three in the States. And the first ones were in the UK, the first one was in Wimbledon Odeon, tested quite a lengthy cut of the film and even then it tested through the roof.

Yes

It was, it was like two and a half hours the first cut, easily. And it had lots of scenes that never made the finished film, but the audience reaction

② Decision making

③ Target audience + star appeal.

③ RAS

③ RAS

mean it had been, it was a phenomenon and, you know, a hugely loved film, so that was good. Hugh Grant was a plus although less of a plus than we would, slightly less of a plus than, he wasn't as hot as he was immediately after Four Weddings and he's obviously taken some time off, but obviously, you know, he was key to that role, the role was written for him and no-one could have done it as good as Hugh Grant would have done that role. And it also had a strong supporting casts. I mean they cast some fantastic actors in the supporting roles and the other key thing about it was that it was just a superbly written script and certainly one of the best scripts of the year, no doubt about it.

What are the main weaknesses?

I don't know. The main weaknesses were there was a risk of over exposure or overkill, I mean, obviously the press, you know, hailed, all of the tabloids had pictures of the cast on the set during production and there was a lot of talk about, you know, it could have, if we'd started earlier, that would have been a risk, you know, overkill, but I mean it wasn't really, I mean I can't think of a of weakness as such on this project. I mean the budget was bigger but even then it wasn't, you know, such as high as that it was inherently risky.

Right

The process used to identify the target audience?

Well, common sense was the process. I mean it's a romantic comedy and with very, very broad appeal. You know, broad appeal from, you

(23) Star



(24) Supporting cast

(25) Excellent script

(26) Budget

(27) Target / intention
(28) Genre

very collaborative process in this film. The other early marketing activities was, well, there were a lot of press on, there were quite a few press on set and which was obviously, they visited set and they did some interviews and there was a whole of buzz at the time about the fact that the production was filming in London in Notting Hill. Julia Roberts walking up and down Portobello Road, obviously, excited a lot of people. So everyone knew it was on and the press were all excited about the fact that this was the, they were calling it the sequel to 4 Weddings & A Funeral even though it wasn't. So right from the word go there was a buzz, there was a buzz there.

What are the main strengths of this project in terms of marketing?

Well, the main strength is Julia Roberts, who is clearly the most bankable star in, female star in the world, maybe star in the world now. I mean, she's, her last, you know, films Notting Hill, Runaway Bride, Stepmom, My Best Friend's Wedding, I mean, it's even Stepmom which was a bleak drama, was grossed \$90 million in the US. So she's on a roll now whereby she can do no wrong it seems. So she was, when she signed on, that was fantastic and the role was pretty much written for her, Richard kind of knew who he wanted, it was always his fantasy to, you know, what would happen if I turned up at a party and I had either Madonna or Julia Roberts with me, you know what reaction would my friends have, that was what propelled, you know, him to write this. So that was great, and the other big plus was that, was the pedigree from, you know, from the creators of Four Weddings & a Funeral. Four Weddings was already the highest grossing, the highest grossing British film, or second highest? I think, well depending on your definition of a British movie, it was, I

(17) Decision making

(18) Publicity

(19) Word of mouth

(20) Star

(21) Development-

(22) Writer/director/producer.

really know each other, which was the only problem with that shoot. You know, for a romantic comedy you want a little rapport but they actually turned it on remarkably well, so that was a very good start. And probably the next thing that happened was that, well as soon as the photography was available we actually started working on poster campaigns. This has been the longest, biggest campaign we've ever, we've ever done in terms of effort and resources. I mean a lot went into this film very early, right up to the release.

⑫ Publicity

Where you afraid of overkill?

No, it wasn't really a case of overkill, it was a case of, you know, we wanted to make sure we got the best trailer and the best poster and so every avenue was explored and Duncan and Richard and Eric are very, you know, very keen that everything is explored, you know, they want, we pursued many more avenues, many more routes, we tried so many concepts, you know, we pretty much knew what we had was right because we tried everything else. Often on films you don't have the time or the budget to be able to go into that level of detail. But this was important enough to really, really try. The only thing I would say is that I wish we could have got a different, it didn't affect the film at all, but it's nice to get materials out earlier than we did. Although the trailer was playing here in, the film opened in May, so the trailer's probably playing in March in that the original plan was to have the trailer playing for the Christmas before, a teaser trailer, but we could never, we never had anything that we could agree on. And the same idea for a teaser poster, but we couldn't come up with the concept everyone was happy with, so we waited until we had something that everyone wants. It was very, a

⑬ Publicity

⑭ Writer / producer
Director

⑮ Budget

⑯ Publicity /
timing

6
goer, fantastic script, Hugh Grant was confirmed and Julia Roberts was,
you know, at that stage, you know, still very interested.

But very early, I mean in pre-production, we met with Richard Curtis and
Duncan Kenworthy, the producer and Eric Felner from Working Title
and we talked about how, you know, how he wanted, you know, to work
on the project and sort of the early questions were how, you know, about,
the early questions were the title of the film, I mean it was called the
Notting Hill project but we went, I mean through the period of months
from pre-production through until well after the film finished, we were
still discussing that one. You know, the pros and cons of various
different titles came up but eventually Notting Hill was settled on. And
we also discussed how we would position the film and it was clearly it
was a star driven romantic comedy with, you know, the emphasis on
Julia Roberts and with the emphasis probably a bit more, a bit on comedy
as well, especially in the UK. We drew up a number of teaser trailer
scripts as well, we thought it would be nice to do something that really
very early, teaser trailers, but perhaps were shot directly for, you know,
specially as teaser trailers. Although we came up with loads of them,
some of them were really funny and really good, we could never really
get a consensus on going forward with any of them. So that didn't
happen.

OK

We also talked about doing a photo shoot with the talent, which was
difficult given the schedule, so we did set one up on like the first day, the
day before they started shooting with Julia and Hugh, so they didn't

5 Script
6 Stars

7 Development

8 Target audience

9 Genre / Star
~~10 Star~~

10 Publicity

11 Publicity

Interview with Kieran Breen

It's busy all of a sudden which I didn't expect.

Yes, if you've got your little questionnaire thing, I'll give it a bit of a start. Tell me

How was the idea for this project arrived at?

It was an idea Richard Curtis had a number of years ago, I think he even had this idea in his head when he was making *4 Weddings & A Funeral* and I think very shortly after that he started work on it and it was a project that, you know, he was writing for a long time before he was confident, you know, to pass it to Working Title. And of course it was fantastic.

At what stage did the marketing department get involved?

Well as soon as the script arrived at Working Title, I mean we all saw it and obviously the sales guys read it to do the numbers for the, you know, for the sales activities and you know the film was taken to the first market which was, I don't know, about 2 years ago now I suppose. We didn't actually create any material, sales materials for this film because it was such a strong package that there wasn't really a question of having to convince any one of it's, you know, viability. It was an immediate

① Development

② Budget
③ Film market

④ Promotion

Appendix F: Example of coding spreadsheet

| | Development | Star Quality/Cast | Director | Producer | Scriptwriter | Script | Genre | Target Audience |
|---|----------------|---|----------------------------|----------|--------------|--|---|----------------------------------|
| Chloe Sizer 2 | 1 | 44,49 | | | | | 25,26,46 | 41,45, |
| Ron Fogelman | 57, | 29,41,95,100,112, | 41,77, 104,106, 109, | 7,77, | | 28,29,40,44,57/8/9 60/1/4/5/6,91/2/3/4, 95/9,101/6/7/9,111 | 14,38,42,85/6/7 101/2/3/5/7/8/9, 109,113/5/6, | 33/5/8,117 |
| Kieran Breen | 1,7,21 | 6,9,20,23,24 30,37,41,65,66,67 | 14,22 | 14,22 | 5,14,22,25 | | 9,28,65 67 | 8,27,30,47,67,68 69 |
| Charlotte Saint and Kieran Breen | | 9, 23, 25, 26 | 10, | | | | | 19, |
| Denise Bassett | 11, | 12,15,16,17,24/7/9,39 40/9,50/2/3/5,7/8,60/1 62/6,73/7/8,80 | 13,14,69 73,77,83 | 12,27,77 | | 19,48,49,60 67, | 14,35,54, 75, | 30,31,43, |
| Industry expert 1 | 2, 5, 21/2/3/4 | | 16 | 18, 20 | 15 | | 14, 38 | 17, 19 |
| Industry expert 2 | | | 11, | 11 | 11 | | 2,3,4,21, 22,27, | 8,10,13,16,17,18 20,22,25,27, |
| Industry expert 3 | | | 18, | | | | 4,23, | 5,6,9,14,19,21, 22,23 |

| | Language | RAS | Add. Research | Intuition | budget | decision making | technology | Word of Mouth | Want-to-see | Must See |
|---|----------|----------------------------|----------------------------|-------------------|------------------------------|-------------------------|------------|---------------|-------------|----------|
| Chloe Sizer 2 | | 10, | 21,38, | | 18,26, | | | 17 | | |
| Ron Fogelman | | | 36/7/8/9,40/8, 55/6,89, | 32/6/9,45, 71, | 11/7/8,20 29,34,40 71, | 47, | 4,5,6, | 91, 72, | | |
| Kieran Breen | 69 | 31,32,33, | | 27, | 2,15, 26 45,47,50 | 17,29, | | 19, | 55, | |
| Charlotte Saint and Kieran Breen | | 3,4,18,20, | 5, 15 | 17, | 8, 22, | 1, | | | | |
| Denise Bassett | 10, | 32,33,34, 35,62, | 38,47, | 38,77, | 7 | 5,8,18,23,30, 34,36, | 9, | | | 72 |
| Industry expert 1 | 26, 27 | | | | 12, 26, 28 | | | | | |
| Industry expert 2 | 24,29 | | | | | | | | | |
| Industry expert 3 | | 1,2,4,13,19 21,22,24,28 | 25,26,27 | 10,11,12,19 | 19,27,28 | | | | | |

| | Release strat | success | subsidy | distribution | Integ. Structure | Info Slow | P&A | Rights/ library |
|---|--------------------------|-------------------|--|----------------------------|----------------------|-----------|----------|-----------------|
| Chloe Sizer 2 | 9,14,24,28,32 | 23 | | 2,3,4,13,39 | | | 18,27 | |
| Ron Fogelman | 34,97,117/9 | 3,12/4,96 116, | 7,8,9,31/3,52/3/8,61 66,71/3,98,111/9 | 1,7,13/6/8,22 | | | 11 | |
| Kieran Breen | 36,37,38,39,40 44,46, | | | 48,49, | | | 45,50,56 | |
| Charlotte Saint and Kieran Breen | 13, 28, 31 | 6 | | 12, 14, 27 | | | | |
| Denise Bassett | 36,66, | 41,63,76, | | 37,66, | | | 4,8,38, | |
| Industry expert 1 | | | 3,28, 30 | 2, 4, 10, 11, 13, 29 36 | 6,8, 31, 32 33,36 | | 9 | 34, 35 |
| Industry expert 2 | | | | 14, | | | | |
| Industry expert 3 | 16,17, | | | 16, | 8, | | | |

| | Public Policy | G'lighting | Creative decisions | Critical acclaim | Culture | Publicity | Contracts | Festivals |
|---|-----------------------|------------|-------------------------|--|--|-----------------|-----------|-----------|
| Chloe Sizer 2 | 11,20, | 6,7, | 29,30,40, | 16,35, | 19, | 22,36,37 | | |
| Ron Fogelman | 39,40/1/8 28,39,57 | | | 2,3,13/6,33,45 49,50/2/3,77, 83/6/7/8,116, | 19, | 25, | | |
| Kieran Breen | | 34, | | | 10,11,12,13,16, 18,35,37,41,42,43, 47,51,54,51,55 | 41,43, 64,65 | 3 | |
| Charlotte Saint and Kieran Breen | 2, | 1, | 7, 29, 30, 32 | 11 | 16, 26, 27 | 23, 24 | | |
| Denise Bassett | 18,19, | 34, | 42,43,44,45,46 47,78 | 38,47,60, 81,82 | 1,2,9,20,21/2/3/4/5/6/7/8 29,31,43,51/3/5/6/7/8/9 61/5,70/1/8,80/2/3 | 53,75, | | |
| Industry expert 1 | 28, 37,39, 40 | | | | | | | |
| Industry expert 2 | 19,28 | | 26, 27 | 1,5,23,24 29 | | | | |
| Industry expert 3 | | 13,18 | | 20 | | 1B | | |

| | Markets | Promotion | Editing | Product P'ment | Exhibition | Cross over | Classification | Branding | Agents | Press |
|---|----------------------|---------------------|----------|-----------------------------|-------------------|------------|----------------|----------|----------|---------------------|
| Chloe Sizer 2 | | 39,41, | | | 8,9,12,16, | | | | | |
| Ron Fogelman | 25/6/7,61/4 79,98 | 71,82/4,97, 103, | | | 33/4/5,118 119 | | | 15, | | |
| Kieran Breen | | 4,58,62, 66,67 | 34,59,69 | 52,53,57,58,59, 63,64,65 | 55 | 66 | 69 | | | |
| Charlotte Saint and Kieran Breen | | | | | | | | | | |
| Denise Bassett | | 3, | 34, | | | | | 64 | 39,40,58 | 55/6/7/9 78/9,80 |
| Industry expert 1 | | | | | | | | | | |
| Industry expert 2 | | | | | 17,18,20 | 27 | | 6,7,8,9, | | |
| Industry expert 3 | | | 13, | | | 7,14 | | | | |

Unit Publicist Awards Sales Agent Trust/Reputation Physical Ev Strategy Pricing

Chloe Sizer 2

Ron Fogelman 110, 7,15,17,39 28,32/8,51,62/3/7, 59,60/1,79, 7,10,11/2/3/5/6/8 54,55
52, 68/9,70/3/4/5,78, 80/1,114, 20/1/2/3/5/6/7,46,
88,90,113, 61/5/7,76,89,

Kieran Breen

**Charlotte Saint
and Kieran Breen**

Denise Bassett 22,61 74,79, 5,6,10a,38,40,68,76,

Industry expert 1

Industry expert 2

Industry expert 3

Appendix G: Chronology of European Quota

Regulations, 1921-1934

Taken from Thompson (1985) Sources quoted: Trade Information Bulletin series, *Film Daily Year Book*, Commerce Reports, *Jahrbuch der Filmindustrie*, *Moving Picture World*)

1921: 1 Jan.-Germany institutes quota: 15% of negative footage produced in Germany in 1919 allowed in, 1921-4.

1925: 1 Jan.-Germany switches to 1:1 quota for features imported.

Italy-exhibition quota: one week in every two months, theatres must show an all-Italian programme.

Hungary-every film exchange handling twenty or more films per year must produce one Hungarian film.

1926: Hungary-importers must sponsor one Hungarian film for every thirty imported.

Sept.-Austria institutes a two-year quota of 20:1. Twenty import licences granted a producer for every domestic film made (licences can be sold).

1927: 1 Jan.-Austria lowers 20-1 quota to 10-1.

1 Apr.-Britain's Quota Act: renters must handle 7.5% British films, graduating to 20% by 1935-6 season. (Begins at 5% for exhibitors).

6 May-Portugal: Each programme must include at least one 300-metre (one reel) film made domestically.

1 Oct.-Italy: Exhibition quota decrees 10% of screen time must be Italian films. (Not enforced due to lack of domestic films).

Oct.-Austrian quota adjusted to 18-1, retroactive to 1 Jan.

Nov.-New German Kontingent system for 1 Apr. 1928 to 30 June 1929 specifies number of imports based on estimated needs of market; of 260 features, ninety held in reserve and 170 given to German companies on basis of 1926 and 1927 distribution. (Approximately a 1:2 system).

1928: 1 Jan. - Austrian quota put back to 20-1.

1 Jan. - Hungary gives option: either one Hungarian film must be produced for every twenty imported or a heavy surcharge must be paid on imports.

12 Mar.-France institutes 7:1 quota with licences granted only on basis of French film exports. (Negotiations with American industry result).

1 May-French export rule abolished, replace with straight 7:1 quota.

24 Aug-Italy agrees to class as Italian films those of foreign countries which import Italian films.

5 Dec.-Austrian quota becomes 23:1, retroactive to 1 Jan.

13 Dec.-German quota allotment for 1 July 1929 to 30 June 1930 set up:210 import licences to be issued.

1929: 1 Jan.-Austrian quota returns to 20;1.

1 Feb.-German Kontingent system extended till June 1931. Of 210 import licences, 160 German films they handled in 1928-9; other 50 to companies exporting German films. (Works out to a 1:2.5 quota).

1 Apr. to 24 Sept.-American offices in France close in response to proposed 3:1 quota.

27 May-no agreement is reached; the French quota of 7:1 extended to 30 Sept/1931.

July-German quota reserves two-thirds of permits for silent films (90 sound permits, 129 silent actually issued).

1 Oct.-Hungarian 20:1 quota dropped, substitutes unlimited import licences at fixed fees.

1931: 1 July-France abolishes quota for countries with no restrictions on French imports for one-year period. Negotiations begin with Germany, only country with a quota affecting France.

July-Austria lowers number of import certificates needed per film from three to one and a half, fixes price of certificates.

1 July-German quota renewed on same basis for a year. For 1931-2 season, 105 sound, 70 silent licences. (Based on number of German films distributed in previous eighteen months.)

1932: 23 Apr.-Czechoslovakia institutes quota of 240 features per year (later reduced repeatedly, finally to 120). Certificates are required, which rise steadily in price. American films respond with boycott.

1 July-Germany restricts dubbed imports to 50% and dubbing must be done in Germany.

29 July-France dubbed films can be released in France in the year ending 30 June 1934; dubbing must still be done in France. Theatre restrictions continue.

1934: 26 June-94 dubbed films allowed into France for upcoming six months.

Theatre restrictions continue.

Appendix H: Examples of relevant publications

Kerrigan, F. (2004), Marketing in the Film Industry in Kerrigan, F, Fraser, P. and Özbilgin, M.F. (eds.) *Arts Marketing*, Oxford:Elsevier.

Kerrigan, F. and Ozbilgin, M.F. (2002) Art for the masses or art for the few? Ethical issues in film marketing in the UK, *International Journal of Nonprofit and Voluntary Sector Marketing*, 1(2).



Chapter 3

Marketing in the film industry

Finola Kerrigan

Introduction

It is only possible to engage with marketing issues by understanding the wider environmental context in which marketing takes place. This chapter aims at setting film marketing within the wider context of the film industry. Although the importance that marketing plays in ensuring a film's box office success is recognised, understanding of the process is not and very little academic attention has been given to studying the marketing of films. Most recent academic attention has focused on predicting success for films according to various characteristics they possess. Other research has focused upon the role of critics in developing positive or negative word of mouth for a film. Another focus has been upon the industrial structure and its role in film marketing. The marketing of film differs from the marketing of the majority of art forms included in this book in that the majority of film does not receive public funding. Like rock music, those in the film industry can only afford to nurture new talent and take risks by achieving a level of commercial success with others. In saying this, there are some public funds available to support film making and distribution of films both at national and European levels.

The chapter starts by discussing the difference between the artistic and commercial views of the film industry. It examines the source of the American domination of the global film industry. The chapter then proceeds to discuss the nature of marketing within the film industry and the development of marketing research. Finally, the marketing tools used in the marketing of films are identified and unpacked.





The usual starting point for academics discussing any area of arts marketing is the debate regarding the commercial versus the artistic nature of the arts, in this case, film. Is the commercial only achievable by the sacrifice of the artistic? One of the foremost debates that prevail in the study of the film industry is concerned with whether it can in fact be viewed as an industry at all. There is a separation of the notions of industry and art form in a simplistic manner, differentiating between 'the film industry' and 'cinema'. The former, by virtue of its phrasing, implies that the film industry can be seen in purely industrial terms while the latter intimates that film is, in essence, an art form and therefore the rules of industry cannot be strictly applied to it. Common historical discourse on the matter divides film-makers into two camps. Americans, that is Hollywood, are seen as approaching film making from an industrial angle while Europeans believed film to be the preserve of artists where industrial models could not be applied without sacrificing the necessary artistic values of true film making. Puttnam (1997: 114) sums up this difference using the words of a cinema critic in 1926, 'Film is not merchandise ... Indeed, precisely because film is not merchandise we can compete with America ... In the cinema, Geist(spirit) can balance the monetary supremacy of the competition.'

Such a separation between art and industry is neither accurate nor productive in relation to film as both elements are evident, to greater and lesser degrees in each and every film that is produced. In order for a film to be realised, it is necessary to secure a budget, irrespective of size. This debases the proclamations of those who support the theory that film making is merely an art form, as commerce does enter the equation to some extent despite the regard or lack of regard which the film-maker attributes to it. The reverse is also true. In following the procedures necessitated by film production – creation of a storyline and script, shooting the scenes, the verbal and visual processes inherent in a film's genesis – there is an intrinsic artistic quality in all film making.

The failure to recognise this duality has resulted in the concentration of studies upon the artistic aspects of film to the detriment of an examination of the underlying industrial mechanisms, which produce such art.

These two – generally diametrically opposed – elements which constitute the film industry, culture and economics must be awarded equal importance in the drive to sustain the film industry into the future. The fact that the European film industry is not as commercially successful as its American counterpart is not surprising if one examines the structures which are in place in America in terms of production and distribution and the historical context in which this is founded. This is reinforced by an examination of the motivation behind film making in America as opposed to Europe. The former views the film industry as just that, an industry, while the latter has traditionally placed cultural consideration over commercial gain. This spirit of cultural protection is evidenced by the words of Jean-Luc Godard: 'Films are made for one or maybe two people' (Puttnam, 1997: 291).





American box office domination

Despite sporadic success of European films both within their home countries as well as overseas, the US still dominates the European box office. According to the European Audiovisual Observatory (EAO), cinema attendance remained stagnant in Europe while in America it continued to grow, surpassing all attendance figures since 1957 (EAO, 2003: 5). In addition, '... a number of European markets clearly lacked successful local films. The European market was, however, above all lacking in European films that were successful continent-wide' (EAO, 2003: 5). Although the average number of films produced in Europe exceeds that produced annually in the US, American films continue to have substantially higher average production budgets and also still dominate in terms of box office revenue earned.

The top 20 films in terms of box office revenue were all US productions or co-productions between the US and one other country (New Zealand, Australia and the UK). It is indicative of the poor performance of non-English language films that the co-productions which achieved top 20 status were all with English speaking countries (EAO, 2003: 9). European filmmakers are still producing more films than their American counterparts, with 625 films produced across the European Union in 2002 and 628 in 2001, while in the US, 449 films were produced in 2002 with 462 produced in 2001 (EAO, 2003: 11-20).

These figures show the prevailing dominance of American films in the European market as well as the failure of European films to travel beyond their own market. Despite the number of films produced annually in Europe and the popularity (although stagnant) of going to the cinema, European films are not gaining the same success as American films outside their national borders. In order to understand the current situation, it is necessary to look at the structure of the European film industry and to explore the power relationships that exist between the different stages in the product life cycle of a film and between the various actors operating at each of these stages.

Why does America dominate?

The reasons behind the Hollywood domination of the global box office have long been a source of investigation and many explanations have been proposed. This is the same for other film making regions. Although recent years have seen success for South American and Indian films outside their own territories, such success is still not comparable to the financial success and notoriety achieved by Hollywood films. The problem faced by many film industries is a combination of a lack of business acumen, reluctance of many to watch non-Hollywood, non-national films and structural shortcomings (Kerrigan and Özbilgin, 2003).





Structural problems

The basic structures in place in the European industry are disjointed and fail to provide the level of support offered by the much more cohesive American structures. It is interesting to note that the vertical integration, which is now an integral part of the American film industry, was a European invention. Charles Pathé saw the immense potential of the American market and sought to exploit it. His visionary tactics form the basis of the film industry in America today. Pathé introduced vertical integration seeing that the real money to be made emanated from the distribution of films rather than from their manufacture.

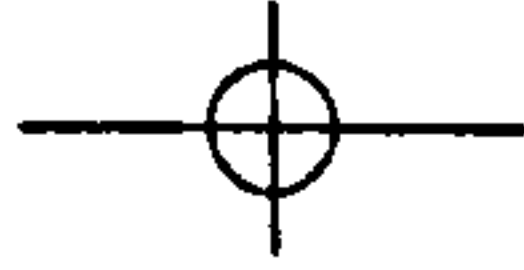
It may be disputed whether film production was ever viewed as an industry in Europe. In the US the Movie Business was always viewed as just that, a business that had to make a profit in order to survive. After Edison's development of the Kinetoscope, those who took advantage of his advancements were able to conduct thriving businesses, initially in the 'nickelodeons' and subsequently in the movie theatres. In fact, Edison's influence in creating the structured industry that exists today cannot be underestimated. The early years of the film industry in the US were dominated by law suits between Edison and his fellow Trust members (an industry formation of the early innovators in the film industry) and those film entrepreneurs who were not Trust members (Balio, 1976). However, while Edison dominated the market for equipment and films in the US, his lack of international foresight resulted in his inventions being used in England and France free from the threat of litigation (Huettig, 1944).

One of the main aims of the Trust was to harmonise the activities within the industry. They wished to gain exclusive control over production and distribution channels to the industry. They did so by renting prints to the exchanges for a fixed fee each week and had taken control of the vast majority of exchanges by this time, forbidding them from sourcing product from the independents. The exchanges in turn rented these prints out to the nickelodeons. Such levels of standardisation were not adopted by the last link in the distribution channel, with the exchanges charging the nickelodeons varied fees in accordance with the quality of, or demand for the prints being hired.

This grouping can be identified as the first monopoly to exist in the film industry. During that period, such co-operation to protect patent rights and in effect, the creation of a monopoly was commonplace in all of the main utilities and in manufacturing. In parallel with many fledgling industries, there was a developed spy system in place by this stage (Dyer McCann, 1987). Robinson (1996) highlights the aggressive nature of the Trust members in enforcing its provisos and the penalising measures of license cancellation as a response to non-compliance with the dictates of the Trust.

The prohibition on new members led to the opposition forming a coalition of its own (Robinson, 1996). Dyer McCann (1987) credits John J. Murdock with the creation and strengthening of the independent sector during the





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Trust. He saw the opportunity of sourcing films in Europe and exploited this. When it was obvious that these European films were not enough to satisfy the American audiences he encouraged Americans to commence the manufacture of films under his protection. The independent sector soon became organised and market leaders emerged. The General Film Company (GFC) was formed as an independent grouping to the Motion Picture Association of America (MPAA) but was restricted to MPAA members and proceeded to take over all of the licensed film exchanges with the exception of Fox's Greater New York Film Company. Fox had refused to agree with the GFC over pricing details, so the GFC retaliated by cancelling his license and refusing to deliver on contracted shipments. William Fox issued a lawsuit against this action, which was instrumental in the demise of the Trust.

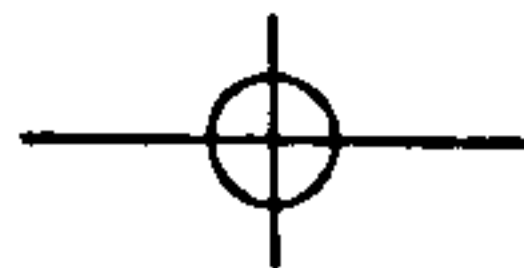
In opposition to the Trust, the independents established the sales company, which centralised control over the independent film exchanges. When they were investigated for violation of the Sherman Antitrust Act, this caused internal difficulties, which resulted in the division of the members into three distinct groups. These groups released their films through Universal, Mutual and other disparate companies.

The development of the feature film

In recognising that the public wanted more sophisticated films than previously on offer, the independents created features of higher quality than had previously been in existence (Balio, 1976). Adolph Zukor (1954) was one of the first to believe in the American audiences' capacity for longer features. Zukor bought the distribution rights for the French production *Elizabeth*, but felt that in order to achieve success with features, it was necessary to produce them in the US. In order to do so he needed the permission of the Trust. He approached Jeremiah J. Kennedy, the head of the Trust, who dismissed his idea of feature production saying: 'The time is not ripe for feature pictures, if it ever will be' (quoted in Zukor, 1954: 49).

In January of 1916, the Motion Picture Patents Company was prohibited from retaining their present organisation by decree. Their subsequent appeal was dismissed in 1918 and this ended the matter. Nevertheless, as Robinson (1996) points out, this lawsuit was not the single influencing factor in the fate of the Trust. Robinson cites five factors that contributed to the demise of the Trust; the strength of the independents' in their organised opposition; the financial drain ensued by constant litigation; the failure of the Trust to look to Wall Street for finance; the inflexible nature of the organisation and finally, the loss of the European markets which resulted from WWI. Despite the relatively short-term impact of the Trust on the US industry, in the long run, it can be argued that they were instrumental in the creation of a cohesive, structured and competitive international industry which remains today (Anderson, quoted in





Robinson, 1996: 110). This is in part due to their success in implementing Hamiltonian strategies coupled with the creation of a united opposition who would go on to form the studio system, which dominates the worldwide film industry today. The above sections have shown how the Hollywood studio system began and the reasons for the subsequent domination of the global film industry by the majors. The following section will examine the current situations with regard to marketing practice in the film industry and outline the key marketing tools that are used in the marketing of film.

Marketing of films ... you mean posters and trailers?

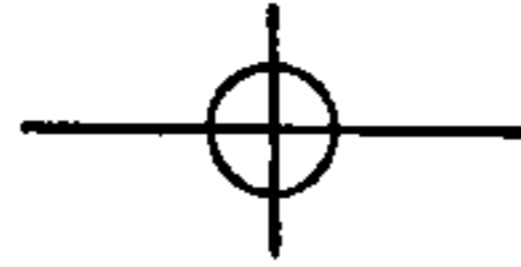
Many, even those within the film industry, understand marketing activities as the creation of posters and trailers, advertising and promotional activities in advance of a film's release. This chapter will show how marketing is much more than this, and must be considered right from the point of conception of a film, in other words the beginning of the product development stage. The main stages of activity in the film industry are development, production, postproduction, distribution and exhibition and there is a need to focus on marketing in all of these stages.

Many film industry professionals do not regard what they do as marketing, although on a daily basis they are packaging each film and marketing it to a number of people from technical crew to financiers to the cast. Only once these stages have been completed does attention turn to marketing the film to the general public. Although the marketing stages involved in bringing a film from conception to the market can be laid out in a linear fashion, many of these stages occur simultaneously. Durie et al. (2000: 5) define film marketing as '... any activity that assists a film in reaching its target audience at any time throughout its life'. This is developed to identify the goal of marketing as '... to maximise a film's audience and, by extension, its earning potential' (Durie et al. 2000: 4). This view of the role of marketing in the film industry is shared by Weise (1989: 13). The identification of the target audience is key to the success of the film, according to Lukk (1997: xxi), 'most marketing executives will concede that the most that they can accomplish is to get moviegoers to taste the movie in the first week of its release. After that, word of mouth takes over.' This is because marketing – as defined by Durie et al. (2000) above – does not take place in the marketing department alone. Weise (1989) urges film-makers to think about what they are trying to achieve and what their capabilities are in meeting the needs of a project right from the development stage.

Early market research

Although marketing in the film industry is now presented as a finely honed activity, with the major Hollywood companies investing heavily in marketing





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intelligence and advanced market research techniques, this view is overly simplistic and was certainly not always the case. It is important to examine the development of the use of market research within the film industry as this identified many of the key marketing characteristics of the industry from quite early on. Although the methods used were crude, they did aid early film-makers in gaining a fuller understanding of their audience.

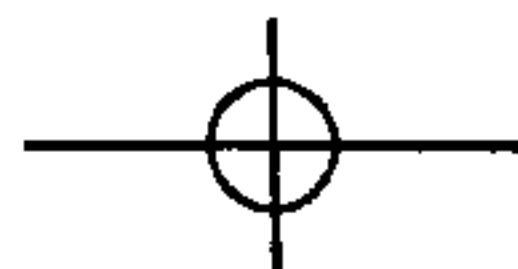
Certain European film-makers are scathing of the practice of audience research as carried out by the majors in the US, but lack of direction or knowledge of the appeal of a project from the early stages is likely to restrict the effectiveness of the marketing campaign. All too often, such research is left until the latter stages of production when it is ineffectual. Puttnam articulates the European situation by stating that: 'Many film-makers in Europe still regard research with distaste' (Puttnam, in Ilott, 1996).

An essential aspect of Kotler's (2002) Marketing Concept is market research. While market research is widely used in the US film industry, its introduction into the European industries has met with some resistance, particularly on the Continent. Recruited Audience Screenings (RAS) are events where a film is shown to an audience consisting of members of the target audience with the purpose of testing various aspects of the film to see if it does in fact appeal to the target audience. The Danish Film Institute has introduced a system of RAS to the industry but is hampered by the fact that there are no specialist film research companies in the country. The situation is different in the UK, where a number of companies specialise in RAS. Unsurprisingly, with US films accounting for 86 per cent of box office revenue in the UK (EAO, 1999), their client lists are mainly composed of US companies operating within the UK.

The origins of market research in the film industry

Initial audience research was socially motivated with psychologists and sociologists recognising that film could be used as an effective research tool. The films themselves were not being investigated; they were merely used to draw in members of the public in order to collect data. Early forms of market research were evident in the American film industry by the 1920s when Albert Sindlinger began to plant ushers in the cinema toilets where they would discuss a film with audience members who had just exited a performance (Jowett, 1985). Attempts to ascertain consumer demand only really came about with the recognition that using film as an efficient method of social research necessitated the identification of the interests and preferences of the audience. Small-scale studies of audience preferences began with simple observations of content in the early cinema forms. This proved sufficiently popular to support the foundation of the industry that flourishes today (Jowett, 1985).





In the 1930s, industry professionals began to be more scientific in the collection and analysis of the customer base. This was in response to the depression combined with the restrictions of the self-censorship, known as 'the Code' instigated by the industry in the face of criticism on the grounds of the negative moral impact of films on the population. Immediately after World War II, Chambers (1947) identified the need for Hollywood to introduce sustained research into film production and audience composition in order to retain its lead in the world markets. He stressed the adoption of a global strategy to establish a sufficient understanding of the overseas markets in order to compete successfully (Chambers, 1947).

The 1930s also heralded the introduction of the 'sneak preview' as a means of determining success and failure factors of a newly produced film. These early RAS did not have the advantage of today's more sophisticated testing systems. Their biggest impediment to accuracy was the lack of discrimination employed in audience selection. Those running RAS's are careful to attract clearly defined audience segments in order to determine accurately the film's potential impact on the target group. They also endeavour to ensure that each participant returns a fully completed questionnaire; there was a tendency towards self-selection in the early years, whereby only those who enjoyed the film completed the questionnaire.

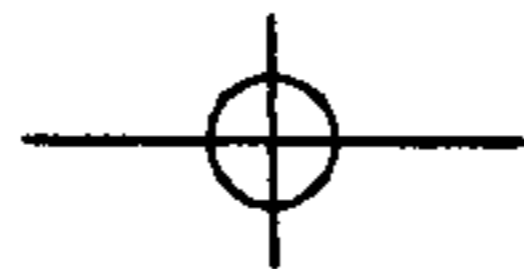
Frameworks to identify the marketing tools involved in the film industry

Litman (1983) identifies three decision-making areas that he believes are important in ensuring a film is successful in the marketplace; the creative sphere, scheduling and release pattern and finally the marketing endeavour. The problem with such a framework, is the separation of 'the marketing endeavour' as a final and separate consideration. This chapter proposes a more holistic approach to marketing activities. As marketing is concerned with developing, packaging and communicating, marketing activities range from the very early development processes through the budgeting processes to the exhibition and distribution strategy.

The role of the star – actor, director, producer

To date there has been a lot of attention paid to the role played by the lead actors (stars) cast in films. The literature discussed below does not provide a definite answer as to the marketability of films in relation to 'the star', but it is recognised that the star can often be a point of reference in consumers choosing particular films. In addition to this, many of the other creative roles





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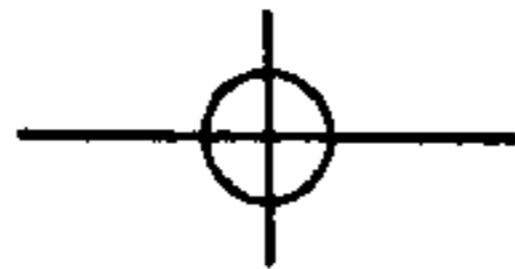
can prompt a decision to select particular films from the available offerings; this will be discussed later in this section. Jacobs (1968) divided the factors influencing film choice into five loosely defined areas, with the principle stars seen as the most important factor in attracting an audience. The importance of a star's earning capacity is recognised by the Hollywood Reporter with their 'Star Power' service. It has a database of over 500 actors and actresses around the world, with an indication of their box office potential.

The importance of genre, script development, target audience and budget will be discussed below, but these factors must be considered in choosing appropriate creative personnel. The impact that these individuals may have on the ability of the film to crossover from one audience segment to a wider audience should be evaluated. The aim of the marketing campaign for many small films is to precipitate a film in crossing over from a niche market to a mainstream audience.

The appeal of 'star quality' has not diminished. On occasion, this appeal is over estimated, as some films do not support big names. This can be problematic for film-makers when trying to secure production finance from the majors. Certain stars have been associated with playing particular character types and appearing in certain types of film. If such stars switch genre, this can be confusing for the potential audience. Latterly, research has shown conflicting results regarding the role of the star in the ultimate success of individual films. De Silva (1998), Sochay (1994), Neelamegham and Chintagunta (1999) and Sawhney and Eliashberg (1996) found that star involvement in a film had a positive result on the box office performance. Ravid (1999), Austin (1989), and Litman and Ahn (1998) concluded that the inclusion of a well-known star in the cast of a film played no significant role in increasing earnings. Litman and Kohl (1989) identified that the star had a small role in increasing revenue but was not the most significant factor. De Vany and Walls (1999) found that those films that featured a star were more likely to have a longer run on more screens than those without. However, as they point out, this may be linked to the fact that such films are likely to have a greater budget than films without stars, which may account for this. Evaluating the impact of stars on the box office performance of films is problematic as often it is dependent on the star in question, the image that this star has and how they are received by the intended audience for the film.

The star is not always the main attraction. For many cinemagoers, the director or cinematographer of the film may be a major draw. For example, the films of Quentin Tarrantino have a certain style and following. This is true for many directors, Pedro Almodovar, Stephen Spielberg, Gus Van Sant, Lars Von Triers and so on. In each case, the attachment of such a director indicates a certain style, genre or quality which appeals to the intended audience. A problem arises when this style is deviated from, as the previous audience can be alienated without the new audience fully accepting the work of such a director. For example, *A Life Less Ordinary*, starring Ewan McGregor





and Cameron Diaz was not as commercially successful as anticipated. Many believe this was due to the mixed messages communicated due to the distinctive track record of the film-makers in previous partnerships with Ewan McGregor. This was the third film written by John Hodge and directed by Danny Boyle. The earlier films, *Shallow Grave* and *Trainspotting* had achieved cult success and this, their third collaboration, again starring Ewan McGregor, was eagerly anticipated by their fans. Despite the attempts of the marketing team from their distribution company, Universal Pictures International, to communicate that this was a very different film stylistically to the earlier films, there were still expectations that the film would be another cult classic. Boyle and Hodge's earlier success had awarded them the opportunity to work on a bigger budget, more mainstream film, but this early success also dogged them with a 'cult' label.

The creative sphere

As the end product of the film industry is in itself a creative product, within this it is difficult to distinguish the 'creative sphere' from that which is not creative, but this thesis is not concerned with debating and defining the role of creativity in organisations. Litman (1983: 159) defines the creative sphere as 'the total creative effort expended in making the film', and within this he stresses the importance of the story. This elevation of the story is echoed by experienced film-makers such as Neil Jordan (1997) who stressed repeatedly that the quality of the story was one of the most difficult, yet important, tasks to achieve. Jacobs also includes the story as a key feature in his (1968) framework. Linked to the appeal of the story is the genre. It is impossible to consider the role of the story without discussing the genre of the film.

Genre

The identification of a film's genre is essential as the tastes of cinema audiences move with fashion, with one hit in a particular genre inspiring a revival, as was the case with Les Craven's *Scream* films, which heralded a revival of the teenage horror film. There is an element of chance involved in identifying what will attract audiences when the film is completed. Ellis (1995: 102) and Bowser (1990) examined the trademark genres that existed in American Film in the 1920s and remain today. The Western typified America and the American film of the time. The Comedy became very popular in the 1920s when the first comedy features were made. This was the era of Chaplin, Harold Lloyd, Harry Langdon, Buster Keaton and the infamous duo of Laurel and Hardy. Though the introduction of sound required





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extreme modifications of style and introduced a new group of comics, the comedy, along with the western, the gangster film, and the musical, remains among the most distinctive, indigenous, and important American contributions to film forms' (Ellis, 1995: 104–5).

Another popular genre of the time was the love story. These were originally referred to as 'women's pictures'. Although the love story had been around since the beginning of the film industry, it reached its popular plinth in the 1920s as by this time, women constituted the largest cinema going social group. This is in contrast with the situation today where the main target audience for films are young males as they are now the most frequent cinemagoers. This type of light entertainment appealed to the populace as it enabled them to escape from the humdrum of everyday life. This has remained part of the quintessential appeal of the Hollywood blockbuster to date. Genre continues to be a key determinant for financial success (De Silva, 1998; Litman, 1983; Litman and Kohl, 1989). However, it can be difficult to predict the genres which will appeal at the time of a film's release, as the lead-time between development and theatrical release is nearly 2 years, the result can be producing in a genre that has run its course or suffered from overkill (Litman, 1983: 160).

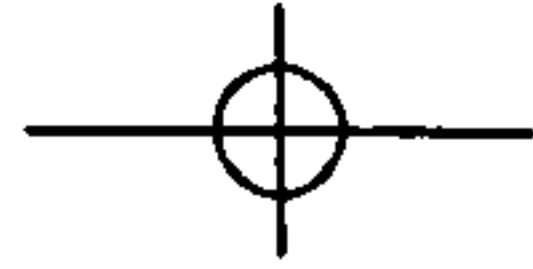
Ellis (1995) highlights the popularity of adaptations of successful novels and plays of the time. This enthusiasm for adaptations has not faded, the recent success of films such as *Bridget Jones Diary*, *Charlotte Gray*, *High Fidelity* and *The End of the Affair* are testament that the trend towards popular adaptations has not ceased. However, the success of the original novel alone does not ensure success as was seen by the relative commercial failure of *Captain Corelli's Mandolin*.

Target audience

Durie et al. (2000) stress the need to identify the target audience for a particular film in order to focus the marketing campaign. The target audience and any potential crossover audience may be determined by studying the success or failure of similar films at the box office. This can highlight the successful and unsuccessful strategies employed in the production and marketing of such films in order to determine potential audience size.

Durie et al. (2000), share the belief held by Tim Bevan from Working Title Films that it is essential to know a film's target audience from an early stage in its development. Bevan admits that it has taken him a long time to recognise this necessity but urges the writers whom he produces to imagine the trailers and the target audience before writing at all. The identification of the target audience is closely related to the genre of a film as discussed above. The necessity for film-makers to identify potential audiences for their chosen genres was recognised by the European Commission who commissioned a





study on the success rates of particular film genres in an attempt to focus European film-makers (Routh, 1996: 8–11).

Word of mouth

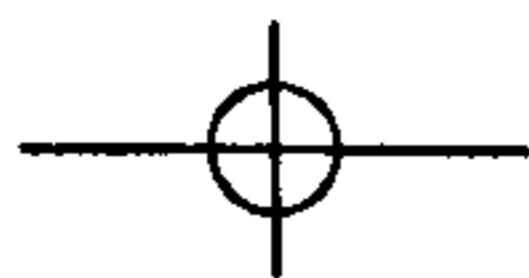
Many commentators believe that it is impossible to control 'word of mouth'. However, identifying the most likely audience for a film and focusing on bringing it to their attention can go some way to ensuring that word of mouth is positive. Durie et al. (2000) also look at the impact of 'word of mouth' and reviews on a film's success or failure. He differentiates between 'want-to-see' and audience enjoyment. Film marketers can create 'want-to-see' through the marketing campaign. However, the ultimate aim is to achieve audience enjoyment and therefore 'good word of mouth' in order to sustain the film in the market. Accurate targeting of the film can assist in positive word of mouth.

The experience of Neil Jordan in relation to his film *The Company of Wolves*, provides an example of where a film was failed by its marketing campaign due to incorrect targeting (Jordan, 1997). This adult allegorical fairy tale was distributed in the US by Miramax, who marketed the film as a horror movie and targeted this audience. Audience expectations of a horror movie were unfulfilled resulting in the film being slated by audiences, which ultimately created negative word of mouth and commercial failure; the film was failed by its marketing campaign. Negative word of mouth can undermine the most sophisticated marketing campaign (Katz and Lazarsfeld, 1955).

Critics and avids

An essential role in creating and sustaining good 'want-to-see' and word of mouth is played by the critics and what the film industry calls 'avid' – the mavens or opinion leaders from among the consumers. Much research has been carried out regarding the role of critics and awards in predicting box office success (Austin, 1983, 1989; Cameron, 1995; D'Astous and Colbert, 2002; D'Astous and Touil, 1999; Eliashberg and Shugan, 1997, Holbrook, 1999). Findings here are inconclusive but there would seem to be an overall acknowledgement that good critical reviews can help a film to achieve box office success. The question of the role of awards ceremonies seems more complicated, films with Oscar (Academy Award) nominations, more likely of achieving box office success than nominees and winners of festival prizes such as Cannes, Venice and Sundance. There has been evidence from Austin (1981) to show how the influence of critics and reviewers only impacted on the more 'esoteric films' and therefore did not heavily impact on box office receipts in the main.





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Production values

In the early film industry, production values, such as impressive sets and crowd scenes involving large numbers of extras were identified by Jacobs (1968) as influencing the level of audience appeal. In today's terms, this would translate into the appeal of elaborate special effects and the use of digital mastering in order to impress the audience. However, De Vany and Walls (1999: 308) stress that, 'heavy spending on special effects or "production value" is the most risky strategy for making a movie a hit'.

Development

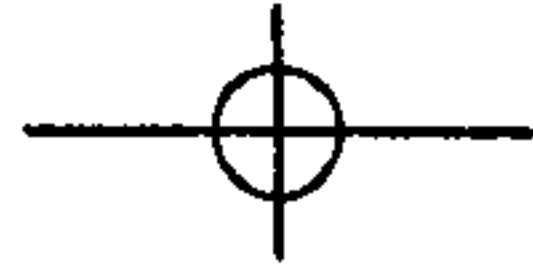
The above factors are all important considerations when packaging a film, but often considerations pertaining to the marketing of a film occur too late. In the development stage of a film's life cycle, it is important to identify the genre, target audience and so on in order to select the correct creative talent and to make appropriate budgeting decisions. The approach to film making in the US is still based on the principle of market success, despite the rise of the independent production sector. In Hollywood, films which are not easily classified by target audience and genre, have little chance of surviving the development process. In Europe, the percentage of projects proceeding from development into production is extremely high in comparison to the US. 'Hollywood spends around 7 per cent of each film's overall budget on development compared to Europe's more characteristic 1-2,' (Finney, 1996: 17).

This disparity is mainly attributed to the pay structures existing in Europe with production companies reluctant to invest money in projects that need further development. In a panel discussion as part of the 1998 London Film Festival, Andrea Calderwood, Head of Production at Pathé Entertainment, confirmed that production companies are unwilling to become involved in the script development stage preferring to wait and see the fully developed project before committing to it. Therefore, the scriptwriter is likely to hurry along the process of development of a script due to financial necessity. Due to the budgetary constraints which this imposes, independent film-makers in Europe rarely carry out cohesive audience research at this stage. This failure in the European film industry has been recognised and programmes like the European Commission's MEDIA Programme as well as national level programmes have been established to address this problem.

Distribution – scheduling and release

A wealth of debate surrounds the issue of whether the majors or the independents can secure the most successful distribution deal. While it cannot



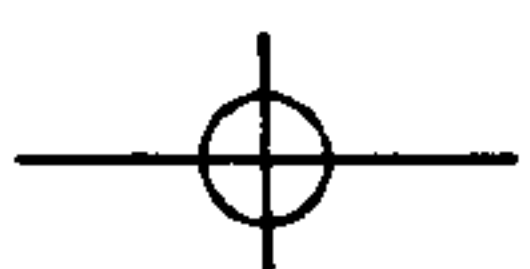


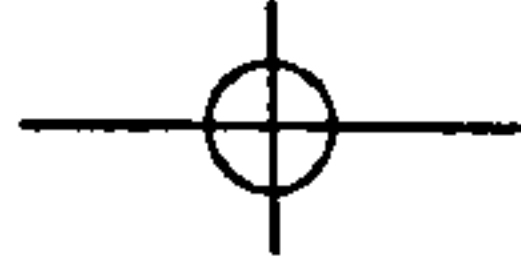
be denied that the majors are ideally suited to distributing big budget, high profile films, independents and specialist distributors are often more suited to the distribution of smaller films. As they invariably have lower prints and advertising (P&A) budgets, they are required to execute a more exact and focused distribution campaign than the majors and this is often more successful for these films. Goldberg (1991) summed this question up as whether to aim with a rifle or a shotgun. PACT (1994: 55) found that, in relation to UK productions, those which were independently distributed, recouped a significantly higher proportion of their budgets than those distributed by the majors. The average proportion of budgets recouped, from all media, by independent distributors in the UK and US were 17.75 and 35 per cent, respectively. In contrast, the figures for studio-distributed British films in the UK and US were 6.75 and 20.6 per cent, respectively.

In fact, August 1989 heralded a new era in film marketing in the US when Miramax released *sex, lies and videotape*. According to Perren (2001: 30), 'sex, lies and videotape helped to set the standard for low-budget, niche-based distribution in the 1990s and to lay the groundwork for a bifurcation within the entertainment industry'. This led to each of the major Hollywood studios purchasing a specialist distribution company to handle quirky small films.

The power of the majors to secure preferred playdates, length of run and maximum levels of prints emerged in the PACT submission to the Mergers and Monopolies Commission in 1994. This was especially true for films that were distributed by the majors in the US, a phenomenon can easily be explained. The majors control the distribution of the overwhelming majority of films in the international market and for this reason it is imperative that the exhibition sector co-operates with them in order to secure a constant flow of product.

Latterly academic attention has shifted to look at the release strategy as well as the characteristics of the film itself. Jones and Ritz (1991), De Vany and Walls (1996, 1997, 1999), Neelamegham and Chintagunta (1999), Zufryden (1996), Jedidi, Krider and Weinberg (1998), and Litman and Ahn (1998) all look at the impact which the number of screens on which a film opens, runs and closes has upon success. In general, the greater the number of screens a film is released on, the more likely the film is to achieve financial success. But, this explanation is overly simplistic. The number of screens that a film opens on as well the length of the run which films achieve is dependent on the budget which the distributors have for P&A. The cost of each print is in excess of £1000 and one print is needed for each screen showing the film, in this way, smaller films with lower P&A budgets will be restricted in terms of the number of screens the film can be shown on at any one time. In addition the major film studios, due to the integrated supply chain at their disposal, can negotiate longer guaranteed runs in cinemas than independent distributors.





Ratings

Litman also emphasised the impact that a film's rating can have upon the success of a film. Austin (1981), in agreeing with Litman draws upon Brehm's concept of psychological reactance 'which focuses on the specific motivational and behavioural response of individuals for whom a given freedom has been threatened or eliminated' (Austin, 1981: 384). When a film is rated R or X in the US (18 or X in Europe) the film has the aura of something forbidden. The publicity gained by such films as *The Last Temptation of Christ*, *Crash* and *Natural Born Killers*, when the censors wanted to outlaw them, was invaluable. This controversy created 'must see' – the feeling that one is missing out on an important cultural reference by not seeing a particular film – which is what every film marketer strives for.

Brehm's (1966: 9) theory predicts that the individual 'will be motivated to attempt to regain the lost or threatened freedoms by whatever methods are available and appropriate', the more a freedom is threatened, the more it is sought. Therefore, when applied to the ratings systems of films, the more forbidden it is to see a film, the greater 'want-to-see' – the industry term for very strong word of mouth, which creates great anticipation for a particular film – is created. To support this belief empirically, Austin draws upon Herman and Leyens (1977) work (Austin, 1981). In a study of films transmitted by Belgian-based French language TV station, RTB, they concluded that, 'qualifications make the movies more desirable for the television viewers ... movies with advisories are watched more than the movies without them' (quoted in Austin, 1981: 390).

It is undisputed that the American industry has more star appeal with more internationally recognisable stars. In addition, as outlined above, they control the major worldwide distribution networks and have a major foothold in the exhibition sector. In this way, they dominate the worldwide film industry. The distribution sector is undoubtedly the most instrumental element in a film reaching its audience. Irrespective of the talent of the writer, director, technical staff and stars involved, if a film fails to secure a distribution deal with one of the majors or a respected independent distributor, it will not be widely exhibited and will certainly not recoup its production budget. A good marketing campaign, which is coherently planned with the production team and distributor from the earliest possible stage, is essential in order to secure good box office receipts. Durie et al. (1993: 13) stress, 'the goal of film marketing is to maximise the audience for a film and, by extension, its earning potential.'

European film-makers are at last acknowledging that they must make money to survive in all sectors and that while there is a place for artistic and sensitive films which do not achieve major box office success, these must be subsidised by blockbusters. The recent success of non-Hollywood films like *Billy Elliot*, *Monsoon Wedding*, and *City of God* around the world is testament to the fact that a film-maker can retain his/her creative integrity while achieving commercial success, one, therefore, does not exclude the other.





Yet again, we are witness to the fact of the major players from the American film world dominating – and in so doing, restricting entry by independents – largely European, into the market. Although investigations by the MMC in the UK, the Antitrust authorities in the US and the European Commission's Directorate General for Competition (DG IV), to date there has been no proof that this domination is taking place unfairly. It will be interesting to note how this develops with the continued growth of the multiplex sector and their specific arrangements with their parent companies. It is, however, unlikely that we will again enter into a situation resembling that which existed during the reign of the Motion Picture Patents Company. It is difficult to know how Europe should tackle the historical domination which the US has over its markets, but progress cannot be made until European filmmakers acknowledge that, in film, there is no natural separation between commerce and art.

Conclusion

This chapter has sought to examine the major drivers behind the dominant position the American Film Industry holds over global box office. Historically, the structural problems which are seen to dog the European industry emanate from the organisation of the industry itself combined with a reluctance on the part of the Europeans to adopt industrial and marketing tactics readily embraced by Hollywood. While acceptable growth could be achieved in its domestic market, the US majors felt little need to dilute their effort and develop a foothold in Europe. However, as the home market became saturated and demand for its product in Europe rose, the majors found it relatively easy to mobilise its marketing machine and take a significant share of the European distribution and exhibition market.

Europe's policy makers are belatedly employing some of these techniques in order to develop the European industry. The American major's domination of the distribution sector continues to cause problems for the European – and indeed American – independents. The additional problems, which Europe has in relation to language and culture, are merely asides to the question of industrial organisation and market awareness. It is upon these areas that the national policy makers are concentrating their effort to increase the commercial success of the global film industry and loosen the stronghold that America currently has over this market.

Acknowledgements

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Art for the masses or art for the few? Ethical issues in film marketing in the UK

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ABSTRACT

This paper explores ethical issues in film marketing in the UK in terms of access to film. Based on an examination of film marketing theory, practice and policy, the paper identifies three main ethical issues pertaining to marketing in the film industry. These are the discrepancy between national policy and commercial practice in terms of social access, sustainability and diversity of choice. The paper proposes structural changes supported by government policy which promotes an integrated supply chain model as a method for redressing commercial as well as ethical challenges facing the industry.

INTRODUCTION

The practice of film marketing in the UK provides an interesting case for examining ethical issues concerning access to film.

This is not only because a growing proportion of the UK population has a stake in its marketing processes and outcomes, but also because it is possible to identify both a number of ethical issues that are facing this growing industry and a gap between its academic theory, national and institutional policy and practice in the UK. Aiming to provide insights into film marketing, the paper examines academic theory, evidence of practice and national and institutional policy in the UK film industry, as issues of ethical relevance. There are three emerging themes in this paper. First, there is the discrepancy between national policy for widening audience access to non-mainstream and national film and the segmentation strategies employed in UK film exhibition. Secondly, there is a gap between policy intentions of widening audience access and implementation of this policy through the use of ill-chosen channels such as multiplex cinemas. Finally, there is a lack of integration in the supply chain of the UK film industry that has an adverse affect on the sustainability of the indigenous film industry.

STRUCTURE OF THE INDUSTRY

The UK film industry is an integral part of the European film industry, which has,

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Table 1: Activities in the supply chain model for the film industry

| <i>Development</i> | <i>Pre-production</i> | <i>Production</i> | <i>Post-production</i> | <i>Advertising and distribution</i> | <i>Exhibition</i> |
|--------------------|-----------------------|-------------------|------------------------|-------------------------------------|-------------------|
| Rights acquisition | Financing | Above the line | Editing | Sales | Theatrical |
| Script development | Greenlighting | Below the line | Soundtrack | Distribution | Video/DVD |
| | Crew | | Special effects | Trailers | Pay TV |
| | Cast | | | Publicity | Free TV |

Source: Modified from Kerrigan (2001)¹⁹

until recently, been characterised as fragmented, consisting of many independently operating companies involved in production, distribution and exhibition of motion pictures. In 1998, the Film Policy Review Group (FPRG) contrasted this with the relatively more integrated Hollywood model, which emphasised the importance of the distribution function over production. Due to the revenue structure in the film industry, revenue is maximised at the exhibition and distribution stage with any remaining profits reverting back to the producer only after all costs are absorbed.¹ This means that independent producers often do not make a profit on the films they produce although these may have performed very well at the box office. This leaves independent producers underfinanced and unable to break the cycle of hand to mouth film making where finance needs to be raised for each project individually in exchange for the rights to any future revenue for that project. The fragmentation of the European film industry has been cited as one of the major reasons for the domination of Hollywood films in Europe.¹⁻⁴ The FPRG called upon the British Government to put structural support measures in place in order to encourage integration of all of the activities in the film industry supply chain (see

Table 1). This was viewed as necessary in order to 'provide audiences with a consistent supply of commercially successful British movies'⁵ as in this way, revenue from each project can be invested in the next and losses can be absorbed more easily.

The fragmentation of the industry dates back to the aftermath of the changes in British industrial policy during the 1980s, which sought to deregulate the film industry, like many others, by removing support mechanisms in order to make it more competitive in a 'free market'. More than 20 years on, the current state of the industry leaves much to be desired in terms of its global competitiveness and provides little, if any, evidence to support the assertion that deregulation and removal of state supports liberated the industry, or made it more competitive or appealing to investors.

While the UK industry is fragmented, the current trend in the global entertainment industries is towards integration. In supply chain terms, the European film industry consists of many operational partnerships rather than strategic partnerships. Mentzer recognised that strategic partnerships were entered into in order to fulfil the need for access to products.⁶ This need exists in the audiovisual industry at present with the advances in distribution

technology, which have resulted in an increased demand for products. It can be reasonably expected that this demand is set to increase further when services like video-on-demand (VOD) are introduced on a wide scale.

Marketing ethics have often been considered an oxymoron. Based on the same premise, the notion of 'film marketing' could face even more merciless scepticism, because film marketing, as industrial practice, originally functioned as a propaganda tool in the United States,¹ and soon became focused on satisfaction of customer needs in pursuit of profitability. All of these are highly contentious issues for any discerning business ethicist, particularly as the perception of film in the United States and Europe was polarised as a commercial enterprise or as an art form respectively. The dichotomy between the United States and Europe became more pronounced and problematic through the process of increased commercialisation of film marketing practice in Europe and internationally.

The marketing profession's focus on profitability and competitive sales strategies was later denounced as a 'sales concept'.⁷ Despite these criticisms, the sales concept is still prevalent in the film industry. There is, however, also an emergent recognition of ethical issues as integral considerations for business practice: a report by the Institute of Business Ethics in 1999 showed that 54 per cent of the first 500 companies in the UK have a code of conduct,⁸ which is a significant change from only 18 per cent in 1987. Similarly, 'business ethics' is increasingly recognised as an important subject for business schools.⁹ Marketing academics now acknowledge that ethical marketing can exist; this form of marketing emphasises the positive result that societal marketing activities can have upon the community and the business itself.

NATIONAL POLICY MAKING AND PRACTICE IN THE UK FILM INDUSTRY

A unified and strategic approach to policy making in the UK film industry is a very recent development. The British Film Council was established in November 1999 in order to develop the film industry and film culture in the UK. The formation of the Film Council was the result of the amalgamation of all the disparate film bodies in the UK into one strategic body. This development was a welcome change as the previous structure of the UK policy-making system was not capable of providing a strong enough response to competition from the USA. The two objectives of the Film Council reflect the council's desire to unify the industry around long-term and pluralist objectives: 'Developing a sustainable UK film industry'; and 'Developing film culture in the UK by improving access to, and education about, the moving image'.¹⁰ The Film Council promotes a desirable policy discourse, which uses key terms of social responsibility such as 'sustainability' and 'widened access'. The Council propagates sustainability for local producers through restructuring the industry and offering support in the form of financial subsidies based on thematic priorities. They also promote widened access to non-mainstream and national productions and for a diverse audience participation in cinema-going. It is early to appraise the effectiveness of these policies, bearing in mind that the period from production to consumption is on average between two and eight years for films. Despite this critics of public subsidy, such as Walker,¹¹ unjustifiably attack these policy initiatives, claiming that they reinforce the production of inferior quality films rather than support the development of a sustainable indigenous industry.

The British Film Institute (BFI) has also been realigned to fit in with these new objectives of the British Film Council, its parent organisation. The BFI is now responsible for increasing public appreciation of film, which can be achieved through improving public access to cinema, film heritage and educational provision. In line with this the BFI has launched an initiative through multiplex cinemas in the UK whereby they provide incentives to multiplex cinemas in order for them to reserve some of their screening capacity for low-budget independent films rather than the blockbuster films that they normally screen. Take-up for this scheme has been quite promising. To date, both the British cinema chain Odeon and UCI (a joint venture between Universal and Paramount) have agreed to open up their programmes to include classic films, world cinema and previews of new films. Odeon has introduced this scheme in eight towns in the UK and UCI's 'BFI@UCI' will see 35 of their UK multiplexes becoming involved. Further seasons are set to include Film Noir and 1960s British classics strands. The need to open up viewing possibilities to the multiplex audience has been recognised by UCI's senior vice-president for Northern Europe, Steve Knibbs, 'We are constantly looking for new ways to bring a wider choice of films to our audience'.¹² Increasing access through multiplex cinemas is dubious, however, as they are often located in densely populated cosmopolitan areas and cater only for an élite segment of the British public. Such social and geographical segmentation inevitably limits the access of groups that do not or cannot use multiplex cinemas.

One of the aims of the Film Council is to

'extend and improve access to film culture and film heritage, serving the

diverse geographical needs of the UK's nations and regions, and recognising the differing needs of rural, suburban and metropolitan locations'.¹⁰

This is a welcome development for an inclusive approach to film marketing. A commitment to inclusion is also evident in the BFI's support for 20 regional independent cinemas in order to widen access to non-mainstream film. This is unlikely to make a real impact, however, as it is consistent with the strategies employed by the major distributors, which only target urban areas for the exhibition of independent, art house or foreign language films. In this way, the industry is using an obsolete and risk-averse segmentation model, mainly targeting a secure segment of the national market, with the dual negative result of curtailing potential profit and depriving non-urban populations of a diverse range of film. The Film Council through the auspices of the BFI is also using a rural/urban segmentation model in its support mechanisms, and in so doing is opening up access while at the same time denying access to a substantial segment of the population.

In addition, the Film Council has committed itself to ensuring that British film receives appropriate exposure. As a non-commercial body, the Film Council can concentrate on widening access to non-mainstream film, unlike commercial organisations. In trying to achieve its aims, the Film Council recognises the need to work with the private sector in order to encourage a change in terms of film distribution and consumption provision within the UK. Despite the highly polished discourse of its policy statements the stark reality is that BFC lacks both the will and the influence to affect real change in an industry which is driven by risk-averse and profit maximisation considerations.

This discrepancy between policy and practice reinforces the theoretical debate between proponents of shareholder and stakeholder approaches. The shareholder approach, famously propagated by Milton Friedman, implies that the sole responsibility of a business is to make profits and that stakeholder or social responsibility considerations should be integrated into business life through government intervention.¹³ There is now a growing recognition, however, that wealth creation alone does not guarantee sustainable development of economies or markets. It was argued that sustainability of a business rests not only with its pursuit of financial performance, but is also shaped by its fit into the broader environment. This new approach, which recognises the significance of the social role and responsibilities of business, is termed 'the stakeholder approach'. Wilson explains that the Royal Society of Art's report entitled 'Tomorrow's Company' also identifies an 'inclusive approach' to business management as a source of sustainable success for business.¹⁴ An inclusive approach to business means that business decisions are made with attention to the diversity of viewpoints held by, and needs of, groups and individuals who are affected and who influence the operation of business, namely the stakeholders. Application of this debate to the film industry highlights the fact that support for a more inclusive stakeholder approach is growing in terms of public opinion and at the policy level. It is hard to claim, however, that this approach is adopted by cinema managers, who are still holding on to more conventional, profit-driven and risk-averse shareholder approaches.

The Film Council recognised a number of weaknesses in the British film industry in relation to the exhibition sector; both in terms of industry provision and audience tastes, there are weaknesses.

British films are not given priority by distributors; demand for and take-up of Hollywood films is greater than for UK films. They also identified the failure of the industry to reflect British society as a whole, both in social and cultural terms.

In line with other European film councils (or equivalents) the Film Council is committed to increasing audience access to film from other European countries in exchange for British films achieving greater audience exposure across Europe. In order to realise this commitment, the Council will need to seek ways to make British film more appealing to the European audience.

While industrial policy promotes a discourse that values inclusion, diversity and 'beauty of the small', marketing practices in the industry leave much to be desired. Film is a popular cultural and leisure pursuit in the UK where the film industry is a growth industry. The total combined value of the UK box office and video sales and rental in 1999 amounted to £1.42bn.¹⁰ With the rise of the multiplex cinemas as predominant providers of film for entertainment since the first multiplex was built in Milton Keynes in 1986, the market reach of this industry gained new momentum. Yet the increase in the number of screens has not resulted in greater access to a variety of films and, therefore, has not challenged the domination of mainstream Hollywood cinema. Moreover, historically, cinema going was viewed as an entertainment for the masses. The advent of communication technology, however, and the emergence of ethnically and politically diverse cosmopolitan regions meant that the film market was polarised between mainstream films and 'arthouse' films, the latter enjoying limited reach.

The most recent challenge to the status quo, where Hollywood products dominated the market, was the introduc-

tion of Bollywood films and, most recently, the commitment to introducing art house and foreign language films to the multiplex audience. Initially Bollywood films were screened in areas with a high Asian population and proved highly successful, although the audience for these films was generally restricted to the British Asian population. Recently some Bollywood films have succeeded in crossing over into a wider audience:

'Still in the UK top fifteen after five weeks on release, Bollywood crossover *Lagaan* passed the £500,000 mark at the box office over the weekend, making it the sixth highest-grossing Bollywood production in the UK. 1998's *Kuch Kuch Hota Hai*, distributed by Yash Raj Films, remains the best performing Bollywood film in the territory, with a total gross of £1.75m.'¹⁵

The success of the 'cinema from the margins', however, in comparison to the reach of the mainstream cinema can be overstated, when compared to the overall business performance of mainstream cinema in the UK.

Ethical issues

A distinction can be made between the ethical approaches of the film producers and those cinema managers who make film-programming decisions in exhibition venues. This paper is mostly concerned with the ethical issues facing the latter group. Based on an examination of the practice of market segmentation of films in the UK, it was problematised that cinema managers only pay lip service to stakeholder participation or customer opinion, beyond seeking an aggregate understanding of the national market. This approach hinders the choice and access of diverse communities in the

UK to films beyond the boundaries of mainstream films. The use of geographic and demographic segmentation of the market also creates closures and ethical concerns. In addition, the power of the 'majors' has resulted in independent distributors being squeezed out of mainstream exhibition. Because the 'majors' generally distribute blockbusters, which are eagerly anticipated, they can negotiate better deals with exhibitors. It is common practice, for example, that through these deals the exhibitors are obliged to take a number of other less popular films from the distributor in order to secure the right to exhibit blockbusters such as *Star Wars*.

The European Union implemented anti-trust laws and a competition policy in order to curb state intervention and to promote a 'free enterprise' system.¹⁶ The practices of the 'major' distributors were investigated by the Mergers and Monopolies Commission (MMC) in 1998 and the European Commission's Competition Directorate in 1999. It was found, however, that the 'majors' were not engaging in anti-competitive practices. Despite this, due to their size and strength it is extremely difficult for independent distributors to exist in a market that is dominated by the majors. However, PACT found that films distributed by independent companies recouped a greater percentage of their budget than those distributed by the majors in the UK.¹⁷ The domination of the market by the 'majors' constitutes a grey area between ethical and legal legitimacy; although legal objections can be avoided in the present climate of deregulation, their ethical stance bodes ill in terms of widening access and removing barriers to entry for small independent companies.

It is possible to deduce two ethical considerations based on the above outline of the current policy and practice of the British film industry. National policy moves towards a wider and more inclusive

definition of the stakeholder interest in the film industry. This is a significant departure from the current policy of the major producers who place 'profit' before 'people'. Admission of this discrepancy leads to thought about how the national policy and industrial practice may converge. Ethical theory provides two alternatives: the 'pull' of self-regulation and cultural transformation of the industry or the 'push' of increased regulation and enforcement of controls over industrial practice.

National and institutional policy in the UK relies on self-regulation of the film industry, rather than recourse to legislation. A central question for auditing ethics in film marketing would be whether self-regulation or legislation should be used to sustain ethical practices. The response of the current British Government to this ethical question is in support of self-regulation. Stiles explains the reasons:¹⁸ first, legislation with its reactive stance does not necessarily guarantee better behaviour; secondly, particularly in the creative industries, a legalistic approach may hinder innovation and creativity; and lastly, change induced by self-regulation is more effective and immediate than change proposed by legislation. It should be noted, however, that self-regulation would be a sound alternative to legislation if the business were to observe these self-imposed controls. Frequent breaches of established codes of conduct may ultimately require legislative controls. As far as the film industry is concerned, however, self-regulation is currently promoted as a viable method for promoting inclusive marketing practices.

DISCUSSION

This paper examined the ethical issues in film marketing in the UK, problematising the discrepancies between its policy and

practice. It is noted that the global trends in the film industry are towards vertical integration and strategic partnerships. This is so largely because the American film industry dominates the global market and presents 'an ideal model' for film industries that aspire to similar commercial success elsewhere. It is identified, however, that the course of development for the British film industry contravened the American model, when it sought a strategy of fragmentation, through a process of liberalisation and deregulation in the 1980s. After 20 years of undergoing fragmentation and subsequent 'make-ups' and 'break-ups' among its many small sized firms, the success of the British industry in challenging the American domination was only partial.

The failure of the British film industry in reaching a wider global audience does not only rest with the fragmented nature of the industry, but with its failure on two other accounts. First, costing in the industry operates in such a way that producers receive profits after the exhibition of their films, once all the other costs are deducted. Even when their films achieve box office success, this approach exposes the independent British producers to greater business risk and financial instability. Therefore, the FPRG's current proposals for integrating activities in the film industry supply chain in order to minimise the risks for the independent producers is promising. Secondly, the UK and European film industries are characterised by operational partnerships. Evidence from successful companies, however, suggests that vertical integration and strategic partnerships are instrumental in providing access to products and markets.¹⁹ As there are advocated alternatives for structural transformation of the British film industry, the authors decided to evaluate two futuristic scenarios, based on current global trends.

Scenario A

It was argued in the paper that there is a growing public and policy awareness regarding domination of the majors in the British and European film markets. Although the recent legal claims of unfair competition were not successful, legal and policy controls may become more stringent following the spirit of popular awareness. If there is a tightening of control over market domination by the majors, with changes in international, US or European legislation on antitrust or fair competition laws and policy and the level of integration, this may allow small producers fairer opportunities for competition.

Scenario B

Similarly, the growing body of policy suggestions emanating from FPRG, BFI and BFC urges the UK Government to provide support to its independent producers. This would work to counteract the domination of the majors, as the independent producers will be able to provide a stream of small films, and the business success of some of them will help to absorb some of the others' box-office failures. Integration of the supply chain in this way could prove instrumental in responding to the challenge of the increasingly integrating global competition. Some progress has been made by the BFC towards realising this scenario through its new policy initiatives promoting support for independent producers. This is also the approach adopted by the European Commission's MEDIA programme, which is now in its third and enhanced phase.

It should be noted that Scenario A is overly optimistic in that legal and policy change is a slow and reactionary process and that Scenario B involves a more proactive strategy on the part of the British film industry. Rather than waiting for legal or policy changes, structural

adjustments, as explained in the latter scenario, could prove more useful.

At the national policy level the BFI and the BFC are setting objectives that promote ethical discourses of 'sustainability' and 'improved access', which are key themes of socially responsible marketing. They go on to promote this policy through multiplex cinemas in Britain. Their approach poses an ethical concern, however: targeting multiplex cinemas for widening access may indeed limit the definitions of access and inclusion. Multiplex cinemas are often based in cosmopolitan areas of densely populated towns in the UK, therefore the reach they provide is limited to this human and social geography. So, how realistic is the claim that multiplex cinemas will contribute to widening access when, indeed, their market reach is limited?

The national discourses, as reflected in national policy and public opinion, provide a set of polished and hyped sentiments about inclusion, access and sustainability — all the things that would make the British film industry more socially responsible. This paper has, however, identified a number of areas where there is a discrepancy between discourse and realities of film marketing in Britain. Although the discourse or rhetoric of film marketing policy propagates a stakeholder approach, the industrial practice and particularly the attitudes of the managers of exhibition venues are driven by financial considerations.

This may indicate at first sight that film marketing practice and ethics do not constitute an easy ensemble. The most recent success of film from the margins, however, in particular the Bollywood cinema, in reaching wider national and international audiences challenges the common wisdom that it is difficult to reconcile social responsibility with business sense. The authors conclude

that although a few examples exist to demonstrate that independent producers may achieve business success against all odds, structural reform towards strategic integration and policy support for independent producers may provide a real panacea for sustainability and widening access in this sector.

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Appendix I: Example of RAS questionnaire

[The following content is extremely faint and illegible, appearing to be a questionnaire form with multiple sections and text.]

[NAME OF FILM]

Please spend a few moments answering the following questions.

Q1 How would you rate [NAME OF FILM]?

TICK ONE BOX ONLY

Excellent 1 Very Good 2 Good 3 Fair 4 Poor 5

Q2 Would you recommend [NAME OF FILM] to your friends?

TICK ONE BOX ONLY

Definitely..... 1 Probably 2 Probably Not.. 3 Definitely Not .. 4

Q3 If you would 'definitely' or 'probably' recommend the film, where and when would you recommend it be seen?

TICK ONE BOX ONLY

At the cinema as soon as it opens..... 1 At the cinema sometime..... 2 Wait and rent it on video or DVD 3 Wait and see it on cable or satellite ... 4 Wait and see it on BBC, ITV, Ch4 or Ch5 5

Q4 In general, what did you like best about the film?

DESCRIBE IN THE BOX BELOW

Q5 Which single moment or scene did you like best?

DESCRIBE IN THE BOX BELOW

Q6 What, if anything, didn't you like about the film?

DESCRIBE IN THE BOX BELOW

Q7 Which of the following words and phrases, if any, would you use to describe [NAME OF FILM]?

TICK AS MANY BOXES AS YOU WISH

Inspirational.... 1 Absorbing 2 Disappointing ... 3 Dramatic 4 Intelligent 5
Predictable..... 6 Charming 7 Exciting 8 Delightful 9 Warming 10
Romantic 11 Amusing..... 12 Original 13 Classy 14 Hilarious 15
Boring 16 Patronising 17 Entertaining.... 18 Uplifting..... 19 Corny..... 20