

Cultural Daily

Independent Voices, New Perspectives

It's the Audience, Stupid.

Cultural Weekly · Thursday, January 10th, 2013

As Sundance approaches, there's more evidence for a new Golden Age of Cinema.

Sundance is not a true predictor for the movie business. It is one festival, with its particular taste and approach, and the best and most successful films don't always premiere there. But Sundance comes at the beginning of the year, when people are setting their sights on the horizon and building their slates, so it is a kind of spiritual bellwether.

With Sundance starting next week, people who watch the movie business are making predictions. Will it be a buyers' market, like it was last year, where distributors pick up movies for pennies on the dollar? Or will it be a sellers' market, where filmmakers and their investors have more leverage, and are able to command higher prices?

Based on the evidence I'm seeing, I'll predict that Sundance 2013 will be both. Who's giving us evidence? The audience, in two pieces of news that surfaced this week.

It's not about movie theatres

A little back-story. Movies do not make their money in theatres. Because marketing costs are so high, at best movies break even in their theatrical runs. This is true even for the biggest movies that gross hundreds of millions of dollars—their distributors have spent even more advertising dollars to drive those box office results.

Why do they do it? Because the real money is in everything else, collectively called “home entertainment.” The problem for the past five years has been that home entertainment revenues went off their own fiscal cliff. They have been falling every year.

Until last year, according to a report just released by the [Digital Entertainment Group](#). Home entertainment income has started to rise. The rise is not much—it is less than one percent—but just as with the national economy, once you know you've hit bottom there is cause for optimism. With home entertainment revenues becoming predictable once again, distributors will be able to bet more money on more movies.

Crowdfunding shakes it up

The second piece of news came from Kickstarter, which crunched some numbers and discovered that [Kickstarter contributors have pledged more than \\$100 million to independent movies](#). These funds (\$85.7 million of which were collected) funded 8,567 projects.

Some cynics pounced on those numbers and said that \$100 million isn't that significant in the movie industry, but those people were looking through the wrong end of the telescope.

Kickstarter money may seem to be investment money, but it isn't: Kickstarter contributors don't take a financial interest in what they fund. They are supporting *filmmakers*—not distributors, theatre chains or studio executives. Bless the crowdfunding contributors, every one.

Kickstarter contributors send money because they want to see the movie. They are audience members. The \$100 million pledged came from 891,979 people. To put that number in focus, 891,979 people have not seen *Hitchcock* or *Hyde Park on the Hudson* or *The Sessions*.

891,979 people are enough to gain traction, enough to say there is a movement afoot. The audience is expressing its interest with its wallet.

At the spiritual bellwether level of Sundance, the audience's wallets will increase distributors' confidence.

At the practical level, the entertainment industry's profit cycle has already started to turn upward, and combined with fantastic, daring new talent and disruptive business models, that's more evidence for the new [Golden Age of Cinema](#).

Image from *May in the Summer*, written and directed by Cherien Dabis, which opens the Sundance Film Festival on January 17, 2013.

This entry was posted on Thursday, January 10th, 2013 at 4:51 am and is filed under [Film](#). You can follow any responses to this entry through the [Comments \(RSS\)](#) feed. You can leave a response, or [trackback](#) from your own site.