

# THE C REPORT

By Magda Rotko, Lorna Bösel, Max Minkoff

# **THE C REPORT**

Changes, Challenges and Consequences for the Film Industry  
facing the COVID-19 Pandemic

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# INTRODUCTION

The outbreak of the COVID-19 virus is a generation-defining global event, the effects of which will be felt for years to come. As the virus spread across the world, state-imposed lockdowns forced people – suddenly bound to their homes – to reckon with a completely new way of living. Measures such as this were put in place to contain the virus, but resulted in an economic crisis affecting many industries.

The C Report focuses on how this crisis is impacting the global film industry. The coronavirus outbreak brought about many changes in a very short timeframe – some unexpected and unprecedented, others that felt inevitable. The C Report describes and explores some of these developments and looks at how the industry came to terms with these challenges. The first half of 2020 was a time of crisis, but also a period of creativity and innovation.

Some of the new solutions are only short-term fixes for the lockdown period, while others have the potential to transform the industry forever. One of the key aims of this report is to give professionals a sense of what's happening outside their slice of the sector, and to provide a broad, comprehensive overview of the present situation. Understanding the changes and challenges faced across the industry will be essential when it comes to dealing with the consequences of this crisis.

**The C Report is divided into three chapters, focusing on the following topics:**

## Film Festivals

Most of the 2020 film festival calendar was cancelled or postponed, with many festivals opting to go ahead in an on-line format. This had not previously been attempted at such a scale. How will this period of experimentation play out? Will it have a lasting effect on film festivals in the post-corona world?

## Theatrical Online and Windows

The worldwide closure of cinemas led to most major studio releases being postponed. Several high profile titles were released straight-to-VOD, a move which was as controversial as it felt inevitable. Smaller distributors experimented with a theatrical-digital window. What will the impact on the established window system be moving forward?

## Audience Engagement

This chapter investigates the ways in which the various pockets of the film industry maintained their relationships with their audience while much of the world's population spent the early months of 2020 confined to their homes. What can we learn from how audiences engaged with content, and the film industry with audiences?

The authors of this report are a trio of film professionals: **Lorna Bösel** from Germany, **Magda Rotko** from Poland, and **Max Minkoff** from Australia, with backgrounds in film festivals, marketing, exhibition and distribution. Research was conducted from mid-March until mid-June of 2020. This period covers the initial spread of the virus and the large-scale national lockdowns. The authors acknowledge that the information in this report may very quickly become outdated, as this situation is still developing. Even so, it should provide a valuable snapshot of the early stages of this crisis.

Close observation of industry developments through news updates, reports, podcasts and webinars, was combined with video interviews with industry professionals. We are grateful to them for their generosity with their time. The interviewees are presented below in chronological order:

- \_ DIETER KOSSLICK, former Director, Berlinale, 10 April 2020
- \_ BEN JOHNSON, CEO, Gruvi, 11 April 2020
- \_ CATHARINE DES FORGES, Director, ICO, 17 April 2020
- \_ OLLE AGEBRO, Head of Acquisition, Draken Film, 17 April 2020
- \_ MICHAEL ARNON, International publicists, WOLF Consultants, 21 April 2020
- \_ WENDY LIDELL, SVP, Theatrical Distribution & Acquisitions, Kino Lorber, 28 April 2020
- \_ BIRGIT KÖHLER & STEPHANIE SCHULTE STRATHAUS, Artistic Direction / Board of Directors, Institut für Film und Videokunst e.V., 29 April 2020
- \_ ALLISON GARDNER, Chief Executive, Glasgow Film, 29 April 2020
- \_ LOUIS BALSAN, Sales Agent, 30 April 2020
- \_ MUBI, Sanam Gharagozlou, International Marketing Manager & Jon Barrenechea, VP of Marketing, May 4th 2020
- \_ DELPHI LIEVENS, Senior Box Office Analyst, Gower St Analytics, 3 May 2020
- \_ MARINA DIAZ-CABRERA, Taskovski Film Ltd., 29 April, 2020
- \_ MATTHIJS KNOL, Director, European Film Market, 7 May 2020
- \_ LILLI HINSTIN, Artistic Director, Locarno Film Festival, 7 May 2020
- \_ TINE FISCHER, Director, CPH:DOX, 8 May 2020
- \_ JAUME RIPELL, Co-Founder, Filmin, 13 May 2020
- \_ PHILIP KNATCHBULL, CEO, Curzon, 14 May 2020
- \_ VICKI BROWN, Senior Sales Manager, Altitude Film Sales, 15 May 2020
- \_ GERALDINE MOLONEY, Policy Advisor, Film Distributors Association, 15 May 2020
- \_ TRICIA TUTTLE, Festivals Director, British Film Institute, 18 May 2020
- \_ MADDY PROBST, Cinema Managing Producer at Watershed, 10 June 2020
- \_ BOGLARKA NAGY, 11 June 2020

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Magda Rotko, Lorna Bösel, Max Minkoff  
Berlin, 16 June 2020

# SUMMARY

## Festivals

Within this forced learning period film festivals have behaved differently in accordance with their differences in structure, mission and management. Eventually this pandemic has forced and encouraged them to redefine their role in the value chain and sharpen their purpose. The support and understanding along this road has been overwhelming and helped to build new communications patterns and networks – between festivals, industry representatives, institutions and the audience.

Online film festivals successfully explored the possibility of online screenings and the chance in reaching more and different spectators. New ways of engaging with audiences and potentially building lasting communities through online communication have been identified by festivals. This will have an impact on their funding and organizational structures going forward, as well as future film distribution and promotion models.

The effect of the lockdowns and quarantine on travel has allowed film festivals to experiment with online industry platforms. These new possibilities of engaging and handling business could reduce travel obligations and expenditure in the future while supporting environmental goals.

## Theatrical, Online and Windows

The near-worldwide pandemic called for a new look at window regulations by exhibition and distribution sectors already in crisis. The situation has triggered experimentation with digital as well as moves towards shortening or collapsing windows. New initiatives have emerged both in the commercial and independent sectors.

One of the more interesting concepts popularised during the pandemic has been virtual cinema, which has allowed the exhibition sector to stay active in the market, keep in touch with its audiences and get some (if often symbolic) revenue. Virtual cinema might become a regular practice in the case of some more successful platforms.

Some of the challenges presented by the crisis will be affecting the film business post pandemic and are likely to lead to long term changes. Due to the underlying crisis we might see big changes in the ways the commercial exhibition sector operates. We might also observe the continuous growth of studios and major digital platforms, and their moves towards vertical integration. The crisis, which has heavily affected the independent sector, has called for increased cooperation between distribution and exhibition, which might continue to be a trend. The curatorial aspect of the independent sector is likely to become increasingly central to the business model.

## Audience Engagement

With audiences worldwide confined to their homes, the lockdown period saw the emergence of some interesting trends – both in audience behaviour and in how different areas of the film industry maintained their audience relationships while cinemas were closed and film festivals cancelled.

Comfort viewing of classics and familiar titles was a major trend in audience viewing habits. This was complemented by marketing strategies during the lockdown employing the use of nostalgia, as seen with Cannes' #BeCannesRewind hashtag. In lieu of new releases, cinemas screened classics like *Ferris Bueller's Day Off* as they reopened.

Streaming services used the crisis to experiment with new models, to find innovative ways of offering cinema to their subscriber base. Filmin in Spain hosted digital versions of several festivals that had to be

# TIMELINE

**MARCH 4**  
JAMES BOND - NO TIME TO DIE: THEATRICAL RELEASE POSTPONED TO NOVEMBER

**MARCH 6**  
SXSW CANCELLED ONE WEEK BEFORE START

**MARCH 12**  
FAST AND FURIOUS 9, A QUIET PLACE 2 AND MULAN THEATRICAL RELEASES ALL POSTPONED

**MARCH 13**  
CPH:DOX ANNOUNCES DIGITAL VERSION OF FESTIVAL

**MARCH 16**  
UNIVERSAL ANNOUNCES DAY-AND-DATE RELEASE FOR TROLLS: WORLD TOUR, INITIATIVES START TO SUPPORT CINEMAS VIA VIRTUAL CINEMA

**MARCH 18**  
MARCHÉ DU FILM ANNOUNCED A VIRTUAL MARKET 2020

**MARCH 11**  
TRUMP GOVERNMENT BLOCKS MOST VISITORS FROM EUROPE WHO DECLARES PANDEMIC

**MARCH 15**  
EUROPEAN COUNTRIES BEGIN TO CLOSE THEIR BOARDERS

**MARCH 17**  
EU BARS MOST VISITORS FROM OUTSIDE BLOC

**MARCH 24**  
OLYMPIC GAMES TOKYO 2020 ARE POSTPONED TO NEXT YEAR

**MARCH 31**  
CORONA GLOBALLY: 750 890 CONFIRMED CASES, 36 405 DEATHS

**APRIL 2**  
SXSW ANNOUNCES 2020 FILM FESTIVAL COLLECTION PRESENTED ON AMAZON PRIME

**APRIL 6**  
VENICE FILM FESTIVAL WONT ORGANIZE AN ONLINE FILM FESTIVAL

**APRIL 7**  
CANNES FILM FESTIVAL WONT ORGANIZE AN ONLINE FILM FESTIVAL

**APRIL 27**  
ANNOUNCEMENT OF WE ARE ONE: A GLOBAL FILM FESTIVAL, CINEMAS ARE ALLOWED TO OPEN AGAIN IN SOME PARTS OF THE USA

**APRIL 28**  
ACADEMY AWARD ANNOUNCING NEW RULES REGARDING ONLINE RELEASES

**APRIL 29**  
LOCARNO FILM FESTIVAL ANNOUNCED A SPECIAL EDITION

**APRIL 6**  
THE BRISH PRIMEMINSTER WAS MOVED INTO INTENSIVE CARE

**APRIL 13**  
MACRON ANNOUNCES BAN ON LARGE GATHERINGS IN FRANCE

**APRIL 15**  
DENMARK OPENS SCHOOLS FOR CHILDREN UNDER 11

**APRIL 30**  
CORONA GLOBALLY: 3 090 445 CONFIRMED CASES, 217 769 DEATHS

**MAY 6**  
PRESIDENTIAL ELECTION IN POLAND IS POSTPONED

**MAY 19**  
CAMBRIDGE UNI MOVES LECTURES ONLINE UNTIL SUMMER 2021

**MAY 25**  
GEORGE FLOYD WAS KILLED BY POLICE DURING HIS ARREST

**MAY 29**  
USA ANNOUNCED END OF COOPERATION WITH WHO

**MAY 31**  
CORONA GLOBALLY: 5 934 936 CONFIRMED CASES, 367 166 DEATHS

**MAY 3**  
SYDNEY FILM FESTIVAL ANNOUNCES ONLINE EDITION

**MAY 7**  
CINEMAS IN NORWAY ARE ALLOWED TO OPEN AGAIN

**MAY 10**  
CANNES OFFICIALLY RULES OUT PHYSICAL EDITION OF 2020 FESTIVAL

**MAY 12**  
EUROPEAN FILM AWARDS WILL CONSIDER ONLINE FILM PREMIERE

**MAY 15**  
FILM PRODUCTION IN SLOVAKIA CAN RESUME

**MAY 27**  
NETFLIX WONT SUBMIT OR SEND TALENTS TO FILM FESTIVALS THIS YEAR

**JUNE 5**  
EU HAS PLEDGED TO LIFT BORDER CONTROLS INSIDE ITS TERRITORY BY END OF JUNE, EXTENSION OF THE BAN ON NON-ESSENTIAL TRAVEL BY FOREIGN NATIONALS INTO THE EU'S BORDER FREE-TRAVEL ZONE

**JUNE 8**  
STATUE OF EDWARD COLSTON IN BRISTOL GETS DESTROYED BY BLACK LIVES MATTER PROTESTANTS, UEFA CHAMPIONS LEAGUE WILL RESUME ON AUGUST 7

**JUNE 15**  
CHINA REIMPOSES SOME TRAVEL RESTRICTINGS DUE TO NEW CORONA CASES

**JUNE 16**  
CORONA GLOBALLY: 7 941 791 CONFIRMED CASES, 434 796 DEATHS

**JUNE 3**  
CANNES ANNOUNCED THEIR FILM SELECTION 2020

**JUNE 12**  
THEATRICAL RELEASE OF CHRISTOPHER NOLAN'S TENET POSTPONED

**JUNE 15**  
ACADEMY AWARDS 2021 ARE POSPONED TO APRIL 25TH

cancelled; MUBI offered free 90-day trials to new audiences via exhibitors, and experimented with an exclusive single day preview of Pablo Larrain's *Ema* across 60 countries.

While surveys show there is an appetite amongst audiences to return to the cinema, there is still some trepidation from people understandably concerned about contagion. Cinemas must observe social distancing measures for audiences to feel safe; accordingly, marketing for the time being needs to be sensitive to audience experiences and concerns.

# FILM FESTIVALS

With the ban on gatherings and new hygiene restrictions in place in March, event organizations were forced to rethink everything. Dealing with closed cinemas nationally, the essence of film festivals was affected and in danger.

Within the film industry film festivals have a specific role: they present and promote films and art, build a bridge between audience and filmmakers and mirror our society. In the last couple of years more and more festivals have been founded worldwide and aside from the engagement with the audience, film festivals often offer industry platforms, panels, labs or even markets.

Film festivals are complex entities, differing enormously in their organizational structure and shaped by various factors like their country, time frame, content, composition, audience, funding, team and mission. This variety obviously affects what strategies were available and relevant to each. But fundamentally they have more in common: film festivals are a platform to network, learn, discover and celebrate together.

## What Happened?

### Not this year or at least not now

In March the health situation changed drastically. Large gatherings of people became increasingly unrealistic or forbidden outright, and events like Qumra<sup>1</sup> and CinemaCon<sup>2</sup> began to announce their cancellation. As one of the first film festival SXSW<sup>3</sup> got canceled on March 6. Others such as the Edinburgh International Film Festival<sup>4</sup>, the Jerusalem Film Festival<sup>5</sup>, the Red Sea International Film Festival<sup>6</sup> or the Sofia International Film Festival<sup>7</sup> chose a new date later in the year or rather announced an undefined postponement, hoping that the health situation would improve by autumn. The Directors' Fortnight, La Semaine de la Critique and ACID teams gave notice of their cancellation a month before their original running dates.<sup>8</sup> "Summer festivals" like the film festival Munich, which was supposed to run at the end of June, took the decision to cancel completely at the beginning of April.<sup>9</sup>

### 2020 as a special edition

Other festivals decided to run this year as a special edition. The Karlovy Vary International Film Festival tried to go ahead on a later date but the unpredictable health situation made this impossible. They decided to concentrate on a curated programme of 18 films called KVIFF At Your Cinema, which will be presented in cinemas across the Czech Republic in July.<sup>10</sup> The film festival in Locarno announced a new concept for this year called Locarno 2020 – For the Future of Films to support film production.<sup>11</sup> And at

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1 Doha Film Institute. (2020, March 3). [Doha Film Institute Cancels Qumra 2020 As Part of Risk Management of the Spread of COVID-19](#). Doha Film Institute

2 Fithian, J., Neuhauser, M. (2020, March 11). [CinemaCon 2020 and the Coronavirus](#). CinemaCon

3 SXSW. (2020, March 6). [City of Austin Cancels SXSW March Events](#). SXSW

4 The Festival Team. (2020, March 18). [COVID-19 \(Coronavirus\) Update - 18 March 2020](#). Edinburgh International Film Festival

5 Kessler, E. (2020, May 26). [Jerusalem Film Festival Postpones 2020 Edition to Late August](#). Variety

6 Ritman, A. (2020, March 3). [Saudi Arabia's Inaugural Red Sea Film Festival Postponed Due to Coronavirus](#). The Hollywood Reporter

7 Kitnov, S. (2020, March 9). [The 24th Sofia International Film Festival and the 17th Sofia Meetings postponed](#). Sofia International Film Festival

8 Goodfellow, M. (2020, April 15). [Cannes Critics' Week, Directors' Fortnight, ACID cancel 2020 editions](#). Screen Daily

9 Filmfest München. (2020, April 6). [Wir sehen uns 2021!](#). Filmfest München

10 KVIFF. (2020, April 27). [Special version of the traditional KVIFF at Your Cinema](#). KVIFF

11 Locarno Film Festival. (2020, May 12). [The Films After Tomorrow: Locarno2020's First Project Rewards the Future](#). Locarno Festival

the beginning of June, Cannes made public their film selection and their support of these films during their theatrical releases and possible premieres at other festivals, without screenings at the Croisette and an appearance on the tapis rouge.

### Online /Hybrid

Film festivals like CPH:DOX<sup>12</sup>, Visions Du Réel<sup>13</sup> or Vilnius IFF<sup>14</sup> have presented their film selection to the audience online and transformed their whole infrastructure of awards industry panels to be digital. As it's not clear how the world will look in a few months, more festivals like the Toronto International Film Festival<sup>15</sup> and DOK Leipzig<sup>16</sup> have announced they will explore hybrid formats this year with a combination of online and physical events if possible. Sheffield Doc/Fest split their activities to an online version in summer, physical screenings in autumn and partnerships (with e.g. MUBI and BFI Player), to present a curated programme from July to November.<sup>17</sup> Others like the Bundes.Film.Festival premiered parts of their programme online and in a drive-in cinema<sup>18</sup> and the New York Film Festival is working on a strategy of additional open air screenings.<sup>19</sup>

### New digital film festivals and online features

In this time of lockdowns new film festivals have been founded online. The Corona Short Film Festival in Berlin created a new competition with monetary awards and distribution deals<sup>20</sup> and the Lockdown Film Festival in the UK awarded their winner with a Raindance Course Voucher.<sup>21</sup> Other initiatives focused more on a financial support of the cinema and the industry like the Quarantine Cat Film Festival<sup>22</sup> and others created a streaming opportunity like BBC's first virtual film festival called LongShots, which is presenting a selection of documentaries to screen for free on their website and allow the audience to vote for their favorite.<sup>23</sup>

Already existing festivals expanded their programme and ask for new content. For instance, the Thessaloniki Film Festival has not only made some of their short films from 2019 available online, but also asked filmmakers like Denis Côté and Radu Jude to provide them with new short films from their quarantine time for a presentation on Youtube.<sup>24</sup> And finally there is the initiative WE ARE ONE: A GLOBAL FILM FESTIVAL, a 10-day online presentation of curated film programmes from 20 different film festivals on Youtube to raise funds for COVID-19 relief.<sup>25</sup>

12 CPH:DOX. (2020, March 3). [CPH:DOX 2020 is set to roll out in a digital version](#). CPH:DOX

13 Visions Du Réel. (2020, April 24). [Visions du Réel 2020: a generous and accomplished online edition](#). Visions du Réel

14 Vilnius IFF. (2020, April 10). [Vilnius IFF Went Fully Digital – Here Are the Results](#). Kino Pavasaris

15 Vicente, J. / Bailey, C. [A message to our audiences regarding the closure of TIFF Bell Lightbox](#). TIFF

16 DOK Leipzig. (2020, June 16). [Unser Filmprogramm 2020 wird hybrid](#). DOK Leipzig

17 Dams, T. (2020, June 8). [Sheffield Doc/Fest Unveils 2020 Selection with 31 World Premieres](#). Variety and Sheffield Doc/Fest (2020, June 8). [Sheffield Doc/Fest unveils 2020](#). Sheffield Doc/Fest

18 Junghänel, M. (2020, May 13). [Deutschlands erstes Autokino-Filmfestival](#). Bundes.festival.film

19 Eugene Hernandez, Director of the New York Film Festival explains more about this year's edition here: (2020, May 21). [What Happens to Film Festivals after Covid-19? | Viral: A Film Industry Conversation](#). Cinetic Media

20 Corona Short Film Festival. (2020, June 10). [About the Corona Short Film Festival](#). Corona Short Film Festival

21 Lockdown Film Festival 2020. (2020, June 10). [Lockdown Film Festival](#). Lockdowntv

22 Quarantine Cat Film Festival. (2020, June 10). [Quarantine Cat Film Festival](#). Row House Cinema

23 LongShots. (2020, June 10). [Longshots Film Festival](#). BBC

24 Thessaloniki Film Festival. (2020, June 10). [Thessaloniki Film Festival](#). filmfestival

25 We Are One. (2020, June 1). [We Are One: A Global Film Festival](#). Youtube

## What Changed?

Matthijs Wouter Knol, Director of the European Film Market explained in our interview: “This pandemic affects the whole essence of what a film market is or the way we organize it. If less people would be allowed to come, or less people would be allowed in cinemas, or less people would be allowed in a market venue, not talking about how people feel about it but just about what is legally possible, there would be a huge effect on how the EFM is organised and financed.” That also applies for film festivals.

### Impact and Influence

Film festival organizations have historically needed to adapt to many changes in the media industry and in social behavior. The rise of television, the changing cultural role of cinemas, and of course the digital age have affected these events. In the years leading up to the pandemic, film festivals were already rethinking their position due to the streaming boom and digitalisation.

The last couple of months have shown what fragile constructs film festivals are, varied in structure and impact, and dependent on their stakeholders and funding partners. It is not yet possible to estimate all consequences of the pandemic-related changes on the festival environment. Further studies are needed to develop more sustainable and resilient model for film festival organizations.

**no venues:** For film festivals, cinemas are essential as they are the place to present the films, introduce the crew and connect with the audience. With cinemas closed, physical screenings were not viable and some film festivals began to schedule online screenings instead.

**no audience or industry:** With the announcement of lockdowns and restrictions regarding public gatherings, film festivals were forced to cancel their physical events for the audience, as well as industry meetings. In the next couple of months the restrictions will influence the number of people able and willing to attend, which directly influences the programming and financing structure of festivals.

**no local business:** Film festivals have an economic impact on local businesses like restaurants, hotels and service providers.<sup>26</sup> With the hospitality industry already hard hit by lockdowns, events later in the year being cancelled, travel to them restricted, or audience numbers limited, adds a secondary economic impact in already struggling local economies.

**decision making process and networking:** In regards to national health restrictions, the decision on whether to go ahead with the festivals or not has in some cases been taken outside of festival organisations. This situation has demonstrated the complexity of the management structure of festivals and their dependence on boards, stakeholders, partners and sponsors, and affected the dialogue and collaboration between film festivals.

**financing and funding:** Film festivals are financed in a variety of ways – from public funding to sponsorship, ticket sales, membership, and submission fees etc. In a rapidly contracting economy, with local businesses closing, some responsibility has been shifted. The experiments with online festivals have revealed additional financial aspects. Ticket prices and screening costs operate differently, departments and teams structured in new ways, and staff laid off.<sup>27</sup>

26 More about the economic impact of the Sundance Film Festival for instance, can be found here: Monson, Q., Wilson, S., Goodliffe, J. (2019, May 27). [Economic Impact 2019 Sundance Film Festival](#). Sundance

27 The Seattle Film Festival had to lay off most of their staff shortly after the cancellation: Hubbard, L. (2020, March 30). [SIFF's Message to the Public about COVID-19](#). Siff / Tribeca Film Institute recently reported a pause until the beginning of September and a reduction in staff and programming activities: Malkin, M., Donnelly, M. (2020, May 26). [Tribeca Film Institute Suspends Operations, Enacts Small Round of Layoffs](#). Variety

**value chain and guidelines:** Due to the temporary stop of almost all film production globally, postponed releases, and restriction for cinema reopenings, film festivals are facing changes in their selection process and their programming structure. Changing submission deadlines and guidelines for other festivals and awards like the Oscars and BAFTAs will affect the availability of films for film festivals.<sup>28</sup>

**legal challenges:** Film festivals have been placed in new legal and contractual situations, with challenges including the negotiation of online film rights, online privacy regulations for audiences and copyright concerns for the rights holders, as well as festival production issues like insuring the events, or refunding tickets.

**lack of visibility:** Without red carpets and press junkets, film festivals are facing difficulties in visibility and promotion. To avoid losing branding and marketing strength, they have been exploring new forms of audience engagement and willingness to support and promote each other under one roof like WE ARE ONE: A GLOBAL FILM FESTIVAL.

### The Role of Festivals

Festival directors worldwide approached arguments and decisions very differently in the last couple of months, making differences in the festival profiles more distinctive. In the future this could make a difference in which festivals, the industry and audiences prioritise attending. The discussion about the mission of film festivals and their role has also demonstrated their importance in the value chain.

As promotional platforms for films, festivals support theatrical distribution and exhibition. Some Directors, like Cannes' Thierry Frémaux, made it clear from the beginning that an online version of the film festival would not be an option, as the purpose of it is a collective experience in the cinema and the celebration of the big screen.<sup>29</sup> Considering the history and the extraordinary position of the Cannes Film Festival, it's understandable that the red carpet and the buzz created around it can't be changed overnight, and maybe doesn't need to be. Instead, the aforementioned Cannes label became a way of applying the festival's branding and to act as a seal of quality, which should help the selected films secure distribution deals to be presented in cinemas after their reopening. At least in this temporary manner, this is expected to work without any Cannes screenings or its usual categorization into sections.

Other festivals like Karlovy Vary also stated their support of the cinema, by planning simultaneous screenings all over the country after the reopening, and only transforming their industry section online.<sup>30</sup> The new format of Doclisboa will run from October 2020 until March 2021, presenting a curated programme for one week every month in their traditional venues<sup>31</sup>, while DOK.fest München collected €19,000 during this year's online festival edition to support their partner cinemas through a solidarity initiative in conjunction with their online ticket sales.<sup>32</sup>

Besides theatrical distribution and promotion of selected titles, film festivals usually support the value chain through monetary awards, matchmaking, educational platforms etc. Many film festivals have decided independently from their audience programming and competitions to transform pitchings, labs, talks or market screenings online to support the business and revenue flow in this time of lockdowns and travel bans.<sup>33</sup>

28 Thompson, A. (2020, May 27). [Netflix's Approach for Oscars 2021: Skip the Festival Circuit](#). IndieWire

29 Kessler, E. (2020, April 7). [Cannes Film Festival Won't Go Virtual If All Else Fails](#). Variety

30 Barraclough, L. (2020, April 28). [Karlovy Vary Film Festival Canceled, but Plans Select Screenings and Online Industry Section](#). Variety

31 Gusmao, J., Sousa, J., Ribero, M. (2020, May 28). [Doclisboa – About the 18th edition of the festival](#). Doclisboa International Film Festival

32 Petzold, D. (2020, June 5). [Pressemitteilung](#). Dok.fest München

33 Some examples: Rosser, M. (2020, June 8). [Film London's Production Finance Market moves online, James Schamus joins line-up](#). Screen Daily / Petkovic, V.

Lili Hinstin, Artistic Director of the Locarno Film Festival explained: „(...) contrary to the short film selection, which we feel we can present more or less at the same level or in the same shape in an online version, we would not be able to do that with feature films. And if we would have presented only some of the smaller films with a ‘Locarno Label’, it would not have reflected what the Locarno selection is – with all its diversity, different economies, and different positions in the film industry.“ They therefore decided on an alternative structure this year under the banner “Locarno 2020 – For the Future of Films, a unique initiative conceived to support ongoing productions, independent auteur filmmaking and cinema theaters.”<sup>34</sup> Their already mentioned “The Films After Tomorrow” competition programme, offers financial support thanks to an award system for productions put on hold due to the pandemic, and will allow the audience to engage more with the filmography of the filmmaker and their history at the Locarno Film Festival.

CPH:DOX explored the potential of film festivals becoming a distributor, which will play a significant role in the future, as Tine Fischer observed: “Many of the films that are selected in festivals are not going to have a regular distribution, or [are] going to have a poor distribution. What we can see now – and that is of course the difficult part of it – is that some of the films have screened very well online with us. We could potentially make distribution deals with some of the rights holders and run the film after the festival, which means that this could develop into a real distribution model. Of course that would skip theatrical; but many of these films would not have a theatrical run.”

Furthermore during the last three months, many film festivals decided to run an online version of their programme, especially those that were just about to open their doors when cinemas had to close. In this new format, they now found themselves able to focus on the potential of film festivals to reach new audiences, work actively on the engagement and present the films to a large group of people. The results will be discussed in the next chapters.

### Online Screenings

For filmmakers, being selected for a film festival programme can be a great opportunity. Besides monetary awards and screening fees, festivals support filmmakers through media coverage, reviews, and the possibility of getting distribution deals after successful screenings for audience, press and industry representatives.<sup>35</sup> In light of the uncertainty of cinema reopenings and the changes in the theatrical release calendar, deciding on the format of this year’s festival edition required an intense dialogue between festival teams, rights holders and producers to ensure a balance between the interests of these three groups.<sup>36</sup>

Paolo Moretti, Delegate General of Directors Fortnight did consider many options in April for this year’s presentation, but after talking to producers and rights holders of the already selected films, a virtual version of the section was not considered viable.<sup>37</sup> A different experience is described by Tricia Tuttle, Director of BFI Festivals: “This year BFI Flare made us realize that rights holders were willing to take a risk in a way they were not willing to do that before.”

When CPH:DOX and Vilnius started to contact rights holders their expectations were rather low but surprisingly many of them agreed on an online festival screening. The Vilnius Film Festival was able to put 69% of their programme online (73% of the feature films and 27% of the short films).<sup>38</sup> Dok.fest

(2020, June 17). [DOK Leipzig announces hybrid festival and moves industry programme online](#). Cineurope

34 Locarno Film Festival (2020, May 12). [The Films After Tomorrow: Locarno2020’s First Project Rewards the Future](#). Locarno Festival

35 Skadi Loist describes more about festival screenings fees here: [The Splash by Next Wave](#). (2020, May 28). [A chat with Skadie Loist](#). Next Wave Splash

36 Tine Fischer explained in our interview the process of calling rights holders before putting the programme online. More can be found here: [Screen International](#). (2020, April 10). [Screen Talks: the challenges and opportunities for film festivals during Covid-19](#). Youtube

37 Lemerrier, F. (2020, June 8). [Paolo Moretti, Delegate General of Directors’ Fortnight](#). Cineurope

38 Vilnius IFF. (2020, April 10). [Vilnius IFF Went Fully Digital – Here Are the Results](#). Kino Pavasaris

München presented 121 films from their original programme of 159 films.<sup>39</sup> Tine Fischer explained in our interview that 75% of this year's scheduled CPH:DOX programme – 150 films out of 220 – were presented online this year. As one of the first festivals affected by the pandemic, SXSW went in a slightly different direction, presenting a film collection on Amazon Prime with 39 films from their original 135 films schedule.<sup>40</sup>

Looking at the type of online film festival, it's notable that for the most part documentary or short film festivals have dominated. Even before the pandemic, their distribution models and release strategies have been different than those of feature films, and as the last couple of months demonstrated, the handling of the rights seems to be 'easier'.<sup>41</sup> Tricia Tuttle noted: "We've been trying for the last five years to deliver online elements every year with our festivals. We designed all these models with the BFI Player team and went out to the rights holders (...) and really no one wanted to do that because they were understandably concerned about impacting any later theatrical release plans". However for shorts and documentaries they were able to organize online screenings even before this pandemic in cooperation with MUBI for instance.

The industry's growing experience of virtual cinemas, and changing distribution modes for feature films like Universal's Trolls World Tour (discussed in the next chapter), will have an impact on film festivals and their contracts for the screenings in all genres. Just in the last couple of months, the approach of distributors towards restricted online film festival screenings has already changed slightly. As Thom Powers, Artistic Director of DOC NY describes in his Indiewire article headlined "Film Festivals Aren't Just Surviving Online, They're Creating a Better Future": "Key distributors like Apple TV+, HBO Docs, National Geographic, and Participant Media are supplying titles to online festivals and in recent weeks buyers at HBO Docs, Hulu, IFC Films, Neon, Magnolia Pictures, Showtime and Sony Pictures Classics told me they planned to scout films at online festivals that put limits on viewership. Other distributors declined to go on record, but no one said that online festivals with restricted viewing would be a deal-breaker."<sup>42</sup>

Part of the discussion about film rights are the regulations of geo-blocking, besides the quality of online screenings, the handling of subtitles, and the security. This is connected to festival guidelines and the premiere status of a film. As Dieter Kosslick, former Director of the Berlinale, explained: „A major point will be the discussion regarding world and international premieres at festivals. I guess and I hope this will change and give the curators the possibility to make a much better programme, without dealing with as many compromises as in the past.“

The choice of the screening platforms plays an important role in regard to restricted viewing and other limitations. For film festivals like CPH:DOX or Visions Du Réel, building a digital infrastructure was possible even within the space of a few days. Most of the film festivals The C Report observed used already existing industry screening platforms like festival scope, Shift72, or a self-built service like BFI Player.

39 Otto, K. (2020, May 14). [Das könnte die Zukunft der Filmfestivals sein](#). W&V

40 Roberts, J. (2020, April 27). [Prime Video's SXSW 2020 Film Festival Collection from April 27–May 6](#). SXSW

41 Aftab, K. (2020, April 14). [Cancel Outright or Go Digital? How One European Film Festival Made the Call](#). Variety

42 Powers, T. (2020, May 16). [Film Festivals Aren't Just Surviving Online, They're Creating a Better Future](#). IndieWire

**How much for a ticket?** Visions Du Réel for example offered screenings free of charge. Others used a TVOD structure. CPH:DOX sold tickets at half of the normal price, and industry screenings available only with the relevant accreditation. Hot Docs sold online tickets for \$9, and 5-films streaming bundles for \$40, compared to the single ticket price of \$17.50-\$19 last year.<sup>43</sup> Dok.fest München successfully offered the possibility to pay €4.50 or to add an additional €1 to support the local cinemas: 52% of the single tickets were sold at the higher price.<sup>44</sup> The Amazon Prime SXSU collection, however, was "...free to all U.S. audiences with or without an Amazon Prime membership — all that is needed is a free Amazon account."<sup>45</sup> If festivals decide beyond this pandemic to continue online screenings, finding a sustainable pricing model will be a challenge.

**How many people are allowed to watch and from where?** For SXSU the Amazon deal meant everyone in the USA. CPH:DOX allowed people from Denmark to acquire tickets. Hot Docs, on the other hand, restricted viewing to the state of Ontario only. Regarding the amount of viewers, Visions Du Réel limited the number of tickets for a virtual screening to 500.<sup>46</sup> The Thessaloniki Documentary Festival allowed 400 tickets per screening<sup>47</sup>, and CPH:DOX 1000 tickets per screening.<sup>48</sup> In a physical film festival, the access to watch a film is given through a ticket or accreditation purchase. For online screenings one ticket can mean more than one viewer as for online screenings at home, it's harder to control how many people are in front of the display. And of course there is the risk of piracy, which can have enormous financial consequences for a film. This remains a strong argument for rights holders to avoid online distribution.

**When have films been screened?** The online screening schedule gave festivals the opportunity to experiment with the temporal availability of films. Dok.fest München made their selection accessible for 24 hours after the payment process.<sup>49</sup> CPH:DOX allowed the audience to watch films for 30 hours after the purchase<sup>50</sup> and extended the viewing period as some screenings had reached their viewing limitation within the regular festival dates.<sup>51</sup> Hot Docs also extended their screening window by more than two weeks. For film festivals this is a new opportunity to reach out beyond the festival's dates in a digital version, but also in a physical one as DocLisboa or the Telluride Film Festival demonstrated.<sup>52</sup>

Other examples also demonstrated a stronger focus online on shorts and documentaries. Film festivals like the Sydney Film Festival have put together an online program consisting of 33 titles: 7 feature films, 13 documentaries and 13 shorts.<sup>1</sup> In 2019 the physical festival presented 307 titles, with 112 feature films and 79 documentaries. The program of the WE ARE ONE: A GLOBAL FILM FESTIVAL announced 71 short films and 34 feature films. Out of these 34, 11 were documentaries.

1 Frater, P. (2020, May 27). [Online Version of Sydney Film Festival Skews Heavily Australian](#). Variety

43 Hot Docs. (2020, June 15). [Festival Tickets, Passes & Packages](#). Hot Docs

44 Schoeß, M. (2020, May 24). [Bilanz: So endet die erste DOK.fest-Online-Ausgabe](#). BR

45 Roberts, J. (2020, April 27). [Prime Video's SXSU 2020 Film Festival Collection from April 27–May 6](#). SXSU

46 Visions Du Réel. (2020, April 17.) [Information & Hotline](#). Visions Du Réel

47 Cunningham, N. (2020, May 14). [Online Thessaloniki Doc Fest 2020 announces titles](#). Business Doc Europa

48 CPH:DOX. (2020, June 10). [FAQ](#). CPH:DOX

49 DOK.fest München (2020, June 10). [Kurzanleitung zum DOK.fest München @home](#). DOK.fest München

50 CPH:DOX. (2020, June 10). [FAQ](#). CPH:DOX

51 Atkin, M. (2020, April 28). [Force Majeure: When you have six days to put a documentary festival online](#).

52 Lattanzio, R. (2020, May 29). [Telluride Film Festival 2020 Will Move Forward, with an Extra Day for Safety](#). IndieWire

Film festivals in general, and especially those that plan an online version, will need to take a concrete look at their guidelines defining online eligibility, premiere status, viewing restrictions, and finding sustainable models for pricing and sharing of income.<sup>53</sup> As the festivals' position in the value chain is shifting, even festivals that can go ahead as planned will be affected. The changes also offer new possibilities, such as acting as distributor. As the last half year of festivals acting individually has revealed that the immense variety of solutions are not all mutually beneficial, it's advisable for festivals to think about these matters and develop policies in collaboration.<sup>54</sup>

### Community

Where is the audience and how to reach them? This has been and will be one of the main questions for the film industry as for festivals. Online events, of course, cannot replace the physical experience of watching a film together in the cinema, and it has to be taken into account that social behaviour has been affected by the quarantine – for now and probably at least for the remainder of the year. Still, the results from March and April tell us a lot about future possibilities of watching films together and community building.

Many online film festivals have reported to have reached a new audience. Depending on regulations of geo-blocking, in most cases The C Report was able to observe a shift from a local or regional audience to a more national audience. CPH:DOX went from 90% (Copenhagen) and 10% (the rest of the country) to 70% (Copenhagen) and 30% (rest of the country). The Flatpack Festival in Birmingham has reported a similar trend; usually around 50% of the audience attending is from around Birmingham, but this year it changed to less than a quarter.<sup>55</sup> The online version of Visions Du Réel offered the possibility to reach an audience in more remote parts of Switzerland<sup>56</sup>, and the Krakow Film Festival reported to have engaged with a considerable number of first time attendees.<sup>57</sup> It will be interesting to observe whether these new communities are more willing to attend the physical editions of the festivals next year.

Taking into account that home screenings can have more viewers – streaming services normally have on average 1.7 viewers – online festivals have likely reached the same amount of people as the physical festivals, if not more. CPH:DOX counted higher attendance than in 2019.<sup>58</sup> The Vilnius Film Festival managed to put 69 percent of its programme online and reported 56,000 paid views, which is likely to add up to around 112,000 viewers as they calculated with two viewers per online screenings. Last year 126,000 people attended.<sup>59</sup> DOK.fest München counted 75,000 spectators, against 52,000 attendees in 2019.<sup>60</sup>

Film festivals are not just offering a curated film programme, they also support the dialogue between filmmakers and their audience, as well as between every participant. Having the opportunity to present your film in front of a live audience is unforgettable and emotionally important, and should not be replaced by a digital version. Online festivals have, however, tried to recreate this dialogue in the form of recorded introductions by directors or live Q&As with the cast and crew to support a stronger relationship between all three parties – filmmaker, festival, and audience).<sup>61</sup> As no money is spent on

53 The Pledge created by Seed&Spark focuses on some guidelines changes: Seed&Spark. (2020, March 20). [The 2020 Film Festival Survival Pledge](#). Seed&Spark

54 For example San Sebastian made selected films of this year's Cannes edition eligible for their competition section. More can be found here: Kohn, E., Thompson, A. (2020 June 12). [Screen Talk 294: Thierry Fremaux Interview About Cannes 2020](#). Indiewire.

55 Francis, I. (2020, May 14). [How Flatpack took their festival online during the Coronavirus crisis](#). Independent Cinema Office

56 Dalton, B. (2020, May 4). [Visions du Réel director hails expanded reach of online event; 'Punta Sacra' leads 2020 winners](#). Screen Daily.

57 Krakow Film Festival. (2020, June 9). [Spectacular success of the 60th Krakow Film Festival](#). Krakow Film Festival

58 Atkin, M. (2020, April 28). [Force Majeure: When you have six days to put a documentary festival online](#). Immerse. Powers, T. (2020, May 16). [10 Reasons Why Film Festivals Are Thriving Online](#). Indiewire.

59 Vilnius IFF. (2020, April 10). [Vilnius IFF Went Fully Digital – Here Are the Results](#). Kino Pavasaris /

Kino Pavasaris. (2020, April 10). [The Challenge of Realising a Digital Festival During the Coronavirus Pandemic /MEETING POINT VILNIUS](#). Youtube

60 Petzold, D. (2020, June 5). [Pressemitteilung. Dok.fest München](#)

61 Some additional information about the Q&A's at this years Flatpack Film Festival: Francis, I. (2020, May 14). [How Flatpack took their festival online during](#)

flying in the film teams, the audience could exchange thoughts not only with the main crew members but also with others who usually would not have been able to attend.<sup>62</sup> Future formats should be developed thoughtfully and “(...) with filmmakers, to make the digital version also a huge advance for them (...)”, as Tine Fischer of CPH:DOX pointed out. Even in these first experiments, the online film festivals already offered filmmakers a new possibility to engage directly with audience members, seeing their faces, and discovering a new form of intimacy.<sup>63</sup> Tine Fischer explained: “What happens when you have a digital version is you can actually create a community (...). Audiences, even if they are present in movie theaters, are also anonymous. You can see their faces, but you don’t know who they are. When you have people online, we know people are no longer anonymous. (...) You can create communities around your film, which are lasting communities. (...) For festivals, which are very much working in an art cinema context, this is very important.”

It’s undeniable that there are more possibilities to connect the audience to the filmmakers, their work and their already existing communities beyond the attended screening. Locarno is working with this approach as well this year by creating and connecting already existing communities around the filmmaker and their history with the film festival. Other formats like WE ARE ONE: A GLOBAL FILM FESTIVAL simplified engagement by using a popular, free accessible platform like Youtube for screenings and talks.

Tine Fischer sees further possibilities in the digital space: “Imagine you could premiere a film with us, and on the streaming platform – in addition to the film you are premiering – you could have your two latest films attached, and could ask the audience if they like this film. () If you want to follow the filmmaker, you could develop a software where you can actually meet the filmmaker. (...) There are so many ways of actually engaging with a global and lasting audience by going digital.” In the future, communications tools from the gaming sector and VR technology could play an important role in engagement with the audience at online film festivals.<sup>64</sup>

Besides Q&As, online film festivals published many of their conferences and talks online. These free, accessible videos helped to create communities independent of time zones, income or age, and demonstrated the strong interest of the audience to engage with educational formats. As they can be rewatched beyond the festival dates, they also support lasting community building. The Krakow Film Festival discovered a record attendance of 500 participants in the meeting with Adam Boniecki.<sup>65</sup> The Conference Talks offered online by CPH:DOX have been attended by 25% more people than before, reaching over 95,000 people on Facebook and Youtube. The chat with Edward Snowden hosted by CPH:DOX was watched by about 2000 live participants and reached 75,000 people over time. “Audience numbers average 650 viewing live, rising to an average of 5150 views per day (as opposed to a capacity of 200 in the physical venue)”, wrote Mark Atkin, Curator of Interactive, CPH:DOX, and Head of Studies of the CPH:LAB.<sup>66</sup>

As it’s unclear how the COVID-19 pandemic will develop in 2021, it’s hard to predict the “right steps”. However, it’s safe to say that while film festivals should not forget their local audience, it is smart to invest in research about national and international audiences, and in engagement with them. The new possibilities for reaching different people in larger numbers, directly affects the funding of film festivals and their position in the value chain.

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[the Coronavirus crisis](#). Independent Cinema Office. / Q&A’s as the Krakow Film Festival. (2020, June 9). [Spectacular success of the 60th Krakow Film Festival](#). Krakow Film Festival

62 More information about the experience of filmmakers at this years Hot Docs: Wissot, L. (2020, May 28). [Hot Docs 2020: Doc-Makers Discuss the Newly Virtual Deal Maker and Distribution Rendezvous Programs](#). Filmmaker Magazine.

63 Powers, T. (2020, May 16). [10 Reasons Why Film Festivals Are Thriving Online](#). Indiewire.

64 Bye, K. (2020, June 3). [Distributing Immersive Stories at Virtual Festivals](#). Immerse.

65 Krakow Film Festival. (2020, June 9). [Spectacular success of the 60th Krakow Film Festival](#). Krakow Film Festival

66 Atkin, M. (2020, April 28). [Force Majeure: When you have six days to put a documentary festival online](#). Immerse.

Ian Francis, Director of Flatpack Festival: “Digital activity can also generate revenue indirectly through audience-development and awareness-raising, and the key will be integrating it with physical events once the latter are possible again.”<sup>67</sup>

## Industry platforms

The lockdown in many countries due to the COVID-19 Pandemic has forced people to work from home and triggered a discussion about work environments and requirements. In the film industry, working online day-to-day had already become a standard over the last couple of years. The situation in March and April was of course exceptional as staying home alone and unprepared or with family, facing closed schools, did require a new approach to time management and patience from all sides.<sup>68</sup>

This year, many film festivals, whether they have been canceled, postponed or gone online, have transformed their industry platforms into the digital space, and strengthened their position as curators for industry representatives, and as their support in navigating this enormous amount of content on offer. On March 18, even the Marché Du Film announced this year’s market would be online. The debate about this and the platforms proposed by American agencies like CAA has re-energised a pre-existing discussion about the necessity of these markets.<sup>69</sup>

During the interviews conducted by The C Report, not having to travel was viewed as a key benefit of online industry platforms. The festival circuit and the importance of participating in person comes at an enormous cost for companies and individuals. Dieter Kosslick observed: „Definitely the markets will be affected most by this, because the companies will also not pay anymore for all these people who are traveling around the world to all the markets and festivals. The digital way to sell, to buy, to curate, will also be a way to save money for companies.“ A challenge for the future could be to avoid creating a new exclusive tier within the industry, of physical festival participants.

The last months have demonstrated that industry events can be held online successfully and help save money and time and support climate protection in the future. Forced by travel restrictions from March until June to try the online alternatives, industry members have reacted positively to online platforms. With no limitation of venues or seats, the Barcelona International Documentary Film Festival counted three times more attendees than in the year before.<sup>70</sup> Hot Docs reported an increase of the Doc Shop views of over 300,% and a shift in the origin of their participants from a Canada and US-based audience to a more international one.<sup>71</sup> CPH:DOX was able to invite more people to their pitches and for their screenings.<sup>72</sup> Online events also made it possible for companies to allow a bigger delegation to participate, as no money had to be spent on travel and accommodation. Depending on the preparation time and formats, meetings have been organized via Zoom or other platforms. Hot Docs arranged the same amount of online meetings as had been planned physically, and a social character was re-created via zoom hangouts or a virtual lobby as at CPH:DOX.

Especially for young or inexperienced filmmakers, these online meetings supported matchmaking and had a more direct approach compared to the offline version.<sup>73</sup> Furthermore, the last couple of

67 Francis, I. (2020, May 14). [How Flatpack took their festival online during the Coronavirus crisis](#). Independent Cinema Office.

68 Michael Weber describes a bit the daily work at Match Factory during the spring months: Schuster, B. (2020, May 19). [Michael Weber: „Eine willkommene Initiative“](#). Blickpunkt:Film

69 Ravindran, M. (2020, April 16). [Agencies Confirm Virtual Cannes Market Set for June](#). Variety.

70 Rivera, A. (2020, May 29). [DocsBarcelona’s market sees its number of participants triple](#). Cineuropa.

71 Kay, J. (2020, May 19). [Hot Docs market team reflects on online pivot, early delegate response](#). Screen Daily.

72 Atkin, M. (2020, April 28). [Force Majeure: When you have six days to put a documentary festival online](#). Immerse.

73 Some experience from filmmakers at this years Hot Docs edition: Wissot, L. (2020, May 28). [Hot Docs 2020: Doc-Makers Discuss the Newly Virtual Deal Maker and Distribution Rendezvous Programs](#). Filmmaker Magazine.

months have demonstrated that online platforms don't slow down new innovative initiatives. New features have been created, like a market for documentary series in development by DocsBarcelona.<sup>74</sup> The Zurich Film Festival and the San Sebastian Film Festival have announced new markets<sup>75</sup>, and Locarno Film Festival reported a new platform called Heritage Online, which will support and connect rights holders of library titles with digital distribution platforms.<sup>76</sup>

"Of course online meetings, pitches and talks can't and won't completely replace physical events and meetings. There are also factors like privacy and the social nature of the business – including creating buzz with press – which can't be ignored and just don't replicate the same way online. But in regards to productivity and cost saving, not to mention the environment, taking things online more seems certain to at least be considered by many in the future, when it comes to the international market. Digital premieres, all digital press coverage, digital press junkets, digital sales meetings seem likely to become more common. The technology was already there, but now so many more people are used to using it, so some long term effect appears inevitable," says Michael Arnon of WOLF Consultants.

A more detailed analysis of online film markets and their potential will be possible – and necessary – after this year's Marché Du Film has concluded.

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74 DocsBarcelona. (2020, April 28). [Are you developing a documentary series](#). DocsBarcelona

75 Zurich Film Festival. (2020, March 31). [San Sebastián and Zurich Film Festival to introduce new film market](#). ZFF

76 Goodfellow, M. (2020, May 28). [Locarno Pro launches new digital market platform for library titles](#). Screen Daily.

## What Did We Learn?

**Individual Profile and Collaboration:** The last couple of months have shown a great deal of solidarity and collaboration within the film industry. The dependence between film festivals and the different parts of the value chain have become more visible, and the understanding of the need to take unusual steps in this exceptional situation has been mutual.<sup>77</sup> Film festivals showed creativity, willingness to deal with change and courage to define their position in the industry and value chain. Initiatives like WE ARE ONE: A GLOBAL FILM FESTIVAL send a positive sign for a collaborative future, as do strategic alliances like FestDocsNetwork<sup>78</sup> or the initiative Europa Film Festival.<sup>79</sup> That implies that communications patterns have changed – internally and externally.

**Curation and Branding:** Curation is one essential part of film festivals and can be seen as their specific fingerprint. During the pandemic a positive focus on curatorship and the importance of curated film programmes to help the audience navigate through the enormous amount of content has been noticeable. On the other side, the industry and market platforms have demonstrated their role as curator for buyers, sellers, distributors and other players across the value chain, as they provide a trustworthy selection of projects and topics. Last but not least, the discussion about festival labels and their importance for films and filmmakers has proven the influence of being selected in a festival programme and the responsibility of festival curators and programmers.

**Content and Audience Engagement:** The last couple of months have demonstrated that audiences have an interest in cinema beyond entertainment titles. Online screenings of documentary and short films, masterclasses and conference talks have been received very well. The different target groups, communities and their engagement would be worth investing in a more detailed analysis. In the shadow of the lockdown situation, online film festivals have also explored the possibility to personalize relations through online communication, reach a new audience and even larger groups. New parameters and KPI's – besides ticket sales and number of participants – could be identified to define success; including audience engagement and development, online reach of talks and masterclasses, as well as the importance of film festivals as a bridge between filmmakers and future partners. Furthermore, the possibility of community-building online could be an add-on for film festivals of the future beyond the festival dates to encourage the dialogue between filmmakers and their audience, and even their own festival history, and help explore new possibilities for revenue and funding.

**Guidelines:** Film festivals are different in their handling of genre and it was notable that documentary and short film festivals were able both to adapt easier to the pandemic situation and more willing to experiment with online screenings. Online film festivals should not be seen as replacing physical gatherings, more as a possible add-on for film festivals. Moreover, besides the acknowledgement of data collection and sharing processes, festivals need to have a look at their guidelines to acknowledge the changes in regards to premiere status, viewing habits of audiences, press and industry representatives, and eligibility. Furthermore, they should do that in collaboration to avoid confusion and to help filmmakers and rights holders to find an ideal festival strategy.<sup>80</sup>

**Industry Engagement:** Film festivals (in physical and digital forms) are playing an important role in creating and strengthening relationships between industry members and creatives. The enormous amount of traveling throughout the year can be reduced thanks to online industry platforms and markets. This could play a significant role in the future in regards to costs and time management, as well as the number and diversity of participants.

77 "There is more mutual understanding, solidarity, learning to collaborate," said Paolo Moretti. "I hope that will stay with us and will change the landscape and the way we work." Mitchell, W. (2020, April 27) [Festival programmers debate value of Cannes selection, online premieres and hopes for a new-look industry](#). Screen Daily.

78 DocsBarcelona. (2020, May 27). [FestDocsNetwork is born, an alliance of European documentary festivals in which DocsBarcelona is integrated](#). DocsBarcelona

79 Abbatescianni, D. (2020, June 6). [The Galway Film Fleadh announces the creation of Europa Film Festivals](#). Cineuropa.

80 The AG Filmfestivals has issued a Code of Ethics: AG-Filmfestival. (2020, April 22). [Code of Ethics der AG Filmfestival](#). AG-Filmfestival

# CINEMAS CLOSING / REOPENING

Status: June 1st



## THEATRICAL ONLINE AND WINDOWS

The coronavirus pandemic caused a major global value chain disruption. With most cinemas in the world closed indefinitely the outlet to exhibit films suddenly disappeared and theatrical box office crashed. With that, billions of dollars were lost in potential ticket sales<sup>81</sup> and film companies were forced to find new solutions. The unprecedented situation has brought to the forefront issues that have been part of industry discussion for a while, especially in regards to window practices and release strategies. At the same time, we've seen some innovative solutions tested in practice. This chapter looks at some of the practices in relation to windows and release strategies that the film industry players have been putting in place during the pandemic, and the ways in which these practices are shaking up the film industry.

### Distribution

Window regulations have been controversial in the industry for a long time. The issue has been approached differently by commercial and independent sectors and has led to tension between distributors and exhibitors, especially on the mainstream front. Distribution has been interested in shortening the windows (which is around 90 days, but varies from country to country). Experiments with collapsing the windows altogether have always been limited in scope by regulations with cinemas (major chains such as AMC or Cineworld), exhibitors associations (National Association of Theatre Owners (NATO) in the US, The International Union of Cinemas (UNIC,) or national institutions such as France's National Cinema Centre's (CNC)).<sup>82</sup>

81 Roxborough s., Brzeski P., McClintock P. (2020, March 2). *Global Film Industry Facing \$5 Billion Loss Amid Coronavirus Outbreak*, The Hollywood Reporter.; also Siegel t., Kit B., Goldberg L. (2020, March 13). *Hollywood Could Take \$20 Billion Hit From Coronavirus Impact*. The Hollywood Reporter.

82 Goodfellow M. (2020, March 20). *France softens media windows to help distributors amid coronavirus lockdown*. Screen Daily.

Media analyst Matthew Ball explains the reasons behind growing interest from the major studios in breaking the windows: “The major studios have been shrinking the theatrical-to-home video/SVOD windows for years. At first, the goal was to better leverage enormous theatrical marketing campaigns to drive the increasingly lucrative home video market of VHS, DVDs, Blu-rays and Digital Downloads. However, as the box office has become more ruthless, marketing budgets more costly, and home video revenues more modest, this strategy has become increasingly necessary.”<sup>83</sup>

The Director of the UK’s Independent Cinema Office (ICO) Catharine Des Forges notes that changing window regulations also apply to the independent sector: “Even before COVID-19, we were seeing a lot of experimentation models in distribution and the search for new models of business across the industry.” She explains that since the DVD market stopped bringing revenue, there has been a need for a new way of existing and operating.

Once the threat of a pandemic was looming over Europe, distributors and exhibitors faced the question of how to operate in the best possible way under completely new circumstances. Some distributors changed their tactics even before cinema closures, recognising the threat of a limited box office considering audiences’ risk of contracting the virus. One of the first examples was the postponement of the global release of *No Time to Die* from the James Bond franchise, taken by MGM after a “careful consideration and thorough evaluation of the global theatrical marketplace”<sup>84</sup> (interestingly, the Corona health crisis was never named as the reason behind this decision). Once cinemas closed nearly world-wide, and the scale of the upcoming crisis was known, the distributors were left with a few options: to follow the *No Time To Die* example and reschedule the release (as was the case for *Black Widow*, *Mulan*, *Fast and Furious*, *A Quiet Place 2*, *Wonder Woman 1984*, among others<sup>85</sup>), to experiment with the windows either by shortening the theatrical release (*Birds of Prey*<sup>86</sup>, *Bloodshot*<sup>87</sup>), opting for day and date release (Universal’s *Trolls World Tour*<sup>88</sup> but also *Scoob*, *Lovebirds*<sup>89</sup>) or to send the film directly to streaming (*Artemis Fowl*<sup>90</sup>).<sup>91</sup>

With the cinemas closed, and window restrictions temporarily relaxed, the distributors have been free to explore the unknown turf and see the full potential of the digital releases on a new scale, in “an experiment that all studios have long wanted to try.”<sup>92</sup>

One of those experiments, a PVOD release (Premium VOD – a simultaneous release in cinemas and video on demand) of *Trolls World Tour* by Universal proved the new potential of this kind of release. It has been reported that the opening day attracted ten times more people than *Jurassic World: Fallen Kingdom* (which previously held Universal’s record for biggest open day on digital).<sup>93</sup> Three weeks into its release, *Trolls World Tour* had made \$100 million in rentals, making more money than the prequel did during five months of its theatrical release in the US and Canada.<sup>94</sup> Universal took heed of the numbers: “The results for *Trolls World Tour* have exceeded our expectations and demonstrated the viability of PVOD (...) As soon as theaters reopen, we expect to release movies on both formats.”<sup>95</sup>

83 Ball M. (2020, March 29). *The Impact of COVID-19 on the Movie/Theater Industry*. MatthewBall.vc.

84 Shoard C. (2020, March 6). *Cinema bullish in the face of coronavirus despite projected \$5bn loss*. The Guardian.

85 Crucchiola J. (2020, June 15). *Movies Delayed Because of Coronavirus and New Release Dates*. Vulture

86 Rubin R. (2020, March 16). *‘Birds of Prey’ Will Be Released on VOD Early*. Variety.

87 Kay J. (2020, March 18). *Sony’s ‘Bloodshot’ going digital 11 days after theatrical release*. Screen Daily.

88 Kay J. (2020, March 17). *Universal breaks theatrical window in response to coronavirus*. Screen Daily.

89 Galuppo M., Kit B. (2020, March 20). *Paramount Sends ‘The Lovebirds’ to Netflix*. The Hollywood Reporter.

90 Lang B., Rubin R. (2020, April 3). *‘Artemis Fowl’ Will Skip Theatrical Release and Debut on Disney Plus*. Variety. Interestingly on the day of the release Disney decided to send another film straight to Disney +: McNary D. (2020, June 12). *‘The One and Only Ivan’ to Skip Theaters and Debut on Disney Plus*. Variety.

91 studio titles were chosen as examples because of the global character of the releases

92 Brueggemann T. (2020, March 17). *Universal’s ‘Trolls’ Move Shows Studios Now Have Upper Hand Over Theaters — Maybe Permanently*. IndieWire.

93 D’Alessandro A. (2020, April 13). *‘Trolls World Tour’ Has Record Digital Weekend In Debut — Deadline*.

94 Schwartzel E. (2020, April 28). *‘Trolls World Tour’ Breaks Digital Records and Charts a New Path for Hollywood*. Wall Street Journal.

95 Ibid.

Unsurprisingly, the announcement claiming that PVOD could become the new normal for Universal films was highly criticised by cinema organisations such as NATO and UNIC,<sup>96</sup> and made the international cinema chains such as AMC and Cineworld threaten not to show Universal's films in their cinemas, if the studio decides to follow this strategy.<sup>97</sup> The announcements stressed the importance of the communal theatrical experience, the financial loss the studio would face if it did not opt for a wide theatrical release of their films, and described Universal's actions as breaking the current business model.<sup>98</sup>

On 12th June, shortly before the publishing of this report, Universal took the last minute decision to send *King of Staten Island* directly to VOD two days before drive in cinemas in the US were to screen it, claiming that the studio was never meant to take theatrical bookings and that this was a mistake.<sup>99</sup> Variety also reported that before the studio's decision, some cinemas refused to show the film due to lack of flexibility on the revenue share, with one cinema owner claiming "They wanted 2019 terms in 2020 conditions," and adding, "[t]his is a new landscape."<sup>100</sup>

Tension has also arisen between exhibitors and Amazon Prime in another of the biggest film markets – India. It was reported in May that the two biggest Indian multiplex chains, PVR Cinemas and Inox Leisure, criticised Amazon Prime for changing the release strategy for *Gulabo Sitamo* to straight to VOD, after a request was submitted by PVR Cinemas to the producers to postpone the release until cinemas reopen. While this is not the first time Amazon Prime opted for a digital release in India, this is the first case since the pandemic for a film with major theatrical potential and bankable cast.<sup>101</sup> Variety called this a "turning point for Hindi cinema."<sup>102</sup>

The different views on theatrical windows as seen by distribution vs exhibition or independent vs commercial sectors are nothing new, but gaining urgency in a situation challenging the whole industry. Arguably, a major change in the window regulations might be required due to the crisis in order for a more sustainable film business to re-emerge.

The representatives of the cinema sector, such as the president of CICAIE, Christian Bräuer, often defend the current system: „We only have a theatrical market because we have the windows.“<sup>103</sup> He also points out that it is the cinema release that increases the overall value of a film, and that the films previously screened in the cinemas that do best on VOD. He does however recognise that there are exceptions and that with the right marketing investment online release can be successful.<sup>104</sup> Boglarka Nagy<sup>105</sup> also notes: "Cinemas create revenue for the whole of the value chain – taxes paid for those tickets and the revenue shares coming from theatrical support the whole film industry."

This attitude is shared by large cinema chains – in his letter to NBCUniversal, AMC Theatres chairman and-CEO Adam Aron also stresses the importance of the exclusivity of the theatrical window: "when a movie is "Only in Theaters," consumers perceive it to be higher quality entertainment."<sup>106</sup> Even before the controversy around *Trolls World Tour*, mainstream cinemas have refused to play films which did not comply with the window regulations.

96 Grater T. (2020, April 29). [European Cinemas Body UNIC Says 'Trolls World Tour' VOD Release "Does Not Justify Wholesale Changes"](#). Deadline.

97 Tartaglione N. (2020, April 29). [Regal Owner Cineworld Chimes In On 'Trolls World Tour' Controversy: "We Will Not Be Showing Movies That Fail To Respect The Windows"](#). Deadline.

98 D'Alessandro A. (2020, April 28). [AMC Tells Universal It Won't License Studio's Movies, After CEO's Statements On Windows & 'Trolls World Tour'](#). Deadline.

99 Rubin R. (2020, June 12). ['The King of Staten Island' Abruptly Pulled From Drive-In Theaters](#). Variety.

100 *ibid*

101 Schackelton L. (2020, May 15). [Indian cinema chains PVR, Inox push back against digital premieres](#). Screen Daily

102 Debruge P. (2020, June 12). [New Movies to Watch the Week of June 12, 2020 – Variety](#).

103 Roxborough S., Brzeski P. (2020, May 13). [Why Global Theatrical Windows May Emerge Stronger After COVID-19](#). The Hollywood Reporter.

104 *Ibid*

105 Boglarka Nagy is the Managing Director of CICAIE but spoke to The S Report on her own behalf

106 McClintock P. (2020, April 28). [AMC Theatres Refuses to Play Universal Films in Wake of 'Trolls: World Tour'](#). The Hollywood Reporter.

On the other hand, representatives of the independent sector claim that the norms governing the mainstream exhibition sector are in need of updating. Catharine Des Forges observes: “this is about generating income and a return on investment – it’s a model that has been in place for a long time and there are misgivings about changing that model.”

It is also the representatives of the independent sector that point out that PVOD releases (which in some countries are quite common in the independent sector) don’t tend to negatively affected the box office,<sup>107</sup> and that the part of the audience engaging with VOD the most, is often the one that goes to cinema the most frequently.<sup>108</sup>

Geraldine Moloney from UK’s Distributor Film Association also claims that updating the current rules would not be as radical as some imagine: “Distribution doesn’t want to get rid of the windows, and there will always be a window for particular releases because it’s the only way to maximise revenue on movies which cost an awful lot of money. When the window situation works it also finances distributors to take risks on films which are not such a certainty for the people to come out to. So we don’t want to get rid of the windows completely, only looking for flexibility.”

The likelihood of choosing a PVOD release would not only be determined by the kind of film but also the territory: „China, India, Russia, Brazil and Mexico — together they make up around a third of global box office, but just 3.5 percent of digital transactional revenue,” says Ed Border, research director at Ampere Analysis.

In April 2020, The Hollywood Reporter conducted a poll to get the voice of the audience: “53 percent of the consumers agree that „digital premieres” are a good thing during the COVID-19 crisis, but that they want things to go back to normal when the pandemic ends. Additionally, 46 percent agree that movies should always premiere on the big screen before being released digitally. At the same time, the poll of 2,200 adults by Morning Consult found that 40 percent support Universal releasing new movies in movie theaters and digitally at the same time, while 33 percent say the studio should continue to do so even if it hurts the movie theater industry.”

While the general public might not be aware of all of the intricacies of the current business model, it is worth noting their strong support for the cinemas.

Stephen Follows has also published a poll of the film industry professionals (including filmmakers and the representatives of exhibition, distribution, sales and digital sectors) in the US and Canada and found they largely support shortening of the 90-day theatrical window.<sup>109</sup>

Many industry professionals also agree that the impact of the Coronavirus pandemic has irreversibly changed the film industry and that it is impossible to go back to how things were before. This in itself might require updating the regulations around windows (similarly to the situation with film festivals).

107 Wiseman A. (2019, February 21). *Curzon CEO Responds To Vue’s Open Letter Criticizing Support For Netflix’s ‘Roma’*. Deadline.

108 Goldsmith J. (2020, February 6). *Enthusiastic Streamers Also See The Most Movies In Theaters – NATO Study*. Deadline.

109 Follows S. (2020, May 24). *Survey: What does the film industry think is the future of exhibition?*. Stephen Follows

## Exhibition

It should be noted that due to the changes in the market landscape, and the rising popularity of VOD, the cinema industry had been struggling even before the start of the pandemic. Variety reports the gradual growing debt of the major cinema chains between 2017-2019 going from \$4.58B in 2017 to \$10.09B in 2019 for AMC, \$380M in 2017 to \$7.68B in 2019 for Cineworld, and from \$1.54B in 2017 to \$2.9B in 2019 for Cinemark.<sup>110</sup>

Media analyst Matthew Ball explains that there are many factors behind the debt increases, from less tickets sold and investments necessary to improve the movie-going experience to the growing box office cut demanded by the distributors.<sup>111</sup>

Using the UK as an example Philip Knatchbull explains that independent exhibition has also found itself in a tricky position already pre-Corona, due to the loss of Creative Europe and other funding channels: "There's lots of public subsidy money that has protected cultural initiatives that will now struggle to sustain themselves. Previously there had been a slight resistance to change but the pandemic provides a radical imperative to look at new ideas and do things in a different way."

On top of all this, another change is looming over the exhibition sector. In the winter of 2019, the US Justice Department announced that the 'Paramount Decrees' prohibiting vertical integration that have ruled the industry over 72 years would be repealed, making it possible for studios to again acquire cinemas and control the whole value chain like they did during the Hollywood studio era. While it is true that the industry has largely changed, that studios have been investing in their own digital platforms, and that the decrees don't apply to tech giants like Amazon and Netflix, some industry professionals stress that the regulations should be stricter rather than more relaxed in order to prevent abuse of their market power by the strongest companies.<sup>112</sup> Months after the US Justice Department decision, a rumour emerged that Amazon was considering acquiring nearly bankrupt AMC, which the American Independent Cinema Alliance has previously described as Amazon being "primed to become a predator."<sup>113</sup>

In addition to the difficult position before the pandemic, and due to the difficulty of staying in business during the crisis, exhibition has been recognised as the sector of the industry hardest hit by the pandemic.<sup>114</sup>

The global box office numbers help to grasp the extent of the crisis of the exhibition sector. Gower Street Analytics reported that by 5 April 2020, less than 1% of the cinemas worldwide were open and reporting box office.<sup>115</sup> According to CNC, in the first quarter of 2020 the French box office fell the lowest in 23 years<sup>116</sup> and it's been the same in the US.<sup>117</sup> S&P Global has reported that the overall Europe-an box office fell 29.4% compared with 2019.<sup>118</sup>

110 McNary D. (2020, May 27). [AMC Entertainment Stock Upgraded as 'Bankruptcy Risk Appears to Have Subsided'](#). Variety.

111 Ball M. (2020, March 29). [The Impact of COVID-19 on the Movie/Theater Industry](#). MatthewBall.vc.

112 Gardner E. (2020, January 17). [Indie Cinema Alliance Warns Amazon May Buy Movie Theaters, Abuse Power If DOJ Gets Its Way](#). the Hollywood Reporter.

113 Ibid.

114 Follows S. (2020, May 24). [Survey: What does the film industry think is the future of exhibition?](#). Stephen Follows.

115 Mitchell R. (2020, April 16). [The Only Way is Up: Less Than 1% of Global Theaters Now Open](#). Gower Street Analytics.

116 Goodfellow M. (2020, April 6). [French box office plummeted 68.3% year-on-year in March](#). Screen Daily

117 Wall Street Journal. (2020, May 6). [How the Troll Movie's Streaming Victory Could Remake Hollywood](#). Wall Street Journal Video.

118 Tomaszczyk S., Rasay S. F. (2020, May 1). [COVID-hit France, Spain lead film box office declines in Europe](#). S&P Global Intelligence

## Reopening of the Cinemas

The crisis doesn't end once the cinemas are allowed to open. Gower Street Analytics estimates that even in the best case scenarios for the reopening of the cinemas (which take into account the box office losses of the first two quarters, social distancing limitations, titles available in the release calendar, etc.<sup>119</sup>) the yearly box office for various territories will be significantly reduced. They project the UK 40% behind the five year average (translating into approx. £811 M<sup>120</sup>), Germany 37.2% ( approx. €635.7M),<sup>121</sup> Mexico 41% (approx. MX9.61bn),<sup>122</sup> Spain 41.5% (approx. €347.5M)<sup>123</sup> and Australia 48.2% (approx. A\$586M).<sup>124</sup>

Unsurprisingly, the crisis does not only affect commercial cinema. According to a survey conducted by the ICO in the beginning of April 2020, 16% of UK independent venues taking part in the study were worried about going into administration (a process in which a company is put under a management of Licensed Insolvency Practitioners, similar to Chapter 11 in the US). In a report published on 26th May, also by ICO, 41% of questioned venues admitted they could not afford opening with social distancing measures in place, and those that could would only be able to survive for three months of social distancing measures.<sup>125</sup>

The main difficulties with the reopening process include:

- \_ The limited cinema capacity – venues are/will only be allowed to operate at capacities expected to be around 50% or less<sup>126</sup>
- \_ PPE (personal protective equipment), which is estimated to add 20% to the day to day running costs<sup>127</sup>
- \_ Release calendar not offering many films in the opening process: as an example, in the UK release calendar there are currently around 300 in comparison with over 900 films that came out in 2019<sup>128</sup>
- \_ Audiences' reservations towards visiting cinemas – which not only applies to convincing the audiences that they are safe to return but also, as Pamela McClintock and Rebecca Keegan wrote, selling "the idea of moviegoing itself. And there is the issue of striking the right tone in a moment when audiences are living with the grim reality of a global pandemic, civil unrest over police violence and economic devastation."<sup>129</sup> (More on this in chapter 3)
- \_ The programming of the release calendar – as Des Forges explains ' Just, "There have been delays on several big releases and there will be anxiety about being the first to release into what is as yet an unknown market during COVID." The Hollywood Reporter writes "an unsuccessful theatrical release would be more painful to the bottom line than delaying the release date before any major marketing spend has occurred."<sup>130</sup> (At the time of writing this report, the intricacy of the release calendar can be observed – on 12th June when Warner Brothers

119 explained in more detail in the individual Gower St articles below

120 Bush E. (2020, May 28). *To Recovery and Beyond: Forecasting Box Office Recovery in 2020 - UK & Ireland*. Gower Street Analytics.

121 Lievens D. (2020, May 29). *To Recovery and Beyond: Forecasting Box Office Recovery in 2020 – Germany*. Gower Street Analytics

122 Khan Y. (2020, June 4). *To Recovery and Beyond: Forecasting Box Office Recovery in 2020 - Mexico*. Gower Street Analytics.

123 Bush E. (2020, June 10). *To Recovery and Beyond: Forecasting Box Office Recovery in 2020 – Spain*. Gower Street Analytics.

124 Lievens D. (2020, June 7). *To Recovery and Beyond: Forecasting Box Office Recovery in 2020 – Australia*. Gower Street Analytics.

125 Independent Cinema Office. (2020, May 21). *ICO: Reopening Cinemas The Independent Way*.

126 Ibid.; Bruggemann T., Thompson A. (2020, June 4). *Why NATO Promises Most Global Theaters Will Be Open for 'Tenet' by July 17*. IndieWire.

127 Dalton B. (2020, May 22). *UK indie cinemas will only survive three months with social distancing, says survey*. Screen Daily.

128 *To Recovery and Beyond: Forecasting Box Office Recovery in 2020 - UK & Ireland*

129 McClintock P., Keegan R. (2020, June 12). *Which Movies Will Audiences Deem „Mask Worthy“? Studios Strategize as Theaters Plan to Reopen*. The Hollywood Reporter.

130 Szalai G. (2020, May 29). *Film Schedule „in Flux“ as San Francisco Eyes Reopening After ‚Tenet,‘ ‚Mulan‘ Dates: Analyst*. The Hollywood Reporter.

announced postponement of the release of *Tenet* from 17th until 31st July, triggering a 'domino effect' leading to reshuffling of at least six major releases from different studios within minutes).<sup>131</sup> The Hollywood Reporter calls the movements in the release schedule caused by COVID-19 "the largest calendar migration in its history."<sup>132</sup>

In the territories where the cinemas started reopening before the publication of this report, the visitors numbers have been disappointing. Owners of independent cinemas in parts of the US where cinemas opened in May, told *Variety* that attendance was on average 25 – 30% of the May figures from previous years.<sup>133</sup>

In South Korea, one of the first markets to reopen,<sup>134</sup> box office over the weekend of 25 May was at 7% of what it was this time last year, and not likely to improve on account of the "Hollywood's direct players and local distributors reluctant to release big titles since the outbreak of coronavirus in the country."<sup>135</sup>

The problem is that the cinemas will count especially on those blockbuster films. Catharine Des Forges explains that it will be the case for both mainstream and art house venues: "the priority will be to get people back into your venue, spending money in your venue, and you'll do anything to do that. I think you'll show whatever you think will work."

Maddy Probst, Cinema Managing Producer at Watershed adds: "we have seen significant changes around some tentpole titles which have been precipitated by the closure of cinemas. I'm glad that we as an independent cinema aren't reliant on these types of releases."

## Virtual Cinema

In the meantime, exhibitors have come up with numerous ways to stay in touch with their audiences and preserve the community aspect of cinema in the pandemic (explored in more detail in the subsequent chapter). Some cinemas have also engaged with 'virtual cinema' – the term is new but the concept existed before – in which a film still in its theatrical window screens in the digital realm with a more or less active involvement of the exhibitor, on a platform hosted by themselves (for example Alamo Drafthouse), the distributor (such as Kino Lorber, Modern Films) or a VOD platform (Draken Film). In some cases, the films are new releases (for example *Bacurau* in the US and *The Perfect Candidate* in the UK), in others mainly titles from distribution's back catalogues. The revenue share has varied from platform to platform up to a 50/50 split (Kino Lorber).

Kino Lorber's SVP of Theatrical and Non-theatrical Distribution & Acquisitions, Wendy Lidell, explains the idea behind their virtual cinema platform Kino Marquee: "On March 6th we released *Bacurau*, which was going to be our big film and then on March 12th the theatres shut down. So we sat down and thought – why don't we do it digitally? It seemed quite natural for us to do it through the theatres, as we already had 60 theatres booked." She also adds that unlike the big studios, Kino Lorber cannot spend millions of dollars on marketing films on TVOD, and "depend on [their] theatrical partners to reach out to the audiences they've already cultivated in their locale."

Lidell notes the potential of such an online initiative to significantly expand the theatrical release: "[With *Bacurau*] we had 60 venues booked before we opened, we thought it would have expanded to 100." Within the first two months of the release 200 venues came on board.

131 Rubin. R. (2020, June 12). *Christopher Nolan's 'Tenet' Release Delayed – Variety*; also Kay J. (2020, June 12). 'Tenet' date shift triggers release calendar domino effect. *Screen Daily*.

132 McClintock P., Keegan R. (2020, June 12). *Which Movies Will Audiences Deem „Mask Worthy“? Studios Strategize as Theaters Plan to Reopen*. *The Hollywood Reporter*.

133 Maddaus G., Lang B. (2020, May 27). *Movie Theaters Struggle to Draw Crowds as Coronavirus Stay-at-Home Orders Ease*. *Variety*.

134 Dalton B. (2020, June 18). *Cinema reopening dates around the world: latest updates*. *Screen Daily*.

135 Kil S. (2020, May 25). *Korean Box Office Has Yet to Find Post-Coronavirus New Normal*. *Variety*.

Lidell also points out that a 'duplex model' with cinemas screening films both onsite and online could be helpful for the reopening process, as it would allow the venue to operate on a higher capacity than a 25-50% limit resulting from social distancing measures. Gower Street Analytics' Senior Box Office Analyst Delphine Lievens also notes that experimenting with virtual cinema could have an overall positive effect on independent film: the exhibitors could become more likely to experiment with arthouse titles thanks to having the extra digital 'space'; the small titles would not be pushed off screen by big releases, and could build their audiences steadily over a few weeks with the help of word of mouth.

Olle Agebro, Head of Acquisitions for Draken Film mentions that their virtual cinema initiative not only helped to support their exhibition partners but also contributed to growing their own business: "We now have a possibility to make a certain kind of deals that we weren't able to before because we have greater revenue and distributors, and sales agents can expect to get more money back from putting films on our service."

Some cinemas such as Alamo Drafthouse, following their positive results, are considering keeping their virtual screens after the corona crisis: "While the platform is answering an immediate revenue need now, the chain is already thinking about how it can be a permanent part of its business."<sup>136</sup>

Modern Films and Kino Lorber representatives both stress that virtual cinema operates within the window regulations<sup>137</sup> Lidell acknowledges that VOD platforms could see it as a threat to their business in the future, but adds that at this moment they're giving them a pass.

The C Report asked the Head of Content for Filmin and VOD veteran Jaume Ripoll about his view on virtual cinema: "A car is a car and you can name it whatever you want – but it's a car." Ripoll, who co-founded the popular Spanish digital platform in 2008, is skeptical of the continuation of virtual cinema post Corona, listing competing with the saturated market of digital platforms, as well as the costs of running one efficiently, as the main reasons.

Indeed, Maddy Probst and Javier Pachón of CineCiutat Cinema, argue that the lack of visibility and at times, mixed user experience have proved an issue for some of the new emerging virtual cinema platforms.

In a Europa Cinema interview, Ramiro Ledo from Numax Cinema in Santiago de Compostela claimed that while their virtual cinema maintains the relationship with the audience and they might look into digital solutions in the future, it generates "some highly symbolic revenue, albeit at a level that does not come close to covering our costs."<sup>138</sup> Philip Knatchbull concurs by saying that considering the costs and the calculations of the revenue shares virtual cinema "doesn't make financial sense as a stand alone business unless you are also the distributor of the film. Curzon Home Cinema works in synergy with our cinemas and our distribution activity."

Indeed, some platforms only intend to stay for the length of the corona crisis. Birgit Kohler and Stefanie Schulte Strathaus from Germany's Institute for Film and Video Art told The C Report that the digital solution was a good way to keep their audiences entertained, however it did not have potential to stay on. Kohler and Schulte explained that the rights holders had agreed to have these films available for free, and this wasn't a sustainable model. They explained that another issue was content they work with – archival and artists moving image – which is often analogue; and digitising it is an expensive process.

136 Lindahl C. (2020, May 7). [Alamo Drafthouse Launches On Demand Platform](#). IndieWire.

137 Screen International (2020, April 24). [Screen Talks: How indie distributors are creating virtual cinema models](#). Youtube.

138 Molla Diez B., Selliez J. B. (2020, April 18). [Interview with Ramiro Ledo](#). Europa Cinemas.

## So What's Going to Happen?

What happens globally is likely to be dictated by the situation between the studios, streaming giants and cinema chains. Most of the professionals who spoke to The C Report agree that the crisis will contribute to fast-tracking the window system changes resulting in shorter windows. The more concrete regulations will however vary from country to country. One of the exceptions might be China where, due to the political reasons, the government “will do whatever is deemed necessary to prop up the theatrical sector over the long term, including ensuring a generous theatrical window.”<sup>139</sup>

Philip Knatchbull argues that many companies in the mainstream sector “will need to borrow more money from governments and banks but it could become too much. There are areas of the exhibition business which weren't sustainable long term even before this crisis. So I think we'll see some big changes. It will be an opportunity for the independent sector and for quality, community led experiences over a mass consumption approach.”

It might also be argued that, since studios still profit the most from the theatrical window, the cinemas will have some leverage there; they might be able to negotiate a better revenue share for themselves for PVOD releases.<sup>140</sup>

As a result of weakened state of mainstream exhibition, together with moves towards total vertical integration in distribution and digital sectors<sup>141</sup> – the ‘seismic changes’ as described by Maddy Probst, some expect the studios and major platforms to gain more power. It is interesting to observe the similarities between the current crisis and the process of establishing vertical integration (aka the Studio System) in the 1920s US, following the Spanish Flu pandemic leading first to cinema closures and an overall exhibition crisis.<sup>142</sup>

If the rumors about Amazon going into the cinema business turn out to be true, that could prove the importance of theatrical releases post COVID – Javier Pachón comments: “If Jeff Bezos is buying physical space, that means that's where the future is.”

But these changes could also affect the independent sector – as The Atlantic suggests, companies such as A24, Neon or IFC could be tempted to go into exhibition.<sup>143</sup> Philip Knatchbull also stresses the role of technology in future developments: “Completely separate silos of production/distribution/exhibition will become much rarer. You're gonna see the technology knitting all these things together and all levels having a much more direct, streamlined relationship with customers.”

Film professionals interviewed for The C Report largely agree that the changes in power relations within the film industry will affect the cinema slates – some claiming that it will be the mid-range films that will suffer the most. It should also be noted here that the whole of independent film could suffer the consequences of this crisis for a while – not only because the independent cinemas due to their physicality and smaller number of screens will struggle more with social distancing measures, but also due to the abundance of big studio titles due to be released next year.<sup>144</sup> According to the LightShed Partners analyst Richard Greenfield, the cinema offer limited to the biggest blockbuster hits would have a negative impact for the cinemas: ‘Movie theaters simply cannot survive on 15-20 superhero/animated/event pictures a year, they need a steady flow of films of all sizes and genres.’<sup>145</sup>

139 Roxborough S., Brzeski P. (2020, May 13). [Why Global Theatrical Windows May Emerge Stronger After COVID-19](#). The Hollywood Reporter.

140 D'Alessandro A. (2020, April 30). [AMC, Cineworld & Universal 'Trolls' Windows War: Why This Storm Is Already Passing](#). Deadline.

141 Such as Netflix buying a cinema, rumors about Amazon buying AMC, Disney premiering their films on Disney+

142 Andreeva N. (2020, April 6). [Hollywood Historian William Mann Compares 1918 Spanish Flu With Coronavirus](#). Deadline.

143 Sims D. (2019, November 20). [Trump's Justice Department Wants to Change the Movie Industry](#). The Atlantic.

144 Crucchiola J. (2020, June 15). [Movies Delayed Because of Coronavirus and New Release Dates](#). Vulture.

145 Szalai G. (2020, June 1). [Exhibitors Should Allow Digital Releases for Mid-Tier Films After 30-Day Window, Analyst Says](#). The Hollywood Reporter.

The growing polarisation of the box office might be a short term effect due to changes in the release schedule provoked by COVID, longer term the release strategy might be more tailored to each film. Except for the most obvious aspect of the film which is the box office potential,<sup>146</sup> the decision could also be determined by, for example, the level of concentration that the film requires, the potential to get enough exposure on VOD without previous theatrical release (Maddy Probst mentions that more than franchises, it's the niche art house films that need the support of independent cinemas to engage audiences locally but also generate interest across platforms) but will also depend on the filmmakers wishes' for the film.

The weakened position of the independent sector might further increase the importance of curation – Verena Von Stackelberg, the founder of Berlin's WOLF Kino: "I was always fully embracing this, but my vision from now on is that cinema programming will not be defined so much by new releases anymore – with cinemas being that special, exclusive place where you're able to catch new releases first.(...) There's no going backwards. We will have to be much, much more creative in the way we programme, and our model will be more event-based. And more based on the love of cinemagoers for their local cinemas."<sup>147</sup>

The crisis brought about by Coronavirus pandemic has called for collaboration within the art house sector – one example could be the steps taken towards creating an association uniting the normally very fragmented, independent cinema sector in Spain, as mentioned by Javier Pachón. Additionally, we have seen numerous partnerships between art house cinemas and niche streaming platforms (Filmin, MUBI, Draken Film) or distributors (Modern Films, Kino Lorber). There are also projects working on assessing how the streaming giants (aka the 'big winners' of the crisis<sup>148</sup>) could support the independent sector in Europe. Cooperation within the independent film sector in Europe might be even more crucial for the recovery process and in the long run for the sector's strength. Philip Knatchbull concludes: "I do think with change comes opportunity and I do think that smart companies and the smart people will be able to take the best of everything that comes out of this. I think in the long term it will be a great time for the independents."

146 D'Alessandro A. (2020, April 30). [AMC, Cineworld & Universal 'Trolls' Windows War: Why This Storm Is Already Passing](#). Deadline.

147 Mouriquand, D. (March 27). "It's an existential situation for cinemas". Exberliner.

148 Vivarelli N. (2020, May 15). [Rome MIA Panel: As Lockdowns Lift EU Must Have Level Playing Field Variety](#).

# AUDIENCE ENGAGEMENT

“A work of art doesn’t exist outside the perception of the audience.”

Abbas Kiarostami

To paint a full portrait of any industry in crisis, the role of its consumer base must be examined. An industry needs its consumers to survive, and an artwork needs an audience to exist. With the closure of cinemas, the pause in new productions, and the cancellation of much of 2020’s film festival calendar, the film industry’s relationship to its audience faced a risk of dissolving. This chapter serves as a snapshot of how cinemas, film festivals and streaming services stayed connected with their audiences, during this unique moment when much of the world’s population was confined to their homes.

As people around the world adapted to living their lives in a single setting, homes transformed into offices, gyms and classrooms. Those in privileged positions used the time for self-optimisation by trying their hand at baking bread,<sup>149</sup> embarking on the 30 day yoga challenge,<sup>150</sup> and catching up on reading.<sup>151</sup> This enthusiasm was finite, as the secondary plague of uncertainty set in for the millions of people suddenly finding themselves out of a job as a result of the pandemic. Rates of unemployment skyrocketed to numbers not seen since the Great Depression.<sup>152</sup>

Throughout this crisis, studies have consistently shown that the most popular activity, unsurprisingly, was engaging in screen content in some way – mainly via streaming.<sup>153</sup> Netflix alone had a boost of 15.8 million new subscribers by mid-April<sup>154</sup> and represented 11% of total global internet traffic.<sup>155</sup> Such was the increase in volume that they had to reduce the default video quality, so as not to overload the internet.<sup>156</sup>

In taking a look at the viewing habits of audiences worldwide, one can get a sense of what audiences were going through in response to this crisis. Filmin’s Head of Content, Jaume Ripoll, told The C Report that when Spain’s lockdown was first imposed on March 14, subscribers initially flocked to disaster or apocalypse-themed content, films like *Take Shelter* and *The Road*. Data from HBONow echoes this, with reports that 2011’s pandemic-themed *Contagion* suddenly became the most viewed title on the service, a position it held for two straight weeks in March. Ripoll says that as soon as it became apparent that the lockdown would last longer than originally thought, the novelty of the apocalypse subsided. Filmin users turned to comfort viewing, with streaming rates for classics like *Some Like It Hot* and *Rear Window* skyrocketing. Viewers also delved into marathon titles like the seven-hour *Sátántangó* and *La Flor* which clocks in at fourteen hours; Ripoll suggests that viewers approached their choices with an attitude of “If not now, when?”

Indeed, this same mantra could be applied to some of the audience engagement strategies undertaken by the film industry. Here was a rare moment when nothing was as it usually is in the world, a golden opportunity to experiment and think outside the box. Based on audience viewing habits and some of the engagement strategies undertaken in different corners of the industry (particularly by film

149 Gammon, K. (2020, April 19). [Kneading to relax? How coronavirus prompted a surge in stress baking](#). The Guardian.

150 Grob Plante, S. (2020, May 6). [Yoga With Adriene is a YouTube sensation](#). Vox

151 Lim, F. (2020, March 26). [Text mining: What are people doing at home during the Coronavirus quarantine?](#) Towards Data Science.

152 Aratani, L. (2020, May 28). [Jobless America: the coronavirus unemployment crisis in figures](#). The Guardian.

153 Payne, S and Vassilev, G. (2020, May 27). [Coronavirus and how people spent their time under lockdown: 28 March to 26 April 2020](#). UK Office for National Statistics

154 Alexander, J. (2020, April 21). [Netflix adds 15 million subscribers as people stream more than ever, but warns about tough road ahead](#). The Verge.

155 (2020, May). [COVID Internet Phenomena Report](#). Sandvine.

156 Gold, H. (2020 March 20). [Netflix and YouTube are slowing down in Europe to keep the internet from breaking](#). CNN.

festivals), we can see that when audiences are in crisis mode, they respond most to nostalgia, with a focus on comfort viewing as a means of shutting out the chaos of the outside world.

## Social Media

When asked how they were keeping audience relationships alive during this crisis, almost all of The C Report's interviewees responded the same way, without skipping a beat: social media. This will come as no surprise to anyone who has worked anywhere near a marketing department in the last 10+ years. Twitter, Facebook and Instagram are all free services with a direct link to an organisation's following. In any other time they make for convenient marketing tools, but in a time of crisis, with cinemas and film festivals unable to offer their usual in-person experiences, these platforms proved essential for keeping up audience relationships.

### How are exhibitors using social media to engage with audiences?

The C Report observed and examined the social media activity of five exhibitors, ranging from major chains to independent theatres, from mid-March to early June 2020:

**The Yorck Kino Group, Germany** (10k Instagram, 1.5k Twitter, 29k Facebook)

**Curzon, UK** (14.5k Instagram, 50.6k Twitter, 22k Facebook)

**Hoyts, Australia** (50.4k Instagram, 25.5k Twitter, 475k Facebook)

**Cinemark, US** (132k Instagram, 64.7k Twitter, 1.3m Facebook)

**Cineciutat, Spain** (3.3k Instagram, 6k Twitter, 12k Facebook)

In early March, most accounts were in standard marketing mode, promoting the latest releases of the time, like *Bloodshot* (which ended up being released on VOD shortly after), upcoming releases like *No Time To Die* (later postponed to November) or in the case of Yorck Kino, posting *Parasite*-related memes,<sup>157</sup> as at the time it was still fresh from its historic Best Picture win and continuing to draw record crowds. But come mid-March, we begin to see changes the world over. Hoyts<sup>158</sup> and Yorck Kino<sup>159</sup> announce they will be running at reduced capacity in line with the recommendations of health authorities, using infographics to display the social distancing measures in place. Cineciutat playfully posted a clip of Leonardo DiCaprio from *The Aviator*, furiously washing his hands, requesting in the caption that its patrons do the same.<sup>160</sup> Within just days of these new measures, cinemas were forced to close.

Curzon, Hoyts and Cinemark all playfully employed the same nostalgic cinema jargon, announcing an "Intermission". Images of cinema marquees were also common: 'SEE YOU SOON' from Curzon,<sup>161</sup> 'TAKE CARE OF EACH OTHER' from Yorck.<sup>162</sup> Messages of support flood the comments in the UK, Germany, Australia and Spain – expressions of sadness mixed with understanding, accompanied by a barrage of love heart emojis expressing support. Interestingly, in the US the response to the closure instead prompted expressions of disgust and accusations of greed from Cinemark's followers. A cultural difference perhaps. Or could this be a reflection of the difficulty a major cinema chain faces in creating a positive sense of community with such a large social media following?

157 Yorck.Kinogruppe. (2020, March 1). <https://www.instagram.com/p/B9M7UfOKUUI/>. Instagram.

158 Hoytsaustralia (2020, March 18). <https://www.instagram.com/p/B93XULjAMVw/>. Instagram.

159 Yorck.Kinogruppe. (2020, March 18). <https://www.instagram.com/p/B9r4sZ1CO9g/>. Instagram.

160 CineCiutat. (2020, March 12). [https://www.instagram.com/p/B9o1G\\_qK2F3/](https://www.instagram.com/p/B9o1G_qK2F3/). Instagram.

161 Curzoncinemas (2020, March 18). <https://www.instagram.com/p/B934w03Ji2Z/>. Instagram.

162 Yorck.Kinogruppe. (2020, March 15). <https://www.instagram.com/p/B9v7-JECnlW/>. Instagram.

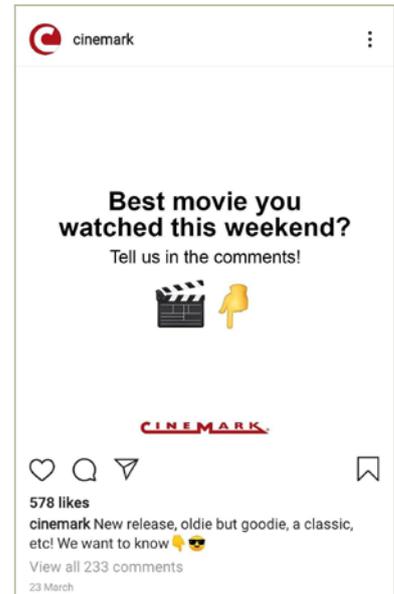
With cinemas officially closed and no certainty on when they'd reopen nor what would be screening when they did, exhibitors found themselves in the great unknown. Without anything to market, this moment called for innovative strategies to keep their followers engaged. There were some outside-the-box moments, such as Yorck Kino's backstage tour of Berlin's famous Kino International via Instagram stories in mid April. Generally however, four key approaches emerged:

**Direct questions:** Question and answers are a simple, fun way for exhibitors to interact with their followers, keeping them focused on cinema and cultivating a sense of community amongst film-lovers. Many exhibitors used the quiz function on Instagram stories, with the occasional quiz question making it to the grid as a permanent post.<sup>163</sup> The greatest engagement figures appeared to come when audiences were asked a direct question: "Best movie you watched this weekend?" asks Cinemark, with nearly 300 responses;<sup>164</sup> "What's your personal comfort movie" prompts over 100 answers from Yorck's followers.<sup>165</sup>

**Memes:** Again, simple and fun was the key here. Both Hoyts and Cinemark posted their own cinematic spins on the "Choose Your Quarantine House" meme. Yorck Kino displayed their skill for sharing humorous images that captured the mood of the moment: a side by side image of young and old Mason from *Boyhood* with the caption "March 1 v. April 1" capturing how many experienced March as tumultuous and seemingly never-ending,<sup>166</sup> or an image of a sunglasses-clad D.W. from the 90s cartoon *Arthur*, looking longingly at an empty cinema auditorium.<sup>167</sup> Memes were a great way to reflect the despair, and the longing many people felt to return to the cinema.

**Nostalgia:** This will be discussed in more detail below, but posting stills from classics to mark significant dates (*Star Wars* on May 4,<sup>168</sup> *The Three Stooges* on Cinco de Mayo<sup>169</sup>) was a common method that played on the audience's shared love of cinema.

**Promotion of alternative services:** Curzon, on the other hand, made a hard pivot to promoting its streaming service, Curzon at Home. Its pinned tweet for much of the crisis read: "Cinemas are closed, but Home Cinema is always open"<sup>170</sup> and its Instagram presence became dedicated to trailers for titles being screened, as well as the Living Room Q&As. CEO Phillip Knatchbull told the C Report that Curzon saw a 400% increase in engagement compared with 2019 - a statistic he attributes in part to the lockdown. "We're seeing week-on-week this incredible increase in engagement...so many people who have never heard about the Curzon brand are now." He speaks of "talking to customers directly [and] having a relationship with [them] around a brand, an offering, an ethic and an authenticity so that certain customers [will] want to continue to engage with [us]."



163 Hoytsaustralia (2020, April 9). <https://www.instagram.com/p/B-wR8lelk3D/>. Instagram.

164 Cinemark. (2020, March 23). <https://www.instagram.com/p/B-FE0vfJydc/>. Instagram.

165 Yorck.Kinogruppe. (2020, March 31). <https://www.instagram.com/p/B-ZOHDSCNbk/>. Instagram.

166 Yorck.Kinogruppe. (2020, April 1). <https://www.instagram.com/p/B-c51YBicaA/>. Instagram.

167 Yorck.Kinogruppe. (2020, April 7). <https://www.instagram.com/p/B-rxYSkiGFH/>. Instagram.

168 Hoytsaustralia (2020, May 4). [https://www.instagram.com/p/B\\_wVdTsiX-Q/](https://www.instagram.com/p/B_wVdTsiX-Q/). Instagram.

169 Cinemark. (2020, May 5). [https://www.instagram.com/p/B\\_z3ic0lbsN/](https://www.instagram.com/p/B_z3ic0lbsN/). Instagram.

170 CurzonCinemas. (2020, April 28). <https://twitter.com/CurzonCinemas/status/1255115310023282689>. Twitter.

How did film festivals use social media?

Cannes' first acknowledgement of the crisis came via two tweets on March 19th – one French,<sup>171</sup> one English<sup>172</sup> – from its official Twitter account, which boasts almost 470k followers. It confirmed that the festival would not be going ahead in May as initially planned. Messages of despair and support followed, along with a litany of questions from confused would-be attendees.

Outside of the festival season, Cannes' Instagram account is largely dedicated to promoting the theatrical releases of titles screened at previous festivals to its 610k followers. For most of March, during the early stages of the pandemic, without a concrete festival to tease, the grid lay dormant.

However, on April 3, Cannes' social media channels sprung back to life with the rollout of the #BeCannesRewind hashtag across Twitter,<sup>173</sup> Instagram,<sup>174</sup> and Facebook.<sup>175</sup> A pun on "be kind, rewind", a saying often heard in video rental stores in another era of film-watching, the hashtag is about exactly that: looking back nostalgically at a simpler time. Followers are presented with gorgeous, mostly black and white images from past iterations of the Cannes Film Festival. We see Monica Bellucci on the red carpet in 2003; David Lynch clutching his Palme d'Or after winning the top prize in 1990; Brigitte Bardot running joyfully along the beach all the way back in 1956. Images that make us long for the glamour that Cannes has been famous for delivering since 1946, but would not be seen in 2020.

Cannes used this time as an opportunity to educate its followers on the festival's history; a moment to highlight its significance in the film festival calendar not just now, but for over 70 years. Every week or so the #BeCannesRewind posts are accompanied with a link to an article listing the Palmes d'Or winners of each decade since the 1950s. There is a small write-up for each year's winner, accompanied with a link to streaming services where the user can watch the title in full, where possible.

The fate of the Locarno Film Festival was under speculation from the lockdown in mid-March, until the announcement of the cancellation of its physical form came in late April.<sup>176</sup> During this time, Locarno launched the #LocarnoThrowback hashtag on Twitter and Instagram – a similar approach to Cannes' #BeCannesRewind, in that it highlighted moments of history from previous iterations of the festival. Nostalgia has proven to be a great way to play on audiences longing for the big screen experience.



171 Festival\_Cannes. (2020, March 19). [https://twitter.com/Festival\\_Cannes/status/1240718580867452928](https://twitter.com/Festival_Cannes/status/1240718580867452928). Twitter.

172 Festival\_Cannes. (2020, March 19.) [https://twitter.com/Festival\\_Cannes/status/1240719066823667712](https://twitter.com/Festival_Cannes/status/1240719066823667712). Twitter.

173 Festival\_Cannes. (2020, April 3). [https://twitter.com/Festival\\_Cannes/status/1246084551086157825](https://twitter.com/Festival_Cannes/status/1246084551086157825). Twitter.

174 festivaldecannes. (2020, April 3). [https://www.instagram.com/p/B-hj7ORA\\_ep/](https://www.instagram.com/p/B-hj7ORA_ep/). Instagram.

175 Festival de Cannes. (2020, April 3). <https://www.facebook.com/festivaldecannes/photos/a.197959553558322/3053156981371884/>. Facebook

176 Roxborough, S. (2020, April 29). [Locarno Festival Cancels 2020 Edition, Launches Online Alternative](https://www.hollywoodreporter.com/news/locarno-festival-cancels-2020-edition-launches-online-alternative-1246084). Hollywood Reporter.

## What was on offer for audiences?

Unfortunately, memes and nostalgia aren't enough to sustain a business during a crisis. In March, distributors, exhibitors and festivals were faced with the difficult proposition: innovate or die. To frame it more positively, here was a rare opportunity to experiment with new business models – a chance to trial new approaches, of which many were felt to be inevitable anyway. This experimentation largely occurred in the digital realm, with online versions of film festivals like CPH:DOX (as discussed in Chapter 1 of this report), and distributors such as Kino Lorber exploring “virtual cinema” (as examined in Chapter 2). We saw festivals from all over the world join forces to present the online We Are One: A Global Film Festival, spearheaded by Tribeca and screening on Youtube.<sup>177</sup>

### What were exhibitors able to offer?

One of the first changes of audience behaviour was seen in the resurgence of the drive-in theatre, as audiences were still able to enjoy the big-screen experience from the safety of their enclosed vehicles. As early as March 23, Celluloid Junkie reported drive-in theatres in the US doing big business, and South Korea's single drive-in theatre reporting a 40% increase in sales following the lockdown.<sup>178</sup> After cinemas were ordered to shut, drive-ins were the only source of actual box office revenue domestically in the US.

There are just 700 operational drive-in theatres in the world, half of which are in the US. Although they rose in popularity as a direct result of the pandemic, there are nowhere near enough drive-ins running to take significant box office. For example, in early May the #1 spot on the US domestic box office chart was indie horror film *The Wretched*, which took just \$95,000.<sup>179</sup> For a slightly unfair comparison, in the same week of 2019, *Avengers: Endgame* was at the #1 spot taking \$186m in that week alone.<sup>180</sup> It will be interesting to see whether drive-ins will wane in popularity once regular theatres begin to resume normal operations, or if they will continue to thrive as a safe, low-risk alternative to seeing films outside of the living room.

Within just days of cinema closures in Germany, Berlin's Arsenal Kino launched Arsenal 3 (mentioned in chapter 2), a free streaming service with a fortnightly rotation of short films and video artworks from Arsenal's digital archive. This service – viewed as a “curated programme” rather than a streaming service – had been in the works for some time, and intended for exclusive use by Arsenal's membership base. However, artistic directors Birgit Kohler and Stefanie Schulte Strathaus told The C Report that with the infrastructure in place, they felt they should open it to anyone and everyone. As their content is not geoblocked, they found that during the lockdown their audience expanded from being largely Berlin-based to worldwide, with many viewers in China, the US and Egypt. One title in their catalogue was even banned in Egypt, but available to view on Arsenal 3.

Kino Lorber's 'Kino Marquee' Virtual Cinema initiative was examined in detail in Chapter 2. In brief, viewers select the local theatre they wish to support, and the revenue from the purchased stream is divided between Kino Lorber and that theatre. Wendy Lidell of Kino Lorber told The C Report that “the difference between [Kino Lorber] and a big studio release is they can spend millions of dollars to market something on premium TVOD.” Kino Lorber relies on their theatrical partners to engage their audiences to promote the titles being screened. No matter the size of the theatre, those with membership programs

177 Kay, J. (2020, April 27) *Major film festivals partner with YouTube on free online event*. Screen Daily.

178 Krizanovic, K. (2020, March 23). *Drive-Ins: How Big Screen Entertainment Survives During COVID-19*. Celluloid Junkie.

179 <https://www.the-numbers.com/box-office-chart/weekly/2020/05/01>. The Numbers.

180 <https://www.the-numbers.com/box-office-chart/weekly/2019/05/03>. The Numbers.

or large subscriber bases saw much higher rates of engagement with Kino Marquee, and thus saw more revenue than perhaps their less engaged peers did.

In late May, Australian cinema chain Lido/Classic/Cameo/Ritz launched their 'At Home' TVOD service, with a range of new and classic titles available from its launch.<sup>181</sup> At Home runs in a similar manner to Kino Marquee and Curzon's Home Cinema in the UK in that there is a focus on 'event-ising': "something unique that goes beyond the frame of the film...and creates a unique experience for participants" in the words of Richard Lorber. Eventising has existed in the physical world for some time, but as Lorber says "the uniqueness of eventising in the digital world is very relevant now, because there's an opportunity to expand the conversation to thousands of people."

Says Curzon CEO Phillip Knatchbull: "We've developed something called the Curzon Living Room, which are live Q&As we do twice a week around the films that are on our service. We'll interview directors, actors and writers with moderators...replicating what we do in our cinemas, but at home with Zoom." During the lockdown, talent has been readily available, and Zoom calls are very easy to set up. According to Knatchbull, this has seen a very large engagement for Curzon. While the intention is that audiences watch the film, then participate in the live Q&A directly after to ask their questions, the real engagement comes in the following weeks with the recorded versions. "What we call 'the encore screenings' are really popular, much more popular than we thought. It's like a resource; they will be there forever on Youtube. It's a resource we're building, extending the brand and creating further engagement which creates repeat customer acquisition."

Most independent cinemas lack the resources to set up streaming services, let alone explore "eventising" in the virtual realm. National support measures have been crucial for smaller exhibitors and have come in many forms. Estonia's Ministry of Culture put forth €300,000 worth of handouts to arthouse cinemas that screen European films;<sup>182</sup> Sweden introduced a rent relief package whereby 50% of the rent will be split between the cinema landlords and the state;<sup>183</sup> in the UK, staff were able to be retained through the government's furlough scheme. Even so, it was necessary for many exhibitors to make callouts for donations via social media and newsletters. In Berlin, a collective of 33 independent theatres launched a crowdfunding campaign in late March to raise and share funds to cover the various costs during the closure.<sup>184</sup> There was also a widespread push for audiences to purchase vouchers to use once doors reopened.

While their doors were closed, some cinemas were able to keep afloat with concession sales. Curzon teamed up with UberEats to deliver audiences a 'home cinema kit' consisting of popcorn, hotdogs and cocktails. Similarly in Sydney, independent cinema Golden Age launched Bottle Rocket, a home delivery service for snacks and drinks one might usually order at the candy bar.<sup>185</sup> Mark O'Meara, owner of the Fairfax moviehouses in Virginia, USA, made as much as US\$400 per day by selling bags of popcorn from the curb in order to support his staff while they were unable to work.<sup>186</sup>

### What about streaming services?

As far as the film industry is concerned, streaming services have been the undisputed winner of this crisis, crass though it may seem to crown a victor. Unsurprisingly, all of the VOD platforms consulted for this report – Filmin, MUBI, Curzon Home Cinema, Kino Marquee – reported a surge in both membership sign-ups and video streams. Much of the audience boost was organic; a direct result of people being stuck at home with little to do.

181 (2020, May 14). *Classic, Lido, Cameo and Ritz Cinemas launch VOD service*. If.

182 Abbatescianni, D. (2020, May 14). *The Estonian Film Institute adopts its first measures to fight the COVID-19 crisis*. CineEuropa.

183 Union International des Cinemas. (2020, 5 June). *1 UNIC RESEARCH The impact of the Coronavirus outbreak on the European cinema industry*. UNIC.

184 (2020, March 27). *FORTSETZUNG: FOLGT*. Startnext.

185 Venkataraman, D. (2020, May 4). *This moody Surry Hills cinema is launching an online candy bar and bottle shop*. Timeout.

186 Castrodale, J. (2020, March 30). *A Virginia Movie Theater Owner Is Selling Bags of Popcorn To-Go So He Can Pay His Workers*. Food and Wine.

With their potential new user base exactly where they wanted them, MUBI very cleverly used this chance to swoop in and introduce themselves. Already on good terms with many exhibitors since the rollout of MUBI GO in late 2018, they reached out to cinemas and helped to continue providing cinema to their audiences the duration of the lockdown. They explained this strategy to The C Report: "Since March we have been working closely with cinemas and cultural institutions around the world to provide them with free MUBI three month long subscriptions to give to their members and communities, as a way of enabling them to still watch great cinema during this time. The feedback has been very positive and we're glad we could help. We have partnered with 400 cinemas and institutions worldwide and will continue to help as long as needed." This gesture of goodwill from MUBI was beneficial to all parties: audiences got to enjoy MUBI's global film platform for free and exhibitors' clientele remained engaged in the world of film while cinema doors were closed.

Filmin explored some new approaches, such as hosting online versions of film festivals – D'A Film Festival, for example – that may have otherwise been cancelled. These online formats were incredibly successful, with streaming figures in the hundreds of thousands. "It's absolutely crazy," says Jaume Ripoll. In partnership with distributors Avalon Distribucion, Filmin also hosted Xavier Dolan's latest, *Mathias and Maxime* for 72 hours as a special preview. This three day period saw more views than any of Dolan's previous titles had admissions in their first weeks. Ripoll speaks to the success of this content that they've added to their library as a direct result of the pandemic, highlighting the sense of urgency that is created when titles are only available for a limited time: "The figures have been great for these special releases...because people say 'Okay, this day we must watch this film...not the other 14,000 films in [Filmin's] catalogue'". He also speaks of additional content created especially for Filmin as a bonus for viewers: "Now directors introduce the film to the audience [who] love this kind of approach: 'Okay, we're on the sofa, but it feels different, it's not just another film.' We have never done this kind of approach with the director; it works, very well-appreciated."

In replicating the word of mouth buzz that is standard fare at physical film festivals, social media became a primary source of promotion for some of the titles screening at these online film festivals. Audiences and communities on Twitter and Facebook can make a difference for the selected films and offer chances for changes in the area of personalized marketing. For example, at the D'A Film Festival Barcelona, the film *My Mexican Bretzel* started with only a couple of views, but went on to become the most watched film of the festival thanks to recommendations on social media platforms, as Ripoll explained to The C Report.

MUBI's free exclusive preview of Pablo Larraín's *Emilia* in 60 countries, screening on the subscription service for just 24 hours on May 1st is another example of experimentation from streamers – one that satisfied the needs of distributors also. "(It) would have maybe seemed improbable a few months ago, but we wanted the film to be seen by as many people as possible...Innovation and collaboration is really what's key right now to be able to bring films to audiences, wherever they may be." There are still plans for a theatrical release in territories like the US later on in the year, so in a way MUBI has elevated the traditional word-of-mouth preview screening to a scale not seen before. And who better to act as ambassadors for a film, than MUBI's passionate, cinema-loving audience?

MUBI again: "The sense of community has been so strong during this difficult time. There are a lot more collaborative conversations going on in different sectors of the industry which is very energizing."

## Public Institution Initiatives – Focus on the Australian Centre for the Moving Image

Let's take a look at what one well-funded public institution was able to do to maintain its audience relationship during this crisis. On March 22, the Australian Federal Government ordered the shutdown of all nonessential services – including cinemas – from midday the following day.<sup>187</sup> For the Australian Centre for the Moving Image (ACMI) – a publicly funded cinema and museum located in Melbourne – this order was not the same cause for disruption as it was for other exhibitors across the country. ACMI's main building had been closed for extensive redevelopments since May 2019 and aside from some year-round programming screened at alternative theatres, there was no need to cancel any upcoming programming.

Though ACMI is a public institution, there was no directive from the Government to present any online programming. ACMI initiated a suite of online programming after “everything had to stop so abruptly and for an indeterminate amount of time...it seemed important that we find some way to ,virtually’ bring our Melbourne film community together,” Director of Film Programs Kristy Matheson told The C Report. Some of ACMI's educational resources were already available on their website, and were soon joined by brand new industry initiatives set up under the name Running Free – twice weekly workshops<sup>188</sup> and monthly networking events<sup>189</sup> accessible via ACMI's Youtube channel.

One of ACMI's major partners is the Melbourne Cinematheque, a film society dedicated to screening “rare and significant” titles to their members every Wednesday night. After the shutdown order, all screenings for the foreseeable future were cancelled. Inspired by Remote Viewing Cinema – an Instagram film blog recommending double features to homebound audiences<sup>190</sup> – ACMI and the Melbourne Cinematheque promptly launched the Virtual Cinematheque,<sup>191</sup> an internet-based alternative to their usual double feature screenings.

A sense of careful curation is core to the selection process, which happens in collaboration between ACMI's film curators and the Cinematheque Committee. Each week two titles linked by a theme, director or actor are chosen, and announced on the social media channels of both parties. Notes are written, and links to related articles and videos posted to give audiences more context for the chosen films, in the same way that printed articles are handed out at physical Cinematheque screenings. To make the offering as accessible as possible, only titles available on AVOD or widely-used SVOD streaming platforms are chosen.

Matheson told The C Report that “the weekly Cinematheque and most of ACMI's screenings are presented in original film formats and none of this can be replicated online – in either presentation, audience reception or choice of available works to screen. That said I hope the additional notes and the communication goes some way for people while they are unable to engage with cinema fully.”

In an effort to replicate the communal viewing experience, viewers were encouraged to host ‘watch parties’ using a service called Metastream, which allows viewers to stream titles with friends from other households at the same time. ACMI explored watch parties further in early May, with ACMI Watches: *Birds of Prey*. Users were instructed to hit the play button on the superhero comedy at the same time, while pop cultural critic Maria Lewis commentated the film.<sup>192</sup> Watch parties like this became a common form of audience engagement during the lockdown. In early April, MUBI invited director Richard Kelly to livetweet a watch party of his 2006 film *Southland Tales*, with viewers encouraged to join the conver-

187 Frater, P. (2020, March 22). *Australia Orders All Cinemas Closed Due to Coronavirus*. Variety.

188 ACMI. *Running Free*.

189 ACMI. *Running Free Live*.

190 Remoteviewingcinema. <https://www.instagram.com/remotviewingcinema/?hl=en>. Instagram.

191 ACMI. *Virtual Cinémathèque*.

192 ACMI. *ACMI Watches: Birds of Prey*

sation with the hashtag #southlandnow.<sup>193</sup>

Engagement statistics provided to The C Report by ACMI show that while the bulk of ACMI's engagement came from Melbourne, roughly one third of the audience came from around Australia, particularly Sydney. This echoes statistics cited earlier in this report from CPH:DOX's Tine Fischer; the audience for last year's physical festival was 90% Copenhagen-based, while this year's audience was much more evenly distributed around Denmark thanks to the online format. It's one of the more notable audience behaviour changes to come from this crisis: many institutions are seeing broader exposure to their content as a direct result of moving it online.

## Reopening Cinemas

The worldwide closure of cinemas was a drastic, but essential measure to which one hopes we need only resort once during this crisis. At the time of writing in June, the process of reopening cinemas has already begun, with many territories already reopened (South Korea, some states in the US) and many with plans to do so soon (UK, Germany, Australia).

There are myriad problems facing exhibitors as they work towards reopening. With many of the year's planned releases postponed or cancelled, there is a significant dearth of new titles available to screen. Many exhibitors are filling the gap by screening popular classics – *E.T.* and *Blade Runner* in Japan, for example<sup>194</sup> – as they hold their collective breath in the hopes that *Tenet*'s planned late-July release becomes an industry-rescuing reality.<sup>195</sup> Many key territories will be coming back from closure in the height of summer – historically a difficult period for exhibitors as audiences favour outdoor activities over movie watching even without concerns about contagion.<sup>196</sup>

Rebuilding consumer confidence is set to be one of the greatest challenges facing exhibitors. While the reopening of cinemas indicates that the outbreak is under control, additional waves of COVID-19 may continue to flare up for months or years; audiences will need to be assured that they can feel safe attending the cinema. Cinemas will need to make substantial changes to how business is conducted, in order to accommodate social distancing measures.

Many of the recommended alterations were outlined early on in the crisis in a cinema reopening kit, written and distributed by New Zealand's The Vista Group, a company focused on providing technology solutions to the global film industry.<sup>197</sup> Measures included:

- \_ online booking and e-tickets
- \_ socially distanced seating and reduced capacities
- \_ contact tracing
- \_ self-service concessions
- \_ thorough cleaning and hygiene measures

It's become widely accepted that for a cinema to reopen they must adhere to all of the above measures. However, this is a costly proposition, especially to many cinemas already struggling to survive this crisis. As explored in chapter 2, ICO's survey found that 41% of independent cinemas cannot afford to reopen, as social distancing measures could see an 20% increase in the cost of running their business.<sup>198</sup> It is an unfortunate reality that many cinemas – mainly independents – will be economic victims of the pandemic, and will not survive long in the post-Corona world.

193 MUBI. (2020, April 3). <https://twitter.com/mubi/status/1246110642739740672>. Twitter.

194 Brzeski, P. (2020, May 19). Japan's Reopened Cinemas to Screen Classics 'Ben-Hur,' 'The Wizard of Oz,' 'Blade Runner'. Hollywood Reporter.

195 Lang, B and Rubin, R. (2020, May 7). Christopher Nolan's 'Tenet' Hopes to Kick Off Moviegoing Again. Variety.

196 Vivarelli, N. (2020, May 18). Italy Sets June 15 To Reopen Cinemas as it Preps For Summer Releases. Variety.

197 <https://vista.co/cinema-reopening-kit/>

198 Independent Cinema Office. (2020, May). ICO: Reopening Cinemas The Independent Way.

Polling data shows that the appetite for cinema-going is stronger than ever. Event Cinemas surveyed 20,000 Australian and New Zealanders, with 83% confirming they will be attending the cinema in the first three months after reopening.<sup>199</sup> A poll conducted by Atom Tickets in the US found a similar enthusiasm, with 77% of respondents stating they would return to the cinema within two months or sooner.<sup>200</sup> Both surveys showed that for most respondents, social distancing measures such as hand sanitiser stations, spaced seating and more frequent and thorough cleaning of the cinemas are of paramount importance. While some people are desperately keen to return to the cinema, it seems some are feeling more cautious, applying a “wait and see” approach to be sure it’s safe.

On April 29, South Korea – the fourth largest box office territory in the world<sup>201</sup> – was one of the first to reopen cinemas.<sup>202</sup> Its opening weekends saw record lows, with just 98,772 tickets sold on the third weekend.<sup>203</sup> Despite having some of the most advanced social distancing measures in place – including smart kiosks for ticket and food collection, operated with voice recognition<sup>204</sup> – consumer confidence was clearly down. To address this, in late May the Korean Film Council (KOFIC) began providing 1.3 million coupons, subsidising the cost of ticket prices by up to 60%. This proved successful, as weekend sales for the first weekend of June reached 402,000 – still low by usual standards, but a 112% increase from the previous week.<sup>205</sup>

Similarly in the US, after Georgia’s governor announced an end to stay-at-home measures, Sweet Onion Cinemas, a five-screen cinema in Vidalia, reopened for the weekend of Friday May 1. Screening a mix of classic safe-bet titles such as *Grease* and *Ferris Bueller’s Day Off*, and films that had been released on VOD during the lockdown – *Trolls World Tour* and *I Still Believe*, tickets were sold at the discounted rate of \$5. However, fewer than 100 tickets were sold over the first three weekends after reopening combined.<sup>206</sup> Later in May, ticket prices were reduced to \$1 for matinees and \$2 for evening screenings, with a guarantee that this drastically reduced price would remain in place until the release of new titles.

Cinemas in Hong Kong were allowed to reopen from May 8, after a relatively short closure period which began on March 29. Strict measures were imposed: visitors’ temperatures are taken upon arrival, and are refused entry if they exceed 37.5 degrees. If a visitor leaves their assigned seat or removes their mandatory facemask during the screening, they will be asked to leave the premises. Despite this, box office revenue has exceeded \$1m weekly since late May, with some weeks even exceeding pre-closure.<sup>207</sup> This growth is a promising sign for the Hong Kong market, and indeed the rest of the world as more territories look towards reopening.

199 Celluloid Junkie. (2020, May 29). [Market Leader Event Cinemas Unveils Research - 98% of Movie-goers Are Eager to Return to Cinemas](#). Celluloid Junkie.

200 McClintock, P. (2020, May 26). [Many Moviegoers Would Return to Theaters Within One Month of Reopening](#). Hollywood Reporter.

201 Macdonald, J. (2020, May 4). [South Korea Sees Promising Increase In Movie Attendance, Despite Earlier Box Office Drop](#). Forbes.

202 Noh, J. (2020, April 30). [South Korean cinemas slowly reopening over holiday weekend](#). Screen Daily.

203 Conran, P. (2020, April 14). [New Record Lows at Korean Box Office as Covid-19 Pandemic Stretches into Mid-April](#). KoreanFilm.

204 Kil, S. (2020, May 11). [Korean Cinemas Test Contact-Free Tech for the Post-Coronavirus Era](#). Variety.

205 Kil, S. (2020, June 8). [Korean Box Office Doubles From Previous Weekend](#), Variety.

206 Maddaus, G and Lang, B. (2020, May 27). [Movie Theaters Struggle to Draw Crowds as Coronavirus Stay-at-Home Orders Ease](#). Variety.

207 Mitchell, R. (2020, June 1). [Hong Kong: A Beacon of Box Office Hope](#). Gower St.

## Conclusion

It is worth taking a moment to consider the impact on people around the world of this three month lockdown period. This was a difficult, stressful, confusing time. There is concern for the toll this pandemic will take on people's mental health – especially healthcare workers, who are particularly at risk of post traumatic stress disorder.<sup>208</sup> The fallout of the pandemic has caused a spike in unemployment the world over.

For some people who have spent the last three months on their couches devouring Netflix's entire catalogue, the idea of rushing to spend their newfound freedom in a dark room watching a screen is perhaps not so appealing. People – especially families – may no longer have the disposable income required to afford a trip to the cinema, especially when additional costs (parking, concessions, etc) are factored in. In the last month, the crimes sparking the Black Lives Matter protests have also brought painful experiences of structural racism to the surface, causing individuals and communities to question their priorities and engage in difficult work in the world or in themselves.

As dramatic as it sounds, people are fragile and may feel apprehensive about re-entering a society where the mere act of cohabiting a space may result in sickness and death. The reality is that audience behavioural patterns are likely to be very different to before, and may be so for some time.

The great challenge facing those who work in film marketing is how to engage with people when everything is so volatile? Entertainment Strategist Fred Bolza spoke on this in a film marketing webinar hosted by Usheru: "How do we market into emotional needs states that continue to change? People don't stay in one fixed state; over the last 9 weeks, people have been through a series of emotional movements from panic, to anxiety, to acceptance ... and then they're going to go through it again as we come out of lockdown." He highlights the need for taking a "holistic view" and factoring in proxy behavioural data – schooling, the return to work, people's feelings towards public transport – when marketing into emotional needs states that continue to change.

"This is a moment to build relationships, and the way that you build relationships is by reacting to people's emotion and creating context for them to ... engage and then ... consume, rather than to be selling them stuff."<sup>209</sup>

After a disruption of this magnitude, it may take considerable time before things return to normal, if at all. Patience is key, but it's also important that when we engage with our audiences, we acknowledge and are sympathetic to their experience.

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208 O'Hagan, S. (2020, June 7). [Health experts on the psychological cost of Covid-19](#). The Guardian.

209 Usheru. (2020, May 26). [Reimagining Film Marketing: usheru's Future of Film Marketing Webinar Series - Week 4](#). Youtube.