European
Digital Cinema
Forum

CINEMA AS A PLATFORM (CaaP)

or how Amazon and other content platforms will change the business model of cinemas
in 5 minutes

[FILM INDUSTRY 4.0 Part Two]

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EDCF, *Board member*
SMPTE, *Chairman of Russian Section*
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Motion Picture Engineers School, *Founder*
Russian Association of Cinema Owners, *Chairman*

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FIRST CALL: AMAZON, RAMBLER, US DOJ… *(or For Whom the Bell Tolls)*

Source https://www.adweek.com/digital/amazon-is-reportedly-looking-to-buy-a-movie-theater-chain/

Why It Makes Perfect Sense for Netflix and Amazon to Buy Up Movie Theaters

…vie theater industry is ripe for …lation, but not by who you think. Instead, it …erfect sense for Netflix and Amazon to …aters.

Frank Gristina

Amazon reportedly looking to buy a movie chain next

Tae Kim 9:00 AM ET Sat, 14 April 2018 | 03:56

Amazon may have even more to offer filmmakers: a movie chain

The tech company is reportedly angling to purchase the prestigious art-house chain Landmark Theaters

…hase of La… …e the chain… …retail spac… …ods for $1…

Amazon could be coming to a movie theater near you 25.08.2018, 18:56

Amazon could be coming to a movie theater near you

Amazon has already tried to reinvent brick-and-mortar grocery stores and book sellers. Is the movie theater next?

The company is "in the running" to buy Landmark Theaters, according to Bloomberg. Landmark is a private chain of about 50 cinemas that

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ENGLISH

Owner of "Cinema Park" and "Formula Kino" Rambler Group acquired online cinema "Okko"

April 4, 2018 Editor Russian M&A Market News 0

THE UNITED STATES DEPARTMENT of JUSTICE

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JUSTICE NEWS

Department of Justice

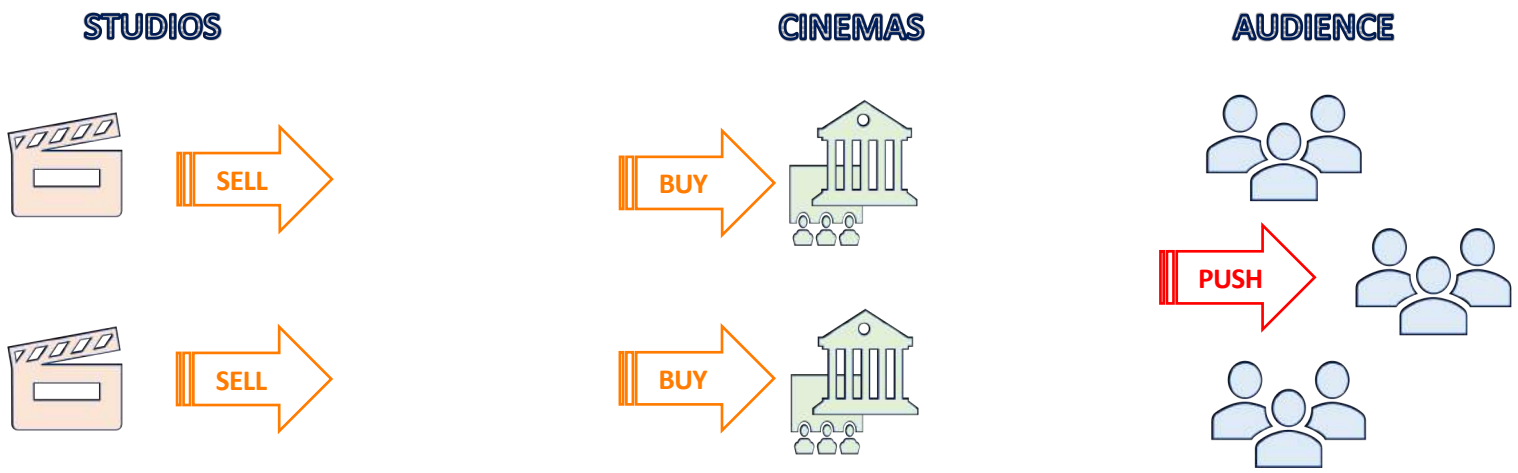
Office of Public Affairs

FOR IMMEDIATE RELEASE Thursday, August 2, 2018

Department of Justice Opens Review of Paramount Consent Decrees

As part of The Department of Justice's review of nearly 1,300 legacy antitrust judgments, the Antitrust Division today announced that it has opened a review of the Paramount Consent Decrees, which for over seventy years have regulated how certain movie studios distribute films to movie theatres. The purpose of the review is to determine whether or not the decrees should be terminated or modified.

EVOLUTION OF CONTENT DISTRIBUTION (FROM PUSH MODEL TO PULL MODEL CONSUMPTION)



circa 1895

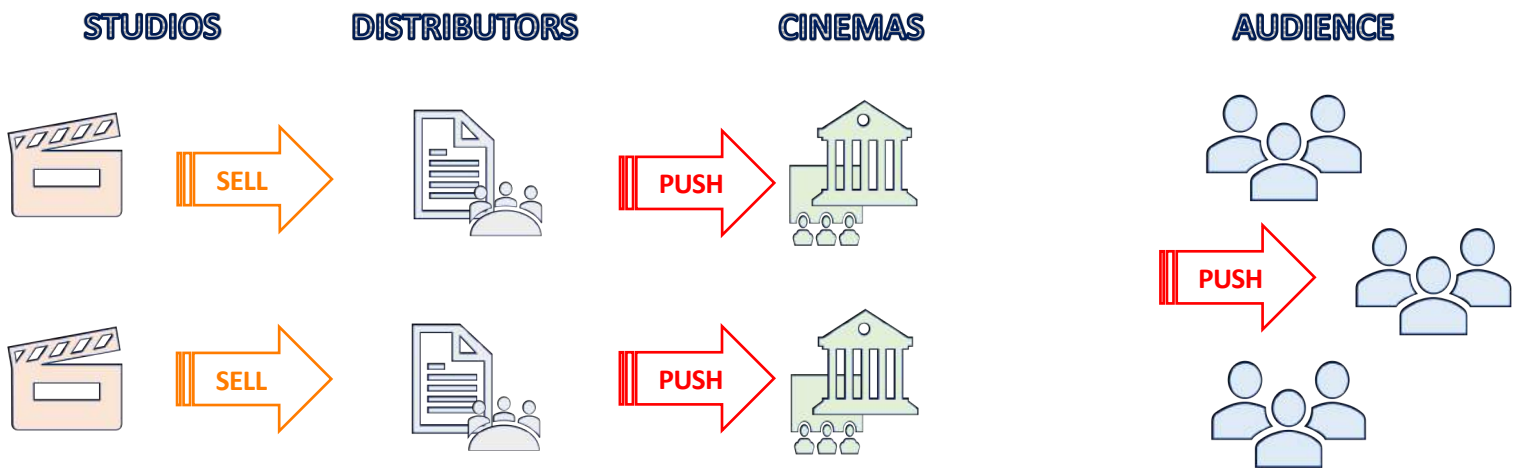
–

the early 1910s

PUSH MODEL –
the film is pushed from the Content Owner to the Consumer

PULL MODEL –
the film is pulled by the Consumer from the Content Owner

EVOLUTION OF CONTENT DISTRIBUTION (FROM PUSH MODEL TO PULL MODEL CONSUMPTION)



the 1910s

–

mid-1920s

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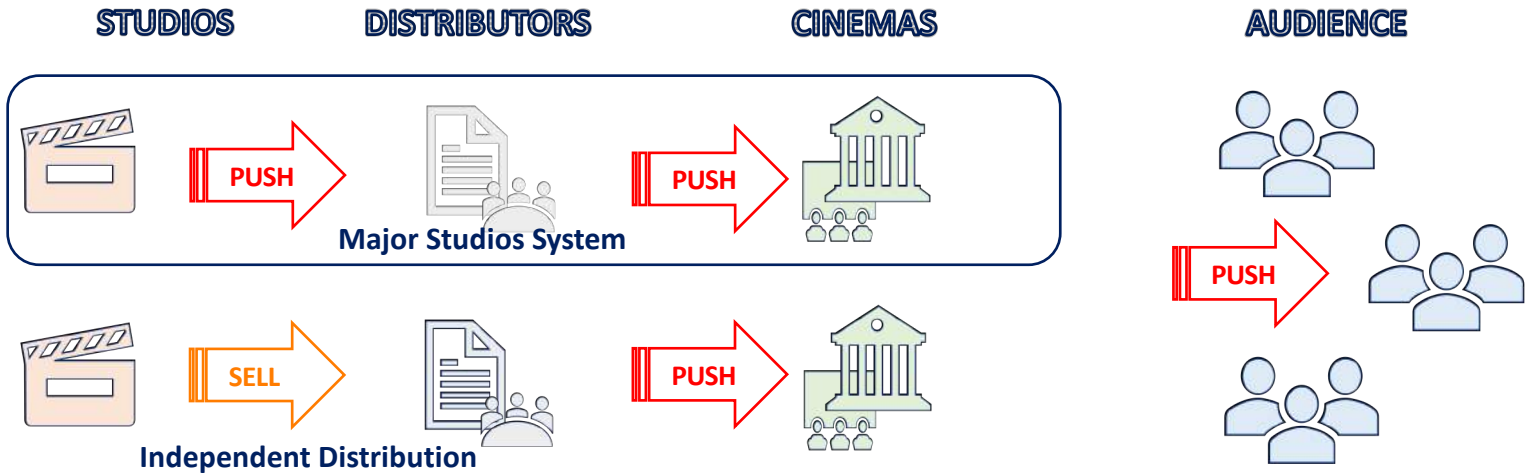

mid-1920s

–

the early 1950s

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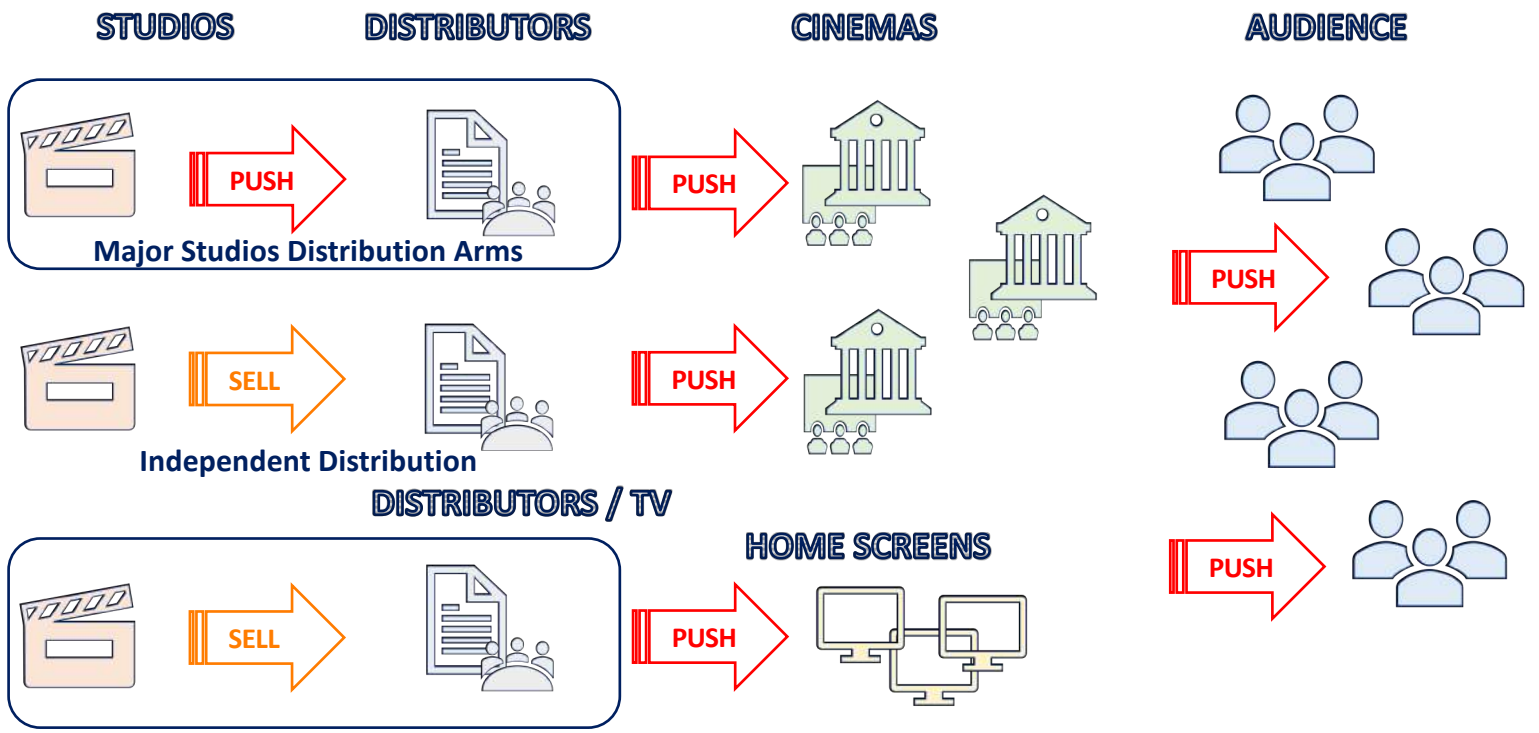

the early 1950s

–

the early 1980s

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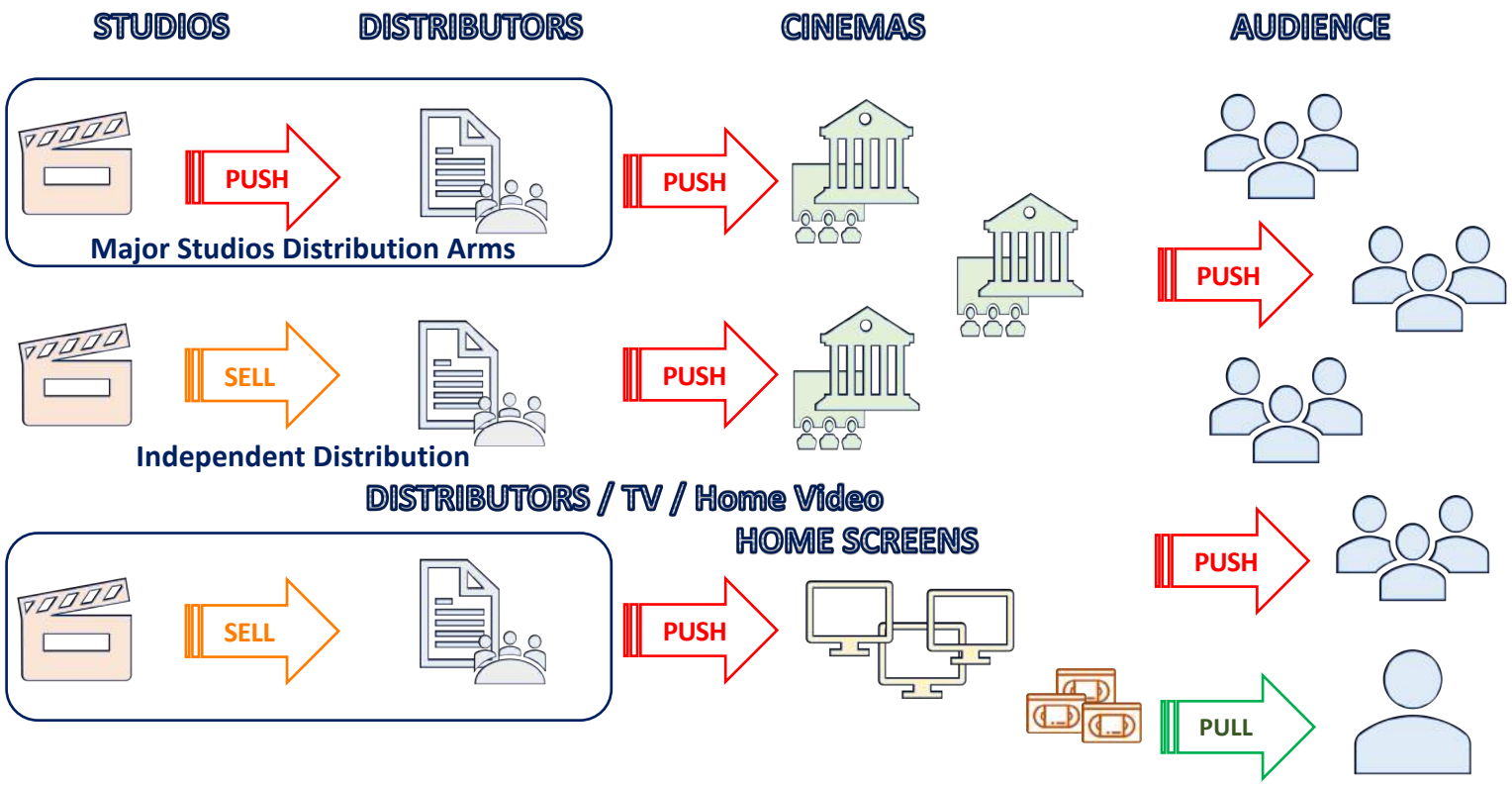

the early 1980s

–

the early 2000s

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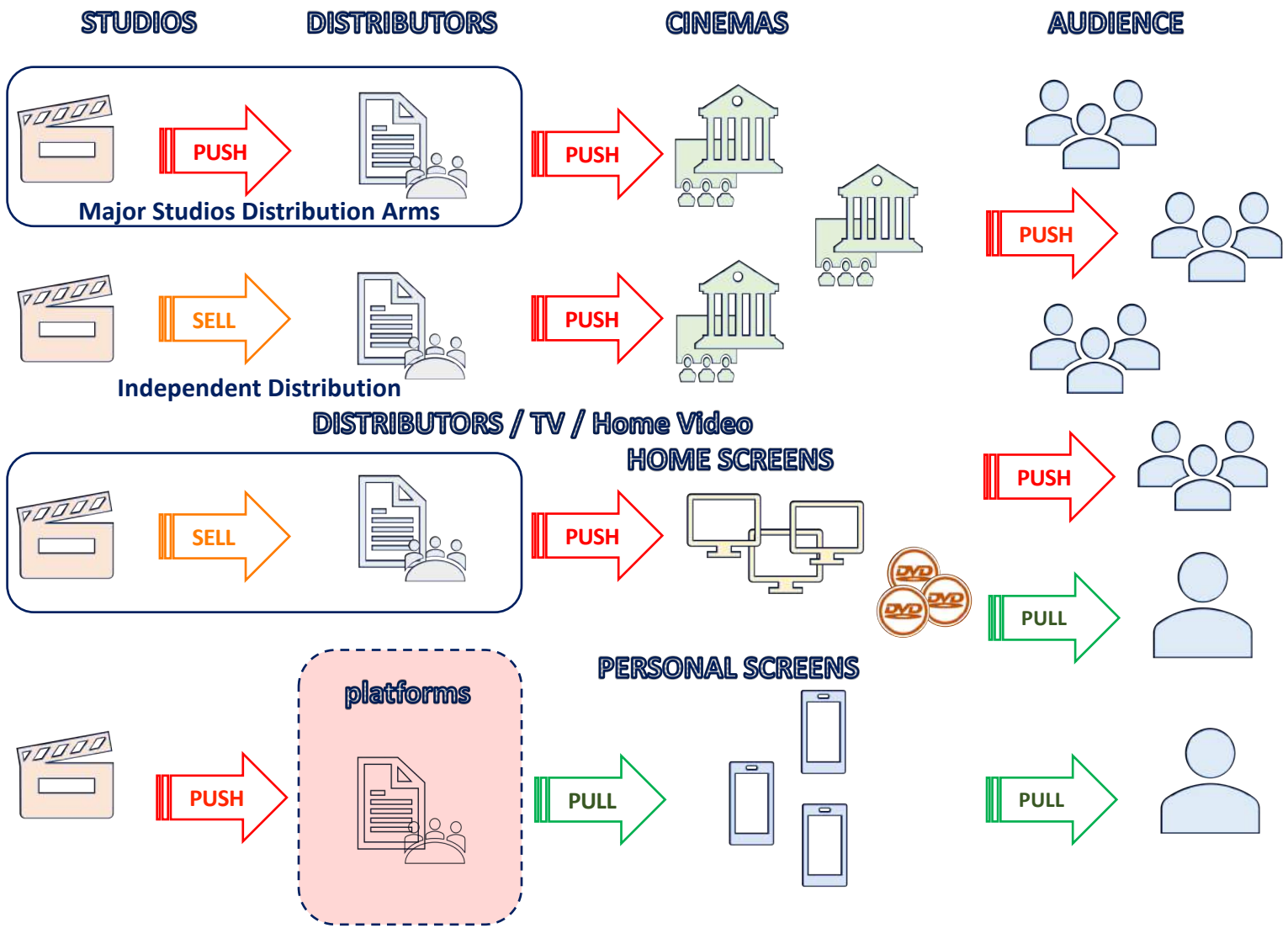

the early 2000s

–

the early 2010s

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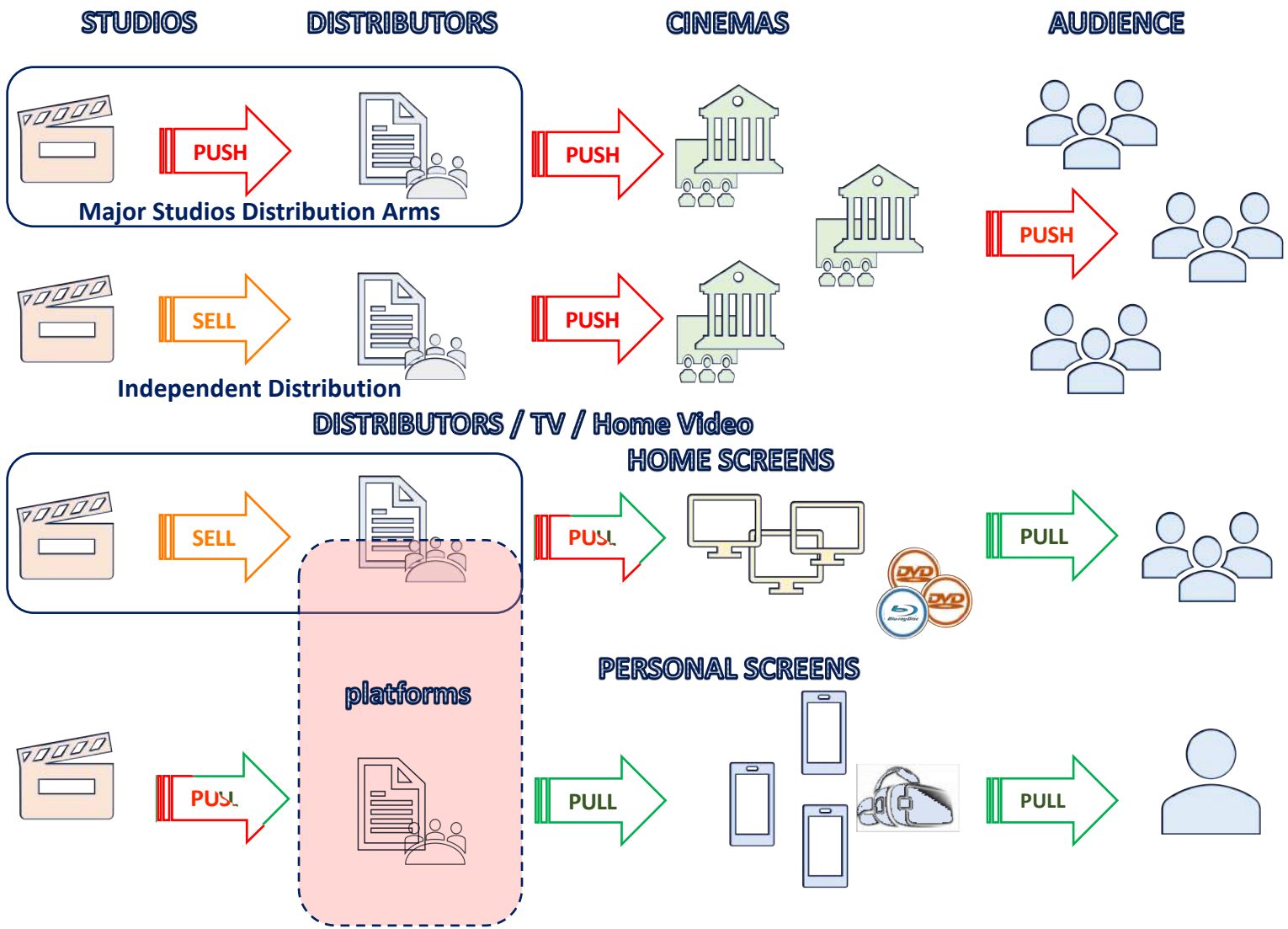
EVOLUTION OF CONTENT DISTRIBUTION (FROM PUSH MODEL TO PULL MODEL CONSUMPTION)



the early 2010s

–

today

PUSH MODEL –
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PULL MODEL –
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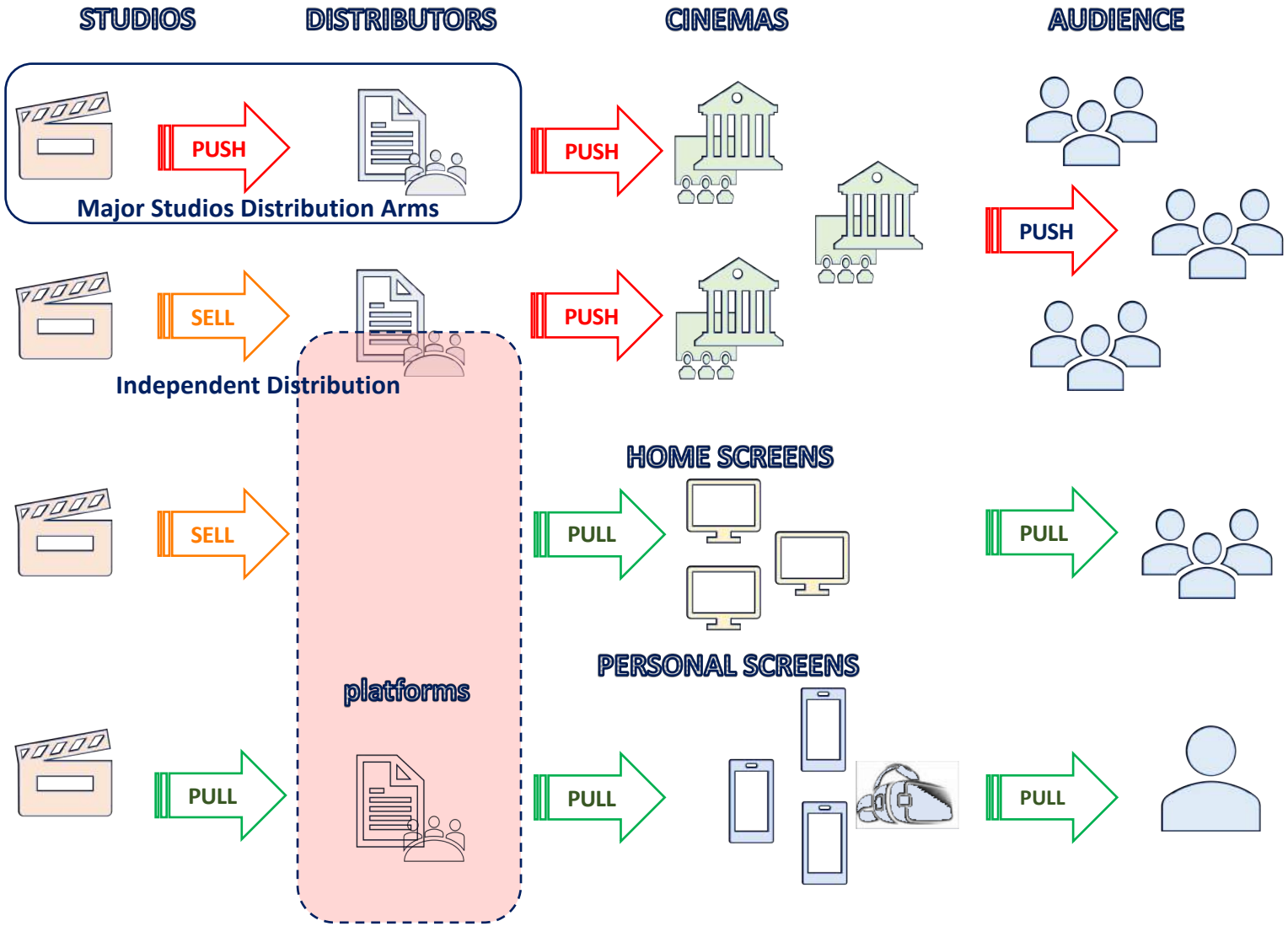

today

–

tomorrow

PUSH MODEL –
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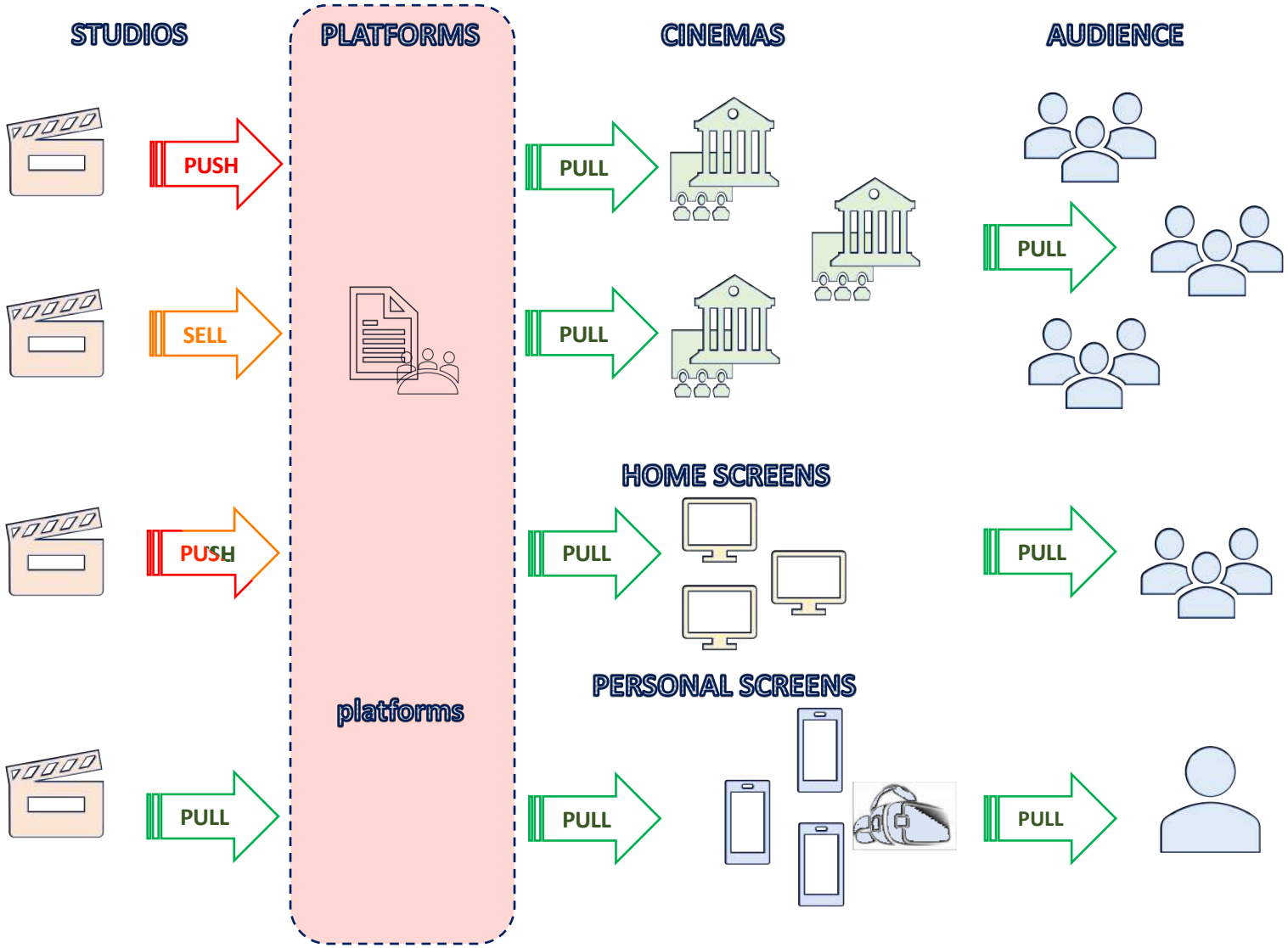
EVOLUTION OF CONTENT DISTRIBUTION (FROM PUSH MODEL TO PULL MODEL CONSUMPTION)



coming soon
in
your cinema

PUSH MODEL –
the film is pushed from the Content Owner to the Consumer

PULL MODEL –
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DIGITAL PLATFORM IS …

DIGITAL PLATFORM*

- it a system of the algorithmized mutually advantageous relationship of a significant number of independent participants of the market carried out in the uniform information environment, which decreases transaction cost thanks to the application of a package of digital technologies and changes of the system of division of labor.

Platforms:

- create new forms of mediation replacing inefficient intermediaries with online systems;
- Aggregate the unorganized market;
- Create communications between users - the audience, studios, and cinemas;
- Provide support and exchange of products and services;
- Provide a new level of exchange of information on the reputation of users.

Criteria:

1. **Algorithmized interactions** of the participants of a platform
2. **Advantageous relationship** of participants of platform (win-win)
3. **A significant number of participants** using the platform for interactions (scale)
4. **Uniform information environment**, where all the participants interact based on informational and technological infrastructure
5. **The decreasing in transaction cost** when the participants of the platform interact –as compared to the same interactions without a platform

рамблер

@mail.ru group

Яндекс

*) Rostelecom, http://files.data-economy.ru/digital_platforms.pdf

CINEMA BUSINESS TODAY and TOMORROW

today

The Cinema translates the choice of the Studios and Distributors to the Audience – this is a **PUSH MODEL.** But push model (through the cinemas to the audience) does not work anymore.

The dominating model is a mediation by the distributors: "take that we give to you, when we give it, and as we give it"

Booking of films is not transparent and not follow the fair play rules (*mutual distrust of contractors)*

There is no comprehensive digital interaction between the studios, distributors, cinemas and audience

Fixed Schedule of Titles and Times

tomorrow

The Cinema translates the choice of the Audience to the Studios – this is a **PULL MODEL**

The dominating model is a "user's choice"

The platform is the base of all transparent interactions
transparent transactions (leverage databases, etc.); digital algorithms of interactions; mutual trust of market players;

Comprehensive digital interaction of studios, cinemas and audience;

The film catalogue and Time Slots

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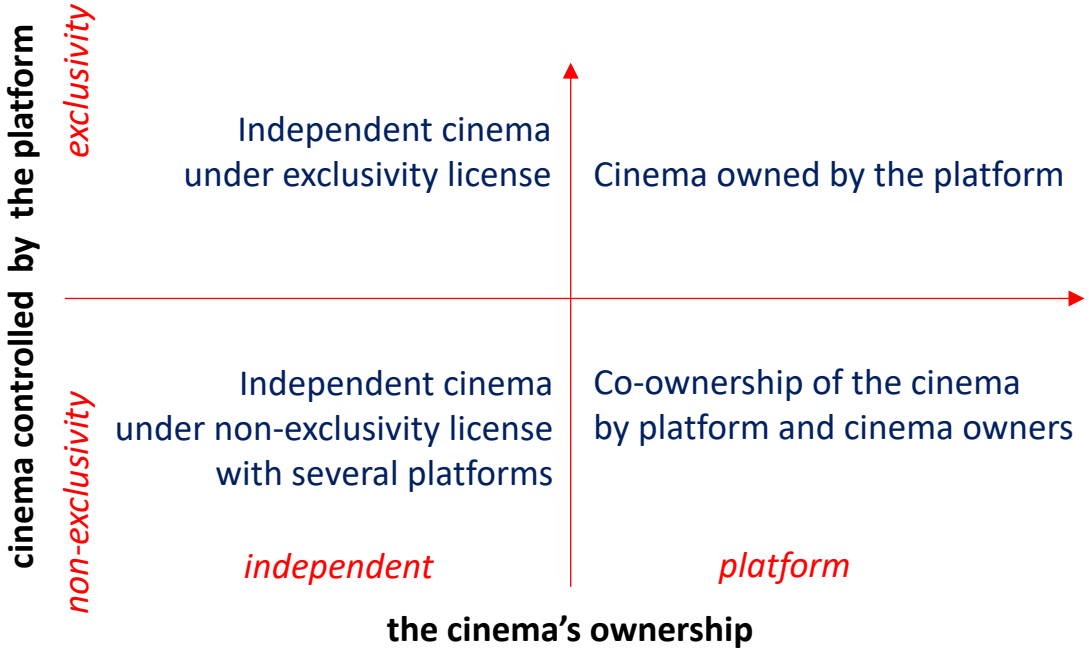
INTEGRATION OF CINEMAS AND THE PLATFORM

Integration of Cinemas and the Platform - is the Cyber-Physical System
the same logic like taxi services, carpooling, rideshare, Airbnb, Amazon Go shops, etc.



Gett

UBER

wheely

amazon go

airbnb

The forms of cooperation for the cinemas:

1. **Exclusivity with one planform**
   cinema owned by the platform
   cinemas co-owned by the platform
   independent cinemas with exclusive licenses

2. **With several platforms simultaneously**
   independent cinemas by licenses

3. **Cinema is a platform itself**
   but cinema needs to create its own "Cineflix»

SIC! Scale is necessary for a platform!

Cinema as a part of the Platform:
- change of the traditional business model;
- connection to platform with seamlessness of transition;
- change of chains of transactions.

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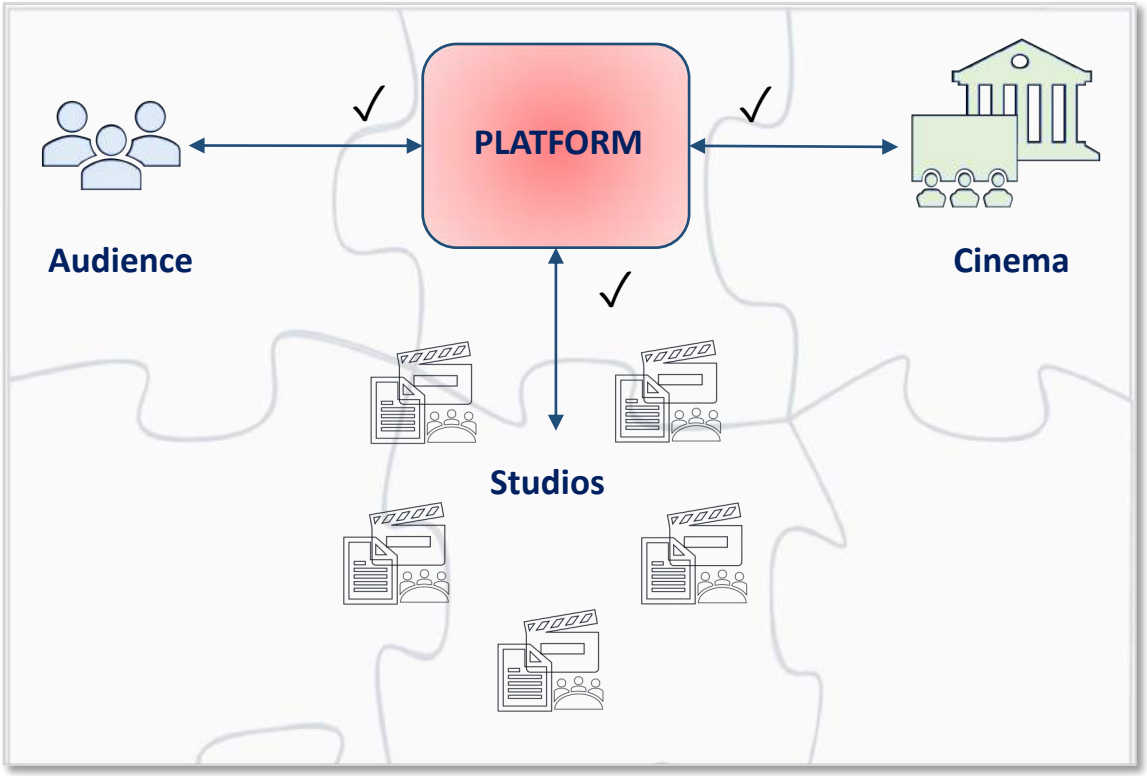
WHY ARE WE NOT THERE YET?

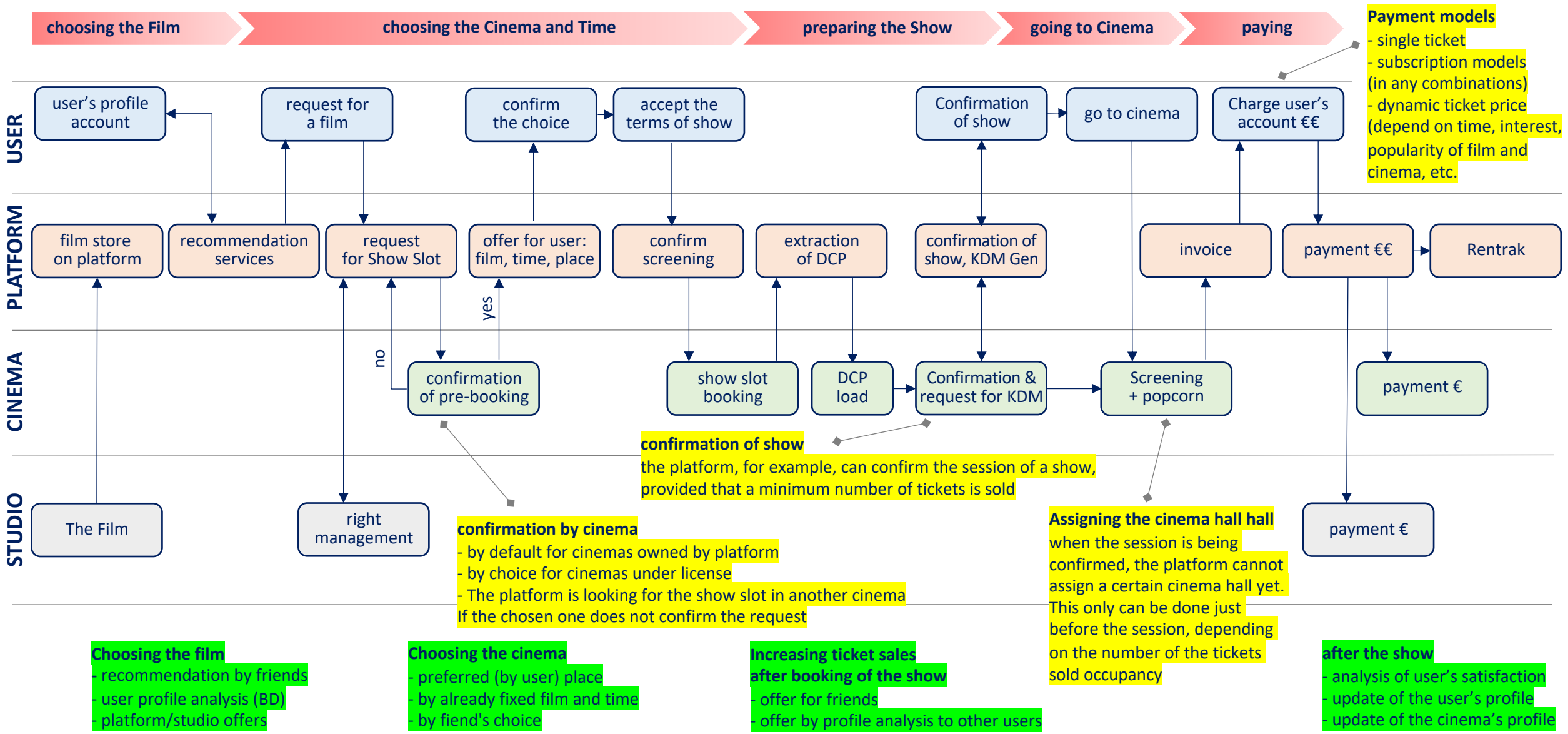
- All innovation must fit the «puzzle»:
  - Technology
  - Logistics
  - Management
  - Marketing
  - Processes



- **2005** introduction of the fist social network platforms (FB, YouTube, etc.)
- **2005** Digital Cinema Initiative (DCI) Specification version 1.0
- **2007** Steve Jobs introduced the first iPhone
- **2010** SMPTE Digital Cinema Standards
- **2011** E-delivery of DCP to cinemas
- **2012** Emerging of OTT technologies
- **2015** Disappearance of 35-mm print distribution
- **2018** Transition to SMPTE DCP (not yet). Ohh…

- Unstructured data –> Structured data;
- Digital services - storage, delivering, playback of content;
- Theatre Management Systems, Quality Control, Service, IoT;
- Predictive analytics;
- Leverage databases - transactions, digital right management;
- Services based on user's recognition - services for moviegoers;
- Services based on AI - user's choice and management of experience.

USER – PLATFORM – CINEMA. BUSINESS FLOW



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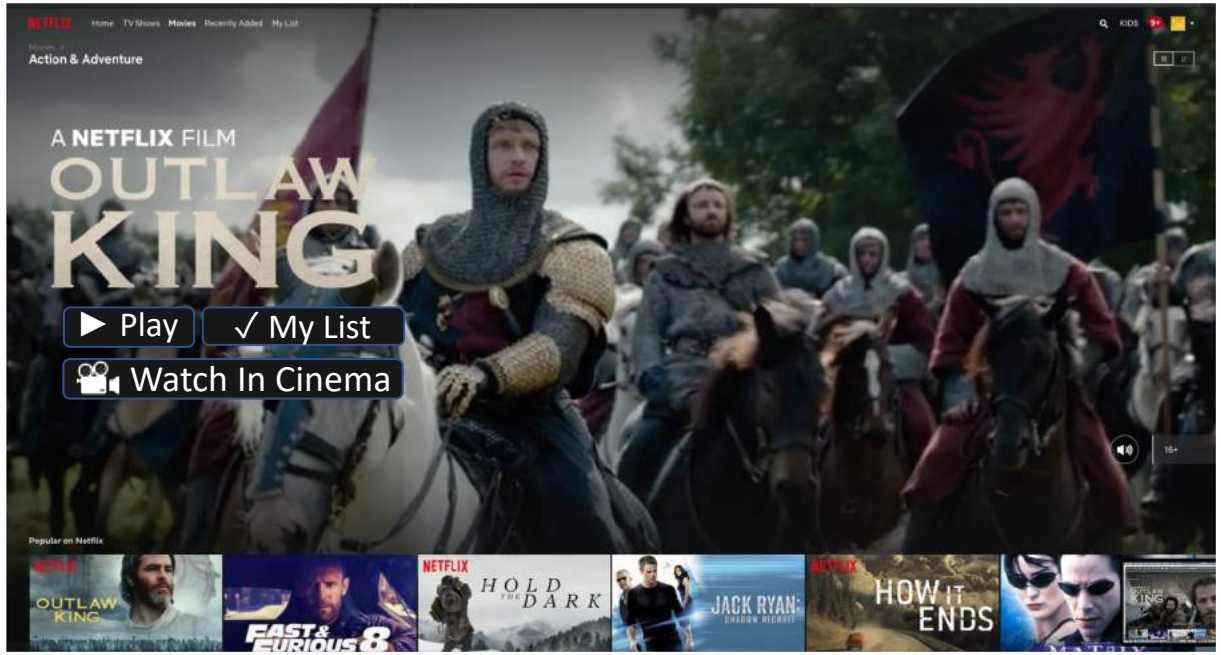
USER – PLATFORM – CINEMA. BUSINESS ACTIONS



USER

- ***Chooses*** the movie from the Platform's catalog
- ***Presses*** the button «Watch in Cinema»
- ***Receives*** the Platform's Offer date, time and place (cinema)
- ***Accepts*** the Offer
- ***Goes*** to Cinema
- ***Pays*** cinema ticket and concession via Platform User's account

PLATFORM

- ***Advertises*** MOVIES
- ***Advertises*** PLACES (CINEMAS)
- **Offers** movies for the users
- ***Sends*** request for Time Slots to cinemas
- ***Receives*** confirmation from the Cinema
- ***Prepares*** a Screening in the Cinema for the User
- ***Attracts*** other Platform's users to the Screening
- ***Bills*** User's account
- ***Pays*** to the Cinema and Studio

CINEMA

- ***Advertises*** *the* PLACE (CINEMA)
- ***Reserves*** Time Slots
- ***Receives*** a request for the Time Slot from Platform *or* creates its own Screening Offer at Platform
- ***Confirms*** Screening (Time Slot)
- ***Adds*** Screening to the Time Schedule
- ***Fixes*** the screen hall (by occupancy)
- ***Shows*** the movie

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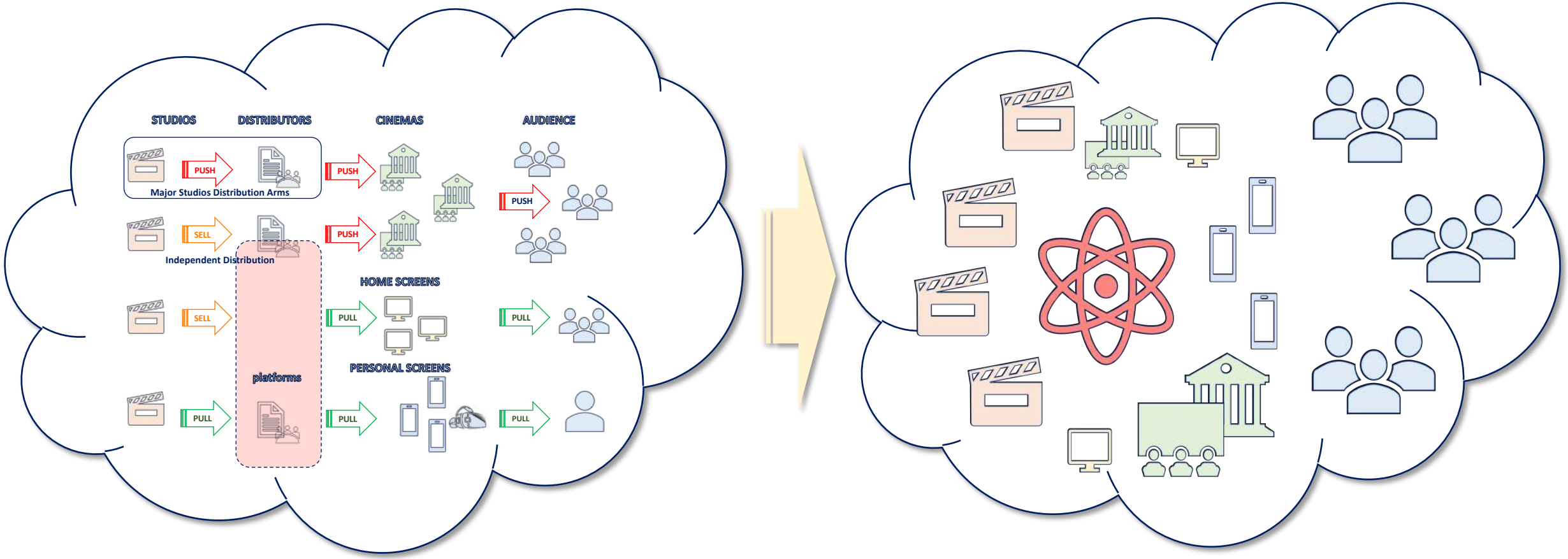
EXPANSION OF PLATFORMS



digital businesses take a share in the market, and sharply reduce the cost of transactions

cinema audience quickly passes to the best offer

price availability provokes increase in demand and increase in the market

traditional businesses lose efficiency and are compelled to leave or to be integrated into platform

the film exhibition industry is gradually transformed to the ecosystem of content platforms

National features of digital platforms. https://avatarnetwork.io/blog/item?id=352

HOW LONG DO WE HAVE TO WAIT AND WHAT THE TACKS FOR EDCF?

*Easter morning, **1900**. New York City's Fifth Avenue bustling with horse-drawn traffic and two motor cars*

https://www.archives.gov/research/american-cities

*Easter **1913**, New York. Fifth Avenue looking north. George Grantham Bain Collection.*

http://www.shorpy.com/node/204?size=_original

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