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## **Next generation ‘filmmaking’: New markets, new methods and new business models**

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### **Abstract**

Digital production and distribution technologies may create new opportunities for filmmaking in Australia. A culture of new approaches to filmmaking is emerging driven by ‘next generation filmmakers’ who are willing to consider new business models: from online web series to short films produced for mobile phones. At the same time cultural representation itself is transforming within an interactive, social media driven environment. Yet there is very little research into next generation filmmaking. The aim of this paper is to scope and discuss three key aspects of next generation filmmaking, namely: digital trends in film distribution and marketing; processes and strategies of ‘next generation’ filmmakers; and case studies of viable next generation business models and filmmaking practices. We conclude with a brief examination of the implications for media and cultural policy which suggests the future possibility of a rapprochement between creative industries discourse and cultural policy.

### **Introduction**

Feature film production worldwide is experiencing fundamental change as ‘new technologies in production, distribution and exhibition’ are prompting ‘a necessary re-imagining of the film industry’ (Connolly, 2008: 2). As traditional economic models for feature films become less viable ‘there is no doubt that those holding on to an antiquated notion of what cinema is and how it is exploited will struggle in this new landscape’ (2). Theatrical exhibition for independent film is being squeezed as cinema markets are increasingly dominated by a smaller number of large-scale blockbusters with multi-million dollar advertising campaigns and built-in franchises (Elberse and Oberholzer-Gee, 2008). The duration of release windows for theatrical exhibition are shrinking and placing a greater emphasis on box-office earnings in an opening weekend which is minimising the effectiveness of the ‘grey dollar’ – movies which generate earnings largely through critical reviews and word-mouth promotion over a long release period.

At the same time, digital distribution and strong growth in niche markets (Anderson, 2006), are fuelling new opportunities for filmmaking, embraced none more so than by emerging, tech-savvy filmmakers. Media convergence is resulting in the flow of content across multiple platforms, and the online marketplace is becoming increasingly important for access to transnational audiences. Cultural representation itself is transforming within an interactive, social media driven environment. As the chief executive of Screen Australia – the peak government development body for Australian film – Ruth Harley (2009a) observes, there is ‘a whole new talent base coming forward on the new platforms ... short stories being told for mobile phones and particularly YouTube’. As this suggests, a new culture of entrepreneurial filmmaking is developing driven by ‘next generation filmmakers’ – both aspiring and established practitioners who are approaching filmmaking in new ways.

For the Australian screen industries to remain competitive, the industry must renovate business models for an emerging marketplace. The Australian film industry, however, has been slow to respond to the opportunities and challenges of the digital economy. As Richard Harris (2007: 61) has argued, ‘government and industry need to stand back, take a long hard

look at where the industry is likely to go over the next ten to twenty years, and start asking questions about the future place of content within it'. A key question for Harris is, 'how can Australian films take advantage of these opportunities and challenges?' Yet there is very little research into next generation filmmaking, both in terms of sustainable business models and enterprise dynamics for an online world, and career trajectories for Australian filmmakers (particularly emerging filmmakers). Harris (2007), Luckman and de Roeper (2008), and Verhoeven (2010) have initiated discussion into the implications of digital distribution for Australian screen production, but ongoing research is required. The economics of emerging screen practices in particular, is very much an international conversation, and as a report for the Tribeca Film Institute observes:

What has become clear is that more work needs to be developed in analyzing new financing models; new pricing and sales models; new distribution models; and new production models ... and to study the music industry, to see how the crisis of that sector can be avoided in this one (Kaufman and Mohan, 2008: 17).

This paper examines trends in online distribution and marketing; characteristics, processes, and strategies of 'next generation' filmmakers; and investigates how practitioners are developing viable new business models via innovative filmmaking practices for an online marketplace.

'Next generation filmmaking' refers to audiovisual content (either short form, or long form i.e. feature length) produced for, distributed and consumed via the internet and virtual worlds, mobile phones, other hand-held devices, and multi-platforms (which includes a combination of digital and traditional 'analogue' platforms, i.e. television). The focus here is on screen content receiving digital distribution outside theatrical release which is developed with business imperatives in mind or produced within the context of building a professional filmmaking career. 'Next generation filmmakers' may comprise several cohorts – some producers may plan to remain in an online/mobile domain, some may aspire to eventually produce movies for cinema release with next generation digital media a launching-platform, some may plan to enter television, and others may aspire for an eventual DVD release. Our definition therefore focuses on filmmaking approach and does not define nor exclude particular age groups.

A major driver of the need for a research driven approach for the sector is the rapid pace of change in digital content technologies in media and entertainment (Pricewaterhousecoopers 2009). These include diverse emerging markets set for growth; emerging technology tipping points such as broadband; mobile internet; regulation's struggle to keep pace with technology; and mainstreaming of multi-platform content (Pricewaterhousecoopers, 2009). We first examine these digital trends in relation to film distribution and marketing. Next we examine the filmmaking process, asking – what are the characteristics of emerging approaches to filmmaking (actual filmmaking processes, and professional development)? How do next generation filmmakers understand screen content and how does this differ from traditional views of cinema? What new models of filmic practise are emerging? Finally, we examine emerging business models, questioning – how are next generation business models different from traditional models of filmmaking and what implications does this have for distribution and marketing?

## Digital media in distribution and marketing

Theatrical exhibition has long been the primary market for feature film production, offering filmmakers the largest potential for returns, and by implication mass global audiences. While glitz and glamour are often associated with the movie industry, the reality for many independent feature film producers is that production carries the highest levels of risk and is the least commercially successful segment of the value chain. A handful of powerful transnational distributors, or the Hollywood Majors, control access to global cinema markets, and reap the largest returns from a movie's release. The 'analogue' marketplace has traditionally been limited by the constraints of space, from physical shelf-space in retail stores to exhibition screening windows for theatres, which have resulted in 'distribution bottlenecks' (Anderson, 2006). For Anderson, distributors attempt to compensate for the high-risk involved in movie production by the release of mainstream 'hits' which appeal to the broadest 'mass' audiences (2006: 73–78). The consequence is that distributors act as gatekeepers to audiences and control the lion's share of product flows.

Digital distribution, rapid growth in high-quality low-cost digital video production and editing equipment, the rise of online content aggregators among other factors, are both lowering barriers for aspiring filmmakers and creating possibilities for screen production to bypass traditional distribution avenues. According to Chris Anderson (2006: 52), coining the term 'long-tail':

Our culture and economy are increasingly shifting away from a focus on a relatively small number of hits (mainstream products and markets) at the head of the demand curve, moving towards a huge number of niches in the tail. In an era without the constraints of physical shelf space and other bottlenecks of distribution, narrowly targeted goods and services can be as economically attractive as mainstream fare.

Although there is debate about the long-tail (Anderson 2006; Elberse, 2008; Elberse and Oberholzer-Gee, 2008), the rise of various forms of niche markets is a robust media trend (PricewaterhouseCoopers, 2009) which includes possibilities such as video streaming, pay-per-download, and video mail-order websites among others. In addition, some independent online screen producers are developing advertising based revenue models (for example some youtube community channels). The emerging distribution landscape is an extremely complex picture, where 'the game is in its early innings yet, and even the most experienced stakeholders are ill-prepared to predict how the future will unfold' (Kaufman and Mohan, 2008: 17). While long-tail discourse tends to focus on online markets, emerging niche markets for independent producers are a matrix of analogue (educational institutions/academic markets, corporate video, library collections, and mail-order catalogues for niche interest groups/associations such as WWII enthusiasts), and digital/online markets, all of which have different licensing, copyright, and thus recoupment dynamics (see Kaufman and Mohan, 2008).

Moreover, new media needs to be understood as not only disrupting and creating opportunities for production but also as disrupting and changing the very nature of the film audience and how they are engaged with media offerings. Online distribution is not just about subverting the physical infrastructure of the analogue system, online distribution can make use of audience development by exploiting 'core constituencies', 'immersive sites', 'blogging interests', and 'core affinity audiences that organize house parties, for example' (Kaufman

and Mohan, 2008: 8). The ongoing rise of social network platforms for ‘produsage’ - where audiences engage not only in consumption but also *extending* existing content through the ‘production’ of fan videos and blog commentaries etc (Bruns, 2007; 2008) – and of new digital television and radio platforms, has opened up new ways for audiences and communities to interact with creative content (Sandstrom et al, 2008). This has greatly expanded the geographical scope for material that has traditionally been nationally or locally contained. Social media and networking tools (including Facebook and Myspace) are becoming essential to low-cost online viral marketing campaigns (see Hearn and Brow, 2008), and connecting niche products with audiences. Dynamic models of audience behaviours across diverse media and social contexts are emerging. The audience for a movie is no longer only monetised in the cinema at the point of consumption. Networks of fans, remixers, and co-creators (which generate fan films, fan fiction, blog reviews) are all part of the social formations that are pre-cursors to markets for films, and new media tools (Facebook, Twitter, YouTube, blogs, websites) now allow filmmakers to engage with the audience ahead of and after production, creating in effect an ongoing and more sustainable relationship with the audience. For example, many filmmakers progressively develop a fan base for their movie via Facebook or Myspace during development, production and post-production, by posting teaser trailers, interviews with filmmakers, and blogs about the filmmaking process. Once a title is released, the audience is provided with release dates, or links to online shopfronts where they can purchase the DVD online. To maintain dynamism within the online community, filmmakers often announce their next project shortly afterward the movie’s release, facilitate forum discussions, and continue to post news about the movie’s reception, milestones in terms of views/audiences, and so on.

In general, distinctions between amateur and professional production (often referred to as ‘pro-am’ production) are blurring and challenging long established orthodoxies within the Australian film industry. Until recently, there has been a ‘sharp distinction maintained between the professional and the amateur or aspirant, based on the limited range of what counted as professional screen output – films in cinemas, programs, broadcast on television’ (Cunningham, 2010). For many years, this distinction has been maintained by the expense of 35 mm film stock – resulting in a far superior picture quality than offered by video or alternative gauges – limited distribution outlets for low-quality amateur production, and clearly defined career pathways (explored in more depth below). In the future, as the case studies below indicate, such distinctions may become less important as more and more filmmakers embrace new media and do-it-yourself distribution as a *de facto* way of building careers.

Convergence of media platforms is also resulting in the proliferation of multi-platform screen content. A term popularised by Henry Jenkins (2003; 2006), ‘transmedia’ is becoming an influential concept in understanding storytelling across multiple platforms. For Jenkins (2006: 95-96), ‘a transmedia story unfolds across multiple media platforms, with each text making a distinctive and valuable contribution to the whole ... a story might be introduced in a film, expanded through television, novels, and comics; its world might be explored through game play or experienced as an amusement park’. A key issue is that each platform ‘is a point of entry into the franchise as a whole’ and ‘each franchise entry needs to be self-contained so you don’t need to have seen the film to enjoy the game, and vice versa’ (96). Transmedia stories are most effective when they are built around a deep narrative, or a narrative with a detailed world which can be explored in greater depth in other mediums (i.e. an online website or electronic game) as ‘reading across the media sustains a depth of experience that

motivates more consumption' (Jenkins, 2003). While not all screen projects have potential to become transmedia, such storytelling is becoming increasingly desirable for major studios and television networks to maximise profits across the value chain which is fuelling demand for such production.

The television sector in particular has produced numerous multi-platform projects in recent years, and include the interactive television series *Fat Cow Motel* (2003), and the telemovie *Scorched* (2008) (<http://www.scorched.tv/>) with an extensive interactive online world. A number of children's series such as *Animalia* (2007) (<http://pbskids.org/animalia/>), *Zigby* (2009) (<http://www.abc.net.au/children/zigby/>), and *H2O: Just Add Water* (2006-) ([http://www.zdf-enterprises.de/h2o/allmedia\\_season3/](http://www.zdf-enterprises.de/h2o/allmedia_season3/)) have also developed online interactive websites, communities, and games. Hoodlum Entertainment is a Brisbane based company specialising in interactive multi-platform content who has recently won a Digital Emmy for its work on the UK's ITV interactive television series *Primeval* (2007-).

### **New approaches to filmmaking**

The possibilities discussed above do not imply the 'death of cinema', but rather refer to multiple possibilities arising outside theatrical release. Since the emergence of digital media, arguments in popular discourse have suggested that new media's potential for the democratisation of cultural production and consumption, and the growth of myriad platforms for audiovisual content, has sounded the death knell for cinema. As British director Peter Greenway has argued, "if you shoot a dinosaur in the brain on Monday, it's tail is still wagging on Friday. Cinema is brain dead" (Greenway quoted in Coonan, 2007). Such debate has proposed that audiences will no longer physically travel to a cinema and pay the price of entry when the same movies can be cheaply downloaded online, or accessed via pay-per-view services delivering movies on-demand directly to the home, among other arguments. Some have suggested that a movie's theatrical release has become little more than an expensive marketing campaign for a movie's DVD release (see McDonald 2007). However, the phenomenal box-office success of James Cameron's *Avatar* (2009), and the growth of the global box-office to an 'all-time high of \$29.5 billion' in 2009, increasing by 'almost 30% from 2005' (Motion Picture Association of America, 2010), have undermined the foundations of such claims. Theatrical exhibition is likely to retain a prominent position within the broader audiovisual landscape in the foreseeable future, although the sector is undergoing fundamental structural change as a result of the introduction of digital exhibition. This is in parallel to new growth opportunities and markets for screen content. PricewaterhouseCoopers (2010) predict over the next three years:

- Box office earnings will be enhanced by growth in 3-D screens and 3-D features.
- Growth in Blu-ray and HDTV will begin to offset declines in DVD markets.
- Video rental growth will ultimately moderate, as competition from video-on-demand and from online distribution, increases.
- Faster broadband speeds and rising broadband penetration will accelerate a small digital download market especially from 2012.

Paralleling these changes are changes in production itself. While a movie was traditionally shot on 35 mm film, exhibited in cinemas before video/television release, marketed through traditional media channels to mass audiences whose consumption practices were constrained by release patterns and screening windows, emerging screen content is increasingly shot on

digital video, distributed online and consumed via numerous platforms from laptop computers to mobile phone, and available for viewing on demand. Next generation filmmakers operate in a world where social media and networking tools (including Facebook and Myspace) are connecting filmmakers directly with audiences, and a 'personalised' content experience is becoming fundamental to establishing and maintaining audiences (Luckman and de Roeper, 2008). For Kaufman and Mohan (2008: 2), 'with video cameras now in virtually every cell phone and laptop, portable video cameras such as the Flip costing approximately \$100, video editing software in almost every laptop, it is no surprise that video is being called the new vernacular, and Apple's iMovie and Windows MovieMaker the new tools of speech in the digital age'. In short, technological change is creating 'a new generation of digerati who have grown up with the internet and who relate to content in a completely new way' (Harris, 2007: 31).

Following graduation from film school, aspirant feature filmmakers typically developed their craft producing short films for film festivals to win awards and gain attention of government film funding agencies, gradually moving onto longer short films (often 40 to 50 minutes) financed by publicly funded professional development programs, until they produced their first feature film. At this point, filmmakers usually handed over their film to distributors before moving onto their next project. Professional development was therefore generally reliant on public funding, and constrained by technology and distribution. In the digital era, filmmakers are approaching and developing their practice in new ways.

For example, *Italian Spiderman* (2007) is a cult 10 part YouTube series about an obese, macchiato drinking, super-hero. The project began as Dario Russo's final year film project at Flinders University, where a team of collaborators – under the banner of Alrugo Entertainment – created a fictional trailer for a non-existent 1960s Italian movie. The trailer was posted on YouTube and promoted as a preview to a rare Italian exploitation movie which had been rediscovered (espousing what Burgess and Green 2009 identified as the 'what you see is not always what you get' principle of user-generated content). As a narrative, *Italian Spiderman* is a clever parody of 1960s movies misappropriating popular superheros such as *The Three Fantastic Supermen* (*I Fantastici Tre Supermen*) (1967) and *The Batwoman* (*La mujer murciélagos*) (1968). However, rather than being auteur or producer driven (typical for a feature film), the franchise is created by a group of five filmmakers. After film school, rather than producing short films for festival circuits to build filmmaking reputations, the filmmakers built a global fan base on YouTube and later secured a small grant from the South Australian Film Corporation to finance the YouTube series. The traditional division of labour between creative and technical talent is ambiguous as key creatives are responsible for most aspects of technical production. Rather than a classical narrative structure, *Italian Spiderman* is an exploitation spoof serial of 10 four-to-five minute clips. The YouTube trailer has since received over three million views. The series has spawned a 45rpm vinyl record single released by Soulful Torino Records, iTunes' singles available for digital download, offers for an Italian television series, and an online merchandising store. Most importantly, the series has potentially developed a platform from which its creators can launch more professional careers.

The short YouTube video *Beached Whale* (2008) and the web series *OzGirl* (2009), examined in greater depth below, are both examples where emerging practitioners have launched professional television careers or a slate of viable ongoing digital media projects respectively, from the production and distribution of innovative online content.

*Italian Spiderman* also delineates a number of emerging trends typical of next generation filmmaking ventures. The first issue is that many next generation projects are developed by collaborative teams. Some teams consist of several participants, others no more than two, but collaboration is a consistent feature. Most of this paper's case studies, *Italian Spiderman* (a filmmaking collective), *Beached Whale* (Jarod Green, Nick Boshier, Anthony MacFarlane), *Mordy Koots* (Clayton and Shane Jacobson), and international examples such as the Canadian documentary *Being Caribou* (2004) (Leanne Allison, Diana Wilson, Karsten Heuer) chronicling the travels of a husband and wife who follow the migration of a herd of reindeer, and the US horror feature film *ThanksKilling* (2009) (Jordan Downey and Kevin Stewart) about a homicidal Thanksgiving turkey, are projects created by creative collaborators and independently distributed and marketed online. A second and related trend is that next generation filmmaking creates significant tradeoffs for its creators in terms balancing creative production and managing a business enterprise/franchise. Next generation filmmakers not only produce a title, but are responsible for its distribution, marketing, and franchising, and more mundane business issues such as website maintenance, dealing with suppliers for t-shirt production, maintaining a vibrant web community, administration, financial matters and business management, among many other issues. Consequently, creative individuals or the team as a collective, require an extremely diverse range of skills across creative talent, technical production expertise, salesmanship, and business management acumen. For example, the filmmakers behind *ThanksKilling*, Jordan Downey (writer/director) and Kevin Stewart (writer/producer), have been responsible for literally every aspect of their movie. They wrote, directed and produced the movie, designed the cover art-work, created a website complete with e-payment facilities, represented the movie at the American Film Market, negotiated pay-per-download release with over 50 Pay-TV operators in the United States, managed media publicity, among other issues. In the words of the filmmakers, 'in today's market, self-distribution is a difficult task, but not out of reach' (Stewart and Downey, 2010).

A lesson from *ThanksKilling* is that in some cases emerging next generation filmmakers may be required to execute complex and multi-faceted tasks which have traditionally been the undertaking of specialists within distinct industry segments (distribution/ marketing/sales agents). Moreover, for creative producers, maintaining an enterprise/franchise may become an all-consuming business, although the creator's initial motivation was creative production. Whether or not this causes tensions for the creative process is a topic outside this article's scope which requires further deliberation. For digital media/screen producer Nicholas Carlton, creator of the *OzGirl* series, 'we need to stop thinking of ourselves as filmmakers and think of ourselves as entrepreneurs' (Carlton 2009).

### **Sustainable business models for an evolving marketplace**

In recent years, there has been a great deal of uncertainty about the economic viability of online business models for screen content. In particular, for some established film and television producers, 'the digital world right now seems a scary and difficult place. The business models are unclear, the audience is fragmented and the distribution models are too complex, too open or both' (Wilson, 2009: 2). As Wilson has observed, 'there are concerns over copyright and piracy, and difficulty in securing the additional rights to distribute content in the digital space'. The digital economy demands a new lexicon of 'unique terms' and approaches to screen practice which are 'unfamiliar ... to film and TV producers. For many, it can all seem too difficult – despite the fact that the Internet, mobile phones, games and

interactive devices are not simply the future of media, but also the ubiquitous present' (Wilson, 2009: 2).

Emerging online production requires new investment models and marketing and distribution strategies (Harris, 2007). Luckman and de Roeper (2008: 5) identify three approaches to feature film production for digital distribution: (1) niche marketing of 'content originally produced for traditional platforms (film and television) in traditional formats (eg. full length features, TV dramas)'; (2) traditional formats 'but produced specially for online and mobile' distribution and marketing (which to date has been less feasible for producers); and (3) new forms of content/formats produced specifically for 'new platforms'. To date, trends suggest that short form content is most popular for YouTube (see Burgess and Green 2009 for the spectrum of genres) and mobile phone platforms, although traditional formats remain popular for pay-per-download, streaming, online mail-order websites, cable-TV, pay-per-view as well for traditional media markets (i.e. cinema and television) (see Harris, 2007).

Yet major questions arise around the economic viability and sustainability of business models in this environment. Traditional film producers typically receive a fee-for-service, and rarely receive revenue from market segments along the value chain – theatrical release, non-theatrical (airlines, ships, hotels, and motels), video/DVD, Video on Demand (VOD), Pay television/cable TV, Free-to-air television, online/new media, education, soundtracks, to merchandise. However, next generation filmmakers are increasingly developing models targeting value creation in segments of the recoupment chain typically controlled and exploited exclusively by distributors, particularly merchandising, new media/online, video/DVD, and non-theatrical markets.

*Beached Whale* (2008), or *Beached Az* as it is commonly known, is a short animated film distributed on YouTube. The 'film' is quite simply a conversation between a beached whale and a seagull with 'Kiwi' (New Zealand) accents, the humour of which arises entirely from the New Zealand accent and pronunciation – 'Have a chup [chip] bro. I can't bro – I only eat Plink-Tun [Plankton]'. First released in April 2008, the short film has achieved almost 6 million views on YouTube. Produced for a minuscule budget of A\$15 and distributed online for free, the film's creators have sold over US\$2 million worth of online merchandising from clothes, calendars, clocks, and posters, to bags (de Bruyn, 2009) (see <http://www.cafepress.com.au/BeachedAs>). The creators had reportedly sold over 75,000 t-shirts by late 2009 alone (Pepper, 2009), and secured a licensing deal with Supre and jewellery makers to develop *Beached Az* branded clothing and accessory items to be sold in retail outlets. As result of the franchise's success, *Beached Az* has spawned an 11-part ABC television series which premiered on ABC2 in late 2009.

*OzGirl* is an interactive web series, originally airing on Bebo.com in February 2009, which follows the story of Sadie Brown, a country girl who moves to the city to become a photographer. The original series, produced for just AU\$ 7,000, developed a fan-base of over 25,000 registered viewers via <http://ozgirl.tv/>, and has since developed distribution agreements with Koldkast.TV in the USA and has streamed on Apple's iTunes. To date, *OzGirl* has achieved over 200,000 views across numerous platforms, and has recently been purchased by Virgin Australia airlines to screen the series during flights between Australia and Los Angeles. The series is developed by recent film school graduate, Nicholas Carlton, director of the Melbourne-based digital media studio, Carlton Digital. The studio has a number of digital media projects in development, including *OzGirl Season 2*. Most

importantly, Carlton (2009) identifies ancillary markets as critical to the viability of emerging online screen practices:

More often than not filmmakers and producers ask me how to monetize online video, or how did I make money off of OzGirl. I really think the broader strategy for online producers should be to build equity in their brand and capitalize on it through merchandising, tiered content, licensing, partnerships – the sky is the limit when it comes to what is traditionally known as “ancillary” revenue. In this new digital landscape, ancillary is the new primary. The internet allows you to be really creative with how you go about making money.

Another example is *Trent From Punchy* (2008) (short YouTube video), a reportedly ‘real-life’ interview with Trent from Punchbowl, New South Wales. Trent is a self-confessed bogan, thief, and drug addict who has become a cultural icon for younger generations – loved for catch-lines such as ‘just relax, aye!’ Believed to be scripted although producers insist that the interview is authentic, the ‘short film’ has generated almost 3.5 million views on YouTube and a merchandising line from mugs to clothing. *Trent From Punchy* is distributed freely via YouTube, and the creators earn revenue through online clothing and merchandise sales (<http://www.cafepress.com.au/trentfrompunchy>). A key observation is that, in this case, piracy has acted as a *de facto* viral marketing campaign for the product. The original short has spawned countless fan videos from purported sightings of Trent at McDonald’s restaurants to dubious interviews with Trent’s best friend Kev, unauthorised ‘House music’ remixes of Trent’s best catch-lines, among countless other examples. These acts of textual poaching (a term coined by Jenkins, 1992), extend the ‘Trent From Punchy’ brand, and generate additional attention for the original.

Online screen production is likely to become a robust market in its own right for some producers, while as we have seen, it may also function as a stepping stone for other filmmakers to move into more traditional domains of production such as television. Next generation filmmaking also raises interesting possibilities in terms of slate production and the sustainability of feature film production for theatrical release. The un-sustainability of the Australian film industry has been a major challenge for national film policy since the 1970s. The vast majority of Australian feature films in particular, have been produced on a project-by-project basis by production companies with limited scale and access to finance. Earning a fee for the sale of the movie’s rights upon completion (although a feature film can take several years to produce), most Australian productions have failed to develop sustainable business models. *Mordy Koots* (2009), however, exemplifies the possibilities of next generation screen production to complement and/or supplement the development of traditional screen content.

*Mordy Koots* is a series of 10 x three minute webisodes about a bumbling American fighter pilot set in WWII, created by brothers Clayton (writer/director) and Shane Jacobson (actor) behind the popular Australian comedy, *Kenny* – the highest earning Australian feature film at the local box-office in the 2006 – and the television series spin-off, *Kenny's World* (2008). *Mordy Koots*, on the other hand, is a very different beast. The web-series is the first ever Movie Over Game Integrated Entertainment (MOGIE) which can be described as a movie/console game hybrid. The series is comprised of footage generated from the console video game *Blazing Angles* such as battle scenes and actions sequences, spliced together with physical sequences of Shane Jacobson as *Mordy* acting out scenes in an aircraft hangar and

fighter plane cockpit for example (Gonzalez, 2010). As Clayton Jacobson puts it, ‘what I love about *Mordy Koots* is the opportunity for telling epic stories on a relatively tiny budget. Working with an existing game like *Blazing Angels* means we can do things that would normally cost millions in special effects’ (Jacobson quoted in Sawyer, 2009). Most importantly, while Australian audiences wait for the Clayton brother’s next major creative project, *Mordy Koots* is low-cost screen content produced in between feature film and television projects which generally spend substantial amounts of time in development, production and post-production, and has the potential to generate a revenue stream for its creators. Rather than selling the series’ rights for a fee, the Clayton brothers secured a revenue sharing deal with Ninemsn.com, and released the series via a YouTube Channel (<http://www.youtube.com/user/mordykoots>) and a custom made iPhone application (Sawyer, 2009). In short, next generation filmmaking has the potential to provide an ongoing income stream which may offset the costs involved in risky long-term investments such as feature films.

### **Conclusion: implications for policy**

This article explores key issues around next generation filmmaking practices and business models. While research is beginning to emerge into digital distribution and the implications for screen production, there has been limited discussion of viable business and economic models for producers, and the strategies and characteristics of next generation filmmakers driving the next wave of filmmaking innovation. The paper has suggested that next generation filmmaking requires new approaches to screen production, and makes it possible for filmmakers to move from solely earning a fee for production towards securing revenue streams in segments of the value chain traditionally controlled by distributors.

Research into next generation filmmaking also raises important issues regarding the future of Australian filmmaking and screen policy. Since the 1970s, Australian cinema has been developed and sustained by cultural policies and public subsidy to foster a sense of national identity and to support the production of cultural expression. However, there has been limited understanding of ‘cultural innovation’ in policy debates and funding programs (Eltham, 2009), and such policy frameworks have, to date, been limited in their ability to foster enterprise development, commercial filmmaking practices, and economic models appropriate for the digital economy (Cunningham, 2006; Ryan, 2009). Conversely, whilst creative industries discourse frames creative sectors in terms of enterprise dynamics, innovation, and the dynamics of online and mobile production and consumption in a knowledge economy (Cunningham et al, 2004; Hearn and Rooney, 2008), the film industry has rarely figured in creative industries discourse or policy (O’Regan and Goldsmith, 2006). Indeed, the film industry has generally been regarded as an ‘old’ or ‘analogue’ media sector with little relevance to digital content production.

While the highpoint of creative industries policy instrumentalism has passed, increasingly all subsidised cultural sector agencies must argue their significance, relevance, and cultural utility to government, private sector sponsors and philanthropists alike (Holden, 2004). In terms of national screen policy, there is a new emphasis on supporting screen content with greater commercial viability and audiences appeal rather than screen content financed purely on cultural grounds (Garrett 2008; Harley 2009b). Similarly, innovation arguments are being integrated into cultural policy. Bakhshi and Throsby (2010) identify four categories of innovation important for the cultural sector in general.

- Audience development particularly in terms of extending breadth, depth and width of engagement. (Breadth refers to capturing more of the existing market segment; depth refers to offering more experiences and capturing more value from existing customers; width refers to capturing a greater share of new market segments).
- Innovations in creative works, including new production technologies; new commissioning models; and new artist engagement models.
- Innovation in the way cultural value is thought of and measured.
- Business models (in terms of, for example, the mix of public private and philanthropic funding; new understandings of trade-offs in these; new schemes and protocols for investment; new risk management approaches; Point of Sale Philanthropy; and new revenue streams via digital cinema and online streaming and other forms of digital merchandise).

The similarities between these cultural sector arguments and those of industry (for example PricewaterhouseCoopers, 2009) are clear and show the underlying driver is really digital innovation. Research into next generation screen practices will need to forge a new rapprochement between creative industries and cultural policy discourse. This new focus may identify growth opportunities for the Australian film industry and new economic models and approaches to screen policy, but importantly, it may also lay conceptual foundations for the ways in which Australian cultural production will flourish and continue to contribute to a sense of national identity within an online and multi-platform world of media consumption.

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