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# Digital Transformation and Business Model Innovation in the Film Industry: The Case of Movieday.it

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## Introduction

Up till a decade ago the business model for movie exhibition was easy to perceive: theatrical release in combination with television sales and home cinema releases (video and DVD). Now, many questions have arisen in response to the growing popularity of online Video on Demand (with numerous platforms competing for consumers including Netflix, Amazon Instant Video, and iTunes) and new technologies such as broadband Internet and connected devices that play movies (including Internet-connected TVs, tablets and mobile phones).

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As already happened in other industries impacted by the consequences of digital transformation (Matt, Hess, & Benlian, 2015), also in the film industries digital enabled business trends are transforming the value chain from supply-led to demand-led, therefore, altering the exclusivity of existing suppliers and gatekeepers. This is visible especially in the independent movie[1] distribution value chain, which is being affected by a changing relationship with a new type of consumer, an "active audience" in terms of consumption behaviours, but also on the arena of social networks, which help to more deeply engage their customers and support the needs of their communities. These communication tools, which facilitate collaboration and enable user-generated contributions on the web, have given birth to participatory culture (see Jenkins, Ito, & Boyd, 2016) and encouraged greater consumer engagement in all stages of the filmmaking process. To some extent, distribution has always been social due to its affiliation with marketing, which aims to develop relationships with consumers. However, social media have brought distribution to the level of a social "phenomenon" because they have opened it up to public participation, enabling consumers to add value to projects in unprecedented ways; major online distribution platforms, like *Netflix* and *YouTube*, demonstrate this trend by offering their users a set of social features (i.e. rating, commenting, sharing, tagging, etc.).

It might be argued—therefore—that film distribution is turning into a demand-led market, instead of a supply-led one. Thus, film distributors can now create new release models to better respond to consumer demand, leaving behind the restrictions of traditional distribution systems and changing the relationship between the elements of the film value chain. This is going to change the traditional production function, co-creating values across borders and re-defining the role of intermediaries (agents, distributors), gatekeepers (cinemas) and experts (critics, influencers) as effects of digitalization on the film industry.

Therefore, cinema industry's players are currently struggling to understand how to survive (and thrive) in a reorganizing "market space" (Rayport & Sviokla, 1995) that is more and more multilayered and changeable. Since cinemas do not offer an exclusive access to movies anymore, it becomes even more important to present a various and distinctive cinema programme, in order to give added value to the customer. Consequently, cinemas are more and more becoming a supply-led market where exhibitors are the gatekeepers for curating entry into the theatrical retail environment, as well as for creating opportunities for theatrical exhibits as unique events. The rise of technologies such as 3D, high frame rates, IMAX systems, and Dolby Atmos sound, and experiment with new theatre designs to further improve immersion and comfort represent a clear goal of creating event experiences to increase audience numbers (Gubbins, 2012, 2014).

Also, the independent distributors have looked to exploit the power of "movie as an event", but in different ways (and at minimal additional cost). Attempts are made for providing additional value to the theatrical experience. Some examples are:

- Live participative premières (and to distribute this event by streaming the introductions and Q&A's simultaneously to a connected network of several cinemas and with the audience invited to take part in the interview by sending questions through Facebook and Twitter).
- Hybrid events, which combine audience participation and theme-based activities before the screening of movies (conferences or more ludic events such as masquerade with dressed up audience).
- "Cinema on demand", or "user driven cinema exhibition" based on critical mass ticketing facilitated by crowd sourcing platforms (such as screenly.io in Spain, tugg.com and gathr.us in USA, ourscreen.com in UK and Movieday.it in Italy), where consumers turn to social media for their decision-making and for programming.

Taking these issues into account, in the studied substantive area of the digital transformation of the film industry by new ventures we aim to provide a theoretical understanding of the key issues and concepts guided by the following questions:

- *What are the key issues of business model innovation in the digital transformation of film industry?*
- *What characterizes the role of intermediaries, gatekeepers and experts?*
- *How to reconfigure the conceptual framework of movie content distribution through movie theatres?*
- *How to reconfigure the concept of the movie theatre as traditional projection space and as an institutional site?*

To answer these questions, we are going to consider also the institutional work of new ventures as "purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions" (Lawrence, Leca, & Zilber, 2013; Lawrence & Suddaby, 2006: 215). To this end, this chapter investigates the case of *Movieday.it* (http://www.movieday.it) an Italian start-up founded in 2014 and awarded with many national prizes for innovation. About 230 Italian cinemas are partnering and since the opening over 350 screenings have been held (many sold-outs). *Movieday.it* challenges the conventional top-down programming of movie events with a bottom-up programming that comes after the bookings. Programming is therefore based on personal purpose or even community purpose. In this way, customers share the power of the gatekeeper position with the industry. No more "Push" but "Pull" mode. We may even call it "cinema on demand", or "user driven cinema events", where consumers turn to social media for their decision-making and for programming. As we are going to see in what follows, new ventures, as the considered case of *Movieday.it*, innovate the business models[2] of the film industry by changing its architecture through an action on either the content, structure or governance of the activities performed by the different actors having a role in the production, promotion, access and the showing of movies.

## Intermediaries, Gatekeepers and Experts

The above-mentioned crowd sourcing web platforms for theatrical movie events (such as *Movieday.it*, in Italy, *screenly.io* in Spain, *tugg.com* and *gathr.us* in the USA, ourscreen.com in the UK) acts as new intermediaries in the film industry for their capacity to bring together crowd sourcing potential with theatrical distribution. As for gatekeepers, with "cinema on demand", or "user driven cinema exhibition" based on critical mass ticketing which is channelled through independent online user-groups, customers share the power of the gatekeeper position with the industry.

Finally, the considered platforms (Movieday.it is the empirical case we'll analyse), stimulating the cultural diversity of the audience by expanding the choice of movies, weaken the role of traditional movie experts (critics, directors, producers, etc.), inspiring new conversations around cinema and facilitating audience interaction and the sharing and curating of informative content, not necessarily supported by the traditional establishment (newspaper columns, dedicated television shows, academia recognitions, festivals juries, etc.).

In summary, for filmmakers, engaging with audiences early on in the filmmaking process, even before the movie is produced, can allow them to measure interest and help them understand how their movies can best be released into the marketplace. Audience involvement in the early stages of a project also allows producers to gain feedback and new ideas that may, ultimately, impact the content in the final movie. Furthermore, audiences can be called upon to aid in the launch and promotion of a movie. By offering personal endorsements via social networking services, audiences can significantly enhance a movie's visibility and also actively participate in the crowd funding of the production.

## The Case Study

In this chapter, we discuss an embedded single case study (Hewson, 2008; Scholz & Tietje, 2002), whose rationale is to represent an exploratory case study (Yin, 2009). The study is the result of a qualitative research based on an interpretive stance to field study (Klein & Myers, 1999; Walsham, 1993), adopting the approach for analysis and theory development proposed by Gioia, Corley, and Hamilton (2013).

The subject of investigation is Movieday is an Italian start-up created in 2014 that has developed a homonymous web platform which value proposition is creating a direct connection amongst film owners, cinemas and the audience. Movieday web platform enables users to create an event (a movie show), just choosing a movie (from a selection of over 1000 independent, new, classic and original movies that Movieday has precontracted), a cinema (amongst the 230 cinema partners). If the screening reaches a minimum threshold of reservations, the projection is confirmed.

Movieday key activities are focused on the development of the platform and the incentive for the use of its products and services by the three customer profiles: audience, movie owners and partner cinemas.

## The Audience

The audience is at the centre of Movieday's system. In addition to being reached by the Movieday film campaigns in a targeted way to participate to the screenings of interest, a single viewer can organize screening events for his own recreational, cultural or associational purposes, through the Theater On Demand service, enriching projections with meetings and side discussions. This is currently Movieday core business service that allows both movie owners and common viewers to organize online events in cinemas throughout Italy. The organizer of the event takes care of a geo-localized event promotion and communication to other local moviegoers, communities and media, thanks to a set of tools and assistance from Movieday (Facebook groups and events are amongst the most used tools).

If, by the week before the projection date, a sufficient number of pre-sales to cover the economic demand for cinema and film is reached, the event is confirmed. Tickets are purchased online on the platform and in the hall on the day of the event for those who could not buy online, if there are still places available. The platform orders the shipment of the film to the cinema via digital delivery or via courier. After the projection, the platform calculates and distributes the odds attributed to the movie owner (40%) and the cinema (40%), and retains its 20% share.

But Theater On Demand is not the only service for moviegoers. Movieday platform promotes and distributes movies not only into the cinemas but also in any other channels (TV, VOD, Schools, etc.) and allows costumers to rent films for screenings even in spaces other than cinemas: schools, libraries and associations (this service is referred as Community Screenings).

The potential value for the audience can be described as follow: freedom of choice of films to be seen at the cinema; aggregation of communities around various topics of interest; unique experience of cultural enjoyment and much richer than a "simple" vision in the hall; co-participation for the programming of cinemas in local community.

The screenings of the films promoted on Movieday record an average of 120 moviegoers, the highest ever, according to data issued by Cinetel (2017). This might be related to the fact that Movieday aggregates communities and brings them to the cinema gathered by the theme of a film that represents them, crafting an experience based on sharing and engagement.

Movieday encourages the online purchase of tickets; the audience is profiled and reaches easily the film that raises its interests. In fact, on Movieday, the audience is invited to organize projections, both in partner cinemas and in other venues, or to participate in screenings organized by other users.

Faced with this kind of “connected” user, accustomed to getting online content and turning its own passions in an online aggregator and conversation engine, the current movie offer is inadequate and slow, not much “smart”. In fact, the total lack of the moviegoers profiling represents the major issue, given the very low rate of online tickets purchase, which, for further paradox, are also sold at a higher price. Not by chance in the USA, services such as MoviePass (https://www.moviepass.com/), a monthly subscription card to watch anything, and booking via Facebook have been launched.

## Movie Owners

Movieday web platform products and services are not only offered to moviegoers, but also to different categories of movie owners. Italian distribution companies (i.e. Disney Italian, Medusa, Tucjer, etc.) have made their film libraries available for projections directly organized by the fans of all connected cinemas. Twenty-five distribution companies have made available over one thousand movies on Movieday (in 2018). Moreover, two Italian distribution platforms (Wanted and Cinema) have already launched films via Movieday carrying out special events and the engagement of fan base communities.

For movie owners, the value proposition of the platform is the development of trustworthy relationship amongst producers, distributors and cinemas, therefore, creating a brand new and more solid value chain amongst the players involved. The platform has been designed as a smart tool which leverages on data analysis to link contents through the direct demand of moviegoers, in attempting to provide a perfect balance between offer and demand, as well as registering high-quality and scalable sales information. Thanks to an in-depth analysis of the data generated, Movieday—provides movie owners with insightful advices on crafting the best launch strategy for a screening campaign and its exploitation on other channels. Movie owners have the assistance of a Movieday Film Campaign Manager, a professional figure capable of designing and implementing the most advanced movie promotion campaigns through the platform. Activating communities, creating synergies, engaging partners and finally multiplying the participation of the people involved.

Movieday platform also provides to independent films a direct channel to theatre venues, getting rid of any intermediaries. Owners of new, unreleased Italian films that can turn their fans into viewers and promoters of screenings in all partner cinemas and access other sales channels (TV, VOD, Home Video) both in Italy and abroad. To date (end of 2017), over twenty films are under contract on the Movieday platform; the acquisition of foreign titles has begun in June 2017, whereas two foreign movies have already signed distribution contacts via Movieday (data Movieday).

80% of Movieday audience is generated by new, non-distributed and distributed movie projections, through innovative marketing campaigns involving communities of fans. The remaining 20% (data Movieday) is generated by projections organized directly by common moviegoers for personal, cultural and recreational (birthday parties, associative activities, etc.) purposes.

As for the independent movie distributed, it is worth mentioning the case of *Unlearning*, the documentary on the subjects of downshifting and sharing economy based on the story of an Italian family (the film director, his wife and six-year-old daughter) from Genoa, leaving their city for six months, travelling across Italy, surviving through exchange and barter. *Unlearning* was screened simultaneously in 35 cities throughout Italy. Against a cost of production of €1500, *Unlearning* has produced 101 screenings, almost all sold out, bringing over 12,000 people to theatres for a total box office of 70,000 euro (data Movieday). After each screening, a special guest moderated the debate on the theme of the film. *Unlearning* has been awarded of several prizes (Cinemambiente 2015; Marcellino de Baggis 2015; Terra di Tutti Film Festival 2015; Versus Festival 2015) and it was a success not only in terms of box office, but also from the point of view of sharing, of the physical and emotional participation of the fan base community, pro-actively involved by the film campaigner and by the film director himself even long before the film was released (mainly via Facebook).

Roughly 1100 new films are produced in Italy each year, 10,000 in Europe and around 50,000 in the world, but only 500 films are distributed in Italian movie venues and only 200 are sold on other channels (data Cinetel, 2017). This suggests that there is a long tail of unexpressed market potential, since 98% of the films are non-distributed—remaining unsold to markets—although there is an existing audience interested in the content willing to screen and purchase it, whereas the remaining 2% gets a poor distribution because of an old and downsized distribution chain. Specifically, the theatrical distribution system is outdated because of the lack of tracking and profiling of the audience purchasing a ticket. Considering around €100 million of tickets purchases in cinemas each year, we don't have any history or data of the customers. Thus, it is worth mentioning that 180 out of 1180 new movies produced in Italy in 2017 (data Cinetel, 2017). Have been distributed through *Movieday.it*, a number not usually managed by the incumbent distributors operating in the Italian market.

Moreover, through a dedicated marketplace, movie owners can sell projection licences, fixed rental rates, associations, schools, companies, hospitals and other groups of interested people who require the screening of the film in spaces other than cinema venues.

Movieday has also created MD Logistik, a software and a department entirely dedicated to the creation, management and delivery of physical and broadband film copies that can be marketed on a large scale and not just for Movieday screenings.

## Partner Cinemas

In Movieday business model, cinemas remain the best "device" of fruition, as the physical experience of the shared viewing and reunited community can only be lived at the cinema.

At the end of Movieday has signed deals with over 230 movie theatres, nearly 20% of the total venues in Italy, which are now connected to the platform (data Cinetel, 2017).

There are over 1140 cinemas in Italy for a total of 3300 screens, showing a very low occupancy rate. Indeed, cinemas are amongst one of the most underemployed businesses, since they remain closed most of the time (in the mornings, in the afternoon, in the summer). When they are open, they show a very low average occupancy rate. An outdated distribution system, obliging cinemas to programme their movies independently from their potential success; the lack of adequate marketing strategies, the lack of a renewed experience of content fruition; and the lack of connection between cinemas and the audience are the main reasons leading to this issue in the distribution business.

Movieday value proposition to cinemas is a technological platform that makes them liaise directly with the audience and with films' owners, allowing anyone to organize screenings in few clicks. Cinemas have access to a management panel available on Movieday where they set up and manage their availability, economic demands, events created in their rooms, their receipts, their film deliveries and the online pre-sale system that resets business risk because screenings are confirmed only if a minimum number of pre-sales is reached (lowering to zero the commercial risk the movie theatre should sustain).

## The Business Environment

The trends Movieday is fully embracing for its growth are the following: "prosumerization", analysed within the field of film promotion; the steady increase of online transaction for purchases, in Italy and in the world; the sharing and on-demand economy (i.e. online technologies allow people to use products and services for which they are in mutual need of each other, without purchasing from established companies).

Movie.it web platform is not only one of its kind, in the USA, Tugg.com and Gathr.us are the forerunner platforms. The best performing and most evolved is Tugg, founded in 2012, which is the principal reference model for Movieday, connecting over 85% of US cinemas and setting up roughly 100,000 screenings in 5 years, Tugg has kicked off its international expansion in other English-speaking countries.

Other similar platforms were launched in the Europe: Screen.ly in Spain and Ourscreen.com in UK. The latest launch, in 2016, of a new platform with global ambitions, is Demand.film, founded by one ex-partner at Tugg, already operating in the UK, Ireland, Australia, New Zealand and Germany.

### The Future

Movieday has concluded a first phase of investments that allowed its entry into the market and the consolidation of the service. Further development can only be enabled by important investments that will mainly concern the technological evolution of the platform and the systems for tracking and profiling audiences and films with a large data-set, applying also AI-Artificial Intelligence to build a predictive distribution model (the service under construction is called I-TDS Intelligent Theatrical Distribution System). Under further development are also the diffusion of MD Logistik; the construction of an international techno-commercial network for the acquisition and distribution of films on all channels; and the production of original Movieday content.

## Core Processes of Digital Start-Ups in the Film Industry

In this section, we present a conceptual description emerging from the analysis of the case of *Movieday.it*, where the emerging core categories are in this case two basic social processes (Glaser, 1978). Specifically, we have identified first a basic social structural process (BSSP) of *marketizing movies* that can be associated to an institutional work (Lawrence & Suddaby, 2006) eventually leading to a de-institutionalization (Oliver, 1992) of the film industry and culture. The second core category is the basic social psychological process (BSPP) of *becoming platform*, using it to sustain identity and normative networks construction (Lawrence & Suddaby, 2006) as well as validate the institutional work.

Thus, the conceptual description can be considered as the basis for a provisional theory on *becoming platform in the substantive area of digital start-ups active in the film industry and its being accomplished by marketizing movies.* As said, the proposed theory should provide an early understanding of the key issues at stake in the digital transformation of the film industry by new ventures and their business models; this should also provide a framework for replying to the research questions mentioned in the introduction to this chapter. In what follows, we discuss the two core categories resulting from the coding of the collected data.

## Marketizing Movies

Considering the BSSP of *marketizing movies*, it refers to the framing and the translation of all the movie-related activities and objects (including the parameter for movie production and evaluation) in terms of market principles, specifically through the functional simplification and abstraction (Kallinikos, 2006, 2012) of their specific characteristics into the ones of digital artefacts. Furthermore, we have identified four stages for the BSSP: *strategizing*, *connecting to the platform first*, *crowdsourcing* and *exhibiting*.

The first stage is connected to the constant need of defining new value propositions and *evolving business models* for the new competitive markets continually emerging due to technological innovation, changes in audiences' preference, etc. The second stage concerns the need for *connecting to the platform first*, this means (i) for movie directors, to digitize their movies for distribution and (ii) for the owners of cinema halls, to embed the platform in their systems, thus creating a virtually direct connection with movie directors, movie owners and the audience. This stage is thus about questioning the connection of platform, cinemas, audience and directors from an infrastructure perspective (Star & Ruhleder, 1996). The third stage presents crowdsourcing as the main way to talk to the audience first and move from a "push" to a "pull" perspective, where the public becomes the programmer, using social media as communication and selection tools, and the critic is not anymore the influencer for the movie apart from the ones explicitly targeting an "essai" audience.

The fourth stage deals with a specific characteristic of the case under study, that is *exhibiting* the movie rather than simply showing it on screen, thus moving it from the status of being the key and main subject of the film industry to be merely one amongst of other objects making up events that are guided by customer experience and experiential marketing perspectives and aims.

## Becoming Platform

Considering the BSPP of *becoming platform*, it concerns four stages.

The first stage is *framing the difference* of *Movieday.it* with regard to the traditional stakeholders in the film industry, especially emphasizing the change implied by their being a digital platform that is not simply an alternative distribution channel. The difference is then explained by the informants pointing out their being frustrated because of the current state of film industry, in relation to the limits and constraints posed by regulations as well as to a set of issues referring to political, functional and social pressures, eventually worth considering as the antecedents for de-institutionalization (Oliver, 1992). Yet, a major difference with traditional stakeholders is also explained by mentioning technical and managerial capabilities (which are very innovative for the film industry, although state-of-the-art for other industries).

The second stage is *filling education gap* in terms of providing the necessary digital skills and capabilities to cinema halls, producers, distributors and especially directors. This stage aims at making all the different stakeholders acquainted with the use of the digital platform as well as with use of data and analytics for a better design of the product (the movie itself) and the configuration of movie halls as “event places”.

The previous stage is strictly connected to the stage three, which is *flattening and balancing*. This stage is about the need of dealing, on the one hand, with the flattening of the movie and cinema hall characteristics to the general attributes of digital artefacts and marketing requirements, while, on the other hand, preserving the aesthetic and cultural peculiarities of documentaries and independent movies, thus keeping intact the variety of the film catalogue on the platform.

This last point can be appreciated by considering the fourth stage *experiencing the cinema hall* and the different stances around this provided by the interviewees, actually representing different perspectives in relation to two different types of cinema halls owners: general purpose and essai halls owners. The first group is more crowd-oriented, the second community oriented. The first is focused on revenues, the second on values other than the economic value and sustainability.

## Discussion

*Movieday.it* platform offers "cinema on demand", or "user driven cinema exhibition". The audience can choose a movie (amongst a large, pre-selected assortment of available titles) to be screened and has the option of booking a time slot at a cinema screening room if a critical amount of sold tickets is reached, the movie exhibit will be held. Thus, the business model considers two of the above-mentioned key design elements characterizing the activity system of an organization: *content* (in this case, for example, the focus on the choice and booking of movies) and *structure* (in this case, the mode and sequence in which the activities of choosing, promoting, booking and showing a movie are connected).

As for this latter, the case suggests that the film industry may partly share the power of the gatekeeper position with their customers: "Push" changes into "Pull"; the audience becomes the programmer, using social media as a communication tool. In this way, the conventional top-down programming is changed into bottom-up bookings with a personal purpose or even community-based cinema programming. On-demand screenings are promising, this because the audience is engaged and enabled to choose a movie and organize an event while, at the same time, theatre owners are able to contract a low-risk screening (if a sufficiently large audience turnout is not guaranteed, the worst-case scenario is a cost-free cancellation).

The success of the events organized via *Movieday.it* platform suggests that watching a movie in a social space still has considerable potential for attracting new audiences. This seems to confirm Gubbins (2014: 51) statement, that in an age of ubiquitous media and an interactive, "always-on" mobile culture, the value of unique experiences increases. The case of *Movieday.it* also suggests that the assumption that the theatrical market will be completely undermined by multi-platform release is inconsistent.

The case shows how the business model of "cinema on demand" may help cinema owners to present an assorted and distinctive cinema programme, in order to give added value to the customer. The challenge is to attract people with different preferences and expectations (people from different cultural backgrounds or with different cultural consumption habits) presenting a plurality of content. For this, it is necessary to develop a visionary strategy in order to widen the existing network of customers and to engage audiences that are not yet currently attending screenings in a cinema. This means to have a more dynamic and flexible programming (especially for Multiplex) and/or to create opportunities for the theatrical exhibit as a unique event, therefore, to have a balanced mix of active and passive programming (which partly turns the supply chain into a demand chain).

*Movieday.it* creates also a new path for institutional communication—between independent movies and (especially documentaries) and cinema theatres—and social interaction—with audiences (the stages of "talk to the audience first" and "exhibiting" of the above mentioned "marketizing movies" process). On-demand cinema platforms enable filmmakers, independent distributors and movie fans to crowd fund and plan community-driven screenings of specialized movies and event cinema, bringing further diversity, events and community dynamics to the big screen.

Thanks to the crowd sourcing ticketing, *Movieday.it* gives to independent filmmakers the opportunity of having direct access to the theatrical exhibitions, this implying the removal of the traditional sales agent, or distributor, who traditionally funds and executes all marketing activities (the stage of "connecting to the platform first" of the above mentioned "marketizing movies" process). Niche audiences, marketed directly, have significant value if they can be reached less expensively. Communities offer the potential for fan bases and, on occasion, significant commercial core audiences. This is a potential narrowing of the movie value chain, whereby the producer is brought much closer to the audience (and hence the revenue streams are being recouped) that is of significant interest.

One of the consequences of digitization is that the borderline between informal movie distribution and screening and established exhibitions is blurred (the stage of "flattening and balancing" of the above mentioned "becoming platform" process). For a cinema owner it could be profitable, or otherwise interesting, to reach out to the status of a "movie club", because it is appealing to a devoted audience who is passionate about cinema. For example, thanks to *Movieday.it* platform, independent distributors have the chance to organize live participative premières and special screenings with onstage interviews with the movies' directors and producers, or theme-based conference before the screening of the movie.

*Movieday.it* platform, therefore, brings up new ideas, showing new market possibilities, and enable market actors to reshape market activity and thus creating new revenue streams. By engaging with the potential audience earlier and to a greater degree, through social media and online content, independent producers create greater demand and thus increase revenues. Furthermore, in order to claim a larger share of revenues (or simply reach sustainability), filmmakers pro-actively pursue dis-intermediation by bypassing some segments of the traditional movie value chain.

It's also as a consequence of these emerging practices that traditional distribution business processes of feature movies around the world are changing (and therefore the film industry's overall structures). Digitalization is enabling—or forcing—independent filmmakers to apply a DIY (do-it-yourself) distribution strategy, especially when the production funding requirements are not linked to a specific distribution plan. Since Kickstarter pioneered online crowdfunding[3] in 2009, this form of financing has entered the mainstream as a way to co-fund ideas, projects and start-ups, and movie production is not an exception (see, e.g., Junction jct.com—platform specialized in equity financing of movies).

In the case of the above-mentioned documentary *Unlearning* (see Case Study), marketing played a much more important role from the beginning of the feature filmmaking process, its influence continuing right through to the movie's release. As shown in Fig. 10.1, this process embraces multi-directional ways of marketing and interacting with audiences in order to minimize both commercial and institutional risks. The communication channels are multi-directional since information is produced by both producer and director, as well as by audiences. Some marketing process and interactions with audiences were activated prior to the funding decision, so conception is tested even before funding.

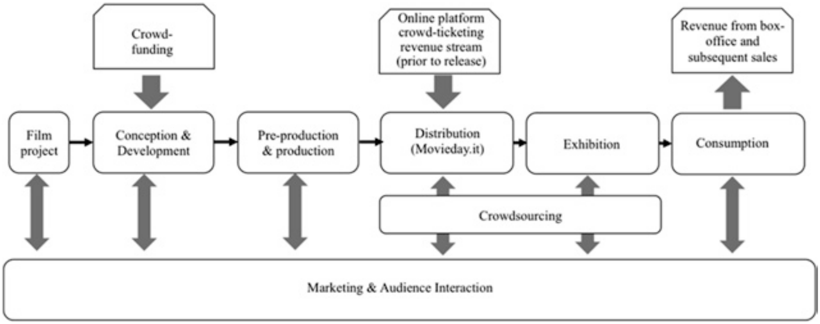


**Fig. 10.1** Demand-led feature movie value chain (Hexagon shaped boxes represent revenue streams, while value chain activities are shown in the rounded rectangles)

Furthermore, from the point of view of a funder/investor, monetary streams are generated "up-front" to enable project implementation. Some revenue streams may also emanate from the box office, but this post-release source plays a secondary role, because contrary to the conventional movie business model the project is crowd funded and therefore the producers do not need to recoup their initial investment.

As shown in Fig. 10.2, on the one hand, financial streams in the typical movie value chain are mainly used up-front (conception, development, pre-production and production of the movie); on the other hand, revenue streams are generated at the end of the value chain mainly by box office and subsequent sales. The marketing strategies are usually used at the distribution and exhibition stages and the communication channels are unidirectional because information is produced by distribution and marketing experts and sent to—and consumed by—audiences.

The case study also suggests that there is potential for alternative release strategies that have to be carefully considered. *Movieday.it* release approach is considered more relevant for independent feature movies because their box office visibility is generally lower and their theatrical runs shorter. By embracing such demand-led change, cinemas are able giving audiences access to a wider range of movies, including those that may otherwise have been underplayed, as well as having a vehicle with which to test new business models.

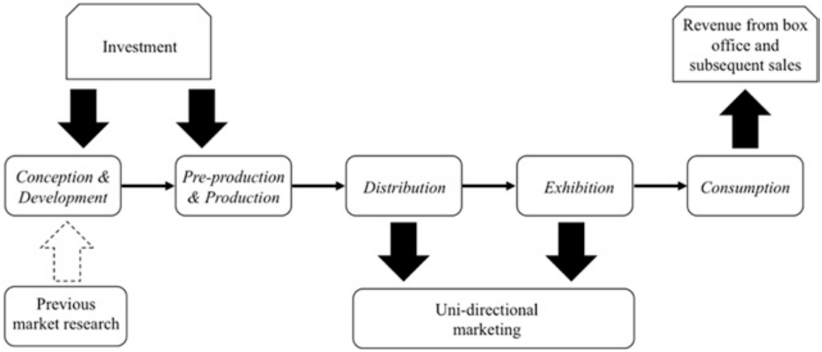


**Fig. 10.2** "Traditional" feature movie value chain (Hexagon shaped boxes represent revenue streams, while value chain activities are shown in the rounded rectangles)

Moreover, release windows in the traditional movie value chain may become an irrelevant barrier between content and audience. In order to manage uncertainty and be able to reformulate the movie value chain for the digital age, recognizing and interpreting new evaluative frameworks are becoming integral. The case study suggests that new approaches to marketing and packaging movie products can be successful when they are aligned with consumer demands (the stage of "evolving business models" in the process of "marketizing movies"). Producers and distributors have often treated their exchanges as a zero-sum game, one party's gains correspond to the other party's losses. But this misalignment is an impediment to a more successful integrated industry and precludes consumers from having access to a wider range of movies. Therefore, independent movie producers need to achieve a "hybrid" model, which is to say a model that demands to understand and master tools for selling and marketing, but simultaneously requests to be able to design and be active on digital and social media channels that are becoming more and more necessary for winning an audience.

In this scenario, *Movieday.it* platform can function to link the innovation with a new business model and, simultaneously, as the creator of communication channels between agents and actors located in quite different parts of the traditional value chain (the stage of “filling education gap” in the process of “becoming platform”). Furthermore, some of the actors target of *Movieday.it* are “low-end or new-market footholds” (Christensen, Raynor, & McDonald, 2015: 5), consequently not considered by actual incumbents in the film industry. This is in line with the perspective on disruptive innovation originated by the work of Christensen (1997; Christensen et al., 2015) where the business model that the technology enables is considered the source of the disruptive impact (see also DaSilva & Trkman, 2014; Vorbach, Wipfler, & Schimpf, 2017). Yet, it is worth considering that at the state of the art a distinction has been made by Markides (2006: 19) between disruptive technological innovation, disruptive business model innovation and disruptive product innovation, each having different conditions of emergence, effects on competitions, and consequently reactions by the market incumbents. In this case study, we cannot talk about a complete “disruptive impact” to the traditional business model, but somewhat, it would be more exact to say that a new business model can counterpart though not replace conventional businesses. Nevertheless, the case study suggests adjustments to the value chain that, before the “digital transformation”, few could have predicted.

However, it is also worth noting that the attitude of the digital start-up in the case study (focused on marketing, on enabled audiences and on targeting long tails) may point out rather an evolution of the traditional film industry business model towards a new form, with a change in the value chain in the direction of an Internet networked model, where the orientation towards independent documentary seems guided from the opportunity of a market niche that has been little explored.

In principle, using crowd funding to support any creative accomplishments that would otherwise struggle to come to implementation can only enrich cultural expressions allowing independent movie features screening beyond the traditional gatekeepers. Nevertheless, it becomes necessary to ponder how this funding form impacts not only on existing industries and funding structures but also on the movie features themselves. As a funding model for documentary movie, crowd funding has the unintentional consequence that only certain types of documentaries are funded. Usually, the crowd funders are keener to favour issue-led movies and polemical documentaries at the expense of other kinds of documentaries. Likewise, the editorial standards and attributes traditionally associated with documentary may be potentially challenged in crowd funded projects.

Furthermore, although crowd funding provides some solution to funding and producing independent documentaries outside of the traditional patterns, the wider documentary industry is still dependent on the traditional gatekeepers and media institutions for the promotion, distribution and success of its movies. Documentary movie production and distribution are part of a value chain that is still dominated by established media institutions. At the moment, crowd funded movies still need the traditional distributors—festivals, cinemas and broadcasters—to reach their audiences. Also, in order to have the projects crowd funded online, producers and directors rely on crowd funding platforms and crowd funding consultants. It could be that these organizations and individuals will be benefit from innovation dynamics more than filmmakers and movie feature quality. Paradoxically, therefore, crowd funding could undermine the integrity and credibility of documentary movies as well as the plurality and diversity of screened content.

## Conclusion

This study's exploration has uncovered evidence of two rising themes: audience engagement and innovation in the film industry value chain and business models. The case suggests that the film industry distribution might develop as a "social process" and the film industry value chain may advance innovative solutions through a user-centred design approach.

The case of *Movieday.it* has acted as a stimulus to identify the impact of emerging digital technologies on distribution and consumption processes, arguably revealing the beginning of a fundamental shift towards a demand-led independent market. In particular, the case study allows designing a provisional theory (represented through a conceptual model in Fig. 10.3) on *becoming platform* (which, as mentioned above, may be considered as being a *basic social psychological process*) in the substantive area of digital start-ups active in film industry and its being accomplished through the *marketizing of movies* (*basic social structural process*).

Moreover, through the identification of these two core categories, the case study provides a theoretical understanding of the implications of digitalization and related business models for new ventures in the cinema industry.

The case study also suggests that the cinema experience continues to be of great significance in the life of a movie, since audiences attach a special value to the collective experience, whereas a switch to user-driven distribution would allow cinemas to offer more varied programming, as well as giving screen space to more movies. Still, this would also expand the range of movies available to cinemagoers, in a market where only a very small fraction of the movies produced each year get a theatrical release.

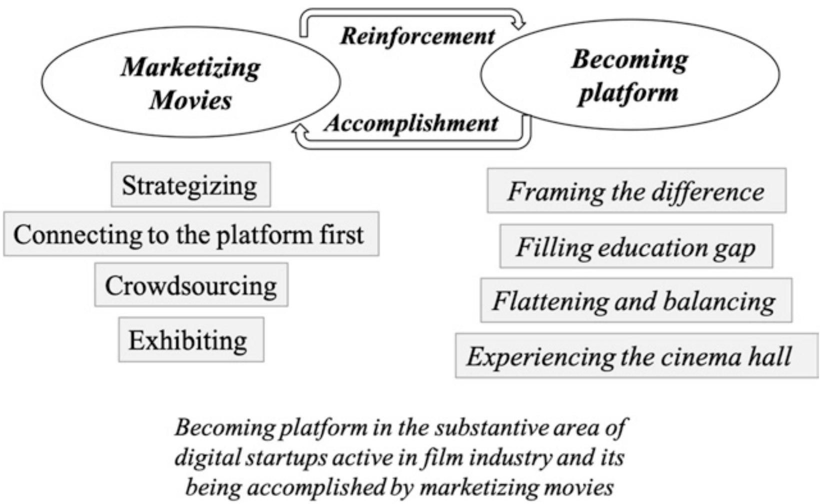


**Fig. 10.3** Conceptual model of the theory on becoming platform in the substantive area of digital start-ups active in film industry and its being accomplished by marketizing movies

Nevertheless, for theatre operators, offering a great variety of movies remains a difficult task because of the complexity and several practical limitations and constraints. Platform (as those offered by Movieday.it) may help in this task since it offers to cinema theatres a wider range of movies available for programming, and determines beforehand the minimum average number of visitors per show, helping in better defining target audience.

In future, *these platforms* may potentially collaborate in an even closer way with cinema operators experimenting data analytics. Movie marketing and modelling are a new area for the application of marketing decision support systems in movie programming, as well as for achieving better performances in scheduling, practising both high-quality content diversity and promoting to individual customers via email, social media or text messages—possibly linked with a dynamic pricing approach.

Furthermore, *Movieday.it* case study shows how new ways of using the Internet and social media can offer opportunities not only for promoting and marketing feature movies (and doing so right from the beginning of the filmmaking process), but also for creating an accessible and highly effective point of entry to the film industry for aspiring new filmmakers.

However, in order to sufficiently reach core audiences, filmmakers must develop new skills and manage much of the distribution process themselves. Building personal audiences takes time and effort, requiring a fundamental understanding of how to use social media tools and a willingness to open up to strangers, critics and the risk of failure. Nonetheless, this case study suggests that the traditional value chain sequence of featured films—entailing the processes of conception and development, production, distribution, exhibition and consumption—need not necessarily remain strictly linear, in view of the additional opportunities of an Internet era.

A shift towards a demand-led independent market could help build a vibrant, sustainable and interesting European movie sector able to engage audiences and could collectively outperform the mass audience movies which currently fill the programming schedules of most local cinemas across Europe. The fact that there are some genuine success stories (the mentioned case of the documentary movie "Unlearning" but also others) indicates that the industry is moving towards solutions that could potentially generate sustainability for independent and documentary movies. As new business strategies and business models are adopted, the market may develop in two directions: one for independent filmmakers based on community engagement, crowd funding and crowd-ticketing and the other for big productions that will continue to use models centred on traditional mechanisms.

It is too early to confirm whether this is a true paradigm shift and, if so, define it concretely. Moreover, further empirical analysis of how becoming platform and marketizing movies is needed, especially regarding how new business models are developed by entrepreneurs with diverse skills, education and value propositions. Further analysis is also particularly important considering the emerging digital offering of cinema content questioning either the need for cinema halls or for a traditional distributor (i.e. Netflix, etc.).

In summary, some key questions remain unanswered, especially those in relation to the economic viability of new distribution models, such as to say if this demand-led approaches present a stronger financial return to distributors in comparison with the traditional model, and last but not least, if these new business models can also work for larger independent movies or are they best suited for niche markets.

## Notes

1. An independent movie is a movie "that is not a studio picture, and whose development and/or production finance is provided by more than one source" (Davies & Wistreich, 2007: 8–9, 449). It has also been defined as a movie "that is developed without ties to a major studio, regardless of where subsequent production and/or distribution financing comes from", and/or where the producer shares some of the investment risk (Goodell, 1998: xvii; Vogel, 2007: 90–91).
2. Although there is not yet an agreement on the definition of **business model** (Massa, Viscusi, & Tucci, 2018; Massa, Tucci, & Afuah, 2017; Viscusi & Tucci, 2018; Afuah & Tucci, 2012), we adopt here the one provided by Zott and Amit (2010: 1), who consider it as "a system of

interdependent activities that transcends the focal firm and spans its boundaries. The activity system enables the firm, in concert with its partners, to create value and also to appropriate a share of that value". In particular, this perspective on what is a business model has been complemented by the two scholars with the identification of three key design elements characterizing the activity system of an organization that are its *content* (i.e. the selection of system activities), *structure* (i.e. the mode and sequence in which the activities are connected) and *governance* (Amit & Zott, 2001; Zott & Amit, 2010, 2017). Accordingly, this definition is useful for its fitting the idea of business model's innovation advanced by Foss and Saebi (2016: 216) as made up by "designed, novel, and nontrivial changes to the key elements of a firm's BM and/or the architecture linking these elements".

3. Crowdfunding is a "collective effort by consumers who network and pool their money together, usually via the Internet, in order to invest in and support efforts initiated by other people or organizations" (Ordanini, Miceli, Pizzetti, & Parasuraman, 2011: 443).

## Appendix: Data collection

As for the case study, while the overall population includes 195 informants (the details are shown in Table 10.1), we are first considering for this paper a sample of 11 informants, comprising all the *Movieday.it* staff (5 interviewees), 2 providers, 1 director and 3 cinema halls owners.

**Table 10.1** Informants for the case study

| Organization | Informants | Total | Sample |
|---|---|---|---|
| Movieday.it | 4 internal | 9 | 4 |
| | 2 consultants (distribution and rights) | | |
| | 1 graphic designer | | 1 |
| | 2 developers (external software provider) | | |
| Providers | 130 cinemas | 176 | 3 |
| | 40 digital archives | | |
| | 6 films campaigner | | 2 |
| Network | 10 directors and producers | 10 | 1 |
| | | 195 | 11 |

The field study and interviews have been started in March 2016 with one of the authors also organizing four screenings through *Movieday.it*, taking memos further discussed with the other author during monthly sessions of 1 hour through Skype or face-to-face meetings. Yet, the interview sessions started in December 2016 and have been closed in June 2017, further evaluating the degree of the theoretical saturation for the current codes and related concepts. The interviews are in Italian or English, depending on the language preference of each interviewee (the interview averaged one hour with a semi-structured protocol), and they are subsequently coded and analysed in parallel sessions by the two authors of this article on paper and with the support of MAXQDA 12.

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