

EMERGING DISTRIBUTION CHANNELS FOR VIDEO AND TELEVISION– CAN CARIBBEAN PRODUCERS BENEFIT?

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The subject of the presentation is “**Emerging Distribution Channels for Video and TELEVISION– CAN CARIBBEAN PRODUCERS BENEFIT?**” While there is no doubt that there is emerging a swath of new channels for television and video I’m not sure it is too useful to talk about them as opportunities by themselves. Many of them are only transitory and are phases of a much more radical shift in media and information distribution and marketing that is taking place at an accelerating - and for those who have investment in the status quo – alarming rate.

FIRST, SOME INTERESTING FACTS:

Just three selected from a multitude of similar statements:

1. The television share in media consumption in Trinidad & Tobago has fallen every year for the past 8 years. i.e. less and less people are watching television. This is probably the same in other territories.¹
2. 71% of the US online audience watches video on the Internet, and the number of streams consumed should more than double by 2013²
3. This Christmas Amazon reported it sold more e-books than print.³

Something is happening, and rather than be like Bob Dylan’s Mr. Jones, let’s see if we know what it is:

SOMETHING IS HAPPENING, DO WE KNOW WHAT IT IS?

Let’s take a quick look at what has become of, what has up to now been called, ‘Mass media’:

¹ *Market Facts & Opinions, Mediatrak surveys*

² *The Forrester Wave™: US Online Video Platforms, Q4 2009*

³ Amazon e-book sales overtake print for first time guardian.co.uk, Monday 28 December 2009

Print

Major newspapers the world over are wrestling with the fall in advertising revenue and sales. Most newspapers can be read on the internet at least in part and, let's face it, especially among the young, attention span has been decreasing and a more dynamic consumption and relationship with news has been encouraged by 24 hour news channels and, now, the internet..

So newspaper publishers are throwing all sorts of revenue raising ideas up in the air and hoping to see at least one stick. It will most likely be a combination of strategies - increasing reliance on subscription to compensate for lost advertising revenues. Rupert Murdoch has vowed to have web readers pay for the content of his papers⁴ others wait in the wings to see what will happen. The New York Times is to start charging in January next year⁵.

Book publishers are changing their model radically. In the face of the burgeoning E-book market publishers are in fraught negotiations with e-book purveyors to devise mutually acceptable pricing structures. Amazon ceased selling Macmillan publications while their pricing policy is negotiated and Google, who has set itself the target to digitise all the world's books is negotiating with publishers and even national governments⁶ over their rights to do so.

Already book publishers are on a fast slide to a world in which books are printed to order. You want a print copy? You order it and it is printed for you with machines which accept a digital file one end and spit out a print copy the other. Sites like *Lulu*⁷ allow you to publish your own book and have it sold on Amazon for less than the price of most new books from established publishers.

What does this mean for publishers and for the job market?

No warehouses for stock, no bulk delivery and trucking, no inventory management etc. Just a publisher at home with a computer and access to the net and a machine that churns out books made to order.

Audio

Audio products have always led the market in technical innovation. In the 60s, the invention of the cassette recorder and portable sound systems allowed for an explosion of self published

⁴ *Rupert Murdoch plans charge for all news websites by next summer*
<http://www.guardian.co.uk/media/2009/aug/06/ruPERT-murdoch-website-charges>

⁵ *The Times to Charge for Frequent Access to Its Web Site*
<http://www.nytimes.com/2010/01/21/business/media/21times.html>

⁶ *Google and the New Digital Future* <http://www.nybooks.com/articles/23518>

⁷ www.lulu.com

music. The rise of dance hall music can be attributed directly to the availability and accessibility of these technologies. The vary nature of rap and dub depend on the development of accessible public address or PA systems tagged on to home recording which has led to sampling and a trade in rhythm tracks.

With the digital revolution this has exploded both in availability and quality so that now the home studio is almost an industry cliché.

The internet has forced a complete rethink of the music industry. From peer-to-peer sharing and downloading of pirated music to the reluctant deals record companies have made with web distributors like iTunes one wonders how conventional CD retailers manage to eke out a living.

Video:

The 60s also saw the beginning of the democratisation of video with the invention of video tape and marketing of the portable video recorder (black and white reel to reel) then the development of the video cassette in the 70s. This technology allowed independent video production companies like Banyan in Trinidad, Mediamix in Jamaica to start operations and offered the first real opportunity for the creation of endogenous television; an opportunity ignored by those who ran our television stations.

The digital revolution was a little slower to transform video than audio due to the size and complexity of video files and it has taken intensive development of storage and compression technologies and our impatience as Moore's law plays itself out to arrive at the stage we are now in when live high definition moving images can be streamed over the internet and stored on memory cards the size of a fingernail.

Six years ago we started Gayelle the channel, the region's first and still its only 24 hour free to air broadcast facility which programmes almost 100% local and regional content that does not without relying on music videos.

But in just those six years, much faster than we could have thought, we have the development of *Facebook*, *YouTube*, *Twitter*, and on line Video On Demand. While we could say six years ago that television was the only medium capable of transmitting live high quality moving images into your home. We can no longer say this. For the first time in 80 years, television broadcasting as we know it has ceased to hold this unique advantage. In short, it no longer distinguishes itself as a medium. That is disastrous for the future of any medium.

It has been superseded by a medium that allows participatory sharing and exchange of high quality moving images, and what is more, for the first time in broadcast history the establishment is running scared in the face of the democratisation of the medium. Through the last fifty years the established broadcasting industry has been able to keep upping the ante with technology to lock out popular media by price and quality. Now, however the difference between the image from a \$1,000 camera in the right hands and a \$20,000 camera is almost indistinguishable to the consumer. The industry has exhausted itself with a last big investment in High Definition and Digital only to find the consumer equipment keeping pace step by step. No longer can they lock out the independent filmmaker on the basis of the technical quality of his or her work. The desperate next attempt will be 3D television which will certainly develop alongside consumer versions of the same.

The independent filmmaker can no longer be locked out of the broadcast of his or her work anymore than the writer can be locked out by the publisher or the recording artist by the record company. Those days are over. But that does not mean he or she has any greater chance at earning revenue. The film and video industry is in such flux that it calls for sophisticated day by day analysis to devise the appropriate financial plan for your movie⁸.

Independents and Broadcast Networks alike can have their shows available on the net through such sites as HULU⁹, iTunes¹⁰, Kaltura¹¹, Jaman¹² and the multitude of other channels which offer ways to post video and share in revenue. *(Right now, this presentation is being broadcast live over the net to anyone wishing to access it. If you have a laptop or mobile internet device log on to: <http://www.ustream.tv/channel/gayelletvs-show>)*

Despite the still huge resources possessed by the traditional big players they are facing their own inevitable shrinkage as surely as engravers in the face of photography, the telegraph in the face of radio and cinemas in the face of television. Like the media before them, they will not disappear but they will be forced to a scale determined strictly by what they provide that is unique to their medium. Meanwhile the new medium will have its heyday.

The main factor at work at the moment, apart from technology and changing consumer lifestyle and appetites, is the question of how content originators can receive payment for their work in a medium built on the ethos of freeness. It is on the development of successful models to achieve this that the future direction of media depends.

⁸ An interesting outline of the film industry at present and a discussion of what The House of Film calls 'Fusion Distribution' can be read at <http://www.cinemaminima.com/1150/house-of-films-fusion-distribution-strategy-optimizes-revenues-for-quality-independent-films>

⁹ www.Hulu.com

¹⁰ www.itunes.com

¹¹ <http://corp.kaltura.com>

¹² www.jaman.com

MARKETS:**Video Distribution, Revenue and Markets**

DISTRIBUTION	REVENUE	MARKET
Videotheques	Pay per View	Local
Free to Air	Advertising	local
Cable	Subscription, Advertising & VOD	Local and Regional
Web	Subscription, Advertising & VOD	Global*

* Web streams can be restricted to territory depending on rights - e.g. Hulu

There are at the moment four main methods of distributing video and television content:

Cinemas and videotheques

This is a method that developed to significant extent in areas where independent producers were locked out of mainstream cinemas and television. This was facilitated by the development of videotape and video projection. I include it here despite its limited significance in the Caribbean because the Nollywood phenomenon owes its very existence and origin to the development of this type of distribution and thus must not be ignored. It has served to finance production by virtue of the size of its market and the relation of that to the efficiency of its production and distribution.

Free to air Broadcast

Free to Air Broadcast is the traditional way we have received video for the last 80 years or so (early 50 years in the Caribbean). It depends on advertising revenue and its market is limited to the range of its transmitter.

Cable & IPTV

Cable networks and now networks served by Internet protocol transmission operate a subscription service mediated by a coded set-top box on your television set and programmed with access to a range of channels determined by the service provider. The service provider can also insert advertising into some of its streams.

Cable and subscription IPTV can also supply a Video on Demand service through which consumers can pay per view.

The market available to the service provider is limited to the extent of its physical network and to its regulatory concession. It is therefore essentially local, or in the case of geographical and national contiguity it may extend regionally as in large countries.

Internet

Video on the Internet is available to anyone who can access the internet. This marks a huge change in distribution paradigms: Instead of 'pushing' content, content providers 'pull' audiences and audiences become content providers as well as participators in distribution. This interactive and participatory characteristic of the internet is what, more than any other factor, has painted traditional media, all one way channels, into the corner they find themselves.

Video on the internet is experienced through both the traditional hardware (TV sets and video players/recorders are now being produced with WiFi facility and software applications so they can access internet media, YouTube, Vudu¹³ etc) and through the increasing range of ever new and 'sexy' mobile devices of which the iPad is the latest iteration.

Revenue streams are derived from a variety of formulas at the moment: subscription, pay per view, advertising, and many combinations and variations of these.

While the revenue model for the web is still a matter of experiment and negotiation, one key fact remains: Whether you get paid for it or not, if your content is not available on the net you are essentially out of the game and can only watch it impotently from the sidelines.

MARKETS AND ENDOGENOUS (LOCAL) PRODUCTION:

A great deal of time and space in conversations like this over the years is taken up by the question of production values and quality of local production as if the lack of Hollywood production values is the reason why we don't have a thriving local film and television industry.

¹³ A high definition on demand movie service: www.vudu.com

If there is one thing the Gayelle experience has demonstrated clearly, to those who wish to see, is that access to local content on television fulfils a deep emotional and existential need in our societies regardless of quality – and viewership - but once established the pressure to improve quality increases. The ability to deliver that quality has a ceiling determined directly by the size of the market.

Our local market is too small for high quality production to recover costs. Notwithstanding questions of the availability of skills and technical resources, market size is the only important factor when it comes to the quality of local production.

It is a chicken and egg question since better quality may increase the market but the size of the market restricts quality. Efforts to subsidise local production to build inventory which may have greater market access is a possible route but so far efforts to marshal the finance for this with such a long term prospect of returns have not yet been successful on the scale that is necessary. In fact in the case of the Trinidad & Tobago government's much touted film assistance fund the already derisory budget has been slashed by 50% and the one corporation that has funded films in Trinidad & Tobago has crashed spectacularly.

We cannot rely solely on efforts to impress already crowded foreign markets with the occasional Caribbean production. We will only continue to be at the mercy of other interests which will play us off against each other. I believe we need to be building a market on our own terms with critical mass of product.

ADVERTISING, PLATFORMS AND CONTENT:

The days are gone when advertisers will buy airtime on the basis of gut feeling or even simply 'eyeballs' in markets like North America and Europe and are fast disappearing in our own markets. Advertisers now want to know not only how many are watching but WHO are watching, what is their age, occupation, income bracket, hobbies, consumer habits, tastes etc.

Advertisers, noting the decrease in viewers and the increase in time-shifting devices like TIVO and other DVRs where viewers skip through recorded commercials, are increasingly reluctant to invest in television advertisement, especially broadcast television. Instead they are attracted to the targeted markets available on the Web. When Kwesi Harrilal calls up a video, advertisers can place ads on the page or attached to the video which are targeted specifically to Kwesi's interests.

The only way advertisers will venture into the uncertainties of broadcast television is for live events, especially big sporting events, like the Superbowl, where they can reasonably assume a

large audience will be watching live and not recording for later playback. Live television has that kind of advantage over the pre-produced fare. It should be noted that the ability to be 'live' lies at the core of interactive and participatory media.

STRATEGIES:

What then does all this mean?

To summarise: We have total transformation of means of marketing and distribution of not just media but all products. In the face of an internet which is about to move into overdrive with gigabit speeds, where full length features may be downloaded in seconds, none of the traditional means of distribution and broadcast will be able to compete.

There is a move to truly participatory media with anyone being able to broadcast live from their mobile device and the task facing us is more a task of organising and managing masses of media products than of getting it out there.

The task is getting a handle on the technology and finding revenue streams for our content. Those streams depend on distinguishing your product from the rest.

In the world of global media you have to find out what we have that no one else has and start charging. The answer to that is 'content'.

'CONTENT IS KING'

At the moment there is an ongoing battle raging between content owners and distributors over pricing – Amazon vs publishers¹⁴, television networks vs cable¹⁵, etc. The whole situation is in flux and disarray. Models are becoming obsolete as fast as they are created. It is a great moment of opportunity.

Don't be fooled, while new channels of distribution are appearing almost every day as the technology gallops forward there is also an exploding amount of content for the same reason, but it is anarchic and unfocussed. Distribution channels are looking for reliable streams of content that appeal to a specific market.

¹⁴ *Amazon Losing the E-Book Battle: Content vs. Distribution:* <http://seekingalpha.com/article/186974-amazon-losing-the-e-book-battle-content-vs-distribution>

¹⁵ *Broadcast Networks Seek Dual Revenue Stream* <http://www.broadcastingcable.com/article/383290-Broadcast-Networks-Seek-Dual-Revenue-Stream.php>

We are meeting here as content creators. The most valuable content is unique content. We are the masters of our own content; unique content, much in demand by our diaspora population and as quality improves, by a global audience hungry for something new, something different. Reggae and Calypso are globally recognised brands. They sing of a world view that is attractive, and engaging. We now have the chance to create the audio-visual equivalents.

But it is no good producing content, no matter how unique, if no one knows about it and a market is not built around it.

So content creation must go hand in hand with a structure to manage it and get it seen.

Therefore content creators must recognise the vital interest they have in developing platforms that would act in our interest.

WHAT DO WE WANT?

We want our content on cinema and videotheque screens

We want it on television sets everywhere

We want it easily accessible on the web

We want it on all the mobile devices

Live and VOD

HOW DO WE GET WHAT WE WANT?

I see there being two components to this: A technical/managerial/business component and a content/creative component. These components must understand and be committed each to the other to aggressively seek the interest of Caribbean filmmakers in a global marketplace.

Technically:

1. We survey and evaluate available services and resources that exist in our interest that may be approached to collaborate and participate in building the infrastructure that would facilitate these things. e.g.

- Broadcast entities committed to local content such as Gayelle, Synergy etc.
- Web portals such as Triniscene or When Steel talks

2. We identify, partner with, or create a service that will provide the following:

- a) End to End solution: From ingestion to playback to monetization, we should be able to get the full range of video services from a single platform.
- b) Scale. Video is a bandwidth-intensive activity, and organizations need a platform that can scale as traffic grows over time. It must also support single-day spikes in volume for content that goes “viral.”
- c) Long-term commitment. Given the shifting strategies and volatility of some start-ups in the video platform sector, organizations must be wary of vendors that do not commit to building a leading video platform.

This has to be a world class solution focused solely on providing the services it offers as securely, and as robustly as possible, keeping abreast of the technology. It cannot be an amateur/DIY effort - as tempting as it might be with the easy-to-use technology available. Look at what happened to CNMG’s stream on Panorama two Saturdays ago. It couldn’t take the load, froze and crashed disappointing an international audience that had paid \$80 US for Carnival coverage.

With a solid infrastructure under our belt we seriously move to insert ourselves in networks, cable and IPTV services globally

Product/Content:

We have to be prepared to use the content we have as leverage. The amount of video content being created in the region is exploding. Film and video training institutions are graduating classes and amateurs are joining the fray as equipment becomes more accessible and the opportunities for having one’s work seen multiply.

Too many of our filmmakers, after years of isolated struggle and frustration, guard their products jealously, holding out for the ‘Deal’ which never comes. This is why an alliance of filmmakers that understands the desired goal and strategies is important; an alliance that would be an equal partner in the enterprise. Members of the alliance must be prepared to place their product with the enterprise in exchange for equity. It is important that a critical mass of regional product be on the table so that the enterprise may leverage the best arrangements with international and regional distributors and channels.

Funding:

To set up such an enterprise will take significant investment. It cannot be a modest, humble, third world initiative. This has to be the Caribbean claiming its rightful place as a region in the global media environment. We can do it. We have the managerial and entrepreneurial talent, we have the creative talent and we have the technical talent – much of it in the diaspora. We have to be able to attract the best for this is a serious last chance for the region to declare itself as a region – and by ‘region’ I include the diaspora. To do so we need the resources to attract the talent such a business requires.

I am clear that this is what is needed though I remain cynical as to our chances of securing the commitment required from governmental sources. This is a serious business opportunity and there should be the possibility of serious investment. To secure this we need commitment from so that we have something to go knocking on boardroom doors with.

CONCLUSION:

The key word here is ‘serious’. If we are not serious we will not succeed. If we fail we will remain a region of crabs in a barrel picked off one by one by those in the rest of world who want to eat our lunch. Nearly half a century ago television came to our region and instead of being used in the building of our new nations it was seen as a badge of modernity, at once a status symbol and a circus to distract the population from its political turmoil. It began under the control of powerful cold war political and commercial interests that later passed management to the local pimps of neo-colonialism. That structure is now obsolete and faces a vastly diminished role.

The gatekeepers who have kept us out are disoriented and in disarray, their power is weakened. Now is the time to make our own future and grasp firmly the opportunities that are presenting themselves. If this region is to have any future as a distinct region and make the contribution to the world that our visionaries (such as the late Rex Nettleford and Lloyd best) have always believed, we now have our last chance ... if we are serious.

Christopher Laird
February 2010