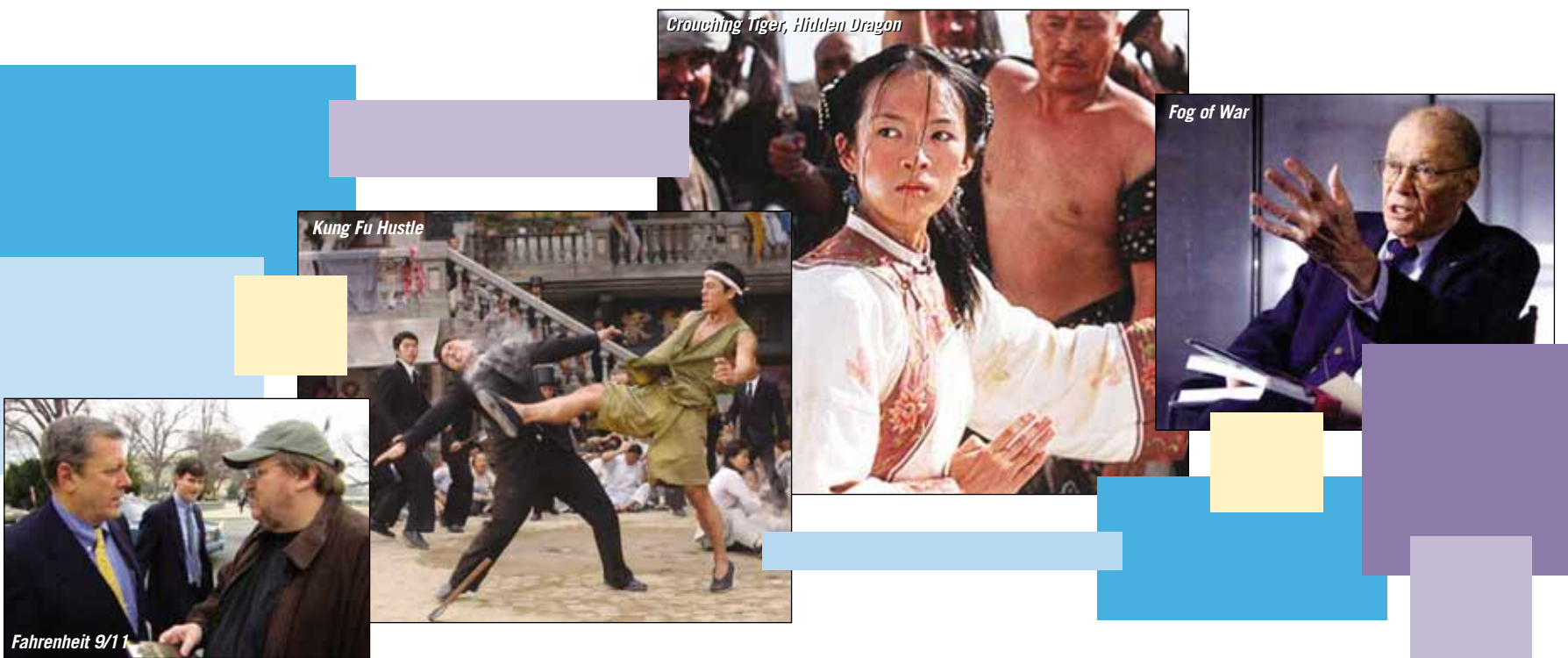


Foreign & Arthouse

10 AUGUST 2005



No language barrier

Subtitled releases, art films form big market segment

By STUART LEVINE

Though studio DVD toppers could be excused for being in panic mode after statistics revealed that double-digit growth might be on the way out, executives from smaller distributors, particularly those that specialize in foreign-language and arthouse films, aren't as pessimistic. And such films are getting increased attention from the majors as well.

Spanish-language and Asian films have seen an uptick in recent years, with some independent suppliers finding success specializing in one of those two niches. On the arthouse side, more independent films are breaking out, including documentaries. Audiences have been shunning some seemingly assured big-studio hits in favor of the new and different.

ThinkFilm's *The Aristocrats*, the study of various comedians' treatment of a dirty joke, is the most recent example of a theatrically released

documentary whose success should transfer to DVD, says ThinkFilm head Jeff Sackman. Sackman says he began pursuing documentaries when more traditional arthouse films stopped performing as well at the

box office. ThinkFilm, which recently announced a distribution deal with Sackman's former company, Lions Gate, will release on DVD in September the Best Documentary Oscar winner *Born Into Brothels*, which also won awards at Sundance and other film festivals

worldwide. *The demand for arthouse films and docs is high.*



Lexine Wong

than 4 million units—worth an estimated \$100 million at retail. Add that to its \$128 million domestic box-office take, and it proves that non-English films have made an enormous impact with American consumers.

On the arthouse side, lower production costs for documentaries and other arthouse films can create generous profits if DVD sales take off. Lexine Wong, worldwide

DVD marketing head for Sony Pictures, says anticipation for these films often begins on the festival circuit. "Ten to 15 years ago, you kept festival awards stuff off the box cover, but now, if you say a film played at Sundance, it starts the buzz-making," she says.

For Sony, whose library recently grew with the acquisition of MGM and now has about 300 arthouse films including 47 Oscar-nominated movies, having these films complement such blockbuster titles as *Spider-Man* makes

See Language on p. 11

Call it an indie sampler

Film Movement knows what's good for you.

The DVD-of-the-month-club mail-order company selects a well-reviewed arthouse or foreign film full of festival pedigree—and rarely seen by U.S. audiences—and ships it out to its growing membership base (the company wouldn't release figures) as chicken soup for the cinephile's soul.

"I grew up in Washington, D.C., spending all my time at indie theaters," says Josh Levin, Film Movement's marketing head. "I've always been a huge fan of independent and foreign films. I would read reviews in [*DVD Exclusive* sister publication] *Variety* about films debuting at Sundance and Cannes and never get to see them. We're bringing the festival to people who can't make it to the festival."

For a subscription price of \$14.95 per month, customers get a disc delivered to their mailboxes, in a business operation similar to online rental giant Netflix. The big difference, however, is that Film Movement's



It's like a film festival through the mail.

discs are for viewers to keep for their collection.

Since its inception, Film Movement (www.filmmovement.com) has shipped out 31 films that originated in all corners of the globe. The July release *Agata and the Storm* was nominated for awards in its native Italy, and

this month's release of Russia's *Roads to Koktebel* won audience awards at various international film festivals, including Karlovy Vary and Cinemanila.

Film Movement topper Stuart Litman says that although he realizes not everyone might be happy with a particular selection, he emphasizes that the titles aren't chosen haphazardly. Movies are selected by three different panels of up to 14 people, ranging from senior staff to acquisition experts to festival programmers. "For every movie that we have, people will understand why they were sent it," he says.

"Our model is similar to a festival," Levin explains. "People buy festival passes, but rarely do they buy tickets to one title. They trust that the programmers have put together a good program for them." ● —S.L.

Spanish-language discs represent growing niche

By STUART LEVINE

In ethnic-heavy parts of the country, newly arrived U.S. residents are quick to purchase a disc that reminds them of home. Nowhere is this more evident than in areas with a large number of immigrants from Spanish-speaking countries.

"The demand for Latino product among retailers is growing every day," says Concepcion Lara, Latino sales expert for Ventura Entertainment and its Studio Latino division. "The market is still embryonic. As DVD revenue flattens in the overall market, retailers are going after niche markets."

But with approximately 42 million Latinos living in the U.S.—about 10 million more than the entire population of Canada—"niche" is something of an understatement. So for distributors specializing in Spanish-language programming and huge numbers of

Latinos entering the States annually, the revenue potential is tantalizing.

There's a limit to profit margins, however. "For the Latino market, price plays a very big factor," says Lara. "It's a very price-sensitive market."

Combining a popular program with a low cost has worked extremely well for BCI Eclipse, the division of DVD distributor Navarre that sells the popular children's series *Cantinflas Show* at an affordable \$9.98 per disc.



BCI Eclipse's kids' DVDs are priced low.

And even at less than \$10 per unit, *Cantinflas* is BCI's most profitable product, with sales at about 150,000 units. "It's generating huge growth for us," says sales guru Greg Glass. "You want to keep the price points where the customer is getting value."

Lara and Glass agree that unlike mainstream titles that need to make a huge impact during their first week on sale, Spanish titles

have done well with a slow-growth approach. In many ethnic neighborhoods, positive feedback from the residents can be as important a marketing tool as a full-page ad in the local newspaper.

"These are very tight-knit communities, and titles spread like a virus," explains Glass. "We'll see sales that will remain consistent for the first six to 12 weeks. Word of mouth is huge."

Other marketing approaches can work as long as they're targeted correctly, executives say. Los Angeles' well-read Latino paper *La Opinion* is one way to alert Spanish buyers to product as well as buying ad time on popular networks such as Telemundo.

But despite the advertising, many DVD buyers don't decide what they'll purchase until they get into the store and wade through the bins. Discs are often shoved behind the recently released mainstream films, frustrating both Spanish consumers and marketers.

"The big issue is that Spanish titles need to be well-merchandised, so they're not buried in the store," says Lara. "The challenge for us is to partner with retailers, making

sure consumers know the product is available."

Price-conscious Latinos do much of their shopping at the giant retail stores, where they can pick up clothes, household items and DVDs in one excursion.

"Wal-Mart, Kmart and Target are much more geared toward the Mexican consumer than Costco or Sam's Club," says Glass. "Some retailers have a better understanding of their Latin customers than others. There's no doubt retailers like Wal-Mart are the best in the game. We have to target the Mexican consumer, not the American consumer."

Glass says all his company's Latin titles are marketed in Spanish in order to be more accessible to the customer base.

Lara explains that although Internet retailer Amazon.com has become a major player for DVD sales, it gives short shrift to their Latin customers.

"They [Amazon] don't have a concerted effort to court Latinos," says Lara. "They sell Latino DVDs more as a foreign film than Latino to Latino. They don't have a declared Spanish-language effort." ●

Language

(from p. 10)
for an eclectic catalog.

Financially, the upside of an arthouse title can be tremendous because production and marketing costs are usually much lower than for a tentpole or even mid-level (\$50 million) film. Arthouse films also have a creative cache. "The expectations are lower on these smaller films, but it's important to have these kinds of filmmakers [Michael Moore, Errol Morris] in our library," Wong says.

Foreign and arthouse veteran Richard Lorber, who releases titles through his DVD co-venture Koch Lorber, has long been committed to films from France, Italy and other countries known for quality filmmaking. Yet lately he has been acquiring more titles from different countries, such as Israel and Korea. In September, Koch Lorber will release the Korean film *Save the Green Planet*, about a man consumed by conspiracy theories.



Koch Lorber has found success with Korean titles.

Although Lorber acknowledges that foreign and arthouse films are largely the domain of independent suppliers and as such represent only a "niche within a niche" in the DVD world, he sees it as a

market worth serving. "It's a powerful audience base of people who love filmmaking," he says. Lesser-known foreign titles are often marketed to the particular ethnic groups that speak the language of the films—Spanish films to the growing Latino population, for example. However, Tom Larsen, general manager of Korean film distributor YA Entertainment, says foreign films often do well beyond the intended ethnic audience.

"The appetite is outside the community, where 90% to 95% of our customers are non-Korean," Larsen says. "They need the subtitles. It's part of the Korean wave of

music, TV and movies." Still, reaching consumers of foreign-language and arthouse films requires a more deft touch than for most mainstream titles. Taking out a full-page ad in *Entertainment Weekly* isn't usually the best strategy, according to marketing

execs who make sure the right product gets put into the right hands. Tracey Garvin, DVD marketing maven at Sony, goes for a more highbrow approach when getting the word out on the studio's arthouse titles. "You have to be much more targeted with these films," she says. "We like to go into bookstores where people might be hanging out for two hours."

To promote Errol Morris' Oscar-winning documentary *The Fog of War*, Sony worked with school districts to use the film as a learning tool about the Vietnam War. And for the upcoming release of *Kung Fu Hustle*, which garnered terrific reviews earlier this year, Sony will use its huge games division—PlayStation—to entice young adult males to check out the chopsocky film. ●

Additional reporting by Cindy Spielvogel

The home cinematheque

When Henri Langlois started the Cinematheque Francaise in 1936, watching movies in the comfort of your home was still decades away. During the '40s, '50s and '60s, Langlois' daring programming choices—from European silent cinema to Hollywood—inspired a new generation of filmmakers, including Francois Truffaut and Jean-Luc Godard, and a culture of cinefiles was born.

But it wasn't until the DVD boom of the late '90s that the idea of a home cinematheque (literally film library) fully blossomed. These days, avid cinefiles need not leave their homes to indulge in their passion, whether it's modern Iranian cinema, classic French New Wave or mind-bending pics from Asia.

"What DVD does is it gives you the opportunity at a very affordable price to build your movie collection in any way you want," says Facets Video marketing director Ed Husayko. Chicago-based Facets has evolved from a traditional cinematheque cum video store into a DVD distributor with a rent-by-mail program similar to Netflix ("though with a bigger library," Husayko says).

"The culture of movie watching has changed with the growth of DVD," explains Joyce Shen of No Shame

Films. "DVD has given life to the smaller independent and foreign films that nobody will be able to see in theaters again."

Upstart DVD companies such as No Shame, which specializes in overlooked Italian films such as Quentin Tarantino favorite *The Strange Vice of Mrs. Wardh*, stand alongside traditional arthouse distributors such as Kino (offering a great selection of silent cinema) and New Yorker Films in the DVD world. The Criterion Collection has segued its laserdisc biz into a successful DVD line, and companies including Anchor Bay and Blue



Foreign films have found a U.S. audience on DVD.

Underground, among others, help uncover everything from cult pics to spaghetti westerns. Tartan USA has launched its successful Asia Extreme DVD label, while Wellspring has released virtually all the films of Eric Rohmer and Rainer Werner Fassbinder.

Thanks to DVD, there has been no better time to be a cinefile. But just because a film fan adores Kieslowski instead of Spielberg doesn't mean he or she isn't interested in the same things. Facets' Husayko suggests that special features might be even more vital to the Kieslowski fan because "they're even harder to find." ● —RYAN MOTTESHEARD