

The background of the entire page is a photograph of rows of red theater seats, viewed from the back, receding into the distance. The seats are upholstered in a dark red, textured fabric. The lighting is dim, with a slight glow from the front, creating a sense of depth and perspective.

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20.02

PVOD IS HERE TO STAY

Coexisting in the revolution of home video distribution

PVOD is enjoying a moment out of necessity. The right tools are needed to make it a long-term success.

By Michele Edelman, Head of Growth, Steve Rosenberg, Chief Commercial Officer, and Catheryn Mallari, Sales and Marketing Coordinator, Premiere Digital Services

ABSTRACT: Content creators reassessed distribution strategies from the big screen to the small screen. The new digital ecosystem demands smart, data-driven tools to provide meaningful insights to navigate the distribution landscape and captivate audiences with varied PVOD, EST and VOD windowing.

As the virtual lifestyle becomes synonymous with the new normal, the trend towards premium video on demand (PVOD) has expedited its prominence in the digital world with blockbusters and mid-budget films debuting in individual homes. With theaters in prominent markets like Los Angeles and New York City closed and theaters in other markets open with limited capacity, studios are navigating less chartered waters in home entertainment. With all eyes on screens, what once was heralded as premiere weekends at the box office have transitioned to premiere hours in living rooms and virtual watch parties.

THE ROAD TO PVOD

PVOD is a video distribution model offering new release content at a premium rate for rent or purchase. Though PVOD has more noticeably taken the spotlight these last several months, the idea had been executed earlier in Hollywood at a smaller and less significant scale. However, nothing came to fruition until lockdowns and large gatherings prevented moviegoers from witnessing the magic of the big screen in person. Even prior to the onset of the global pandemic, the increasing use of streaming platforms had shifted consumer behavior to a more convenient and more accessible content preference. Some strategies have profited from additional subscriptions for

coveted title releases such as *Hamilton* and *Onward* on Disney+ or blockbuster films with high profile actors such as *The Old Guard* released as a Netflix Original. This direction has enabled title monetization to drive D2C platform subscriptions. As a result, PVOD has become a practical exploration for appealing to evolving consumer preferences, while seeking an alternative model to maximize profits from an increasingly limited theatrical window.

PVOD IN THE SPOTLIGHT

As more studios began experimenting with direct to digital releases, the outcomes varied with differing approaches to maximizing transactional revenue through direct to consumer outlets as 22 percent of U.S. consumers paid to watch PVOD in the summer of 2020. NBCUniversal pioneered the effort with its highly anticipated *Trolls World Tour* available only for rent at \$19.99. This franchise sequel topped iTunes and Amazon charts at No. 1 earning about \$95 million in its first 19 days of PVOD in domestic markets. Other studios followed suit with varying transactional offers, exploring preorder, EST and VOD strategies. For example, Warner Bros.' *Scoob!*, was available for purchase at \$24.99, and to rent for \$19.99, topping the iTunes and Amazon charts faster than its animated family tentpole predecessor and becoming the top trending movie on HBO Max the month after.

Then *Mulan* was first released with Premiere Access, exclusively streaming on Disney+ for an additional \$29.99 on top of the \$6.99 monthly subscription fee, becoming Disney's first big-budget blockbuster to debut digitally in domestic markets. Studios' PVOD strategies share their profits with platforms by a 20/80 or 30/70 split, but Disney was the first to leverage its own D2C SVOD service, Disney+, reaping 100% of the profits. They also had a complementary release through in-app purchases on the Apple store, Roku and Google Play and its subsequent availability on Vudu and FandangoNOW a month later. After multiple theatrical postponements, *Mulan* would

be one of Disney's most highly anticipated big-budget films to venture into the PVOD market via D2C SVOD, indicating yet another major studios' willingness to explore PVOD as a viable avenue of distribution both alternatively or complimentary to theatrical releases.

As the numbers are still tallying and the results are still being evaluated to determine PVOD's incorporation in the overall life cycle of a title, B2B companies such as Premiere Digital have stepped up with "smart tool" offerings like STOREFRONT to support visibility into PVOD releases and evaluations of their success with reliable data.

SMART TOOL SOLUTIONS FOR NEW RELEASES

With more titles available digitally and an increased demand for new content, it has become pivotal for studios and platforms to make strategic decisions to ensure revenue driving content is available to consumers. In the digital landscape, one minute or one second can translate to hundreds of thousands of dollars lost or gained depending on the correct availability and pricing of PVOD releases.

Premiere Digital's STOREFRONT is a SaaS solution for major studios and digital platforms to manage global content distri-

bution. Having supported global PVOD releases for major studios throughout 2020, STOREFRONT has enabled decision makers to develop data driven strategies around PVOD and track title availability at a global scale. Its Pre-Live Monitoring module offers high frequency updates for new release availability status across both global and domestic platforms with content monitoring 48 hours before and after a title's digital release. This functionality has enabled studios to prevent piracy from early PVOD releases prior to a title's intended premiere date. It has also protected against revenue losses by notifying users immediately when PVOD titles are not available in profitable markets and platforms worldwide. Similar to consumer use of insurance to prevent against significant losses, Pre-Live Monitoring prevents significant revenue losses for your PVOD titles. Even after the premiere hours of PVOD releases, STOREFRONT continues daily reporting in the event a PVOD title becomes unavailable or is priced incorrectly. As transactional VOD becomes more profitable in the OTT landscape, STOREFRONT exemplifies the cornerstone from which customers can effectively strategize around vast access to real-time data on a centralized interface.



Michele Edelman has served in leadership roles with top entertainment companies from Warner Bros. to Vubiquity. In October 2019, Michele joined Premiere Digital to focus on the company's mission and vision, positioning itself for the future of digital distribution.
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Since joining Premiere in 2013, Steve Rosenberg has brought 17 years of experience in technology, software development, finance and management from 20th Century Fox, establishing the company as a leader in digital product lifecycle and storefront management.
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THE FUTURE OF PVOD

As theaters deal with the unpredictability of the global pandemic in the coming months, PVOD proves to be a viable home entertainment distribution model that spearheads the new age of transactional business. As conditions become safer for large gatherings, there is a growing consensus that the movie viewing experience will not snap back to its previously crowded movie theater premiere weekend.

The global pandemic has challenged the entertainment industry to explore uncharted terrain for content distribution as

PVOD remains in the experimental stage of this exploration. As a result, with limited theatrical distribution globally, studios are continually adapting their distribution strategies for new releases with a PVOD mindset for both blockbuster and mid-budget films. Whether future titles will be released in domestic or global markets or distributed with a digital, theatrical or hybrid models, PVOD is a testament to studios and platforms' willingness to take risks and innovate content distribution.

Now that PVOD represents the first revenue window for most studios, the stakes of

its experimentation are higher than ever before with PVOD serving as a strong source of revenue for studios during the pandemic. Thus, tools to ensure the profitability and availability of PVOD releases have become increasingly essential to optimizing success for PVOD titles. PVOD is probably here to stay and it is essential that studios and platforms have the tools to adapt to the new movie landscape, ensuring they have full visibility and performance tracking to optimize success for all new releases worldwide. ■



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