

# DIY FILM DISTRIBUTION

How to Sell  
**Your Film**  
Directly to  
**Your Audience**

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# **CRAFT TRUCK**

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# Introduction

Many of the questions and comments that we get at Craft Truck, and specifically the [Business of Film Podcast](#), are about distribution and filmmakers taking control of their films.

We've been lucky enough to have some of the best in the business join us on the podcast including CEO's of Gathr, Tugg; Paladin, and Executives at The Weinstein Company, VHX and more. Together, these interviews weave a very compelling story of what is working and, importantly, why certain films work do not work.

Certainly, I would urge you to listen to the in-depth conversations with these market leaders; we've also had conversations with publicists, lawyers, business affairs and production executives, and we've covered almost every facet of the film business. This is a not a transcription of those interviews, but is the best parts.

The story we hear about the state of the industry is, for the most part, uniform. There are new entrants coming into the space every day. New platforms and means of getting your product out there. There are, frankly, more opportunities - and challenges - than ever before for the independent filmmaker.

DIY distribution has fast become a truth in our business. It's not just for the outsider anymore. DIY distribution is an acceptable means of distributing content, and also can be a quite profitable means of getting your film to your audience. The recent big change is that now filmmakers have the tools available to actualize what they want: to bring their own film to an audience who wants to see it.

Before we begin: here are two resources that I recommend you check out if you are serious about self-distribution:

[Tugg School for filmmakers - a host of resources, tools, and case studies](#)

[Seed & Spark's Crowdfunding Class for Filmmakers](#)

# What Is DIY Distribution?

The DIY model, on a practical basis, means that you haven't sold your rights. You are retaining all rights to your film, and then you, the filmmaker, decide how to parcel them out.

In the DIY model, there are—as in any distribution model—decisions that must be made about how you will sell your rights and onto what platforms. You have the options of working with online tools such as Tugg and Gathr and Seed&Spark, for example, to help facilitate getting your film into theaters via a theatrical-on-demand model, to sell directly to your audience.

There are also platforms such as IndieFlix and VHX that allow you to go directly to your audience.

The simple fact is that the online proliferation of methods of distribution allow for any myriad of options to distribute your film.

For the bigger, brand-name digital distribution options, the difficulty and challenge continues to be access. You can't just call up iTunes, for example, to get your film onto

that platform. You have to go through an aggregator: a company that has a vendor number with iTunes and that has the ability to place your product onto it.

However, what we want to explore is what you, the filmmaker, can directly control: theatrical-on-demand and your own website. If you do the former well, the latter will fall into place as a means of exploitation, as will all of the other platforms that are traditionally sitting behind gatekeepers who provide access to the big SVOD, EST, VOD and, of course, television platforms.

## The Filmmaker/Distributor Relationship

Being both the filmmaker and the distributor, you are responsible for the complete end-to-end experience of making aware your public audience, promoting, and marketing the film. The end goal of which is getting people to see your film.

It's empowering to have that kind of control over your film. If you are successful, there is really no differentiation between your film and a film released by a studio. At the end of the day, it's all about getting people into the theater. Or downloading your film.

# FILMMAKERS OWNED WEBSITES

*“The existing model for filmmakers, for the past 35 years, is that you create the work and you sell it to the distributor and they handle all the audience stuff; that is not the model of the internet. The internet is one where the connection with the creator is the most compelling part of the story.”*

*- Jaimie Wilkinson, CEO VHX*

The writing is on the wall, the distribution landscape has changed in such profound ways. Most notably is the ability for filmmakers to take control of their work and be empowered to sell their creative digital video content direct from their own sites to their fans.

There is undoubtedly going to be many entrants into this space. But at the time of writing, there is none that I, personally, am as impressed with as VHX (*note: I am not affiliated with VHX in any way and I make no money from saying this. But I have used their site. And I believe in their mission*).

The truth is, that it's a tricky thing to get right. As this space takes on a greater role in the distribution landscape, the competition will increase for the go-to place for filmmakers.

When VHX first started, as Jaimie Wilkinson, CEO and Co-Founder of VHX says "scaling and opening the platform to everyone was always the goal. Our first release was Aziz Ansari's comedy special called Dangerously Delicious. The reaction was huge and immediate and it was in the wake of what Louis C.K. had done separately from VHX. It was readily apparent that this was an entirely viable model for a high end producer with a lot of audience like that. A few months later we worked with Indie Game: the Movie as well as releasing globally with iTunes. They are a flip side case because they are first time filmmakers and they don't have millions of followers. They had 8000 Twitter followers at the time. And they also did phenomenally well."

It was clear, whether a big brand name comedian or a producer who is bootstrapping their way to their fans, the direct-to-fan model worked.

## Lesson #1: Get Started Early

When you look at the analytics of what works on these platforms, it's producers, filmmakers, and content creators that have been building audience for a long time.

The fact is that selling on your owned website is the last step in the puzzle, or one of the very last steps at least.

The key is to develop your audience early and start the process of collecting email addresses. You'd be surprised how many people wait until farther down the line to build audience in a meaningful way and collect email addresses that will allow you to keep in touch with your core audience.

What's interesting is that this is a skill that YouTubers are good at. But with filmmakers this is the last skill that they are good at. It starts super early, it starts when you first name your project. It's a long slog, audience building, but it can stay with you for a lifetime if you do it right.

## Lesson #2: Carve Out Website Rights

You need to find a way to work with your distributors when it comes to self-distributing your product on your site. Many, not all, but many distributors will see the value of bringing your audience and fan base to the sales of the film.

What you want to try and avoid is "handing over your fan-base" to your distributor. Even if you plan on retaining a certain amount of rights, especially domestically for a theatrical release, it is almost certain that you will be working with foreign distributors at some point.

Many distributors want to control the process end-to-end, but more and more often that's just not the case any more. Filmmakers are taking a proactive approach, especially when it comes to the audience that they've build.

**Four things to consider before entering into a distribution deal;** and keep in mind that in the long run these tips should help both you and the distributor:

1. Think globally from the very beginning. Allow for the world-wide releasing of your title on digital at the same time. Over 60% of the sales from direct-to-fan sales come from outside of the United States. On VHX, the top performing titles are those that are available worldwide at the same time.
2. If you can not go world-wide, tighten the windows as much as possible.
3. Ensure that your platform allows for revenue sharing models according to geography. If the entire world is pointed to one website, then someone from France or Germany can just as easily download your film as someone from North America.
4. Make sure that your web platform can carve out the revenue so that sales in Germany are split according to your German deal and so on. These tools should be available on any direct fan base site that you choose, so check before you choose your platform.

## Lesson #3: Leverage YouTube

According to VHX as the model platform, one of their best converting source of traffic, next only to direct email, is YouTube.

### **Three things to do on YouTube before you release your film:**

1. Trailers - this is a no-brainer right!
2. Pre-release content and clips - give people clips before you finish it. For people that are following your movie, the most compelling thing you can give them is parts of your movie; and,
3. Highly converting website sales come from filmmakers that are giving away the bulk of their content. The more you give, the more you'll get back when it comes time to sell your film to your audience.

The lesson in all this is to have a lot of content available to give away to your audience. YouTubers are all about video content, so it makes sense that they would want to share and connect with your fans. **It doesn't need to be high-end production value, it just has to be video content that you think will connect with your audience.**

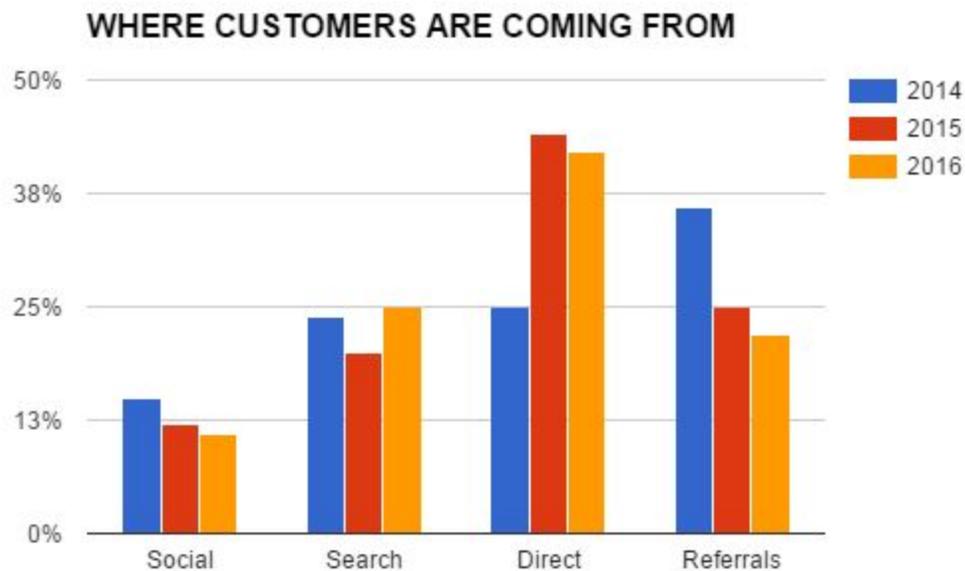
Continue to keep that audience engaged and deliver as much as you can for as long as you can straight through the release; and then, even into the distribution of your film.

The more you connect - and give away - the greater chance people will want to continue the relationship with you.

## Lesson #4: Where Does the Traffic Comes From

Here's the aggregate data on where customers and traffic comes from on VHX's platform: [Click this link to see the live data.](#)

It so happens I've been tracking this data for three years and I LOVE the story that it tells. Here's a chart of where traffic has been coming from for the past three years.



## 1. Referral

This is traffic that is being sent to your site from other websites. Now, I bet you are curious to find out what the #1 source of referral traffic is - it's not guess really, we just mentioned it - YouTube. After all, this is the film business we are talking about.

But, as you can see clearly, referral traffic has been going down.

## 2. Direct

When you look at the graph, it's clear, direct traffic is king. Direct traffic is made up of a combination of people typing in the url directly; or from direct email links.

**IMPORTANT: Direct traffic makes up the #1 source of revenue.**

## 3. Search

Search is all about finding your film in Google, Bing, Yahoo. The name of the game is SEO. But that's an entirely other subject. But, there is something important to take away from this.

If a full quarter of the people who come to your site do so via search, they are going to be making a decision to stick around, or not, fairly quickly. So, keep in mind these two things:

**First, look at your bounce rate.** Are people actually sticking on your site or do they just leave right away. This will give you a good idea if people are coming to your site for the right reason.

**Second, look at the conversion rate.** You want your conversion rate to be at 3%.

If it's less than 3%, you can try lowering your price. If it's more, then good on you. But retail average is about 3% so you'll want to aim for that.

It's a balancing act between price and conversion rate. Keep in mind that successful titles utilize “flash sales” at least once a month. So don't be afraid to offer deep discounts to affect conversion rates.

#### 4. Social

This is lower than I would have expected given all the social media hype. But, with Facebook changing their platform to be ad supported and the increasing noise in the various social media channels, I'm actually surprised that social is driving that much traffic at all. Still, it's an important element. Mostly because you control it. Search and referral you have less control. Social and direct you have almost complete control.

On July 11, 2014, I predicted on a Craft Truck blog post that over time social would go down and direct will go up. I'm saying this because it seemed like that was the trend and the numbers now seem to be supporting that.

The bottom line is that you need to be everywhere because your audience will come from a varied and wide range of places. But as for where and how your traffic finds you, there is a clear pattern:

- 1. Connect with your audience early.**
- 2. Build your audience.**
- 3. Collect information that will allow you maintain an on-going relationship with them.**

# THEATRICAL-ON-DEMAND

## The Long Tail of DIY Film Distribution

**PROBLEM:** If you look at the landscape of independent cinema, there are hundreds of films that are produced every year. Of those produced films, the great majority of them have absolutely no chance of ever having a theatrical release.

Of the limited films that do get into film festivals and the even smaller pool of films that get picked up for distribution, when you do the math, it's not great for the independent filmmaker. At least that's what the on-paper numbers tell us.

Distributors only have so much bandwidth. They can only release so many films per year.

So what does this mean for all the films that don't get picked up by traditional distributors, but are still worthy of finding an audience? The opportunity to screen your film doesn't have to be lost just because the distributors can only manage a finite amount of product per year.

The assumption that if a film isn't picked up, it's not worthy of distribution is just plain wrong. But if you don't find a distributor, then—practically speaking—what is the worth

of your film? If you can't get your film into the paying theatrical, VOD, or SVOD channels, then, yes, practically, your film isn't worth much.

But if you have a film that can find an audience by DIY methods, then you are creating value where none existed before.

**SOLUTION:** The long tail model for film distribution harkens back to the days where films played in theaters for a year or longer. They would run and run and run.

Nowadays, it's one weekend. Two if you are are lucky.

*“Now we have the technological tools to go back into hyper local opportunities—the country is so big, and word of mouth takes so long that the longer we preserve the theatrical window, the better chance a film has to find its audience.”*

—Scott Glosserman, CEO of Gathr

In the traditional distribution model, an audience that you grow over time is unavailable. The marketing opportunity to develop a deep and meaningful connection to an expanding viewership just doesn't exist in the traditional model.

In theatrical-on-demand and DIY distribution, the emphasis is on building your social capital with your audience.

This connection to the consumer can grow all the way through the process, from crowdfunding your film —which creates a fan club for future tribe-building—to the theatrical release and straight on to your ancillary markets and filmmaker-owned websites. The DIY model allows you to create and build a relationship that previously was not possible. And to do it on a regional and hyper-local basis.

The big studios can't do this. Or rather, they can, but it costs tens of millions of dollars. For the bootstrapped indie filmmaker, it's all possible with the tools that are available. You no longer have to pay to play.

## Why Theatrical-on-Demand Works

*"We only had excuses, not logical answers. Ultimately we discovered that by eliminating that risk (of having empty seats) it opens up the opportunity for anything to happen in terms of programming."*

—Nicholas Gonda, CEO of Tugg

In order to understand why theatrical-on-demand works, it's worth having a basic understanding of the traditional studio model.

The entire studio model is based on large circuits which can book a film into thousands of theaters with just a few phone calls. By calling the respective regional booking teams of the major circuits, you can place a major Hollywood film across the entire United States.

These larger chains need to fill seats and are operating on the premise that a studio will spend their way to getting people into the theaters.

**The problem is that the average movie theater is running with empty seats more than 90% of the time. The average utilization rate of a movie theater is approximately 15%.**

According to Scott Glosserman, GEO of Gathr:

- There are 46,000 screens in the United States.
- 99% of the seats are empty Monday to Thursday.
- 93% of seats are empty Monday to Sunday.
- Box office represents 7% of capacity.`

**Theatrical-on-demand works because it solves a problem in the industry.** It fulfills the promise to the theater chains that people will be present, eliminate the risk, and provide a new economy of effectively found revenue for the independent film community.

Theaters don't care if it's a studio film or an independent film with an engaged community. The greatest barrier to entry for independent filmmakers has traditionally been that theaters would not want to speculate on whether or not a film would come with an audience. Hence the reason why studios spend millions on prints and advertising (P&A); to give theaters the comfort that a film will bring as many people into the seats as possible.

Until now, there was no way for an independent filmmaker to compete with studio P&A spending. Even though, by itself, spending doesn't guarantee an audience.

## The Audience Strategy

Theatrical-on-demand model works when you have a specific, identifiable market.

For example, let's pretend you've got a film about drones. It's not so hard to imagine that you could find a large group of people who are interested in piloting drones. There are highly targeted websites, blogs, trade magazines, shops, etc., all of which you can readily identify.

**The key to finding your audience is understanding that you aren't dealing with a market that you are defining by age, gender, and income level**

**(demographic information); you are defining your audience by their likes and associations.** These people, regardless of this demographic information, you can target in a highly specific manner.

Now, compare this to a film where you are dealing with a dramatic narrative—let's say a love story about two teenagers who are having their first romance. Sounds like something we've all seen before, right? The script might be brilliant. Your casting might be wonderful. But the reality is that it's going to be more difficult to market and promote this film because your audience isn't specific enough.

But wait, you say, my audience is going to skew female between the ages of 14–24. So what? You can't find these people as easily as you can those who like to drones.

You can say, “Sure we can. We'll target blogs and social media sites, we'll do promotions in schools...” And the list goes on. But this sounds a lot like a film that will require at the very least a distributor that knows how to get a film placed in the right way to penetrate a very wide base audience. Not to mention significant funding to reach this demographic.

And that's the fundamental difference between a film that works in a theatrical-on-demand market versus ones that don't.

**Documentary films, or films with identifiable audiences, tend to work much better in the theatrical-on-demand market than narrative feature films.**

Filmmaker Driven Audiences:

However, there are all sorts of caveats to the notion that *only* documentaries work.

Many of these examples came with an audience that was already built from other kinds of underlying properties or pre-existing fan bases.

Lets look at two examples of this. For starters, an example of an audience loyal to the filmmaker: If, say, Joss Whedon goes out with a film that he wants to sell directly to an audience, or place in a theater via a DIY distribution method, he can do that. Why?

Because he already has an audience and an avid fan base that has been cultivated over years. The same goes for pretty much any celebrity who has entered this new marketplace.

So in this case it's important to separate the genre of the film or the kind of film from the audience itself. It may be that the genre of the film has nothing to do with its success in terms of getting people into theaters; it may have much more to do with the person who is promoting the film, the person who brings the audience. **This is what the new model of DIY distribution is starting to look like: having audiences that you, the filmmaker, have cultivated.**

## Property Driven Audiences:

The second typical example is when a project is based on a book or property that is already widely known. If this is the case, it's the same type of thing as above. The underlying property is what brings the audience as opposed to the type of film itself.

As such, you better understand from the very beginning what your marketing strategy will be, because otherwise it will be exceptionally difficult to find your audience without spending your way to audience awareness.

Whereas if you can identify your audience by their likes and dislikes, you have a much better chance of doing well in a DIY model.

## But Is It Really Worth It?

The toughest question to answer up front is whether you should embark on this campaign from the outset.

We know that most theatrical releases don't make money. They are expensive and, ultimately, are they truly necessary?

The great benefit of theatrical has always been and will continue to be—for the indie—the awareness factor and ancillary market benefit that a theatrical release can bring to the life of a film.

When a film has a theatrical release in the United States, it's worth more in the ancillary and foreign markets—more often than not—than had it not seen the dark comfort of a theatrical venue.

The critical factor is that when you have a theatrical release, what you really have is an event that can be publicized. That can drive public awareness.

Most newspapers, websites, blogs, and reviewers won't cover the film unless it is having a theatrical release—period.

The fact is that hundreds of films are hitting our digital shelves all the time. The options are plenty. Not to mention that beyond all the new films that are being made available, there is also a library of backlist content that you have at your disposal to choose from at any given moment.

There are just too many options now for a consumer. Or more to the point, there are enough options where you have the ability to find what you want any time you want to. That poses a very large problem for filmmakers.

A theatrical release gives the filmmaker an opportunity to get written about. To get noticed. Because once your film hits the digital shelf it's already too late. Your film is now just part of a vast catalogue.

The theatrical experience gives people an opportunity to learn about your film so that once it hits the the digital space, your audience has at least heard of it.

## Effective Windowing

You have to give you film the time to breath when you are doing DIY Distribution. You need the time to open your film in a variety of markets. To build the story of your film. To raise awareness.

DIY distribution is about taking your film on a road show. Market by market. theater by theater.

Now, to be fair, there are two very radically different schools of thought on this.

On one hand, there are people - and quite knowledgeable industry veterans at that - who are lobbying for the collapsed window. That's the day-and-date option of going out on all platforms at once. theaters, TV, iTunes, direct download, DVD. Put it all out there at one moment in time.

Then there's the theater chains that - in many cases - at least the larger chains, that will not take or show you film unless you give them a ninety-day window before your film can go onto other platforms. Be it television, digital download, whatever.

So, what's better?

The Long Theatrical Window:

Difficult to answer. But Scott Glosserman at Gathr makes a compelling argument for the longer windowed theatrical release:

*"we are totally in favour of an exclusive ninety-day window. We strenuously recommend that filmmakers allow for their movies to test the waters in movie theaters. The fact is that the theatrical creates awareness. It's a found marketing opportunity which may result in richer deals. So it serves the filmmakers to serve theatrical-on-demand in lieu of a traditional model because those models will always be there."*

If your movie is going to sell to TV, it will sell to TV regardless. If it's going to get placement on iTunes or other digital platforms, those opportunities should still be there for you, and more so, if it's had a successful theatrical run.

To the extent you can give your film room to breathe in the market, to find new audiences and regional champions for your film, the better off you will be. Theatrical campaigns create an opportunity allow a publicity campaign and word-of-mouth to snowball your audience.

That's solid logic. Hard to argue.

After all, this is long-tail distribution we are talking about. So the longer you allow for your film to find its audience, the more chance that your audience will then eventually click download or rent when your film finds its way to digital channels such as Amazon, iTunes, Hulu and more.

You won't get 100% of your audience into the theaters, but the more awareness you can raise for your audience during this long-tail model, the more economic benefit your film will receive.

## Day-and-Date:

When going day-and-date, you are playing a different game altogether. And this kind of game would typically involve a distributor that has established output deals with all of the various digital platforms and theaters so that they can execute this strategy. And, likely, spend some P&A to drive awareness across all of these platforms.

In all likelihood, as a filmmaker you will neither have the budget to create a proper P&A campaign with the reach necessary to get your film onto these digital platforms. So, to be clear, this is not an argument to "not" go day-and-date as much as it is an issue of capacity. Most filmmakers simply don't have the capacity to execute this kind of strategy because it's not what they do.

Filmmakers who are interested in DIY theatrical can focus very specifically on creating, launching, and cultivating a theatrical-on-demand campaign over a period of time. It's something they can control effectively because they can control the conversation with their audience.

## ONE FINAL NOTE:

I hope that you have enjoyed this eBook. DIY Distribution is a long journey, and if done right, it's well worth it. I'd say you are well on your way already if you've come this far.

If you are interested in more business tactics, I encourage you to check out our podcast, [Business of Film](#).

Cheers!

Jesse Ikeman