

FILM TROOPER'S

VOD & Digital Download Report

Week Ending July 26th, 2015



How to use this report? Film Trooper's mission is to help filmmakers become entrepreneurs. Preparing a business proposal for your film can be difficult when there is no sufficient data available to base your projections.

These reports are designed to demystify the VOD landscape, so that you, the über indie filmmaker, can better assess the potential earnings of your film if you choose to release it through a direct digital distribution platform.

Important terms to understand. The press has commonly referred to all digital movies being sold online as VOD. There is a difference between VOD and Digital Downloads. Here are the breakdown of terms ...

VOD = Video On Demand (includes everything; cVOD, MOD/TOD, FOD, cSVOD, SVOD, iVOD/AVOD)

- **cVOD** = Cable VOD (Cable/Satellite companies work co-op deals with studios to promote and sell films on these platforms. It's rare for any indie filmmaker to work these high level deals without a distributor. Most of the successful earnings reported in the press about VOD, come from these deals.)
- **MOD/TOD** = Movies On Demand / Transactional On Demand (i.e. Cable Movies On Demand.)
- **FOD** = Free On Demand (Free TV Entertainment, like ABC On Demand, CBS On Demand. This option is more attractive for advertisers, since the same commercial can be played throughout a program.)
- **cSVOD** = Cable Subscription VOD (An extension of a cable subscription premium service, i.e. HBO GO, Showtime On Demand.)
- **SVOD** = Subscription VOD (Any service where you pay a monthly fee to access filmed content, i.e. Netflix or Amazon Prime.)
- **iVOD/AVOD** = Internet VOD or Ad Supported VOD (Revenue is generated from the commercials played throughout the streaming, i.e. Hulu.)

Digital Downloads and Streaming

- **EST** = Electronic Sell Through (This is NOT always part of VOD. This is Digital Downloads, i.e. iTunes, Amazon, or Google Play. Accountants from studios are interested in the number of transactions, as they determine the amount of royalties that must be paid out.)
- **OTT** = Over The Top (Any content that is delivered through non-traditional means to a T.V., i.e. Apple TV, Roku, Boxee, Chromecast/Play, etc.)

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VOD MOVIES

Week of July 12th (Based on top transactions)

RANK	TITLE	STUDIO	VOD RELEASE	BOX OFFICE (\$M)
1	Paul Blart: Mall Cop 2*	Sony (NYSE: SNE)	7/14/2015	70.9
2	Kingsman: The Secret Service (2015)*	FOX (NASDAQ: FOXA and FOX)	6/9/2015	128.2
3	Get Hard (2015)*	Warner Bros. (NYSE: TWX)	6/30/2015	90.4
4	Longest Ride, The (2015)*	FOX (NASDAQ: FOXA and FOX)	7/14/2015	37.4
5	Ex Machina (2105)*	A24 Films	7/14/2015	25.3
6	Taken 3 (2015)*	FOX (NASDAQ: FOXA and FOX)	4/21/2015	89.2
7	Woman in Gold (2015)*	Anchor Bay Ent (NASDAQ: LSTZA)	7/7/2015	33.2
8	Second Best Exotic Marigold Hotel, The (2015)*	FOX (NASDAQ: FOXA and FOX)	7/14/2015	33
9	American Sniper (2014)*	Warner Bros. (NYSE: TWX)	5/19/2015	350.1
10	Unfinished Business (2015)*	FOX (NASDAQ: FOXA and FOX)	6/16//2015	10.2

Source: Rentrak OnDemand Essentials, as dated, rank based on Transaction Rate. OnDemand Essentials includes reporting from Operator partners on Television On Demand usage. *Indicates day-and-date with home video release.

DIGITAL DOWNLOADS

Week of July 12th (Based on top downloads)

RANK	TITLE	STUDIO
1	Paul Blart: Mall Cop 2	Sony (NYSE: SNE)
2	Longest Ride, The (2015)	FOX (NASDAQ: FOXA and FOX)
3	Get Hard (2015)	Warner Bros. (NYSE: TWX)
4	Kingsman: The Secret Service (2015)	FOX (NASDAQ: FOXA and FOX)
5	American Sniper (2014)	Warner Bros. (NYSE: TWX)
6	Home (2015)	FOX (NASDAQ: FOXA and FOX)
7	Second Best Exotic Marigold Hotel, The (2015)	FOX (NASDAQ: FOXA and FOX)
8	DUFF, The (2015)	Lionsgate (NYSE: LGF)
9	Focus (2015)	Warner Bros. (NYSE: TWX)
10	Interstellar (2015)	Paramount (NYSE: VIA & VIA.B)

Source: Rentrak Digital Download Essentials® Industry Service

ANALYZING THE DATA



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How to analyze the data? Studios are not obligated to release VOD or Digital Download numbers unless they volunteer to do so. However, we can make an educated guess of how each film will perform on VOD and Digital.

We do this by calculating the theatrical box office returns, and the number of trailer views a film has generated, then take those numbers and calculate the estimated conversion rate based on the average inbound marketing rate.

Wanna see a video explanation of this report? Click this link and jump to the 17 minute mark >> <http://filmtrooper.com/79>

VOD MOVIES Transactional Analysis

RANK	TITLE	BOX OFFICE (\$M)	CONVERSION RATE	ESTIMATED VOD REVENUE (\$M)
1	Paul Blart: Mall Cop 2*	70.9	2%-7%	\$1.4M-\$4.9M
2	Kingsman: The Secret Service (2015)*	128.2	5%-15%	\$6.4M - \$19.2M
3	Get Hard (2015)*	90.4	2%-7%	\$1.8M-\$6.3M
4	Longest Ride, The (2015)*	37.4	2%-7%	\$662,000-\$2.3M
5	Ex Machina (2105)*	25.3	2%-7%	\$506,000 - \$1.8M
6	Taken 3 (2015)*	89.2	2%-7%	\$1.8M-\$6.2M
7	Woman in Gold (2015)*	33.2	2%-7%	\$662,000-\$2.3M
8	Second Best Exotic Marigold Hotel, The (2015)*	33	2%-7%	\$660,000-\$2.3M
9	American Sniper (2014)*	350.1	10%-20%	\$35M - \$70M
10	Unfinished Business (2015)*	10.2	2%-7%	\$204,000-\$714,00

Source: Film Trooper Educated Guess

DIGITAL DOWNLOADS Transactional Analysis

RANK	TITLE	TRAILER VIEWS (M)	CONV RATE	TRANSACTIONS	AVG SELL	POTENTIAL REV (\$M)
1	Paul Blart: Mall Cop 2	4.7	3%-10%	141,000-470,000	\$7	\$987,000-\$3.3M
2	Longest Ride, The (2015)	4.6	2%-7%	92,000-322,000	\$7	\$644,000-\$2.3M
3	Get Hard (2015)	12.2	3%-10%	366,000-1.2M	\$7	\$2.7M-\$8.4M
4	Kingsman: The Secret Service (2015)	16.6	5%-15%	830,000-2.5M	\$10	\$8.3M-\$25M
5	American Sniper (2014)	32	10%-20%	3.2M-6.4M	\$8	\$25.6M - \$51.2M
6	Home (2015)	20	3%-10%	600,000-2M	\$7	\$4.2M-\$14M
7	Second Best Exotic Marigold Hotel, The (2015)	1.5	2%-7%	30,000-105,000	\$7	\$210,00-\$735,000
8	DUFF, The (2015)	22.7	3%-10%	681,000-2.3M	\$7	\$4.8M-\$16.1M
9	Focus (2015)	22.3	3%-10%	669,000-2.2M	\$7	\$4.6M - \$15.4M
10	Interstellar (2015)	55.7	10%-20%	5.6M-11.1M	\$10	\$56M-\$111M

Source: Film Trooper Educated Guess

WHAT IS THE 1% CONVERSION RULE?

For the über independent filmmaker who plans on selling their film online through direct digital distribution platforms such as Vimeo On Demand, VHX.TV, or Distrify ... and even if you plan on paying an aggregator to place your film onto iTunes, Amazon, and Google Play ... then you can estimate your returns by applying the **1% conversion rule**.

For more on the **1% rule**, you can read my article at this link: <http://bit.ly/1h6H3Rb>

The **1% conversion rule** works as follows ...

Calculate the number of views your trailer gets online ...

Multiply that by **.01** ...

The number you get will be your estimated transaction number ...

Multiply your transaction number by the average selling price of your film ...

So, if your trailer gets **3,000** views, then **1%** of **3,000 = 30** transactions ($3,000 \times .01 = 30$)

30 transactions multiplied by **\$5** rental/digital download fee = **\$150** estimated revenue ($30 \times 5 = \$150$)

1% CONVERSION EXAMPLES (Electronic Sell Through Only)

TITLE	TRAILER VIEWS	TRANSACTIONS (1%)	AVG SELL	EST	SOURCE
The Layover	80,000	800	\$6	\$4,800	http://bit.ly/1KbQKmq
Escape From Tomorrow	1,200,000	1,200	\$10	\$120,000	http://bit.ly/1FQIktA
American: The Bill Hicks Story	795,000	7,950	\$7	\$55,650	http://bit.ly/1wS13jV
Man of Tai Chi	9,500,000	95,000	\$10	\$950,000	http://bit.ly/1F64Tuj

CONCLUSION: The term VOD is relevant to films with formal distribution backing. The über independent filmmaker without a distributor, must rely on Digital Downloads (EST) numbers to estimate the earning potential for their respective film project.

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