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Escape from oblivion:
Rescuing box-office bombs

Scene from 'Heaven's Gate'

REVIVING BOX OFFICE BOMBERS

Cable is rescuing movies that have failed on the big screen

By Larry Jaffee

Peruse through any pay cable program guide and you'll come across movie titles you've never heard of before. And for good reason.

In these recessionary days when advertising, promotion and film print costs sometimes exceed a movie's total production budget, Hollywood's major studios have to think twice about theatrical premieres and large-scale distribution.

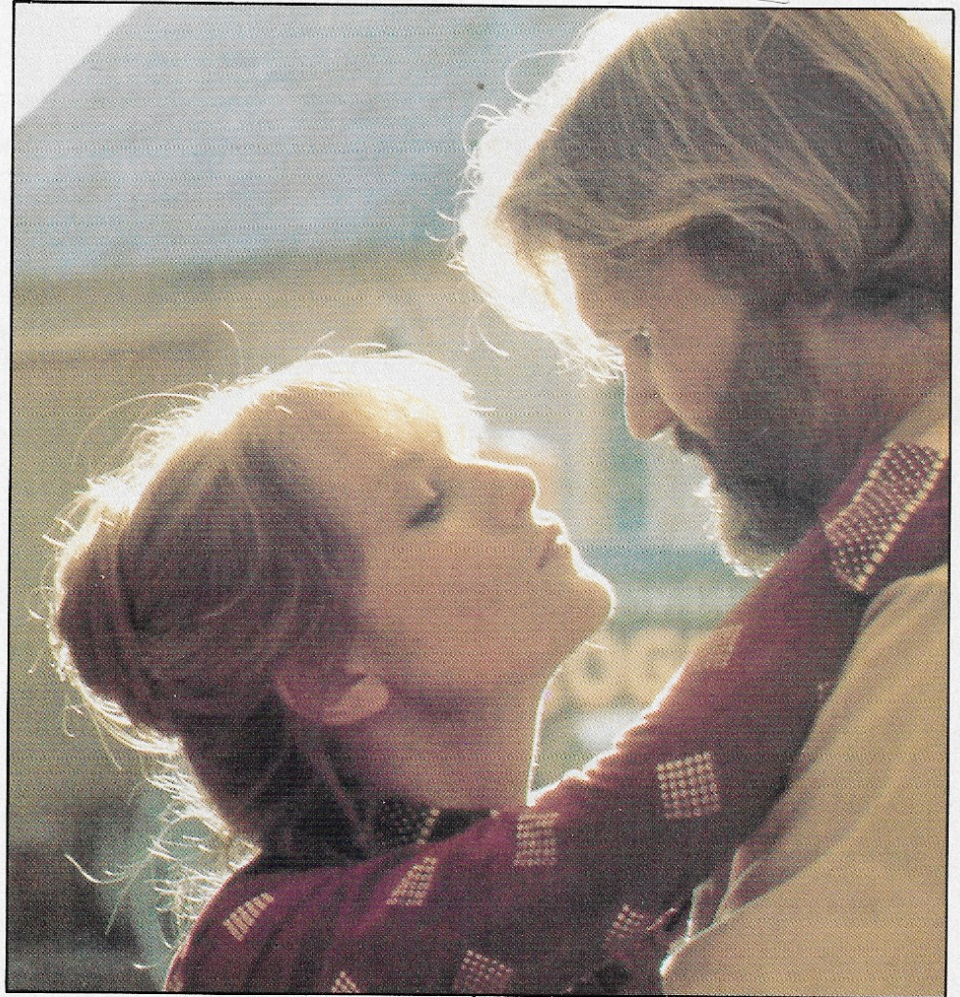
Every major studio at one time or another has come up with a finished film only to discover it has little or no commercial potential. And all movies, even blockbusters like *ET* or Oscar-winners like *Ghandi*, eventually run out of box-office steam.

As a downside protection against financial disaster, Hollywood czars and their accountants devised a safety net called "ancillary rights," which provide a film's worried backers with alternative markets: cable, network and syndication television, videocassette, videodisc, airline and hotel rentals, and more.

Enter pay cable to the rescue. In addition to taking Hollywood by storm with its own production plans, pay cable has also saved many a film from canned oblivion. With the enormous appetite of 24-hour schedules, the three major systems—HBO, Showtime and The Movie Channel—and numerous smaller regional services have provided another outlet and source of revenue for films that have been deemed financial and/or artistic albatrosses.

Some films like James B. Harris' *Fastwalking*, a 1980 prison saga that Paramount gave up on, wouldn't have been seen by anyone had it not been for pay cable's affable auspices.

"HBO has 12 million subscribers," mused Harris, whose *Fastwalking* has recently made the big-time cable circuit, including Showtime and The



Movie Channel. "That means when you sell HBO (and the others), millions of people are going to see it. . . . That's not bad."

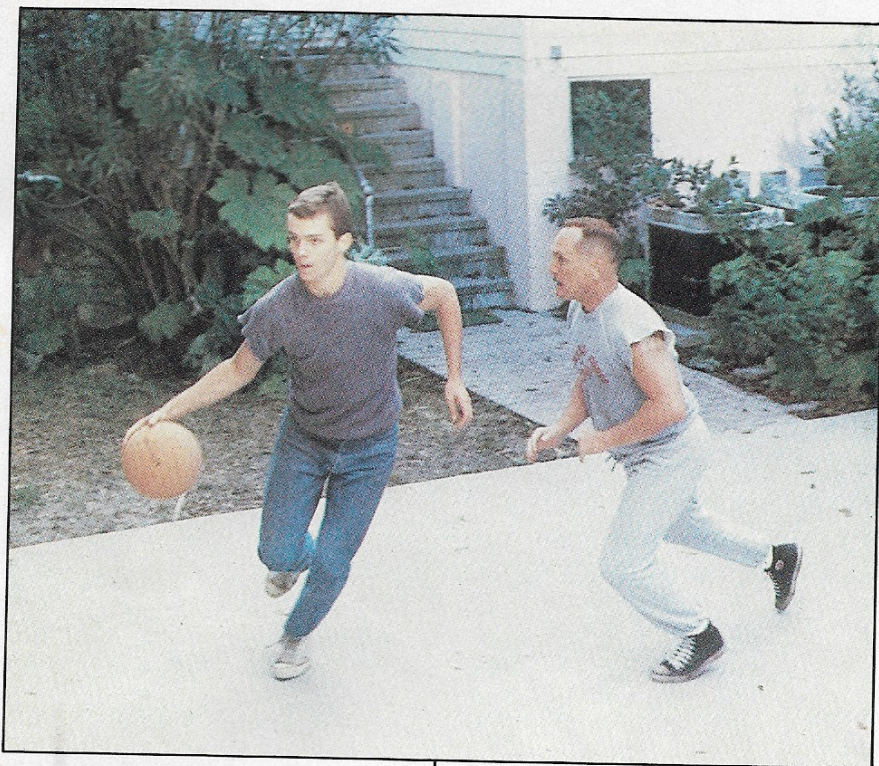
Of course, Harris would rather have had his film released nationally in theaters as originally intended. But he is by all means willing to settle for second best. "At least with cable you get it played and seen. The only thing you're giving away is the size of the screen," said Harris, who is best known for having produced Stanley Kubrick's *Lolita*.

"I suppose better pictures than the one that I've made are in the same position. Because it's frankly too expensive and too precarious for them (studios, producers) to

appropriate the money to sell it theatrically with no guarantees that they are even going to get their advertising money back."

Mel Harris (no relation to James Harris), president of Paramount's video division which includes pay cable, sheds some light on the risky business of advertising and marketing. "If you release on a very, very small scale in a few cities you still end up spending \$250,000 in prints and ads. Obviously, if you go wider into 300 theaters you spend \$1.5 million. And if you go 600 theaters you end up spending \$2.5 million or \$3 million."

When there is little probability a film will attract a large enough



widely distributed. However, a strong word-of-mouth, cable-cult following warranted a national theatrical re-release.

Surveys conducted by individual systems suggest that viewers usually shell out \$8 to \$12 a month for Hollywood's blockbusters. But that's not to say they don't appreciate seeing an esoteric, foreign film like *Diva* or *Mephisto*, or a domestic sleeper like *Inside Moves*.

The pay cable deals have worked reciprocal wonders for cable systems (which need products to fill schedules) and filmmakers (who need an outlet when theatrical release is impractical).

Pay cable's ever increasing demand for movies has prompted independent distributors to search and revive major studio rejects.

"Cable has run out of movies.

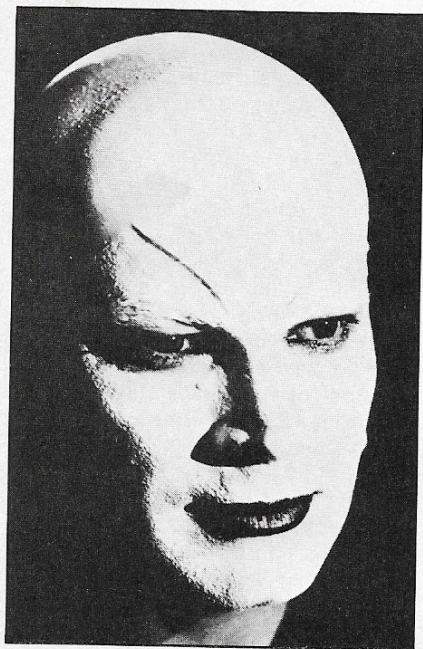
They've used up 50 years of cinema history in the first 10 years of cable's existence," explained John Simon, president of Discovery Films, a Los Angeles-based distribution company that specializes in restoring discarded cinematic endeavors. In the past two years, roughly one-third of the 500 to 600 films Simon distributes have shown up on cable.

"Three years ago they weren't buying films that had virtually no release. Only 60 films are made by the major studios each year—with pickups and independents the total is about 112. But cable is using 240 movies a year," added the distributor.

Simon's biggest cable success with a limited-run film is *The Wicker Man*, a British occult thriller that he bought for \$20,000 and has been worth \$300,000 in cable runs since 1981. "It was a good deal at the time when nobody saw any value in cable," commented Simon.

There are three basic ways cable success strikes a film that has been snubbed. "The main way of finding such a film is talking to people in the industry all of the time," the distributor explained, adding that film festivals like Cannes often are informal spawning grounds for such deals. The second method of learning about unheeded movies involves "a lot of film scholarship—reading, hearing and looking for references about films. The third way of finding out what is available is keeping track of the major company production and release schedules."

Finding out who owns a film and



Movies such as 'The Great Santini' (top) and 'Heavens Gate' (left) have found success on cable TV. Cable audiences also enjoy foreign films such as 'Mephisto' (above).

audience of paying viewers to justify the marketing outlay, studios are not likely to sink more capital into a losing proposition, according to Paramount's Harris. Especially, when the marketing can cost as much as the negatives.

"You may look at a particular film and say that a theatrical release is going to double our risk, and the likelihood of recouping our investment is not that good, 'Let's not put more money into the distribution side.'"

A film that winds up on the shelf or receives a limited opening is thwarted, whether it's good or bad. Many times the picture is a victim of inner-studio politics and personnel shakeups. David Begelman's MGM affair, for example, left behind *Eureka*, an \$11 million Nicolas Roeg film that stars Gene Hackman. The film has been slated for release several times during the past few years. But post-Begelman studio heads have decided against release because they didn't want to take responsibility for someone else's project that may not make it.

The majority of pictures released each year never reach the large American audience, due in part to a segmented marketing approach used for films in different parts of the country. That's where pay cable's vast viewership is especially helpful. *The Great Santini* initially was not

then acquiring the rights is easier said than done. "Very often you have to unravel an incredibly complicated web of legalities," explained Simon, citing *The Day The Clown Died*, Jerry Lewis' eight-year-old movie about Auschwitz children, as an example of a film notoriously tied up in knots. "Lewis considers it to be his best work—he directed, wrote and starred—but can't get it released because of incredible legal and tax problems." Simon's efforts to acquire the film have so far been unsuccessful.

A film exemplifying inner-studio politics is Steve McQueen's *Enemy of the People*, which has been playing on cable since the actor/director's death. "All during the last few months of his life he battled and battled to get it released. The reason why it wasn't released was that the studio wanted him to do another film. He didn't want to because he was dying; the studio didn't know that," recalled Simon.

Discovery tried to obtain rights to *Enemy of the People*, but the price was too high. "They wanted \$1 million for *Enemy*" said Simon, adding that a million would be the most he'd pay for a film—only if he could make it back. However, Simon has yet to come across a film that was worth that much. "I could go that high if I thought the film was strong enough. There's a difference between paying X amount of dollars and guaranteeing that much. We would never pay a million, but we would guarantee a million, of which some of the forthcoming revenues would be used to pay for the film."

When Simon acquires a film for cable distribution, he creates an advertising and marketing campaign around the product. For Dennis Hooper's *Out of the Blue*, Simon used the promotable angle of "Whatever happened to Dennis Hooper who made the most successful independent film in Hollywood history and then vanished without a trace?"

"Deciding what picture to get is knowing how to advertise and publicize it," said Simon. "For *Out of the Blue*, we were fortunate to get Jack Nicholson to help with the promotion."

Figuring out whether a film has commercial potential is a very subjective judgment on Simon's part. Having been a critic for a New Orleans daily and knowing most of

'Diva' is one of many foreign films to gain a following on cable.



the country's reviewers has been a help in choosing winners. "I can't predict what a critic will say, but I know if I think a film is terrific there will be a few other critics who think so too," he observed, adding that it's important for a film to get some type of release—even in one or two theaters—so that it gets reviewed and creates a value for the cable market.

Although HBO and Showtime/The Movie Channel are gobbling lucrative pay-cable rights from the studios, independent producers and distributors, the three majors are reluctant to take a chance on an obscure, offbeat film. "It's always an uphill battle because our films are not in the mainstream of what the major systems show. They are really stretching it when they show *The Wicker Man* or *Out of the Blue*," Simon added.

Filmmaker James Harris concurred: "The European approach to dramatizing stories doesn't sit too well in Hollywood, nor does it sit too well with the mass audience, which is what they're making the pictures for."

Jerry Harvey, program director of Z Channel, which has 87,000 subscribers in the affluent Los Angeles suburbs, has gained a reputation of being the cable system to play the most unknown entities. In many cases, once Z has played a

film the major systems will follow suit. Such was the case with the much-maligned *Heaven's Gate*, which Harvey bought and showed in both uncut and cut versions. The original has since enjoyed runs on Bravo, The Movie Channel, and the defunct Spotlight.

"Is it that the public doesn't want to see these films or are those decisions made before they ever get to them? Nobody had a chance to see the long version of *Heaven's Gate* because they made that decision for you," says Harvey, who programs 12 to 14 films a week, of which three are usually little-known titles.

"We can sit back and run what everybody else runs, but that would be boring," pointed out the programmer, adding Z has successfully run esoteric films since the late 1970's.

Like Simon, Harvey systematically searches through production release or non-release schedules. "It becomes immaterial whether it was released or not. If there's something you really want, you find out who owns it, buy it and that's that. It's really that simple."

How much a cable system will pay for a little known movie is open to negotiation, according to Jim Stolley, manager of pay cable and video marketing for Lorimar, the world's largest independent

production company. A full-service movie company with many different interests, Lorimar has jumped on the pay-cable distribution bandwagon, having negotiated pay deals on 36 titles in the last 18 months, among them James Harris' *Fastwalking*.

"Many factors go into the price for a cable sale: star power; box office performance; story; whether the film will be exclusive to a particular system; leverage with other films. Films can go really, really cheap. Probably a lot cheaper than most people think," he allows. However, he cited one sale scenario. "A film can go for a couple of cents per subscriber. If a system has 100,000 subscribers at two cents a subscriber, a film could be bought by cable for \$2,000."

Like Simon, Stolley works up a marketing strategy geared specifically toward the cable market. "Once we acquire a film for distribution, we start the marketing procedures by hitting on all of the systems, large and small. The negotiations are based upon what we feel the film is worth to each system. The figure varies depending on what each system usually pays. They all have various programming budgets and different tastes. Certainly the number of subscribers has an extraordinary influence on the price. The more hundreds of thousands of subscribers the more aggregate the price will be and more room for negotiation.

"But we try to get the best and fairest price because we still have to go back and sell other films to the programmers of the pay systems. It doesn't work for longevity if one goes in and tries to burn the programmers on a particular film."

Stolley's "don't bite the hand that feeds you" policy is especially important in establishing a working relationship with the major cable systems. One of the primary factors in evaluating a movie at HBO is its theatrical record, said Stephen Scheffer, the company's executive vice president for film programming. "But we don't necessarily discriminate against the movie because it had a limited theatrical release. The movies that are most valuable to us obviously are those that had the greatest success. That's not to say there's a movie out there that for one reason or another didn't do well wouldn't make good programming and we wouldn't buy it," Scheffer noted.

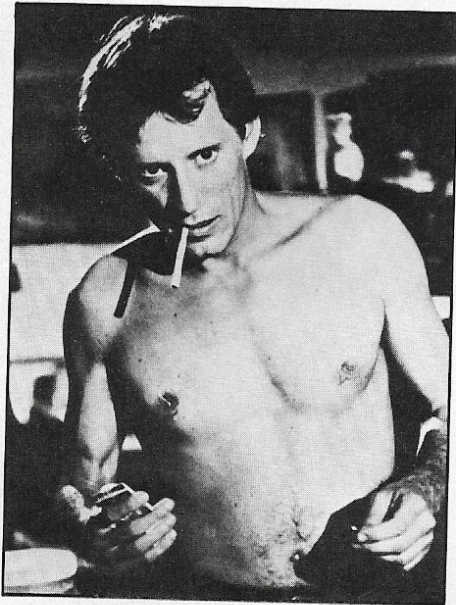
Liar's Moon, a little-known teenage drama starring the now-hot Matt Dillon, is one such entry. "A picture like *Liar's Moon* didn't have the edge that might be required for theatrical release. But people who saw it on HBO felt that it was good entertainment that did not offend anyone. It was the kind of movie the audience would rather see than some much lower-end hard exploitation movie," he said.

Sometimes HBO is attracted to a box-office failure because it features a big-name star. Such was the case with recently cablecast *Enigma*, a 1982 spy thriller starring Martin Sheen, who plays a Paris-based radio broadcaster helping the CIA thwart a KGB mission in East Berlin. The film was briefly test-marketed theatrically, but never released. According to Scheffer, it was picked up by HBO "because we thought it would be of interest to and entertain our subscribers."

What's the bottom line? HBO, Showtime/The Movie Channel and other systems need the *Liar's Moon* and *Enigmas* to fill up the program schedules. "Sure we try to play as many movies as we can and we try to maintain as high a quality as possible. We'd sooner play a *Liar's Moon* than something that was widely released and didn't have as much appeal or which our audience might find offensive," Scheffer pointed out.

When film is being considered for programming at HBO, Showtime, or the other cable networks, it must pass an evaluation process that includes a series of screenings to determine the picture's quality and propriety. Recalls James Harris: "The cable systems would not have bought *Fastwalking* in the first place if it didn't pass the screening test. The movie really had to pass the test because it didn't have a theatrical release, nor was it scheduled to have one. Also, it didn't have a major cast. So it really had to hold its own on the screening. When HBO runs it at 9 p.m. all over the country they must think the picture is pretty good."

HBO's Scheffer says there's always room for "the little surprises" in the schedule: "We have such an enormous appetite that we're doing everything to keep the supply of movies available. And that's why we're going into other areas, such as production. There has never been enough good movies out there." ■



A scene from 'Fastwalking,' which has been shown on Showtime/The Movie Channel.

