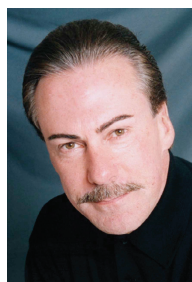




FEATURE

HOLLYWOOD MAKEOVER

By **Kenneth K. Markman**, KKM Global Brand Strategies



We create awareness, “want to see,” manage expectation and we steward satisfaction. We tell and sell stories about universal feelings: love and hate, alienation and prejudice, sociological and racial allegories, power and hope, and that’s the short list. Igniting curiosity, inspiring imagination and empowering discovery is the ever-present power of entertainment as an agent of influence not just over popular culture but a global economy.

The business is: Complex; Compelling; Immersive and Collaborative.

But this year the entertainment industry followed the music industry into the headlines. From almost every U.S. publication there was a voice and a similar story. Is the business of creating Illusion losing its magic?

DON'T CONFUSE CRISIS WITH CHANGE

"You used to be big," screenwriter Joe Gillis says to a reclusive silent film star named Norma Desmond in the 1950 film "Sunset Boulevard."

"I am big," Desmond declares. "It's the pictures that got small."

In this single phrase, Gloria Swanson who plays Desmond in Billy Wilder's classic film, summarily expresses the entire “eco-change” we are witnessing today: The shift from a social (movie-going) experience to a commoditized habit.

Since 1975, ticket sales have grown very little - from about \$6 billion then to about \$9 billion today. Home viewing, meanwhile, has exploded, from virtually nothing 30 years ago to \$28 billion today - and is projected to pull in \$40.4 billion in 2009 (compared to the Box Office's \$10.6 billion), according to the recent forecast from Veronis Suhler Stevenson. Simple math

tells us that's a 4:1 ratio.

Indeed, North American theatrical grosses are down 9 percent this year from 2004, and ticket sales are down 11 percent from last year. Articles about the weekly weekend Box Office figures have focused on how they've paled compared to 2004. The grosses, according to Variety, are down 18% in Italy, 15% in France, 12% in Spain, 11% in Germany and 2% in the U.K. in the first six months of the year. The same is true as we look at Latin America and Asia.

But, in the midst of crisis, only the U.S. film industry has a surplus balance of trade with every country in the world.

Our industry is responsible, according to the Motion Picture Association of America, for more than 5% of the US's total Gross Domestic Product (GDP) and it generates more international revenue than any other single manufacturing sector, including automobiles, aircraft and agriculture.

So, what's going on?

Reporting gloom and imminent doom, particularly if it's someone else's, is always good copy.

It reads like high drama. It is.

What else could it be?

There's constant conjecture and concern, all having an element of truth, about an industry that reinvented and transitioned itself from the silent era to a global blockbuster through the advent of sound and “talkies,” the invention of television, the invasion of corporate takeover, the intervention of home entertainment and the introduction of the Internet.

Ironically, much of the business remains the same.

Embarking on cosmic change and flogging its arrival is what we do best: “Hollywood's health: Is the sky falling?” heralded The Hollywood Reporter; “Slump or Bump?” echoed the Variety headline.

This Week magazine ran a cover story with the headline: “The End? Why movie attendance is on the decline.” The



Los Angeles Times summarized the crisis with, "The piper's being paid...The box office isn't in a slump, it's in a slide."

Newsweek chanted, "Bad news at the box office has Hollywood thinking about tomorrow." Then it set out asking industry decision-makers what predictions they could envision for 2015.

Who cares? We need it fixed now!

Whatever happened to instant gratification?

My favorite however, was an article from the Los Angeles Times with its screaming headline, "Movies just don't matter," written by Neal Gabler. His perspective profoundly diagnoses the cultural cause of change not its effect.

Attention-getting for sure.

The powerful and traditional benefit of entertainment in its purest form is pleasure. This basic social behavior dictates consumer habits. But there is an expanding and deepening current cultural obsession with its process.

"As society has grown more complex," says Gabler, "and the information we can know has grown exponentially, knowingness - the idea of being in the know and of having the expertise to navigate through...information...has come to provide an arguably

more satisfying form of gratification."

The "knowingness" industry, empowered by the Internet, appears to be more "vital" than the entertainment industry.

The results are apparent. We talk about movies as experiences, celebrities as friends, consumer products as fashion and now, information as entertainment.

Consuming information is a full-time sport, a big time business and a global cultural past-time. And it's changing.

In sport this would be a slump. In business this would be a bubble. One bubble burst leads to another and we move on to the next one. But, this is the movie industry and so we call it a crisis.

Why?

Because, the plain fact is: No one knows for sure what caused it, how to correct it or more importantly, what's coming next.

But, I'm not worried.

HOLLYWOOD HAS A LONG HISTORY OF BRILLIANT ADAPTATIONS TO CRISIS

Early on came D. W. Griffith's innovations of the "close-up," the "fade out" and the advent of the full





length feature, then Jack and Harry Warner's use of sound and L. B. Mayer's Star System, Walt Disney's animated features and Darryl Zanuck's super-sizing CinemaScope. Like many of their peers they were lightening rods, real entrepreneurs, gamblers, career-makers and agents of change.

What would they be saying about today and doing tomorrow?

In the absence of knowing the future, assumptions tend to rule the unknown. We should try to be prepared.

- 1.** Become a student of the industry: Study its history; its players, its legends, craftsmen and mavericks; its culture; its reason to be; what we take from it and share with the world.
- 2.** Know the craft of this business: How it starts and where it ends. Live it; consume it.
- 3.** Go to the movies: Watch the audience. In the retail business, we call this a "store-check." Watching consumers consume is priceless.
- 4.** Know every title in the market: Trace its past, its connective presence and track its future.
- 5.** Relevance, the new value currency: Ask yourself, "What does this mean to me?" Content in context and community is everything.
- 6.** Own a word in the consumer's mind: What's the take-away? What does the audience experience, say, share and remember in a single word?
- 7.** Movie-going is a luxury: It's no longer a necessity. Content is everywhere. Be selective in your judgments; the consumer is.
- 8.** Be curious...about everything.
- 9.** You never know whom you're talking to: A good idea may come from anywhere, anytime. Know when it happens.
- 10.** Be relentless: This business is not for sissies.
- 11.** Be tireless: Today's bad idea may find a home tomorrow. No one knows anything about tomorrow.
- 12.** Be intrepid: Time, and being timely, is money.
- 13.** Listen: Carefully. Be respectful. Be collaborative.
- 14.** Be masterful at summarizing a salient business point and a creative idea. Remember you are in the "knowingness" industry.
- 15.** Read endlessly: Not just scripts.
- 16.** Read trend reports: Every day.
- 17.** Send one to a client or friend: Every day.
- 18.** Understand social change: Leverage consumer habits.

Connect the dots.

19. Stand in the toy aisle: Watch kids play.

20. Know everyone: Who has your job in the industry. Who had your job...where are they today?

21. Know their bosses.

22. Meet their bosses.

23. Meet industry CEOs.

24. Know why and how they are all different from each other: How is it reflected in their company, the company they keep and their touch with the consumer?

25. The business goes beyond Burbank, California: It's global. Take a trip. Go to New Zealand.

26. Believe in what you do: Always follow your instincts. Never waver.

27. Be responsive to an idea: Any idea.

28. Be available: The people you know today will be running corporations tomorrow.

29. "Don't be afraid to throw yourself at failure and miss." The team at WETA, New Zealand has created a culture and an industry that allows them to do just that: A lesson for life, to say nothing of business.

30. Be bold. Be passionate. Be remembered.

Necessity, after all, is the mother of opportunity, not invention.

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