

Institution: University of St Andrews



Unit of Assessment: 19 – Business and Management Studies

Title of case study: Capitalising on creativity in the film and screen industry

Summary of the impact

This case study explains how research conducted by Townley and colleagues in the Institute for Capitalising on Creativity (ICC) has impacted the ability of Scotland's film industry to capitalise on its intellectual property (films and related creative content) and compete in national and international markets. The research directly benefited over 20 companies and the non-departmental government body that supports them, Creative Scotland. The impacts on film companies include improved marketing and distribution campaigns, access to innovative digital technology, diversified revenue opportunities, developed skillsets and attraction of increased investment. Creative Scotland has benefitted from redeveloped and increased industry funding programmes, improved capture and use of industry data, and enhanced staff skills.

The research, considering the management and exploitation of digital technology in the film industry, includes a Knowledge Transfer Partnership (KTP) conducted during 2010-2012 and a PhD studentship (2012-ongoing), and builds on research during 2006-2013 into the capital foundations of the creative industries.

2. Underpinning research

Since 2006, Townley (a professor at University of St Andrews, 2006-present) has worked with creative industry representatives to identify research needs for the sector in Scotland. She has engaged with, among others, NESTA and the Scottish Creative Industries Partnership, a Scottish Government initiative involving Scottish Enterprise and Creative Scotland (created through a merger of the Scottish Arts Council and Scottish Screen in 2010). Her research began with academic and practitioner workshops conducted during 2006-08 which scoped the distinct managerial and organisational challenges posed by the creative industries. Of particular interest were the processes of creativity, management of creative labour, development and participation of audiences, valuation of creative property and products, and reconciliation of conflicting business and creative logics. Findings of this work were published in an academic monograph (1) in 2010.

This work informed research during 2008-14, supported by a £1.5m Capacity Building Cluster Award from the Economic and Social Research Council, which explores the dimensions of capital (intellectual, social, cultural and economic) that underpin the creative industries, and the acquisition, maintenance, enhancement and exchange of this capital (2). Additional research investigated these dimensions of capital in relation to specific industries: in advertising, how intellectual, social and cultural capital are required to work in the field (3); and in television, computer games and music, how business models have responded to challenges to copyright (intellectual capital) and the revenue implications (economic capital) of digital technologies (4).

In Scotland, a particular concern with digital developments arose in the film industry, where they were impacting production processes and disrupting the 'film value chain' and companies' revenue strategies. For Creative Scotland, supporting the industry through these changes required new organisational and investment structures. In response, ICC and Creative Scotland conducted a Knowledge Transfer Partnership (KTP) during 2010-2012. The KTP model situated an Associate (Michael Franklin), employed full-time and supervised by ICC (Townley and Dr. Nicola Searle), within the Technology and Digital Media team of Creative Scotland, where he facilitated the transfer of innovation and skills specifically focussed on the screen industry. The project addressed technical, financial, economic, legal and creative aspects of digital business models for marketing and distributing feature films, considered how adopting these models could increase companies' retention of intellectual property rights (5, 6), and identified strategic

changes which would help Creative Scotland better support investment in the film industry. Since completing the KTP, the Associate has continued researching the application of digital tools in the Scottish film industry via an ESRC-funded PhD studentship with ICC (supervised by Townley and Stoyanova).

3. References to the research

1. Townley, B. Beech, N. (2010). *Managing Creativity: Exploring the Paradox*. Cambridge University Press. ISBN: 9781107403734
2. Townley, B., Beech, N., McKinlay. (2009). 'Managing in the creative industries: Managing the motley crew', *Human Relations* 62:7, 939-962. (peer reviewed, 4* rated ABS list; 42 citations). DOI: [10.1177/0018726709335542](https://doi.org/10.1177/0018726709335542)
3. McLeod, C., O'Donohoe, S. and Townley, B. (2009). 'The elephant in the room? Class and creative careers in British advertising agencies'. *Human Relations* 62:7, 1011-1039 (peer reviewed, 4* rated ABS list). DOI: [10.1177/0018726709335551](https://doi.org/10.1177/0018726709335551)
4. Searle, N. (2011) "Changing business models in the creative industries: the cases of television, computer games and music". London: Intellectual Property Office. <http://www.ipo.gov.uk/ipresearch-creativeind-full-201110.pdf>
5. Franklin, M; Searle, N; Stoyanova, D; Townley, B (2013). 'Innovation in the Application of Digital Tools for Managing Uncertainty: The Case of UK Independent Film'. *Creativity and Innovation Management*. (peer reviewed, 2* rated ABS list). DOI: [10.1111/caim.12029](https://doi.org/10.1111/caim.12029)
6. Franklin, M. (2012). 'Internet-enabled Dissemination: Managing Uncertainty in the Film Value Chain'. In Iordanova, D. and Cunningham, S. (eds.) *Digital Disruption: Cinema Moves Online*. St Andrews Film Studies. Review by British Universities Film & Video Council: <http://bufvc.ac.uk/reviews/digital-disruption> and Australian Policy Online: <http://apo.org.au/commentary/book-review-digital-disruption-cinema-moves-line> ("Michael Franklin's essay to do with the film value chain makes a valuable contribution to the collection by interrogating some of these issues [copyright, revenue generation, investment] and examines the new and uncertain economic contours of digital distribution.")

Grants Received

2006-2008: Arts & Humanities Research Council, 'The Discipline of Creativity: Exploring the Paradox' (AH/E508456/1). Primary Investigator: Professor Townley

2008-2014: Economic and Social Research Council, 'Capitalising on Creativity: Creative Industries Scotland' (RES-187-2400-14). Primary Investigator: Professor Townley

2010-2012: Technology Strategy Board/Economic and Social Research Council, Knowledge Transfer Partnership with Creative Scotland (KTP007688). Lead Academic: Professor Townley

4. Details of the Impact

The KTP, with its emphasis on knowledge transfer and use of action-research methodology, proved an effective vehicle for influencing the sector. Research and analysis were quickly translated into demonstration models, knowledge and skillsets for dissemination to Creative Scotland staff and to approximately 20 small and medium enterprises (SMEs) within the sector, each involving between two to six people. Working on site with the companies, the KTP Associate trained staff and helped implement software to analyse social media marketing and build pre-release demand for films, and trans-media release campaigns involving mobile apps, digital games and digital comics.

The project reached beyond the KTP and Creative Scotland's' client base by transferring skills and knowledge to other workers in the wider cultural and creative industries and the general public, via presentations at the following events, most conducted after the KTP finished in January 2012:

- 'Insights & Ideas' panel discussion to 40 cultural and creative industries workers, organised by Creative Scotland, 03/11/2011, Edinburgh: <https://www.eventbrite.co.uk/event/2303991300>
- "Social Media Marketing", workshop for 80 creative industries practitioners, organised by

Moving Targets, 20/04/2012, Edinburgh:

<http://movingtargets.org.uk/news/name.9732.en.html>.

- “Film Festivals in the Digital Age”, panel discussion to 50 producers, development officers, funders, and festival participants, organised by Edinburgh International Film Festival, 22/06/2012: <http://www.edfilmfest.org.uk/films/2012/film-festivals-in-the-digital-age>
- “Digital Distribution: Revolution or Confusion?” seminar for 45 industry representatives, organised by Edinburgh International Film Festival, 23/06/2012.
- “Social Network Analysis” training for approx. 25 cultural and creative industries SMEs, public organisations, and practitioners, organised by AmbITion Scotland, 05/12/2012: Glasgow. http://w_workshop_4_sna-eorg.eventbrite.co.uk/

In addition, a website started during the KTP on behalf of Creative Scotland continues to build audiences for Scotland's short film output: <http://library.scottishfilms.com/>.

The KTP and underpinning research continue to impact the ability of Scotland's film industry to capitalise on its intellectual property and compete in national and international markets by improving film companies' capacity to:

- **Secure improved revenue opportunities:** Several companies benefitted from the KTP Associate's modelling of innovative approaches to recoupment revenue and financial planning. Since working with the KTP in 2010-2012, Sigma Films has converted this into investments worth over £350,000 for four internationally released films (**S1**), two of which were selected for the prestigious Sundance 2011 and SXSW 2012 festivals (**S6, S7**). *“The new approach to revenue sharing arrangements enabled Sigma Films to secure a recoupment corridor...and benefit more directly from the exploitation of its intellectual property” (S1).*
- **Attract increased investment:** The KTP Associate began working with the Scottish Documentary Institute in 2011 to trial a new distribution and audience engagement strategy, the Virtuous Circle (VC). This effort has thus far leveraged £100,000 in finance, won funding for a full-time post of Producer of Marketing and Distribution, and sparked development of a digital fundraising toolkit which has attracted more than £75,600 in further investments, with 3 of 5 films still to be exploited (**S2**). SDI is now an organisation, according to the Cinema Research Institute at New York University, *“doing very interesting things in the world of independent film financing, distribution, audience building, and campaigning” (S8).*
- **Develop skillsets:** The research also improved companies' abilities to use innovative digital technologies for marketing, social media, and data management: *“The innovative work practices developed [2011-ongoing] as part of VC have created great benefits by spreading across our slate of films at SDI. This means our digital data management and viewer interaction capability has increased dramatically, benefitting our film producers, subjects, students and the company as well” (S2).*
- **Conduct strategic marketing and distribution campaigns:** The research on digital tools, particularly for marketing and distribution (M&D), provided timely evidence for Distrify, a new digital marketing company which the KTP supported from 2010 through business planning which enabled transformation from a previous company, Accidental Media. Early success included new Creative Scotland funding to support Distrify's research-informed digital campaign models, and contracts to market the Sigma and SDI projects above (**S3**). *“As a result of the public funder's new focus on digital marketing and distribution a number of film projects have benefited from investment, on a number of occasions choosing to use Distrify as a service” (S3).* Currently Distrify supplies online distribution for the British Film Institute and The Guardian, and is a global provider of African and Bollywood cinema.

The research also impacted on the industry support agency, Creative Scotland, by enabling it to:

- **Reprioritise and enlarge industry funding programmes:** KTP analysis of past investment decisions along with improved data management (below) influenced a significant shift in Creative Scotland industry funding. In the case of marketing and distribution projects (M&D),

which received £40K in 2009/10, the KTP demonstrated the need to integrate digital M&D concerns across all aspects of film-making, leading Creative Scotland to award over £600k for such purposes in 2011/12. M&D funding came largely from Creative Scotland's new £1 million Film Investment Fund, which awarded £850k to companies on the strength of their research-informed trials of new financial models for increasing film distribution (**S9**). The models emphasise the role of leveraging additional marketplace funding, and indeed one recipient, the recently launched Mackendrick Film Fund, aims to attract additional support totalling £35 million for Scottish film-makers (**S10**), compared to £3m from public funds.

- **Improve capture and strategic use of data:** During 2010-12, the KTP contributed substantially to improving data management by demonstrating need for a 'customer relationship management programme' and a 'grants and investment management system' (**S4**, page 2), which improve the agency's assessment of applications for funding and returns on investment. Prior to the KTP, Scottish Screen had no systems to collect information about digital consumption or cross-value-chain audience engagement. Now Creative Scotland collects diverse data on social and cultural returns from IP, including social media, prompting the spread of digital marketing and distribution innovations.
- **Enhance staff skills:** In addition to providing one-to-one training with individual companies, the action research conducted 2010-12 provided knowledge exchange and training in situ to Creative Scotland decision makers involved in film market development, film investment, and development of other creative industry sectors. *"One of the things that really struck me during the project was the advance in software and data gathering tools in such a short time, highlighting the importance of keeping up to speed in a constantly evolving environment. We learned a lot through the project and one key area where we still have work to do is in effective data gathering and analysis – to better understand the needs and opportunities not only in film but across the creative industries"* (**S4**, page 2).

In summary, the KT Partnership was assessed as 'Very Good' by the Technology Strategy Board's external review (**S5**). The significance for Scotland's film industry of the KTP and its underpinning research is its influence in improving strategic decision-making and substantially increasing industry funding by Creative Scotland. For individual film companies, the impacts include improved capacity to: capitalise on creative content through new skills, access to technology and finance; make returns on investments; and participate in national and international film markets.

5. Sources to corroborate the impact

External contacts who have supplied corroborating letters or documents of support:

- [S1] Sigma Films CEO
- [S2] Scottish Documentary Institute Producer
- [S3] Distrify Chief Legal Officer
- [S4] Creative Scotland Portfolio Manager
- [S5] Technology Strategy Board

Press coverage and reports

- [S6] Re: Sundance 2011 award: <http://www.ifcfilms.com/films/perfect-sense>
- [S7] Re: SXSW 2012 award: <http://www.indiewire.com/article/sxsw-winner-citadel-goes-to-cinedigm-and-new-video>
- [S8] Re: Scottish Documentary Institute funding toolkit: <http://cri.nyu.edu/?p=2923>
- [S9] Re: Creative Scotland funds: <http://www.screendaily.com/creative-scotland-backs-four-new-film-initiatives-with-1m/5027675.article#>
- [S10] Re: Mackendrick leveraged funds: <http://www.heraldscotland.com/news/home-news/35m-boost-for-scottish-films.16492098>