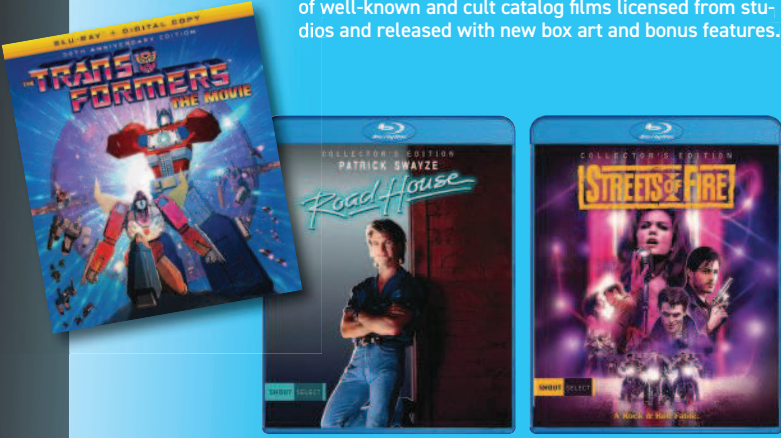


Shout! Factory specializes in collector's edition Blu-rays of well-known and cult catalog films licensed from studios and released with new box art and bonus features.



Continued from Page 11

Well-known for its award-winning disc sets, and attention to detail on bonus material and artwork, Shout! Factory has expanded into digital distribution while still generating upwards of 70% of its revenue from discs. Indeed, major studios are increasingly offloading movies and TV shows to Shout! and other distributors while keeping the digital rights.

"Majors have their own digital strategies. They have their own teams doing that," McIntosh says.

Shout!'s recent disc deals from Paramount Pictures and MGM Studios include such titles as *Poltergeist III*, *Road House*, *Halloween 2*, "The Bob Newhart Show," "Hill Street Blues," "T.J. Hooker" and "One Day at a Time." Shout! scored a pop-culture coup earlier this year when it (along with China's Ace Film HK) acquired the film catalog of Roger Corman, patron saint of American 'B'-movies.

"Our physical goods business is still growing because as more players realize how hard it is in that space, they think it's a better idea to license those rights to us," McIntosh says.

RLJ Entertainment, which includes Image Entertainment, Agatha Christie Ltd., Urban Movie Channel and Acorn TV, got a shot in the arm after AMC Networks became a majority stakeholder (on paper) in the company. RLJ's focus may appear to be on British-centric streaming service Acorn TV and Urban Movie Channel, which have more than 750,000 combined subscribers, but packaged media hasn't been forgotten.

"RLJ Entertainment still views home entertainment distribution as a core component of [its] content acquisition and release strategy," says Mike Pears, president of U.S. distribution at RLJE. "We continue to release nearly all of our titles on both digital and DVD, Blu-ray or 4K UHD."

Ditto for Cinedigm, which generates about 30% of revenue from packaged media, and considers itself a "selective last consolidator" in packaged media.

"It's still a [viable] business," says McGurk. "And we think we're well-suited to pick selective opportunities in that space."

Still, indies often have to navigate digital and physical rights and plan format distribution for smaller titles on a case-by-case basis.

While most everything Random Media acquires is intended for digital platforms, up until the release of *Trouble Is My Business* — its first Blu-ray — the company had preferred to release its titles physically only on DVD.

"I just think narrative films that aren't heavily influenced by special effects or have a lot of action are better suited to DVD," says Eric Doctorow, Random Media CEO

and founder. "DVD presents a terrific viewing experience."

*Trouble Is My Business*, which came out in April, is a 1940s noir story. "The look of the film" was what prompted Doctorow to release it on Blu-ray.

"It's beautifully shot. It's got a lot of action," he says. "Noir films as a genre have a very loyal audience. They are film lovers."

Likewise, Doctorow is waiting for the right film to bow on the newest format, 4K Ultra HD.

"Films that rely heavily on special effects and high digital material are going to be a lot more successful on UHD than traditional narratives," he says. "Films where the visual and audio experience are really important are going to be better candidates than story-driven narratives."

The majority of titles at Well Go USA Entertainment have both a physical and digital release, with most titles coming out on Blu-ray to satisfy the retail pipeline, says Tony Vandeverdonk, EVP of sales and marketing.

"In the case of Best Buy, there's almost no DVD," he notes.

Also an advocate of Blu-ray, Dennis Doros is co-owner of the two-person company Milestone Film & Video, which goes through another indie, Oscilloscope, for domestic disc releases. Because Milestone's titles are mostly restored collectible classics from around the world, the company is even getting ready for 4K.

"We are restoring up to 4K," Doros says. "We can see that in the future."

When acquiring films, Eric Wilkinson, director of home video sales and acquisitions at MVD Entertainment Group, says the company looks for all rights, but says on some titles, "It doesn't bother me as much if we don't get digital."

"Our physical business is very important, especially with catalog," he says. "The collector's market is super strong."

For those collectors, Wilkinson has created a nostalgic "MVD Rewind Collection" that he calls "classics and more from the video store." Box art harkens back to the heyday of video stores, with faux "be kind rewind" stickers and tattered art.

"I miss video stores terribly and I refuse to let go of physical media," he says, adding "there are a group of collectors out there that I am convinced are trying to build a video store in their basement."

MVD is an aggregator, distributing titles in the United States and North America from such companies as Arrow Video, VCI Entertainment, Full Moon Entertainment, AGFA, Wild Eye Entertainment, FilmRise, Cleopatra Entertainment, Lightyear Entertainment, Ocean Avenue Entertainment and Dreamscape Entertainment.

It makes sense for a company such as Lightyear, says its president and CEO Arnie Holland, who has signed MVD to handle physical distribution and The Orchard to handle the digital side. Lightyear releases about two theatrical titles a year, but it has a big catalog that includes some of the titles that started the video business, Jane Fonda's workouts. Lightyear May 15 bowed its first big project with MVD, a high-def transfer of *The Return of Swamp Thing* (1989), starring Heather Locklear, on Blu-ray and DVD as part of the "Rewind" collection and loaded with extras — some new — for collectors.

## MODifying Physical Distribution

Still, as consumer demand for discs wanes, so too does the need for large-capacity production runs that often result in costly returns from retailers. Thus, manufacturing discs on-demand (MOD) has increased in popularity among some suppliers.

"MOD is a terrific solution to a problem," says Random's Doctorow.

But MOD doesn't work for every title.

RLJ's Pears says subscribers of Acorn TV enjoy collecting and gifting DVDs and premium boxed sets — content, he says, that often requires the quality of a traditional production run.

"We have a typical unit production run for every new release and the bulk of our catalog and take advantage of [manufacturing on-demand] on a selective basis where necessary," Pears says. "Artwork has always been very important to us

MVD's "Rewind Collection" Blu-ray box art pays homage to the heyday of video stores and VHS packaging.

