



Australian Government



# South by Southwest (SXSW)

Austin, Texas, 9–18 March 2012

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## Overview

SXSW provided an opportunity to learn about and engage a range of speakers and businesses that are driving true innovations in content via what is the world's leading forum for 'convergent' content thinking: SxSW. Given Screen Australia's, the Government's and the Industry's need to focus on evolving content trends and consumption – this was an important and timely opportunity.

## Australian content in competition

### Interactive Awards – Finalists

Film / TV Category: *Goa Hippy Tribe*, *The Gradual Demise of Phillipa Finch*

Community Category: *Big Stories*, *Small Towns*

Art Category: *Curious Creatures*

Educational Resource Category: *The Dragon Children*

Amusement Category: *The World's Biggest PAC-MAN*

Both **winners** (*Goa Hippy Tribe* & *Big Stories*, *Small Towns*) were projects supported by Screen Australia.

### Australian screenings

**Features:** *The Hunter*, *Iron Sky*, *The Loved Ones*

**Television:** *Scarlet Road*

**Shorts:** *The Hunter*, *Perished*, *Somebody That I Used to Know*

**Digital Media:** *Big Stories*, *Small Towns*, *Goa Hippy Tribe*

### Travel Grant support

Six Australians were supported with travel grants:

- Darius Devas for *Goa Hippy Tribe*
- Nick Crowther for *Big Stories, Small Towns*
- Marieka Walsh for (short film) *The Hunter*
- Stefan A Radanovicj for *Perished*
- Natasha Pincus for *Somebody That I Used to Know*
- Catherine Scott for *Scarlet Road*

## Insights – 10 lessons from SXSW

### Lesson 1: FOMO (Fear of Missing Out) is real

SXSW is huge. In 2012, about 50,000 people were official attendees. The interactive component now attracts the largest part of the program (it is probably the largest in the world) and over the course of the week the event morphs from interactive and film into music.

It is less a market (although deals are done), and more a massive forum (think a week-long series of TED Talks and panels) which has a screening and a competition program thrown in for good measure. There are huge 3,000 plus halls for talks beamed across multiple venues and then there are small intimate forums and workshops attended by no more than 20 – and with every size in between.

It's relaxed and there is incredible access to people in informal settings and events. It is easy to meet people of all seniority and discipline. What keeps it this way is its 'community' origin and management. Two thousand volunteers drive the day to day.

There are about 30 sessions occurring at any particular time. The realisation that you can only bite off a small part of the program and events on offer is difficult to cope with at first given the number of areas of interest that appear. And 'fear of missing out' kicks in over and over – in fact nearly every conversation with fellow attendees about forums or events they attended and you didn't (and couldn't) brings up some level of anxiety. In the end you discover you have to give yourself an area to focus upon and then just relax and enjoy. Some of the best experiences and insights come from those areas that are least expected.

### Lesson 2: The power of multiple platforms & multi-disciplinary teams

This is an event that smashes together film, technology, television, music and interactive. The combination of so much creative talent and dynamic technology expertise in the one concentrated space creates an incredible experience – the feeling that you take away is that the potential for content creation delivery and communication is being formed and realised in this very environment. It's the living, breathing example of where the future for content is heading: the marrying up of the poets and plumbers as Stephen Carter puts it.

Multi-platform storytelling is still a big topic of conversation, and something that broadcasters are still experimenting with and becoming accustomed to.

In a session called **Creating the Code** we saw a case study of one of the BBC's recent efforts.

Website: [www.bbc.co.uk/tv/features/code/](http://www.bbc.co.uk/tv/features/code/)

They had a pretty high-brow documentary series about science and maths with a target of reaching 1–2 million male viewers aged around 55. The BBC decided they wanted to look at a strategy for increasing the audience beyond the niche. So they worked with a specialist digital company who seeded clues for a nationwide treasure hunt across the series, and across online games, short online video and a micro-site.

Trailer for the show: [www.youtube.com/watch?v=5RAtFSEkFho](http://www.youtube.com/watch?v=5RAtFSEkFho)

Explaining how it works: [www.youtube.com/watch?v=BRg93P2YEX0](http://www.youtube.com/watch?v=BRg93P2YEX0)

There were some encouraging results. The broadcast was getting around 1.7–1.8 million viewers per episode – but there was about 40 per cent more watching on time shifted, which is disproportionately high for this type of show, and this was attributed to the fact that there were a million players of the game. And the engagement with those games was very high. The average session time on the mini-games was 24 minutes, which is extremely high for that type of activity.

The total cost of all the additional digital activity was GBP120,000 – so everyone was very happy with it.

Another well-known UK outfit that gave an example are Film4, who have recently set aside some digital funds they call Film 4.0.

[www.dreamsofyourlife.com](http://www.dreamsofyourlife.com)

They did a case study of their first commission; ***Dreams of Your Life*** is an interactive experience to accompany a feature documentary of the same name by Carol Morley. The film is about the true story of a 38-year-old woman who died in her flat above a shop but whose body wasn't discovered until three years later. The online experience makes you dwell on who would really know if you were gone, and it's quite haunting. It's ponderous but quite beautiful and well worth a visit. It was put together by a mixed team including a successful photographer, a successful author, a web developer and the documentary filmmaker. Film4 didn't share any metrics but they're happy with it.

### **Lesson 3: The enduring power of television**

Television isn't in the title of this event yet a large number of sessions dealt with the medium. Many television executives appeared on panels and were along for the SXSW ride. It highlighted the fact that television is such a ubiquitous medium now that it almost didn't need to be mentioned outright as a calling card to the event.

It affirms the belief that the medium shouldn't be dismissed in any short- to medium-term projections.

One example of how this came out was in a session with **Al Gore & Sean Parker** which on the surface seemed like an unlikely pairing. The session was really about the power of social media to bring about social change. Al

Gore's agenda was that he wants to see a change in the relationship between politics and big business.

In a nutshell we were reminded that if a US politician or party doesn't spend a great deal of money on TV advertising then they're not going to get elected. 75–80 per cent of their money is spent on 30-second TV spots. So they need money, and that money typically comes from big corporations by way of donations who then basically get to set the political agenda.

Al launched what he called the #OccupyDemocracy movement to try and bring people power in to the mix. Sean is linked to this because he's a philanthropist and activist. Parker is the founder of [Causes](http://Causes), [www.causes.com](http://www.causes.com) a philanthropic service that uses [social media](#) to connect charities with their supporters and potential donors and then communicates that connection to the user's network of friends.

Parker has also invested in:

<http://nationbuilder.com> – which gives you all the tools you need to start a movement and build a community

[www.votizen.com](http://www.votizen.com) – which makes voting easier by helping you figure out who to vote for.

Another session that reminds one of the enduring power of TV involved a forthcoming TV show that had been specially selected for screening; a new show from HBO and executive producer Judd Apatow called *Girls*. Now, nobody said anything earth changing or controversial, but if you've got Judd Apatow and people from HBO in a room then we wanted to be there as well. The show looks great; like *Sex & the City's* ugly sister.

#### **Lesson 4: The prevalence & importance of social television**

Social television (or the second screen) featured in or was the framework of a number of sessions.

This is increasingly becoming a very big deal to broadcasters, who are aware that many of their viewers are looking at other screens and engaged in online activity whilst watching their shows.

Why do broadcasters care about this online activity? The simple answer is because it drives ratings, and because it extends the life of a show both before and after.

We went to a couple of sessions on this; one called **Does Social Media Drive TV Ratings?** including panellists from MTV, Bravo and the Food Network. The other one was called **The Future of Entertainment: Viewer Becomes User**. This session had representatives of social services GroupMe and GetGlue, as well as broadcasters MTV and Showtime.

To cut to the chase, they unanimously conclude that there is a correlation between social media and ratings, despite the fact that it's hard to measure. Consequently they're giving it a great deal of attention.

The challenge for these broadcasters is how to encourage and capitalise on the huge amount of online activity discussing their shows.

The solution right now is two-fold: to engage with existing social services where people already hang out, and to create their own services that somehow bring something that other services can't offer.

When they utilise existing social services, they are by no means just talking about Facebook and Twitter, even though they get the most traffic. There are many other attracting serious attention.

Having said that, MTV, in particular, has a strong relationship with **Twitter**. People are encouraged to include a specific # in their tweets so that it shows up in one long stream of communal conversation and comment, and when MTV have one of their big awards shows like the VMA's then it's guaranteed to trend and get millions of people contributing.

MTV also reflected on the fact that they choose their content for social media very carefully – not everything receives the same energy and that it didn't matter whether it was reality or scripted. They generally start a social media engagement 4–6 months out from the launch of a program and then use it as a bridge strategy between episodes and seasons. Using talent in this space is key although not without its challenges.

**GroupMe**, (<http://groupme.com>) involves thousands of private chat rooms where you can chat online with people you choose, so it's generally with people you know and about a specific topic. So friends log in at the same time and discuss the show as it is broadcast. MTV and Showtime partner with GroupMe a lot. They report that fundamentally the user behaviour reflects real life, so for example, it spikes when breaking news hits, and students don't talk much over breaks from uni. It's very much a real-time experience. They also report that it's a different dynamic from more impersonal services like Twitter because you don't have the same anonymity.

Both broadcasters also deal with **GetGlue** (<http://getglue.com>).

GetGlue is interesting in that it's slightly gamified because you're encouraged to collect stickers so people are motivated by more than just the act of socialising and sharing what they're doing. They've got 2 million users to date, and they say that you never need to watch TV alone again. Advertising is built in to it. For example, you can check in to TV commercials for the chance to win the product. Some statistics: GetGlue had 170,000 check-ins for the Oscars® which was regarded as a lot and correlated to Nielsen ratings for the broadcast, whereas the TV show *Fringe* gets 30,000 which by ratio is much higher than Nielsen ratings and demonstrates that show has a higher percentage of what they call an 'engaged viewer', or someone who's really involved.

**Shazam**: the app that recognises any song has been adapted and launched in the US to do the same thing for TV shows or commercials – and if you tag a piece of content then there may be the opportunity to access additional content around that. A 30-second TV commercial can become 4 minutes worth of material for those who are interested to go deeper.

There are other services where people congregate, such as Pinterest and Tumblr.

When they make their own services, all the broadcasters talked about needing to offer something fans couldn't get elsewhere, such as access to talent or behind the scenes. They get the best response if they give the fans

something they target directly to them. Although often they are just about pulling all those services together so you can see them in the one place.

None of the broadcasters were willing to reveal what they spend on these services, but it was interesting that they all said the budget for them came from **content and not from marketing**. They don't consider it to be marketing.

Australian broadcasters are considering their 2nd screen strategies (FANGO has already been launched) and the ABC have an impending release up their sleeve. Producers are very much able to get in on the act here and for some good local examples check out what Matchbox did with *The Slap*. That was trending on Twitter with #slapshows.

### **Lesson 5: Authenticity is important but be careful**

The social media environment reminds us that we are operating in a new paradigm that has largely removed some of the more traditional artifices and structures and changed many of the more traditional relationships forever. The SXSW environment was the living breathing reflection of the online space where there is accessibility to people and a type of casualness.

However, it also exposes the need for what was in one session framed as true 'emotional intelligence' behind individuals and brands.

Authenticity is vital – seen as a combination of self awareness and braveness.

In the session **Does Social Media Drive TV Ratings?**, **Bravo** talked at length about the fine line between commercialisation and what can go horribly wrong. One is immediately exposed.

In a session with **Kevin Smith** he reminded us to “be yourself, everyone else is taken”: a nice reminder of what was a linked theme.

### **Lesson 6: Digital distribution is exploding**

It is. Part of this is the increasing number of online VOD and live streaming services that can now deliver content on any of your screens including your big TV in the living room.

VOD and download in the US is now generating more revenue than physical content. But with the relative price differential between physical and online purchase this is increasingly impacting revenue streams.

And the key message was the opportunity that it provides to get the right film to the right audience at the right time. There are three key aspects to this:

- Lower costs of distribution and marketing (cost per client is much much lower)
- A level playing field in that there is often little to distinguish an independent producer and a studio
- A broader (often global) audience can be immediately targeted when windows are being collapsed.

We were reminded at a number of points that many distribution platform works for different films at different times and that no film is the same but that the opportunities created by digital distribution enable film makers to tailor each piece of content to the audience associated with each platform. This was a nice parallel to the work that Screen Australia is currently undertaking to be released in June – a follow up to the ‘**Beyond the Box Office**’ project from last year to be titled ‘**What to Watch**’.

There were lots of sessions on the benefits of digital distribution for filmmakers to get their work out. We attended one called **Your Film’s Unique Distribution Strategy** put together by Richard Lorber from Kino Lorber featuring four new platforms.

- Fandor [www.fandor.com](http://www.fandor.com)
- Prescreen <https://prescreen.com>
- Snagfilms [www.snagfilms.com](http://www.snagfilms.com)
- EPIX [www.epixhd.com](http://www.epixhd.com)

These are all services that offer VOD and live-streamed movies with simple business models based on:

- subscription fees
- ad-supported
- transactional (as in one off purchases).

Some of these aren’t available outside the US. Some have certain movies you can watch and some you can’t.

And that’s the point of the session title. Many of these services offer filmmakers the opportunity to be very specific about the availability of their movie, specifying certain territories and also release dates compared to other key dates in the film’s release plan. They used an example of a film getting a limited theatrical release in New York and LA that could be available online in other US states where it wasn’t screening theatrically.

Another interesting point about them is the extent to which they’re all using social media very smartly. It’s easy for you to post on social networks what you’re watching or planning to watch, and there’s plenty of opportunity to discuss what you’ve seen.

Snag is pretty canny about making older content relevant again. They’ve licensed *Capturing the Friedmans* and have had the filmmaker go shoot a load of new footage, and they also watch out for opportunities to bring back old content, such as releasing the actual HBO documentary that was recreated in *The Fighter* with Christian Bale’s character.

It’s certainly a great way for some of our films to get some exposure in some other territories that they wouldn’t otherwise.

Possible the best know live streaming and VOD site in the US is **HULU**. [www.hulu.com](http://www.hulu.com)

They ran their own session but we were disappointed to discover it was basically an advertorial for them, but it was admittedly interesting to see that they’re commissioning original content, including new series from Richard

Linklater and Morgan Spurlock – and they reported they now have 38 million unique users, which makes them pretty formidable in the US.

### **Lesson 7: The ‘Internet of Crap’ means that quality & discoverability are important**

Google is pre-occupied with helping you wade through the ‘Internet of crap’ (a phrase that was uttered in a key note we attended by Baratunde Thurston – a contributor to the ONION). As part of their strategy to help with this, and to get them more significantly into the social space, they released Google+ in June 2011. There was a session with **Vic Gundotra**, Senior VP of Engineering for Google, where he talked about the service.

What is it? It’s often been touted as a competitor to Facebook, and that’s not a bad description, but it’s not entirely accurate. It’s a social layer across all of Google’s services, mainly YouTube, Chrome and Gmail.

They have just passed 90 million signed up users, and they’re pretty happy with that.

The reason it’s in this ‘lesson’ is because one of the chief functions of Google+ is to help you find and receive the most pertinent content possible whenever you go online. When you use Google+ across all these services like search and email and watching online video, and when you hook up with people through it and have social conversations, then it gives Google the opportunity to know a lot about you. The more they know about you, and the more they know about your friends and acquaintances, then the more they can send you information you might actually use in the form of more useful search results and more useful advertising.

Vic said: *“You can think of Google+ as Google 2.0. In the new version we know your name, we know your friends. Our goal to understand you, and make it more relevant to you.”*

When needed with questions about privacy, he answered simply:

*“If you don’t like it, just opt out.”*

It is well worth checking out.

It reminded us (as did other sessions) that those that can marry their stories with the tools of discoverability will ‘win’. And equally, that in a world of infinite quantity of content, **quality** will be increasingly difficult but yet important to create and locate.

### **Lesson 8: Know your audience**

Time and time again this message came through. Many times it was provided in a context of providing tools (ultimately people’s data) to content creators in order to build and create compelling content for targeted audiences. A session all about the **Funny or Die** franchise highlighted that these guys were in a constant state of feedback from their audience and it was helping them to generate the right content at the right budget level so that they were able to monetise correctly.



**Joss Whedon** stood out as someone who is total ‘fan boy’ – he has understood who his audience is in every venture he has undertaken and reaped the rewards accordingly.

He’s made some game-changing TV, like *Firefly*, *Buffy the Vampire Slayer* and *Angel*, he wrote the original *Toy Story*, he made *Dr Horrible’s Sing-Along Blog* which put internet series and digital distribution on the map, and his movies include *Serenity* and the upcoming and highly anticipated *The Avengers*. Joss’s film *Cabin in the Woods* was the opening night movie.

We hung on his every word, but the most salient stuff for us here in Australia is as follows:

He had a lot to say about working at different budget levels, because this is a guy who has worked at both ends of the spectrum. He was quite disparaging about having too much money. He said:

*“When everyone wants to give you everything it’s very hard to make things feel real. Sometimes you can tell when a movie has had too much money. Limitations are something I latch on to. Restriction of budget can be really useful; otherwise you have to create your own restrictions. Anything you can do to make it feel more real and imperfect, otherwise there can be a disconnection.”*

His development style was a little unusual. He boasted that he generally only ever does one draft, but works on an outline for weeks and weeks and weeks, and doesn’t write the script until he is absolutely sure about it. He acts out every scene over and over before committing it to type. He and his writing partner wrote the bulk of the script for *The Cabin in the Woods* in three days. And it’s exactly what they shot. But only after having done all that prep. He says this technique comes from having started out writing on a typewriter, where you had to get it right first time.

So when he said this: *“I dislike revision, and I’ll tell you why. It’s more work.”*

...he was only half kidding.

Whedon was asked about his relationship with TV networks and because his work has been badly treated the audience were expecting him to badmouth them, but in fact offered the following: *“If you have creative freedom that you haven’t earned then it’s too easy to be self indulgent.”*

His take on using the Internet was also very valuable. He began exploring the Internet and digital distribution after his frustration with the Hollywood system when his *Wonder Woman* project fell through. He made a three x 15-minute series called *Dr Horrible’s Sing-Along Blog* and just pumped it out through all the channels that existed at the time.

He loves the immediacy of the internet, compared to waiting for his work to be realised in theatres or on TV.

*“You kinda just post it.”*

*“This is the era when you can.”*

After *The Avengers* he’ll be working on another web series.

## Lesson 9: Cut your cloth

Creating the right content with the right budget was certainly in the messaging Joss Whedon provided but it also stood out in a session titled **The Business of Kevin Smith**.

Kevin Smith is a really inspiring guy. The focus was how he has shifted his activities from making movies, to podcasting and live tours. He talked about how he got in to movies to tell fictionalized versions of the stories of him and his friends, through movies like *Clerks* and *Mallrats*. But he got to a point with *Zack & Miri Make a Porno* that he realized he'd said everything he wanted to say, and now there were people doing it better than him, and he'd lost his fire for it. So instead of continuing with fictionalised versions, he just shifted to the real thing, got his friends together and started making podcasts of them talking.

What he did was build a community of fans, and from that he created a base of demand that you can communicate with at low or no cost. He compared this with how Hollywood still spends a fortune carpet-bombing people with billboards and TV spots to try and drum up an audience for their content.

It occurred to him specifically when he drove past a big billboard advertising an upcoming live show from a comedian, and he said to his wife "*we sell out venues, why haven't we got a billboard*", then he realised "*if we sell out venues, why do we need a billboard?*".

Wasted marketing dollars particularly upset him on *CLERKS 2*, where the movie cost \$5M and he'd had to pull in all sorts of favours, but then the distributor spent \$10–15M on marketing. He said the waste showed him up to all the people he'd asked favours from. That was money that could have gone in to the film. Instead of "*a huge dump of money to reach an audience that doesn't want to see it*", why not for a fraction of the money just use newer digital tools and go speak directly to the fan base?

He'd also been upset by some big marketing costs for *Pulp Fiction* being chalked up to *clerks*, ie the yacht at Cannes which was targeted for their film but effectively underwritten by his.

So he put this in to practice for his latest movie *Red State*, and just marketed it directly to fans. He sold the tickets himself and toured it around the US and outside the US as well. He was not reaching for an audience that was never going to come. He made a million dollars from 30 dates across the US. With the traditional route, he said "*you enjoy everything for one or two weeks, and then it's over. This world moves on quickly without you.*" But with this non-traditional route it was like the atmosphere of a festival screening every time, and the movie just kept on giving. He also wanted to point out that he still had traditional elements to the release. Lionsgate paid \$2M for DVD and VOD. Netflix paid \$1M for digital rights.

They made enough money off the film to pay back the investors within six months.

He enjoyed it so much that he's now moving in to distribution of other films.

## Lesson 10: Keep your finger on the pulse

The pace of change is extraordinary, and SXSW acts as a great snapshot of the current big thing and the next big thing. Twitter and Foursquare both launched at SXSW, and consequently people are extremely interested in what's being launched or profiled here because by next year it could be a household name.

There's a wave of new location-based services that are based on knowing about you and exactly where you are. **Highlight** plays on the same mechanic but is more focused on more executive networking, highlighting who's nearby you that you may have interests in common with, or people in common.

[www.youtube.com/watch?v=SiOMVBJnohl](http://www.youtube.com/watch?v=SiOMVBJnohl)

**Pinterest** (<http://pinterest.com>) is one of the fastest growing social networks in the world. It was the fastest site in history to break through the 10 million unique user visitors mark. The most recent figures suggest it has around 11 million users per week. Its use is very simple. You have a virtual pinboard on which you can pin pictures of your collections of things; whatever they are. Other people can see and talk about your collections, as you can of theirs. The founder is a very young guy called Ben Silbermann, and he did one of the keynotes. One thing notable about him was that it showed the programmer as an artist. The way he talked, he could just as well have been a first time feature director talking about having a hit on his hands.

- The idea for Pinterest didn't come from hard-nosed business analysis. He was aware of the competition but just focused on making something as 'beautiful' as it could be (his words).
- Silbermann and his friends were paying themselves nothing for a long time, and were surviving on a small amount of private investment to cover overheads.
- It was never about money. They still have no firm monetisation plan but he says it will have to be something that speaks to one of the core themes of the project, which is *'to help people discover things they didn't know they wanted'*.
- Now people are using it in ways he never expected, such as for satire. Someone has opened an account pretending to be Mitt Romney who wants to share pictures of his vast yacht collection.

Another service that the conference brought to our attention is **Instagram**, (<http://instagr.am>) a social photo-sharing service that gives you the opportunity to share your unique perspective of a place using the built-in camera on your mobile device. Of course the founders are now \$1 billion richer thanks to their recently announced Facebook deal.

It's important to keep on top of all this stuff because we need to know what people are doing with their devices, and it's relevant to us because people are using these services to tell stories and they're turning those stories into money.