**Film & Figures Special Edition – Newsletter No. 10**

***SPENDING ON THE PROMOTION OF COLOMBIAN FILMS***

**Introduction**

In 2015, 36 Colombian films were released, 8 more than in 2014. The number of cinema screens also increased by 65, for a total of 935 by the end of 2015. However, the number of admissions has not grown at the same rate, and Colombian filmgoers are spread among a growing number of titles. This is why one of the major challenges facing the country’s film industry today is to increase domestic demand for Colombian cinema.

The conditions for access to Colombian cinema affect film consumption. Variables such as ticket prices, each film’s investment in promotion and marketing, the number of theaters where the film is exhibited, the choice of release date, the number of copies, the distributor’s bargaining power, the genre, etc., all have an impact on theater admissions.

This study shows that higher admissions have been attained by local family and comedy films that dedicate a significant budget to advertising. Half of the films released had fewer than 10,000 admissions and spent more than half of their budget on fees. Admissions to documentary films are still very low, although their share of total releases has grown.

We found that the virtual print fee (VPF), which is not a promotional cost, is calculated as such; this could instead be used for the film’s marketing and promotion. VPF costs represent a high percentage of total promotional costs for all films, but especially for niche films.

Since 2004, the FDC has provided automatic incentive awards to promote Colombian films when they are released in Colombian theaters. Some 78.5% of Colombian films that have been released have received this FDC incentive. During the past 11 years, 153 incentive awards have been given out, amounting $16,857 million pesos. In 2015, 31 films received the incentive.

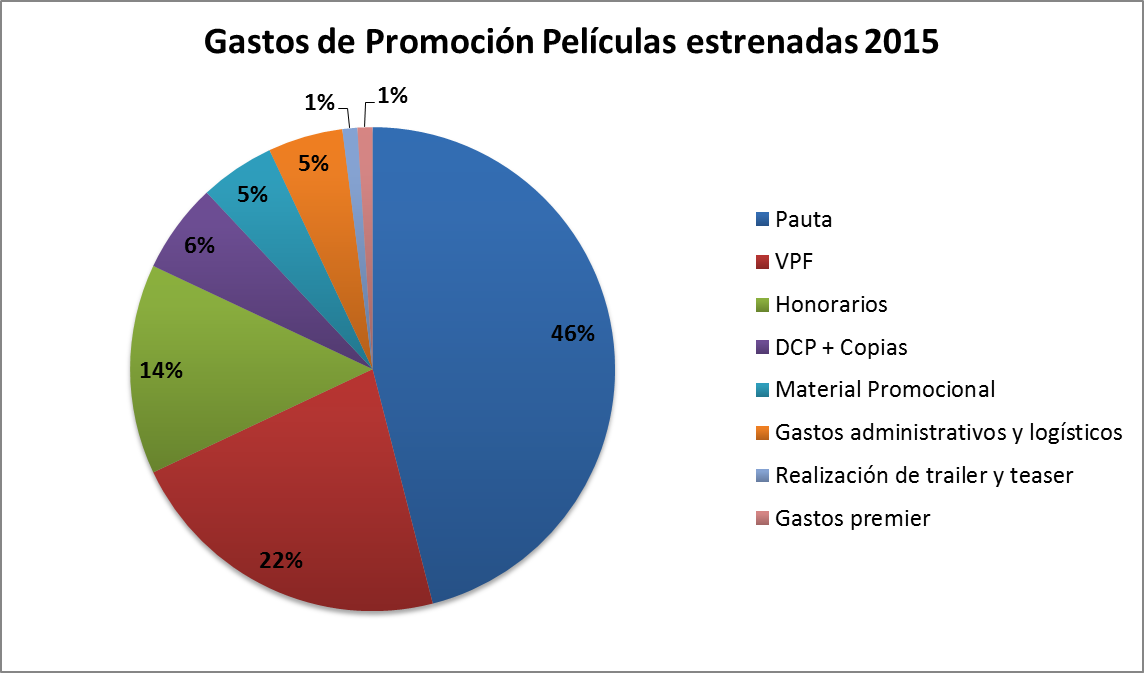
In preparing this bulletin, we have analyzed the promotional budgets that film producers have presented with their applications to this incentive.

Promotional costs are difficult to compare and extremely variable from film to film; furthermore, the information available is not comprehensive. However, in order to conduct a preliminary analysis, we have studied the aggregate figures and classified costs into the following categories:

* Advertising: This includes print media, digital media, radio, and television.
* Promotional materials: posters, banners, postcards, stickers, t-shirts, standing advertising displays, press kits, etc.
* Fees: This includes fees paid to the communications manager, press manager, social media manager, graphic designer, website designer, digital campaign agency, and others.
* DCP and copies: recording or storing films on hard drives and copies of these.
* Creation of the trailer and teaser.
* Expenses related to the premiere: mailing and printing invitations, theater rental, photographer, etc.
* Administrative and logistical expenses: fees, transportation, insurance, other fees, trust expenses, bank fees, etc.

This sample includes 35 films (7 documentary, 27 fiction, and 1 animation) released in 2015. Not all of these movies received FDC incentives.

1. **PROMOTIONAL SPENDING FOR FILMS RELEASED IN 2015**

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Promotional Spending for Films Released in 2015

Advertising

VPF

Fees

DCP & copies

Promotional materials

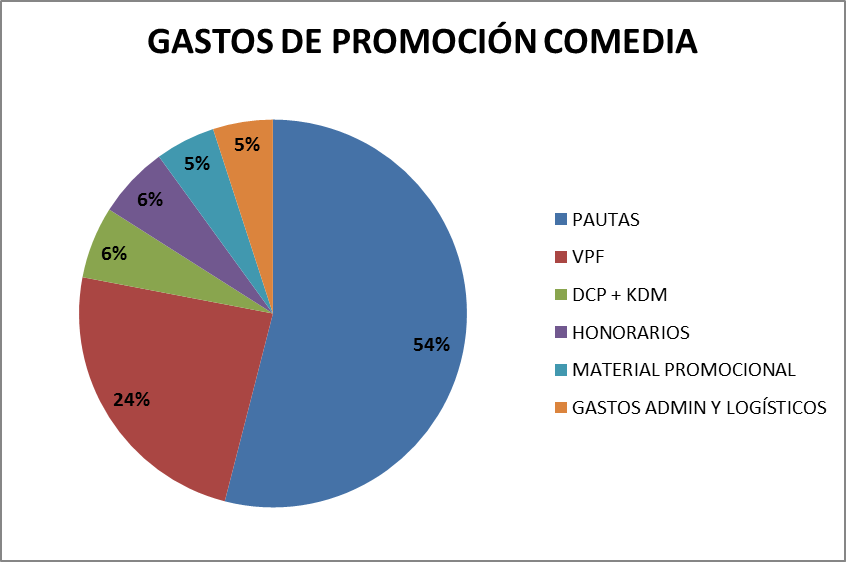
Administrative and logistical expenses

Creation of the trailer and teaser

Premiere expenses

* The promotional budget for 35 Colombian films released in 2015 was 9.817 billion Colombian pesos (US$ 2.9 million), of which 22%, or 2.139 billion pesos (US$ 645,000), was used to pay the Virtual Print Fee (VPF).
* 46% of the total promotional budget was spent on advertising, amounting to 4.475 billion pesos (US$ 1.3 million).

1. **PROMOTIONAL SPENDING FOR COMEDIES**



Promotional Spending for Comedies

Advertising

VPF

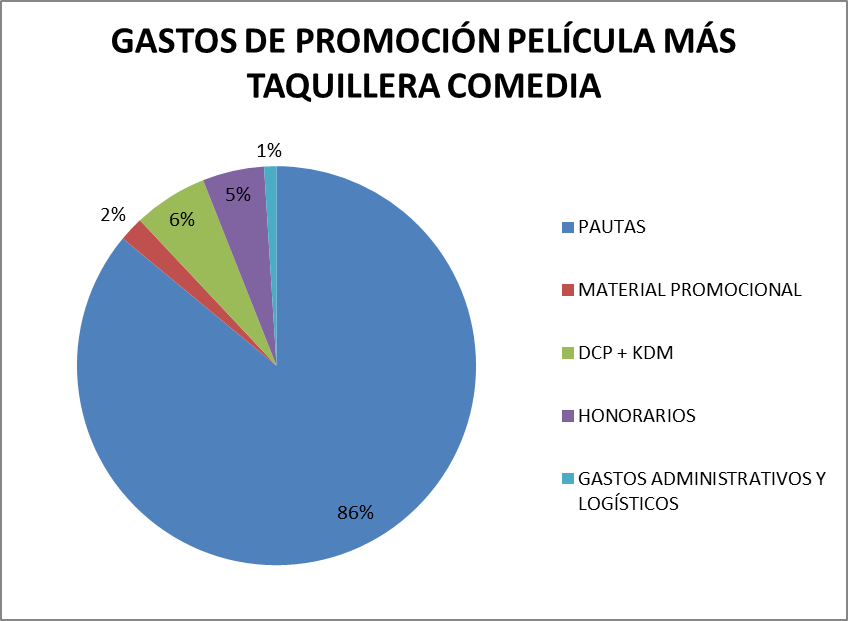
DCP & copies

Fees

Promotional materials

Administrative and logistical expenses

* The five highest-grossing Colombian films in 2015 were comedies, comprising 9% of the total box office of Colombian cinema. They were exhibited at between 80 and 390 theaters.
* 54% of their budget was spent on advertising and 5% was spent on promotional materials.



Promotional Spending for the Highest Grossing Comedy

Advertising

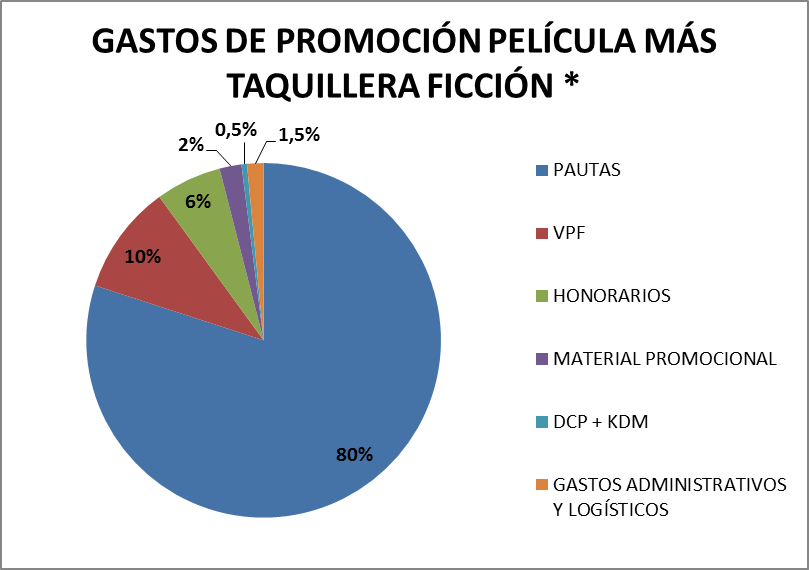
Promotional materials

DCP & copies

Fees

Administrative and logistical expenses

* The highest-grossing film released in 2015 took in 8 billion pesos (US$ 2.4 million) at the box office and had more than 1 million admissions. 86% of this film’s promotional budget went to advertising.



Promotional Spending for the Highest Grossing Fiction Film

Advertising

VPF

Fees

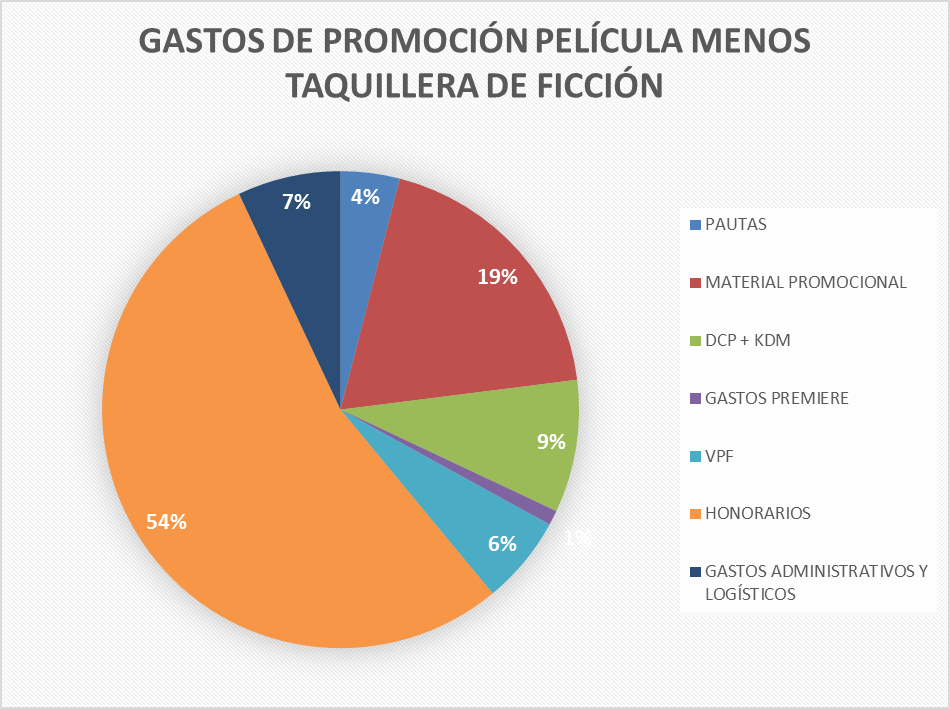
Promotional materials

DCP & copies

Administrative and logistical expenses

\* This sample does not include the five highest-grossing comedies.

* The highest grossing fiction film allocated 80% of its promotional budget to advertising, followed by 10% for VPF, and was released in approximately 54 theaters. This film took part in a number of festivals.



Promotional Spending for the Lowest Grossing Fiction Film

Advertising

Promotional materials

DCP & copies

Premiere expenses

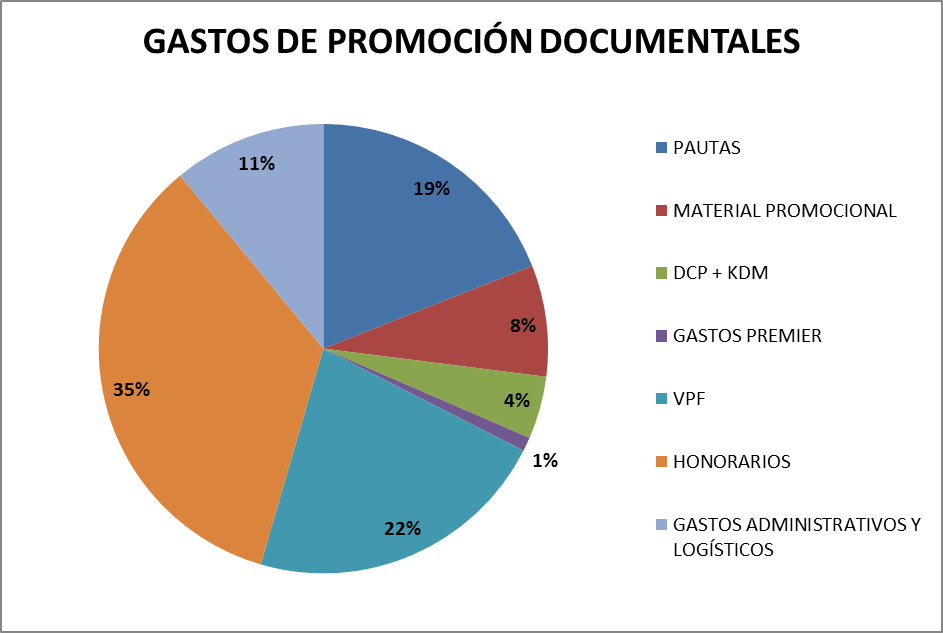
VPF

Fees

Administrative and logistical expenses

* The promotional budget of the lowest grossing fiction film was primarily used to pay fees (54%), and 23% went to promotional materials and advertising. It had revenues of approximately 13 million pesos (US$ 3,900) and 1,500 admissions, and was exhibited at approximately 11 theaters in the country. This film took part in a number of festivals.

1. **PROMOTIONAL SPENDING FOR DOCUMENTARIES**

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Promotional Spending for Documentaries

Advertising

Promotional materials

DCP & copies

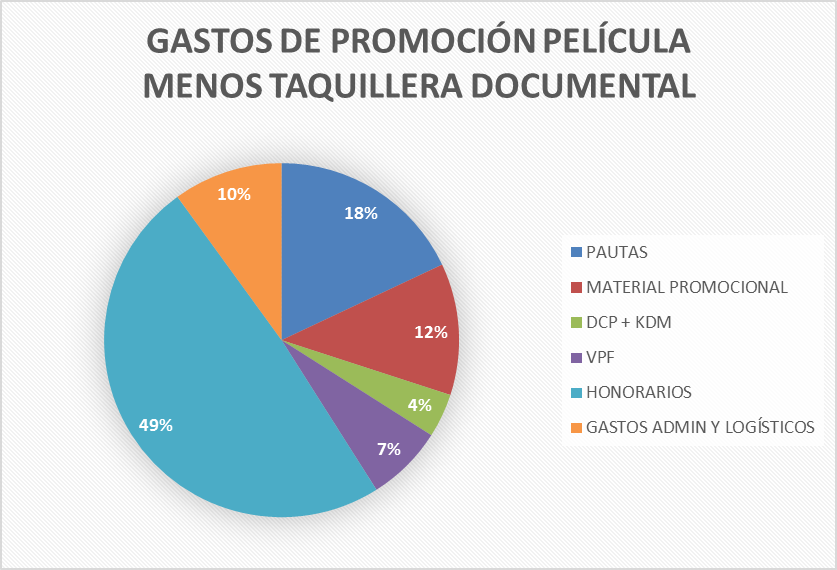
Premiere expenses

VPF

Fees

Administrative and logistical expenses

* Seven Colombian documentaries were released in 2015. 35% of these films’ promotional budget went to pay fees, followed by 22% for VPF.

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Promotional Spending for the Lowest Grossing Documentary

Advertising

Promotional materials

DCP & copies

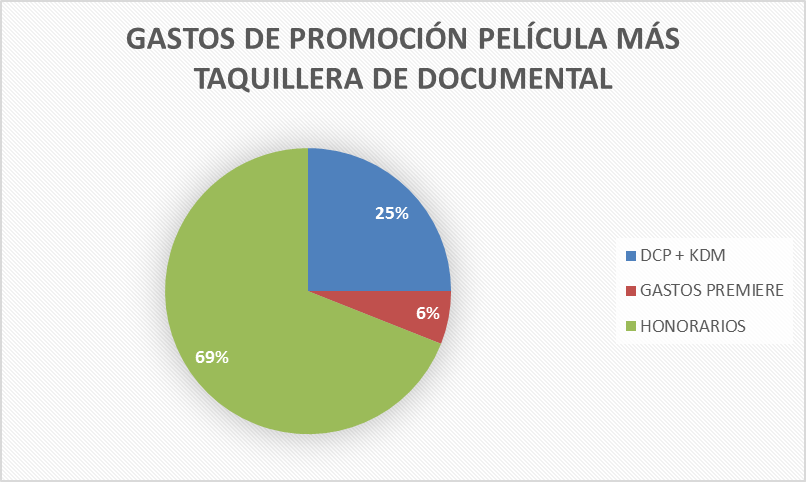
VPF

Fees

Administrative and logistical expenses

* The film with the lowest admissions and box office receipts was a documentary. It was released in three theaters.
* 49% of its promotional budget went to the payment of fees and 18% to advertising.

1. **PROMOTIONAL SPENDING FOR THE HIGHEST GROSSING DOCUMENTARY FILM**

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Promotional Spending for the Highest Grossing Documentary

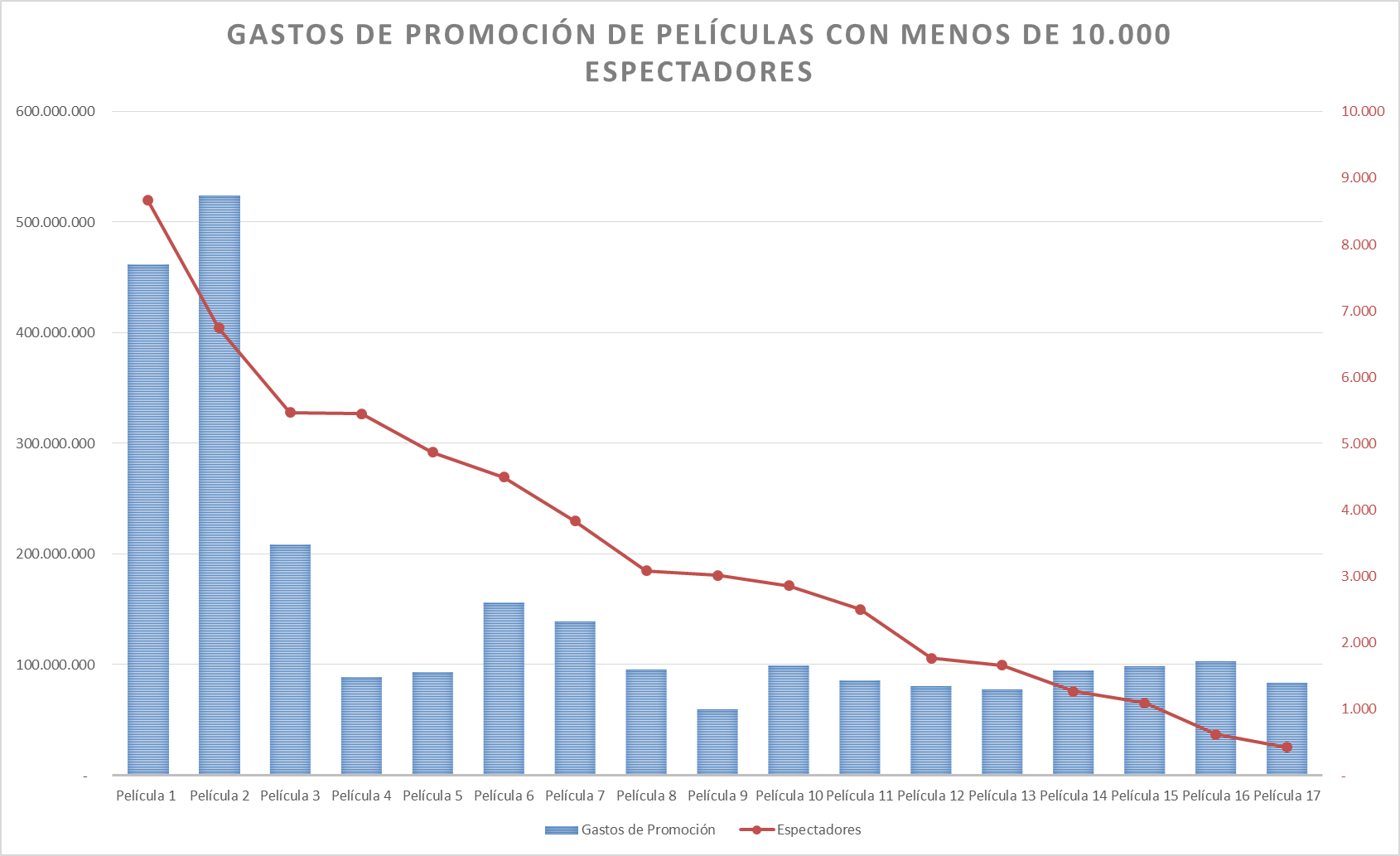
DCP & copies

Premiere expenses

Fees

* The documentary with the highest admissions and box office receipts spent 69% of its promotional budget on the payment of fees and 25% on copies of the film on hard drives. It was shown in 17 theaters.

1. **PROMOTIONAL SPENDING FOR FILMS WITH FEWER THAN 10,000 ADMISSIONS**



Promotional Spending for Films with Fewer than 10,000 Admissions

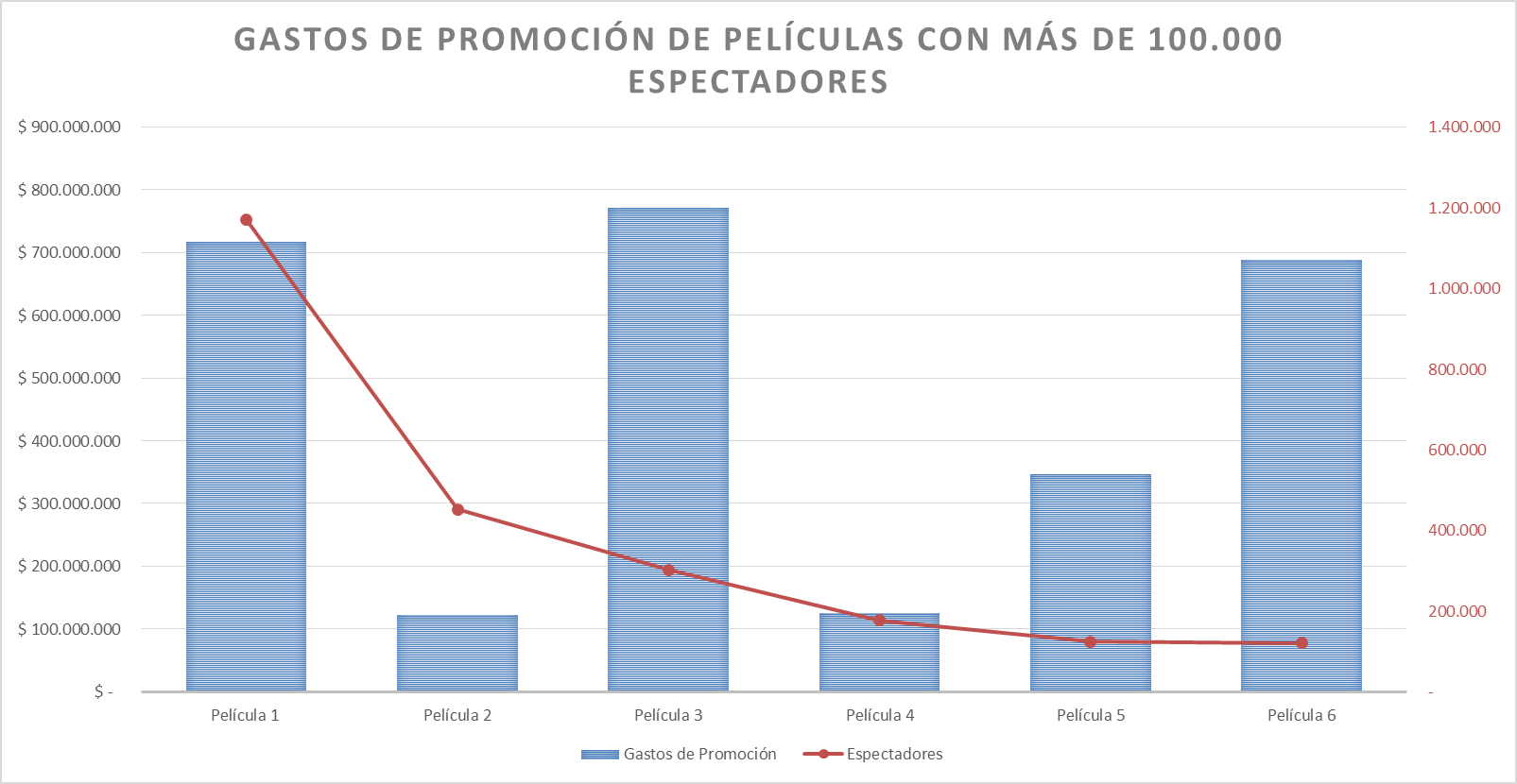
Film 1, Film 2…

Promotional spending

Admissions

* 17 of the 35 analyzed films had fewer than 10,000 admissions: 10 fiction films and 7 documentaries. These films were exhibited at between 3 and 32 theaters, with an average of 13 theaters per film.
* Films 1 and 2, both fiction, had a promotional budget of nearly 500 million pesos (US$ 150,800). Film 1 had around 8,500 admissions and film 2 had around 6,700.
* Films that spent between 100 and 200 million pesos (US$ 30,000 to 60,000) were those with the lowest admissions. Admissions for these films ranged between 600 and 5,500. For these films, there was not necessarily a correlation between admissions and the budget allocated to promotion.

1. **PROMOTIONAL SPENDING ON FILMS WITH MORE THAN 100,000 ADMISSIONS**

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Promotional Spending for Films with More than 100,000 Admissions

Film 1, Film 2…

Promotional spending

Admissions

* There is no evidence to suggest that allocating a large budget for promotion necessarily guarantees a high number of admissions. Five of the six films in this group are comedies. Film 1, which allocated about 700 million pesos (US$ 210,000) for its promotional budget, had the highest number of admissions. However, films 3 and 6, with a similar promotional budget, did not attain the same level of admissions as film 1.
* For films with over 100,000 admissions, there is a clear correlation between the number of theaters in which a film is exhibited and the number of admissions.