Direct-to-DVD: From Syfy to the Majors

A thesis presented to
the faculty of
the College of Fine Arts of Ohio University

In partial fulfillment
of the requirements for the degree

Master of Arts

Christopher J. Haak

March 2011

© 2011 Christopher J. Haak. All Rights Reserved.
This thesis titled
Direct-to-DVD: From Syfy to the Majors

by

CHRISTOPHER J. HAAK

has been approved for
the School of Film
and the College of Fine Arts by

____________________________________

Louis-Georges Schwartz
Assistant Professor of Film

____________________________________

Charles A. McWeeny
Dean, College of Fine Arts
ABSTRACT

Haak, Christopher J., M.A., March 2011, Film Scholarship

Direct-to-DVD: From Syfy to the Majors

Director of Thesis: Louis-Georges Schwartz

The direct-to-DVD market is an understudied aspect of the film industry. By focusing on Syfy, as both exhibitor and financier of direct-to-DVD movies, and the Majors’ direct-to-DVD divisions, I will show how these two distinct systems interact with the home video market. Initially one would think that these two systems, Syfy with its ultra low budget action and horror movies and the Majors more typical direct-to-DVD fare, would be in competition with one another, however, this is not the case. The Majors are not attempting to edge out the mini studios by producing a glut of movies at the $1-2 million range; instead they leave that to mini studios and focus on fewer, bigger titles.

Approved: _____________________________________________________________

Louis-Georges Schwartz

Assistant Professor of Film
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>3</td>
</tr>
<tr>
<td>List of Tables</td>
<td>5</td>
</tr>
<tr>
<td>List of Figures</td>
<td>6</td>
</tr>
<tr>
<td>Chapter 1: Intro</td>
<td>7</td>
</tr>
<tr>
<td>Chapter 2: Syfy</td>
<td>25</td>
</tr>
<tr>
<td>Chapter 3: The Majors</td>
<td>46</td>
</tr>
<tr>
<td>Chapter 4: Conclusions</td>
<td>60</td>
</tr>
<tr>
<td>References</td>
<td>66</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 1: U.S. theaters by type ................................................................. 10
LIST OF FIGURES

Page

Figure 1: 2007 studio revenue breakdown ................................................................. 12
Figure 2: Snakes on a Train Poster ............................................................................. 20
Figure 3: Studios’ market share of consumer spending ................................................. 61
CHAPTER 1: INTRO

Unaware of the terrifying creature lurking in the ocean 10,000 feet below, a commercial jet liner flies over the Pacific. A passenger turns to look out his window, as if to stare off into the sky and pass the seemingly endless journey back to the Mainland. However, propelling itself from the ocean surface towards the unsuspecting aircraft is a mega shark! “Holy sh . . .” exclaims the passenger, moments before the mega shark devours the plane.

With internet message boards full of rants trashing countless direct-to-DVD titles it would seem as though few people enjoy watching cheap direct-to-DVD movies like those on Syfy. However, television networks continue to program direct-to-DVD titles and rental stores continue to stock them suggesting that there is a large exploitable market for these cheap movies which are little more than micro budgeted versions of theatrical titles. As more movies are released directly to DVD each year it is clear that the direct-to-DVD industry is not contracting and will likely continue its expansion, generating billions of dollars for the entertainment industry.

In this thesis I will show how the direct-to-DVD market provides an important set of benefits to the film and television industry: from the obvious monetary boon and the recruitment of new industry personnel, to the necessity of satisfying niche audiences. With a majority of theatrical features marketed for mass appeal, it is left to the hundreds of direct-to-DVD titles released each year to supply the niche markets with
product. I will discuss the similarities and differences in both Syfy\(^1\) and the Majors’ – The Walt Disney Company, Sony Pictures, Paramount, Twentieth Century Fox, Warner Bros., and Universal – attempts to exploit the home video market. In the second chapter readers will be introduced to Syfy, its programming choices, audience expectations, marketing, economic factors (advertising revenue, production costs, etc) and the similarities and differences between Syfy Originals and the Majors direct-to-DVD titles. I have chosen to focus on Syfy in particular due to its high visibility as a proud exhibitor of direct-to-DVD and made-for-TV movies. Syfy represents an interesting position in the television industry due to its programming of “Syfy Originals” that do not seek to be award winning, or what many people would call “good.” In fact quite the opposite is true; Syfy instead chooses to hype the outlandish aspects of the movies, focusing attention on the outrageous monsters or odd natural disasters. This is not to say that Syfy maintains a low standard of quality, rather, the audience that watches these movies has specific expectations which differ from traditional ideas of what constitutes a “good” or “watchable” movie. In the third chapter our attention will turn to the Majors and how they have chosen to produce and market their direct-to-DVD titles. I have chosen as a case study, The Asylum, which will shed light on how micro-budgeted direct-to-DVD movies are produced, marketed, and distributed, and will highlight the

\(^1\) In July 2009 as a part of a large scale rebranding effort, executives at Sci Fi changed the name of the channel to Syfy. For more on Syfy’s rebranding effort see (Selznick, “Branding the Future” and Elliott, nytimes.com). Throughout this thesis I will use Syfy when discussing the channel both before and after its 2009 rebranding.
relationship between small independent production companies and the Majors due to Asylum’s close ties with Syfy and Blockbuster, and its recent slate of “mockbusters” based on the Majors’ theatrically released films.

The sequence outlined helped propel the trailer of The Asylum’s Mega Shark vs. Giant Octopus (Perez, 2009) into Yahoo!’s top 10 most watched trailers of 2009, placing it 8th, sandwiched between Star Trek (Abrams, 2009) and Avatar (Cameron, 2010) at numbers 7 and 9 respectively (Crow, Yahoo!.com). Starring Lorenzo Lamas and former teen pop star Deborah Gibson, Mega Shark had more than a slick trailer and giant monsters driving the success of this film.

The extra attention brought by Mega Shark’s viral trailer and high profile debut as a Syfy Original failed to help Asylum expand its traditional revenue stream of DVD rentals. With the exception of Netflix where the film had good rental numbers, at traditional rental stores the film was only a moderate success (Raftery, wired.com). Not only had Mega Shark failed to reach out to a broader rental audience through its Syfy premiere, but the success of the film’s trailer remained difficult to duplicate. Executives at Asylum were then left with a decision about how to proceed.

As independent theaters continue to close (see table 1), replaced by large multiplex theater chains catering nearly exclusively to product of the Majors, theatrical

2Mockbusters are low budget films designed to piggyback on the successful release of theatrical features.

3 As a result of MLA formatting guidelines films having been released on DVD will be cited in both the reference section and in the parenthetic notation with their DVD distribution year. However, for this thesis it is more important at times to note the year of a given film’s debut in theaters or on television, as a result some sentences will claim a different year than the year found in the citations.
exhibition remains difficult for small independent films not purchased by distributors with a national reach.

Table 1 U.S. theaters by type

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>% change 09 vs. 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Screen</td>
<td>1,748</td>
<td>1,747</td>
<td>1,677</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Miniplexes (2-7 screens)</td>
<td>2,296</td>
<td>2,215</td>
<td>2,043</td>
<td>-7.8%</td>
</tr>
<tr>
<td>Multiplexes (8-15 screens)</td>
<td>1,617</td>
<td>1,679</td>
<td>1,681</td>
<td>0.1%</td>
</tr>
<tr>
<td>Megaplexes (16+ screens)</td>
<td>6,16</td>
<td>6,28</td>
<td>6,38</td>
<td>1.6%</td>
</tr>
<tr>
<td>Total screens</td>
<td>6,277</td>
<td>6,269</td>
<td>6,039</td>
<td>-3.7%</td>
</tr>
</tbody>
</table>


Distributing over 90% of the films reaching the nation’s theaters, the Majors have together formed a near oligopoly over the silver screen. As an economic necessity of survival, many small independent studios, such as The Asylum, are catering to niche markets and have begun to rely solely on the home video market as a source of revenue. As a result, many small production companies have continued to develop a strong portfolio of direct-to-DVD titles that cater explicitly to niche audiences not satisfied with what the theatrical market offers.

Video rental stores, once a haven for direct-to-DVD films that attracted consumers through flashy cover art and physical placement next to titles with similar names, continue to close or reduce their shelf space, squeezing direct-to-DVD films off the shelves in favor of studio releases and video games. Movie Gallery, Inc., owner of
Hollywood Video, emerged from bankruptcy in May 2008 with 2,900 stores, yet by September of that year 250 more stores had been closed with plans for a possible 200 additional store closings by the end of 2008 (Hodges, the-dispatch.com). In February, 2010, Movie Gallery, Inc. once again filed for bankruptcy and by May planned to close the remaining stores and liquidate its assets after defaulting on a loan (Felberbaum, msnbc.msn.com). Compounding the loss of Hollywood Video, Blockbuster Inc. filed for a planned chapter 11 bankruptcy in September of 2010. On top of nearly 1,000 outlets closed in 2009, Blockbuster expects an additional 500 to 800 closings during the restructuring (Fritz, latimes.com). The closure of the nation’s second largest video rental chain and the impending bankruptcy of Blockbuster Inc. represent thousands of shelves that will no longer carry The Asylum’s titles next to studio features. “What sells our films is the fact that you’ve got a DVD box with some cool art, and it’s sitting right next to the studio movies,” The Asylum partner Paul Bales says. “We’ve always been in the pretty-box business” (Raftery, wired.com). The “pretty-box” business allows The Asylum to rely heavily on impulse customers to drive its rental business. For a direct-to-DVD movie to attain an audience, the cover of the DVD box – the title and design – offer crucial guidance (Davis, 52). As the rental business shifts towards video-on-demand and mail delivery, The Asylum and companies like it face the challenge of whether or not they will be able to stay in the “pretty-box” business. And if The Asylum is unable to transition into the new marketplace, there is the possibility that the Majors will attempt to take
over the profitable micro-budget film industry through their own direct-to-DVD divisions.

At first an ancillary market, home video has become the largest source of income for distributors, surpassing theatrical revenue in 1986 (Vogel, 103). By 2007 the Majors were deriving nearly half of their total revenue from home video (see *figure 1*) (Ulin, 161).

![Studio Revenue Breakdown 2007](image)

*Figure 1. 2007 studio revenue breakdown from Jeff Ulin, The Business of Media Distribution: Monetizing Film, TV, and Video Content, (New York: Focal Press, 2010), 161, Print.*
It comes as no surprise then that the Majors would develop their own direct-to-video divisions in order to further exploit the home video market. By the mid-2000’s all the major studios had created production arms specializing in producing direct-to-DVD movies. For the Majors, developing direct-to-DVD movies allowed the companies to elongate film franchises’ lives and continue to extract profits from proven sources, with minimal risk. Jason Weiss, Vice President of the direct-to-DVD division at MGM\(^4\) explains that, “By leveraging film and TV franchises, which have already proven to be popular with specific, targeted demographic groups, we’re able to both continually replenish our library while also maximizing revenue from our existing films and TV programming” (Netherby, “MGM Eyes” 6).

As production budgets continued to increase past $50 million and marketing costs soared above $30 million for some features, it became obvious that some films did not merit a theatrical sequel or prequel. However, with millions of dollars already invested, studios are reluctant to let a possible franchise fade from public memory. The solution: Continue the franchise through direct-to-DVD movies, allowing the studio to continually reap profits from franchises. Even theatrical duds can find a new life through direct-to-DVD. 1997’s *Starship Troopers* (Verhoeven, 1998), which grossed under $55 million on an estimated budget of $105 million (“Starship Troopers,” boxofficemojo.com), spawned an animated series and two direct-to-DVD sequels. With

---

\(^4\) Although MGM is not currently considered one of the Hollywood Majors, its direct-to-DVD division is similar in output with the other Majors and can thus provide us with valuable information relating to a general study of the Majors DVD divisions.
even financial disasters spawning direct-to-DVD sequels, Hollywood studios began to flood the DVD market with their own product, forcing small independent studios that once thrived in the market to retool and look for new ways to stay competitive.

The Asylum, one of many mini studios\(^5\) producing direct-to-DVD movies across the country, has seen its national exposure dramatically increase in the past few years. Founded in 1997, The Asylum originally began as an art house distributor, retooling into a direct-to-DVD production studio after the indie crazy subsided. It was not until *The New York Times* published “The New B Movie” in October 2007, after the company had begun to prolifically produce “mockbusters,” (or tie-ins as The Asylum co-founder David Michael Latt refers to them) that The Asylum began to receive national attention. However, the added attention did not translate into large increases in profits for the company. It was not until executives at Syfy purchased some of The Asylum’s movies that the company found itself with sustained national exposure and a worldwide partner.

Envisioned in the late 1980’s as an independent network owned by Mitchell Rubenstein and his wife Laurie Silvers, Syfy was to broadly encompass “science fiction.” Programming plans incorporated several genres, including science fiction, horror, and fantasy. After failing to come up with the projected $55 million in start-up funds, in 1992 Rubenstein and Silvers sold Syfy to USA Studios, a holding of MCA and Paramount,

\(^5\) Production studios known in the trades and whose typical film budget range from $500,000 to $3 million.
which launched the channel later that year. In 2001 the majority of the entertainment holdings of USA Networks were sold to Vivendi Universal which then, in 2004 became a part of the NBC/Universal conglomerate (Selznick, 184-189).

Unlike direct-to-DVD movies produced by the Majors, who wish to maintain a certain level of prestige with each release, Syfy programs movies that are unabashedly low-brow and cater to niche audiences. Composed of both direct-to-DVD movies purchased by Syfy on the open market, and contracted-out made-for-TV movies produced specifically for Syfy, referred to as “Syfy Originals,” Syfy movies have no pretentiousness. Instead, they revel in their drive-in-movie-like status.

The argument that made-for-TV movies are a second tier art, beneath even the lowest of theatrical releases, was first circulated as the first made-for-TV movies were released in the 1960’s. TV Guide’s Richard K Doan labeled NBC’s Fame Is the Name of the Game (Rosenberg, 1966) “a non-movie,” describing it as “grade-B melodrama.” Critic Judith Crist wrote in 1969 that TV movies “Wouldn’t . . . earn a B rating on any theatrical meter bill.” She went on to say that “what separates the television movie from the theatrical films is, basically, production values – cheap ones – not quite casts and hiccupping plots” that jump “from climax to climax in time for the cluster of commercials at set intervals, allowing no subtle developments of character or story” (qtd. in Schulze, 351). In an article for Harpers Magazine, Herbert Gold echoes this thought: “TV movies are not made for good reviews . . . They are made to captivate some viewers right now. They are made to keep million of people steady for the
It was not until Steven Spielberg and others were able to transcend television and escape into successful film careers that some made-for-TV movies, and their directors, were deemed fit for viewing and worthy of further critical study by many film critics and scholars. Tom Allen attempts to identify patterns of meaning and style in TV movies authored by the likes of Spielberg, John Badham, or Joseph Sargent, saying, “the only basic truism to emerge from fifteen years of telefilms is the humbling lesson . . . get in young, learn your trade, and get out quick” (Allen, “The Semi-Precious” 21). However, even though he “valorizes” the TV movies of the auteurs, he sets them against the bulk of TV movies which he characterizes as “impossible to imagine . . . anywhere but on subsidized, time-killing commercial TV” (Allen, “The Semi-Precious” 21). Allen carefully stipulates that telefilms represent an apprenticeship for filmmakers who go on to theatrical production, remarking, “this proves at least the worth of telefilm as a consistent training ground” (Allen, “TV: Father” 287). As made-for-TV movies are continually pushed to the fringes of film studies, popular criticism also takes aim at the audience, who are positioned as “different,” aesthetically and morally bankrupt and as incomprehensible as the TV movie they watch (Schulze, 355).

Regardless of what critics thought, made-for-TV movies thrived, comprising 20% of network primetime programming by 1983 (McMurria, 68). As cable and pay TV appeared and achieved market penetration⁶, first-run deals on theatrical titles began to

---

⁶ In 1952 cable networks serviced 14,000 consumers. Ten years later in 1962 the number had grown to 850,000. 1972 saw the launch of the nation’s first pay-tv network (HBO) and by the end of the 1970’s Footnote continued on next page.
shift away from the networks. As a result, made-for-TV movies became increasingly important to networks as they represented real first-run status and a way to undercut cable’s shows and theatricals. Syfy’s position as a “second tier” channel to its parent, USA Network, in a sense makes it similar to ABC, CBS, or NBC in that the first-run theatrical deals typically go to USA because of the network’s larger audience, balance sheet, and a major destination for a wide range of audience demographics. With few opportunities to purchase new theatrical titles, Syfy continually fills its programming schedule with made-for-TV movies and direct-to-DVD movies purchased from independent producers. While some of Syfy’s movies of the week are first-run, others were previously distributed on DVD. In an attempt to increase its potential audience, Syfy rebrands all of its movies of the week as Syfy Originals, creating a greater sense of first-run status and desirability regardless of any previous market penetration.

Critics of early made-for-TV movies like to bemoan the cookie-cutter production system by which many made-for-TV movies are made. Crist writes that made-for-TV movies don’t bear analyzing because they are all the same, products of the assembly-belt system (Schulze, 353). Robert Allen contends that this type of analogy breaks down, however. “The Consumer expects each bar of Ivory soap to be exactly like the last one purchased, but he or she expects each new movie or episode of a television program to bear marks of difference” (qtd. in Schulze, 359). Difference is important, but so is

cable systems were servicing 16 million households. In 1989 cable providers were able to offer 79 networks, up from 28 in 1980, with a subscription base of nearly 53 million households. By 2002 there were 280 nationally available cable networks with more than 7 in 10 households receiving cable TV (“History of Cable Television,” ncta.com).
similarity. Audiences want to see a difference between movies; at the same time, too much of a difference from expectations is a turn off. Too much deviation from established expectations based on genre, studio, channel, etc., can lead to a loss in audience, which for a television network is as simple as a consumer changing the channel.

Both Syfy and the Majors have perfected balancing audience expectations with the economic necessity of producing films in an assembly line fashion. As the Majors invest tens of millions of dollars, and increasingly hundreds of millions, in their films, a onetime return on the investment becomes less attractive. By designing films to have sequels and spinoffs, both theatrically or direct-to-video, studios are able to continually derive profits from already established product and, in the case of direct-to-DVD sequels, with a minimal investment in the future movies. Although writing expenses are minimal at the level of made-for-DVD movies, because the budgets are small every savings represents money that can be spent on other production aspects. Executives at Syfy design their schedule in a similar way. Proven storylines are reused and updated with the new monster of the week. It would seem as though audiences would tire of being fed similar products time and time again, both in the theater and in the home. But each week millions of people head to the theater to see new movies with old stories, and that same week two million people regularly sit in front of their television set and watch the latest Syfy Original. By consistently debuting to an audience of two million or more, week in and week out (Wolf, wired.com), Syfy Originals seem to answer the
question of whether audiences want more of the same or new and different movies each time. In fact, Syfy’s success shows that audiences want more of the same, only different. In other words, things should stay relatively consistent from movie to movie, updating the monster and setting as needed. The same holds true in the Majors’ direct-to-DVD franchises. After three successful theatrically released films, the American Pie franchise continued its success into the direct-to-DVD market, releasing four additional titles.

Even with direct-to-DVD’s profitability, studios rarely budget more than $8-10 million for a DVD title, limiting marketing and forcing the DVD box and the title to do a majority of the work. The result is a high concept movie that sums itself up in a title and a picture. Direct-to-DVD titles must grab the consumer’s attention between the cover art and title, explaining what the movie is about and what to expect. The DVD cover for Snakes on a Train (Mervis, 2006) makes clear what to expect from the movie (See figure 2).
With the assumption that any potential viewer would already be aware of, if not seen, 2006’s *Snakes on a Plane* (Ellis and Halaby, 2007), the DVD art and tagline for *Snakes on a Train* make it clear that what this movie promises to give are larger, more deadly snakes aboard a train. While the cover art plays up the outrageous aspects of the movie and the tagline reads “100 Trapped Passengers . . . 3,000 Venomous Vipers!”, the plot remains secondary and subservient to the box art. The plot can be summed up as a cursed woman slowly being devoured from within by snakes, and whose only chance for survival rests with a shaman who lives across the border from Mexico in Los Angeles. After climbing aboard a train the snakes break out and soon begin to terrorize the now trapped passengers. Although the box art depicts a giant snake eating a train, it was not
until the end of filming that executives at The Asylum asked that the ending be changed to look more like the already completed DVD box (Raftery, wired.com). For The Asylum executives, the cover art and its marketability are what, at times, drives portions of the plot.

With cover art being continuously shrunk, nearing the size of a comic strip, it becomes increasingly difficult for companies to rely on the “pretty box” to drive sales and rentals. As Brian Raftery notes, “this means The Asylum needs to devise another way to make its movies stand out. Throwing in a skulking dinosaur — whether it’s a T. Rex or Lorenzo Lamas — simply won’t cut it anymore” (wired.com). In order to develop a larger consumer base and attain higher profits, The Asylum created stronger ties with network television beyond the sale of a few titles. However, in order to create a larger footprint in television, the company had to retool its business model. Instead of producing movies for $500,000, as was done with Sherlock Holmes (Goldenberg, 2010), The Asylum has also begun to invest large amounts of money in films in order to increase their presence on television stations. Megafault (Latt, 2009), starring Brittany Murphy, was budgeted for $2 million, an enormous amount of money for a company whose total revenue for 2009 was estimated at only $5 million dollars. The gamble, however, paid off as Megafault garnered 2.5 million viewers on its Syfy debut, making it one of the most watched Syfy Original movies in two years (Raftery, wired.com). The Asylum’s successful premiers of Mega Shark and Megafault led executives to sign a contract to air more than twenty films, both “vintage” mockbusters and new titles, on
the Syfy network and other NBC Universal cable channels (Raftery, wired.com). By increasing production budgets and creating films that look increasingly like “B” movie studio productions of the past, The Asylum has found a way to branch out of the rental store, exhibiting its films on cable television. The expanded exposure that comes with a national television audience will allow The Asylum to build up its customer base, increasing the company’s profits and allowing the studio to devote more money to its films.

Prior to 2005 The Asylum had been making ultra-low budget direct-to-DVD horror movies. However, in the summer of 2005 The Asylum was set to release War of the Worlds (Latt, 2005) at the same time Steven Spielberg’s film with the same title opened in theaters. Latt’s War of the Worlds became a surprise rental hit when Blockbuster ordered 100,000 copies of the film, seven-to eight-times the typical order for The Asylum’s horror movies, suggesting that it might be an opportune time to reconsider The Asylum’s business model (Potts, nytimes.com). Asylum soon began to turnout a series of mockbusters. Titles such as Transmorphers (Scott, 2007) and Snakes on a Train began to appear on rental store shelves around the time when the major studio blockbusters they resembled – Transformers (Bay, 2007) and Snakes on a Plane – hit the nation’s theaters. By piggy-backing off a high profile film, The Asylum’s movies are able to turn a profit, and do it in a relatively short amount of time. Transmorphers earned back its production budget in less than three months (Potts, nytimes.com).
The Asylum’s ability to produce a complete film in three to four months allows the company to quickly capitalize on any studio release without missing the window of intense publicity. The short turnaround time also allows executives to consult with distributors about what will rent six months down the road, allowing the company to accurately forecast a film’s success when released into the nation’s and world’s rental stores (Raftery, wired.com). By consulting with distributors about future releases The Asylum executives are able to limit the potential risk of producing a rental failure. Even a small series of failures can mean a large-scale drop in production due to extremely limited financial reserves. The Asylum also takes its film content seriously, not seeking to degrade or humiliate its audience. Instead, The Asylum’s films present the audience with more of the gimmick that first drove them to the theater. If Transformers are the main draw of Transformers, then The Asylum serves up another batch of transformers for an audience hungry for more in Transmorphers.

After announcing that it would be producing The Apocalypse (Jones, 2007), a straightforward doomsday film, several buyers approached The Asylum executives and said that they preferred a religious film. In response, Latt consulted priests and rabbis and turned The Apocalypse into a faith-based film about the end of the world. The company went so far as to create a Faith Films label to distribute its new religious-themed films (Potts, nytimes.com). By taking their film topics seriously and presenting even the most outrageous monsters and plot lines in a vaguely plausible and audience pleasing way, “Asylum simply strips away all of the lofty ambitions found in a big-budget
spectacle and boils down the hot-selling concept to its essence. The result is a popcorn movie without pretensions — or hackneyed moralizing — which many genre fans appreciate” (Raftery, wired.com). The Asylum’s films exemplify the wants of the Syfy’s audience who, according to according to Gary Wolf,

... are attracted to the Syfy Channel's Saturday night monster movies not because they're idiots, or because they smoke too much marijuana, but because at the end of a long week they enjoy a free pass to follow a bit of random anxiety to its most gloriously paranoid conclusion - and laugh (wired.com).

Syfy has become the central figure for many direct-to-DVD movies that previously would have languished on video store shelves and in bargain bins.
CHAPTER 2: SYFY

Unlike Blockbuster and other rental stores, which stock direct-to-DVD movies, but devote most of their shelf space to major Hollywood studio films, Syfy embraces its role as exhibitor of outlandish monster movies. The executives have positioned the channel’s programming to please its core audience of genre enthusiasts as well as broaden the tastes of potential new viewers. Like The Asylum’s strategy of boiling down a hot-selling concept to its essence, successful Syfy Original films throw out any pretentions and commit to their monsters. Chris Regina sums up the Syfy strategy: “Boa vs. Python makes an unmistakable commitment to giant snakes, while Terminal Invasion doesn’t indicate that people will be murdered by aliens while snowed in at an airport. The best titles are as explicit as legal documents” (Wolf, wired.com). By summing up a plot in a title, Syfy has taken the high concept movie to a new level. While 2002’s Terminal Invasion’s (Cunningham, 2009) plot can be summed up in one sentence, for Syfy executives that is not enough; one must be able to understand the plot from simply hearing the title.

The brains behind more than twenty Syfy original films by 2004 – Ray Cannella, Thomas Vitale and Chris Regina – began making films for Syfy in 2002. While working as head of acquisitions for Syfy, Cannella became disappointed in the quality of films being brought to Syfy by independent producers. Along with his two coworkers, Cannella proposed to Bonnie Hammer, Syfy’s president at the time, that she allow the group to
produce a film for the network. Hammer agreed, as long as the film did not interfere with their current work for the channel.

An important year for Syfy, 2002 marked the beginning of the Saturday Action Movie. Prior to 2002, the 24-hour programming schedule relied on old network television shows in syndication, original half-hour/hour scripted series, unscripted reality fare, the occasional purchased theatrical film, and feature length movies produced by independent companies. The new Saturday Action Movie would provide Syfy with a constant source of new feature films licensed for extended periods of time, allowing Syfy to accumulate a large film library. The films generally focus on the “monster of the week,” presenting audiences with new and exciting monsters each week while generally following a standard story structure. In 2003 alone, Hammer commissioned twenty-two original movies, not only a record quota for Syfy, but more premiere movies in a year than any other basic-cable network (Dempsey, “Auds ‘Taken’” 21). As studio executives began to dabble in having the network finance its own films, the rewards quickly began to pile up.

By financing its own slate of original movies for weekly premieres, Syfy was able to reap the rewards on multiple levels. First, the process allows Syfy personnel to become involved in the movies from the earliest stage and work with the supplier throughout the production’s durations (Dempsey, “Sci Fi a Movie Monster” 1). “They’re very hands-on,” says CineTel president Paul Hertzberg. It begins with pitching the concepts; they like them or dislike them. From there it moves from two paragraphs, to
two pages, to a seven-act outline, and finally a script (Kaufman and Collins, 150).

Through its close working relationships with the independent companies which produce the movies, Syfy specifically tailors its movies to niche audiences based on exacting market research. Rather than sifting through hundreds of monster and sci-fi movies which may or may not meet the standards of broadcast television, executives are guaranteed that any Syfy Original set to begin production meets basic quality control standards. This also allows production schedules to quickly adapt to market changes and prevents over-production of specific plot lines and genre fare.

With Syfy staff involved in original production development, Vitale was able to convince UFO Films to cast as the female lead in 2004’s *Phantom Force* (McIntire), Tangi Miller, a regular on the WB’s *Felicity* series (1998-2002), in order to appeal to a young audience (Dempsey, “Sci Fi a Movie Monster” 1). Not only do Syfy executives exert control over a film’s production, Blockbuster and other distributors routinely work with production companies in developing future rental needs. Blockbuster’s Director of Content Acquisitions, Keith Leopold, approached The Asylum executives wanting the company to make a T&A movie in 3-D. Latt agreed and 2009 saw the release of the teen sex comedy *Sex Pot* (Forsberg). Similarly, executives at The Asylum were first approached by their Japanese buyers who asked the company to produce a submarine thriller, but when the idea was pitched to Blockbuster, the company balked. Latt then suggested that a monster plot line be included. Both parties agreed, as long as the
monster was a giant squid. This resulted in Asylum’s 30,000 Leagues Under the Sea (Bologna, 2007) (Raftery, wired.com).

While original productions afford Syfy executives the ability to exert more control on the feature film lineup, it also allows the company to quickly build a film library that can be tapped into to fill in scheduling holes. “Everybody gets the same deal, because we need movies, not problems,” says Cannella. “We depend on these guys. We don’t want them going out of business” (Wolf, wired.com). As a result Syfy maintains a three-month exclusive window after the Saturday night premier before it or the supplier will distribute the film (Dempsey, “Sci Fi a Movie Monster” 1). By negotiating an exclusive license term, Syfy can better fill its 24-hour-a-day schedule.

From the onset in 2002, Syfy Originals routinely outperformed the channel’s typical Neilson ratings from the same time period in 2001. Through October 2002, Syfy’s Saturday night original movies averaged a 1.4 Neilson rating, a 56% jump over the same time slot in 2001, leading the Saturday Action Movie to become a staple event week after week. This increase in Saturday night audience also paid dividends across the network schedule as October 2002 saw a 29% climb in total primetime viewing (Dempsey and Grego, 17).

By 2007 Syfy’s ratings had risen enough for the channel to become a regular top-20, and often top-15, finisher among cable networks. The increase in audience propelled the network’s cash flow to $210 million, a margin 4.5% higher than the industry average, and, more importantly, Syfy was able to generate more of those profits from
advertising than most of its rival networks (Dempsey, “Sky-high Sci Fi” 13). While Syfy generates a modest audience, the viewers it does attract tend to be in the highly desirable 25-54 age bracket. In this age group, Syfy is the fourth-highest rated cable network (Selznick, 195). The concentration of this highly sought after demographic allows Syfy to generate much larger amounts of revenue from advertising while still attracting limited audience.

Today, the Saturday Action Movie continually delivers ratings upwards of 2.0 on the Neilson scale, occasionally threatening to dethrone Syfy’s own original series as top draw. The ratings become more impressive and lucrative when taken in conjunction with the fact that Saturday represents the lowest night of sets-in-use of the week. Syfy Originals then become more attractive to advertisers as 2 million viewers on a Saturday delivers a greater percentage of the overall television audience than 2 million viewers would be on any other night of the week.

Routinely out performing its typical Neilson ratings during its Saturday Action Movie, Syfy grabs an impressive percentage of the total sets-in-use. Because fans are loyal to both individual shows and channels, Syfy can program series and advertising that lead viewers into other parts of the day, and between networks in the corporate family. Casting choices, both within and across networks, can be used as a way to encourage viewers to try a show that they otherwise may not initially tune into. Bruce Campbell, star of the Syfy original movies *Terminal Invasion* and *Alien Apocalypse* (Becker, 2005), was cast as one of the sidekicks on Syfy’s parent network USA’s *Burn*
Notice. Corbin Bernsen, a series regular on USA’s Psych, also starred in the Syfy original movie Vipers (Corcoran, 2008). The same approach is used for individual show programming. Syfy’s decision to program WWE NXT (2010-) wrestling in its weekly lineup was initially met with hostility and wonder. However, when one steps back and views the decision from a corporate level spanning the entirety of the NBC Universal world, the picture becomes clear. By airing Monday Night Raw (1997-) on USA and running WWE NXT on Syfy on Tuesdays, the two networks are able to encourage their viewers to follow wrestling on both channels in hopes of turning USA viewers into Syfy viewers and vice-versa.

In addition to providing Syfy with a continually steady stream of higher than average ratings, Saturday Action Movies provide a training ground for aspiring industry personnel. “It means there are opportunities for new players, and those who are involved are forced to find new ways to make movies and yet get to make movies that otherwise might not get made,” says Chuck Simon, executive producer of two Syfy originals in 2002 (Grego, “Sci Fi Zeros” 16). The low-risk direct-to-DVD movies allow producers to audition new talent, both in front and behind the camera, while buttressing itself against the threat of failure by incorporating a known star into the mix.

In their first attempt at an original movie, Syfy executives approached Sean S. Cunningham, who previously directed 1980’s Friday The 13th (1999), to spearhead the project originally titled Devil’s Pass, later renamed Terminal Invasion. Starring Bruce Campbell, the film also showcased the talents of Jason Jones, who would go on to guest
star in *Queer as Folk* (2000 – 2005) and *As the World Turns* (1956-2010) before becoming a regular correspondent on the *Daily Show* (1996- ). Syfy’s third attempt at an original movie, 2003’s *Control Factor* (McCormick, 2010), starred Adam Baldwin, Elizabeth Berkley, and Tony Todd. While none of these three are considered an A-list star, they all boast moderate name recognition, enough to sell most distributors on the film and drive a modest DVD campaign. Colin Ferguson, star of Syfy’s hit show *Eureka* (2006- ), was also allowed to showcase his skills at directing on the upcoming Syfy feature *Triassic Attack* (2010). Because budgets are in the $2-3 million or less range, rather than $5-7 million, risk is limited enough that exceptions are made in casting and directing in hopes of cashing in on a larger paycheck later due to an actor’s crossover appeal.

For each of its Saturday Action Movies, Syfy pays a modest license fee, $750,000, to the U.S. rights of the movie. The production companies who make the films get a less than fair deal initially as the final cost for a typical film reaches between $2 million and $2.5 million, leaving as much as $1.25 million that the production company must recoup before the movie can become profitable. By pre-selling their movies in the international market, which has a fondness for monster movies, distributors are able to continually do business with Syfy (Dempsey, “Sci Fi ups made for” 5).

The international markets’ role in determining a film’s success cannot be overlooked. Prior to cable’s dominance as exhibitor of made-for-TV movies and the transition of many production companies into the action and horror genres, women-
centered dramas and thrillers focusing on family relationships saturated the market. Although these movies were successful in the United States, depending on whose marketing research one believed, women’s pictures did not translate well into foreign success. Titles such as 1992’s *The Price She Paid* (Walton, 1992) and *A Woman Scorned: The Betty Broderick Story* (Lowry, 2005) were changed to *Plan of Attack* and *Till Murder Do Us Part*, respectively, for international markets (McMurria, 76). The inclusion of “The Betty Broderick Story” in the title provides headline recognition for U.S. audiences; however, for those outside the U.S. the inclusion denotes a specifically foreign origin and story. In both cases the title changes remove gender from the title and position the film in generic terms as a thriller or mystery suitable for all audiences across the world. Similarly, Paul Hertzberg argues against producing dramas and comedies for the direct-to-DVD and made-for-TV market. Claiming, “over the years we’ve tried dramas and we’ve tried comedies and all we could prove is that you can lose money with those on a regular basis.” Instead, Hertzberg chooses to “focus on genre action films and genre disaster films” (Kaufman and Collins, 150). Because action and disaster movies typically rely on special effects in key moments of the plot, costs associated with these movies must be carefully constructed.

To offset the cost of producing a Syfy Original, many companies typically film their features in foreign countries where tax rebates can significantly lower the final cost. Paul Hertzberg shifted many of CineTel Films’ productions to Canada by 2003 in order to take advantage of the country’s subsidies and tax breaks, which can offset as
much as 20%\textsuperscript{7} of the budget of a typical film (Dempsey, “Sci Fi a Movie Monster” 1). After combining Syfy’s licensing fee and the foreign tax breaks, the amount of money that needs to be raised has shrunk dramatically, from $2 million-$2.5 million down to $1 million-$1.5 million. The rest is raised through foreign sales in countries such as Spain, France, or Germany.

As the five key European territories—England, Germany, France, Italy, and Spain— which compose an important aspect of recouping a film’s budget offer smaller license fees for low-budget original films, exacting definitive control over the copyrights becomes progressively important. Syfy’s license fee has remained consistent at $750,000 since it began producing the Saturday Action Movie in 2002. However, with foreign license agreements failing to make up the remaining percentage of the production budget, studios must turn to new ways of extracting money from their product. One way distributors can make up for declining foreign fees is relying on the distributor who purchased the U.S. rights. Although the seemingly endless growth of international conglomerates consolidates exhibition and drives down prices, for independent distributors needing to sell their movies across the world they represent a relatively safe fallback option when traditional foreign buyers cannot be found. Robert Halmi’s Alpine Medien Productions, responsible for overseas distribution of the original

\textsuperscript{7} The Canadian government maintains a 16% federal tax credit to foreign companies who shoot their films in Canada (Vlessing, “Canada’s Tax”). On top of the federal tax credit, many provinces maintain additional credits for filming in specific locations and crew composition. For more see (Leung and McClearn, “Movie Starved”).
movies commissioned by the Hallmark Channel in 2004, can rely on the various Hallmark Channels around the world to purchase the title if the usual buyers in a given market passed on the titles (Dempsey, “Cablers Split” 18). The pre-selling of a movie remains one of the most important steps prior to production. By selling a movie’s rights before production has begun, some companies are able to turn a profit before shooting a single frame.

While foreign subsidies help to defray costs to some production houses, others have gone about controlling costs by shifting productions to “in-house.” Jeff Beach, president of UFO Films, moved the entire production slate to Burbank, where the company operates a mini-studio, a staff of writers under contract, and a special-effects division. By creating their own special effects, UFO Films can generate 250-300 special effects in a movie at a fairly low cost. (Dempsey, “Sci Fi a Movie Monster” 1).

Larry Levinson Productions, the sole producer for Hallmark made-for-TV movies in 2004, often hires below-the-line workers for an entire year, saving the company a substantial sum on money in overall wages (Dempsey, “Cablers Split” 18). Instead, workers are paid a depressed wage but in return they receive a steady paycheck throughout the year regardless of the shooting schedule.

As Syfy executives continue to green light 20-plus original movies every year, finding suitable filming locations able to provide the scenery and technical labor required to produce a movie becomes increasingly difficult. While Canada remains a favorite destination for many productions, by 2004 Bulgaria had become a hotbed for
Syfy Originals. Ken Badish, president of Active Entertainment, which has worked with Syfy on several movies, explains:

In Bulgaria, you can get good technical labor and all the other things you need for production. But ironically, the business [Syfy has] created in Bulgaria is reducing the benefit of working there. Other producers come in, the costs rise, and soon you are looking for someplace else (Wolf, wired.com).

By the early 2000’s, competing countries like Australia, New Zealand, and Romania became aggressive in courting film productions, adopting tax credits similar in style to Canada’s (Leung and McClearn, 47). As Canada’s loonie continued to strengthen against the dollar, costs rose dramatically, further undercutting the benefits of Canadian locations.

Besides subsidies, tax breaks, below-the-line wages, and permanent staff, one of the most effective ways to control costs of a direct-to-DVD production has been the switch from 35mm to HD. Although The Asylum still shoots some of its movies in 35mm, whenever possible Latt chooses to shoot in HD. The difference between Megafault, shot of 35mm, and Mega Piranha (Forsberg, 2010), shot in HD, was a savings of $150,000 (Anderson, moviemavericks.com). For a company such as The Asylum, where production budgets rarely climb above $1 million, the savings can amount to 10% or more of the overall budget.

The down turn in the economy has begun to change the direct-to-DVD landscape as small production houses like The Asylum can now reach out to actors who were once considered out of their price range. The Asylum poured $2 million into Megafault in hopes of bolstering the company’s relationship with TV networks. Capitalizing on the
market downturn, Latt was able to cast moderately well known actors, including Oscar-nominated Bruce Davison, Brittany Murphy, and ER’s Eriq Salle.

In October of 2006, RHI Entertainment signed a deal to produce ten films over the succeeding two years for Syfy and employed a different tactic to produce a profit. Rather than exclusively targeting foreign television markets for license fees, Robert Halmi, Jr., brokered a deal giving the company homevideo rights and some new-media rights, such as video-on-demand. The deal also stipulated that Syfy only licensed the films for seven years, rather than the typical 25-year term. In exchange RHI was expected to spend more than the typical $2.2 million budget for a Syfy original movie (Dempsey, “Halmi” 7).

Even though some foreign buyers may be reluctant to purchase American cable movies in as great numbers, forcing distributors and producers to find alternative ways of turning a profit, networks are unlikely to cancel future production. According to Bob DeBitetto, Senior Vice President of Programming for A&E, “original movies help to drive the advertising sales of the entire network” (Dempsey, “Cabalers Split” 18). Syfy’s Tom Vitale echoes this sentiment: “we love exploitable, high-concept movies . . . with hundreds of channels out there, you need movies that grab people” (Dempsey, “Halmi” 7). Made-for original productions allow cable channels an effective way of branding and distinguishing network identities.

With consumers typically choosing between eight and fourteen channels, having a strong brand image and a wide popularity allows cable executives to hold positions of
power at bargaining tables. Syfy’s insistence on programming Saturday Action Movies, combined with a slate of reality programming and original half-hour and hour-long series, creates a strong brand image which the company has played up in its network slogans, ranging from yesterday’s “I am Sci Fi” to “What if,” to today’s “Imagine Greater.”

Syfy’s delicate balancing act between pleasing its core audience of genre enthusiasts with its Saturday Action Movies, while also reaching out to a broader demographic, including women, has enabled the company to demand a larger fee from cable operators who wish to carry the channel. With Syfy’s ascension as one of cable’s most watched networks, former Viacom chairman Sumner Redstone’s prediction in 1999 has proven correct.

As I see the world developing – particularly in a world of a lot of fragmentation, a lot of choices – strong branded content, like MTV and Nickelodeon, will remain the first choice. And, indeed, those powerful brands give us a lot of leverage in dealing with contemporaries around the world (Jancovich, 71).

Although Redstone did not mention Syfy by name, he nevertheless rightfully predicted the way that many former Viacom cable channels would develop their brand image and compete not only on a national basis, but on an international one as well.

Although Syfy’s niche audience cannot offer enough support to program series and movies that cost millions of dollars to produce, Syfy does deliver a highly sought after and valuable audience to its parent company, NBC Universal. Syfy’s average audience of 1.28 million in primetime, good enough for eleventh place among all ad-

---

8 For more on Syfy’s slogans and attempts at branding itself see Selznick.
supported cable channels, saw a 17% gain in adults 18-49 with household income of $100,000 and also an increase of adults 25-54 in the same tax bracket by 14% (Crupi, mediaweek.com). Importantly, the increase in households earning $100,000 represents people and families with disposable income who can, and do, go out and purchase the items advertised. Because of Syfy’s highly sought after demographic and the fact that those who watch Syfy in particular are more likely to purchase products advertised, Syfy remains an important part of the NBC Universal empire. With research showing that most viewers only select from a few stations, maintaining a repertoire of only eight to fourteen channels (Selznick, 181), the quest then becomes how to encourage loyal Syfy fans to also become regular viewers of other media in the NBC Universal family.

During NBC Universal’s bid to purchase iVillage\(^9\) in 2006, the company filed a list of its properties with the Securities and Exchange Commission annotated by a short paragraph explaining the importance and specific properties associated with it. The document described Syfy as fueling, “the imagination of viewers with original series and events, blockbuster movies and classic science fiction and fantasy programming” ("Commission File" Securities and Exchange Commission). NBC Universal also touted Syfy’s market penetration of 84 million homes. Although only four sentences are devoted to Syfy, the USA Network, Syfy’s parent company, had only three sentences, suggesting its growing importance within NBC. More importantly, while the USA

---

\(^9\) iVillage is a women’s website and publisher. NBC first acquired a minority stake in the website in 1998 in exchange for promoting the website on its television networks. NBC/Universal’s purchased of iVillage as a way to broaden its digital footprint while courting increasingly important female shoppers and viewers.
Network paragraph dealt solely with its position as “cable television’s leading provider of original series and feature movies, sports events, off-network television shows, and blockbuster theatrical films,” (“Commission File” Securities and Exchange Commission)

NBC not only chose to emphasize similar products in its Syfy paragraph, it also highlighted Syfy’s dynamic website, at the time www.scifi.com, and its in-depth magazine. The choice to focus attention on Syfy’s website and magazine lends credence to the claim that the audience who watches Syfy wants more information about current and future programming. Not only do audiences embrace viewing Syfy’s Saturday Action Movies, they seek out information about upcoming programming and events through the channels, website and magazine. For companies such as The Asylum and UFO Films, the popularity of the website and magazine represent another marketing device in which more people are exposed to their products, which in turn will keep the ties between Syfy and themselves strong.

It was a difficult year for media companies in 2009. All five of the major broadcast channels – ABC, NBC, CBS, FOX, and the CW— saw their advertising revenue shrink. According to Kantar Media, a media consulting company, the CW took the largest hit, losing 25.2% of 2008 numbers, losing nearly $200 million in revenue. NBC, parent company to USA Cable Entertainment, which owns Syfy, dropped from $5.3 billion to $4.4 billion, or 17.7% of its 2008 advertising revenue. However, both Syfy and USA saw growth in their individual channels, with Syfy generating 6.6 percent more advertising dollars than in 2008, a $20 million increase to $322 million, and USA jumping
an astonishing 17.8 percent to over $1 billion in total sales (Steinberg, advertisingage.com). These numbers differ greatly from other agencies’ numbers, as according to SNL Kagan, a media and communications analysis company, Syfy generated $348 million, 3% less than in 2008 ($368 million) (Crupi, mediaweek.com). The difference is due in part to the fact that Kantar measures the networks’ hard cash, unlike many of the other companies that use the annual TV-industry “upfront” numbers, where advertisers commit the majority of the ad budgets to the fall TV schedule. The upfront numbers only represent commitments, not the hard cash Kantar measures. It is widely known throughout the industry that each deal contains individual, specific terms, however, the Kantar numbers are based on commonly available rates. As a result, Kantar’s numbers are not taken as gospel; rather, they are used as general directional indicators (Steinberg, advertisingage.com).

Similar to major studio direct-to-DVD releases, which come loaded with trailers and promotions to other titles, advertisers buy airtime during original movies in hopes of luring consumers to their products. Few networks can claim to be as effective as Syfy at turning viewers into consumers. Syfy’s airtime has become increasingly valuable due to its audience being statistically shown to purchase items advertised on the channel. Similar to major studio direct-to-DVD releases, which come loaded with trailers and promotions to other titles, advertisers buy airtime during original movies in hopes of luring consumers to their products. Syfy’s “31 Days of Halloween” event, loaded with both theatrically released films and original movies (both previously aired and new), was
able to boast an audience that was 53% more likely to purchase candy, according to Nielson IAG Research data (Crupi, mediaweek.com). That’s encouraging data for Hershey’s, one of the premiere sponsors of the annual event. Strengthening the transformation from television viewer to active consumer, ads placed on Syfy for the 2009 film Avatar (Cameron, 2010) ranked first in title recall and intent-to-view by the audience (Crupi, mediaweek.com). By generating an audience that not only remembers a product, but also intends to purchase that item, marketing costs diminish, leading to increased profits for the advertiser. The ability of Syfy’s audience to both remember and intend-to-see a movie allows Syfy to strategically advertise its own shows and movies for maximum effectiveness and at nominal cost. By advertising its own series and movies less and receiving similar ratings, Syfy can devote more airtime for other companies to purchase, expanding advertising revenue.

While Syfy creates many of its original movies by starting with a monster and filling in the plot as they go, the network also piggy backs off of previous theatrically released films. When Syfy makes a sequel or a prequel to a known theatrical film, the new movie comes loaded with benefits, in much the same way major studios continue to produce and distribute sequels to mildly successful theatrical films. First, the property comes prepackaged with a built in audience, one more than likely willing to forgive the low budgets in exchange for watching more of the thing that gave them pleasure in the first place. Next, the Syfy movie has a set list of rules that govern the film world, and a list of possible characters that have already been developed. The cost of creature effects
also decreases since much of the upfront expensive work has already taken place in the theatrical film; all that is left is to plug in new details. The expensive part remains licensing the property and production; however, since Syfy is part of the NBC Universal family, it is able to draw upon the entirety of the Universal and NBC library at discount rates. Syfy is also able to control production costs through synergy within the NBC Universal family, relying on USA or NBC for production capabilities. Until the channel developed its own distribution system, Syfy relied on USA to distribute DVD’s around the world. Two franchises exemplify how Syfy is able to profit from theatrically released films by creating their own original sequels, Tremors and Lake Placid.

The release of 1990’s Tremors (Underwood, 1998), a throwback to the 1950s’ drive-in monster movies, failed to deliver the domestic box office dollars MCA/Universal was expecting, grossing just over $16 million on a estimated budget of $11 million effectively dooming any future theatrical sequel in the U.S. However, that did not stop the studio from releasing several direct-to-DVD sequels, and even a short-lived television series. After the release of Tremors 2: Aftershocks (Wilson, 1998) in 1996, the franchise lay dormant for several years until Syfy acquired the rights after its merger with NBC Universal. In 2001 Tremors 3: Back to Perfection (Maddock) debuted on Syfy. The movie did so well that Syfy commissioned USA Cable Entertainment to turn the franchise into a weekly series set to premiere in January of 2003. Although the series was short lived, lasting only one season, executives at Syfy once again returned to the franchise with Tremors 4: The Legend Begins (Wilson, 2004) the very next year. In the
case of the *Tremors* franchise, Syfy was able to tap into an existing audience who had followed the series since its beginning. Although the audience was not large enough audience to support a full-fledged series, it was large enough for Syfy to develop two Syfy Original feature films. Even though the franchise had shed its two main stars, Kevin Bacon and Fred Ward by the time Syfy resurrected it, Michael Gross stayed on as Burt Gummer, providing not only continuity, but a known commodity to the series once again.

*Lake Placid* (Miner, 2000), a moderate success in 1999 that earned over $30 million in theaters, in which a giant crocodile terrorizes a sleepy lake community, also spawned a couple of Syfy sequels. In 2007 Syfy partnered with Sony Pictures to produce *Lake Placid 2* (Flores). With none of the original cast returning for the low-budget Syfy sequel, the crocodile was left to carry the film. As Vitale states, “we make no bones about it – what you get are popcorn movies, the equivalent of funhouse rides” (Dempsey, “Cablers Split” 18). In order to pump more action into the movie and keep viewers from grabbing the remote to change the channel, the producers added a crocodile. Released in the summer of 2010, *Lake Placid 3* (Furst) continues the tradition of increasing the monster mayhem by introducing baby crocodiles that work in tandem with the giant adult crocs in order to bring about terror and general destruction. Colin Ferguson – who is also the leading man in *Eureka*, one of Syfy’s flagship television shows – was cast in a move to cross-promote both shows and draw a larger audience.
Roger Corman credits the Syfy team with revitalizing a dying art. He praises them for not letting big-budget special effects drive the picture: “They’re doing a great job with classic themes from the genre films of the ‘50s and ‘60s and updating them for modern audiences and modern technology.” Corman goes on to suggest that Syfy’s films “often succeed where major studio pictures fail” (Wolf, wired.com). Corman even stepped in as executive producer for both 2004’s *Dinocroc* (O’Neill, 2005) and 2005’s *Supergator* (Clyde, 2007). The films had done so well that according to Corman, chances are 100% that in the future both creatures will be matched up against one another in a Dinocroc versus Supergator movie (Spelling, blastr.com). In 2010 Corman produced *Dinoshark* (O’Neill, 2010) and the much-rumored *Sharktopus* (O’Brien, 2010) for Syfy.

Like executives at The Asylum and Syfy, Corman takes these movies seriously. While these movies may begin with a fantastical premise, once the rules of the creature are established, and the opening determined to be at least vaguely believable, the movie should flow logically from start to finish.

Even the outlandish *Sharktopus*, in which a creature that’s half-shark and half-octopus roams the ocean, the premise must be at least partially based in reality. For Corman, the logical birthing ground becomes bio-engineering. With a creature vaguely based in scientific reality, the next job is creating the plot. The monster eventually breaks free of its constraints, and after achieving the desired body count, it must either be destroyed or captured. In either case, the plot falls into line with countless other Syfy and Hollywood creations.
At first glance, these low budget movies designed for a primary release on DVD or television have little in common with their Hollywood counterparts. After closer inspection, however, the relationship becomes clear. Direct-to-DVD movies made by companies like The Asylum or UFO provide a product which fills a niche in the marketplace that the Majors do not want to produce movies for. This is no to say that the Majors are unable to produce movies similar to Syfy productions. Rather, as will be discussed in the following chapter, the studios choose not to produce and distribute these types of films, in part due to their low reward ability and in order to protect the corporate image. Although many companies make a profit producing direct-to-DVD movies for under $3 million, for the Majors, producing a movie that will likely return only a few million dollars or less at a time makes little sense for the multibillion dollar conglomerates.
CHAPTER 3: THE MAJORS

Released on November 27, 2007, *The Land Before Time XIII: The Wisdom of Friends* (Mitchell and Grosnenor) had become Universal Studio’s twelfth direct-to-DVD sequel to 1988’s *The Land Before Time* (Bluth, 1989). Except for 2005, every year between 1994 and 2007 saw the release of a new sequel just in time for the holiday shopping season. An important year in the history of direct-to-video movies, 1994 represented the beginning of major Hollywood studios’ increasing involvement in the market. Prior to 1994, the Majors did not release many of their films directly to video, under the assumption that a theatrical release was necessary for success. In 1994, however, two major sequels based on popular children’s films previously released in theaters were released direct-to-video: *The Land before Time II: The Great Valley Adventure* (Smith) and *The Return of Jafar* (Shelton, Stones, and Zaslove), the sequel to *Aladdin* (Clements and Musker, 1992). Although the two titles are not the first family-oriented direct-to-DVD releases by a major studio, they did show to the Majors the immense potential profitability of the direct-to-video market. Disney’s *The Return of Jafar*, budgeted at a modest $5 million, already made an estimated $120 million from video sales by November of 1994 (Hofmeister, nytimes.com). Soon every major Hollywood studio was jumping into the direct-to-video market. At first family oriented movies dominated the market, but, once DVDs arrived in 1997, studios began to experiment more with different modes. One could initially expect that major Hollywood studios would attempt to edge out the smaller independent companies through higher
production values, increased star power, and marketing; this is not the case, however, as neither system vies explicitly for the same audiences.

For the Majors, two main factors detour them from competing directly with the small independent studios. If budgets were to decrease from the typical $2-8 million into the $1-2 million range in line with Syfy Originals, the prestige associated with a major studio release would be tarnished. For the Majors, prestige and high standards of quality, both in terms of technical execution and acting, set their DVD releases apart from a typical independent, direct-to-DVD release. Hollywood executives do not want to take a chance on releasing an inferior product that consumers will be less inclined to purchase for fear that the company’s major theatrical films will become associated with them and suffer because of it. For Hollywood, the image of quality remains more important than a glut of seemingly inferior products. Diane Nelson, head of Warner Premiere, sums up the position clearly, stating, “We made a decision not to have bottom-of-the barrel budgets. There are people who make a nice profit from titles in the $1million to $2million range, but we’re not in that business. It’s hard to make a movie well at the lower end of the spectrum” (Caranicas, 4). While agreeing that companies such as The Asylum and UFO films make a profit from their films, to a large studio such as Warner Brothers, producing such films can harm established franchises, limiting future exploitability while producing only a limited profit for the parent studio. The results of one film must be measured against the bulk of a studio’s product.
One by one the Majors have shuttered their genre producing divisions. They have reabsorbed the division or completely divested themselves from it, instead, choosing to focus increasingly on franchises and tent-poles. By 2009, Fox had closed Fox Atomic, leaving Sony’s Screen Gems as the lone genre label at a major studio (Siegel, 4). Although these labels remained profitable, they also were low-reward. A similar argument can be made about studios’ direct-to-DVD divisions. While DVD sales represent nearly 50% of a studio’s revenue, direct-to-DVD divisions cannot rely on the sales of theatricals and older catalog films to define their existence. Crucial for survival, major studio labels, as well as DVD divisions, must develop a corporate identity. Where big-budget sequels represent an ideal for the conglomerate-owned majors, sequels also represent a significant cash flow of the direct-to-DVD division. “Studios would rather make a Wolverine than a Fox Atomic film,” a genre studio executive says. “They don’t need a $50 million earner. It’s not worth their time” (Siegel, 4). On a smaller scale the same logic holds true for studios’ direct-to-DVD divisions. Although DVD division executives are charged with the task of creating both new content and continuing established franchises, all at a minimal cost to the parent company, the continuation of franchises remains a top priority, as they represent the largest payoffs for the investment.

---

10 Tent-poles are films at the high end of the budget spectrum (over $100 million) that are almost exclusively designed as continuable franchises that can affect an entire studio’s economic future. For more see (Ulin, 22).
As the costs associated with theatrical releases continue to rise, it sometimes makes more financial sense for sequels to go direct to DVD. In 2007, the last year the MPAA published data concerning the average cost of members’ films, the average cost for producing and marketing a film totaled $106.6 million (Verrier, latimes.com). In an attempt to capitalize on established film properties, studio executives have also green-lit direct-to-DVD movies of their moderately performing box office films, developing them into franchises. Films such as De Palma’s 1993’s *Carlito’s Way* (1998) or Verhoeven’s 1997 blockbuster *Starship Troopers* (1998), both of which failed to achieve box office success, nevertheless found themselves as strong candidates for new direct-to-DVD franchises. Universal’s DVD unit, Universal Studio Home Entertainment, chose to release *Carlito’s Way: Rise to Power* (Bergman, 2005) as its first direct-to-DVD feature. Although *Starship Troopers* failed at the box office, returning under $60 million of its reported $100 million budget, the film was nevertheless initially developed into an animated series in 1999 and later spawned two direct-to-DVD sequels, 2004’s *Starship Troopers 2: Hero of the Federation* (Tippett, 2008) and 2008’s *Starship Troopers 3: Marauder* (Neumeier). While *Hero of the Federation* was quietly released, *Marauder’s* DVD premiere was preceded by a television ad campaign touting the return of Johnny Rico (Casper Van Dien) to the series.

Although studios produce and distribute direct-to-DVD films in several different genres, many titles fit squarely in one of three modes: horror, action, and family. Not

11 See (Caranicas).
only do these genres typically have a large following, they also tend to perform better in DVD sales. “If any genre is going to overachieve in home video, it’s going to be horror,” says Matt Lasorsa, executive Vice President of marketing for New Line Home Entertainment (Gennusa, 17). Family titles are also major moneymakers for the Majors. Disney has repeatedly struck gold with sequels to its theatrically released films. Nine of the top ten selling from December 30, 2003, to August 14, 2004, were Disney films, with *The Lion King 1½* (Raymond, 2004) alone accounting for an astounding $160 million dollars in rentals and sell-through (Graser, “H’WOOD’s Direct hits” 1). Family titles are especially apt at producing strong DVD sales numbers through a child’s willingness to continually watch a title over and over. For a small onetime price of around $20 parents can purchase a movie that provides not only hours of entertainment for their children, but also allows them to indulge in some alone time while the children watch the DVD. Other studios have also found fortune in the DVD market. Universal, for example, has positioned itself as one of the premiere direct-to-DVD studios with three franchises topping $300 million in sales. The *Bring It On* franchise, which includes four direct-to-DVD titles, has earned over $300 million for Universal, while the seven picture *American Pie* series has topped $500 million (Caranicas, 4). While hundreds of millions of dollars across franchises are enough for any studio to continually update their franchise pictures, Universal also boasts the *Land Before Time* franchise, whose eleven direct-to-DVD movies alone, as of 2007, has generated more than $1 billion worldwide (Greene, 37). Although these franchises represent the upper echelon of what can be
accomplished in the direct-to-DVD market, nevertheless, studios target these figures as goals for what a well-conceived direct-to-DVD franchise can accomplish.

By continuing a franchise through direct-to-DVD releases, studios hope to continue DVD rentals and purchases of the original theatrical film(s), providing an extra financial incentive of driving the sales of two films at once. However, as Keith Leopard, Product Director at Blockbuster, notes, “The horror film field is littered with sequels and remakes, but the 18-34 horror demographic is very ‘now’ oriented.” He adds that, “recent remakes of horror classics such as 1997’s The Hills Have Eyes (Craven, 2003) and 1974’s The Texas Chainsaw Massacre (Hooper, 1982) don’t really boost the sales or rentals of the originals” (Gennusa, 18). While remakes may not boost the sales or rentals of the original title, the new titles are able to capitalize on the preexisting cultural knowledge as well as genre fans in general.

As direct-to-DVD movies increasingly became big business, sophisticated marketing campaigns followed suit. In this way, although direct-to-DVD films are typically budgeted under $8 million, with only a few movies based on a well established franchise commanding a larger budget, the releases are similar to theatrical films. Studios have developed marketing systems to ensure a movie’s success, relying on the value of impressions rather than placing a billboard and seeing what happens (Netherby, “Home Grown Hits” 20). The importance of marketing cannot be underestimated as studios increasingly rely on their DVD divisions and DVD sales of their theatrical films to provide most of their profits. The goal is hampered by the fact that
“only 35% of the DVD business comes from new theatricals, putting the onus on home video executives to feed their own kitty” (Arnold, “Franchise sequels” 1). For DVD divisions, the question of how to produce large profits while only producing movies under severely limited budgetary resources becomes all-important. DVD executives have leaned hard on marketing to help dramatically increase sales. Warner Premieres brought in Diane Nelson and others with theatrical marketing experience to help the division launch higher-profile originals (Netherby, “Home Grown Hits” 20). In a similar vein, Fox executives took The Sandlot: Heading Home (Dear, 2007) to Dodger Stadium where fans were treated to a “Heading Home Night,” featuring free baseball caps and the opportunity for select batboys and batgirls to hang out in the dugout with the film’s star, Danny Nucci, and director William Dear. Fox’s promotion did not end there, with fliers and trailer scheduled to run at ballparks across the country. Sony Pictures has taken marketing a step further and plans to release many of its future titles in theaters for a limited run in order to drum up support for its DVD launch (Netherby, “Home Grown Hits” 20). Other studios have remained faithful to grassroots efforts, relying on bloggers and in-store advertisements to spread the word about upcoming releases.

For the Screen Actors Guild, direct-to-DVD movies represent an important and lucrative market for its members. A standard contract will stipulate that an actor may receive 4.5% of 20% of the distributor’s gross on the first million dollars; the percentage rises to 5.4% after the film makes $1 million (Horwich, New Boom: Direct-to-DVD). In a direct-to-DVD feature, however, an actor receives 6% of the gross after the first 100,000
copies are sold (Horwitch, 5). Beneficial to both parties, SAG actors are entitled to a higher percentage gross, but the studios are also able to pocket more money on each DVD since studios “typically pay participations based on a royalty percentage rather than accounting for the gross sums, which in turn makes video distribution uniquely profitable” (Ulin, 160).

The format also provides the studios with abundant opportunities for established talent to try new things and break out of their structured role in the system, all at a nominal cost to the studio. Joel Silver signed a deal with Warner Premiere to make ten direct-to-DVD movies between 2007 and 2010. Silver’s first project, Return to House on Haunted Hill (García, 2007), a sequel to 1999’s House on Haunted Hill (Malone, 2006), gave viewers the option to pick different story lines and four alternative endings (Marr, B1). Lance Henriksen, best known as Bishop/Weyland in the Alien franchise, remains a firm supporter of direct-to-DVD projects, appearing in more than 30 features. Henriksen has worked with Ray Liotta, Giovanni Ribisi and Dennis Hopper in direct-to-DVD movies, saying that “You can’t sit around waiting for A-movies all the time . . . You have to keep that acting muscle going” (Horwitch, 5). Along with being able to continually practice one’s craft, direct-to-DVD movies also allow lesser-known actors to be more integrated in the creative process. Reworking dialog with a director or adlibbing lines is a more common freedom when working in direct-to-DVD than working in theatrical films for non A-list stars. In 2003 Hilary Swank both starred in and produced New Line Home Entertainment’s 11:14 (Marcks, 2005), which also featured Rachael
Leigh Cook and Colin Hanks. While established stars may find new opportunities not readily available in large studio films, up-and-coming talent has the most to gain from direct-to-DVD pictures.

In an interview with Albert Auster, Len Hill, a former ABC-TV vice president in charge of made-for-TV movies, says that “the motion picture for television has been an important proving ground for new talent, whether that’s people like Steven Spielberg and John Badham . . . or people we’ve been using lately, such as Michael Mann and John Carpenter” (Auster, 11). With its creation in 2007, Warner Premiere planned to develop up to 15 direct-to-DVD titles a year budgeted between $3.5 million and $5.5 million (Marr, B1), providing ample opportunities for new talent. Diane Nelson, former president of Warner Premiere, stated that the goal is to . . . continue the studio’s mandate of being a destination for both established and upcoming talent. Warner Premiere can provide creative opportunities—from exploring and developing back stories and lesser characters in existing properties to creating original titles that work better in the new media—for writers, producers, directors and talent that may not be available to them within the established studio system (Greene, 36).

For studio executives the benefits are clear; due to budget constraints potential financial failure is minimized while new industry personnel are given opportunities to succeed.

In addition to developing a direct-to-DVD franchise around an individual film, studios at times seek to capitalize on an individual actor’s popularity in certain markets. Rather than franchises that continue established plot techniques and character arcs, developing a franchise around an actor allows the studio to produce films around an
actor’s onscreen persona, transplanting it from plot to plot. Stars such as Steven Seagal and Jean-Claude Van Damme have seen their cult celebrity status continually rise with release of more direct-to-DVDs movies. Both Seagal and Van Damme were at the height of their popularity in the 1990’s before fading into mainstream obscurity by the 2000’s; however, both stars have since exploited their cult stardom to reclaim a place in popular culture. Seagal has been able to co-opt and use his direct-to-DVD popular persona to attempt to reaffirm his place in popular culture. Seagal stars in *Steven Seagal: Lawman* (2009- ), a television series on A&E, where he is a fully-commissioned deputy with the Jefferson Parish Sheriff’s Office in Louisiana. He also landed a leading role in Robert Rodriguez’s *Machete* (2010). Van Damme, on the other hand, has since stared in 2008’s critically acclaimed *JCVD* (El Mechri, 2009) and maintained his visibility in the direct-to-DVD market though 2009’s *Universal Soldier: Regeneration* (Hyams, 2010), another sequel to 1992’s *Universal Soldier* (Emmerich, 2001).

In order to tap into markets outside the traditional horror, action, and family genres typically associated with direct-to-DVD films, studios are increasing their output of urban films and titles aimed at women. In 2005, New Line Home Entertainment signed a long-term contract with Danielle Steel to develop, produce, and distribute as many as thirty titles based on her work. With more than sixty-five books to her credit and sales totals reaching over 600 million copies, New Line Home Entertainment has positioned itself as an industry leader in developing franchises that explicitly target

---

12 Titles aimed at minorities.
women. With a budget around $5 million, senior vice president of acquisitions and programming Kevin Kasha says, “Basically, we’re creating a DVD paperback business” (Ebenkamp, “Studios Take Direct (to DVD) Approach”). In 2007 Warner Premiere reached a contract with George Lopez to make two Latino-themed DVDs each year. Marketed as “George Lopez Presents,” the DVDs will feature Lopez either in front or behind the camera. By signing the agreement Lopez aims to fill a gap, claiming, “the Latino audience is not catered to or embraced by major pictures” (Marr, B1).

The relationship between Hollywood direct-to-DVD titles and those made by micro studios has resulted in a two-tier class structure in which the Hollywood product clearly positions itself as superior to any competition. As previously mentioned, Hollywood studios devote more money to their direct-to-DVD projects than their micro studio counterparts, allowing them to hire more talented stars and have more impressive special effects, better equipment, and location shooting, among other things. By spending more money on tangible material, Hollywood studios are initially able to place an aura of superiority around their products. Not only do these direct-to-DVD movies have a Hollywood studio backing them, they also have known personalities associated with them, the special effects look more realistic and fitting of $20 purchase or $3 rental, and studio lots and locations look more convincing. However, while Hollywood wishes to remove its products from the bargain bins associated with Syfy Originals, these Saturday Action Movies revel in their outlandishness. They gleefully advertise once-known actors who have fallen from Hollywood grace, sex and violence
are at the forefront, and plots are given an extra dose of monster mayhem. If Hollywood attempts to take the highroad, then The Asylum makes no qualms about pulling the mask from studio releases and exposing them for what they really are--The Asylum pictures with a larger budget and moral standards.

While production represents only one of the ways that Hollywood studios differentiate their product from other direct-to-DVD releases, after completing filming, marketing takes control. Continuing a franchise remains of the utmost importance to Hollywood studios. The American Pie series hopes to cash in on the promise of a hundred million or more return, when after four direct-to-DVD movies, a theatrical release tentatively titled American Pie 4 (Hurwitz and Schlossberg) is set to return to theaters in 2012. More recently, after finding success through two made-for-TV movies on the Disney channel, the High School Musical franchise made its theatrical debut in 2008 with High School Musical 3: Senior Year (Ortega, 2009), grossing more than $90 million with a budget of $11 million.

As Hollywood markets their DVD’s as continuations of franchises, The Asylum and those in a similar business have produced mockbusters. Although they are not a continuation of a studio franchise, they can be thought of in that way because many of the same techniques and goals remain the same, much to the disdain of Hollywood studios. Like a Hollywood direct-to-DVD movie that exploits an established franchise and audience, The Asylum’s tie-ins capitalize on the notoriety of a major theatrical release.
By using the Majors’ pre-spent marketing dollars as a way to cut costs, the movies are able to capitalize on the window of high publicity and draft behind a scheduled release.

Hollywood studios are first and foremost marketing and distribution machines interested in owning property for development (Ulin, 4). Even though The Asylum’s tie-ins may keep a franchise alive and circulating in a limited public consciousness that can tangentially be beneficial to the studio, because The Asylum wants to be the sole distributor of their property, their tie-ins are seen as a nuisance. In fact, The Asylum receives many cease-and-desist letters threatening lawsuits (Pryor, bbc.co.uk). Prior to 2008’s *The Day the Earth Stopped* (Howell), released on December 9, three days before the 20th Century Fox’s *The Day The Earth Stood Still* (Derrickson, 2009) debuted in theaters, executives at The Asylum received a cease-and-desist letter threatening litigation. The Asylum has so far avoided the courtroom, resting on deals and backroom pay-offs with studios to keep their products on rental store shelves (Pryor, bbc.co.uk).

Although the law would appear to side with The Asylum, since titles, names, and ideas are not subject to copyright, Loyola Law School professor Jay Dougherty, who specializes in entertainment law, says that a case can sometimes be made under trademark law, which covers names and titles and is designed to protect consumers from confusion as to who is providing the product (Harris and Maxwell, 5). Capable of tying up a small company such as The Asylum in the courts for years through appeals, the Majors are able to force deals or face an expensive court battle. By accepting backroom deals, the
message is clear; image and money are what counts. While the Majors cannot be seen making million dollar exploitative movies, they can profit from them.

For the Majors, the DVD market has been a monetary miracle. Studios are able to invest fractions of what it cost to produce and market a theatrical feature in a direct-to-DVD movie, sell it at similar price, yet retain a much larger percentage of the profits. Unknown actors are able to find leading parts on studio movies that normally would have gone to an A-list actor if the film had a theatrical release. Films that floundered at the box office are given new life due to DVDs need to find only a niche audience in order to turn a profit. With nearly 50% of studio revenue coming from DVD sales, executives are able to guard against potential theatrical losses by counting on DVD sales and direct-to-DVD titles to cover any loss.
The transition from VHS to DVD ushered in a new age of direct-to-video content. Prior to DVDs widespread adoption by consumers, direct-to-video releases numbered in the hundreds each year, compared to 2003, which saw more than 1,000 movies go straight to video for the second year in a row (Snider, 3D). As the Majors aggressively entered into the direct-to-DVD market, they began to edge out the smalltime independent companies that previously dominated the market. Studios began to flood the market with sequels, prequels, and spin-offs of their theatrical films, hoping to cash in on an approximately $25 billion market. However, the Majors needed a way to separate their product from the mounds of ultra-low budget movies that littered the market. As a result, studios began to limit the number of direct-to-DVD titles released each year, focusing instead on, as Diane Nelson, president of Warner Premier states, “fewer, bigger bets with stronger brand equity” (Caranicas, 5). The strategy seems to be working, as the Majors accounted for 85% of consumers’ spending on DVD and VHS purchases and rentals through the first half of 2006 (see figure 3) (Nethererby, “Flat First Half” A2).
Figure 3. Studios’ market share of consumer spending on home video (DVD and VHS) and rentals from Netherby, Jennifer, “Flat First Half Inflates Buzz,” Daily Variety 11 July 2006, A1, Web.

Studios continue to push for quick, widespread adoption of Blu-ray technology, dramatically shifting the direct-to-DVD market place. Unless costs decrease to comparable DVD prices, studios will need to develop ways of convincing audiences to pay nearly double the cost to purchase a direct-to-video movie on Blu-ray. Beverly Hills Chihuahua 2, (Zamm, 2011) Disney’s direct-to-video sequel to the film of the same name has a MSRP of $39.99. If studios are unable to persuade consumers to upgrade to Blu-
ray, the ultra-low budget movie will be left searching for its place in the market. One of the benefits of owning a DVD of a theatrical film is that while the film cost tens of millions or hundreds of millions of dollars to produce, one can own it for $20, a tiny fraction of the overall film cost. For direct-to-DVD features, budgeted at fractions of what a typical theatrical costs, a $40 Blu-ray represents a tremendous jump in home video price compared to the movie’s total production cost. The same problem persists at rental stores where Blu-rays rent for $1 to $2 premium over a standard DVD.

To help persuade consumers to not only adopt Blu-ray, but repurchase their DVDs in Blu-ray, Warner Bros. executives created DVD2Blu.com. The simple idea being, trade in your current Warner Bros. titles for a new Blu-ray version for as low as $7.95 each (Wood, 32). While cheap Blu-ray upgrades for theatrical titles let consumers update their collections, one has to wonder if Warner Bros. will provide low cost Blu-ray upgrades for their direct-to-DVD line of products and whether or not consumers would be willing to pay the extra fee for a new copy.

As video stores continue to close and reduce their shelf space, direct-to-DVD titles’ once prominent place next to theatrical titles begins to diminish. Many times box art, the attention grabbing main source for quick information about a title, is largely removed from shelves due to fewer facing displays at rental outlets. In an effort to stock as many titles on shelves as possible, rental stores are increasingly displaying only the spines, further reducing the effectiveness of the box art. This reduction in shelf space is
especially detrimental to The Asylum and similar companies whose titles and over-the-top box art represent two of the most effective and available marketing techniques.

With Hollywood Video’s bankruptcy and subsequent closing, the traditional rental market is left only with Blockbuster, Netflix, and to a lesser extent Redbox, as the major rental chains. Netflix has recently announced plans saying that the company will no longer be making major investments in its shipping centers; instead the company will continue to expand its Watch Instantly catalog of entertainment (Kopytoff, B1). Netflix’s expansion into Canada, solely a streaming service, represents a preview of possible future U.S. plans. The failure of traditional rental market, for DVD’s has led to a dramatic shift in the way movies are rented and consumed. Studios, from the Majors all the way down to the minis can no longer rely on massive DVD sales as a way to ensure profitability.

The shift from traditional rental stores to online-based rental systems, such as Netflix, also presents direct-to-DVD titles with obstacles. Although Netflix can stock more titles than a traditional rental store, patrons browsing through the catalog can search countless pages without coming across a direct-to-DVD movie. In an effort to provide better customer satisfaction, Netflix has largely overcome this obstacle by providing relevant title suggestions based on preferences and other customer feedback. Once a customer adds a movie to his or her queue, the customer receives a set of rental suggestions Netflix has compiled based on feedback received from similar customers. Although this solves one of the major hurdles in direct-to-DVD renting, it does not
provide a solution for the continual shrinking of box art. In order to display several titles on the screen at once, DVD covers are shrunk down to the size of comic strip frames, providing only a small percentage of the full effect a regular DVD cover can have.

Although the rental market may be souring on cheap horror and action movies, Syfy has provided a television outlet that not only provides a home for these films, but allows them to flourish, reaching millions of television sets each night. The Asylum’s partnership with Syfy has allowed the company to expand its revenue stream by incorporating television license fees into their traditionally steady rental market. The jump into cable television has also paid dividends on previously finished products which now have a new market to exploit due to Syfy’s purchases of up to twenty of The Asylum’s new and catalog movies (Raftery, wired.com). The Asylum’s films have been so successful on Syfy that MTV expressed interest in collaborating on future made-for-TV projects. The increasing collaboration between television networks and these mini studios leads one to wonder whether direct-to-DVD companies will have to develop ties to network and cable television in order to expand and survive, resulting in a transformation from direct-to-DVD to made-for-TV movies, which only after their television exhibition go on to find success or failure in the once again ancillary home video market.

Although the home video market has begun to shrink in the past few years, with Blu-ray failing to make up for the decrease in DVD sales, the market has nevertheless been continuously flooded with a glut of product from across the nation. As a result,
companies have had to look for ways to carve out their own niche. The Majors rely on franchises and larger budget direct-to-DVD originals; mini studios on the other hand produce movies that fill a niche left explicitly open by the Majors.
REFERENCES


*Avatar.* Dir. James Cameron. 20th Century Fox Home Entertainment, 2010. DVD.


*Beverly Hills Chihuahua 2.* Dir. Alex Zamm. Walt Disney Pictures, 2011. Film.


*Burn Notice.* Creator Matt Nix. Fox Television Studios. USA, 2007-.


*Carlito’s Way: Rise to Power.* Dir. Michael Bregman. Universal Studios Home Video, 2005. DVD.


*The Day the Earth Stopped.* Dir. C Thomas Howell. The Asylum Home Entertainment, 2008. DVD.

*The Day the Earth Stood Still.* Dir. Scott Derrickson. 20th Century Home Entertainment, 2009. DVD.


*Eureka.* Creators Andrew Cosby and Jaime Paglia. Universal Cable Productions. Syfy. 2006-.

*Fame is the Name of the Game.* Dir. Stuart Rosenberg. NBC, 1966. Television.


*Friday the 13th.* Dir. Sean S. Cunningham. Paramount Home Video, 1999. DVD.


*JCVD*. Dir. Mabrouk El Merchri. Peach Arch Home Entertainment, 2009. DVD.


*Lake Placid.* Dir. Steve Miner. 20th Century Fox Home Entertainment, 2000. DVD.

*Lake Placid 2.* Dir. David Flores. Sony Pictures Home Entertainment, 2007. DVD.


*Psych.* Creator Steve Franks. NBC Universal Television. USA Network. 2006-.

*The Land Before Time.* Dir. Don Bluth. MCA Home Video, 1989. VHS.


*The Lion King 1½.* Dir. Bradley Raymond. Walt Disney Home Video, 2004. DVD.


Snakes on a Train. Dir. Peter Mervis. The Asylum Home Entertainment, 2006. DVD.


Steinberg, Brian. “Most TV – Broadcast or Cable – Saw Ad Revenue Fall Last Year.” Advertising Age 22 Feb. 2010. Web.


The Texas Chainsaw Massacre. Dir. Tobe Hooper. Wizard Video, 1982. VHS.


Vipers. Dir. Bill Corcoran. RHI Entertainment, 2008. DVD.


*WWE NXT.* Creator Vince McMahon. World Wrestling Entertainment. Syfy, 2010-.

*WWF Raw.* Creators Vince McMahon and Dusty Rhodes. World Wrestling Entertainment. USA, 1997-.
