



MARKETING DIGITAL CINEMA

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At long last it appears that digital cinema is about to become a reality. Several different providers, including exhibitor-based groups, are moving forward with programs to bring digital cinema to U.S. exhibitors. The systems offered will be designed to meet DCI specifications. The transition to digital cinema will be paid for through savings that the studios realize by eliminating print costs.

For the industry, it is expected that digital cinema will result in providing the consumer with a better viewing experience based on improved technology. It has long been recognized that film degrades after multiple showings and digital transmission will not be subject to such a problem. Certainly, a moviegoer who sees a print that has been in constant use for three weeks will notice that the quality of the print is not as good as it was on day one and is not as good as the quality of the digital version after a similar three week period.

However, what about a new film print when compared to digital transmission? Will the average moviegoer be able to tell the difference between a new film print and the digital version? As I talk to various industry "experts," I get different responses. I am told the answer to the question will vary dependant on certain factors such as the size and configuration of the auditorium, whether we have a 2k or a 4k projector, whether the movie has many special effects, how the director sets the

lighting, the level of sophistication of the moviegoer, etc., etc.

If I had to categorize the responses that I received, I think the experts are saying that some moviegoers will probably be able to tell the difference, most of the time; most moviegoers will probably be able to tell the difference some of the time; and some moviegoers will probably never be able to tell the difference.

For exhibitors, these issues are important because of the fact that the answers to these questions dictate what types of claims that exhibitors can make about digital cinema. The Federal Trade Commission (FTC) is the government agency responsible for reviewing national advertising practices. Under Section 5, of the Federal Trade Commission Act, the FTC is empowered to take action to prevent unfair and deceptive advertising practices. The FTC has taken the position that where an advertiser publishes an ad that claims that "x" is better than "y," the advertiser must be able to substantiate the claim. In evaluating substantiation documentation, the FTC evaluates whether the advertiser can support the claims made in a manner that is meaningful to consumers of the product. If an exhibitor placed an ad claiming that digital cinema provided a consumer with a "better" viewing experience, the FTC would probably look for substantiation data that would show not only that there is an enhanced technical difference in the product

displayed on the screen, but also that the average consumer viewing the digital transmission of the average movie, would conclude that the digital transmission was more enjoyable or superior in a material way when compared to film.

If digital equipment is not available to all exhibitors in a marketplace at the same time, it can be expected that those exhibitors with digital equipment may want to market the availability of the equipment as a way of inducing more consumers to come to their theatres. Exhibitors must recognize that in making claims regarding digital cinema, the advertiser will need to substantiate the claims made. The FTC looks to the

advertiser to have the substantiation available at the time that the ad is placed. What any exhibitor will be able to claim will be based on the type of system it uses and how that system operates in its theatres. In other industries, vendors provide support for advertising claims. Exhibitors should look to their digital cinema vendors for such data.

The digital cinema world is a new world. It provides many opportunities and yet presents many challenges. Exhibitors using digital equipment should consult with counsel before aggressively marketing this new technology to moviegoers.