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# Fan-Funded Film: How Audience Participation Is Shaping The Future of Motion Pictures

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FAN-FUNDED FILM:  
HOW AUDIENCE PARTICIPATION IS SHAPING  
THE FUTURE OF MOTION PICTURES

by

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A Thesis Submitted in Partial Fulfillment  
of the Requirements of a Degree with Honors  
(English, Mass Communication)

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## ABSTRACT

A look at intellectual property rights in the Internet Age. *Fan-Funded Film* examines the omnipresent issue of piracy and the financial strategy of crowdfunding. Both have existed in film for decades, but have increased dramatically in recent years. Through the use of several theories and real life examples, I explore the problem of piracy's popularity and how audience participation through crowdfunding could be the answer.

Lest ye forget... fans make the industry go around  
and are as every bit as crucial a component of filmmaking  
as the original draft of your script itself.

-Adam Green

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## INTRODUCTION

For years, I dreamed of going to film school in California. I thought that I could be the greatest writer/director who had ever lived, despite the fact that I have never made even one short film or completed a single script. Film just felt right, it combined my interest in photography, music, theater and literature into one neat little package. In order to prepare for film school, I figured that I needed to learn how to make great films; I had to understand what went into making the films I loved. In my free time, if I wasn't watching a movie, I was listening to a commentary or watching a behind-the-scenes featurette. Not only did I come to understand what happens on a film set, but also the struggles that filmmakers go through in the years before and after. I found that the most interesting stories came from the independent films, those that are created outside of the studio system. These films didn't have the safety net of studio funding, most didn't even have big name stars to bring their viewers in, they had to rely on a story that people wanted to hear and the drive to get their films to where people could see them. The success of those films was proof to me that I was capable of making my own and the community that I connected with the most was horror. It's a genre built on films made by social outcasts and largely ignored by major studios. Its films examine problems that many others shy away from, and I was drawn to this. Horror films gave me a place to belong.

When I joined the social media site, MySpace in 2007, I immediately began “friending” the directors who I had come to admire. Through reading their blog posts, bulletins and replies to my messages, I was welcomed into the independent horror



community. I came to understand know directors as people, not just as filmmakers. They shared both trials and triumphs and always took the time to respond with personalized advice and support. Their films became more than just entertainment and I found myself defending their value to those who felt that horror films were cheap trash. I also found that piracy was no longer an abstract construct to me, the stuff of DVD warnings and PSAs; it was a real tangible problem that needed addressing. In 2008, I joined the micro-blogging site, Twitter, and again sought out the directors I had come to know. Their tweets served as constant reminders of the importance of film in my life, even as I abandoned my dreams of film school. It was through twitter that, in May of 2009, I was introduced to the idea of fan-funding, now more commonly known as crowdfunding. Though it seemed like a crazy idea at the time, I have seen it transform the film industry in ways I never imagined.

The summer after my freshman year at the University of Maine, I began a blog called Stick with the Indies. Through it, I have had the opportunity to meet independent filmmakers, musicians and authors from around the world, all of them trying desperately to get their voices heard above a sea of others doing to same. When confronted with the decision of what to research for an entire year, I knew it would include independent media in some form and the hurdles its creators face as fewer people are willing to pay for access to these works.

At the beginning of my thesis research, I had two theories in mind: Marx's Alienation and The Frankfurt School's Culture Industry. Alienation would explain how we distance between an artwork from its creator, and Culture Industry explained the shift

from cultural to monetary value. I would combine these theories and take them one step further by explaining that digitization has removed the need for monetary value as well, leaving us with the expectation that art should always be free to everyone. With this aim in mind, and having restricted my research to the motion picture aspect of the issue, my initial questions were “How did we come to feel that films should be free online?” and “If left unchecked, what effects could this have on the industry?”

Through the process of answering those questions, I raised more and came across an understanding that has given me significant hope for the future of independent film.

### ***The Establishing Shot***

A friend tells you about a new movie that you absolutely have to see and within minutes you can be watching it on your phone or streaming it directly to your TV. These everyday acts demonstrate the ways that the Internet has brought us unprecedented access, not only to information but artworks as well. There’s no need to go to the theater or wait until the DVD gets to your nearest Redbox, it’s all on BitTorrent, Pirate Bay and other peer-to-peer<sup>1</sup> sites 24 hours a day, wherever you are. We have access to anything we could ever want, often at no cost to ourselves but what does this open access really cost us, and the people who create the content we enjoy?

For centuries, human beings have debated the definition of property. We all have reasons to want what we feel we are owed, but what does this mean for the ownership rights of others? Don’t they deserve to get what they are owed for their own labors?

1 Peer-to-Peer file sharing: a decentralized file sharing system where computers that are used to download files as store files for download. This decreases the use of bandwidth and reduces download time.

These thoughts don't cross our minds unless someone else asks.

Piracy, the unauthorized use or reproduction of copyrighted materials, is not a new idea, though its intentions have shifted since early book pirates who circumvented strict licensing laws to distribute texts that would otherwise have gone unpublished. Now, because of digitization and the Internet, we can have nearly instant access to all of the world's knowledge and entertainment media whenever it's most convenient for us. That access is a great and amazing thing, and this thesis would not have been possible without it. However, with this convenience has come a growing sense of entitlement to all media and an acceptance of downloading films through what we know are not entirely legal means. Not so long ago, I would have gladly waited a year or more and gone to Movie Gallery every week for a month to find that one movie everyone had been talking about. Now, if it's not on Netflix or Amazon, often I can't be bothered to look any further. If I'm meant to see it, I will eventually.

As we can well imagine, this open access has had an impact on filmmakers who are losing interest in making films because they are disrespected or simply don't have the funds to continue. And it is not simply a matter of funding, but rather one of consent. If we continue to tell filmmakers that their films are our property and they have no rights to them, we run the growing risk that they will decide not to share their work at all. Or, as is becoming more common, decide to share it in such a way that makes it difficult to even view their films, let alone take possession of them. This is a future where everyone loses; it may be a future we are capable of preventing, but not in the way that most people and corporations seem to think.

While many others<sup>2</sup> have focused on access to information or who owns it, I focus on how the lack of compensation and removal of consent are affecting filmmaking specifically, and the ways that new funding methods may function to remove this sense of entitlement and put the value back into films.

By looking back at the works of classic theorists, I examined how we have defined property, the process by which we became alienated from it, and how we devalued art by placing a price on it. Next, I turned my attention to piracy itself; beginning with historical understanding, before moving to the cultural and social aspects of the issue. I utilize psychological theories in attempting to figure out why anyone would continue to engage in this behavior even with the knowledge that is at best morally questionable. Then, I look at the attempts to solve the problem of digital motion picture piracy through legal action, and why that may not be the best course of action.

Through the introduction of social media and a change in the use of the age-old funding method of crowdfunding, those within the independent filmmaking community are taking back control of artistic properties. These actions are also leading in a direction that assists film audiences in seeing the real value of film and decreasing the film fan's desire to pirate films in the first place.

2 Jaron Lanier; *Who Owns the Future?* Lawrence Lessig; *Free Culture, The Future of Ideas*

## CHAPTER 1: THEORETICAL FRAMEWORK

We will start by looking at theories regarding property rights and their importance in the establishment of society first in Locke's *Second Treatise of Government*; secondly in Marx's take on the alienation between the worker and his work; and finally in the Frankfurt School's term, Culture Industry, as it explains the process of removing cultural value from art and replacing it with monetary value.

### *Of Property*

In my attempt to understand the issue on digital piracy and intellectual property rights, I felt the need to define property. If we don't understand what it is to own or how it is that something becomes our own, we have no way of it even has the potential of being taken from us.

For this definition, I turned to John Locke and his *Second Treatise of Government*. In the fifth chapter, "Of Property," Locke attempts to explain how mankind transitioned from the law of nature, which was every man for himself, to the law of man with its rules and regulations. He asks at which point an object goes from belonging to all of mankind to belonging to only one individual. Locke felt that in the first moment of its gathering, the object comes to belong to the one who gathered it, the one who added labor to it. This process is taken one step further to explain that money gives us a way to turn perishable objects into an imperishable wealth.

Locke's theory relates to film in that, films are also perishable, at least to some extent. Unless it becomes a classic, a film is most valuable around the time of its initial release. Filmmakers cannot be expected to make a new film every time that more funds

are needed to sustain their lives, it's simply impractical; they have to be able to continue making money after the initial release and until such time as another film can be made. This is not to say that a filmmaker should be paid even if his film is never watched, if a good or service is never rendered, there is no transfer of labor necessary. Unlike industry, artistic fields have no guarantee if or when financial reimbursement can satisfactorily occur. Studios attempt to stimulate the phenomenon by copying popular trends or extending plots with sequels and prequels but is this what the viewing public actually want? I certainly hope not.

The Founding Fathers of the United States of America drew heavily on Locke's work in drafting the documents that formed the foundation for our government. Our Declaration of Independence stated that we have unalienable Rights, including "Life, Liberty and the pursuit of Happiness," a nearly exact quotation of Locke's reasoning for the existence of political society, to preserve "property," which he defined as an individual's "life, liberty, and estate." In this way, it is clear that the Founding Fathers saw a person's estate as a key to his or her happiness. Therefore, by removing a filmmaker's right to the films that make up his estate, we are removing his right to that happiness.

Locke goes on to explain, in his nineteenth chapter, "Of the Dissolution of Government," that "the reason why men enter into society, is the preservation of their property"; we accept the limiting of our power to take what we want from others because we know that the rights of others will be limited as well. Even if it is better for me to be able to have anything I want, if I can have everything that I want, so can everyone else. If

there were no laws and everyone was free to choose what he or she did without consequence, we would be unable to focus furthering ourselves as a species as all of our attention would be focused on preventing others from taking what we have, what we need to survive. Laws are necessary for art to thrive but our current laws do not protect artists as they once did. Without adequate laws to protect their works, filmmakers must devote a great deal of time to proving their own ownership and finding ways to prevent their “fans” from taking what does not belong to them. We are removing the incentive to engage with the film community, and to remove that completely would mean that new films and the ideas these films could bring will be lost as well. It's not just the loss of property but the loss of connection to the film itself. If you make a film and never get to call it your own, can you really call yourself a filmmaker?

### *Alienation*

Marx's manuscript on Estranged Labor, from his *Economic and Philosophic Manuscripts of 1844*, explains the ways in which a worker is alienated from his work. He explains that a worker who does not own what he creates becomes alienated from it and therefore becomes hostile toward it. Unlike in Locke's society, where the worker owns the product of his labor, Marx's worker will never know that feeling, and the more he works, the farther he gets from it. This is the issue posed by piracy, that a filmmaker does not feel that he owns his work and therefore will eventually seek to destroy it. On the Internet, once something is posted, it's there forever, leaving the filmmaker with even fewer opinions. The only one left is to stop putting the films out there in the first place and at that point, why bother? Work gives us purpose as human beings and the act of

transforming materials into things is core to our identity as humans. Being able to call a film his own is what makes a filmmaker a filmmaker. The link to labor is so integral to human identity that some of the most common last names, Smith and Miller came about from the jobs performed in earlier centuries.

Piracy functions as does machination, telling the filmmaker that he never owns anything that he creates, he has no identity related to the job that he works in and is therefore estranged from another essential component of his identity and life purpose. Marx also says that a worker is alienated by work that is not for himself, that does not come about through natural creativity and is dictated by a schedule set by his employer. This is especially true of films made within the studio system; these films are made because an executive has allowed it and those involved are making it simply for financial gain.

Finally, Marx explains the kind of alienation that a filmmaker feels when his film is owned by someone else, like when he has to sell it to a studio. Like when someone takes it from a torrent site. The filmmaker becomes hostile toward the studio or the fan that takes his work for financial or personal gain but at the expense of the worker's sense of sense of identity and fulfillment. This is the reason that directors sometimes react in anger toward their so-called fans.

Like Marx's factory workers, filmmakers are alienated not only from their films but from economic benefits as piracy denies them financial compensation. Marx's workers were being denied ownership to their property as well; however, Marx's workers would never have fully owned their products in the first place; each worker owned only



the work that he was putting into the product, not the work of the others who had contributed. The workers were paid an agreed-upon wage that was the substitute for their labor whether the worker recognized that connection or not.

One could argue that the cast and crew of a film own a part of the film also but they have also agreed to trade their labor for a wage, or a smaller wage for keeping a small percentage of the film's ongoing income. Within the studio and television systems these people are often treated the same way that factory workers were. Studios want a certain number of films each year, or a certain number of episodes to make a season regardless of quality and this need to keep creativity to a strict schedule, and maximize profit, leads to lower quality productions.

Looking at the production of motion pictures through the lens of Alienation, gave another layer to my understanding of property. It helped to reinforce that piracy is more than a financial concern, it can make a filmmaker hate his own artwork. When films are no longer seen as works of art, even by the people who have made them, they become pure commodities in the industry of culture.

### ***Culture Industry***

In their 1944 book, *Dialektik der Aufklärung (in English, Dialectic of Enlightenment)*, philosophers Max Horkheimer and Theodor W. Adorno of the Frankfurt School introduced the term Kulturindustrie (Culture Industry). Culture Industry describes the process of removing cultural value from artworks and replacing it with monetary value. The Mona Lisa is not valuable to us just because it was painted by Da Vinci or as a representation of the wife of Francesco del Giocondo; instead we see its worth in terms of

the amount it could be insured for or how much we would pay at the Louvre for a poster or coffee mug with that painting on it. Now, because of the digitization of these works of art, we are able access a facsimile of them at no cost to ourselves and consequently view art as having no real value. This is because we have substituted the art's cultural value with monetary value and now that we can own a copy for only a few dollars or view a copy online for free, it seems as though the art's monetary value is zero. This is wonderful from an educational standpoint as we have much greater access to art than ever before, but as I've said this comes at a price. If a current artist cannot make a living, that artist cannot continue his art and after a time, the only art is that which makes a profit.

When explaining how they saw the state of films and radio at that time, Horkheimer and Adorno said that within mass culture under a monopoly is identical, that culture was being "infested with sameness"; that films no longer needed to present themselves as art because they were just commodities. This is even truer today as mergers have placed control of 90% of media in the hands of just six corporations, a drastic change from the fifty companies that existed in 1983. As all of the major studios are members of the MPAA (Motion Picture Association of America), every film made by these studios is filtered through a very specific lenses as it is rated by the MPAA before going on to theatrical release. This means most of the big budget blockbusters are pretty much the same. Even films made outside the studio system are required to go through the MPAA's ratings process before mainstream theatrical release. The only place we get unique films is through independent studios that don't release theatrically, and they are the ones hit hardest by piracy. These films cannot rely on any box office revenue and

must make up their entire budgets through other means, they are also the films with the smallest advertising budgets and therefore reach much smaller audiences. As they are not well known, viewers are also less likely to pay to see them.

Piracy is devaluing film as an art form, and though it is harmful to all filmmakers, the greatest harm is to those filmmakers who continue to take creative risks. Because studios are making less money, their execs are much more reluctant to take a risk when deciding on the next film their studio will produce, and getting a film made is becoming more difficult. The number of films released by major studios decreased thirty-seven percent between 2006 and 2013, and those from smaller studios owned by the bigger companies have decreased sixty-three percent from a high of eighty-two in 2007 to just thirty. As development budgets decrease, studios turn to sequels and remakes as these have proven audiences and do not require the same risks as do new projects. New projects are left in the hands of independent filmmakers whose films are always at the most risk

Independent films rarely see theatrical release and are often pirated before they even reach video-on-demand. As distributors are making less money, they are not as willing or able to take the risks they have in the past. While we may make the excuse that we don't go to the movies because they aren't showing anything worth watching, the reason they aren't showing anything worth watching is that we haven't been going. Independent filmmakers have always had to accept that their audiences would be smaller but now they are disappearing altogether.

## CHAPTER 2: PIRACY

To understand an issue as big as piracy, I had discover where it came from, but this was not as easy as I thought it would be. There was no time when piracy began, it's always been around. I knew going to this project that piracy had troubled filmmakers for decades. What I did not know, and was surprised to discover, was just how many decades. Movies have been pirated since the silent film era, and has had more of an impact than I thought. From my study of Alienation, I knew that filmmaker who were alienated from their work became hostile toward it. What I did not expect to find was a well-known and respected film pioneer who had intentionally destroyed pieces of film history.

### *A History of Film Piracy*

Parisian filmmaker, Georges Méliès was the first ever movie star, a pioneer of special effects, and one of the earliest victims of motion picture piracy. His 400th and most noteworthy film, 1902's *Le Voyage dans la Lune (A Trip to the Moon)* was in such high demand that the negatives were stolen and pirated worldwide. Nearly all copies shown in the United States were duplicated by employees of inventor, Thomas Edison and many removed any mention of Méliès. By 1913, the First World War had begun and the public's interest in Méliès's films had waned. One of Méliès's studios was turned into an army hospital and the French army seized over 400 original prints to be melted down for their celluloid and silver. In a fit of anger over losing his studio and control of his company, Star-Film, Méliès burned many of the remaining negatives himself, along with what was left of the sets and costumes. From a catalog of over 500 films totaling more

than 16 hours, only about 200 exist today some as short as a single frame. Though you could argue that the pirates helped to preserve these films, they are also responsible for the destruction of the others, those that Méliès himself burnt as well as those he never made. Not only had the piracy kept Méliès in debt to investors, he had become alienated from his films until they were no longer a part of his identity. The only way he could prevent them from being taken from him again was to destroy them. In Méliès's time, there were few people with the knowledge and technological equipment to

Piracy has increased sharply in recent years largely because technological advances have made it simpler and less expensive. Music piracy became a big problem over a decade before it became a real issue for movies as delay caused by the difference in file size, films being composed of both audio and visual files and the visual files taking up much more space. CDs with an average of 13 songs hold less than one fifth of what the most basic form of DVD can hold. The average 3 minute song has a file size of 3-4 MB, whereas the average 90 minute film is between 1,500 and 2000 MB, up to 500 times the size. With 56K dial up internet, approximately 12.5 minutes were needed to download 5 MB of data. At that rate, downloading an entire film, even at a lower resolution, would have taken upwards of 42 hours. No one had time for that and if your ISP was charging by the minute, as AOL often did, it was also significantly more expensive than just going to your local Blockbuster or Movie Gallery. Today, with unlimited plans and speeds up to 1,000 Mbps, the same download could take less than 8 seconds.

The average hard drive in 1999 was less than 1 GB, which would barely hold one film at a low resolution; now it is not uncommon to have a HD of more than 1Tb, or 1000

GB. Quality of pirated films is increasing as well. A copy of a physical film would always be of lesser quality and in the early days pirated digital films lacked variety as well. Only the most popular films were widely available; many were bootlegs shot with camcorders, and finding a quality copy was time consuming enough to deter most. Now, new blockbusters are readily available on torrent sites, sometimes even before they reach theaters and this is becoming more common for independents as well.

The problem is, you will still spend eight dollars to see the newest film by your favorite stars, but may not risk it on unknowns; that is, if the indie film sees theaters at all. Most distributors are reluctant to promote and distribute smaller films in theaters because they rarely draw large crowds. This means that independents rely heavily on DVD sales and digital rentals to make back their production cost. Once a DVD is released and a digital file taken from that disc, a file of identical quality to that found on the original disc can be distributed to torrent sites, removing the hurdle of quality from the pirate's access to the film.

It's easy to say that if the movie you want isn't on Netflix or Hulu and you don't want to pay for it on iTunes or Amazon, you can just wait to see it but that may not always be an option. Social media keeps us connected but it can also bring a much greater chance of spoilers. If your friend sends you a link and you don't watch the movie, it may affect your friendship especially since that friend sees nothing wrong with piracy. This is a problem that has been addressed in the past, though it may be time for a refresher course.

### *Say "No" To Piracy*

Some of the Recording Industry Association of America or RIAA's earliest efforts were spent educating the public that their use of P2P was illegal. These ads compared to taking of copyrighted music from P2P sites directly to shoplifting. This is likely the source of the justification that piracy is not theft. With this justification, it is said that piracy is different from theft because theft takes the original and piracy only takes a copy, leaving the original intact. If you want to get technical about it, that would mean that any artist owned only one copy of his or her original recording or his or her original manuscript and could not expect payment of any kind from individuals who wanted to own copies. If this had been the philosophy in the early days of the printing press, we would not have most of the books that exist today. No one in her right mind is going to dedicate a large chunk of her working life to something that she will never be paid for, and she should not be expected to. The RIAA's campaign was seen as an attack on the working class and the public did not sympathize with the musicians and labels who were making millions of dollars every year. This issue here is that the RIAA's message, along with the justifications of pirates, assume that all filmmakers, musicians and authors who are well known enough are also independently wealthy and do not need our money. This was never the case and has become even less so in the digital age. Thanks to Internet and social media, free publicity is available any time anywhere if you're willing to work for it.

The problem that the RIAA was fighting was not the lack of knowledge that

piracy is illegal but rather that the public no longer care. The sharing of media is embedded in our culture and predates digital technology. We have always shared in our experience of art, even back to the paintings in the cave of Chauvet Pont d'Arc; art is meant to be shared but in order to devote a life to it, the artist must be compensated. This is the issue we often overlook. Today's children are growing up in a world where physical media has all but vanished and without it they have no reason to see the media they consume as valuable.

Digital piracy is easier on the conscience because there is no physical object to remind us of the crime, in some cases there isn't even a trace as the film is streamed and immediately removed from the browsing history. There is no reason for the viewers to recall that they watched this film on Sockshare and that one on Netflix, the experience is the same.

Writer/director/producer/actor, Adam Green knows the issue of piracy all too well. Many of his films have been illegally downloaded, over 125,000 times each in the weeks leading up to their theatrical releases. At an average ticket price of \$8, that's a loss of more than \$1 million *per film*. The theatrical release of his 2010 film, *Frozen* made only \$250,000 domestically; in the week prior to its DVD release, the film was the #7 most popular on IMDb as a result of being leaked online. Though Green placed some of the blame on the film's treatment by distributor, Anchor Bay, he told Vulture magazine that the bulk of responsibility was with the people downloading it. After torrent sites began to post links to his negative comments, Green's fans came after him. One said, "Hey, I pay \$60 a month for Internet; you owe me this" to which Green responded "...every sale



means so much in terms of me having a career. But the fans don't see it like that. There's this new entitlement with this generation, where they feel like everybody owes them.”

In a December 2013 post on his production company's site, Green stated “It's like saying ‘my way of thanking you for all of this is to do my part to try and make sure that you never get to make another project again’. It's infuriating, it's crushing, it happens way more often than you would hope, and to be honest, it fucking hurts.”

It seems to me that the RIAA's education program was not that it was unnecessary after all, but that it began before the worst of the problem had emerged and did not last long enough to prevent it. We need to ensure that both young and old understand that piracy is illegal and it is illegal for a reason; not to separate the public from their hard-earned money but because it is a form of theft. There are those who would argue that piracy is not theft because theft would remove the original while piracy simply creates another copy, leaving the original intact. While they are not entirely incorrect, according to Locke's definition of property, piracy is actually worse than theft as the theft of a physical object require far more effort than clicking play or download. Though we may not always recognize it as such, piracy is a form of theft and there have been legal actions taken to control it.

### ***There Is a Law Against That***

For a time, P2P was a hot topic for legal debate, but debate fizzled out when services like Netflix, Hulu and Spotify made watching films legally easier. This has not, however, ended the era of P2P. Though 2 of the 3 founders have been prosecuted, a visit to Pirate Bay will show that at any time upwards of 50 million people from around the

world are using that site, and they are not the only P2P option around.

There have been numerous attempts in recent years to pass copyright and anti-piracy laws. One of the biggest hurdles these laws face is that the Internet is international. A file that I download in Maine can be hosted in Sweden and originate in Nigeria. There is no one thing that all the governments of the world have ever agreed upon, and piracy is unlikely to be the first.

The Digital Millennium Copyright Act of DMCA, signed into law October 28, 1998, implements two 1996 World Intellectual Property Organization (WIPO) treaties: the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. These treaties require all member countries to protect pre-existing works until they reach the public domain in their countries of origin. The DMCA also includes the Online Copyright Infringement Liability Limitation Act, which creates limitations on the liability of online service providers for copyright infringement when engaging in certain types of activities. The signing of the DMCA was an important step toward international consensus about intellectual property law and stricter guidelines for how we define digital properties. In practice, the act has been both good and bad for the advancement of piracy. It is the reason that Google searches often remove any link that is known to lead to an illegal website, and is also cited on sites that claim legality by saying that they will remove media if notified of a copyright infringement. The DMCA was a great first step, but subsequent attempts to prevent piracy have failed.

The Protect IP Act (PIPA) introduced to the senate in 2011 and Stop Online Piracy Act (SOPA) put before the House of Representatives in 2012 were both postponed

until further notice. SOPA and PIPA were striving for more restraint for website, especially those outside the US, that sold or distributed copyrighted goods like music and movies, but it also would have required Internet service providers to take action to prevent users from accessing these sites. The problem? The acts would also require a site to shut down if illegal materials were found on any part of it. This would strongly impact the way that a site like Wikipedia, which relies on users to update and add to entries; they could be shut down due to the action of just one of their users. Wikipedia protested both SOPA and PIPA by blacking out their site for 24 hours on January 18-19, 2012. They asked visitors to “Imagine a world without free information” saying that millions of man hours had been spent building Wikipedia into the largest encyclopedia in history and that these acts would threaten access to it. Search engine, Google had to respect copyrights under the DMCA but these new acts would have put pressure on them to not allow any site that had ever been found to host illegally obtained properties. Google blacked out its logo and linked to a petition asking Congress to “End Piracy, Not Liberty”. Although these protests may not prevent the acts from eventually passing, they did bring a lot of attention to them and encourage members of Congress to consider the implications of censoring the Internet.

Piracy as a whole has been illegal for decades but that has not slowed its progress. It is unlikely that we will ever stop piracy through laws alone; the solution has to be education, not just for the consumer, but also for corporations that have to learn to adapt their distribution methods to fit how viewers consume media today. Digital versions must be made available and for a price that is fair in comparison with physical copies. We

already see this with Kindle books, which are often released sooner and for a fraction of the price of hardcovers. The author and publisher still make the same amount of money but the consumer is more likely to pay for the book because his risk is lowered. We also see more and more libraries adopting eBook programs and some are even including video and music within their digital collections. The solution to piracy is not restricting access but finding a way to open it up even more. This is a tactic that other mediums are already adopting. It is not uncommon to see DRM free music, books and games available on a variety of sites such as humble bundle and GOG; DRM free movies, conversely, are almost unheard of.

We've established that piracy is illegal and that most of us know that it is. That begs of why we continue to engage in this behavior even though we know we should not.

### ***Why do we pirate?***

The psychological theories of self-perception and cognitive dissonance work together to help explain how people justify behaviors that are outside of the realm of personal or societal acceptability. Self-Perception, developed by psychologist, Daryl Bem, tells us that we look at our own behaviors and the situations in which they occur and use these to establish or change our attitudes about that behavior. We make observations, or attributions, and use these to explain to ourselves why we do things we should not do. If we buy a cup of coffee even though we usually don't drink coffee and it happens to be a cold day, we may justify the purchase by forming the belief that the reason we bought that cup of coffee was because we were cold. These justifications result in attitudinal change, not behavioral change. We have formed an attitude about coffee

that allows us to continue to buy it any time we are cold because this no longer conflicts with our beliefs. If we had not formed this attitude, we would have been unlikely to repeat the behavior as it was not justified and would have been less likely to buy the coffee again, this would be a behavioral change.

Developed by Leon Festinger, Cognitive Dissonance theory focuses on our need to justify believing or doing things that conflict with our values. There are three possible relationships between two cognitions or one cognition and one behavior. Consonant relationships happen when the cognitions are consistent with one another. You think that piracy is wrong, and you don't do it. Irrelevant relationships are when the cognitions are not related to each other. You know that piracy is illegal and you don't litter. Dissonant relationships are those where the cognitions conflict with one another. You think that piracy is wrong, but you do it anyway. In the relationships where there is dissonant, we feel pressure to justify our behavior and actions. There are four categories of coping strategies to reduce the dissonance: denial, bolstering, transcendence, differentiation. These are, unsurprisingly, nearly identical to some of the justifications given by individuals who habitually engage in peer-to-peer file sharing.

A 2009 Study conducted by students from Troy University found that there were three common categories of justification for continued use of Peer-to-Peer file sharing (P2P) even though we know it is illegal.

57% of participants used the "Denial of Injury" justification. They felt no musician was harmed in the process, in fact it would help them become more popular. They said that it would benefit the artists because after listening to the songs, they would

go out and buy the album or see the band on tour and they had read that tours were where musicians made their money anyway. Though these statements make it seem as though P2P is used only in the decision making process, the study found that very few participants actually bought CDs or DVDs on a regular basis; even if they did, however, they would be much less likely to buy films than music. We often listen to the same song dozens of times but rarely watch the same movie more than once. This justification would fit within the transcendence category of dissonance reduction. Participants admit that they are doing something illegal but saying that it is for a higher good; they are actually helping the artists rather than harming them. This makes them feel better about doing it so that they can continue the behavior.

16% of those surveyed used a “Denial of Victim” justification. These participants said that there was no victim in these activities because the files being shared were not going to be sold anyway. They only downloaded things that were no longer at the height of popularity, so the artists weren’t really making any more money anyway. Alternately, they downloaded things that would usually be on cable because those things could just as easily be recorded and if that was legal, what was the difference with getting those programs online? This assumes that older, or less popular films don't make money or that the filmmakers don't need money. It also goes along with the frequent assumption that if you pay for one service all things should be free on it. If you don't pay for the cable television provider and support the ads that pay for the production of a TV show, you have no right to watch it.

16% of participants said their reason for using P2P sites was that everyone else is.

Researchers were actually surprised that this was not a more common answer. These individuals saw no need to worry about their actions because so many others were doing it and they were doing less of it anyway, their small collection being not worthy of any significant punishment. This justification fits within the denial category as they are denying any wrongdoings, but is more within the realm of Self-Perception Theory and the component of consensus, which says that if all of your friends are doing something, you are going to feel alright about doing it even if you wouldn't have done it otherwise. This is also the justification that makes the increase in digital piracy worrisome as the more people do it, the greater the consensus and the less reason to discontinue this behavior.

This behavior is also encouraged by the social media activities of liking and sharing. We see Facebook and twitter share buttons on nearly every website we visit and these encourage us to see everything on the Internet as something to share. We all know the feeling of posting something that gets a lot of likes and many YouTubers encourage us to like and share their videos as well, it would be rude not to. Going viral might seem like the best thing that could happen to a film but it doesn't always turn out that way.

When filmmaker Adam Green posted *Jack Chop*, the 2009 entry to his yearly Halloween short video collection to YouTube, it went viral, becoming one of the year's biggest Internet sensations but not without some controversy. The short became so popular that several other people downloaded it and posted it to their own channels, claiming it as their own. Green had to go through and individually report everyone and ask for them to be taken down. He even had to fight with a 14-year-old who insisted that

he was the real Adam Green. Eventually, he gave up and just let those channels keep it.

Green's Halloween shorts are not posted for profit, but for the fun of spending a weekend making a movie with friends. Having a short go viral is the kind of publicity you can't buy, but having the views of his most popular short split among several different channels, and then having to spend the time he would have spent promoting the short on dealing with teenage thieves robbed Green of the time and energy he needed to take advantage of this success. To this day, the top results in a Google search of *Jack Chop* are two uploads from people other than Green; just those two alone have more views than the official. Jack Chop highlights another issue with piracy. Even films uploaded legally and shared freely can be pirated and this often takes even less justification on the part of the downloader. If every step of the process is legal, when does the action become illegal?

### ***Deceptively Legal***

One of the biggest problems with illegal downloading today is that it seems deceptively legal. It is completely legal to download a program like RealPlayer, and there is no law against watching a video on YouTube that someone else posted. RealPlayer has a feature that allows the user to download and convert flash videos, so downloading a movie from either of those sites should be perfectly fine.

That seems completely legal, as though the uploader is to blame, but the uploader may have posted that movie with the innocent intention of sharing it with a few friends. Because he or she truly believed that typing "no copyright infringement intended" made it alright. If I didn't mean to do it, that must be the same thing as not doing it at all.



However, it is illegal, whether that movie was on YouTube or BitTorrent, Vimeo or Pirate Bay, the copy has been posted without the consent of the filmmaker and does not belong to us.

We may say that to upload something to YouTube, is to do with the knowledge that downloading is quick and easy, so it's the filmmaker's fault; however, many filmmakers and distributors are still figuring out, as recently as this year, how to post things in ways that make illegal downloads more difficult or discourages the need for them all together.

There is however, one huge hurdle to overcome if we ever want to solve the issue of piracy. Throughout my research, the most common justification I came across was that films are just too expensive. If that's true, building cultural value back into films won't be enough to stem the tide of piracy.

### *The Pursuit of Free*

Since the economic collapse of 2008, more than 8 million Americans have lost their jobs and countless others are underemployed or only making a minimum wage that won't cover the most basic of needs. Whether these issues affect us or not, they give us an excuse for torrenting<sup>3</sup>, we simply cannot afford it any other way. We have to save money somewhere and our moral compass won't let that be through physical goods; that would be stealing. On the other hand, with torrenting, there's no clerk, no security guard, no physical item to remind us of the crime; there doesn't even have to be evidence that you watch the film at all, and a download from a torrent site looks identical to one that

3 Torrenting: using a peer-to-peer site that uses torrent files, or the downloading of those files themselves

you paid for.

In this economy, the pursuit of happiness starts with the pursuit of free, and pride in thrift has led to pride in theft. We all want to get the best deal, and what's better than free? This is why buy one, get one free and free gift with purchase are such effective marketing strategies. The people who religiously risk life and limb to shop on Black Friday because they absolutely had to have this year's Cabbage Patch kid or Tickle Me Elmo. Extreme couponers who pride themselves on getting things 100% off or even making the stores pay them for shopping; they don't have to pay for things because someone else will. This is the exact same mentality that the pirates adopt, there is nothing wrong with what they are doing because the films are still being made. It's someone else's problem. This phenomenon is often referred to as the bystander effect; if you are the sole witness to a crime, you are much more likely to report it than if a group of people are present. The effect has led to the deaths of a number of people as no one took the responsibility of calling 911. With no emergency system for the arts, we all have to take responsibility for saving the films we want to see, by helping to fund the ones we already have.

The steps that film studios and filmmakers are taking to try to protect their films have backfired. Because of the way that digital rights are handled by distributors, many consumers feel that the films they purchase don't become their property at all. Whether it's because of Netflix removing films and replacing them with others or Amazon requiring you to use its Unbox Video Player just to watch the film, these individuals feel that they have been cheated out of their right to use their property for themselves. This

problem has even spread to physical media. In the summer of 2014, I tried to watch a newly released Blu-ray in the Blu-ray drive of a laptop purchased in 2010, only to be told that to do so would require an \$80 software update; that's more than the cost of a new blu-ray player, simply because the DRM of the disc was too new for the software in my player from three years earlier. I refused to pay the fee and ended up buying the program again in another format, but many would have turned to a torrent site with the justification that they paid for the disc and should not be punished for it. Looking at this through the lens of operant conditioning, to punish someone who obtained films through legal means encourages her to discontinue the behavior. And to go even further, obtaining the film for free from the torrent site is also a reward for using that site, which will encourage that person to go back when she wants her next film fix.

A 2012 study from the University of Georgia found that films that were released on Netflix had an 11% decrease in illegal downloads within the next two weeks. This study suggested that in some cases, piracy is a matter of convenience for those having too much time and not enough money. If it's not on Netflix or Hulu, we can use that as an excuse to torrent. After all, it's the filmmaker or distributor's fault that we don't have access and we paid for that service so they should be giving us what we want. We make a similar argument for torrenting because we paid for the Internet that was being used to download it. Although these things have no connection, we perceive one. This helps us feel better about the illegal act, we feel justified in using P2P sites. If no one used the sites, they would not continue to exist but what do the founders of those sites and the users who frequent them, have to say from themselves when confronted with legal action

and moral outrage?

### ***It's A Pirate's Life. For Free?***

It would be unfair to present the issue of piracy without considering the perspective of the pirates themselves. *Steal This Film*, a documentary showed piracy from the perspective of the founders of P2P sites as well as the sites' users. In that documentary, the founders of Pirate Bay argued that their site helped to fight against government and corporate control and at the time this was true, though extremely shortsighted. What the founders of Pirate Bay did not seem to realize is that their site was not only removing the power from the printers and the studios but from the authors, musicians and directors, who no longer have a choice in the matter. Pirates' lack of control over their own sites is doing more to put the small companies in jeopardy. They claim that the studios are worried about people getting the ability to distribute their own media but this was always possible. There have always been filmmakers who stayed outside the studio system and maintained control of their distribution. This is not the case with the majority of films on torrent sites, which allow anyone to upload a film regardless of who owns it. Even if the site agrees to remove the files, once a film is online, there is virtually no way to remove it entirely.

However, this is not to say that actions of the founders of Pirate Bay and other torrent sites did nothing to help filmmakers. Before the introduction of YouTube, Vimeo and other free video hosting sites, posting videos to the Internet was cost prohibitive, especially for the largest files and those with a large number of views. Because of the cost, some filmmakers did choose to post their own original content to torrent sites.

On April 1, 2003, Rooster Teeth Productions (RT) released the first episode of their series, *Red vs. Blue* on its new website RvB.com. Shot in a spare bedroom, the show combined game footage from the Xbox game, Halo with voice over from the company's founders and friends. The first episode was downloaded more than 20,000 times, the second 250,000 and soon episodes were averaging 750,000 downloads each. With the cost of bandwidth rising to over \$6000 a month and no money coming in, the entire venture almost came to an end right there. RT began uploading episodes on RvB to BitTorrent; this was less expensive, but came with its own set of problems. Torrenting was not as easy as downloading directly from RT's site and as RT co-founder, Gustavo Sorola explains, "You had to teach people how to use it. And then, when we finally had a DVD to sell, we'd already taught everyone how to steal our DVD". RT was able to overcome this hurdle due in part to the addition of a PayPal donation button to their site and later the offer of yearly "sponsorships", which offered early access to new episodes for \$20 per year. Meant to be one season of no more than eight episodes, *Red vs. Blue* recently finished its 13th season and is now the longest running web series of all time. Rooster Teeth owes the success of its entire company to the fans who were willing to pay to see content that they could have had for free. This is a strange idea in the present free-for-all mentality but there are still fans who are willing to fund the content they want to see. In fact, this funding method may be the way of the future.

## **CHAPTER 3: CROWDFUNDING**

I first came across the idea of fan-funding, more often referred to as crowdfunding, when British production company, Indywood Films followed me on Twitter in May 2009. At the time, the whole thing seemed insane. Going online to ask complete strangers for money to make a film that has no guarantee of being finished, it would never work; but surprisingly it has.

### ***What is Crowdfunding?***

The term Crowdfunding was coined by Michael Sullivan of fundavlog in 2006 and can be defined as “a collective effort to pool money, popular today through the Internet, to support a project, cause or organization.” This means that the project is funded by a large group of ordinary individuals rather than a small group of financially well-endowed individuals or corporations. Though this funding method has become significantly more popular in recent years, it is certainly not a new idea. Crowdfunding has been around for well over a century.

### ***A History of Crowdfunding***

One early use of crowdfunding was by an African-American author, Oscar Micheaux. In 1913, Micheaux successfully funded his first novel through selling advanced copies door-to-door (Barabas). Six years later, when Micheaux wanted to shoot a motion picture based on his novel, he could not find a single studio willing to take on a project with an African American director. Micheaux, inspired by his literary success, began selling shares in the film for \$100. Through this process, Micheaux was able to raise a budget of \$10,000. His successful campaign led to groundbreaking cultural

contributions, until the economic collapse in 1929, and subsequent changes in equity law in 1933, made film production as Micheaux was engaging in it impossible, and Micheaux returned to writing novels.

Following the stock market crash of 1929 and because of the resulting Great Depression, there was a general distrust of investments and the government wanted to ensure that every investor had complete and accurate information about all investments made. As a result, the Truth in Securities Act was passed in 1933. The Securities Act of 1933 required all companies wishing to sell public securities, or “an investment[s] with the expectation of profits arising from the efforts of others” (Barabas, 38), to register with the Security and Exchange Commission or SEC and comply with all disclosure requirements. While this served the public interest of preventing fraud, it made public offerings too expensive for small-scale crowdfunding projects, and for years there was no exemption that fit the equity crowdfunding model (Bradford). Between the 1933 Truth in Securities Act and 2012’s JOBS Act<sup>4</sup>, filmmakers continued to utilize the crowdfunding method to fund their films.

In 1978, armed with a budget of just \$1,600, a young director named Sam Raimi and an unknown actor named Bruce Campbell made a 30 minute short film called

4 Jumpstart Our Business Startups Act, also known as the Crowdfund Act. Signed into law by President Barack Obama on April 5, 2012. This included the Capital Raising Online While Deterring Fraud and Unethical Non-Disclosure Act, also known as the Crowdfund Act. The Crowdfund Act impacts entertainment entrepreneurs as it eases the restrictions that limited their ability to finance projects by raising small amounts of money from ordinary people online (Barabas). Title III of the JOBS Act is the crowdfunding exemption that releases the legal liability from laws concerning the sale of equity securities. It allows for the sale of up to \$1 million in equity securities over a 12-month period and says that individuals with a net worth of \$100,000 or less can invest no more than 5% of their net worth. Individuals with a net worth of more than \$100,000 can invest up to 10% up to \$100,000 (Cunningham).

“Within the Woods”. The film was shot on location in a remote cabin, over a three day weekend, using just a super 8 camera, some latex and a few dozen buckets of fake blood. Once the film was completed, Raimi convinced a theater owner in Detroit to run it before a screening of the cult classic, *Rocky Horror Picture Show*; it was seen by a critic, who gave it a positive review. Raimi, Campbell and producer, Robert Tapert used this review to prove to investors that their little story had the potential to become a quality film. While showing the short to potential investors, Raimi was lucky enough to find a bunch of dentists who had decided not to take their yearly trip to Vegas and therefore had a few hundred thousand dollars to spare. Along with money collected from family and friends, they had raised a budget of \$350,000 for their film, *Book of the Dead*. The film premiered to a packed house in Detroit, and then Raimi went around the country convincing theater owners to book his film. Eventually, this film would make it big under a new name, *The Evil Dead*, which went on to spawn two sequels and was recently remade by Fede Alvarez.

### ***Crowdfunding Today***

Rather than relying on word of mouth, acceptance into festivals, or paying for advertising, filmmakers can now promote their projects through the use of social media sites such as Facebook and Twitter, and can document their journey through websites or blogs that allow them to engage with their audience in ways that directors like Raimi could not have dreamed of when he was sitting in a Detroit theater just hoping for his big break. Directors do not have to hope for the right review or travel the country hoping to show the only existing copy of their trailer to a bunch of dentists in order to fund their



independent film. Through sites like Indiegogo and Kickstarter, a filmmaker can do the same in just a few months. Filmmakers can upload trailers, shorts and even feature length films to any number of sites from free sites like YouTube and Vimeo to paid services such as Netflix and IndieFlix. One copy can be viewed by thousands all at once.

It used to be the only way to get involved in the making a movie was to know the right person; or to work in the industry. Now, anyone can be a part of the making of a movie and it's as easy as clicking "Back This Project" or "Contribute Now." Without ever leaving home, anyone can collect small amounts of money from interested individuals around the country and around the world.

In 2010, The New York Times called Kickstarter, "An unexpected influence on indie culture," and that influence has only increased. Along with Indiegogo, Kickstarter has ushered in a new era of funding for independents, the era of crowdfunding. Indiewire recently reported that of the 186 films screened at the 2014 Sundance Film Festival, at least 26 were crowdfunded through Kickstarter and Indiegogo alone (20 through Kickstarter, 6 through Indiegogo). This increase is promising, not only because these films can be made, but because their makers can keep complete, or nearly complete, control over their films.

Kickstarter and Indiegogo are the most popular sites that facilitate rewards and pre-purchase campaigns. While the sites are similar, Kickstarter requires its campaigns to offer what it refers to as "rewards"; these rewards are often of the pre-purchase variety. Unlike Kickstarter, Indiegogo does not require what it calls "perks", although it does recommend them. Many of the perks on Indiegogo fit the pre-purchase model (Bradford).

This model allows backers to purchase a copy of the completed project, generally as a digital download, DVD or Blu-ray to be delivered upon completion of the film or at another time specified by the person running the campaign. This model allows entrepreneurs to give early adopters an enhanced experience through offering exclusive special editions. Perks offered within the rewards model can include producer credits, T-shirts and invitations to visit the film set. In both the pre-purchase and rewards models, contributors have no expectation of financial return; instead, they receive a product.

In return for the service they provide in hosting fundraising campaigns, both Kickstarter and Indiegogo take a cut of the money that is raised (Zhang). Kickstarter charges a 5% fee and uses an “all or nothing” model, which means that it does not consider projects funded unless they reach their stated goal. If a campaign does not reach its goal, none of the backers are charged and Kickstarter does not charge a fee. Indiegogo offers what it calls a flexible funding plan, in which pledged funds are collected immediately and the fee depends on whether or not the goal is met; a 4% fee if the goal is met, 9% if it is not. Both sites have a limit on the length of campaign.

Zhang found that “all or nothing” models were the most common as they provide a sense of trust to the backers and more backers felt good about that model. However, Indiegogo remained popular because of the flexibility offered by the “flexible funding” model.

### ***Advantages of Crowdfunding***

In the past, first-time filmmakers had few financing options and often had to rely on friends, family, personal savings, and credit cards. This was risky as there was no

guarantee of any return on that investment, Statistics show that between 60 and 80 percent of the money that goes into a film campaign are still coming from friends and family (Best), but we may see that number drop in the near future as more filmmakers use crowdfunding.

Because potential consumers use their money to express interest and belief in a project, a successful project is guaranteed an adequate audience. Audience taste is very hard to determine, crowdfunding projects get public feedback prior to production. This is different from the traditional hierarchical decision making of the studio system that has to worry about potential public relations and corporate concerns that often prevent studios from green-lighting unusual works that don't necessarily fit within the usual media code. Crowdfunding also allows filmmakers to connect directly with their audiences to their mutual advantages and backers have an added emotional connection to the film because they are a part of it from the very beginning of production and are able to follow it through its completion.

Zhang found that people participate in crowdfunding campaigns for one of five reasons: to support an attractive idea or a producer that they know; altruistic intentions; to help others realize their dreams; the promise of a reward; the expectation that the project creator will reciprocate. Because of this emotional connection, backers will be invested in helping to get the word out to even more people. They will want to show off the film they helped to make and will show it to their friends who did not back.

Though crowdfunding has many benefits, both for filmmakers and film fans, there are some downsides to consider before launching a campaign.

### *Drawbacks of Crowdfunding*

Crowdfunding requires more transparency and openness than other forms of financing (Cunningham); this means that a successful campaign must remain consistent and begin with a well thought out plan. The lack of studio-imposed deadlines and limits can leave delivery dates vague and lead to frustration for both filmmakers and backers if things don't go according to plans (Goldstein and Morris).

Sums raised by successful crowdfunding campaigns are usually quite a lot less than the budget needed to start shooting. Most features sets goals between \$10,000 and \$30,000. By comparison, a recent independent hit, *Winter's Bone* cost \$2 million to produce (Osbourne); this leaves the filmmakers with a responsibility to fill in the funding gap or risk the consequences of angering backers.

In the case of *Wish I Was There*, approximately half of the 46,520 supporters will attend an online or in-theater screening. At \$12 per ticket or Video-On-Demand rental, that's \$275,000. For a small budget film in limited release, that would be a large percentage of its gross all from the primary audience (Goldstein).

When it comes to finding distribution, there is a concern that the distributors will worry about lost revenue from the DVDs and Blu-rays already given to the core audience and will be held responsible for any rewards that have yet to be fulfilled. In addition, it is possible that backers will be upset if the film gets a larger distribution deal than they expected. This can leave some backers feeling as though they were tricked into funding a movie that didn't need the help. It is for this very reason that those filmmakers who use crowdfunded must be open and honest with their backers through the funding and

production process. They cannot underestimate the part their backers play in making their project a success.

### ***The Importance of the Crowd***

Because the majority of a film's funding still comes from friends and family, who would see the film regardless of its quality, a successful campaign has to provide something compelling enough to make total strangers want to be involved.

In October 2013, Emily Best, founder of Seed&Spark, an up-and-coming crowdfunding site wrote an article for Moviemaker magazine outlining the timeline for a successful crowdfunding campaign. In the article, she emphasized the importance of establishing an audience prior to starting your campaign and stated:

Most people hear one half of the compound word “crowdfunding” louder than the other. Yes, this is a method of funding. But gathering the crowd is the much more important benefit for your film. Crowdfunding is not actually about seeing how many people will shower you with money. Instead, it’s about getting as many people as possible to care about what you’re making. Because if you think raising money for a film is hard, try getting anyone to see it when it’s finished.

Best explains that the success of the campaign run by Zach Braff<sup>5</sup>, for his film *Wish I Was Here*, did not solely rely on the size of his fan base but his connection with them. Braff had spent years building a relationship with his fans via Twitter and it was this personal relationship that compelled them to become backers.

5 Actor; best known for playing J.D. Dorian on the sitcom, *Scrubs*

When Rooster Teeth Productions announced an Indiegogo campaign for its first feature film, *Lazer Team*, they did so with the expectation that their website's million and a half members would support them. What happened over the next 30 days surprised even them. Their initial goal of \$650,000 goal was reached in less than 10 hours and they became the fastest film ever to reach \$700,000. In just three days, they broke \$1 million and by the end of the campaign were the highest grossing film project in the history of Indiegogo with a grand total of \$2,480,284 from 37,492 backers. Twelve of those backers donated \$10,000 each to become executive producers. Some of the backers asked why a company with sufficient means needed to ask its fans for money. During a conference call with early backers and sponsors from the RT site, co-founders Matt Hullum and Burnie Burns explained that while the company had the money to make the film, the additional funds would be used to make it better. They also wanted to include their community in the film and share the process of the film with them. Backers were asked not to share specific details from their behind-the-scenes perks before they are released to the general public, and thus far I have yet to see a single person violate that trust. The backers of this film feel a connection to Rooster Teeth as a company and are proud to be a part of making this film. Not only was RT able to maintain complete creative control of their film, but they were able to do it in a way that built meaning and value of their film into the minds of their core audience. As the backers feel that they own a piece of *Lazer Team*, they should be less likely to share the film on torrent sites and may even discourage others within the community to feel the same. This is only one film but it is one step in the right direction. *Lazer Team* wrapped on December 13, 2014, and it is

scheduled for release in early spring 2015.

Many film industry professionals have voiced the concern that the use of crowdfunding by studios and established media personalities “overshadows and takes away from the little guys who actually need the funding” (Sullivan). This has not proven to be true; in fact when crowdfunding is used by well-known filmmakers it tends to people bring in people who may never have considered backing a project before to join a crowdfunding site. In Kickstarter’s official response to the 2013 controversy surrounding Zach Braff’s *Wish I Was Here* campaign, co-founders said nothing about the campaign breached their guidelines and it even supported their mission: to help bring creative projects to life. They also explained the benefit of having tens of thousands of new people join the site as a result of this campaign, people who may never have previously considered anything outside the mainstream media. Of all the backers for Braff’s film, 63% had never backed a crowdfunding campaign before. Thousands went on to pledge a total of more than \$400,000, to 2,200 other projects, with nearly 40% of those film projects. In fact, during his campaign, Braff had tweeted to his one million followers asking that anyone who had joined Kickstarter because of his campaign should look at other campaigns as well.

Braff’s film raised 60% of its \$5 million budget through Kickstarter and when the film premiered at the 2014 Sundance Film Festival, it received a standing ovation though critics were not pleased; they complained that it was not the film it could have been if it had been made with traditional funding, within the studio system. However, this was exactly Braff’s point.

In the video for his Kickstarter campaign, Braff called crowdfunding, “a new paradigm for filmmakers who want to make smaller, personal films without having to sign away any of their artistic freedom” (Rottenburg). "For those of us who love the art form, the question is always, 'Are there really pure stories we're missing out on because people are editing to make it work within the model?'" Braff said. "The movie that [we showed] would not nearly be what it was if it had traditional financing" (Zeitchik). He wanted to maintain a level of creative control that no studio would allow, to be “the director of the film and the CEO of the studio making the film” (Zeitchik). In this case, independence becomes more of a mindset than just a budgetary restriction. Once free from studio control, filmmakers may have little reason to return to the studio system and this is part of the anxiety that the critics are expressing.

### *Outside the System*

Not every filmmaker who wants to use crowdfunding relies on an established site. After a half dozen failed attempts through numerous channels, British filmmaker, Antony “AD” Lane of INDYWOOD Films began trying to get funding for his film, *Invasion of the Not Quite Dead*, in 2006. At the time, crowdfunding (Lane calls this “fan-funding”) a film online was a new idea and his first five or six attempts to do so failed. But, Lane did not want to give up on the idea of maintaining complete control over his vision. The IndywoodFILMS twitter was opened in May 1, 2009 to update backers on progress and he began offering producer perks on his own website, and accepting payments through PayPal. Lane’s first day on twitter, he began connecting with horror film fans telling them about his struggle to get his film funded; within hours money began coming in. AD



realized what he had been doing wrong all along was not connecting with his audience well enough. Twitter was allowing him to connect with his audience in real time; he was able to get people excited about the film and donating to his project. Lane's tweets became a part of his followers' everyday lives and the connection they feel to this film is much stronger than what a simple trailer could create. Since that time, AD has tweeted over 146,000 times and accrued over 192 thousand followers. He has 1800 followers from 31 countries. His backers have seen Lane go to amazing lengths to follow his dream, including tweeting for up to 85 hours straight with no sleep, all while actively encouraging the dreams of others. We have watched him fight for his film and it means almost as much to us as it does to him. At this point, whether I like the finished product or not, I will still value it for the experience of seeing the idea come to life.

## CONCLUSION

I began this project with two questions: “How did we come to feel that films should be free online?” and “If left unchecked, what effects could this have on the industry?” As I now understand it, we have always wanted to have things for nothing. It has only now through digitization that we are able to do so on an ongoing basis. This is assisted by the lack of concrete laws preventing us from taking what is not rightly ours and a lack of understanding of existing laws. I do not feel that this is going to continue unchecked. There are promising changes in the way that we see the films we are personally involved in and this involvement should continue to grow.

I began this research journey pessimistic about the future of film and believing that piracy would be the end of it, but what I've learned has given me hope. As more filmmakers embrace social media and crowdfunding, they will reduce the need to rely on a studio system that has been slow to adapt to changing distribution methods. They will have more ownership of their work and feel the increased connection needed to identify as filmmakers and be fulfilled by it. This will lead to better films, and in turn these films will make fans want to back them.

It is becoming clear that when it comes to film, we vote with our dollars and choosing not to vote is the same as voting against them. The motion picture industry cannot sustain itself any more than any other art form can. For one, the industry itself needs to stop focusing on numbers as a means to frighten moviegoers into changing their ways. It's not working, and this misleading tactic makes it easier for people to justify their actions. The pirates aren't just fighting against the corporations but also the

corporate lies. In 2005, the MPAA released a study that found that the movie industry was losing \$18 billion per year in potential profits. This report has come under scrutiny as box office revenues were hitting all-time highs and DVDs continued to be profitable. The industry needs to stop focusing on box office numbers and start thinking about why people pirate films and how to bring them back to legal and profitable means of viewing.

Within the current distribution model, the best bet for a studio is simply to make what sells regardless of film quality or filmmaker happiness. This does not have to continue into the future. The new influx of promotion and funding options provided by the Internet may hold the secret to reversing the tide of piracy. Crowdfunding, along with the use of social media, is helping to build connections between filmmakers and film fans, and allowing viewers more access to the filmmaking process than they've ever had before. These connections are building a sense of community and a new understanding of what it takes to make a film, making the fans think before pirating their next film.

One of these ways may be through the use of social media and crowdfunding to bring film fans into the community and instill a sense of value back into the films that are being created. While crowdfunding is not a new idea, sites like Kickstarter and Indiegogo, along with other crowdfunding and social media sites have not only made it easier for filmmakers to fund their films, they have allowed film fans to engage with these films in ways that would have been unimaginable just a few years ago. Through the use of this funding model, filmmakers are able to maintain creative freedom through the production process and even into distribution, virtually eliminating the need for studio involvement in many of these films. Filmmakers who don't have to tailor their scripts to

fit executive approval or cut key scenes to appease the MPAA will stay closer to their films. Coupled with a lower rate of piracy from their most loyal fans, this will bring back the feeling of fulfillment that filmmakers so desperately need to continue their art.

If piracy and studio control of films are factors detrimental to the quality of future films, it only makes sense that the way to ensure the highest quality of films is to compensate filmmakers for their work, to allow them to be artistically fulfilled, an increase in crowdfunding will allow that. As fewer fans get their films illegally and more form a personal connection, both with the films and the individuals who bring them to us.

The heart of the issue is that we are still hardwired, like our ancestors were, to think that value comes from the physical materials, the things we can hold in our hands. At the same time, we're culturally conditioned to believe that art's worth lies solely in resale value. Therefore, if you can't hold it in your hands and it doesn't cost anything, it must not be worth anything. We're stealing the value of film right out from under it, one download at a time, and a lot of people don't even give it a second thought. It's not just about the budget, though I'm sure you can imagine how difficult it must be to come up with a budget of over a million dollars. A film has value, not just the material that goes in a DVD or Blu-ray or the hard drive space on some server; its value comes from the time and effort of all of the filmmakers involved. They deserve to be paid and that is our responsibility as media participants, to do more than just consume.

In his 2011 letter prior to the release of his film, *The Innkeepers*, director, Ti West asked if people would be more likely to pay more for a product that was made by hand, by someone they knew. This is what crowdfunding and social media are giving to film

fans, the opportunity to know filmmakers as people, to see the passion they have for their art and the desire to help them continue to make the film we enjoy watching. This is the way that we defeat piracy. Not by making the act more difficult but by removing the desire to perform it in the first place.

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