

Podcast “Filming in Portugal. See the big picture”

Transcription of the episode 2 with Markus Duffner

[00:00:14 Martin Dale]: Welcome to the podcast “Filming in Portugal. See the big picture”. It's a podcast organized by the Portugal Film Commission. I'm Martin Dale, I'm a contributing journalist to Variety based in Portugal. And today's guest is Markus Duffner. I'll briefly introduce him. Since late 2020, he's the head of Locarno Pro, platform playing an active role in supporting auteur cinema. Marcus is German, he was born, raised and completed his film studies in Italy.

Since 2004, he's worked with the trade press, with film markets and other film festival and has been working at Locarno Pro since 2014. There he's responsible for projects such as First Look, Match Me and the digital distribution platform Heritage Online, which in part works as a database and business facilitator whit streaming platforms. He's also behind the VOD platform Spamflix, which is dedicated to cult films, launched in 2018, which is a founder member.

In turn, obviously Portuguese cinema has had a regular presence at Locarno, in general at the festival. It had a spotlight in the 2018 edition of First Look. 2019, Portuguese filmmaker Pedro Costa won the Golden Leopard with *Vitalina Varela*. Last year they were films by several filmmakers including Carlos Conceição, and this year, the debut feature film from Leonor Teles.

So I was interested to talking with Marcus... One of the main themes of Locarno Pro this year was how do we define independent cinema today? And sort of, obviously independent cinema, auteur cinema, is experiencing major changes, linked to the screening platforms, the mix between auteur and some film genres mixed together. Just to get at Mark, what do you see as some of the key trends and what were some of the conclusions that you got from this year's edition of Locarno Pro?

[00:02:17 Markus Duffner]: Thanks, Martin, and thanks for having me in this podcast. I think it's great to be speaking to the Portuguese professionals, since as you mentioned, Portugal and Locarno has a very long lasting connection and in the latest years we tried to, together with ICA, the Portuguese Film Institute, to create stronger bonds on the industry side, especially on Locarno Pro, which is the department I follow and the industry platform of Locarno Film Festival.

Your question, well it's something very... It's a big question, but it's a topic that we have tackled this year in Locarno Pro 2023 in one of our activities in Locarno Pro, which is step in our international think tank, which welcomes 50 veteran professionals divided into key players, producer, sales agent, distributors, institutions, and marketing agencies and so on. The idea of this think tank is having keynote speeches. We have Ted Hope this year, speaking about exactly what you just mentioned, state of independent cinema from a US point of view but also from the European point of view, which is quite different, although there are some signals that, I believe, are converging in the same direction.

One of the amazing things that happen, of course this is a one-day think tank in a safe space, closed doors, which we report at the end of the day through a very generic sum up. One of the amazing things when we were building up this day was to invite independent producers that were standing for independency and that are still standing for independency. The true ones that haven't been bought by broadcasters.

Because our mission, our goal with this think tank was to invite institutions such as EURIMAGES, Creative Europe and national institutes like CNC and others in Europe to brainstorm, discuss, raise awareness of the fact that what is independent if a successful producer, let's say, has been bought by a broadcaster? They automatically rise to a different goal. Maybe they are producing a new film or content at this point for a broadcaster that is immediately in need of an audience of 180 territories or so, when we speak about big, large corporations. So, what is independent in this thing? I mean, as an initial stand, nothing against big corporations, major streaming platforms and et cetera, because they have the right to exist on this market. And I believe they opened many doors, so far, for many independent producers as well.

But our main concern in defending the independency of smaller producers, which is ultimately also the kind of films that Locarno is looking for because of its DNA - when they discovered Manuel de Oliveira, Jim Jarms or Spike Lee, et cetera, et cetera. They were looking for newcomers with a new voice and those new voices mostly, they can be found in independent film production structure.

That means... It gives you constraints, budgetary constraints, but more freedom, definitely, on the production size, on the artistic size. So, this is our main concern together with who has the right to apply for public funds. Because like ICA, the Portuguese Film Institute, in their application for film production development and all the funds, they now request auto certificate of independency from the companies, which is right. In other film institutes or European film institutes, they already introduced this mandatory certification of independency, which has a threshold, which is being discussed further.

So, our think tank this year was concentrating on this topic exactly, because is it enough that a company is owned by no more than 25%? And if they have a backing of 25% by broadcaster, aren't they still independent? I mean, it's a tricky way for everyone. I agree.

And we heard voices during this think tank by producers that we initially invited as independent and in the months of setting up the think tanks, they were bought by broadcasters. So, they switched side in the middle, and they were still fighting for the idea that they are still independent. They just have more flexibility on cash flow and budgets. And I agree to some extent as well that, if there is a deal with some broadcaster that really leaves you with full freedom of acting on the artistic side and on the production side, can you call them independent? Many producers that have done this choice of having an easier life or, let's say, more powerful resources, they are still defending that they are independent, true independent, and the artists, the filmmakers they are producing are still those that are traveling through A-class festivals. So, I think the question you just asked is something that is changing as we speak.

In the same way as we were preparing this think tank based on the same topic, we had some changes in the participants. That was for us the clear proof that it's changing rapidly.

[00:09:11 Martin]: Could I follow on from that? Obviously, it's not just the question of the broadcasters, but the streaming platforms. When we're talking about streaming platforms, we're obviously talking about not just the big platforms like Netflix, but there can even be smaller platforms. And you yourself have got that experience with Spamflix.

I mean, there's already been a trend for several years that producers have to take on an increasing role in distribution, to a certain extent. And in a way, streaming gives that possibility of a more vertically integrated approach, but then raises the question of the independence potentially with the funding authorities in particular.

Given the distinction between the broadcasters and the streaming platforms, is something reasonably fluid and is changing, if you could bring that up, I mean, we can then discuss more about also the opportunities that some of these platforms provide. But you could talk also about independence, not just in relation to broadcasters, but also the streamers.

[00:10:13 Markus]: Sure, when I meant broadcasters, of course, there are streamers included somehow. But you're right. And I would add distributors and sales agents as well, which before pandemic even, we could see those changes. And we were monitoring that. We have even one year in StepIn, our think tank, we have talked about changes in the way sales agents get on board of films. Many sales agents have switched their strategies, the business model into co-financers or co-producers directly. So, on one side that is kind of a healthy attitude because they are part of the project and not just sales agents, which sometimes plain sales agents, they tend not to move films or sell products if they have no revenue, while when you are also part of the production setup, then any kind of sales or distribution might be a plus if there are no other options available as a sales agent only. If you don't get any MG, you don't get share. It's just working for zero money.

But streamers, smaller streamers, there are so many. Many have started co-producing, such as at Spamflix. We've co-produced an animation documentary which is completed now and will soon be released in a festival, I cannot say which one yet. But I know that Filmin is co-producing. I know that Mubi is strongly starting to produce and started to produce. Maybe Mubi is the best example as an independent streaming. I don't know if we can call them independent anymore, but a powerhouse that has established itself vertically on the whole chain, having a sales agent. Mubi itself is selling those films that Match Factory is not selling. They're producing films that Match Factory is not producing. So, it's really complete with all the theatrical distribution setup they have in many countries plus the streaming platform, of course, and all the other assets they bring to the table, such as the notebook.

For me, those examples are enriching the film industry scenario and the potential for independent producers. That is to say, there are more and more options. One particularly interesting change that is going to happen soon - I guess Switzerland is an example I know best because of my job at Locarno - it's the Swiss cinema law that passed last year and will become active in 2024, which obliges all streamers and broadcasters to contribute with 4% of their incomes and reinvesting it in the local industry. How is this done? Can be simply paying those taxes directly and then those will be re-administrated or they act as normal co-producers for projects. So that means a Netflix and Netflix in charge of the German speaking Europe, they can look for projects in Switzerland and decide to co-produce them in order to rebate and lower the tax obligations they will have in Switzerland. This means reinforcing, of course, the project, not all the projects have a Netflix DNA. That's clear, every project is different in its nature, in how it's built up and what business partner you can find, but having Netflix acting no longer as this giant streaming platform that owns the whole rights, et cetera. But as a co-producer is something absolutely new.

And so all the other streamers and broadcasters, if we think of those giant like, I don't know, Fremantle, Banijay, et cetera, et cetera. Those will or might be able to act in a different way. That doesn't mean for them having less power, but just increasing their imprint on the territory for them it's good and for the local producers it's great to have this resource. Again, it isn't for all projects, there are some that will forever stay independent because of their nature. But there are some other that are fought off. The only danger is protecting those independent projects from public funding or allowing them to have public funding and not just allow those other

projects that have backing from or funding financing from streamers and broadcasters to also get public money.

This is something that I think it's the center of discussions right now and many independent producers that I see in Locarno through one of the activities we have, which is dedicated to emerging producers - and Portugal is one of the countries we always have -, it's called Match Me! We have three emerging producers from Portugal every year. They complement a total of around 35 producers every year. And when I say emerging producers, it means that they have some experience, maybe have had some success as well, but their international outreach and network is not that strong yet. So, when I read their profiles and the projects they're developing and what they're looking for, it came to my surprise, this also before pandemic and pandemic strengthened that wish of emerging independent producers to find platforms and streamers to finance 100% their project. Of course, it's quicker. It's easier. It doesn't mean that you protect your IP at the same time because you might lose it for a while.

[00:17:11 Martin]: You're obviously having a vision across different territories in Europe. So, if a producer can maintain the criteria of being independent, so it doesn't have more than 25% ownership, but it tries to get funding for a project with some of its equity finances, 100% financed by a streamer, for instance, would it still be accepted as an independent production in most territories, or is that also under question at the moment?

[00:17:41 Markus]: I think it's under question. The 25% I mentioned can vary depending on the territories. I think there are some that request 20, some 30. I am not sure about the actual application rules in all the countries. But if 100% of the financing comes from a streamer, it cannot be defined as independent. Also, it depends on which rights there are. Many institutes are requesting to see which rights are given to the financiers and how much exclusivity and how many years, which is also extremely important. Because if after a certain amount of year, let's say five or seven, you can be non-exclusive and then open up to other broadcasters, smaller streamers, then the project is in this strange limbo of being a hybrid, let's say, major back, but then can become independent after a while. I don't know if that makes sense, but this is what we have right now, I guess.

[00:18:56 Martin]: And in terms of with this think tank, the discussions and in general at Lucano Pro, obviously consolidating distribution is also a key priority for the whole ecosystem. So how do you see the feedback coming from the representatives of the film agencies, the National Film Institutes in terms of these questions?

[00:19:23 Markus]: Yeah, well, the market is crowded. Festivals play a major role, like Locarno, but also the other major festivals, and let's say smaller festivals that are more national audience driven in some countries. They play a major role to secure distribution. Let's say films in Locarno, they have a big chance to be distributed in Switzerland and so it goes on for other festivals. But films that are played in Locarno have also a major appeal for sales. Let's say many films in Locarno, they get sales agent, they are distributed after that, and their international career starts there. So, for national film institutes, I think all of them have a classification at least, a pointing system and ranking of festivals. It depends on which country. Of course, Portugal has its own ranking of festivals depending on the coherence of the Portuguese cinematography. It is stronger in certain festivals like Locarno and maybe weaker in other festivals around the world. So, it depends on which institute we are talking about. For instance, last year we worked with BFI, the British Film Institute, for a showcase of six working progress from the UK.

And for them, the festivals that were most attractive were definitely a little different than for the Portuguese. So, it depends on which films, all films are different, as always when we talk about independent films. And distribution can be different. It depends on the co-production structure. Some territories are secure before, but major film festivals are a big help for their international boost, if you think of a smaller film, that can travel to more than 60, 70 festivals. It's already a big chance for them in each of those festivals to find a local distribution partner, even if it's a small TV window, a small streaming platform, it enhances the film's life.

Especially in Locarno we think that life is not like the 18 months or 24 months distribution window, but we have a big focus on heritage. Of course, to become heritage, some years must pass, but then it becomes a library. And we think that "library" is still commercially valuable, that life can continue even if the film is older. Like what we did with Spamflix, we didn't get fresh films, but films that were released, distributed, four or five years ago, which makes them more accessible for smaller platforms and smaller distributors.

[00:22:47 Martin]: We're talking about the role of the festivals, we're talking about the role of the broadcasters and the streamers, there's this question of the big screen and the small screen, that the theatrical distribution of auteur films has been - obviously during the pandemic was not possible for any kind of films - but to a certain extent, the festivals have taken on board being the main showcase for the big screen viewing of the film. How do you think this has impacted producers, given that they know that the small screen, two screeners and so on, is also a key part of their distribution? There are also some producers who are diversifying not just into films, but also to series that will be shown primarily on the small screen. In terms of Locarno Pro, how are some of those trends being felt?

[00:23:39 Markus]: I definitely think producers have diversified their production assets, also producing series or other formats directly, or even feature lanes directly for streamers. As I said before, with "Match Me!" many producers, even the emerging ones, are looking for streamers immediately. So, they know that they will have close to non-theatrical distribution. But festivals still play a big role and we have seen that also in Locarno. Streamers are also opening to festival premieres because they recognize that in the end it's all about audience, for producers, for filmmakers, streamers, broadcasters, distributors.

Audience is king or queen and we really need to think which product is for which audience as there are many audiences out there and there are some streamers, some broadcasters, doing a very good job. Mubi, as I said before, I think they're doing a very good job in creating a new audience or trying to find a new audience that are those internals, cinephiles that don't go to theatres. Those exist. They are out there. And Mubi is the perfect example in how to get them acquainted with certain independent auteur film archive products and then give them also a chance to go to the cinema, see it and have this collective experience, which is still very important, I would say, for auteur independent cinema. There is no such thing as the theatrical release premiere, which then creates the buzz.

I think all this topic needs to be regarded in as well and I speaking to you Martin as a critic, I think you're well aware also of a crisis of the media and press when covering film release, which for us at Locarno or any festival is evident. We also had conferences about that because it's a very important topic. Launching a film without enough press, not enough press is traveling... Two festivals, not enough journalists are getting flights paid. So, it's really a crisis of the press, which is also damaging somehow the film environment releases, because there is no such thing as

releasing a film and getting good press or bad press. But anyway, talking about the film is fantastic.

Now you have other solution, of course. Not everything is lost. There is Letterboxd, for example, is doing a great job on cinephile community that is extremely young. And I think they are really, let's say, completing the scenario together with other independent streamers, like Filmin, in Portugal, and Spain, they're doing a great job in creating a cinephile audience, giving them quite good art house content. So having said that, I really believe that festivals are one of the last standing defenses of this collective experience of discovering a film together with other people that you may or may not know. And in festivals, you have the chance to meet the directors or hearing them speak, ask questions in Q&A, this is the experience that many cinephiles that are internal or so are rediscovering through festivals. So, streamers, when it comes to collaborating with festivals, they are starting, I guess, or they started already, to understand the value of those audiences that are interested in this collective experience, because they are who can do something which is super powerful, in my opinion, that is the word of mouth, which is invaluable in any marketing strategy. If someone loves your film and advocates for it, this is the most powerful thing that you can achieve. So, for the streamer that is important as well. And you can get that through festivals.

[00:28:10 Martin]: Another trend I've been writing for *Variety* and my colleagues as well is, obviously, this mix of traditional, more auteur, style with genre, the question of elevated genre. And I was looking at Locarno, for instance, in 2023, you had the open doors section with films from Latin America and the Caribbean and I was just seeing online a Jamaican drama, a Venezuelan animated horror film, a vampire western from Peru.

So, this is also something that's going on and is part of this broader mix. Traditionally there was an idea, anything that was genre was more Hollywood and auteur had to have a more human drama approach, but all of this is mixing. How you're seeing that coming through at Locarno Pro?

[00:28:59 Markus]: Well, I totally agree this is a major shift. Genre films have changed in structure. There are some great examples, but Locarno since 2021, at least, since our actual artistic director took charge, he's a genre lover, I must say. And I guess he loves to see those supernatural elements. When I say genre, it's in the large term. It's, let's say, genre flirting drama somehow, or just drama with some supernatural elements. That's exactly what many producers are looking for. It sells better. Commercially, they're very good products.

We have seen an expansion in genre federations like Méliès [Méliès International Festivals Federation], doing a great job with all the festivals, which are really important for this. Now if you see at the Marché du Film, they have launched the pavilion which is the Fantastic Pavilion. I think this is like underlining the importance, the commercial value, if in a market like Cannes they have a space like the one they had. It's really fundamental to understand.

If you look at Locarno and what we did in the last three years, there are so many genre films, or genre flirting films, that have had so much success. *Nightsiren* doing all the fantastic circuit. Or, I think of it as a cult film, but *Mad God* by Phil Tippett, that we presented in 2021, was really what I believe is a masterpiece and an exact example of that. Those are, of course, also titles that educate somehow the audiences or make them acquainted differently from what they saw usually, because as you said, we always thought of genre, those American commercial films, although European genre is or has always been a little different, maybe.

Before pandemic, I was seeing it because of Spamflix and the content we distribute in Spamflix is exactly what you just mentioned. So, it's only genre and supernatural or fantastic flirting drama. And I was seeing when I looked at the 2018 or 2019 selection in Cannes between Kenzen and Main Competition and Uncertain Regard, the number of films that could be classified as genre or that had fantastic elements in it were increasing. So, it's a trend of the market. I guess they are more commercial. It can attract different audiences, which is a plus. And then we have the coronation of Parasite plus Titan one year after another, which really made it clear for everyone that there is a market there.

[00:32:30 Martin]: The podcast linked to filming in Portugal, not just Portuguese productions but also co-productions linking in with Portugal and given this close link with Locarno for Portugal. Portugal has had a good presence in festivals and Locarno being a very important showcase... What do you think stands out in this regard in terms of Portuguese productions and co-productions? How do you see Portugal? It's a peripheral country, but it has had a certain amount of an impact.

[00:33:04 Markus]: Yeah, especially in Locarno, I think it's a cinematography that has always been recorded by Locarno as an interesting country that produces art as film.

I think what the Portuguese Film Institute has done lately and is continuing to do, in endorsing collaborations, not only through the participation in larger institutes and funds, but the own funds they make available are great because there are funds for minority co-production, development, but also bilateral co-production funds with Lusophone countries, Brazil, with France, with Italy, there is a co-development fund. So, I think they are making it possible for many producers and the quality of emerging producers we see in Locarno through "Match Me!" is a clear statement that there is a new energy, a new power, and there are many new ideas and many new key players that are willing to produce and finding the means to get their films done and tell their stories. Of course, Portugal is a country that has also so many stories that go beyond Portugal itself, so it makes absolutely sense that it is partner for co-productions for many territories.

[00:34:37 Martin]: Have you seen, since there's a Cash Rebate, a kind of tax incentive, have you seen that at Locarno productions that have been shooting in Portugal for that reason or that has that come up on your radar at all?

[00:34:50 Markus]: Well, I think the producers use it or have this always in mind when trying to enter co-productions with other countries. That's very important.

In Locarno, Portugal Film Commission has been there in the last years, of course, also doing their networking. I think for them, it's really a natural place to find business partners because of the range of projects that are presented also in terms of what the country can offer, the cost of life, the cost of wages and so on, is particularly attractive for many other European countries.

[00:35:41 Martin]: Okay, and just a very last question. Looking ahead at Locarno Pro, what are your main objectives over the next two to three years? Is it really to consolidate what you have, or have you got new initiatives you can already talk about?

[00:35:56 Markus]: So, we launched, in the last three years, a couple of initiatives. Consolidating our place is great. We think of Locarno as the main industry event in the summer as a proper industry platform that has not only co-producers, co-financers, but around 300 to 350 buyers every year, meaning that there are also people looking for content to buy or to finance.

And as a good example, last year, together with Cinemateca Portuguesa, we presented a restoration of Manuel de Oliveira's *O Dia do Desespero*, which was just restored in 4K. And this was a Locarno film, it was presented in the *piazza* in 1990.

But this is a clear sign of our interest also in consolidate Locarno Pro as a market and an industry major event for heritage film distribution. That's why this year we launched Heritage Monday, which is one day dedicated only to new restorations and there are about 50 buyers and many festival programmers participating in the screenings and roundtables and checking out what's new and on the table among the Heritage restored films.

Heritage Online, which is the main project behind Heritage Monday is an online database which connects right holders from the whole world with potential business partner, distributors, programmers, etc. So consolidating Locarno Pro as a key event for developing co-producing in Europe and beyond. And of course, as some main event for distributing and finding new talents because that's the DNA of the festival still, presenting new films. If we look at the section Cineasti del Presente (filmmakers of the present), which is dedicated to newcomers, but also in the main competition we had, I guess, four or five first films. And some in the Piazza Grande.

There is a particular attention on discovering new talent. So, for all buyers, distributors, streamers, broadcasters, which started also to attend Locarno Great League, from Netflix to Paramount, etc, they are all there during the summer, the main idea is to discover, even if only one or two authors that they can work with in the future or work with their films. I think it's a success. I think consolidating this is the most important thing and growing little by little. I mean, it's a boutique film industry. It's a place where the informal atmosphere and, you know, the human pace is still important. It differentiates itself a lot from those big established markets like Cannes, Berlin. And therefore, there is also an easier approach to getting to know people and getting to know new talent.

[00:39:22 Martin]: And you mentioned the streaming platforms have been attending, but are there any events that are sponsored directly by streamers, by the different levels of streaming platforms?

[00:39:32 Markus]: We have two streaming partners at the moment, which is Mubi, our partner on the retrospective. They distribute several of the films presented in our retrospective in their platform, making them available for a very wide audience. And we have a partnership with blue TV, which is the main streaming platform in Switzerland, owned by Swisscom. Basically, through them, we do a similar operation for Swiss audiences, bringing them Swiss Locarno content directly to their homes. I think those two are significantly important because... Of course, it's not Netflix nor Amazon, but those two platforms are hitting the target we want to, or that we have, or the audience that we want to reach.

[00:40:36 Martin]: That's great. Well, I think we covered the main issues. So, I thought that was wonderful, Marcus.

[00:40:41 Markus]: Thanks. Great, thanks for these interesting questions.