Think Tank

Immediate Options to Address the Pressing Needs of Immersive Distribution

Hosted by Venice Immersive 2023: Michel Reilhac, Liz Rosenthal and Doede Holtkamp

Index

1. Introduction .... pg. 3

2. Key Issues .... pg. 5

3. Optimise LBE Distribution .... pg. 7

3.1 Streamline Experiences: A General Overview .... pg. 7

3.2 On Potential Venues .... pg. 8

3.3 The Necessity of Scalability .... pg. 9

3.4 The Significance of Data in the Immersive Sector .... pg. 11

3.5 Subsidising Distribution: A Viable Approach to Market Entry .... pg. 12

3.6 Supporting Skills Development for Exhibitors .... pg. 13

3.7 Optimising LBE distribution: Summary of Conclusions .... pg. 15

4. Optimising Home Distribution .... pg. 17

5. Exploration of Social Platforms and World Builder Communities .... pg. 19

6. To Build Networks and Aggregate .... pg. 20

7. Preparing for Web 3, Blockchain, and AI .... pg. 21

8. Possible Research Developments and Considerations for the Future .... pg. 21

8.1 Further Discussion Points Following The Think Tank .... pg. 22

1. Introduction

Distribution plays a pivotal role in the growth of the immersive creative content industry. Currently, a bottleneck significantly hinders the distribution of most non-gaming creative content.

As a festival, our primary responsibility is to provide the best possible launchpad for the finest immersive projects. However, the question arises: what purpose does a launchpad serve if there is no market to receive these projects? From this question came the desire to venture beyond the festival realm and address the complex issue of distribution in collaboration with representatives of the immersive industry.

The session, organised in conjunction with Venice Immersive 2023, brought together 21 international professionals ("Participants") who are actively engaged in licensing, funding, and exploring immersive content accessibility. Additionally, a second small circle of 11 ‘Observer’ guests (including seven immersive festival curators and three fund representatives) were invited to attend without actively participating in the discussion (see table 1). The session was moderated by Liz Rosenthal and Michel Reilhac.

A survey was shared with the participants, prior to the session, to guide the discussion and create a productive foundation for brainstorming.

The goal of the session was to assess current distribution practices and formulate practical strategies for growth. The meeting therefore set out as a collective effort aimed at sharing ideas on what can be undertaken in the immediate future of immersive production so as to accelerate and facilitate its distribution.

> *“One of the key missing factors that we have in the distribution market, is the absence of data and projection tools that can assist us in estimating the potential business model for the content”*

Table 1. List of professionals involved in the session

Participants

- Myriam Achard (PHI Centre)
- Rebecca Barkin (Lamina1)
- Mia Bays (BFI)
- Paul Bouchard (Diversion Cinema)
- Neil Carty (Cosm)
- Jimmy Cheng (Sandman Studios)
- Maud Clavier (VRROOM)
- Guy Daleiden (Film Fund Luxembourg)
- Danielle Giroux (Astrea)
- Sascha Hartmann (ARTE France)
- Samantha King (VIVE Arts)
- Jeanne Marchalot (France Télévisions)
- Alina Mikhaleva (ENGAGE XR / Less Media Group)
- Joel Newton (CityLights)
- Alexandra Payne (Outernet London)
- Olivier Piasentin (Ikimasho)
- Amy Seidenwurm (Antler)
- Omar Suby (Pico)
- Fred Volhuer (Atlas V Group)
- Babette Wijntjes (Cassette)
- Doede Holtkamp (ARVORE Immersive / La Biennale di Venezia)

Moderators

- Liz Rosenthal (Venice Immersive, La Biennale di Venezia)
- Michel Reilhac (Venice Immersive, La Biennale di Venezia)

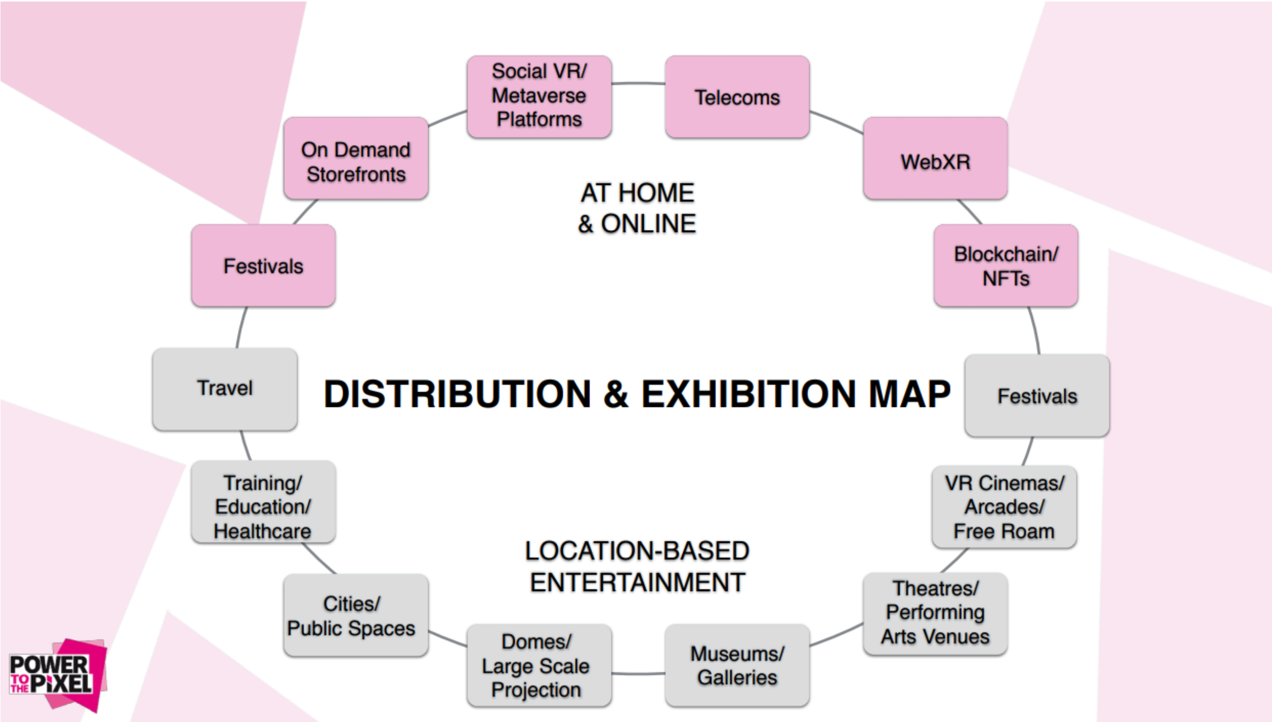
Notes & Report Writer

- Agnese Pietrobon

Observers

- Diliana Alexander (Film Gate Miami)
- Ana Brzezinska (Tribeca Enterprises)
- Avinash Changa (WeMakeVR)
- Shari Frilot (Sundance)
- Sean Gilis (Creative digital fund NL)
- Blake Kammerdiener (SXSW)
- Jay Kim (BIFAN)
- Andrey Lunev (Startup Wiseguys)
- Heleen Rouw (Cinekid)
- Caspar Sonnen (IDFA DOCLAB)
- Isabelle Ruiz (Indigenous Screen Office)

Fig. 1. Wheel of Distribution & Exhibition



The discussion covered all potential platforms of distribution represented by the above diagram designed by Liz Rosenthal (Venice Immersive).

2. Key Issues

The analysis of responses gathered through a questionnaire distributed among participants, with a total of 16 responses, highlighted several critical issues and questions related to the distribution of non-gaming immersive content:

- Retention, non-integration of headset use in daily life. Will products like the Apple Vision Pro influence this?
- Lack of curated access to non-gaming creative content.
- Lack of informed and equipped partners including locations, in a small market.
- Lack of data access and use cases.
- Limited public support for scaling and distribution. Most support is channelled into production and development.

- Absence of distribution goals and strategy/ lack of clear audience targeting from the beginning of the project development phase, impacting distribution optimisation)
- Distribution model directly inspired by the film distribution model. Over reliance on the film distribution model. Will the World Builders community model inspire different approaches once it has integrated the equivalent of a ticketing system or paid access generating proportioned revenue?
- Lack of a *Beat Saber* equivalent as a killer app attracting users to new creative non-gaming immersive content.
- Strict moral censorship on content on the main global platforms that needs to be suitable for global family values, limiting edgier content.
- Format and duration. Challenges related to content duration, such as META asking for longer content , e.g., at least one hour.
- HMDs content divisions solely focusing on financing and distributing big IP and game content, rather than the type of content showcased at Venice and in the festival circuit.

In light of these findings, two primary distribution paths for immersive works (see Figure 1) are considered: the distribution of location-based entertainment (LBE) and the distribution of experiences at home and online. The Issues identified from the questionnaire responses **have been categorised into key areas and participants were encouraged to propose potential solutions.** The key proposed solutions were:

- *Optimise LBE*
- *Optimise Home*
- *Explore social platforms and world builders communities*
- *Build networks and aggregate*
- *Be ready for Web3, Blockchain and AI*

The following sections delve into more detailed discussions of each of these points.

3. Optimise LBE Distribution

3.1 Streamline Experiences: A General Overview

The current LBE market seems to be the one that generates the most revenue for non-gaming creative immersive content. However, there are significant limitations affecting the development and possibilities of this distribution channel, related to the **difficulties of taking experiences on tour**. These limitations include the costs of transporting oversized sets, the large array of technological tools required, the presence of a relatively large number of operators to facilitate audience access. These factors impact the feasibility and profitability of this channel.

Touring needs to be facilitated with the bespoke design of sets, conceived during a project's development process in order to facilitate set up and strike down.

A notable example of optimisation is *The Infinite - the world's largest immersive exhibition about life in space*, created by Infinity Experiences, a joint venture founded in April 2020 between PHI Studio and Felix & Paul Studios, *The Infinite* is a touring exhibition which was initially shown in Montreal.

> *"There are some very interesting examples of immersive exhibitions where there's a convergence between the physical installation design and the design of the virtual experience. In the cultural sector this creates , a much stronger proposition for vendors to license"*

Another successful example is multiplayer VR project *Khéops by French Studio Emissive*, that has become a standard for what Chinese LBEs request.

3.1.1 Key Discussion Points

There was unanimous agreement on the need to optimise LBE. However, **this optimisation process should ideally begin as early as the development phase**, with, for instance, the creation of a **design kit** that can accompany the content of the work, making it more portable. Drawing inspiration from the practices of touring in performing arts and visual arts can provide valuable insights for LBE experiences.

Streamlining the physical aspects of these experiences goes beyond facilitating their ease of touring; it also allows production companies and venues to **run multiple user experiences concurrently, generating several revenue streams during the same time period.**

Beyond the individual experience and the single company, collaborative measures could be put in place from a more collective industry perspective. For instance, **creating standardised modules with additional movable and lightweight parts** that can be adapted to various individual experiences. Following the lead of initiatives like the French Immersive collective, the **creation of**

standardised LBE formats could enable locations to utilise their existing technical equipment for different immersive experiences, reducing redundancy.

It's essential to consider logistical aspects, not just the creative elements, when securing funding for installations. Costs such as acquiring additional backup headsets, which might be necessary in the event of technical issues, should be factored in, even if they are not always used. This careful consideration will lead to more sustainable LBE experiences.

3.2 On Potential Venues

Determining the appropriate positioning of immersive experiences within the cultural sphere has always been a complex issue. Are these works more akin to cinema, to theatre, to various art forms, or are they something completely distinct? The diverse approaches taken by their creators often lead them in different directions as they grapple with distribution challenges.

In the context of distributing LBE works, **opting for venues and networks not traditionally associated with the Extended Reality (XR) field has proven to be successful in several instances**. A prime example is the case of Gilles Jobin and his performance-based projects. Jobin, already established in performing arts networks and dance-related venues due to his background as a choreographer, managed to effectively tour works like *VR_I* and *Cosmogony* within this specific environment, appealing to a variety of audience types. **The performing arts circuit, as well as museums and art galleries, have successfully hosted a diverse range of immersive works**.

> *"XR creators from the performing arts world understand the concept of touring in this realm and have experience in developing economically viable works for this circuit. Many of the creators we come across may not have this experience, failing to consider the nuances of the touring ecosystem"*

3.2.1 Key Discussion Points

Targeting different venues for programming location-based experiences is a pivotal decision for effective distribution today. Options like theatres, cinemas, museums, and art galleries present opportunities that might help these venues overcome economic challenges they might already be facing, **enabling them to secure additional revenues**.

However, significant challenges must be addressed to proceed in this direction.

Foremost among these is the **marked lack of understanding of immersive productions among professionals working in other cultural sectors.** This knowledge gap often leads to prolonged delays in establishing partnerships between immersive productions and potential exhibition venues. For instance, it took five years to organise the upcoming museum programming for *Ayahuasca*, a clear sign of the difficulties encountered in bridging these gaps.

Often the creators of immersive works pitch their projects to potential venues , trying to get them to understand their features, totally independently from the broader industry. **There is a dearth of collective efforts by those working in XR to disseminate knowledge about the immersive field**. To address this, one proposal is to **invite venue managers to events such as Venice Immersive, providing them with a better understanding of the technology they might find intimidating** and the opportunity to discover and experiment with XR.

Additionally, many aspects of immersive productions do not take into account the specific needs of these alternative venues. For instance, immersive projects currently **lack alignment with the planning, budgeting, and approval timelines of traditional theatres, art galleries and museums**, which often work on programming three or four years in advance. To tackle these discrepancies, there are possible solutions. One approach is to suggest the **use of underused spaces within these venues that are not normally used for programmin**g such as theatre backstages or sections of museums not typically open to the public (as happened with the Eye at Amsterdam). Even small movie theatres, many of which face closures or reduced programming, could be used to showcase 360 and interactive VR works, provided there's a team with sufficient technological knowledge and effective content curation.

In navigating these challenges, **the curatorial process requires particular attention** due to several complexities inherent to immersive programming. It includes helping the audience understand the content and its format, ensuring that the operators can guide users through the process effectively (from equipping them with headsets, to creating a comfortable environment), selecting content with appropriate runtime (worthy of the ticket price) and offering long enough viewing slots to allow users to process and digest their experiences before trying something new.

3.3 The Necessity of Scalability

The lack of extensive live performance installations this year at Venice Immersive was a clear sign of a reorientation of the immersive sector towards more economically viable practices.

Works that once characterised the creative and experimental beginnings of the immersive field now struggle to find a practical footing in the global market, despite the fact that festivals themselves are the first, at times, to overlook the high costs required for installation projects of these works. While these works indeed possess the potential to captivate audiences deeply interested in them, they often remain confined within the festival circuit.

Scaling an immersive production can bring a project within the limits of economic feasibility and facilitate its distribution if integrated into an effective overall development strategy. Consider the example of a piece such as *Eternelle Notre Dame*: the large scale multi-user original version presented in Paris is a strong example of an economically viable model. However, it was not transferable to a context such as Venice. Nonetheless, the production company was able to reformat it as a single version user able to be shown in other festivals and venues (it was internationally premiered at Venice Immersive 2022), and create an immersive experience that is certainly more transportable and easier to curate.

> *"A considerable disconnect exists between the needs of the market and what is being developed. While creatives possess a strong desire to bring their works to a broader audience, they require support and knowledge to develop formats and content suitable for a range of venue spaces beyond the festival sphere"*

3.3.1 Key Discussion Points

Participants have aptly pointed out the **substantial gap between what artists create today and what the market demands**, which inevitably translates into a disparity between project expenditure and income potential. There are exceptions, such as *Eternelle Notre Dame*, where creators have distinct commercial entities handling project licensing or well-known pieces like *Carne Y Arena*, which exhibit a clear demarcation between the creators and the distributors or operators. However, **numerous immersive experiences today fail to align with the economic expectations of the market.** In some instances, creators even have to make personal investments to showcase their works outside the festival circuit.

Successful works like *Khéops* and strategic distribution approaches such as tailor-made VR pop-up spaces in bustling Chinese shopping malls, capable of attracting hundreds of new users daily, have spurred demand for multi-user projects that can potentially cater to large audiences. The critical attributes that can make certain works suitable for such distribution include scalability to accommodate hundreds of users daily, social interactivity within the experience, avoidance of language and subtitling challenges (perhaps offering versions in different languages), and the capacity to deliver real-time collective experiences.

Regrettably, there is a dearth of immersive works developed with these attributes, and a notable absence of such content in the current market.

For instance, **numerous pieces presented at festivals are unsuitable for this type of distribution**. They demand excessive engagement from both the user and operational staff / docents. The user is required to understand the content, which is often complex and ill-suited to public spaces such as a shopping mall. At the same time, the staff and the docents entrusted with these experiences, may find them extremely **complex to manage in operational terms**. Some of these experiences also do not align with the concept of LBE due to deficiencies in content design, technological stability and the ability to run smoothly.

To address scalability effectively, an educational approach is paramount. Artists must receive support to enable them to understand what it entails to create for a broader target audience. They need to develop content formats that are not only best suited but also robust enough to be scaled for larger audiences.

3.4 The Significance of Data in the Immersive Sector

One of the most prominent issues in the immersive sector is the **lack of comprehensive cross-sector data for industry-wide benchmarking in distribution planning**. This absence greatly complicates the alignment of XR experiences with market demands. Furthermore the inability to present concrete audience and revenue figures, makes the immersive offering unattractive to potential buyers and venues and hampers the establishment of authentic partnerships.

In the realm of VR games, the market research carried out by Ikimasho Games is an effective example of what could be done to facilitate the positioning of other creative immersive productions in the global market.

Their analysis of best-selling products on the Meta Store enables them to accurately assess their popularity and profitability. This serves as a reliable reference point for new games. By positioning them at the level of similar experiences on the list, they provide potential buyers with an insight into the potential future earnings.

> *"If we want to create a viable business model, find more locations and increase audience engagement, we have to share this information and be aware of who the audience is […]"*

3.4.1 Key Discussion Points

All participants unanimously agreed that it is essential **to conduct exploratory research both into the business models for the various XR formats, audience studies and venue research.** Concrete research on this matter has previously been documented in a publication, "Understanding of the market and needs of XR companies in France" by the Conseil National de la XR . The primary focus for future research should revolve around conducting comprehensive national-level assessments to delineate the landscape of companies operating in the XR sector within each country. This mapping endeavour should encompass the identification of overall sales figures, related to LBE, online platforms, among other pertinent aspects.

Simultaneously, **an in-depth global analysis of available venues for immersive distribution** is essential to understand the possibilities accessible to creators of location-based experiences.

Additionally, **precise audience research cannot be overlooked.** This applies not only to festival audiences, such as those attending Venice Immersive but extends to less experienced individuals who are new to immersive technologies. For instance, consider the research conducted in the

Netherlands on cinemas offering 360 and interactive VR experiences. This research uncovered unexpected findings, including a more favourable reception of 360 experiences over interactive ones. Such insights, if left unexplored or taken for granted, without comparisons to different national responses, such as the heightened demand for VR among mainstream audiences in cities like London (evidenced by viral Tik Tok videos showcasing the best immersive experiences), can complicate the task of finding the right business models and venues to expand audience numbers.

Finally, it's imperative to consider the correlation between large-scale immersive experiences that encompass various forms of immersivity and sensory content, even if they are not fully VR or headset based experiences. For instance, the [MSG Sphere] represents an excellent example of new venues such as [Lightroom] in London.

In summary, exploratory research in XR and immersive technologies is indispensable for unlocking the full potential of this burgeoning sector. It encompasses economic analysis, distribution possibilities, and audience insights, all of which are critical components for a thriving immersive technology landscape.

3.5 Subsidising Distribution: A Viable Approach to Market Entry

Securing funding and financial support is a formidable challenge across various cultural domains but it becomes notably more difficult within the immersive sector. Here the scarcity of pertinent data, clear-cut distribution strategies, and content adaptable to a wider audience hinders numerous stakeholders from embarking on the necessary financial commitments.

Consequently, **given the inherent difficulty of financing immersive content creation, distribution strategies and installation aspects are frequently relegated to a secondary priority.** This prompts a series of pivotal questions: is it feasible to subsidise distribution? Can we devise means of extending additional support to creators, thereby unlocking essential funding resources to facilitate more effective content distribution?

> *"...the costs of exhibiting works are never in the mindset of an artist or filmmaker who is working on a project [...] they are not part of the initial vision of the creator"*

3.5.1 Key Discussion Points

The unexpected withdrawal of one of the works selected for the Venice Immersive 2023 lineup due to the lack of funds for the travel, installation and running costs highlights a critical issue within the immersive field: the quest for funding to facilitate, promotion and distribution. Public funds play a pivotal role in addressing this issue exemplified by the support of the French Institute. Their funding has enabled festivals in remote regions to thrive, enabling the waiving of licence fees that would otherwise pose insurmountable obstacles for the participation of certain works.

Yet, the problem of public funding, or its absence, extends beyond distribution and in some cases also affects the production phase. **However during the production phase there is more clarity in cost estimation.** Conversely, determining the economic impact on the entire project at the distribution level is more difficult to define and "*this process cannot perpetually rely on hidden criteria and continuous subsidies as it would result in an unending cycle*".

The distribution model for immersive experiences has yet to reach the maturity of the film distribution model. Numerous questions remain, including how to monetise works of short duration without the audience perceiving the experience as overpriced, whether it is possible to consider the "*revenue per square foot per minute*" model as valid and if there is even awareness and interest of various local institutions in this sector.

To address the most immediate needs there has been a frequent comparison to the cinema business model, despite the inherent differences in the distribution practices. In this regard it could be useful to point out a very significant, practical discrepancy between the two models.

When offering a film to a movie theatre, the projectors will probably have been purchased long before, so programming a particular film incurs minimal additional costs for the venue. In contrast, immersive works demand **logistical and technological support** including headsets, computing equipment, bespoke installation and set design. Most creators do not adequately consider these elements during project development.

As reiterated in the subsequent chapter, **skills development remains a key aspect. It is essential, whether directed at the distributor, the end consumer, or at those orchestrating the development of an immersive work. Collaborative efforts with key agencies in the cultural industry**, such as the European Film Agency Directors Association or EBU (European Broadcasting Union) **and other influential bodies such as arts councils**, **could provide a tangible path to spread awareness about immersivity** and influence the distribution of works positively.

Encouragingly, steps have already been taken in this direction. **Film fund managers have commenced dialogues with the immersive sector to figure out how to collaborate and co-design funds tailored to immersive productions.**

3.6 Supporting Skills Development for Exhibitors

As evident from the preceding discussions, a **lack of adequate training and education lies at the heart of many distribution-related issues within the immersive sector**. This gap affects various stakeholders across different levels who do not actively work in the immersive field, notably including potential users, exhibitors and managers of non-immersive venues and events. Furthermore, for even those working with immersive technologies, there are perceived educational gaps in some fundamental areas, such as potential distribution practices; knowledge about venues; economic data collection; harmonising the creative vision of the director with the creation of a product that is accessible for the end user. Hence, **there's a compelling need to explore mechanisms to support education, particularly for exhibitors, potentially in the form of (EU) grants**.

”You always have to think about hosts who are not familiar with immersive experiences: how will they present the experience to the audience? How will they deal with the onboarding and the introductory section? If these elements are poorly designed, they will cause operational costs”

3.6.1 Key Discussion Points

Skills development is a multifaceted challenge in the immersive field and is equally crucial for various stakeholders to understand the current state of the sector and its potential future impact on the market and storytelling. One of the primary groups to focus on are **cultural institutions, where improved communication becomes vital, because of their role in financing.** This includes offering cultural institutions, even those not typically inclined to budget for innovation like theatre companies, insights into strategies for generating revenue within the immersive field.

Firstly, **organising talks about immersive theatre and performing arts content at events** such as the International Society of Performing Arts conference, and the American Alliance of Museums annual meeting, could raise awareness and promote better understanding. Secondly, educating **established artists about the artistic potential of immersive formats is imperative.**

Several speakers underlined that **education should extend beyond a single immersive work, focusing instead on the entire immersive field**. This broader approach should harness global benefits through activities like discussions and networking with institutions, venues, and potential distributors. Additionally, this education requires **statistical data to effectively highlight** the cultural and economic opportunities presented by the immersive sector today.

Education should also extend to **audiences and operational staff at venues** who act as intermediaries between the audience itself and the presented works. To facilitate operational staff, **instructional booklets should be provided** about the experience, its contents and troubleshooting tips for potential issues. However if the experience is designed from the outset as too complex, content-wise and technologically, mediating the experience for the audience will always be complicated and high maintenance.

Nethertheless, the most complex education lies at the source during the ideation and development stages of the work, where one must already take into account the need to produce a work that is suitable for the market and distribution before it begins its festival run.

From the initial stages, the work must be optimised for user clarity and ease of explanation by operational staff.

Producers and creatives should collaborate **on simplifying and amplifying distribution through format choices and designing templates**, for user experience management.

Moreover, **early in the development phase, producers must devise strategies to attract audiences**. They need to present immersive experiences in engaging ways to entice even those unfamiliar with or fearful of immersive technologies with clever marketing strategies and positioning.

Ineffectively designed experiences can lead to high operational costs, affecting both economic and audience success. Ticket sales can be influenced not only by the quality of the experience but also by operational staff who will invariably suggest the easiest-to-handle work that will potentially create the least difficulty for users.

3.7 Optimising LBE distribution: Summary of Conclusions

The discussion on the location-based entertainment (LBE) highlights **a fundamental issue: the disconnect between what is produced in the immersive sector and the actual demands of the market**.

This disconnect manifests itself in different ways.

Primarily, **at the development stage of a project, the audience facing aspect of the project is frequently not considered** in terms of content or type of format. Immersive experiences are often developed without considering their exportability beyond the immersive festival circuit and thus their compatibility with broader audiences.

The disconnect also extends to the economic and business level. At the time of budgeting and production financing, the possible costs associated with marketing and distribution are not taken into account. There is also a lack of awareness in terms of programming and planning long lead distribution times in cultural venues.

At the heart of this disconnect and its inevitable economic consequences is a lack of comprehensive statistical and qualitative data that hampers industry-wide awareness. Existing data typically pertains to specific experiences and their potential economic value. This narrow approach does little to dispel potential exhibitors' and distributors' reluctance and distrust toward immersive production.

The lack of data is also an obstacle to the development of robust distribution plans suited to specific works and prevent accurate budgeting for the distribution of the work that should be taken into consideration when seeking funding during the first phases of production.

To bridge this gap, collective actions should focus on skills development and involve all stakeholders connected to the immersive field. Key areas to address include scalability, multi-format XR development, logistics and operating procedures related to venues, audiences and types of formats. Skills development combined with a discussion between film and cultural fund heads for co-designing funds specifically for immersive productions, could allow us to overcome the current distribution impasse affecting the immersive world.

For a list of recommended activities, please refer to Figure 2.

Fig. 2. Collection of ideas and proposals that emerged from the Think Tank for further development

IDEAS FOR **OPTIMISING LBE**

CREATE A DESIGN KIT ABOUT THE EXPERIENCE

For potential venues, to accompany the content of the work and facilitate its portability

CREATE STANDARDISED MODULES WITH ADDITIONAL MOVABLE PARTS

Standardised modules can be used for different experiences. The movable and lightweight add-on parts allow the set to be customised for the specific experiences in programme

THINK OF COMMON TECH FORMATS FOR LBE

If the same technical equipment can be used for different experiences, venues will not have to purchase new hardware for each immersive work they programme

PROVIDE VENUES WITH INFORMATIONAL AND OPERATIONAL MATERIALS ABOUT THE EXPERIENCE

Booklets about the experience, its content and troubleshooting tips would facilitate the work of docents. Operational templates for managing UX processes and timelines would help operational staff manage different experiences

TARGET SPECIFIC NON-IMMERSIVE VENUES AND EVENTS

Theatres, cinemas, museums, art galleries, and places that the user already frequents on a daily basis, such as shopping malls

INVITE POTENTIAL EXHIBITORS TO IMMERSIVE-RELATED EVENTS

To allow a better understanding of immersive content and technology and to help them experiment with it

CONSIDER SPACES NOT NORMALLY OPEN TO THE PUBLIC

e.g. the backstage of a theatre, where actors rehearse, so that the normal programme can continue alongside. Immersive work can bring additional revenue and new audiences to the theatre

OFFER SPECIFIC EDUCATION FOR IMMERSIVE ARTISTS

About scalability, distribution, business models exhibition venues and generally on what it means to create various market-ready XR formats and content best suited for scalibility

CONDUCT SPECIFIC RESEARCH AT A NATIONAL LEVEL

To explore possible venues, investigate the operating modes and business models of existing companies, reflect on audience demands, assess the impact on the sector of broader, hybrid XR, multi-sensory experiences.
Share the results with the global immersive industry

MEET KEY AGENCIES IN THE INDUSTRY TO SPREAD AWARENESS

Armed with statistical data representing the entire industry rather than the market for a single potential experience.
Concrete names mentioned were the European Film Agency Directors Association, the EBU (European Broadcasting Union), the art councils, the International Society of Performing Arts, the American Alliance of Museums

4. Optimising Home Distribution

In the previous section of this report, we examined the challenges associated with location-based entertainment. Now we shift our focus to Home distribution, which has faced challenges of a completely different nature in recent years.

While immersive productions closely related to gaming, such as *Beat Saber* and *Demeo*, have achieved success, immersive narrative works struggle to find their place on online platforms.. Platforms such as Meta have distribution pipelines that do not prioritise immersive creative content, and even the related Applab has not gained the desired traction,, representing an uphill battle for narrative projects.

One potential solution to this challenge is the creation of a curated and recognisable brand for immersive works. This brand could serve as a unifying platform for independent creators to distribute their works on Meta and other platforms. Additionally, a proprietary code within the builds of these works could facilitate referrals to similar experiences, creating a curated aggregator of immersive content for end users.

Accompanying this is the need for knowledge sharing and training on this form of distribution through the sharing of successful or illustrative case studies on marketing and distribution issues.

> *What we have seen through your responses is the lack of an easily identifiable curated space where immersive narrative content is readily available. It is crucial to build it, to find a way to talk to platforms, so that people interested in narrative or documentary works know they have a place where they can discoverthem, perhaps brought together in specific curated collections.*

4.1 Key Discussion Points

Participants agreed that the primary platform, Meta, is currently almost exclusively focused on games and the small number of narrative projects on their platform are related to big IPs.

To date, **one of the most effective ideas proposed is to create a trusted brand catering to independent creators for distributing their works** on Meta and other platforms. This brand could incorporate a proprietary code in the builds of the work, which, at the end of the experience, could lead to similar experiences. It would serve as a **curated aggregator of immersive experiences that can directly address the end user**.

The proposal to create '***The Festival Collection'* label** to present certain works to platforms presents an opportunity. Any work officially selected by the top competitive immersive festivals, would automatically receive this "*creating a recognisable brand across platforms for quality narrative content, distinct from gaming content".* Works within the collection would be available on immersive platforms, with platforms choosing which to release to their audiences, negotiating directly with IP owners. **The most challenging issue related to creating a label for narrative works, whether it be *The Festival Collection* or another-involves monetisation**. Careful consideration is required to ensure it benefits all stakeholders, not just the platforms, and to identify the terms of the revenue percentages that platforms can expect to earn.

For home distribution, another issue that was underlined by participants is not so much educational as relating to marketing and communication. **It is important to find more effective ways to communicate with potential users**, making them understand the quality of immersive offerings not only related to video games but also to narrative and artistic content.

Communication and marketing present a broad and largely unexplored territory in the industry. **It's important to recognise two distinct user groups: those who are new to immersive content and those who are already familiar with it, including creative professionals. Each group requires a different approach. Journalism plays a crucial role, but it often preaches to the converted** and targets those who are already familiar with immersive content, neglecting those unfamiliar with it.

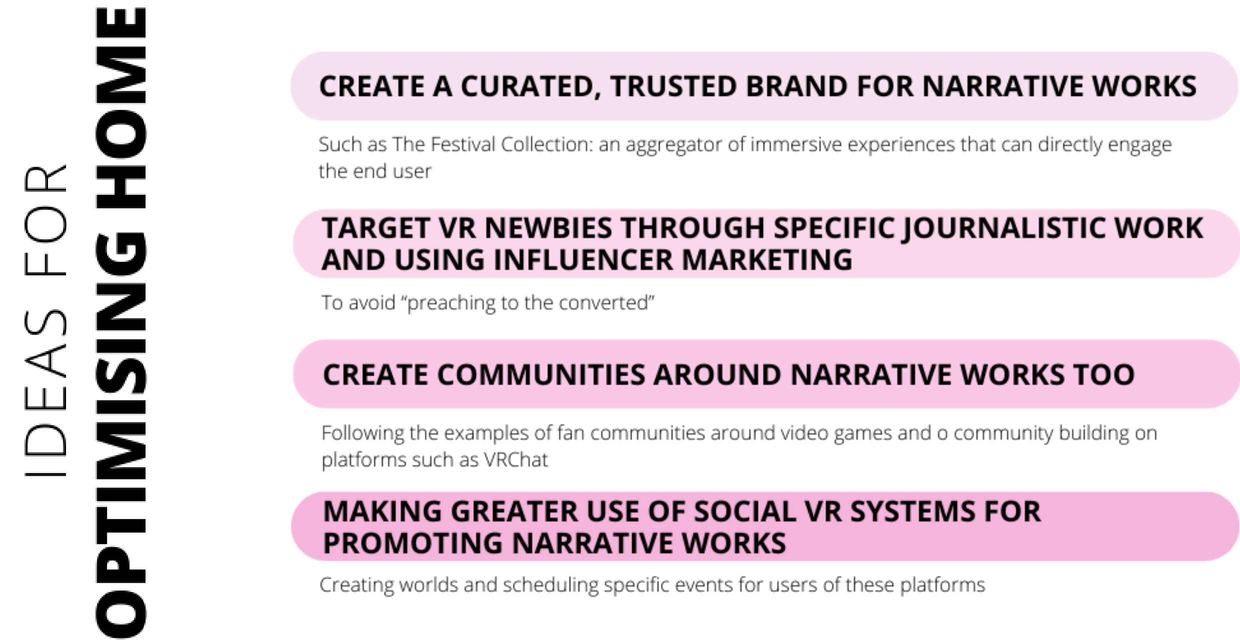
Engaging this new potential audience **requires creating works that, in terms of content and accessibility, can appeal to a wider audience**, particularly those interested in cinema, streaming content and familiar with media other than gaming.

Therefore, encouraging immersive creators to be more ambitious and to **seek higher budgets** that surpass the often small development financing requested is essential, thus providing their works greater longevity and distribution potential. This issue isn't limited to home distribution but closely intertwines with the challenges discussed in the first part of this report, particularly in location-based entertainment.

When addressing existing VR users, a key aspect of marketing often prevalent in VR games but largely absent in narrative-oriented productions is **building user communities around a specific work**. Community-based marketing, which leverages the loyalty of followers, is most notably observed on Steam and VRChat, where the popularity of worlds often correlates with the strength of the community surrounding them.

Given the effectiveness of what we see happening on these platforms, it would be beneficial to **find more efficient ways to support VR creators moving towards community-centric approaches**. This might involve transferring the distribution and marketing of certain works directly to social VR platforms, organising events to promote them and sharing announcements to target audiences already familiar and interested in these new technologies.

Fig. 3. Collection of Ideas and Proposals to Optimise Home Distribution



5. Exploration of Social Platforms and World Builder Communities

As discussed in the previous section, **platforms such as VRChat or Engage rely heavily on the concept of community and mutual support among users**. However, these platforms currently lack a monetisation mechanism for the VR worlds created within them.

Exploring more economically profitable directions, once these platforms open up to revenue generating possibilities, would open up **enormous possibilities in terms of income generation**. Thus it is essential to look in depth at works created within VR Chat and similar platforms to prepare for potential new business and creative models.

> *"This closed ecosystem, controlled by the tech giants we rely on for financing, is really starting to prevent any ability to be profitable"*

5.1 Key Discussion Points

Regarding the specific case of VRChat, it is confirmed that monetisation is underway. The platform plans to introduce a ticketing system linked to a proprietary currency which can be converted into real money through global banking systems.

Given that VRChat is a free platform predominantly driven by users' passion, where they create very high quality material as a hobby, the staff is proceeding very cautiously, consulting with their users regularly on how to move. It will therefore take time before this process is fully implemented.

Monetisation is **essential for the viability of performances and ensuring creators receive a minimum income when organising live events.** Nevertheless, it carries certain risks that must be anticipated to avoid scenarios similar to AltSpaceVR where monetisation clashed with store front terms and conditions contributing to its early closure.

From a legal perspective, monetisation of events outside of social VR platforms remains a grey and undefined area, The consequences of major platforms taking action against monetisation and the creators who organise paid events within these platforms are unclear. The current efforts to create proprietary currencies within some platforms may hinder interoperability with other platforms, although there are blockchain solutions designed to enable such interoperability.

A concrete solution to this issue is being developed by VRROOM. VRROOM is establishing its own platform, allowing users to purchase VRROOM points (non-blockchain-based) with which they can buy concert tickets and merchandise. **Educating users on this monetisation process poses a challenge since they are accustomed to free platforms** like VRChat and Engage. While this approach entails creative risks, it enables the company to work with highly talented creators, provide live entertainment, and curate a variety of content.

Distributors and content creators must become more cognisant of different distribution channels to optimise their content accordingly. This includes not only offering a version compatible with devices like the Meta Quest but also integrating a social VR component to fully leverage the diverse VR platforms. These platforms attract large audiences where the creative process unfolds, resulting in a rapid audience access pattern.

6. To Build Networks and Aggregate

In various sectors, scientific research highlights that **networking among companies is often a crucial element for the sector's successful operation.** This becomes even more vital in emerging fields where healthy competition is encouraged, but collaboration among industry stakeholders is essential to solidify the industry's market positioning.

In the immersive sphere, some initial efforts at network building are underway, such as the Galaxy network and Nu Reality. Some companies, like VRROOM and Sandbox, are launching curated platforms that facilitate the industry as a whole. On a global scale, the proposed label, "The Festival Collection," aims to optimise the transition from festival exposure to market launch.

6.1 Key Discussion Points

The Galaxy Network's primary goal is to **make it easier for venues that do not regularly distribute VR to coordinate and save on budgets. It offers a package of curated VR experience programmes**, each consisting of eight experiences.

In addition to the creative offerings, the network aims to streamline bureaucratic aspects, including licensing and billing, to contracts with creators and producers. An operational booklet and a market toolbox with posters, images and all communication materials, adaptable with their own logos and partner companies, is also provided. Each venue collaborating with the network operates differently, with varying business models (e.g., self-financing, public institutions.).

After these initial experiences, the main question is how to proceed, especially in terms of proposing new offerings. There is high anticipation for what the future holds, given the project's initial value. Another key reason for establishing a network of venues is to provide clarity to **the audience regarding where to find and experience immersive works.** It is common for users to wonder where to experience immersive pieces and often there is no clear answer.

Therefore, there's a strong call for **research aimed at identifying and defining available venues in the market and to develop at least a five-year plan for networking and supported locations.** This approach will enable users to become accustomed to the offerings and cultivate a substantial audience for distributing immersive content. It will also enable users to become accustomed to the offerings and to cultivate a solid audience for distributing immersive content.

One successful example that had to be discontinued for reasons related to protecting the emerging market for rights owners, was the **Venice Immersive Satellites Programme.** This network included 16 physical locations in key cultural venues, located around the world, where the festival lineup was presented to users who wouldn't have been able to experience the Venice programme during the two Covid-affected years when the festival was presented exclusively online. This experiment successfully attracted VR newbies and created new audiences, but at the same time clashed with distribution priorities leading to its discontinuation.

While a definitive solution to these issues remains undefined, proposed support activities can simplify the network's future work. One of these is to **engage users by inviting them to experience VR on a specific day** at venues such as movie theatres. Another approach is to **offer users multiple programmes to choose from and sell tickets for separate tracks** (e.g., narrative path, meditative path, etc.), allowing users to know in advance what they will experience and develop specific expectations that encourage them to return to explore other collections as well.

7. Preparing for Web 3, Blockchain, and AI

The emerging fields of Web3 and blockchain are struggling to establish themselves as a reliable resource. While they are still in the early stages of development, their underlying principles introduce innovative methodologies for the distribution of goods and services. It is essential to delve into these technologies to understand how they can be harnessed for immersive content.

8. Possible Research Developments and Considerations for the Future

In the realm of immersive distribution, there remains a substantial amount that warrants discussion and exploration. It is of the utmost priority that these discussions take place in the near future, possibly within the coming months. Venice Immersive, in its future editions, is committed to delving even deeper into the topics that were introduced during this inaugural Think Tank. We will scrutinise and evaluate any tangible projects, such as networking initiatives, aggregative strategies, and endeavours linked to emerging platforms, that may come to fruition in 2024.

The more stakeholders who embark on this journey, the greater the opportunities to fortify the immersive market in a far more comprehensive manner than has hitherto been accomplished. However, two pivotal matters require definition:

1. Research, Skills Development and Training: It is imperative to chart a concrete course in the realm of education and training. Several ideas have been conceived to this end. These include the design of one or more research projects centred around the issues detailed in this report. Moreover, we seek to enhance the dissemination of results from similar research endeavours that are either concluded or in progress. There is also a determination to create additional opportunities to engage with individuals who exist beyond the industry's confines, thus expanding their comprehension of immersive technology and storytelling. Additionally, we must persist in our contemplation of potential, cross-cutting business models while developing works that harmonise with market's demands from the very inception.

2. Communication with the End User: The aspect of communicating with the end user is of paramount importance. In this regard, there exists an essential requirement to broaden the perspectives of creatives and producers. This entails an exploration of areas traditionally foreign to the immersive world, particularly theatre and cinema, which stand to benefit from it.

Equally crucial is expanding our awareness of the potential audience. The deficiency in understanding this audience, particularly among those developing immersive narrative works, is profound. Presently, the focus remains on just two main communities: the established gaming community and a seemingly more culturally-oriented audience inclined toward immersive content as art and entertainment or a medium for social reflection. This oversight disregards critical intermediate audiences, such as individuals who have never experienced VR but hold a deep passion for storytelling through other media, like film or literature. These audiences may be better aligned with the type of narrative VR seeking improved distribution methods. It is absolutely vital to find ways to engage with these individuals and to develop methods of discussing VR and immersive arts that are accessible to those who remain uninitiated and have encountered only superficial information through mainstream media.

8.1 Further Discussion Points Following The Think Tank

1. In what way can institutions provide training to existing and new immersive creators (artists and producers) to develop experiences with a clearer market fit?
2. In what way can institutions provide training to existing and new immersive creators (artists and producers) to develop experiences with a feasible and financially viable distribution model?
3. If planning to collect more data on the distribution of creative immersive content, what variables should be measured? Are there ways that organisations such as festivals or development labs can provide specific training to Exhibitors? And who can be responsible for leading such an initiative?

4. How can awareness regarding creative immersive content as an artform, be further stimulated? What types of cross-border networks could help stimulate and support immersive content distribution?