

CONVERSATION WITH THE EXPERTS: MARK MUIR AND WINNIE WONG SHARE INSIGHTS ON THE BUSINESS OF ENTERTAINMENT

The **Business of Entertainment** *Conversation with the Experts* section is produced by the L.A. Times B2B Publishing team in conjunction with Greenberg Glusker LLP and Momentous Insurance Brokerage, a Marsh McLennan Agency LLC Company.



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With a seemingly endless series of challenges and obstacles ranging from a global pandemic to supply chain shortages to tech-driven protocol shifts to industry-wide labor strikes, the entertainment industry somehow manages to succeed, with creativity and innovation – always hallmarks of the entertainment world – sparking silver linings and trends that may actually benefit some sub-sectors of the industry long-term. As many entertainment productions sit in limbo, the industry still manages to explore “new betters,” where there may no longer be “new normals,” and the

region’s show business professionals continue to stake ground in uncharted territory. Many unanswered questions remain, however. What shifts are here to stay for the long term? What legal, labor and financial issues need to be addressed? What new roles can technology play moving forward? What will the industry look like a year...or five years...from now?

Los Angeles Times B2B Publishing turned to two uniquely knowledgeable experts for their thoughts and insights about how Southern California’s bedrock industry can continue to blaze new and creative paths to success.

Q: AS A TRUSTED ADVISOR TO THE ENTERTAINMENT SECTOR, WHAT DO YOU CONSIDER TO BE THE MOST CHALLENGING OBSTACLES FACING THE INDUSTRY IN 2023?

A: WONG

As an insurance broker, the first challenging obstacle is settling the WGA and SAG/AFTRA strikes. Our clients – filmmakers, production sound stages, equipment rental houses, and post-production facilities – are being financially impacted. We all hope for continued negotiations and an equitable solution very soon. Another challenge is artificial intelligence (AI), an extremely hot topic right now. The issues range from regulating the use of AI’s ownership, consent for performances, and legal concerns such as intellectual property, copyright infringement and ethics. I recently attended the Digital Hollywood AI Summit where it became clear that continued discussions are needed regarding content creation, what safeguards need to be put in place, and how copyright infringement can come into play. The legal and ethical discussions regarding AI will need to be ironed out. It appears that it will take up to two years for an established legal precedent. Another challenge, in my observation, is that filmmakers have encountered crime and cybersecurity obstacles this year. For example, a client’s wire transfer was fraudulently diverted to another bank account, a third party impersonating a staff member was able to redirect a paycheck to a different bank account, and a cable network had a data breach and ransomware attack. Filmmakers need to implement comprehensive security strategies to keep their properties and creative work safe. Lastly, I believe safety on the set is paramount for independent films and series to keep potential injury or property damage to a minimum. Filmmakers should not simply GO...GO...GO when a film is greenlit. It is crucial to slow down and observe a “yellow light” by establishing an Injury, Illness Prevention Program, scheduling safety weekly meetings, and updating safety guidelines. When it comes to stunts, use of weapons, animals or pyrotechnics,

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—MARK MUIR

careful planning and rehearsals must be orchestrated. If any concerns are raised, a “red light” needs to be observed and immediate changes need to be implemented.

A: MUIR

Assuming the strikes are still ongoing when this is printed, they are our biggest obstacle currently. Most likely the sides will eventually meet at a point somewhere in the middle on the money issues. AI, however, presents a novel challenge. It’s long been possible to digitally recreate an actor’s voice and likeness, and that is already an uncrossable line in the sand: artists have to control when and where their names, voices, and likenesses are used. AI is more than that though – as the technology continues to evolve, it is becoming increasingly possible for future content creation to use primarily AI-generated performances. Agreements will have to be reached that allow the industry to advance with the times using powerful new tools available but still utilizing the even more powerful talent of our industry’s artists.

Q: HOW CAN WE REINVEST IN L.A. TO KEEP MORE ENTERTAINMENT PRODUCTION HERE?

A: WONG

As of July 1, California instituted a Film & Television Tax credit program. This will benefit large studios and production companies because they have significant expenses which include an extensive workforce, production sets, equipment and post-production. I would like to see funding grants allocated to independent films and series producers because they are the group of filmmakers that have the greatest struggle.

Independent films have achieved a lot of success at the box office because of the variety of ingenious stories and intriguing characters. I also believe there should be tax incentives for other entertainment industries such as commercial producers, animation, gaming and documentaries. Many of these companies have long-term roots in California and have added to the Hollywood success story. In addition, we

need to establish infrastructure by encouraging building developers to create new sound stages and post-production facilities and assist existing independent facilities with repairs or upgrades. Lastly, we should provide funding grants for writing, storytelling, and training programs for future filmmakers. I believe funding grants should be established through partnerships with entertainment experts and private sector companies.

Q: ARE MOVIE THEATERS MAKING A SERIOUS COMEBACK?

A: MUIR

Yes, to an extent. Movies have always been about spectacle and entertainment, and I'm not alone in enjoying that on the biggest screens with the best sound. People are coming back to the theaters for 'Event Films' that are best experienced in that type of environment. But they aren't just turning up for the expensive CGI, no matter how sensorily stimulating. Audiences today require a tightwire act of originality, quality, and spectacle. Films lacking in the least – films with below an 'A' on Cinemascore – are unlikely to succeed at today's box office. Audiences might still rather stream indie dramas from their couch like they became accustomed to during the pandemic, but they are as excited as ever to head back to theaters for a blockbuster event as they have been since the advent of film.

Q: WHAT ARE SOME OF THE PROS AND CONS OF THE SOCIAL MEDIA AGE IN TERMS OF HOW SOCIAL MEDIA IMPACTS INTELLECTUAL PROPERTY?

A: WONG

Social media networking sites allow content creators increased visibility by allowing their work to be displayed to people all over the world. The benefit is that content creators can collaborate with others to create new content, market, sell and interact freely with their subscribers. This freedom has contributed to intellectual property claims and disputes. Examples of disputes include unauthorized copyrighted works, use of music, defamation and trademark infringement. Previously, the main mechanism to conclude disputes was to take down the content. However, now there have been substantial lawsuits regarding the use of music, trademarks, and film clips. All content creators must be careful about what they post, follow guidelines set by social media platforms, consult an entertainment attorney, and obtain errors & omissions coverage.

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Q: HOW HAS THE AGE OF STREAMING PLATFORMS CHANGED THE WAY YOU AND YOUR CLIENTS DO BUSINESS?

A: MUIR

Pre-pandemic you knew more or less what to expect when you did a deal with a streamer versus a major studio. The pandemic gave license to studios to change the rules, especially in terms of windowing, and with that came new challenges. For a while, Wall Street incentivized streaming service subscriptions above all else, and studios predictably reacted by pushing their projects exclusively to their affiliated streaming services, paying themselves a fraction of market. The so-called 'Great Netflix Correction' flipped that on its head, and profits became in vogue again with investors rather than subscriptions. Thus, studios have reverted a bit to more traditional windowing and licensing, even considering licensing content to streaming competitors at market rates. My job as a representative is to do my best to anticipate these trends and ensure my clients participate whichever way the wind blows.

Q: WHAT DO ENTERTAINMENT BRANDS WANT TO SEE IN TERMS OF ADVERTISER RELATIONSHIPS IN 2023?

A: WONG

Entertainment brands are looking for advertisers that can deliver information about their target consumers, find out how to connect with them, create fresh new marketing campaigns and analyze market trends. The advertisers that we insure are creating social media campaigns, live interactive experiences, producing commercials and experiential events. It is important for advertisers to engage the right talent to represent the product and monitor and improve marketing strategies.

In addition, entertainment brands want to be represented by advertisers that share the same values, morals and ethics.

Q: HOW SHOULD A TV SERIES OR FILM BEST LEVERAGE AN AWARD WIN?

A: MUIR

Promote the heck out of the project and the winners! We've just recently seen the tremendous influence a well-thought-out marketing campaign can have on a project with the recent successes at the box office. You might say that's a bit tangential because these films haven't won anything yet, but the studios recognized they had hits, which is analogous to having won an award, and invested heavily in them. Don't just advertise the award; that comes off as self-congratulatory. Tell audiences why the honorees won the award, what they're missing out on, and why they'd like it. There's a trend away from watching awards shows and watching films and series just because they're nominated. Audiences need to know why it's good and why they'd like it, not just that some industry insiders liked it. And hire a marketing expert, not a lawyer, to do it right.

Q: WHAT ARE SOME OF THE NEW CHALLENGES OF FINANCING A FILM OR SERIES?

A: WONG

The main challenge filmmakers face is securing funding for their film or series. Filmmakers secure funding through equity financing, co-producing, tax incentives, and corporate or private investors. To gain interest, our clients are creating pitch decks, marketing analysis reports, and film presentations. In each funding situation, it is hard to guarantee that the project will secure distribution so that investors get a return on their investment. Once funding is secured, the next challenge is to create a production budget. Filmmakers must manage their cash flow and unanticipated expenses such as inflation, weather conditions, legal disputes, increased costs for talent, equipment and supplies.

Q: WHAT EFFECT HAS THE RISE IN DEI AWARENESS HAD ON ENTERTAINMENT?

A: MUIR

We've seen an increase in diverse auteurs in recent years, and it's been transformative. With new voices having a platform to tell their stories comes originality in programming, and that is a huge boon to the industry. Worryingly, however, there's also a disheartening trend of DEI executives leaving or being removed from their positions at major studios and production companies. One line of thinking is that there's been a belt-tightening of late and that has come at the expense of DEI issues. Related, there's frustration from those working in DEI with the glacial pace of change. After having seen not only the improvement in content that diversity in talent and the workplace brings but in the far-reaching effects of that content on our collective empathy, we can only hope the pullback is more of a blip than a trend.

A: WONG

DEI awareness has had a positive impact on the entertainment industry. In my role as an insurance broker, I have the pleasure of working with production executives and film crew members from diverse backgrounds. I believe increased diversity leads to more creativity, fosters teamwork and increases social understanding. The interest in cultural stories is important. As shown in a recent UCLA study, filmgoers "prefer diverse film content in both theatrical and streaming releases." This is evident in the recent success of the film "Everything Everywhere All at Once." Lastly, as an Asian person and a former board member of Women in Film, I am happy to see stronger roles for women and minorities. That said, as noted in a letter written by Bill Kramer and Janet Yang to the Academy members, "We have made great progress in recent years, and there is still much more work to do."