



**City of Seattle**  
Office of Economic Development

**Memorandum**

**Date:** 3/19/2013

**To:** Councilmember Sally Clark  
Councilmember Tom Rasmussen  
Councilmember Richard Conlin  
Councilmember Jean Godden

**CC:** David Yeaworth, Legislative Assistant to Councilmember Sally Clark

**From:** James Kebblas (OED/OFM)  
Steve Cullen (Creature)  
Megan Lingafelter Ball (World Famous)  
Amy Lillard (Washington Filmworks)

**Re:** **SEATTLE COMMERCIAL FILM PRODUCTION BUSINESS DEVELOPMENT PLAN**

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This memorandum provides a briefing on the City's business development plan to grow Seattle's commercial film sector.

**Mission**

The mission of this effort is to create economic growth (jobs, wages, business and revenue) in the local film and video production industry by targeting the commercial and creative subsectors of that industry. This effort supports our desire to create a vibrant economy which benefits the whole region by promoting access to economic opportunities for all of our diverse communities (throughout this document, the term "Seattle" will be used as an expression of both Puget Sound and Washington).

**Background**

For over 75 years, Seattle has made its mark on the film scene as the production center for landmark films, compelling television series and successful commercial campaigns. In addition to creating a tremendous amount of visibility for Seattle, the film industry is an important source of jobs in the private sector. The most recent film economic impact study from 2003 shows a local film industry that supports over 5,000 jobs, 700 freelancers and contributes \$471 million to the city's economy. Although there aren't more recent numbers using the same baseline data, it is certain by evaluating Seattle permitting numbers, which have risen by 110%

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over the past 6 years, and the onset of the State's 2006 incentive program that the industry has significantly grown since that time.

While film production has grown across the board, the commercial subsector has continued to be the backbone of our local film industry since the “runaway” productions of the 90s to today. In the past three years, commercial production accounts for 32% of all Seattle film permit activity (990 productions projects total). For the past five years, 37 commercials have taken advantage of the State’s incentive program, spending \$10.3m locally. 20 of these productions originated from out of state and almost all were union.

We have heard from feature film producers shooting in the region that Seattle is a “commercial town” due to the fact they have trouble persuading crewmembers to work on their productions instead of competing commercial productions. The reason for their experience is that commercial work offers higher wages during a shorter amount of time relative to feature films shooting in Washington. Crewmembers also get work by being active, and if they miss a commercial job or two while working on a longer running feature film, they fear they may get passed up for future commercial production work.

Seattle’s success in commercial work also stems from the sector’s location and customer service motivations over incentives. This bodes well for Seattle since we have established strong production service support and our region offers some of the best and most diverse locations in the nation within close proximity to a production center. Seattle is also estimated to be 30% cheaper to film in than major production centers like Los Angeles and New York.

Most importantly, a robust commercial sector may be the most effective method for local filmmakers to make a living while developing their own projects. After surveying local directors, we heard repeatedly that commercial work gives them the financial freedom to develop their own feature film work, test new equipment, and develop a broader working crew base. It is for this reason, along with Seattle’s business strengths, we feel an intentional business development effort needs to be made to fully capitalize on the commercial film sector and grow the local film and video production industry.

### **Internal Research**

The Seattle Office of Film + Music hosted three focus group meetings by local industry leaders. The purpose of these meetings was to verify the legitimacy of our commercial film business theory and to develop a corresponding strategy.

### **Key Findings**

- This is good business development
  - Production budgets are rising again
  - Commercial productions are not an incentive driven business
  - Seattle has the kind of industry skill sets that meet the creative and production needs of both traditional campaigns and new media productions

- Seattle is easy and cheap
- We need a branding campaign to market Seattle
  - Market Seattle as a desirable place; Lifestyle is as important as anything
  - Emphasize we are an established commercial production city. “It’s in our DNA”
  - Make sure people know we have good casting and crew
  - Seattle is 30% cheaper than LA
  - Location accessibility is one of our best assets
  - Production lifestyle (food, music, culture) is a big deal

### External Research

National trends show there is an opportunity to increase commercial film work in Seattle:

- Despite broader economic uncertainty, ad agency revenue has risen steadily since 2010
  - U.S. agency revenue climbed a solid 7.9% in 2011
  - U.S. media and digital specialty agencies grew by the largest shares in 2011 (11.4% and 17.1% respectively)<sup>i</sup>
  - Ad expenditures in the U.S. are projected to grow 4.1% in 2012<sup>ii</sup>
- More ad agencies are on the lookout for creative and digital media expertise, which plays to Seattle’s strengths
  - 51% of U.S. agencies go to other sources for their digital needs because they lack the budget to hire and train digital media experts<sup>iii</sup>
  - Digital production companies saw a 47% increase in expenditures on average in 2010<sup>iv</sup>
- Online video and mobile media are grabbing larger shares of national advertising budgets
  - Almost half of U.S. agencies (49%) will increase online video ad spending in 2012
  - 65% of U.S. agencies will increase mobile ad spending in 2012<sup>v</sup>
  - Americans are watching more online video ads than ever before – 9.5 billion ads were watched in April, 2012, up from 7 billion in September, 2011<sup>vi</sup>
  - 64% of U.S. agencies now believe that online video ads are more effective than TV, therefore leading them to increase in their online video budgets<sup>vii</sup>
  - Although the market share of online ads is growing steadily, U.S. advertisers still spent \$190 billion on TV ads in 2010, as opposed \$72 billion on online video in the same year<sup>viii</sup>

- A 2010 AICP (Association of Independent Commercial Producers) study shows a rise in on location commercial shoots, as well as a rise in domestic commercial production despite competition from overseas
  - In 2010, 70% of all live action commercial shoots took place on location
  - 49% of all U.S. commercial shoot days took place outside of Southern California in 2010
  - The study shows a strong trend toward domestic production, with 88% of all reported shoot days taking place domestically in 2010 – and only 12% abroad. In 2002, 24% of shoot days took place abroad <sup>ix</sup>

### **Business Development Strategy**

The two primary targets for growing the local film sector are advertising agencies and production companies. It is most critical to reach ad agencies to ensure they are thinking about Seattle when creative campaigns are first being developed. If an ad agency is producing a campaign in-house they may be persuaded to develop the campaign on location in Seattle. They may also outsource the campaign to a production company with direction to film in Seattle because they believe it's the best place creatively and economically for the campaign to be made. On the other hand, an ad agency may outsource a campaign to a production company with loose creative control and no location preferences, so it is just as important to be in the minds of production companies so they think of Seattle when empowered to drive the creative process so freely. Likewise, a production company may bid to produce a campaign with Seattle in mind, knowing once again it can be done creatively and economically.

With these targets in mind, we are proposing developing a marketing campaign that compels ad agencies and production companies to film in Seattle, fueled by a determined sales approach that incorporates sales trips, familiarization tours and industry recognition.

Beginning the second quarter of 2013, the Seattle Office of Film + Music and Washington Filmworks will use these marketing materials and other resources to encourage ad agencies and production companies to film in Seattle. We will use connections and leadership from Seattle to make inroads with agencies across the nation as well as coordinate industry pitch opportunities.

### **Management and Outcomes**

This effort will be lead jointly the Seattle Office of Film + Music and Washington Filmworks with support by an industry leading advisory board. The advisory board will be a small working group of local ad/creative agencies and production companies.

This group will assist in establishing goals and appropriate baseline data for measuring success, implementing the marketing and sales activities and developing this effort for sustainable long-term success. Initial thinking for determining the success of this effort will be to measure growth of taxes paid by local production companies, number of film permits by commercial

productions, business surveys and State incentive usage and information. A report will be created in March 2014 that speaks to the year-long set of activities, addressing both the individual results of each activity and the outcomes from the overall process.

The costs of this effort make up the development of the marketing campaign and sales activities and are covered through a partnership between the City of Seattle, Washington Filmworks, Creature, World Famous and other private sector companies.

## Conclusion

The alignment of Seattle's strengths, along with industry needs, makes commercial production one of the best opportunities our region has to win film industry business and to keep local film industry professionals employed. It can provide both direct economic benefits as mentioned above, as well as indirect economic benefits such as significantly contributing to our broader content creation and distribution economy. The jobs and industry infrastructure this effort can support will provide an important springboard for growing industries that represent the new areas of job growth including gaming, mobile technology, social media, I.T. infrastructure, creative and professional services. As consumer demand for new creative and informative content increases, the trend is for film and advertising to become even more ubiquitous in our digital lives. This intersection of content and technology crosses squarely in Seattle, but we must be deliberate, strategic and innovative to take advantage of its existing assets and to fulfill its potential. This effort strives to position Seattle to successfully capitalize on this opportunity and continue building a robust creative economy.

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<sup>i</sup> *Ad Age*, "[Not So Slow Recovery: U.S. Agency Revenue Surges Nearly 8% in 2011](#)," April 30, 2012

<sup>ii</sup> *The Guardian*, "[U.S. ad spend forecast improves](#)," April 30, 2012

<sup>iii</sup> *Goodway Group*, "[State of the Regional Agency and Digital Expertise 2nd Annual Survey](#)," January 12, 2012

<sup>iv</sup> *Reel Chicago*, "[AICP survey: Spot business rebounds to 2008 levels](#)," July 10, 2011

<sup>v</sup> *eMarketer*, "[Mobile and video grab a greater share of digital ad budgets](#)," March 12, 2012

<sup>vi</sup> *Business Insider*, "[Americans are watching more online video ads](#)," May 24, 2012

<sup>vii</sup> *Brightroll*, "[Brightroll annual report reveals shift in digital video spending as advertisers allocate budget across the four screens](#)," June 7, 2012

<sup>viii</sup> *Mashable*, "[Infographic: How agencies are spending online media budgets](#)," June 6, 2011

<sup>ix</sup> *Variety*, "[Commercial production up per AICP \(2010 report\)](#)," July 12, 2011