

Interview with Christian Mann

Carsey-Wolf Center at UC Santa Barbara

13-17 minutes

In May 2012, Christian Mann sat down with MIP to discuss a new generation of entrepreneurs in the adult entertainment industry, as well as parallels with the music business in the fight against piracy.

As a 30-year veteran of the adult industry, Christian Mann has worked in various capacities, including magazines, mail order, production, sales and marketing. As owner of Video Team, he pioneered niche marketing with the popular all-girl series *No Man's Land* and the urban series *My Baby Got Back*. In 2008, Mann took a position as general manager of John Stagliano's Evil Angel Video. Mann is no stranger to the challenges inherent in marketing adult products for adult consumers. He was indicted in 1989, withstood a federal obscenity trial in Texas and was eventually acquitted of all charges. Over 20 years later, as Evil Angel's founder John Stagliano was facing obscenity charges in Washington, D.C. (charges that were ultimately dismissed in July 2010), Mann was elected to the Free Speech Coalition Board of Directors, where he is actively involved with FSC's anti-piracy efforts. Mann was the recipient of AVN's First

Amendment Defense Award in 1991, the Free Speech Coalition's Good Guy Award in 2000 and most recently was inducted in the "AVN Hall of Fame – Founder's Branch" in January 2010.

Disruption

May 2012

We are very interested in how the last 10 years has treated the adult entertainment industry. What have been the key developments?

I use this analogy: when my father, who was born in 1921 in Austria, was a little boy, milk was delivered to their home on a horse and buggy. Obviously, that model doesn't exist anymore but children still drink milk. Similarly, when my father started in this industry, adult content was distributed in print – magazines and dirty books sold in dirty little bookstores – or on 8mm reels of film. Now, those delivery methods are dead. There is still a market for print magazines, but it's changed drastically alongside the advent of new technologies. So, here we are today. 8mm is gone and VHS is gone. DVD is certainly not here to stay. Yet, the thing that continues is the consumer's interest in sexually explicit content.

So, we consume content differently, and the economic paradigm that funds that content is different. There's very little subscriber-funded or viewer-funded content today. It's really advertiser-funded. Ergo, this so-called "free" content on the Internet, someone is paying for it. There's a business there. It's just not

the same paradigm as before. It's short clips surrounded by ads. More dramatically, the Internet has made decades of entrenched power, ownership, and control obsolete, and brought in a whole new group of people who are younger, more technologically savvy, and yet uninterested in the history of this business and not necessarily even that interested in the content itself. It created a group of people who made the kind of money overnight that previous barons took 20 years to accumulate. It was wealth accumulation in hyper drive, especially in the early days of the Internet.

Ironically, the workforce that's replacing the old guard knows a lot about technology but is, overall, less educated. They can't compose a cogent sentence much less a paragraph if their life depended on it. And yet they can look at a spreadsheet and balance infinite rows of variables and data and use analytics almost instinctively and turn it into money. How did they figure all of that out and have never even heard of Pearl Harbor? They're simply lured by the promise of easy money or a fascination with the sexual component of the business, and they've all been brought up in the age of instant gratification. So what we have now are very young people with a desire for fast money being put in charge of companies that are more and more complicated to manage.

You're speaking about distribution, right? You are saying they are able to create platforms and to monetize those platforms and target their audience and do all of those sorts of things and yet they lack a more conceptual sense of the business, its history, and its audiences?

That's exactly what I'm saying, and the proof is evidenced by the fact that they refer to it as "content." They might as well be referring to it as widgets. They are not that interested in why something is good or bad or even the psychological basis for the appeal of certain content, prurient or whatnot, other than to the degree that they can use analytics to figure out buy rates and join rates. That said, I want to be careful before sending slings and arrows in their direction because if it's about the bottom line, then they are not so stupid. The new guys came in first and foremost fueled by an understanding of commerce, specifically new commerce and how that's done.

Who are these guys? Which companies?

Razor, Reality Kings, for a time, Cyberotica. A lot of them started in the "the audio sex industry," or phone sex. They understood early on that if you can get content to somebody's phone or computer with the advent of broadband, you can reach a lot more people for a lot less cost almost instantaneously. Digital distribution—it was as significant as the invention of gunpowder or the steam engine.

All of a sudden these companies just blew the rest of the industry out of the water. Suddenly you had guys in their twenties, guys like Facebook's Mark Zuckerberg, who weren't even into pornography per se but who came out of college and found a way into this industry by making a series of quick deals. They were willing to acquire content from anyone. They didn't care if it came from Vivid Video or Caballero or Reuben Sturman. And, of course, the content owners didn't understand what they were giving away. They didn't understand that what

seemed like a quick and easy dollar earned from licensing their content on this ancillary platform was really going to mortgage their entire future. They sold their content to these new guys for well below market value because they didn't realize what they were selling. Imagine being in the movie business at the advent of television and getting a little bit of extra cash by selling a movie, selling perpetuity television rights to I don't know, *Citizen Kane*? Actually, those deals did happen, and they're just tragic. People didn't realize what they were signing away at least partly because they couldn't predict the future and understand how things would be distributed tomorrow. And the parallel exists today in the adult business and the mainstream industry.

Music and Piracy

May 2012

What parallels do you see between the adult entertainment industry and the mainstream industry? What challenges do you share?

Pornography is not like the movie business. Pornography is like the music business. Nobody wants to watch the middle 10 minutes of *The Godfather* or *The Hunger Games*; you need the whole thing. But with music, not so. You want the track. It might be the fourth cut that really appeals to you.

Well, pornography movies are really about the scene.

Pornography is consumed in a five- or ten- minute experience.

And because of that, it became something that people wanted to chop up and put out in clip form, and broadband technology was

such that it was very easy to take a five-minute segment and put it out there for free, or even a 40-minute clip from a movie, a scene, as opposed to a whole three-hour movie. So, contrary to what the movie business was facing, people weren't really pirating entire pornography movies and putting them online. Actually, that did happen, but the effort it took to upload it and download it to a computer ruined the experience for the viewer. Once they figured out how to upload a clip, we were ravaged by piracy.

The solution ended up being a three-pronged approach that I learned from Disney. They said, "The answer here is technological, it's legislative, and it's marketing. If you are only going to use one or two of these, you are not going to win this war. You have to be prepared to bring all three to bear."

Let's discuss those three solutions. First, technology. It's called "spidering." Spider technology makes it possible for us to fingerprint our content, so to speak. We no longer have to go online and do all these manual searches for our content by title, by director, by star. We no longer have to look around and say, "I recognize that! Out of these 400 scenes with Belladonna, these 300 belong to us!" Now, with spidering, we can go online and in one simple search identify our products. With that, it's become harder for the tube operators to claim ignorance, to defend themselves by saying it's all "user-generated content." We can give them notice, tell them to take it down, and then go a step further with the technology to say, "Use this code to filter your site. Everything that comes up is ours. You have to take that down, too."

The next step is in the legislative side. Lawsuits. I tell people, “When you pirate our movies, you are not stealing that movie, you are stealing from our company. You are not shoplifting from the store; you are picking up the entire store and taking it away from the owner.”

And then the third approach, which hadn’t occurred to me until the guys at Disney showed me how, was the marketing side—in other words, beating the tube operators and pirates to the punch. We did studies and found that a huge jump in piracy happens right after the DVD of that product hits the streets. They are not really lifting it from other websites; they are ripping the DVD. Well, now we can actually embed things in the DVD that lead consumers back to us. We can embed little trailers in there and say, “Like what you see? Click here.” Then, it takes them back to our website.

We also upload our own titles on tube sites with key phrases: “The new Jonnie Darko scene featuring Belladonna and Mike Adriano.” We can upload that to the tube sites, but instead of uploading the 50- or 60-minute scene, we upload a three-minute trailer of that scene with a live link that says, “Love it? Want to see the cum shot? Go to EvilAngel.com.” We take the traffic that these tube sites are getting and redirect it back to us. And if we upload the trailer one day before the DVD hits the street—if we are first to get it online—for everybody that searches the tube site, our site is going to be first in the search results.

What’s the tube site operator going to say to us? “You are stealing the customers that I was getting by stealing your content?” We became so obnoxious to the tube sites that it gave

us leverage to say, “OK, would you like to work with us or against us?” Tell you what, instead of being a pirate, instead of stealing from us, how about you become our partner? We just want our fair cut. You figured out a way to get people to your site and to get people to want to look at this stuff. Once they find our content on your site, they’ll like your site that much more.” So, we started using tube sites as a marketing vehicle as a pusher might do in the 1960s. They’d give you that first reefer for free. We said, “OK, if we are in the cigarette business, instead of allowing you to steal case after case of cigarettes out of our place and give them to people for free, we’ll give you some samples to give to them, but if they want more of this particular brand of cigarette, they have to come back to us and buy it.”

Those are the three basic prongs of our approach. We’ve added a fourth one that we’ve borrowed from the music business. It’s the iTunes model. We’re offering content at a competitive value, and allowing consumers to get the content they want how they want it. For example, if I bought a Pink Floyd CD with nine tracks on it even though there were only one or two tracks that I really wanted, I still had to pay 17 bucks for that CD. So, really, I just paid about \$8.50 per track for the two tracks I wanted. iTunes said, “Hey, tell you what, instead of paying \$17 for it, you can get a digital copy for \$10. Or, we’ll sell you single tracks for a buck. We think you’ll still spend your \$10 anyway but you are only buying the tracks you want.” And it worked. That’s how we’ve organized our website. If you’re a member of our site, you don’t have to waste your time or money paying 40 bucks for a DVD with six scenes on it when you really only want one

scene. So, on our site, you can select scenes from different DVDs like you can select tracks from different CDs. You basically create your own anthology. You become your own editor which gives you (A) a much better value for your money, and (B) it makes the online experience sticky and interactive.

What else have you learned from the mainstream industry?

I'm going to reference the music industry again. We've observed them turn their business model upside down and find themselves in another lucrative situation. It used to be that a band made an album and in interest of selling those albums, they toured. But the reality is, albums don't make money anymore. Record stores are gone, right? So, the saving grace for the music industry has been concert tickets. People still love to go see a live show. For some reason, they'll complain about a \$15 CD but don't mind paying \$50 or \$60 to see a concert. Today, the prices are up to \$250! They'll pay it for the experience. That's become the core of the industry's business.

Now, of course, we can't take our sex acts on the road. But we can look for other revenue streams in similar ways. We're also much more financially efficient, I think. We don't frivolously spend money on production like Hollywood does. Look, I live in downtown L.A. I've seen them shut down an entire block to film a car turning the corner during a chase scene. With the amount of crew, lighting, trucks, wardrobe trailers, and so on, you can just see them throwing money away. Our highest budgets sometimes equal the catering budget on those studio movies. Ironically, as those traditional models start to waiver, the mainstream industry is becoming more and more interested in

our guerilla style.

[Read the complete transcript of our conversation with Christian Mann in *Distribution Revolution: Conversations about the Digital Future of Film and Television*.](#)