



CHAPTER V

SURVEY OF THE FEC CORRIDOR'S MOTION PICTURE AND SOUND RECORDING INDUSTRY

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A. Background

As noted in Chapter II – Methodology, formalized field surveys were conducted for each of the three targeted industries. The Motion Picture and Sound Recording Industry survey focused exclusively on businesses located within the City of Miami’s FEC Corridor. An inventory of businesses was established based on the U.S. Census Bureau’s NAICS codes. The street address of each business and other key economic data was compiled using proprietary market information provided through Bressar’s 2002 Business Directory and Claritas, Inc. Since both Bressar’s and Claritas classify businesses according to the older Standard Industrial Classification (SIC) system, cross-referencing with the current NAICS codes was performed. While the FEC Corridor was the focus of the survey, it was necessary to gain an overall perspective of Miami’s Motion Picture and Sound Recording Industry and to build on the prior studies analyzed in the previous chapter.

B. Summary of Survey Findings

The following is a summary of the survey findings that includes the original pilot and mail surveys and follow-up, face-to-face interviews with business owners and film and media experts. This process helped in the interpretation of the findings and provided an opportunity for additional comment and input. The summary of findings is presented according to strengths, weaknesses, opportunities and threats. Specific findings relative to the FEC Corridor are presented in Section of this chapter.

STRENGTHS

Spanish Television

- Spanish Television (e.g. Telemundo, Univision) is Miami-Dade’s biggest and strongest market.
- Miami-Dade owns the largest segment of the Spanish language media in the US, including music and television.

- The leaders of the Spanish Television industry are based in Miami-Dade.

Latin Music

- Miami is the capital of Latin American music.
- All of the major labels are located here.
- The Latin American music industry has been able to crossover into the American market with artists like Ricky Martin. This is an opportunity for growth.

Proximity to Latin America

- Miami is closer to Latin America than most US cities.

Infrastructure

- Miami-Dade is one of a handful of cities that offer full production capacity.

Spanish Labor Force

- Miami has a large Spanish speaking labor force that can fill jobs in operations, production and administration.

Attractive and Physically Diverse Location

- Miami offers good weather, beautiful scenery and a vibrant nightlife.
- Miami is a physically diverse location with beaches, farmlands and various urban and suburban settings in close proximity.

Accessibility

- It is easier to have access to top decision makers in Miami-Dade than in New York or Los Angeles.

WEAKNESSES

Poor Economy

- Advertising spending is low due to the weak economy.
- Cable channels have folded due to lack of advertising.
- Companies are consolidating in order to reduce costs.

Few Decision Makers and Writers

- Miami-Dade is considered a “back drop” or

secondary location.

- The leaders of the industry are not located here. There are also few writers.
- Difficult to develop an economic development policy around films since we have very little control over this industry.
- Need to attract decision makers and writers to Miami.

Outdated Infrastructure

- Miami-Dade does not have top state-of-the-art facilities, specifically, sound stage facilities.
- Not enough work in Miami to justify the expense of improving the infrastructure. However, the area will not get a critical mass of projects without the necessary infrastructure.

Weak Incentive Package

- There is a perception that Miami needs to offer incentives to stay competitive.
- It is difficult for Miami to compete with Canada and other areas that provide large incentives and good exchange rates, although according to some, incentives only make a difference to marginal projects. They don't make a difference to big-budget projects.
- Incentives must be designed carefully so that they are attractive to the industry but do not compromise the taxpayers.

Lack of a Coordinated Permitting Process

- The County has worked to establish a one-stop-shop for permitting with over 20 municipalities. However, the Cities of Miami and Miami Beach are not part of the system.
- It is difficult to organize media events, such as the Latin BillBoards and other major projects with the Cities of Miami and Miami Beach due to the lack of interdepartmental cooperation. The departments are not coordinated yet most of the film & entertainment projects take place in these cities.

- The Cities of Miami and Miami Beach need a one-stop-shop for the film & entertainment industry in order to facilitate the permitting process for industry projects.

Lack of Industry Loyalty

- Local businesses will hire local firms for small projects, but for projects with a higher budget, these businesses go to Los Angeles and New York.

Limited Talent Pool

- Miami has a small talent base.
- There is a mismatch between local worker skills and the specific workforce needs of the industry.
- The problem is aggravated because individuals tend to leave the area once they get experience and establish themselves in the industry.
- Local businesses do not nurture local talent.

OPPORTUNITIES

Latin American Market

- There is still opportunity to grow the Latin American market in many areas that have not been tapped.
- Mexico is considered a growth market.
- Spanish language film production is also a long-term goal.

Spanish Language Advertising

- American advertisers have increased the amount of money they spend on Hispanic advertising. This is seen as a result of the 2000 Census, which showed the continued growth of the Hispanic population.
- Miami has top advertising companies and a strong Spanish media infrastructure to be well situated as a leader in Spanish Language advertising.

Spanish Radio

- Miami has the opportunity to become a strong Spanish Radio base given its solid

Latin media industry.

- The area has the infrastructure and the labor force needed to operate a national Spanish radio network.

European Market

- The exchange of the dollar to the Euro is favorable.
- Miami has the opportunity to expand its market in Spain. (Miami's strong Spanish media infrastructure gives the area an advantage over Canada and other countries.)
- France is considered another area of potential growth.

Screenings

- Miami-Dade is trying to organize a screening event. Screenings are events where people in the industry meet to view the latest productions.
- Screenings can help make Miami an important destination for the industry.

Increase of Boutique Studios

- Due to the improvement of desktop software and other computer technology, there has been an increase of small boutique production companies.
- Small studios and/or production facilities are less capital intensive than the larger production facilities.
- The "boutique" facilities often offer one-stop production and post production services that are attractive to the television, film, and advertising industry.
- Given the right conditions, there may be an opportunity for Miami-Dade to create a cottage industry of "boutique" production companies.

Small Music Labels

- Miami is a powerful generator of small businesses in the music industry.
- As more small labels start to spring up, this could benefit the area.

Infrastructure

- It is possible that the construction of a quality sound stage facility can help to attract more film production.

THREATS

Competition for the Latin American Market

- Los Angeles has expressed a serious interest in competing for the lucrative Spanish media market.

Lack of Marketing

- Miami is not able to market the strengths of the local film & entertainment industry effectively.
- Most people do not know that Miami dominates the Spanish Language media in North America.
- It is important for others to know Miami's strengths in order to grow the industry.

New Business Model

- Although technology has brought about great improvements in the industry, it is also threatening the foundation of its operation.
- The Internet and technological advances such as TiVo, which enable viewers to skip commercial advertisements on television programs, have the entire Film & Entertainment Industry in turmoil.
- If people continue to download music and movies for free and are able to watch television without commercials, then the industry must change how it currently operates. It must identify new ways of generating revenue.
- Miami must be able to adapt to the new business model that is emerging in the industry.

Foreign Competition

- Australia, South Africa and Puerto Rico are our close competitors and like Miami, they have good weather and scenic locations
- Their advantage is their incentives.

Australia and South Africa also have good exchange rates.

- Canada has also lured away many projects.

Consolidation of Post Production Firms

- Post production is very capital intensive
- It is not cost effective unless there is a critical mass of business
- New sophisticated software has made it possible for people to do post production in smaller studios. This has decreased the demand for large post production firms.
- In Miami-Dade the two major post production firms have merged because there was not enough work.

Negative Image of Miami Beach

Table 21. Support and Related Industries by Industrial

Support and/or Related Industries' Classification	SIC
Motion Picture Equip & Supplies (Whole.)	504304
Photographic Equip & Supplies-Wholesale	504305
Video Tapes & Discs-Wholesale	506501
Costumes-Masquerade & Theatrical	569905
Wigs Toupees & Hairpieces	569909
Pianos	573602
Music Dealers	573609
Photographic Equip & Supplies-Retail	594601
Advertising-Agencies & Counselors	731101
Publishers-Representatives	731302
Advertising-Television	731305
Distribution Services	731908
Discount Cards Coupons & Stamp Companies	731922
Photographers-Commercial	733501
Audio-Visual Equipment-Renting & Leasing	735904
Video Equipment and Sales rental	735906
Modeling Agencies	736301
Recording Studios	738947
Video Tape Duplication Service	781902
Studio Rental	781903
Casting Directors	781913
Scenery Studios	792203
Talent Agencies & Casting Services	792206
Dance Companies	792215

Table 22. Film and Entertainment

Media/Entertainment Industries Surveyed	#
Production/Postproduction	12
Studio Rental	1
Motion Picture Equipment Rental	1
Scenery Designer	1
Commercial Photographer	1
Independent Film Maker	2

Table 23. Full Time Employees of

Full Time Employees	#
Employee Range	
0 to 10	18
11 to 20	3

Table 24. Survey Respondents' Years

Years in FEC Area	#
Range of Years	
Less than 5 years	14
5 to 10 years	4
11 to 20 years	4

- Miami Beach has increased the restrictions for film & entertainment activities.
- The flexibility that made Miami Beach a center for the industry is gone.
- Comments made by the Mayor of Miami Beach regarding the disruptions made during the filming of Bad Boys infuriated the industry.
- These factors have given the area a reputation that we are a difficult place to work.
- Because the Beach is a major factor in attracting projects to Miami, the fate of Miami Beach could have an impact on the industry countywide.

Decreased Commercial Production

- Commercial production used to be the bedrock of the local industry, but it is now

stagnant.

Diminishing Fashion Shoots

- Fashion shoots are diminishing.
- The Miami-Dade area has been overexposed in the fashion industry, so the agencies are seeking the “next look”.

Scattered Sites

- The film & entertainment industry in Miami-Dade is scattered all over the County.
- The industry needs an area where

compatible businesses can come together.

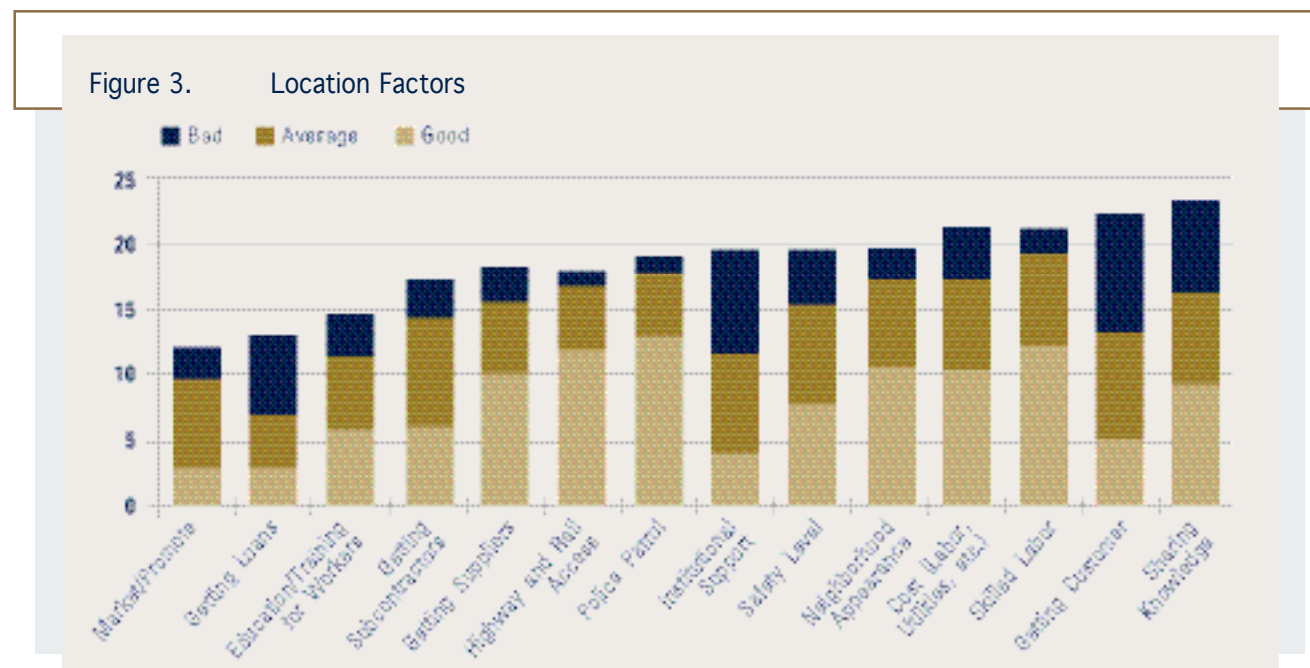
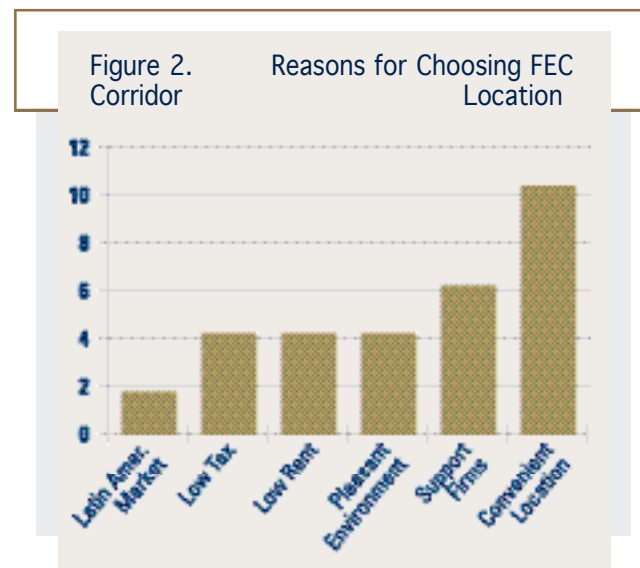
C. The Survey Instrument

As discussed in the Chapter I Introduction, the purpose of the Targeted Industry Study was to determine the economic development potential of the industrial sectors cited in the FEC Corridor Strategic Redevelopment Plan. As such, the survey instrument (see Appendix A) was designed to elicit specific responses that would enable the FIU study team to assess the existing and future growth potential of these targeted industries. The survey focused on the following four areas:

- Reason(s) for selecting the City of Miami’s FEC Corridor as a business location.
- Location advantages and disadvantages.
- Customer and supplier linkages.
- Planned investment activity.

The inventory of Motion Picture and Sound Recording businesses within the FEC Corridor also included “support” and “related” industries. These businesses and their classifications by SIC are shown in Table 21 below.

A total of 21 businesses responded to the mail survey. Production and postproduction firms provided the majority (57%) of the responses. The complete profile of the



respondents is shown in Tables 22-24.

D. Reasons for Selecting the FEC Corridor as a Business Location

The most frequent reason given for selecting their current location was convenience. Businesses that moved their firms from South Beach were especially likely to choose this option. “Convenience” to these businesses meant a central location and proximity: “near the beach,” “near the downtown” and “near the major highways” were the typical responses. In order to transport equipment and people to various locations (as is typically required by the industry), “you need suitable roads, parking and centrality,” a production firm owner responded. The second most frequent reason for choosing their particular location was the number of support firms in the area. Several businesses indicated the Design District attracts ‘creative’ types that are readily at the disposal of the media firms many demands such as set designing, make-up and/or specialty postproduction. The unique environment has created a self-sustaining community of these ‘types’ that makes the film and media business successful in this area. The Design District is a definite complement to the entertainment industry according to the respondents. Two businesses will be working together on two new ‘reality’ type home design shows that are set to air in 2004 and based in Miami’s Design District. Northsouth Productions will help produce the Learning Channel and Discovery Health Channel programs that showcase rooms of local residents being redecorated.

The survey asked businesses, “What was

your reason(s) for selecting your present location?” Respondents could choose three possible responses from a list of five and had the option of writing in their own reason(s). Five firms that relocated from South Beach to the Biscayne Boulevard Corridor cited such reasons as: “the cost of doing business (e.g. acquisition, rent) is cheaper”; “South Beach is overcrowded and there is no parking;” and “there was no local government support on Miami Beach, they drove us out.” Figures 2 and 3 show the distribution of reasons for selecting their present location.

E. Location Factors

The survey found that location factors generally received positive ratings. Police patrol, availability of skilled labor and highway/rail access rated most positively. Respondents said that police patrol in the area has greatly improved over the past couple of years and crime has decreased. The improving police patrol reflects the positive rating of “safety level.” Respondents said that crime has also decreased significantly, although one added, “the area has a reputation as dangerous.” This respondent is, however, optimistic that this bad reputation will diminish overtime.

Availability of skilled labor also received a frequent “good” rating by respondents. An environment of ‘creative types’ is considered a plus according to local firms. They can easily find other production firms, set designers and talent nearby. Finding skilled labor and networking with other firms is especially important to the businesses due to the fact that an assortment

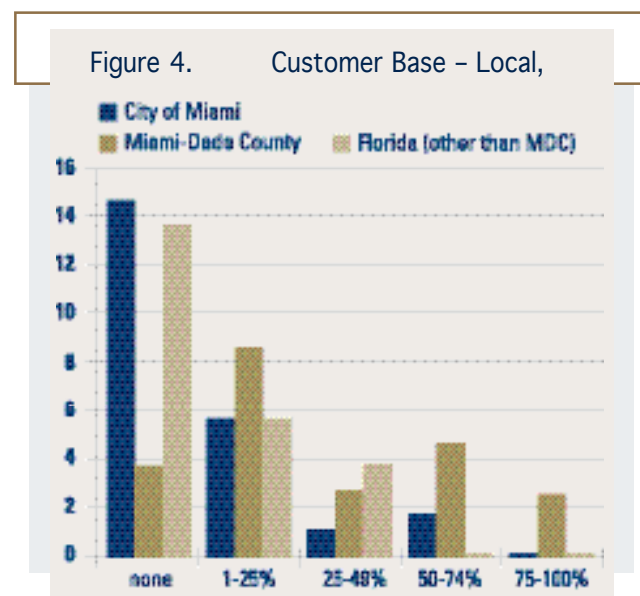
Table 25. Customer Base — All Locations

What proportion of your customers are from the following areas?

Proportion Range	City of Miami		MDC (outside City)		Florida (outside MDC)		Other States		Latin America		Other Countries	
	#	%	#	%	#	%	#	%	#	%	#	%
None	15	62.5	4	16.7	14	58.3	6	25.0	13	54.2	14	58.3
1-25%	6	25.0	9	37.5	6	25.0	7	29.2	7	29.2	7	29.2
25-49%	1	4.2	3	12.5	4	16.7	5	20.8	2	8.3	2	8.3
50-74%	2	8.3	5	20.8	0	0	4	16.7	2	8.3	1	4.2
75-100%	0	0	3	12.5	0	0	2	8.3	0	0	0	0
Total	24	100	24	100	24	100	24	100	24	100	24	100

of expertise is needed for a single production. Similarly, “sharing of knowledge among local firms” was given a positive rating. While some respondents felt there is good comradery among other local film and entertainment firms, Miami generally did not have the formal and informal levels of technical knowledge sharing that is more common in established film and entertainment hubs. Nevertheless, the film and entertainment industry in Miami depends on a strong network of complementary and supporting firms. As one respondent remarked, “We are a family.”

Highway/rail access rated very positively among the respondents. Business owners and



managers referred to their specific area as being “easy to get around” because it was near main thoroughfares. While rating this factor, businesses often contrasted their area’s convenience to the inconvenience of South Miami Beach.

Finally, respondents were asked to name the single most positive aspect of doing business in Miami. In general, the responses reflect positive factors that are unique to South Florida:

- “Proximity to Latin America”
- “The flavor of the City”
- “Not as hectic as South Beach”
- “[Area near design district] is central: near downtown, transportation is good”

- “[Area near design district] has people/businesses that are design related, arts-oriented”
- “Lots of creative types”
- “My Clients like the trendy-ness”
- “Weather/climate”

Institutional support (from city or county government) received the most negative rating from respondents. Discontent with lack of institutional support for the film and entertainment industry in Miami-Dade County included such comments as “high cost of insurance,” “terrible business culture,” and “dishonesty and corruption in government”.

In referring specifically to the City of Miami, the owner of a multi-purpose studio complained of the high cost of permitting, “If the City of Miami wants to do something about growth, they have to get on the ball quick. They’re in their own world. They don’t realize, for one, they should promote the area more and make permits easier to get. The Miami locations are great for [film/photo] shooting, but it’s difficult to get a permit.”

Institutional Support, as it relates to technical training/education in Miami, was given a negative rating by an animation firm that said there is a lack of technical training schools that teach high-tech 3-D or digital animation. “Miami doesn’t have the technical support that is needed. The few art schools in Miami merely teach this technology as an “add on”. There is really no high-tech industry established.” This particular firm owner singled-out lack of technical skills as the most negative aspect of doing business in Miami, but added that this deficiency sometimes meant less competition for his firm. Nevertheless, when he needs skilled employees, they are difficult to find. Despite this owner’s frustration with a general lack of technical expertise, many firms noted that creative expertise is in abundant supply.

Getting Customers and getting loans in Miami also received “poor” ratings. Most of these firms find their major customers/clients in other states or abroad. Many of the businesses indicated that private financing is an important

yet missing component of the film and recording infrastructure here in Miami and South Florida. Private financing for independent filmmakers is non-existent.

F. Customers and Suppliers

The businesses were asked: “what proportion of your customers are from the following areas?” The areas the survey referred to included: the City of Miami, other municipalities in Miami-Dade County, other counties in Florida, other states and other countries (see Appendix for cross tabulations of customer location proportions).

When asked to identify their most important customers and suppliers by industry, respondents listed a wide array of businesses that have located in and near the Design District including artists and designers. Rather than a linear, “assembly-line” passing of one product/service firm to the next, the media industry works as a unit where boundaries between them are often blurred. For example, a business (e.g. a production company) may function as both a customer and supplier. A production studio may hire a photographer, then that photographer may later higher that same production studio for a project. Also, it is not uncommon for businesses to perform several functions (lighting, cameras, etc.). See Table 25 and Figure 4 below.

The following list provides the most common responses to the question “who are your most important customers/suppliers (by industry)?”

Customers

- Advertising agencies
- Film production companies
- Travel agencies
- Design firms
- Museums
- Aft directors
- Film studios
- TV Networks
- Departments stores

Figure 5. Planned Employment

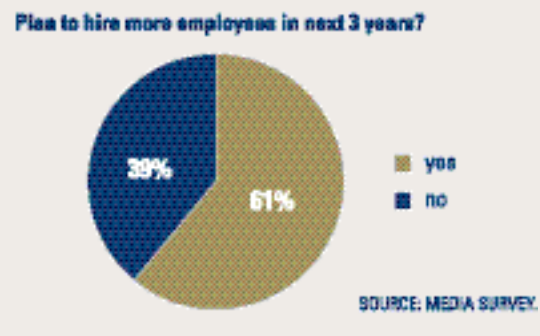


Figure 6. Planned Expansion

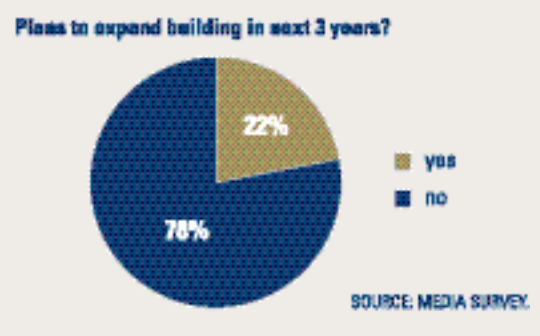
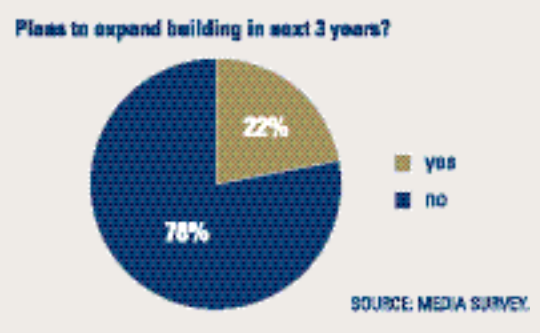


Figure 7. Planned Investment in



- Catalogues
- Magazines
- Corporate event producers

Customers-specific firms

- WSVN (Channel 7)
- AA Airlines
- Miami Arena
- Telemundo

- Univision

Suppliers/Subcontractors

- Artists/Graphic Designers
- Art Directors
- Theatrical rigging suppliers
- Lighting technicians/suppliers
- Camera (wholesale/retail)
- Photographers
- Voice-over talent
- Modeling/talent agencies

- Tape stock

- Stylists
- Make-up artists
- Producers

Suppliers-specific firms

- Super Group
- Cut Miami
- Cineworks

Networking is an important part of the film and related industries. The following case study



CHAPTER VI

RECOMMENDATIONS FOR ENHANCING THE MOTION PICTURE AND RECORDING INDUSTRY IN THE CITY OF MIAMI'S FEC CORRIDOR

While the purpose of this study is to focus on the Motion Picture and Sound Recording Industry's economic development potential within the FEC Corridor, it is important for the City of Miami to consider how the industry organizes and operates within that larger network, particularly here in Miami-Dade.