



## Community Success Stories

### WhistleStop Productions

[www.whistlestoptv.com](http://www.whistlestoptv.com)

**Bloomfield, ON**

**Alexander Russo, Ahmad Bakhshai, Emilie Timmerman, Josh Finkelstein, Trevor West, Troy Beharry**

**July 2010**

### INTRODUCTION

*This community success story case study is part of the Monieson Centre's Knowledge Impact in Society (KIS) Project, a three-year endeavour to connect academic knowledge with economic development needs in Eastern Ontario. This case study highlights best practices from a real business in Eastern Ontario. The KIS Project is funded by the Social Sciences and Humanities Research Council of Canada. For more information, visit [www.easternontarioknowledge.ca](http://www.easternontarioknowledge.ca).*

In the 1980s, David Hatch was working in Toronto, the epicentre of Canada's media industry. After starting out as an audio engineer, David went on to support the launch of The Sports Network (TSN), and then moved into daily news reporting for Global Television. In 1989, he branched out and founded his own video production company, WhistleStop Productions. Following its tenth anniversary, WhistleStop began a series of dramatic changes. First, David's partner Stacey, a producer, director and writer, joined the team in 2000. They then relocated the business to picturesque Prince Edward County, 200 km east of Toronto. Since then, WhistleStop has grown into a unique rural success story. This case study explores the driving factors behind WhistleStop's continued growth, and investigates how other rural businesses can learn from WhistleStop's example.

### COMPANY OVERVIEW

WhistleStop Productions produces high-quality programming for network television. The company specializes in B-level sports television content such as poker tournaments, motorcycle-enthusiast programming, as well as documentaries. As a firm run through a home office in Bloomfield, WhistleStop maintains low overheads, allowing David and Stacey to undercut their Toronto-based competitors in pricing while providing high value to their clients.

Their flagship product and primary cash cow is *Motorcycle Experience*, a documentary hosted by David. Because WhistleStop retains full ownership of *Motorcycle Experience*, they are able to maximize their revenue from both distribution of the program as well as advertising revenue through product placement. They have also developed over 40 other original television series. While their other series have not gained the recognition of *Motorcycle Experience*, and consequently operate with smaller margins, they serve to build WhistleStop's reputation and portfolio.

In addition to sports-based television series, WhistleStop also develops custom programming for a range of clients. This ranges from documentaries, including a recent high definition (HD) television series featuring Canadian rock band Rush, to custom corporate videos. WhistleStop's business model is built on versatility, then, as they can both produce their own programming and respond to custom demands from individual clients.

WhistleStop prides itself in having invested in the newest HD production equipment. This technology is projected to have a relevant life of almost 10 years. While they are a small firm, their equipment matches or exceeds even their largest competitors' standards.

## INDUSTRY OVERVIEW

One major driver of business for WhistleStop is Federal legislation regulated by the Canadian Radio-television Telecommunications Commission (CRTC). The CRTC requires Canadian networks broadcast a minimum percentage of Canadian content. This means that both networks, such as TSN, and providers, such as Bell ExpressVu, are continually seeking Canadian-based programming, thus bolstering enterprising Canadian production houses.

WhistleStop does operate, however, in a highly competitive, price-sensitive market. While their low overhead allows them to price competitively, their clients have grown to expect low prices from the firm. This causes the majority of the company's projects to make limited contributions to the bottom line. Given the competitive landscape, it is difficult for the firm to raise prices, as clients have increased bargaining power and can easily replace WhistleStop with a competitor.

To reach profitability, WhistleStop follows the industry-wide practice of integrating product placement into their shows. Their oldest and most popular show, *Motorcycle Experience*, has developed the strength of promoting products without making the segments seem like they are sponsored. In his host role, David has maintained equilibrium wherein products are showcased without being directly pitched. WhistleStop would like to leverage this strength and its existing sponsor relationships to drive additional revenue, potentially through website expansion.

The industry largely depends on a broadcaster distribution method of selling their shows to television channels. Accordingly, while large networks are small production houses' largest clients, they are also competitors in that they already have the resources to produce profitable shows in-house. These business partners are thus a threat as they can poach shows and sponsors. Further, although WhistleStop's equipment matches these large competitors' standards, David and Stacey lack the large financial resources to upgrade equipment on a frequent basis.

## SUCCESS FACTORS

WhistleStop Productions has succeeded where many of its competitors have failed. A number of key success factors have contributed to its growth:

### 1) *High Value Position*

WhistleStop has positioned itself as a premiere HD video content producer while maintaining competitive pricing, a strategy that serves as the business' driving force. Where most of its competitors

are located in large urban centres such as Toronto, Montreal, and Vancouver, WhistleStop has leveraged their reduced living costs to enable them to purchase state of the art equipment. By owning comprehensive recording, mixing, and editing equipment, David and Stacey are able to accomplish every single aspect of the production process in house. The company has been able to reduce traditional variable costs including equipment rental through the fixed purchase of all their equipment. As the industry is moving towards wider use of HD video technology, WhistleStop has been able to stay ahead of the curve, yet offering their high quality videos at a discounted price. Thus, WhistleStop has used its location in Bloomfield to successfully implement a price penetration strategy.

## 2) Niche Branding

As a niche player in the video production industry, WhistleStop has been able to offer high-quality, revenue-generating alternative sports programming. The crown jewel of its portfolio is *Motorcycle Experience*. WhistleStop is the sole owner of this program which showcases the motorcycle culture. The program includes test drives, interviews of prominent figures in the sport, and lifestyle pieces, all drawn together by David's charismatic hosting. *Motorcycle Experience* is very popular among bike enthusiasts and moderate bikers. The program reaches 110,000 viewers, a significant figure given the Canadian motorcycle demographic lies around the 100,000 mark. With that exposure in mind, WhistleStop has been able to generate significant profit from manufacturer sponsorships and product placement. Each segment now has an individual sponsor and the overall program is sponsored by Toyota. The incorporation of product placement into the show is very lucrative because brands are promoted as part of the lifestyle without requiring direct promotion. These product placements generate about four times the revenue of paid commercials. All in all, *Motorcycle Experience* pays for itself and more, and has become the company's cash cow.

## 3) Reputation and Industry Profile

With the popularity of the *Motorcycle Experience*, WhistleStop has been able to pursue vanity projects in the documentary sector to showcase its production expertise. Although these projects do not generate a profit, they reinforce the quality of WhistleStop's products in the industry. These documentaries include guitar and mountain climbing pieces that appeal to niche lifestyles. Through these products, WhistleStop maintains a profile in the broadcast industry, thus attracting potential clients.

## STRATEGIC OPPORTUNITIES

Given its strengths, WhistleStop possesses several strategic opportunities to continue its growth. Notably, since *Motorcycle Experience* has proven to be a long-lasting source of revenue with a high number of loyal viewers, the opportunity to leverage this well-established brand is an absolute necessity. The Internet offers significant possibilities to do exactly this.

Expanding *Motorcycle Experience* with an online component would build on several strategic advantages. These include a community dedicated to the content of the show, additional video material connected to the weekly episodes, and blogs. First, the generated metrics from online activity would prove valuable in terms of negotiating the price for future shows, and thereby drive desired margins. Second, an additional source of revenue could be gained through the exposure of online advertisement to a highly engaged customer group. Third, the investment and experience with online activity could provide a model for future productions, such as HD documentaries. This would give the company an

opportunity to increase the attractiveness of future shows and provide an advantage in terms of pricing and negotiations. It is clear that the growth WhistleStop desires can be attained through proper integration of its popular *Motorcycle Experience* with the limitless marketing platform of the Internet. Given their current technology allows for both broadcast and web-based content, this is a realistic expansion for their brand.

## CONCLUSIONS

There are a variety of lessons learned from WhistleStop that can be applied to businesses across a number of industries. The first lesson is WhistleStop's investment in the newest technologies to gain a competitive edge in their industry. David and Stacey could see where the industry was moving, and were able to capitalize on that knowledge by becoming a first mover. In addition, WhistleStop strives to be a lean operation. Streamlining operations to reduce costs is often essential to creating a winning company and can be achieved in many ways including new procedures, technology, or location. WhistleStop has also shown that it is essential to create multiple revenue streams. With *Motorcycle Experience* alone, the company generates sales revenue, advertisement revenue, and licensing revenue. Companies must take all options into account when looking at increasing revenue, and funding the operation. Finally, WhistleStop demonstrates the importance of showcasing the organization's skills and success in order to market their expertise to potential customers. When a company shows the market it has the ability to satisfy customers' needs, then it is better equipped to generate success.