

Media Today, 6th Edition

Chapter Recaps & Study Guide

Chapter 12: The Movie Industry

In the hands of a small amount of distributors, the global reach of today's movie industry raises questions about its influence and impacts on cultural diversity and local cultures.

Chapter Objectives:

1. Explain the history of movies in the United States and how it affects the industry today.
2. Analyze the production, distribution, and exhibition processes for theatrical motion pictures in the United States and recognize the major players in each realm.
3. Describe how movies are financed and how they make money through various exhibition arrangements.
4. Analyze the relationship between movie distributors and theaters.
5. Explain the impact of new technologies and globalization on the movie industry.
6. Consider the impact of American movie culture on world culture.

The Rise of Motion Pictures

Three themes emerge when we consider the development of motion pictures:

- 1. The movies, as we know them, did not arrive in a flash as a result of one inventor's grand change. (336)
 - Technology changes included finding ways to record and project images. (336-337) See Figure 12.2 for more about these developments (pp. 338-339).
- 2. The movie as a medium of communication developed as a result of social, legal, and organizational responses to technology during different historical periods. (337)
 - As movies found ways to tell stories, audiences and regulators began to question the influence of those stories. The Supreme

Court even said films didn't count as free speech in 1919. (337, 340)

- 3. The movie industry developed and changed as a result of struggles to control its distribution to audiences. (340)
 - The studio system, which included the star system, A films, and B films, was used to control the film industry. (340-341)

An Overview of the Modern Motion Picture Industry

- All theatrical films (feature films) made in the U.S. are now made available in a variety of nontheatrical locations, although their release still typically begins with theatrical showings and places importance on the box office receipts. (341-342)
 - Going to the movies is now most common among young people ages 12-24. (342)
 - Blockbusters are films that make more than \$200 million in their U.S. theatrical release. (342)
 - Exhibition is characterized by multiplexes (eight to fifteen screens) and megaplexes (more than sixteen screens). (343)
 - Box office receipts from international sectors are growing faster than U.S. box office revenues and account for a substantial portion of the studios' box office takes in recent years. (343-344)

Production in the Motion Picture Industry

- The major studios remain very powerful in Hollywood, but they produce only a small number of films each year; most films are produced by other companies, but the names of the majors appear on those films, because the majors are also distributors. (344)
- Film production firms come up with the material and the personnel to make the movie; film distribution firms find theaters and other outlets in which to show the films. (344)
- Independent producers also create titles that the majors pick up for distribution. (345)
- See Figure 12.2 for more about the process of making a movie. (345)
- Concepts coming from any number of places and are turned into treatments and scripts, sometimes offered by a little-known writer on spec

to a producer who may turn it into a film; they also are presented in a pitch. Books are a major source of film concepts that may get the “green light.” (346)

- Foreign distribution has become a major source of revenue for Hollywood, explaining why action films, with their emphasis on the visual stunts and effects over dialogue, are potentially so profitable. (347)
- Signing a star to appear in a film sometimes involves the producer entering into backend deals or offering percentages of the gross in negotiation with the star’s talent agent. (348)
- Producers must also meet the standards set by various unions and guilds. (348)
- A film is often chosen based on the available financing for its budget; so-called genre films are typically low budget. Different types of films are distributed in different ways. (348)
- Independent production companies (those not owned by a studio) often have very close ties to a studio’s distribution division. Selling the distribution rights to a film can help bring in money. (349)
- A good way to develop an understanding of the complexities of film production is to simply watch the credits at the end of a film. (See Figure 12.3, p. 350)
- A film line producer has the important function of making sure that the necessary equipment and personnel are where they need to be during the production phase. (351)
- One crucial element in the production process (as well as in the early stages of development when a producer may be looking for investors) is a contractual deal with a completion bond company, a specialized insurance firm that guarantees the film will actually be made, even if it runs over budget. (351)

Theatrical Distribution in the Movie Industry

Major distribution firms have two mandates: to get the films they distribute into theaters, and to market these films effectively to target audiences. Major distributors distribute their own work and the work of others. They also will collaborate on finance and distribution to lower the risk of potential losses on expensive productions. (351-352)

- A film's release date is an important part of the distribution strategy and uses a number of strategies: wide release (including saturation releases), platform release, and exclusive release. Day-and-date releases involve releasing a blockbuster in multiple countries on the same day. (352-353)
- The marketing of films involves title testing and audience previewing of preliminary versions called rough cuts, sometimes resulting in significant changes to a film before it goes into distribution. (354)
- Publicity might involve appearances on talk shows, press conferences, a big premiere, and other activities. Word of mouth also sells the films among groups of friends. (354)
- Most movies make their greatest profit in the first few weeks of distribution, and tracking studies are used to understand how well (or poorly) the film is doing at any given time. (354)
- Marketing amounts to about half of the film's negative cost, or the total cost of making and editing a movie. (354)

Theatrical Exhibition in the Motion Picture Industry

- The largest 3 percent of the movie chains control 60 percent of the screens on which films are shown. (355)
- Tension exists between distributors and exhibitors over the selection of films and the kind of deal that will make it possible for both parts of the industry to make profit, the details of which are worked out in complex exhibition license agreements. (355-356)
 - The financial arrangement typically involves a percentage of the ticket sales for the distributor or a percentage-above-the-nut (the cost of doing business) for the exhibitor. (356)
 - Distribution is often done one of two ways: digital cinema package, or an encrypted hard drive with the film on it, and satellite cinema package, wherein the theater downloads the movie from a satellite and projects it onto a screen. (357)
 - Digital and 3D Screens, involving the distribution of films to theatres via satellite, is now technologically possible, but the installation of digital projectors in theatres remains very expensive. All 3D screens also use digital projection. (357)

Convergence and Nontheatrical Distribution and Exhibition in the Motion Picture Industry

- Money doesn't just come from theatrical showings; it also comes from television and home video and DVD sales. (357)
- Sell-through outlets let customers buy the videos and not just rent them. (358)
- Rental outlets allow people to rent the title on a pay-per-day basis. While these used to be available in stores, Netflix now offers through-the-mail rentals through its DVD service and Redbox offers rentals through vending machines. (358)
- The industry also has shifted to digital marketing and to online and mobile downloads. (358)
- See Figure 12.4 for a look at how revenues include considering not only box office receipts, but also budgets, promotion, and after-theater revenues.

The Problem of Piracy

- Film piracy, the unauthorized duplication of films for profit, is a major industry problem. (359-360)

Media Ethics and the Motion Picture Industry

- The movie industry remains a central element within American and global culture, and is dominated by a handful of major distributors. (360)
- All of the major studios and distributors are tied to the major media conglomerates that use their Hollywood assets in concert with other parts of their operations. (360)
- Critics of the Hollywood system sometimes argue that its industrial practices narrow the range of cultural diversity in films, and that the enormous influence of U.S. distributors results in cultural colonialism in countries with smaller economies. (360-362)

