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Cinema in the Age of Digital Technology:

A New Architecture of Immersion

Ana Duarte Cabral Martins

Esta dissertação tem como objectivo produzir uma visão compreensiva da indústria cinematográfica de Hollywood desde o final do integração vertical dos estúdios de cinema e até o advento contemporâneo da tecnologia digital. O foco desta dissertação passa por analisar três elementos fundamentais da indústria cinematográfica de Hollywood: o processo de conglomeração de indústria cinematográfica e como as suas estruturas industriais e novas tecnologias se apresentam como incentivo à sinergia corporativa; a cada vez mais profunda dependência no que toca à produção de “blockbusters” e de “franchises” cinematográficas por parte desta indústria cinematográfica de Hollywood como forma de dominar o mercado global e maximizar as possibilidades de lucro, e a emergência de um novo modelo de “universo partilhado” de “blockbusters”; e, finalmente, a crescente digitalização do cinema e os seus efeitos sobre a exibição de filmes, a distribuição de entretenimento e o acesso a conteúdo digital, alterando, por sua vez, a forma como o cinema é consumido. Este entretenimento consumível, tecnologicamente, "a qualquer hora, em qualquer lugar" promove a noção de que o conteúdo mediático se transformou numa força envolvente que já não está restrita a limites físicos. Ao mesmo tempo que os estúdios de cinema se tornaram parte integrante de

conglomerados, que prosperam com estratégias que promovem a sinergia entre as suas divisões e conteúdo que é desenhado para ser “transmedia”, e ao mesmo tempo que filmes ficam disponíveis para serem distribuídos e exibidos de diferentes maneiras, o cinema e cultura contemporânea, em geral, parecem ser concebidos, cada vez mais, enquanto abrangente arquitetura de imersão, em que tudo está interligado.

This dissertation has endeavored to produce an overview of the Hollywood film industry since the end of the studio system and up to the contemporary advent of digital technology. The focus of this dissertation is to analyze three fundamental elements of the Hollywood film industry today: the process of conglomeration of the Hollywood film industry and how its industrial and new technological structures function as encouragement towards corporate synergy and media franchising, which followed the need to strengthen the market position of film companies after the studios were no longer vertically integrated; the deepening dependence on blockbusters of the Hollywood film industry as a way to dominate the global market and maximize profit possibilities, as well as the continued reliance on film franchises and the emergence of a new “shared-universe” blockbuster model; finally, digitization and its effects on home video distribution and digital content delivery, which, in turn, distressed how media and films, in particular, are consumed and experienced. This “anytime, anywhere” technology furthers the notion that media content has transformed into an enveloping force not longer even constricted by physical boundaries. As film studios have become part of media conglomerates, which thrive on strategies

that foster synergy between divisions and content that is designed to be transmedia, and as films (as well as other media) become available to be distributed in exhibited in an array of different ways, contemporary filmmaking and culture, in general, seems to be increasingly devised as an over-arching, all-encompassing architecture of immersion, where everything is connected.

PALAVRAS-CHAVE: Cinema, Digital, Convergência, Transmedia, Blockbuster

KEYWORDS: Cinema, Digital, Convergence, Transmedia, Blockbuster

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Introduction

The starting point of this dissertation was the conclusion of my own Masters thesis project, titled *Overlap and the Cinematographic Experience* (2009), where I explored the overlap¹ as a method of duplication or, even, reproduction through repetition, usually employed in films such as *Pulp Fiction* (Quentin Tarantino, 1994) and *Elephant* (Gus Van Sant, 2003) in order to introduce new perspectives and, therefore, new layers to the narratives. The overlap, as a technique that creates repetition, can also produce the unfolding² of a narrative through several distinct elements, *oeuvres* or mediums. I perceived this movement as a metaphor for the Hollywood film industry's synergistic corporate structure and its preference for cinematic narratives that can be outspread through different media platforms. This development of tiered narratives intrinsically implies a process of multiplication and the employment of manifold narrative layers, coupled with the digital advent, results in the development of cinematic narratives that expand through diverse media platforms and ancillary markets — so as to engage multiple demographic lines and find the biggest audience possible in a fragmented audience landscape.

The concept of “Gesamtkunstwerk” or why everything is connected

In “The Blockbuster: Everything Connects, but Not Everything Goes” (2001), Thomas Elsaesser wrote that when it came to the movie blockbuster “everything connects”. While paraphrasing E. M. Forster, Thomas Elsaesser explains that a “feature film, a theme park, a toy store, and a computer game have a lot in common: they feed off each other as they play off each other” (Elsaesser, 2001: 11). Essentially, the blockbuster worked as a cinematic narrative that spread across many different media platforms. This view of the connective tissue of the blockbuster is in direct correlation with the German notion of “Gesamtkunstwerk”³ or “total art work”⁴.

¹ “To overlap” means to “extend over so as to cover partly”.

² Meaning to “open or unwrap the folds of; to spread open; to expand”, Oxford English Dictionary.

³ Etymology: German, *gesamt* total + *kunstwerk* work of art, Oxford English Dictionary.

⁴ “L'œuvre d'art totale est la traduction du terme allemand « Gesamtkunstwerk » qui pourrait également être traduit par œuvre d'art idéale, œuvre d'art universelle ou œuvre d'art sociale. Il serait permis de définir le Gesamtkunstwerk à la fois comme méthodologie et comme réforme culturelle” Guillaume

In *The Art Work Of The Future* (1849), Richard Wagner, who popularized the term, writes:

The great United Art-work¹, which must gather up each branch of art to use it as a mean (...). Not one rich faculty of the separate arts will remain unused in the United Artwork of the Future (...). Thus supplementing one another in their changeful dance, the united sister-arts will show themselves and make good their claim; now all together, now in pairs, and again in solitary splendor. (Wagner, 2004: 16)²

The “total art work” thus becomes a “common Artwork” or a “collective operation” (Wagner, 2004: 84, 88). A film, for example, can be considered a “Gesamtkunstwerk” (“total art work”) as it fuses multiples art forms (photography, music, painting, drama, dance, literature, etc.) into a complete work of art. In *Cinema El Dorado – Cinema e Modernidade* (2015), Fernando Guerreiro refers how in the Avant-Garde integrale: Marinetti et le film futuriste (1931) which refers to cinema as an “art’ of *synthesis*”³ (Guerreiro, 2015: 81).

Consequently, one could say that contemporary culture is built on many, overlapping “Gesamtkunstwerken”. In 2011, I came across a blog post on Frank Rose’s “Deep Media Online” that tied together the notions of “Gesamtkunstwerk”, of corporate synergy and of transmedia storytelling⁴ through the coining of the neologism “Transmediagesamtkunstwerk”. This illuminated for me a rapport that, while not being novel, is currently being articulated in important industrial and cultural ways. That article, Frank Rose’s “What Richard Wagner can teach us about storytelling in the Internet age” (2011), cited a second blog post, “The player IS the story: why the big publishers don't get transmedia” (Stuart, 2011), where the author Keith Stuart, games blogger at the *Guardian*, positions himself against the idea of telling stories across multiple media platforms, which is essentially the definition of transmedia storytelling. His argument was due to the fact that blockbuster video

Provost, “Parcours Convergeant Vers Une Systématique Du Travail Plastique” (Master of Arts, Université Laval, 2011), <http://www.theses.ulaval.ca/2011/28462/28462.pdf>.

¹ “Gesamtkunstwerk” is translated in this edition to “united Artwork”.

² Translated from the original essay first published in 1849 in Leipzig.

³ My own translation.

⁴ I will elaborate on this further along but, essentially, it is a term for “stories that *unfold* across multiple media platforms” (Jenkins, 2006: 334) [my italics].

game¹ releases now routinely include, as the subhead stated, “tie-in books, comic and even movies”. Keith Stuart acknowledges that the allure of extending the story across different platforms is that each new one contributes to the promoting of the narrative, which can lead to the development of “narratives so compelling that they transcend platform limitations; a high-tech realization of Wagner’s Gesamtkunstwerk concept” (Stuart, 2011). Unlike Keith Stuart, Frank Rose does not find the comparison to be “immediately apparent”. Arguably, he contends that the concept of a “unified work of art seems almost at odds with the idea of a work of art that finds expression in multiple media” (Rose, 2011). Here lies my main point of contention with Frank Rose, as I unreservedly connect the notion of a unified (media) work (of art) with the idea of a work (of art) that finds expression in multiple media platforms, “now all together, now in pairs, and again in solitary splendor” (Wagner, 2004: 90).

Drawing from my previous research work, I went as far as the Baroque pursuing manifestations of the concepts of “total art” and “unity of the arts”. In *Le Pli — Leibniz et le baroque* (1988), Gilles Deleuze argued that what inherently characterizes the baroque was the existence of a division between states or orders, which a fold (*le pli*). This fold was materialized with an unfolding² movement: each art (sculpture, painting, architecture) extended beyond itself into a different art, creating an infinite movement in which each fold developed a unitary line that formed a collective unity or a universal theater (Deleuze, 1988: 168). Within this collective unity, each painting, sculpture or architectural construction repeated the other’s narrative or motifs. Accordingly, working within this theoretical framework, Gianlorenzo Bernini’s *bel composto* was the first chronicled attempt to assemble architecture, sculpture and painting in order to create a beautiful whole, breaking the governing rules of the singular arts and bringing them together to form a new kind of relationship between them. This gesture births something new that results, not from the sum of each part, but from the newly formed relationship between every art brought into the fold (Careri, 1990: 12).

A blockbuster (because “everything connects” as Thomas Elsaesser elucidates), a film franchise, a mosaic-shaped franchise, transmedia storytelling and

¹ See Carlson (2014).

² Once again, the action of opening or unwarping folds or to spread or expand.

convergence culture, are all concepts that operate under and are realizations of the conceptualizations of the baroque “collective unity” and of the German “Gesamtkunstwerk”. From the blockbuster to convergence culture, these concepts are part of the same architecture of entertainment constructed by media conglomerates, simply each operates according to varying degrees of intricacy and size, much in the style of a matryoshka doll. While any given movie falls under the definition of “Gesamtkunstwerk”, a blockbuster can be considered the subsequent bigger matryoshka doll, as would be a film franchise or a transmedia story in a successive chain of complexity. The production of filmed entertainment is, therefore, a direct result of media conglomeration, corporate convergence and convergence culture. Only in the contemporary media scenario, instead of multiple arts, there are multiple mediums that converge to create a work, or better yet narrative, that is bigger than the sum of its parts. In the same metaphorical fashion in which D.N. Rodowick, in *The Virtual Life of Film* (2007), argues that the “new media” are constructed through a cinematic metaphor¹, then I would venture that the “total work of art” functions as an analogy for the way contemporary media (which is, in itself, converging with other media, blurring the lines, creating hybrids) has been and is manufactured.

Matthew Wilson Smith, in *The Total Work of Art: From Bayreuth to Cyberspace* (2007), develops an important analysis of the influence of “total work of art” on modern culture and extends it to the multiple articulations of mass culture and commercial spectacle, in an effort to move the concept from high art to mass media. The scope of Matthew Wilson Smith’s work is focused on particular architectures such as Wagner’s Bayreuth Festspielhaus (the “total stage”), the Bauhaus theater (the “total theatre”) and Disney’s theme parks (the “total world”). The Bayreuth Festspielhaus was an opera house specifically conceived and built to house “music-dramas” (a project beyond opera or series of operas, such as the *Ring* cycle). This theater house was constructed with different function and aesthetic principles than commonly used at the time and was designed to house the artwork of the future. The architecture of the Festspielhaus thoroughly separated audience from the spectacle, row seats were installed, house lights were dimmed during the performance, and the

¹ “Undoubtedly, the art of cinema is renewing and refashioning itself through the incorporation of digital processes, while a certain idea of cinema informs and insinuates itself into the development of interactive entertainments” (Rodowick, 2007: 97).

“mystic gulf”, a deep pit hiding the musicians from the audience’s sight, was created. It offered fewer distractions and fostered a state of immersion during the spectacle. According to Matthew Wilson Smith, it “may have been the most revolutionary theatre in stage history” (Smith, 2007: 31), and it certainly influenced (row seats, darkened lights) the twentieth century movie theater. In turn, the Bauhaus “total theater” was seen by Walter Gropius as the unification between art and technology. As stated by Matthew Wilson Smith, the Bauhaus “Theatre of Totality” was the realization of the crystalline — i.e., the pairing of performance and mechanized production while “hiding real labor underneath a veneer of a supposedly organic unity” (Smith, 2007: 31) — quality of the “Gesamtkunstwerk”. Finally, Matthew Wilson Smith’s comprehensive examination of Disney’s theme parks is of key to illustrate some of my own ideas in regard to the Hollywood film industry’s media production as a representational “Gesamtkunstwerk”:

Disney’s closed and tightly controlled world was linked, however, to a larger network of total performance. In addition to the films that provided the characters, settings, music, songs, and general ideology of the theme park, Disney also connected his land to the emergent medium of television. (...) The point is not merely that Disney was a canny marketer or a pioneer of cross-media “synergy.” More than this, Disney’s use of television, film, and theme park as collaborative media in the creation of a single mythic world echoes the interlocking chain of total performance (Smith, 2007: 122)

This point has been echoed by Janet Wasko’s study of Disney, in *Understanding Disney: The Manufacture of Fantasy* (2001), where she states the Disney’s theme parks function as a representation of ultimate synergy. I viewed as a (if not “the”) physical embodiment of the architecture of immersion I have been discussing.

While Matthew Wilson Smith’s examination of the term “Gesamtkunstwerk” is very much concentrated on a few objects of study, my approach of the concept considers the employment of “Gesamtkunstwerk” as concept with which to comprehend the interplay between industrial structures, media production and the resulting construct of audience immersion and engagement with entertainment content, especially given the multimedia essence of contemporary digital technology.

Ultimately, “Gesamtkunstwerk” and “Transmediagesamtkunstwerk” are both methodological concepts that I will use to approach the contemporary culture of convergence and the Hollywood film industry, which I regard as an architecture of immersion that is constructed by the modern-day media conglomerates. This is why I have titled this dissertation “Cinema in the Digital Age: An Architecture of Immersion”, a choice I would like to detail.

I wanted to apply the term “architecture” because it conveyed, at the same time, three useful concepts with which to understand media conglomeration. Firstly, the denotation of architecture as a process of “building or constructing”¹ structures that surround an individual (as a building surrounds its occupants); secondly, the connotation of architecture as, more generally, the structure of something in both an abstract and concrete sense, usually implying complexity or careful design; and thirdly, because the term also relates to computing and the “conceptual structure and overall logical organization of a computer or computer-based system”, which, in turn, also connects with the “digital age” the title of this dissertation alludes to (“Architecture”, 2010). The concept of “Gesamtkunstwerk” has also been tied to architecture from the point of view of architecture as a totality, a combination of furnishings, landscape and accessories². Matthew Wilson Smith, in the chapter “Total machine: The Bauhaus theatre” (Smith, 2007: 48-70), examines how this connection can be traced to Walter Gropius and the Bauhaus school, where a manifestly modern approach to the concept of architectural “Gesamtkunstwerk” emerged³. In 1919, Walter Gropius began his Program of the Staatliche Bauhaus in Weimar like so: “The ultimate aim of all visual arts is the complete building!”⁴.

Furthermore, the idea of totality that is connoted with the term “Gesamtkunstwerk” is inevitably tied to the concept of immersion, another key term that appears in the title of this dissertation. The connection between “Gesamtkunstwerk” and “immersion” is one that Matthew Wilson Smith explores,

¹ The notion of “construct” is especially interesting, due to its denotation as a noun: “an idea or theory containing various conceptual elements” (“Construct”, 2010), hence comprising multiple components.

² Michael A Vidalis, “Gesamtkunstwerk - ‘Total Work of Art’,” *Architectural Review*, June 2010.

³ “Theatre, as much as architecture, could be a grand unifier of all the arts” (Smith, 2007: 51).

⁴ Hans M. Wingler, “Walter Gropius: Program of the Staatliche Bauhaus in Weimar,” in *Bauhaus: Weimar, Dessau, Berlin, Chicago* (Cambridge, Mass.: The MIT Press, 1978).

this time in the chapter “Total immersion: cyberspace and the total work of art” (Smith, 2007: 157-186). His argument is, unsurprisingly, that immersion, going back to Richard Wagner and his desire to open audiences up for “immersion in art” (Smith, 2007: 16), is one of the many qualities of the “Gesamtkunstwerk”: “full immersion, unity of aesthetic media, longing for utopia” (Smith, 2007: 185). “Immersion” has also been a concept connected with cinema, from simply an audience’s response to a movie, through the evolution of film spectatorship and its relationship with the screen (consider the IMAX screen)¹, to a director’s desire to create “immersive narratives” (Tryon, 2013: 78), such as James Cameron with *Avatar* (2009). My goal with having “immersion” (or immersive narratives) as a methodological concept is not to approach it from the perspective of cyberspace (as Matthew Wilson Smith does), new art media and virtual realities (as Oliver Grau² does) or interactive storytelling and spectatorship in ways that may diverge from customary practices — such as, for instance, immersive and interactive museum display techniques (as Alison Griffiths³ does). My purpose is that the concept of “immersion” permeates the following chapters as I analyze the industrial evolution of the Hollywood film industry and the emergence of the corporate structures and technological developments that constitute the dominant forces of media production at a global scale. Additionally, the definition of “immersion” that suits this dissertation’s aspirations in the appropriate way is Henry Jenkins definition, which states that “immersion” is a “strong fantasy identification or emotional connection with a fictional environment, often described in terms of ‘escapism’ or a sense of ‘being there’” (Jenkins, 2006: 327). This definition is close to the description Ernest Adams makes while identifying “Postmodernism and the Three Types of Immersion” in video-gaming culture. He describes the third type, “narrative immersion”, as occurring when a spectator “starts to care about the characters and wants to know how the story is going to end” (Adams, 2014). This is, essentially, the “emotional connection” that media texts (films, books, games, et al.) depend upon to

¹ “The terms interactive, immersive, and spectatorship all come prepackaged in the discursive wrappings of academic tropes and biases, 1990s promotional culture, and aesthetic experimentation that traverse commercial and intellectual fields of inquiry, as well as historical and cultural contexts” (Griffiths, 2013: 1).

² Grau, Oliver. 2004. *Virtual Art: From Illusion to Immersion*. Cambridge, Mass.: The MIT Press.

³ Griffiths, Alison. *Shivers Down Your Spine: Cinema, Museums, and the Immersive View*. New York: Columbia University Press, 2013. Despite the alluring title’s suggestion that this book might be especially suited to this study, it is misleading as the book focus on case studies concerning interactive museum displays, the museum as a venue for cinematic exhibition, virtual worlds, and interactivity. It does offer an interesting examination of the IMAX screen as architecture designed to showcase the spectacular, but it fell outside of the purview of this dissertation.

generate a relationship with its audience and something that media convergence and the corporate synergy of the Hollywood film industry encourage and foster through their media production.

As media conglomeration and convergence have become a reality — with film studios operating as a cornerstone of a “worldwide entertainment industry”, with “‘filmed entertainment’ as its key commodity” (Schatz, 2008: 27) —, media production became ever more articulated, encouraging the creation of entertainment products that reinforce each other. Regarding the modern film studios themselves¹, their cornerstone is their “blockbuster strategy” (Elberse, 2013: 3), in which the Big Six studios (Paramount, 20th Century Fox, Universal, Disney, Warner Bros., Columbia) allocate a “disproportionate share of resources to a handful of pictures on the theory that, on average, they would generate wildly disproportionate sales” (Rose, 2014a: 42).

The Hollywood film industry and the Digital Age

Having detailed, initially, the reasoning behind the second portion of the title of this dissertation. Now, I would like to clarify what the parameters of “cinema” and “digital” that will concern this study.

Cinema can be considered as both a “building in which cinematographic films are exhibited”, as movie theater, and “films collectively, esp. considered as an art-form; the production of such films” (Oxford English Dictionary), as the “production of movies as an art or industry” (New Oxford American Dictionary). The cinema that will be addressed in this dissertation, in its conception as an industry is the American film industry, known as Hollywood. It is necessary to study cinema in terms of industry because, as it will become apparent throughout the dissertation, the corporate changes that affected the Hollywood industry that, in turn, generated the conglomeration of the entertainment industry and the synergy and blockbuster strategies that will be the focus of this study. The corporate architecture of immersion

¹ The matryoshka doll effect.

that will be delineated in the following chapters has its origin in Hollywood's industrial evolutions.

The decision to delimitate the scope of this study to the Hollywood film industry was due to its weight and importance in global terms but also due to the centrality of the film industry to convergence culture. In "Hollywood as industry" (1998), Douglas Gomery defends the study of Hollywood as a film industry given the "key historical fact" that Hollywood has, since the 1920s, "dominated the world", been forcing other national cinemas (not as influential, industrialized, or convergent) to deal with its power as an industry (Gomery, 1998: 245). In fact, Douglas Gomery's assessment goes further and declares that the "power of the film industry based in Hollywood has, since the close of the First World War, rested with its control over international distribution" (Gomery, 1998: 253), dominating bookings and box-office figures. The domestic receipts of even a blockbuster are minute in comparison with the total haul from the international box-office. Not only do the Big Six "media conglomerates which dominate contemporary Hollywood now possess a power and cohesion against which the oligopoly of the Hollywood studios during the 1930s and 1940s simply pales in comparison" (Gomery, 1998: 252), but these companies also control the market share, both domestically and overseas. Thomas Schatz illustrates this by stating that, during the period from 2002 to 2007, the "top 25 box-office hits captured 45 percent of the domestic market and 41.2 percent of the market worldwide, grossing \$9 billion to \$10 billion per year" (Schatz, 2009b: 22). In 2013, Phil Hoad wrote, in *Guardian's* "Hollywood's hold over global box office – 63% and falling" (2013), that while the Motion Picture Association of America (MPAA) report on the worldwide box-office figures for 2012 did not "broach the touchy question — loaded with the old cultural-imperialism chestnut — of exactly what level of dominance Hollywood enjoys worldwide". However, by his own calculations, Phil Hoad argued that "If worldwide box office was \$34.7bn, and the six majors' combined box office was \$21.773bn, that means American cinema enjoyed a minimum 62.7% share of the globe" (Hoad, 2013). At the end of 2014, Michael Cieply wrote, in "Hollywood Works to Maintain Its World Dominance", that while it is unclear "what share of international sales was captured by American-based companies", they have "remained dominant" (Cieply, 2013), in no small measure do to the fact that studios give

preferential treatment to movies that “travel well”, i.e. films fashioned for a worldwide marketplace¹.

Finally, the employment of the term “digital” means to highlight this study’s emphasis on the emergence of digital media and their redefinition of film culture, a paradigm shift, if you will, considering how digital cinema² “offers a significant departure from film, particularly when it comes to the distribution, exhibition and reception of movies” (Tryon, 2009). Bryan Sebok argues that digitization essentially transformed “Conglomerate Hollywood” into “Convergent Hollywood” once “filmed content moved onto computers and became increasingly mobile through digital delivery technologies” (Sebok, 2007: 105). “Convergent Hollywood” was the product of what Henry Jenkins calls “corporate convergence”, which he describes as the “commercially directed flow of media content” (Jenkins, 2006: 322) or, more comprehensively:

(...) the concentration of media ownership in the hands of a diminish number of multinational conglomerates that thus have a vested interest in insuring the flow of media content across different platforms and notational borders. (Jenkins, 2004: 116)

While the advent of digital technologies affect cinema in all fronts (production, distribution and exhibition), this dissertation will concentrate on the changes concerning distribution and exhibition. Douglas Gomery precisely identifies that the source of Hollywood’s economic power comes from “control of not just the production of feature films but their distribution and exhibition”. On the one hand, digital technologies (i.e. the Internet, DVDs, Blu-rays, tablets, smart phones, smart televisions and other computerized gadgets) have offered new platforms with which to create and maintain the entertainment industry’s architecture of immersion, accentuating the easy availability of entertainment content. On the other hand, digitization altered the contexts in which audiences consume films, therefore changing reception practices given the proliferation of screens on which to watch

¹ “Some have argued that Hollywood entertainment has always been global entertainment. Whereas many national cinemas respond to a relatively homogenous local market, Hollywood has had to factor in the tastes of a multicultural society” (Jenkins, 2004: 119-120).

² “A term that can refer to films produced using digital cameras, shown through digital projection, enhanced through digital effects, or distributed via the Web” (Jenkins, 2006: 323).

them. As the computer becomes an alternate screen for watching movies, as television is digitized through digital video (DVRs), recorders and video-on-demand (VOD), and as (more) digital streaming services such as Netflix start to emerge, the source of Hollywood's economic power is been threatened¹, both through the decline of theater attendance (overall, 2014 saw a 5% drop at the box office and but the summer box office, specifically², saw a decline of a significant 25%) and particularly of the home video sales (DVDs and Blu-rays). Additionally, the abundance of digital distribution and exhibition sites, the loss of medium specificity (which is based on the distinctive materiality of media) and even just the paradigm change from analog to digital in film culture, have changed the relationship between cinema and its audience: from the varying connection between a film text and its spectator (the fetishization or disposability of the film object), to the moviegoing and home viewing experience of a given film (given the wealth of options outside of seeing in a theater).

Media franchising, transmedia storytelling and deep media

This corporate and cultural convergence, characterized by the emergence of digital technologies and “interest in insuring the flow of media content across different platforms”, further encouraged corporate synergy (i.e. architecture of immersion) as well as blockbuster strategies. Henry Jenkins describes “synergy” as the “economic opportunities that emerge in a context of horizontal integration where one media conglomerate holds interests in multiple channels of distribution” (Jenkins, 2006: 333). This definition of synergy sees it as a product of media conglomeration, and is not far from the meaning Henry Jenkins attributes to “franchising”, which he describes as the “coordinated effort to brand and market fictional content within the context of media conglomeration” (Jenkins, 2006: 326). In *Media Franchising: Creative License and Collaboration in the Culture Industries* (2013), Derek Johnson identifies three different stages in the “institutionalization of franchise strategies and practices starting in the 1980s”: in the early 1980s, franchising was a way for companies to “multiply their production operations”; then in the late 1980s and early 1990s, it was a labor of “consolidated ownership”; finally, in the late 1990s,

¹ “DIY [“do-it-yourself”] filmmakers are creating their own distribution models, while challenging many of the standard practices associated with the distribution of indie films” (Tryon, 2009: 8).

² As observed in August 2014.

franchising encompassed conglomerate ownership as well as “more flexible production relationships” (Johnson, 2013a: 22). Derek Johnson’s focus on “production communities networked via franchise relations”, such as the creative management of science fiction franchises *Star Trek* and *Battlestar Galactica*, leads him to view franchise creativity as “world sharing”. My approach, however, will be more in line with the approaches of scholars like Kristin Thompson and Henry Jenkins, who address franchise creation and development in terms of “worldbuilding”, or “world-making”. Kristin Thompson employs David Bordwell’s term “worldbuilding”¹ to examine the rich realization of Middle-Earth within the *Lord of the Rings* film franchise. Along those lines, Henry Jenkins defines “world-making” as the “process of designing a fictional universe that will sustain franchise development” (Jenkins, 2006: 335).

In “New Hollywood, New Millennium”, Thomas Schatz supports the notion that the effects of digitization and media convergence (as well as globalization) have deepened Hollywood film industry’s dependence on “franchise-sustaining blockbuster hits” that are governed by a specific set rules, of which I foreground the following two: first, the “film should exploit or expand an established entertainment franchise”, in other words, it should come from a pre-existing source, preferably with an ingrained fan base; second, the story should be “too expansive to be contained within a single film” which, in turn, calls for “further elaboration in subsequent films and in other media forms as well” (Schatz, 2009b: 32-33). These aspects of the production of blockbuster franchises, especially the latter, point to a phenomenon Henry Jenkins identified as “transmedia storytelling”². Henry Jenkins describes “transmedia storytelling” as a collection of “stories that unfold across multiple media platforms, with each medium making distinctive contributions to our understanding of the world” (Jenkins, 2006: 334). The employment of the term “unfold” calls immediately to mind Gilles Deleuze’s “pli”, the baroque “bel composto” and the concept of “Gesamtkunstwerk”. In the same way that a film is a total work of art, a transmedia

¹ “Film historian David Bordwell has suggested that modern cinema has developed an approach called ‘worldbuilding,’ where filmmakers aim to create to create ‘a rich, fully furnished ambience for the action’” (Thompson, 2007: 84). Kristin Thompson is citing David Bordwell, *The Way Hollywood Tells It* (Berkeley: University of California Press, 2006), 58-59.

² While Henry Jenkins also uses the term “synergistic storytelling” (Jenkins, 2006: 103), he believes “transmedia storytelling” goes beyond the notion of corporate synergy, often more connected with merchandising and ancillary tie-ins, than with creative control over an expansive narrative.

narrative is a total work of synergy, coalescing certain technological and industrial infrastructures to narrative and aesthetic ambitions aimed at a primed (for reception) audience.

He also characterizes transmedia storytelling as a result of media franchising and “a more integrated approach to franchise development” (Jenkins, 2006: 334), while also underscoring the importance of the economic logic of media conglomeration in encouraging companies to “think in terms of synergies and franchises” (Jenkins, 2006: 108). In 2007, Henry Jenkins posts on his blog, “Confessions of an Aca-Fan”¹, a small compendium of essential aspect of transmedia storytelling, titled “Transmedia Storytelling 101”. He elaborates on the definition, now describing the concept thusly:

Transmedia storytelling represents a process where integral elements of a fiction get dispersed systematically across multiple delivery channels for the purpose of creating a unified and coordinated entertainment experience (Jenkins, 2007)

He reiterates transmedia storytelling as being a product of media conglomeration and synergy strategies — arguing that the “current configuration of the entertainment industry makes transmedia expansion an economic imperative” (Jenkins, 2007) —, and restates the importance of world-building, given that a complex world that “can sustain multiple interrelated characters and their stories” is more advantageous to the unfolding of a narrative across different media platforms than a narrative based on “individual characters or specific plots” (Jenkins, 2007). While Henry Jenkins elaborates further the concept in that post, expanding the definition and clarifying a variety of its aspects, I would like to, for now, focus on some of his more recent reflections on the subject of transmedia storytelling that provide further examination of the concept and its definition as well as its relationship with other concepts. In August 2011, Henry Jenkins posted “Transmedia 202/Further Reflections” not to issue a new definition but to provide “clarifications and reflections about definitions”. One of the clarifications he provides is the distinction between “transmedia storytelling” and “franchising”, whereas “franchising” and media franchises were “based on reproduction and redundancy”, “transmedia storytelling” as

¹ A playful combination of the words “academic” and “fan”.

he understands it, however, is “based on the further development of the storyworld through each new medium”. One of the points Henry Jenkins stresses is, when contemplating “transmedia storytelling”, the need to deliberate on the “relations between media and not simply count the number of the media platforms” (Jenkins, 2011b). Given the contemporary entertainment industry’s propensity for “sequential filmmaking” has led to the development of “several formats that internalize forms of repetition and continuation within narrative structures, such as sequels, remakes, series, trilogies and adaptations” (Jess-Cooke, 2012: 1). This leads Henry Jenkins to connect “transmedia” with the notion of “seriality”¹, arguing that while usually “transmedia stories are highly serial in structure” (Jenkins, 2011b), a narrative that simply possess a serialized narrative cannot be considered transmedia in nature.

Finally, I would like to include Frank Rose’s concept of “deep media”. While his book *The Art of Immersion: How the Digital Generation Is Remaking Hollywood, Madison Avenue and the Way We Tell Stories* (2012) deals inherently with this concept, I will defer to an interview Henry Jenkins conducted with Frank Rose, in January 2011, where the latter define this thoughts on “deep media” and its relationship with “transmedia” or “crossmedia”:

To me it’s mainly a question of emphasis. Are we focusing on the process or the goal? Transmedia, or crossmedia, puts the emphasis on a new process of storytelling: How do you tell a story across a variety of different media? Deep media puts the focus on the goal: To enable members of the audience (for want of a better term) to delve into a story at any level of depth they like, to immerse themselves in it. (...) That said, I think the terms are more or less interchangeable. I certainly subscribe to the seven core concepts of transmedia as you’ve laid them out. I also think we’re at an incredibly transitional point in our culture, and terms like “deep media” and “transmedia” are needed to describe a still-evolving way of telling stories. (Jenkins, 2011a)

¹ “Seriality would imply the unfolding of a story over time, typically through a process of chunking (creating meaningful bits of the story) and dispersal (breaking the story into interconnected installments). Central to this process is the creation of a story hook or cliffhanger which motivates the consumer to come back for more of the same story. Historically, seriality occurs within the same text” (Jenkins, 2011b).

The use of “immersion” coupled with “deep” media, gives an aquatic feel to his reflections, as if diving deeper into narrative or entertainment “waters” submerges the audience and immersion becomes a literal interpretation of its meaning as “the action of immersing someone or something in a liquid” (New Oxford American Dictionary). Frank Rose’s emphasis on the goal of “immersion” brings him to contemplate questions more in the realm of the blur between stories (narratives) and games (which he deems as having a “disruptive” effect, given how directly they engage their audience), going further into an examination into how to handle what he perceives as being a blur “between fiction and fact”, “author and audience, entertainment and marketing” (Rose, 2012: 8). Ultimately, the generator of this blur is the Internet (and, therefore, digitization in its paradigm shifting glory), which Frank Rose deems “so relentless about dissolving boundaries” (Jenkins, 2011a).

Framework

Thomas Schatz described the early 2000s as a distinctive period, stating that:

It remains to be seen whether the early 2000s [do indeed] qualify as a distinct historical period—“millennial Hollywood,” if you will—but even without the benefit of greater historical distance we can distinguish significant changes in the contours and overall configuration of the industry (Schatz, 2009b: 19-20).

The overview this dissertation has endeavored to produce deals with forces and changes that are, in some cases, very new and, in other cases, decades old. Concerning the latter instance, I try to draw a path that started 1) at the end of the classical Hollywood studio system, and 2) with the growth of the home video market in the 1980s, which was when the home-bound spectator began to exert control over what he consumed.

The journey entailed throughout this thesis, though, is one that reaches the immediate present. The historical closeness — or, better yet, the lack of historical distance — concerning some of the aspects studied in this dissertation has two sides. Some of the industrial and cultural forces studied are still in flux contemporarily. This

immediacy can work against a certain depth of analysis without the above-mentioned “benefit of greater historical distance” (Schatz, 2009b: 20). Still, I felt that there was a need to trace the evolutions analyzed up until their most recent developments. If cultural and media convergence can be compared to a machine, then its parts have been assembling since the 1950s, began working in the mid-1970s, developed steam in the 1980s/1990s, and is now the most recent, updated, modern, most well-oiled version yet. This dissertation is, thus, my attempt at producing a snapshot of the contemporary, preceded by an historical overview as far as three fundamental elements of the Hollywood film industry today: the process of conglomeration of the Hollywood film industry and its industrial and technological structures encouragement towards corporate synergy and media franchising, which followed the need to strengthen the market position of the film companies after the studios were no longer vertically integrated; the deepening dependence on what Thomas Schatz calls “a blockbuster ethos”¹ (Schatz, 2009b: 30); and digitization and its effects on home video distribution and digital content delivery, which, in turn, distresses how media and films, in particular, are consumed and experienced — anytime, anywhere technology that furthers the notion of media content being an enveloping force not longer even constricted to physical boundaries.

Chapter 1 surveys the framework of my analysis within specific bodies of scholarly literature, as well as methodological concepts and perspectives that will prove useful throughout this dissertation. As far as this study involves the examination of the Hollywood film industry both as an industry and as it encompasses a significant part of Hollywood’s history, this positions it squarely within the territory of media industries scholarship. As Michele Hilmes notes, the term “media industry” covers a wide range media, venues and academic sites of study, but (at least, within the United States) the most established body of work concerns radio, television, film and, recently, digital production. Within this broad scholarship frame, this thesis falls within the territory of film industry studies and Hollywood history (Douglas Gomery carves out a place within cinema studies for an approach regarding Hollywood as an

¹ The increasing reliance of the film industry on large-scale hits, from pre-sold properties, that not only promised big revenues but also allowed the studio to maintain its books in the black while recuperating production costs. This strategy has been developed since the post-war and the end of vertical integration. Distribution became the source of profitability of the film industry and blockbusters have been the anchors of the studios’ distribution schedules, especially since the industrial changes produced by industrial conglomeration.

industry), especially considered how much weight media conglomeration and convergence have within this study. A cultural studies approach is also taken and there are significant methodology concepts that arise from Henry Jenkins' work regarding convergence culture and transmedia storytelling. Inevitably, because this study focuses on the dominance of blockbuster films within the film industry landscape and, especially, franchise filmmaking, it was also indispensable to perform an examination of franchise filmmaking that includes a genre approach, not only because it tends to default toward specific genres (fantasy, sci-fi, comic book superhero fare), but also because genre itself can be conceived as a pre-sold property that fits the "high concept" rules that govern the blockbuster-driven industry.

In "Hollywood as industry" (1998), Douglas Gomery argues that the key question when considering the Hollywood film industry is how did it maintain its continued domination, essentially, throughout crucial technological advancements (i.e., coming of sound, color, diffusion of television and home video), the loss of vertical integration and recurring declines in theatrical attendance. The Hollywood historiography that I have undertaken employs an overview over the evolution of the film industry's mode of production, which considers its structure at both the macro-industrial level (the structure of the industry as a whole) and at the micro-industrial level (the film production of individual studios), and the evolution of certain kind of filmmaking style that anchors the Hollywood film industry as a whole. The second chapter, which reviews Hollywood history from 1946 up until the 1980s, focuses on how the Hollywood film industry endured, in the postwar, after the collapse of the industry's vertical integration, triggered by the Paramount Decree, determining the progression of the industry in order to secure its dominance given that the film studios had to forego their power as independent economic agents. In it, I traced the — to use architectural terms — the foundations of what would, contemporarily, become the modern studio system. The modern studio system had to be developed after the decline of the industry right after World War II and after the end of the studio system — by losing the exhibition arm, the studios became producers and distributors of film only. The emergence of television presented itself, at the same time, as real competition and potential ally and provider of additional revenue. As the film studios created television divisions and went into the television business, the first steps towards conglomeration were taken and the loss of autonomy of the studios was

followed by several mergers with larger corporations. This conglomeration of the industry would, inevitably, change its “product”. Additionally, another aspect of the contemporary film culture that started taking shape during this time was youth culture and youth-oriented filmed entertainment. By the 1990s, early 2000s, contemporary mainstream cinema was decidedly teen-driven (or, at least, aimed at a young demographic). This period of three decades after the WWII also encompasses the emergence of the New Hollywood, an era when the industry more than survived, it thrived, especially because of the success of *Jaws* (Steven Spielberg, 1975), a film that cemented the industry as hit-driven (from the get go, but especially since the early 1950s) and intensified the concentrated production of blockbusters. The blockbuster became the source of economic success and proliferation.

Chapter 3 follows up with the same macro and micro-industrial level approach to the 1980s, singling out this decade for a number of reasons. Into the 1980s, the film industry solidified many of the trends of the previous two decades. The 1980s were characterized by very significant changes to the industry structure. If the 1960s had seen a wave of mergers and acquisitions that placed many film studios into the hand of large conglomerates (some with very varied, miscellaneous portfolios), the 1980s saw a further conglomeration of the entertainment industry and the formation of mega conglomerates exclusively dedicated to media and entertainment-related holdings. This transformation in the structure of the entertainment industry at large also impacted corporate strategies. The word of the eighties was “synergy” (corporate cooperative interaction), a strategy employed to capitalize on all the adjacent divisions within the same conglomerate in order to take advantage of new delivery systems and receive additional revenue streams. The companies that held the bigger film studios had long been diversified, but the 1980s brought along a realization of the benefits of promoting their activities and narratives across an increasing number of outlets. The 1980s also saw the definite transformation of the film industry’s product. The film industry stopped being merely in the “film” business and began its tenure in the “filmed entertainment” business (feature films, theme parks, toys, video games, etc.), which encompasses not only films themselves but also a whole slew of nontheatrical, ancillary markets. Some of which, such as home video and cable television, ended up growing far beyond the “ancillary” status and became the real revenue providers for the industry — so much so that the theatrical run of films became a “loss leader”

compared to the success of the home video sector. Furthermore, the blockbuster formula¹ created by Steven Spielberg (*Jaws*, *E.T.*, *Indiana Jones*) and George Lucas (*Star Wars*) was perfect during the 1980s, a decade packed with genre (mostly fantasy and science-fiction) blockbusters, specifically (franchise continuing) sequels.

Closing the historical overview concerning the evolution and development of the industrial landscape of the Hollywood film industry, chapter 4 centers on the evolution from the New Hollywood period to the Conglomerate (and Convergent) Hollywood of the 1990s and into the 2000s and examines the stabilization of the “Big Six” oligopoly. In the early 1990s, globalization, already an important industrial strategy during the 1980s, became a growing element in the film industry’s economy. Aided by US media deregulation, conglomeration reaches its peak. New Hollywood transforms into Conglomerate Hollywood as the tightly integrated media companies of the 1980s merged into a *global* cartel of giant media conglomerates that dominates the (still²) expanding international entertainment industry. While Hollywood pictures had always traveled well, new markets opened, home video technologies spread and the major film companies exercise an international lock on distribution. Hollywood’s revenues increased so significantly over the course of the following years (and decades) that Hollywood blockbusters begun being much more tailored (i.e., productions been greenlit based on high concept or world famous movie star). Blockbusters, themselves, became the stimulating element of the Hollywood film industry’s convergence, conglomeration, digitization and globalization. In this environment, Walt Disney is the only company that has never been bought by a larger conglomerate and has turned itself into a media behemoth instead. The company buys Pixar Animation, Marvel Entertainment and Lucasfilm (all companies with a proven track-record of success). Through the 1990s, digitization begins to alter Hollywood (digital filmmaking, digital effects, non-linear post-production, digital projectors) and the emergence of the DVD technology, at the end of the 1990s and the beginning of the 2000s, not only marks the move of filmed entertainment onto computers but also the entrance into a period Bryan Sebok calls “Convergent Hollywood” (Sebok, 2007),

¹ While “*Jaws* sparked a widespread industry recovery that was fueled primarily by a new breed of blockbuster”, it was actually *Star Wars* that emerged as “the ultimate New Hollywood commodity — a hip-ironic, genre-blending, male action movie whose characters are essentially plot functions, and whose plot was strategically ‘open’ to reiteration, licensing, and serialization” (Schatz, 2008: 20).

² Particularly in China.

characterized by digitization and computerization, serialization, conglomeration, globalization and ancillary market diversification. Notably, digitation also increased filmed content's mobility through digital delivery technologies. Lastly, the prosperity of digitization also meant the growing positioning of the Internet as a viable (and popular) alternative visual and informational medium.

The following three chapters belong in the same thematic collection as they explore different, but simpatico, aspects of the convergence culture and twenty-first century Hollywood. Chapter 5 addresses the contemporary emergence of "convergence culture" (birthed from the industrial and technological changes observed during the previous chapters), an examination rooted in the research conducted by Henry Jenkins. His conceptualization of "transmedia storytelling", which upends previous notions of (corporate) synergy and media franchising, combined with Frank Rose's "deep media" is paramount to the development of an understanding of the idea of architecture of immersion. Additionally, supported by Thomas Schatz's extensive research, this chapter also includes an analysis of both the current mechanics conglomerate Hollywood and the film industry's contemporary mode of filmmaking, which privileges the development of mega blockbuster franchises. At the same time, the Hollywood film industry is still on the "favorable" side of the metaphorical digital mountain or, at least, is still in a relatively early stage of disruption caused, mostly, by the downfall of the home video sector ("brick and mortar" stores such as Blockbuster have completely collapse), as the consumer trend to prefer non-disc entertainment continues. This tendency is aided by the development of digital delivery platforms (Netflix, Video On Demand) and filmed entertainment piracy (Torrents, Popcorn Time).

One of the approaches the Hollywood film industry has exploited to combat the mutable entertainment landscape is to lean further into a blockbuster strategy and really bet on big movie *events*, sprawling franchises, nurturing "worldbuilding" narratives and the creation of shared universes. The ensuing chapter focuses on the evolution of the blockbuster, the large-scale feature film that functions as a (or *the*) cornerstone to a studio's distribution schedule. This historical examination goes back to even before the film industry became as heavily hit-driven in the post 1950s, with the roadshow picture, the youth picture and, ultimately, the fine-tuned blockbuster.

There is surely a focus on the blockbuster formula¹ as defined by the early-1970s, following the evolution of the formula throughout the 1980s and 1990s and the pursuit of successful follow-ups (sequels)². The late 1990s, early 2000s saw the ascent of the blockbuster trilogy, which presented feature films that were not simply sequels (revisiting of the same premise of the original film), but a complete story that was envisioned to play out in three parts³. This⁴ paved the way for blockbuster franchises, opening up the closed model of the trilogy to include the possibility of more films while still banking on the continuity established by previous films. This model is based on “serialization” and not simply “sequelization”. It also became the norm for large-scale films to be structured as “franchise starters” leaving plenty of room within their worlds, including lingering questions, to foster a sequel. If we look at the top-grossing domestic films of the past fifteen years, every single one has either been or set up a sequel. Additionally, while blockbusters are not confined to one particular genre, they do follow genre trends (fantasy and sci-fi in the 1980s, action in the 1990s) and the twenty-first century has been characterized by a plethora of comic book movies and a veritable superhero glut (Hollywood’s Heroic Age?), with film studios betting on the superhero genre, which has been held up as “the ideal model for the Hollywood blockbuster” (Gordon, Jancovich, and McAllister, 2007: vii). Superhero films, specifically Marvel Studios fare, have in turn changed how franchise filmmaking by introducing a narrative element previously belonging to the comic book medium: shared universes.

The subsequent chapter deals with the emergence and ascension of Marvel Studios and of the Marvel Cinematic Universe, a collection of franchises that introduced and, more importantly, proved profitable the shared universe model. In short, it focuses on Marvel’s transformation from superhero comics publisher to empire of film, television, and video game production based on the shared comic universe. The Marvel company has a history of venturing into franchise territory⁵ outside of its comic book universe with animated television series, toys, etc., based on

¹ “[A] pre-sold property (such as a best-selling novel or play), within a traditional film genre, usually supported by bankable stars (operating within their particular genre) and director” (Wyatt, 1994: 78).

² *Lethal Weapon*, *Die Hard*, *Beverly Hills Cop*, *Back to the Future* and many more.

³ *Star Wars* (both the original trilogy and the second one), *The Matrix*, and *Lord of the Rings*.

⁴ And the success of the *Harry Potter* franchise.

⁵ The concept of media franchising entails “a migration to the media industries of market logics from other business sectors” (Johnson, 2013a: 6).

Marvel's intellectual property, its characters. Marvel's forays into feature film production, following a reemergence from bankruptcy in 1998, were based in a licensing business model. Once the company realized the economic potential of its films, however, Marvel began to consider having more control over its production and, consequently, over the profits. By 2005, the recently created Marvel Studios received a line of credit to fund two feature film productions — *Iron Man* (Jon Favreau, 2008) and *The Incredible Hulk* (Louis Leterrier, 2008) — putting the unproven film studio in the peculiar position of being, essentially, an independent studio producing blockbuster fare. The success of the Marvel Studios in a span of eight years is unparalleled, as the film studio has actually transformed contemporary franchise filmmaking, specifically by compelling other studios (Sony, Warner Bros., Paramount) to follow Marvel's shared universe model, which features standalone franchises that crossover in one big team-up movie such as Marvel's *The Avengers* (Joss Whedon, 2012). Moreover, the Marvel Cinematic Universe, which is how the shared fictional universe and media franchise is known, is the most profitable franchise of all-time, with currently 12 films released and a total gross of \$3, 594 billion dollars (domestic and unadjusted figures), putting the MCU ahead of the *Harry Potter*, *James Bond* and *Star Wars* franchises. Finally, the MCU has positioned itself as an expanding (with each new film) intertextual body of works that fits the transmedia storytelling model that is encouraged through the combined forces of convergence, corporate synergy, digital technologies and the international market.

Finally, like the previous three chapters, the ensuing three chapters belong in the same thematic collection as they explore different, but (once again) connected, aspects of cinema in the digital age. The sixth chapter tackles the emergence of digital technologies, the impact it had on the cinematic apparatus and the subsequent loss of medium specificity and what kind of changes derived from the arrival of video and digital technologies to the spectator's home. As movies ceased to be confined to film stock and were able to be viewed through different technologies (videos, DVDs, digital streaming websites), the relationship of the viewer and the film object were completely altered. Medium-specificity is based on a distinct materiality of the artistic object and digital technologies grant immateriality. Inevitably, this line of thought leads to questions regarding the death of cinema (or film culture), digitextuality, a different interaction with the film text and its mobility across (now digital) platforms.

The subsequent chapter focuses on the emergence of the home entertainment business in the late 1970s and early 1980s, which had been examined thoroughly, and the evolution of the sector of the filmed entertainment industry. Home entertainment is part of convergence culture and fostered the mobility of cinema through different platforms (With its specific release window) and across the globe. At the same time, the home video market actually reinforced the industry's blockbuster strategies (home entertainment is just as hit-driven as theatrical output), corporate synergy and media conglomeration (through government deregulation). The arrival of the DVD transformed the home entertainment sector (making it grow significantly upon the introduction of the new technology), the viewing experience of a film at home and the determination to make the experience paradoxically closer to the theatrical experience (unprecedented image quality) and more interactive (control over and access to content) — seeing as the DVD is a result of media convergence and digitization. Notably, the DVD technology also altered the filmed entertainment distribution business by launching a new era of digital content distribution.

Lastly, the final chapter deals with the aforementioned appearance of digital content distribution. As medium-specificity is shattered by digital technologies, it renders film immaterial but, at the same time, much more mobile than ever before. Filmed entertainment is now available through a myriad of platforms and formats thanks to digital technologies: DVD and Blu-ray, Video On-Demand (VOD), digital streaming sites such as Netflix, Amazon, Hulu, transforming these digital venues into veritable “online multiplexes”, which in turn threaten not only theatrical release and distribution¹ but also the home entertainment sector: 2014 was the first time Americans spent more on digital video providers than physical discs to get their filmed content. As consumers are more comfortable with purchasing digital copies or subscribing to digital streaming sites, it not only creates a shift in the marketplace but it also alters the relationship between consumer/viewer and the film text. Not only is filmed content more accessible than ever through more platforms than ever before, there is also a disposable quality attached to digital viewing than differs from the cinephile fetishization that physical objects provide. Netflix has been the most

¹ Many independent films have adopted a day-and-date release where a film is available both in theaters and through VOD.

successful, for far, of these digital streaming sites as it has battled to become a definitive player in both the television and film distribution realm. Netflix has begun to create its own television content and broken the barriers of what is television and how a spectator watches a television series by encouraging binge-viewing. Netflix has also stepped into film distribution buying rights to distribute films *theatrically*. These changes in distribution, exhibition and viewing habits have begun to modify notions of what is television and what is cinema, further erasing medium-specificity. The serial nature of contemporary entertainment (especially notable in superhero film franchises) also contributes to this blurriness between media. As “films have become files” (Bordwell, 2012: 12), questions regarding obsolescence and film archive have also arisen. As film becomes merely “content” in a sea of digital entertainment, what remains? Is this the time to change nomenclature?

Theoretical Perspective and Methodology

I would like to get into more detail as far as the approaches and perspectives that will inform this project as I think it is important to state coherently within which parameters this study fits into.

Convergence Culture

In *Convergence Culture: Where Old and New Media Collide* (2006), Henry Jenkins defines what convergence culture is in the most useful fashion for this dissertation. The subsequent definition is for what “convergence” itself means, according to Henry Jenkins:

A word that describes technological, industrial, cultural, and social changes in the ways media circulates within our culture. Some common ideas referenced by the term include the flow of content across multiple platforms, the cooperation between multiple media industries, the search for new structures of media financing that fall at the interstices between old and new media, and the migratory behavior of media audiences who would go almost anywhere in search of the kind of entertainment experiences they want. Perhaps most broadly, media convergence refers to a situation in which multiple media systems coexist and where media content flows fluidly across them. Convergence is understood here as an ongoing process or series of intersections between different media systems, not a fixed relationship. (Jenkins, 2006: 322)

Similarly, In *Cinema Studies: The Key Concepts* (2013), Susan Hayward synthesizes that the term convergence refers to the “widespread use of all new forms of media” (Hayward, 2013: 91). Especially when regarding convergence within the film industry, it encompasses everything from film production, exhibition and distribution: from “new film practices” to “new delivery, distribution and exhibition systems” (Hayward, 2013: 91) afforded by digital technology. It also includes “all aspects of digital media, social networking media, internet and blogging” (Hayward, 2013: 91). Susan Hayward further states that this concept of convergence also includes “‘chatter’ surrounding films” (Hayward, 2013: 91), whether these debates are

held on dedicated websites, blogs or any social networking platforms, across the Internet¹. Focusing on the abovementioned transformations relating to the flow of media content, Henry Jenkins places great importance on “consumers’ active participation” as there have been changes regarding the relationship that audiences have with filmed entertainment:

I will argue here against the idea that convergence should be understood primarily as a technological process bringing together multiple media functions within the same devices. Instead, convergence represents a cultural shift as consumers are encouraged to seek out new information and make connections among dispersed media content. (Jenkins, 2006: 3)

I would argue that spectators have turned into active (and discerning) consumers, especially since the home entertainment sector began to flourish. Nevertheless, convergence culture has seen the transformation of audiences into active participants effectively increasing audience engagement² with media content. Henry Jenkins assigns new forms of media spectatorship to a new “participatory culture”, which he essentially describes as a culture within which “fans³ and other consumers are invited to actively participate in the creation and circulation of new content” (Jenkins, 2006: 331). While the author uses this term and acknowledges that the era of convergence culture includes forms of audience participation, he uses the concept of “participatory culture” to contrast with what he calls “older notions of passive media spectatorship” (Jenkins, 2006: 3). By framing convergence as

¹ Additionally, Susan Hayward comments that “we are no longer in the world of word of mouth, a very slow process of information flow; now the chatter is very fast indeed, a matter of seconds in fact” (Hayward, 2013: 92)

² Henry Jenkins argues that “engagement” is an “elusive concept deployed within the entertainment industry to talk about a desired relationship with consumers” (Jenkins, 2006: 324). It can signify viewer “loyalty”, attentiveness, or the consumption of “additional transmedia materials” (Jenkins, 2006: 324), usually supported by ancillary markets. In my understanding of the term “engagement” or the characteristics of an engaged audience, it involves a consumer (or viewer) whose interest and attention is held by the media content in question, and who may even actively participate in fan culture — which Henry Jenkins describes as culture that “is produced by fans and other amateurs for circulation through an underground economy and that draws much of its content from the commercial culture” (Jenkins, 2006: 325).

³ In *Textual Poachers: Television Fans and Participatory Culture* (1992), a seminal book concerning media fandom and fan studies, Henry Jenkins regards fans accordingly: “Rejecting media-fostered stereotypes of fans as cultural dupes, social misfits, and mindless consumers, this book perceives fans as active producers and manipulators of meanings. (...) The fans’ response typically involves not simply fascination or adoration but also frustration and antagonism, and it is the combination of the two responses which motivates their active engagement with the media” (Jenkins, 1992: 23).

something that happens “within the brains of individual consumers” who construct it “from bits and fragments of information” (Jenkins, 2006: 3), Henry Jenkins explains why the consumer is motivated to generate a conversation regarding the media each consumes, therefore enlisting the consumer as a creator of “buzz”.

Within this framework, we see multiple reconfigurations of concepts such as “text” or “commodity”. Films, or film texts, have not only become part of what is referred to by Stephen Prince as “filmed entertainment” (Prince, 2002: xi), a broader categorization that encompasses film and the home entertainment sector (through media conglomeration, which has increased the Hollywood film industry propensity toward being a blockbuster-driven industry), but have also become what David Marshall calls an “intertextual commodity” (Marshall, 2004: 87) that extends wells beyond the film text. Anna Everett and John T. Caldwell’s neologism “digitextuality”, which combines “digital” with the notion of intertextuality defined by Julia Kristeva, speaks to the easiness with which digital technologies permit the manipulation of texts “through the absorption and transformation of other texts” (Everett, 2003: 7). Media culture becomes a “metasignifying system” (Everett, 2003: 7). Furthermore, Susan Hayward summarizes the meaning of intertextuality as being, literally, “texts referring to texts, or texts citing past texts”, which positions intertextuality as a “relation between two or more texts which influences the reading of the intertext” (Hayward, 2013: 226). The expression “intertext”, in turn, designates the “present existing text, which, in some part, is made up by reference to other texts” (Hayward, 2013: 226). Films are inherently, specifically if they are of the blockbuster or “high concept”¹ variety, “texts referring to other texts, an intertext in whose presence other texts reside” (Hayward, 2013: 226). Having said this, the reconfiguration of a film text as part of what Marsha Kinder calls a “supersystem of entertainment” and, specifically, one that is marked by “transmedia intertextuality” at that (Kinder, 1991: 1), is an inevitable evolution.

¹ Since part of the elements of a blockbuster is being from a “pre-sold property (such as a best-selling novel or play), within a traditional film genre” (Wyatt, 1994: 78). Genres, themselves, work within specific parameters. As Leo Braudy writes in “Genre: The Conventions of Connection”, the genre movie “involves a complex relation between the compulsions of the past and the freedoms of the present” and is always committed to “pre-existing forms” (Braudy, 1999: 616). It is an undeniable intertextual commodity given that the genre movie “can exist both in itself and as the latest in a line of works like it, picking and choosing among possible conventions, refusing one story or motif to indulge another, avoiding one “cliché” in order to show a self-conscious mastery of the cliché that has been avoided” (Braudy, 1999: 616).

The placement of the film industry within what Thomas Schatz describes as “an expanding intertextual system (...) due to the combined impact of convergence, synergy, digital technologies, and the worldwide marketplace” (Schatz, 2009a: 53), opens to new developments in franchise filmmaking. Particularly, in terms of encouraging the proliferation of the “transmedia storytelling” model that began with *Star Wars* and *Batman*. This modern model of synergy is a result of macro (convergence, conglomeration, digitization) and micro-industrial (new entertainment sectors and corporate players) dynamics that affect (and represent) a particularly complex phase in the history of Hollywood film industry.

Film History

Concerning my deployment of a film history approach, I will employ it because I feel it is necessary to create historical connections between aesthetic, technological, economic and social elements so as to determine roots and tendencies in a larger, broader understanding. Since I plan to use a multi-perspectival approach (as mentioned above) in order to enrich my study, it is important to integrate a historical analysis with other forms of media studies. Some of the questions that I will contemplate are, for instance: What accounts for historical change in film? What is the relationship between past and present, what can we learn from it? What are the recognizable trends and tendencies? I will be delimitating a specific period — albeit a very close one — encompassing the last decades to analyze in detail the events that have been changing the landscape of how we view cinema; the constant struggle between the announcement of its “death” and the praise for this “revolution” or “rejuvenation.”

In the book *Film History: Theory and Practice* (1993), Robert C. Allen and Douglas Gomery talk about the usefulness of the historical study of film. They say that it is concerned, not with *the* whole history of film, but what we think we know about how cinema has developed historically, in reference to past events. Though they acknowledge that to some film historians, film history is based upon the study of films — or film texts. That decision, however, leaves aside important factors such as

the social, political, and economic contexts that surround those films. They do not exist in a vacuum and are meant to be produced and consumed within specific historical contexts. Thus, cinema is not merely a collection of films, that are the product(s) of a complex set of systems that interact with one another, like human communication and social interaction, business practices, technology, and, also, artistic sensibilities. There needs to be accountability towards film as far as a technology, an industry, a system of “visual and auditory representation” (Allen and Gomery, 1993: 37), and as a social institution. There are four strands of film history to be taken into consideration: aesthetic film history, technological film history, economic film history and social film history. The key issues that will be tackled in this dissertation call for an economic and technological film history. The former because it incites the examination of how the elaborate set of businesses that produce, distribute and exhibit films operates; and the latter because it traces the origins and developments of specific technologies that transformed the Hollywood film industry and its business.

Alas, the “very effect of interpretation makes cinema a mirror in a second sense, for it displays the face not just of those whom the movies are about but of those who make and watch the movies” (Dudley Andrew, 1998: 182). Concerning the selection of the film texts to be studied and analyzed, there is a necessity, from the get go, to accept the role interpretation may play in the selection of the films it studies. That selection must obviously promise to respond most fully to the interrogations of the study, displaying their importance. The criteria I will use, for the selection of movies that I will study, is being a (high concept) blockbuster (i.e., an “event film,” a “tentpole picture”); belonging to film franchise and to a specific genre category (superhero, fantasy, sci-fi, etc.); and, finally, belonging to a transmedia story.

Cultural Studies

When talking about cultural studies and film, these fields have benefited from the level of seriousness it has been awarded to popular culture since the 1950s and 60s. There was a spread in mass media entertainment, the teenager was established as a market category, as well as the event of an “Americanization” of Western culture

because the export of mass entertainment's products. In the case of film studies, it is primarily based on an interpretative method (textual analysis). However, the history of cultural studies has been seen to move from the text to the analysis of the audience, to the mapping of the discursive, economic, and regulatory contexts.

Bearing in mind that cultural studies are, inherently, interdisciplinary, Julie D'Acci, in "Cultural Studies, Television Studies and the Crisis in Humanities" (2004) formulated a methodological framework she calls "circuit of media study" (D'Acci, 2004: 432), an integrated approach to media studies, and one I will be using in my methodological approach seeing as she framed it as a basis from which to think about media, instead of a closed equation. Julie D'Acci describes this circuit with four elements: the production of a cultural artifact, the cultural artifact itself (for instance, a film), the reception of such cultural artifact and its socio-historical context.

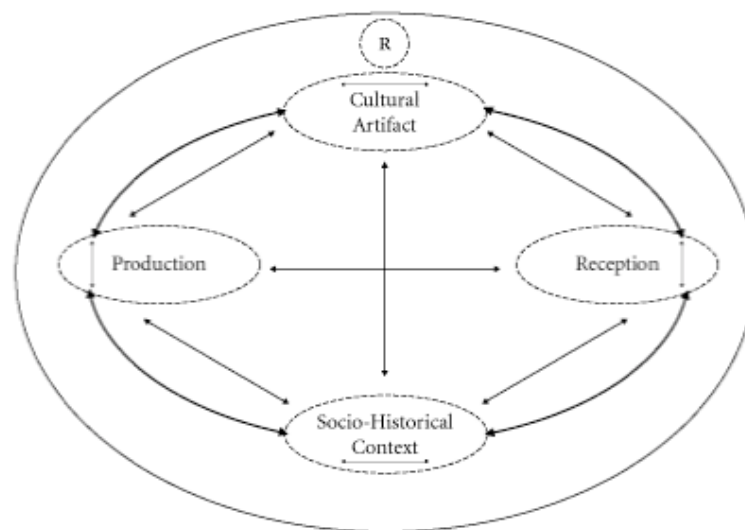


Figure 1: Circuit of Media Study

These sites are drawn with porous lines to guarantee they are not viewed as “self-contained and fully constituted domains.” This model also guarantees the representation of the articulation (interior, thinner arrows) between/among/within the sites. The R above them represents either the researcher or the receiver, because each one can produce a version of the object and articulations. The remaining arrows represent the specific research question R has and how the analysis travels around the loop/sites and is, therefore, not limited but circular. Julie D'Acci sees each site as “marking out a convergence of discursive practices which are themselves

convergences of meaning and matter” (D’Acci, 2004: 433). Also, and unlike (some) scholars that have a political economy approach, according to Julie D’Acci, for critical examination of economic implications (or the operations of money), one does not need to look solely to the site of production. She goes on:

A cultural studies analysis, for example, could concentrate on the site of the cultural artifact and examine the high-budget or low-budget production values — capital transformed into style — evident in the formal dimensions of particular programs; or it might focus on reception and investigate the various in-home technologies — capital as domestic goods — of viewers from different socioeconomic strata. Conceiving the sites in this way can illuminate the reasons why more in-depth work on aspects of the individual sites (in addition to their interrelationships) needs to go forward under the cultural studies banner. (D’Acci, 2004: 434)

This to underline the importance of a cultural studies approach that is not, as John T. Caldwell criticizes in *Televisuality* (1995), “deindustrialized”¹ (Caldwell, 1995: 24). Instead, Julie D’Acci defends the importance of “industries and their specific economic imperatives” in the four-site model² given as “cultural artifacts, reception, and sociohistorical context cannot truly be conceived or understood apart from the specific conditions” of media production (D’Acci, 2004: 434). As Thomas Schatz similarly explains, there is a “complex interplay of film style and mode of production”, where filmmaking practices are heavily shaped by industrial factors. Therefore, questions of mode of production are vital in both film and television studies.

Media Industry Studies

Most of the scholars that work with media industry studies come from a cultural studies background or training, so these critics are well aware of the

¹ John T. Caldwell censures an approach to “cultural studies, at least in many of the tenets and objectives of academia and when it focuses, [that] tends to gloss over one of the most important components of televisuality—the industry” (Caldwell, 1995: 24), essentially placing a contextualization of a medium and its products (whether television and television programs or the film industry and movies) within their specific industrial structures as an key component of a cultural studies-based methodology.

² Julie D’Acci emphasizes that “a four-site model does not mandate that each site be examined fully for each and every analysis or research question; rather, it simply illustrates the point that the operations and effects of each should be considered” (D’Acci, 2004: 434).

interaction between economic and cultural powers. For them, this is a methodological approach that has produced a more critically informed media studies paradigm:

It is perhaps predictable that the study of the media as industry should take on a more prominent role in cultural studies research at this particular historical juncture. As digitalization and globalization have been transforming our relationships with media, as well as the quantity, quality, and diversity of mediated texts themselves, industrial practices have moved closer to the center of our understanding of contemporary media phenomena. (Havens et al., 2009: 235)

There have been previous attempts to add an industrial dimension to the study of cultural operations and practices, specially using political economy approaches. In the case of this particular research, I am focused on the production of entertainment, and most political-economic theories are based upon the industrial analysis of news. The focus of this approach is on the large and complex operations of media institutions and industries and address concerns (among other) regarding “the means by which the relationships between industry, government, text, and audience can be conceptualized” (Holt and Perren, 2009: 3). This way, media industry studies offers up a framework for analyzing industry within media conglomerates operating at a global level. This approach functions as a component of intersection between cultural studies and media studies, being such a valid practice as (Havens et al. hope will become) textual or reception analysis practices within cultural studies.

How does culture come into consideration for media industry studies? In an anthropological sense, by examining the business culture of the media industries, but, also, in an aesthetic sense, where it is after understanding how certain texts (film texts, in this case) arise from and/or reshape industrial practices.

Some of the methods of this framework include the “helicopter” (overview of a situation) level view of industry operations; focusing on agency; Gramsci theory of power; a view of both society and culture through structuration and articulation. For Havens et al., these are particularly suited for examinations of media and its industries function as cultural institutions and culture-producing entities. As with cultural studies, a media industry study will view the need to take popular culture seriously

(the entertainment culture has been called “escapist” or “low”), while understanding how difficult and complex it is defining what “culture” is. Components of culture such as discourse, subjectivity and textuality are also of critical importance. Thusly, a critical media industry studies approach still explores the corporate dimensions of the media as cultural system while relating it to the actual production and operation of the cultural artifact.

A proposed method for this approach are case studies which examine the interrelation between *strategies* and *tactics*. *Strategies* being “larger economic goals and logics of large-scale cultural industries” and *tactics* being “the ways in which cultural workers seek to negotiate, and at times perhaps subvert, the constraints imposed by institutional interests to their own purposes” (Havens et al., 2009: 247). I will use this method to analyze the changes and current situation of not only the film industry at large, but also, specifically, the branch of exhibition that has been revolutionized by the digitization of the last decade(s). Textual and discursive analysis of industry trade publications, regulatory debates are a few of many potential research sites. If there is a history of industry studies in media that tends to focus on news production, there needs to be an effort to focus on capturing popular trends in entertainment culture and analyze their specific narrative and genre conventions for both contribute to the purpose of attracting audiences.

[In] an era of technological convergence, DIY media projects, and the acceleration of global production and distribution strategies. As new content windows proliferate and audiences continue to fragment (locally and globally), members of the industry are negotiating ways to simultaneously apply old rules to a new game while exploiting the potential to revolutionize both content and economic gain. The type of research we are advocating is integral to analyzing an industry in flux (Havens et al., 2009: 250).

Conglomerate Hollywood

This is a concept that I will be applying quite a bit, since it comes from an author I will thoroughly analyze. Thomas Schatz in “New Hollywood, New Millennium” (Film Theory and Contemporary Hollywood Movies, 2009) mentions that there is a growing interest in media industry studies that comes from the will to examine the interplay between media production and its products and the powers that shape that production.

For Schatz, Conglomerate Hollywood (that grew from the New Hollywood of the 1970s and 1980s) is the result of a “triumvirate of macro-industrial forces”: conglomeration, globalization and digitization. It is the “culmination of a merger-and-acquisition wave and the consolidation of US media industry control in the hands of a half-dozen global media superpowers,” where the film, television and home entertainment departments are woven into a coherent system. This structural imperative only came into full form in the 2000s, although in the past two decades conglomerate ownership became the deciding factor for success, or even survival, prospects. This ownership (of the traditional major studios) is how control is exercised. The “Big Six studios” now correspond to the “Big Six media conglomerates” that have their hegemony over the American film and television industry. These media conglomerates form a cartel of media giants (Time Warner, Disney, News Corp, Sony, Viacom and GE) that own the six major film studios, all broadcasting television networks and majority of cable networks, plus print publishing, music, computer games, consumer electronics, theme parks, resorts, the whole entertainment holdings. Filmed studios are now just conglomerates’ divisions of “filmed entertainment” (Stephen Prince, 2002). Media conglomeration and globalization acted in a mutually reinforcing kind of way. The overseas market became to the 1990s what the home video market had been to the 1980s: a secondary market that suddenly produces more revenue than the primary domestic theatrical market (Tino Balio, 1998). As the foreign markets really take off — having the blockbuster as the principal catalyst — the economic stakes soar.

The study of Hollywood is, in itself, complex, however simplified by due to

the fact that Hollywood has been (since the 1920's) a force that has dominated the industry. The particular focal point of study for the history of film industry has to begin with Hollywood given that this industry "forced all other national cinemas to begin by dealing with the power of Hollywood as an industry" (Gomery, 1998: 245).

The thing about Hollywood is that it is, first and foremost, an industry (even though some films can be an art) and so it is also a collection of profit-maximizing corporations in charge of three fundamental components: production, distribution and exhibition of feature films. Its economic power derives from control of not just the production but also of distribution of films across the globe and their exhibition. For a thorough critical debate, a historian has to "find better accounts of changes in finance, ownership structure, corporate actions, modes of production, internal distribution, and new technologies of presentation" (meaning, exhibition) (Gomery, 1998: 251). Douglas Gomery urges, as well, the need to challenge preconceived notions such as "the significance of the studio system, the explanation of the control of Hollywood", and, most importantly: the "identification of the appropriate analytical focus for the study of Hollywood" (Gomery, 1998: 251). This is because the US film industry has been reduced to Hollywood as a "single industrial centre" which can be misleading because the focus is on the part of filmmaking while removing from the equation distribution and presentation. Since the end of the (first) World War, the US film industry power has rested on its control over international distribution.

Genre Studies

According to Graeme Turner, in "Cultural Studies and film" (1998), one of the steps towards the legitimization of film studies was the "renovation of conventional understandings of film genres which dispelled some of their pejorative connotations" (Turner, 1998: 196). This way, film studies were able to organize itself by: the evaluation of a single film text, finding the signatures of individual auteurs, and chart the trajectories of film genres and movements due to the variations in the patterns of their textual properties. Therefore, cinema ceased to be regarded as an aesthetic object and was increasingly the subject of exploration as a signifying system, which had cultural, psychological and technological bases. By the mid 1970s, cultural studies

were trying to develop systemic models to undertake the analysis of a wide range of textual forms. The objective of cultural studies was to “target the nature of the political interests served by the patterns of meaning or strategies of representation such analysis uncovered” (Graeme Turner, 1998: 196). In other words, they were interested in the processes that produced texts and audiences. This led to the production of criticism that has been socially and culturally informed, while still maintaining a clear notion of a text’s *worth*, which can help explain what it is that compels audiences to a particular text — aside from ideological reasons.

One of the important aspects of genre categories is that they are defined by codes and conventions, though it is more than mere genre cataloguing (i.e., merely indicating to which generic category a film might belong to without further examination). Genre involves not only a certain type of film but it also has implications as far as audiences expectations and investment. There are also very specific institutional discourses that feed into and from genre structures. There’s a triumvirate of factors surrounding genre: generic marketing, generic production and generic consumption, which includes audiences, critics and reviewers. Even though genres function according to determined conventions, these are not fixed and unchanged. On the contrary, they evolve and are transformed by economic, technological and consumption factors. They are, at the same time, conservative and innovative, though always responding to *expectations*, whether from the industry itself (repeating formulas while introducing new technologies that modernize the genre and its conventions) or from the audiences (who expect familiarity as well as some degree of creativity and originality).

Since mass culture is not homogenous but, in fact, it is very much fragmented into different sectors of audiences that need to be reached, we can now say that “popular culture is generic” (Hayward, 2013: 182). Cinema itself is not generically pure (rarely, at least, if at all), even dealing in its heritage (vaudeville, theater, photography, novel...). As Steve Neale argues, in “Questions of Genre” (1990), it constantly refers to itself as a cross-media generic formation (Neale, 1990: 62). Genres also produce sub-genres, which renders definitions blurred. Genre is, usually, ingrained by the economic imperatives of the industry they are inserted in (film industry), in addition to audience preferences and the context and social, historical

and political realities of any given period.

In “Genre: The Conventions of Connection” (1999), Leo Braudy defends that, unlike “timeless” classic films genre is a perfect barometer of the social and cultural concerns of cinema-going audiences crystalized on film.

The only test is its continuing relevance, and a genre will remain vital, as the western has¹, and the musical has not, so long as its conventions still express themes and conflicts that preoccupy its audience. When either minority or majority art loses contact with its audience, it becomes a mere signpost in history, an aesthetic rather than an art. (Braudy, 1999: 616)

The “failure” of a genre film may be due to the fact that its audience may feel it does not adhere to the (right) conventions or is out of touch with the times. So you see, the conventions that fully form a genre can be switched, changed, subverted, bent, broken, parodied, and there can also be an overlapping of genres. And since what defines a genre is connected to audience expectations, then audiences have a role in the process of change through the reading they can make of film texts.

Structuralism was an important theoretical framework for genre studies since it relocated genre into a wider set of structures (genre is all about structure) but also reconciled and moved forward the auteur/genre debates, while clearing up the misjudgment that they are mutually exclusive. As I have stated above, genre films are closely tied to the context of production and possess an awareness regarding the audience’s expectations. Thus, it needs to be discussed in relation to the structures that sustain it. Even though there are various possible readings of a particular text (within a genre), there is usually a preferred reading (a regulation between memory, expectation and desire). There is a degree of ostentatiousness that makes an audience recognize the elements of the desired regulation: a specific use of technology, narrative, iconography and/or stars. Even the particular kind of technology that is used defines can define a film genre: a western will use CinemaScope, a science fiction film will use special effects. The use of technology regulates desire and the absence of

¹ This essay by Leo Braudy, included in *Film Theory and Criticism: Introductory Readings* (1999), belongs to his book *The World in a Frame: What We See in Films* published in 1976.

these components may frustrate expectations. Genres are ultimately inter-referential and intertextual.

The Hollywood film industry produces a cinema of genres (westerns, musicals, melodramas, thrillers, etc.) and of stars, and that's how its image has been defined for the audiences. This characteristic landed Hollywood harsh criticisms due to the standardization of pictures whose generic structures prevent creative and artistic achievements. Having said that, from the 1960s forward, genre was viewed differently, as more of a "useful disciplined framework" (Tom Ryall, 1998: 327) or, at least, "a necessary conceptual tool." However you put it, there's a need to understand genre as a concept and a need to define individual genres. As far as the literature that exists on the subject it is as ample as it is multifaceted: structuralism, economies of desire, literary criticism, art history, semiotics, anthropology, discourses of the film industry, journalistic film criticism/reviewing, to name some. Although there is some basic terminology concerning convention, iconography, recurrent patterns, audience expectations and a generic typology of modes (westerns, thrillers, *noirs*, etc.), there are different models, different sets of assumptions and different theories concerning the generic system of Hollywood films and its individuals films' specificities. Ultimately, all communicative forms are supported by systems through which they acquire significance and meaning.

The modern studio system

As Douglas Gomery has written in his article “Hollywood as industry”, in *The Oxford Guide to Film Studies* (ed. John Hill and Pamela Church Gibson, 1998), the study of the Hollywood film industry is relevant, not only because it sets the limitations within which aesthetics, ideology and reception have to operate (even if it does not, directly, determine those characteristics), but more importantly because, as complex as the study of the industry itself can be, the United States film industry has dominated the world film market. This way, qualitative criteria aside, a proper history of film industry must, at least, begin with Hollywood for it has forced “all other cinemas to begin by dealing with the power of Hollywood as an industry” (Gomery, 1998: 245). Its place as, first and foremost, an industry establishes the American film industry as an assemblage of profit-maximizing corporations, consisting of three core components: the production of features, the distribution of these features to the widest audience possible (Hollywood has been especially far-reaching, and for a very long time), and the presentation of aforementioned features in cinema theaters and at home. This collection of major studios came to dominate and control these three core components and even though Gomery identifies four key periods, this research will focus mainly on two of them: the “television broadcasting age” (Gomery, 1998: 247), which begins with television’s rise in the 1950s (insofar as its relationship with the major studios of the time and what that synergy meant for the future of the film industry), and the New Hollywood era, with its rising “blockbuster ethos” (Schatz, 2009b: 30), that emerged in the mid-1970s.

When we think about the studio system era, we think of the “Golden Age,” a period that encompasses the 1930s and the war boom of the 1940s. By then, the structure of the industry belonged to The Big Eight, which in reality were more accurately divided between the Big Five (Paramount, MGM, 20th Century Fox, Warner Bros., RKO) and the Little Three (Universal, Columbia, United Artists). They functioned as fully *vertical* integrated studios, which means that the studios controlled the three components (production, distribution and exhibition) of the film industry — this total control was later revoked by the antitrust laws of the late 1940s. The American film industry had been consolidated as an oligopoly by the 1930s. While

Hollywood had established a factory-like system to regularly produce and distribute feature-length pictures, shorts and newsreels (Staiger 1982), it was “theatre ownership rather than studio production” (Gomery, 1998: 247) that really defined Hollywood’s control and status. The bigger studios controlled the picture palaces in all the downtown areas and took usually 3/4 of the overall box-office receipts. After this first-run absorbed as much money as possible, the smaller studios — Universal, Columbia, and United Artists¹ — had the opportunity of showing the movies in a second run that could be months, or years, after the initial release.

Thomas Schatz argued in his article “Film Industry Studies and Hollywood History”, in *Media Industries: History, Theory, and Method* (2009), there are three macro-industrial tendencies that have consistently shaped the evolution of the film industry, even though its structure has been transformed over time: the above mentioned oligopoly and integration, but also distribution control. At this particular time, integration is meant to define vertical integration, however when antitrust restrictions eased and new technologies arrived, the studios became horizontally integrated as well. Not only will the studios own (in the 1980s) multiple content providers (i.e., film and television studios that produced entertainment content) but they will also own multiple “delivery systems” for the content they produce (theater chains, TV stations, cable systems, home video, etc.). Both vertical and horizontal integration are related to the need to have distribution control because then the studios have utter control of the flow of content in the market.

This was vital to studio hegemony during the classical era and their postwar survival as well, when antitrust rulings and the rise of television impelled the studios to rely more heavily on distribution (Schatz, 2009a: 46).

Despite the fact that these antitrust rulings effectively dismantled the studio system and despite the fact that the Federal Communications Commission (FCC) imposed that the film studios and the television industry be kept separated, there were still many things changing in the structure of how Hollywood did business back then that paved the way to the rather complex structure of the contemporary film industry.

¹ These studios belonged to the studio system but could never match the other five because they did not own the top theaters, devoted to exclusive first-runs.

It is important to take a look at the various changes that have occurred to better understand how we got to where we are today and to best identify the trends that have been consolidating since the end of the studio system. Up until 1947, seven studios, that had similar origins as arcades, nickelodeons and exhibition halls during the silent-film era, now controlled the whole film industry: Paramount, Universal, MGM, Twentieth Century-Fox, Warner Bros., Columbia, and RKO. In 1947, these studios produced almost five hundred films, including A-list features and B movies. They had a single source¹ for all their revenue: the American box office².

The studios were able to harvest this windfall extremely efficiently because they controlled almost all the movie theaters. MGM, Warner Bros., Twentieth Century-Fox, and RKO had their own theater chains, which produced about half of their total revenue, while Columbia and Universal controlled chains of theaters less directly through their distribution arms (Epstein, 2005: 6).

These studios also controlled the independently owned theaters³ by “block booking” (committing to show a certain number of films, usually 10) and “blind-bidding” (accepting to show films with no control over which films would allotted to them) arrangements: “not only were the studios able to control the bookings of their films, but they enjoyed a monopoly on the resulting revenue” (Epstein, 2005: 6). Distribution and advertising costs were low and each studio was built to churn out movies quickly and efficiently. Talent and studio workers were also bound to the studios through contractual arrangements. This way, the studios controlled every detail of the industry. In 1948, everything changed.

Emergence of the New Hollywood

In 1993, Thomas Schatz wrote an essay called “The New Hollywood”, in *Film Thoery Goes to the Movies* (1993), where he explained the designation in detail. In the most general of ways it is an historical term that refers to the post-World War II American cinema, a bit more specifically after the events of the Paramount Decree

¹ The foreign markets offered some profit but that was canceled out by the taxes enforced.

² Named after actual boxes locked with cash.

³ These were usually neighborhood theaters and second-run movie houses.

that, in a definitive manner, effectively ended the studio system of what is viewed as the Golden Era of Cinema. In addition to this, it was also around that time that television (as it has been mentioned above) began to fill the homes of Americans, while audiences moved away from the cities into the suburbs. These changes were faced with allegations that the end of the vertically integrated studio, the suburbanization, but especially, the universalization of television (due to its seemingly direct competition with the “silver screen”) would be the “death of Hollywood”, in particular, and cinema in general. This Hollywood film industry, however, changed and managed to find ways to survive, adapt and even, as Thomas Schatz remarks, thrive. Simply put, the staying power of the film studios of the Hollywood industry is one of the most “remarkable developments in recent media history” considering the settlement of the independent companies that would eventually form the film industry we know is roughly a century old. Thomas Schatz writes that the fundamental factor in this was the “steady rise of the movie blockbuster” (Schatz, 1993: 8), something that started in the 1950s, as the “occasional hit gave way to the calculated blockbuster”. While the blockbuster experience a rise since the early fifties, it was not until the mid-1970s, specifically, until 1975 and the release of *Jaws* (Steven Spielberg, 1975) that it really became a mechanism that drove the Hollywood film industry. For Thomas Schatz, it is this watershed event that truly defines the beginning of “the New Hollywood” since it encompasses a specific historical period and specific characteristics, i.e., “economic and institutional structure, its mode of production, and its system of narrative conventions”. The mid-1970s marked the restabilization of Hollywood when the industry would seemingly learn how to deal with a fragmented entertainment landscape¹, after “some thirty years of uncertainty and disarray” (Schatz, 1993: 10). Thomas Schatz identifies three separate phases, each encompassing a decade, within the thirty years prior to *Jaws*: a phase from 1946 to 1956 that culminates with *The Ten Commandments* (Cecil B. DeMille, 1952)², from 1956 to 1965 with *The Sound of Music* (Robert Wise, 1965), and from 1966 to 1975 and *Jaws* (Steven Spielberg, 1975).

¹ In terms of audiences, delivery systems, multimedia conglomerates and globalization of the entertainment market.

² The film grossed \$65,500,000 and remains in sixth place in the list of the all time domestic grosses (adjusted to inflation).

The decline of the Hollywood film industry between 1946 and 1955

After the changes that occurred during the late 1940s, Thomas Schatz identifies, in *The Genius of the System: Hollywood Filmmaking in the Studio Era* (1988) the time period between 1947 and 1960 as the decline of the classical Hollywood system. Always with the motto of getting the movies to the center stage of popular culture, the movie industry has had to utilize ever-bigger strategies than before to cope with the fragmentation of audiences, ever since television first appeared as a real competitor. No matter how many times it has been hailed “the death of cinema” or “the death of the studios” (the classical Hollywood studio system will always be regarded as the “golden era”), the film industry has found ways to maintain a resilience that permitted the contemporary conglomerate Hollywood to be the world’s richest media market.

Contrary to many assertions, the Hollywood studio system never died — it was simply transformed. The Hollywood studio system is still made up of a small set of corporations that produce, distribute, and present films for profit. It is just that each film corporation is now part of a media conglomerate that also creates a wide array of other media products and services. Each successful corporation still needs a powerful leader to formulate strategies to maximize profit and maintain the long-run power of the studio corporation inside the media conglomerate. Vertical integration, the bedrock of the classic era, is still part of the basic strategies, but the emphasis now is on horizontal integration to capture synergies with other media businesses. (Gomery, 2005: 198)

Also according to Douglas Gomery, the decline of the studio era needs to be perceived as the result of a combination of things that include the Paramount Decree, the transformation of the social landscape of America post war, with suburbanization and the baby boom, and the emergence of television as a rival.

The “Big Five” and the “Little Three” grew so profitable and powerful, during the 1930s, that in 1938 the Department of Justice (during the Roosevelt administration) filed an antitrust suit against them: *US v. Paramount et al.* The studios were charged with “conspiring to fix distribution contract terms of runs, clearances and admission prices” (Gomery, 2005: 79). Barely anything changed, and in 1944 the

government reactivated the case and by May 1948 a decision was made by the Supreme Court, which ruled that by the 25 July of 1949 the studios would have had to have divested themselves of their theaters: “Without the cash flow from their theaters and a guaranteed outlet for their product, the established studio system was effectively finished” (Schatz, 1993: 11). For Thomas Schatz, it is clear that what the Justice Department and federal courts had in mind, in their effort to disintegrate the *modus operandi* of the film cartels, was a new kind of industry where movies were produced on a picture-by-picture and theater-by-theater basis. It compromised the entire system, which relied on stability, consistency, and standardization of product. Combine this with an increasingly independent top talent that was already impairing the system from within, and that’s the beginning of the end of the classical system.

It would be several years before either the anti-trust actions or the threat of television really hit Hollywood, and during the immediate postwar period the studios, and specially the majors, continued to ride the wave of war-induced prosperity and to ignore the storm clouds gathering on the horizon. Hollywood enjoyed its best years ever in 1945 and 1946 as Paramount surged back into industry leadership and both Fox and Warner Bros. pulled even with MGM. (Schatz, 1998: 412)

By 1946, attendance was declining. It “peaked in 1946 and then began to drop, so that by the early 1960s it was half of what it had been in the glory days of the Second World War” (Gomery, 1998: 247). The blame has been attributed mainly to television and Douglas Gomery identifies the main argument as being that, after the war, people that used to go to the movies now preferred to stay at home and watch TV mostly because it was for free (since it was funded by advertising companies and not by purchasing an admission ticket). However, the simple case of “substitution” takes out of the equation important factors. Gomery states that the “studios hit their peak of profitability in 1946” (Gomery, 2005: 79) and that comes from the fact that, as men were coming from the war and women were leaving the work force, there was a “surge in courtship and thus moviegoing” (Schatz, 1988: 412). After that, the newfound couples began to move to the suburbs and started their own families and, since there were no “war-induced shortages”, people now had the opportunities to spend their money on other things: cars, refrigerators and babies. The late 1940s brought the technological, economic and social conditions necessary so that the

television industry could take off.

Declining attendance at home was complemented by a decline in international trade in 1947-1948, notably in the newly reopened European markets where “protectionist” policies were initiated to foster domestic production and to restrict the revenues that could be taken out of the country. (Schatz, 1993: 11)

This meant that the studios now benefited from engaging in co-financing and co-production deals that also encouraged the import of foreign film and independent production. In 1947, with the decreasing attendance and revenues, so Warner Bros. worried and invested in more B-movies until “the bottom fell out” (Gomery, 2005: 139). This meant a stop in production until the brothers knew what to do. And their strategy was to dismiss employees and outsource filmmakers. There was also a wave of stars becoming independent from studios by relying on deals (nonexclusive contract that permitted them to change up studios, in the same way as in the case James Stewart with Lew Wasserman, as it is mentioned below) made by their agents.

At Warner Bros., a good example of the recent flight to independence being made by top talent, was a situation like that of James Cagney, who had set up his own independent production company, which made him absent from the studio for five years. Even though he eventually returned for *White Heat* (1948), he had a nonexclusive contract that he eventually played out with mediocre pictures. By 1950, he’d left the studio again, only to return for one-shot deals. According to Schatz, this pattern “was followed by virtually all of Warners’ signature stars who were still working and affiliated with the studio in the late 1940s” (Schatz, 1988: 437). That same year, evoking the “complete revamping of our industry”, Jack Warner decided to reduce the studio’s fixed costs by eliminating personnel. People were demoted, their contracts were sold, phased-out — as with Bette Davis, Humphrey Bogart, and Errol Flynn (Gomery, 2005: 140) — or set up their own independent production companies¹, like many stars and directors from Warner Bros. After the cutbacks on top-talent came the rest of the employees and the entire story department was laid off (Schatz, 1988: 438). This development signified the plunge from a “regulated and

¹ Thomas Schatz mentions two examples when it comes to Warner Bros.: the demotion of Henry Blanke (producer) and the departure of Jerry Wald (writer) as indicators of the impact of Warner’s decision (1988: 437).

disciplined moviemaking system” (Schatz, 1988: 438). Harry Warner had its eyes set on television and the goal was a Warner network. However, after the anti-trust case, studios were no longer permitted television licenses and, as Gomery states, after being forced to divest of its theaters, Harry Warner wanted out and began to make plans to sell Warner Bros. to the highest bidder (Gomery, 2005: 140).

In the spring of 1953, after having tried 3-D unsuccessfully, Warner Bros. adopted the CinemaScope widescreen format and produced its first CinemaScope feature: *A Star Is Born* (1954). By 1955, Warner Bros. was a company that had shifted its production over to television serialized content and whose movie production was in the hands of outside talent that held nonexclusive deals, and these were either “independent movie producers or TV network executives” (Schatz, 1988: 439). Alfred Hitchcock, to name just one example, was an independent (he had his own company, Transatlantic Pictures, whose distribution arm was provided by Warner¹) that had a nonexclusive four-picture-deal (as producer and director). These were all efforts to raising the price of the studio and a string of successes at the box-office helped: *Rebel without a Cause* (1955), *The Searchers* (1956), *Giant* (1956). In 1956, Harry and Abe Warner sold their share of the company (Jack refused and replaced Harry as president) to a group of investors: Serge Semenenko, Charles Allen Jr. and Sidney H. Fabian, an exhibitor, who could not buy Warner Bros.’ interests on his own² (Gomery, 2005: 140).

During the classic studio era Harry Warner — until 1951 — efficiently operated a vertically integrated Big Five studio. But he did not have the skills or interest to learn how to run a company that simply made and distributed films (and then television programmes). (...) Harry was the equal of the Schenks, Barney Balaban, and Syros Skouras in the classic studio age. (...) Harry surpassed Schenck’s ability to make profits as the classic studio era ended. Yet neither man knew how to make the transition into the modern Hollywood.” (Gomery, 2005: 142)

Unlike Warner Bros. and other major studios, whose response was to begin decentralizing production, starting to cut back on personnel, and making inventive

¹ Warner Bros. had other relations with independents, over which it had no direct control.

² Due to the separation between film production and distribution and film exhibition (i.e. theater owners).

and unprecedented deals with independents outside of the studio, Metro-Goldwyn-Mayer¹ was the last one to adhere to the changes that had to be done, becoming the last major to sever its ties to the theaters they owned. Only after 1955 would the studio system truly be “a thing of the past for MGM” (Schatz, 1988: 440). Metro’s reversion to a centralized production mode (ending the company’s management-by-committee system that Louis Mayer had implemented) was an effort to capitalize on the prosperity that came with and after the war. Curiously, the period that encompassed the retrocession MGM was making coincided with the “golden age of the MGM musical” (Schatz, 1988: 447), which was orchestrated, in large part, by the classic-churning Arthur Freed unit². As a matter of fact, Freed’s last collaboration with Gene Kelly and Stanley Donen, *It’s Always Fair Weather*, ended up playing an important part in MGM’s incursion, even if resentfully, into commercial television production (it did not go too well, though), marking a certain acceptance to adapt to the changes in the entertainment industry. In 1956, the deal between the film studio Loew’s/MGM and the television broadcast network CBS to provide the “first feature film to prime-time network TV in a complete telecast”, the *The Wizard of Oz* (Norman Taurog, King Vidor, Victor Fleming, Mervyn LeRoy, George Cukor, 1939), was a huge success that proved that both industries were valuable, if not essential at the time, to each other. The film industry had the vaults to provide endless hours of programming, something that TV was in need of, and the television industry could offer the companies significant cash flow through the purchase of old movies, which now gained “shelf life” and “resale value” (Schatz, 1988: 460-61). The dying RKO had sold off its film library, in 1956, and the other major followed its example.

The Television Age

Television industry was having its moment and it was bound to transform Hollywood. The demise of the studio system seemed to bring outcries of the death of cinema. If television was going to be the main source of entertainment (because it was

¹ Also known as MGM or Loew’s/MGM, since the companies merged in 1924, placing Loew’s as MGM’s parent company.

² Arthur Freed was a top producer responsible for films such as *Easter Parade* (Charles Walters, 1948), *On the Town* (Leonard Bernstein, 1949), *An American in Paris* (Vincente Minnelli, 1951), *Singin’ in the Rain* (Stanley Donen and Gene Kelly, 1952), and *Brigadoon* (Vincente Minnelli, 1954), some of the best musicals of all time. Thomas Schatz declares that his single most important decision as an MGM producer was to give Gene Kelly and Stanley Donen the chance to direct *On the Town* together.

cheaper, located at home, had endless hours of programming to be filled) what was to happen to cinema? The existence of a certain perpetuation of the myth of Hollywood's technophobia is something that Janet Wasko talks about in *Hollywood in the Information Age: Beyond the Silver Screen* (1994). She notes that the "technologically backward" attitude Hollywood seems to be displayed exclusively when major changes occur outside of the "traditional parameters of motion pictures". Contrary to this belief, her own research seems to suggest that there are usually a variety of reasons to account for the fact that the film industry was enabled to successfully dominate or control new technologies at an initial stage. Indeed, she says that there were almost always a "great interest in the possibilities of exploiting them and some successful efforts to do so" (Wasko, 1994: 9) when it came to the introduction of sound, radio and television. For example, when it comes to the "radio boom", Erik Barnouw has maintained that Hollywood ignored radio until the 1930s, when in reality several film companies endeavoured to try and use radio to their advantage. There were experiments such as the transmission of a picture's sound via radio, and Paramount Pictures and MGM announced eminent radio chains in the late 1920s (Barnouw, 1966, 1968 and 1970). This clearly challenges the perception that "the film industry was not interested in television until it was too late" (Wasko, 1994: 10).

A similar misconception also plagues the understanding of the relationship between the television and film industry. There were several experiments made, first with theater television systems (this experiment was doomed by 1953, given the problems suffered with transmission and the lack of support given by the Federal Communications Commission), which competed with the Radio Corporation of America's (RCA) direct transmission process, and then with experiments with pay television, lobbied against by broadcasters and theater forces alike. There was also lack of support by the FCC (which held the regulation of commercial television), specially considering the troublesome Paramount Decree of 1948. As Michelle Hilmes so aptly puts:

"Opposition from exhibitors and from established broadcast interests, backed by FCC protectionism and the lack of alternative distribution systems, would once again block film industry plans to move into television broadcasting in a substantial

way. And again, as in the case of radio, broadcasting interests would establish a system of accommodations by which Hollywood's influence over the forms and structures of broadcasting would become stronger than ever before." (Hilmes, 1990a: 177-18)

The FCC outright said that it would "block any of their efforts to reintegrate via TV station ownership, nor would it approve cross-ownership between studios and networks" (Schatz, 1988: 472). By abandoning plans to diversify the studios' portfolio by acquiring television networks, Hollywood felt the need to differentiate its product from television programs — like drive-ins, cinemas in shopping malls, color, CinemaScope¹, Cinerama², 3-D³ — and modes of exhibition so that it attracted the audience it was losing to television, and these methods of alluring audiences paid-off⁴ even as television's influence on American culture kept growing. It was the time of the "marked increased in historical spectacles, Westerns, and biblical epics, invariably designed for a global market and shot on location with international casts" (Schatz, 1933: 12). This is the result of the antitrust laws that prevented film companies from merging with television or radio companies, in the way that it would eventually happen during the conglomeration of the industry in the eighties. Thomas Schatz backs up this reasoning stating that:

Theater projection was clearly off the agenda after the Supreme Court ordered the majors to divest themselves of their theater holdings, and the government also undercut the studios' efforts to buy television stations. (Schatz, 1988: 472)

The studio that was the most prepared for the eventual synergy between film studios and television companies was Universal, with Lew Wasserman being a very important figure in the studio's history (at this time, he was a talent agent for MCA⁵)

¹ CinemaScope was an anamorphic lens (that "stretched" the image on standard 35mm film) series used for shooting wide screen movies from 1953 to 1967. Its creation in 1953, by the president of 20th Century-Fox, Spyros P. Skouras, marked the beginning of the modern anamorphic format in both cinematography and movie projection.

² Cinerama is a widescreen process that, originally, simultaneously projected images from three synchronized 35 mm projectors onto a huge, deeply curved screen, subtending 146° of arc.

³ A 3-D (three-dimensional) film or S3-D (stereoscopic 3-D) film is a motion picture that enhances the illusion of depth perception.

⁴ Thomas Schatz references a piece in *Fortune*, written by Freeman Lincoln, in 1955, titled "The Comeback of the Movies", which reiterates this idea that while television might have given some trouble to the studios, they were beginning to adapt and make a recovery in the way they were pulling audiences back into theaters.

⁵ Music Corporation of America.

due to his uncanny ability to forger packaged deals. However, even before Lew Wasserman, Universal was already poised for the coming age due to its “dual agenda”. The studio produced both low-cost films and A-class productions, made by independents (see the already mentioned example of Alfred Hitchcock and Transatlantic Pictures). It is important to remember that Universal had belonged to the littler tier of studios during the “golden age”, so while the executives of the studio were merely trying to keep it afloat in an industry dominated by bigger studios, they ended up making all the right decisions and became (during the transformations of the 1950s and the restabilization in the early 60s) an example to be imitative by the other studios: “Universal suddenly emerged as the indisputable leader in both television and movie production” (Schatz, 1988: 463). What drove Universal, nevertheless, was economic necessity. The above mentioned “low-budget-in-house production and high-grade outside deals” (Schatz, 1988: 463) were due to its position as a “minor” and thus a financially weaker studio¹.

Indeed, Universal had paved the way for the kind of outside deals that were becoming commonplace in Hollywood, as the other studios steadily shifted away from active production in favor of financing-and-distribution deals with independent producers, which generally involved the leasing of studio facilities as well. These deals were diminishing the studios’ authority and fragmenting the overall power structure in the industry — they were the clearest sign of a burgeoning New Hollywood, free from *absolute* studio control.² (Schatz, 1988: 469)

In the early 1950s, Universal cuts an unprecedented outside deal with James Stewart³, a deal that made millions and made Stewart one of the biggest stars in Hollywood, fragmenting the industry’s power structure even further. This deal was packaged and orchestrated by Lew Wasserman, James Stewart’s agent, something

¹ After a merger with International Pictures, Universal enjoys a short spell doing prestige films (like Laurence Olivier’s *Hamlet*) and for the first time in a decade it has pictures that are contenders for major Oscars. However, the profits went from “\$4.6 million in 1946 to a net loss of \$3.2 million in 1948” (Schatz, 1988: 464), so the studio returned to the better-fitting formula. Production was now under the responsibility of Edward Muhl and he decided the best policy was to accept the studio’s limitations and operate with its own resources.

² My own emphasis.

³ The Universal/Stewart deal produced a series of hits during the 1950s such as *Winchester ’73*, *Harvey*, *The Far Country*, *Bend of the River*, and others. This deal, however, was nonexclusive and some of his finest work was done with Alfred Hitchcock, over at Paramount, during the mid-1950’s. A deal, once again, masterminded by Wasserman.

possible by the 1950s because both agents and stars were becoming respectively increasingly powerful and more independent. This situation was made possible because the antitrust laws had forced (just how the Justice Department had envisioned) the studios to work on deals picture-by picture, something that not only promoted freelance work by top talent, but also “affected the established relations of power, with top talent (and their agents and attorneys) gaining more authority over production” (Schatz, 1993: 11). As Thomas Schatz explains, films were now being sold in light of their potential merit (instead of being sold in bulk as it was done when the studios had control over the theater venues), or at least their perceived merits, something that more often than not relied heavily on the “bankability”¹ of a star². Individual projects meant that these were fashioned around a star or packaged through deals tailored by talent agents. Lew Wasserman was one of these agents packaging deals. He worked for the Music Corporation of America (MCA), the predominant talent agency in Hollywood, by the early 1950s, and was “putting together more projects and star vehicles than any filmmaker or studio executive in Hollywood” (Schatz, 1988: 470). In 1952, Decca Records took over Universal, making it a subsidiary in what now became Decca’s entertainment conglomerate. This was significant because it underlined the importance of diversification. And diversification was key during the postwar period, which was (as mentioned above) a time of affluence and population growth, where had been a “boom in entertainment and leisure activities”, leading to a fragmentation (or segmentation, if preferred) of media audiences who were now attracted by “sophisticated new advertising and marketing strategies”. While, on one side, the blockbuster mentality took hold and studios bet on “high-stakes blockbusters”, on the other, studios were compelled to diversify their media and entertainment holdings beyond the production of television content.

Schatz pinpoints 1955 as a “watershed year in filmmaking history” as it manifested the implantation of the blockbuster mentality, the end of the major studios’ resistance towards television and their embrace of television production, opening the path to colonization of Hollywood:

¹ By then, banks stopped financing studios with an “annual output” and started financing individual projects.

² This is a turn of events that remains as the business model of contemporary Hollywood.

As the studios upgraded series production and as the preferred programming format shifted from live video to telefilm — despite the introduction of the videotape in 1957 — the networks steadily shifted their production operations from New York to Los Angeles. By 1960 virtually all prime-time fictional series were produced on film in Hollywood, with the traditional studio powers dominating this trend. (Schatz, 1993: 12)

The change happened quite speedily, largely due to the success of Walt Disney Studio's series *Disneyland*, which served as advertisement to the amusement park the studio had and to future Disney films. And while 20th Century Fox, MGM and Warner Bros. jumped on the bandwagon and developed series of their own, the self-promotional format did not work for them the same way it had for Disney (the appeal of the amusement park was one of the reasons of *Disneyland*'s success). But abandoning this format and producing other kinds of series was not painless. Open markets, rising budgets, freelance talent and packaged deals made by agents were clear enough signals that the film industry was changing, but jumping into telefilm and series production really meant the end of the “efficient, regulated, studio-based mode of production” (Schatz, 1988: 478). Production companies like Desilu (of *I Love Lucy* fame) were demonstrating that studios could accept television production as a kind of successor of the B-movie unit. And all of the old pictures could be of service again as “programming fodder”.

In 1958, the major studios were monetizing their film vaults and going into television production, except Universal, that only did that in 1959. That same year, MCA began a takeover of Decca and Universal Pictures, and eventually “MCA had its fingers in as many pies as the Hollywood entertainment industry could bake — from movies and TV to publishing and pop music” (Schatz, 1988: 479). The buyout was complete in 1962 and turned Universal into the “unquestioned leader in the film industry” although none of them were really “studios” anymore. Surely they would survive as “production plants, as distribution companies, as familiar trademarks” (Schatz, 1988: 481) but fragmentation, diversification and conglomeration ended the studio era.

Youth Culture



Figure 2: *Teenage*, Matt Wolf, 2014

During the 1950s and 1960s the baby boom generation reached the status of being an active consumer, with “developing interests and tastes”, and the film studios started to pay attention to this new found “youth market” and many interesting moviegoing and movie-experiencing trends began to blossom. The emergence of a youth culture marked a change in moviegoing trends that became, from there on out, increasingly diversified and segmented. Drive-in moviegoing, for instance, enjoyed a rise in attendance as a preferred place for teens to hang out (as it had happened with their parents before the baby boom that generated these teen consumers and moviegoers) which meant exposition to “increasingly low-budget ‘teenpics’ and exploitation films” (Schatz, 1993: 13).

The “art cinema” and foreign film movements also took off in the late 1950s and early 1960s, as neighborhood movie houses and campus film societies screened alternatives to mainstream Hollywood and as film courses began springing up on college campuses. These indicated a more “cine-literate” generation — with that literacy actually enhanced by TV, which had become a veritable archive of American film history. (Schatz, 1993: 13-14).

Despite the proliferation of these movements, the box-office remained dominated by the kind of inflated pictures, as mentioned above: biopics, historical or biblical epics, musical, literary adaptations, such as *The Sound of Music* (Robert Wise, 20th Century Fox) and *Dr. Zhivago* (David Lean, MGM), both hits in 1965. The commercial success of these films ended up being somewhat deceiving to the Hollywood film industry, because all of the efforts to emulate the same astounding results had penurious repercussions at the end of the 1960s. As Thomas Schatz elucidates, the signs were already present to be deciphered in the emergence of the youth culture and the diversification of the media landscape. Even more so, the signs were present in the works of Nicholas Ray and Elia Kazan, where they depicted a teenage culture suffocated by parental and societal restraint. Films like *Rebel Without a Cause* (Nicholas Ray, 1955) and *Splendor in the Grass* (Elia Kazan, 1961)¹ are perfect examples of an ebullient *teenagehood* that fought to free itself from the grips of the Production Code and other means of social and sexual repression. A consistent diet of big budget box-office failures resulted in the stagnation of the blockbuster frenzy that, in turn, resulted in a change in direction both economically and aesthetically that was ultimately dubbed an “American film renaissance” and “[i]ts key constituency was the American youth, by now the most dependable segment of regular moviegoers as attendance continued to fall despite the overall increase in population” (Schatz, 1993: 14). At the end of the 1960s, young people constituted “the largest share of the market and had been hitherto ignored by the majors” (Balio, 1990: 261).

The cultivation of the youth culture contributed to the ascent of a new generation of Hollywood filmmakers (Robert Altman, Mike Nichols, Arthur Penn) — influenced by both the classical Hollywood cinema but also by the art cinema and the European cinema movements — that inaugurated a “period of widespread and unprecedented innovations” (Schatz, 1993: 14) as well as low-budget, youth-oriented hits as *Bonnie and Clyde* (Arthur Penn, 1967), *The Graduate* (Mike Nichols, 1968), *Easy Rider* (Dennis Hopper, 1969) and *Midnight Cowboy* (John Schlesinger, 1969). There was also a “growing contingent of international auteurs” (Roman Polanski,

¹ Both films were produced by Warners Bros.

Stanley Kubrick, among others¹) that worked in an almost independent-like way with Hollywood film studios, producing films for domestic and international viewership. The foundation of the success of the films the above mentioned directors made — like Stanley Kubrick's *2001: Space Odyssey* (1968) — was the teenage audience imbued in the youth counterculture movement that was characterized by the antiwar movement, the sexual revolution and the civil rights fight. Michelangelo Antonioni's *Blow-Up* (1966) was the kind of “politically subversive, sexually explicit, and/or graphically violent material” (Schatz, 1993: 15) whose success would contribute to the breakdown of Hollywood's Production Code (known as the Hayes Code), which was replaced by the MPAA ratings system by MPAA's chairman Jack Valenti, in 1968.

The Recession of 1969

The 1960s culminated in what Tino Balio defined as “the Recession of 1969” (Balio 1990: 259-260), “the worst economic slump since the War” (Schatz, 1993: 14) and a period of uncertainty and precariousness. The seriousness of the convulsion was described as akin to that of the sound revolution in the 1930s and the emergence of television in the 1950s. Tino Balio argues that this recession had three causes rooted in the “boom years of the sixties” (Balio, 1990: 259). The first cause was the “blockbuster philosophy” that inspired a succession of huge pictures, starting with *The Sound of Music*, which had been expensive to make but yielded profits above the \$100 million mark. After that, by 1968, almost every major studio was churning out blockbusters. The second cause was “the entry of three ‘instant major’ into motion pictures. ABC, CBS, and National General” (a theater chain). They all wanted in on the business and started to produce “ten films a year each”. This meant a rise in prices on talent and a flood of pictures into the market (Balio, 1990: 260). The third cause was the unstoppable demand for feature films by television, due to its needs to fill programming slots. An overabundance of films on television and theaters coupled with the halt of bidding by networks on theatrical films — they had bought “enough

¹ Thomas Schatz traces this trend to the release of Michelangelo Antonioni's *Blow-Up* (1966). The Italian filmmaker had been approached by Carlo Ponti (the producer behind *Dr. Zhivago*) to direct three films for MGM. After *Blow-Up*, Antonioni directed *Zabriskie Point* (1970) and *The Passenger* (1975).

product to last until 1972” (Balio, 1990: 260) — brought Hollywood to the brink of a break down, and hitting “pause” on the blockbuster philosophy. While ABC, CBS and National General retreated from the motion picture business and the staggering losses they had endured, the majors regrouped.

Market conditions rendered the studios ripe for takeover, and in fact a number of the studios were absorbed in post-1965 conglomerate wave. Paramount was taken over by Gulf & Western in 1966, United Artists by Transamerica in 1967, and Warner Bros. by Kinney National Services in 1969, the same year MGM was bought out by real-estate tycoon Kirk Kerkorian. (Schatz, 1993: 15)

While the parent companies alleviated the studios of financial stress, the new owners were Hollywood outsiders who had made their fortunes (and, thus, companies) in completely unrelated markets. Notwithstanding, the film industry did learn valuable lessons from this recession (that lasted from 1969 until 1973). Tino Balio considers that the most important of these lessons was the stabilization of the attendance, which meant a “finite number of productions” (Balio, 1993: 260). This finite number does not apply solely to the number of productions that can be consumed without oversaturation. Another lesson the film industry learned was that “only a few pictures, perhaps ten a year, will capture most of the box office dollar” (Balio, 1990: 261). Tino Balio describes the third lesson Hollywood learned from the 1969 recession as a reliance on sequels and series as a way to “offset the risks of production by adopting defensive production and marketing tactics”. This way:

Sequels solved a major promotion problem for the studios — how to make known to an audience what a film is about. Film titles with Arabic number, Roman numerals, years, or such phrases as “Return of,” “Beyond the,” and “beneath the” appeared regularly after the successful release of such follow-ups as *The Godfather II*, *Trial of Billy Jack*, and *Airport 1975* in 1974. Thereafter, the majors devoted around 10 percent of their production efforts to sequels. (Balio, 1990: 261)

Thomas Schatz considers the only “bright spot during this period” (Schatz, 1993: 15) to be the rise in prices networks paid for the successful, top Hollywood films which meant big payoffs. The limited acquisition by the television networks of

Hollywood films had to do with the fact that there was an increase in production of made-for-television movies.

The reversal of fortune for the Hollywood film industry was brought upon by four films in the early-1970s: Paramount's *The Godfather* (Francis Ford Coppola, 1972), Universal's *American Graffiti* (George Lucas¹, 1973) and *The Sting* (George Roy Hill, 1973) and Warner Bros.' *The Exorcist* (William Friedkin, 1973), as well as a series of "disaster" in the early 1970s². *The Godfather* was a critical and commercial success that not only did very well domestically but also acted as a catalyst for an upswing in the international market.

When Paramount's *The Godfather* broke the all-time box office record in 1972, the big-budget philosophy was reinstated. As a result, production costs for a typical motion picture rose from around \$2 million in the early seventies to around \$9 million by the end of the decade. (Balio, 1990: 261)

Both *American Graffiti* (an unexpected summer hit) and *The Sting* (capitalizing on the success of Robert Redford and Paul Newman's pairing in *Butch Cassidy and the Sundance Kid*³, in 1969) were nostalgia pieces that had a broad appeal. *The Exorcist* revealed itself to be an even bigger hit than *The Sting*, a success that Thomas Schatz considered "perhaps the clearest indication of the emergent New Hollywood" (Schatz, 1993: 17).

New Hollywood

The real mark of the end of the recession and of the beginning of New Hollywood was *Jaws* (Steven Spielberg, 1975). This film not only "recalibrated the profit potential of the Hollywood hit" but it also helped "redefine its status as a marketable commodity and cultural phenomenon as well" (Schatz, 1993: 17).

¹ George Lucas was Francis Ford Coppola's protégé, so much so that Coppola produced *American Graffiti* and fought for Lucas when it came to *Star Wars* (1977) (ed. Kline, 1999: 64-87).

² Such disaster movies were: *Airport* (George Seaton, 1970), *The Poseidon Adventure* (Ronald Neame, 1972), *The Towering Inferno* (John Guillermin, 1974), *Earthquake* (Mark Robson, 1974).

³ *Butch Cassidy and the Sundance Kid* along with *MASH* (1970) were two movies that helped prevent Fox's imminent bankruptcy after the studio "went on a blockbuster musical binge in an effort to replicate its success with *The Sound of Music*, and the results were disastrous" (Schatz, 1993: 14).

Serendipitously, the release of this film coincided with other kinds of developments, in the mid seventies, that Thomas Schatz considers of equal importance to the emergence of the New Hollywood, while not tied to the Spielberg thriller in any particular way. Thomas Schatz views *Jaws* as a “social, industrial, and economic phenomenon of the first order, a cinematic idea and cultural commodity whose time had come”. This film came at the exact time to simultaneously confirm and consolidate already existing industry trends and practices while breaking new ground by adding new ways to approach the advertising of a movie. The film’s campaign show how important it was becoming to track a film’s box-office performance in its opening weeks and how to take the most advantage of “frontloading”¹ since it “maximized a movie’s event status while diminishing the potential damage done to weak pictures by negative reviews and poor word of mouth” (Schatz, 1993: 19). Being a “summer hit”, Spielberg’s film also was instrumental in showing the benefits of changes in seasonal releases and the summer would become, over the years, the ideal season to release what are now called the “summer blockbuster” and “blockbuster season”. The industry realized that releasing a movie during summer would also take advantage of the youth market. This market had evolved from the “cineliterates” of the sixties, who were politically involved and had “embraced the cinema as its favorite art form”, to a younger bracket composed of the younger siblings or children of the baby-boomers, who had time and money to spend. A new moviegoing trend arose that was less focused on major markets and more on the continuous rise of the number of multiplex theaters housed in shopping malls, where the above mentioned teenage culture enjoyed to spend their time and had taken into repeat viewings of their favorite films. Catering to the youth culture began to be considered inescapable to the well being of the film industry.

The mid seventies “also saw the rapid decline of the art cinema movement as a significant industry force” and thus the, above mentioned, Hollywood renaissance of the sixties crumbled as George Lucas and Steven Spielberg began shaping the New Hollywood aesthetics and directors were no longer auteurs but actual superstars — which saw “the growing salaries and leverage of top talent, but also the increasing influence of Hollywood’s top agents and talent agencies” (Schatz: 1993: 20).

¹ “Frontloading” refers to the uneven distribution or allocation (of costs, effort, etc.), with the greater proportion at the onset of the process.

More conservative tactics began to be used in the production of films, and even the new youth culture appeared to be more conservative in their tastes (Schatz: 1993: 19). Independent, innovative and offbeat films received fewer incentives for production while other defensive tactics began to be utilized such as the reliance in that third lesson from the 1969 recession: sequels and series¹. A sequel or a new entry in a film series (as James Bond, for examples) “has the greatest potential of generating profits without much attendant risk” (Balio, 1990: 262). The more money it is invested in the producing films that hopefully will become blockbusters, the more the studios want to feel like they can have a grantee of their investment.

The relationship between television and cinema changed in the mid seventies due to three occurrences: 1) TV advertising became an important factor in marketing a film, 2) the breaking of the “broadcast bottleneck” of networks that paved the way for cable television, and 3) the introduction of Sony’s Betamax videotape recorder. If the first of these three game changing occurrences will be dealt with further on, the second and third will be dealt with now.

According to Michele Hilmes, when it comes to the “broadcast bottleneck”, the American system of broadcasting had, up until this point, been “built upon and profited from a distribution bottleneck: the network structure, which effectively limited the number of national channels in most markets to two or three” (Hilmes, 1990b: 297). The company American Telephone & Telegraph (AT&T) had the monopoly over wire transmission and both radio and television depended on airwaves on a local level only, since the networks had a central transmission point that transmitted the signal to the local stations that then carried the signal, through the publicly owned airwaves, to the television sets of private households. AT&T also enjoyed a good working relationship with Radio Corporation of America (RCA), which made the entry of unwelcomed parties into the broadcasting field grueling. After NBC, only CBS was granted access to the AT&T wires². It was this bottleneck structure that prevented film studios, such as Paramount and MGM, to start their own

¹ There were also re-issues of movies, for example, *Jaws* and *The Exorcist*. *Jaws* actually became a franchise of films: the novel, four films, a theme park ride, and other tie-in merchandise.

² ABC was a broadcasting network spun-off NBC.

networks, although Michele Hilmes grants that the reasons for failed attempts were complex (Hilmes, 1990b: 298). The situation became critical when film studios began supplying film programming to the existing television networks, in the late 1940s. Before 1975, the film studios got past this bottleneck system by offering “over-the air subscription television”, an early form of pay television that used other forms of wire connection¹ to “transmit scrambled movies to paying costumers”. However, the concept of “cable television” emerged when communities in remote or otherwise removed locations relied on local businessmen to erect “large antennas on the highest available ground and strung cables to the homes of the town’s residents, usually charging them not only a connection fee but a small amount monthly” (Hilmes, 1990b: 298). In the sixties, the Federal Communications Commission (FCC) finally included cable operations under its authority only to bottleneck it all over again with heavy restrictions that made it “not really a new technology, but a makeshift, cobbled-together system of wires under a new decentralized ownership” (Hilmes, 1990b: 299). The FCC’s 1972 *Report and Order on Cable Television* loosened the grip and encouraged “local franchises to make more creative use of vacant channel space” (Hilmes, 1990b: 300). This ruling allowed the cable systems to lease space to those who wanted to act as program providers. Home Box Office (HBO), a subsidiary of Time Inc.², was one of the earliest pay cable services³. Other services began to tentatively appear, like Viacom’s Showtime or Warner’s earlier version of its future The Movie Channel.

The real breakthrough came with the launch of SATCOM I, in 1975, which was the very first “commercially available geostationary orbit satellite”. Satellite transmission freed television from wire transmission and opened the market to an “almost limitless variety of channels and services” (Hilmes, 1990b: 300). HBO decided to go onto SATCOM and became a real nationwide channel (that offered movies) and would become an important part of ancillary market (Schatz, 1993: 21) — HBO dominated the market with 60 percent of the nation’s pay television subscribers, by 1980 (Hilmes, 1990b: 302). As more pay television services began to

¹ UHF frequencies, for example.

² The existence of this yet small subsidiary would become the major reason for the merger between Time Inc. and Warner Communications Inc.

³ “HBO supplied programming unavailable over regular broadcast channels, mainly lie sports and theatrical films, for a monthly fee, using a combination of microwave connection and physical transportation of videotape” (Hilmes, 1990b: 300).

take advantage of the satellite mode of distribution (The Movie Channel, Cinemax¹ and others), the movie release patterns began to change from the usual “first run, second domestic run, foreign run, network TV, and finally syndication², over a period that might take as long as 14 years”. The home video market and videocassettes also caused the movie release patterns shrink significantly and, by 1983, videocassettes are released either immediately after or still during the first run of a movie, with pay television exhibition following suit, occasionally during the same year. These changes rendered second run houses obsolete and “broadcast network showings distinctly less profitable” (Hilmes, 1990b: 302). The studios’ loss of the traditional revenue sources was balanced out by the ancillary rights the new outlets supplied.

The above-mentioned predominance of HBO over the pay television service gave the company leverage over program rights. Unlike the fifty-fifty split the studios enjoyed with theater owners and box office profits, now they received a share of only up to 20 percent³ of pay television revenues. This situation left HBO in control. In 1976, HBO started to finance motion pictures in exchange for the pre-bought⁴ right to air these pictures. A side-effect of HBO’s rise as a vital force in Hollywood was encouraging independent film production (by backing up said production) — HBO had more leeway than the film studios to do that because the company did not depend on the success of one individual movie. Another problem for the film industry was that the effective “duopoly of HBO and Showtime” enabled these companies to lower the prices paid to the studios for their filmic content.

The third, and final, event that changed the Hollywood film industry’s relationship with television was — also in 1975 —the introduction by media giant Sony of its Video Cassette Recorder (VCR), the Betamax. Staying true to its copycat fame, Matsushita launched, a year later, its own VCR home system in another format, VHS, initiating a battle that favored the VHS format, despite the fact that the Betamax

¹ Cinemax is an HBO’s all-movie service.

² In broadcasting, syndication is the sale of the right to broadcast television programs by multiple channels, without going through a broadcast network.

³ Pay television revenues are divided three ways.

⁴ The “pre-buy” agreement “limited the extent of profits a studio could possibly receive from picking up an independent project” (Hilmes, 1990b: 303) since the pay television rights would already be sold. That meant the loss of an element that could neutralize a studio’s risk in the event the film was a box-office disaster.

was technically superior. While Sony believed the VCR machines would be used first and foremost to record television broadcasts, the importance of prerecorded content — i.e., video rental (or buying) — became undeniable and VHS tapes were more widely owned and less expensive than their Betamax counterparts, though the latter were of higher quality. The format war that ensued was won famously by Matsushita who was very aggressive in its acquisition of “software” producers (and of, therefore, software), meaning filmed entertainment, in order to motivate consumers to buy its technology. This was not a novel idea, but one that had worked for Thomas Edison (who invented the motion picture projector and made movies to show on them) or RCA (which sold radios by attracting listeners to its NBC radio network). For Bruce A. Austin, in “Home Video: the Second-Run ‘Theater’ of the 1990s”, the fact that satellite delivered pay cable television and the VCR technology appeared at roughly the same time is an important factor and has no doubt these two technologies would have had a different path had they been introduced separately.

With the introduction of a host of new opportunities (although moviemakers did not initially perceive them as such) for motion picture distribution, changes in the previously standard methods for distribution were necessary for both practical and economic reasons. Practically, film distributors simply could not ignore the realities presented them by the various alternative means of public consumption of filmed product. Economically, the new means of film consumption could prove to be a financial bonanza to distributors. (Austin, 1990: 320)

Thomas Schatz argues that even though the film industry’s response would no doubt be a negative one, for fear that the “Japanese threat” would hurt Hollywood’s revenue stream, it swiftly arrived at the conclusion that the hardware would only sell depending on the “software”, which illustrated how the “key home-video commodity was the Hollywood film” (Schatz, 1993: 22). As Bruce A. Austin reminds us, in “Home Video: The Second-Run ‘Theater’ of the 1990s” (1990), the different technologies, whether videocassettes or cable television or others, are simply hardware delivery methods for pre-existing software, and adding new technologies to the film industry equation does not render obsolete the traditional ways of experiencing film. Since the “experiential and aesthetic dimensions of movieviewing may very well differ between the theatrical and home video context, both viewing

options remain open” (Austin, 1990: 321). More than just the Hollywood film, the real force behind the home video surge was the blockbuster hit and “there was plenty to drive these new media industries, as Hollywood’s blockbuster mentality reestablished itself with a vengeance in 1977-1978”, with hits like 20th Century Fox’s *Star Wars* (George Lucas, 1977), Columbia’s *Close Encounters of the Third Kind* (Steven Spielberg, 1977), Paramount’s *Saturday Night Fever* (John Badham, 1977) and *Grease* (Randal Kleiser, 1978), and Warner Bros.’s *Superman* (Richard Donner, 1978). Thomas Schatz considers *Saturday Night Fever* a film (just like *Star Wars*, even if the latter was the top hit of the time period) whose importance “signaled both the erosion of various industry barriers and also the multimedia potential of movie hits” (Schatz, 1993: 22). Thomas Schatz argues that during the 1970s and due to the emergent youth market and the desire of studios to target younger audiences, the movies that are produced become more focused on plot than on character — i.e., the classic trope of coming-of-age story proved “exceptionally well suited to changes in the industry and the marketplace in the 1970s” (Schatz, 1993: 22) — which meant a significant shift from the character driven films of the classical Hollywood period. Thomas Schatz compares *The Godfather* (1972) to *Star Wars* (1977), and where in the first plot serves as a “function of the drives, desires, motivations, and goals of the central characters” (meaning that the plot is advanced by the actions and decisions the hero makes), while the second film is “obviously and inexorably plot-driven” (meaning that it is less the characters that advance the plot and more the plot that propels the characters into forward motion) (Schatz, 1993: 23).

From *The Godfather* to *Jaws* to *Star Wars*, we see films that are increasingly plot-driven, increasingly visceral, kinetic, and fast-paced, increasingly reliant on special effects, increasingly “fantastic” (and thus apolitical), and increasingly targeted at younger audiences. And significantly enough, the lack of complex characters of plot in *Star Wars* opens the film to other possibilities, notably its radical amalgamation of genre conventions and its elaborate play of cinematic references. (Schatz, 1993: 23)

After *Jaws*, *Star Wars* was the true confirmation that Hollywood was now in a different period as before. As a film franchise, *Star Wars* (to this day) is the one with the most “legs” with its “countless commercial tie-ins, as well as a multi-billion dollar licensing and merchandising bonanza” (Schatz, 1993: 24). Thomas Schatz wonders if

it was inevitable that the directors of two of the most influential contemporary films and harbingers of the New Hollywood would eventually join forces. In 1981, *Raiders of the Lost Ark* was released and a whole new franchise began, on the shoulders of Han Solo's Harrison Ford, this time as a strapping archeologist/adventurer. George Lucas and Steven Spielberg — with Indiana Jones films, *E.T.* (Steven Spielberg, 1982) or *Star Wars* (*The Empire Strikes Back* in 1980 and *Return of the Jedi* in 1983, by George Lucas) — broke box-office records in late seventies and during the eighties and are able to claim as theirs some of the biggest hits in movie history.

Universal and the Legacy of Lew Wasserman



Figure 3: *Jaws*, Steven Spielberg, 1975

Lew Wasserman embodied the obsessive concept, for Douglas Gomery, of a kind of “last tycoon” as celebrated by F. Scott Fitzgerald¹.

Lew Wasserman took over Universal in 1962 and headed it into the 1990s. He took the company into the major league of studios, bringing record profits. More than this, he reinvented the studio system by developing the strategies that still define the industry. He married television and film with other media production, distribution and presentation. He pioneered the feature-film blockbuster, with *Jaws* in June 1975. He showed the studio system how to use a flexible system of production, and how to exploit television, and how to increase its market share in nation after nation around the

¹ *The Love of The Last Tycoon* is an unfinished novel by F. Scott Fitzgerald, which was compiled and published posthumously. It is suppose to be inspired by the life of film producer Irving “The Boy Wonder” Thalberg, who had worked for Universal and then Metro-Goldwyn-Mayer. This novel was later adapted to the screen, in a film titled *The Last Tycoon* (Elia Kazan, 1976).

world. (Gomery, 2005: 202)

Through Gomery's perspective, all of his tactics were eventually copied. The author also compares Wasserman to the "moguls of the 1930s and 1940s" but, unlike them, now he was in charge of a media conglomerate instead of a "simple" studio (which was, of course, at the core of the conglomerate, with both TV and film production). The key to Wasserman's conglomerate-style leadership — the one that inspired the other studios as they, too, became media conglomerates — was in constructing the aforementioned conglomerate around related media companies instead of non-media ones¹. This way, the studios were required to produce entertainment that was not only related but able to be "cross-sold" and "cross-promoted". For Gomery, even the media moguls of the 21st century (Sumner Redstone², Rupert Murdoch³, and Michael Eisner⁴) learned Lew Wasserman's lessons for their own profits.

"As an agent in the 1940s, he helped destroy the classic studio system that had made actors and artists the chattel of powerful bosses" (Gomery, 2005: 204). The packaging deals that made Wasserman and his clients a success case come from the way MCA did business with its music clientele. In the 1930s, the company represented "something like two-thirds of the major bands" and such control over the band business prompt the company into representing singers, comedians, and such performers, which, in turn, made it possible so that MCA packaged "complete shows for nightclubs and radio" (Gomery, 2005: 204). Eventually, Lew Wasserman started to branch out the agency by taking on "disgruntled actresses" such as Bette Davis and Joan Crawford. By 1946, he was the president of MCA. However, MCA's big break came when it acquired the Hayward agency with 200 very important clients such as James Stewart, Billy Wilder, Alfred Hitchcock, Judy Garland, Fred Astaire, Gene Kelly and many others. His real innovation, when it came to handling his clients deals,

¹ Many of the conglomerates that formed at this time, in Hollywood, had unrelated market segments or nonoverlapping operations.

² CEO of Viacom.

³ CEO of News Corp.

⁴ CEO of Disney (1984-2005). Disney's CEO today is Bob Iger, who was the one to oversee the acquisition of Pixar Animation Studios, in 2006, as well as the subsequent acquisition of Marvel Entertainment in 2009 and Lucasfilm in 2012.

was when he packaged both director and star¹ (as in the case of James Stewart and Anthony Mann), or when he brokered a deal where Stewart waived his salary (thus cutting his tax) for a share of the profits of the movies he made. This made his clients rich and him a very powerful man. As it was stated by Thomas Schatz, packaging and the independence of stars was as much of a sign as the Paramount Decree of 1948 that the classic studio system was ending. Douglas Gomery goes even further and states that Wasserman actually birthed a “true auteur system” by giving creative freedom to his clients, directors and stars.

“In the 1950s, he moved a recalcitrant film industry into the television age” (Gomery, 2005: 204). At the beginning of that decade, Wasserman formed Revue Productions to get MCA’s proverbial foot in the television door. The existent conflict of interests that arose from a talent agency acting as a production company (Revue basically produced “star vehicles” for MCA clients that wanted to get in on TV profits) was rendered moot when the Screen Actors Guild (SAG) board issued a blanket waiver to MCA². This way, MCA could act as a TV producer through Revue and needn’t request individual waivers for each production. In 1958, Lew Wasserman bought the TV rights to Paramount’s film library and, by 1959, MCA’s annual revenue through commissions was only 26% (\$12 million), while the rest came solely from television (\$46 million).

Alfred Hitchcock represented a very successful case of working both on television and film, and Lew Wasserman made that possible. The series *Alfred Hitchcock Presents* ran for a decade (it premiered on CBS in October 1955). This then granted him the “freedom to make his own movies” although always with Lew’s help. Gomery describes their relationship as the “perfect partnership” (Gomery, 2005: 207), one where Wasserman was involved in all the stages of the creative process.

Lew Wasserman taught the studio system to make peace with the television industry. Slowly, in fits and starts, every other leader followed suit. By 1960 the

¹ “Wasserman learned how to maximize commissions by selling the agency’s talent in packages — a writer plus a director plus stars — so a single movie would pay multiple fees. Packaging was one of his prime innovations, and therefore became standard operating procedure in the modern studio system” (Gomery, 2005: 206).

² The president of the guild was Ronald Reagan and both him and his wife were MCA clients. The SAG was “happy for the work” (Gomery, 2005: 206).

Hollywood movie industry had been remade into a nascent form of the modern studio system by making and selling two products: films and TV series. (Gomery, 2005: 207)

“In the 1960s, he was the midwife to the TV movie-of-the-week, the TV miniseries, the one-hour serial, and brokered an agreement among his fellow studio chieftains that created the movie industry’s rating code” (Gomery, 2005: 204). According to Douglas Gomery, through Wasserman, MCA and NBC worked in close proximity and eventually came up with an innovative television genre, the movie made for television — telefilm. He laments that Warners Bros. and Disney have been given all the credit when, to him, was Lew Wasserman that truly brought TV into Hollywood’s bosom. Television was brimming with MCA produced content to the point where it actually competed with itself for the same timeslots. MCA also represented a great number of TV stars, writers, producers, directors, musicians, and singers, which in turn were packaged for broadcasts, TV films, and movies. The 1960s was also the decade that saw MCA ceasing to be solely a talent agency¹ and focus exclusively on the production of entertainment through Revue Productions. MCA had bought the Universal Studios actual lot (renaming it Revue Studios) to combine it with its library of films and TV series and after the divestiture (in 1962) it acquired Universal Pictures. This move combined the studio’s library to the existing MCA library, turning Universal into an overnight major studio. By 1964 Revue Studios was “renamed Universal City Studios, and Revue Productions became Universal Television” (Gomery, 2005: 207). Wasserman became the studio’s head and Universal Television was the base of his media conglomerate. That same year of 1964, a series of movies were made for television, like *Project 120* or *World Premiere*. During the 1960s, while having television as the crown jewel of his media empire, Wasserman also dedicated the decade to recuperating Universal’s film division. This was a journey that saw the production of such movies as *To Kill a Mockingbird* (Robert Mulligan, 1963), *The Birds* (Alfred Hitchcock, 1963) and *Marnie* (Alfred Hitchcock, 1964), which garnered an aura of prestige back to the studio (Gomery, 2005: 211-213). For added profits, and inspired by Disney’s *modus operandi*, Wasserman inaugurated the Universal Studios Tour in 1964. The next year, the Tour

¹ The Justice Department considered that the situation of having both television holdings and an agency formed a conflict of interest and could be considered, at best, unusual if not downright illegal. Since the production part wielded much more money than the agency, MCA divested itself of the talent agency department.

became a “profitable addition to the very definition of a media conglomerate” (Gomery, 2005: 2013).

Wasserman’s final innovation in business practice would, through the late 1970s, fundamentally re-define feature film making. He coupled mass saturated advertising on prime time television with simultaneous bookings in new shopping mall cineplexes across the United States with the release of *Jaws* in 1975. The film created a sensation and with it Universal initiated the era of blockbuster feature films, forever altering the Hollywood film making and distribution landscape. (Gomery, 2000: 372)

In the mid-1970s, Lou Wasserman “perfected the revolutionary marketing formula of the blockbuster and “changed the way movies were made and sold” (Gomery, 2005: 204). During said decade, Universal Television started taking chances on miniseries, such as *Rich Man, Poor Man* (1976), and a lot of the talent that had developed in television production and direction then moved on to film, like Steven Spielberg. After directing the TV movie *Duel*, Steven Spielberg caught Lew Wasserman’s eye, who decided to assign the young direct to *Jaws* (1975). That movie was the beginning of a whole new game plan. It marked the beginning of the “high-cost, high-tech, high-stakes blockbusters, those multi-purpose entertainment machines that breed music videos and soundtrack albums, TV series and videocassettes, video games and then park rides, novelizations and comic books” (Schatz, 1993: 10).

The film was produced by Richard D. Zanuck and David Brown (who had worked in *Butch Cassidy* and *The Sting*), with the source material being a best selling book by Peter Benchley. Other recent hits were adaptations from best-selling novels that had been pre-sold — like *Love Story*, *The Godfather* and *The Exorcist*. The fact that the movie rights to the novel were sold even before the book was published brought publicity to the book publishing and got people interested in the book, which then, in turn, got people interested in the film that would be made from the book that was having such a successful publishing run. The movie was packaged by International Creative Management (ICM) that represented the author of the book property, Peter Benchley, but also the producing team of Richard Zanuck and David Brown. The film was produced by MCA/Universal and directed by Steven Spielberg, who had only made one movie before this one, *Sugarland Express* (1974), after a

series of made for television films, like *Duel*.

The movie was planned for a Summer 1975 release due to its subject matter, even though in those years most calculated hits were released during the Christmas holidays. Zanuck and Brown compensated by spending \$2.5 million on promotion [¹], much of it invested in a media blitz during the week before the film's 464-screen opening. (Schatz, 1993: 18)

The release of this movie in the summer of 1975 took Universal to the very top of the movie business. What set *Jaws* apart was the absolutely massive campaign that was architected in order to sell the movie. In fact, this film grew into a “veritable sub-industry unto itself via commercial tie-ins and merchandising ploys” (Schatz, 1993: 18). It was incredibly successful since the movie grossed near \$200 million, domestically alone. This was due a “national television advertising campaign” that “revolutionized motion picture marketing” (Gomery, 2005: 213). Advertising on television turned out to be “the key to turning a feature film into a blockbuster” (Gomery, 2000: 372-73), while providing the distributor with the revenues from ancillary rights. It was a campaign around the number three. What happened was that Wasserman bought thirty-seconds ads on every show on all three of the networks during the three days before the release of the movie. Television advertising was not yet being used, to a meaningful extent, to promote motion pictures. A “breakthrough of sorts” happened when Tom Laughlin's *Billy Jack* (1971, Warner Bros.) was re-issued in 1974 (the year before *Jaws*) due to the director-and-star's complaints (an following law suit) that the movie had not been more successful due to improper marketing handling. Tom Laughlin convinced the studio to try to promote the re-issue via television ads:

The film went on to earn \$32, 5 million in rentals, after generating only \$4 million in its initial release. This tactic gained further credibility with the *Jaws* campaign and others, soon becoming standard practice and taking motion picture marketing into a new era. (Schatz, 1993: 21)

¹ Everything was spinned for promotion with this movie, even an inflated budget (it was an expensive movie, by contemporary standards) and the production problems that arose from the mechanical shark, Bruce. Even the radio exploited the now-famous “Jaws theme” by John Williams.

Adding to the ad saturation, there were also massive bookings: “25 million tickets were sold in the films first 38 days of release” (Schatz, 1993: 294). Long gone were the days of first-run showings in 125 to 150 theaters, this was the “new multiplex era” and the movie was released in almost 500 theaters (Gomery, 2005: 213), breaking the longstanding “exclusive engagement” pattern (Merritt, 1985: 38). Actually, “‘Jaws’ 40th Anniversary: How Steven Spielberg’s Movie Created the Summer Blockbuster” (2015), Tim Gray argued that Jaws had not been the first genre picture to open wide (i.e., *Beast From 20,000 Fathoms* in 1953), however “the philosophy was usually grab the money and run, before word of mouth spreads” (Gray, 2015). *Jaws*, conversely, was persistent expanding to a gradually bigger number of theaters: “it had expanded to 464 theaters [on day 17]; it hit a whopping 954 screens by day 59, when it reached the \$100 million milestone” (Gray, 2015). At the time, it was the most intense (television) campaign of all time. Television, who was once perceived as a rival medium, was now the key to large-scale marketing, box-office record breaking, becoming an essential tool in being able to generate a big profit margin with ancillary sales. *Jaws* transformed the game so that a studio could now depend upon one property. This inaugurated a new way of doing business and studios began to look for blockbusters such as the movie that made 1975 the “summer of the shark”:

(...) studios looked for that single film with which to convert a poor year into a record one. Movies became special pop culture attractions, generating predictable cash flows that, in the long run, needed ten figures to tally the total revenue intake. (Gomery, 2005: 214-215)

No matter the amount of hype and promotion, the film ended up being so successful because it was so appealing and, in the end, “only positive audience response and favorable word-of-mouth can propel a film to genuine hit status” (Schatz, 1993: 18).

By the start of the 1980s decade, MCA, Inc., of which Universal pictures was a subsidiary, as seen above, had five business segments. There was filmed entertainment (through “Universal Theatrical Motion Pictures”); music (MCA label); retail and mail order, financial services; and other operations such as the Universal

Studios Tour, publishing, restaurants and parks. As Stephen Prince points out, the film, books, publishing, music and theme park holdings would “become the hubs of the company’s restructuring, at the expense of the other disparate operations” since the idea was to focus the operations on entertainment, with the film studio at the helm (Prince, 2000: 11).

Paramount



Figure 4: *The Godfather*, Francis Ford Coppola, 1972

After Paramount’s Publix theater chain couldn’t be kept out of bankruptcy by Adolph Zukor, Barney Balaban (of Balaban & Katz theaters) took his place as new head of Paramount, whilst Adolph Zukor was sidelined into an advisory role (Gomery, 2005: 81), and kept Paramount in a good direction, earning record profits of \$44 million, in 1946. His biggest assets were Paramount’s stars: Fred Astaire, Montgomery Cliff, William Holden, Bob Hope, Dean Martin, and many, many others (Gomery, 2005: 94). Barney Balaban was the leader, during the studio system and even before his competitors, in trying to jump in on the television bandwagon. Since 1945, Paramount had stakes in television, owned TV stations (Los Angeles, Chicago) and was “speculating about a TV network to connect stations and theatres for television programming” (Gomery, 2005: 93). The anti-trust case, however, ended Paramount’s chances of getting television licenses, killing the Paramount TV network

project. Theater television was something Barney Balaban planned as an alternative¹ but it was panned because the costs exceeded the profits. After this unsuccessful foray into television, Barney Balaban turned his attention to VistaVision (Paramount's reaction to CinemaScope²) and widescreen production. This happened due to the changes within the studio system that started to affect revenues and those changes came with the end of vertical integration³.

The new Paramount started in 1950 with Balaban, Zukor, Freeman, and Henry Ginsberg. The next four years, Barney Balaban developed a “three-pronged strategy”: investing in VistaVision, investing more in marketing and distribution and eliminating B pictures and any kind of secondary production. However despite some success with feature films⁴, in addition to a seven-year run of hitchcockian features, Barney Balaban was still betting on television, in this case, pay-TV. Balaban had to pull the plug after costs started to get astronomical. Regrettably, he was two decades early to the party — HBO (Home Box Office) was launched in 1972. In addition to this, Balaban made the crucial error, in the long run, to sell pre-1948 feature films to [then] Lew Wasserman's MCA. The company's direction was still towards the highly lucrative television market, but, in 1962, “Paramount marked its first loss in twenty-five years” (Gomery, 2005: 96). Barney Balaban surrendered to the idea that the company would be taken over and retired in 1965. The next year, Gulf and Western Industries, Inc.'s, Charles Bluhdorn bought Paramount, making it one of the unrelated businesses of a conglomerate that had stakes in zinc, sugar and auto parts.

G&W was a diversified, multi-industry company whose operations fell into seven unrelated business segments: a leisure-time group, financial services, manufacturing, apparel and home furnishings, consumer and agricultural products, automotive replacement parts, and natural resources and building products. (Prince, 2000: 12)

¹ Balaban had regular programming for theater television such as sporting events like the World Series, football, boxing matches, or even news events and speeches.

² The movie that inaugurated VistaVision was *White Christmas* (Michael Curtiz, 1954), a film with Bing Crosby and Danny Kaye.

³ Paramount Decree.

⁴ *Samson and Delilah* (Cecil B. DeMille, 1949), *My Friend Irma* (George Marshall 1949), *A Place in the Sun* (George Stevens, 1951), *Roman Holiday* (William Wyler, 1953), *The Ten Commandments* (Cecil B. DeMille, 1956).

The change in ownership left Charles Bluhdorn as president and former actor Robert Evans as studio boss. Charles Bluhdorn “found only seven productions in process” and so began working to change Paramount’s status. One of his first moves was the acquisition of Desilu Productions (after the divorce of Lucille Ball and Desi Arnez) giving Paramount an “instant presence in television production” (Gomery, 2005: 227). By 1968, the goal of production was “twenty major films to be made in the USA, and eight films to be made by the European division” (Gomery, 2005: 227). This goal resulted in two hits: *The Odd Couple* and *Rosemary’s Baby*, which helped the studio to regain its strength.

Then came *Love Story* (1970) and Francis Ford Coppola’s *The Godfather* (1972). Significantly, Douglas Gomery draws parallels between these films and Universal’s *Jaws*, since all of them came from best-selling novels. The profits, however, are not comparable. *Jaws* was a legitimate blockbuster, grossing alone almost \$200 million, while *Love Story* and *Godfather* made near the same, but together. Still, it was an important step for Paramount, whose profits were growing yearly. And while “sequels never did as well as their predecessors” *The Godfather Part II* (1974) further cemented a much sought after profitability.

Paramount’s way in into television production (which Wasserman had locked) came from ABC, which made an offer for the broadcasting rights of *Love Story*, permitting that, in no time, Paramount was producing and co-producing television shows¹, during the 1972-3 season. This was Bluhdorn’s final touch in reinvigorating the studio and soon after he withdrew from Paramount to focus on the other (unrelated) business that were part of Gulf and Western Industries. Robert Evans was replaced by former “VP in charge of prim-time programming at ABC” (Gomery, 2005: 229) Barry Diller, who assembled the “Diller’s Killers”, a great staff that included future Disney CEO Michael Eisner, then hired as VP in charge of production. Together, Diller and Eisner had a string of “record-breaking hits” that boosted Paramount even further, in 1977: John Travolta’s *Saturday Night Fever* (1977) and *Grease* (1978), and *Heaven Can Wait* (1978). Paramount came into the 1980s — even with a recession — making money with *Star Trek: The Motion Picture*, Robert

¹ Such as *The Brady Bunch*, *Mission: Impossible*, and *The Odd Couple*.

Redford's *Ordinary People* (1980), twelve series in production for television¹, and the offer of some of its hit series for syndication (*Happy Days* and *Laverne and Shirley*).

The early 1980s saw the development of the home entertainment division of the studio, Paramount Home Video, Inc. This division was housed in the leisure-time group (mentioned above) to which the Paramount studio, Paramount Television, music publishing with Famous Music Corp., book publishing with Simon and Schuster, theater operations with the Famous Players circuit in Canada, and sports entertainment through Madison Square Garden — which G&W used in order to expand into cable programming, creating USA Network. The leisure-time group held the mutually reinforcing areas that would become the focus of the synergetic movement of the eighties: movies, books, music, television programming, home video, cable, and theatrical exhibition.

¹ “By 1978 Paramount had become an important distributor to the pay-television networks. And the company plunged into home video” (Gomery, 2005: 230).

Warner Bros.



Figure 5: *Superman*, Richard Donner, 1978

While Harry and Abe Warner sold their interests in the company that they had created in 1956, Jack stayed until 1967. During the decade prior to his departure, the studio had grappled as the investors sold the “hard assets”¹ of Warner Bros. (land, the film and television production arm). Eventually what was left (the Burbank lot, the international distribution system) was sold to Seven Arts Ltd, thus creating Warner Bros.-Seven Arts, Ltd (Gomery, 2005: 141). The company expanded its film library to television distribution and bought the Atlantic Recording Corporation, although the Wall Street Journal considered the company ready for takeover, according to Robert Gustafson in an essay titled “What’s Happening to our Pix Biz? From Warner Bros. To Warner Communications, Inc.” (*The American Film Industry*, edited by Tino Balio, 1985).

The attraction of Warner Bros.-Seven Arts’ solid position in the distribution of motion pictures to television, plus its motion picture, television, and musical recording production facilities, was so strong that many corporations seriously bid for it. (Gustafson, Balio, 1985: 576)

¹ “Hard assets” are investments with inherent value, although in a more general sense it refers to asset related to natural resources (oil, natural gas, precious metals). The film and television production arm are considered hard assets because they possess intrinsic value for Warner Bros. business. Seen in David John Marotta, “Hedge Inflation Risk with Hard Assets,” Marotta Wealth Management, May 4, 2007, <http://www.emarotta.com/hedge-inflation-risk-with-hard-assets/>.

In July 9, 1969, Steve Ross, head of the Kinney National Services, Inc., “a New York-based conglomerate engaged primarily in car rental, parking lots, construction, and funeral homes” (Gustafson, 1985: 576), ended up taking over Warner Bros.-Seven Arts, Ltd. By then, Steve Ross had acquired Ted Ashley’s talent agency Ashley-Famous, Panavision (which he eventually sold) and National Periodical Publications (the future DC Comics¹ publishing house and holder of important properties such as the Superman and Batman characters). It was because of Ted Ashley’s suggestion that Steve Ross² bought Warner Bros.-Seven Arts, Ltd. After divesting the talent agency from the company (due to the anti-trust laws), Ted Ashley was made head of the studio operations. Ross and Ashley worked together whilst applying the lessons taught by Lew Wasserman, and as Ashley had imitated MCA’s *modus operandi*³, so would Steve Ross managed his empire in a wassermanian way by integrating, controlling, horizontally and vertically as needed, and careful keeping up with all aspects of the media business.

In 1970, he began growing his media empire by acquiring horizontal entertainment businesses (publishers, cable television operations). As the media sector grew, the conglomerate was beginning to strain and the top executives growing unsatisfied. By 1972, the Kinney Corporation spun off the assets that were linked to entertainment (imparting National Kinney with the construction and maintenance side of the divested corporation) and Steve Ross became the head of the newly minted entertainment group, renamed Warner Communications Inc. (WCI). During the remainder of the 1970s, Ross would continue to expand his company focusing on film and television production, music, and cable TV. In 1973 came “the most profitable film in Warner corporate history” in *The Exorcist*, making \$89.3 million in the box-office. In order to maximize a film’s profits, Steve Ross looked beyond the “post-theatrical market” and saw the value in ancillary rights, cross-promotion and merchandising deals. Films were viewed as “software” that provided the ancillary

¹ Before several mergers, the original name of DC Comics was Detective Comics and it maintained its name colloquially despite changes throughout the years. In 1977, it officially changed its name to DC Comics. In “DC Comics, Inc.” at Bloomberg Businessweek, retrieved December 11, 2013: <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=7621531>

² Though Douglas Gomery suggests they only met when Steve Ross had just acquired Warners (Gomery, 2005: 239). Yet Robert Gustafson specifically writes that the acquisition was a “direct result” of Ross’ purchase of the Ashley Famous Agency (Gustafson, 1985: 576).

³ Given that “his agency became known for packaging and selling network television shows” (Gomery, 2005: 238).

markets — such as “television, musical recording, publishing and, later, electronic games divisions” (Gomery, 2005: 241). Warner Communications Inc. continued to spread its media holdings (buying a London-based television production company so that it could set co-productions in Britain and the rest of Europe) and Ross saw the usefulness of ancillary markets, particularly when it came to cable TV. Warner Cable Communications unveiled QUBE, “the most sophisticated cable television system in the world” (Gustafson, 1985; 579). This system offered the possibility of buying displayed products, which led WCI to later buy the American Express Company (beginning Warner Amex Communications) due to its experience with computer technology and consumer credit. At this time, WCI also bought Atari, a manufacturer and distributor of video games, and the Knickerbocker Toy Company thus providing Warners with its own merchandising division. By the 1980s, Warner Bros. (the studio), as subsidiary of a parent company, WCI, belonged to:

(...) a conglomerate engaged in a wide array of business operations. These were primarily in the areas of communications and entertainment and included six business segments: (1) consumer electronics and toys (Atari, Knickerbocker Toys Co., Malibu Grand Prix Corp.); (2) recorded music and music publishing (Warner Bros., Reprise, Elektra, Asylum, Nonesuch, and Atlantic labels); (3) publishing (D.C. Comics, Warner Books, *Mad* magazine); (4) cable television (Warner Amex Cable Communications owned and operated 141 cable systems, in twenty-seven states, with 730,000 subscribers; Warner Amex Satellite Entertainment company distributed the Movie Channel and Nickelodeon pay-cable programming to 600,000 subscribers); (5) filmed entertainment; and (6) assorted other operations [direct-mail operations, soccer team, live theater presentation through Warner Theater Productions, Inc.]. (Prince, 2000: 9)

This conglomeration eventually led to the production of a “cross-pollinated” blockbuster, such as it was with *Superman* (Richard Donner, 1978). As we’ve seen, WCI owned National Periodical Publications (future DC Comics, as it has been mentioned above), which in turn owned the Superman character. This movie was made with a budget of \$55 million that eventually earned \$134 million in North America and \$166 million internationally, making up a total of \$300 million

worldwide¹. It set a new record for Warners and for the “pre-Christmas week business” (this movie was released on the 15th of December). Douglas Gomery writes that in the “Lew Wasserman era” where “movies theaters supplied more than three-quarters of the revenue” and that by the Steve Ross’ era, having developed new marketing and distribution arms, “movie theatres provided only a quarter” (Gomery, 2005: 242) of the total revenues. He states that Ross exploited his blockbuster harder than Wasserman, because he embraced home video, pay television and cable TV.

Douglas Gomery contends that Steve Ross ambioned to transform Warner Communications Inc. into “a diversified media conglomerate with the studio at its core, and by the 1990s this vision had become a reality — his corporation was the equivalent of Universal” (Gomery, 2005: 238). Robert Gustafson, however, while describing the structure of the Warners Communications Inc., states that:

(...) [it] should not be viewed as favoring motion pictures as the primary source of revenues. No division is specifically designed to hold that rank. In the 1970s, the music subsidiaries received the most income, but in early 1980s, it was the electronic game and home computer company Atari that held that role, with cable television poised for that position in the second half of the 1980s. All subsidiaries within WCI are structured so that an increase in one area can aid the others. (Gustafson, 1985: 579)

A hit movie could become a television program and Warner books could become films, so that each of Warners Communications Inc.’s arms would do its part. Having the Knickerbocker Toy Company under the conglomerate umbrella resulted in an enormous amount of film-related merchandise. In the case of *Superman*, the comic books already existed (and their sales soared) but many more products appeared such as an Atari game, dolls, and the licensing of the Superman logo (controlled by Warner’s Licensing Corporation of America) to any kind of item (house slippers, underwear). Steve Ross profitably made an art out of selling movie merchandise and influenced the manufacture of the modern film franchise. The *Superman* and *Batman* film franchises were very much the original template for the adaptation of comic book characters to film, whose success fostered many sequels. Douglas Gomery cites

¹ "Superman (1978)". Boxofficemojo.com. Retrieved December 13, 2013.
<http://www.boxofficemojo.com/movies/?id=superman.htm>

Andrew Fogelson (executive vice president for worldwide advertising and publicity) as saying that, with *Superman*, it was the first time they had had the opportunity to work on a “total entertainment package”. One of the most important accomplishments of Steve Ross was his full embrace of home video.

He believed that the pre-recorded home video market would be an expanding income stream of the future. Early in 1980 Ross alone seemed to understand the viability of home video. While Wasserman went to court suing Sony, Ross was turning millions from home video. He was not bound by the exhibition system. (Gomery, 2005: 243)

In 1979, Warners Communications Inc. was conscious of the emergence of new formats and new distribution technologies. Consequently, the company created its very own home video segment, named Warner Home Video. This arm of the conglomerate marketed prerecorded videocassettes and laserdisc programming. The next year, Warner Home Video released forty-one titles on the market, like *Superman*, *Blazing Saddles* and *Dirty Harry*. Given that WCI owned the Licensing Corp. of America, they maximized the revenues from film-related merchandise by controlling the use of its characters and logos (Prince, 2000: 10), acutely aware of the growing importance of ancillary markets.

WCI was cognizant that it was in the midst of a changing industry driven by new formats and distribution technologies. Like other majors, it had home video operations in place by 1980, but it was in an especially strategic position in relation to cable television. (...) WCI’s 1980 report already takes the long, strategic view by announcing that a revolution, brought about by videotape, laserdisc, and the satellite delivery of cable programming, was underway. (Prince, 2000: 10)

The industrial structure of the Warners Communications Inc.¹ was becoming, as the eighties arrived, “outmoded and retrograde”. WCI considered its diversified

¹ Robert Gustafson details Warners Communications Inc.’s structure as including recorded music and music publishing, filmed entertainment (film, television, distribution, home video departments), publishing and related distribution (including DC Comics), cable communications, consumer electronics and toys, and assorted operations that encompassed the New York Cosmos Soccer Club, Warner Cosmetics, Warner Theater Productions and Franklin Mint, which was a private industrial facility which manufactures coins for currency (Gustafson, 1985: 580).

businesses as a “market asset”, when in reality it just meant that, by dawn of the eighties, Warners Communications Inc. had “overextended its resources into unproductively related areas of operation” (Prince, 2000: 9). The “looseness” of the portfolio, as Prince explains, was not compatible with how media industries would evolve going forward: “Films, toys, soccer, and direct-mail marketing do not create synergy with each other, and ‘synergy’ would be, for the Hollywood industry, the decade’s fundamental economic premise” (Prince, 2000: 9-10). Included

Fox



Figure 6: *Star Wars*, George Lucas, 1977

After 1948, Fox turned to location shooting and extended its repertoire of films to include ‘realistic’ crime films, westerns, musicals and spectacles. To attract audiences back into theatres, Fox led the way in new technology — producing, for example, *The Robe* (1953), the first feature-length film to be shot in Cinemascope (Hayward, 2006: 393).

Spyros Skouras’ Fox was at its apogee in 1946. And as Lester Burnham says in *American Beauty* (1999), “it’s all downhill from here”. Like every other studio, Fox had to deal with vertical *disintegration*, television, suburbanization, and the baby boom. In the television sector of the business, Skouras tried to buy ABC only to be prevented to by the FCC. He also tried video projection for theaters in a joint effort with RCA, when that too did not work out, Skouras started to cut costs by discontinuing the production of B movies, subcontracting independents-and-low-budget producers: “By 1951 Fox’s earnings had fallen by 50 per cent. Across-the-

board pay cuts were instituted” (Gomery, 2005: 124). In 1953, Skouras took matters into his own hand and announced CinemaScope, a widescreen anamorphic lens¹, and magnetic sound tracks² (sound-in-film). These systems were thought up in order to get back into movie theaters since the magnitude of the screen and the quality of the sound had so much more width and quality than television (small screen, tiny sound). To Douglas Gomery, Skouras trailblazed the blockbuster picture *avant-la-lettre*:

(...) each one designed to be so astounding, so overwhelming in magnitude that the event would draw fans to theatres, which had been renovated to provide gigantic screens, stereophonic speaker systems and enlarged candy counters — all at inflated ticket prices. (Gomery, 2005: 124).

A year earlier Cinerama³ (on which Skouras had passed) and 3-D⁴ films had been launched to successful-box office revenues, which led Skouras to believe that technological innovation was the key to the 40 percent drop in revenues since 1946 (Chrissochoidis, 2013: 151). Although the National Theater chain was spun off from Fox, in 1951, president of the remaining company was Charles Skouras, the brother of Spyros Skouras. This meant that the theater chain still worked closely with Fox and, when CinemaScope came around, laboriously furnished its theaters with the necessary technology. But this technological strategy only worked for a while. Television was not going anywhere (by 1960s there would one in almost every home in the USA) and Skouras could not rely forever on his “technological saviour” (Gomery, 2005: 125). So in 1956 Fox began its transition into the television era by releasing features to

¹ “Cinemascope and colour were introduced in the early 1950s by the American film industry in an attempt to stem the commercial decline of its cinema due to falling audience numbers. Cinemascope is a widescreen effect made possible through the use of the anamorphic lens.” It implied the definite arrival of color and was viewed as appropriate to certain genres, by Hollywood, like the western and epic film (Hayward, 2006: 75-76).

² “In the 1950s magnetic tape was used to record sound which was then transferred on to the optical track of the film, and, as with the earlier system, sound was generated by the film passing through a light sensor as it is being projected (a process still used today). This evolution was a natural response to the needs of the widescreen cinema: with such a large screen, stereophonic was clearly essential” (Hayward, 2006: 360).

³ Cinerama is a widescreen process that, originally, simultaneously projected images from three synchronized 35 mm projectors onto a huge and deeply curved screen.

⁴ “By December 1952, when *Bwana Devil* began breaking movie attendance records, ‘the flash was blinding, and all Hollywood was reeling happily in a frenzy of what looked like the biggest boom since the talkies’” (Ray, 2012, 7).

National Telefilm Associates (NTA)¹. The money these transactions injected was not sufficient to prevent Fox from losing money and, in 1962, Skouras retired and the board placed Richard Darryl Zanuck (Darryl F. Zanuck's son), who had become an independent producer by then, in his place. Douglas Gomery argues that while there persists a myth that places Richard Darryl Zanuck as the one responsible for Fox's success "his failure running Fox from 1963 to 1970" illustrated the degree to which he was not as fundamental as previously thought of. He had minimal knowledge when it came to distribution, exhibition, financing, and television².

In Douglas Gomery perspective, it was only when Rupert Murdoch took over Twentieth Century-Fox, in 1985, that the studio got its much needed leadership, since in the years between 1962, when Skouras left, and 1985 "no studio was less stable in its ownership and leadership than Fox". During those 23 years, none of the three leaders Fox operated under were able to build a "Wassermanesque media conglomerate" (Gomery, 2005: 252-53). Richard Darryl Zanuck started by cutting costs, selling assets and putting series on television. The company made small profits that did not come from film but from television, film processing, music publishing and oil investments. This changed in 1965 with the release of *The Sound of Music* (Robert Wise, 1965), a 1950s Broadway hit, thought it scarcely seemed like it could be blockbuster material. However, (baby boom) audiences welcomed the movie and records were set for repeat attendance. By 26 March 1965, the *New York Times* talked about a dramatic recovery in earnings with a profit mark of \$114, 9 million. The movie was made with a budget of \$8.2 million and earned \$158 million, with a runtime of 2 hours and 54 minutes³. Unknowingly, Richard Darryl Zanuck had an embryonic blockbuster in his hands. The same year *The Sound of Music* came out, Fox directed its attention toward accelerating its television production and had ten series in prime time, for the three major networks. Nevertheless, Richard Darryl Zanuck squandered Fox's recent success by investing in three highly unprofitable big-

¹ The deals Twentieth Century-Fox made were not usual operations. The library was licensed for 5-to-7 years, divided into 5 packages of 78 titles each, with one package sold solely to one station per TV market per year.

² Gomery, 2005: 127.

³ In terms of domestic grosses, in the chart of top grossing movies of all time (adjusted to the estimated 2013 average ticket price of \$8.05) *The Sound of Music* is in third place, a remarkable feature, with *Gone With The Wind* (Victor Fleming, George Cukor, Sam Wood, 1939) and *Star Wars* (George Lucas, 1977) in first and second place, respectively. "The Sound of Music (1965)" and "All Time Box Office Adjusted". Boxofficemojo.com. Retrieved 2013-12-16.

budget musicals in three consecutive years: *Dr Doolittle* (Richard Fleischer, 1967), *Star* (Robert Wise, 1968) and *Hello, Dolly!* (Gene Kelly, 1969). Adding to the recent fiascos at the box office was the release of *Tora! Tora! Tora!* (Kinji Fukasaku, Toshio Masuda and Richard Fleischer, 1970). Finally, Richard Darryl Zanuck's lack of experience in running an entire studio brought Fox a record loss of \$77 million that saw the company close to bankruptcy, forcing the board kick Zanuck into a powerless board position.

In 1971, Fox appointed Dennis Stanfill as chairman of the board he stayed in New York, while bringing in Gordon Stulberg, an experienced producer, as president to run the Westwood studio. In the earlier years of the decade he righted the studio and brought in Alan Ladd, Jr., to be the creative affairs director who would figure out how to appeal to the young audience. As soon as Dennis Stanfill was in charge he pushed for a company that was more similar to Lew Wasserman's Universal. He inherited *M*A*S*H* (Robert Altman, 1970) and *Patton* (Franklin J. Schaffner, 1971), a couple of films that did well in theaters, leading Dennis Stanfill to turn the first into a (very successful) television series. The following years, the studio continued to see financial improvements with *The French Connection* (William Friedkin, 1971), *The Poseidon Adventure* (Ronald Neame and Irwin Allen¹, 1972) and *The Towering Inferno* (John Guillermin, 1974). Even though none of them were nascent blockbusters, together they returned to a much-needed respectability to the Fox studio. Indeed, even *Cleopatra* (Joseph L. Mankiewicz, 1963), a film that was ruinous and harmful to the studio in various ways², was reaching the break-even point due to television (acting as a savior and not a foe) and surprising success outside of the United States. In 1976, however, Gordon Stulberg had a succession of fiascos at the box-office and Alan Ladd, Jr. was appointed as his replacement. Unlike his predecessor, Alan Ladd distinguished himself, in 1976, with a streak of successful movies: *The Omen* (Richard Donner, 1976), *Silent Movie* (Mel Brooks, 1976), and *The Silver Streak* (Arthur Hiller, 1976). Then Fox seized the best possible opportunity. Even though he did *American Graffiti* (1973) for Universal, George Lucas was unable to persuade the studio that *Star Wars* (George Lucas, 1977) was a movie worth

¹ Uncredited.

² "Appropriately, the saga of *Cleopatra* dragged unhappily on for several more years after its release, a dénouement of bad blood, threats, and lawsuits" (Carter ed., 2008: 164).

making¹. Alan Ladd jumped at the opportunity. The production budget was \$11 million but it was well worth the money it was spent because *Star Wars* was a goldmine. It produced “unheard-of weekly grosses”. The release was limited in the first weekend — the marketing team was trying to build a “want-to-see” movie and the movie was being played in 70mm prints with the new Dolby stereo sound system.

Rather than opening in 1,500 theatres at once to get maximum grosses, Fox let the picture build through word-of-mouth. Endless lines in front of theatres only gave the movie more of a cachet. It became an event. (...) By the close of 1977 *Star Wars* had racked up revenues in excess of \$300 million. Kenner Toys put out a hugely successful line of *Star Wars* figures that would dominate the toy market for years to come. (Gomery, 2005: 256)

Since *Star Wars* had been so wildly triumphant, Alan Ladd began to request more freedom and money. When Dennis Stanfill failed to agree to his terms, Alan Ladd left for Warner Bros. Dennis Stanfill found another head for the studio in Sherry Lansing, who took over in 1979. She had been an actress and then a production executive for Columbia. By 1980, there were few releases ready and most were pick-ups², such as *All That Jazz* (Bob Fosse, 1979), released to moderate success — except one production left from the Alan Ladd years, *Nine to Five* (Colin Higgins, 1980) that was made for \$10 million and brought in ten times as much.

At the beginning of the 1980s, Fox was not only a stand-alone company, but also an old-line kind of conglomerate. Stand-alone because it was not affiliated with a parent company, and old-line because it maintained operations that were unrelated. Stephen Prince describes how company was divided into two chief business segments. On the one hand, Fox Entertainment dealt with movies, television, telecommunications (mostly centered on home video), and music.

¹ United Artist originally made a two-picture deal with Lucas for *American Graffiti* and *Star Wars* while Lucas was in Cannes with *THX*. However, they declined to make *American Graffiti* and so Lucas went to Universal and, later, to Fox. (Kline ed., 1999: 92).

² “Pick-ups” were “movies made by one studio that have been acquired by another”, in “Movie Terminology Glossary - P,” IMDb, accessed February 24, 2015, <http://www.imdb.com/glossary/P>.

Filmed entertainment revenue alone accounted for a 23 percent increase in the company's operating revenue over 1979, a dramatic illustration of the importance of a studio of having a year's leading blockbuster¹ as well as robust videotape sales. (Prince, 2000: 7)

Fox Enterprises, on the other hand, dealt with soft drink bottling, broadcasting and luxury resort operations. Its portfolio showed that the company had "begun to diversify its filmed entertainment operations into key areas that would be crucial to industry expansion in the 1980s" (Prince, 2000: 5), especially when it came to the home video explosion. However, this was an "unproductive scattering of resources" that led to an "unattractively diffuse corporate portfolio" (Prince, 2000: 7).

Disney



Figure 7: *Mary Poppins*, Robert Stevenson, 1964

Contrary to the myth of the "continuous rise to success" that Walt Disney labored to perpetuate, the company had a rocky beginning. Disney had begun production for *Snow White*, the studio's first feature-length animated film, in 1934, but it took three years and RKO funding (Floyd Odlum signed away Disney from

¹ "The biggest moneymaker in 1980 was the second installment of George Lucas' *Star Wars* trilogy, *The Empire Strikes Back*, which returned \$120 million" to 20th Century Fox (Prince, 2000: 3).

United Artists¹) — and the feature almost bankrupted Disney — to get the film released in 1937, making it “an astounding success” (Gabler 2006: 276-277). The production budget was \$1.499 million and ended up grossing \$66,5 million. Disney would not have such a great hit and Odium knew the company could not churn out “one *Snow White* after another” (Gomery, 2005: 153). Due to the fact that *Pinocchio* (1940) and *Fantasia* (1940) piled up losses, RKO pressured Disney to cut costs, which led to Disney proposing wage cuts and then a strike was ignited. According to Janet Wasko, “Disney and his company were shaken by the war, as well as by the damaging labor strife earlier in the decade. In addition, the declining film markets at the end of the 1940s were taking their toll on the entire industry” (Wasko, 2001: 21).

Since there was no follow-up to *Snow White*, Walt Disney rereleased it, making enough money to set up its own distribution arm in 1953, Buena Vista Distribution, splitting from RKO². This is a watershed moment because it was truly then that Disney joined the studio system³. This was the only way to make the Disney studio a viable member of the system, but it also came from the need to assert control over their products. However, Walt went further and not only integrated vertically, but horizontally as well through the theme-park development (this was Walt Disney’s real edge) and TV production. Because Disney never had ownership of the exhibition market, it never had to re-learn what to do when that part was divested. Disney was also lucky in taking advantage of the “international distribution just as RKO left an opening” (Gomery, 2005: 154). Janet Wasko adds that, by the early 1960s, “the company was integrating its film, television, theme park, and merchandising business, thus laying the foundation for the Disney synergy that blossomed in the 1980 and 1990s” (Wasko, 2001: 23). Wasko is another author that debunks the myth that Walt Disney was the first executive in Hollywood to recognize the potential of television. Some of the film companies got involved with “television technology as early as the 1920s, and many attempted to secure television stations in the late 1940s”. The claim may be understandable insofar as Disney capitalized on television in the early 1950s and began to use television to promote and diversify its company’s business. The

¹ Universal and Columbia had been distribution partners for Disney, as well.

² RKO ceased operations in 1957, four years after the split with Disney.

³ “Although the Disney studio received an enormous amount of public attention and was proclaimed to be an amazing success, it was only a pint-sized midget compared to these other incorporated giants that produced hundreds of films each year and amassed sizable revenues and profits” (Wasko, 2001: 11).

television series, *Disneyland*¹, allowed for the rerelease of their products and proved helpful for the amusement park of the same name: “*Disneyland*, the television series, became a terrific promotional vehicle for the park², even before it opened” (Wasko, 2001: 22). In turn, the profits from the theme park and television ventures turned Disney into a legitimately diversified media conglomerate.

In “Disney’s Business History: A Reinterpretation” (1994), Douglas Gomery states that the reasons the Disney brothers were able to endure being a small Hollywood independent were the distribution deals with “Columbia Pictures (1929 to 1931), then United Artists (1931 to 1936), and then RKO (1936 to 1954)” (Gomery, 1994: 71); the product differentiation (taking advantage of the above quoted technological innovations of color and sound); and revenues from merchandising contracts. The use of merchandising, television deals and theme parks, were the reasons that Disney became “the model for the modern media conglomerate” (Gomery, 2005: 154). When it comes to the television deals, and even the park, Disney “needed a major infusion of capital” and while the top networks turned the company, ABC was ready to get on board with Disney. It was an obvious mutually beneficial arrangement: television could provide a much wider audience than theaters and studios could furnish television with countless hours of programming. Both “Goldenson and the Disney brothers lucked out” (Gomery, 2005: 264). Once the Disney brothers had their distribution arm in Buena Vista, they turned to live-action not only to help fill the pipes but also because, by the 1960s, the market for animation had decreased (Wasko, 2001: 23). In another maneuver, the company started to rerelease their backlog every seven years and it really paid off: *Snow White*, rereleased in 1958 and 1967, collected almost \$50 million in profit, worldwide. These cash injections helped Disney to achieve a status where it was ready to make big budget features, animated or live-action. The three assets Disney had (television production, film studio, theme parks) were “the first real examples of interlocking synergies in Hollywood” (Gomery, 2005: 268).

¹ The Walt Disney Studio premiered its flagship series in October 1954.

² “Somehow the self-promotion that was working so well for Disney simply didn’t play for the other studios. The success of *Disneyland* was due largely to the appeal of the park itself, of course, which was quickly becoming a national institution” (Schatz, 1988: 478).

In 1964, *Mary Poppins*¹ came out and was a hit of “monumental proportions” that Gomery classifies as a “nascent blockbuster” (Gomery, 2005: 268), and “the most successful movie of this period”, for Disney, making \$31 million in the USA, and \$41 million worldwide, as well as being nominated for 13 Academy Awards” (Wasko, 2001: 23). *Disneyland* was starting its second decade of profitability, and there were plans for a second theme park in Florida, in 1965. However, Walt Disney died at age 65 in 15 December 1966² leaving an irreplaceable corporate hole. Roy Disney was thrust into the helm of the company and he stuck to what was working. Even if the years following Walt Disney’s death were uninventive, the company held it together. Roy Disney promoted Donn Tatum (who joined Disney as production business manager in 1956) and Card Walker (who had begun his career at Disney as a mailroom clerk in 1938) to co-manage Disney with him, and the threesome would be therefore known as the “Disney Troika”. When Roy Disney died, they stayed in charge of the company: Walker as president and Tatum as chairman and CEO. The family also started to push for Ronald W. Miller, husband of Walt’s daughter and self-proclaimed protector of the way things were done at Disney. And so were Tatum and Walker who “consistently refused to produce hard-PG and R-rated films (...). The old Disney would have embraced Star Wars, but now Fox was releasing it” (Gomery, 2005: 269). By the mid-1970s, however, Disney was relying too heavily on park revenues and not very productive in its other areas of business, effectively dragging the studio down. By 1980, the company was “barely alive as a major studio” (Prince, 2000: 17).

¹ This movie was the number one domestic grosser in 1964, earning \$31 million. “Mary Poppins (1964)”, Boxofficemojo.com. Accessed on December 17, 2013.

<http://www.boxofficemojo.com/movies/?id=marypoppins.htm>

² The last animated feature he produced was *Jungle Book* (Wolfgang Reitherman, 1967).

Columbia



Figure 8: *Lawrence of Arabia*, David Lean, 1962

Jack Cohn and his brother Harry were the founders of Columbia Pictures and by the time of their death (1956 and 1958, respectively), the management of the studio was now in the hands of Abe Schneider and Leo Jaffe, who generated “only enough income to keep the studio alive” (Gomery, 2005: 276). The Cohns had had a pioneering position in television production — through its television subsidiary Screen Gems — and that was continued by Schneider and Jaffe, who in turn kept the company afloat. A strategy that also helped Columbia along the years was one set before Harry Cohn’s death, which was making production deals with independents, the way United Artists had showed them. By 1961, Columbia boasted a reputation as an independent filmmaker’s haven as Schneider and Jaffe looked for profitable outside writer/director/producers.

By 1961 just over a third of the films Columbia distributed had been produced outside the studio system; the following year, Columbia released thirty-one films, sixteen of them from other countries. (Gomery, 2005: 278)

One of these films from other countries was the British-made *Laurence of Arabia*, which was the major release of 1962. It was the most expensive film in Columbia’s history, with a budget of \$13.8 million that made \$37 million in revenues. Gomery stresses that even though the studio kept producing movies (*Funny Girl*, *The*

Way We Were, *In Cold Blood*) it still failed to turn a profit, which left Screen Gems as Columbia's safety net. If Columbia had a "fairly steady growth" in the 1960s, the 1970s were not kind on the studio. The company started that decade losing great amounts of money and cost cutting became the norm. In 1973, with \$220 million in debt, Jaffe and Schneider turned to Herbert A. Allen (a Wall Streeter) to save the company. He, in turn, brought in Alan Hirschfield, who turned Screen Gems into Columbia Pictures Television and doubled the production of television entertainment, effectively making Columbia "the second largest supplier of fare to network television" (Gomery, 2005: 280). After that, Columbia seemed to be doing better. In 1977, a big victory occurred for Columbia as the company reached a non-exclusive licensing agreement with Home Box Office (HBO). This was also the year Columbia released *Close Encounters of the Third Kind* (Steven Spielberg, 1977)¹, a movie that grossed \$116 million at the box-office and engulfed Begelman's embezzlements. Two years later, *Kramer vs. Kramer* became Columbia's first US-produced Oscar winner in twenty-five years. At the dawn of the eighties, Columbia showed signs of being in excellent shape, with both the television and film divisions showing strong performances, so Herbert A. Allen decided "it was time to cash-out" (Gomery, 2005: 282).

At the beginning of 1980, much like 20th Century-Fox at the time, Columbia was a stand-alone company. Prince states that "its subsequent corporate history, with acquisitions first by Coke and then by Sony, was among the liveliest of the majors in this period" (Prince, 2000: 7). Columbia had become a "modestly diversified" company, although still and independent one. The bulk of business was the production and distribution of films while "also heavily involved" (Prince, 2000: 7) in television. Columbia had four shows that were placed in syndication: *The Flintstones*, *WKRP in Cincinnati*, *Charlie's Angels*, and *Bewitched*. At the start of the decade, Columbia was, like every other major, positioning itself to explore the home video market:

Columbia Pictures Home Entertainment completed its first year of operation in 1980, releasing twenty-four pictures on video, with another sixty scheduled for release

¹ *Close Encounters of the Third Kind* is eleventh on the "Top Ten Films" list (unadjusted domestic gross totals) for the 1970s decade. "All-Time Top Box-Office Films By Decade and Year", Filmsite.org. Accessed on December 19, 2013. <http://www.filmsite.org/boxoffice2.html>.

in 1981 (...). Columbia had also moved to exploit the pay-cable market, creating Columbia Pictures Pay Television (...). To realize subsidiary film-related profits, Columbia Pictures Merchandising generated revenue through the licensing of characters from film and television. In addition, Columbia operated an assortment of other businesses [radio, music]. These areas, however, contributed much smaller revenues than the film and television segments. (Prince, 2000: 8)

Since Columbia, like Fox, did not possess a parent company to provide capital resources, its stand-alone status made the company attractive to (friendly) takeovers. This resulted in the acquisition of Columbia, first, by Coca-Cola, and after, by Sony.

The New Hollywood in the 1980s

After surpassing \$2 billion in 1975, Hollywood's domestic theatrical revenues climbed steadily from \$2.75 billion in 1980 to \$5 billion in both 1989 and 1990. And remarkably enough, this steady theatrical growth throughout the 1980s was outpaced rather dramatically by various "secondary markets," particularly pay-cable and home video. (Schatz, 1993: 25)

As Thomas Schatz writes in "The New Hollywood" (1993), it was during the eighties that the sheer number of homes with videocassette recorders increased exponentially in American homes — from "one home in 40" to "two-thirds of all homes" (Schatz, 1993: 25) — signaling the growth of the home video industry during that decade. Pre-recorded videocassette sales also soared from "three million in 1980 to 220 million in 1990" (Schatz, 1993: 25) as well as the number of cable households and pay cable subscriptions during the eighties. Through the eighties, blockbusters were the driving force of the theatrical market as well as the pay cable and the home video markets, since the domestic theatrical release of a film basically determined said film's "value" in the ensuing ancillary markets, throughout the succeeding release windows. Each release on a new market — theatrical exhibition, then home video, network and cable television (and, contemporarily, on-demand, streaming) — conforms to a preordained timetable that establishes the amount of months, or days, that exist between release stages to avoid overlap. The National Association of Theatre Owners describes the "theatrical release window" as having been "developed in the movie industry to delineate markets and motivate purchases from consumers in different situations and preferences"¹. Moreover, Janet Wasko describes Hollywood's relationship with exhibition and retail in additional detail:

These various markets interact in building consumer awareness and contribute to the overall revenues for a film. In other words, Hollywood films continue to make money for the major studios in various platforms, known as "windows of exhibition," years after their theatrical release. (Wasko, 2003: 104)

¹ "Theatrical Release Window," NATO Online, accessed January 12, 2015, <http://natoonline.org>.

It was during the 1980s that the biggest percentage of the studios' income stopped coming from domestic theatrical release (box-office revenues) and started coming from pay cable and home video, with the biggest chunk coming from home video. So not only did the home video revenues exceed theatrical ones, but by 1986 "cassette revenues alone actually double domestic box-office revenues". During the late eighties, there is also a huge growth in the European market, reaching "record levels in 1990, when a number of top hits — including *Pretty Woman* [Garry Marshall, 1990], *Total Recall* [Paul Verhoeven, 1989], *The Little Mermaid* [Ron Clements, 1989], and *Dances With Wolves* [Kevin Costner, 1990] — actually did better box office in Europe than in the U.S." (Schatz, 1993: 26). According to Thomas Schatz, the solidification of Europe as a decisive secondary theatrical market for Hollywood and the growth of the home video market stabilized the film industry at the end of the 1980s, roughly after 1985-86. This stabilization came with a subduing of the blockbuster mentality leading up to drop of the number of "super-blockbusters"¹ and the rise of the "mid-range hits" (Schatz, 1993: 26). This trend had economic reasons that were tied to the production and marketing costs more than doubling during the 1980s. In terms of production costs, the reasons for the escalation of costs were the intensifying use of special effects on movies and the salary rise of top talent (the "above the line" kind of talent, only). In terms of marketing costs, however, there was the "deepening commitment to saturation booking" (Schatz, 1993: 26), which only grew more expensive with the "boom in exhibition"² fostered by the multiplex phenomenon³ (Prince, 2000: 79), aided by the advertising in television, mainly⁴, as well as in the ancillary markets of pay cable and home video. According to Charles Acland, in "Theatrical Exhibition: Accelerated Cinema" (2008), this exhibition explosion was a result of "the return to the exhibition business by major studios Universal, Columbia, Warner Bros, and Paramount, beginning in 1986". Charles

¹ "Along with *Jaws*, *Star Wars* had ushered in a new era of what A.D. Murphy went on to describe as 'super blockbuster films,' films designed not just to make millions of dollars, but to attain the status of what William Bates in *The New York Times* called 'a national obsession'" (Neale and Hall, 2010: 220).

² "Contrary to the prophets of doom who predicted that video and cable would kill the movie theater, exhibition circuits were flush with the excitement and energy of a rejuvenated industry" (Prince, 2000: 79).

³ "Much of this activity was confined to multiplexes (i.e., multiscreen theaters) located in shopping centers. In this regard, the expansion of screens was tied to the real estate boom of the eighties, specifically the construction and leasing of retail and office space" (Prince, 2000: 79).

⁴ "In 1990, for example, well over \$20 million was spent on TV ads alone for *Dick Tracy*, *Total Recall* and *Die Hard 2*." (Schatz, 1993: 26-27).

Acland argues that this movement towards greater control of the distribution channels led these “corporate entities [to become] increasingly interested in the entire lifespan of a film as it moves from format to format” (Acland, 2008: 85). While the interest in new formats, specifically connected to home video revenue prospects, revved up, there was there need to distinguish the moviegoing experience from the home video experience enough that audiences would be encouraged to life the comfort of their home — this need can be seen as periodically resurgent, dating back to when anti-trust laws prevent film studios from acquiring television networks or radio stations. Consequently resulting in the “multiplex building and refurbishing of the 1990s” which intended to a more “upscale” experience that included “industry standard cup-holders, state-of-the-art sound systems, and a larger lobby space where one might find restaurants, bars, party rooms, and video arcades” (Acland, 2008: 85). Charles Acland adds that the most meaningful alteration was the expansion of the number of screen, both at any given site, and in total, because it catered to an “individualized experience”:

Consequently, we have seen the expansion of start-times, with the same film appearing on several screens, a feature that appeals to individualized convenience. Multiple start-times funnel cinematic taste such that opening-night crowds can be shuffled from one sold-out performance to another screening half an hour or so later. (Acland, 2008: 86)

This was, arguably, one of the first steps towards the cementing of the individualistic mode of consumption that marks the contemporary digital film culture — or, as Chuck Tryon puts it, “on-demand culture”, where digital technologies have affected the distribution of movies by making them instantly available at the click of a button (Tryon, 2013) —, while still “marking the irreproducible qualities of the megaplex spectatorship” (Acland, 2008: 86). In a clear case of history repeating itself, James Cameron argued in 2005 that digital projection and digital 3-D would allure “audiences back to movie theaters by providing them with an unprecedented visual experience” (Tryon, 2013: 76).

At the end of the 1980s and in the beginning of the 1990s, there was a need for films that could be steadily released, due to their less expensive nature¹, in order to counterbalance the risk a very expensive film carried with it. There was always the possibility that one of these could become a “sleeper hit”, a surprise hit such as *Rocky* (John G. Avildsen, 1976), a modest film that spawned a “billion-dollar entertainment franchise” (Schatz, 1993: 27). Despite some voices that warned against a dependency on the blockbuster gamble — for example, in 1991, Jeffrey Katzenberg, Disney’s production chief, claiming that blockbuster mentality was gripping the industry and there was a urgency in returning to a more modest way of producing films — there was no real change underway and blockbuster mentality was completely engrained in the industry complete with a set of rules.

The first is the “Goldman Rule”, or better yet, the William Goldman's great rule of studio filmmaking that “nobody knows anything”² which is a short way of saying that “despite all the market studies and promotional strategies, the kind of public response that generates a bona fide hit simply cannot be manufactured, calculated or predicted”. In *Adventures in the Screen Trade: A Personal View of Hollywood and Screenwriting* (1983), William Goldman argues that the studio executives of the 1980s (just as nowadays) did not have the same job security than that of the studio system’s executives: “The Harry Cohns and the Louis Mayers fully expected to be in their traces till they dropped. Their modern counterparts are under a totally different system: They must get results — *now* — or they’re gone” (Goldman, 1983: 39). And since the pressure is always on them, every decision to green light a film becomes vital, as well as based on the “potential profitability of a cinematic product” but also on the “potential profitability of a wide range of products” (Meehan, 1991: 49) given the New Hollywood structure of the film industry where there are other entertainment and information divisions within the conglomerate that holds the film studio.

¹ Instead of risking making a calculate blockbuster, studios could spend their money on smaller (in comparison) projects.

² William Goldman is an American novelist, playwright, and screenwriter (*The Princess Bride*) who wrote in his memoir, *Adventures in the Screen Trade: A Personal View of Hollywood and Screenwriting*, the maxim “nobody knows anything” (Goldman, 1983: 39).

The “go” decision is the ultimate importance of the studio executive. They are responsible for what gets up there on the silver screen. Compounding their problem of no job security in the decision-making process is the single most important fact, perhaps, of the entire movie industry: nobody knows anything. (...) Not one person in the entire picture field *knows* for a certainty what’s going to work. Every time out it’s a guess — and, if you’re lucky, an educated one. (Goldman, 1983: 39)

This, however, does not dissuade the studios from trying to find ways around that rule in order to better place their bets and/or increase, govern the odds in their favor. First, there is the emblematic rule that it takes “star vehicles with solid production values” to become successful at the box-office, and therefore in the ancillary markets as well. Once again, William Goldman offers sage insight by writing that “since nobody knows anything, and since the studio heads today haven’t got a lot of faith in their creative instincts (since they’ve never been creative), they turn, for salvation, to one thing that got them where they are: stars” (Goldman, 1983: 48). One of the reasons that make this “Roman numeral I” (as William Goldman puts it) so important is that executives, even the best and most know keen commercial mind, are trying to “predict public taste three years ahead and it’s just not possible” (Goldman, 1983: 40). So once again we come to the concept of the “educated guess” or the concept of “reward risk”, where in order to secure the benefits of a hit a studio needs to spend money not only on production but also on marketing before the movie is released. Finally, the media exposure generated by theatrical release attendance creates a “cultural commodity” that can be translated into a number of other media forms: television, music, video games, books, comic books, theme park rides, etc.

A corollary to this is that risk can be minimized via sold pre-sold pictures, and today the most effective pre-selling involves previous movie hits or other familiar media products (TV series, pop songs, comic books). An aesthetic corollary holds that films with minimal character complexity or development and by-the-numbers plotting (especially male action pictures) are the most readily reformulated and thus the most likely to be parlayed into a full-blown franchise. (Schatz, 1993: 28)

The truth is that these rules, or the kind of thinking they entail, are not visible merely in the blockbusters being churned out at this stage in Hollywood. These rules are also present in the “structure and operations of international corporate giants that

produce and market [multimedia worldwide blockbusters]” (Schatz, 1993: 29). Basically it all boils down to the fact that a company that holds a film studio needs to have a great deal of capital in order to produce “enough software to give itself a decent chance for bringing in a hit, and marketing muscle to make the most of that hit when it happens” (Mickelthwait, 1989). In Thomas Schatz’s words it needs to be “well financed and productive, but also diversified and well coordinated” (Schatz, 1993: 29).

The New Hollywood Blockbuster

In Holy “‘Commodity Fetish, Batman!’: The Political Economy of a Commercial Intertext” (1991), Eileen R. Meehan argues that cultural texts, such as films, and in this case such as *Batman* (Tim Burton, Warner Bros., 1989), need to be assessed through an economic point of view to be fully understood. This need stems from the fact that cultural artifacts are, in the United States, created by “profit-oriented businesses operating in a n industrial context. Profit, not culture, drives show business: no business means no show” (Meehan, 1991: 48). This also means that “corporate imperatives” end up defining and constricting both narrative and iconography, which has been truthful for Hollywood filmmaking all of its existence. Meehan, however, is adamant in underlining that the people at the helm of this industry are not “evil moguls” and that that way of thinking about it is reductive and indefensible. To Eileen R. Meehan, the Hollywood product that is a film “becomes only one component in a product line”, one that exceeds theatrical exhibition, our own contact with mass media and spreads through other markets “inside a commoditized, consumerized culture”. Thus, Eileen R. Meehan views film as a “commercial text” and the product line that it generates its “commercial intertext” (Meehan, 1991: 49).

Batman is best understood as multimedia, multimarket sales campaign. Yet, although that campaign’s primary purpose is to earn revenues and decrease production costs, it also “sells” ideologies — visions of the good, the true, the beautiful. Herein lies the contradiction of capitalist media: to understand our mass media, we must be able to understand them as always and simultaneously text and commodity, intertext and product line. This contradiction is well captured in the phrase “show business”. (Meehan, 1991: 61-62)

This idea of the interchangeability between “moviemaking and advertising” (Schatz, 1993: 32) is touched upon by Thomas Schatz as he cites Mark Crispin Miller’s *The Atlantic* piece titled “Hollywood: The Ad”. Mark Crispin Miller argues that product placement is a 1980s equivalent of the 1957’s Subliminal Project Company, an experiment by James M. Vicary that “flashed imperceptible allurements onto the screen” so that spectators felt the urge to eat popcorn or drink Coca-Cola (Miller, 1990). Vicary’s findings were fabricated but the idea of incorporating advertisements onto films blossomed: “In 1982 Coca-Cola bought 49 percent of Columbia Pictures and began at once to plug (its own) products in (its own) movies” effectively turning films into vehicles for advertising (Miller, 1990). Mark Crispin Miller argues that, during the 1980s, the product placement in movies became rationalized and multiple companies formed to broker deals between advertisers and film producers:

In return for the plug the advertiser will help defray the ever-rising costs of filmmaking, not only by providing props or costumes but often — and more important — by mounting a tie-in promotional campaign that will sell the movie in many ads, in thousands of bright aisles, on millions of clean boxes. (Miller, 1990)

These kinds of deals were especially important for movies or filmmakers that were “financially pressed”. However, product placement, or “plugging”, is not the only way by which films began to appear more akin to advertising. In *The Atlantic*’s article “Hollywood: The Ad” (1990), Mark Crispin Miller writes that “movies now tend to have a perfectly coordinated total look, as if they’d been designed rather than directed” and attributes the convergence between films and television advertising to the fact that many filmmakers either came from television advertising, where they began working and directing, or do it in between projects to keep a steady workflow (and paycheck) in a film world of difficult financing¹ (Miller, 1990). Nonetheless, there is more than simply a matter of “exchange of personnel”. Because the 1980s are also the era of the VCR, films are made keenly aware of their multiple release windows, including videocassette which is to be seen at home, on a television screen,

¹ Some of the filmmakers that directed television ads: Robert Altman, Martin Scorsese, Federico Fellini, Jean-Luc Godard, Francis Ford Coppola, David Lynch, Penny Marshall, Stephen Frears.

which led to the adjustment of cinematic techniques to the pace and tone of TV's "hypnotic images", reducing those cinematic techniques to "grabbers" (images designed to attract attention or make an impression). And the downsizing of the style is also accompanied by the uniformity of the style. Thomas Schatz summarizes writing that: "Visual and spatial scale are downsized, action is repetitiously foregrounded and centered, pace and transitions are quicker, music and montage are more prevalent, and slick production values and special effects abound" (Schatz, 1993: 32). Mark Crispin Miller believes that the tone was changed by the overuse of special effects, that by becoming "more mind-blowing and yet more believable, they have also grown more important to the spectacle" and actually became the show. And because special effects "ceased to represent some ambiguous looming force, uncanny or apocalyptic" and are instead used devices for producing a stimulating and reassuring show, for Mark Crispin Miller, films become "antivisual, non-narrative" pieces where the main concern is to make the spectator "feel" rather than anything else.

Thomas Schatz views Mark Crispin Miller's point of view as somewhat limited given as he sees "cinema as the last bastion of high culture under siege by the twin evils of TV and advertising", although he agrees that it is absolutely clear that the visual aesthetics are merging or, at least, intersecting. Thomas Schatz goes even further, remarking that the "New Hollywood's calculated blockbusters are themselves massive advertisements for their product lines". He also invokes the term of "high concept" as a way to reduce and stylize a movie (to a 25-word idea or pitch) "to a point where, for some observers, it scarcely even qualifies as a narrative" (Schatz, 1993: 32). "High concept" essentially exists as a form of differentiated product within the film industry, that begets style and integration with the marketing and merchandising industries, a concept resultant from certain economic, aesthetic and institutional forces such as the conglomeration of the film industry, the rise of television, the practice of new marketing methods, the emergence of new technologies and the changes in distribution strategies (Wyatt, 1994).

Furthermore, Thomas Schatz questions if a film can even be isolated and understood since "the seemingly infinite capacity for multimedia reiteration of a

movie redefines textual boundaries” and “creates a dynamic commercial intertext that is more process than product” (Schatz, 1993: 32).

(...) the vertical integration of classical Hollywood, which ensured a closed industrial system and coherent narrative, has given way to “horizontal integration” of the New Hollywood’s tightly diversified media conglomerates, which favors texts strategically “open” to multiple readings and multimedia reiteration. (Schatz, 1993: 33)

Younger viewers became the target audience to appreciate the intertextual play of a movie as well as its “richness and complexity that may well be lost on middle-aged movie critics”. The younger audience in the 1980s was “media literate” — just as the generation of the 1960s was “cine literate” — an element that continues to this day. The fact that movies, at this stage, were high concept and thus were increasingly tied to marketing possibilities that involved pre-sold properties meant that there was a high probability that these young media-literates had encountered the same property in its textual cycle.

The “calculated blockbuster”, as Thomas Schatz calls it, while dominating the industry also fostered alternative (to the blockbusters) films and modes of filmmaking that effectively translated into an industry divided into three tiers of production — that are less rigid and more dynamically intertwined — of three different classes of films, made by kinds of auteurs: 1) the blockbuster designed for the multimedia market with franchise potential, 2) the “mainstream A-class star vehicle with sleeper-hit potential”, and 3) the independent (and low budget) film.

The studios in the 1980s

In *A new pot of gold: Hollywood under the electronic rainbow, 1980—1989* (2000), Stephen Prince debates the question that worried André Bazin (“What is cinema?”, 1967) and draws a clear line between what movies were (or what Hollywood was, by extension) before and after the 1980s. Stephen Prince argues that by studying its product — Hollywood films — you could study the industry that produced it, but that becomes difficult after the 1980s because the products that the

industry manufactures was no longer just films, it is “filmed entertainment”, and film both was and was not “filmed entertainment”.

Instead of making films, the industry shifted to the production of filmed entertainment, a quite different enterprise that encompassed production and distribution of entertainment in a variety of markets and media. (...) But in the sense that film was not “filmed entertainment,” the viewer might also play a “Raiders” video game or enjoy the “E.T” and “Back to the Future” rides at Universal Studios¹. These latter incarnations of film-derived characters and props generated substantial revenues to the studio from alternative, nontheatrical markets. “Filmed entertainment” — not film — encompassed all such markets and formats. (Prince, 2000: xi)

According to Stephen Prince, licensing operations were under way well before the 1980s (*Star Wars*, *Superman* are good examples) and home video was introduced at the end of the 1970s. Therefore, these occurrences, as well as television as a “vital nontheatrical market” (Prince, 2000: xi), were not new phenomena, neither was the fact that Hollywood had already ventured into diversifying its operations beyond the theatrical release of films. The importance of the 1980s in the movie business industry was the way that these above mentioned theatrical markets began to proliferate and the effect they had on the industry and the way it ran its operations. Home video became the new equivalent to the relationship between film and television, insofar as being an “extra” that quickly became one of the main sources of revenues for an industry that saw its principal commodity acquire new shapes: “Before the eighties, home video was a minuscule market. During the eighties, it exploded in size and in the revenues that it generated” (Prince, 2000: xi). Home video was not the only format of distribution that grew more important in the 1980s, as cable television, pay cable and pay-per-view all widened the array of formats for filmed entertainment distribution. According to Stephen Prince, the film industry was in crisis at the beginning of the eighties (a result of inflating production costs, flat ticket sales and new distribution technologies) and the aforementioned new distribution and exhibition technologies presented themselves as a helpful (albeit not complete) solution to the predicament. There represent the proverbial “pot of gold” that gives Stephen Prince his book title.

¹ Coming a long way from the simple visits arranged by Lew Wasserman.

The eighties branded the industry in a comparable fashion, taking it away from film and toward filmed entertainment, changing the corporate structure and affiliations of the companies producing filmed entertainment, and setting the industry on a course toward globalization and a new oligarchy of planetary media titans. (Prince, 2000: xii)

“Old-line” types of “wildly diversified conglomerates” were the norm before the eighties (Schatz, 1993: 29), a kind of conglomerate that usually involved various companies operating diversified business segments (think Gulf & Western and the Kinney Corporation), usually segments that were unrelated to one another other, such as automobiles, sugar, and motion pictures. Once again, as when the nontheatrical operations bloomed, what changed was the scale and the importance. The film industry remains a subsidiary of parent corporations, the only difference being that these corporations are no longer the conglomerations that formed after the end of the studio system. That meant that subsequent to the wave of mergers and acquisitions that impacted practically every major studio, the film industry now belonged to global media and communications behemoths. Companies such Gulf & Western, Kinney and Transamerica either “sold out, ‘downsized,’ or otherwise regrouped to achieve tighter diversification” (Schatz, 1993: 29). This wave of consolidation continued throughout the 1990s with a series of mergers that joined what Stephen Prince designates as, essentially, “media programmers (...) with strategic distribution venues” (Prince, 2000: xiii), hence positioning the 1990s as a decade that provided a continuation of the transformation that launched in the 1980s.

Gulf & Western, for instance, sold all but its media holdings by the late 1980s and changed its corporate name to Paramount Communications. Kinney created a media subsidiary in Warner Communications, which also downsized in the early 1980s — only to expand via a \$13 billion marriage with Time in 1989 (to avoid a hostile \$12 billion takeover by Paramount), thereby creating Time Warner, the world’s largest multimedia company and a model of synergy. (Schatz, 1993: 30)

There was also an important trend within this decade of mergers and acquisitions that led to the acquisition of American film studios by foreign media companies. 20th Century Fox was bought by Australian Rupert Murdoch’s News

Corporation in 1985, followed by Columbia being bought by Japanese Sony in 1989, and, finally, Universal was bought by Sony's copycat and fellow Japanese Matsushita in 1990. Thomas Schatz argues that the "Fox purchase may have greater implications for TV than cinema, given the creation of a 'fourth network' in America and its expansion to Europe". When it comes to the Columbia-Sony and Universal-Matsushita unions, the implications are great in the hardware department, with the studios functioning as software factories: "Columbia and MCA gave the two firms sizable media libraries and active production companies". The two Japanese giants fought over videocassette systems (Matsushita's VHS versus Sony's Betamax) in the seventies and, later, battled over "domination of the multi-billion-dollar high definition television (HDTV) market" (Schatz, 1993: 30).

Going back to the beginning of the 1980s, and as it has been mentioned above, Stephen Prince declares the film industry to have been deep in a crisis. While the American box-office might have appeared to be blooming (Hollywood had five straight years of record box-office returns), the gross data was considered by Stephen Prince as unreliable. Not only did the national ticket sales remain regularly at the 1 billion mark, there was also a steady rise in ticket prices. These variables combined, it meant that the rise in price helped fuel record at the box-office while sales remained flat. While this was happening, Hollywood was facing a "decade of extraordinary challenge in which the conduct of business as usual would entail certain ruin" (Prince, 2000: 1). There was need for change, as the faster the better. Stephen Prince equates the changes that occurred (institutional, economic and technological) as transformative as the consent decrees or the arrival of television.

From an industry standpoint, the story of the 1980s is the exciting chronicle of a business reinventing itself to accommodate new delivery systems for its products. As a result of these changes, the industry's corporate structure was vastly different by decade's end, as was its definition of the product it produced. (Prince, 2000: 2)

At the beginning of the decade there were no evident signs of distress. The early eighties saw a really big attraction in fantasy-adventure genre movies (*Raiders of the Lost Ark*, 1981; *E.T.: The Extra-Terrestrial*, 1982), as well as comedy movies (*9 to 5*, 1981, *Arthur*, 1981, *Tootsie*, 1983), and were populated with "sequels and

entries in highly popular franchise series” (Prince, 2000: 3) such as *The Empire Strikes Back* (1980), *Superman II* (1981), *Rocky III* (1982), *Star Trek II: The Wrath of Khan* (1982), *Return of the Jedi* (1983), *Superman III* (1983).

This profile shows (a) that the majors had already achieved a significant degree of entertainment market integration (e.g., activities in film, music, and video) by 1980; (b) that this integration was accompanied by a maladaptive, old-fashioned style conglomerated business structure; and (c) that the majors were cognizant that a sweeping technological revolution lay just ahead, though they could not yet envision its shape, outcome, or effects. (Prince, 2000: 5)

So what compelled the reorganization at a corporate level during the 1980s? What forced the industry (namely the parent companies of the studios) to forego an “old-line pattern of conglomeration” in favor of a “tightly focused range of mutually reinforcing entertainment operations” (Prince, 2000: 19)? The problem was twofold. On one hand, despite the fact that motion pictures were making more money than ever, inflation was gobbling up capital, which, for the film industry, meant a savage rise in production and marketing costs, while the theatrical market remained.

Blockbusters like *The Empire Strikes Back* were returning over \$100 million in a single year to their distributors. At the same time, though, as I noted at the beginning of the chapter, the theatrical market, measured by ticket sales rather than rental returns, had topped out. (Prince, 2000: 19)

Making matters worse, basic print costs were also rising, which coupled with the inclination of studios, during this decade, to fund expensive films, full of special effects also helped with the escalating price of film production. Adding to the rising production costs, studios had to worry with advertising, and the print and publicity costs also rose during the eighties. This affected the studios earnings considerably, especially considering, as mentioned above, the stagnation of the theatrical market.

While recession and inflation were problems that afflicted the whole of the US economy, there were industry-specific causes, such as the influence of talent and talent agencies in negotiating (exorbitant) salaries for stars and directors and offering

package deals of talent. The rises in production costs were also tied to the role of the talent agent and agency in negotiating salaries and offering package deals. The aforementioned company unions of Columbia-Sony and Universal-Matsushita were also important as far as talent (i.e., movie stars) was concerned. In the 1980s, the wealthy management of a studio depended “not only on positioning movies on a global multimedia market, but also dealing effectively with top talent and their agents” (Schatz, 1993: 30). Thomas Schatz offers Michael Ovitz (chief executive of CAA and a powerful Hollywood agent) as an example of a new factor in the “New Hollywood equation”, whose power derived from an impressive client list, from the packaging (like Lew Wasserman had done) of top talent and from securing good terms for its clients, all the while managing interpersonal, institutional and corporate relationships.

Beyond the \$3.5 billion Sony paid for Columbia, the company also spent roughly \$750 million for the services of Peter Guber and Jon Peters, two successful producers (*Batman*, *Rain Man*, et al.) then under contract to Warners. (...) [Michael Ovitz] was the key adviser in the Sony-Columbia deal, and in fact he packaged *Rain Man* during the negotiations and later helped arrange the Guber-Peters transaction. And Ovitz quite literally brokered the deal Matsushita-MCA deal, acting as the sole go-between during the year-long negotiations. (Schatz, 1993: 30)

The increasing dependency on talent (on which Michael Ovitz’s, and thus CAA’s, success depended on) was caused by the fact that the industry was driven by blockbusters and blockbusters were, in turn, driven by stars. In the New Hollywood, since “fewer films carry much wider commercial and cultural impact” the stars clout rises¹.

Some studios can more easily justify paying higher prices for talent these days because, with the consolation of the media industry and the rise of integrated entertainment conglomerates that distribute movies, books, recordings, television programming and magazines, they have more outlets through which to recoup their investments. (Fabrikant, 1990)

¹ “Interestingly enough, many (if not most) of the seminal New Hollywood blockbusters were not star-driven; in fact many secured stardom for their lead actors. But as the blockbusters sequels and multimedia markets coalesced in the early 1980s, both the salary scale and narrative agency of top stars rose dramatically” (Schatz, 1993: 31).

The new markets for filmed entertainment, i.e., “nontheatrical delivery systems”, were still new and rife with challenging potential. In fact, these systems, or ancillary markets, could very well be the solution to the stagnation problem. Since movies have a shelf-life even after the theatrical window closes, it was just a question of figuring out how to best profit from the new kinds of opportunities presented by new technologies. Indeed, the ancillary markets and new delivery systems were crucial for the long-term health of the industry. While on the long run they would prove to be the proverbial “pot of gold” at the end of the decade (Prince, 2000), not everyone would get there to reap the benefits. There would be a “shake-out” period in the industry — personified by the wave of mergers and acquisitions that define the 1980s — that effectively eliminated weaker players. Production and marketing costs rose tremendously, studios maneuvered to be better positioned in order to control the cable and home video markets, and filmmaking delved into a strategy where films would not be made without the control of the full range of rights, for the full range of media needs.

During the 1980s, the box-office remain strong and annual ticket sales remained consistent. This latter piece of information can make you look at the industry in two ways: either you see the theatrical market as “fully exploited” or you see that a strong, robust domestic box-office shows that the moviegoing market continues to hold appeal to the audiences: “nearly all of the studios had one or more outstanding years during the decade” (Prince, 2000: 41). Blockbusters were generating massive returns, and five of them actually passed the \$100 million — *The Empire Strikes Back* (Fox), *E.T.: The Extraterrestrial* (Universal), *Return of the Jedi* (Fox), *Ghostbusters* (Columbia) and *Batman* (Warner Bros.) —, which set a new standard for success. The fact that each major had produced or distributed one of the decade’s blockbusters just made it tempting in the eyes of major corporations, who saw having a studio as a subsidiary as “giant revenue machines that could drive the ancillary markets to produce additional returns” (Prince, 2000: 42). Another trend of the mid-1980s was the boom in exhibition and 1984 marked the year of the biggest expansion since 1948. This expansion was the result of: first, an increase in film production, which, in turn, was due to the need to provide content for ancillary markets; and, secondly, the theaters runs of films were shorter (due to release

windows and contracts with television for exhibition) so theaters needed more product. This helped the proliferation of independent films, financed or distributed outside of the major league. All these changes meant that there were a growing number of exhibition venues on which consumers might watch movies. Buyers in the communications industry understood that the future would be with information and media industries. One must factor in the appeal of the global markets and the film industry that it had “historically been a manufacturer whose good are among leading U.S. exports”, rendering the studios that produced them an invaluable appeal, enhanced by the convergence of communications and entertainment, which marked a “shift from businesses geared to the extraction of raw materials to those that processed information” (Prince, 2000: 45-46).

Because movies drive the global multimedia marketplace, a key holding for any media conglomerate is a motion picture studio; but there is no typical media conglomerate these days due to the widening range of entertainment markets and rapid changes in media technology. (Schatz, 1993: 29)

According to Tino Balio, in “‘A major presence in all of the world’s important markets’: The globalization of Hollywood in the 1990s” (1998), the American film industry was ushered into the era of globalization through a series of conditions: there was an “unprecedented” increase in demand for films worldwide, there were signs of economic growth around the globe (Western Europe, Pacific Rim, Latin America), as well as the end of the Cold War, coupled with the “commercialization of state broadcasting systems, and the development of new distribution technologies” (Balio, 1998: 58). This lead to film companies and/or their parent companies to pay closer attention to fostering international operations leading, in turn, to the merger-and-acquisition frenzy that began in the 1980s.

In 1989, Rupert Murdoch, who bough 20th Century-Fox in 1985, was quoted in a interview as saying “I am sure that the global top league will basically consist of five or six very large media companies”¹, which did happen at the end of the 1980s, with News Corp. Ltd., Time, Inc., Sony and Matsushita as “the giants who swallowed

¹ Murdoch quoted in Wolfgang J. Koschnick, “I Can Think of More Important Things Than Being Loved by Everybody”, *Forbes*, 27 November 1989, p. 102.

whole film studios and integrated film production and distribution with their other information-based operations” (Prince, 2000: 47).

20th Century-Fox

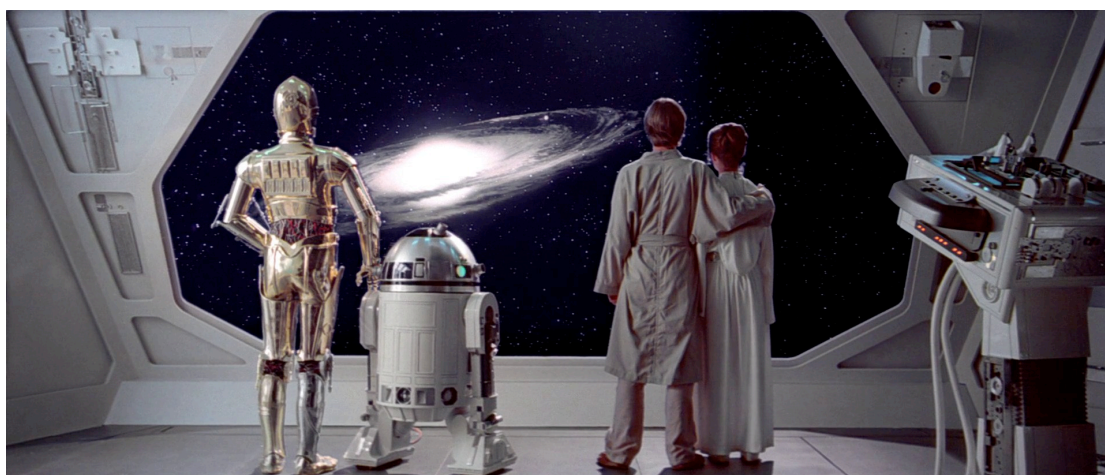


Figure 9: *The Empire Strikes Back*, Irvin Kershner, 1980

In 1981, Fox was bought by Marvin Davis, an executive whose primary business was oil. Since the purchase meant unrelated businesses would be under one proverbial “roof”, this acquisition did not work in the long term. Diversification may have been a traditional policy, but because the businesses were not mutually reinforcing each other, it could not last. If before this buy, Fox had already a “diffuse corporate portfolio”, then this was a truly mismatched venture, and one that brought a lot of debt to Marvin Davis. This happened even though 1980 had been a great year for Fox, since *The Empire Strikes Back* had been an incredible hit, grossing \$120 million worth of rentals (Prince, 2000: 42), while the first *Star Wars* movie was being re-released every year until 1980, effectively pouring so much cash in that “Stanfill’s major problem became fending off uninvited takeover threats” (Gomery, 2005: 256).

Davis was, however, completely out of his element, which made him rely heavily on Sherry Lansing (Fox’s president after Alan Ladd left for Warner Bros.) on the film production side of things. He did, nonetheless, push for expansions in cable and home video, mainly focusing on Fox’s library and two particular cash cows: *Star Wars* and *M*A*S*H*. Lansing, unfortunately, could not maintain a winning streak after the true hit *The Empire Strikes Back*, and the moderate successes of *Fort Apache* and Mel Brook’s *History of the World Part I* (both 1981). Seeing as Lansing was not

providing the hits he wanted, Davis replaced her with Joe Wizan (once an agent and a long-time producer) whose “tenure atop Fox production would make Lansing’s look like a success story” (Gomery, 2005: 258), until George Lucas came to the rescue with *Return of the Jedi* (1983), which earned \$252 million at the box-office¹. As Lester Burham, a character in *American Beauty* (Sam Mendes, 1999) would say: “it’s all down hill from here”. Despite being the market share leader, in 1983, Fox did not have frequent hits and, by 1984, the studio had a net loss of \$90 million, claimed a *Business Week* article titled “The Shifting Fortunes of Marvin Davis”². This was clearly not Davis’ plan when he bought the company and the acquisition of Fox was taking its toll.

“With losing pictures vastly outnumbering winners, it was time for another executive change. Wizan was out” (Gomery, 2005: 259) and in was Lawrence Gordon, who too had a short tenure at Fox. Marvin Davis managed to effectively seduce Barry Diller (the leader of the former “Diller’s Killers”) away from Paramount in 1984 — and away from Martin Davis. A year later, he was reviving Fox when, fortunately for everyone involved, Marvin Davis decided to cash-out and sold his holdings to Rupert Murdoch’s News Corp. (the first half in April, the second half in December of 1985), who wanted to expand his operations in the United States³. Murdoch spent \$575 million, whereas Davis had gathered \$722 to purchase Fox, back in 1981 (Hayes, 1985). This was actually the better scenario for Fox. Davis ownership was a retrograde looking one for he “seemed uninterested in expanding media operations beyond Fox”, which in the climate of the time, was not really an option for survival. Murdoch, on the other hand, understood the “linchpin role a movie studio could play in international media markets” (Prince, 2000: 49), even if Fox was underperforming recently. Together with Barry Diller, they saw Twentieth Century Fox⁴ as more than “a producer of motion pictures and television entertainment” (Gomery, 2005: 259). They were in it for the long run. The integration of a movie studio was key, so much so that Murdoch had tried to takeover Warner Communications Inc., unsuccessfully, the year before his Fox purchase. He was very aggressively expanding his operations

¹ *Star Wars* currently holds the 6th position in the 10 highest grossing films of all time, according to Boxofficemojo.com. <http://www.boxofficemojo.com/alltime/domestic.htm>. Accessed 22 January 2014.

² “The Shifting Fortunes of Marvin Davis,” *Business Week*, 8 April 1989, p. 36.

³ He had bought since, since 1982, an assortment of newspapers and magazines such as the *Boston Herald*, *The Chicago Sun-Times* and *New Woman*. (Prince, 2000: 48).

⁴ Finally losing the hyphen.

and, merely three months after completing the Fox buy, he bought six Metromedia television stations, in “six of the ten largest media markets in the country” (Prince, 2000: 49). Murdoch coupled that with the purchase of Triangle Publications, Inc., the company that held *TV Guide*. These moves made very clear what was to happen next: in 1986, the News Corp. launched the television channel Fox¹, making it the fourth broadcast television network — under the Fox Inc. banner as Fox Broadcasting —, alongside ABC, NBC, and CBS. Unlike the unfocused, antiquated, and conglomerate system of a company such as Gulf and Western, Murdoch’s News Corp. became a model for the information and entertainment industries as he built a tight, convergent corporate structure. Sure enough, Douglas Gomery equates Murdoch as the new Lew Wasserman.

Fortunately, the studio turned out two successful movies: *Jewel of the Nile* (1985) and *Aliens* (1986), a sequel to *Alien* (1979)². By April 1987 Murdoch and Diller had the Fox studio off the critical list and rejoining the studio system as a major player. (Gomery, 2005: 259)

Truthfully, the author goes even further stating that Murdoch actually surpasses Wasserman, seeing that he went beyond what Lew Wasserman had done. Not only did he save Fox from a model that was clearly not working since there was no vision, but turned Fox — charged with his own vision of what kind of conglomerate he wanted to create — into a powerful, profitable studio with a groundbreaking connection to a new, fourth television network. This pioneering alliance paved the way for the other studios, except Sony, to follow in his footsteps (Gomery, 2005: 252-253).

¹ Rupert Murdoch had to become an official naturalized American citizen to fulfill the legal requirement that only United States citizens could own American television stations.

² A film that was produced by Alan Ladd before Sherry Lansing replaced him.

Columbia



Figure 10: *Ghostbusters*, Ivan Reitman, 1984

Coca-Cola Co. bought Columbia Pictures, in an amiable takeover, on June 1982 for \$750 million¹. Classified as an “experiment”, this was one case where the search for synergies did not function well. There was a strange conviction, within Coca-Cola, that there were financial benefits to be obtained by acquiring an entertainment segment in a peculiar exercise in expansion: “Wall Street was skeptical about the takeover, but if any outsider could make the studio system run like other businesses, it was Coke” (Gomery, 2005: 283). There were no real ways that film production and promotion could enhance soft drink sales, nor did it seem likely that it would work the other way around. Unlike the mutually reinforcing potential of the synergies created between Fox and News Corp. (books, music, films, comic books), the product Coca-Cola had to offer was a soft drink, which is “not a form of media”. The man behind this deal was Roberto O. Goizueta, chairman and chief executive officer of Coca-Cola. At the time, the strategy defined by Coca-Cola for Columbia was:

Film production would be increased beyond the eight pictures Columbia made in 1982 (...), but risks would be managed by expanding outside financing of production costs. In this respect, Columbia was employing a funding strategy—offering limited

¹ In actuality, it seems tricky to pinpoint the exact amount of the buy. Douglas Gomery writes that the studio was bought for \$823 million (Gomery, 2005: 282), Stephen Prince declares the purchase was \$692 million (Prince, 2000: 50), and, finally, the newspaper *The New York Times* places the value at \$750 million (*The New York Times*, 1982). I chose the latter reference because it represents an average between the three sums.

partnerships and tax-sheltered investments in production— that was widely used by the majors in the eighties to augment their available production capital and generate resources to invest in a range of productions¹. (Prince, 2000: 51)

Partnership packages allowed Columbia to expand its film production and therefore increase its film properties which was important since, like the other major studios, Columbia wanted to tap into the ancillary markets' promise of being a key source of revenue. The same year of the Coca-Cola takeover, Columbia (film production), HBO (pay cable) and CBS (broadcast television), who needed a way into film production since the liaison with MGM had failed, partnered to launch Tri-Star, a new major studio, with Victor Kaufman as chief. The three partners would share the funding of the film productions, which would, in turn, be integrated with “exhibition through the provisions for pay-TV and broadcast” (Prince, 2000: 52). Unlike with soft drinks, these were overlapping markets. Eventually, Coca-Cola started to observe that Columbia's “performance was chronically disappointing” (Prince, 2000: 53) and, apart from a great 1984, with *Ghostbusters* (Ivan Reitman, 1984) earning \$229 million at the box-office² and *The Karate Kid* (John G. Avildsen, 1984) earning \$90 million, the eighties were not gentle to Columbia. Goizueta brought David Puttnam, a British producer Goizueta had chosen, in 1986, to run Columbia, in search of films as profitable as *Ghostbusters* had been. He was the responsible for unprofitable movies and a considerable fiasco: *Ishtar* (Elaine May, 1987), a film that ranks in the same disastrousness as *Heaven's Gate* (Michael Cimino, 1980), except at least Columbia's film did not take down the studio. Puttnam, however, had a preference for small pictures and downright anti-box-office philosophies that undermined Coca-Cola's attempts at promoting films that could become blockbusters — instead of “high concept” he did, as Justin Wyatt designates them, “low concept” films³ (Wyatt, 1994: 1), and the “accumulated losses on these ‘small’ pictures put the studio deeper in the red” (Prince, 2000: 58). Puttnam was fired in 1987, even before the release of disastrous *Ishtar*, which was inherited by interim head Dawn Steel, one of the “Killer Dillers” and a protégé of Barry Diller's at Paramount. At Columbia, she was one of

¹ This worked until the Tax Reform of 1986, which “repealed the investment tax credit that entertainment companies had used to attract investors” (Prince, 2000: 51).

² It ranked in second place of the top grossing films of 1984, just behind *Beverly Hills Cop* (Martin Brest, 1984), with \$234 million.

³ Films whose themes or “complex narrative defied translation into a simple marketing approach” (Wyatt, 1994: 6).

the first women to run a major Hollywood film studio. She was asked to leave in 1989, right before Coca-Cola exited the movie business, due to her inability to save the studio from the losses and turmoil caused by David Puttnam. *When Harry Met Sally* (Rob Reiner, 1989) was still released under her tenure — it earned an eleventh place at that year’s box office. At that point, Goizueta was ready to let go of Columbia and focus on its core markets as, first and foremost, a soft drink company.

After the failing “Coca-Cola Experiment”, Sony bought Columbia in a bold bid at \$3.4 billion, in 1989. Sony was a manufacturer of audio and video hardware that hoped to form synergies with Columbia as an entertainment content producer¹. Sony now had the “music- and image-based operations it believed to be essential for the growth of its hardware business”. In 1991, Sony changed the name from Columbia Pictures Entertainment to Sony Pictures Entertainment, positioning itself after having “successfully ridden out the industry transformations of the 1980s to become part of the emerging information industry oligopoly”² (Prince, 2000: 60).

Paramount



Figure 11: *Raiders of the Lost Ark*, Steven Spielberg, 1981

¹ It was also a “vivid example of the era’s foreign acquisition of U.S. business giants” (Prince, 2000: 59), such as Matsushita (which bought MCA/Universal) and News Corp. (which bought 20th Century Fox).

² After Sony entered the U.S. market, it garnered a surprising ally in Time Warner — after a settlement in regard to producers Peter Gruber and Jon Peters, who Sony wanted but were under an exclusive contract with Warner Bros. — and “became partners in several joint ventures, which symbolized the increasingly interlocking nature of the business” (Prince, 2000: 59).

It has been mentioned above that the behemoth-like old-line conglomerates were not an appropriate structure for film companies and during the 1980s that whole approach changed when it came to news and entertainment industries. Despite the aforementioned recession that struck Hollywood in the eighties, Paramount continued to have good returns, and, of all the studios, it was the only one that could count *three* bona fide blockbusters — as far as rentals returned to distributor were concerned, at least (Prince, 2000: 42) — its 1980s belt: *Raiders of the Lost Ark* (Steven Spielberg, 1981) made \$212 million at the box-office, *Top Gun* (Tony Scott, 1986) made \$176 million at the box-office, and *Beverly Hills Cop II* (Tony Scott, 1987) made \$153 million at the box-office and it had the best opening weekend of the whole of 1987¹.

With Fox and Columbia — the examples that have been analyzed so far — their reorganization was brought up by new (foreign) corporate owners. However, Paramount and Warners Bros. (as it will be analyzed later) underwent a distinct process. In order to become more efficient companies, these conglomerates needed to divest themselves of the business that were unrelated and thus begin a period of *deconglomeration*. This strategy belonged to a larger trend in American businesses that divested themselves of “unrelated market segments in order to concentrate on related areas of operation and to facilitate ongoing merger-and-acquisition activities” (Prince, 2000: 60). This basically meant that these companies were trimming down the fat and focusing on the business segments that provided true synergetic potential, i.e., the above talked about mutually reinforcing, related segments that allowed for cross promotion, ancillary markets and, down the line, media convergence and transmedia storytelling. In Paramount’s case, the shocking death of Charles Bluhdorn (Gulf and Western’s founder, chairman and CEO), in 1983, was the trigger to the corporate restructuring. Before Bluhdorn’s death, Paramount had been, as mentioned, on solid footing. The television division continued profitable, the film library was growing exponentially, and Paramount Television began investing in cable by becoming a part owner of USA Network. In the film production sector, 1982 was the year of the sequels: *Star Trek II: The Wrath of Khan*² (Nicholas Meyer, 1982), *Grease*

¹ “Beverly Hills Cop II (1987)”, Boxofficemojo.com. Accessed on December 13, 2013. <http://www.boxofficemojo.com/movies/?id=beverlyhillscop2.htm>.

² This film grossed \$78 million at the box-office, was number six at the yearly box-office, and had the year’s best opening weekend. Information retrieved at Boxofficemojo.com. <http://boxofficemojo.com/movies/?id=startrek2.htm>.

2 (Patricia Birch, 1982), *Friday the 13th Part III* in 3-D (Steve Miner, 1982) and *Airplane II: The Sequel* (Ken Finkleman, 1982) were all popular sequels (Gomery, 2005: 230).

After Charles Bluhdorn's death, the company was bequeathed to former Barney Balaban's PR executive Martin Davis, who had stayed with the company after the Gulf and Western takeover. He had become Vice President of Gulf and Western and, later, it was arranged for Martin Davis to become CEO after Charles Bluhdorn's death. Barry Diller and Michael Eisner would not be a part of the new company's reconfiguration. In a *Newsweek* piece titled "The Fall Of Frank Mancuso" ("The Fall Of Frank Mancuso", 1991), it reads that Martin Davis drove out the "Killer Dillers" — namely Diller himself (who went on to become chairman at Fox), Michael Eisner and Jeffrey Katzenberg ("the duo who later revived Disney") — because he was furious they were getting more publicity than him. Frank Mancuso was appointed as the new president of Paramount. He arrived in 1984 to replace Diller after a "stellar career as Paramount's president of marketing and distribution" ("The Fall Of Frank Mancuso", 1991).

Before Barry Diller had left, he had made a huge deal with Eddie Murphy: an exclusive contract that "gave the actor \$1 million up-front for his first film, as well as the power to develop his own projects" (Gomery, 2005: 230), like *Best Defense* (Willard Huyck, 1984) and *Harlem Nights* (Eddie Murphy, 1989), both distributed by Paramount. The actor became a real asset for Paramount during the whole decade, bringing home significant hits in *The Golden Child* (Michael Ritchie, 1986), *48 Hours* (Walter Hill, 1982) and its sequel *Another 48 Hours* (Walter Hill, 1990), *Trading Places* (John Landis, 1983), *Beverly Hills Cop* (Martin Brest, 1984) and its sequels, and *Coming to America* (John Landis, 1988). Steven Spielberg was another asset for Paramount — he worked, during the 1980s with Universal (*E.T.: The Extra-Terrestrial*), Columbia (*Close Encounters of the Third Kind*) and Paramount — with the Indiana Jones trilogy: *Raiders of the Lost Ark* (the highest grossing film of 1981) that grossed \$212 million, with a re-issue in 1982 that grossed \$21 million and another one in 1983 that grossed \$11 million; *Indiana Jones and the Temple of Doom* (the third highest grossing film in 1984) that grossed \$179 million; and *Indiana and*

the Last Crusade (the second highest domestic grossing film in 1989, yet the number one worldwide) that grossed \$197 million¹.

One of Martin Davis' great contributions — besides the deconglomeration of the company — was his contribution to the home video market's development. According to Douglas Gomery, Martin Davis essentially “led the way to direct selling of home video” by using creative marketing and “pricing strategies”. This way, he made sure that home video became an “important and growing source of revenue” (Gomery, 2005: 231). What he means by “pricing strategies” is that Paramount sold its releases on the video market at a much lower price than its competitors, which of course appealed to the consumer masses.

Gulf and Western had already, before Charles Bluhdorn's death, “recognized that its sprawling corporate structure was disadvantageous and dispersed its resources” (Prince, 2000: 61), and as soon as 1980 it began divesting itself of operations that did not perform in an overlapping fashion. Zinc mining and paper production had been the first businesses to go, from 1980 to 1982.

In March 1983, G&W reduced its operating divisions from seven to three. Those remaining were an enlarged leisure-time group (which had Paramount chair Barry Diller at its head²), the financial services group³, and the consumer and industrial products group. (Prince, 2000: 62)

These divestiture measures continued with the sugar-growing operations being sold off by 1985. At the end of that year, G&W divested itself from its consumer and industrial products group. Finally, in 1989, the company sold its financial services group — Associates First Capital — to the Ford company, despite the revenues they brought to the company, which exceeded the contributions made by the entertainment, publishing and information services segment. It all came down to the fact that the financial services were unable to operate synergistically with the entertainment and publishing branches. Letting go of such an incredible cash flow provider only showed

¹ Retrieved at [Boxofficemojo.com](http://boxofficemojo.com) on 29 January 2014.
<http://boxofficemojo.com/franchises/chart/?id=indianajones.htm>.

² He was “eased out” after the summer of 1984 (Gomery, 2005: 231).

³ These services were not divested at this time due to providing steady and huge revenues.

that Gulf and Western were serious about wanting to concentrate on the new design for the company: a tight and focused enterprise orientated for media operations. The last mark, and symbolic gesture, for the rebranding of the company was changing its name from Gulf and Western Industries to Paramount Communications, Inc. (PCI), in 1989.

Through its entertainment division, PCI was producing films and television programs, distributing these throughout the world on film and videotape, and operating exhibition showcases (motion picture theaters, broadcast television stations, and a cable network). Through its purposeful, decade-long transformation, in other words, G&W had converted itself into a global, vertically integrated communications company. With revenues from the entertainment sector in 1989 at \$2 billion, it prepared to focus its energies and resources on worldwide expansion. (Prince, 2000: 64)

After all this restructuring, Martin Davis was actually prepared to sell Paramount and cash out and began to not only overtly seeking buyers but also trying to find ways to maximize stock and further value Paramount. “During the summer of 1989, Davis attempted to disrupt the Time-Warner merger” only to be “out-maneuvered by Warner’s Steve Ross” (Gomery, 2005: 234). For Douglas Gomery, the beginning of the end of Martin Davis’ tenure at Paramount was the departure of Frank Mancuso, who was responsible for three classics from the eighties: the aforementioned *Top Gun* (the number one grossing film of 1986), *Fatal Attraction* (the number two grossing film of 1987) and *The Untouchables* (number six at the top grossing list of films in 1987). He had also hired Ned Tanen, a former Universal producer who helped discover George Lucas and Steven Spielberg, as his president of production. Ned Tanen had managed to work with Frank Mancuso in a way that kept Paramount with a winning streak of films, allowing the studio to finish first in 1986 and 1987. His departure in 1988 left Mancuso as a more hands-on-leader. In his last two years at Paramount, Mancuso greenlit *The Two Jakes* (Jack Nicholson, 1990), *Flight of the Intruder* (John Milius, 1991) and *The Godfather Part III* (Francis Ford Coppola, 1990), and all three were box-office disappointments that cost Paramount a loss of millions in the first quarter of fiscal 1991. Reportedly this was the last straw in what must have been an already contentious relationship. Stanley Jaffe (a Paramount producer) was promoted above Frank Mancuso, who was invited to stay on but quit

(“The Fall Of Frank Mancuso”, 1991). Jaffe was appointed as Paramount’s new chief of operations. For Douglas Gomery, this is the point where Martin Davis finally decides to do something about Paramount and concludes that selling Paramount was “the only alternative” (Gomery, 2005: 235). In February 1994, Paramount was sold to Sumner Redstone’s Viacom, which was part of the National Amusements conglomerate, but not before “[snowballing] into a public spectacle pitting C.E.O. Martin Davis and Viacom’s Sumner Redstone against QVC’s Barry Diller” (Burrough, 1994).

Warner Bros.



Figure 12: *Batman*, Tim Burton, 1989

Warner’s deconglomeration had already happened during the 1970s when Steven Ross divided the Kinney Corporation and stayed on the media-only operation, which he renamed Warner Communications Inc. The only real divestiture action that occurred during the 1980s involved Atari, the video games company that Ross bought in 1976 and on which he had invested a great deal. In 1982, the Atari video games and home computer division started to bring about unanticipated losses. This happened because until 1982, Atari had not had significant competition in the market. However,

by 1982 there were as many as fifteen other companies¹, flooding the market with a variety of products. Several other factors contributed to the change of pace in what was considered a jubilant investment — “the consumer electronics division (where Atari was housed) exceeded Warner Communications Inc.’s entire operating income of 1979” (Prince, 2000: 64-65). Film-related games that had been relied upon to do well, actually failed to perform, which caused a “subsequent shift away from production of film-related games”, which damaged Atari. The situation was worsened by the discovery that Steven Ross had been given insider information, something that did not sit kindly with Wall Street and Warner Communications Inc.’s stock.

Rupert Murdoch then tried to initiate a subtle takeover of Warner Communications Inc. by buying 1/14 of the stock and there was speculation that maybe, now, the company was worth more broken up than as a whole. The year of 1983 offered, however, good box-office results with such films as Clint Eastwood *Sudden Impact* (Dirty Harry’s fourth picture) making \$67 million, Tom Cruise’s breakout film *Risky Business* making \$63 million, *National Lampoon’s Vacation* (Harold Ramis, 1983) making \$61 million, *Superman III* making \$59 million (less than half of what the original *Superman* movie made in 1978), and James Bond’s *Never Say Never Again* making \$55 million. These were all films in the top fifteen of the highest grossing films of 1983. Despite these earnings, the studio could not compensate for the losses caused by Atari, plus the re-acquisition (by Steven Ross) of the stock Murdoch had bought. WCI sold Atari in July 1984, at a considerable loss, in order to stop the financial bleeding. In an effort to simultaneously raise cash and reduce its debt load Steven Ross began a downsizing/reshaping enterprise that effectively eliminated any remaining “peripheral nonmedia businesses” such as the Knickerbocker Toy Company, the Warner Theatre Productions, a baseball team, a soccer team, a restaurant chain and other operations.

By 1987, WCI had eliminated the vestiges of its old-line conglomeration and had become a strict communication and entertainment business with operations in four areas: filmed entertainment, recorded music, cable and broadcasting, and publishing. Its

¹ Douglas Gomery argues that Atari failed to secure an exclusive license for game system graphics, allowing other companies to catch-up with Atari (Gomer, 2005: 243).

evolved structure would facilitate combination with other media businesses, and WCI and Time, Inc., were soon courting each other as marriage partners. (Prince, 2000: 65)

While Steve Ross was concentrating on letting Atari go, the summer season¹ domestic box-office was a friendly one for the Warner Bros. studio. Films like Joe Dante's² *Gremlins*³ (\$148 million), the rock musical drama *Purple Rain* (\$68 million), and the Clint Eastwood vehicle *Tightrope* (\$48 million). Combine those earnings with the spring hit *Police Academy* (\$81 million) and you have almost \$350 million at the box-office to counterbalance Atari losses. The next few years, while the company was undergoing the aforementioned reshaping of its structure, the film, television and cable divisions were helping the company overcome the turmoil. By 1985, most of the cable wiring was completed and "the cable TV division was beginning to show a profit and so Steven Ross bought out his partner, American Express. Total revenue increased past the half a billion mark". This division ended up turning a profit of \$6.4 million, when just the year before it was turning up almost the same amount in losses (Gomery, 2005: 244-245).

That summer, Warner Bros. studio had five movies doing well in the box-office: *The Goonies* (\$61 million), *National Lampoon's European Vacation* (\$49 million), *Pale Rider* (\$41 million), *Pee-Wee's Big Adventure* (\$40 million), and *Mad Max Beyond Thunderdome* (\$36 million), amounting to a very good summer's earnings. The yearly list had *The Color Purple* (\$94 million) in fourth place of the highest grossing films. There was also the sequel to *Police Academy*, this one titled *Police Academy 2: Their First Assignment* (\$55 million), that earned an eleventh place at the yearly list of highest grossing films. The following year brought along a third sequel to the Police Academy franchise, the *Police Academy 3: Back in*

¹ "The Summer Season is defined as the first Friday in May through Labor Day Weekend" according to Boxofficemojo.com.

<http://boxofficemojo.com/seasonal/?chart=byseason&season=Summer&view=releasedate>.

² Steven Spielberg was the film's executive producer and Chris Columbus wrote the screenplay.

³ The movie was actually spun-off into two different Atari games for two different consoles (the Atari VCS/2600 and the Atari 5200) that served as tie-ins to the movie. The film was also followed by a sequel, in 1990, titled *Gremlins 2: The New Batch*, a much lighter comedy, and there are talks of a reboot of the property between 2013 and 2015.

<http://www.denofgeek.com/movies/gremlins/24125/warner-bros-trying-again-for-gremlins-reboot>.

*Training*¹ (Jerry Paris, 1986), which along with *Cobra* (George P. Cosmatos), Clint Eastwood's *Heartbreak Ridge* and Frank Oz's *Little Shop of Horrors* were the main motion pictures for Warner Bros. in 1986. *The Witches of Eastwick* (George Miller, 1987) and *Lethal Weapon* (Richard Donner, 1987) were the success of 1987, which was also the release of *Full Metal Jacket* and *The Lost Boys*. Meanwhile, Steve Ross was battling internal discord and had an opponent in Herbert Siegel, who ended up not being able to overthrow Steven Ross — he had the support of Steven Spielberg² and Clint Eastwood, two filmmakers that kept the revenues coming with their fruitful collaborations with the Warner Bros. film studio.

Steven Ross was reaffirmed as the company's leader and continued his strategy for repositioning his company as a well-oiled machine with a studio that churned hits. Through his television division, and after the purchase of Lorimar in 1988, a company famous for producing the show *Dallas*, Warner Bros. not only broke into "first-run television syndication" but also turned into the supplier of the "largest amount of original network programming in the USA" (Gomery, 2005: 245).

Steven Ross had been working with Ted Ashley, the Warner Bros. studio chairman — the "talent agent turned movie mogul who reversed the sagging fortunes of Warner Bros. in the 1970s with such blockbuster motion pictures as 'A Clockwork Orange,' 'Dirty Harry' and 'The Exorcist'" (Oliver, 2002) —, up until 1981, when he became a consultant, and "in 1982 became vice chairman and member of the board of the parent Warner Communications Inc. He retired in 1988" (Oliver, 2002). After Ashley, and always successful at surrounding himself with talented people, Ross chose Robert Daly (former CBS executive vice president) and paired him with Terry Semel, a duo that was still working together by the time of Ross' death in 1992. Just like Steven Ross and Ted Ashley had had their bona fide blockbuster in *Superman* (1978), so would Steven Ross and Robert Daly finally reach those heights again with the movie *Batman* (Tim Burton, 1989). The character came from the DC Comics (a subsidiary of Warner's) collection, just like "Superman" had been, which pretty much guaranteed a slew of merchandising possibilities, just like it happened with the

¹ There were four other sequels in this particular film series: *Police Academy 4: Citizens on Patrol* (Jim Drake, 1987), *Police Academy 5: Assignment Miami Beach* (Alan Myerson, 1988), *Police Academy 6: City Under Siege* (Peter Bonerz, 1989), and *Police Academy: Mission to Moscow* (Alan Metter, 1994).

² *Schindler's List* (1993) is dedicated to Steve Ross, who died in 1992.

Superman franchise. Tim Burton's relationship with Warner Bros. began when he was chosen by Paul Reubens¹ (who had seen Burton's short films *Vincent* and *Frankenweenie*) to direct *Pee-Wee's Big Adventure* (Burton's first feature film), a successful family comedy, after being unceremoniously fired from Disney due to his short film *Frankenweenie*. Tim Burton followed his work in Reubens' film by directing two television episodes, one for *Alfred Hitchcock Presents* (an episode titled *The Jar*), and one for Shelley Duvall's Faerie Tale Theatre (*Aladdin and His Wonderful Lamp*) and the successful *Beetlejuice*, Warner Bros.'s only real hit of 1988².

Jon Peters, a producer who had worked in *The Witches of Eastwick* (George Miller, 1987), worked on *Batman*. Douglas Gomery cites him saying: "Tim and I wanted Gotham to be disquieting, forbidding, [and] dangerous", in short, a more serious look, away from the campiness of the television series. The "bat-mania" was installed as soon as there was a trailer to promote the film, with fashion's help in kick-starting the merchandising frenzy: "By the summer of 1989 promotion, word of mouth and the tides of street fashion combined to make Batman the man of the hour" (Gomery, 2005: 247). The movie ended up being the biggest film of that year (grossing \$251 million at the box-office) a truly great blockbuster that opened up a film franchise. It beat sequels to popular movies, such as *Indiana Jones and the Last Crusade*, *Lethal Weapon 2* (another Warner Bros. movie), *Back to the Future Part II* and *Ghostbusters II*. *Batman* was also an important landmark in film merchandising and a great number of the more than 100 licenses for Batman products were newly issued and pertained to goods "specifically based on the movie, as opposed to the comic character", like with the "Batmobile".

The winner in the merchandising boom was clearly Warners, which in addition to reaping prodigious publicity benefits received a percentage of merchandising revenues. Ross had out-Wassermaned the mighty Lew. He had his *Jaws* and *ET* now and Warners was atop the studio system. (Gomery, 2005: 247)

¹ Paul Reubens later worked in *Pee-Wee's Playhouse*, for CBS.

² *Beetlejuice* grossed \$73 million at the box-office and was in tenth place in the year's list of domestic grossing films. The next Warner Bros. title would come in 26th place, *Tequila Sunrise*, a movie with Mel Gibson, Michelle Pfeiffer and Kurt Russell.

At the end of the decade, while the film division was working towards its *Batman* blockbuster, there were important decisions being made between WCI and Time, Inc. — as it has been mentioned above, the two companies were courting each other since 1987 — and, by 5 March 1989, both announced their impending merger. Time is described by Stephen Prince to be, at the time, a “strangely bifurcated company” whose line of business lay mainly in books and publishing (the famous *Time* magazine, for instance, *Sports Illustrated*, *People*, *Fortune* and others, all well-know, revered magazines). The really interesting thing about this company is that, besides publishing, it was also involved with cable television operations, through American Television and Communications Corp. (ATC), and cable television programming, through Home Box Office, Inc. (HBO), both of them subsidiaries of Time Inc., with HBO being fully owned by the parent company. Stephen Prince furthers illustrates the reasoning behind Time’s interest in merging with WCI, which boiled down to Time not having “copyrighted feature film programming outside of HBO productions and no recorded music programming”, leaving the company in a “poor position to generate products for ancillary film markets”. HBO itself, while being an important auxiliary in funding the production of Hollywood films, was vulnerable because it was not able to “originate programming for the theatrical market that drove ancillaries” (Prince, 2000: 66). Time basically lacked the structure and operations that would allow its divisions to function in a synergetic way, hence the advantageous nature of the merger with Warner Communications Inc. That way, HBO would have access to Warners cable systems and would be able to work with the movie studio: “the movie and TV divisions were at the heart of the deal” (Gomery, 2005: 247).

A dramatic, three-way battle of media titans began 6 June 1989, when Paramount Communications, Inc.¹, threw a bomb into the cash-free, debt-free that Time and Warner Communications had planned for their firms. The merger was to have proceeded on the basis of a stock swap between the shareholders of the two companies, and it would have created a media giant unburdened by the heavy debt load that corporate acquisitions typically produce. (Prince, 2000: 66)

¹ C.E.O. Martin Davis was determined to increase its company’s stock market value in order to sell Paramount at an even bigger price.

Paramount's attempt at a hostile takeover of Time wrecked what would have been a friendly and welcome marriage between Time and Warner Communications Inc., changing the course of events. This attempt at a takeover was supported by the reasoning that an inflated bid for Time's shares would compel the shareholders to sell owing to the fact that "a buyout rather than a merger would bring a better price" and that since Time had opened itself up to the possibility of a merger, it had, at the same time, essentially put itself on sale. This legal strategy raised the question of whether other companies, in the Hollywood industry, would be vulnerable to takeovers and due to the emergence of merger activity, during the eighties, and "ever-bigger combines", would have to create alliances out of mutual convenience of for self-preservation (Prince, 2000: 66-67). Ultimately the deal with WCI and Time went ahead anyway and Martin Davis' bid not only messed things up by raising of the debt attached to the deal and by delaying it for another six months, but it also forced Time to actually pay for the acquisition of WCI. Finally, the issues were resolved when the Delaware Chancery Court blocked Paramount's bid for Time and backed up Time's board of directors — not Time's shareholders — in their decision to first merge and then acquire Warners Communications. The court's ruling managed to strengthen the position of corporate manager of a company and their strategies and perceptions of the firm's best interests, compared to the wants of the shareholders (Prince, 2000: 66-67). Meanwhile, Ross was "positioning himself to take full control after he had Time under his wing". Time's C.E.O. Nick Nicholas was soon "eased out" (Prince, 2000: 68), while Steven Ross took over the whole merged-but-really-acquired company — renamed Time Warner —, managing to control the debt. The company had, as of 1989, the following lines of business:

(...) book and magazine publishing, production and distribution of filmed entertainment and television programming, production and distribution of recorded music and music publishing [operating worldwide], operation of cable television systems, and the distribution of cable TV programming. (Prince, 2000: 68)

The combination of both companies made it possible for them to realize synergies that could not operate alone, giving the company that arose the tools to navigate international markets and global industries. As the 1990s began, Time Warner's core — the film studio — was a example of stability and executive

longevity: Steve Ross had presided over Warner Bros. parent companies for twenty years, and Terry Semel and Robert Daly continued to work at the helm of the studio, as president and chairman respectively. Things would only change with Steve Ross's death in 1992.

Universal



Figure 13: *E.T. Extra-Terrestrial*, Steven Spielberg, 1982

The release of *Jaws* (1975) was a defining moment not only for the concept of the summer blockbuster, but also for Wasserman's Universal. *Jaws* was the cardinal blockbuster, the one that birthed the summer season as the blockbuster season and made a remarkable \$260 million at the box-office. Lew Wasserman spent the 1970s working towards the realization of the blockbuster, clearing Universal's books of any debt and generally making decisions based on the marketing and commercial possibilities a film property could hold. When 1980 came, Lew Wasserman had been at the top of Universal, bringing it to the top of the Hollywood industry by innovating the modern studio system since 1964, and his "achievements had made him a legend" (Gomery, 2005: 218) — Douglas Gomery, for instance, constantly compares the heads of the other studios to him, making him the person to overcome¹. However, Universal had not had a blockbuster since *Jaws*, and when *E.T.* came along, the

¹ For Gomery, Rupert Murdoch and Steve Ross were Strong candidates to the title of "new Lew Wasserman".

company rejoiced. If 1980 was Fox's year, with *The Empire Strikes Back* (\$209 million), and if 1981 was Paramount's year, with *Raiders of the Lost Ark* (\$212), then 1982 was Universal's year. The year of the release of Steven Spielberg's *E.T.: The Extra-Terrestrial*. Spielberg, after *Jaws*, had done *Close Encounters of the Third Kind* (1977) with Columbia, a movie that made \$116 million at the box-office and was a great hit for the studio; *1941* (1979) for Universal, an action comedy directed by Steven Spielberg and written by Robert Zemeckis with John Belushi and Dan Aykroyd that did not do very well (with a production budget of \$35 million and ended up grossing a mere \$31 million); and *Raiders* for Paramount, the aforementioned biggest hit of 1981. *E.T.* changed the game and was the apex of Wasserman's success. This movie had a production budget of \$10 million and was released on 11 June 1982. *E.T.* made, that year, an unprecedented \$359 million at the box-office¹. The second biggest hit of the year was Columbia's *Tootsie*, a film that made \$177 million, less than *half* of what *E.T.* made. The film was seen in 1,778 theaters².

In its first thirty days *E.T.* earned \$102, 643, 889, becoming the first film to top \$100 million in a month. Five months later, its box-office takings neared \$300 million, smashing all records, even before it had premiered overseas. Merchandising kicked in. In those pre-VHS days, millions came in from sales of *E.T.* dolls, sheets, posters, books and an entire range of licensed character merchandise. (Gomery, 2005: 218)

Douglas Gomery is very adamant about the fact that Lew Wasserman's contributions were as important as Steven Spielberg's directorial touch. Lew Wasserman deserves the credit of having been the maestro behind the orchestration of the foundations that enabled the emergence of blockbusters, in the first place. The invention of the multiplex permitted him to take full advantage of "the economies of scale". Having a greater number of screens in one theater (instead of the traditional one or two) facilitates the maximization (or rather the saturation) of a movie and therefore of its profits. Since having a blockbuster was more of a gamble than a guarantee, Wasserman invested in television programming as a source of stable revenue: "Success in TV was always the cornerstone for Wasserman" (Gomery, 2005:

¹ *E.T.: The Extra-Terrestrial's* domestic lifetime gross is \$435 million, and the worldwide lifetime gross is almost \$800 million.

² "1982 Yearly Box Office Results", *Boxofficemojo.com*. Accessed February 25, 2015: <http://boxofficemojo.com/yearly/chart/?yr=1982&p=.htm>.

220). He also sought to diversify Universal. By 1983, there were thirty-three different divisions within MCA, all of them involving in some way or another the production of films and television programs, recording and selling music, publishing books and magazines, licensing and the tourist attractions, such as the Universal Studios Tour. Lew Wasserman's intensity diminished after the first half of the eighties and, by 1985, rumors were spreading that he wanted to sell the company. After announcing his retirement on July 1986, he appeared to have switched from a "building mode" into a "protective mode": "Thereafter, Lew Wasserman seemed to go into a shell, protecting what he had built while others were seeking variations of the strategies he had pioneered". Those rumors of wanting to sell were realized when, in 1988, Donald Trump "announced he might buy up to 24.9 per cent of MCA, putting the company into play" (Gomery, 2005: 220-221). Wasserman just had to wait for the best offer.

Universal did have a few hits after *E.T.*, chiefly the blockbuster *Back to the Future* (1985), *Out of Africa* (1985), John Hughes' *The Breakfast Club* (1985), Ivan Reitman's *Legal Eagles* (1986) with Robert Redford and Debra Winger, a Michael J. Fox vehicle titled *The Secret of My Success* (1987), Ivan Reitman's *Twins* (1988) with Arnold Schwarzenegger and Danny DeVito, *Back to the Future Part II* (1989), *Kindergarten Cop* and *Back to the Future Part III* (1990). By the end of the 1980s, however, the company was just not performing the way it should and it no longer held the top spots of the years' list of top grossing films. Fox, Paramount and Warners were the leading majors. These other studios had parent companies with serious capital and gravitas, while Universal's MCA stood in a diminished position in relation to those conglomerates which were operating on a global media scale.

Time Warner was larger, and PCI had greater capital reserves (...). Columbia was allied with Sony, and Fox was a subsidiary of the News Corp. MCA needed access to more capital to compete in the higher-stakes game that the business had become, and MCA chair Lew Wasserman was convinced that the company could not prosper unless it was allied with a larger enterprise. (Prince, 2000: 70)

Enter Matsushita Electric Industrial Co., nothing less than the world's largest television manufacturer (Panasonic was their brand, among others) and the 12th largest corporation in the world. It was also a Japanese company, keeping in with the

trend of foreign companies buying Hollywood studios that was so pervasive during the 1980s. Matsushita main line of business was VCRs, television receivers and consumer audio products, such as CD players and DAT recorders. It also was involved in manufacturing other information and communications equipment, home appliances, electronic components, batteries and assorted products.

In November 1990, Matsushita bought MCA for \$6.5 billion, a deal that represented the largest takeover of a U.S. company by a Japanese firm. Matsushita followed the lead of rival Sony (which bought Columbia Pictures Entertainment the year before for \$3.4 billion) in “buying access to movies and recordings that can be played on its electronics products” due to the powerful influence of Hollywood films in the global entertainment markets (Cieply and Helm, 1990). MCA was also one of the few majors that were still available — since Fox, Columbia, Warners and MGM had already been taken by other buyers — which might explain the “lower-than-expected” price. This deal lasted exactly five years — the clash of cultures is cited as having been the reason behind the falling out between the two parties until Matsushita sold to liquor giant Seagram of Canada, which later (in 2000) was sold to French water giant and media company Vivendi, which owned StudioCanal, a company that co-produced several movies with Universal Pictures. These deals never really worked until 2004, when General Electric, parent company of NBC, acquired Universal, which launched the combination of the major television network NBC and Universal.

Disney



Figure 14: *The Color of Money*, Martin Scorsese, 1987

Disney lucked out of making some of the most profiting film series and blockbusters of the late seventies early eighties because the studio “refused to deal with agents and to grant profit points [¹] in making deals with producers”. Steven Spielberg, for instance, took his kids and family movie *E.T.* to the capable hands of Lew Wassermann who turned the property into a goldmine (Gomery, 2005: 270). The modern studio system was a place that seemed to be quite bewildering for the Walt Disney Productions, Inc.

By 1980, the company’s president Card Walker and CEO Donn Tatum were dealing with a disapproving board of stockholders, so they called upon a reorganization of the company and Walker was appointed chairman of the board while Tatum was chairman of Disney’s executive committee. Ron W. Miller (husband of Diane Disney Miller, Walt Disney’s daughter) had the shareholders confidence since he was a member of the family and would assume the role as president of the company and try to fill in the shoes of Walt Disney. He failed seeing as how

¹ Profit points refer to “profit participation, or some kind of share in the receipts from the film. Deferred payments involve cast or crew members who received some or all of their compensation after the film is released in order to reduce production costs” (Wasko, 2008: 51).

disastrous the three following years were: “*The Black Hole*¹, *Watcher in the Woods* (1980), *Tron* (1982)², *Night Crossing* (1982), *Tex* (1983) and *Running Brave* (1983) were box-office busts” (Gomery, 2005: 270). Disney was having a hard time getting through to the audience that could decide the success of a film: teenagers. 1983, in particular, was a brutal year for Disney. The year of Miller’s very brief tenure as CEO (from 1983 to 1984) paved the way to an important new strategic plan that was only implemented when Michael Eisner substituted him. Miller launched “the Touchstone label³ for theatrical film; the production of *Splash* (Ron Howard, 1984), Disney’s first big hit in the eighties; and a commitment to putting the Disney classics on video in order to exploit this market” (Prince, 2000: 75). Even though Ron Miller did important work that year, 1983 took a real toll on Disney. *Tex* (Tim Hunter, 1982), *Something Wicked This Way Comes* (Jack Clayton, 1983) and *Trenchcoat* (Michael Tuchner, 1983) set the company back with \$33 million in loss. This sum was significant particularly at a time when Disney was trying to launch Disney Channel⁴ on pay cable and was thus retaining its product. The last straw before a complete management makeover was the fact that even the theme parks were experiencing a lower attendance — cause, no doubt by the fact that in the early 1980s Disney’s share of the movie audience was less than 4%. The company became vulnerable to takeovers and its amusements parks were the attraction. In 1984, Walt Disney Productions Inc. recruited new management: Frank G. Wells (who left Warners in 1982) was the new president and chief operating officer, Michael Eisner (from Paramount) was the new chairman and CEO, and Jeffrey Katzenberg (brought by Eisner from Paramount) as president of motion pictures and television — these last two were former protégés of Barry Diller, and members of the “Killer Dillers”. This team was given carte blanche to revitalize Disney. Wells-Eisner-Katzenberg had several goals and one of them was to use the Touchstone Pictures label to draw a broader audience than Disney had been able to attract up until that point by producing films with a more adult (for Disney) quality.

¹ A film that was trying to be Disney’s equivalent of *Star Wars*.

² Even though this film proved to be disappointing at the box-office, *Tron* was definitely an important film with its creative and revolutionary uses of computer-generated imagery (CGI).

³ This way, the company could produce and distribute more adult films that would be unencumbered by the familial Disney stamp.

⁴ The Disney Channel was launched in 18 April 1983.

The management team's new goals also included accelerating the production timetable for animated features by using computer assists to release a new animated feature every eighteen months. The studio also aimed to be a major supplier of programming for network television and the syndicated and pay-cable markets. (Prince, 2000: 76)

Splash (Ron Howard, 1984) really was the watershed moment. The movie was a Ron Howard fantasy romantic comedy, with Tom Hanks (fresh out of television) and Daryl Hannah. The film was brought to Disney by Brian Grazer¹ after being turned down repeatedly by others studios. Ron Miller was actually the one who took a chance on the script². Given that the film contains some language and brief nudity, the label Touchstone Pictures was created and *Splash* was the first film under this label. The movie had a small budget of \$8 million and it earned \$69 million at the box-office, garnering the tenth place of 1986's list of highest grossing films³. The plans and strategy for the goals Wells-Eisner-Katzenberg had would only bear fruits roughly in two or three years time. So in order to increase production, "Disney followed the industry norm by using limited partnerships to finance filmmaking and reduce and diversify its financial risk" (Prince, 2000: 76). The company used Silver Screen limited partnerships where all kinds of people — "doctors and dentists and other upper-middle-class Americans" — were able to finance future Disney films by "purchasing ten-thousand-dollar shares" (Gomery, 1994: 72).

The new management also ended the lack of Disney television programming in network television (as it was mentioned before, the company was funneling product to upkeep the Disney Channel). By 1985, the two-year absence came to a close with the hit *Golden Girls*, *The Adventures of the Gummy Bears* (NBC), *The Wuzzles* (CBS)⁴, and *The Disney Sunday Night Movie* (ABC). Eisner and Wells had instructed Katzenberg to "remake Disney into a TV power" and another goal for the new

¹ Brian Grazer has a longstanding relationship with Ron Howard, the director of *Splash*, as both a longtime friend and business partner. They met in the early 1980s, while executive producing TV pilots for Paramount, and team up first for *Night Shift* (1982) and reunited with *Splash* (1984). In 1986, they created Imagine Entertainment, a prolific production company that has a well-established relationship with mostly Universal Pictures, but also Columbia Pictures, TriStar and Touchstone.

² It was released while Miller was still CEO of Disney. He exited Disney in September 1984, and the movie was released March of that same year.

³ It was distributed by Disney's distribution arm Buena Vista.

⁴ The latter two were programs for children that ran on Saturday.

management was to become a supplier for the syndication market and the company “expanded into the TV syndication business by hiring ‘film critics’ Gene Siskel and Roger Ebert to ‘review’ movies, including ones from Disney” (Gomery, 1994: 80).

The commitment to the home video market, which began in 1984 under Ron Miller, was paying off with revenues doubling in the following year. In 1985, the biggest box-office result Disney had was a re-issue of *101 Dalmatians* (1961). Douglas Gomery, in fact, believes that Eisner “lucked out and cashed in” given how extremely profitable the Disney library he had inherited turned out to be. *Bambi* and *Fantasia* were two properties Eisner placed into “video sell-through”, which meant the prices were lower than the full-priced items found in retailers, and this way every family could own one copy (Gomery, 2005: 271).

In 1986 Disney signed with Showtime/The Movie Channel, giving it exclusive pay-TV rights to all of Touchstone’s features releases over the next five years. This proved to be a good deal for Showtime/The Movie Channel because in 1986 the features commenced under Wells-Eisner-Katzenberg came in line and began winning Disney whopping increases in market share. (Prince, 2000:77)

If the *101 Dalmatians* re-issue had come in at number 27 in the box-office list, the year of 1986 was a real turnaround for Disney. In fact, that is the year the company changed its name from Walt Disney Productions to The Walt Disney Company. That year, *Ruthless People*, with Danny DeVito and Bette Midler, came in number 9 with \$71 million at the box-office, *Down and Out in Beverly Hills*, also with Bette Midler, Nick Nolte and Richard Dreyfuss, came in number 11 with \$62 million, and Martin Scorsese’s *The Color of Money*, with Tom Cruise¹, came in number 12 with \$52 million. The next year is when Disney went from underdog to major player as the film studio “finished atop the theatrical box office race in 1987” (Gomery, 1994: 73), with *Three Men and a Baby* as top grosser, making \$167 million. The film division was contributing once more to the corporate profits and more hit films only meant that more product was being released in the home video market, which in turn would add “millions more to the Disney’s growing profitability” (Gomery, 1994: 73). Other Disney films did very well at the box-office that year:

¹ This was the same year that Paramount’s *Top Gun* (Tony Scott, 1986) swept the box-office.

Barry Levinson's *Good Morning, Vietnam* (\$123 million), with Robin Williams, was number 4, *Stakeout* (\$65 million) was number 8. The movies *Outrageous Fortune* and Chris Columbus' first film *Adventures in Babysitting*, starring Elisabeth Shue, also did well.

Financial reports glowed. Just before Thanksgiving 1987, Disney reported record earnings and revenue for its fourth quarter and year, citing strong results from theme parks operations and sharply higher earnings from filmed entertainment. (...) Revenue climbed 21 per cent, to \$758.6 million; profits rose 80 per cent to \$444.7 million from \$247.3 million a year earlier. Investors were happy; Eisner was a hero in the making; Disney was back atop the studio system. (Gomery, 2005: 271)

One of the reasons Disney films were doing so well — besides starting to be able to attract a wider audience — was the astute decision to release films during “off-season points to minimize competition” (Prince, 2000: 77). For example, Disney released *The Color of Money* (Martin Scorsese, 1986) in October and *Outrageous Fortune* (Arthur Hiller, 1987) in January. Disney's plunge to home video was the much-needed stimulus that the company needed. Eisner and Wells strategically sold the classic Disney animation films to the expanding home video market.

In 1986 alone, home video revenues added more than one hundred million dollars of pure profit. In October 1987 when *Lady and the Tramp* was released on video, the Disney company had more than two million orders in hand before it ever shipped a copy. By the late 1980s *Bambi* and *Cinderella* were added to the list of the all-time-best-sellers on video. (Gomery, 2005: 271)

In 1989, the film unit continued to have good profits at the box-office with movies such as the hit *Who Framed Roger Rabbit* (\$156 million) — a film directed by Robert Zemeckis with Bob Hoskins and Christopher Lloyd, which was a perfect fit for Disney because it combined live action and animation, that became a new classic on par with Disney favorites —; *Cocktail* (\$78 million), a romantic drama that served as a vehicle for two stars that had worked with Disney before, Elisabeth Shue (*Adventures in Babysitting*) and Tom Cruise (*The Color of Money*); Gary Marshall's comedy drama *Beaches* (\$57 million), with Bette Midler; and the animated musical

Oliver & Company (\$53 million). Disney's position at the end of the eighties was cemented by the releases of *Honey, I Shrunk the Kids* (Joe Johnston, 1989), a film with Rick Moranis by Joe Johnston in his directorial debut¹, *Dead Poets Society* (Peter Weir, 1989) with Robin Williams, *Turner and Hooch* (Roger Spottiswoode, 1989) with Tom Hanks, the animation film *The Little Mermaid* (Ron Clements and John Musker, 1989); and the promise of further hits in 1990 like *Pretty Woman* (Garry Marshall, 1990), *Arachnophobia*², *Three Men and a Little Lady* (the follow-up to the 1987 hit), and *Dick Tracy*, a production where Disney sank \$47 million and "spent nearly that much again promoting the picture" (Prince, 2000: 78), which made a perhaps disappointing \$103 million, considering the money spent on it. The truth was that:

Disney's success, though, brought to it the economic contradictions that tormented the industry as a whole. Disney's market presence in theatrical films and its ancillary exploitation, place it on a par with the other majors, and it found itself mired in the same problems they faced. Rising production costs were a condition of doing business, and they imposed a severe drag on profits. (Prince, 2000: 78)

There were also the parks, where Roy Disney had focused after the death of Walt since they were a huge source of revenue for the company. Eisner and Wells inherited a third park — Walker and Tatum's project — and, in keeping up with the strategy of "do more of what you are already making money with" (Gomery, 1994: 74), the duo set in motion Euro Disney (a park outside of Paris that opened in 1992) and expanded the existing parks — Disneyland³ in California and Walt Disney World⁴ in Florida (where they added the Disney-MGM Studios¹ theme park in May,

¹ The film received praise for its visuals and innovation. Curiously, Joe Johnston later directed *Captain America: The First Avenger* (2011).

² Directed by the executive producer Franck Marshall, who worked on *Raiders of the Lost Ark*, *Who Framed Roger Rabbit*, *Back to the Future* and many other movies. He was one of the founders of the film and television production company Amblin Entertainment, alongside Steven Spielberg and Kathleen Kennedy.

³ Disneyland became the Disneyland Resort and now houses two theme parks, the Disneyland Park and the Disney's California Adventure (on the grounds where it would have been built the WestCOT theme park). It also houses three hotels (Disneyland Hotel, Disney's Grand Californian Hotel & Spa, and Disney's Paradise Pier Hotel) and a shopping, dining and entertainment area known as Downtown Disney.

⁴ The Walt Disney World holds four theme parks: Magic Kingdom, Epcot, Disney's Hollywood Studios (former Disney-MGM studios) and Disney's Animal Kingdom. It possesses other attractions such as Disney's Typhoon Lagoon, Disney's Blizzard Beach, ESPN Wide World of Sports, Disney's Boardwalk, and Downtown Disney. The entertainment complex also has an array of resort hotels.

1989). Frank Wells started to harness corporate sponsors for the existing theme parks and, in two years, had “doubled the take from participatory agreements, but in the process had soured long-standing working relations with corporate America” (Gomery, 1994: 75). The eighties turned out to be decisive moment; and while other studios had more consistent performances throughout the decade, like Paramount or Warners, undisputed market leaders, Disney was the studio that underwent the most “remarkable turnaround” without merging with another company (Prince, 2000: 78). So much so that, as the 1990s began, the Walt Disney Company had become a bona fide corporate power, and the kind of media powerhouse that could compete with Time Warner and Paramount, without having merged with any other company (Prince, 2000: 77-78).

¹ It was renamed Disney’s Hollywood Studios in 2008.

The Conglomerate Hollywood of the 1990s into the 2000s

Jon Lewis, editor of the book *The End of Cinema As We Know It: American Film in the Nineties*, writes in the introduction for that book that he has been waiting for Jean-Luc Godard's prophecy that cinema would end to come true.

The way films were made and exhibited changed significantly at century's end. The vast twenty-first century entertainment marketplace now features all sorts of new audiovisual products and new ways to consume them (over and over again). Films, some of which are not exactly "films," can now be projected on screens in significantly revamped theaters, in homes on big, highly resolved TV's with multiple channels and multispeaker speaker home entertainment setups, on little screens in minivans and on home computers. (Lewis, 2001: 2)

If the 1980s were about synergies between the entertainment and information operations — horizontal and vertical integration — then the 1990s were about taking those synergies (and those convergences) and up the ante globally. Jon Lewis claims that the nineties film industry was characterized by "an increasing concentration of industrial power among a select group of multinational players" (Lewis, 2001: 2) and that four big mergers (Time Inc. and Warner Communications, Paramount Communications and Viacom, Disney and Capital Cities/ABC, and Time Warner and Turner Broadcasting) contributed to the propagation of conglomeration as well as vertical and horizontal integration. Jon Lewis swiftly points out that the New Hollywood was more completely dominated in the nineties than the old studio trusts had ever been able to.

This conglomeration was accompanied by growing internationalization. As the importance of foreign markets increased, Japanese, French, Australian, Canadian, and Italian companies, at one time or another during the decade, took a control of a major "American" film studio. (Lewis, 2001: 3)

Interestingly enough, as Jon Lewis writes at the beginning of the twenty-first century (and the book does proclaim "the end of cinema as we know it"), there is still wariness in his writing concerning what had or would become of cinema. When

talking about the new technologies that either emerged or become commonplace, during the 1990s, Jon Lewis argues how much those technologies have changed (a change that is still in flux) production, distribution and exhibition as films explore ever more computer-generated imagery (CGI) and there is a higher quality film exhibition as multiplexes are equipped with digital Dolby sound: “Much of what we saw on screen — *The Rock* (1996), for example, or better yet *The Matrix* (1999) — was made to suit and exploit the new sound and image capabilities of the modern movie house” (Lewis, 2001: 3). Jon Lewis’ most dreaded event might be the fact that, due to the fact that home entertainment was being continuously improved¹, the theatrical moviegoing experience would be challenged and people will not want to leave the comfort of their homes: “The rare movie we will leave our houses to see will be exhibited in dramatically new formats (like today’s IMAX) or at new and different sorts of venues (with five-star restaurants, with theme park attractions in the lobby)” (Lewis, 2001: 3).

Finally, Jon Lewis comments on what made films important in the final decade of the twentieth century and concludes that it had more to do with their success in the marketplace — “multiplied exponentially by merchandising, global distribution, ancillary formats, and the multitude of delivery and exhibition systems” — than with its (perceived) quality. He further argues that the films that marked a watershed were the ones that used “filmmaking technology best, films that declared in their very form and format their status as contemporary, new, or different” (Lewis, 2001: 3). This also meant the reliance on big budget, heavy on special effects blockbusters that betted on “bigger and louder” films that promised proportional paydays. Such a high-stakes poker game could only be played by players with enough money to walk “away from the table a winner” (Lewis, 2001: 4).

From 1990 to 1995, the film industry transformed its paradigm from the New Hollywood to Conglomerate Hollywood. And just like agents and talent agencies had been a force to reckon with after the fall of the classic studio system, when Lew Wasserman went from being an agent to the head of MCA and, thus, Universal, so

¹ “A vast array of sophisticated home box office delivery systems and exhibition software and hardware became available in the nineties: hardline cables carrying digital signals, advanced home-TV satellite dishes, the perfect and convenient and cheap DVD, big TV screens and home entertainment components” (Lewis, 2001: 3).

would the 1990s emphasize the importance of these key players. It was mentioned in the last chapter how Michael Ovitz helped broker two major mergers: Sony and Columbia, Matsushita and MCA. Thomas Schatz considers these two events, plus the merger of Time Inc. and Warner Communications Inc. as a watershed moment in the history of Hollywood that brought together “the logic of synergy and tight diversification” as well as “the larger forces of globalization, digitization, and US media deregulation” (Schatz, 2008: 25). After the changes in the industry’s structure that occurred all through the 1980s and (well) into the 1990s, the film industry transformed into a division within a “new breed of media giants” that deregulation permitted to control both the film and the television industries. By 1990, there were four¹ Hollywood studios in the hands of foreign companies. Matsushita and Sony had bought Columbia and MCA, respectively, with the objective of garnering “hardware-software alliances” — Hollywood studios functioned as “content providers” to their hardware (videocassettes and VCR) — that would propel their technological achievements in the home video industry. These companies were also gearing up to the future and possible format war that would accompany high definition digital television (HDTV) and the VHS successor in home video technology, the digital video disc (DVD). Paramount had spent the 1980s shedding its Gulf and Western liaison and Warner had also spun off from parent company Kinney Corporation. In both these cases, in order to achieve a tight diversification, the companies shed their non-media related operations, effectively radically downsizing, in order to become more efficient multimedia corporations. At the end of the 1980s decade, Warner Communications Inc. merged with Time Inc. (into Time Warner), while Paramount spent some years brokering the deal with Sumner Redstone’s Viacom (who also bought Blockbuster Entertainment), in 1994.

And the wave crested in 1994-5 (...): the launch of DreamWorks SKG by three consummate Hollywood players, Steven Spielberg, Jeff Katzenberg, and David Geffen; Seagram’s acquisition of MCA-Universal from Matsushita; Time Warner’s purchase of TBS; and Disney’s buyout of Cap Cities/ABC. (Schatz, 2008: 27)

¹ In 1985, Rupert Murdoch acquired Fox and the American citizenship. Had he not, the number of Hollywood studios under foreign hands would have been five.

The steps toward deregulation (a campaign that began during President Ronald Reagan's era in multiple areas) during the 1980s culminated in the mid-1990s when, in 1995, the Federal Communications Commission (FCC) phased out the Financial Interest and Syndication Rules (also known as Fin-Syn rules), that had been imposed in the 1970s, following the drastic changes in the television landscape, especially given the rise of the Fox broadcast network and of cable television (Schatz, 2008: 27). The Fin-Syn rules aimed to prevent the (original) three television networks (ABC, NBC, CBS) from monopolizing the broadcast environment so the networks were not allowed to own the programming that aired in primetime nor could they air syndicated programming that they had a financial interest in. After the abolishment of the Fin-Syn rules, media companies (that held film studios) were able to buy networks, combining film and television under a major conglomerate roof: The Walt Disney Company bought ABC, both Warner and Paramount created broadcast networks (Cerone, 1995), The WB and UPN, respectively (due to the aforementioned FCC deregulation of media ownership), since News Corp had been successful in establishing a network of its own. In 1999, closing the decade, Viacom (now owner of Paramount Pictures) bought CBS, its former parent company, which had been spun off in the 1970s, precisely because of the Fin-Syn rules. Four years later, after spending time in the hands of Seagram and Vivendi, the latter company sold Universal to General Electric¹, whose ownership of NBC lead to its rebranding as NBC Universal². However, in addition to the end of the Fin-Syn rules, another milestone of the 1990s was the Telecommunications Act of 1996 (signed by President Bill Clinton). According to the FCC, the goal of this new law was to let anyone enter any communications business and, accordingly, any communications business could compete in any market against any other. This would ideally lead to better and more competitive prices, but also towards media cross-ownership.

With these two decisive strokes, the government not only sanctioned but encouraged cross-ownership of film, television, cable, music, publishing, and other media and entertainment interests — thus propelling the rise of a cadre of media giants

¹ “General Electric (...) offered to merge Universal and NBC into a new entertainment conglomerate of which it would own 80 percent and Vivendi 20 percent” (Epstein, 2005: 81).

² This means that the studios are now connected to the following networks: 20th Century Fox to Fox, Warners to The WB (later the CW was its successor), Disney held ABC, Paramount was connected to CBS, and Universal to NBC.

that would integrate several distinct media industries (movies, television, cable, music, publishing, et. al.) into a worldwide entertainment industry with the film studios at the epicenter, and with “filmed entertainment” as its key commodity. (Schatz, 2008: 27)

Cross-ownership and conglomeration bring about a convergence of efforts when it comes to the above-mentioned “key commodity”. According to Thomas Schatz, the Hollywood blockbuster, the driving force of the worldwide entertainment industry, was “re-engineered” to respond to the conglomerate form of the studios’ parent companies. In 1989, *Batman* (Tim Burton) created a “new paradigm” since it was the first time the studio uses the full force of its machine to engender this blockbuster. For Eileen R. Meehan mass culture is a business where the “film per se becomes only one component in a product line that extends beyond the theater” (Meehan, 1991: 49). *Batman*’s success — “*Batman* took the United States by storm in the spring and summer of 1989” (Meehan, 1991: 47) — led studios to concentrate on similar “event” or “tentpole” films. The blockbuster was also the key into foreign markets as they endure a surge during the 1990s: “as media conglomeration and globalization proved to be reinforcing phenomena, with Hollywood-produced blockbusters as a principal catalyst” (Schatz, 2008: 25).

For example, because of its fabulously successful theatrical re-release in February and March 1997, Fox’s *Star Wars* trilogy regained its crown as the top grossing set of films. Add in the moneys from foreign revenues, pay TV, home video and broadcast TV unreelings, as well as merchandising tie ins, and *Star Wars* stood in 1999 as a multibillion dollar property, fully amortized, with millions more expected in the future from re-releases. (Gomery, 2000: 367)

The 1990s were a period when the global theatrical market went through a remarkable expansion. After spending considerable amounts of money in advertising, studios felt passionately about amortizing the costs through foreign markets worldwide. During this time, nevertheless, Douglas Gomery argues that “foreign revenues [came] more in the form of payments for pay TV and rentals and sales for home video” (Gomery, 2000: 376). At the time, Europe was undergoing a remodeling trend to turn cinema theaters into multi and megaplexes akin to the kind built in the United States. There were other changes as well, such as the emancipation of state

control over television broadcasting, cable wiring and the spreading of satellite services opening the distribution venues in Europe — videocassette recorders (VCRs) were acquired “at almost the same rate as in the United States” (Gomery, 2000: 377).

The American domestic market, at the end of the 1980s, had reached a new high at the box-office of \$5 billion, in 1989. However, the “lions’ share of the revenues” were drawn from the home video market, which, in the 1990s, could account for “up to a third of the total revenue of a major studio” (Balio, 1998: 58). Theatrical exhibition was where the process of presentation¹ began, where a hit was more likely to generate enormous revenues down the line, for pay TV and home video, which could constantly generated and be milked for years. In fact, a theatrical blockbuster guarantees the additional revenues because it becomes a “proven commodity”. Douglas Gomery adds that the “doom and gloom” point of view whereas pay TV and home video would obliterate theatrical attendance and there would be no need to build even more screens was proven to be wrong. Not only did “going out to the movies” prevail as a social and leisurely activity, but the theatrical release of films now also required more theater screens so that the Hollywood film industry could take total advantage of the economy of scale: “The economies of scale of television advertising of theatrical features provides the foundation of the multiplex, and the creation of blockbusters” (Gomery, 2000: 377).

The expansion of the home video market had (inevitably) stimulated a demand for more film product that was not quenched by the majors — they played a small role in the production jump from “around 250 pictures a year in 1983 to nearly 600 in 1988”² — but by smaller or independent companies such as Orion Pictures, Dino De Laurentiis Entertainment and Carolco, New Line and other independents. According to Tino Balio, these smaller players were able to get a slice of the revenue action because “even a modest picture could recoup most of its costs from the pre-sale of distribution rights to pay-cable and home video” (Balio, 1998: 59) which was why the independent side of the film industry was experiencing a burgeoning surge in the

¹ The release — or windows of presentation — windows of a feature film became “formalized” in the 1990s: “For feature films, the process began in the theaters, and then went “downstream” to the former “ancillary” markets of pay TV and home video”, though there were rare exceptions where some films were theatrical failures but become home video sensations (Gomery, 2000: 377-378).

² Balio, 1998: 58.

1990s. While the influx of pictures came from elsewhere, the major studios concentrated on the “ultra-high-budget film”, which curiously became rather conservative investments.

Containing such elements as high concepts, big name stars, and visual and special effects, such pictures reduced the risk of financing because 81) they constituted media events; 82) they lent themselves to promotional tie-ins; (3) they became massive engines for profits in ancillary divisions like theme parks and video; (4) they stood to make a profit in foreign markets; and (5) they were easy to distribute. (Balio, 1998: 59)

This dedication to blockbusters — due to its “worldwide attractiveness of the modern movie blockbuster and its economic power” (Gomery, 2000: 366) — was such that studios now channeled money into a few projects instead of a multitude of them. This meant that production costs now ran up to millions of dollars, plus the millions more that needed to be spent on advertising. The practices that had been successfully employed by Universal upon the release of *Jaws*, in 1975, were now perfectly commonplace: massive national advertising campaign, saturation booking, etc. In terms of releases, as well, the majors turned the calendar in their favor. Eileen R. Meehan explains that by limiting the cinematic offer to a “handful of films” and by reinforcing a release date schedule of two seasons (summer and Christmas time) to entice moviegoing through “industry-generated business cycles” (Meehan, 1991: 60). The season themselves are scheduled so that major studios’ releases did not compete with each other.

Thomas Schatz adds that at the same time that the blockbusters were the “prime movers in the global movie marketplace”, the end of the eighties and beginning of the nineties saw the emergence of an independent film movement (“just as conglomeration was heating up, but was not a studio-induced phenomenon”) that divide the US market between big studio releases and low budget “indie” (independent, from the studios) films (Schatz, 2008: 29). New Line (a producer-distributor specialized in low-end genre films that made independent film history at the box-office) and Miramax (independent art-film distributor that became an “indie powerhouse” and moved into production territory) were independent companies that became “prime acquisition targets”. Conglomerate Hollywood had two strategies in

order to deal with the indie film movement of the 1990s: they either acquired successful independents (like the ones mentioned above) or created their own “independent film” divisions: “quasi-autonomous production-distribution operations that specialized in low-budget, ‘indie style’, target-marketed films” (Schatz, 2008: 29).

The first of these conglomerate-owned indies was Sony Pictures Classics, created in 1992 (and essentially a repackaged version of the recently folded Orion Classics), followed by Fox Searchlight in 1995, Paramount Classics in 1998, Universal’s Focus Features in 2002, and Warner Independent in 2003. (Schatz, 2008: 30)

These companies, of course, came to dominate the “high end”¹ of the independent film market. This meant the emergence of a new kind of independent filmmaker/producer that dealt with lower or micro budget films “in the ‘genre’ or ‘specialty’ categories” (horror, action, ethnic films). Sony Screen Gems and Miramax’s Dimension Pictures were created for this particular market, where. Despite of the fact that this market was controlled by truly independent producers that were in charge of their own financing, these smaller companies still relied on the bigger companies for distribution. The launch of the Independent Film Channel (IFC) and the Sundance Channel (“underscoring the growing importance of Sundance Film Festival”), two pay-cable channels, that got cable television involved in the indie movement.²

As these trends indicate, the indie film movement by the early 2000s had developed into a highly complex industry phenomenon, due to the proliferation of new players, many of which gained instant status and leverage thanks to breakthrough hits, as well as the conglomerates’ multiple indie-film divisions. (Schatz, 2008: 30)

This compartmentalization of the film industry also meant that to different classes of films were assigned three different types of producers. The first class is dedicated to blockbuster, “high concept” films; the second class encompasses art, specialty or otherwise niche films although still in the bosom of the major studios;

¹ This meant these divisions had enough clout that they were able to bring in talent with recognizable name, and also be able to produce films with a budget of over \$10 million.

² Schatz, 2008: 30.

finally, the third class is dedicated to genre and specialty films generated by independent producer-distributor, released on limited screens (Schatz, 2008: 31).

The ushering of Hollywood into the age of globalization had come during the 1980s and the American film industry had positioned itself to tap into the emerging foreign markets.

In fact the studios' overseas markets attained much of the same status in the 1990s that the home-video market had a decade earlier — i.e., a hit-driven “secondary” or “ancillary” market that produced more revenue than the primary (and once sacrosanct) domestic theatrical market. (Schatz, 2008: 28-9)

For Thomas Schatz, the question of the difference in market share between the film studios owned by conglomerates and truly independent film companies. He argues that, during the conglomerate, the rift between these two as well as “the rift between blockbuster-driven mentality of the major studios and the indie-film ethos has been a rocky one at the expense of the “indie edge” (Schatz, 2008: 31), due to the conglomerates' tendency to try and annex independent players. Thomas Schatz qualifies this split as a “key characteristic of the conglomerate era” (Schatz, 2008: 32).

This took the form of the conglomeration of the American entertainment and information sector into media giants that were horizontally integrated and, in some cases, owned by overseas parent companies (these changes in the industry's structure are documented in the last chapter). Simply put: “Globalization hastened the concentration of the media by emphasizing economies of scale” (Balio, 1998: 70). Hollywood sought, as well, to secure an international base of motion picture financing, either by creating joint production ventures or by investing in foreign media industries. In addition to these efforts, Hollywood also sought out partnerships with up and coming independent producers (from the likes of Castle Rock or Imagine Entertainment). These partnerships were mutually beneficial since it allowed studios to churn out a greater number of pictures while sharing the risks and potential benefits.

Walt Disney and Turner Broadcasting took a different tack to acquire product by moving into the specialized art film and American independent markets. In 1993,

Disney linked up with Merchant-Ivory and Miramax Films, two of the most successful art film companies in the business. (Balio, 1998: 65)

Peter Bart writes, in a *Variety* article titled “Mouse gears for mass prod’n” (Bart, 2015), that the Wells-Eisner-Katzenberg triumvirate at Disney was still in full swing, but the regime was “in the midst of a period of change and ferment” and changes had to be made. Disney eschewed from the “hardware-software conglomerates” model and instead became committed to turn itself into the “largest producer of intellectual property in the world”.

Dissatisfied by the sameness and tameness of its own studio-bred films, as well as Hollywood product generally, Disney’s chieftains determined to foster an eclectic slate of projects. Recent deals with Miramax, Joe Roth, Interscope and Merchant Ivory reflect Disney’s resolve to banish its authoritarian reputation and to relax tightly held creative controls. (Bart, 2015)

The deal Disney struck with Merchant Ivory Productions was a standard one in which it would offer partial financing in exchange for the domestic distribution rights for their prestige British films. With Miramax, Disney took a different approach inasmuch as it actually acquired Miramax¹ (and its library of 200 art films) while agreeing to “finance the development, production and marketing of Miramax’s movies” (Balio, 1998: 66). Miramax continued to dominate the independent circuit. The same year it was acquired by Disney, Miramax created a production financing program, Dimension Pictures, that allowed the company to move to the genre territory: “In 1994, Miramax had two big mainstream hits, Quentin Tarantino’s *Pulp Fiction* and *The Crow*, which together grossed well over \$100 million domestic” (Balio, 1998: 66).

In the case of Turner Broadcasting System² — a company that had bought MGM/UA in 1986 for its film library only to resell it later —, it moved into film

¹ Miramax was founded as a distribution company by Harvey and Bob Weinstein, in 1982, and “rose to the front ranks of the independent film market by releasing hits year in and year out that received prestigious film festival awards, including Oscars, and set box-office records” (Balio, 1998: 66).

² Currently, Turner Broadcasting System is a media conglomerate and subsidiary of Time Warner, managing the collection of cable networks and properties: CNN, HLN, TBS, TNT, Cartoon Network, Adult Swim, Boomerang, TruTV and Turner Classic Movies.

production and into the independent film market through the acquisition of New Line Cinema and Castle Rock Entertainment. At the time, Time Warner was a major shareholder in TBS — so much so that both the deals mentioned above were hinged on the reluctant support of Time Warner — and a mere three years later, the companies eventually merged rendering TBS a subsidiary of Time Warner. TBS swapped more than \$500 million in stock and assumed \$50 million in debt for New Line. TBS also paid about \$100 million cash while assuming another \$100 million in debt for Castle Rock (Citron, 1993). New Line was not only a distribution outlet but also a major producer of “B-product”. However, in 1990, New Line created a branch division called Fine Line Features that produced and distributed successful art films such as *My Own Private Idaho* (Gus Van Sant, 1991) and Robert Altman’s *The Player* (1992). The deal with TBS allowed New Line to produce more expensive pictures and release a higher quality product. With the Castle Rock merger, TBS gained a “highly respected film production company” (Brennan, 2015), with a stable management team that had made its reputation, in the early nineties, with pictures such as *A Few Good Men* (Rob Reiner, 1992), a film with Jack Nicholson and Tom Cruise, and Clint Eastwood’s *In the Line of Fire* (Wolfgang Petersen, 1993). Buying these two companies helped TBS to position itself in the front ranks of Hollywood and prime itself for global expansion.

A new wave of mergers or the “Big Six” oligopoly

Indeed a new Warner was created by the \$15 billion consolidation of Time and Warner, bringing this Hollywood studio into the center of the largest media company in the world. In 1993, Viacom acquired Paramount studios, Twentieth Century-Fox expanded from Rupert Murdoch’s original 1986 takeover, and Sony took Columbia Pictures and reorganized it into Sony Entertainment. Halfway through the decade, Canadian Liquor Seagram bought MCA, and renamed it Universal studio. This merger mania was driven by vast profits that are available from owning a member of the Big Six. (Gomery, 2000: 365)

According to Douglas Gomery in “The Hollywood Film Industry: Theatrical Exhibition, Pay TV, and Home Video” (2000), the merger frenzy did little to actually change the structure of the film industry. Although the Golden Age of movies is often

traced back to the 1930s and 1940s, the so-called Big Six¹ — Warner, Paramount, Fox, Sony, Disney and Universal² — attained their “greatest power and profitability” during the 1990s (Gomery, 2000: 365-66). Douglas Gomery identified each of the six studios different strategies, which reflected the personalities of the studios chiefs, the financial conditions of the studios and their parent companies strategic objectives: Disney was the “well-oiled machine”, that ended the 1990s less successfully than anticipated; Paramount pursued films that did not appear too risky³; Sony continued its hardware-software experiment but ended up looking for new strategies; although Fox invested heavily in *Titanic* (1997), Rupert Murdoch’s interest seemed more invested in the Fox network than moviemaking; when Universal merged with Seagram (1995) there was some unpredictability in Edgar Bronfman Jr. management skills; facing a “palpable crisis” at Warner Bros., the executive duo Robert Daly and Terry Semel threw together a string of potential blockbusters (Gomery, 2000: 366).

After the wave of mergers and acquisitions that had been the focal point of the 1980s and the changing of the Hollywood structure so much so that it transformed from one paradigm to the other: from the New Hollywood paradigm to the Conglomerate Hollywood. After the first wave ended with the acquisition by Pathé of MGM/UA, there was a second phase that commenced in 1993 that involved, this time, cable and network television. At the time, the basic cable services offered had hit a lull that was a direct result of constant cache of viewers and the fragmentation of that same market that was “created by adding channel capacity of up to 300 channels on some services” (Balio, 1998: 67).

The changes that involved network television came about due to the aforementioned change in regulation exercised. One of the aspects of the Fin-Syn rules was that it prevented the “old-line” from producing a sizeable chunk of the programming being broadcast on primetime, which in turn denied the networks the equally sizable revenues from the syndication of hit shows. After the “FCC’s final phase-out of Fin-Syn in 1995 and Congress’s passage of the Telecommunications Act

¹ “The term ‘Big Six’ was commonly used in the industry trade press to reference either the conglomerates or their studios, which were increasingly adept at coordinating their respective operations and objectives” (Schatz, 2008: 28).

² During the 1980s and 1990s, MGM was at the periphery, never being able to match the Big Six.

³ While Paramount co-produced the expensive *Titanic* (James Cameron, 1997), its stakes were less than those of 20th Century Fox.

of 1996” (Schatz, 2008: 27) the game changed in a number of ways. Not only was cross-ownership condoned, but now networks would be able to “reduce the number of programmes they ordered from outside producers” namely the film studios and their television production divisions. Were the networks to rely on in-house productions that could have taken a hit on “big suppliers like Time Warner and Disney” (Balio, 1998: 68). In order to prevent this, the Hollywood film studios would work to acquire the networks themselves guaranteeing that outlet for their product.

Disney



Figure 15: *Toy Story*, John Lasseter, 1995

Disney’s Miramax deal was one that made Michael Eisner proud: “it gave Disney a new movie niche intelligent, hip cinema with an edge” (Gomery, 2000: 384). In fact, this purchase actually set a key trend for the 1990s and encouraged other film companies to invest in niche brands: Time Warner with New Line, Universal with October Films, Sony with a “classics” division, and Fox with Fox Searchlight. In 1994, at The Walt Disney Company, there had been some big changes. Frank G. Wells died in a helicopter crash. Michael Eisner did not appoint Jeffrey Katzenberg to his place and instead invited Michael Ovitz (of the Creative Artist Agency) to be Disney’s president — this arrangement only lasted two years (Andersen, 2015).

Jeffrey Katzenberg left to found DreamWorks SKG with Steven Spielberg and David Geffen. That same year, Michael Eisner attempted to buy NBC from parent company General Electric (GE) but the deal fell through because GE wanted to keep 51% ownership of the network it had owned since 1986, when the company bought RCA. In 1995, however, Disney announced its plans to acquire Capital Cities/ABC, for \$18.3 billion¹, in a deal that Geraldine Fabrikant deemed “the second-largest corporate takeover ever” (Fabrikant, 1995).

The combined company would bring together the most profitable television network and its ESPN cable service with Disney's Hollywood film and television studios, the Disney Channel, its theme parks and its repository of well-known cartoon characters and the merchandise sales they generate. (Fabrikant, 1995)

That same year, Disney and Pixar, the computer animation film studio, drew up an agreement for the co-production and distribution of their animated films, starting with *Toy Story* (John Lasseter, 1995), the first feature-length computer-animated film. After the departure of Jeffrey Katzenberg from head of Disney's animation², the timing was especially right for Michael Eisner's company. According to Douglas Gomery, and while remaining bold, Michael Eisner began descending a slippery slope by the mid-1990s, as he began to over-extend Disney's media conglomerate through the purchase of ABC. The synergies he hoped to created never truly came into fruition — though, for some time, the Disney stockholders were pleased — and Douglas Gomery cites an inability to control all of the parts of the “Disney colossus” as being Michael Eisner's weakness as his “top-down micro-managing” paralyzed operations, even though he concedes he was a good “movie-making manager” (Gomery, 2005: 272). As the 1990s ended and the 21st century began, The Walt Disney Company seemed to be “a company in transition” as Michael Eisner fired dozens of animators (who had been touted as the best talent) and cut 25 percent of contracts up for renewal, all the while the company was reporting severe drops in earnings (41 percent) in 1999 (Gomery, 2005: 273). By 2000, it was clear

¹ “The announced dollar amount of each deal varies widely according to many factors — notably current stock value and assumption of debt” (Schatz, 2008: 26).

² Jeffrey Katzenberg was responsible for a series of hits: *The Little Mermaid* (Ron Clements, John Musker, 1989), *Beauty and the Beast* (Kirk Wise, Gary Trousdale, 1991), *Aladdin* (Ron Clements, John Musker, 1992) and *The Lion King* (Roger Allers and Rob Minkoff, 1994).

that, under the leadership of Michael Eisner, the “promised turnaround of ABC never came to pass; nor did another *Lion King*”¹, and even the revenues from the home video market seemed to be “completely milked” (Gomery, 2000: 386). In 2004, the ousting of Michael Eisner came to fruition as Pixar (after a 12 year distribution relationship with Disney) and an unsolicited takeover bid by Comcast (the largest cable operator in the United States) threatened Disney. Michael Eisner had become a liability and the Disney board stripped him from the chairmanship (following the “Save Disney” campaign led by Roy E. Disney²) although he was not removed from his chief executive post right away and began reporting to a split board. A year later, on March 2005, Robert “Bob” Iger was announced as the new CEO of Disney whose era lasts to the present day. By then, Miramax co-founders Bob and Harvey Weinstein³ had departed the company to start their own independent studio, The Weinstein Company (Barnes, 2013).

Sony



Figure 16: *Spider-Man*, Sam Raimi, 2002

¹ *The Lion King* cost \$45 million to produced and grossed \$312 million domestically alone. It was a huge hit for Disney and the second film at the top of the box-office in 1994 (the first was Paramount's *Forrest Gump*).

² Son of the original Roy Disney.

³ Since selling Miramax to Disney in 1993, Bob and Harvey Weinstein had released 300 movies, including *Shakespeare in Love* (John Madden, 1998) and *Chicago* (Rob Marshall, 2002) (Barnes, 2013).

According to Tino Balio, Sony Pictures Entertainment¹ is a company that got a little left behind in the second wave of mergers of the 1990s because it failed to forge connections with cable television as well as having failed to acquire theme parks or “consumer product chain stores to extend the franchises developed by its studios” (Balio, 1998: 69). In 1993, its motion picture business also took a loss of billions of dollars, forcing its president to take direct control of operations and instill new talent. In those early stages of the 1990s, Sony was ultimately unable to profit like it had intended from the marriage of hardware and software. After losing the format war with Matsushita² and after a difficult period without any movie hits — “Sony wrote off nearly \$3 billion” — the company decided to focus on operating the film studio (Gomery, 2005: 284). The executive duo Jon Peters and Peter Guber — who had been brought to Sony by Michael Ovitz — were unable to produce hits and left in 1991 and 1994, respectively. Nonetheless, “Sony’s two Hollywood studios³ soon returned to profitability, [although] not to top-tier status” (Balio, 1998: 69). Mark Canton, the successor, left in 1996 “before anyone realized he had engineered a comeback” that benefited his own successor John Calley. He, among other things, folded TriStar Pictures into Columbia. A string of hits that included *Jerry Maguire* (Cameron Crowe, 1996), *My Best Friend’s Wedding* (P.J. Hogan, 1997), *Men in Black* (Barry Sonnenfeld, 1997) and *Air Force One* (Wolfgang Petersen, 1997) allowed Sony to reach the \$1 billion dollar mark at the box, the second studio in the system to reach that figure: “Here seemed positive proof that simply staying in the Big Six would, in the long run, mean vast profits for some manager” (Gomery, 2005: 285). Also in 1997, Sony’s Loews Theater Exhibition Group chain of theaters merged with the Cineplex Odeon⁴, another chain of theaters, thus (re)establishing the trend of vertical integration with theatrical exhibition.

The truly momentous turning point for Sony was in May 2002, when the studio released the mega blockbuster *Spider-Man* (Sam Raimi, 2002), a film that grossed \$114 million in its weekend debut, almost the entire amount of the production budget (\$140 million) and went on to earn a staggering \$821 million worldwide⁵.

¹ As it was renamed in 1991.

² Sony’s Betamax lost to Matsushita’s VHS.

³ TriStar Pictures and Columbia Pictures.

⁴ Cineplex Odeon was partially owned by Seagram, the owner of Universal Pictures.

⁵ “Spider-Man (2002)”. Box Office Mojo. Retrieved 12 March 2014:

Fuelled by big changes in the distribution of movies and a marketing machine¹ so potent that it could spend more than \$100 million in just three days, *Spider-Man* trounced the initial weekend grosses a year earlier by Warner's Harry Potter and the Sorcerer's Stone. (Gomery, 2005: 285)

The Sony Corporation was no longer justifying owning Sony Pictures through the concept of building synergies and the company has held its own without being overextended (like it happened with the AOL Time Warner merger and the Matsushita-then-Seagram-then-Vivendi ownerships of Universal). "As the new century began, all three main legs of Sony Corporation were doing well": consumer electronics, video games and films (Gomery, 2005: 285).

As it has been mentioned above, Sony was the outlier of the "Big Six" due to its "lack of significant TV holdings" and to its inability to keep up the pace with other conglomerates in terms of production and distribution of television series. Instead of buying media outlets, Sony focused on a different strategy: the synergy between hardware (consumer electronics operation) and software (content providers like CBS Records and Columbia Pictures and well as its computer entertainment division). In fact, the "development of entertainment franchises" brings together Sony's major divisions: Sony Pictures Entertainment, Sony Electronics and Sony Computer Entertainment. One of the best examples of Sony's persistent tactic of hardware-software synergy was the introduction of the Blu-ray technology in 2007, a high-definition (HD) DVD belonging to Sony that this company "hopes to establish as the worldwide standard for the 'next generation' home video system". If or when the Blu-ray knocks the DVD out of his position, the control of that technology by Sony should provide mitigation for the "lack of TV pipelines" (Schatz, 2009b: 24). Sony also tried to bridge its lack of holdings in television through its acquisition of MGM (former MGM/UA). After a brief period in the 1980s where Ted Turner bought MGM, the studio company was later bought by Pathé Communications in 1990, until the French bank Crédit Lyonnais, the studio's major creditor, finally took control of the

<http://www.boxofficemojo.com/movies/?id=spiderman.htm>

¹ "[John Calley] enlisted a raft of 'promotion partners' with their own advertising campaigns, and Spider-Man toys and paraphernalia clogged toy stores and Market aisles. An image of Spider-Man greeted Yahoo home-page users" (Gomery, 2005: 285).

debt-ridden MGM (“The Media Business: Bank Takes MGM-Pathé”, The New York Times, 1992). Kirk Kerkorian managed to become MGM’s controlling shareholder once again but the company’s debt forced the billionaire investor into selling MGM, along with its debt (Marr, Berman, and Grant, 2004). Time Warner had placed a bid, until a “Sony Corp.-led consortium struck a deal to acquire Hollywood movie studio Metro-Goldwyn-Mayer Inc. after bringing new partners on board”, namely America’s largest cable company, Comcast, and an “equity deal with Credit Suisse First Boston’s private-equity arm, DLJ Merchant Banking Partners” (Marr, Berman, and Grant, 2004). As Thomas Schatz stated, this consortium aligned Sony with “the top U.S. cable TV company (and a leading Internet service provider as well), while augmenting its film library and providing access to several dormant franchises”, namely the James Bond franchise (Schatz, 2009b: 24). The franchise reboot with Daniel Craig as James Bond in *Casino Royale* (Martin Campbell, 2006) was one of Columbia’s top hits in 2006, along with *The Da Vinci Code* (Ron Howard, 2006). Essentially, Sony essayed to “amass entertainment content to bolster its clout in shaping the direction of new media technologies (Marr, Berman, and Grant, 2004). Most importantly, though, this deal further consolidated Hollywood and officially reduced the ranks of its major studios from seven to six.

Universal



Figure 17: *Jurassic Park*, Steven Spielberg, 1993

The 1990 Matsushita-Universal merger was a short lived one. MCA proved to be a profitable acquisition, since Universal produced several hits in the early 1990s, specifically Steven Spielberg's *Jurassic Park* (1992) and *Schindler's List* (1993). However, Matsushita was in the midst of a recession in Japan and rejected MCA's proposals for acquiring CBS and Virgin Records and building a Universal Studios theme park in Japan. Just like the above-mentioned Sony, the company was at a disadvantage when compared to the Hollywood media giants. Matsushita had bought Universal hoping that its software would contribute to the increase of its VHS machines, but those market segments proved unrelated and synergies did not happen as foreseen. The conflicting ideologies on how to steer MCA caused a breach between the subsidiary and the parent company's management. By 1995, Seagram (a giant Canadian liquor company) bought an 80% stake of MCA from Matsushita "for \$5.7 billion, and [renamed] it Universal Studios" (Schatz, 2008: 26). Edgar Bronfman Jr. turned Universal into the largest record distributor in the world of cassette and CDs, and in spite of that "the promised synergy never materialized" (Gomery, 2005: 223). Edgar Bronfman Jr. did, however, commit to reinventing Universal's film studio, even though, to cut costs, he lost Steven Spielberg to his own DreamWorks SKG (founded in 1994). In 1999, Bronfman Jr. had a good summer with *The Mummy* (Stephen Sommers) and *Notting Hill* (a British romantic comedy directed by Roger Michell, with Julia Roberts and Hugh Grant): "By the mid-summer 1999, Universal had vaulted to third place in current rankings among the Big Six. Still, this would not be the first major studio to go hot and then languish again under new management" (Gomery, 2000: 394). In 2000, Vivendi, the French water giant, bought Seagram for \$34 million, creating Vivendi Universal. This was, of course, a nonsensical pairing that did not fall apart quick enough. In 2003, General Electric (owner of NBC) bought Vivendi Universal (an 80% stake, just like Seagram had in 1995)¹ and did "what Disney had failed to do with ABC, and what Viacom (Paramount) had done well with CBS — combine a major US television network (its NBC) with a major studio" (Gomery, 2005: 223): NBC Universal was created in 2004.

¹ In a deal valued at \$14 billion.

Warner



Figure 18: *The Matrix*, Lilly and Lana, Wachowski, 1999

According to Douglas Gomery, as the 1990s began “there was only one true major media empire and that was Time Warner Inc.” (Gomery, 2005: 248). Time Warner’s architect Steven Ross died in 1992 and left a leadership void was bridged by his hand-picked successor, Gerald Levin, a man that had shaped HBO for Time, Inc. and became Steven Ross’ protégé after the merger. After Steven Ross’ death, the company eventually got back to its position as “the largest media company in the world” and, in September 1995, Time Warner ultimately bought TBS for \$9.1 billion in order to widen its “programming and distribution capacity” (Balio, 1998: 69).

Time Warner (...) brought New Line, Fine Line, and Castle Rock into the fold in 1995, all of which operated separately^[1] from Warner Bros. Pictures. In the early 2000s Time Warner added Warner Independent, HBO Films, and Picturehouse which also enjoyed complete autonomy from their major-studio counterpart. (Schatz, 2008: 30)

As the 1990s decade came to a close, the Warner Bros. studio’s short-term prospects were unpredictable due to the “nonadaptability of two of Hollywood’s longest tenured studio executives, Robert Daly and Terry Semel” (Gomery, 2000: 394), who were fired in 1999. This team had been a “most consistent revenue-generating unit, producing such blockbusters as *Batman*, the *Lethal Weapon* series, a host of Clint Eastwood action films and several Spielberg hits” (Gomery, 2005: 249).

¹ Most indie divisions were truly detached from the parent company’s main film studio.

During the 1990s, Warner continued its devotion to the *Batman* franchise for it had served the company very, very well in the past (Meehan, 1991). Yet sequel after sequel (*Batman Returns* in 1992 and *Batman Forever* in 1995), the profits were lower and lower but “at least predictable” and the ancillary markets continued to profit from the synergy. Merchandising was, in fact a big deal for Warner.

Time Warner Consumer Products Chief Dan Romanelli candidly admitted that the total revenues of sales related to merchandising related to simply the Looney Tunes figures had reached an astonishing \$3.5 billion, underscoring the 1990s vital link between movie making and merchandising. (Gomery, 2000: 396)

Warner had two hits in 1999: Harold Ramis’ *Analyze This* and the incredibly successful *The Matrix* by the Wachowski sisters. Despite this, Douglas Gomery considers that Gerald Levin’s eight years at the helm of Time Warner revealed itself to be unremarkable. Douglas Gomery asserts that Gerald Levin’s conservative stance never allowed Warner to prosper like it had under Ross — even though the company never fell out of the studio system. His greatest failure “can be seen in the fact that he sold Time Warner to AOL in 2000” (Gomery, 2005: 250), after which he stepped aside.

[Viacom and CBS’s] merger was soon overshadowed by two other studio-drive deals spurred by the explosive growth of the internet, the World Wide Web, and the new-media economy. In early 2000 AOL and Time Warner announced their \$180 billion merger, by far the biggest in US history and some 20 times the value of the 1989 Time-Warner merger. (Schatz, 2008: 27)

The merger of AOL and Time Warner consisted of a stock deal with the estimated value of \$160 billion to \$183 billion. This merger was ill fated and, in 2003, the company reverted its name to Time Warner, while holding AOL as a subsidiary — which was eventually spun off, as well as Time Inc. by the new CEO Jeffrey Bewkes as a trimming measure shrink “down to its core TV and film assets” (Chozick, 2013).

Paramount

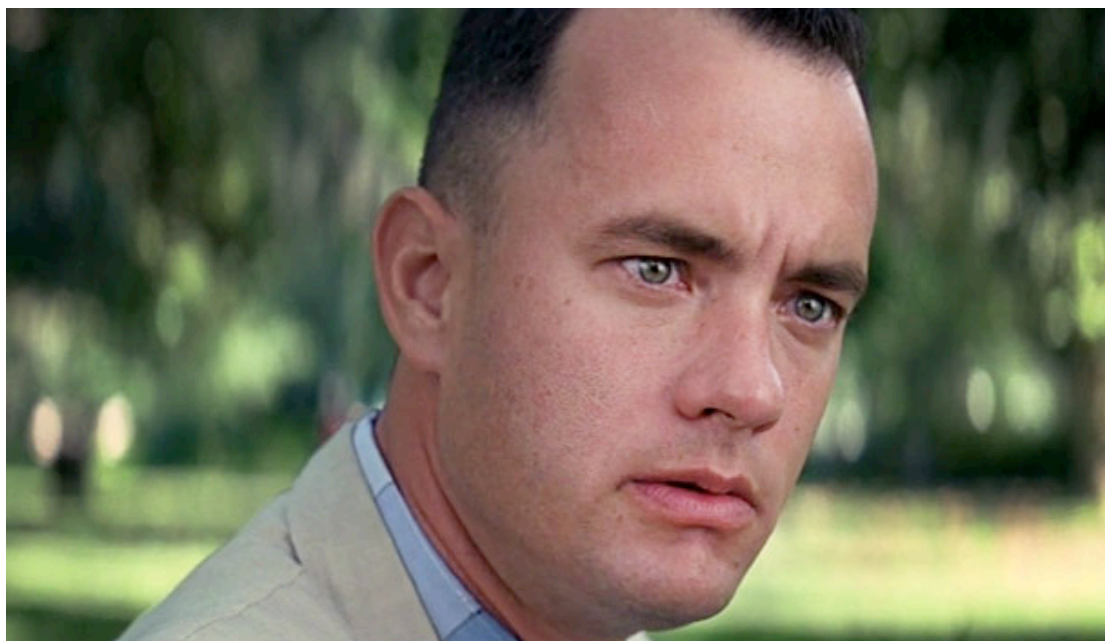


Figure 19: *Forrest Gump*, Robert Zemeckis, 1995

In 1994 — a year after the mergers between Disney and Miramax, and TBS, New Line and Castle Rock, respectively — Viacom¹’s Sumner Redstone² bought Paramount Communications Inc. and Blockbuster Entertainment generating the “second largest merger ever in the media industry after Time Warner’s”, in 1989, becoming a “completely integrated entertainment conglomerate” (Balio, 1998: 67).

Redstone melded Paramount into his vast diversified corporate empire, which includes TV networks such as MTV, The Movie Channel, Showtime, and the United Paramount Broadcast TV networks and CBS (acquired in 1999), and book publishing with Simon & Schuster. During the struggle for Paramount, Redstone even acquired video rental leader Blockbuster as a logical extension — vertical integration — of the revenue generation of Paramount’s movies. (Gomery, 2005: 235)

Robert Zemeckis’ *Forrest Gump* (1995) was a huge wide success — this film was made with a budget of \$55 million and earned roughly \$329 million domestically

¹ Viacom Inc. is short for Visual & Audio Communications.

² Sumner Redstone came to own Viacom in 1986 when National Amusements, Inc. (a movie theater owner, founded by Sumner Redstone’s father Michael), of which he was CEO, bought controlling interest in Viacom.

and \$347 million worldwide, being the number one film at the box-office in 1994¹ — although soon after Paramount saw its earnings drop vertiginously, so much so that Viacom began to downsize Paramount's operations: "Viacom sold its Madison Square Garden sports and entertainment empire and its cable television systems, leaving it essentially a content company, aside from its Blockbuster Entertainment video stores" (Balio, 1998: 70).

Redstone dominated "his" movie studio, owning controlling interest in the company, and for a time placed himself in charge of "green lighting" new movies. By 1995, Redstone had passed his National Amusements theater chain to his daughter so he could concentrate on the production side after he fired movie studio boss Frank Biondi. The trade paper *Variety* properly called Redstone "the vicar of Viacom." (Gomery, 2000: 386)

Being a conservative executive, Sumner Redstone took "one of the 1990s biggest risks with *Titanic*", along with Fox. He ended up being an auspicious gamble (even if Paramount only agree to share costs up to \$65 million) since James Cameron's film (a movie that cost \$200 million) ended up breaking box-office records. Although cloaked by *Titanic*'s success, Paramount's box-office, during the late 1990s, stagnated. Encouraged by how well it had turned out with the partnership with Fox, and mostly wanting to reduce risk, Sumner Redstone "systematically demanded all expensive projects have financial partners" (Gomery, 2000: 388). The 1990s decade ended with "Viacom's 1999 purchase of its former parent company, CBS, which was spun off when FCC's Fin-Syn rules first took effect in the 1970s" (Schatz, 2008: 27). After working with DreamWorks SKG in the 1990s, Viacom bought the company created by Steven Spielberg, Jeffrey Katzenberg and David Geffen in 2005, for \$1.6 million.

¹ That year, only Disney's *The Lion King* made that kind of money at the box-office (\$312 million). The third place belonged to *True Lies* (20th Century Fox), which did not make half as much as *Forrest Gump*.

Fox



Figure 20: *Titanic*, James Cameron, 1997

News Corp.'s Rupert Murdoch continually sought synergies within his company — through *Titanic* (James Cameron, 1997) and *The X-Files* (Rob Bowman, 1998) — and controlled carefully the global distribution — he spent the decade consolidating his media empire mostly through television, either by focusing on the European Sky channel or by buying interest in other television related companies. During the 1990s he bet heavily on his global vision by pursuing an aggressive expansion (Fabrikant 1996). Rupert Murdoch's strategy since buying 20th Century Fox was one of entwining all technologies formats and content forms into one big media empire that dominates mass media markets whilst covering the entire planet with his film studio as “one of the centerpieces of that global pipeline strategy” (Gomery, 2000: 392).

Fox planned to produce *Titanic* alone, but when it early on deemed that production costs were soaring past \$100 million, Murdoch looked for a partner. (...) Sumner Redstone signed on so long as his side of the investment went no higher than \$65 million. In exchange Fox gave Paramount full domestic box office rights, retaining everything else for itself. Murdoch has always been the most global of the Hollywood film owners (...). (Gomery, 2000: 390)

The gamble paid off and *Titanic* was a box-office phenomenon. The experience of having a budget go so overboard scared Rupert Murdoch so Fox spent

the remainder of the 1990s either dodging expensive-looking projects, cutting down the number of production deals or reducing the budgets of ongoing productions. The year following *Titanic*, Fox released the TV-show-turned-film *The X-Files* in order to capitalize on the success Paramount had had with *Star Trek*, as the TV show represented “an important franchise to Fox TV” (Gomery, 2000: 392). Rupert Murdoch also concentrated on trying to turn picked up independent films into hits, an endeavor that proved successful through the Fox Searchlight division. At the beginning of the 21st century, the Fox film studio passed \$1 billion in annual revenues for the first time” and Rupert Murdoch continued to “expand, buying satellite DirecTV in 2004” (Gomery, 2005: 260).

21st Century Conglomerate Hollywood



Figure 21: *Jurassic World*, Colin Trevorrow, 2015

The epilogue in Edward Jay Epstein’s *The Hollywood Economist 2.0: The Hidden Financial Reality Behind the Movies* (2012), aptly titled “Hollywood: The Movie”, neatly summarizes the “Rise of Hollywood”, and the quest of building an industry that defines entertainment worldwide, as following “the classic Hollywood three-act formula” (Epstein, 2012: 211). From the second act onward, Epstein’s summary encompasses what has been covered throughout this dissertation: the impact of the end of the Second World War, the introduction of television, the antitrust lawsuit that effectively severed the studio’s hold on American theaters (they now have to compete with independent and foreign producers) and, consequently, ended the

studio system – just as stars were now refusing to sign long-term exclusive contracts. As the entertainment landscape changes, Hollywood adapts. Studios start utilizing television as a means of advertising to “create a tailor-made” audience for every movie, while expanding “its reach overseas, creating a second stream of revenue from theaters and television abroad” (Epstein, 2012: 217). However, this action of “expanding its reach” was not limited to theater booking or TV advertising, as Hollywood found new ways to profit off of licensing movies to television, producing television series, fueling the home video market, heavily betting on merchandising and ancillary tie-ins, and, as the digital revolution threatened to disturb Hollywood’s control, it still found new sources of revenue from DVDs, Blu-ray discs, video-on-demand and the Internet (Epstein, 2012: 217).

In terms of its corporative structure, at the dawn of the twenty-first century, and since all of the American television broadcast networks were positioned alongside a Hollywood studio — which, in turn, were all owned and controlled by global media conglomerates —, Conglomerate Hollywood had attained oligopoly status by the early 2000s, with six companies: News Corporation (20th Century Pictures), Sony (Columbia Pictures), Time Warner (Warner Bros. Pictures), Viacom (Paramount Pictures), Disney (Walt Disney Studios), and General Electric (Universal Pictures). These companies dominate revenues coming from the movie business as well as supply the bulk of the TV programming in the US, which is, as Thomas Schatz states it, “by far the world’s richest media market” (Schatz, 2008: 27).

Bryan Sebok reviews the changes in the American film industry structure that structured it as a “tightly controlled and operated oligopoly, as several horizontally and vertically integrated conglomerates controlled the bulk of profits from feature film distribution in all markets” and summarizes the changes (that have been mentioned at length in earlier chapters of this study) from 1984, with Rupert Murdoch’s acquisition of Fox, to 2005:

The trend continued throughout the home video era, with Time Inc.’s acquisition of Warner Communications in 1989 (including Warner Bros. studio), Sony Corp.’s purchase of Columbia Tri-Star in 1989, Matsushita’s buyout of MCA/Universal in 1990, Pathe’s acquisition of MGM/UA also in 1990, Disney’s 1993 purchase of

independent film producer/distributor Miramax, and Viacom's acquisition of Paramount and Blockbuster (in separate deals) in 1994. The mid-1990s was marked by more shifts in the industry, with three significant mergers and acquisitions in 1995: Seagram bought MCA/Universal from Matsushita; Disney purchased Cap Cities/ABC; and Time Warner acquired Turner Broadcasting. The millennium featured more mergers involving major studios: in 1999 Viacom bought CBS; 2000 saw two major moves, with AOL merging with Time Warner and Vivendi buying Seagram; in 2003 GE acquired Universal, creating NBC Universal; 2004 marked the purchase of MGM by Sony; and in 2005 Viacom bought DreamWorks. (Sebok, 2007: 98-99)

However, following those changes, in the subsequent years there have been other positionings within the media landscape from a corporative perspective that, in turn, have also affected the filmmaking business and the way entertainment is produced and, therefore, consumed.

On June 28, 2013, News Corporation split — a move reminiscent of the 1980s and its deconglomeration and corporate divestures (Prince, 2000: 60) — into two companies: 21st Century Fox (updating its name to the new century), which retained most of News Corporation's television, film, and new media holdings; and News Corp, which focuses primarily on publishing, with both companies being chaired by Rupert Murdoch. As a studio “parent”, 21st Century Fox holds a major film unit in 20th Century Fox, an arthouse subdivision in Fox Searchlight Pictures, a genre brand in Fox Faith, Blue Sky Studios and 20th Century Fox Animation as its two animation branches, and 20% equity in New Regency Productions. As of 2015, 20th Century Fox had a total market share (within the US and Canadian markets) of 12.70%, with 26 films released (“Who Owns What — Columbia Journalism Review” 2015; “Market Share for Each Distributor in 2015” 2015).

Another corporate change happened in 2013, as General Electric (GE) stepped out of the “NBCUniversal business” (Lieberman, 2013). On March 19, Comcast (a multinational mass media company that is also the largest broadcasting and largest cable company in the world in terms of revenue) closed a deal of \$16.7 billion in order to buy the 49% stake GE had continued to own “after the companies formed a joint venture in January 2011” (Lieberman, 2013) — the Comcast Corporation was

the majority owner of NBCUniversal with a 51% interest, while GE held a 49% interest. Hereafter, NBCUniversal holds a major film unit in Universal Pictures, an arthouse subdivision in Focus Features, two genre production companies in Working Title Films and Gramercy Pictures, Illumination Entertainment and Universal Animation Studios as its two animation units, as well as Focus World and High Top Releasing. As of 2015, Universal Pictures had a total market share (within the US and Canadian markets) of 21.60%, with 26 films released in theaters (“Who Owns What — Columbia Journalism Review” 2015; “Market Share for Each Distributor in 2015” 2015).

Originally controlled by Warner Communications, later Time Warner, the film and television production company and cable channel operator spun off its cable operations in March 2009 (since then, Time Warner Cable became a completely independent company) as part of a larger restructuring clearly aimed at becoming a pure media content company. By 2011, Time Warner chairman and CEO Jeff Bewkes “ousted¹ Alan Horn” as president and chief operating officer of the film and television division of Warner Bros, a corporate shake up that ended with the exit of Jeff Robinov, at the time the head of the successful film group (Masters, 2016). Alan Horn had, since 1999, “embarked on a high-stakes strategy”, choosing to “single out four or five so-called tent-pole or event films” (Elberse, 2013: 1). By the time of his departure, Alan Horn had helped Warner Bros. to become the “only studio in history to surpass \$1 billion at the domestic box office for eleven years in a row”, which was facilitated by franchises such as the *Harry Potter* movies (Elberse, 2013: 2). Warner Bros.’s loss was Disney’s gain as Alan Horn was brought in, in 2012, to take over as Walt Disney Studios’ chairman (Elberse, 2013: 3). Finally, Jeff Bewkes promoted Kevin Tsujihara to chairman and CEO and “created a committee to run the film studio that includes president Greg Silverman and marketing and distribution chief Sue Kroll” (Masters, 2016). The studio parent within the larger media conglomerate remains Warner Bros. Entertainment, which holds the major film studio Warner Bros. Pictures, the animation division Warner Animation Group, as well as other units such as HBO Films, Castle Rock, New Line Cinema, Turner Entertainment and DC Entertainment. Warner Bros. Entertainment total market share, regarding the year 2015 and within

¹ Anita Elberse refers to this event as Alan Horn’s “retirement from Warner Bros.” (Elberse, 2013: 3).

the US and Canadian markets, of 13.97%, with 38 films released in theaters (“Who Owns What — Columbia Journalism Review” 2015; “Market Share for Each Distributor in 2015” 2015).¹ This marked a “rare slump for the Burbank powerhouse accustomed to dominating the industry with such franchises as *The Hobbit*, *Harry Potter* and *The Dark Knight*, the earlier Batman series directed by Christopher Nolan” (Faughnder, 2016).

In Viacom’s case, however, if the 1990s decade ended with the corporation buying back its former parent company, CBS, the new millennium saw a new split within the conglomerate that effectively separated Viacom and the CBS Corporation. While Sumner Redstone remained executive chairman of both CBS and Viacom¹, he made the decision, now considered poorly made, in 2005, to split Viacom and CBS, a division which was deliberate in order to “unlock value in both, while enabling two prized executives, Viacom’s Tom Freston and CBS’ Leslie Moonves, to each ascend to the CEO slot” (Lowry, 2016). When together, the conglomerate worked in tandem, each with “a host of complementary assets”: the CBS network and cable channels, coupled with Viacom’s Paramount studio, which made films that were able to feed the whole distribution apparatus. However, since the split between the two companies, both “grappled with efforts to replace what they lost” (Lowry, 2016). This also meant that, as of now, the American television broadcast networks are no longer all positioned alongside a Hollywood studio. Previous corporate shake-ups (directly related to Tom Freston and Leslie Moonves) had already affected Paramount Pictures with chairwoman Sherry Lansing and entertainment group chief Jonathan Dolgen departing from their positions and being replaced by former television executives Brad Grey and Gail Berman (Hofmeister and Eller, 2004; Eller 2004). In fact, Viacom’s corporate moves in the late 1990s were dissolved by the end of the noughties. While Viacom did buy DreamWorks in 2005, the relationship between the two companies was dissolved after three “stormy” years, with DreamWorks executives revealing that they were leaving Paramount and relaunching as an independent company (Cieply, 2008). The film related division within the larger media conglomerate that is Viacom, Paramount Pictures Corporation, holds the major

¹ A situation that changed in February 2016, when Sumner Redstone, at the age of 92, and after a court-ordered examination by a psychiatrist, resigned both the chairmanship of CBS and Viacom, being replaced by Leslie Moonves at CBS and Philippe Dauman at Viacom and becoming chairman emeritus (Steinberg and Littleton, 2016).

film studio Paramount Pictures, the arthouse (or independent-like) subdivision Paramount Vantage, the genre brand Insurge Pictures¹, the animation branch Paramount Animation (whose first release was *The SpongeBob Movie: Sponge Out of Water*, on February, 2015), as well as other divisions such as MTV Films, Nickelodeon Movies and Comedy Central Films. Having a total of 15 films released in theaters, Paramount Pictures had, in 2015, a total market share (within the US and Canadian markets) of 6.17% — being the studio out of the Big Six with the thinnest market slice (“Who Owns What — Columbia Journalism Review” 2015; “Market Share for Each Distributor in 2015” 2015).

When it comes to The Walt Disney Company — the one Hollywood conglomerate that has spawned from a film studio instead of being the product of a merger or acquisition — and its ongoing progression as far as growing into a dominant empire in the overall media landscape, there were some very important developments that occurred once Bob Iger officially became Disney’s CEO in 2005. The crucial chances (and changes) during under Bob Iger’s ongoing tenure have been, so far, the acquisitions of Pixar, Marvel Entertainment and Lucasfilm. As David A. Price states in *The Pixar Touch: The Making of a Company* (2009), Disney and Pixar’s relationship throughout the 1990s continued to be a prosperous one, even if the one between Michael Eisner and Steve Jobs began to deteriorate, which led the negotiations for a new agreement to fall through (Price, 2009: 228-29). After the departure of Michael Eisner, however, Bob Iger started to seriously consider the idea of acquiring Pixar after attending the opening of Hong Kong Disneyland, in September 2005, and seeing the importance of Pixar characters in the parade. On January 2006, Disney announced the decision to “acquire Pixar for 287.5 million shares of Disney stock, then worth roughly \$7.4 billion” (Price, 2009: 252-53). Independent of any “traditional measures of value”, Pixar was crucial to the Walt Disney Company. David A. Price argues that, while the concept of “synergy” can be “routinely bandied”, in the case of Disney acquiring Pixar it was well beyond rhetoric, as animation has and continues to be more than “the heart of the Walt Disney Co., but its blood and its circulatory system” (Price, 2009: 254-55) — this works in tandem with what Janet Wasko writes about, in *Understanding Disney: The Manufacture of*

¹ Insurge Pictures deals with micro budget productions such as the *Paranormal Activity* franchise (McClintock, 2010).

Fantasy (2011), regarding the Walt Disney Company and its proclivity towards “synergistic strategies”, towards which the “company claims to be especially suited” (Wasko, 2011: 71).

In “How Disney Bought Lucasfilm—and Its Plans for *Star Wars*” (2013), Devin Leonard argues that Bob Iger’s worth was proved by him being a man with “a very clear vision” that understood that “Disney’s success rested on developing enduring characters” (Leonard, 2013). In order to achieve this result, Bob Iger accelerated the process through acquisitions, with the aforementioned purchase of Pixar Animation Studios in 2006. Three years later, in 2009, Iger negotiated a analogous deal when he bought, for Disney, Marvel Entertainment for \$4 billion, a company with an independent film studio that had seen enormous success by betting in the superhero movie genre within the blockbuster business, and with a library full of potentially usable characters. Marvel Entertainment also, seemingly, skewed more in “boy’s direction”, a market that Bob Iger wanted to tap more into (Finke, 2009). Given previous agreements made by Marvel Studios in order to distribute its first batch of films, it appeared Disney would have to wait for the whole volume of synergies that the deal would ultimately afford, except Disney bought Paramount Pictures out of the final two films in a six-picture distribution deal (Finke, 2009; Finke and Fleming Jr. 2010).

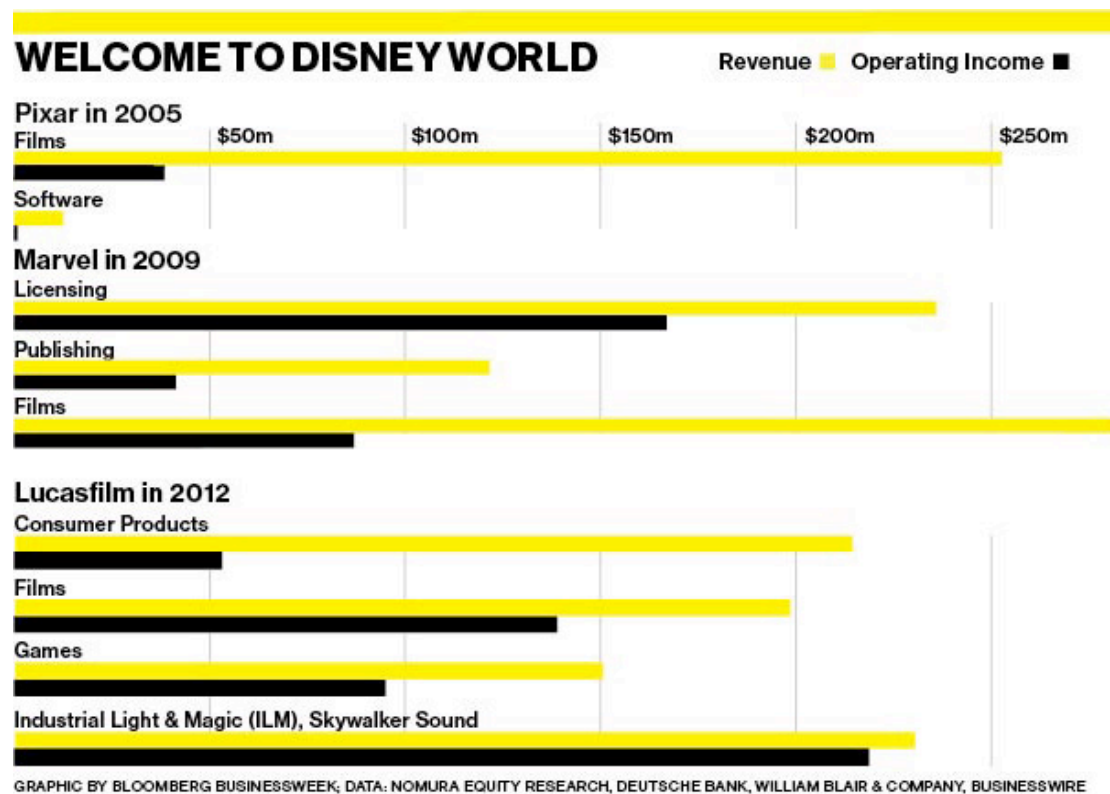


Figure 22: Contrasting Pixar Studios, Marvel Studios and Lucasfilm

Going back to “How Disney Bought Lucasfilm—and Its Plans for *Star Wars*”, Devin Leonard aptly remarks that while Disney will never be immune to flops — such as 2012’ *John Carter* (Andrew Stanton) — the myriad of character-driven franchises nurtured at Disney, plus its multiple non-movie profit ventures (i.e., theme parks or ESPN), have allowed Disney to become a “diversified company producing reliable growth”. As Devin Leonard further points out, the accomplishment and financial gain that came from the Pixar and Marvel acquisitions allowed Iger to “hunt for more mini-Disneys”, namely Lucasfilm. After an initial approach Bob Iger made to George Lucas concerning whether the 67-year-old director would consider selling his company (he was seriously thinking about retiring and promised Bob Iger a call whenever he was ready to pursue this), George Lucas contacted Kathleen Kennedy (one of the founders of Amblin Entertainment) to ask her to take over the company after his retirement. In June 2012, a five-month negotiation process followed that ended in December with Lucasfilm under The Walt Disney corporation and Kathleen Kennedy helming it.

The film related division within the Walt Disney Company is, thusly, currently composed of Touchstone Pictures, Marvel Entertainment, Lucasfilm, and Walt Disney Pictures, which houses DisneyToon Studios, Walt Disney Animation Studios and Pixar Animation Studios. In 2015, Walt Disney released a total of 15 films, same amount as Paramount Pictures had, except it had a total market share (within the US and Canadian markets) of 20.71% — almost the same as Universal, with fewer films released — owing to the release of Lucasfilm's *Star Wars: The Force Awakens* (J.J. Abrams, 2015), Marvel Studio's *Avengers: Age of Ultron* (Joss Whedon, 2015) and Pixar's *Inside Out* (Pete Docter and Ronnie del Carmen, 2015) (“Who Owns What — Columbia Journalism Review” 2015; “Market Share for Each Distributor in 2015” 2015). In fact, 2015 was the first year Disney had a movie lineup that featured films by Pixar, Marvel and Lucasfilm, proving that cinema is the key to a media empire:

“Disney is the new high-water mark with brands,” says Tony Wible, an analyst with Janney Montgomery Scott. “It puts them through their various distribution networks — from TV to merchandising to licensing — and the studio is the birthplace for all of that.” (Lang, 2015)

Finally, Sony has continued to bet on the its hardware-software synergy strategy, along with trying to mitigate for absence of TV pipelines by aligning with a top U.S. cable company and augmenting its film (especially its franchise potential with properties such as MGM's James Bond) and and television library. In 2013, former Fox Filmed Entertainment chairman and CEO Tom Rothman teamed up with Sony Pictures to launch TriStar Productions, a joint venture that had the objective of augmenting Sony's output of film and TV content. This joint venture was made possible by Sony Entertainment CEO Michael Lynton and Amy Pascal, the co-chairman of Sony Pictures Entertainment (Fleming Jr., 2013). At the end tail of 2014, Sony has a turbulent few months, as the studio was the victim of a “massive cyber-attack by North Korea in what devolved into a financial and publicity nightmare”. This led to Amy Pascal being replaced by Tim Rothman as chairman of Sony Pictures' Motion Picture Group. Amy Pascal stepped into a producer role only, attached to the Spider-Man property, Sony's only superhero character to develop into a film franchise. In the wake of the cyber-attack — and after a very successful first trilogy (helmed by Sam Raimi), and a disappointing (from both a critical and revenue

source point of view) two reboot films¹ (helmed by Marc Webb) — Amy Pascal and Sony Pictures Entertainment announced both a reboot of the Spider-Man franchise and a new and unprecedented partnership with Marvel Studios for shared custody of the character (Oldham, 2015).

Lastly, it is important to detail that Sony Pictures Entertainment — a subsidiary of Sony Entertainment Inc., which is a subsidiary of Tokyo-based Sony Corporation — includes Sony Pictures Motion Picture Group, Sony Pictures Studios (the physical Culver City-based studios) and Sony Pictures Television². The Sony Pictures Motion Picture Group comprehends Columbia Pictures (the major film studio), TriStar Pictures, Screen Gems, Sony Pictures Animation, Sony Pictures Classics (it's more arthouse-minded division), Sony Pictures Imageworks, Sony Pictures Home Entertainment and Sony Pictures Worldwide. Having a total of 19 films released in theaters, Sony had, in 2015, a total market share (within the US and Canadian markets) of 8.47% — with a slice of the market almost as thin as Paramount's. 2015 accentuated Sony's "sharp film downturn [that] contributed to the ouster of studio co-chair Amy Pascal[,] despite a robust TV business" (Bond and Szalai, 2016; "Who Owns What — Columbia Journalism Review" 2015; "Market Share for Each Distributor in 2015" 2015).

In conclusion, the Conglomerate Hollywood of the 21st century reached a peak of media consolidation of the American media industry under six global giants, which refined, internally, an articulate system of film, television and home entertainment integration. This state of conglomeration, which houses under the same roof production and (all kinds of) distribution channels, is still built on the (perfected) Hollywood blockbuster as a commodity, only now the blockbuster has come to mean the ownership of intellectual properties that can be expanded into film franchises and into a transmedia territory that goes beyond the merchandising and ancillary markets, hence the rise of film franchises, transmedia storytelling and shared universes that shall be explored in the following chapter.

¹ Two films that provided a new approach and new actor that failed to reach trilogy status, *The Amazing Spider-Man* (2012, Marc Webb) and *The Amazing Spider-Man 2* (2014, Marc Webb).

² Sony Pictures Television has produced or distributed approximately 60 programs worldwide and has formed or invested in international networks with 148 channel feeds in 178 countries ("Divisions | Sony Pictures", 2016).

Convergence Culture, Convergent Hollywood

The scholar Henry Jenkins writes in *Convergence Culture: Where Old and New Media Collide* (2006) about how the convergence of media industries changed the cultural landscape, both in terms of how media content is produced and how it is consumed, consequently defining the concept of “convergence” as follows:

A word that describes technological, industrial, cultural, and social changes in the ways media circulates within our culture. Some common ideas referenced by the term include the flow of content across multiple platforms, the cooperation between multiple media industries, the search for new structures of media financing that fall at the interstices between old and new media, and the migratory behavior of media audiences who would go almost anywhere in search of the kind of entertainment experiences they want. Perhaps most broadly, media convergence refers to a situation in which multiple media systems coexist and where media content flows fluidly across them. Convergence is understood here as an ongoing process or series of intersections between different media systems, not a fixed relationship. (Jenkins, 2006: 322)

This means that “every story gets told, every brand gets sold, and every consumer gets courted across multiple media platforms” (Jenkins, 2006: 3), which essentially bestows upon the traditional “spectator” a much more active role in (mainstream) culture now that his role is as a “consumer” which, in turn, begets a more active or, at least, engaged portrait of audiences.

Henry Jenkins starts by acknowledging the nineties rhetoric that prophesized that a coming digital revolution would render the old media obsolete in favor of new media, such as the Internet, that would “enable consumers to more easily access media content that was personally meaningful to them” (Jenkins, 2006: 5). At the beginning of the 21st century, prompted by the burst of the dot-com bubble (2000, 2001), the conversation surrounding media convergence resurfaced in order to provide a “reference point as old and new media companies try to imagine the future of the entertainment industry”. If the “digital revolution paradigm” had posited that new media would completely alter the culture landscape in the 1990s, then in the early 2000s, the tendency was to assume that nothing had really changed. Henry

Jenkins surmises that, as usually happens, “the truth lay somewhere in between” (Jenkins, 2006: 6). Henry Jenkins cites Ithiel de Sola Pool’s *Technologies of Freedom* (1983) in which Ithiel de Sola Pool describes a “convergence of modes” that is weakening of the limits between media (Pool, 1983: 23). In the 1980s, the lines that separated mediums, such as television as cinema, were already starting to blur as video technologies began to alter the viewing experiences of both cinema and television. This occurs in tandem with the Hollywood conglomeration surveyed in previous chapters:

(...) new patterns of cross-media ownership that began in the mid-1980s, during what we can now see as the first phase of a longer process of media concentration, were making it more desirable for companies to distribute content across those various channels rather than within a single media platform. Digitization set the conditions for convergence; corporate conglomerates created its imperative. (Jenkins, 2006: 11)

Ithiel de Sola Pool also attributes convergence to conglomeration¹ and argues that both “convergence and cross-ownership” smudge the lines between mediums (Pool, 1983: 24). Henry Jenkins also corroborates a point Ithiel de Sola Pool makes whereas convergence would be less a endpoint and more of an extended transition period, as the former states that “we are in an age of media transition”, going down a tortuous and complex path (Jenkins, 2006: 6). A path that is besieged by technologies rendered obsolete given that, while new media never truly replaced old media and both were forced to coexist (independent of the pacifism of their coexistence), the “tools we use to access media content” — what media scholars labeled as “delivery technologies” — are rendered obsolete and get replaced, while “media, on the other hand, evolves” (Jenkins, 2006: 13). This happens because these delivery methods are merely technologies and media are cultural systems, even if grounded to specific technologies. This reiterates an aspect of media convergence that indicates that it is a phenomenon bigger than technological change.

¹ “Technology-driven convergence of modes is reinforced by the economic process of cross-ownership. The growth of conglomerates which participate in many businesses at once means that newspapers, magazine publishers, and book publishers increasingly own or are owned by companies that also operate in other fields” (Pool, 1983: 23-24).

A medium's content may shift (as occurred when television displaced radio as a storytelling medium, freeing radio to become the primary source of rock and roll), its audience may change (as occurs when comics move from a mainstream medium in the 1950s to a niche medium today), and its social status may rise or fall (as occurs when theater moves from a popular form to an elite one), but once a medium establishes itself as satisfying some core human demand, it continues to function within the larger system of communication options. (Jenkins, 2006: 14)

Cinema has, from an early stage, established itself as such a “core human demand”, even with the loss of medium-specificity¹ and the danger that digital technologies might present to traditional revenue sources for the film industry. Cinema, no matter in what format, still represents one of the most popular activities around the world, independently from how fragmented audiences (the age of centralized culture has ended) or how *à la carte* our entertainment lifestyles have become, film culture — and cultural conversation surrounding films — continuous to thrive (Faraci, 2012).

Returning to the issue concerning the flow of media content, Henry Jenkins explains the concept that he designates as the “Black Box Fallacy”, meaning the idea that “all media content is going to flow through a single black box” (Jenkins, 2006: 14), either in our living rooms or our pockets. Since “media convergence is more than simply a technological shift” (although that is part of the whole phenomenon, especially due to digitization), reducing it to change in technologies is part of the reason the concept is fallacious. Furthermore, it is in the best interest of the consumer electronics industry to continue to differentiate its product output² in order to create a desire for the accumulation of numerous different devices so as to have a fuller entertainment experience. In fact, Henry Jenkins accurately foresees that due to “the proliferation of channels and the portability of new computing and telecommunication technologies, we are entering an age when media will be everywhere” (Jenkins, 2006: 16). According to Henry Jenkins, the media ownership concentration — the conglomeration that integrated vertically and horizontally the information and

¹ I.e., the loss, or change, of cinema's materiality and apparatus.

² Consumer electronics companies like Apple do exactly this through their range of products (iPhone, iPod, iPad, iMac, MacBook)

entertainment industries — is precisely what is driving this technological and cultural convergence:

Whereas Hollywood focused on cinema, the new media conglomerates have controlling interests across the entire entertainment industry. Warner Bros. produces films, television, popular music, computer games, Web sites, toys, amusement park rides, books, newspapers, magazines, and comics. (Jenkins, 2006: 16)

Leading into what Henry Jenkins, significantly, identifies as two paradoxical tendencies shaping the global media environment. First, the fact that new media, or broadly speaking digitization, have “lowered production and distribution costs, expanded the range of available delivery channels, and enabled consumers to archive, annotate, appropriate, and recirculate media”. Second, the abovementioned conglomeration, aided by the deregulation in the 1980s, means that (most of) mainstream media is owned by a handful of global media conglomerates that have interests in every sector of the entertainment industry (Jenkins, 2006: 18). This domination has two consequences: it offers content expansion from one entertainment sector to another, while also risking the “fragmentation or erosion” of audiences and markets.

Industry insiders use the term “extension” to refer to their efforts to expand the potential markets by moving content across the different delivery systems, “synergy” to refer to the economic opportunities represented by their ability to own and control all of those manifestations, and “franchise” to refer to their coordinated effort to brand and market fictional content under these new conditions. (Jenkins, 2006: 19)

This way, media franchises are, at once, the product and the driving force (along with extension and synergy) of media convergence, which makes them the perfect case studies for understanding the ways in which media convergence is reconfiguring (in the case of this particular study) the production of filmed entertainment — both of “film” as a text and its alternative or nontheatrical incarnations (Prince, 2000: xi). Henry Jenkins defines “franchising” as the “coordinated effort to brand and market fictional content within the context of media conglomeration” (Jenkins, 2006: 326).

Bryan Sebok writes in his PhD thesis, *Convergent Hollywood, DVD, and the Transformation of the Home Entertainment* (2007), that “Conglomerate Hollywood” (Thomas Schatz) eventually became “Convergent Hollywood” (Henry Jenkins), between 1990 and 1995, as “filmed content moved onto computers and became increasingly mobile through digital delivery technologies” (Sebok, 2007: 105). Bryan Sebok sees this fundamental shift as a result of growing digitization (also translating into increasing computerization), conglomeration, globalization, serialization and the diversification of the ancillary markets.

According to Bryan Sebok these changes in structure show the central place of the film industry within a multimedia conglomerate-owned industry. The possession of a film studio is the first element of the Rube Goldberg machine-like¹ that is the entertainment industry (which is a redundancy-packed machine), which facilitates the “synergistic exploitation of media holdings in television, music, theme parks, hardware manufacturing, home video, magazines, and other media” (Sebok, 2007: 99). As it has been mentioned before, it is through the branding created by big blockbuster films that the conglomerate companies are able to increase profits and control distribution, exhibition and ancillary markets. Bryan Sebok argues that it was actually during the 1990s that the “control over visual media production and distribution shifted from the studios to their conglomerate parent companies” leading the six major conglomerates to either acquire or create their own television (broadcast and cable) and home video divisions. The success of the DVD technology in 2000, for instance, was in direct relation with the aforementioned convergence and Bryan Sebok makes the case that the DVD technology was both evolutionary and revolutionary. Evolutionary because it was the product of “existing technologies and established industrial structures” but also an outcome of “experiences, needs, and demands for new technologies” that were already present. It’s revolutionary status, in turn, was directly tied to the “synchronicity and convergence of favorable contexts in technology, industry, culture, and the regulatory environment”, meaning those “evolutionary moments” (Sebok, 2007: 5).

¹ A complicated machine that performs simple tasks through a chain reaction process. The expression is named after American cartoonist and inventor Rube Goldberg (1883–1970).

By the beginning of the millennial decade, the wave of mergers and acquisitions had repositioned the major studios as centerpieces of global media companies, with feature films driving profits throughout the corporate chain. This acquisition and creation strategy also demonstrates an effective response to competition. When companies other than the studios and their conglomerates were profiting in independent film production, distribution, and home video, the conglomerates acquired them or started their own companies to eliminate competition and control all potential profits from their products. Each acquisition, then, offered a means to capitalize on “downstream” profits from the core business of filmed entertainment production and distribution. The consolidation of media interests meant that a single conglomerate could control profits from audio/visual media in all distribution windows, from theatrical, home video, pay-per-view, cable television, and network television. Exploiting changes in U.S. regulatory law, media giants became global entertainment cartels with interests in virtually all mainstream media businesses. (Sebok, 2007: 100)

Convergence is driven by a “blockbuster mentality” whereas they economically govern the industry, being responsible for the majority of the American film industry’s earnings. However, although Bryan Sebok argues that the Hollywood feature became the “eye of a storm of profits that stimulated concentration of ownership and conglomeration”, conglomeration itself was not simply driven by the “lure of the blockbuster” (Sebok, 2007: 102). More accurately, conglomeration resulted of a strategy to enlarge the structure of the existing conglomerate in order to “include holdings in a media division other than those already under the corporate umbrella”, in order to maximize profits of fill the gaps in the conglomerate’s portfolio (Sebok, 2007: 103). As it was mentioned above, according to Bryan Sebok, digitization played a big part as a “transformative mechanism” (Sebok, 2007: 104) of business practices within the American film industry. The consolidation of the Big Six’s dominance, at the end of the 1990s, grew from a conscious strategy to become tightly vertically and horizontally integrated companies, but also by “integrating new technologies into their existing business models”. As “Conglomerate Hollywood” became “Convergent Hollywood”, as Hollywood sought partnerships with consumer electronic and computing companies for the development and commercialization of the DVD, digitization transported filmed content onto computer and became “increasingly mobile through digital delivery technologies” (Sebok, 2007: 105).

Transmedia Storytelling and Deep Media



Figure 23: *The Matrix*, Lilly and Lana Wachowski, 1999

In *Convergence Culture*'s chapter "Searching for the Origami Unicorn: *The Matrix* and Transmedia Storytelling", Henry Jenkins analyzes the Wachowski Brothers' *The Matrix* franchise¹ as an example of what he calls "transmedia storytelling". Transmedia storytelling is defined in *Convergence Culture* (2006) as:

Stories that unfold across multiple media platforms, with each medium making distinctive contributions to our understanding of the world, a more integrated approach to franchise development than models based on urtexts and ancillary products. (Jenkins, 2006: 334)

The term "transmedia" was originally coined by Marsha Kinder in *Playing with Power in Movies, Television, and Video Games: From Muppet Babies to Teenage Mutant Ninja Turtles* (1991). Marsha Kinder identified a new set of practices of production and consumption of textual configurations (film, television, video games) that belonged to an "ever-expanding supersystem of mass entertainment" (Kinder, 1991: 40). These entertainment super systems integrated intertextual relationships between cinema, television and video games, creating what Marsha Kinder calls "transmedia intertextuality". Essentially, properties like *Teenage Mutant Ninja Turtles* could be experienced in movie form, television series and other media (ancillary toys and other crossovers). Derek Johnson makes the point that Marsha Kinder's descriptions of "transmedia intertextuality" differ from Henry Jenkins

¹ *The Matrix* (1999), *The Matrix Reloaded* (2003) and *The Matrix Revolutions* (2003).

twenty-first century notion of “transmedia storytelling”, but nonetheless share a similar foundation. Marsha Kinder’s approach deals primarily with spinoffs and tie-ins and other forms of corporate and commercial synergy. As Derek Johnson does, we could argue that the exposure of children in the 1980s to this kind of entertainment super systems served as an education for “the aesthetics of adult franchises like *The Matrix* a decade later” (Johnson, 2013a: 31). In an interview with Marsha Kinder in 2015, Henry Jenkins questions her about her use of the word “transmedia” and her perception of how the meaning of the word had expanded to “everything from transmedia storytelling to transmedia learning to transmedia branding to transmedia mobilization” (Jenkins, 2015a). Marsha Kinder discusses her use of “transmedia” as a substitute for “interactive” because it invoked “the issue of medium specificity (still very much in contention), without supporting one side or the other” (Jenkins, 2015). At the same time, the term was able to convey “the historic transformation we are now experiencing, in which all movies, videos, TV programs, and music are being redefined as software or data” (Jenkins, 2015a). Marsha Kinder also acknowledges that she used the term “transmedia” instead of the more popular “convergence” because the former indicated a “deliberate, dynamic move across media” (Jenkins, 2015a). In *Playing with Power* (1991), she is unmistakably talking about convergence when she writes about “consumerist interactivity” and discusses how:

We are now on the verge of an interactive multimedia revolution that is already placing cinema, television, VCR's, compact disc players, laser videodisc players, video games, computers, and telephones within a consolidated supersystem combining home entertainment, education, and business. (Kinder, 1991: 40)

In *Media Franchising: Creative License and Collaboration in the Culture Industries* (2013), Derek Johnson contends with the fact that while media franchising¹ “has been both overshadowed and synonymized with transmedia” (Johnson, 2013a: 31), transmedia storytelling is not able, in the way the notion of media franchising is, to theorize the production of franchises that stay within a specific medium but multiplies into spinoff content, like the television properties *Star Trek*, *CSI*, *Law &*

¹ Which he defines as “shared exchange of content resources across multiple industrial sites and contexts of production operating in collaborative but contested ways through networked relation to one another” (Johnson, 2013a: 7).

Order and the “Arrow-verse”¹. Derek Johnson equates this form of media franchising to similar practices within the comic book industry, with multiple titles spun off from one initial property (such as the *X-Men*), and the “sequel-driven film and video fame industries” (Johnson, 2013a: 32). There is a shared universe model in play but because it is contained within a single medium it is not eligible for the title of “transmedia”, which expressly invokes the multiplication of textual forms across varied media.

Returning to the concept of “transmedia storytelling”, Henry Jenkins elaborates on it stating that is essentially “a new aesthetic that has emerged in response to media convergence” while also being “the art of world making” (Jenkins, 2006: 21). Due to the transmedia nature of this kind of narrative (or aesthetic as Henry Jenkins puts it), the story is spread across media platforms, leaving the spectators/consumers to act as “hunters and gatherers” of the various pieces of the narrative in order to have the full (immersive) entertainment experience (Jenkins, 2006: 21). The *Matrix* franchise, developed by the Wachowski Brothers, was a particularly demanding franchise of its spectators and consumers due to the complex nature of the world fashioned by its directors. As Henry Jenkins describes, there were a lot of parts to be gathered across several media:

The prerelease advertising for the first film tantalized consumers with the question, “What is the Matrix?” sending them to the Web in search for answers. Its sequel, *The Matrix Reloaded* (2003), opens without a recap and assumes we have almost complete mastery over its complex mythology and ever-expanding cast of secondary characters. It ends abruptly with a promise that all will make sense when we see the third installment, *The Matrix Revolutions* (2003). To truly appreciate what we are watching we have to do our homework. (Jenkins, 2006: 96)

The filmmakers may have pressured their audiences farther than they were willing or prepared to go with transmedia storytelling methods. Outside of the films and promotional materials, the Wachowski brothers placed clues within the various elements of the franchise wherein only upon playing the video game, watching the

¹ Comprised of the CW’s shows *Arrow*, the spinoff *The Flash* and already announced second *Arrow* spinoff based on the character *The Atom*. There are also talks of an animated series based on occasional Justice League member *Vixen*.

animated shorts and reading the Web comics would the whole narrative make sense. Inevitably, their work was criticized, in the end, for being incoherent and for each part not being sufficiently self-contained. Henry Jenkins considers the *Matrix* experience as being, even if a not totally successful one, an example of “entertainment for the age of media convergence, integrating multiple texts to create a narrative so large that it cannot be contained within a single medium” while continually building on what came before and providing “new points of entry” (Jenkins, 2006: 97). The franchise encouraged consumer participation by fueling a desire to perform as collectors of both information and the various elements (i.e., products) of the transmedia narrative, which fosters consumption.

In the ideal for of transmedia storytelling, each medium does what it does best—so that a story might be introduced in a film, expanded through television, novels, and comics; it's a world that might be explored through game play or experienced as an amusement park attraction. Each franchise entre needs to be self-contained so you don't need to have seen the film to enjoy the game, and vice versa. (Jenkins, 2006: 98)

Transmedia franchises are a compulsory product of the industrial and economic structure of the entertainment industry. In virtue of its conglomerate nature and horizontal integration, transmedia franchises offer appealing opportunities for synergies between the different divisions within one corporate umbrella, affecting this way the “flow of content across media”. This is especially meaningful when considering the crossover between audiences and markets niches that could “expand the potential gross” (Jenkins, 2006: 98).

This concept of an audience that “gets courted across multiple platforms” (Jenkins, 2006: 3) leads Henry Jenkins to two concepts that he finds fundamental in relation to media convergence, which are “participatory culture” and “collective intelligence”. “Participatory culture” is defined by Henry Jenkins as a “culture in which fans and other consumers are invited to actively participate in the creation and circulation of new content” (Jenkins, 2006: 331) and “collective intelligence” is defined by Henry Jenkins as “Pierre Lévy's term to refer to the ability of virtual communities to leverage the knowledge and expertise of their members, often through large-scale collaboration and deliberation” (Jenkins, 2006: 321).

In varying degrees, “participatory culture” and “collective intelligence” are both concepts that come into play in a digital era that is “increasingly active online and interactive” as an environment, especially when studying media franchises. According to Henry Jenkins, because the consumption of media has “become a collective process” where no one consumer/spectator has all the information (given the sheer amount of it) which creates the need to have a dialogue (usually within a fandom) where resources are pooled and skills combined — thus fully realizing the media content since this “conversation creates buzz that is increasingly valued by the media industry” (Jenkins, 2006: 4).

Frank Rose, the author of *The Art of Immersion: How the Digital Generation Is Remaking Hollywood, Madison Avenue, and the Way We Tell Stories* (2012), views entertainment as invitations of the audiences to participate or, better yet, as experiences to immerse ourselves in. While storytelling is central to the human experience and stories themselves are universal in their human appeal, the way in which they are told changes not only with “the technology at hand”, but also according to which medium is telling said story given that every “new medium has given rise to a new form of narrative”.

The invention of the motion picture camera around 1890 set off an era of feverish experimentation that led to the development of feature films by 1910. Television, invented around 1925, gave rise a quarter-century later to *I Love Lucy* and the highly stylized form of comedy that become known as the sitcom. As each of these media achieved production and distribution on an industrial scale, we saw the emergence of twentieth-century mass media—newspapers, magazines, movies, music, TV. And with that, there was no role left for the consumer except to consume. (Rose, 2012: 2)

There came the first medium that could “act like all media”: the Internet, given its nonlinear structuration, the “World Wide Web and the revolutionary convention of hyperlinking” (Rose, 2012: 2). Frank Rose believes we are on the cusp of a “new type of narrative” that is told “through many media at once in a nonlinear¹ fashion”,

¹ Not in a straight line.

influenced by the Internet. Frank Rose describes it as being “participatory and often gamelike”, especially designed to be immersive and engaging, and labels it as “deep media”: “stories that are not just entertaining but immersive, that take you deep-er than an hour-long TV drama or a two-hour movie or a 30-second spot will permit” (Rose, 2012: 3). Rose explains that this mode of storytelling is transforming entertainment, advertising and autobiography, blurring the lines between author and audience, story and game, entertainment and marketing and fiction and reality (Rose, n.d.).

ABC’s *Lost*, which ran from 2004 to 2010, told a story so convoluted that the audience had little choice but to work together to decipher it communally online. The 2010 season of the BBC’s *Doctor Who* was made up of 13 television episodes and 4 subsequent episodes that came in the form of downloadable video games. James Cameron’s *Avatar* was a phenomenally immersive movie—but when game developers tried to translate it to interactive form, they failed. The 2008 Hollywood blockbuster *The Dark Knight* was preceded by *Why So Serious*, an “alternative reality game” that played out over a 14-month period and engaged some 10 million people worldwide.” (Rose, 2012: 4)

In 2014, for example, *X-Men: Days of Future Past* introduces some of its new characters and creates hype for the movie through Carl’s Jr. burger ads. That brand’s earlier marketing strategy is referenced by Frank Rose “not as 30-second spots to be avoided on TV but as Web video that were sought on YouTube”. Frank Rose paints a dark picture to explain that the reason storytelling is evolving is because “conventional entertainment isn’t working the way it used to” (Rose, 2012: 4). As an illustration, Frank Rose writes:

Yes, *The Dark Knight* broke box office records, and 17 months later *Avatar* blew them out the door. The industry’s total box office take for 2010 was nearly \$10.6 billion in the United States and Canada, just off the all-time high set the year before, and a record \$32 billion worldwide. Yet the total number of tickets sold in North America peaked at 1.6 billion in 2002 and hasn’t reached that level since. The trend is clear: people are paying more for movies and seeing them less. (Rose, 2012: 4)

According to Box Office Mojo¹, in 2002, the highest grossing film was *Spider-Man*² (Sam Raimi, Columbia Pictures), the total gross was \$9,1 million (8,8% more than the previous year) with 1,575.7 tickets sold at an average of \$5.81 — in terms of tickets sold, domestically, it remains the highest year yet. In 2009, *Avatar*'s release year, the total gross was \$10, 5 million (the highest, at the time) with 1,412.7 tickets sold at an average of \$7.50. If taking into consideration solely the number of tickets sold in the United States of America throughout the years (since the 1980s), the 2000's have seen the highest numbers (with the exception of 5th and 6th place⁴, 1998 and 1999, respectively) of the last almost three and a half decades⁵.

Since 2009, and having already declined from the 2002 peak, the number of tickets sold declined further. In 2011, Box Office Mojo registered the lowest numbers of the new millennium — 1,283 tickets sold at an average of \$7.93—, and surprisingly this was the year of the conclusion of the *Harry Potter* franchise with the highly anticipated *Harry Potter and the Deathly Hallows Part 2* (David Yates, Warner Bros.), a film that grossed \$381 million domestically. Nevertheless, in 2012 and 2013 there is a registered climb, not just in terms of tickets sold (1,361.5 and 1,343, respectively) even though the ticket prices were the highest yet (\$7.96 and \$8.13, respectively), but also in terms of total box office gross considering that both years saw record-breaking grosses (\$10,873.4 million in 2012⁶ and \$10,922.7 million in 2013⁷). Thusly, while Frank Rose's assessment of the trend “paying more to seeing less” is confirmed, it, nevertheless, eschews important contextualization such as the fact that while the prices have been higher than ever, in the United States of America, there is a higher number of tickets being sold than there was in the 1980s and 1990s. There seems to be occurring a stabilization tickets sold around the 1,300.0 units, in the US, which still seems like an encouraging number taking into consideration the

¹ “Movie Box Office Results by Year, 1980-Present”, Box Office Mojo. Accessed online 6 May 2014: <http://www.boxofficemojo.com/yearly/?sort=year&order=DESC&p=.htm>

² The film made \$403,706,375 domestically.

³ *Saving Private Ryan* (Steven Spielberg, DreamWorks) was the number one film at the American box office.

⁴ *Star Wars: Episode I - The Phantom Menace* (George Lucas, 1999) was the number one film at the American box office.

⁵ The worst year was 1986 with 1, 017.2 sold at an average of \$3.71.

⁶ *Marvel's The Avengers* (Joss Whedon, 2012) was the number one film at the American box office. This movie broke the all-time weekend record set by *Harry Potter and the Deathly Hallows Part 2* (David Yates, 2011).

⁷ *The Hunger Games: Catching Fire* (Francis Lawrence, 2013) was the number one film at the American box office.

variety of entertainment content available to consumers through other content delivery mechanisms: such as home video, television, cable, Internet, VOD. According to Frank Rose, the decline in consumption is affecting other kinds of entertainment as well.

The number of DVDs and videotapes sold has been falling since 2005. Spending on music, which hit \$39 billion worldwide in 1999, sank to \$23 billion in 2010. And though much has been made of reports that the US television audience has never been bigger, the more noteworthy fact is that it has never been older: in 2010-11 season, the median age of people watching the major broadcast networks in prime time hit 51—well above the 18-49 demographic advertisers want to reach. (...) Even video games, which pulled in \$12 billion in the US in 2008—more than double the amount the decade before—have declined in sales since. (Rose, 2012: 4)

For Frank Rose, this loss of audiences occurs whenever there is a significant shift in the entertainment industry, as the technological disruption of the 1950s, brought on by the successful emergence of television as a threatening medium to Hollywood, or the generational divide of the 1960s, only resolved with the “emergence of the young directors of ‘New Hollywood’” (Rose, 2012: 5). According to Frank Rose, the precarious contemporary dislocation is both technological and generational. Frank Rose illustrates this reasoning by remarking on the fashion in which the “Internet is cannibalizing television” yet is unable to secure “comparable advertising revenues” (Rose, 2012: 6). At the same time, audiences are gradually turning into participants in the way they are starting to “take part in their own entertainment” (Rose, 2012: 6) and changing what they experience in fundamental ways, for instance the blurring of the lines between games and stories and Frank Rose exemplifies by mentioning how the *Grand Theft Auto IV* video game gets compared to a Scorsese film, and the way a television series immerses spectators into its story — because *Lost* was being told in a apparently “deliberately obscure manner” (Rose, 2012: 6) by its producers and writers, it was regarded, by the audience, as a puzzle to (collectively) solve¹. Damon Lindelof and Carlton Cuse worked in order to engage

¹ Here would come into play the Pierre Lévy’s notions of “collective intelligence” (“ability of virtual communities to leverage the knowledge and expertise of their members”) and “collective knowledge” (“the sum total of information held individually by the members of a knowledge community”), cited by Henry Jenkins in *Convergence Culture* (2006), pp. 321-322.

their fans (through annual Comic-Con attendances and weekly segments on ABC's official *Lost* podcast they answered fans questions), but fans were already abundantly engaged: "*Lost* had come along at the exact right moment, technologically speaking" (Sepinwall, 2012: 164). In 2012, the same year *Art of Immersion* comes out, Alan Sepinwall (an American television reviewer and writer) wrote *The Revolution Was Televised: the Cops, Crooks, Slingers and Slayers Who Changed TV Drama Forever*. One of the various game-changing shows he writes about is *Lost* and he identifies some of the reasons that conspired to transform this show into a cultural phenomenon. First of all, *Lost* debuted in 2004 (and ran until 2010) and, at the time, "the broadcast networks still had enough market share that a show this strange had the potential to become as big a hit as it did", as well as the ability to support the necessary budget. Secondly, the show thrived because the technology necessary to "watch and engage with our TV shows had advanced to the point where we could fully understand and enjoy the show". Alan Sepinwall explains that due to DVD box sets and DVRs (and even high-definition television sets affordable enough) that made it possible to not only catch up but to actually "go back and re-examine episodes" (Sepinwall, 2012: 164). Ultimately, the most significant technology for *Lost*'s success was the Internet.

Lost didn't invent internet discussion of TV shows — Usenet newsgroups had been around since the '80s, and TV fan sites like my *NYPD Blue* page and Dawson's Wrap (which turned into Television Without Pity) began appearing by the mid-to-late '90s — but the show and its fandom may have perfected the art. By the time *Lost* debuted, the internet was a fact of American life, and provided a venue where hardcore nerds and more casual fans alike could discuss the cursed numbers on Hurley's lottery ticket, (...) and every other piece of island lore. (Sepinwall, 2012: 165)

The series came into existence at the same time as social media and, as Carlton Cuse explains, there was an "unforeseen confluence of events where we were making a show that was perfect for discussion and debate, just at the moment where people were forming communities where they could have discussions and debates" (Sepinwall, 2012: 165). As Frank Rose puts it: "Stories become [puzzle-like] games, and games become stories" (Rose, 2012: 6). He argues that because these delineations have been blurred, narratives have attempted to include some of the more addictive aspects of gaming that turn up in online extensions, in ad campaigns, on Facebook

(Rose, 2012: 6). Video games have also been taking on the film signifiers such as directors and actors into their world, further smudging the lines between mediums. *Complex*'s Nick Schager writes about why Hollywood actors are getting into video games in his piece "Video Game Vanguard: Kevin Spacey and 'Call of Duty: Advanced Warfare'" (2014), remarking that:

The cross-pollination between movies and video games has been rampant for decades—if not basing themselves directly on films, games have long employed stars as voice actors, or simply taken their not-so-subtle cues from their big-screen counterparts. (Schager, 2014)

Nick Schager argues that it is a natural merger since both mediums share an affinity for "action-oriented storytelling and special effects" and the employment of Kevin Spacey in *Call of Duty: Advanced Warfare* marks a "new era" in the relationship between films and video games. Unsurprisingly, big-budget games have frequently heightened their profiles by featuring well-known actors (for example, Ray Liotta, Samuel L. Jackson, Liam Neeson, Gary Oldman, Sean Bean, Patrick Stewart) as a way to add gravitas and sophistication to their narratives, even if "they remained minor (if value-added) elements in much larger works" (Schager, 2014). That paradigm is altered with *Call of Duty: Advanced Warfare*, which features Kevin Spacey as the "story's prime military industrial complex villain—and one who shares Spacey's exact appearance and voice". As Nick Schager explains this is not comparable to a star allowing their image to be used for promotional tie-ins, this is a "groundbreaking phenomenon" (although there have been other digitized central performances but not of this caliber) wherein Kevin Spacey, an A-list star¹, will deliver "an original motion-capture performance for a non-movie-based game" (Schager, 2014). This way, Kevin Spacey's appearance raises the stakes of video game drama, becoming a major draw, and signals "the gaming industry's interest in improving its own dramatic quality through appropriation of cinematic and television devices" (Schager 2014).

(...) the willingness of stars like Spacey to lend not just their voices, but their actual acting talents, to blockbuster releases further indicates that games are inching

¹ Due to his feature role in Netflix's *House of Cards*.

ever closer to the point of becoming something akin to interactive films. Moreover, it suggests the ongoing escalation of a paradigm shift in which movie stars (...) give it further legitimacy as a dominant pop-cultural art form to rival TV and movies. (Schager, 2014)

Frank Rose explains that by 2001, after the 2000 dot-com crash, the Internet began a shift from “a simple delivery mechanism to the cornucopia of participation (blogs, wikis, social media) known as Web 2.0”, which was all about “connecting people¹ and putting their collective intelligence to work” (Rose, 2012: 7). This aforesaid collective intelligence, however, now goes past merely sharing photos, videos, and information: “people want to be immersed. They want to get involved in a story, to carve out a role for themselves, to make it their own. But how is the author supposed to accommodate them?” (Rose, 2012: 8).

The Blockbuster and the “Esthetic of Embiggening”²

The understanding of digital cinema — which Thomas Elsaesser characterizes as “a revolution and a renaissance at the same time” (Elsaesser, 2013: 40) — demands the essential realization that not only will blockbuster movies continue to be relevant to popular culture, but also how blockbuster strategies are able to continue to thrive, even alongside new digital distribution models such as Netflix, Amazon, iTunes, Roku players, etc. Google’s Chairman Eric Schmidt admits in Anita Elberse’s chapter “Will Digital Technology End the Dominance of Blockbusters”, in *Blockbusters: Hit-making, Risk-taking, and the Big Business of Entertainment* (2013), that the Internet will actually probably “lead to larger blockbusters and more concentration of brands” (Elberse, 2013: 166).

The phenomenon that is referred to as “blockbuster” is more than half a century old, the term was “first regularly applied to films in the 1950s” (Hall and Neale, 2010: 1) and, according to Susan Hayward in *Cinema Studies: The Key*

¹ Through platforms such as Flickr, YouTube, Wikipedia, MySpace, Facebook, eBay, Twitter, Instagram, Pinterest, Vine, Vimeo, etc.

² Mark Harris expression when discussing the blockbuster tendency to get bigger and more sprawling than ever before in “Wondering Woman: Why Warner Bros. Axed Michelle MacLaren, and What That Tells Us About the State of Female Directors in Hollywood” (2015).

Concepts (2013), signifies two aspects of the film product: “first, its enormous cost and expected financial return; and, second, the array of special attractions and dazzling effects (be it stars, sets, costumes, technical effects)” (Hayward, 2013: 56).

In “The Insidious Rise of the Blockbuster Video Game” (2014), Daniel Carlson argues that the concept of what a blockbuster might be is a “tricky one to pin down”. Its usage is essentially a metaphorical one given that the work comes from bombs powerful enough to destroy entire city blocks used in World War II. A blockbuster movie, for instance, would characterize something with the power to make a “significant impact” on popular culture. Since the New Hollywood era, the term “blockbuster” has described “not just a major cinematic success, but also a movie made in the same style and tone as those successes” (Carlson, 2014).

In the introduction to the anthology *Movie Blockbusters* (2003), editor Julian Stringer clarifies, while conceding that the meaning of “blockbuster is never fixed or clear” (Stringer, 2003: 2), that whereas “‘night’ is the key term structuring the discussion of film noir, the blockbuster appears most frequently understood through repeated association with an alternative key term—namely, ‘size’” (Stringer, 2003: 3). Essentially, the goal of a blockbuster is to overwhelm the viewer, but also to “overwhelm” the box office¹. Julian Stringer adds that a blockbuster is also an “event movie” that targets the mass audience and whose consumption is made “easy and pleasurable” by the Hollywood film industry. However, those might be the only criteria under which to consider a movie a blockbuster since Julian Stringer argues that the essays in *Movie Blockbusters* further the claim that a blockbuster has no “essential characteristics” and is, in turn, a “multifaceted phenomenon” and a “complex notion” that should be understood as “a genre” (Stringer, 2003: 2). The idea that size (a film’s “bigness”) defines its blockbuster potential has been normalized (Neale, 2003), but the terms of what that concept of “size” refers to are cloudier and depend on “who is speaking, who is being addressed, and the existence of a range of other variables against which an event movie’s relative dimensions may be measured” (Stringer, 2003: 3). The question of size is also attached to the concept of a blockbuster due to the “disproportionate amount of box-office income” they generate,

¹ “Size matters to the idea of the blockbuster primarily because such films are widely believed to garner a disproportionate amount of box-office income” (Stringer, 2003: 4).

which leads to a “language of superlatives” (“super-film”, “super-picture”, “superspectacular”) that, as Stringer argues, extends itself to the “‘supersystem’ of multimedia marketing” that surrounds contemporary film franchises. The “super”(lative) rhetoric denotes a “going beyond of what had been the size norms of accepted or established practice; the adding on of something special, the presence of an extra dimension of some kind” (Stringer, 2003: 4-5).

The idea of spectacle customarily associated with the blockbuster “underlines [the] many attempts to differentiate and so specify the blockbuster experience” (Stringer, 2003: 5). The need to have our expectations superseded (each entry will be more spectacular than the preceding one) is “why blockbusters can simultaneously fascinate and delight us, yet also make us blasé and detached” (Stringer, 2003: 5). There is always the possibility of the existence of something truly new, rare and special, or, on the other side of that coin, the confirmation that “everything has in fact already been done before” (Stringer, 2003: 7). Julian Stringer argues that the blockbuster (the “event” movie) differentiates itself from other “average movies”, where the quality of “*blockbuster-ness* [separates] movies felt to be exceptional from an imaginary mass of indistinct, unspecified, or otherwise nonspecial titles” (Stringer, 2003: 8). Finally, Julian Stringer summarizes the key concepts that define the blockbuster: “the money/spectacle nexus and, underpinning these two, the size factor and bigness and exceptionality as relational terms” (Stringer, 2003: 8).

In his article “The New Hollywood” (1993), Thomas Schatz identified the blockbuster as a syndrome of the post-World War II Hollywood film industry and as a result of the structural conditions that have continued to support its regular production and distribution. However, in “Hollywood blockbusters: historical dimensions” (2003), Steven Neale carries out a comprehensive historical reassessment of the blockbuster that, while maintaining that the blockbuster dependency grew in the second half of the twentieth century, contests what Julian Stringer calls Thomas Schatz’s “sense of periodization” (Stringer, 2003: 11). Steven Neale challenges the notion that blockbuster are “particular to or peculiarly characteristic of New Hollywood cinema” (Neale, 2003: 47), since the advent of *Jaws* (Steven Spielberg, 1975), and endeavors to draw continuities between the post-1970s blockbuster and previous iterations of the same type of Hollywood films that was characterized by

“largeness of scale” (Neale, 2003: 48). With *Epics, Spectacles, and Blockbusters: A Hollywood History* (2010), Sheldon Hall and Steve Neale examined thoroughly this certain kind of “large-scale, high cost films” that makes explicit the evolution and development of what would be called, by the 1950s, a “blockbuster” — which includes films that went by “earlier or alternative terms such as *feature*, *special*, *superspecial*, *roadshow*, *epic*, and *spectacle*” (Neale and Hall, 2010: 1). Furthering this idea of previously (to the 1950s) planted seeds of what would be the contemporary (to us) blockbuster, Edward J. Epstein discusses, in *The Hollywood Economist 2.0* (2012), how Walt Disney’s *Snow White and the Seven Dwarfs* (1937) was already an indication into the future of not only the Walt Disney company but of whole Hollywood *modus operandi*, which involved “creating films with licensable properties that could generate profits in other media over long periods of time” (Epstein, 2012: 155).

In “New Hollywood, New Millennium” (2009), Thomas Schatz acknowledges that Hollywood “has been a hit-driven industry from day one” (Schatz, 2009b: 30), although the Hollywood film industry’s actual *dependency* and fixation on blockbuster films is indeed a tendency that can be traced to (and has evolved since) the 1950s and the complete deterioration of the studio system. Losing the exhibition arm, encouraged the major studios to not only retain power but also to lower the risks of a movie underperforming at the box-office (since studios were being divested of guaranteed exhibition and facing declining attendances) by concentrating on fewer but more expensive films (blockbusters), halting B-movies, newsreels and shorts, introducing new technologies (such as CinemaScope, stereoscopic cinema or 3-D, and other technologies), as well as “drawing more extensively on pre-sold properties and relying more on international markets”, among other strategies (Neale, 2000: 229). However, it was only during the mid-1970s that a more stable, and more steadily lucrative Hollywood began to appear, therefore ushering in a period referred to as the “New Hollywood” (Schatz, 1993: 8-36). Each year, one or two “pre-publicized”, “blanket-released” blockbusters were produced by the studios and “formed the economic cornerstone of Hollywood’s output” (Neale, 2000: 230).

In *Genre and Hollywood* (2000), Steve Neale makes a strong argument for the intersected study of the evolution of the blockbuster with the introduction of new

technological developments and the “display of technical virtuosity” (Allen, 2003: 101), as does Michael Allen in “Talking about a revolution: the blockbuster as industrial advertisement” (2003), where the author writes on how the Hollywood film industry has used blockbuster films to introduce new technologies such as sound, widescreens and digital special effects. The “New Hollywood” blockbusters began to be aimed at younger audiences (in their teens and twenties), which differentiated them from the blockbusters of the 1950s and 1960s, but they continued to serve, as earlier blockbusters had, as pioneers to “a number of technological innovations, notably in the fields of special effects and sound” (Neale, 2000: 230). It is consequently clear how the evolution of blockbusters has been aligned with technological development and innovation, which was inescapably spurred by television’s emergence in the 1950s and the need for film studios to differentiate the *theatrical* moviegoing experience by enhancing the technology (and, therefore, the aesthetics and film style¹) associated with it.

The arrival of the “television broadcasting age” also marks the gateway for additional revenue that would come from screenings on broadcast, cable and satellite television and ancillary markets (such as tie-ins and video rentals and sales). Subsequently, both the new media environment and new revenue sources were expanded by cable television, and then by home video, which increased the ways films could be viewed and enjoyed. When digitization eventually entered the technological equation, it opened the market up for new digital distribution platforms, multiplied the existence of screens and devices on which to watch filmed entertainment, as well as heavily influenced the continuous need to distinguish the big screen from the other available ways to experience visual content.

It is also important to remember how impactful were the significant industrial reconfigurations that resulted from several waves of mergers and acquisitions, in which the major Hollywood film studios became part of global media entertainment conglomerates, consequently transforming the “Conglomerate Hollywood” era (Schatz, 2008: 13-42). This, in turn, increased the exploitation of synergies between

¹ Thomas Schatz describes film style as comprehending “the narrative, technical, and formal-aesthetic norms that prevail at any given moment (or period) in industry history, the ways in which those norms are evident in specific films, and what constitutes stylistic innovation” (Schatz, 2009a: 46).

“the products these conglomerates produced and the media channels and outlets they owned and controlled, and even [signaled] the return of vertical integration” (Neale, 2000: 230). Even with a tight control on filmed entertainment production, distribution and exhibition, the Hollywood film studios (and, therefore, the conglomerates that own them) continue to consider “the blockbuster as a means of economic salvation” or fortitude, a judgment that Justin Wyatt deems “extremely conservative economically” because it is predicated on packaged components (Wyatt, 1994: 78). Inevitably, this leads to creative conservatism as studios continue to focus on “recycled ideas”¹, from “already proven stories” to “movie remakes and sequels” (Wasko, 2008: 44). This is accomplished via a “careful mixture of textual novelty” with “familiar narratives and characters” as a means to reduce risk and maximize profit, especially when taken into consideration how corporate synergy² mandates the promotion of “cinematic texts through a variety of formats and commercial tie-ins” (Tryon, 2013) in order to create entertainment brands. In relation to this idea of “brands” with regards to filmed entertainment, Janet Wasko describes the Disney brand as being “represented by its products — everything from films and television programs to theme parks and resorts — as well as by the philosophy of the company” (Wasko, 2001: 16-17).

As stated by Thomas Schatz, the Hollywood of the new millennium (impacted by the macro-industrial forces of conglomeration, digitization and globalization) is in the business of producing, marketing and sustaining blockbuster franchises, which the author describes as: “calculated megafilms designed to sustain a product line of similar films and an ever-expanding array of related entertainment products, all of which benefit the parent conglomerates’ various media-and-entertainment divisions” (Schatz, 2009b: 30).

¹ “Cut to 2015, and I would argue that the only reason *Jurassic World* is somewhat standing alone is that most of the studios held their prime goodies for 2016 or the holiday season. 2015 still brings us *Jurassic Park*, *Avengers*, *Fast and Furious*, *007*, *Hunger Games*, *Mission: Impossible*, and *Star Wars*. Good lord, if the last *Hobbit* film had been held for even a month later and *Batman V Superman* had opened in July as planned, 2015 would basically be a snapshot of the last forty years of Hollywood blockbuster franchises” (Mendelson, 2015).

² “The major media/entertainment companies have long been diversified, with business divisions spread across film, broadcasting, print, etc. Yet these companies are increasingly realizing the benefits of promoting their activities across a growing number of outlets, creating a *synergy* between individual units and producing immediately recognizable brands” (Wasko, 2001: 71).

Ultimately, this propensity for mining the potential of film franchises and the emergence of new digital distribution platforms both contribute to further alter “our very understanding of the film or television text” (Tryon, 2013: 9). Chuck Tryon cites both Thomas Schatz’s assertion over how film franchises are encouraging an “expanding intertextual system”¹ (Schatz, 2009a: 53) and Henry Jenkins’ argument that “the art of storytelling has become the art of world-building” (Jenkins, 2006: 116) to make the point that world-building and similar forms of transmedia franchising stimulate “enduring engagement as fans are provided with more opportunities to explore a story world in detail” (Tryon, 2013: 9). This way, digital delivery mechanisms — being a DVD/Blu-ray with an extended cut (Erbland, 2015), additional material (Breznican, 2015), or several Netflix series connected to the Marvel Cinematic Universe (Spangler, 2013) —, not only alter media consumption with more content in diverse platforms but also fosters immediate responses and ongoing attention, coupled with a constant state of anticipation for the next thing.

The next sub-chapter will serve to explore some of the abovementioned ideas concerning the blockbuster, including its evolution from the production of singular blockbusters (that could, hopefully, be followed by diminishing returns sequels), into actual planned out blockbuster franchises with the potential to be sustained in the long run with increasing returns, such as the *Lord of the Rings* trilogy, or the *Harry Potter* franchise and, ultimately, the Marvel Cinematic Universe.

¹ Thomas Schatz argues that franchise filmmaking now exists within the aforementioned “expanding intertextual system” which is the result of “the combined impact of convergence, synergy, digital technologies and the worldwide entertainment marketplace” (Schatz, 2009a: 53). Additionally, transmedia storytelling, which was born out of *Star Wars* and *Batman*, “went into another register”, at the beginning of the twenty-first century with *The Matrix* trilogy, and launched “a whole new vision of synergy” (Jenkins, 2006: 106), specifically in terms of its “strategy to involve multiple authorial collaborators, to engage a core fan base in unprecedented ways (as spectators, readers, gamers, bloggers, etc.), and to create an internally coherent but eminently adaptable narrative universe” (Schatz, 2009a: 53).

The evolution of the blockbuster and of blockbuster franchises



Figure 24: *Harry Potter and the Deathly Hallows — Part 2*, David Yates, 2011

According to Susan Hayward, the production of a blockbuster marks a strategy devised by major studio companies in order to “stay on top and dominate competition” seeing that not only does the production of such a class of film demand a large financial backing for its production, but also for its publicity campaign¹ — and “spin-off merchandising products” (Hayward, 2013: 57), such as toys and games —, design to attract the larger audience possible based on the principle of inclusion: “you are either in because you have seen it or out because you have not” (Hayward, 2013: 57), you are either a part of the cultural conversation or you are not. Fundamental to a blockbuster’s “million-dollar success is of course the pre-sale value of the film to TV and video/DVD, etc.” (Hayward, 2006: 57). Susan Hayward also delineates three blockbuster eras: “the 1950s ending early 1960s; the mid-1970s ending early 1980s (Michael Cimino’s *Heaven’s Gate*, 1980, is often cited as the flop that put a stop to that period of blockbuster production); and the 1990s-2010s (and still ongoing)” (Hayward, 2013: 57). Well, in fact, concerning *Heaven’s Gate* and the end of that period’s blockbuster production, it is a little more complex than that. Michael Cimino’s fiasco (that destroyed a studio) put an end to “auteurism run amok” and signaled “the absolute need for the majors (...) to institute tight production controls” (Prince, 2000: 37) and from then on directors with ambitious projects need to either be working in the fantasy/science-fiction genre or have proven track records at the

¹ Therefore removing reducing the competition of small or minor studio companies.

box-office¹. So there were still blockbusters being produced and being successful at the box-office (the *Star Wars*, *Indiana Jones*, *Ghostbusters*, *Back to the Future* film series, for instance), although between 1986 and 1988 the highest grosses never broke the \$200 million barrier of its earlier eighties counterparts. That changed with *Batman* (1989) closing that decade. Circling back to Susan Hayward blockbusters cycles, the author claims that, in each occasion, there were technological developments that were exploited with the intent of drawing large crowds (back) to theaters:

So, in the 1950s, it was cinemascope and colour; in the mid-1970s it was the new super-formats of the widescreen (70mm film), use of front projections and motion-control systems for special effects and new sound technology (George Lucas' *Star Wars*, 1977, being an outstanding example); in the 1990s it was the advances in digital technology which made so much more possible in terms of camera work, digital sound and special effects (so much so, it continues to be exploited to its full over a broad set of genres); finally in the 2000-2010s the return of 3-D technology (first experienced in the 1950s) in a renewed form enhanced the viewing experience. (Hayward, 2013: 57)

The combination of CGI² technology and 3-D extravaganza is seen as the reason for the success of many films. *Avatar* (2009) is the ultimate example of this as it is more a feat of 3-D technology and digital aesthetic than anything else. *Avatar* (a film which had a worldwide box-office of \$2.8 billion) does, in fact, in the words of Ray Zone, redefine stereoscopic cinema: "it represented a watershed for stereoscopic cinema as well as the motion picture general" (Zone, 2012: 387). Susan Hayward is also careful to point out that while a blockbuster is a term that designates a specific kind of mode of production with certain aesthetic proclivities (namely the use of the aforementioned "special attractions and dazzling effects"), it is not shackled or confined by the association with any particular genre. According to Sheldon Hall and Stephen Neale, the term can encompass a multitude of genres:

(...) boxing films, biblical films, war films, westerns, dramas, action-adventure films, historical epics, costume adventure films and romances, science-fiction films,

¹ "Filmmakers like Steven Spielberg, John Landis, or Sydney Pollack would be entrusted with major production budgets because of their flair for handling popular material, but such highly regarded auteurs of the 1970s as Martin Scorsese, Robert Altman, and Arthur Penn would experience a difficult period marked by chronic funding" (Prince, 2000: 38).

² Computer-generated imagery.

disaster films, horror films, animated features, comic-book adaptations, and fantasy adventure films (Hall and Neale, 2010: 1)

In a more succinct fashion, Susan Hayward enumerates “action films, crime films, epics, fantasy films, sci-fi films, war films, Westerns, some animated films,” some films from Eastern nations and martial arts films (Hayward, 2013: 58). While blockbuster lack genre coherence, they possess indispensably a “larger-than-life”¹ aesthetic coupled with the three-dimensionality of a “hyperreality” — a “new mode of experience” that Baudrillard described as more real than the real (Darley, 2000: 76) — which Susan Hayward finds in the *Lord of the Rings* and *Harry Potter* series.

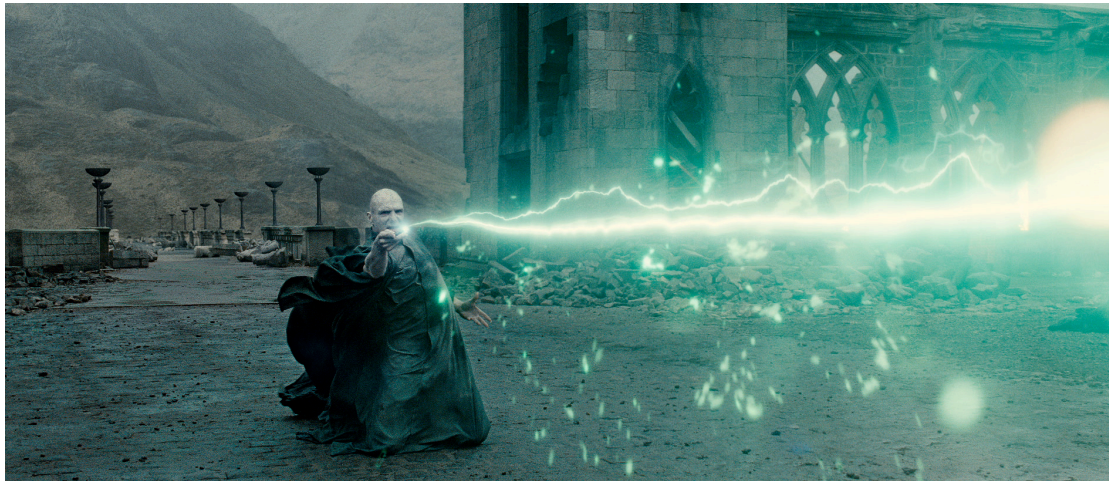


Figure 25: *Harry Potter and the Deathly Hallows — Part 2*, David Yates, 2011

According to Sheldon Hall and Stephen Neale in *Epics, Spectacles, and Blockbusters: A Hollywood History* (2010), the success of such 1950s films as *Quo Vadis* (MGM, Mervyn LeRoy, 1951), *The Greatest Show on Earth* (Paramount, Cecil B. DeMille, 1952), and *The Snows of Kilimanjaro* (Twentieth Century Fox, Henry King, 1952) showed studios that there was an audience for productions of greater scale and that the “potential earnings of such exceptional attractions were now proportionately far greater than when the market had supported a larger number of routinely profitable films” (Hall and Neale, 2010: 139). The *Variety* trade journal introduced a World War II term, a “blockbuster” (i.e., a heavy bomb), to describe *Quo Vadis* in a review:

¹ Even the oversized, hard bodies of the Reagan Era and 1980s action films, like Arnold Schwarzenegger, and Sylvester Stallone (Susan Jeffords, *Hard bodies: Hollywood's masculinity in the Reagan era*, 1994: 24).

This new “blockbuster” — a film designed to make a big impact on the box-office, one capable of generating exceptionally large revenues partly by virtue of its exceptional production values — came to be seen as the industry’s principal weapon in the peacetime “war,”¹ and the term quickly passed into trade and public vocabulary to become all but ubiquitous by the mid-1950s. (Hall and Neale, 2010: 139)

As it has been previously mentioned, regarding the relationship between the blockbuster mode of production and technological innovation, Sheldon Hall and Stephen Neale emphasize that how the industry, due to the propensity for blockbuster production, become engaged both with raising production values and budgets and with incentivizing technological developments in cinematography, sound recording and theatrical presentation, such as Cinerama, 3-D, CinemaScope, VistaVision, etc. Concurring with Susan Hayward’s cycles of blockbuster, the early to mid-1970s box-office was dominated by blockbusters that adapted best-selling novels (*Love Story*, *The Godfather*, *Jaws*, *The Poseidon Adventure*, *The Towering Inferno*, are a few examples). Although there had been a previous history of successful adaptations of novels (*Rebecca*, *Gone with the Wind*), the 1970s examples denote a more deliberate attempt at synergy within studio companies, meaning the cross-promotion of related products in more than one medium (films, music, books, etc.). In fact, the “combination of a presold picture that delivered on its promise and a distribution strategy that maximized its potential” (Hall and Neale, 2010: 200) galvanized the industry into producing record-breaking blockbusters. This was an equation that the studio companies wanted to recreate and repeat thus reverting to the sequel formula of the 1930s and 1940s, although mostly reserved for B-level movies.

In the 1960s, however, United Artists revived the film series², which “formed a major part of early film production” (Jess-Cooke, 2009: 5), with its *James Bond* and *Pink Panther* films, “a model that other studios emulated”, as was in case of Fox’s

¹ A “war” between studios and exhibitors, cinema and television, film industry and diminishing audience interest (Hall and Neale, 2010: 139).

² In *Film Sequels: Theory and Practice from Hollywood to Bollywood* (2009), Carolyn Jess-Cooke argues that a film series is one example of a variety of “textual repetition” mechanism that dominates contemporary film production, including franchises, trilogies, spin-offs, sequels and remakes (Jess-Cooke, 2009: vii); in their specific case, “seriality and series defy change” and are invested “in circularity and continuation” (Jess-Cooke, 2009: 5).

Planet of the Apes science-fiction property, releasing installments every year from 1970 to 1973 (later re-issued through various combinations), and eventually spun-off to a *Planet of the Apes* live-action television series, a children's animated series, toys, a Marvel comic book and other instances of merchandise (Hall and Neale, 2010: 200). The Bond film series, for instance, "recalled the serial chapter plays and B-features of the 1920s, 1930s, and 1940s, and also anticipated the action-adventure blockbusters of the 1980s, 1990s, and 2000s" (Hall and Neale, 2010: 176), underscoring the importance of exploiting and capitalizing "on pictures with an identifiable and imitable commercial formula" (Hall and Neale, 2010: 201).

The mid-1970s, early 1980s cycle of blockbusters was, as noted by Susan Hayward, propelled by the development of new technologies (70mm film, projections, motion-control systems for special effects and new sound technology). George Lucas' *Star Wars* (1977) is a fantastic example of a filmmaker and a film's ability to influence how films are made, especially when it comes to sound and special effects technology. *Star Wars* also broke new ground in terms of merchandising. A part of George Lucas' deal with Fox was that he held the merchandising rights of the films because he had, from the initial stages, imagined that if the film was successful he could introduce a "line of action-figures, models, books, toys, games, T-shirts, and records" and many other tie-ins. The success of *Star Wars* was such that the merchandising of the film(s) became its own industry to the point when that kind of product marketing become not the product of a motion picture but its purpose. This was the era of the "super-blockbuster", a film designed not only to make millions but also to become an obsession (Hall and Neale, 2010: 220). During the eighties, the combined power of inflation and rising production costs led the film industry to bet on serialization, relying on proven properties (*Star Wars*, *Star Trek*, *Indiana Jones*, *Back to the Future*, *Superman*), directors (Steven Spielberg, George Lucas, John Landis) and genres (fantasy, superheroes, science-fiction) that were manifestly "safer" risks. From 1980 to 1989, seven of the number one grossing films were either the first installment or sequels to franchises: *The Empire Strikes Back* (1980), *Raiders of the*

Lost Ark (1981), *Return of the Jedi* (1983), *Beverly Hills Cop* (1984), *Back to the Future* (1985), *Three Men and a Baby* (1987), *Batman* (1989)¹.

In *High Concept: Movies and Marketing in Hollywood* (1994), Justin Wyatt considers the emergence of “high concept” films as “perhaps *the* central development” of “post-classical” cinema, a period “aligned with the ‘New Hollywood’ of the ‘60s and 70’s” (Wyatt, 1994: 8). As Henry Jenkins puts it, this concept referred to, initially, “films that could be described in a single sentence”² (Jenkins, 2006: 326). Essentially, Justin Wyatt encapsulates its meaning as “a striking, easily reducible narrative which also offers a high degree of marketability” (Wyatt, 1994: 13). Furthermore, Justin Wyatt argues that the high concept film was a result of a need to “differentiate product within the mainstream film industry” both “through an emphasis on style” and “through an integration with marketing and merchandising” (Wyatt, 1994: 7). Justin Wyatt underscores how economically oriented — “minimizing of production cost and maximizing of potential box-office revenue” (Wyatt, 1994: 15) — mainstream Hollywood fare is, although each mode of production produces its own aesthetics, and how the high concept film is “designed to maximize marketability” (Wyatt, 1994: 15). This “marketability” imperative beckons the continued use of a pre-sold property — “the look, the hook, and the book” (Wyatt, 1994: 22) —, preferably with an already established fan base. This notion of high concept is, therefore, inextricably tied with merchandising and tie-ins precisely because “a film which can be completely reduced to a single pre-sold image inevitably becomes a merchandised product” (Wyatt, 1994: 150). Ultimately, the characteristics of the high concept film that attached it to economic forces and already existing properties leads to the creation of both visual and narrative elements that can be translated to and exploited across different platforms, fostering synergy in a way that later would be translated as transmedia entertainment. When Marsha Kinder discusses transmedia intertextuality, she includes “television, movies, and toys”, equating spin-offs with marketing tie-ins (Kinder, 1991: 40-41).

¹ “Yearly Box Office,” *Box Office Mojo*, accessed April 24, 2014, <http://www.boxofficemojo.com/yearly/>.

² Given Steven Spielberg’s remark: “If a person can tell me the idea in 25 words or less, it’s going to make a pretty good movie. I like ideas, especially movie ideas, that you can hold in your hand” (Wyatt, 1994: 13).

In the film landscape of the nineties, following the continued conglomeration since the eighties, the synergies between film and other products were a reality and everything became connected: a “feature film, a theme park, a toy store, and a computer game” (Elsaesser, 2001: 11). Thomas Elsaesser writes, at the end of the 1990s decade, in “The Blockbuster: Everything connects, but Not Everything Goes” (2001), about the blockbuster on a macro and micro-level. When Thomas Elsaesser writes about the macro-level he means the impact of capitalism, or better yet, the “horizontal” connection between entertainment and leisure, i.e., “advertising, consumption, fashion, toys, as well as other aspects of the popular or everyday culture”, and the “vertical” connections between “business, industry, technology, and finance” (Elsaesser, 2001: 13). At the micro-level Thomas Elsaesser discusses the interplay of spectator and pleasure and the distinction of whether films are commodities or services.

The industry talk of money and profits, of merchandising and franchising, of tie-ins and spin-offs, of secondary markets and residual exploitation rights at once disguises and underlines what lies at the heart not only of contemporary Hollywood, but of the American film industry ever since its beginning: the struggle to define a product, to decide what it actually is that it is in the business of. The history of Hollywood could be written as the successive moves to install and define the commodity “film,” while at the same time extending and refining the service “cinema.” (Elsaesser, 2001: 14)

Thomas Elsaesser’s point is that film is both the commodification of an experience and the provision of a service. Eileen R. Meehan explains these relationships, in “‘Holy Commodity Fetish, Batman!’: The Political Economy of a Commercial Intertext” (1991), defending that our experience of media (and of film, by extension) is “emotional, imagistic, interpretive, and pleasurable”, which in turn makes the “commodification of text, the commodity fetishism¹ of intertext, and the management of consumption are obscured behind the ‘soft and fuzzies’ feeling of experience” (Meehan, 1991: 61). Thomas Elsaesser concludes that the act of buying a

¹ Thomas Elsaesser clarifies this notion by saying that “what defines the commodity in this context is precisely the ability of an object to attract and fix a desire or a fantasy” (Elsaesser, 2001: 16).

movie ticket is a contract that is akin to an act of faith: the “transubstantiation of experience into commodity” (Elsaesser, 2001: 16).

On the face of it, it is the blockbuster in its contemporary form that combines (in the most exemplary but also the most efficient form) the two systems (film-as-production/cinema-as-experience), the two levels (macro-level of capitalism/micro-level of desire), and the two aggregate states of the cinema experience (commodity/service). (Elsaesser, 2001: 16)

According to Thomas Elsaesser, what characterizes a blockbuster are categories more specific than the big budget or the big spectacle (i.e., “world war, disaster, end of the planet, monster from the deep, holocaust, death battle in the galaxy”). It usually features a young male hero¹ who must overcome a specific set of difficulties (“an impossibly difficult mission”?) while being bestowed with “lots of firepower, or secret knowledge” (Elsaesser, 2001: 16). Additionally, the blockbuster is inevitably associated with or based on “traditional stories, sometimes against the background of historical events, more often a combination of fantasy or sci-fi, with the well-known archetypal heroes from Western mythology on parade” (Elsaesser, 2001: 17). Blockbusters position themselves as essentially “miracles of engineering and industrial organization” as the Hollywood film industry has been, progressively and consistently, raising the stakes and the costs. Thomas Elsaesser explains that, in the late 1990s early 2000s, blockbusters budgets were between \$80 and \$120 million, with a behemoth like *Titanic* (James Cameron, 1997) going up to \$200 million. Since then, and up to more than a decade later, it is very common for blockbuster movies to have a budget around \$150 million or more, and it is frankly much more common for movies to not only cross the \$200 million mark but to actually surpass it, especially when considering franchises entries or potential franchises-starters. After *Titanic*, James Cameron managed to reach new heights of filmmaking costs with 2009’s *Avatar* (20th Century Fox) reaching a staggering \$425 million.²

¹ Recent changes of this status quo have been taking place in Young Adult book’s film adaptations with female protagonists: *The Twilight Saga* (2008—2012), *The Hunger Games* (2012—2015) and *Divergent* (2014—2017) franchises.

² “Movie Budgets,” *The Numbers: Where Data and the Movie Business Meet*, accessed April 26, 2014, <http://www.the-numbers.com/movie/budgets/all>.

This steady raising of the bar (of the budget) works at a sort of “stranglehold on exhibition outlets,” designed to not only dominate over independently produced films (worldwide) but also to “keep most of the world’s countries from being able to afford a film industry” (Elsaesser, 2001: 17). The supremacy of the American film industry is, of course, what permits the major studios the “extraordinary feat of being able to open the same film in thousands of theaters on the same Friday night” or with a few weeks’ delay all over the world. This feat does not simply underline the power of Hollywood’s film industry, it more importantly underscores the importance of the foreign markets where, since the 1980s and especially the 1990s, more than half of the American film industry’s total earnings are gained. The synergies that Thomas Elsaesser writes about, therefore, work at the production level, the exhibition level and the home entertainment, which inherently involves the “management of the software libraries” that will supply the content for the television, cable and home video/DVD sectors. Within this picture, the blockbuster is the ball that gets this last stage of synergy going because the blockbuster, and Thomas Elsaesser describes this as another characteristic of the blockbuster, “generates recognition value and cultural capital,” that is later translated into not only theatrical revenues but in all the above mentioned sectors, which means that the blockbuster is a “movie engineered for maximum meaning” (Elsaesser, 2001: 19) and cultural impact.

After the possible macro-links around the deals, the synergies and the diversifications, the point about the micro-links is therefore at once simple and complex. Between past and future, between childhood and parenthood, mainstream cinema has found its cultural function as the world’s time machine, with the blockbuster as the “engine” that simultaneously raises expectations, stirs memories, and unites with our previous selves. (Elsaesser, 2001: 22)



Figure 26: *The Lord of the Rings: The Fellowship of the Ring*, Peter Jackson, 2001

Kristin Thompson wrote a seminal work in *The Frodo Franchise: The Lord of the Rings and Modern Hollywood* (2007). In its introduction, “Sequel-itis”, Kristin Thompson writes about Hollywood’s penchant for the recycling of stories (and properties), the fact that the franchise age is not a recent development even if they appear to be an inescapable characteristic of what Hollywood engineers its product towards, and, finally, how the opportunity for originality still persists in repetition.

It’s a familiar complaint. An expensive sequel or remake or adaptation comes out and disappoints critics and audiences. It adds to a sense of barrenness in recent cinema. Commentators, professional and amateur alike, accuse Hollywood of having lost its imagination. Scriptwriters have run out of original ideas, studio bosses have lost their nerve. (...) Studios resort to recycling material from older movies, TV series, and comic books. (Thompson, 2007: 3)

Kristin Thompson argues that sequels have, in truth, “been around since nearly the beginning of the cinema” and provides examples in such films as the Danish *Dr. Gar el Hama* (Eduard Schnedler-Sørensen, 1911) that prompted *Dr. Gar el Hama flugt* (Eduard Schnedler-Sørensen, 1912), the Swedish *Thomas Graal’s Best Film* (Mauritz Stiller, 1917) that led to *Thomas Graal’s Best Child* (Mauritz Stiller, 1918), and Rudolph Valentino’s *The Sheik* (George Melford, 1921) was followed by *Son of the Sheik* (George Fitzmaurice, 1926). Kristin Thompson utilizes these examples to illustrate her point that from a very early stage, there have existed “attempts to capitalize” on success by producing sequels, sometimes transforming the properties into a film series — as was the case with Laurel and Hardy films, a comedy duo that

made more than 100 films released between 1921 and 1951 (Skretvedt and Young, 1994) — although Kristin Thompson acknowledges that, in contemporaneity, “sequels and series have become more common and gained a higher profile” (Thompson, 2007: 3). Kristin Thompson writes that up until the end of the 20th century, sequels and further installments of film series seldom made more profits than their original counterparts and as producers “attempted to exploit them beyond what their underlying ideas would sustain” these expansions would “outstay their welcome” — some examples listed are *Batman and Robin* (Joel Schumacher, 1997)¹, *Speed 2: Cruise Control* (Jan de Bont, 1997), and horror film series such as the *Halloween* and *Freddy Kruger* films (Thompson, 2007: 3). At the same time, critics bemoaned the fact that studios seemed unwilling to put more weight behind quality and idiosyncratic films made by talented filmmakers, while, at the same time, poaching said filmmakers and assigning them to blockbusters: Kristin Thompson cites as examples Christopher Nolan, who was assigned to *Batman Begins* (Warner Bros., 2005); Lee Tamahori, who was given the James Bond’s installment *Die Another Day* (MGM and 20th Century Fox, 2002); and Alfonso Cuarón, who was hired for the third entre of the *Harry Potter* series. Kristin Thompson claims that these strategies would “indicate that the studio decision makers are looking for something beyond the individual film, however successful. They want franchises” (Thompson, 2007: 3). This brings us to the point where sequels and film series “gave Hollywood some of its biggest hits as the age of the franchise film arrived” — an age that is also related to the digital revolution and the development of special effects/ CGI technology (Thompson, 2007: 2). In order to properly talk about the “franchise age”, Kristin Thompson defines the term in relation to films:

Essentially it means a movie that spawns additional revenue streams beyond what it earns from its various forms of distribution, primarily theatrical, video, and television. These streams may come from sequels and series or from the production company licensing other firms to make ancillary products: action figures, video games, coffee mugs, T-shirts, and the hundreds of other items that licensees conceive of. In the ideal franchise, they come from both. (Thompson, 2007: 4)

¹ This film effectively killed the franchise until it was revived by the *Batman Begins* (2005) reboot at the hands of the then indie filmmaker Christopher Nolan.

Kristin Thompson argues that film franchises are not new since the Disney studio has always “essentially ran on the franchise principle”. Disney cartoons such as Felix the Cat and Mickey Mouse were translated into toys, tie-ins with the cartoons were created and the (instant) classic Disney films were re-released theatrically on a regular basis to encourage audiences to relive their family-oriented magic, while the merchandising around the films “remained perpetually current and desirable” (Thompson, 2007: 4). This happens because, as Thomas Elsaesser points out, Disney was always aware of and appreciative of the fact that “if you get children used to something early, they’ll stick with it all their lives,” thus equating childhood with cinema since “what we do in our formative years will always remain a utopia” that we will always want to return to (Elsaesser, 2001: 20). The modern franchises of the New Hollywood originate in the late 1970s and that constitutes neither a coincidence nor a sign of the “withering of scriptwriters’ inspiration”. Instead, it was instigated by the conglomeration process of Hollywood studios. Kristin Thompson observes that while *Jaws* (Steven Spielberg, 1975) may have set the standard for how to engineer a “blockbuster event film that spawns sequels,” it did not pay-off in the merchandising and licensing department as spectacularly as George Lucas was able to profit with the licensing rights that 20th Century-Fox granted to him as compensation for directing *Star Wars* (1977), which truly became “the model of how to create a franchise by linking films and related merchandising”. Around the same time, other franchises geared up with *Superman* (1978), which “pioneered the elevation of a familiar superhero from comic books, movie serials, and TV series into a big-budget screen franchise”, along with *Star Trek*, *Raiders of the Lost Ark* (kickstarting the Indiana Jones franchise), as well as “less prestigious” and “teen-oriented slasher cycles” such as *Halloween* (1978) (Thompson, 2007: 4). The abovementioned conglomeration that placed studios in the hands of progressively bigger global media behemoth-like companies has exacerbated the importance of the “bottom line”:

Indeed, with accelerating costs—star salaries and digital special effects being primary among them—Hollywood came to a point where most big-budget movies were not really making money in theatrical release. Profits came only when ancillaries like home video, television screenings, and licensed products were reckoned in. Nowadays a really high budget almost automatically raises the question of whether a film can generate a franchise. (Thompson, 2007: 5)

Any type of media franchising implies the irreducibility of its visual and narrative elements to “a single media platform” (Johnson, 2013a: 27). There is a “migratory property” to media franchising that Derek Johnson describes, in *Media Franchising: Creative License and Collaboration in the Culture Industries* (2013), as a “coordinated system in which multiple profit centers worked under a brand name” (Johnson, 2013a: 27). Inevitably, the predictability of the preference of film studios for franchises increases because they “create a brand that carries across multiple products” and platforms making them “an obvious method for increasing ancillaries” since they provide “name recognition once its characters and story gained wide currency” (Thompson, 2007: 5). Media franchising comprehends the “expansion of cultural production across different media and industry sectors” (Johnson, 2013a: 27). Utilizing pre-sold properties like comic book superheroes, fantasy and sci-fi books allows that brand recognition to exist prior to the first installment, which, in turn, augments the chances of a franchise and, by extension, the success of its ancillary products¹. Unlike the days of yore, where the star system was what kept spectators loyal to a certain “brand” (to a certain star), currently the “franchise is often the star”. This works in a twofold manner: the deviation of the focus from the star to the material not only permits that many actors over the years portray the same character:

People have continued to go to James Bond and Batman films even though different actors have their central characters. *Star Trek* goes on regardless of what generation of the crew features in any given entry. *X-Men* may be the ultimate franchise because it can circulate characters in and out of the story, bringing minor ones forward and pushing major ones to the background—and there is a huge set of characters from the comic books for filmmakers to draw upon. (Thompson, 2007: 6)

This also encourages the casting of actors without any “major name recognition” (at least in leading roles) but that may gain it through the success of the franchise they protagonize (for example Tobey Maguire as Spider-Man, Anna Paquin

¹ There are some curious cases surrounding some examples of the Marvel Cinematic Universe franchise merchandising. The *Guardians of the Galaxy* (James Gunn, 2014), a film whose characters were virtually unknown (albeit part of the Marvel comics canon), was so successful that it drove unexpected demand for tie-ins toys of the “Dancing Baby Groot” character in unanticipated (by Disney) ways. As *Avengers: Age of Ultron* (Joss Whedon, 2015) is released, there was a noticeable absence, and demand, of the “Black Widow” character from the cadre of tie-in toys available.

as Rogue, Viggo Mortensen and most of the cast of the *Lord of the Rings* trilogy, Jennifer Lawrence as Katniss Everdeen, Chris Hemsworth as Thor, Emma Watson and Daniel Radcliff as Hermione and Harry Potter, Mark Hamill and Harrison Ford as Luke Skywalker and Han Solo, etc.).

Indispensable to a film becoming a franchise is to belong to the right genre, because not just any one can have the potential to generate “follow-ups and video games” among other kinds of ancillary products like, for instance, “musicals, biopics, and adaptations of most literary classics”. Kristin Thompson explains that the Hollywood film industry has relied more and more on genres that are not simply popular but aimed at younger audiences or the all-encompassing family audiences. Contemporary Hollywood is replicating the 1980s tendency to focus on action-adventure, sci-fi and fantasy (and also that decade’s penchant for sequels), which were “solidly profitable genres” (Prince, 2000: 37) during that decade, while also diversifying into various types of fantasy (due to the demand for properties capable of being turned into lucrative franchises) such as “comic-book-based superhero sagas to children’s book series”, predominantly because these are the genres of films that “have come to dominate the annual lists of top grossers” (Thompson, 2007: 6).

Commentators decrying the decline of Hollywood cinema into crass commercialism turn up their noses at the prevalence of sequels, series [, trilogies], remakes, and other kinds of recycling that form the basis for franchises. Yet such borrowings and repetitions have been common in the history of all art forms. (Thompson, 2007: 6)

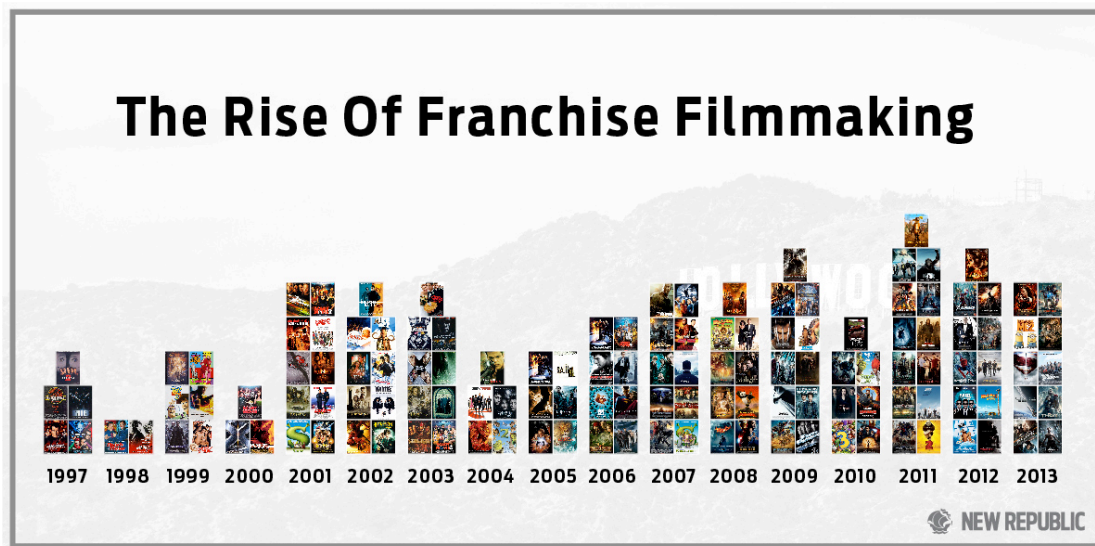


Figure 27: The Rise of Franchise Filmmaking

Concluding her remarks on the franchise age, Kristin Thompson defends that not only has the proclivity for repetition existed in various art forms throughout history but that this same repetition holds in itself the “possibility for originality”. In fact, as she concludes, Kristin Thompson writes that “Hollywood’s recycling does not necessarily [although it definitely does that as well] lead to repetition and cliché, nor does it reflect the disappearance of inspiration among writers”. Kristin Thompson gives some examples of some of the abovementioned “borrowings and repetitions” that resulted in “great artworks”: Mark Twain’s *The Adventures of Huckleberry Finn* (a sequel to *The Adventures of Tom Sawyer*), J.R.R. Tolkien’s *The Lord of the Rings* (a sequel to *The Hobbit*), Shakespeare’s use of the character of Sir John Falstaff (“the Renaissance equivalent of a franchise”), as well as many operas that based their plots on “existing books or plays” or painting studios that rendered “multiple versions of the same compositions” (Rubens, Rembrandt). Within the Hollywood film industry realm, Kristin Thompson cites the sequel *The Godfather II* (Francis Ford Coppola, 1974) as a sequel that demonstrated that it “could live up to its highly admired original”, the three adaptations of *The Maltese Falcon* that culminate in “the definitive John Huston version in 1941” as well as the science-fiction franchise trilogy *Back to the Future* (Robert Zemeckis; 1985, 1989, 1990), which contained “some of the most complex, skillful storytelling of recent decades” (Thompson, 2007: 6-7).

According to Thomas Schatz, “Millennial Hollywood” is dominated by active franchises, and even single-film franchises (i.e., franchise-potential films that never

actually became one), in what is a period of changing stakes in “blockbuster filmmaking in the conglomerate controlled, franchise-obsessed, CG-driven era” (Schatz, 2009b: 30).

A key development in the new millennium has been the increasing uniformity of the conglomerates’ filmmaking operations, particularly in terms of the major studios’ intensified blockbuster efforts. (...) With each passing year since the late 1990s the studios’ compulsive pursuit of franchise-spawning blockbusters has become more acute — and more successful — as the film industry at large has become more blatantly hit-driven on a global scale, and more intently focused on the coordination of the domestic, foreign, and home-entertainment markets. (Schatz, 2009b: 25)

Thomas Schatz presents as an example the overturning of Pixar’s prohibition against producing sequels (*Cars 2*, 2011) due not only to its relationship with Disney but also due to Pixar’s need to “recognize that in today’s Hollywood a blockbuster series is the consummate renewable resource — a product line that can be strategically regenerated to sustain and actually increase its yield” (Schatz, 2009b: 31). According to Thomas Schatz, the fact that even Pixar bulked under the Hollywood franchise and serialization trend is telling in that it demarks a paradigm-shifting moment in relation to the 1970s, 1980s and 1990s. During those decades, sequels or new entries in film series repeatedly displayed diminishing returns in inverse proportion to how many sequels or new entries were released thereafter. Contemporarily, however, new series installments behave inversely. As Thomas Schatz explains, as the global market expands and the DVD technology produces enormous returns (along with the added proficiency and money spent on marketing), this contributed to a change in consumer and audiences’ behavior that allowed follow-ups in series installments to outperform their predecessors — this was a change in paradigm that became pronounced after the success of *The Matrix* trilogy and the reigniting of the *Star Wars* franchise.

Synergy, Comics and Superheroes

In the 2000s, the presence of comic book movies exploded, driven by the success of *X-Men* (Bryan Singer, 2000) and *Spider-Man* (Sam Raimi, 2002). Aided by the huge success of the Marvel Cinematic Universe — so many of these films are huge hits that cross multiple demographic lines — the Hollywood film industry has transformed something that was once considered culturally niche and turned it mainstream. Increasingly, the superhero genre and the comic book adaptation have been “held up as the ideal model for the Hollywood blockbuster” (Gordon, Jancovich, and McAllister, 2007), leading to the rapid multiplication of production deals for superhero as well as other comic book characters.

Due to the contemporary inclination towards corporate synergy, serialization or sequelization, and media franchising that this dissertation has been tracking, media conglomerates have increasingly sought to create synergies between comic book properties and their film and television divisions. While, in *Media Franchising: Creative License and Collaboration in the Culture Industries* (2013), Derek Johnson argues that synergy is displayed through corporate efforts of media franchising — which he defines as “the expansion of cultural production across different media and industry sectors”¹ (Johnson, 2013a: 27) — the author also contends that while multiplied production might have been stimulated by media consolidation, “media infrastructures themselves changed as a result of the institutional embrace of franchising” (Johnson, 2013a: 69). This is significant because it is a point of view that establishes transmedia franchising as not merely a result of a large company owning a diversified portfolio (and, therefore, the result of a desire to create synergies between the different sectors and divisions), but as the actual stimulus towards further conglomeration, in pursuit of a more centrally authored model of franchising.

Following this tendency for synergy and franchising, comic book characters and properties have been considered as commodities to be sold across different media and merchandising platforms. In “The Walking Dead’: Adapting Comics” (2013),

¹ Citing Kristin Thompson, who describes synergy as “selling the same narrative over and over in different media”, an approach that begets sequelization and spin-offs (Thompson, 2003: 82)

Henry Jenkins makes the case that the comic book industry and its properties now operate as “Hollywood’s research and development department” and offers a few likely explanations to the entertainment industry’s “fixation” with comic book intellectual properties (Jenkins, 2013: 373). Firstly, both DC and Marvel, the two leading American comic book companies, are owned by two major media conglomerates, Warner Bros. (Time Warner) and Disney, respectively. Secondly, comics readers fall into the “highly desired demographic”. This encompasses “teen and twentysomething males”, but also an older demographic tier that has grown up with comic books since the 1960s (Jenkins, 2013: 373). At the same time, comics are a visual medium, with an established iconography and visual practices, and digital technology has now been developed enough so that the more fantastical elements of comic books can be portrayed (Jenkins, 2013: 373).

In “Why Comics Studies?” (2011), Angela Ndalianis considers what has been a lengthy “negative attitude” towards comics studies tied to the “comic book’s early association with the superhero genre” (Ndalianis, 2011: 113). Since the late 1980s, however, the presence of comic book culture within the mainstream increased, and so did its relevance within the academia. The contemporary prominence of comic book culture is felt, as Angela Ndalianis supports, “most overtly in the adaptation of comics to films”, and while non-superhero comics have been successfully adapted, the superhero genre unquestionably dominates not only the realm of comics-to-film adaptation, but also the general “blockbuster arena” (Ndalianis, 2011: 114), since most of the properties being adapted belong to the superhero genre.

The relationship between the film industry and the comic book industry has grown as Marvel Studios acquired financing to produce its own films and, in the process, changed franchise filmmaking by introducing the shared-universe model (where all the characters inhabit the same fictional world and can, therefore, interact with each other), which is recurring and successfully utilized in superhero comics, as an approach to blockbuster cinema. The success of Marvel Studios has been so awe-inspiring in the eight years since the company released its first feature film (*Iron Man*, Jon Favreau, 2008) that the studio’s strategies are now being mimicked by Warner Bros., Sony, Universal, as evidenced by the upwards of thirty big-budget superhero movies that are slated to hit theaters between now and 2020 (Harris, 2015). Currently,

the Marvel Cinematic Universe is the most profitable franchise of all-time, as the studio has been able to not simply build a string of parallel franchises but a veritable structured tapestry of movies.

This kind of storytelling is possible because the contemporary film is positioned, as Thomas Schatz describes it, “within an expanding intertextual system” (Schatz, 2009a: 53). A result of “convergence, synergy, digital technologies, and the worldwide entertainment marketplace” (Schatz, 2009a: 53), this “intertextual system” is akin to Marsha Kinder’s examinations in *Playing with Power in Movies, Television, and Video Games: From Muppet Babies to Teenage Mutant Ninja Turtles* (1991), given the, as it has been mentioned above, the new set of practices of production and consumption of textual configurations (film, television, video games) that belonged to an “ever-expanding supersystem of mass entertainment” (Kinder, 1991: 40), as well as Henry Jenkins’ notions of “transmedia storytelling”, in *Convergence Culture* (2006). Notions of transmedia are important due to the fact that the kind of continuity that has been a traditional feature in superhero comics (i.e., shared universes and crossovers)¹, has become the objective of today’s conglomerates and their transmedia strategies, given the importance of worldbuilding across platforms, which, as Clare Parody suggests in “Franchising/Adaptation” (2011), “normalizes an aesthetic of multiplicity” where each facet is part of an “over-arching entertainment experience” (Parody, 2011: 2015-16).

In 2011, Bart Beaty edited the first In Focus section of *Cinema Journal* dedicated to Comics Studies. In the introduction to “In Focus: Comics Studies: Fifty Years after Film Studies” (2011), Bart Beaty equiparates Comics Studies and Film Studies in several ways, including narratively. The author assesses how:

[The] films produced by Marvel Studios relating to the Avengers characters (...) demonstrate, the narrative model on which Marvel Comics built its success in the 1960s [has] an important impact on the Hollywood blockbuster logic of the 2010s. Factor in the additional impact of ongoing transmedia storytelling, through which comics are positioned as an important nexus in the development of films, television

¹ See G. Klock, “Melancholy and the Infinite Earths”, in *How to Read Superhero Comics and Why*, New York: Bloomsbury Academic, 2002: 19–24.

programming, and video game content, and it appears that the study of comics has a great deal to offer scholars interested in narrative experimentation. (Beaty, 2011: 109)

This wealth of superhero properties and the success of the Marvel Studios shared universe is taking advantage of a cultural tendency towards serialized storytelling, as Devin Faraci defends in “It’s A Serialized World, Get Used To It” (2014), citing *Star Wars*, the podcast *Serial* and the television show *Breaking Bad* as examples of entertainment that has embraced this returning trend. Its reemergence is noticeable in films, where the conventional sequelization practice has been eschewed for a more serialized approach. Devin Faraci argues, and well, that “the traditional Hollywood approach to sequels isn’t serialization” (Faraci, 2014c) — as Carolyn Jesse-Cooke states, *Film Sequels: Theory and Practice from Hollywood to Bollywood* (2009), while serial implies consistency, continuation and uniformity, the sequel strives for “difference, progress and excess” (Jesse-Cooke, 2009: 5) — there has been a gradual disintegration of the lines between sequelization and serialization in the twenty-first century, as sequels have been increasingly regarded as chapters connected to a larger story. Carolyn Jesse-Cooke reasons that these “interactions have shaped current practices of each format” (Jesse-Cooke, 2009: 48).

Ultimately, there is a growing appetite, within contemporary culture, for both sequelized and serialized forms of entertainment. Still, while serialization may usually remain within one single text (i.e., a television show that is serialized), there are examples where there is a “movement across texts or across textual structures within the same medium” which Henry Jenkins describes as “radical intertextuality”, in “Transmedia 202: Further Reflections” (2011), a common practice among the DC and Marvel comic book universes, with characters that move, or crossover, between titles or featuring plots that develop across titles (Jenkins, 2011b). This issue is paramount to the understanding of the inner workings of the shared universe of the Marvel Cinematic Universe. “Transmedia intertextuality” is, essentially, the structure of this shared model, lifted from the structure of superhero comics. As Angela Ndaliansis reminds us, as comics have been “remediated”¹, there is a specific “comic book aesthetic” that is permeating various “audiovisual media experiences” (Ndaliansis,

¹ See J. D. Bolter, and R. Grusin, *Remediation: Understanding New Media*, Cambridge: The MIT Press, 2000.

2011: 115), but perhaps there is also a comic book experience that seeps in the same way. One can view the Marvel Cinematic Universe as having introduced Hollywood to the age of the “connected-universe”, while also propelling the use of seriality as a narrative tool given that blockbuster-oriented cinema started to deployed long-form storytelling in ways previously more popularly used in contemporary television and comics.

In *The Comic Book Film Adaptation: Exploring Modern Hollywood's Leading Genre* (2015), Liam Burke identifies the “comic book movie” as an emergent generic category (akin to other examples such as the literary adaptation)¹ (Liam, 2015: 16). This line of thinking is aligned with Scott Bukatman, in “Why I hate Superhero Movies” (2011), who also identifies “the emergent genre of the superhero film” (Bukatman, 2011: 118). Liam Burke’s research, which is concerned exclusively with cinematic adaptations of comic book characters and storylines, is both timely and important as he has exposed an “area [that] remains relatively underexplored” (Liam, 2015: 4), as is the case with the superhero comic book movie. Liam Burke argues, in *The Comic Book Film Adaptation* — which he regards as “an opening salvo in an overdue debate” surrounding comic book film adaptations, an area the author finds “relatively underexplored” (Liam, 2015: 4) — that cinema has, since its early days, looked to other media, and comic book adaptations have been present throughout. Today, however, it is “impossible to ignore cinema’s heavy reliance on comics, [which] have moved from the fringes of pop culture to the center of mainstream production” (Liam, 2015: 3-4).

¹ “The comic book movie genre follows a vigilante or outside character engaged in a form of revenge narrative, and is pitched at a heightened reality with a visual style marked by distinctly comic book imagery” (Liam, 2015: 264).

Evolution of the Superhero Movie Genre



Figure 28: *Avengers: Age of Ultron*, Joss Whedon, 2015

To properly trace the superhero movie genre, one must go back to 1936, the year when *Flash Gordon* (Frederick Stephani, 1936) was released in 13 installments and marked the first appearance of most modern superheroes, which was in the form of serialized adventures, i.e., a film serial¹. The *Flash Gordon* movie serial was followed by such movies as *The Shadow* (James W. Horne, 1940), *The Phantom* (B. Reeves Eason, 1943) and *Batman* (Lambert Hillyer, 1943), *The Vigilante: Fighting Hero of the West* (Wallace Fox, 1946), and *Superman* (Spencer Gordon Bennet and Thomas Carr, 1948). Film serials' popularity eventually waned and costumed superheroes jumped from the big to the small screen with a wave of television series in the 1960s and 1970s (Hulk, Wonder Woman, Flash, Super Friends, Batman), where only the Batman character got its own moving picture: *Batman: The Movie* (1966), which was actually shot for television and was later recut for theatrical release. For twelve years after that, there was no real interest in seeing superheroes on film. At the end of the 1970s, the space opera *Star Wars* (1977) blows up the box office and changes the game in terms of which movies make money and how. The serials of the 1940s, which had inspired George Lucas², were considered properties with blockbuster potential. Superman was one of these characters, now in the hands of

¹ A serial, more specifically known as a movie serial, film serial or chapter play, is a short subject originally shown in theaters in conjunction with a feature film.

² The 1936 Universal film series *Flash Gordon* (Frederick Stephani, 1936) — the original property George Lucas had sought to license before making the first *Star Wars* film—and its sequel, *Flash Gordon Conquers the Universe* (Ford Beebe and Ray Taylor, 1940).

Warner Bros, which got his first film in 1978 (Richard Donner), spawning sequels¹ and followers, with increasingly diminished quality.

In 1989, Tim Burton's *Batman* changed, once again, the game and redefined what comic book films could be: humorous, original, campy, dark and colorful at the same time. Just like Superman, in the 1980s, there were several sequels² and other comic book films³ trying to capture what Tim Burton and Warner had tapped into — not all of them well received or competently made and, by the end of the 1990s, pickings were fairly slim. The Batman franchise was put on hold due to the failure of *Batman and Robin* (1996) and the studios took their chances developing relatively unknown properties such as *Steel* (Kenneth Johnson, 1997), *Spawn* (Mark A.Z. Dippé, 1997) and *Blade* (Stephen Norrington, 1998), with the latter becoming a trilogy and a good example of how to successfully capitalize on superhero and comic book properties. Generally, the track record film studios had with comic book movies had not been, with the exception of the Batman and Superman franchises, very good. The overall cycle regarding superhero films, prior to the twenty-first century, had continuously started with an original film (both creatively and in terms of being the first one), followed by a series of clumsy imitators and sequels, followed by a respite, followed by a reboot of said property (i.e., the cases of the Batman, Superman and Spider-Man franchises).

According to Scott Mendelson, in “When 'Blade' Began The 'Spider-Man' Era Of Comic Book Films” (2013), on the importance of New Line Cinema's⁴ *Blade* as a kick-starter of what he calls “the second era of comic book cinema” (Mendelson, 2013). What differentiated Stephen Norrington's *Blade* from other Marvel comic book superhero adaptations to the big screen, helping it become the first successful one in recent memory, was being set in the present day and based on a comic book that had an existent fan base. Its success (\$131 million worldwide on a \$45 million

¹ *Superman II* (Richard Lester and Richard Donner, 1980), *Superman III* (Richard Lester, 1983), *Superman IV: The Quest for Peace* (Sidney J. Furie, 1987).

² *Batman Returns*, *Batman Forever*, *Batman and Robin* (1996).

³ *The Punisher* (1989), *Teenage Mutant Ninja Turtles* (1990), *Captain America* (1990), *The Rocketeer* (1991), *Batman: Mask of the Phantasm* (1993), *The Shadow* (1994), *The Crow* (1994), *The Phantom* (1996), to name a few.

⁴ As we have seen in a previous chapter, New Line Cinema was a subsidiary of Warner Bros. and, also, the production branch assign with the *Lord of the Rings* trilogy (Peter Jackson, 2001-2003).

budget) possibly “opened the doors to the modern comic book movie” (Mendelson, 2013). Subsequently, “*Blade* led to 20th Century Fox’s *X-Men*, which led the way to Sony’s *Spider-Man*”, marking the official entrance into a second wave of comic book and superhero movies in a “post-Batman era” (Mendelson, 2013). As Scott Mendelson argues, this new era was characterized by stories, like *Blade*, that were set in the present day, helmed by Marvel and DCs most widely known superheroes (i.e., X-Men, Spider-Man, Fantastic Four, Batman, Superman, Green Lantern)¹, arguably made with more respect for the source material (a claim Scott Mendelson chalks up as a “marketing-drive myth”), coupled with special effects technology advanced enough to realistically portray the X-Men mutant powers and a web-slinging Spider-Man. Significantly, excluding the first installment of the X-Men franchise, superhero movies were released in a post- 9/11 climate and had to “remain relevant post-9/11, just as the first comic book superheroes had to assimilate to the new found reality of World War II” (Mendelson, 2013).

Concerning this relationship between superhero big budget movies and the sociopolitical environment, Martin Fradley writes, in “What do you believe in? Film scholarship and the cultural politics of the *Dark Knight* franchise” (2013), that the new Batman franchise (directed by Christopher Nolan) has been “widely interpreted as sensitively attuned to the anxieties of the sociopolitical moment” (Fradley, 2013: 15). In fact, he argues that, while it is now common sense that comic book adaptations have dominated the global box office since the early twenty-first century, “it is inarguably within the compulsive semiotic regime of fantasy films that post-9/11 anxiety has most transparently registered itself” (Fradley, 2013: 16).

At the time, Sam Raimi’s *Spider-Man* (2002), which was the third-highest grossing film that year, encouraged Hollywood studios to intensify the production of comic book films: *Blade II* (Guillermo del Toro, 2002), *Daredevil* (Mark Steven Johnson, 2003), *X2* (Bryan Singer, 2003), *Spider-Man 2* (Sam Raimi, 2004), *The League of Extraordinary Gentlemen* (Stephen Norrington², 2003), *Hulk* (Ang Lee,

¹ When Marvel Studios received financing to produce their own movies, the *Los Angeles Times* wrote an article claiming the studio was tapping “second-string superheroes to grab box office” (Boucher, 2006)

² Stephen Norrington had successfully directed the original *Blade*, but *The League of Extraordinary Gentlemen* was a forgettable flop.

2003), *Blade Trinity* (David S. Goyer, 2004), *Hellboy* (Guillermo del Toro¹, 2004), *The Punisher* (Jonathan Hensleigh, 2004), *Catwoman* (Pitof, 2004), *Elektra* (Rob Bowman, 2005), *Fantastic Four* (Tim Story, 2005), *Constantine* (Francis Lawrence, 2005). In particular, both *X2* and *Spider-Man 2* were critically acclaimed and commercial successes, therefore raising the standards in the first five years of the twenty-first century. The standard for the big blockbuster movie experience during the previous two decades (i.e., action films) was replaced by comic book inspired blockbusters inspired. Ultimately, adaptations of superhero comic book properties have only helped to reinforce commercially driven blockbuster mentality among the Hollywood studios. In “Blockbuster Meets Superhero Comic, or Art House Meets Graphic Novel?: The Contradictory Relationship between Film and Comic Art” (2006), Matthew McAllister, Ian Gordon and Mark Jancovich debate the relationship between comic books and the “popcornization” of the Hollywood blockbuster (McAllister, Gordon and Jancovich, 2006: 110).

Aesthetically and stylistically, the comic boom of the new millennium started somewhat colorful (mainly due to Sam Raimi’s *Spider-Man* trilogy), but grew darker, inspired by Christopher Nolan’s *Batman* films, then extended its scope by copying the extended universe model created by Marvel Studios, which essentially transplanted that already existing model in its comics. The release of Christopher Nolan’s *Batman Begins* (2005), as well as *V for Vendetta* (James McTeigue, 2005) and *Sin City* (Frank Miller and Robert Rodriguez, 2005), marked the emergence of the gritty realism aesthetic, adult themes and no more spandex or primary colors, setting the standard for the comic book movies that followed, such as *X-Men: The Last Stand* (Brett Ratner, 2006). Aiding it, was the critical battering that the already color-muted *Superman Returns* (Bryan Singer², 2006) suffered, seemingly confirming that audiences were leaning away from the flashy, too comic-book-y aesthetic of yesteryears — even *Spider-Man 3* (Sam Raimi, 2007) and *Fantastic Four: Rise of the Silver Surfer* (Tim Story, 2007), sequels to more colorful precursors, seemed infected by the need to grow darker. This turn to grim and gritty also ended up affecting the reboots of other non-comic book related properties, such as new installments of the James Bond franchise, with *Casino Royale* (Martin Campbell, 2006), *Quantum of*

¹ Guillermo del Toro was another *alumnus* of the *Blade* films.

² Bryan Singer had successfully directed the first two installments of the X-Men franchise.

Solace (Marc Forster, 2008) and *Skyfall* (Sam Mendes, 2012), and new installments of the Star Trek franchise, with *Star Trek* (J.J. Abrams, 2009) and *Star Trek: Into Darkness* (J.J. Abrams, 2013). What is interesting about the box office fates of these films is how not “all-encompassing” (i.e., large-scale) these superhero films were. Even *Batman Begins*, with its globally known character, proved not to be a major hit, earning \$375 million on a \$150 million budget and earning a sequel only through its leggy run and strong DVD sales. As Scott Mendelson states, Hollywood spent the 2000s chasing *Spider-Man* (“and its \$750m-\$890m gross”), but really none of these “new wave” comic book films “came anywhere near Peter Parker” (Mendelson, 2013).



Figure 29: *The Dark Knight*, Christopher Nolan, 2008

By 2008, we entered a new phase in comic book and superhero movies as well as a new era of blockbuster films, which was marked by the release of two superhero films, *The Dark Knight* (Christopher Nolan, 2008) and *Iron Man* (Jon Favreau, 2008). Scott Mendelson calls this new stage the “connected-universe era”, which began with *Iron Man*, released in May of 2008, signaling the point where superhero films “started earning enough to justify their superlatives” (Mendelson, 2013). Christopher Nolan’s *The Dark Knight* (2008) earned half a billion dollars domestically and became not only the highest grossing film of the year but also the most highly critically acclaimed comic book movie ever, actually earning Heath Ledger a posthumous Oscar for his portrayal of Joker:

Batman” isn’t a comic book anymore. Christopher Nolan’s “The Dark Knight” is a haunted film that leaps beyond its origins and becomes an engrossing tragedy. It

creates characters we come to care about. That's because of the performances, because of the direction, because of the writing, and because of the superlative technical quality of the entire production. This film, and to a lesser degree "Iron Man," redefine the possibilities of the "comic-book movie." (Ebert, 2008)

The Dark Knight also represented the height of the gritty aesthetic, an aesthetic that was freely copied by many other comic book movies that were released around the same time, seeking the same appraisal: *Punisher: War Zone* (Lexi Alexander, 2008), *The Spirit* (Frank Miller, 2008), *Wanted* (Timur Bekmambetov, 2008), *Kick Ass* (Matthew Vaughn, 2008), *Watchmen* (Zack Snyder, 2009), *X-Men Origins: Wolverine* (Gavin Hood, 2009), *Jonah Hex* (Jimmy Hayward, 2010).

The box-office second place of 2008 belonged to *Iron Man* (Jon Favreau, 2008). For a number of reasons, it was considered a risky gamble. Firstly, Marvel Studios was an independent studio supported by a bond company that had never made a movie before — although the people involved (Avid Arad, Kevin Feige) had producer credits and had involvement in the early¹ Marvel movies. Secondly, it starred an actor that had been out of the public eye for some time, Robert Downey Jr., and directed by Jon Favreau, whose previous film (*Zathura: A Space Adventure*, 2005) had been a box office disappointment. *Iron Man* ended up defying expectations and, contrasting *The Dark Knight*, delivered a blend of smart, funny and exciting that would come to define the Marvel Cinematic Universe brand of films². The following films were made in the same template as that first *Iron Man* film — while, at the same time, the Warner Bros. and DC Comics cinematic collaborations have all retained Christopher Nolan's dark and gritty aesthetic. Arguably, the launch of the Marvel Cinematic Universe has had the biggest impact on the world of comic movies, and even in the world of franchise films in general.

In the eight years since the release of the first film produced by Marvel Studios, it has seemingly become a requirement to have every movie be an entry point into a larger world with an expanded plots and characters shared across films. Warner

¹ With the licensed characters: Spider-Man, Fantastic Four, X-Men, Daredevil, etc.

² Excluding *The Incredible Hulk* (Louis Leterrier, 2008), a film made more in the mold of the grittiness that permeated the comic book films at the time that, even though it was not terribly received, was quickly forgotten and set aside.

Bros./DC, Fox and Sony owned Marvel titles, have all attempted to bottle the kind of magic that Disney owned Marvel perfected in 2012 with *The Avengers*, which meaningfully beat *The Dark Knight Rises* that same year. Herein lies a shift from standalone films. This solid decade and a half of uninterrupted superhero films is the result of many intersecting forces, which have been analyzed.

Ultimately, as I have argued, the relationship between modern superhero films and the “industrial formula of the Hollywood popcorn blockbuster” is the product of an evolving film industry (McAllister, Gordon and Jancovich, 2006: 110). Following a development that began as soon as the old studio system collapsed in the late forties, early fifties, the film industry we know today began to truly take shape in the 1980s. Now, media corporations approach every movie project as a franchise, with properties that come pre-loaded with proven fans, and own, simultaneously, movie studios, televisions and publishing companies that produce comics — i.e., Disney, which owns Marvel, Marvel Studios, ABC (where they broadcast the Marvel Cinematic Universe-related television series *Agents of S.H.I.E.L.D.* and *Agent Carter*). Comic book movies made since 2000 have grossed more than \$20 billion, in theaters, internationally. The numbers help explain why most major studios (Warner Bros, Sony, Fox) have the next years of comic book film releases already planed (Faraci, 2014b) — Marvel Studios’ president Kevin Feige has recently said that there’s a map for the next ten years in his office, up to 2024.

The Marvel Cinematic Universe: The Interconnected Comic Book Movie



Figure 30: Marvel Studios' logotype

In the summary for a conference paper titled “Sharing the Superhero: Media Franchising, Industrial Cultures, and the Marvel Entertainment Empire” (2013b), Derek Johnson wrote about how, for numerous decades now, the entertainment industry has progressively embraced the “process of franchising whereby the production of profitable cultural goods” (like *Spider-Man*, *Star Wars*, *Lord of the Rings*, and a myriad more) have been multiplied and spun-off across diverse platforms and markets. This exponentiation of franchise production has been a result of “conglomeration and intellectual property” monopolies in which media worlds are imagined and exploited, while, at the same time, it has encouraged new logics of cultural production. To examine media franchising there is no more pressing case than the case of Marvel and its “decades long transformation from publisher of printed superhero stories to empire of blockbuster film, television, and video game production” based on the same shared comic universe (Johnson, 2013b).

Attempts at franchising prior to 1995

In *Convergence Media History* (Eds. Janet Staiger and Sabine Hake, 2009), Derek Johnson wrote a chapter titled “Franchise Histories: Marvel, X-Men, and the Negotiated Process of Expansion”. In his case study, which focuses on the Marvel Comics’ property *X-Men* and its marketing from the 1960s to the 1990s, Derek Johnson utilizes the practice of franchising to illustrate the various media contexts that

lead to the process of multiplication of a media property, both intra-industrially and inter-industrially, working as an ideal model of media convergence.

In the first decade of the twenty-first century, the intellectual property *X-Men* has supported multiple sites of content production across the comic, film, television, video game, and toy industries, much to the commercial satisfaction of Marvel Comics and licensed partners. As a result of this flurry of industrial activity, *X-Men* may be recognized as an entertainment franchise—a perennially extensible network of content in the service of several wide-reaching culture industries. (Johnson, 2009: 14)

Derek Johnson proposes an historical approach to franchises that might analyze the multiple “contexts and institutional formations” given the “ongoing interest in these properties by culture industries” (Johnson, 2009: 14). Derek Johnson recognizes that since franchises are prevailing cultural products they possess their own historicity that should reflect not the “singular result” but for the multitude of “contexts and permutations” (Johnson, 2009: 14) to which the media franchise might have been subjected. Derek Johnson sees the historical evolution of the *X-Men* franchise (and others alike) as a process of multiplication that occurs on two levels: at an intra-industrial (within the same industry) level, where the original property (in this case, the comic book) spins-off satellite works (other titles within the same narrative universe); and at an inter-industrial (among different industries) level, where the same property is translated into several different markets. This way, according to Derek Johnson, franchises perform as “sites through which many diverse media contexts converge” (Johnson, 2009: 14):

Rather than considering the media franchise as the product of convergence (Jenkins 2006) or in terms of a defined set of production practices (Thompson 2007)¹, media historians must conceptualize it as a process of convergence wherein a multiplicity of texts, institutions, practices, and historical contexts collide. (Johnson, 2009: 14)

The *X-Men* franchise history that Derek Johnson traces from the 1960s up to the early 1990s surveys Marvel’s explorations into franchise territory and the

¹ Both authors and approaches mentioned above.

company's willingness to expand its properties (in this case study the focus lies on the *X-Men* intellectual property but Marvel's efforts, of course, were not condensed to that property alone) not only intra-industrially, which was common practice in the comic book industry¹, but, more significantly, inter-industrially. In this work, Derek Johnson theorizes the "entertainment franchise not as a site of consensus within and between media franchises but instead as an embattled process" (Johnson, 2009: 15) that draws from Michele Hilmes examination of the interactions among several entertainment industries consisting of "conflict, compromise, and accommodation" (Hilmes, 1990a: 1). As Derek Johnson explains, while his case study is limited to the singular *X-Men* property, his approach "will also provide insights applicable to the culture industries at large by demonstrating that cultural products extend between media contexts neither naturally nor without resistance" (Johnson, 2009: 15).

According to Derek Johnson, Marvel Comics had been experimenting in franchising since the 1960s, even before the *X-Men* property took-off in the 1980s. In fact, in 1966, *The Marvel Super Heroes*², an American-Canadian animated television series starring five comic-book superheroes from Marvel Comics, debuted in US television syndication and rotated weekdays between Captain America, Hulk, Iron Man, Thor, and Prince Namor the Sub-Mariner. *Spider-Man* was the property that exhibited the highest cross-media success as it supported "three television series between 1978 and 1981" (Johnson, 2009: 16). In 1981, "after purchasing DaPatie-Freleng animation to form Marvel Productions" (Johnson, 2009: 16), since possessing a studio was integral to media franchising—at an inter-industrial level—at the time, the studio produced television shows, motion pictures, and television specials³. The early eighties were also a time when Hollywood showed a constant interest in bringing Marvel properties to the screen, "optioning *Thor*, *Ghost-Rider*, *Daredevil*, *Man-Wolf*, and even *Howard the Duck*" (Johnson, 2009: 18). At an intra-industrial level, Marvel Comics was betting on spinning-off properties into new titles,

¹ Both Marvel Comics and DC Comics have a long history of spinning-off titles from the same property, including the existence of alternative universes. The Marvel Universe, for instance, is a shared fictional universe where most stories take place (Spider-Man, X-Men, the Avengers, Fantastic Four) that, in turn, belongs within a multiverse that comprises a multitude of alternate universes and realities.

² Produced by Grantray-Lawrence Animation and Marvel Comics Group.

³ Marvel Productions was inclusively hired by Hasbro to bring toys like *G.I. Joe* and *Transformers* to television and comics (Johnson, 2009: 16).

effectively building franchises within a family of related products, such as it did with *X-Men* (*Wolverine*, *New Mutants*) and *Spider-Man* (*Spider-Woman*, the television series *Spidey Super Stories*). Derek Johnson argues that these intra-industrial manifestations were not the “natural development of any successful intellectual property but a response to the specific economic context negotiated by Marvel at the time” that was linked to the comic distribution in the 1980s that was displaced from the mass-market (drug stores, newsstands) to the “direct” market. Marvel’s response was to flood the market with their content to force the consumer to either obtain the complete “experience by buying multiple titles¹, or spend the money on the competition and miss out” (Johnson, 2009: 17). In 1989, Ronald Perelman’s MacAndrews & Forbes purchased Marvel hoping to enter “the business of the creation and marketing of characters” (Raviv, 2002: 12). In the 1990s, the inter-industrial and intra-industrial spheres began to collide more powerfully due to the intersection of the comic and television markets:

A case in point was the upstart Fox television network. Interested in seizing less competitive Saturday morning market share from the Big Three networks, it now saw Marvel and the niche (but increasingly visible) *X-Men* as potential allies in its differentiation strategies. (Johnson, 2009: 19)

From this partnership — which eventually led to the *X-Men* films in the 2000s —, Marvel Productions greenlit an animated *X-Men* series that was the first of a series of successes of that property outside the comic book world, which included a Konami arcade game, low-end action figures, and launched a merchandising line called Marvel Made. In turn, Marvel Made was a result of a redefinition of Marvel’s franchise strategies “around ideals of horizontal integration² that could fully recapture licensed markets” — to keep from sharing dividends with licensed partners (Johnson, 2009: 19). Inopportunately, in 1995, a series of events led Marvel to file for bankruptcy a year later: “the speculative bubble burst in both the comics market and the trading card business, cutting heavily into sales” (Johnson, 2009: 21). This sharp decline transformed previously lucrative franchises into liabilities offering “multiple chances

¹ In 1994, Marvel pleaded with retailers to shelve comics by “family” (the entire *X-Men* franchise, for instance) as a way to create brand identity for merchandising purposes (Johnson, 2009: 20).

² The consolidation of holdings across multiple industries, with many media outlets capable of running the same content.

of failure instead of one”, which left Marvel mired in debt with no choice but to file for bankruptcy and cease its franchise strategies (Johnson, 2009: 21). Due to the fact that Derek Johnson does not consider the history of media franchise in terms of results — which are likely to lead to the perception of “coherent strategies designed to produce and exploit vast content networks” — but an “ongoing historical process” wherein its success is negotiated within colliding media industries (Johnson, 2009: 21-22).

Marvel goes to Hollywood

The challenge for Marvel Studios is to take what Stan Lee and the brilliant artist Jack Kirby were able to make work in comic books 45 years ago and turn it into a 21st-century Hollywood franchise. (Leonard, 2007)

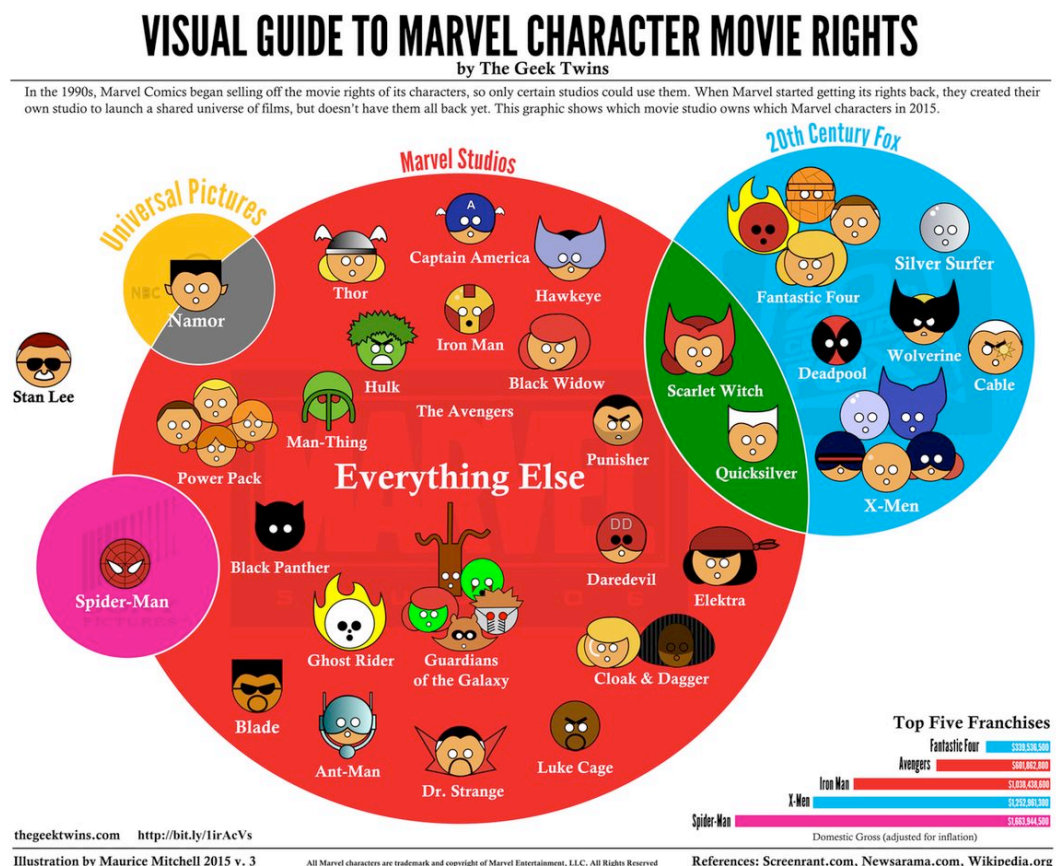


Figure 31: Marvel character movie rights

In 2007, Devin Leonard writes, in article titled “Calling all superheroes” (2007), about Marvel’s transition from licensing its characters and producing films based on them for other studios to building its own studio and start producing its own roster of films. At the time Devin Leonard writes the piece, *Spider-Man* was Hollywood’s most bankable superhero: “Sony’s ‘Spider-Man’ and ‘Spider-Man 2’ have made \$3 billion from ticket sales, DVDs, and TV revenue globally. And ‘Spider-Man 3’ had a record \$151.1 million U.S. opening weekend” (Leonard, 2007). (Eventually, *Spider-Man 3* ended up making \$890,873,303 million theatrically worldwide and \$125,866,695 million in total domestic video sales¹, making it the least profitable of the Sam Raimi’s installments but a still highly lucrative franchise — currently in seventh place of the highest grossing franchises².) Nevertheless, despite the success of the franchise and it being made in association with Marvel Entertainment, the company’s profits from the first two *Spider-Man* films was “only \$62 million” (Leonard, 2007). Furthermore, the characters licensed to other studios are Marvel’s A-list superheroes. While Sony/Columbia has *Spider-Man*, Fox has two other bastions of the Marvel canon: *Fantastic Four*, a franchise that has earned Fox \$618,932 million worldwide over the course of two movies³, and *X-Men*, a franchise (a first trilogy of films⁴, two films dedicated to the character “Wolverine”⁵, and a prequel⁶) that has earned Fox, up until now, over 2 billion dollars worldwide, theatrically alone. All these movies are made in association with Marvel but the company’s share in them has been comparatively low considering the profits.

Since launching its characters in the early 1960s, Marvel has been through lots of corporate ups and downs, including bankruptcy in 1996. Different owners and executives made a series of ill-timed or just plain bad deals to bring the company’s A-list superheroes to the screen. (Leonard, 2007)

¹ The Numbers, “Spider-Man 3” Accessed 9 May 2014. <http://www.the-numbers.com/movie/Spider-Man-3#tab=summary>

² Box Office Mojo, “Movie Franchises and Brands Index”. Accessed 9 May 2014. <http://www.boxofficemojo.com/franchises/?view=Franchise&sort=sumgross&order=DESC&p=.htm>

³ Fox is planning a reboot of the franchise for 2017.

⁴ *X-Men* (Bryan Singer, 2000), *X2* (Bryan Singer, 2003) and *X-Men: The Last Stand* (Brett Ratner, 2006).

⁵ *X-Men Origins: Wolverine* (Gavin Hood, 2009) and *The Wolverine* (James Mangold, 2013).

⁶ *X-Men: First Class* (Matthew Vaughn, 2011).

Following a desire to control its own properties that can be traced back as far as 1992, when the company recalibrated its franchise strategies “around ideals of horizontal integration that could fully recapture licensed markets” (Johnson, 2009: 16). Marvel Productions was created by Marvel Entertainment Group in the early 1980s in order to capitalize on its intellectual properties in television and film, although Marvel’s film division went through a couple of corporate stages before the creation of the Marvel Studios¹, in 1996. The studio began working on licensing movies before gearing up to produce its own films. However, because Marvel had its “first team” with Sony and Fox, the studio had to roll out what the trade publications called its B-roll (Leonard, 2007).

According to Devin Leonard, Marvel’s relationship with Hollywood is linked to three executives, Stan Lee, Avi Arad and David Maisel, before Kevin Feige, the current head of the studio and mastermind behind Marvel Studios. Derek Johnson and Devin Leonard both trace back Hollywood’s interest in Marvel’s properties can be (and vice-versa) to the late 1970s. Martin Goodman (uncle to the legendary former writer and editor-in-chief Stan Lee) founded Marvel Comics (originally Timely Publications) in 1939. Almost thirty years later, Martin Goodman sold Magazine Management Company, the parent company of Marvel Comics, to Perfect Film & Chemical Corporation² in 1968, which made Magazine Management Company a subsidiary and parent of all the acquired Goodman companies. During the 1960s, Stan Lee³ (and Jack Kirby and Steve Ditko) basically “reinvented the superhero genre” despite never having the business skills to get his “neurotic heroes out to Hollywood where the real money was” (Leonard, 2007). Marvel Comics stayed under Magazine Management until 1973 when Perfect Film and Chemical renamed itself Cadence Industries and Magazine Management transformed into Marvel Comics Group. In the late 1970s, Cadence Industries sent Stan Lee to Los Angeles to gauge interest in Marvel’s heroes, but at the time the “majors studios weren’t interested in costumed heroes who weren’t Superman” (Leonard, 2007)⁴. Cadence Industries conducted a poor management of Marvel’s characters and “In the end, Cadence practically gave

¹ Known as Marvel Films from 1993 to 1996.

² Cadence Industries was “a true sixties-style conglomerate, also owned a vitamin company and a film processor, which forms the origin tale of Spider-Man chewable vitamins” (Leonard, 2014).

³ Devin Leonard describes Stan Lee as a “gifted promoter - and self-promoter” (Leonard, 2007).

⁴ Devin Leonard remarks that this was during a time where special effects would not be able to render a satisfactory portrait of characters such as Spider-Man.

away the film rights to many of its characters to second-tier studios like Cannon Films” (Leonard, 2007). In 1981, DePatie-Freleng Enterprises (also known as DFE Films), an animation production company based in California, dissolved its partnership and the remainder was acquired by Cadence Industries, forming Marvel Productions — as stated by Derek Johnson (Johnson, 2009: 16.).

In 1986, Cadence Industries incorporated Marvel Comics Group as Marvel Entertainment Group (under which would continue Marvel Productions and Marvel Comics) and sold it to New World Pictures¹ (the company changed its name the following year to New World Entertainment to better represent its other holdings besides the film studio). Unfortunately, three years later, New World experienced cash problems that led it to the sale of the Marvel Entertainment Group (bereft of Marvel Productions²) to the Andrews Group (a subsidiary of MacAndrews and Forbes, owned by Ronald Perelman). The Andrews Group acquired New World within a year, leading to a few more corporate changes in the 1990s. When Ron Perelman took control of Marvel, he planned to “use it as the cornerstone of his own media empire” and was intent on entering into “the business of the creation and marketing of characters” (Raviv, 2002: 12). Meanwhile, Avi Arad (the second of the key executives responsible for Marvel’s relationship with Hollywood) had become involved with toy design and development after moving to the United States to “study industrial management at Hofstra University”, following serving in the Israeli Army in 1967 (Levine, 2004). According to Devin Leonard Avi Arad became “involved with Marvel when the company bought one of his clients, Toy Biz, and hired him to design merchandise and produce animated programming like the "X-Men" and "Silver Surfer" shows on the Fox Kids Network” (Leonard, 2007). In 1993, Toy Biz was granted by Marvel the (aforementioned) “no-fee license” for Marvel properties in exchange for a controlling interest (46%) over Toy Biz and “direct access to all its profits” (Johnson, 2009: 19). Avi Arad joined Toy Biz during that same. Meanwhile, after the deal with Toy Biz, Marvel Films was founded with Avi Arad appointed as its president and CEO, who was now “Marvel’s Hollywood ambassador” (Leonard, 2007), which included Marvel Films Animation and Marvel Productions became New World Animation by 1994. Two years later, when Marvel filled for bankruptcy

¹ Cadence Industries was in liquidation.

² Marvel Productions was kept New World Entertainment, in its television business.

(while the company became embroiled in a disastrous battle between Ronald Perelman and Carl Icahn for control), Avi Arad and Isaac Perlmutter (Toy Biz owners) were able to remove the Marvel Entertainment Group from Ron Perelman and Carl Icahn's control. Both Marvel Films animation and New World Animation had been sold by Ron Perelman's Andrews Group to News Corp./Fox that same year, leading to the incorporation of Marvel Films into Marvel Studios (with Avi Arad as head of the studio). In 1998, Toy Biz officially buys the Marvel Entertainment Group effectively merging the companies into Marvel Enterprises to get Marvel out of bankruptcy.

[After filing for Chapter 11 bankruptcy], Marvel was scooped up by Isaac Perlmutter, founder of closeout specialist Odd Lot Trading, who had wangled himself a stake in Coleco, maker of Cabbage Patch Kids. He merged Marvel with Toy Biz, a company he controlled that made toys based on the comic book publisher's heroes. For years the film studios had been dithering about making the movies they'd paid for. Spider-Man, before its 2002 release, had been in development for years. Perlmutter's plan was to drive toy sales by getting the reluctant movie studios to do something with their dormant rights to Marvel's heroes. (Leonard, 2014)

Avi Arad's "work in Hollywood began to pay off" with the first film licensed by Marvel Studios: New Line (owned by Time Warner) released of the aforementioned *Blade* (Stephen Norrington, 1998), starring Wesley Snipes as the titular vampire slayer — the film was R rated. As previously discussed, the film was made with a production budget of \$45 million and made \$131 million worldwide. According to Devin Leonard, "Marvel made only \$25,000" (Leonard, 2007), but the deal paved way to the release of the following franchises: *Spider-Man* (2002) by Sony/Columbia¹ and *X-Men* (2000), *Fantastic Four* (2005) and *Daredevil* (2003) by 20th Century Fox. Avi Arad greatest strength for Marvel was his ability to "stir up enthusiasm for the X-Men and The Fantastic Four in Hollywood and on Wall Street" (Leonard, 2007).

Avi Arad, however, was not interested in merely licensing and depending on other studios that then kept the majority of the (heavy) profits — Marvel's "shares

¹ Avi Arad and Isaac Perlmutter licensed Spider-Man to Sony in 1999 (Leonard, 2007).

rose as movies opened and fell when there was nothing in the theaters” (Leonard, 2014). In Avi Arad’s opinion, Marvel should be producing its own films. Alan Fine, the current president of Marvel Entertainment, explains that: “We wanted to control the destinies of our own characters. We wanted to decide when, how and which ways we would bring them to film entertainment” (“Marvel Studios: Assembling a Universe”, 2014). This is where David Maisel, “whom Arad had met in 2004 and introduced to Perlmutter” (Leonard, 2007), comes into play as the man who helped Marvel Studios to be able to finance its own movies. As Devin Leonard describes, David Maisel’s funding plan was to “borrow money backed by superhero movie rights” and was quickly hired as COO of Marvel Studios (Leonard, 2007). David Maisel — as it is made clear in Marvel’s *Marvel Studios: Assembling a Universe* (2014)¹ — is credited with defining the financial structure that would allow *Iron Man* (John Favreau, 2008) to begin production. As Jeremy Latcham, executive producer at Marvel Studios, explains: “David Maisel had come up with a whole financing idea that we could put together a big slate, doing it from the ground floor up, all in-house at Marvel” (“Marvel Studios: Assembling a Universe”, 2014). Merrill Lynch arranged for a group of bankers and hedge funds to contribute to the company with a “\$525 million revolving credit facility” (Leonard, 2007). David Maisel, however, clashed with the head of studio. Avi Arad played a seminal role in shaping up this new version of the studio by “personally calling Brad Grey, CEO of Paramount Pictures, to arrange distribution” and by helping to “sell the idea to Wall Street”. However, Avi Arad “feared Maisel wanted to produce too many movies too fast” and “was putting too many weak characters into the lineup” (Leonard, 2007).

Marvel Studios’ jump into producing its own films was considered a gamble not only because it was literally betting its characters rights² on the success of the initial two films, but also because the characters that the company had available was considered second-tier, due to the fact that its most well-known characters rested in the hands of Sony/Columbia and 20th Century Fox. Marvel moved forward with a slate of characters that were to, at first, include such characters as Iron Man, Hulk, Captain America, Ant-Man and Thor. These were beloved characters to comic book fans but

¹ A one-hour television special detailing the “origin story” of the Marvel Studios’ success story that played on ABC, a company owned by The Walt Disney Company, who also owns Marvel Entertainment as of 2009.

² A deal with insurance company Ambac (Leonard, 2007).

mostly unknown entities within mainstream culture — unlike the pull exercised by Spider-Man or the X-Men. Given the confidence that Marvel had on the power of its brand, the company trusted that it would be able to not only collect a much larger slice of its superhero driven movies (excluding the necessary distribution deals in place with Universal and Paramount, because Marvel was an untried studio with no distribution deals in place with theater chains), but would also “be able to determine their release dates, which will make it easier to sell action figures and other merchandise” (Leonard, 2007).

Assembling the Marvel Cinematic Universe

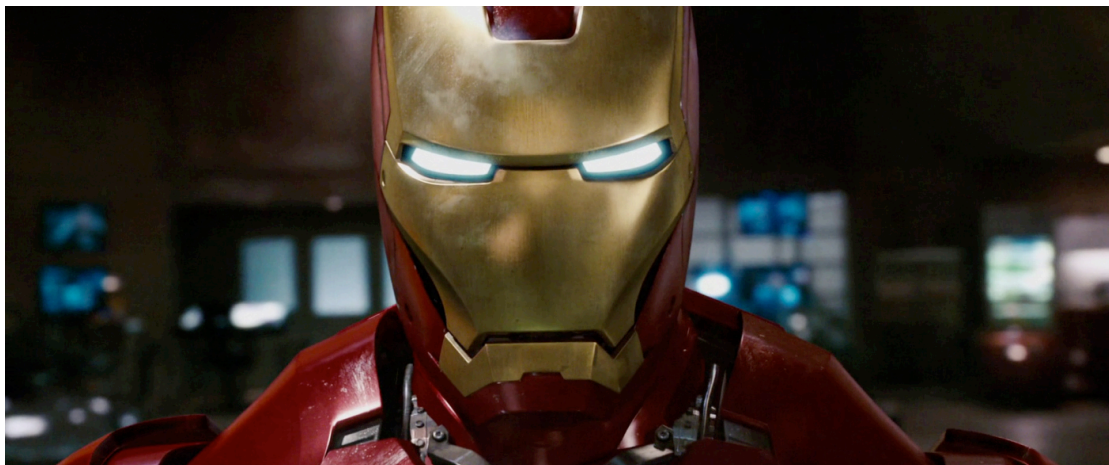


Figure 32: *Iron Man*, Jon Favreau, 2008

In the eight years since the debut of Jon Favreau’s *Iron Man* (2008), Marvel Studios has crafted the most profitable franchise of all-time, the Marvel Cinematic Universe (MCU), which is comprised, as of now, of the following twelve films: *Iron Man* (Jon Favreau, 2008), *The Incredible Hulk* (Louis Leterrier, 2008), *Iron Man 2* (Jon Favreau, 2010), *Thor* (Kenneth Branagh, 2011), *Captain America: The First Avenger* (Joe Johnston, 2011), *The Avengers* (Joss Whedon, 2012), *Iron Man 3* (Shane Black, 2013), *Thor: The Dark World* (Alan Taylor, 2013), *Captain American: The Winter Soldier* (Joe and Anthony Russo), *Guardians of the Galaxy* (James Gunn, 2014), *Avengers: Age of Ultron* (Joss Whedon, 2015), and *Ant-Man* (Peyton Reed, 2015). The release of the 12th MCU film, *Ant-Man* (Peyton Reed, 2015), brought in

the collective domestic gross up to \$3,594,222,721¹ and the worldwide up to \$9,065,299,688² (both not adjusted for inflation), which makes the MCU the highest grossing franchise in history, ahead of eight *Harry Potter* films, seven *Star Wars*³ films and 25 *James Bond* films, the other three most profitable franchises of all-time. The Marvel Studios film schedule is comprised of eleven more films to be released up to 2019. The success Marvel Studios has earned has been a surprise, not only given the inexperience of Marvel Entertainment in terms of producing its own films, but also in terms of how quickly this franchise became so popular and lucrative.

It's been four years since Disney purchased Marvel Entertainment for \$4 billion [⁴]. At the time, it wasn't hailed as a brilliant move. Disney's stock price sank on news of the deal. Superheroes were hot properties in Hollywood, but Disney was spending billions for a company that had years ago signed away the film rights to its most popular characters. (Leonard, 2014)

While Marvel may have been left with what the press named a “second-string superheroes” (Boucher, 2006), giving the fact that its most popular characters (such as the Fantastic Four, X-Men, Spider-Man) were controlled by other studios, and while Disney's purchase of Marvel Entertainment might have been a “complete shock” (Leonard, 2014), Robert Iger's (Disney's CEO) strategy appears to be the acquisition of “studios that can tell stories”, or at least created extremely profitable films and franchises (Pixar, Marvel Studios, Lucasfilm). In the specific case of Marvel Studios, its president Kevin Feige is the man responsible for this studio's phenomenal success. Devin Leonard, who has been following Marvel's Hollywood path, wrote a lengthy profile on Kevin Feige for *Businessweek* titled “Kevin Feige, Marvel's Superhero at running Movie Franchises” (2014) detailing his professional ascendance.

¹ Box Office Mojo, “Marvel Cinematic Universe”, online. Accessed April 2, 2016, <http://www.boxofficemojo.com/yearly/?sort=year&order=DESC&p=.htm>.

² The Numbers, “Movie Franchises”, online. Accessed April 2, 2016, <http://www.the-numbers.com/movies/franchises/sort/World>.

³ Eight if one counts the spin-off animated film *Star Wars: The Clone Wars* (Dave Filoni, 2008). This film does not belong within the canonical seven episodes released so far, which includes *Star Wars: The Force Awakens* (J.J. Abrams, 2015).

⁴ The Walt Disney Company bought Marvel Entertainment in 2009. That deal put Joe Quesada as Chief Creative Officer of Marvel Entertainment.

He has a special understanding of comics, fans, superheroes, and narrative. He concedes that Marvel won't recover the film rights to Spider-Man or the X-Men anytime soon but says Marvel has something more valuable: a universe of thousands of characters it controls entirely. That means Feige can produce an unlimited number of films with interweaving story lines and characters, creating a vast audience for almost any Marvel movie. People might show up for The Avengers, meet the Black Widow, and come back for her movie, too. There's a map of films reaching far into the next decade on the wall of Feige's office. "It's like looking through the Hubble telescope. You go, 'What's happening back there? I can sort of see it,' " he laughs. "They printed out a new one recently that went to 2028." (Leonard, 2014)

Kevin Feige studied film at the University of Southern California (after learning that George Lucas had studied there) and, after graduating, worked with producer Lauren Schuler Donner on three films, the last one being Bryan Singer's *X-Men* (2000), which marked Kevin Feige entrance into the world of Marvel's superheroes (part of his job was immersing himself in the genre and in the comics). According to Devin Leonard, the success of that first *X-Men* film can be credited to Kevin Feige's work with Bryan Singer on the portrayal of the mutants on screen. This, in turn, impressed Avi Arad (at the time, head of Marvel Studios) who hired Kevin Feige to be his "second in command" (Leonard, 2014). Finally, in 2005, Marvel started creating its own studio production. Film rights to the characters were put up as collateral in return for \$525 million from Merrill Lynch. Avi Arad and David Maisel had conflicting ideas concerning the strategy that Marvel Studios should employ, which led Avid Arad¹ to quit in 2006. The following year, David Maisel took over as chairman and producer Kevin Feige became president of production of Marvel Studios²: "He was 33 years old, and he was in charge of Hollywood's first major independent movie studio since DreamWorks" (Leonard, 2014). Marvel made a few unorthodox decisions, including not bringing outside producers to work on separate films:

Instead, it formed a six-member creative committee with people steeped in comic book lore. Feige was a member, along with Louis D'Esposito, co-president of

¹ Avi Arad stated he had no regrets and remained one of the producers of *Iron Man* (2008) and *The Incredible Hulk* (2008) (Leonard, 2007).

² "Marvel Entertainment Names David Maisel as Chairman, Marvel Studios and Kevin Feige as President of Production," 2007.

Marvel Studios. It also included some guys who actually made comic books, such as Dan Buckley, president of publishing; Joe Quesada, Marvel's chief creative officer; and the writer Brian Michael Bendis. People in Hollywood sneer about the idea of making movies by committee; it's supposed to result in lifeless products. But it worked for Marvel, in part because the members were willing to go along with Feige on key decisions. (Leonard, 2014)

The first *Iron Man* (Jon Favreau, 2008) movie was a resounding success. It grossed \$318 million at the box office and \$263 million internationally (adding up to more than \$582 million worldwide) — had it not been for Christopher Nolan's superhero masterpiece *The Dark Knight* (Warner Bros., 2008), *Iron Man* would have been the highest grossing movie of its year. *The Incredible Hulk* (Louis Leterrier, 2008), however, was not as successful (it made \$263 million worldwide¹) and Edward Norton's Bruce Banner/Hulk suffered in comparison to the Tony Stark/Iron Man portrayed by Robert Downey Jr. It received adequate reviews when it came out, but it remains one of the least compelling Marvel Studios films and the only one that did not earn a sequel. Contrary to the other Marvel films (up until other arrangements were made by Disney by the time *The Avengers* came out in 2012), *The Incredible Hulk* was distributed by Universal and not by Paramount.

After that, Disney's Robert Iger, who was trying to revitalize Disney in the wake of Michael Eisner, became interested in acquiring Marvel Entertainment² — Bob Iger had made a similar move, in 2006, when Disney acquired Pixar based on the movies it had in its pipeline for the following seven years (*Cars*, *Ratatouille*, *Wall-E*, *Up*, and *Toy Story 3*). Even Bob Iger makes the connection between Marvel and Pixar: “‘They live and breathe Marvel full time just like the Pixar folks live and breathe Pixar full time,’ says Iger” (Leonard, 2014). Just like Pixar, Marvel had a road map of where they wanted to go well into the future.

Bob Iger believed the Marvel characters would be an important acquisition for the Disney universe. His strategy was clear: compelling characters can be turned into “movies, TV shows, theme park rides, and cruise ship attractions. A movie might

¹ In the highest grossing list of that year, *The Incredible Hulk* came in 17th place.

² In September 2005, Marvel Enterprises changed its name to Marvel Entertainment to reflect the corporation's expansion into financing its own movie slate.

make money on its own, but it was in a way an advertisement for everything else” (Leonard, 2014)¹. According to Devin Leonard, it took six months for Bob Iger to meet with Isaac Perlmutter who agree with the purchase if he remained in charge. Also, “Marvel would continue to make movies under its old system, but Disney would have final approval” (Leonard, 2014). Upon the conclusion of the deal, David Maisel left the company.

Building a Shared Universe



Figure 33: *The Avengers*, Joss Whedon, 2012

Marvel Studios has redefined the concept of what a movie franchise can be. The studio did not simply build a series of franchises, like the rest of the studios navigating franchise and world building waters. It built a veritable tapestry of franchises — a mosaic, if you will — by phases. Each phase presents a stand-alone installment of each main Marvel superhero — Iron Man, Hulk, Thor, Captain America — that culminates in the superhero team-up in the *Avengers* films, where all of the abovementioned superheroes appear, as well as other characters are introduced. Each *Avengers* installment closes out a cinematic “phase”. “Phase One” included the first two installments of the *Iron Man* franchise (*Iron Man* and *Iron Man 2*, both

¹ In another step for (movie) world domination: “Disney obtained another seemingly boundless universe of characters and stories in 2012 when Iger negotiated a \$4 billion deal for Lucasfilm, owner of the *Star Wars* franchise” (Leonard, 2014).

directed by Jon Favreau and released 2008 and 2010 respectively), *The Incredible Hulk* standalone movie (Louis Leterrier, 2008), followed by *Thor* (Kenneth Branagh, 2011) and *Captain America: The First Avenger* (Joe Johnston, 2011) — the first installments of their respective franchises —, all culminating with *The Avengers* (Joss Whedon, 2012). “Phase Two” followed the fallout from the *Avengers* movie and includes *Thor: The Dark World* (2013), *Captain America: The Winter Soldier* (Anthony and Joe Russo, 2014), *Guardians of the Galaxy* (James Gunn, 2014), with all once again culminating in *The Avengers: Age of Ultron* (Joss Whedon, 2015). “Phase Two” effectively closed out with *Ant-Man* (Peyton Reed, 2015). “Phase Three” is already mapped out¹, once again concluding with a two *Avengers* installments.

As it has been discussed, movie franchises are nothing new. Going as far back as the 1930s and 1940s, there were plenty of low-grade, frequently comedy, franchises with a healthy amount of entries (half a dozen, if not more). In “How Marvel Studios Is Redefining The Movie Franchise” (2014), Devin Iequates how these earlier franchises operated as being equivalent to the way sitcoms operate: “a situation and characters are established up front and then comedy ensues in each entry” (Faraci, 2014a), meaning they functioned as serialized franchises (properties such as the *Planet of the Apes*, *James Bond* and *Godzilla*² franchises are good examples of such a serialized nature). Since the beginning of the 21st century, however, franchises have not only become the norm, but are also now planned by the studios in terms of “trilogies with long arcs”. Devin Faraci cites *The Harry Potter* franchises as the “ultimate example of the modern serialized franchise - it's one story continued over eight films that, by the middle, becomes impenetrable to outsiders” (Faraci, 2014a).

¹ *Captain American: Civil War* (Joe and Anthony Russo, 2016), *Doctor Strange* (Scott Derrickson, 2016), *Guardians of the Galaxy Vol. 2* (James Gunn, 2017), *Spider-Man* (Jon Watts, 2017), *Thor: Ragnarok* (Taika Waititi, 2017), *Black Panther* (Ryan Coogler, 2018), *Avengers: Infinity War – Part 1* (Joe and Anthony Russo, 2018), *Ant-Man and the Wasp* (Payton Reed, 2018), *Captain Marvel* (2019), *Avengers: Infinity War – Part 2* (Joe and Anthony Russo, 2019) and *Inhumans* (2019).

² *Godzilla*, in particular, is an interesting case study. The first film of this franchise was *Godzilla* (1954), a film released by the Toho Company and directed by Ishiro Honda. It was an early and influential classic in the “Kaiju” (giant monster) film genre, and the first example of the “tokusatsu” (films with special effects) genre of Japanese entertainment. The franchise encompasses three series: the Shōwa series (1954–1975), the Heisei series (1984–1995) and the Millennium series (1999–2004), whose end marked the 50th anniversary of the *Godzilla* film franchise, after which the Toho initiated a 10 year hiatus. There are also the American films in 1956, 1998 and 2014.

Now Marvel Studios is pushing the evolution of franchise films to another level. They're going beyond the idea of a serialized story contained in a single franchise and they're spreading their story out through all of their series, basically making the Marvel Studios films one big franchise that has two movies open a year. (...) Until Phase Two began it seemed plausible that the individual franchises would bump against each other every three years in another Avengers movie, and that you could happily ignore the rest of the films, but *Iron Man 3* and *Thor: The Dark World* show that perhaps the studio is playing it very differently, and I suspect that by the time we get to Phase Three you're going to have to watch every single movie Marvel releases to keep up. (Faraci, 2014a)

In *Marvel Studios: Assembling a Universe* (2014), it is quite clear that Kevin Feige and Marvel Studios have been playing a very long game. Speaking at a San Diego Comic-Con panel, Kevin Feige suggests that it is not a coincidence that the heroes chosen to be brought to film are members of the Avengers: “If you listen to the characters that we are working on currently and you put them all together, there’s no coincidence that may someday equal the Avengers. I think just having that possibility on the horizon is something that excites all of us”, said Kevin Feige (“Marvel Studios: Assembling a Universe”, 2014). That was a possibility that was mapped out since 2006¹ — this is one of the reasons Bob Iger states² as having made the acquisition of Marvel much more exciting, even if not altogether understood by Wall Street or the film industry. Before Phase Two began, there was a generalized feeling that the individual franchises (likely trilogies, of the individual characters) would “bump against each other every three years in another Avengers movie, and that you could happily ignore the rest of the films” (Faraci, 2014a). However, in Phase Two, *Iron Man 3* (Shane Black, 2013), *Thor: The Dark World* (2013) and *Captain America: the Winter Soldier* (Anthony and Joe Russo, 2014) were not just sequels of their own individual franchises, they are also sequels (especially in the case of *Captain America*) sequels to the *Avengers* film, in so far as the events that happened in that cross-over affect the characters when they go back to their independent stories. The status quo is significantly different and while one could simply watch the *Thor* movies sequentially, that would neither be the best nor even the intended experience.

¹ “Feige told *Wired*. ‘Will that happen? I don’t know. But what we planned for 2015 in 2006 is happening’” (Rogers, 2013).

² “They had a road map that took them well into the future” (Leonard, 2014).

The post-credit “stingers” have been *modus operandi* for the MCU to reveal details that not only connect the tissue of the universe where all these stories are occurring, but also function as “teasers” for upcoming films. Not just that, but “Easter Eggs” are planted within the films, usually to be found by the perceptive eyes of “loyalists”¹, but also to further connect the various elements of the MCU (i.e., the “Infinity Gems”², a McGuffin that will be used in *Avengers: Infinity War – Part 1* and *2*, the mention of a character of another film or that has yet to be introduced). More importantly, even, is the fact that Marvel Studios is working on having an “actual narrative through line that will connect the films by more than just crossover; there is an overarching storyline that will reach through all of the movies” (Faraci, 2014a). This is all leading towards Phase Three, which will not be simply a series of franchises occasionally crossover but actually one long and encompassing franchise telling one story, leading up to its conclusion in *Avengers: Infinity War – Part 1* and *2*. Just like Bob Iger made the connection between Pixar and Marvel due to their “independent” status and detailed plans for future films, Marvel itself is establishing the kind of brand recognition that Pixar evokes, where audiences flock to theaters to watch particular movies because they come from a particular studio. Only Marvel’s movies intertwine, weaving in and out of each other, creating a complex narrative tapestry. Or better yet, creating a chaptered narrative that actually brings comic book storytelling to the big screen. Marvel’s “One Shot” featurettes (mini-features that appear on Marvel’s DVDs and Blu-rays as extras) function using the same comic book storytelling concepts as Marvel Comics, which sometimes releases a one-off story, detailing a particular episode of following a particular character. Some of the characters that exist on the MCU are further explored in the shorts in ways that would not be possible within the larger narrative of the films that focuses, naturally, on the principal characters.

More than that, this interwoven single franchise means that individual franchise entries can come more often. The old franchise model had multiple years between entries, then the *Harry Potter* model upped to it an annual event. *Star Wars* will be annual as well. Marvel is at two films a year now, but I wonder if by Phase Three they won't be pushing that envelope as well, releasing films quarterly. Imagine a single franchise that has four movies a year - it's something we accept, more or less, from serialized TV shows. (Faraci, 2014a)

¹ As Joe Quesada states (Leonard, 2014).

² The gems are part of the *Infinity Gauntlet* miniseries, a famous Marvel Comics event.

The Marvel shared universe, however, does not simply contain a tapestry of interconnected films where characters freely (although with a specific design) circulate among films. Disney and Marvel Studios' hugely successful Marvel Cinematic Universe encompasses a synergetic and transmedia strategy and the overall narrative encompasses every bit of media entertainment produced under the authorial control of Marvel Studios and Marvel Television. This shared universe includes the films, the comic book tie-in titles, and the television shows *Marvel's Agents of S.H.I.E.L.D.* (Joss Whedon, Jed Whedon and Maurissa Tancharoen, 2013) and *Marvel's Agent Carter* (Christopher Markus and Stephen McFeely, 2015), as well as the on-demand series that result from partnership between Netflix and Marvel Television that has released two seasons of *Marvel's Daredevil*, one season of *Marvel's Jessica Jones* (Melissa Rosenberg, 2015) and will release a *Luke Cage* and *Iron Fist* series, all of which will culminate in an upcoming, Avengers-style *Defenders* crossover. Therefore, in true transmedia form, each medium, be it film, television or comic books, contributes to the larger narrative as it unfolds across these multiple platforms. The television shows' function is to tell more grounded stories (without the presence of the cinematic superheroes) that develop both our understanding of the world they inhabit and its history and background.

There is, in fact, an abundance of superhero shows on American television has currently emerged, trying to capitalize on the success of the superhero genre and on the possibilities afforded by synergy and transmedia strategies. As it has been mentioned, the Hollywood industry is trying to exploit the newfound popularity and mainstream appeal of the superhero genre — which possesses “highly immersive narratives” which can be relatable to the “escapism” that Liam Burke identifies as a cause for the increasing popularity of the “comic book movie” (Burke, 2015: 30) — that is sweeping the box office by introducing related properties to television viewers. This also furthers a media franchising/corporate synergy agenda where different divisions of the same company work towards expanding “immediately recognizable brands” (Wasko, 2001: 71). Concerning transporting the MCU into television, Disney owns both Marvel Entertainment and ABC, making it the ideal place where to air Marvel-related television content.

The Marvel and ABC efforts have resulted in endeavors that spin-off characters that were prominently (to a broader audience) introduced in the MCU films and, thus, respond not to a superhero comic book mythology but to the films' mythology. Both characters Phil Coulson (*Marvel's Agents of S.H.I.E.L.D.*) and Peggy Carter (*Marvel's Agent Carter*) and were character prominently featured in the MCU films and their respective television shows respond to mythology and background established from the movies that already exist — and continue to be released, as *S.H.I.E.L.D.* inhabits the same world and time — and not from adapted storylines from comics.

The MCU approach is one of transmedia storytelling where “Everything is connected” (the ABC slogan for its Marvel properties). In the case of the television superhero shows that are connected to Marvel properties, they have emerged from two fronts: in collaboration with the broadcast network ABC, and in collaboration with the digital content provider Netflix. *S.H.I.E.L.D.* was a vehicle to showcase the S.H.I.E.L.D. organization (a fictional espionage, law-enforcement, and counter-terrorism agency) and Agent Phil Coulson (Clark Gregg), after dying in *The Avengers* (Joss Whedon, 2012). *Agent Carter* was spun-off of both the *Captain America: The First Avenger* (Joe Johnson, 2011) movie and a “One-Shot” short feature that accompanied the DVD edition of that same movie, following Peggy Carter (Hayley Atwell), who was Captain America's senior officer and love interest. It also served to expand the series timeline and offer a richer backstory as well as hints and clues regarding the past of on many characters of the MCU. While *S.H.I.E.L.D.* has run for three seasons, *Agent Carter* has been treated as an “event series” of eight and ten episodes (respectively corresponding to the first and second seasons), scheduled during *S.H.I.E.L.D.*'s winter hiatus. Both shows serve to tell the larger mythology that the films don't have time to.

Netflix's shows are a particular case because they have, as previously mentioned, originated from a deal Marvel made with Netflix for the production of five original series based on Matt Murdoch/Daredevil, Jessica Jones, Luke Cage and Iron Fist, all of whom, at the end of their respective standalone series will crossover in the *The Defenders*. This is a clear attempt at transporting the MCU model into the Netflix model, which produce its series as if they were a cable or quality broadcast television

show. The series are comprised of thirteen episodes, released at the same time, available for consumption at the spectator's leisure.

Lastly, other studios, especially ones with a superhero repertoire, are planning on utilizing the Marvel model and create crossovers and interwoven narratives. Warner Bros. is trying to do just that with its DC Comics characters, reacting with a multi-year plan to release a multitude of superhero movies¹, having put billions of dollars in box office, licensing and merchandising revenues on the line in order to rise to the success level the MCU has had with its properties. The sequel to *Man of Steel* (Zack Snyder, 2013) was changed from a simply sequel to a crossover between the Superman and Batman characters, adding the Wonder Woman character to the mix, with the endgame of creating their own *Avengers* movie with the DC equivalent: the Justice League — *Batman V Superman: Dawn of Justice* (Zack Snyder, 2016). Sony has essentially scrapped its plans to construct a Spider-Man-related connected universe, populated by the characters that inhabit Spider-Man world, and now has a collaboration with Marvel Studios and Disney to reboot and share the character between the two studios, with a new Spider-Man film slated for 2017, helmed by Jon Watts. Fox began to revitalize its *X-Men* franchise in 2011 with the success of *X-Men First Class* and the follow up, *X-Men: Days of Future Past* (Brian Singer, 2014)². Roberto Orci and Alex Kurtzman³ began working on Universal's classic monsters (such as the Mummy). The *Star Wars* franchise (now owned by Disney) will steep back into its transmedia roots and truly embrace that nature with a new trilogy, flanked by standalone movies in between each (Child, 2013), along with a slew of comic books, books, games and other transmedia branches. Lucasfilm president Kathleen Kennedy is quoted in the statement as saying that the company has “an unprecedented slate of new Star Wars entertainment on the horizon”, which means not only the new film series that started with *Star Wars: The Force Awakens* (J.J.

¹ *Suicide Squad* (David Ayer, 2016), *Wonder Woman* (Patty Jenkins, 2017), *Justice League Part One* (Zack Snyder, 2017), *The Flash* (Seth Grahame-Smith, 2018), *Aquaman* (James Wan, 2018), *Justice League Part Two* (Zack Snyder, 2019), *Shazam!* (2019), *Cyborg* (2020).

² Although the studio suffered from a poorly received *Fantastic Four* (Josh Trank, 2015) franchise reboot.

³ The duo that penned *Transformers* (Michael Bay, 2007) and *Transformers: Revenge of the Fallen* (Michael Bay, 2009), as well as *Star Trek* (J.J. Abrams, 2009) and *Star Trek Into Darkness* (J.J. Abrams, 2013).

Abrams, 2015), but also “games, books, comics and new formats that are just emerging” (McMillan 2014).

Cinema and Technological Change

Due to momentous technological developments, at the end of the twentieth century, there were significant discussions regarding the end (or even the death) of cinema, as it had been known that far, and the “decline (into oblivion) of what we once used to call film culture” (Lewis, 2001: 8). In “An Introduction to a Book on Nineties American Film” (*The End of Cinema As We Know It: American Film in the Nineties*, 2001), Jon Lewis writes that perhaps the turn of the century marks more a transition period than the end of a medium and that what is changing are the “material conditions under which film history will persist”. Just as the American cinema has a tendency towards repetition (of styles, stars, genres), it also has a tendency for “flexibility and resilience” to endure and adapt to the each technological development that threatens the status quo of the “industry and the medium it produces” (such as the advent of sound, color, the introduction of television) (Lewis, 2001: 8).

Even if films will soon no longer exactly be films, even if cinema is once and for all (in some specific, narrow way) really dead, it’s not like there will be nothing for us to pay for and watch in the future. The like of Time Warner and Disney will see to that. (Lewis, 2001: 8)

In 2001, Wheeler Winston Dixon wrote “Twenty-Five Reasons Why It’s All Over” (*The End of Cinema As We Know It: American Film in the Nineties*, 2001) and, in it, stated that “in the first years of the second century of cinema, we are faced with the inescapable fact that, at the very least, ‘film’ has become an altogether different medium from that imagined and practiced by its pioneers and classicists” (Dixon, 2001: 356). He proceeds to list the twenty-five reasons that prove how much cinema has transformed over the course of a century, particularly in the last twenty years of the twentieth century. In his chapter, Wheeler Winston Dixon largely touches upon the same issues that have been covered throughout this dissertation. He argues that theatrical distribution ceased to be a certainty (“as late as the early 1980s, each 35mm film was virtually guaranteed a shot at the theatrical marketplace”) due to the proliferation of delivery systems (television, videotapes and then DVDs, cable, the Internet); that the cost of producing and marketing a movie skyrocketed, whilst films

not only became “relentlessly teen-driven”, but also continuously formulaic which he attributes as being a result of conglomeration (Dixon, 2001: 356-357). Another result of conglomeration is the tight hold that American majors possess over international (as well as, of course, domestic) distribution and production, a trend that heightens as new markets open up (i.e., China) (Dixon, 2001: 358). Wheeler Winston Dixon continues and maintains that digitization not only democratizes the production and distribution of films, rendering it “easier and cheaper” (Dixon, 2001: 359), but will also eventually replace film stock itself (Dixon, 2001: 362). In truth, like film stock, the “classical film production methodology” had (mostly) become obsolete by the end of the twentieth century as, for example, technical methods such as workprints and magnetic film sound transfers and Steenbeck editing machines. Even optical effects (“which once required extensive laboratory work”) are now easily rendered due to digital technologies that simplify and digitize a previously analogic process (Dixon, 2001: 364). The reverse of that digital coin is threefold. Since “computer-generated images make any effect possible”, audiences become jaded (Dixon, 2001: 358). In addition, Wheeler Winston Dixon argues that the “style and polish with which contemporary mainstream films are made seem entirely synthetic” (Dixon, 2001: 364). The “syntheticity” of the cinematic images that populate theater screens is now a “demonstrated fact”. The abandonment of the “classical shot structure” has led to the institutionalization of new hallmarks of modern cinema, which can be summarized thusly:

Instant audience capture with a violent opening, regular doses of violence and brutality thereafter (or ruthless sentimentality), and a cutting style that resembles nothing so much as a bored insomniac maniacally channel surfing at 3 A.M., desperately searching for some image to hang on to—(...) the viewer cannot be left unattended for a second. (Dixon, 2001: 365)

As far as film style¹ is concerned, Wheeler Winston Dixon blames the insistence on composing films for “TV screens rather than cinema screens”, for a “barrage of flat, uninvolving visuals”. Television’s (in particular MTV’s) influence is also felt through the “hyperedited ‘shot fragment’ [that] has become the rule for

¹ Which Thomas Schatz describes as the “array of narrative, thematic, and formal-aesthetic characteristics that distinguish films as individual works and also as representative of larger bodies of work — genres, story cycles, period styles, and so on” (Schatz 2009a: 51).

dramas and action films”. Additionally, an over reliance on marketing and a mandatory narrative linearity have become film’s main driving forces (Dixon, 2001: 359-360). Controversially, Wheeler Winston Dixon solicits the acknowledgement of the negative influence of Steven Spielberg and George Lucas, whose films became “emblematic of late-twentieth- and early-twenty-first-century cinema; visuals over content, excess before restraint, spectacle rather than insight” (Dixon, 2001: 361). This “visuals over content” approach has led to what Wheeler Winston Dixon calls the “collapse of narrative and the demise of audience consciousness”, meaning that movie plots have been reduced to “hand-holding simplicity”, while audiences seem to be unable to become immersed in a complex narrative (Dixon, 2001: 363).

Regarding contemporary cinema’s relationship with its past, Wheeler Winston Dixon laments two contemporary developments. On the one hand, he bemoans that certain lists of “canonically approved” motion pictures have “transubstantiated the entire history of cinema” in such a way that films that do not figure in those groups end up forgotten¹ due to their “noncanonical” status. Secondly, he bemoans contemporary cinema’s tendency to “strip-mine” its past by relying on remakes and reboots of old properties, a trend that has come to “dominate the market in an unprecedented fashion”, compromising the creation of new stories, new material (Dixon, 2001: 362-363). Some of the last entries, in Wheeler Winston Dixon’s “Twenty-Five Reasons Why It’s All Over”, are concerned with the proliferation of ways through which audiences can consume entertainment. As Internet has joined a whole range of media that prevent commitment to “one image stream for more than a few minutes”, Wheeler Winston Dixon appears weary as to how the constant torrent of information feels overwhelming and nostalgic for the film theater as the “social gathering places they were from 1990 to the late 1960s” (Dixon, 2001: 364). Meanwhile, technological developments have transformed the home viewing experience and liberated the spectator from being enslaved by the screen (Dixon,

¹ This issue regarding forgotten films also encompasses the question of “interoperability” — a “set of guidelines for equipment and practices that will assure that rapidly changing technology does not render older systems obsolete too quickly” (Bordwell, 2012: 19). As digital technologies have changed the cinematic apparatus (especially considering exhibition technologies) and at rate at which technologies become obsolete nowadays, there is a real concern that titles will be lost if there is not a concentrated effort to archive and maintain a viewing standard. 35mm print is still the best way to preserve film but no longer a utilized option in Hollywood, in a large scale. Additionally, David Bordwell has argued that films, “whether made on film or digital platforms, have fewer chances of surviving for future viewers” (Bordwell, 2012: 197).

2001: 364-365). The last of Wheeler Winston Dixon's "Twenty-Five Reasons Why It's All Over" is, actually, a reason why it is not all over: "And yet, despite all this, cinema will live forever". Despite the fact that 35mm film will become a thing of the past, or that digital production and exhibition might offer a fundamentally different (theatrical) viewing experience¹, the reasons cited above concern a technological shift ("albeit a profound one") that while it might end "movies as we know them", it will not end cinema itself (Dixon, 2001: 365).

Cinema's loss of medium specificity

In an entry defining the keyword "medium specificity", Emma Bee Bernstein wrote that, by connecting the two words "medium" and "specificity", a combined definition can be understood in such terms: "the quality of being specific, in operation and effect, to the character of the raw material being used as a mode of artistic expression". Thusly, medium specificity is inextricably related to a "distinct materiality of artistic media", even as this is "primarily defined by convention" given that "the qualities that define a medium are not irreducible or inherent properties" but "historically construed categories of tools and practices"².

In the book *Reinventing Film Studies* (2000), edited by Christine Gledhill and Linda Williams, there is a section titled "Cinema in the age of global multimedia", where contributors took up the "question of what cinema has become in an era of postmodern, post-colonial, and global multimedia in which Hollywood still rules" (Gledhill and Williams, 2000: 379). In their essay "Film theory and spectatorship in the age of the 'posts'", Robert Stam and Ella Habiba Shohat argue, in a particular section of their essay subtitled "Post-celluloid: digital theory and new media", that the film's (celluloid) medium specificity has been dissolved into a "media blur and become transnational" while at the same time "the notion of passive spectators gives way to more active participants" (Gledhill and Williams, 2000: 379).

¹ "Film 'as we know it' has always been dying and is always being reborn. What we are witnessing now is nothing more nor less than the dawn of a new grammar, a new technological delivery and production system, with a series of plots, tropes, iconic conventions, and stars" (Dixon, 2001: 366).

² Emma Bee Bernstein, "Medium Specificity," *The Chicago School of Media Theory*, Keywords, accessed June 8, 2015, <https://lucian.uchicago.edu/blogs/mediatheory/keywords/medium-specificity/>.

The cinema in its long-heralded specificity now seems to be dissolving into the larger bitstream of the audio visual media, be they photographic, electronic, or cybernetic, changing not only the ‘identity’ of the cinema but also that of those who consume it. Indeed, changing audiovisual technologies dramatically impact on virtually all of the perennial issues engaged by film theory: specificity, auteurism, apparatus theory, spectatorship, realism, aesthetics. (Stam and Shohat, 2000: 394)

According to this statement, due to the “digital” nature of digital media, it has become more and more difficult to argue in “media-specific” terms. The advent of digitization and, therefore, of digital imaging contributes to the “de-ontologization” of the image according to André Bazin. In “The Ontology of the Photographic Image”, a chapter within the collection of essays *What is Cinema?*, André Bazin writes that “[o]nly a photographic lens can give us the kind of image of the object that is capable of satisfying the deep need man has to substitute for it something more than a mere approximation”, rendering cinema as “objectivity in time”. It is precisely this issue that is corroded by digital imagery, making cinema more akin to painting¹ than photography, although André Bazin does end this particular chapter by remarking that “cinema is also a language” (Bazin, 1967, ed. 2005: 14-16). Robert Stam and Ella Habiba Shohat make the case that while the classical Hollywood cinema mode of production was a “well-oiled machine for producing emotions”, digitization and the rise of new interactive media no longer require spectators, which is too passive a state, but a participant that might be able to “forge a more personal temporality and mould a more personal emotion” (Stam and Shohat, 2000: 395). They additionally comment that in the “post-celluloid” era, with its digital tools, filmmaking, editing and distribution become easier. Solely in terms of distribution, Robert Stam and Ella Habiba Shohat remark that the Internet allows a “community of strangers to exchange texts, images, video sequences”, surpassing national barriers and creating a new kind of communication. Finally, Robert Stam and Ella Habiba Shohat predict “dial-up cinema”, a result of fiber optics technology, by which spectators (or more accurately, consumers) would be able to “see, or download, a vast archive of films and audio-visual materials” (Stam and Shohat, 2000: 396), a kind of Netflix *avant la lettre*.

¹ This brings to mind Lev Manovich’s argument, which he delineated in the “What is Cinema?” chapter of his book *The Language of New Media* (2001), for digital cinema as painting: “Cinema becomes a particular branch of painting—painting in time. No longer a kino-eye, but a kino-brush” (Manovich, 2001: 308).

Evoking Walter Benjamin's *The Work of Art in the Age of Mechanical Reproduction* (1936), Robert Stam and Ella Habiba Shohat assert the inescapable realization that digitization inevitable permits "infinite reproducibility, without loss of quality since the images are stored as pixels, with no 'original'" (Stam and Shohat, 2000: 396).

The section "Cinema in the age of global multimedia" section ends with the appropriately titled chapter "The end of cinema: multimedia and technological change". Anne Friedberg explores how film started losing its media specificity and cinema "as we know it" — which, as Robert Stam and Ella Habiba Shohat wrote, had been "dissolving into the larger bitstream of the audio-visual media" (Stam and Shohat, 2000: 394) — and cinema "as we know it" seemed to end while a "new world of interactive exchange" opened up (Gledhill and Williams, 2000: 380). Anne Friedberg states, at the beginning of her article "The end of cinema: multimedia and technological change", that the cinema (the theater) screen "has been replaced by its digital other, the computer screen" (Friedberg, 2000: 439). Anne Friedberg argues that the end of the twentieth century encounters cinema as a severely transformed form of popular entertainment due to having become embedded, or even lost, in the (new) media technologies, blurring the lines of media specificity: "the differences between the media of movies, television and computers are rapidly diminishing". The "symptomatic discourse" refers to this phenomenon as "media fusion", "multimedia" or "media convergence"¹ (Friedberg, 2000: 439).

Significantly, Anne Friedberg claims that, while the "technologies of reception and display" are able to maintain their screen separate (theater screen, television screen, computer screen), the kinds of images that are shown on each of them are "losing their medium-based specificity" (Friedberg, 2000: 439) due to the homogenization of digitization. This idea of the loss of medium specificity works in tandem with Marshall McLuhan's 1964 maxim that "the medium is the message"². He

¹ "This is true both for technologies of production (that is, film is commonly edited on video; video is transferred to film; computer graphics and computer-generated animation are used routinely in both film and television production) and for technologies of reception and display (that is, we can watch movies in digitized formats on our computer screens or in video formats on our television screens)" (Friedberg, 2000: 439).

² "This is merely to say that the personal and social consequences of any medium—that is, of any extension of ourselves—result from the new scale that is introduced into our affairs by each extension of ourselves, or by any new technology" (McLuhan, 2006: 7).

defended medium (specific) based studies instead of content-based studies, because “the ‘content’ of any medium blinds us to the character of the medium” (McLuhan, 1964: 9). What Marshall McLuhan characterizes as the message (of any medium and technology) is what Anne Friedberg calls an “account of the effects” (Friedberg, 2000: 439) produced by a specific medium: “the change of scale or pace or pattern that it introduces into human affairs” (McLuhan, 1964: 8). Anne Friedberg also cites the German media theorist Friedrich Kittler (*Gramophone, Film, Typewriter*, 1986) and his anticipation that digitization would erase “the differences between individual media” to the point when fiber optic cable would turn the “formerly distinct media of television, radio, telephone, and mail” into a “standardized series of digitized numbers”, so “any medium can be translated into any other”, until the very concept of medium is erased (Kittler, 1986: 1-2). This reasoning is incredibly close to the concept of the “black box” (one single device that holds all kinds of media, like a television/telephone/computer screen, etc.) and although the media convergence certainly blurred the lines between media to the point where cinema, television and video games, for instance, began to feed off each other, there is still a clear distinction to the limits and possibilities of each medium¹. Ultimately, according to Anne Friedberg, the most important question that the advent of the digital has proposed to scholars is whether the “material differences between cinematic, televisual, and computer media [have] been altered as *digital* technologies transform them” (Friedberg, 2000: 439).

Digital imaging, delivery, and display effectively erase the [McLuhian] ‘messages’ implicit in the source ‘medium’. The digitized Metropolis illustrates how almost all of our assumptions about cinema have changed: its image is digital, not photographically-based, its screen format is small [²] and not projection-based, its implied interactivity turns the spectator into a ‘user’. (Friedberg, 2000: 440)

Subsequently, Anne Friedberg discusses how a number of technologies introduced between the 1970s and the 1980s (video cassette recorder, cable television, television remote control) led to the “convergence of film and television technology”

¹ The transmedia storytelling model described in the last chapter is a framework that, precisely, allows one cohesive and coherent narrative to be exploited throughout diverse media, making use of each mediums possibilities.

² This has proven to not be the case, i.e., IMAX format.

(Friedberg, 2000: 440), even before digitization, muddling the differences between those mediums, as well as altering their respective viewing experiences. The video cassette recorder, the television remote control and cable television were able to not only change audiences “sense of temporality”, as well as prepare them for “the advent of computer screens with wired (Internet) connections — for interactive usage instead of passive spectatorship” (Friedberg, 2000: 442). To Anne Friedberg, the video cassette recorder (VCR) represents the collapse of television’s “liveness” and of the distinctions between film and television. Inevitably, the VCR made it possible for the “cinematic and televisual past [to become] more easily accessible and interminably recyclable” (Friedberg, 2000: 443).

The VCR demolished the aura of live television and the broadcast event, freeing the television screen from its servitude to the metaphysics of presence. Whereas the cinematic apparatus had the potential for reseeing a film built into its means of mechanical reproduction, television had to await the advent of videotape recording and playback features of the VCR. (Friedberg, 2000: 442)

The VCR became broadly accessible to the general public in the mid-1980s and was so popular that by 1993 it has reached a point of “near total saturation”. The machine had the ability to record and playback video cassettes and its initial transformation was liberating the television viewer of time and programing constraints. Therefore, the viewer was not required to stay stuck to the screen (with any presential deviation risking missing the awaited entertainment) and was able to return to the recorded content at his leisure¹.

VCRs were first used for recording off the air, but through the 1980s as more and more pre-recorded video cassettes became available, a rental market (an entirely new industry) developed for movies, exercise videos, educational, and self-help material. Hence, the VCR — originally intended by its marketers to be used as a

¹ Anne Friedberg reveals that in 1970 there were six VCR systems in development but the real battle for market dominance was between Sony’s Betamax and Matsushita’s VHS. Betamax was a ½ inch videotape introduced in 1975 that could record up to an hour; VHS was a rival ½ inch format that could record up to two hours, despite recording with less image quality. Since videotapes were utilized mostly for “recording broadcast feature films”, VHS had the advantage and was, ultimately, the format that become the norm (Friedberg, 2000: 443).

recording and ‘time-shifting’ device — became essentially a playback device. (Friedberg, 2000: 443-444)

Due to its new function, VCRs were quick to implement the features needed for the various actions that a playback device was able to afford: pausing the image, timing when recording would begin, the possibility of viewing a program while taping another, still frame and various speeds of playback. These features sent these devices’ sales rising “beyond expectation”. The commercial possibilities of this technology proved to be a (continuous) cash cow for the major studios (after trying to fight the technology and its capability to record from television and, therefore, “copy” content), which “sold the video rights to their archives” through the 1980s — this was a tactic that permitted studios to continually be infused with revenues from the home video market, something that proved to be a salvation source for the likes of Disney and MGM. Soon, most films (including foreign ones) were transferred (and archived in) to video form (Friedberg, 2000: 444).

Despite the initial fear of theater owners and film producers that VCRs would detract from their box-office receipts, the statistical evidence from the 1980s did not support this fear: movie-goers attended in record numbers and still rented videos (...) as if the use of VCRs actually stimulates movie-oriented activity. (Friedberg, 2000: 444)

Anne Friedberg finalizes her study of the VCR stating that its “time-shifting” and playback capabilities produced a new temporality where time is “shifted, borrowed, made asynchronous”, as its viewers are freed from the “tyranny of standard time and broadcast choices”, while, at the same time, the “emancipatory potential of this new temporality” is, essentially, a source of profit for electronic manufacturers and international entertainment conglomerates (Friedberg, 2000: 445).

Laura Mulvey, in *Death 24x a Second: Stillness and the Moving Image* (2006), also argues for a different kind of emancipatory quality brought on by video and digital technologies. The ability to return to and repeat a film interrupts the “flow of film, delaying its progress, and in the process, discovering the cinema’s complex relation to time” (Mulvey, 2006: 8). In explaining these mechanisms of delay, Laura

Mulvey specifies: “Delayed cinema works on two levels: first of all it refers to the actual act of slowing down the flow of film. Secondly it refers to the delay in time during which some detail has lain dormant, as it were, waiting to be noticed” (Mulvey, 2006: 8). These mechanisms, either of “delay” or “time-shifting”, are early indicators of a tendency towards the personalization of the home viewing experience. If the theater viewing experience of a spectator is much more immersive in a passive way (quietly sitting down and beholding what is presented without control over its presentation), the home viewing experience is immersive in an active way (having, increasingly, total control over the whole experience: when and where to watch, pause, skip, stop, etc.).

In the case of the television remote control, it was a tool for the viewer to gain control over the images he consumed — “zipping’, ‘zapping’, and ‘muting’” (Friedberg, 2000: 447). This power enables channel surfing (the continuous zapping between channels, usually while search for what to watch), an activity that has changed television programming towards increasingly visually reliant narratives, which depend less on “plot and characterization and more on fast rhythmic editing” (Friedberg, 2000: 447). Lastly, cable television¹ was able to challenge the “quality of and criteria for television reception”, while, at the same time, increasing channel choice and breaking the monopoly of network broadcasting (Friedberg, 2000: 443). According to Anne Friedberg, cable television (and VCRs) transformed the cinematic spectator” into a “televisual viewer” (Friedberg, 2000: 447). This happened because in 1975 (the same year of the Betamax/VHS format war), the Home Box Office (HBO) (owned by the Time company) channel began exhibiting movies and special events via satellite. Viacom and Warner Communication² launched their own cable channels (Showtime and The Movie Channel, respectively) featuring programming that heavily relied on feature films (). Ted Turner’s WTBS, whose “core programming consisted of Hollywood’s past”, was the first cable network due to its “national availability” (through satellite supply), and eventually, especially during the 1980s, cable television grew exponentially (Friedberg, 2000: 446). Finally, Anne

¹ “Cable television is almost as old as commercial broadcast television. Because broadcast television required a clear ‘line of sight’ between the transmitter and the receiving set for adequate ‘reception’, cable television developed in areas where broadcast television was not easily received, where antennae could not ‘see’ each other, and where alternative methods were needed for transmitting broadcast signals” (Friedberg, 2000: 446).

² A company that would later merge with Time.

Friedberg argues that the transformations stimulated by the development of new technologies finds the field of film studies in a transitional period:

(...) as new technologies trouble the futures of cinematic production and reception, 'film' as a discrete object becomes more and more of an endangered species, itself in need of asserting its own historicity. In the past decade or so, first with the VCR and more recently with on-line and digital technologies, the methods and source material for film and television scholarship have been radically transformed. (Friedberg, 2000: 448)

Anne Friedberg's "The end of cinema multimedia and technological change" is an important text because it represents a bridge between a time coming out of analogue apparatuses into digital technologies, when the full scope or even direction of the transformation that digital technologies would perform was not conceivable in its totality, whilst certain trends were able to be gleaned. The author argues that just as television at first competed with the film industry until it became itself a delivery system for motion pictures, so has the domestic place of the television prepared viewers for the screen of the personal computer, which would itself become a delivery system of films and television content. Due to the multiplication of screens now defined as "display and delivery formats" (projection screen, television, screen, computer screen), film is now considered a "storage medium" (video, CDS, DVDs, databanks, on-line servers), and spectators are "users with an interface" (keyboard, remotes, touch screens) (Friedberg, 2000: 440).

Now, a variety of screens (...) compete for our attention without any arguments about hegemony. Not only does our concept of 'film history' need to be reconceptualized in light of these changes in technology, but our assumptions about 'spectatorship' have lost their theoretical pinions as screens have changed, as have our relations to them. (Friedberg, 2000: 450)

This multiplication of screens (and devices) debunks Friedrich Kittler's notion of an erasure of the concept of medium.

I am seeing more and more black boxes. There are my VCR, my digital cable box, my DVD player, my digital recorder, my sound system, and my two game systems,

not to mention a huge mound of videotapes, DVDs and CDs, game cartridges and controllers, sitting atop, laying alongside, toppling over the edge of my television system. (...) The perpetual tangle of cords that stands between me and my “home entertainment” center reflects the degree of incompatibility and dysfunction that exist between the various media technologies. (Jenkins, 2006: 15)

Lastly, Anne Friedberg cites a 1995 *New York Times* front-page story that advances that “If the medium is the message, then the message these days is the World Wide Web” (Markoff, 1995). The author of that piece, John Markoff, compares the World Wide Web with the telegraph, making the connection between two new mediums (at their respective times) that were embraced by the Associated Press in order to “speed the collection and dissemination of information” (Markoff, 1995). This happened at a time when it seemed that this “multimedia information-retrieval system” would become a mass medium by its own merit. John Markoff’s piece is hopeful in that it argues that the “Web is poised not to replace its predecessors but to take a place alongside them as a social, cultural and economic force in its own right”¹. John Markoff does introduce the caveat, however, that “unlike each previous mass medium, the Web does not require its audience to be merely passive recipients of information” (Markoff, 1995).

Cinema in the Digital Age

Anne Friedberg’s reflections on questions that arose due to the development of digital technologies and their relationship with cinema leading to its loss of medium-specificity, as well as the emergence of a new kind of temporality permitted by, first, video and, then, digital technologies, that affected the consumption of movies, are echoed in Laura Mulvey’s work in *Death 24x a Second: Stillness and the Moving Image* (2006). Like Anne Friedberg, Laura Mulvey realizes how much new media technologies and devices (video, DVD) have transformed the way we experience cinema. Audiences can now exercise control over movies with the abovementioned technologies and that changes their *rapport*, leading to “new ways of

¹ Its complementary role is evidence as early as 1995 (the first Web browser was created in 1992 by student researchers at the National Center for Supercomputing Applications in Illinois) when John Markoff writes that already few movies were “released without a promotional Web site”, offering clips and illustrated biographies of cast members (Markoff, 1995).

watching films” (Mulvey, 2006: 7) and even “new ways of watching old movies” (Mulvey, 2006: 8). There is, in fact, a new kind of “spectatorship” that is being developed by these technologies given the possibilities of “returning to and repeating a specific film fragment” (Mulvey, 2006: 8). Laura Mulvey argues that her book is informed by the image of the photographic index since the advent of digital technology has given “a new significance to the representation of reality” — in *The World Viewed: Reflections on the Ontology of Film* (1979), Stanley Cavell writes (in the chapter titled “The Medium and Media of Film”) that “the physical basis of movies” is “irreducibly photographic” (Cavell, 1979: 68). Furthering his analysis, Stanley Cavell writes that the “material basis of the media of movies” is a “*succession of automatic world projections*”, where the “automatic” emphasizes the “mechanical fact of photography”, “world” comprises the “ontological facts of photography and its subjects”, and, finally, “projections” refers to the “phenomenological facts of viewing, and to the continuity of the camera’s motion as it ingests the world” (Cavell, 1979: 68). Laura Mulvey reminds us, however, that:

Elegiac reflections on cinema’s ageing found substance in a more immediate, material and objective change as mechanical and chemical technology gave way, gradually, to the electronic and, more dramatically, to the digital. The year 1997 saw the first marketing of film on digital format. (Mulvey, 2006: 18)

That year¹ overlapped with the end of the century and cinema’s centenary (and with it a “resonance of ageing”), imbuing the arrival of digital technology with a rift between “old” and “new” media. Even more than the development of the video format, digital technology seemed to truly mark the “end of an era”, wherein the “specificity of cinema, the relation between its material base and its poetics, dissolves² while other relations, intertextual and cross-media, begin to emerge”. The “end of cinema” conversation that has been approached above was fueled by the collapse of the photographic index (“analogue imagery”). This provoked a fracture with the relation

¹ Concerning this first marketing of the digital format, Laura Mulvey writes as a reference: “On 25 March 1997, *USA Today* announced: ‘The new DVD format gets an official but fitful launch today in seven cities. Stores today start selling the first major wave of movies — 32 from Warner-owned studios’” (Mulvey, 2006: 197).

² Now that “all forms of information and communication can now be translated into binary coding with a single system” (Mulvey, 2006: 18).

with reality (“photographic tradition”) and an ontological crisis within film studies (Mulvey, 2006: 18).

The story of mechanical, photographic, reproduction of reality came to an end. The conversion of recorded information into a numerical system broke the material connection between object and image that had defined the earlier history. No longer derived from the chemical reaction between light and photosensitive material, these images lost their ‘natural magic’. (Mulvey, 2006: 19)

It is possible to say that digital technology removed film from cinema and as the “filmic” (that which pertains to film) steps out of the proverbial frame; the “cinematic” (that which pertains to cinema) takes center stage. As Stanley Cavell conveys, the categories of “succession” and “projection” merely highlight that which is the “essence of the cinematic”, meaning the possibility of “cutting from one view to another” (montage, according to Sergei Eisenstein) and of “continuous projection of an altering view” (continuity, according to André Bazin) (Cavell, 1979: 73), which essentially encompass the grammar of the cinematic language. The concept of cinema possessing its own language and visual grammar is what transcends the medium beyond its materiality — and, therefore, beyond the issue of media specificity — and allows its endurance beyond its technological and technical support. This is not to say that the technological updates that cinema has undergone (over its more than one century of existence) has not changed some fundamental and core characteristics of cinema and its analogue apparatus. As David Bordwell points out in *Pandora’s Digital Box: Films, Files, and the Future of Movies* (2012), digital projection, which was the last step in the process of digitizing the every step of filmmaking (a Hollywood directive, from whence the funds to do so came), basically promised to “carry the essence of cinema”, freeing the movie “from its material confines”¹ (Bordwell, 2012: 194). One of the central quandaries of cinema in the digital age concerns the loss of “the look and feel of photochemical films” (Bordwell, 2012: 198). As João S. de Olivera says: “There is a certain aura in film that cannot exist in a

¹ “A strip of film stock creates a string of images that we can hold up to the light and study directly. Video creates an array of pixels that can only be accessed through a monitor. And a digital image is simply an abstract configuration of ones and zeroes existing in that intangible entity we call, for simple analogy, a file” (Bordwell, 2012: 198).

digital image”¹, emphasizing how the loss of materiality may signify the loss of something greater, and what many (who grew up in a different era) may consider to be the true “essence of cinema”.

In regard to concerns over a post-photographic cinema, J. Hoberman, in *Film After Film: Or, What Became of 21st Century Cinema?* (2012), asks on what basis can we speak of a twenty-first-century cinema². In order to illustrate the point he is trying to make, J. Hoberman goes back to André Bazin’s “The Myth of Total Cinema” (1967) and the idea of “cinema as a total and complete representation of reality” (Bazin, 2005: 20). According to André Bazin, the “fanatics, the madmen, the disinterested pioneers, capable, as was Berard Palissy, of burning their furniture for a few seconds of shaky images” (Bazin, 2005: 22) had a specific purpose in mind, a “guiding myth” which was “an integral realism, a recreation of the world in its own image, an image unburdened by the freedom of interpretation of the artist or the irreversibility of time” (Bazin, 2005: 21). Inevitably, each “new development added to the cinema must, paradoxically, take it nearer and nearer to its origins. In short, cinema has not yet been invented!” (Bazin, 2005: 21). J. Hoberman adds that once this myth came to fruition and total (true) cinema was realized “the medium itself would disappear” (Hoberman, 2012: 3). As stated by J. Hoberman, something else happened and the “development of digital computer-generated imagery (CGI) broke the special relationship that existed between photography and the world” (Hoberman, 2012: 3) and while photography may have been “superseded”, the “desire to produce images that moved” has not (Hoberman, 2012: 5).

On one side, that of pre-cinema, stands the photograph. The image is still, but, like film, it is indexical. On the other side, that of post-cinema, stands the digital, unlike the cinema in its material composition but able to carry the mechanical, celluloid-based moving image into a multi-media future. (Mulvey, 2006: 22)

¹ This quote comes from an untitled piece by him in *Tacita Dean: Film*, ed. Nicholas Cullinan (London: Tate Publishing, 2011), 105.

² J. Hoberman adds, as a footnote, that: “In the context of this discussion, I will use *cinema* to mean a form of recorded and hence repeatable moving image and, for the most part, synchronized recorded sound. Television kinescopes and TV since videotape are *cinematic*; so is YouTube. The terms *motion pictures* or *movies* imply a projected image; *film* refers to movies that are produced on or projected as celluloid (or its derivatives) and hence has some basis in photography” (Hoberman, 2012: 3).

Laura Mulvey, furthering her argument regarding a new kind of spectator and a new kind of temporality afforded by the new digital technologies, establishes a connection between old and new media arguing the two are converging, seeing that “old films that were conceived and shot on celluloid are re-released in constantly increasing numbers on DVD” (Mulvey, 2006: 21). This convergence breathes new life both to cinema and its history¹ while fostering new modes of consumption. While agreeing that it was video, in the late 1970s and 1980s, that first instructed audiences in the ways of cinema’s speed manipulation, Laura Mulvey maintains that the “accumulated experience of the last video-dominated decades can be carried into the digital age”, our contemporary context, where the importance of a “new interactive spectatorship” is increasingly significant (Mulvey, 2006: 22). In short, digital technology affects the “popular² experience of film”.

(...) computer-generated images create a ‘technological uncanny’, the sense of uncertainty and disorientation which has always accompanied a new technology that is not yet fully understood. As digital production has merged the human and other bodies seamlessly into special effects the ‘technological uncanny’ has given way to ‘technological curiosity’ and DVDs include ‘add-ons’ with background information, interviews and commentaries. (Mulvey, 2006: 27)

Consequently, digital technology, in general, and DVD technology, in particular, has surpassed the traditional barrier between the diegetic world and the spectator. These “add-ons” are “extra-diegetic elements” that expand on the film narrative. The cinematic linear structure itself therefore collapsed due to the DVD indexation of a film into chapters that are accessible in a non-linear fashion. The cinematic experience this new kind of hands-on spectatorship affords is, according to Laura Mulvey, profoundly separate from the “traditional cinema audience bound to watch a film in its given 24 frames a second” (Mulvey. 2006: 27). While I would not consider this type of engaged viewership as “interactive” (usually that term is relegated to the areas of the internet and virtual reality), but connectivity, immersion and participation are behaviors faced, when not downright encouraged, by the

¹ “As the flow of cinema is displaced by the process of delay, spectatorship is affected, reconfigured and transformed so that old films can be seen with new eyes and digital technology, rather than killing the cinema, brings it new life and new dimensions” (Mulvey, 2006: 26).

² Meaning the general public. Here “popular” should be seen as an attribute of cultural activities or products.

Hollywood film industry. The aforementioned “extra-diegetic elements” are part of a conscientious effort to a) take advantage of the extraneous added value that digital technologies are able to offer to home entertainment (these bonus and extra features become added reasons to buy a copy of a film because it’s no longer “just the film”); and b) to promote a spectator’s investment and engagement in a film property (be it through behind-the-scenes documentaries or a director’s commentary track, be through having more control over how to watch a film, these extra layers offer a chance to delve deeper into a film and connect to it). In “The New Audience: Moviegoing in a Connected World” (Jenkins, 2015b), Henry Jenkins talks about the history of fandom as a form of audience connectivity that existed from the very beginning of cinema’s history presenting ways in which spectators of cinema were not “simply viewers of movies” (Jenkins, 2015b). The existence of the star system or of gossip magazines was, in itself, a way of adding an extra-diegetic features to an audience’s comprehension of a star, a production and, therefore, of a film. Given that an audience’s connection with cinema has been effective from its early stages (Henry Jenkins gives copious examples), inevitably this characteristic would be coupled with the “personalization” or “individualization” tendencies of digital technologies (where each individual can chose how, when or where to consume media products) and fostered by the growth of the home entertainment industry (Jenkins, 2015b).

Lastly, Laura Mulvey cites Victor Burgin, in *The Remembered Film* (2004), who employs the Surrealists’ term *dérive*¹ as a metaphor for the new interactive spectatorship practices of “zapping” through television channels or watching fragments of a film, contributing to a feeling of “narrative disintegration” that heightens an aspect of digital cinema that Victor Burgin calls “cinematic heterotopia”:

Although Foucault explicitly applies the concept of ‘heterotopia’ only to real external spaces, he nevertheless arrives at his discussion of heterotopias via a reference to *utopias* — places with no physical substance other than that of representations: material signifiers, psychical reality, fantasy. What we may call the ‘cinematic heterotopia’ is constituted across the variously virtual spaces in which we encounter

¹ “Moreover, even the most routine and non-resistant practice of ‘zapping’ through films shown on television now offers the sedentary equivalent of Breton’s and Vaché’s ambulatory *dérive*” (Burgin, 2004: 8), meaning the Surrealists’ habit of “moving from cinema to cinema to create arbitrary sequences and juxtapositions” (Mulvey, 2006: 28).

displaced pieces of films: the Internet, the media and so on, but also the psychical space of a spectating subject that Baudelaire first identified as ‘a *kaleidoscope* equipped with consciousness’. (Burgin, 2004: 10)

Victor Burgin argues that films nowadays are “dislocated and dismantled” (Burgin, 2004: 10). In a previous book, titled *In/Different Spaces: Place and Memory in Visual Culture* (1996), Victor Burgin had argued that what once was an experience localizable in space and time, a film can now be:

(...) encountered through posters, ‘blurbs’, and other advertisements, such as trailers and television clips; it may be encountered through newspaper reviews, reference work synopses and theoretical articles (with their ‘film-strip’ assemblages of still images). (Burgin, 1996: 22)

According to Victor Burgin, film, or a film image or sequence, can now be a part of a series of interconnected things. Laura Mulvey connects Victor Burgin’s description of a nonlinear “concatenation”¹ — “from image, to sequence, to concatenation of sequences” (Burgin, 2004: 12) — with Anna Everett’s conception of the term “digitextuality”, a rethinking of Julia Kristeva’s notion of intertextuality². Laura Mulvey connects these concepts to “discuss similar properties of digital culture”, arguing that both “Burgin and Everett locate the non-narrative strategies that have developed out of the digital within the traditions of the avant-garde” (Mulvey, 2006: 29-30). More than “non-narrative”, these strategies are non-linear given the fragmentation and fluidity across media afforded by digital technology. Additionally, Holly Willis, in *New Digital Cinema: Reinventing the Moving Image* (2005), whilst arguing that the “shift from analogue to digital has provoked numerous philosophical responses, as well as attempts to situate digital media technology”, also cites Anna Everett’s term of digitextuality (and its extrapolation of Julia Kristeva’s “description of every text as a mosaic of quotations and as a process of ‘absorption and transformation of another text’”). This term appears in Anna Everett’s “Digitextuality and click theory: theses on convergence media in the digital age” (2003) where the

¹ ”The ‘concatenation’ does not take a linear form” (Burgin, 2004: 21).

² Susan Hayward describes intertextuality as “texts referring to texts, or texts citing past texts” (Hayward, 2013: 226).

author offers a description of how the concept of digitextuality was constructed and what does it aim to mean:

Digitextuality, then, is a neologism that at its most basic combines two familiar word images: the overdetermined signifier digital, which denotes most of computer-driven media's technological process and products, and Julia Kristeva's term *intertextuality*. (It also is indebted to John Caldwell's far-reaching work on televisuality.) (...) digitextuality is intended to address, with some degree of specificity, those marked continuities and ruptures existing between traditional ("old") media and their digital ("new") media progeny and, especially, how new media gets constructed. (Everett, 2003: 5-6)

This neologism, as Anna Everett puts it, comes from a need to address the "ontological shift in the infrastructures of many Western media forms and practices" that came from the digital revolution at end of the twentieth-century and at the beginning of the twenty-first-century, including the "rapid fin-de-siècle diffusion of such consumer-grade digital technologies as the CD-ROM, the DVD, the Internet, virtual reality, and wireless communications systems" (Everett, 2003: 3). Anna Everett posits that this technological shift functions as a confirmation of Michael Nash's concept of a "posttelevision"¹ era as it seemed, in 1996, that television was "in its twilight". In "Vision after Television: Technocultural Convergence, Hypermedia, and the New Media Arts Field" (1996), Michael Nash predicted the convergence of media "into massive new systems of cultural distribution based on digital technologies" which, when fully realized, would complete a "relocation of the dominant site of cultural experience from the 'proscenium arch' [i.e., in a public forum or theatre] to the 'home'" (Nash, 1996: 384). This trend of rendering the consumption of entertainment media a much more personalized experience than ever before has certainly been in tandem with digital technologies and has, certainly, led

¹ "The most crucial fact of life in the posttelevision generation we are about to enter is the eventual collapse of the networks into a single bitstream of information that will enter the home as user-determined programming and services" (Nash, 1996: 384)

the way to “on-demand popular culture” (as per David Bordwell¹) or simply “on-demand culture” (as per Chuck Tryon²).

Moreover, Anna Everett points to what W. Russell Neuman designated as “the fragmentation of the mass audience” (or “demassification”) as the (predictable) result of digital culture, as early as 1991. In *The Future of the Mass Audience* (1991), W. Russell Neuman wonders whether, as the number of channels available increases, there will be “new topics of public discussion and new formats of presentation”. He presents the “fragmentation hypothesis”, with the central line of thought that there was already an “underlying trend in America toward social fragmentation and a divergence of life-styles and leisure interests” (Neuman, 1991: 115). At the time, W. Russell Neuman concludes that the “future of specialized media and the possible fragmentation of the mass audience remain unsettled questions” (Neuman, 1991: 128). At the vantage point from which Anna Everett writes, audience fragmentation is no longer an unresolved question but rather a certainty:

After abiding the economic, production, exhibition, storytelling, taste, distribution, and scheduling dictates of traditional media powers, this fragmented mass audience has seized upon and been liberated, after a fashion, by a plethora of on-demand media services for consumers (including what Hakim Bey and others call “data piracy”³). (Everett, 2003: 4)

According to Anna Everett, it was imperative, at the beginning of the twenty-first century, to come up with new concepts that would enable film and television studies to weather the newly shaken “theoretical and pedagogical foundations” (Everett, 2003: 4). Furthermore, Anna Everett argues that Julia Kristeva uses the term *intertextuality* to explain the “transposition of one (or several) sign-system(s) into another” (Kristeva, 1986: 111), kindling a relationship between two texts (or signs) that is meaningful because of their connection. This notion of a “redistribution of several preexisting cultural sign systems into a ‘field of transpositions’ demanding a new articulation” (Everett, 2003: 6) is, for Anna Everett, akin to the relationship

¹ David Bordwell, *Pandora’s Digital Box: Films, Files, and the Future of Movies* (Madison, Wisconsin: The Irving Way Institute Press, 2012), 210.

² Chuck Tryon, *On-Demand Culture: Digital Delivery and the Future of Movies* (New Brunswick: Rutgers University Press, 2013).

³ Now just referred to as “piracy” or “file sharing” (Lasica, 2005: 1).

between digital media and traditional, or analog, media. The author mentions the recognition of “streaming media technologies” as an example of “a field of transpositions because their sources of sound and animation are recordings and rearticulations of cinema, television, and radio’s unique signifying systems” (Everett, 2003: 6). Where digitextuality departs from intertextuality is when “new digital technologies make meaning not only by building a new text through absorption and transformation of other texts, but also by embedding the entirety of other texts (analog and digital) seamlessly within the new” (Everett, 2003: 7), which alludes to the “wizardry” of digital technology and its capacity for compositing¹ images (Everett, 2003: 10), such as “Tom Hanks as Forrest Gump greeting the late president John F. Kennedy” in *Forrest Gump* (Robert Zemeckis, 1994).

In 2007, D. N. Rodowick wrote *The Virtual Life of Film* in which he delves into the “philosophical consequences of the disappearance of a photographic ontology for the art of film and the future of cinema studies”. D. N. Rodowick book is divided into three parts that, in turn, explore three arguments. Firstly, D. N. Rodowick considers that although cinema loses its medium-specificity, and “film” as a photographic medium is replaced by digital technologies at all stages (from production to exhibition), while film disappears, cinema persists as “imagined by Hollywood since 1915”. Secondly, D. N. Rodowick argues that even though there is no “inherent discontinuity” that actually separates digital from analog cinema², even if merely from the “standpoint of contemporary film practice”, there are still palpable consequences, both in terms of history and aesthetic (Rodowick, 2007: vii). Thirdly, coming back to the idea of the persistence of cinema (and of Hollywood, by extension), D. N. Rodowick argues that the new media have been imagined from a “cinematic metaphor” (Rodowick, 2007: 97) and, therefore, there is an idea of cinema that survives within the new media. In other words, this “cinematic metaphor” has become the mold for a variety of “digital interactive media” (Rodowick, 2007: 95).

¹ Compositing is the combining of visual elements from separate sources into single images, usually to create the illusion that those elements are from the same source.

² Concerning the difference between digital and analog cinema, Lev Manovich writes that: “While visually, these computer-generated or filtered images are indistinguishable from traditional photo and film images, on the level of “material,” they are quite different as they are made from pixels or represented by mathematical equations and algorithms. In terms of the kinds of operations which can be performed on them, they are also quite different from images of photography and film” (Manovich, 2002: 164).

Lev Manovich has similarly stated: “the visual culture of a computer age is cinematographic in its appearance, digital on the level of its material, and computational (i.e., software driven) in its logic” (Manovich, 2002). Interestingly, both D. N. Rodowick and Frank Rose¹ agree with the consideration that new media is still missing an autonomous grammar, which is why its creative possibilities are still being explored during what D. N. Rodowick calls a “phase of technological transition”. He considers that an “idea of cinema persists or subsists within the new media, rather than the latter supplanting the former as is typically the case in a phase of technological transition” (Rodowick, 2007: viii). At the same time, Lev Manovich does not believe that cinematographic images (whether analog or digital) will be replaced by another kind whose appearance may be akin to a “computer-based logic” for two reasons: first, because they are “efficient for cultural communication” but, second, because they are “suitable for computer-based practices of production and distribution” (Manovich, 2002: 165).

Concluding, D. N. Rodowick asks whether the digital image will change the theatrical experience in a significant way, because though it is changing the nature of the medium of motion pictures, it may not change it in ways that “will help theatrical exhibitors to attract new and larger audiences” (Rodowick, 2007: 108). The worry, as it is most commonly, is that audiences will increasingly prefer the home viewing experience and theatrical exhibition might become “the economic and cultural equivalent of going to a Broadway show or to the opera” (Rodowick, 2007: 109), a much more rarefied mode of entertainment. If going to the movies is, because of digital technology (particularly digital projection), the equivalent of watching a glorified “big-screen television”, and seeing how much more comfortable and affordable it is to watch movies at home (especially when specifically catered to by digital delivery services), why would audiences continue to pay premium prices to go to the cinema, and what might its theatrical future be?

Since D. N. Rodowick’s *The Virtual Life of Film* is focused on the replacement of “film” by digital technologies its inevitable point of contention is how

¹ “We stand now at the intersection of lure and blur. The future beckons, but we’re only partway through inventing it. We can see the outlines of a new art form, but its grammar is as tenuous and elusive as the grammar of cinema a Century ago” (Rose, 2012: 8).

the “projected print has lost its primary economic importance [around the end of the 1980s], and consequently the cultural stature of film has been transformed along with the phenomenology of film viewing” (Rodowick, 2007: 27). This loss of importance was a result of the fact that Hollywood was no longer involved in the “movie business” — “Hollywood *was* movies” (Prince, 2000: xi) — alone and branched out. As Stephen Prince said — answering to André Bazin’s query of “what is cinema?”, and adding the question of “where is cinema?” —, before the 1980s “cinema was celluloid, and movies were consumed in a restrictive set of locations” (Prince, 2000: xi). During that decade, however, not only Hollywood’s major studios were incorporated into multinational entertainment conglomerates, but the home video market also soared, which displaced the theatrical setting as the studios’ principal lucrative activity. The assimilation of the movie studios into global conglomerates and the growing importance of the home video industry resulted in the Hollywood film industry ceasing to operate “as a film industry, and film stopped being its primary product”. As Hollywood shifted from simply producing films to producing filmed entertainment, this signified producing content to a much larger assortment of markets and media (Prince, 2000, xi).

While the Hollywood industry had a history of diversifying its portfolio, the eighties were the decade where the “proliferation of nontheatrical markets” transformed the consumption of movies. Stephen Prince depicts how the home video market went from being “minuscule” to expanding (along with cable, pay cable, and pay-per-view) the “venues and formats for production and distribution of filmed entertainment” (Prince, 2000: xi-xii). As, D.N. Rodowick writes, “film begets video” (and then digital video), the video market transitions from scarcity to an “embarrassment of riches”, movies became more accessible than ever and more prone to reviewing, rediscovery and scrutiny (see Mulvey, 2006), while being, at the same time, “precious analytical and pedagogical tools” (Rodowick, 2007: 29, see also Thomson, 2012: 505). The price to pay for this abundance was video, and then digital, technologies. D.N Rodowick remarks that, following a “long period of economic decline for the cinema first in competition from broadcast television (1955– 1975), and then from video and DVD (1986–present)” (Rodowick, 2007: 28), the end of the 1980s saw the sale and rental numbers of videocassettes exceed those of the domestic box-office. More than twenty years later, at the start of the twenty-first century, these

numbers amounted to more than half of the film industry's total revenue. This has been the kind of environment that has led to film ceasing to exist in any preponderant fashion.

Celluloid was confined to the area and arena of theatrical exhibition, and it vanished from the other markets, to be replaced by video. (...) As the markets for film were changing, the production process was transformed. Video and film were interfaced during all of the critical phases of filmmaking, most especially post-production. (...) And for a generation of viewers born or reared in the eighties, film *was* video. (Prince, 2000: xii)

In this media environment, the theatrical release of a film is the first stage of a series of release windows of the same film in various formats. The home video market itself is hit-driven, so the theatrical screening has the responsibility of awarding films cultural importance and gravitas that will later be capitalized on in various markets and ancillary (if they can still be designated that way) markets: “just another element in the software chain of diversified media giants, though an important one, since it feeds significantly expanding nontheatrical markets” (Rodowick, 2007: 27). However, while D.N. Rodowick considers theatrical exhibition as merely a “marketing device to enhance video/DVD sales and to promote and sustain franchises” (Rodowick, 2007: 27), I consider it more as an influential element of an elaborate entertainment system. For David Thomson it is even solely a “sentimental stronghold” (Thomson, 2012: 510) that we will have to let go of. While these theorists and critics bemoan what D.N. Rodowick the “*decentering of the theatrical film experience*” that follows the “*displacement of a ‘medium’*”¹ and how other activities supplant moviegoing (Rodowick, 2007: 27-28), the role of public screens changes in response to the emergence of what Charles R. Acland determines as “different opportunities and occasions for moving image culture” (Acland, 2008: 84). In “Theatrical Exhibition: Accelerated Cinema” (2008), Charles R. Acland argues that:

Some may still weep about the fractured hegemony of celluloid, but motion pictures have been divided among broadcast and video technologies for ages. The fact that moviegoing competes for a place among an ever-widening array of viewing

¹ Author's own emphasis.

situations is nothing new or surprising. Nonetheless, the current ubiquity of moving images is impressive. (Acland, 2008: 84-85)

This brings us back to André Bazin statement that “cinema is also a language” (Bazin, 2005: 16). In a lecture, at the Academy of Motion Picture Arts and Sciences (published online on May 13, 2015), titled "The New Audience: Moviegoing in a Connected World", Henry Jenkins spoke about film past, present and future film audiences. At the start, Henry Jenkins declared that “there are no dead media”, instead there are “dead delivery technologies, dead businesses, there are dead practices”. He goes on to argue that “once we introduce a medium, a mode of human expression, extension of human sensorium, into the universe they tend to persist”. Furthermore, he suggests that cinema has always been many things: many spaces, many moviegoing experiences and many different connections with media platforms and, inevitably, there are many histories involved in understanding the place of cinema within a larger cultural landscape. Henry Jenkins also makes the case that cinema has a rich history of different venues of exhibition (drive-in, dive-in), that envisions to create “event” viewings and immersive experiences. At the same time, since the 1930s and 1940s, cinema has gone beyond the confinements of the “commercial movie theater” (to schools, prison, military basements). He even details how before there were motion pictures there were “home based technologies where amateurs could project stories” (i.e., the magic lantern of the late nineteenth century). Similarly, technologies like Super 8 and the Stip Master (a film strip projector) encouraged the audience to “sample moments from their favorite movies and bring into the context of their home”. These are precursors of the home entertainment industry that evolved towards videocassettes, DVDs and, now, streaming video online. As Henry Jenkins foresees, “the future of cinema will involve diverse, not singular, exhibition experiences”¹. Lastly, Henry Jenkins sees the future of cinema (based on its past and present) as a fundamentally transmedia experience, as cinema exists in an environment that fosters, increasingly, a connected (even responsive) relationship across media culture. While there are “no dead media”, both old and new ones exist in relation to each other, each providing added value to any given narrative.

¹ *The New Audience: Moviegoing in a Connected World*, 2015, <https://www.youtube.com/watch?v=AjkyvIBCqmU&feature=youtu.be&t=6m45s>.

Providing an overall conclusion to this chapter, allow me to turn to David Bordwell's musings on the loss of the cinematic artifact, as it is being replaced by, "as George Dyson puts it, only a very long number sitting in a file" (Bordwell, 2012: 205). The advent of the digital, however, does not merely pose questions of ontology and aesthetics where the cinematic image and apparatus is concerned; and its effects, and those of cultural (or, as Michael Nash described it, "technocultural") convergence, have had impact beyond what David Bordwell called "the small circle of film researchers". It is important to note the changes, as a result of the digital revolution, to both cinema as an industry and to the cultural roles that cinema fulfills. There are two dimensions of these changes, as David Bordwell outlines. On one hand, "films are now swept up into that format churn characteristic of information technology" (Bordwell, 2012: 205). Movies — after having dealt with a mostly unaltered format with film stock — now have to deal with this periodic "format churn" that dominates the lifespan of information technology in a constant effort to improve image quality (i.e., the dimness problem of 3-D images when compared to 2-D, a problem Peter Jackson tried to resolve by filming at a higher frame rate, endorsing another "tweak"). These changes have reshaped movie industry practices, turning films into texts that can be upgraded as new formats and platforms become available, a move that opens up digital projection to ongoing 'reboots' as technologies change and as audiences grow bored with new storytelling approaches and projection technologies. On the other hand, "the projector-as-computer inserts cinema into what has become an on-demand popular culture" (Bordwell, 2012: 210). After being an appointment and service industry, cinema has now turned into a "consumer-goods business as well" as viewers, over the course of the home entertainment sector's history, have become progressively used to being able to access films easily and readily. Fascinatingly, Michael Nash had already predicted in 1996 that, in the following twenty years, technology would allow "fully digital delivery and playback of all entertainment and communications media", supported by "an exhaustive library of choices available at the viewer's discretion" (Nash, 1996: 384). Couple this aspect to the growing fragmentation of the media audience and there is a clear path towards a catered-to home entertainment viewing experience that stimulates an "I-want-it-now impulse" (Bordwell, 2012: 215).

A brief history of home entertainment

From the birth of the home video industry...

The emergence of digital technologies transformed the way movies are viewed and how they are consumed. It has not only impacted the cinematic apparatus but has also contributed to the subsequent loss of cinema's medium specificity. As movies have ceased to be confined to film stock, they can be viewed through different technologies, which has altered the relationship between viewer and film text. These changes truly began with the development and evolution of the home entertainment business in the late 1970s and early 1980s. Home entertainment is a product of media conglomeration, as media holdings are concentrated in the hands of a few companies, and convergence culture, as there is a "flow of content across multiple media platforms" and "the cooperation between multiple media industries" (Jenkins, 2006: 322). This media conglomeration saw the merger of companies that provide content (film studios with their extensive libraries and filmed entertainment production) and hardware companies, which produced the technology to reproduce films using video technology. Video technologies, and later digital technologies, fostered the mobility of cinema through different platforms (with its specific release window) and across the globe. At the same time, the home video market actually reinforced the industry's blockbuster strategies (home entertainment is just as hit-driven as theatrical output), corporate synergy and media conglomeration (through government deregulation). As the home video market went from an ancillary market to becoming an important source of revenue of the film industry, films effectively stopped being an appointment service only available through theatrical release and its reproducibility, mobility and availability grew exponentially.

According to Frederic Wasser and Eugene Marlow, the home video industry can be defined according to four phases of development before DVD: from 1975-1980 the home-video industry consisted primarily of blank tape and hardware sales for use in home video recording and viewing pornographic pre-recorded content; from 1977-1981 video distribution companies were established for the dissemination of pre-recorded Hollywood content; from 1981-1986 independent video distributors and Hollywood majors dominated the marketplace; from 1986-1993 increased concentration of video

distributors and retailers turned video into big business, with the major studios and the conglomerates who owned them gaining control over the marketplace. (Sebok, 2007: 7-8)

Studying the displacement of theatrical exhibition inevitably leads to the home video revolution and the impact it had on the Hollywood film industry, both in terms of its relationship with the theatrical release of motion pictures but also with the way audiences consume filmed entertainment.

Before the 1980s, [the multiple markets for generating film revenue] were mainly theaters and broadcast television. By decade's end, these included the former as well as pay cable, home video, the marketing venues of product placement and product tie-ins, and the synergies that might be obtained through strategic cross-promotion on these areas. (Prince, 2000: 90)

This not only meant more release windows but also more complex marketing campaigns that “required new strategies but could deliver greater revenues when the ancillaries worked in synergy, reinforcing one another” (Prince, 2000: 90). Concerning theatrical release windows and distribution, the methods endured in, essentially, the same format up until the twenty-first century. Films were either distributed in wide or “saturation” release (600 or more theaters), which is a nationwide release, or as a limited release (less than 600 theaters)¹. According to Stephen Prince, a wide release usually means upwards of a thousand screens and it is utilized for films with “great potential popularity” and “a highly visible media ad campaign”, i.e., a blockbuster or tentpole movie. A limited release is usually utilized for assessing the appeal of specialty films (documentaries, independent films and art house films). A platform release is a limited release approach that starts with a film opening in a few select theaters and going wider as it builds momentum and good word of mouth. Typically these movies (usually independent or adult-oriented fare)² have “solid commercial potential” or are highly anticipated, they can be critically acclaimed or have favorable reviews (Prince, 2000: 90). After the 1980s, films with a

¹ “About Movie Box Office Tracking and Terms”, Box Office Mojo. Accessed online 25 June 2014: <http://www.boxofficemojo.com/about/boxoffice.htm>.

² Some recent examples are *Snowpiercer* (Bong Joon-ho, 2013), *Whiplash* (Damien Chazelle, 2014), *Ex Machina* (Alex Garland, 2015), *While We're Young* (Noah Baumbach, 2015), to name only a few.

wide or platform release were usually able to have subsequent extended and manifold non-theatrical lives.

With the growth and maturation of ancillaries in the eighties, however, release patterns shifted to reflect the relative importance of the new revenue sources. (...) The most striking changes are the displacement of theatrical, as the largest source, by home video and the diminution of network television revenues (Prince, 2000: 90).

Theatrical release remains the first window as it helps “create and sustain viewer interest as the film [passes] through subsequent release windows into the ancillary markets” (Prince, 2000: 91). Stephen Prince further elaborates about how a film’s performance at the box-office can be “predictive of revenues to be derived from video and cable releases” and essentially the bedrock for everything that follows¹. During the 1980s, television broadcast was also displaced as the principal non-theatrical ancillary market and a movie would pass through several other release windows before arriving to network television.

Major Studio Release Windows

as of 25 September 2014

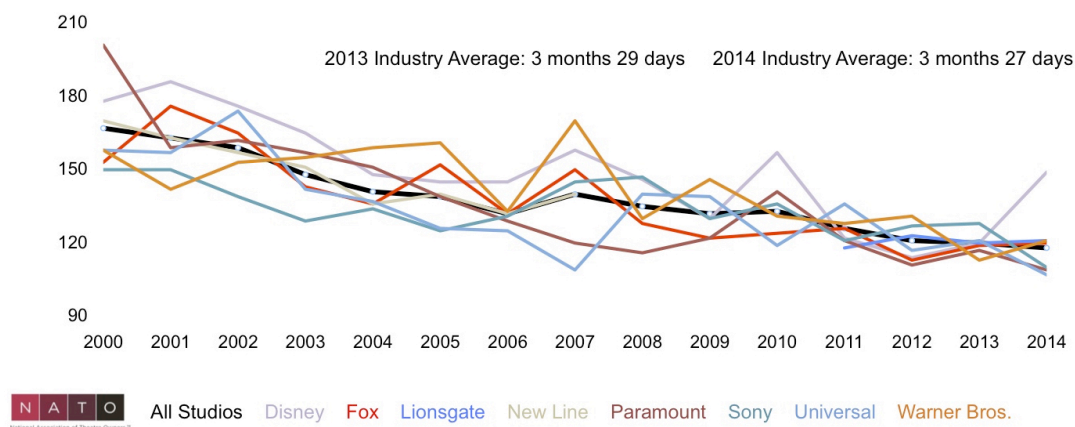


Figure 34: National Association of Theatre Owners

As the studios redesigned their release windows to accommodate the ancillary markets, network television was the big loser, and syndication, pay cable, and home

¹ Stephen Prince adds that the “exhibition boom of the eighties demonstrated the continuing importance of this venue” (Prince, 2000: 92).

video were the important new kids on the block. Of these, by far the most significant in commercial cultural terms was home video. (Prince, 2000: 93)

According to Frederick Wasser, in “Ancillary Markets — Video and DVD: Hollywood Retools” (2008), when the video revolution first started in 1975 — with the launch of Sony’s Betamax and JVC’s VHS videotape cassettes and videocassette recorders (VCRs) — the film studios might have already belonged to larger corporations but their operations were not, yet, synergetic and functioned reasonably independently. Additionally, the major studios were more interested in the “expansion of cable channels leasing their film products” (Wasser, 2008: 122). Hollywood’s first reaction was considering video “a frightening and dangerous drain on film revenue” (Prince, 2000: 93), but soon enough Universal and Disney began to fight the new technology by filing a copyright infringement lawsuit against Sony, the year after Betamax’s release. Universal’s concern was tied to copyright and fair use infringement caused by taping shows directly from television. Disney, which had an ongoing reissuing business strategy, was concerned that video copies of their films would undermine that goldmine. From the perspective of the film studios, the greatest challenges presented in the video market were piracy, home taping and the choice between direct sales versus rentals. The Hollywood film industry had, actually, been betting on pay-per-view to become the next massive stream of revenue. The reason for this gamble was that pay-per-view (via cable television)¹ offered full control of the filmed product as opposed to videotaping, however it never really reach home video’s popularity because the latter offered greater flexibility in its use, such as “time-shifting”² or being able to rerecord over old material. Consequently, as Stephen Prince writes: “home video emerged as the most user-popular ancillary distribution medium, despite the studios’ initial resistance and their fears about an uncontrollable technology that would destroy copyright protection” (Prince, 2000: 94). According to Frederick Wasser, Andre Blay of Magnetic Video was actually the person that “led them into the new world” by reaching to the film companies asking for “the license to transfer and sell their films on tape in 1977” (Wasser, 2008: 122). The prices of the videotapes made them too expensive for the average consumer, usually around \$80-90

¹ “Pay-per-view is to be distinguished from pay cable. On pay cable, a viewer has access to a month’s worth of Hollywood features in return for a basic subscription fee, whereas pay-per-view requires a viewer to pay for a single viewing of one movie” (Prince, 2000: 94).

² Allowing the viewer to record whatever is on television and then watch it at his or her expedience.

(Prince, 2000: 104), which framed rental stores as the “primary costumers” (Wasser, 2008: 123).

Studios (in particular Warner and Disney) resented the rental business, because they could not command a share of the revenues from rental transactions. All they got was the initial sale revenue. While they fretted, the releasing of films on pre-recorded videocassette became a viable market and no one could ignore the new revenue stream. (Wasser, 2008: 123)

This left the major film studios on the outside of a growing market¹ “from whose revenues they were excluded” (Prince, 2000: 103). After the initial jump into the video bandwagon by 20th Century Fox, which was the only one that responded to Magnetic Video’s Andre Blay’s proposal (Wasser, 2008: 122), by 1981 every other studio had become “active in video distribution”. However, just a year later, given the growing numbers of VCRs in American households (5 million), the popularity of the home video market, and the desire to find a “potentially more profitable means of exploiting video”, the major film studios started to pursue direct sales of video titles to paying costumers. Paramount was the first to attempt to entice consumers to buy more pre-recorded videotapes directly instead of renting them, in order to get more than just its “typically earned 40 percent cut of the wholesale price”², by successively lowering the prices and fomenting the “sell-through” market: “While *Star Trek: the Movie* (Robert Wise, 1979, US) had been sold at \$80, *Star Trek II: The Wrath of Khan* (Nicholas Meyer, 1982, US) was priced at \$40” (Wasser, 2008: 123). This plan to encourage higher sales worked (100,000 tapes were sold, a home video record at the time) and the pricing reduction was extremely successful³, thus demonstrating not only that the “sell-through market to consumers existed, provided tapes were reasonably priced” (Prince, 2000: 104), but also (later, with the ancillary success of

¹ “The efforts by the majors in 1981 and 1982 to increase income from the rental Market by means of licensing and surcharge policies created a crisis for the infant home video industry because suppliers and retailers had assumed antagonistic positions” (Prince, 2000: 103).

² “By the early 1980s a videotape distribution system had evolved modeled on the record business. Suppliers or distributors used duplication services to mass produce pre-recorded cassettes, which were then sold to wholesalers who shipped cassettes to retailers” (Wasser, 2008: 123).

³ “However, lower prices did not work for every movie. Some movies everyone wanted to own, other movies only some wanted to rent. Studios had to decide whether films would attract high enough volume sales outside the usual rental stores. They usually released the biggest films and children’s titles (‘kidvid’) at the lower sell-through prices while most films, even very popular ones, were released at the higher prices and were bought predominantly by the rental stores. This system was called two-tiered pricing” (Wasser, 2008: 124).

the movies *Top Gun* and *E.T.*) that the real pot of gold for the major “lay in sell-through, not rental” (Prince, 2000: 107). The Walt Disney Company that had previously sued Sony over copyright infringement — concerned with its film reissuing system — would soon hop on the sell-through wagon. A year after Michael Eisner became the company’s CEO, in 1984, he and “his team decided to release old classics such as *Pinocchio* (Hamilton Luske and Ben Sharpsteen, 1940, US) at sell-through prices to recapture the children’s video market¹” and, in fact, after the initial fears and apprehensions, Disney ended up being the “biggest winner in video through the early 1990s”, inciting the remainder studios to transform their film libraries into “goldmines” (Wasser, 2008: 124). Unlike with independent companies and mini-major studios (Orion, Vestron, DeLaurentiis, Carolco)², which had expanded their production in “anticipation that the global video market would pay for new movies” (Wasser, 2008: 124), the major studios already had film libraries on which to lean on and focused instead on the production values and in marketing for films (Wasser, 2008: 125). The fact that the video market was a global one was decisive in the impact of this ancillary market. The revenues the majors stand to gain from overseas sales proved to be of “gargantuan proportions” (Prince, 2000: 98).

The story was different for major studio executives, who found out that the video market was just right for the “blockbuster.” Just on the cusp of the video revolution, Steven Spielberg and George Lucas had demonstrated that movies could be very big with their respective hits *Jaws* (1975, US) and *Star Wars* (1977, US), but these films had cost a lot of money to produce and market. This became the blockbuster formula. (Wasser, 2008: 125)

The rising numbers of pay-cable subscriptions and households with VCRs in the 1980s demonstrates how “long-established patterns of film viewing were changing”. Watching a movie was no longer reserved for theatrical moviegoing or broadcast television appointments. Stephen Prince argues that, in the mid-1980s, the

¹ “This domination financed the expansion of Disney through the late 1980s and 1990s and led the studio’s Head of Production [at the time], Jeffrey Katzenberg, to revive the production of full-length animation films” (Wasser, 2008: 124).

² These companies tried to match big studios in their marketing efforts leaving films with low profit margins when successful and the “inevitable flops” with no financial cushioning. By the 1990s, the above-mentioned companies “had gone out of business”, while other independents such “Miramax and New Line allowed themselves to be absorbed by the majors” (Wasser, 2008: 125).

majority of Americans was “watching their movies on video rather than in theaters” and cites a survey commissioned by Columbia Pictures in 1986 that established that the “rates of videocassette viewing were skyrocketing in every age group studied” (Prince, 2000: 96). This popularity caused an inevitable result: after the mid-1980s, “revenues from video outpaced those from theatrical box-office”, but while the audience might have been watching more films at home than at the theater¹, the films they were watching were still those who had been the most successful theatrically since the home video market was essentially driven by blockbusters.

The preponderance of such a strategy resulted of complementary aspects. Audiences/customers tended to rent or buy the films that were big successes on the box-office, naturally due to the notion that they would be getting their money’s worth of entertainment, and therefore the revenues produce would be even more substantial, which only incentivized not only blockbuster filmmaking and sequels to the most popular titles, but also the obligation to be theatrically profitable. Even if, at the same time, there were thousands of titles, including old films, available, a typical video store would highlight new releases.

While home video, then, has kept more titles in active distribution from different periods in film history than ever before, the predominant trend has been a replication of the existing hit categories of the theatrical market and, because of this spillover, a consequent intensification of the need to be successful in that market. (Prince, 2000: 117)

The substantial earnings of the home video market revolution provided the big film studios with the potential to “cross-collateralize”, meaning that the Hollywood film industry was able to take the “money it makes from hits to write off the losses it sustains from flops”. This is the reason why the studios were able to continue making blockbusters (even as production and marketing costs continued to escalate), given the money that the home entertainment and other ancillary markets (television, cable) earned the studios, they were able to continue blockbuster production. According to Stephen Prince, the business deals of the 1980s enhanced the “financial rewards

¹ “(...) by the mid-1980s, many viewers would elect to ‘wait for it on video’ rather than paying the higher prices charged for a theatrical screening” (Prince, 2000: 111).

deriving from film-video synergies” (Prince, 2000: 97). Frederick Wasser, on the other hand, argues that one of the reasons for the 1980s surge of mergers and acquisitions of the major film studios by big media corporations was the value boost the studios’ film libraries received due to the video market. Sony and Matsushita bought film companies in order to produce synergies between entertainment content and their hardware products, although that experiment failed through, with Matsushita selling MCA/Universal and Sony transforming into a media conglomerate¹, given that film companies (which functions as the cornerstone of a media conglomerates, as argued earlier) fit better within that industry (Wasser, 2008: 125).

The 1980s “boom in exhibition” was a result of the industry’s economic transformations. Stephen Prince regards these transformations as being “fed by the expanding production and distribution activities of the majors”, denoting that video and cable were not the harbingers of the death of theatrical release but actually an engine for its renovation as “exhibition circuits were flush with the excitement and energy of a rejuvenated industry” (Prince, 2000: 79). Nonetheless, Frederick Wasser contends that the multiplex theaters² boom was actually fueled less by a sense of eagerness and more implemented as a “defensive response” to the development of the movie video market.

The multiplex could either show many different movies at the same time or one movie with several different overlapping times. They were offering audiences some semblance of the flexibility of home video. The spurt of rebuilding and reconditioning theaters helped maintain constant box-office ticket sales even as video rental grew in size. (...) Exhibitors have also increased their revenues throughout the video revolution. The money the major studios earned from video was therefore new money, not money that replaced lost theatrical earnings. (Wasser, 2008: 126)

In *Veni, Vidi, Video: The Hollywood Empire and the VCR* (2001), Frederick Wasser describes how the “new money” mentioned above was utilized to increase production budgets and argues that this source of revenue had not received its “due as

¹ Its entertainment divisions are more profitable than its electronics divisions.

² “As we’ve seen, many changes in projection technology were driven by the rise of multiplexes, which demanded that one operator, or even unskilled staff, could handle several screens” (Bordwell, 2012: 198).

the driving force behind event movies¹". Frederick Wasser blames a "Las Vegas" model, for skepticism towards the significance of home video revenue, which only considers "individual budget choices" while disregarding how studios utilize their "distribution fees and income to finance an entire schedule of movies". Overall, the formula for film financing was comprised of "aggregate sums", where theatrical release would help recover negative costs (or break-even²), as the profit came from television and foreign markets and, later, from cable (Wasser, 2001: 169).

By 1986, however, box office receipts were declining dramatically as a percentage of market performance. Studios no longer pegged their anticipated negative costs³ to either the U.S. or global box office. Home video's increasing importance gave studios the courage to increase production budgets beyond the capacity of the U.S. theatrical rentals. (...) The trend proves that allocative decisions by distributors carefully correlated the amount of production money available with market returns. (Wasser, 2001: 169)

Frederick Wasser also establishes that while the noted increasing marketing expenses may have seemed "counterintuitive" (if the theatrical market was constant or in decline why spend so much money on publicizing a theatrical release?), the theatrical release of films took on a new role, "as home video became an essential revenue source" (Wasser, 2001: 170), since it was this theatrical promotion that later lent "legs" for the home video market stretch of a film property. Consequentially, "theatrical release provided the advertising that pushed the product through its many subsequent markets" (Wasser, 2001: 171). Now, being that theatrical release was the proverbial ball that got things rolling, the subsequent result of this realization was to "maximize exploitation" of filmed entertainment and the conglomerates of the 1980s and 1990s promptly began to exercise control over distribution channels and delivery systems. The home video market proved to be key for this approach given that it was "the single largest market for films" (Wasser, 2008: 126).

¹ An event movie is a film whose release itself is considered a major event, such as an anticipated sequel or a big budget film with major stars generating considerable attention and state-of-the-art special effects.

² The break-even point (BEP) is the point at which cost or expenses and revenue are equal.

³ Negative cost is the net expense to purely produce and shoot a film, excluding expenses regarding distribution and promotion.

The new mega-media strategy now was to prepare film and television shows for “repurposing” across various media platforms. The strategists had learned from video that the key to staying ahead of subsequent technological innovations was to have libraries, and the people who had libraries were the old film studios. (...) This strategy was labeled “synergy” or “cross-media marketing”. (Wasser, 2008: 126).

These industry developments led to results that changed the balance of media (corporate) environment. The home video expansion not only opened up international markets, but the popularity of home video entertainment also showed that audiences were interested in varied content to be watched on television, leading governments (European, American, Asian) to respond by implementing deregulation measures that fostered the development of new broadcast networks.

In 1976 the American media had a few regulations in place such as: the prevention of cross-ownership of movie studios and movie theaters (Paramount consent decree); the obligation for television stations to broadcast programs of “public interest” (fairness doctrine); the prohibition on networks owning shows they distributed (Fin-Syn). (Wasser, 2008: 126)

As Frederick Wasser describes, the Reagan Administration (1981-9) effectively worked to overturn these rules claiming that “VCR and cable as new technologies (...) had increased competition and diversity, thus eliminating the need for government regulation of media industries” (Wasser, 2008: 127). Between 1985 and 1995, the aforementioned regulations would have been rescinded. Deregulation, of course, did not increase competition and diversity but actually reinforced the media conglomerates’ (and, therefore, the film studios’) oligopoly.

...to the emergence of the DVD technology

As the market for VHS became saturated, several media executives and manufacturers became interested in other home video technologies (...). By 1993 moves were afoot to improve on laserdisc and DC technology by using new digital compression methods. This led to the creation of several new formats including the DVD. (Wasser, 2008: 127)

The hit-driven nature of the film industry dictates that “you have to spend money to make money” and although the theatrical release and experience of a movie maintains its value — specifically actually attributing a market value and qualifying a film as a “hit”, thus driving the rest of the ancillary markets, but also helping to soak up the costs of production and prints and advertising (P&A) — the conglomerates’ profits are “actually realized in the television and home entertainment sectors” since we live in an age when home entertainment alone (DVD, Blu-ray sales, etc.) represent up to 46 percent of the studios revenues (Schusterman, 2012).

As Bryan Sebok and Frederick Wasser describe, the fundamental element for the successful launch of the DVD technology to the home video market was the “cooperation and pooling of resources by the largest firms in the computing, filmed entertainment, and consumer electronics industries” (Sebok, 2007: 16). The combination of these industries formed the DVD Consortium in 1995, renamed DVD Forum two years later. The DVD Forum was comprised by Hitachi, JVC, Mitsubishi, Pioneer, Toshiba, Philips and Thomson, Matsushita (which owned Universal until 1995) and Sony (which owns Columbia), and one media conglomerate, Time Warner. Frederick Wasser argues that Time Warner’s involvement compelled the remaining Hollywood studios to offer their support to the DVD Forum. The group’s task was to offer a “crucial collaborative venue in which these traditional industrial rivals jointly shaped a new industry and utterly controlled the DVD marketplace” (Sebok, 2007: 16). The cooperation between manufacturers and film studios not only led to all parties deciding on a standard that avoided the format wars of the 1970s (Betamax versus VHS), but also provided a “smooth launch of the DVD system in the US during March 1997, followed by rapid success” (Wasser, 2008: 128). Bryan Sebok adds that the DVD Forum should not be viewed as a mere administrative body since it was also a tool for exerting control over content through technology. Thusly, the digital technology era was informed by “unprecedented integration of three once-distinct industries” (i.e., computing, filmed entertainment, and consumer electronics industries), an integration that was fueled by the growing economic weight of “home entertainment products to each constituent industry” (Sebok, 2007: 17). Due to the above-mentioned market saturation caused by videotapes, the big incentive was from the sell-through market.

When DVD was introduced in 1997, discs sold at the low price of \$20, for which the consumer received a higher-quality image and the supplementary features of director commentaries, additional footage, and clips about the making of the film¹. The studios were able to earn 58-60 percent of the DVD wholesale retail price. (Wasser, 2008: 128)

If by 1999 DVDs were being released along side VHS tapes, by 2002 DVD sales officially overtook VHS and the baton was passed from video to digital technology. Frederick Wasser adds that because a DVD was leaner than a videotape and could house more (and in high definition) content, it also helped in expanding the shelf life of television shows, of which people bought entire seasons². Wasser cites Raymond Williams who argued (in 1974) that there was a tendency for the development of technologies that “served at-once mobile and home-centred way of living: a form of mobile privatisation” (Williams, 2003: 19) and Frederick Wasser inscribes the consumption of home filmed entertainment as another technology that enables this sort of sheltering.

According to Bryan Sebok, in his PhD dissertation titled *Convergent Hollywood, DVD, and the Transformation of the Home Entertainment Industries* (2007), argues that DVD (a technology that had the fastest diffusion rate of any consumer electronics product in history) not only replaced existing video and computing technologies but also effectively transformed the home entertainment industry (and experience) and the filmed entertainment distribution business. The DVD technology marked an actual new era of digital content distribution:

This era was marked by the convergence of three industries, new levels of access to filmed entertainment, mobilized viewing opportunities, the conflation of the computer and the television set, and heightened efforts to protect content through a variety of legal, regulatory, and technological strategies. (Sebok, 2007: viii)

¹ Frederick Wasser adds that audiences appreciated the “added features of a DVD, and the studios invested money in placing commentaries and alternate versions on the discs” (Wasser, 2008: 128).

² “TV releases had been a small part of the videotape sales, but with the DVD up to 15 percent of 2004 DVD sales were accounted for by TV titles” (Wasser, 2008: 128).

In his introductory chapter, Bryan Sebok describes how, at the very beginning of the twenty-first century (merely three years after the debut of the DVD technology), the incredible success and considerable revenue streams of the DVD technology became the primary driving force, alongside other extremely profitable ancillary markets, of a series of changes in the media environment that heralded a “sea change” in entertainment production, distribution and consumption.

For the first time in history, the home video market surpassed \$20 billion in sales and rentals, more than doubling the domestic theatrical gross for feature films. From January through December, consumers purchased and rented more movies for home consumption than ever before in the twenty-plus year history of home video technologies. (...) Theatrical business was booming, both at home and abroad. Big-budget, effects-driven blockbusters dominated the marketplace. Hollywood was growing and prospering at a pace not seen since the 1940s. (Sebok, 2007: 1)

Unsurprising, the digital technologies spurred another wave of “hyperbolic reports” claiming that the DVD was a threat to theatrical dominance, even though theatrical dominance had already been demolished by the home video market in the 1980s. Nevertheless, the DVD was seen as both “a threat to the status quo and the harbinger of a new era of digital media production, distribution, and exhibition” (Sebok, 2007: 2). This era of digital ushered by the DVD was going to fulfill two promises of the home entertainment business: the offer of a high quality visual experience (unlike the poorer and worsening quality of videotapes) that could bring the “home viewing experience closer to the theatrical experience”, and a tool through which the consumers could possess an unprecedented “degree of control and access to content”. Thusly, the DVD technology, and the digital era shepherded by it, would be “capable of changing the nature and quality of movie watching forever” (Sebok, 2007: 3).

The DVD emergence as a new technology had such impact that not only did it make the home video sector grow since its introduction but, because it could be used in an array of different media (films, video games, etc.), it also was responsible for a whole new way of looking at that industry and the names of divisions went from

“home video” to “home entertainment” (Sebok, 2007: 16)¹ since it encompassed so much more than the now-obsolete-video. The DVD (Digital Versatile Disc²) technology was successful due to several reasons. One of them was the already mentioned prosperous alliance between content and hardware providers. Additionally, the DVD also changed definitively the industrial strategy from rental (the business of companies like the now extinct Blockbuster) to sell-through³ in order to get a larger percentage of the profits. This sell-through model started in 1986 and ten years later it established itself as a viable secondary market — but then it was experimented on video cassette tapes. After that, when DVD technology appeared, this model was the “primary mechanism of distribution”, effectively changing the home entertainment business’ practices: “DVDs would be sold, not rented, to consumers” (Sebok, 2007: 3). This strategy reinvigorated a market that had been stagnated since the mid-1990s while bringing it up to date with the changes of the digital age. As stated by Bryan Sebok, another reason that justifies the dissemination of the DVD was its relationship with convergence, as the DVD presented itself as a technology that could “bridge the gaps between the personal computer and the television set”, and, at the same time, because it was playable in many platforms, the DVD provided a mobility previously inaccessible to movie watching (Sebok, 2007: 4).

The unprecedented success of DVD marked the synchronicity and convergence of favorable contexts in technology, industry, culture, and the regulatory environment. Over a period of years, and in some cases decades, these distinct yet interacting spheres aligned in such a way to guarantee DVD’s successful diffusion. Only by virtue of the efficient exploitation of these contexts by industry could the DVD become the cultural and industrial force it is today. (Sebok, 2007: 5)

According to Bryan Sebok, the DVD should be regarded as a force both evolutionary, because it draws “on existing technologies and established industrial structures”, and revolutionary, because it is the result of the “convergence of these evolutionary moments” (Sebok, 2007: 5). Another side of the revolutionary nature of

¹ It also made sense to ditch the moniker “video” since the format had transformed to digital.

² It can also be stand for “digital video disc” and it was the “original meaning proposed by some of DVD’s creators”, with “digital versatile disc” being meaning later proposed by the same (“DVD Frequently Asked Questions (and Answers)”).

³ Film studios were unable to demand returns for each rented tape, so they worked toward a sell-through model in alternative.

the DVD technology is the fact that it changed the “form and nature of filmed content” (Sebok, 2007, 6). It was not only that both films and television programs (in short, comprehensive film libraries) were now digitally re-mastered for DVD release¹, in high quality and in their original aspect ratio. Bryan Sebok also concurs with Laura Mulvey’s assertion that digital technologies and the DVD in particular have helped mold a new kind of spectator that is less passive and less “dominated” by the screen and more “adept at navigating through graphic menus, accessing, pausing, jumping to scenes, and replaying action instantly” (Sebok, 2007: 6).

During this period, digital video consumption has changed from being a specialized, niche-oriented experience to an all-access twenty-four hour a day media mass cultural phenomenon defined by YouTube, Google, MySpace, and movies and complete television series available on DVD. (Sebok, 2007: 6-7)

Although recent releases (or better yet, recent blockbusters) are the sources to the biggest revenues, the studios also made their entire libraries available on DVD, which provided an added revenue source. In fact, one of the main reasons behind the film industry’s endorsement of the DVD technology was the hope that it might reignite the audience/consumer’s investment in films² either by “replicating their existing home video libraries, or building new ones, with newly purchased, high quality, digital titles” (Sebok, 2007: 14). This meant that the shelf life of any given property was extended through the technology.

DVD afforded all copyright holders the potential to re-package their films (and, by 2002 television series as well) for audiences. (...) Additionally, DVD became the means by which the major studios could expand into “branded entertainment” in a variety of additional markets, including merchandising, video games, and cross-promotions both in the U.S. and around the world. In the process, DVD returned profits to not only the studios, but their counterparts in consumer electronics and computing industries. (Sebok, 2007: 17-18)

¹ As well as “shipped via disc and over the internet with supporting documentary materials, games, interactive functions, and assorted promotional materials” (Sebok, 2007: 6).

² The DVD was extremely useful in enhancing “the value of a studio’s brand; for instance, MGM could re-package pristine digital versions of the James Bond series at relatively little cost and profit handsomely (and they did)” (Sebok, 2007: 18).

Additionally, the DVD was a revolutionary technology because it helped reinforce the significance of digital technologies in the filmmaking business and “ushered in an era of digital content delivery via a variety of digital technologies, including high-speed internet, digital cable, and High Definition disc” (Sebok, 2007: 18). Within the several stages of the commercial lifespan of films, theatrical is now largely considered a “loss leader”, meaning that it is expected that films “operate at a loss” in their theatrical run — theatrical revenues contribute to the absorption of (rising) production and advertising costs — and film properties begin to turn a profit when they hit the home entertainment market. There are multiple reasons for this “deficit-financing strategy”. The theatrical run establishes the value of a film property in all the subsequent markets, where it becomes truly (and staggering) profitable in the TV licensing and DVD markets (since the costs of production and marketing have been paid off by the theatrical run). Thomas Schatz adds that this strategy, which exists because it is built upon the horizontal and vertical structure of media conglomerates, also inhibits competition, given that “film producers outside the conglomerate realm lack the financial leverage and ensured access to the marketplace enjoyed by the studios” (Schatz, 2009b: 24). Unsurprisingly, and the opinion of Edward J. Epstein, the success of the DVD market has only contributed to boost the “studios’ Midas-formula”¹, especially considering how the Hollywood film industry has reverted the traditional law of diminishing returns where blockbuster sequels are concerned (in today’s economy, studios have been able to maximize sequels in order to achieve higher earnings). According to Edward J. Epstein:

At the height of the DVD market, a studio with a successful franchise could sell over 30 million units per sequel, harvesting for itself between \$450 million and \$600 million dollars. (...) While this is an enormously high-stakes game, even a single successful licensing franchise can put a studio in the black—as *Spider-Man* did for Sony Pictures. (Epstein, 2012: 157)

¹ A “Midas Formula” film or franchise — which Edward J. Epstein argues was perfected by Steven Spielberg and George Lucas but introduced by Walt Disney when he made *Snow White and the Seven Dwarfs* in 1937 — involves “creating films with licensable properties that could generate profits in other media over long periods of time” and entails, at least as described by Edward J. Epstein, nine common elements: being based in a previously existing property, featuring a young protagonist, tell a hero’s journey, include characters for licensing, and depict stylized conflict, among other ingredients (Epstein, 2012: 154-157).

At the beginning of this chapter, I used a quote from Bryan Sebok defining four phases of development *before* the DVD technology. Conclusively, Bryan Sebok's study of the DVD adds two new stages — beyond the four stages defined by Frederic Wasser (2001) and Eugene Marlow (1991) — to the history of the home video industry once that technology was introduced. According to Bryan Sebok, the first of these two new stages would encompass the period between 1994 and 2002 during which the DVD was introduced and swiftly diffused, allowing the DVD industry to mature. The second new stage encompassed the period from 2002 onward (his thesis was written in 2007) and is defined by “new revenue sharing deals between studios and rental retailers” that promote the availability for rent of DVDs in practically all international markets, the phasing-out of VHS technology, the beginning of the online distribution of films for rent (which was led by Netflix), the normalization of television series distribution on DVD, and finally the emergence of competing high definition DVD technologies that began entering the marketplace (“splitting Hollywood into two camps”), such as the “Blu-ray Disc (developed by Sony and backed by 20th Century Fox, Lions Gate, and Disney) and HD-DVD (New Line and Universal)” (Wasser, 2008: 128).

The arrival of the DVD transformed the home entertainment sector (making it grow significantly upon the introduction of the new technology) and DVDs became, on par with cable television, “the most profitable segment of the studios’ operations” (Bordwell, 2012: 211). The viewing experience of a film at home was characterized by a determination to make the experience paradoxically closer to the theatrical experience (unprecedented image quality) and more interactive (control over and access to content). Additionally, as David Bordwell states, the shift from “analog tape to digital disc made the films perfectly reproducible” (Bordwell, 2012: 211), shepherding an “age of perfect digital reproduction”, a play on Walter Benjamin’s “The Work of Art in the Age of Mechanical Reproduction” (1936).

Anne Friedberg’s reflections on questions that arose due to the development of digital technologies and their relationship with cinema leading to its loss of medium-specificity, as well as the emergence of a new kind of temporality permitted by, first, video and, then, digital technologies, that affected the consumption of movies, are echoed in Laura Mulvey’s work in *Death 24x a Second: Stillness and the Moving*

Image (2006). Like Anne Friedberg, Laura Mulvey realizes how much new media technologies and devices (video, DVD) have transformed the way we experience cinema. Audiences can now exercise control over movies with the abovementioned technologies and that changes their rapport, leading to “new ways of watching films” and even “new ways of watching old movies” (Mulvey, 2006: 7-8). There is, in fact, a new kind of “spectatorship” that is being developed by these technologies given the possibilities of “returning to and repeating a specific film fragment” (Mulvey, 2006: 8).

It is also important to note that DVD technology also altered the filmed entertainment distribution business by launching a new era of digital content distribution and it took us from “artifact into abstraction” (Bordwell, 2012: 204). The DVD, in a better but similar way to the videotape, was a physical artifact in the hands of the film or television consumer. It is, at the same time, tied to “the migration of the crucial audience from movie theaters into the family home” and fostered the cinephilia of film audiences, engaging consumers of filmed entertainment into a wider film culture (Tryon, 2009: 36). The digitization of filmed entertainment produced by the DVD and the development of the Internet — combined with the threat of online DVD piracy and distribution — would soon be translated into the studios providing a new service by offering legal downloads and streaming of films and television series. This new form of consumption is less about the fetishization of the object (as it was with the DVD) and more about the rapid availability and disposability of media content.

How digital technology changed the distribution and exhibition of movies

The appearance of online digital content distribution has been an immensely transformative force. This final chapter deals with the emergence of digital content distribution or digital delivery systems. As it has been discussed, medium specificity has been shattered by digital technologies, which rendered film immaterial but much more mobile than ever before. Filmed entertainment is now available through a numerous of platforms and formats thanks to digital technologies: DVD and Blu-ray, Video On-Demand (VOD), digital streaming sites such as Netflix, Amazon, Hulu, veritable “online multiplexes” that seem to threaten both the traditional theatrical release and distribution channels but also the home entertainment sector:

A PricewaterhouseCoopers study released last year predicted that digital home-entertainment formats would surpass physical formats by 2016, and that DVDs would fall more than 28 percent between 2013 and 2018. Factor in Apple leading the trend away from optical drives, Netflix half-assing its disc-by-mail service after attempting to rename it (with a likely motive of selling it off), the death of Blockbuster, and the dramatic thinning of other video stores, and the future doesn’t look bright for films on physical media. (Phipps, 2015)

Media consumers have become more inclined to purchase digital copies or subscribe to digital streaming sites. This not only creates a shift in the marketplace, but it also alters the relationship between spectator (or should we say, consumer) and the film text. Not only is filmed content more accessible than ever through more platforms than ever before, there is also a disposable quality attached to digital viewing that differs from the cinephile fetishization that physical objects provide. Netflix has been the most successful case study, so far, of these digital delivery systems as it has battled to become a definitive (and global) player in both the television and film distribution realm. Netflix has begun to create its own television content and broken the barriers of what is television and how a spectator watches a television series by encouraging a binge-viewing model that is being sought-after by television networks as they make their incursion into the domain of digital content distribution. These changes in distribution, exhibition and viewing habits have begun

to transform long-standing notions of what is television and what is cinema, further erasing medium-specificity. The increasingly serialized nature of contemporary entertainment (evident in every media platform from podcasts to films to television series) also contributes to this blurriness between media. As “films have become files” (Bordwell, 2012: 12), have they become merely “content”? Is this the time to change media terminology: can we still talk about motion pictures and television series when clear distinctions are progressively harder to make?

Netflix as a crucial case study of digital delivery systems



Figure 35: Netflix’s logotype

In the introduction to his book *On-Demand Culture: Digital Delivery and the Future of Movies* (2013), Chuck Tryon describes a stunt by comedian Mark Malkoff (Roettgers, 2012), who during May of 2012 “sought to watch as many Netflix streaming movies as possible over the course of a single month” (Tryon, 2013: 1). Netflix is essentially an American provider on on-demand content, available on the Internet via streaming¹ or, exclusively in the United States, via DVD-by-mail (a service whereby DVDs are delivered by mail but the renting process occurs via the website). Pricing works the same way as a cable subscription would, with a flat rate

¹ “Streaming” is a “method of relaying data (especially video and audio material) over a computer network as a steady continuous stream [like the forward motion of a river], allowing playback to proceed while subsequent data is being received”(New Oxford American Dictionary).

(i.e., regardless of usage) monthly fee¹. Netflix is currently available in North and South America, the Caribbean, and a small number of European countries², with plans for further expansion³.

Reasoning that he wanted to get the best value possible for his \$7.99 per month subscription, Malkoff managed to watch 252 movies—approximately eight per day—bringing his cost per film to an impressively low three cents per day. Malkoff’s well-publicized stunt, which was happily embraced by Netflix, served as unofficial advertising for the company, especially when Malkoff touted the wide selection of movie titles. (Tryon, 2013: 1)

Mark Malkoff praised Netflix’s catalog of movies as well as the company’s recommendation algorithm, promoted his stunt on social media (Twitter, Facebook), while demonstrating the variety of devices one could watch Netflix on (computer, television, tablet, smartphone). According to Chuck Tryon, Mark Malkoff’s experiment “pushed the possibilities of digital delivery to their logical extreme, [while] it illustrated many of the key questions facing both producers and consumers of media content” (Tryon, 2013: 1). Chuck Tryon adds that we are in the midst of attempting to understand a budding “on-demand culture” that delivers to its viewers/consumers “new forms of immediate access to movies and television shows, even while introducing a number of potential constraints” (Tryon, 2013: 1-2). Netflix is one of the services that cater to this culture. The technological changes that enable entertainment content to be delivered with this degree of immediacy lead, on the one hand, to the democratization of media distribution and the offer of a “wider range of options to watch movies and television”, but, on the other hand, the shift from a mass media culture to an on-demand one contributes to “a more fragmented, individualized media culture” (Tryon, 2013: 2).

These new modes of access—whether online streaming services such as YouTube or Netflix, digital downloads at iTunes, the Redbox¹ kiosks at nearby grocery

¹ For a comprehensive list of Netflix streaming and DVD rental plans and prices, as of May 25 2014, see: http://www.netflixreview.com/netflix_plans.html.

² In Denmark, Finland, the Netherlands, Norway, Sweden, Ireland and the United Kingdom.

³ Andrew Wallenstein, “Netflix 2014 European Expansion: A Look Ahead,” *Variety*, March 6, 2014, <http://variety.com/2014/digital/news/netflix-makes-plans-to-move-into-europe-but-it-faces-fights-from-local-competitors-1201125910/>.

stores, tablet computers, iPhones, set-top boxes² such as Roku players³ or gaming systems such as the PlayStation 3, or movie theaters offering digitally projected 3D movies—are all engaged in redefining how audiences access and consume motion picture entertainment, destabilizing what Adrian Johns has referred to as “the business of culture”⁴. (Tryon, 2013: 2)

The “potential constraints” that Chuck Tryon writes about are the above-mentioned fragmentation of the audience and the limitations of the amount of data a viewer can consume. Chuck Tryon argues that the “seemingly unlimited” selection of titles available through on-demand catalogs is offset by the competition between video-on-demand (VOD) services over the streaming rights to films and the data limitations set by Internet services providers — during his Netflix binge, Mark Malkoff “benefited from an internet subscription that provided him with unlimited bandwidth” (Tryon, 2013: 2). Chuck Tryon justifies that studying “distribution in the digital era” is answering a concern expressed by Philip Drake who wrote: “Distribution and marketing are amongst the least widely understood aspects of the contemporary Hollywood film industry yet” (Drake, 2008: 63). Chuck Tryon argues that aforementioned new distribution templates reveal the conflicts between:

(...) the manufacturers of hardware (DVD players, video game players, set-top boxes, tablets and cell phones, internet-connected and 3D television sets, laptop computers) and the producers of media (the movies, videos, video games, and television shows themselves), as well as between the producers and retailers, such as Walmart, Blockbuster, and Amazon. (Tryon, 2013: 2)

Digital technology and digital distribution has transformed film from a tangible artifact into digital (virtual) code. David Bordwell claims “films have become files” and, at the same time, “content, an undifferentiated item to be fed into a database” (Bordwell, 2012: 7-8). According to Chuck Tryon, the consideration that

¹ Redbox Automated Retail is a DVD, Blu-ray and videogame rental service that operates through a website and widespread automated kiosks.

² A device that permits access to both television broadcast and Internet applications.

³ Which offer over-the-top (OTT) content such as Netflix and Hulu.

⁴ The disruption of the “business of culture” (Johns, 2013, 457) was initiated by videotaping, i.e., “home piracy”. Adrian Johns writes that it was clear the “piratical potential in the cassette for subverting centralized industry, authority, and culture”, which originated a “community of recording, sharing, and copying”. Eventually, the “first home computer hobbyists took the principles of home copying and applied them to digital data” (Johns, 2009: 462).

films are now files recognizes that “the media industries have sought, with limited success, to shape the uses and practices associated with the digital distribution of entertainment” (Tryon, 2013: 2). As Chuck Tryon explains, digital distribution inevitably not only “raises new questions about how, when, and where we access movies” but also raises concerns about “what this model means for entertainment culture” (Tryon, 2013: 3). Just as Henry Jenkins argued that the rhetoric surrounding the digital revolution erroneously presumed the inevitable annihilation of old media in favor of new media (Jenkins, 2006: 5), so does Chuck Tryon argue that while “digital media seem to promise that media texts circulate faster, more cheaply, and more broadly than ever before”¹ — in short, unlimited access and unlimited mobility —, this promise (like the “death of cinema”) has been greatly exaggerated.

According to Chuck Tryon, one should understand the current model of digital distribution as working within the notion of “platform mobility”, which he defines as “encompassing the ongoing shift toward ubiquitous, mobile access to a wide range of entertainment choices” (Tryon, 2013: 3). Platform mobility, however, is more than mere mobile access as it includes the discourses and changes (social, political, economic) designed to make such mobility desirable and catering to the “individualized consumer”² (Tryon, 2013: 3). Going back to the “promises of ubiquitous and immediate access to a wide range of media content” (Tryon, 2013: 3), digital distribution has — just as cable television and the home video market before it — been managed by the major media conglomerates in an effort to control the how, when and where their content flows. This way, Chuck Tryon suggests, platform mobility is nothing more than controlled “content mobility” (i.e., “the ability for content to circulate among users”). Content mobility has, in fact, existed since “videocassettes turned movies into tangible, portable objects”, having this study already analyzed the battles the major studios fought, at first, to prevent content mobility, and, when that failed, then the efforts in order to control it and profit from it. Ultimately, there are a number of “practices associated with on-demand viewing” that

¹ According to Chris Anderson, *The Long Tail* (2006) and Vincent Mosco, *The Digital Sublime* (2004).

² “(...) one who is ostensibly capable of controlling his or hers viewing experience, whether that entails starting a movie on one platform and continuing it on another, watching a movie on a mobile device, or accessing digital libraries through various streaming platforms and digital downloads from anywhere an internet connection is available” (Tryon, 2013: 3).

originated in past distribution formats¹, associated with ancillary markets and the home video industry (Tryon, 2013: 4). Pay-per-view (PPV) entertainment, for example, has a rich history of content delivery either via cable television or online.

After the Federal Communications Commission approved subscription television services, HBO and several other movie channels became successful enough that Hollywood saw there a lucrative option for a second life for their products after theatrical release. Inevitably, the idea to have to pay for your television was not universally embraced, the most vocal opponents being, unsurprisingly, movie theater owners. As Chuck Tryon comments, the “rise of cable television, along with the growth of video distribution in the 1980s, set the stage for the vast increase in the value of film libraries”² (Tryon, 2013: 25), which means that the second stage of film life (post-theatrical release) served to create a demand for more film product than just the latest releases (in order to fill the channels’ programming), breathing new life to old releases and, in many cases, helping less known and previously underrated titles to become cult and fan favorites (one of the most famous examples being Howard Hawks’ *It’s a Wonderful Life*³). The studios’ film libraries were now “the source of significant profits for major studios” (Tryon, 2013: 26) (something which has been mentioned previously), leading to the media mergers and acquisitions of the 1980s and 1990s “when cable channels gobbled up the broadcast rights to the studio libraries” (Tryon, 2013: 26). Thusly, network and cable television became, during those times, part of the film industry’s archival and exhibition systems.

Contemporarily, one of Netflix’s benefits is that the service actually emulates the “practices of cable channels in acquiring content for redistribution” (Tryon, 2013: 26), meaning its consistent with older models of industry practice, and rediscovery, such as with AMC’s *Mad Men* syndication rights, which illustrated Netflix’s move away from movies and toward television programming. At the same time, by doing

¹ Chuck Tryon adds that the concept of time-shifting, which first emerged due to the effects of the VCR (as it has been mentioned above), has now become completely “commonplace in the era of digital video recorders (DVRs) and other forms of on-demand viewing” (Tryon, 2013: 4).

² Unlucky for the studios who had sold pieces of their libraries for funds for the continuance of the production studio.

³ Chuck Tryon quoting Jennifer Holt: “In some cases, these ‘archives’ even allowed older movies to be rediscovered thanks to repeat broadcasts (...), gaining them greater attention than they might have received from a DVD release” (Tryon, 2013: 26).

this, Netflix challenged industry rules regarding streaming television, re-runs and syndication. The acquisition and consequent exhibition of television programs by services such as Netflix has the power to “potentially change the distribution timing of many prominent television shows and movies in complex ways, in part by altering the speed with which content is made available for repeat or catch-up viewing” (Tryon, 2013: 26). The DVR technology also contributed to changing the parading of timing associated with television and film viewing through the enhancement of the time-shifting abilities of the VCR, i.e.: playback and store programming, and packaging content in a similar way a DVD box set could. As Chuck Trying argues, these “new storage formats turned television from a form associated with ‘temporal scarcity’ into one that allowed viewers to invest more time and attention to their favorite shows and movies” (Tryon, 2013: 27). DVDs, DVRs and streaming services, all examples of services or technologies that afford the viewer with the possibility to store and playback television programs and movies without being dependent on pre-defined timetables, that promote this allotment of time and investment also encourage binge-watching¹, given the ease of accessibility of content.

By the mid-1980s, consumers could watch movies on pay-per-view and other specific programs, particularly events screenings and, by the time the 1990s came around, the Hollywood film industry was “intimately involved with cable, pay-cable and pay-per” (Wasko, 2003: 135-136). At the time, pay per view was a more attractive option than rental for film studios because it provided more control over the product because people paid for each one view, that gave studios more money, more directly, than rentals ever could. Monetary control over their intellectual property has, essentially, been the sole preoccupation of film and television studios (and content providers in general) regarding new platforms of content delivery.

These examples show that digital delivery is not an entirely new phenomenon. In fact, it had been technologically feasible, at least on a limited scale, by the late 1990s. However, many of these services struggled until the emergence of Apple’s iTunes and Netflix, suggesting that new technologies and formats may be adapted only fitfully and

¹ “Binge-watch: (v) to watch at least four episodes of a television program, typically a drama, in one sitting (bathroom breaks and quick kitchen snack runs excepted) through an on-demand service or DVDs, often at the expense of other perceived responsibilities in a way that can cause guilt” (Feeney, 2014).

gradually and that the development of new distribution tools does not guarantee that they will be accepted until a cultural need for them emerges. (Tryon, 2013: 25)

Undoubtedly, the increased mobility of entertainment content is associated with the proliferation of platforms, services and devices on which to watch movies and television shows. Joining the ranks of delivery formats, formerly reserved for DVDs either sold at retailers or rented at the video store¹, came “digital hubs such as Apple, Amazon, Netflix, and Facebook” (Tryon, 2013: 18). Although digital distribution has gained a lot of traction due to the popularity of these services of digital delivery, Chuck Tryon is quick to point out the “persistence of the DVD as a format”².

What has changed is the perceived concept and value of the textual artifact, whether that is a movie or television show. This shift in perspective is shaped by the increased mobility associated with digital delivery and the speed with which texts now circulate (or in some cases fail to circulate) across digital platforms. In this sense, platform mobility alters not only the economics of the film industry but also the practices of consumers seeking a few minutes’ entertainment. (Tryon, 2013: 19)

It is of the utmost importance, however, to realize that as one seeks to explore how digital distribution has transformed traditional modes, there may be a “number of terminological difficulties”. For example, it is not possible to describe “digital movie delivery” as a way of replacing theatrical seeing that so many movies have been using the “day-and-date” release schedule³, which then “complicates any strict distribution timeline”. Nevertheless, adding to platform mobility, there is also the concept of “audience mobility” given that consumers are able to purchase or rent movies “anytime, anywhere”⁴ (Tryon, 2013: 19). As Chuck Tryon states, platform mobility has been the result of the transformation of the Internet into a site for “renting, purchasing, and downloading movies, often for instantaneous viewing” — through

¹ Which retained the name “video” even though the format became obsolete.

² “As of 2011, 92 million homes continued to have at least one DVD or Blu-ray player, with two-thirds of those homes having more than one. Another 46 million homes had video game consoles that could play DVDs. Finally, digital delivery accounted for only 13 percent of home video spending in 2010, suggesting that physical media remain a preferred way for people to watch movies” (Tryon, 2013: 18).

³ Many independent films have adopted a day-and-date release where a film is available both in theaters and through VOD.

⁴ Netflix’s slogan.

streaming video, digital downloads, electronic sell-through (EST) and VOD¹ —, which caused the transformation of the home entertainment industry from a “relatively stable domestic, post-theatrical distribution system associated with physical media (...) to one that is marked by profound uncertainty and unpredictability” (Tryon, 2013: 19). This uncertainty and unpredictability about how consumers access entertainment is not only connected to the variety of delivery formats and systems as well as the corresponding varied pricing models, but also to the fact that, in the current digital distribution environment, the “interests of the studios and the interests of content aggregators, such as Netflix, Amazon, and Hulu, may not be aligned” (Tryon, 2013: 20). Contrary to the promises of “unlimited access”, these separate streaming services (or “streaming megaplexes”) actually “offer only incomplete access to the full catalog of movie and television titles” (Tryon, 2013: 20). There is no full access precisely because there is a “proliferation of platforms, devices, and strategies” angling for dominance, which in turn enables the state of digital distribution to remain in constant flux and changes to occur at a swift pace.

Online Viewing Sites

Just like there is no single dominant platform, there is also no “singular, universal viewer” (Tryon, 2013: 27). The many platforms and devices that emerged as soon as “digital delivery became a viable option” catered to niche audiences and “highly individualized viewers” who desired total control over what they watched and how they watched (Tryon, 2013: 27).

The most dominant player in the subscription marketplace was Netflix, which could boast 24 million U.S. memberships in June 2012 and approximately 26 million worldwide, making it the leading VOD service, despite complaints about a lack of popular movies available in its streaming catalog. (Tryon, 2013: 27)

Alongside Netflix, there were other services that endeavored to become active players in the digital distribution business. Apple’s iTunes began by renting movies

¹ Services provided by online retailers, video-sharing sites, social networking sites, applications for smartphones and tablets.

and television shows (January 2008) before shortly beginning to directly sell movies (March 2009) (Tryon, 2013: 27). At the same time, gaming systems also attempted to sell movies through their platforms (Xbox 360, PlayStation3). YouTube sought to capitalize on identifying and targeting niche audiences and began offering a “mix of professional and amateur content”, ultimately resulting in the creation of YouTube’s own video rental service, in 2008, by acquiring streaming rights to a number of Lionsgate films (*Saw* franchise, *Dirty Dancing*) (Tryon, 2013: 28). Four years later, in 2012, YouTube (and its parent company Google, with its app Google Play¹) had already struck deals with the major Hollywood film studios: Paramount, Sony/Columbia, Warner Bros., Universal, Disney and 20th Century Fox (Chmielewski, 2012; Miller 2012). Also, as Chuck Tryon states, Amazon “pursued a similar hybrid VOD and EST approach, creating a tiered system that provided users with a variety of options to rent or purchase” (Tryon, 2013: 29).

In January 2011, in order to reach markets outside the United States², Amazon purchased the European video rental service LoveFilm, which operates in several European countries, including the United Kingdom, Germany, Sweden, Norway, and Denmark. Like Netflix, the subscription service offers a combination of DVDs by mail and streaming video and maintains a deep catalog of films and television shows (...). Further, like Netflix, LoveFilm appeals to the discourses of platform mobility, allowing users to watch on their computers as well as through their Playstation 3 game consoles. (Tryon, 2013: 30)

The noteworthy phrasing being “like Netflix”, which is pursuing a global expansion. In terms of streaming rights and the (un)limited availability of entertainment content, the truth is that geographical location — even in a digital world — still matters. As an example, Netflix’s European expansion is a good example of the importance of location. In “Netflix 2014 European Expansion: A Look Ahead” (2014), Andrew Wallenstein makes the case that, independently from where Netflix decides to expand to, “its content expenditures will be considerable, as acquiring rights must be done on a territory-by-territory basis”, so whether the company goes to Portugal or Spain or another European country, there are deals to be made regarding

¹ Google Play offers the possibility to rent or purchase movies and television shows.

² And address the geo-blocking impediments that curtail access to certain kinds of content.

the streaming rights to content, from movie packages to securing exclusive television titles. This situation is a major incentive for Netflix to pursue the production of its own expanding slate of original content that the streaming service can then premiere “across its global footprint” (Wallenstein, 2014).

The most popular streaming services and digital delivery services have appeared in the United States, where the media companies that hold the rights to the entertainment are settled. Netflix, among with other companies, decided to “offer inexpensive digital movie delivery in other countries, further illustrating the existence of a globalized, cosmopolitan film culture” (Tryon, 2013: 46). In, 2011, after an initial expansion to Canada, Central America, South America and the Caribbean, Netflix considered a move to Europe in 2012 (Wallenstein and Lodderhose, 2011), all the while “acquiring local content that could appeal to international audiences” (Tryon, 2013: 47). The move to Latin America, where streaming-only accounts were offered, was seen as an attempt to combat video and online piracy with the reasoning being that if inexpensive subscriptions were offered, it would counterbalance the “global pricing” and windowing problem that prevents easy access to filmed entertainment outside of the United States. As Chuck Tryon writes, “Netflix CEO Reed Hastings frequently stated that some of Netflix’s main competitors were not DVD retailers (...) but pirate sites such as BitTorrent” (Tryon, 2013: 47), which further contextualizes the tendencies tracked by Sandvine that showed that as Netflix’s dominance rose, BitTorrent’s diminished.

Given the implications raised by digital rights and the lack of certainty that content would be available, film fans were often faced with significant challenges when it came to tracking down specific titles. These challenges were especially acute for cinephiles who sought out older movies, international art films, and documentaries. (Tryon, 2013: 31)

While Netflix has largely been the “dominant player in the era of digital delivery”, its “reputation as a primary source of canonical cinema” has been disrupted by the emergence of exclusive streaming deals that can limit the availability of particular movies or television series, or any other filmed entertainment (Tryon, 2013:

32). Hulu and Criterion¹ made an exclusive deal, leading Hulu to start targeting “movie buffs”, while Netflix had began targeting television aficionados and started to approach a model similar to a cable channel such as HBO (Lawler, 2011). This illuminates how Netflix’s vast catalog can always be subject to changes, depending on the deals being made or expiring. Online cinephilia, as Chuck Tryon reasons, has been aided and stimulated by these online streaming services: “a number of other companies sought to capture niche audiences, most notably the audience for independent and documentary films” (Tryon, 2013: 34). Chuck Tryon argues that these “content aggregators” (Tryon, 2013: 20) are frequently hailed for being able to break down “geographic tyranny” (regarding streaming rights on different territories, as mentioned above) and make films available that may not otherwise be accessible or, at least, very hard to find. Platforms like the Independent Film Channel’s (IFC) on-demand service or the streaming service and social hub Mubi², allow the discovery of new titles, highlight the difficulty to access a certain kind of “quality movies online legally” and signal the demand for a wider range of entertainment (Tryon, 2013: 21). Mubi, specifically tailored as a “destination for cinema culture”, advertises its offer of “cult, classic, independent and award-winning films from around the world”, selected and curated by assigned “film experts”, with a new title everyday, available for a month.

One of the most important debates surrounding these new forms of digital delivery is the “debate within the industry about how much the audiences are willing to pay for entertainment” and what the industry is willing to charge for its filmed entertainment, especially taking into consideration bandwidth and production costs for any given movie or television show spent by content providers (i.e. the studios that produce movies and television shows) (Tryon, 2013: 21). The cost of intellectual property is one of the issues that render digital distribution a complex matter. Another issue, and going back to the fact that there is no “single dominant platform” (Tryon, 2013: 20) but a myriad of choices, is the fierce “competition over rights [that] often determines what content might be available at a given time”, particularly considering that entertainment producers will “seek to maximize the value of their movies and

¹ Criterion had previous deals with Netflix and Mubi.com for the streaming rights of a number of their titles.

² Formerly known as *The Auteurs*, now at Mubi.com.

television series” (Tryon, 2013: 21). Here are visible the limitations of the “unlimited choice” promise, not only because the different streaming services will each offer partial access to the full extent of the existent catalog of film and television titles (depending on the deals these services make with the providers of content, much in the way cable television functions), but also due to the fact that “streaming rights can expire at sites such as Netflix, often without warning, making it difficult to keep up with what is available and what isn’t” (Tryon, 2013: 21). So one might be able to access content *anytime* of the day we want, or in any device available (*anywhere*) to us with an Internet connection, but not *anything* will be available at any given time. There is a constant flux of content being acquired and expiring and it is not easy to keep track. As an answer to this issue, many online news outlets have maintained regular features concerning the recent additions to the Netflix catalogue (or other streaming catalogues), as well as any impending expiring titles; serving as an example, the website TheDissolve.com has a “weekly look at notable new titles available on online streaming sites”, titled “Newflix”. There are also specialized websites such as Instantwatcher.com, which tracks the Netflix's catalog of streaming titles and allows users to operate it more efficiently, or Whats-On-Netflix.com, another (this time unofficial) website that tracks the latest titles and news regarding Netflix in the United States and the UK.

As Chuck Tryon explains, in September 2011, Starz¹ announced it was ending its relationship with Netflix (a relationship that had begun in 2008) by not renewing their streaming agreements, in what Christina Warren called the “Great Netflix Starzageddon of 2012” (Warren, 2013), a move that cut “deeply into its streaming catalog at precisely the moment the service instituted significant price increases for monthly subscriptions” (Tryon, 2013: 22). Among the around 1,000 titles that were removed was *Toy Story 3* (Lee Unkrich, 2010, US), *Tron* (Steven Lisberger, 1982, US) and *Billy Madison* (Tamra Davis, 1995, US).

Although Netflix’s access to streaming rights eventually changed, the end of the Starz deal illustrates the degree to which SVOD² catalogs are contingent and often

¹ Starz is an American premium cable and satellite television network that features mainly theatrically released motion pictures, along with some first-run original television series.

² Subscription video-on-demand.

somewhat more limited than video stores, especially when it comes to new releases, a situation that often makes it difficult to find legal versions of streaming titles. (Tryon, 2013: 22)

As Wheeler Winston Dixon writes, in “How Long Will it Last, and Do You Really Own It?” (2011), movies, books and music have “all gone streaming” and are now stored in “clouds” (cloud storage that services streaming). A consumer that streams a movie is not afforded a copy of the entertainment he is enjoying. Streaming is momentary and ephemeral; it is living in the “here and gone” now (Dixon, 2011), in the short-lived and transient afforded by a lack of physicality. One never really owns streaming content that someone else controls. Thus, since someone else is in control of the content being streamed, it can become (suddenly) unavailable. As the Netflix/Starz debacle illustrates, the existence of “competing forms of digital ownership may actually reduce points of access to movies and television shows”, forcing consumers to subscribe to multiple services in order to access the specific content their interested in (Tryon, 2013: 46).

In “Why Movie Streaming Sites So Fail to Satisfy” (2014), Farhad Manjoo wrote about how he felt that the most popular streaming services offering movies (Netflix, Amazon, Hulu, among others) simply were not “good enough”. Farhad Manjoo cites industry experts (that, nevertheless, declined to be named due to the sensitive nature of the media deals) who claim “we aren’t anywhere close to getting a service that allows customers to pay a single monthly fee for access to a wide range of top-notch movies and TV shows” (Manjoo, 2014). There is no chance of a “single comprehensive service” but a fragmented experience scattered across numerous services, leading to complex decisions when choosing between “different rental and subscription services offering different catalogs of programs, none very extensive, at vastly different price points” (Manjoo, 2014). Farhad Manjoo contends that the impediment to the singular, all-inclusive service that might allow access to the full range of the film studios’ catalog is an industry practice called “windowing”, which is a term to refer to the various release windows that correspond to the various platforms (theaters, DVD/Blu-ray, digital services for purchase or rent à la carte).

Then, about a year after a film's theatrical release, trouble kicks in. That's when a movie is made available to pay-TV channels like HBO, Starz and Epix. These premium periods are exclusive; when a movie gets to a pay channel, it often can't be shown on any other streaming service. This usually means it gets pulled from à la carte rental services, too. (...) Because of the network's exclusive hold over those titles, you can't rent those films from any other digital service. (Manjoo, 2014)

Farhad Manjoo argues that "windowing" is the reason Netflix films can feel "old", because after a movie is released theatrically or a television program becomes available, it can take up to five to seven years for all its window restrictions to expire. The television series *Gilmore Girls* (2000-2007) ran in syndication for seven years, after which Netflix secured exclusive streaming rights to all seven seasons, through a pact with Warner Bros. Television (the company that owns the series), starting October 1st, 2014 (Spangler, 2014). Farhad Manjoo furthers the matter and claims that it might take a long while before films stop being released in this staggered fashion¹. The issue here is exclusivity and the millions of dollars spent by HBO and other premium networks for that right. This is why "Netflix's Reed Hastings Calls HBO Go His Primary Competition"² — "They are becoming more like us and we are becoming more like them"³ (Bond, 2014). Furthermore, while HBO has heavily betted its reputation on its original and award winning programs, movies are still its most popular content, elucidating why "it has purchased rights to about half of all the movies released by major studios in the United States until beyond 2020" (Manjoo, 2014). Although Netflix certainly is vying for the same kind of studio deals, but it is too expensive to compete in scope.

This doesn't even address the further complication of television shows, whose rights are governed by a completely different windowing regime from that of movies. Mr. Friedland⁴ noted that unlike movies, multiyear TV series could get more popular

¹ Exceptions like "day-and-date" release are commonly associated with independent films that do not suffer from the same treatment as movies that are widely known and in high demand.

² Paul Bond, "Netflix's Reed Hastings Calls HBO Go His Primary Competition", *The Hollywood Reporter*, December 6 2011. Accessed 8 July 2014: <http://www.hollywoodreporter.com/news/netflix-reed-hastings-hbo-go-270172>.

³ "We don't and can't compete on breadth of entertainment with Comcast, Sky, Amazon, Apple, Microsoft, Sony, or Google. For us to be hugely successful we have to be a focused passion brand. Starbucks, not 7-Eleven. Southwest, not United. HBO, not Dish", *Netflix: Netflix Long Term View*, <http://ir.netflix.com/long-term-view.cfm>.

⁴ Netflix's chief spokesman.

with age. This gives networks an incentive to gain long- term exclusive rights to popular shows, which is why Netflix and Amazon have been competing with HBO to create their own original series. (Manjoo, 2014)

However, as Farhad Manjoo states, creating original content means creating exclusive content thus differentiating services and breeding fragmentation. This will inevitably bring streaming services like Netflix closer to TV networks and possibly further away from their status as content aggregators. Netflix has, in fact, transitioned from a film-focused into a television-focused streaming service (Stelter, 2012). Farhad Manjoo concludes his article by stating that given the differentiation between services, a discerning consumer might just have to pay for several services or even get all of them (Manjoo, 2014).

Immediate access to content vs. the physicality of the artifact: mediums versus Platforms



Figure 36: *House of Cards*, Netflix, 2013

Google, Amazon, and Walmart¹ joined a number of new media companies, including Apple, Facebook, and Netflix, in reshaping the networks through which media content is delivered. As a number of critics have observed, these changes dramatically altered the Hollywood economy. The variety of distribution practices also

¹ Walmart bought the online movie site Vudu.

underscored the fact that there would likely be no single delivery model (...), leading to complications in how movies are distributed and exhibited. (Tryon, 2013: 30-31)

One of the ways in which these content aggregators and streaming platforms are changing the Hollywood industry and altering viewing practices is by discouraging the purchase of physical (or even digital) copies of either movies or television shows, when consumers have the choice to temporarily access content, even if not for a single viewing. Furthermore, streaming on-demand catalogs also discourage consumers from purchasing access individual titles, when offering monthly subscription packages that offer, albeit limited, a wide array of entertainment choices. This, of course, alters the “perceived value of a film text”, making it increasingly difficult for film studios to market DVDs and Blu-rays “despite promises of a better image” (Tryon, 2013: 31) — and even that is counteracted by Netflix’s offer of HD content. These changes in viewing practices ultimately transform movie watching into something that requires gradually “less commitment” (Tryon, 2013: 31). According to Chuck Tryon:

The digital delivery of movies seems to democratize access to a wide array of movies, but it also threatens to disrupt some of the traditional ways in which studios have been able to produce revenue, especially after a film leaves movie theaters. Specifically, the persistent availability of movies in streaming catalog lessens consumers’ need to buy a copy of a film and, in turn, decreases the value of that title. (Tryon, 2013: 97)

Digital distribution platforms offer a variety of choices (not only of content but also of ways to watch content), while audiences are “able to time-shift” more efficiently than ever (Netflix, Hulu, iTunes, DVRs), a “process established by videocassette recorders (VCRs) and extended by box sets of television shows” (Tryon, 2013: 97). This “anytime, anywhere” encourages audiences to procure their entertainment content online instead of buying it or renting — or even watching it live on their televisions. The decline of “bricks-and-mortar video stores” like Blockbuster itself are directly linked to the rise of Netflix, a company that Chuck Tryon argues has gradually placed more emphasis on bettering its streaming content than in investing in

its DVD-by-mail side of business¹ — no matter the already mentioned limitations that befall on streaming content whose rights are held by films studios rather than by Netflix². According to Chuck Tryon, the “conflicts over Redbox and Netflix are two of the more visible expressions of the shifting value of the film object and of the attempts to control how, when, and where content will be distributed” (Tryon, 2013: 103).

Additionally, the changes in the home entertainment industry and in the distribution business will reflect on the production of filmed entertainment. This is due to the fact that, as it has been explored, theatrical release of a movie is declared by the industry as a “loss leader”, a window where the studio will not make much money but generate cultural capital that will make the movie a desirable commodity, leading the studio to later cash in on ancillary markets, such as the home entertainment market, specifically the sale of DVDs. Over the last eight years, combing through The Numbers website data concerning the top-selling DVDs in the United States reveals that³ *Pirates of the Caribbean: Dead Man’s Chest* (Gore Verbinski, 2006, US) was the top-selling DVD in 2006, with 14 476 924 units sold in total. In 2010, *Avatar* (James Cameron, 2009, US), a movie that holds the record for best all-time box-office, both domestically and globally, sold 10 173 099 units as the top-selling DVD title⁴. In 2011, there is another drop and *Harry Potter and the Deathly Hallows: Part I* (David Yates, 2010, US/UK) and *Harry Potter and the Deathly Hallows: Part II* (David Yates, 2011, US/UK) (first and third top-selling DVD titles that year) sold, respectively, 7 089 179 and 5 799 775 units⁵. Lastly, another drop in 2013, when the top-selling DVD title was *The Twilight Saga: Breaking Dawn, Part 2* (2012) with 4,908,943 sold copies⁶.

¹ “It is worth noting that the company anticipated that DVD-by-mail shipments would continue to grow before peaking in 2013, followed by gradual decline over the next two decades” (Tryon, 2013: 101).

² Hence Netflix’s jump into developing original content (*House of Cards*, *Orange is the New Black*, the Marvel new series).

³ The list goes up until 2006.

⁴ The list for combined (DVDs and Blu-rays) top-selling videos for 2010 shows *Avatar* sold 16, 074, 212 copies in total.

⁵ The list for combined (DVDs and Blu-rays) top-selling videos for 2011 shows that the two films are at the top two with, respectively, 9,994,889 copies and 8,185,063 copies.

⁶ The list for combined (DVDs and Blu-rays) top-selling videos for 2013 shows *The Twilight Saga: Breaking Dawn, Part 2* in second place with 6,185,150 copies sold and *Despicable Me 2* (Pierre Coffin and Chris Renaud, 2013, US) in first place with 9,188,383.

In July 2014, Guillermo del Toro participated in a Reddit AMA (Ask Me Anything), a Q&A session at Reddit¹, divulging that his plans for a potential *Hellboy 3* would not likely come to fruition for “basically every studio” in Hollywood was not interested in financing the movie. Guillermo del Toro explained in further details the reasons why no studio would back his plans:

I think that the first movie made its budget back, and a little bit of profit, but then it was very very big on video and DVD. The story repeated itself with the second already, it made its money back at the box office, but a small margin of profit in the release of the theatrical print, but was very very big on DVD and video. Sadly now from a business point of view all the studios know is that you don't have that safety net of the DVD and video, so they view the project as dangerous. Creatively, I would love to make it. Creatively. But it is proven almost impossible to finance. Not from MY side, but from the studio side. (“Guillermo del Toro Reddit AMA”, 2014)

As Matt Singer explains, more than a blow for *Hellboy* or Guillermo del Toro fans, his testimonial indicates “wider” and “more upsetting” implications. With film studios no longer being able to rely on DVD and home video as a “safety net” (considering theatrical release’ status as a loss leader) for riskier projects that may do much better in home video than theatrical² and allow numerous directors to get “small, ambitious projects financed”, stakes are higher in terms of what kinds of movies may be produced. Studios will be more cautious than ever when pondering potentially successful, and worth spending on, projects (Singer, 2014b).

Some final words. *Game of Thrones*, a television show on the cable network HBO, exhibited the first two episodes of its fifth season on an IMAX screen. Many independent feature films, on the other hand, were released directly on home video. Netflix and other content aggregators produce their own content, episodic like a television show but not serialized. Instead, whole seasons are released in one sitting, fostering binge-watching behavior over the weekend, as if it were an extremely long film. The contemporary media landscape, and the loss of medium specificity provoked by the digitization of media content, invites the question of whether

¹ News and social networking site.

² As was the case with *The Twilight Saga: Breaking Dawn, Part 2* (Bill Condon, 2012).

mediums still exist or if we should consider filmed entertainment merely through the concept of different content delivering platforms. A definition of what a movie is (a feature film) cannot be its running time or that *Game of Thrones* experiment would have to be considered as a movie. The term “moving picture” or “film” is barely able to truly define it either because digital technologies have transformed the cinematic apparatus, as well as the televisual apparatus. Television used to be confined to a specific device but now it can be watched through a computer, tablet, smartphone: all it needs is an Internet connection. Even movies do not need to be distributed and exhibited in theaters to receive that nomenclature, as many independent films have not reached theatrical screens but are still that, films. *The Interview* (Seth Rogen and Evan Goldberg, 2014), in the throws of a hacking scandal and extortion, reverted from a movie about to be theatrically released into a video on-demand release, turning “*The Interview*” into an unplanned test case for the profitability of digital delivery” (Gusterson et al., 2015).

Even thinking in terms of aesthetic distinction between mediums is outmoded. Digitation and the mobility of creative professionals from cinema to television have virtually undone the prior obvious aesthetic inferiority of television. A cable television show, such as *Game of Thrones* or *Mad Men*, is just as cinematic as many feature films. Netflix especially, with Amazon following in its footsteps, has transformed the television landscape by revolutionizing distribution and breaking the post-network bottleneck. In a media panorama that encompasses only the biggest conglomerates as players, Netflix (and Hulu, Amazon) have been able to redefine what is television not only in the eyes of audiences but also, and perhaps most significantly, in the eyes of the industry as shows like Netflix’s *House of Cards* and *Orange is the New Black* and Amazon’s *Transparent* have garnered accolades from awards shows in the “television” categories. The definition of “feature film”, “film” or “movie” are outdated and even the definition of what a television show is or how it is distributed and exhibited have changed. This is a “brave new world” that will very soon need a new set of parameters and nomenclature, like “content” or plainly “stories”.

Conclusion

The evolution of the Hollywood film industry: towards an architecture of immersion

The conglomeration of the Hollywood film industry as its industrial and technological structures moved towards corporate synergy and media franchising seemed, in a macro-industrial sense (and macro-historical sense, too), to represent an evolution towards regaining the kind of “total” control (over all proceedings) it had during the studio system, where studios dominated every aspect of the industry. So instead of asking, as Douglas Gomery did in 1998:

How did a collection of major studios (Hollywood) come to dominate the production, distribution, and exhibition of movies and continue to maintain its control through the coming of sound, the innovation of colour and widescreen images, and the diffusion of television and home video? (Gomery, 1998: 246)

My goal has been the understanding the mechanisms that gave rise to a collection of major media conglomerates and how that environment of control had been used to construct an architecture of immersion that comprehended every aspect of entertainment, from its production, to its synergetic structure, to the channels of distribution, increasingly rendering filmed entertainment more and more accessible (“anytime, anywhere”).

The historical survey of the Hollywood film industry from the end of the studio system onward left me with the perception that instead of understanding the subsequent decades as vastly different from one another, there have, instead, been through-lines. As opposed to seeing radically different periods, one can trace an evolution whereas, throughout the decades, added *layers* to the entertainment industry have emerged. Alongside the evolution of the Hollywood film industry, the evolution of the blockbuster can be seen as exemplary of these through-lines.

In *A Ordem No Cinema: vozes e palavras de ordem no estabelecimento do cinema em Hollywood* (1997), João Mário Grilo argues that, after 1948, Hollywood begins a new cinematic order where the focus on distribution is stronger (and freer) and there was a new way of looking at films as products that should be handled in an integrative fashion. Between 1924 and 1948 a certain cinematic order was established through certain *mots d'ordre* — connected with production, genre and technology (or machinery, even) — that not only influenced the organization and production of films, but also continued to do so after the end of the studio system. This cinematic order implies: 1) the figure of the producer, whose role in Hollywood demands him to be the architect of a vision (and, at times, the true *cinéaste* behind the director of a film) or, at least, a “centralizer” of visions — meaning, the producer is responsible for a collective (of the studio) idea of cinema (Grilo, 1997: 137); 2) genre as a way to systematize a certain kind of cinema, and, furthermore, as a “normalizing force” of ways of producing and filmmaking (Grilo, 1997: 145); 3) finally, the relationship between technology and Hollywood, where Hollywood functions as a place to exercise a variety of technical competences or, better yet, to showcase technical virtuosity — the rhetoric of spectacle and the affirmation and exhibition of technology (Grilo, 1997: 343). The study of Hollywood undertaken by João Mário Grilo concludes at the end of the studio system — where mine begins — and he notes an explosion of more diverse “entertainment products” that are the result of the baby boom, suburbanization and the emergence of television (Grilo, 1997: 347). According to him, these changes brought about new *mots d'ordre* and cinema transformed into “no more than a fringe in a larger more global business” in a landscape dominated by giant communication companies (Grilo, 1997: 348). Lastly, João Mário Grilo argues that the end of vertical integration forced Hollywood to be confronted with the end of its oligopoly and to rethink its system of production in a film-by-film basis and, in turn, ended the existence of “authoritarian” *mots d'ordre* and the centrality of the figure of the producer-cineaste (Grilo, 1997: 351).

Hopefully, my own research regarding the consequent history of the Hollywood film industry in both macro and micro-industrial levels, up until contemporaneity, illustrates how there is still a correspondence to be established between cinema’s past and its present. The *mots d'ordre* João Mário Grilo identified continue to, even if in different guises influence the film industry today. The

producer-cineaste, as far as a figure that architects and consolidates a particular cinematic vision, continued to exist and has, perhaps, become even more relevant in contemporaneity. There is a growing propensity within the entertainment industry towards world building that not only characterizes modern filmmaking (Bordwell, Thompson, Jenkins, Schatz) but also, more generally, modern entertainment production. As the studio system ended, so did the limitations to the “vision” of which a producer could be the architect. As film studios either grew into or were bought by media corporations, the producer became not the centralizer of a cinematic vision of a particular studio, but the architect of a particular brand of filmed entertainment that went beyond the mere production of a feature film and encompassed ancillary markets and new forms of distribution. Figures like Lew Wasserman, Steven Ross, Walt Disney, Michael Eisner, Barry Diller and Rupert Murdoch not only influenced the Hollywood film industry mode of production and filmmaking, but also impacted its industrial and corporate structure — which highlights what Thomas Schatz consider to be a “complex interplay of film style and mode of production” (Schatz, 2009a: 54).

As it has been explored throughout this study, the blockbuster “franchise mentality” (Schatz, 2009b: 30) is the bigger focus of the major studios in Hollywood, a business practice and aesthetic that has only increased with the growing conglomeration of the entertainment industry, digitization and media convergence. Corporate synergy, cross-fertilization and media franchising can lead to more “decentralized, episodic, and non-narrative modes of multiplied industrial production” (Johnson, 2013a: 31) than transmedia storytelling — which, as Derek Johnson states, “remains only one manifestation within” a larger history of media franchising (Johnson, 2013a: 32). Nevertheless, media franchising and corporate synergism¹ (from which the blockbuster franchise model sprung) area are still governed by the labor of “combined action” resulting from the promotion of a company’s “activities across a growing number of outlets, creating a *synergy* between individual units and producing immediately recognizable brands” (Wasko, 2001: 71-72). The Disney company has done this — creating “strong brands and characters that were marketed in various forms” (Wasko, 2001: 72) — from its inception, and this kind of synergetic action and cooperation needs a centralized vision (cinematic and otherwise) that

¹ “(...) the cooperative action of discrete agencies such that the total effect is greater than the sum of the two or more effects independently” (Wasko, 2001: 71).

informs all entertainment production, a role attributed to head figures such as Disney's Bob Iger¹ or Kevin Tsujihara² from Warner Bros. The producer becomes more than a centralizer of a cinematic vision, but also a manager of an identifiable brand. When it comes to the transmedia storytelling model, though, it is a much more “unified, serialized, and centrally authored mode of franchising” that lead to a “more coherent, unified aesthetic” (Johnson, 2013a: 31). This model requires an architect of the overall cinematic vision and of the “production and maintenance of [the] fictional ‘worlds’” (Johnson, 2013a: 30) such as the Wachowski brothers and *The Matrix* trilogy.

In recent years, the more prominent figure working within this model may be Marvel Studios' Kevin Feige, who not only is the “architect of Marvel's movie landscape” (McIntyre, 2015), but is also part of Marvel's creative committee (that includes Alan Fine, Louis D'Esposito, Joe Quesada and Jeph Loeb) that oversees the production of the television and Netflix series as well as comics connected with the Marvel Cinematic Universe and the One Shot shorts. Lucasfilm President Kathleen Kennedy is another example of this type of architect figure, something that became clear when the company created a “story group” to oversee and coordinate all *Star Wars* interconnected storytelling. Even if not exactly operating at a transmedia storytelling mode level, the Marvel model of a interconnected universe of films that works both horizontally and vertically (sequels and crossovers) — “a completely original approach to filmmaking” (McIntyre, 2015) —, has been adopted by other studios and franchises such as Warner Bros. and its DC Comics superhero slate, overseen by Zach Snyder, and at Fox and their X-Men films, where writer-producer Simon Kinberg has been the key coordinating figure.

Genre and genre filmmaking dictated by systematic production leading to an abundance of films within that genre. Since the beginning of the twenty-first century there has been an abundance of blockbusters (and, therefore, of blockbuster franchises) of a specific genre, superhero movies. This profusion has been noted by a variety of think pieces denouncing (and supporting) it. However, as Ian Gordon, Mark Jancovich and Mathew P. McAllister have noted in *Film and Comic Books* (2007),

¹ Lovett, 2014.

² Barnes, 2014.

comic book movies “are not a new or recent phenomenon”. Being frequently held up as “the deal model for the Hollywood blockbuster” (Gordon, Jancovich, and McAllister, 2010: vii), the recent proliferation of the genre, or at least the higher profile of the films belonging to that genre, can be construed as a result of the industrial evolution of the entertainment industry — Henry Jenkins has compared the relationship between comic book-based stories and contemporary cinema to “what magazine short stories were to classical Hollywood—more or less presold material” (Jenkins, 2013: 373). Media conglomerates have increasingly created synergies between comic books and films where the superhero is a commodity to be sold across different media and merchandising platforms, while the film industry has treated comic book companies and their own research & development divisions. The relationship between the film industry and the comic book industry reached its zenith as Marvel Studios acquired financing to produce its own films and, in the process, has changed franchise filmmaking by bringing the shared-universe model, recurring and successfully utilized in comics, and used it as an approach to blockbuster cinema.

The rhetoric of spectacle and the affirmation and exhibition of technology (Grilo, 1997: 343) have continued to be aspects the industry harps on to attract audiences into theaters. The Hollywood film industry began to privilege blockbuster production (“event” films or “tentpole” pictures), as it became the principal incentive for theatrical attendance. Unsurprisingly, this has led to the potentiation of the size of the theatrical screen and the transformation of that experience into a constantly enhanced one. As digital technologies became more prominent in every aspect of the film process, technological innovation became an important drive-force of blockbusters that kept attempting to up the ante in terms of special effects and digital enhancements. Technological novelty is used to enhance the moviegoing experience and it’s intrinsically tied to Hollywood’s overall blockbuster-driven aesthetic, economic, industrial and technological strategies. The promotion of digital technologies (such as the conversion to digital projection, 3-D, higher frames rates) relies on blockbuster franchises, an approach that has become, increasingly, the norm since the beginning of the twenty-first century. Digital technology and special effects have also been key elements in normalizing superhero films as special effects have “caught up to comics’ most cosmic storytelling” (Jenkins, 2013: 373).

Rather than consider the evolution of the Hollywood film industry, post-studio system, as distinct periods that offered different sets of characteristics of the industry, one can see the post-war evolution as not only a transformation in order to overcome the turmoil caused by the end of the vertical integration, but also the construction of an ongoing, growing, *layered* architecture of immersion, where every media platform plays a part in a grand structure of engagement. As a film is, in itself, a “Gesamtkunstwerk” (a total work of art combining many arts into something that is bigger than the sum of its parts), so is a blockbuster (in the “everything is connected” sense that Thomas Elsaesser expands on); so are film franchises (with sequels) and, even more, interconnected, shared movie universes (with sequels and crossovers); transmedia storytelling may be the most contemporary correspondent to “Gesamtkunstwerk”, or the preferable “Transmediagesamtkunstwerk” coined by Frank Rose, in that it indicates the expression in multiple media of a unified narrative; and corporate synergy can (as Janet Wasko was described), just as a blockbuster could, also be considered a form of “Gesamtkunstwerk” given that, once again, “everything is connected” (Elsaesser, 2001: 11), aided by media and cultural convergence (Jenkins, 2006). Consequently rendering the entertainment industry into a perfectly designed architecture to stimulate in its audiences a sense of immersion and engagement, built on interconnectedness and intertextuality.

The plethora of distribution platforms that Hollywood controls is not only its source of power and dominance (Gomery, 1998), but is also the way the Hollywood film industry can architect its structure of immersion. While Hollywood has been able to absorb, or better yet, use to its advantage, every piece of technology that has challenged its supremacy — from the emergence of sound, television, home video and DVD and Blu-ray technology —, digital content (streaming) delivery has been the real game changer. Platforms like Netflix and Amazon have both the streaming and rentals rights to countless movies and television shows and their own financed original content (such as Netflix’s *House of Cards* and *Orange is the New Black* and Amazon’s *Transparent*); added to, especially in the case of Netflix, the data of its “44 million subscribers worldwide who constantly feed it information about their likes, their dislikes and their viewing habits” such as their “demand for control and a growing appetite for binge viewing” (Rose, 2014a: 46-47). Digital delivery platforms and “anytime, anywhere” (Tryon, 2013) access to entertainment function as a double-

edged knife as, on the one hand, one can see it as the final stepping-stone in the architecture of immersion (the image of a consumer metaphorically and physically surrounded by platforms on which to experience filmed entertainment); but, on the other hand, this architecture of immersion that Hollywood has built has only been truly jeopardized by digital streaming platforms, whose potential has not been fully reached¹, since it disrupts the control held by the industry on distribution channels.

In Chris Anderson's *The Long Tail: Why the Future of Business Is Selling Less of More* (2006), he argued that we had reached the end of the "watercooler" era (Anderson, 2006: 47) and the advent of the "microcultures" era (Anderson, 2006: 118), wherein companies needed to figure out how to address niche cultures and audiences. The long tail model is, however, not a reality. In *Blockbusters: Hit-making, Risk-taking, and the Big Business of Entertainment* (2013), Anita Elberse cites Google's chairman Eric Schmidt, who was an early supporter of Chris Anderson's long-tail theory, saying that "[w] While you can have a long tail strategy, you better have a head because that's where all the revenue is" (Elberse, 2013: 166). Furthermore, exhibiting a winner-take-all mindset, Eric Schmidt now reasoned that "it's probable that the Internet will lead to larger blockbusters and more concentration of brands", which, aided by globalization, would mean global brands and hits. Regarding the Hollywood blockbuster, Frank Rose discusses, in "The Blockbuster Syndrome" (2014), how *Jaws* (1975) changed the Hollywood paradigm, encouraging studios to repeat the formula until, by the end of the 1990s, the "blockbuster strategy was perfected. Frank Rose debates that Hollywood's success with its blockbuster strategy has been a "function of circumstances unique to the movie business" (Rose, 2014a: 42) and the studios are still living "on the golden side of digital", given that we still "live in a winner-take-all economy" (Rose, 2014b), while at the same time a "deep-seated malaise has gripped the industry" (Rose, 2014a: 43) as a result of the collapse in DVD and Blu-ray sales, the growing influence of digital delivery services like Netflix and the alarming piracy².

¹ Netflix is still undergoing a significant global expansion.

² Piracy might be discouraged if the Hollywood entertainment industry understood that globalization encourages the blockbuster mentality, but also that diving of the globe in regions, with its accompanying windows of release, is an outmoded view on distribution and consumption of filmed entertainment.

Contrary to the argument that the “Hollywood blockbuster strategy [might be] a uniquely digital-age formula for success” (Rose, 2014a: 42) — in fact, Frank Rose argues that “[f]ar from encouraging the blockbuster syndrome, digital media work against it” (Rose, 2014b) —, Frank Rose presents Netflix’s *House of Cards* (a series that began in 2013) model (the production of original content is currently a priority for Netflix) as “a blueprint for the digital future”, where decisions about what kind of entertainment content to produce will be driven by the collection of data and consumer information and less on a producer’s instinct (Rose, 2014a: 45). The full extent of the (global) success of Netflix and Amazon’s strategies regarding the production of original content are still difficult to determine, although both companies already yield valuable advantage: brand recognition added to a reputation for critically acclaimed content and for providing free rein to the creative behind the filmed entertainment. Netflix especially, with Amazon following in its footsteps, has transformed the television landscape by revolutionizing distribution and breaking the post-network bottleneck. In a media panorama that encompasses only the biggest conglomerates as players, Netflix (and Hulu, Amazon) have been able to redefine what is television not only in the eyes of audiences but also, and perhaps most significantly, in the eyes of the industry as shows like Netflix’s *House of Cards* and *Orange is the New Black* and Amazon’s *Transparent* have garnered accolades from awards shows in the “television” categories. However, in the current environment and even with the forced entry of new players into the entertainment game, the global dominance of the Hollywood blockbuster has only reinforced corporate and content synergy and transmedia storytelling, with the bigger companies laboring to deliver a properly executed blockbuster strategy (like the flawless Marvel model) that endeavors to create a greater engagement with (global) audiences — the creation not only of movie *events*, but also of television¹ or comics events² — than the kind of disposability³ that services like Netflix are able to provide.

¹ *Marvel’s Agents of S.H.I.E.L.D.* and *Marvel’s Agent Carter* television shows were marketed as “event” television.

² Marvel’s 2015 *Secret Wars* event (Hall, 2015).

³ In both meanings of the word: “disposability” as something “intended to be used once, or until no longer useful, and then thrown away” and as something “readily available for the owner’s use as required” (New Oxford American Dictionary).

The Marvel Cinematic Universe as “Transmediagesamtkunstwerk”

I realized along my research that Marvel Studios was the perfect case study when it comes to contemporary franchises with its new model of shared universes and interconnected franchises — a point of view shared by Liam Burke who calls the Marvel Cinematic Universe “the textbook example of the fluidity [André] Bazin anticipated and Jenkins characterizes as transmedia storytelling”¹ (Burke, 2015: 65). Furthermore, the Marvel Cinematic Universe is a significant actualization (or realization) not only of the transmedia storytelling model, but also of the “Transmediagesamtkunstwerk”, given that “integral elements of a fiction get dispersed systematically across multiple delivery channels for the purpose of creating a unified and coordinated entertainment” (Jenkins, 2007). It adheres to the transmedia model even in the more strict way in which Henry Jenkins described the concept in *Convergence Culture* (2006), with “each medium making a distinctive contributions to our understanding of the world” (Jenkins, 2006: 334). Derek Johnson acknowledges that Henry Jenkins has, since *Convergence Culture* (2006), “extended the concept to account for a greater range of multiplicity” (Jenkins, 2014a). In “Transmedia 202: Further Reflections” (2011), Henry Jenkins clearly states how much the transmedia concept cannot be viewed as a “one-size-fits-all definition”.

Regarding its positioning within the definition of “transmedia storytelling”, the Marvel Cinematic Universe has been constructed with the purpose of “creating a unified and coordinated entertainment” and a total narrative. It can even be viewed, if the idea of “unified work of art seems almost at odds with the idea of a work of art that finds expression in multiple media” (Rose, 2011), solely as “Gesamtkunstwerk”, if one simply considers the films and excludes the two television shows, the upcoming Netflix series, the short films (“Marvel One-Shots”), the comic books (thirteen titles) that tie into the films and television shows and the television specials. The addition of the “trans”, however, contributes with further layers do the unified narrative that would be lacking without its extensions. While the television specials — “Marvel Studios: Assembling a Universe (2014)” and “Marvel 75 Years:

¹ For further reading regarding as a phenomenon and an example of a transmedia narrative see Martin Flanagan, Andrew Livingstone, and Mike McKenny, *The Marvel Studios Phenomenon: Inside a Transmedia Universe*, New York: Bloomsbury Academic, 2016.

From Pulp to Pop! (2014)” — merely act as behind-the-scenes and marketing tools to show the official (or canon) making-of of the Marvel Cinematic Universe, when it comes to the other elements, they do serve the purpose of furthering our knowledge of the world or providing additional (key) bits of information. These short films, television series and comic book extensions are more than marketing arrangements, “tactile” representations of the film or “licensed products constructed around the film and its characters” (Wyatt, 1994: 148). These extensions have functioned as narrative bridges between films and episodes of the television series, preludes, the development of existing characters, and even the simple adaptation of the cinematic stories to the comic book medium. Although, as Derek Johnson argues, *The Avengers* (Joss Whedon, 2012) movie was already intended as the “culmination of a multi-year production sequence before Disney purchased Marvel in 2009”, with Marvel then positioned within a major media conglomerate, Disney’s penchant for synergy and Marvel’s calculated transportation of the shared-universe model from the comic book medium to filmed entertainment proved to be a fruitful marriage. This, for example, facilitated the production and airing of two television series on Disney’s broadcast network, ABC, that function as operating within the Marvel Cinematic Universe.

Marvel’s parent company, Disney’s penchant for synergy truly flourished in the 1980s and 1990s, but the company has been known since the 1960s for integrating its film, television and theme parks operations, in addition to its assorted merchandising¹ and ancillary tie-ins. These diversified expansion and corporate synergy strategies, which were eagerly pursued under Michael Eisner’s command and successfully shaped Disney into being “the quintessential masters of synergy” (Wasko, 2001: 36), were also conveyed to its subsidiaries, especially Pixar Animation Studios (which began in 1979 as part of the computer division of Lucasfilm²), Marvel Entertainment and Lucasfilm. In fact, Disney is hard at work in not only building business cross-fertilization (intra and inter companies) but also shaping the canon of both Marvel and Lucasfilm. In 2014, two years after Disney purchased Lucasfilm in 2012, Lucasfilm and Disney announced that the *Star Wars* Expanded Universe was no longer canon, since both parent company and subsidiary wanted to newly rebuild the

¹ The trend of films being merchandised started with Walt Disney’s *Snow White and the Seven Dwarfs* in 1937, which establishes Disney as a company that has always sought integration and synergy.

² David A. Price, *The Pixar Touch*, New York: Vintage, 2009.

Star Wars canon in order to give their filmmakers freedom within the universe. An example of the synergy between Marvel Entertainment, Lucasfilm and their parent company Disney is the return of the *Star Wars* comics to the Marvel seal. Lucasfilm/Disney announced a new line of comic book series, novels (there is an already announced roster of 20 novelizations that will fill the gap between 1983's *Return of the Jedi* and *The Force Awakens*, in 2015) and TV shows, while making sure, at the same time, that audiences (but especially the fans) are aware that these new stories all matter and carry the same weight. These are not the tentative proto-ventures into transmedia storytelling that followed the original trilogy, but a full-scale, determined effort to render the *Star Wars* universe into an intricate, interweaved transmedia story. While George Lucas and Lucas Licensing had the “Holocron”, a database that catalogued maintained continuity within all licensed products, Lucasfilm has constituted a “story group” to oversee the extensive and expansive narrative. On a more speculative note, Marvel Comics recently announced a universe-shattering mini-series event that will collide the Marvel Universe and the Ultimate Marvel Universe (two separate universes never intended to crossover) and rebuild the canon — in a similar way to what DC Comics did, in 1985 when the company published “Crisis on Infinite Earth” in order to rebuild the universe and simplify the canon. The speculation is in predicting that the ulterior motive behind this creative choice is to approximate the Marvel Comics Universe and the Marvel Cinematic Universe. This is based on the fact that the comic book universe had already begun to transform itself to resemble its cinematic counterparts, not only in terms of character development and spotlight, but also employing a longer game (considering how many of the more prominent Marvel properties are in the hands of other studios) and planted the seeds for a Marvel universe that does not rely on characters (Fantastic Four, X-Men) and concepts (“mutant”) that are owned by rivals like 20th Century Fox.¹

Another characteristic that places the Marvel Cinematic Universe squarely within the definition of transmedia, as Derek Johnson has argued in *Media Franchising: Creative License and Collaboration in the Culture Industries* (2013), is a trait that separates transmedia storytelling from media franchising: the Marvel Cinematic Universe is a “centrally authored” model. Marvel Studios’ president Kevin

¹ For more information on these topics see Leonard (2013), Hall (2014, 2015) and Breznican (2015).

Feige has been numerous times cited in the trade press as being the mastermind behind Marvel Studios uninterrupted success¹. In fact, in an interview with Henry Jenkins, Derek Johnson attributes Marvel's success, especially within the fan community, to its allegiance to a "centralized control and authorship against the multiple authorship of franchising" (Jenkins, 2014a), a move away from the traditional licensed model of the Marvel films produced by Hollywood studios that hold iconic (licensed) characters such as 20th Century Fox *X-Men* and Sony *Spider-Man* film franchises — although Marvel Entertainment had executive producer credits in the earlier Marvel films, creative control was held by the studios with the licensed characters. Marvel Studios, and its creative committee led by Kevin Feige, positioned itself as the only capable (or, better yet, the ones with legitimate authority) of translating the essence of the company's characters into filmed entertainment. Instead of pursuing the licensing-based franchise model performed by Marvel, due to its "corporate position outside a major media conglomerate" (Gordon, Jancovich, and McAllister, 2007: x), which did not offer opportunities for significant rewards, Marvel wanted to be in charge of its own production and distribution (aided by the distribution deal with Paramount) and, this way, the company could enforce a "more centralized form of creativity where the ideas remained under control of the entity that originated them" (Jenkins, 2014a).

While the centralized authorship works on one end of the spectrum (production), the definition of transmedia storytelling also incorporates characteristics on the audience reception end of the spectrum. The importance placed by Henry Jenkins on collective intelligence² and participation³ in the context of transmedia storytelling is paramount. The scholar argued that it is "the ideal aesthetic form for an era of collective intelligence" (Jenkins, 2007) since it was "the art of world making" (Jenkins, 2006: 21). The idea behind it is that the world created is so detailed, rich and sprawled across varied media that it encourages consumers to "assume the role of hunters and gatherers" in order to "fully experience" the whole narrative (Jenkins, 2006: 21). On the one hand, consumers are encouraged to collect (hence the hunter

¹ Devin Leonard, "Kevin Feige, Marvel's Superhero at Running Movie Franchises" (2014).

² "(...) new social structures that enable the production and circulation of knowledge within a networked" (Jenkins, 2007).

³ "The forms of audience engagement that are shaped by cultural and social protocols rather than by the technology itself" (Jenkins, 2006: 331).

and gather reference) every piece of the tapestry to enjoy the whole narrative and possess the maximum amount of information concerning the world: buy the tie-in comics, watch the television shows, purchase the DVDs /Blu-rays to obtain not only the commonplace special features like commentary by the director or actors, but also short films that set place in the fictional world. On the other hand, consumers become participants by engaging in discussions (in dedicated online forums, in the comment sections of blogs and websites) surrounding the encyclopedic¹ information that can come with worldbuilding. In (“A Brief History of Transmedia Worlds with Henry Jenkins” (2014), Henry Jenkins argues that the “[t]ransmedia narratives also function as textual activators — setting into motion the production, assessment, and archiving information”, meaning that it encourages consumers to act as detectives and share their information and opinions; such “immersive experiences” or “cognitive structures” (Jenkins, 2014b) are the basis behind activities like freeze-framing images² and placing them on the web for discussion, the combining and analysis of frames for clues. In the case of the Marvel Cinematic Universe, it is common for teaser trailers to be analyzed frame-by-frame (not only by fans but also by online news outlets), or entire films in the pursuit of Easter eggs (an intentional inside joke or hidden message, evoking the traditional Easter egg hunt, that is usually employed to catch the eye of the more knowledgeable or attentive fans)³. I would argue that the new trend of post-credit sequences fits squarely into this aesthetic of transmedia and collective intelligence. Matt Singer wrote an article, in *The Dissolve*’s “Op-ed: Post-credits scenes keep getting worse, must be stopped” (2014), arguing against post-credit stingers, which he claims “quickly shifted from bonus feature to genre requirement”, reasoning that it left mainstream audiences scratching their heads at introductions of characters they don’t recognize and glimpses of scenes they don’t understand”. Worse, they inserted a feeling of incompleteness or dissatisfaction because these stingers offered the enticement of a better movie yet to come, the pleasure of having watching the movie just watched marred by the notion of story unfinished.

¹ “Encyclopedic capacity: According to Janet Murray, the properties that contribute to the perception that a fictional world is expansive and all-encompassing and that motivate the reader’s further exploration” (Jenkins, 2006: 324).

² “The ABC television drama, *Lost*, for example, flashed a dense map in the midst of one second season episode: fans digitized a freeze-frame of the image and put it on the web where together they extrapolated about what it might reveal” (Jenkins, 2007).

³ There were articles online compiling the various occurrences of a myriad of Easter eggs in *Guardians of the Galaxy* (James Gunn, 2014).

Matt Singer also argues against the situation of having theater lobbies turned into "the sites of impromptu geek lectures, where comic fans hold court while decrypting otherwise incoherent cookies and stingers" (Singer, 2014a). Contrary to this position, I agree with Devin Faraci's opinion that post-credit stingers can have a positive influence on the moviegoing experience (Faraci, 2014a). While he cites extraneous reasons like fact that it makes audiences stay through credits or that he enjoys the tease without it being central to the main story just watched on screen ("It's gravy, not meat"), Devin Faraci also touches on other aspects that I feel are important to underline as part of what Henry Jenkins called as "an era of collective intelligence". Post-credit sequences foster conversation among moviegoers, film fans or the fandom of the specific narrative at large. It also encourages the hunter/gather approach, inciting those same moviegoers to dig deeper (Frank Rose's concept of deep media making more sense than ever) into the narrative, search for articles online, and joining an ongoing discussion. Ultimately, it is demonstration of the increasing serialized nature¹ of entertainment and of the blockbuster in particular.

¹ Not "sequelized" nature, where there is only a retread of the same story (*Lethal Weapon*, *Transformers*), but a new era.

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