Chapter 10

Motion Pictures

This chapter will prepare students to:

- explain how the motion picture industry developed
- describe how the studios dominated the industry
- discuss how television affected the film industry and its audience
- understand the implications that digital moviemaking holds for the industry
- explain how the digital age is affecting film
- describe the components of the movie industry and how a motion picture is produced

Chapter main points:

1. The motion picture developed in the late 19th century. After being a main attraction in nickelodeons, films moved into bigger theaters, and movie stars quickly became the most important part of the new industry. Sound came to the movies in the mid-1920s.

2. Big movie studios dominated the industry until the late 1940s, when a court decision weakened their power. Television captured much of the film audience in the 1950s. By the end of the 1960s, however, Hollywood had adapted to television and was an active producer of TV shows. A major trend in modern movies is the rise of big-budget movies.

3. The transition to digital moviemaking may transform the film industry.

4. The movie industry consists of production, distribution, and exhibition facets. Large conglomerates control the business. Producing a motion picture starts from a concept, proceeds to the production stage, and ends with the postproduction stage.

5. Movie revenues have shown small but steady growth over the past 10 years. DVD sales and rentals and foreign box office receipts are important sources of movie income.

6. Movie audiences are getting older, but a significant part of the audience is still the 30-and-under age group.

7. Streaming is becoming a popular way to view movies at home.
Motion pictures and television are possible because of two quirks of the human perceptual system: the phi phenomenon and persistence of vision. The phi phenomenon refers to what happens when a person sees one light source go out while another one close to the original is illuminated. To our eyes, it looks like the light moves from one place to another. In persistence of vision, our eyes continue to see an image for about 1/10 second after the image has disappeared from view.

**Early American Cinema**

**The Edison Lab:** Thomas Edison and William Dickson developed the first practical motion picture camera and viewing device. Dickson developed the idea of taking many pictures simultaneously by using sprocket-fed film to run past a camera lens. In 1889 Dickson perfected the Kinetoscope. Edison thought film profits would come from selling the hardware rather than mass admissions to see the film. Edison later developed a projection version of his machine in 1896, which he called the Vitascope. It interested the public as a novelty, but didn't last.

**The Nickelodeons:** Public interest was rekindled when early filmmakers found that movies could be used to tell a story. Many early films, such as George Melies’ *A Trip to the Moon*, were shot with stationary cameras, much like having a front row seat at a stage production. Then Edwin Porter’s *The Great Train Robbery* revealed the artistic potential of editing and camera placement.

**Nickelodeons**, 50-90 seat theaters that charged a nickel admission sprung up almost overnight to accommodate the demand for narrative films. To keep audiences returning, films had to be changed often – sometimes daily. The demand for new films soared, along with new film studios to meet the demand.

**Adolph Zukor and D.W. Griffith:** Adolph Zukor charged audiences $1 to see the four-reel film *Queen Elizabeth*. His experiment proved that middle class audiences would pay a premium amount to watch long films. Later, D.W. Griffith added to the experiment with his three-hour-long 1915 film, *Birth of a Nation*. In response to the racial bias of the film, two African-American brothers successfully produced and marketed films aimed at black audiences, including *The Realization of a Negro's Ambition*.

**Birth of the MPPC:** Trying to bring order to a rapidly expanding industry (and to trim rising legal expenses incurred in fighting copyright violations and patent infringements), the leading film and equipment makers banded together, pooled their patents, and formed the Motion Picture Patents Company (MPPC) to restrict moviemaking to the nine companies that made up the MPPC.

Industry growth resulted in a new arena: film distribution (of which the MPPC quickly took control).

Instead of squelching competition, however, the MPPC actually encouraged it. Annoyed by its repressive and conservative regulations, independent producers began offering films to exhibitors at cheaper rates. Smaller filmmakers found themselves a new home in Hollywood. By 1913, the MPPC couldn't control the growth of the independent filmmakers, and by 1917 the MPPC was powerless.

**The Star System:** Independent filmmakers quickly recognized that the public was interested in particular actors and actresses. Independent studios began to promote their stars, capitalizing on the drawing power of certain performers, such as Florence Lawrence (perhaps the first movie star), Charlie Chaplin, and Mary Pickford. Eventually many of these stars joined together to form their own studio – United Artists. Fans’ interest in star-featured films gave birth to longer movies and more comfortable and elaborate movie theaters than nickelodeons.
Consolidation and Growth: Increased costs encouraged consolidation. Filmmakers became distributors as well as chain theater owners, and some theater owners bought their own film studios. **Block booking** helped solidify power; under this system distributors told theater owners that they would have to accept a certain number of lower quality films if they wanted to continue receiving the top feature movies. By the end of WWI in 1918, American film-makers controlled 80 percent of the worldwide film market.

The Roaring Twenties

Endorsing the idea that the only way to make money was to spend money, Hollywood soon began spending record amounts on salaries and production costs (which rose by 1500 percent between 1914-1924). Along with new-won fortunes came excesses, and, under growing public pressures, the film industry tried to regulate itself. One result was the creation of the Motion Picture Producers and Distributors Association, which averted the imposition of government controls.

The Coming of Sound: The Late 1920s

Silent films essentially came to an end in 1927 with the production of Warner Brothers’ *The Jazz Singer*, starring Al Jolson. Sound films had been possible since 1918, but the studios didn't want to get involved in costly experimentation with new techniques. Finally, Warner Brothers took the risk. The Depression era economics of the 1930s cut into film profits, and Hollywood responded by introducing the practice of showing double features, two films for the price of one. Studios also began experimenting with Technicolor and animation to encourage attendance.

The Studio Years: 1930-1950


The most significant period for motion picture achievement was the time between 1939-1941 with the premier of classics *Gone With the Wind*, *The Wizard of Oz*, *Stagecoach*, and *Citizen Kane*.

A development that significantly changed the industry was the government’s 1938 suit against several studios, which claimed that Hollywood’s vertical control of film production, distribution, and exhibition constituted a monopoly. In 1948, the courts ordered major studios to divest themselves of at least one type of holding; most chose to get rid of their theater chains. The court also stopped block booking, thus depriving studios of a guaranteed exhibition for all their films.

The Reaction of the Film Industry to TV

As the new TV medium began cutting into movie profits in the late 1940s, Hollywood tried to fight back in several ways: studios refused to advertise their films on TV, refused to release old films for showing on TV, and they tried to bar their film stars from appearing on television. It didn't work; Americans bought TV sets and film attendance slipped.
Hollywood tried to lure audiences back with technical wizardry, featuring such novelties as 3-D, Cinerama (three projectors and a curved screen surrounding the audience with film), the “spectacle” film (lavish sets, casts of thousands, big name stars, wide screen effects), musicals, and movies with adult-oriented themes that TV couldn’t match. These didn’t work. Hollywood then started to cooperate with TV, and in the late 1950s the studios began supplying programs to network TV.

**Realignment: The Film Industry from 1960 to 1990**

Major studios began losing their influence, and studios began working closer with television. The continued rise of the independent producer also lessened studios' power. By the mid-1960s, about 80 percent of all films were independent productions. Large studios were absorbed by larger conglomerates.

In the 1960s, film controls loosened, and a switch took place from regulating content to regulating audiences through the Motion Picture Association of America’s G-PG-R-X film codes. That same period saw a greater blend of Hollywood and television as studios began making movies expressly for TV.

Since the early 70s, film revenues and budgets have increased, and a few blockbuster films have generated astonishing gross box office receipts. The film industry continued to work closely with TV. In 1974, Hollywood made about 180 films specifically for TV, and 109 for theatrical release.

The film rating system evolved, with the 1985 addition of the *PG-13* category and the replacement of the *X* rating with *NC-17*.

**Contemporary Trends**

The motion picture industry continues to be concerned by piracy and illegal file sharing. Movie executives saw what downloading did to the music industry, and don’t want to share the same fate.

DVD sales still make up most of the income for the film industry, but total revenue from DVD sales and rentals dropped 12 percent from 2007 to 2010. It appears that many consumers prefer streaming video or digital downloads.

Theatrical box office revenue rose 15 percent from 2007 to 2010 due to higher ticket costs, particularly 3-D movies, as the number of tickets sold has remained constant or slightly declined.

Six big companies dominate the motion picture industry. Sony/MGM, NBC Universal, Disney, Fox, Warner Brothers and Paramount control about 80 percent of the market. Modern film content continues to be highly varied. Current films lean heavily on special effects and animation.

**MOTION PICTURES IN THE DIGITAL AGE**

**Transition**

Most films are still produced the analog way by capturing images on film. The digital revolution is affecting the production, distribution and exhibition of motion pictures.
Making Digital Movies

Many big budget Hollywood movies were shot with digital cameras, and many animated films are created entirely by digital effects. A technology called motion capture makes it possible to record the movement of human actors in order to animate digital human characters.

Digital Distribution to Theaters

In traditional distribution, hundreds of copies of a celluloid film are duplicated and sent to theaters across the country. This can cost $2,000 per copy. Electronically distributing a digital film is much cheaper. Movies can be copied to a hard drive and shipped to theaters or transmitted electronically by satellite, optical fiber or the Internet. Digital distribution eliminates scratches, dust, and “gate jitter.”

Digital Distribution to Home

Digital distribution refers to both renting a DVD from Netflix and digital downloading. Apple TV allows users to download a movie to their computers, then wirelessly send it to their TV set. Buffering allows viewers to watch the beginning of a movie while the rest of it continues to download. Blockbuster and Netflix offer real-time streaming movies over the Internet that an be played on big-screen TVs, with the proper equipment.

Digital Projection

Digital movies must be shown on digital projectors, and the industry has been slow to change to digital because of the cost – about $100,000 per screen. Most theaters in the U.S. are not yet equipped with digital projection equipment. Digital projection revived an old movie idea – 3D films, for which theaters charge extra.

Mobile Movies

Movies seem the least portable of all media. But portable DVD players are becoming popular, as are DVD players installed in vehicles. Services allow subscribers to download films onto their laptops, and owners of iPhones and other devices can download and view movies on a 3.5 inch screen.

User-Generated Content

Given the nature of film production, user-generated content is not yet a major part of the medium, but there are exceptions. Snakes on a Plane, for example, was reshot incorporating suggestions from fans on the Internet.

Social Media

The movie industry understood the marketing power of social media early. In 1999, Blair Witch Project used the Internet to promote their movie using viral marketing techniques. In 2009, movie promoters used similar techniques to promote the movie Paranormal Activity. Social media have given filmmakers new channels to promote their projects directly to the audience.
MOTION PICTURE DEFINING FEATURES

Motion pictures characteristics:

• high production costs along with sizeable marketing and distribution costs; they’re the most expensive mass media product
• being dominated by big conglomerates
• a strong aesthetic dimension – the one medium most discussed as an art form
• movie-going continues to be a social experience

ORGANIZATION OF THE FILM INDUSTRY

Although film is an art form, the film industry is in business to make a profit. The film industry divides its structure into three areas: production, distribution, and exhibition.

Production

Films are produced by a variety of organizations and individuals. Film production involves the actual making of the film. Film studios differ, but a typical setup involves four main departments:

• film production (story development, casting, art, makeup, sets)
• distribution (sales and contracts for duplication and delivery)
• TV production (for distribution to TV)
• administration (sales, financial deals, legal)

Distribution

The industry’s distribution arm is responsible for supplying prints of films to theaters around the world. Recently, distribution has come to include TV and DVD. Distributors also take care of advertising and promoting films.

Most distribution is handled by large companies because:

• big studios already have a worldwide studio-to-theater communications network set up
• big studios can offer theaters a steady stream of films with big-name stars
• distributors serve as a source of financing for independent filmmakers, and thus acquire an interest in films they did not directly produce

Exhibition

In 2009, there were about 40,000 movie screens in the U.S., an all time high. Multiplex theaters with 12-18 screens are still the rule, but some exhibitors are targeting an older market with upgrades such as soundproofing and improved concessions.
OWNERSHIP IN THE FILM INDUSTRY

Conglomerates dominate the film industry. As of 2011, the top six were:

- The Walt Disney Company (Touchstone and Buena Vista)
- Time Warner (Warner Brothers)
- Paramount/Viacom (Viacom, Paramount)
- Sony/MGM (Sony Pictures Entertainment, MGM)
- NBC Universal (Universal Studios)
- News Corporation (20th Century Fox)

PRODUCING MOTION PICTURES

There are three phases in moviemaking: preproduction, production, and postproduction.

Preproduction

All films begin with an idea, such as a novel or play. Treatments present a narrative statement of the plot and description of the main characters and locations. Scripts are drafted, then revised, then polished. All the while the producer may try to nail down financing, talent, behind-the-camera personnel (director, cinematographer, film editor, etc.), filming locations (called “scouting”), and a general investment interest in making the film.

Production

Production is the actual filming of the movie. Cast and crew assemble at the chosen location and each scene is shot and reshot until the director is satisfied. Shooting even a moderate-budget film can cost $400,000 to $500,000 per day, and the average shooting schedule for a typical film is about 70 days. Each day’s shooting, which can be 16 hours long, results in an average of less than two minutes of usable film.

Postproduction

When filming is completed, postproduction begins. The film editor works with the director to decide where close-ups should be placed, from which angle to show the scene, how long scenes should last, etc. Postproduction also includes adding special effects, sound editing, and making the release print of the film.

THE ECONOMICS OF MOTION PICTURES
Movies are an expensive medium. In 2007, the average film cost nearly $106 million to produce and market. There are several revenue streams for the motion picture industry:

- money taken in at the box office in the U.S.,
- revenue from the international box office,
- sales and rentals of DVDs and tapes, and
- miscellaneous video sources such as pay-per-view, streaming video, and video-on-demand.

**Financing A Film**

Sources for financing a film include:

- *direct loan from distributor* in return for distribution rights and/or studio equipment rental
- *pickup*, where a distributor agrees to "pick up" the cost of the finished film for a set price at a later date; meanwhile, the producer gets a bank loan for production.
- a *limited partnership* finances the picture through outside investors, each of which puts up a set amount that is the extent of their personal liability
- under a *joint venture*, several film production and distribution companies pool their resources and agree to finance one or more films

The producer and distributor agree on how the distributor’s gross receipts from the film will be divided. Since the distributor takes the greatest risks, the distributor is the first to be paid. Lastly, the actual production costs are paid.

**Dealing with the Exhibitor**

A distributor’s license with an exhibitor sets the terms under which the film will be shown, such as run length (number of weeks theater must show the film), holdover rights, dates film will be available, and clearance (the time that must elapse before film can be shown at a competing theater). A license also specifies the financial terms for the film’s showing. Some of the most common schemes are:

- *split percentage*: exhibitor splits receipts with distributor according to a pre-agreed formula
- *sliding scale*: as box-office revenues rise, so does the money exhibitor must pay distributor
- *90-10 deal*: exhibitor first subtracts operating expenses, then pays distributor 90 percent while exhibitor keeps the remaining 10

Concession sales are a major revenue source for theater owners. Theaters also generate revenue from onscreen advertising.

**Global Movies**

Although American films do well overseas, they are becoming less dominant as locally produced films grow in popularity. However, some American films do better overseas than they do in the United States.
FEEDBACK FOR MOTION PICTURES

Box Office
Film industry feedback centers on *Variety* magazine’s weekly box-office figures. *Variety* partners with Nielsen Entertainment Data Incorporated to collect box office results from 50,000 movie screens in 14 countries.

Market Research
Because of rising film costs, audience research has become more influential. The first step is to test promising plot lines, followed by an analysis of the script. That’s followed by issuing a rough cut of the film, which is used for a series of test screenings. Often a **focus group** (10-15 random members of a target audience) is used to get a detailed analysis of the group’s reactions toward the film. Studios use this information to modify the film, then release it for a sneak preview, often with audiences recruited through social media.

Motion Picture Audiences
Average weekly attendance rose slowly from 1980 to 2000, but fell slightly from 2000 to 2010. Some 60 percent of the audience is under 40.

Frequent moviegoers (those who see at least 12 films a year) account for about 3/4 of all film admissions. Of these frequent goers, most are single, young, well-educated, from middle-class families and in urban areas. The average person in the U.S. sees about six films a year. The audiences for movies are largest in July and August, smallest in May. The worst two weeks of the year for exhibitors are the first two weeks in December.

MOVIES AT HOME
Home video is a major contributor to Hollywood’s bottom line. The home video business has changed in the last few years due to streaming services such as Netflix. Prior to streaming, consumers would rent or buy DVDs from a local video store. Then came Netflix with DVDs by mail, causing declines in business in traditional brick-and-mortar stores.

The home video market is driven by big hits, like the theatrical market.

In addition to getting money from selling rights to movies to traditional over-the-air broadcasters, producers and distributors get revenues from premium cable channels such as HBO and Showtime. In fact, TV generates more revenue for the movie industry than the box office does.

THE FILM INDUSTRY: CAREER OUTLOOK
Job prospects in the film industry are highly volatile. Students interested in careers in film should take college courses to become familiar with the hardware and software used in the industry. Purchasing a good digital camera and professional editing software to make a couple of films of one’s own can build a good foundation.

-- End of Chapter 10 --