

Short answer: production of money: authoritarian, libertarian theory, media theories impulses to keep info contained  
new vs old: technology

- vertical integration: control means of production, control over their creative talent, worked for the studio, owned a bunch of theatres
  - warner theater: movie theater, owned by warner brothers, could make sure they could produce things the way they want
  - landmark: air-conditioned, owned by movie studios
  - to theatres they didn't own
    - booking: if say yes to one movie need to say yes to 8 other ones in order to have that one movie

The rise, fall and rise of Hollywood

-the era of competition 1948- 1975- fall

- 1948: paramount decision: studios lose in supreme court, vertical integrations, ruled illegal
  - engaged in anticompetitive behavior, violated antitrust laws exercising vertical integration, not okay
  - forced to sell out all of their theaters
  - paramount first name in list of studios being sue
- 1950's- the rise of TV
  - movies lost their audience
  - movie attendance per week: how many sold per week
  - movie attendance: ticket sales cut in half in about 6 years, half of revenue disappeared
  - box office sales decrease, number of movies decreased: had problem of decrease in moviegoers

the rise and fall of Hollywood:

-industry response: Do what TV couldn't

- show inappropriate content: action picture production code: self regulatory code to keep movies moral: code became less important in Hollywood, more provocative, content
  1. sex
  2. wide screens
  3. color film
  4. big budget extravaganzas
    - a. the ten commandments, Ben hur, Spartacus
      - i. Spartacus: 14 million: director hired the Spanish army, expensive film to make (1960), made 110 mill in the box office, prob: weren't that many Spartacus films out there to make the trend

Problem?

- these failed to stop the decline in revenues
- what worked: independent workers: take over creative desires of things, doesn't necessarily work for a particular studio, could make movies for less money
  - became financial backers for a lot of films

- targeted films to specialize audiences, especially teens
- bulk of money comes from domestic box office: lots of movies for younger audiences, will actually go to the theater in the 70's
  - textbook ex. George Lucas: American graffiti: teenage comedy, films it at night, old rock and roll songs, very budget conscious keeps film to 750,000\$ budget: tailored toward young audiences
  - box office: 115 million: not a bad ROI(return on investment)
- rebirth: 1975- Jaws
  - changed Hollywood dramatically,
  - first summer blockbuster
  - TV advertising: up until this time TV was the enemy (driving down ticket sales)
  - advertised a lot: extra hype lead time before the film actually hit theaters
  - first film to ever be released on 1000 screens (multiple screens)
  - cost 12 million
  - domestic gross: just in the US: \$260m
  - international gross: \$210 m : one of the first films to do really well abroad: set this formula: wait to release film: hype it up

#### Rebirth of Hollywood, 1977- present Rise

significant developments. 1977 through 1980's

1. Merchandising and licensing: had to wait four years before it was out, only shown in the theatres
  - a. Star Wars (1977): cultural phenomenon: more tickets than any other film, except gone w/ the wind, people kept going back and seeing it again
    - i. \*George Lucas: studios turned him down was going to call it the Star Wars
    - ii. alan ladd believes in george lucas: hesitant about funding: Lucas agrees to take large pay cut (50%) if agree to make film,
    - iii. Lucas gets to keep merchandising rights (used to not mean much): wanted to print up t shirts being ads for his movies: control products made out of Star Wars merchandise
    - iv. domestic gross: 322\$ merchandising: 1 Billion (all six total merchandising- 8 billion)
  - b. ex. Harry potter: merchandise: 33%

more holistic approach: moves ways to produce a lot of money: outside various means

2. Video and cable- HBO: big source of revenue: inappropriate

3. return of movies for older audiences

- ex. the color purple: did well on video and cable
- lots of versions of films: make a lot of money for films

4.international release

5 product placements: new source of revenue during the 1980's

- ET (1982) and reeses pieces: didn't want Hersey kisses associated w/ alien: let them use reeses pieces: sales of reeses pieces increased dramatically
  - analyze scripts and see whether they can advertise products
  - if a star mentions and uses it have to pay more

re birth - 1977 by mid 1980s Hollywood was back

synergy: corp. rite products across all customer's entities

look at Hollywood domestic numbers

then came conglomeration and synergy: as many eyes as possible: studios part of larger media corporations

### Important issues:

1. technology changes
  - a. ipads, Netflix, iTunes, and new platforms for delivery
  - b. Netflix moving toward streaming content on multiple platforms including net enables TVs soon to be carried on cable systems
2. blockbuster mentality: rely on these films in the summer when young people have more time to go to the theater
  - a. frontloading: opening weekend important market for success, important that films do well
    - i. why?
    - ii. the amount of money changes from the time it is open in the theater, money goes back to the theater, only want to keep files that will have a long tail: out longer: make more money the longer the film is in
    - iii. risk averse, green lighting:
    - iv. the avengers: cost 220 m + 100 m marketing
    - v. opening domestic :207 m on 4349 screens in theatres 22 wks.
3. dvds and digital video (downloads, streaming)
  - a. dads declining source of revenue, influencing green light processes
4. digital piracy ( x men , wolverine. harry potter)
  - a. wolverine : movie critic in dallas watched illegal pirated movie and wrote review so review came out when film came out, fox found out, fired him
  - b. unique: so that is one got out unique, could sue that person if found responsible,

gain lose copyrights to stream the film: sunken over 300 million in that film

- impax costs more than regular movie screen , numbers get inflated
- why see so many movies character u already know: already a fan base built into it

Video games:

the industry today :

74 billion worldwide: 25\$ B US ( bigger than US box office)

console makers

- nintendo wii, sony playstation, and ms xbox dominate

game publishers L

- activision Blizzard ( call of duty, guitar hero, WHOM, 2014 revenue: 4.8b
- electronic arts ( madden football, Bejewelled blitz, 2014 revenue : 3.0 billion
- zynga ( words w/ friends

current industry trends reliance on franchises: console sales stagnant