

**Subject to revision**

## **The Business of Film (Film S-208) Yale Summer Session 2024**

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Tu, Th 7:00 PM – 8:45 PM

### **Overview**

The Hollywood studios, later joined by the legacy television networks, have had almost exclusive control over the production and distribution of popular entertainment content for over 100 years. Recently, their business hegemony has come under serious competitive threat from digital technology that has completed the obsolescence of analog delivery and sponsored the proliferation of new consumption platforms. That dynamic is reordering the entertainment business and its routine modes of operation.

This course will examine the business of Hollywood from three perspectives: 1) the historical development of the studio structure from the founding of the business to the beginnings of the modern studio age, 2) the institutional and functional components of the modern studio business including its management, production, distribution, and economic models as well as the growth of new revenue windows and the competing independent film model, 3) the rise of digital platforms and content as they absorb and blur their distinction from traditional television and theatrical films in a great media convergence. We will pay particular attention to the ebbs and flows of technology, audience, and economic consolidation that have forged the trajectory of the business and how those factors are now being retooled in real time. For 2023, we will examine the pace of box office recovery after the coronavirus accelerated digital disruption and consolidation. Will its impact on the theatrical experience be permanent?

### **Required Work**

- Class attendance
- Homework assignments (3)
- Midterm Quiz (Class #6)
- Streaming Report and Discussion (Class #10)
- Final Quiz (Class #10)

### **Classes and Attendance**

There are ten class sessions of 1.75 hours. Attendance is mandatory. This is not a film course, it's a film business course and while we will reference films throughout, there will not be any films assigned specifically for discussion. Each class will have several assigned lectures, other programs, and readings. It will be expected that you will come to class prepared to engage with the material and have questions as discussion points related to those assignments.

## Grading

Grades are based on the following criteria and weightings: 12.5% class participation, 12.5% for homework, 25% for the Midterm Quiz, 25% for the Final Quiz, 25% for Group Report and discussion.

## Mid-Term & Final Quizzes

The quizzes will consist of multiple choice and short answer topics covering the history of Hollywood through to the modern studio and the second related to topics ranging from independent film, distribution and digital disruption. It will be scheduled for 45 minutes BEFORE class on each date

## Group Reports

Group reports on the streaming industry will be assigned from a list to be supplied during Class 3. **ALL REPORTS MUST BE RECEIVED ON OR BEFORE THE BEGINNING OF THE FINAL CLASS** (E-mailed papers will be accepted). Additionally you will be responsible with your group to organize a 10-15 minute presentation of your report in the final class- with visual aids if you so choose. The report should be between 15-20 pages in length together with relevant bibliography.

## Course Lectures and Video Assignments

The backbone of the class is contained in the pre-recorded lectures and topic-related videos taken from the internet. We will have a Midterm during Class 6 covering Hollywood business history through 1980, **so you may wish to take notes in respect to the lecture videos to facilitate recall and review**. The quiz will include questions related to video material and assigned readings that may not be thoroughly covered in class.

The reading assignments that are not contained in the assigned books are all arranged in folders by class number on the Canvas site (marked CAN) or available on Course Reserve. The readings are aimed to complement the online lectures and videos; do the readings, you will get more out of the classes, enhance your participation, and the class time will move quickly.

## Office Hours

Optional office hours will be Fridays at a time TBD. The course compresses the usual 13 sessions into 10 so there is often not much time available for discussion. Office hours allow for an uncluttered give and take and greater chance to ask detailed questions than in the large group.

## Moguls and Movie Stars

The course is going to move quickly through the business history of Hollywood. The DVD series "Moguls and Movie Stars" provides a deeper examination of many of the issues we will touch

upon in class. There are several assigned episodes, **but I recommend you preview the seven-part series before we begin our class sessions on July 2.** This is a fantastic program for those of you would like a broad overview of the creative and business arc of Hollywood from inception until the 1980s. It can purchased in three-parts on iTunes for about \$30.00 or as a three-DVD series for \$19.95 at Amazon. It may also be partially available on YouTube free of charge.

### **Assigned Books**

Two books are recommended for purchase. “The Big Picture: Money and Power in Hollywood” by Edward Jay Epstein, “Streaming, Sharing, Stealing: Big Data and the Future of Entertainment” by Michael Smith and Rahul Telang, the latter will be used extensively in our last three classes. All can be purchase as Kindle downloads for between \$6.99 and \$12.99.

### **Industry News**

Reading the “trades” and the weekend numbers is key to an industry fueled by insider knowledge. You should scan The Hollywood Reporter ([www.hollywoodreporter.com](http://www.hollywoodreporter.com)), Deadline Hollywood ([www.deadline.com](http://www.deadline.com)) and Indiewire ([www.indiewire.com](http://www.indiewire.com)) before each class period and depending upon the amount of material for a particular session, we may discuss relevant, interesting articles.

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## **Class #1 [July 2] Introduction - A Snapshot of Hollywood & the Origins of the Film Business**

First, we start with an overview of the course, key terms and business concepts to be used during class. We will look at the characteristics of the modern motion picture business today. What makes film different from other businesses? Why is 2020- 2021 so different?

### *Assigned Viewing:*

Class Lectures 1.1- 1.3

“Peepshow Pioneers” Episode 1 from Moguls and Movie Stars

(Optional) “The Birth of Hollywood” Episode 2 from Moguls and Movie Stars

### *Assigned Reading:*

“The Future that Hollywood Feared is Happening Now” Buchanan, Kyle 4/15/20 *The New York Times* (CAN) or <https://www.nytimes.com/2020/04/15/movies/hollywood-new-films-coronavirus.html?searchResultPosition=1>

“We Aren’t Just Watching the Decline of the Oscars, Were Watching the End of the Movies” Douthat, Ross 03/29/22 *The New York Times* (CAN) or <https://www.nytimes.com/2022/03/25/opinion/oscars-movies-end.html>

2019 MPAA THEME Report Market Statistics

<https://www.motionpictures.org/wp-content/uploads/2020/03/MPAA-THEME-2019.pdf>

2016 MPAA Theatrical Market Statistics

[https://www.motionpictures.org/wp-content/uploads/2017/03/MPAA-Theatrical-Market-Statistics-2016\\_Final.pdf](https://www.motionpictures.org/wp-content/uploads/2017/03/MPAA-Theatrical-Market-Statistics-2016_Final.pdf)

## **Class #2 [July 4] The Edison Trust and the Birth of Hollywood**

We review the early movie business with attention to the birth, maturation and decline of the studio system. How did the business begin and what were the forces that shaped the early business. What was the Trust and what led to its decline and the beginnings of the studio system?

*Assigned Viewing:*

Class Lectures 2.1- 2.3

“The Dream Merchants” Episode 3 from Moguls and Movie Stars

(Optional) Gabler, Neal “How the Jews Invented Hollywood” Swindle Lecture, Bowdoin College 3/23/15 <http://www.bowdointalks.net/neal-gabler-how-the-jews-invented-hollywood-and-why/> (You Tube)

*Assigned Reading:*

Litman, Barry “Business History of the Industry” pp 7-21 and “Famous Anti-Trust Cases” pp 61-73 in *The Motion Picture Mega-Industry* (CAN)

Stanley, Robert “The Celluloid Empire” pp 1-49 (CAN)

## **Class #3 [July 9] The Rise and Fall of the Golden Age Studios**

What were the business models of the Golden Age of Hollywood? Did they work? What led to the studio system’s decline? How did the studios survive the advent of television in the 1950’s to maintain relevance?

*Assigned Viewing:*

Class Lectures 3.1- 3.3

“Brother Can You Spare A Dream” Episode 4 from Moguls and Movie Stars

(Optional) “The Attack of the Small Screens” Episode 6 from Moguls and Movie Stars

*Assigned Reading:*

Epstein “Homo Luden” & “Communal Instinct” pp 244-257

Bassinger, Jeanine "One Hundred Years of American Cinema" pp 179-257 (CAN)

(*optional*) Stanley, Robert "The Celluloid Empire" pp 115-173 (CAN)

## **Class #4 [July 11] From Small Screen Challenge to Modern Hollywood**

We will complete our examination of the historical development of the studios and turn to their modern incarnations. How did the studios survive the disastrous 1960s and reclaim their relevance in the 70s? What led to the corporate consolidation in the 1980s and beyond?

Final Presentation Groups Assigned

*Assigned Viewing:*

Class Lectures 3.4 & 4.1

"Fade Out, Fade In" Episode 7 from Moguls and Movie Stars

"Easy Riders, Raging Bulls" Intro BBC Films 2003

*Assigned Reading:*

Epstein "The Two Hollywoods" pp. 1-23, "The Creators" pp. 27-84, "License to Merchandise" pp. 225-228 (*optional*), "The Midas Formula" pp. 236-241

Hoppenstand, Gary "Hollywood and the Business of Making Movies" in Litman, Barry *The Motion Picture Mega-Industry* pp. 222-241 (CAN)

Wyatt, Justin "Marketing the Image: High Concept & Development of Marketing" from *High Concept* pp. 109-154 (CAN)

(Optional) "Why Are Movies So Bad? or the Numbers" Kael, Pauline (CAN)

## **Class #5 [July 16] Hollywood Today/ The Integrated Studio**

How do the studios function today? How are they organized? What is their approach to programming and distribution and how do those functions relate? What is the role of film executives and studio managers? What is "development" and how is film greenlit for production?

*Assigned Viewing:*

Class Lectures 4.2- 4.5

Hollywood Reporter- The Studio Executives Roundtable 2020

<https://www.youtube.com/watch?v=BC6JHRb5Inc>

(optional) Conversation with Fox CEO Stacey Snider- Recode 2017

<https://www.youtube.com/watch?v=TUVKHKboiBw>

*Assigned Reading:*

Epstein. "The Sextopoly" pp. 93-105 & Chapters 6 & 7 "Development Hell" & "The Greenlight"

Follows, Stephen "How Movies Make Money: \$100m+ Hollywood Blockbusters"

[www.stephenfollows.com](http://www.stephenfollows.com) (CAN)

Alberese, Anita "Betting on Blockbusters" in *Blockbusters* pp. 15-55 (CAN)

(optional) "How Disney Milks Its Hits for Profits Ever After" *Wall Street Journal* 6/8/15

(CAN)

(skim for context) Boliek, Babette "Media merger basics: A primer on Fox, Disney, Comcast, Sky, AT&T, and Time Warner" American Enterprise Institute March 12, 2018

<http://www.aei.org/publication/media-merger-basics-a-primer-on-fox-disney-comcast-sky-att-and-time-warner/>

## **Class #6 [July 18] Hollywood Today/ Indies**

Studio filmmaking has a bold challenger- the business of American independent film- films made outside of the studios. Today, independent film has become its own industry, separate but inextricably linked to the studios. What forces have led to the structure of the independent sector- how is the growth of the indie sector tied to the growth of ancillary markets? By embracing independent films and their business models, the studios dealt the movement a crippling blow, will it be saved by the rise of the streaming services?

In-class Quiz- scheduled prior to class

*Assigned Viewing:*

Class Lectures 7.1 & 7.2

(optional) Steven Soderburgh Keynote Speech at SF Film Fest 2012

<https://vimeo.com/65060864>

*Assigned Reading:*

(skim for context) Levy, Emanuel "Cinema of Outsiders" pp 13-51 (CAN)

Tzioumakis, Yannis "American Independent Cinema in the Age of Media Convergence" Chapter 9, pp. 257-290 in *American Independent Cinema* (CAN)

Perren, Alisa “Maxed Out: Miramax and Indiewood in the New Millennium” Chapter 8 in *Indie Inc: Miramax and the Transformation of Hollywood in the 1990s* University of Texas Press, 2012. (CAN)

“Does The Success Of Streaming Signal The Death Of Indie Cinema?” D’Allesandro, Anthony *Deadline* 1/24/19 <https://deadline.com/2019/01/netflix-versus-independent-cinema-roma-oscars-sundance-film-festival-1202541064/>

## **Class #7 [July 23] Marketing Part 1: In Search of an Audience: Theatrical Marketing and Distribution**

How do films find their way to an audience? How are they distributed? What are the determining factors leading to success or failure? How has distribution evolved over time and how do the many distribution media today function smoothly to maximize economic returns? How does the film’s US box office prescribe success in other media?

*Assigned Viewing:*

Class Lectures 5.1 - 5.4

*Assigned Reading:*

Epstein, “The Creation of Audiences” pp. 177-191, “The Learning Imperative” pp. 229-235

Friedman, Robert and Yoder. Kevin “Motion Picture Marketing” and “Market Research” in *The Movie Business Book*, Squires, Jason (ed) pp. 284-299 and pp. 303-314 (CAN)

Faughnder, Ryan “Hollywood is suffering its worst-attended summer movie season in 25 years” *Los Angeles Times*, August 30, 2017 <http://www.latimes.com/business/hollywood/la-fi-ct-movie-projector-summer-meltdown-20170830-story.html>

## **Class #8 [July 25] Film Profits and The Emerging Battleground: New Platforms/ New Windows**

First, we will conclude our discussion of distribution and breakdown the numbers to understand how films succeed or fail. What is the significance of Epstein’s “studio as clearinghouse” concept? What are “net profits” and why doesn’t anyone care about them?

Then we will turn to an overview of the traditional windowing of media content and how digital fits into that pecking order and changes the profit equation. Various digital content issues are explored including the models of video-on-demand and streaming- ad-supported, transactional and subscription- and the assumptions underlying each. What happens when digital content producers defy the rules.

*Assigned Viewing:*

Class Lectures 6 and 8.1

Recode - Conversation w Netflix CEO Reid Hastings 2017

<https://www.recode.net/2017/6/4/15730694/watch-netflix-ceo-reid-hastings-binge-watching-movies-tv-sports-code-interview-video>

*Assigned Reading:*

Epstein, "The Clearinghouse Concept" pp. 106-125

"How Movies Make Money: \$100m+ Hollywood Blockbusters" Follows, Stephen 7/11/16 <https://stephenfollows.com/how-movies-make-money-hollywood-blockbusters/>

"Do Hollywood Movies Make a Profit" Follows, Stephen 7/25/16  
<https://stephenfollows.com/hollywood-movies-make-a-profit/>

2019 MPAA THEME Report Market Statistics pp 32-38 "Home/Mobile Entertainment"  
<https://www.motionpictures.org/wpcontent/uploads/2020/03/MPA-THEME-2019.pdf>

Smith, Michael and Telang, Rahul Streaming *Sharing Stealing: Big Data and the Future of Entertainment* Part 1 "Good Times Bad Times" and Chapter 5 "Blockbusters and the Long Tail"

## **Class #9 [August 30] The Convergence of Content**

In a continuation of the prior class, we will resume our examination the strategies employed by digital content producers and distributors and how those may conflict with the entrenched power structures in Hollywood. We will examine television content, platforms and networks in relation to the business of the mega-studios and also as the frontline of media convergence. How has the streaming model affected television? Is there even a meaningful distinction between Netflix, HBO and the legacy networks? Are Hollywood films next to be blurred into the digital realm, leaving the movie theaters behind? Does the relentless franchising of motion pictures eventually spell its own demise?

*Assigned Viewing*

Class Lectures 8.2-8.3

Hollywood Reporter - The TV Executives Roundtable  
<https://www.hollywoodreporter.com/video/watch-thr-s-full-tv-918281>

*Assigned Reading*



“The State of Traditional TV: Updated with Q2 2017 Data” Marketing Charts 12/13/17

<https://www.marketingcharts.com/featured-24817>

Selections from “Portals: A Treatise on Internet Distributed Television” by Amanda Lotz (CAN)

Elberse, Anita, Blockbuster, Chapter 5 “Will Digital Technology End the Dominance of Blockbusters?” pp. 150-186 (CAN)

Smith, Michael and Telang, Rahul Streaming *Sharing Stealing: Big Data and the Future of Entertainment* Chapter 9 “Moneyball” and Chapter 11 “The Show Must Go On”

(optional) Auletta, Ken “Outside the Box; Netflix and the Future of Television” *The New Yorker* February 3, 2014 (CAN)

## **Class #10 [August 1] Presentations: The Streaming Landscape**

2<sup>nd</sup> In-class Quiz- scheduled prior to class

The class sessions will conclude with each of your groups sharing 10-15 minutes highlights of your study and analysis of a streaming company competitor- who they are , what’s their strategy and how do they compare with the incumbent leader Netflix. The final reports will be submitted before the beginning of class.

\*\*\*\*\*FINAL PAPERS ARE DUE\*\*\*\*\*





