Approaches to film

The movie industry defies strict analysis from a traditional business point of view because of the uncertainties involved in making and marketing the product.

Squire, J. (2006) *The Movie Business Book, 3rd edn.* Maidenhead: Open University Press.

1 Introduction

It is true that many people still go to the cinema in Britain. But what they see is predominantly the product of a foreign culture – that of the USA. One may question whether British audiences care about this or indeed whether they realize that when they go to see a ‘British’ film, in most cases the product is really not British at all. Indeed, in most cases the product is Hollywood, even if it sounds and looks British.

Firstly, I want to look at mainly contemporary Hollywood as a dominant force in film, as the epitome of a diversified global media industry and as a brand whose economic and marketing power explains its reach as a cultural export. I do not intend to discuss Hollywood’s films and directors, except in this context of finance, production, distribution and exhibition. It is also worth remembering that Hollywood, and indeed television, is now not the only visual narrative industry in the game. The video game *Grand Theft Auto 4* earned more (over $500 million) in the opening week of its release in 2008 than the record $400 million taken in the opening weekend of *Pirates of the Caribbean 3.*

Secondly, I want to take a look at the condition of the British film industry, which in a sense does not exist. There is a background to this condition which, it may be argued, relates to the fact that the Hollywood film industry was into globalization and cultural imperialism in the 1920s. Even then the USA was flooding Europe with a product that had already recouped its production costs in the US market, which could therefore be distributed relatively cheaply to the rest of the world and which had already cornered a mass market with a seductive mix of romantic, dramatic and action material. In 1926 92 per cent of films shown in Britain were from the USA (Petrie 1991). This kind of economic history and its impact on national film cultures is not so peculiar to Britain. Many other countries in Europe and elsewhere (Canada, for example) have seen their national film media sapped by the same forces.

But having accepted that film production in Britain today is, to a fair extent, at the mercy of international exchange rates and government tinkering with financial support and tax breaks, not to mention the US Majors, still I want to ask if it really matters that we do not have a film industry in the conventional sense.

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2 Major questions

1 How has Hollywood re-invented itself in a global market-place?
2 How does Hollywood survive, given the financial risks of making films?
3 How has Hollywood adapted to new media and new technologies?
4 What is Hollywood's place in the new economic cultures of marketing and branding?
5 Does Hollywood leave any space for something called independent film?
6 How may one define terms such as 'British film' and a 'film industry'?
7 What is the relationship of the US Majors to British film, both historically and presently?
8 What economic and political factors explain why the British film industry is frequently described as being in a state of crisis?

3 Hollywood: the 800lb gorilla

3.1 The re-invention of Hollywood

The so-called Hollywood film industry provides a paradigm in media studies for the development of media industries in a global context. I use the phrase 'so-called' because this collection of multi-national media corporations is not based in Hollywood and is much more than a film industry. The Majors, as they are called, are not even exclusively American in their ownership, though it is still fair to say that most of the Hollywood 'business' is run by Americans and brings millions of dollars into the US economy every year. 'Hollywood' is in effect a brand name for the cinema operations of some huge media institutions. Richard Maltby (2003: 30) described it as 'not so much a physical place as it is a conception, a state of mind, or a place in our communal imaginations'. But more prosaically, the Hollywood sign on the hill is also a trade-marked image that belongs to the Hollywood Chamber of Commerce. It is both an idea and a business. It is a cultural icon and a monument to global capitalism. It poses as a dream factory but operates with ruthless attention to profit.

There was a time when the main business of Warner or of Universal was to make films for cinema exhibition and for US audiences. Not any more. The classic Hollywood studio system, with its own production base, its employees under contract, its attendant star system for developing talent and a production line of films for a willing audience, disintegrated in the late 50s and 60s. Much has been made of the parts played in this process by the arrival of television and the effects of anti monopoly laws, which forced the studios to sell off their control of major urban cinemas. But in fact there was a bigger

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collection of economic, social and cultural changes that combined to affect media in the Western world. Increasing affluence gave people more money to spend on goods such as cars, which in turn gave them mobility and other things to do with their time than go to the cinema twice a week. The very success of the star system gave economic clout to stars such as Humphrey Bogart or James Stewart, who were then able to start their own production companies (like Clint Eastwood and his Malpaso company a generation later).

The rising cost of star fees, as well as other labour, was making films more expensive, riskier and harder to run into profit. The star contractual system broke up, but of course this gave stars more and more power to ask for more money, supported by a newly emergent (1950s) system of agencies which represented the stars' interests. The presence and cost of star names in a 'package' now dominates the cost of major film production today – reportedly, Reece Witherspoon got $15 million of the $45 million cost of making *Legally Blonde* in 2003. The production line model demanded a large and loyal audience and large, steady profits to keep the machine running. This audience was falling away. Average cinema admissions per year in the USA fell from 32 in 1943 to 4 in 1971 (Waterman 2005: 33). And then there were complex cultural changes which affected audience tastes and box office receipts on both sides of the Atlantic. Black American soldiers came back from the Second World War, having seen the world and having had some glimpse of what a rather less racist society might be like. Black music was spilling into the mainstream from the new rock'n'roll and teenage culture. Black power was affecting US politics and social life. Young people were developing their own cultural identity – not aping the media consumption habits of their parents. So music radio was taking off, even as radio ceded the main stage to television.

Television, in fact, came to offer a life-line to cinema, in that the 'filmed for TV' series took over where the B picture industry faded and left off. And the sale of film screening rights to television became a significant source of income for the re-forming Majors.

The classic Hollywood film industry was, in the 60s, being taken over by larger corporations (e.g. Gulf & Western taking over Paramount in 1967), even as it was getting out of direct ownership of film studios and their thousands of employees. The real power of Hollywood was, and is, in its distribution and marketing systems.

Based on these two foundations, Hollywood has been re-invented in a diverse global media landscape. Owned as assets by successful corporations that gave them access to more finance, the Majors made money out of financing films, while letting new production companies take on the responsibility of getting movies made. These companies in turn were (and are) surrounded by satellite services providing equipment, catering and the like, but for which the production company is not responsible. It is the same principle as car production companies, surrounded by a host of parts providers. Similarly, the Hollywood Majors did (and do) not have to manage the mechanics of production, although of course they protect their investment by approving the budget, the schedule and the package (including stars and principals such as the director). They would own the *property* (film rights on a novel) in the cases where they initiate production – as opposed to having someone come to them with a proposal. And they appoint their own executive producer to any project. This person will have some say in

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the progress and direction of any production and may, in the end, invoke the financial power of the Major that is doing the backing.

So Hollywood moved away from a model in which the Majors were vertically integrated and dominant in the business of cinema, to a model in which they became part of a corporate portfolio of businesses and in which they effectively outsourced production services in particular. This process continued from the 70s to the 90s, with further corporate takeovers. The new Hollywood of the 60s and beyond further shifted its focus as many of the Majors moved from being mainly movie businesses to being more generally media businesses. They exploited new technologies such as satellite and video to diversify products and audiences for that thing which we call the movie.

Some of the surviving Majors of the 1970s have faded away – MGM and United Artists are shell companies with value only in the back catalogues; they are no longer players in the finance and distribution of movies. On the other hand, Dreamworks, a new 'studio', was created in 1994 by two successful Hollywood executives and Stephen Spielberg, director of several of the most successful and profitable movies ever made. It was nominally independent, but that meant nothing in the sense that it still produced conventional mainstream pictures and was largely tied to Universal for its distribution deals. Now it is owned by Paramount (Viacom). Disney Films became a major player as it moved beyond its Walt Disney roots of only making films for children and the family audience. Twentieth Century Fox has been re-invigorated as Fox Pictures and through its purchase in 1985 by Rupert Murdoch/Newscorp. The global media business model for the twenty-first century involves a corporation such as Newscorp having a collection of interlocking and mutual supporting media companies. Fox News is one such company which obviously supports Fox Television in particular. Fox TV is one of four major US networks. Fox TV will of course show Fox films, as will any of the cinema exhibition chains that Fox owns.

It should be made clear that, while Majors have bought back into some cinema exhibition, anti-monopoly laws mean that a theatre (cinema) can't be the outlet for one distributor, and theatres are not allowed to fund production. Fox Pictures initiates productions or responds to proposals brought to them. But Fox also owns Searchlight Pictures, which finances and distributes what may be described as smaller or more 'independent' films than the mainstream. Fox also has a controlling interest in cable channels. And of course Newscorp owns leading national newspapers around the world – newspapers which can be used to market Fox films. It owns Collins USA, which could produce the book of a Fox film. Viacom, the company that owns Paramount Pictures, also own major interests in cable TV, as well as the Blockbuster DVD store chain and interests in cable and HBO satellite channels. Warner Communications is part of the same corporation as AOL and Time-Life. It also own DC comics. It owns Vue cinemas – or, rather, 'leisure complexes'. It has a DVD distribution division, as well as one for cinema (New Line Cinema). It doesn't own them, but has exclusive deals (as do all the Majors) with nominally independent production companies such as Malpaso, Castle Rock Pictures and Morgan Creek.

All the Hollywood Majors have a formidable distribution system that controls the availability of movies, in different formats, around the planet. That system literally carves

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up the globe into 'regions'. This is why you will find DVDs encoded so that they work in some parts of the world but not in others.

Hollywood Majors and their corporate owners

Walt Disney Pictures	→	**Disney** (also owns Miramax and Touchstone Pictures)
Twentieth Century Fox	→	**Newscorp**
Universal Pictures	→	**General Electric** (also owns NBC TV network)
Warner Brothers	→	**Time/Warner/AOL** (also owns New Line Films)
Paramount Pictures	→	**Viacom** (also owns Dreamworks)
Sony Pictures/ Columbia	→	**Sony Corporation** (also owns Tristar, MGM and United Artists)

The Hollywood Majors run a collection of mutually supportive and profitable media businesses, to the benefit of their parent corporations.

Synergy is a buzz word for that mutual support and profit. Synergy is what happens when media divisions belonging to the same giant media corporations can all be 'used' to do something alike – make the movie, make the spin-off TV series, print interviews with the stars in their magazines, publish the book on the making of the film, arrange for the director to appear on one of 'their' chat shows and so on. In this way, the original idea or 'property' is promoted more and makes more money. 'Synergy is best described as a principle of cross-promotion whereby companies seek to integrate and disseminate their products through a variety of media and consumer channels, enabling 'brands' to travel through an integrated corporate structure.' (Grainge, 2008: 10)

If one looks at the generality of production, then these Majors dominate the making of successful cinema films in the USA (the biggest market) and world-wide. They will release up to 250 movies a year, from a slate of up to 400 projects. Collectively, as the MPAA (Motion Picture Producers Association), they will take 80 to 90 per cent of all distribution income in the USA in a given year. They dominate film and DVD releases partly because of their historical stranglehold over attractive product and over the distribution system, but also because only they can afford the risks (because they have access to millions of dollars worth of capital).

Since the 70s these re-invented Majors have become more and more successful for all sorts of reasons. Blockbuster movies and high concept films (stars, action, special effects) have grabbed new audiences and brought millions more people back through the box offices. New media of exhibition have brought more profits. Shabby old suburban cinemas disappeared to be replaced by, firstly, multiplexes (more screenings per building) and then by leisure centres (the same thing but with enhanced comfort and bonuses such as bars and cafes). Technology has brought huge advances in sound quality and of course the kind of CGI (computer effects) which turned films such as the *Jurassic Park* series into huge hits.

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In 2004 US consumers were spending $39.2 million on movies: that is, $9.6 million at the box office, $9.3 million to subscription TV channels and $20.3 million on video/DVD purchases and rentals (Waterman 2005: 66).

In 2005 gross revenues from the Star Wars franchise reached $20 billions – more than the gross domestic product of countries such as Bulgaria or Libya (Grainge, 2008: 8).

3.2 Finance (income and costs) – money rules, OK?

Hollywood's finances are labyrinthine to the point that on various occasions frustrated film workers have sued Majors, believing that even though a movie is claimed to be losing money or only breaking even actually it is making plenty. The writer of *Coming to America* did successfully sue Paramount in the early 1990s, when it claimed that it owed him nothing because of the costs involved in making the movie. Part of the problem seemed to be the inventive list of costs produced by accountants. At the time of writing, a similar case is before the courts involving *My Big Fat Greek Wedding* (2002), in which the writer and producers of this indie film (including Tom Hanks and his wife) are suing Gold Circle Films (one of three investors in the movie). As reported in the T*oronto Globe & Mail* (9.8.07), Gold Circle claims that receipts totalled $278 million, though a box office tracking firm reckons that the film made $370 million. Certainly the film was enormously profitable because it only cost $5 million to make. The essence of this kind of problem is that production costs and percentages to stars or the principals come out of what is left after the distributor has taken their cut. But this cut could easily be half the box office receipts. And much of this cut goes towards marketing and distribution costs, whatever those may be exactly (though in principle there are laws designed to cap these costs). And of the rest, most of this money goes to the exhibitor who shows the film, so that there isn't much left over for the actual creators of the movie.

When considering Hollywood income and costs, it is important to remember that the business is not just about films in the cinema. More money is made elsewhere, and not just from TV and DVD release rights. The licenses to merchandising associated with films make millions. Product placement helps underwrite the huge cost of movies. Film characters and film titles all have value which may be exploited. Back catalogues continue to make money. And all this is without considering the other media businesses that the corporate owners of Hollywood also control or have investments in, and from which they make money. For example, Disney owns theme parks, Paramount owns the publishers Simon & Schuster and Sony owns a globally powerful music business.
In much of what follows I am indebted especially to Waterman (2005), Wasko (2003) and de Vany (2004).

The cost of making Hollywood movies is hugely variable in that the system bankrolls small and independent movies as well as big films. Estimates now put the average cost of making a big movie and marketing it properly as around $100 million, though in 2002 the cost was reckoned at $60 million. But major film 'events' are not necessarily as profitable as small films. A lot was put into a major movie that 'bombed' in 2002, *Treasure Planet*. It cost $140 million to make and took only $38 million at the world box

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office. On the other hand, the *Blair Witch Project* (1999) cost only $1 million to make but took $141 million at the box office. Similarly, *Home Alone* (1990) made more money relative to its costs than *Batman* (1989) or any of its sequels. It has been calculated that even in adjusted terms, the average production cost of a movie went up by a factor of 19 between 1975 and 2003. So Hollywood films are an ever riskier business. The top 20 per cent of movies make 80 per cent of Hollywood revenues. 'Nobody knows what makes a hit or when it will happen,' says De Vany (28). 'The most important element in a movie's financial success is a long run' (98).

Although the US domestic market is huge and underpins much of Hollywood's success, one should also recognize that Hollywood dominates world markets. High concept movies, actions films, American culture and stars all have a universal appeal which, to a fair extent, surmounts cultural differences and even language barriers. In 2003 US films took 72 per cent of the European box office (and two thirds of the Japanese box office). In 2003 the average cost of making and selling a movie was $103 million. However, only 26 films recovered their costs at the box office alone (Leiss et al. 2005: 357, ibid). The MPPA has spent nearly a hundred years establishing distribution rights around the globe and developing a marketing machine. It and the US trade department have been known to make not very veiled threats (boycotts and trade sanctions) in support of their audio visual industries. In 1999 24 of the top 25 movies ranked by world box office take were American. Costs have gone up, risks have gone up, but the possible rewards in a global media world have also increased. In 1968 the first version of *Planet of the Apes* cost $5 million to make and took $15 million that year. But in 2001 the re-make of that film cost $100 million to make yet took $180 million in the USA and then $358 million around the world.

The strength of Hollywood's finances lies in access to credit and to income from sales rights. The Majors have revolving lines of credit with backing banks, plus specific production loans and, in some cases, venture capital. And all productions take out bonds – insurance – against things going wrong (such as the star dying before shooting is completed). The income from rights covers home DVD, pay TV (cable), broadcast TV, airline screenings and Net streaming. Some of this income can be obtained in advance – pre-sales. The advantage of being established in the business is that one has an income stream from the flow of productions: whereas an indie producer has the likely financial problem of 'staggering' from each one-off production to the next with no 'cushion'. The world-wide rights to a given movie are controlled and return to one or maybe two of the main distributors, depending on which area of the planet has been 'sewn up', and by whom. The income from DVD sales is considerable – four times as much as for rentals in 2002. In this area, collectors and fans are one big market. So are children, who are very much repeat viewers of films. And of course DVDs are very popular as gifts, with the advantage that they are cheaper to produce, package and distribute than is the film itself. Pay per view is more profitable than broadcast rights, the income from which has been slowly declining in the USA.

Although the income of the Majors has been increasing from these multiple viewing media rights, it is being ploughed back into ever more expensive productions. Labour is a huge cost (*The Lord of the Rings* [2001] had 1780 credits!), and CGI is hugely expensive,

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though originally it was argued that it would reduce costs. Everyone wants the latest in effects – and so the *Shrek* series of films show ever more impressive ‘realism’ of movement or of complex surfaces such as hair. Shooting schedules are also longer for major projects – *Terminator 3* took 102 days to shoot in 2003, whereas the average shooting schedule in 1995 was 65-75 days.

Stars’ salaries are a huge cost element; De Vany (ibid) demonstrates that the fees paid to superstars generally wipe out most of the profit. He shows that the problem here is that Hollywood overbids (secret bids) for their services and pays too much to their agents. This is because it is believed that a star adds value to a project and because, just occasionally, the star presence really does pay off – another risk element. De Vany shows that to become a superstar you have to lead in a movie that makes $100 million or more. But then, between 1982 and 2001 only 3 per cent of movies made that kind of money. Indeed, only eight per cent of all movies make more than £40 million at the US box office. Even of ‘lesser’ stars he says, ‘stars increase the least revenue that a movie might earn, but have almost no influence on the most it might earn’ (67).

3.3 Distribution and Exhibition

Firstly, **distribution** is about getting the ‘film’, in whatever form, to its audiences. This means striking prints to be shipped to cinemas, as well as arranging deals for digital versions of the film to be struck and shipped as DVDs, and to be sourced for showing via terrestrial TV, and via satellite and cable (also PayTV). The distributor also sells the film. This includes straight advertising – television spots, block ads in newspapers, street posters and the like. It includes publicity devices such as arranging for star interviews on TV or in magazines. In the case of Hollywood, the distributor is also likely to be a key financier of the film. So you need to understand distribution in the context of everything that is said above and below about getting the money and selling the movie.

Exhibition is the term that describes the showing of the film. Then again, this whole section makes the point that the process is no longer mainly about movie theatres. It is very much about the domestic TV screen and about other outlets, such as screens in hotels and aircraft.

When you read about the merchandising and spin-off products, you need to realize that there is a degree of distribution and exhibition which is a managed consequence of what Hollywood does, even though it is not directly managed by Hollywood. Computer games are a case in point, where someone else organizes the shipping of the copies, and the user chooses to play on whatever screen, but the existence and the availability of the game is a planned part of the Hollywood business.

Marketing and Merchandising

Hollywood makes a lot of money from **spin-offs and tie-ins**: generally speaking, these refer to merchandise that comes from the success of the film, or which is pre-planned to

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connect with the film. It is common to release a CD of the film's music soundtrack. Films aimed at children make a great deal from merchandising rights to products such as comics, toys, games and clothing. The marketers of a movie could organize tie-ins with local toy and game stores. Computer games now form a separate and considerable market in their own right (see the *Spider-Man* game licensed to Activision). Such potential income obviously has an effect on how movies are set-up or even given the go ahead. Marketing could tie-in the release with promotions through companies such as Hardees fast-food restaurants or a Kellogg's' branded cereal for *Spider-Man* (2002). Other promotional tie-ins for this film involved Reebok, Nokia, Wal-Mart and Dr Pepper's. These deals are about selling the film, as much as making money from licenses. This is a film which made over $400 million in the first six months of its release, having cost $139 million to make and $50 million to market. Typically, the license for merchandising granted by a distributor involves an advance and 10 to 15 per cent of gross revenues from the retailer (Wasko 2003: 164).

Release patterns

These are part of the process of distribution and relate to investment in the movie. **Wide, or saturation, release** relates to expensive movies, where the need is to get money back fast, and in marketing terms to (hopefully) make a splash on the first weekend. One problem is that in this case the reputation of the film is vulnerable to negative feedback because a lot of people get to see it quickly. Indeed sometimes companies will release what they suspect to be a poor film in as many cinemas as they can afford, so that they get their money back before the bad news hits the box office.

Exclusive, or platform, release patterns are used for movies that are for fairly specific audiences (e.g. art-house movies) or which the company is simply uncertain about. Obviously this will include relatively low budget movies, where the budget itself (as well as prospects) will dictate that not too much can be spent up front. Limited release in maybe 700 theatres is used to target very specific audiences or to test the film's potential.

Successful films have one of two patterns: a strong start and a steady decline or a weak start followed by a climb to success because of good 'word-of-mouth, and then decline. In this respect it is interesting to note that no film that has won an Academy award has ever opened on more than 1500 screens - that is a fairly limited release for the USA. Cinema release is of course followed by PayTV, broadcast TV and DVD release. Smaller and less successful films will follow this path within months. Most movies are otherwise available within a year. The studios control their release windows contractually, so that DVD retailers know that they have about 50 days to make serious money before the film goes to PayTV release. The release to DVD depends on how the movie performs. Post-cinema release time has been steadily shrinking, not least because PayTV and home DVD in the USA now accounts for two thirds of the studios' income from film distribution (remembering that in many cases the studio is also the distributor). So, on average, a film goes to DVD in about 170 days. A film like *Spider-Man* sold over

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10 million VHS/DVD copies in the US domestic market alone. Even when re-issued later, at a lower price, it sold over 2 million copies.

Net release is still largely a thing of the future, despite the hype surrounding new technology. Hollywood is making loud noises about piracy through file sharing programmes such as BitTorrent and is claiming that there are thousands of cases out there. One is sceptical about this because it takes between 1 and 5 hours to download a movie at present - that is if one has above average 'kit'. No doubt the situation will change as new technologies come of age and disc formats such as BluRay become writable to disc. Four of the Majors have joined to form Movielink, which offers movies on demand while they are also available on pay per view. But there are still problems with encryption and security, not to mention streaming time. Realistically, the best of Net release cinema is of short films, and via specialist companies such as atom films, that also produce packages for cable, airlines and DVD.

Cinema exhibition is contractually tightly controlled and financially complex. In general a contract lasts for about 4 weeks and guarantees the distributor a minimum percentage of the box office take before anyone else gets any money. The exhibitor is guaranteed a further minimum out of the remaining box office take (known as the house 'nut'). After those sums are taken, the exhibitor has to pay something like 90 per cent of any remaining take to the distributor. Of course the distributor's share has to pay for marketing costs, striking and shipping release prints, and whatever profits deal it has struck with the production company. In addition there will be production costs – often accruing to the distributor if it is the same company or Major that has financed the production in the first place. In a few cases there may be percentages of what remains after costs, to pay to the director or to a star – 2 per cent to Sir Alec Guinness for *Star Wars* or to Tom Hanks for *Forrest Gump*. Although some might see Hollywood as having a license to print money, one has to remember that these costs can be huge – as much as $100 million – so that the risks are also huge. And of course, some films do actually lose money.

3.4 Marketing

De Vany (2004: 4) takes a pretty cynical view, based on exhaustive analysis of statistics, of what marketing does for movies: 'there is no evidence to show that marketing has much to do with a film's success'. For something that doesn't much work, Hollywood is spending a lot of time and money on this activity (an average of $40 million a picture). Certainly the industry believes in its effects, especially on receipts for the opening weekend. It has become an industry 'truth' that this weekend matters (and of course a successful opening can be used for marketing). Friedman (2006: 295) writes that,

> If it's not a good movie, gets poor reviews and opens poorly, it can't be saved. If it's a good movie, gets good reviews and opens poorly, it might be saved. If it's not a review-driven movie, such as an action or teenage movie, and opens poorly, it probably can't be saved.

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I might add, if someone could define what a good movie is in the first place, then marketing would be a piece of cake. Yoder (2006: 301) furthers this: ‘Success depends on the product launch during the all-important opening weekend, with enormous costs at stake’. Unlike most other products, with movies,

> once they are launched, there is no going back … Given the long lead time needed to take a movie property from development through release, there is little sense in trying to capitalize on what is hot or current today, since by the time the picture is in the marketplace, tastes will surely have changed (314).

Pinning down **the costs of marketing a film** is impossible in any exact sense. Commercial protectionism, accounting obscurity, and the variations between films in terms of scale and market, all conspire against this. The cost of advertising is more of a known factor. For example Friedman (2006: 293) tells us that *Mission: Impossible* (1996) cost around $16 million for media advertising. The cost of publicity is more easily buried. Friedman suggests that campaign preparation, press kits, trailers, etc., cost up to $8 million on average. But he does not refer to soft promotional costs such as launch parties. It used to be a rule of thumb that one could add 50 per cent to the production cost of a picture to cover marketing costs. Of course there are also variable costs such as those extra marketing charges incurred if one tries, after a picture has opened, to either capitalize on unexpected success or to save a product that is staggering.

The marketing process gains its own momentum to the point where it is impossible to distinguish who is paying for what, who is promoting what in whose interests. Major film festivals such as Cannes are a case in point. On the one hand the marketing machine is flying in stars, organizing trade stands, arranging parties and photo opportunities. It knows that winning prizes helps the wider distribution and hence audience size for a given film. On the other hand the festival organizers must solicit interest and find some means of paying for the whole event, even if they have no intention of favouring particular films, stars, directors, studios, etc. Cannes becomes a news event. It is as if marketing reaches a critical mass, when it explodes into media life. Publicity becomes free as well as having a cost. The Cannes image melds into the cultural value of film and into understandings of independent film, of Hollywood, of national cultures. So many media outlets and commercial interests – as well as audiences – have an interest in this event that it is no longer quite clear as to who controls the marketing process. It is no longer clear that it is about Cannes, so much as a collation of film-related cultural hotspots, not least of which is the interest in celebrity.

Film marketing is pervasive to the point where it may not be perceived as such. The use of advertising posters on bus shelters to announce the release of another soft sex and romance movie for the youth market, maybe starring Ashton Kutcher at the present time, is one thing. But the presence of clips and interviews on a TV programme about cinema is just seen as another TV programme. It is not. The programme makers will have had material put before them. They will also have had to deal with marketing people when they actively seek out material. There is a negotiation of interests here. It is part of marketing. Celebrities don’t appear in magazines just because they are burning to have a voice. Reviewers don’t get into special screenings simply because they demand to.

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Marketing often operates on the cusp of a delicate balance of mutual self interest among various media producers. If journalists and film critics benefit from expensive promotional materials and generous hospitality at a preview screening, then this is part of what marketing does. It cannot guarantee good reviews. But the marketers know that the audience has to hear something about the film. Hollywood has an ambivalent relationship with film critics. Obviously it hates bad reviews, but the critics aren't going to go away. And the marketers are quite prepared to use good review quotations in items such as newspaper display ads. Wasko (2003: 201) refers to studies which indicate that moviegoers are more interested in the opinions of friends, also that 'critical reviews may influence late and cumulative box office receipts but do not have a significant impact on early box office revenues'.

Stars are marketed by their agents and films are marketed by stars. Both are products. The star brings the value of their image to the reputation of the film. The star bears promises to the audience: promises of a certain kind of movie-going experience, promises of a given kind of narrative. In terms of factors such as impact and consistency of effect on the audience, De Vany (2004: 93) demonstrates that a star such as Sandra Bullock is more statistically influential on the success of a movie than (perhaps surprisingly) someone like Robert De Niro. Bullock promises the possibility of comedy, romance and adventure. She promises the possibility of transformation for the female audience (*Miss Congeniality*, 2000) with narratives which often show a woman who surprises herself and others with what she can achieve. This image-value is marketable.

To some extent, the same arguments can be made for film directors. The director as star has been an established element of film critiques at least since the days when Alfred Hitchcock made guest appearances in his own films or when he introduced thriller films in a series on TV. Tim Burton creates an expectation of something gothic, quirky, with undertones of violence and pathos – from *Edward Scissorhands* (1990) to *Sweeney Todd* (2008). The marketing material, including artwork, trades on this, as do the posters which use his name to sell the film.

Marketing is big business, as Hollywood tries to objectify audiences' shifting preferences, as well as to persuade them to watch the movies. The industry talks about marketability, what attracts the potential audience, and playability, what satisfies the viewing audience. Nielsen Entertainment dominates **film market research** and is owned by the same company that owns the *Hollywood Reporter* (itself an industry marketing tool). Its main competitor, MarketCast, is owned by Reed International, which also owns the other leading trade paper, *Variety*. Clearly there is a case of the industry talking to the industry here, as well as the opportunity for self interest. But still the pre-research, the test screenings, the construction of strategies goes on. Profiles of the target audience are constructed. Target audience members might be identified in a shopping mall and asked to look at sample material in a special booth. The commercials for the film will themselves be audience tested. Score cards, reaction buttons, palm sweat sensors are all used to assess responses. After the movie has opened, researchers track consumer reactions, usually through telephone surveys. But still, as Wasko says of marketing, 'sometimes it works, but more often it doesn't' (191).

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The publicity side of marketing is planned into the film as product at an early stage. Unit photographers will be shooting stills for photos and press kits that will be given away at pre-screenings. These would include star bios, storylines and maybe items such as music videos or T-shirts. They will be shooting video for TV programmes, music video and pre-release publicity in general. A featurette for TV would cost around $50,000. A 30 minute behind-the-scenes item for TV could cost up to $350,000 (Friedman 286). The idea is to get the film talked about through other media, perhaps by arranging newsworthy events or stunts, perhaps by getting stars onto talk shows. Photo-shoots involving magazines will have been set up sometimes months in advance. Street stunts or book store promotions might be arranged in major cities, to support press advertising. Previews can even make money. Those for *Harry Potter and the Chamber of Secrets* made $12.5 million in 2002.

The Internet is now an advertising and marketing outlet where sites as diverse as IMDB and LoveFilm maintain the profile of movies (and Hollywood) in general, as well as promoting particular films. On such sites users may just want to find out something about a film, but the enquiry throws up reviews. They want to reserve a film online for viewing, but they will see promotions for coming DVD releases. Items such as 30 second trails can be streamed to clients. Marketing can arrange live on-line chat sessions with stars or the director. The Internet can also be a destructive force, in that negative reactions from previews or early screenings can be posted on blogs or bulletin boards very quickly.

Media ads of all kinds, cinema trailers and front of house displays come near the end of the marketing process, when Hollywood is able to promise its audience that the film really is ‘coming soon’. Everything hinges on the release date. Marketing campaigns run to a pre-prepared schedule designed to build up to this date. They also have prepared strategies to deal with reaction to the film after this date. The schedule may well have to talk account of overseas release, now coming ever closer on the US release dates. Cultural variations are built into campaigns – from subtitling to the influence of a dominantly young female audience in Japan.

3.5 The Hollywood Brand

Branding has maintained a deliberate economic function easing the flow of goods into the market.

Grainge 2008: 23

Grainge (14) talks about an extension of film marketing which goes far beyond the individual film. He refers to Acland in talking of ‘cinematic texts as an expression of contemporary living’. He sees contemporary Hollywood marketing as being part of a branding activity. He says that marketing is ‘drumming up audiences as works pass from one territory to another, from one medium to another’.

One may say that there is no one–off film, but rather a related series of products differentiated by where they are being sold around the planet, by what they are in

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themselves (a theme park visit or fast food) and by the media which hosts them (a DVD or a music CD). Each of these refers to the others, it helps sell the others. Indeed, the movie could be seen as the promotional device for the rest of the products and experiences. Hollywood is an entertainment brand.

From this point of view, parts of what we call ‘Hollywood’ may also be seen as brands in themselves. Bond films are sometimes called a franchise, but they may as well be seen as a brand, with its own characteristics and audience expectations. ‘When franchises are in vogue, an increasing number of branded sequels results, all containing a form of insurance that audiences will want to return to the familiar’(Squire ibid: 4).

Branding gathers meanings around signs. Signs may appear to stand for a company and for its products – such as the McDonald’s ‘M’ – but the effect of branding is to diminish such material connections and to replace them with ‘ideas about’. In the case of McDonald’s, the ideas are about American-ness, value for money and egalitarianism. Most recently, the company has been re-branding to bring in ‘healthy value’, because it has been fighting adverse publicity about junk food from sources such as Morgan Spurlock’s film *Supersize Me* (2006). A company name or logo may become the symbol that encapsulates the brand, that is, the values with which the company wishes to be associated and which it believes resonate with the values of the section of consumers or audience to whom it wants to appeal.

The Hollywood brand in general draws on the symbolic power of logos such as Columbia’s statue of liberty. The brand names of each Major are not so important to that company. Although one would have to except Disney, which has been ranked as a leading world brand. The Hollywood brand has come to signify entertainment on a grand scale. This is not without its history – a history of the big screen, of casts of thousands, of theatres holding a thousand people and of panoramic views. Hollywood history at various times has tried to exploit scale and grandeur, with 70 mm. film, wide screen, Dolby and surround sound. The present brand comes out of that history. It is an entertainment brand that is signified by the production values on screen. CGI can produce armies of thousands, wholly imagined worlds, fantasies that are realistic in their scale and scope. Indeed all Hollywood realism may be said to be ‘larger than life’.

The publicized sums spent on production add to that sense of scale. The reputations of the stars and what they stand for make them seem larger than life. The technologies and the realisms that they invoke are used to involve the senses of the audience in a way that no other entertainment medium can achieve.

Wasko and Grainge refer to those developments of the Disney Corporation at the end of the twentieth century, which were consciously designed to enhance and extend the Disney brand, secure its finances and make synergies possible. It was all about ‘Disney as family entertainment’. Disney signed a 10 year deal with McDonald’s in 1996 for promotions and uses of Disney products. It re-vamped and re-issued its back catalogue on video. It expanded into film production beyond animation and children’s features. It expanded its theme parks business. It bought a major TV network (ABC) in 1995. It bought into new production and distribution in order to broaden its appeal and its film capacity – Touchstone Pictures in 1984 and Miramax in 1993.

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In these respects branding became part of the conglomeration process which has generated huge entertainment corporations (see earlier), seven of which now control the vast majority of film production and distribution, as well how these films are seen - theatres, TV or PayTV.

All these processes just described may be seen in the increasing fusion between Hollywood and the computer games industry, almost regardless of who owns what. When *Grand Theft Auto 4* releases bigger than a Hollywood blockbuster, one knows that the games industry has become a major media player, not just a spin-off from a movie. This intermingling and creation of a brand has already been seen in what surrounded the hugely stylish sequence of *Matrix* films. There was a computer game in 2003, *Enter the Matrix*, and an online game in 2004, *The Matrix On-Line*. The original film itself used some of the conventions of such games: playing with the time and motion of speeding bullets. Then there was the hugely successful release of DVD versions of the films, including out-takes that explored and amplified effects that had been such a key part of the movie-going experience. *The Matrix* itself became a brand, but one that still contributes to the scale and technological-wonder dimensions of the overall Hollywood brand. The experience of specific entertainment brands, or of the uber-brand of the whole industry, is one that transcends individual media. An audience doesn't just go to the film or necessarily see the movie as the key product in the mix. It may purchase, use or experience many of the elements that make up a brand such as *The Matrix* or, more recently, *Iron Man*, which has released its related computer game, with more elements to follow.

Grainge (2008: 175) talks about 'the principle of deepening audience involvement in immersive brand worlds'. In other words, one enters the world of Hollywood, or the world of *The Lord of the Rings*. One not only buys into that world, one lives in it. Indeed one may refer to ideas about the hyper-real and argue that branding seeks to collapse the difference between real life and media fiction. The effect might be that the consumer lives, sliding between branded worlds which substitute for RL. Football in general and 'our' team in particular are brand worlds. Driving and 'our' car becomes a branded experience. We put on certain clothing in order to enter that company's brand world, or 'reality'. Theme parks often make a point of using the word 'world' in their titles to emphasize the notion that while one is there, one is wholly part of an experience – one that at least temporarily becomes RL.

Grainge states that, 'the consolidation of Hollywood's brand power has become a means of asserting its global hegemony' (Grainge ibid: 178). Grainge also makes an excellent comparative study of the marketing of two films – *The Lord of the Rings Trilogy* and *Harry Potter and the Sorcerer's Stone* – which he describes as creating a brand identity. Of particular interest is the fact that while the latter was marketed directly by Warners, the former was managed by New Line Pictures, whose parent company is Warners. In the case of the trilogy, New Line budgeted $145 million for marketing the three films. Grainge points out that the marketing exercise did not take the more conventional approach used for blockbusters such as *The Phantom Menace* (1999), in which the marketing was also big and loud. Rather, it took a gradualist approach that took account of the three films as a whole, as well as account of the three audiences identified.

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These were existing readers and fans, those who had heard of the book and those who knew nothing about the books or Tolkien. There was a long lead time to the first film, *The Fellowship of the Ring* (2001). Interviews with the director even started in 1998. Later, conventional trailers and TV spots came in. In particular, *The Lord of the Rings* website (1999) was hugely successful as a showcase for all sorts of materials, including videos of shooting in progress. The site had over 5 million hits before the release of the film at Christmas. The audiences were being drawn into the world of the film. There was emphasis on creating word of mouth before the more intensive campaigning close to the films' release dates. The marketing was interested and interesting, rather than brash; potential film viewers were being encouraged to make a cultural investment in the movie; a huge fan base was being created. Although there was a lot of merchandising associated with the trilogy, this was built steadily – not the hard sell.

Still, this aspect of the films was hugely successful: 300 licensees globally generated more than $1 billion across the three films. There were tie-ins with companies such as Burger King (food), JVC (technologies) and Barnes and Noble (books and other merchandise). Of course, 'branding as marketing' still depends on the success of the franchise. *The Lord of the Rings* was very successful in all senses, and so marketing for *The Two Towers* (2002) could capitalize on that, building on core values of the brand. These values included integrity – respect for the Tolkien vision and the production of 'proper' adult fantasy.

The very success of this trilogy for New Line – and the fact that they moved on to produce and market the *Dark Materials Trilogy* (*The Golden Compass*, 2008) – gives rise to concerns about the place of even nominally independent film within the Hollywood camp. Whether one uses the term 'blockbuster' or not, the emphasis here seems to be on scale. Properties that are already hugely successful as novels are bought up to be turned into an entire brand, sold across all media, and expressed as a range of products that are much more than 'a story'. Grainge (ibid: 150) talks about scale and dominance of the market place. He refers to *Harry Potter* and *The Lord of the Rings* as illustrating 'a broad corporate impulse to develop concentrated brand clusters that, in forging affective loyalties within a given product field, have the capacity to transform and control markets and competition'.

3.6 Product Placement

[Product placements] enable brands to be set discretely (or not) in the environment of popular culture, linked to film and television products that are distributed globally and maintain a commercial life way beyond that of as single advertising campaign.

Grainge ibid: 34

Reference has already been made to examples of product placement, as it is an integral part of marketing. It is part of the process of synergy. It is a means of defraying the up-front costs of making a movie. It is a means of maximizing the revenue stream centred on the release of a movie. It is part of the notion that what is being sold is a suite of products,

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not just a film. Placed products contribute to the branding of a core film because the nature, the look of, and the products' own company image all contribute something to the image of the movie.

Of course it may not just be a product that is being placed – it may be a reference to a well known company, or to a certain kind of service that is generic to a given industry. Products are usually thought of as having a visual presence in the film, including the presence of logos. But they may not just be seen, they may also be part of the film action, e.g., FedEx in *Castaway* (2000). Or they may be referred to in the course of dialogue. The reference is, it may be argued, more effective when it is a seamless part of the film's narrative, taken for granted.

Wasko (2003: 156) reports on the 2001 deal between Universal and Toyota, which wasn't just about placement but also about promotion of Toyota products via Universal's theme parks, online sites, music and so on. Cars are commonly 'placed' because so many narratives require the use of cars, e.g., the Lexus in *Minority Report* (2002). Given the amount of money involved with merchandising, product placement and associated advertising, what is a matter of concern is how far the advertisers and merchandisers may now be defining the nature of the movie. Advertisers are now involved from the beginning of a film project. If their clients are paying millions to have products in the movie or to sell related merchandise, then it is difficult to see how they are not going to want a say in the nature of the film.

In the USA (but not the UK) product placement has spilled over into television. *Heroes* and *Desperate Housewives* place and promote Nissan vehicles. *American Idol* is the most watched show on US television and has clocked up 3,000 placements. It is estimated that $7 - $10 billion is spent on placements each year.

Grainge (ibid: 34) argues that product placement is not the thin end of an advertising wedge in that its effects are very unclear. It isn't clear that sales are increased, and the effect on a company's image can be ambivalent, depending on what sense the audience makes of the movie. If the audience doesn't like a given film, does this mean that it will acquire a negative view of any products placed within that movie? Placement has become more frequent and more obvious; the audience may be reading this presence cynically and ironically. TV viewers zap out ads – maybe film viewers mentally 'discount' product placement.

3.7 Blockbusters and Indies

Hollywood is associated in the public imagination with the 'big' movie. There has been a shifting repertoire of terms used to identify films as major cultural events, partly in response to the changing industrial circumstances of their production. Indeed, one term used is the 'event' movie. We have also heard about the 'blockbuster' and the 'high concept' movie.

Some commentators would see the blockbuster as coming of age with Spielberg's *Jaws* (1975). The property was a highly successful novel. It was given a long build-up, with a lot of money being spent on the ad campaign, not least on television. It had

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saturation release. It had exhibitors clamouring to be allowed to show it. Its poster image and theme tune became iconic. This kind of film convinced Hollywood that you had to spend big to earn big. What is termed an event movie is simply an amplification of the blockbuster, in which merchandising is now part of the deal, making more money and producing more publicity. *Star Wars* (1977) would be an example of this. High concept movies of the 1980s and 1990s might well have a big budget and plenty of merchandising and cross-media publicity associated with them. But their main feature was that of simplicity. The epitome of such a movie is what one would call the action film. High concept means a simple, bold idea. The storyline could be summarized in a couple of sentences. The film would appeal to a number of markets around the world because of its reliance on pace and visuals. The film offers plenty of opportunities for marketing tie-ins. *Terminator 2* (1991) was a high concept movie, as was *Titanic* (1997), both of which were directed by James Cameron. However, *Titanic* cost $200 million to make, and with all the merchandising and publicity, it could also be described as a blockbuster. The terminology is not as important as recognising the evolution in Hollywood of:

- dependence on big budget movies
- increasing reliance on marketing
- an expansion of merchandising
- the development of outlets for film exhibition across media such as video, cable and satellite, enhanced by the arrival of digital technology.

I want to refer briefly to Independents, or Indies, simply because there can be kinds of dishonesty and indeed confusion in the use of the term.

The idea of independence is meaningful on a relative scale in that low-budget films made for minority audiences, gaining finance from outside the orbit of the Majors, probably can be described as Indie. None of these aspects of such a film says anything about its merits as a piece of film making. A film does not deserve some kind of moral kudos simply because it is ‘independent’, however much one might believe in the cultural importance of preserving minority visions, national cinemas and the like.

Independence is also a relative concept in that no film is truly independent. Someone pays for its production and distribution – and even very small scale financiers such as our British Arts Council will be making some judgement about the merits of any project which is submitted. Every filmmaker wants an audience, and there can’t be many filmmakers who can honestly say that their work has not been shaped in some degree by a sense of that viewing public out there. No film gets a public viewing unless someone will distribute and exhibit it. So again the filmmaker cannot be obstinately immune to a sense of what kind of film gets taken up by whom, gets shown where and by whom, or gets watched by whom.

Independence is most relative and questionable when one approaches the orbit of Hollywood. I have already indicated that there are distributors who appear to be independent – perhaps who were once independent – such as Miramax. But they are actually owned by the corporations. I have indicated that there is a host of production companies lacking the logo of a Hollywood Major, but which in fact have exclusive deals

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with Majors, or which in practice depend on the Majors. They shape their projects accordingly.

As Maltby (2003: 220) suggests, complete independence of all studios in all aspects of production is exceptional:

> If 'independence' is defined as financial independence from the major distributors, a production company can only secure authentic autonomy at the expense of access to the exhibition market. If a distribution contract is the necessary condition of a movie's financing, the 'independent' production company is bound by the conditions of its contractual relationship with the distributor.

It is very hard to escape the gravitational pull of Hollywood.

Successful independent distributors have taken on films which are nevertheless commercial to a degree. And once successful, they are prey to being taken over by a Major. Miramax had great success with Soderbergh's *Sex, Lies and Videotape* (1989): four years later it was bought by Disney. But small distributors in many cases cannot afford the marketing and print release costs that are really needed to give a film a fair chance of success, even for a limited audience.

Having said this, it would be unfair to ignore those films and directors who have produced excellent movies that are clearly outside the Hollywood mainstream in their treatment and subject matter. They have gained a level of distribution and exhibition that has made them successful in their own sphere. One thinks of David Lynch and *Blue Velvet* (1986). Lynch, having started with *Eraserhead* (1977), made *Blue Velvet* with money cadged from various sources, including interested professionals. Jim Jarmusch made *Mystery Train* in 1989 – a cult hit. Jim Hillier (2001) points out that many US independent films were also genre material, such as Wes Craven's *Nightmare on Elm Street* (1984), distributed by the then independent New Line Pictures. The word 'independent' does not have to signify art-house or 'difficult' movies.

On the other hand, some movies have been described as independent in terms of financing or of subject matter, when this is stretching the use of the word. *Pulp Fiction* (1994) was a landmark cult hit, and called independent. True, it was cheap, at $8 million – but not that cheap, not so cheap that Tarantino could have done anything he wanted with the budget. It also had two Hollywood stars in it, and it was distributed by Miramax, by then owned by Disney. There is something one can fairly call US independent cinema, which we don't have the space here to discuss. In the 1990s Hollywood was sucking in commercially successful directors, production companies and distributors. Certainly one should not begrudge the success of movies made within Hollywood, though not conventional Hollywood material, such as *The English Patient* (1996), but these films succeeded to a fair degree because of the backing of Hollywood cash and its marketing machine.

The term independent, especially with relation to a film's form and content, is complicated by the ways in which formerly independent directors can float in an out of definitions. Someone like Gus van Sant was praised for his independent vision in the film *My Private Idaho* (1991), yet by 1997 he was using his success to make apparently mainstream material such as *Good Will Hunting*, starring Robin Williams. Since then he

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has since made films such as *Elephant* (1993), which is a return to independent roots in terms of its difficult subject matter and its alternative narrative approach.

So to call a given production company or distributor an Indie – e.g. Castle Rock – may be inaccurate if in fact that company is in some way tied to a Major. To call a film independent may say more about its treatment and subject than about the means through which it achieves exhibition. To use the term independent to assume positive or negative value judgements about a film or a given director is also misleading. Critically acclaimed films have come out of the Hollywood system. There is also a valid argument which says that simply throwing money at big films for global audiences may not produce movies that are going to stand the test of time.

3.8 Film Genres: make an accountant happy

One facet of the high risk business that is Hollywood has to do with a degree of conservatism in green-lighting projects. Hollywood accountants feel happier when a proposed high concept movie can be summarized in terms that refer to a previously successful project. If this is cultural conservatism, one might also accuse the audience of liking films that are like other films. Film sequels sell, if not always with the success of the original. So there is a generic quality which marks Hollywood's output.

David Waterman (2005: 226) analyses Hollywood product to demonstrate that it is dominated by genres and that its most popular genres are those of action, comedy, drama, adventure and the thriller. I have a problem with the use of the word genre here, which I think is entirely inaccurate. But I don't want to hold up my exposition, save to say that I believe these are categories, not genres, because their defining characteristics are so loose. Waterman also demonstrates that Hollywood movies in general have become more action and violence-orientated, as opposed to being serious and dramatic. This is consistent with an industry that is going global and wants to hold back on possibly cultural specific nuances, and sell screen action which is more accessible across cultures (markets).

The point about these categories is that they are both recognizable and understandable to broad audiences. They refer back to previously successful movies. They bring the promise of future success. They appear to be risk-free. This ironic, given that De Vany (2004) makes a persuasive case for the view that Hollywood stands for one of the riskiest businesses on the planet. He sees it as being barely susceptible to economic analysis and as showing none of the predictability and patterns of other businesses. Supposed predictability is precisely why almost all expensive film projects are given the green light. Generic material abounds. If *Saw* is a successful horror movie, then *Saw 2 and 3* follow. The James Bond franchise is still producing films after 40 years. When the Farrelly brothers produce one comedy gross-out hit – *There's Something About Mary* – you can be sure that others will follow in the same vein. Movies cost so much to make that the Hollywood accountants who ultimately control the purse strings are unsurprisingly reluctant to take risks. Of course, to churn out repetitive material is also risky, if audiences are going to be turned off by more of the same. There is some

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evidence for this in Waterman's analysis of sequels (241). He demonstrates that between 1970 and 1990 the average sequel cost 20 per cent more than its original (inflation corrected figures) but earned only 70 per cent of the revenues of the original.

One can argue that audiences may be attracted by the potential and at least half-known qualities of something generic. So it is that *Iron Man* (2008) has been successful, though in principle it is just another comic-book hero story transferred to screen. The trick is to trade on generic attractions but to introduce fresh angles, to play with an audience's expectations about plot or characterization.

De Vany would say that all attempts to minimise risk to investment – including a choice of generic material – are a waste of time once a movie opens and is in the hands of its audience. Indeed he goes further (72) and argues that much of conventional Hollywood wisdom about boosting the chances of a movie through devices such as strategic booking or marketing are simply wrong, when one looks at the evidence.

The tension between predictability and originality is, in any medium, supposed to make generic categories appealing to audiences in terms of qualities of myth, narrative and representation. It is also supposed to make them appealing to producers and financiers in terms of managing risk. Categories help Hollywood manage its output; they are supposed to help the marketing of films, in that audiences 'know' something about the movie before they see it. They are supposed to help the Majors target their product, so that other generic terms will come into play – the youth market, the family film, the splatter movie, the grey dollar.

There is of course the great unknown in the movie business – what will make a hit. It is ironic that supposedly predictable genre material can throw up unpredictable success. A famous example is that of the *Star Wars* cycle of movies. The original film (1977) threw a lot of money at special effects, and the result became for a while the biggest grossing film of all time (*Variety* calculates its total gross to the distributor, Fox, as $270 million). It confirmed ideas in the industry about producing blockbusters, about the need to risk considerable production costs and about investment in new technology. But one could say that most of all it confirmed the idea that it was worth putting money into generic material. *Star Wars* (and its comparable sci-fi franchise of *Star Trek*) also confirmed the value of another genre spin-off – the fan. Fans not only stand for potential audience and income, they also offer free marketing. They talk up the franchise for free and they bring it to public attention by organizing fan events. They buy the merchandising, which also in effect acts as free advertising.

It is fitting that one comes back to the audience at the end of an exposition that is mainly about the industry itself. The economics of Hollywood are illuminating to its output and to the way it operates. However, in describing the breath-taking sums involved and the exercise of global power, it is worth remembering that still the whole business pivots on the cultural preferences and the purchasing power of the consumers. It is those preferences and that exercise of financial and organizational power which explains the condition of what is a rather un-British film industry, in the second half of this chapter.

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4 Political economy and the British film industry

This section is concerned with the economic factors that have shaped production, distribution and exhibition of film in Britain. It will also refer to the role that government has taken, or failed to take, in producing an industry which is not so much a coherent whole as a collection of related businesses. For convenience, I am framing this exposition within a historical survey of the past 50 years. But I also want to show, through a PE perspective, that something called a British film industry has never stood a chance because of market forces and because of the nature and failure of government intervention.

Where ‘British film’ is dealt with in critical terms, it is interesting how often it is discussed in terms of national identity, the past success of a studio such as Ealing or certain film texts. In this last case, one may be talking about examples such as social realism – from the 1950s-60s ‘working class’ films through to the work of Ken Loach in the 1990s – or about successes such as *Chariots of Fire* (1982) or *Trainspotting* (1996), which temporarily produce more investment and speculation about the ‘revival of the British film industry’.

Yet one could say bluntly that those British people working with film in Britain are as much bothered about having a job in film, as they are about whether the films they make and show are about British society. In financial terms, it is as important to talk about whether the profits from a film made in Britain get back into the British economy. This is another way of talking about Britishness, as much as the cultural resonances of the material. Of course, one might like to have it both ways. But still, a film such as *Notting Hill* (1999) may be critiqued not just in terms of its ability to evoke the Britishness of a certain place or of certain characters, but also in terms of its economic Britishness. It did well for British personnel, but, typically, it did badly for the general economy of British films, in that swathes of the profits went back to the USA and American backers.

4.1 Historical considerations

In so far as there is and has been a British industry which manufactures films, this has always been caught between the pressures of the marketplace and the disinclination of any government to intervene in a financially supportive manner. These two factors have operated in the context of an aggressive and successful American film industry. These pressures and this context have been very evident in the past 50 years.

As Britain came out of the Second World War it seemed that cinema was healthy, with admission peaking at around 30 million a week in 1949. But, typically, the money was not going into a British film industry. British films occupied only about 20 per cent of screen time. Hollywood had the product everyone wanted to see. Although, for a while, there was a British duopoly with vertical integration of production, distribution and exhibition, it still could not provide the product and serious funding needed to sustain a British film industry. In this case we are talking about Rank Films and ABC (Associated British Pictures). Rank, for example, owned two of the three major cinema circuits –

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Gaumont-British and Odeon. It owned production companies – Gaumont British, Gainsborough and GFD. It had a stake in Pinewood and Denham studios. As regards the US Majors, it had links with Twentieth Century Fox and an interest in Universal Pictures. ABC had, for a while, a 25 per cent stake in Warner Brothers (see Petrie 1991).

Still, the British government set up a film quota system to try and protect British product – though they quickly had to back-pedal on a 75 per cent duty 'tax' because the Americans simply refused to send any films. Nevertheless, from 1949 until 1980 there was a 30 per cent quota for the showing of British films – latterly more honoured in the breach than in its observance. The National Film Finance Corporation (NFFC) was set up in 1949, with £6 million of government money, to encourage the production of British film. At the same time, the so-called Eady Levy was established, taking a proportion of box-office receipts and returning these to the NFFC and to producers. Again this was not very helpful because the Eady definition of a British film – concentrating on personnel – allowed the money to go to American backers and distributors. Indeed, the sliding scale of money skimmed off box-office returns meant that the better the film did financially, the more money went to the USA.

The British duopoly simply could not compete with the popularity and production values of American product. In commercial terms, they wasted away over a period of time. ABC was taken over by EMI in 1969; Rank stayed stronger for longer but still was in no position to seriously compete with the American Majors. Its production facilities might be used by American-backed films. It remained strong in distribution for many years but only because of monopolistic affiliations with American Majors. It continued in exhibition (the Odeon circuit), though again this was all about access to American product. In 1970 American distributors dealt with 75 per cent of films shown in Britain, even though 60 per cent of these films were defined (dubiously) as being British. Ninety per cent of these British films were made with American money (see Dickinson 1983).

The financing, distribution and screening of films in Britain has continued to be dominated by the USA for the past 50 years because the forces of the political economy have prevailed. Up to 1946, when there 635 million cinema admissions in Britain, it was still possible for a British film to recoup its investment in the domestic market. After this, in spite of a recovery from the 1984 low of 58.4 million admissions, this has never been realistically possible. Hill (1996) also refers to the fundamental problem of the 'divorce of production from distribution and exhibition interests' – the failure to have and to control access to a stream of British films.

Government has intervened in terms of censorship, regulation of text. It has never intervened significantly in terms of the market to privilege the production of British-financed films in British studios, about British subject matter. The economic forces of the market – mainly the strength of the dollar – have determined whether anything that could be defined as a British film would get made and shown. To this extent, the financial success and 'Britishness' of filmmaking in Britain has see-sawed according to the strength or weakness of the dollar. Cultural or creative value has played some part, but in terms of film as a commodity in the marketplace, this has also been about the question of whether or not British material sells. There was a wave of British film production in the 1960s, *Tom Jones* (1963), *A Kind of Loving* (1962) etc., because it was cheap to make

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films in Britain and because British culture was temporarily trendy and successful (the decade of the Beatles). This was followed by the trough of a recession at the end of the decade, when exchange rates shifted and a new wave of American directors became popular, *Easy Rider* (1967) and the like.

Problems during the 1970s were compounded by further pressures against American investment in British film – pressures consequent on new audio-visual technologies such as satellite and cable spreading the attractions of television in the USA, and on financial troubles, as US Majors continued to adjust to a post-studio era and to becoming part of the leisure arms of large corporations.

The rollercoaster effect continued. Companies like EMI and British Lion invested in films for the US market, partly encouraged by British production expertise and perhaps by the successful move to Hollywood of some British directors. Yet while they were behind successes such as *The Deer Hunter* (1978), they also suffered losses on films such as *Honky Tonk Freeway* (1981). They pulled back from production. Similarly, Lew Grade's then Associated Communications Company (including the very successful ATV channel) made a terminal loss on the mega-production of *Raise the Titanic* in 1981 and gave up on a brief foray into film production – not that their films were, in a cultural sense, British films. Street (1997) quotes from a report of the government's Political and Economic Planning Unit in 1952: 'The crisis in British film-making . . . started long ago . . . Of a stable production industry there has been no sign.'

So it continued. *Chariots of Fire* (1982) and the filmmaking commitments of a new TV Channel 4 seemed to promise a resurgence of British production. Oscars were won. Yet by 1986 Thorn/EMI, Virgin and Goldcrest had all pulled out of film production, having made expensive misjudgements. This was mainly because they simply did not have the cash resources to fund the risks of film production and take the losses. A Hollywood studio could have coped with the losses incurred through the failure of *Revolution* (1986), starring Al Pacino, but not Goldcrest.

Political intervention in the 1980s, driven by a mistaken belief in the power of the marketplace to make everything all right, had made things worse. The Thatcher government's Film Bill (1984) abolished:

- the remains of a quota system protecting the screening of even 25 per cent of British films
- the Eady Levy
- a 25 per cent tax break for those investing in film production
- the NFFC.

In its place it put British Screen Finance Ltd, to which it gave £1.5 million a year – far less than the cost of one Hollywood film, even at that time. This was the financial undertow that was going to cause yet another trough in the story of British film production, even at the time when British films seemed to be doing well at the box office and in the USA.

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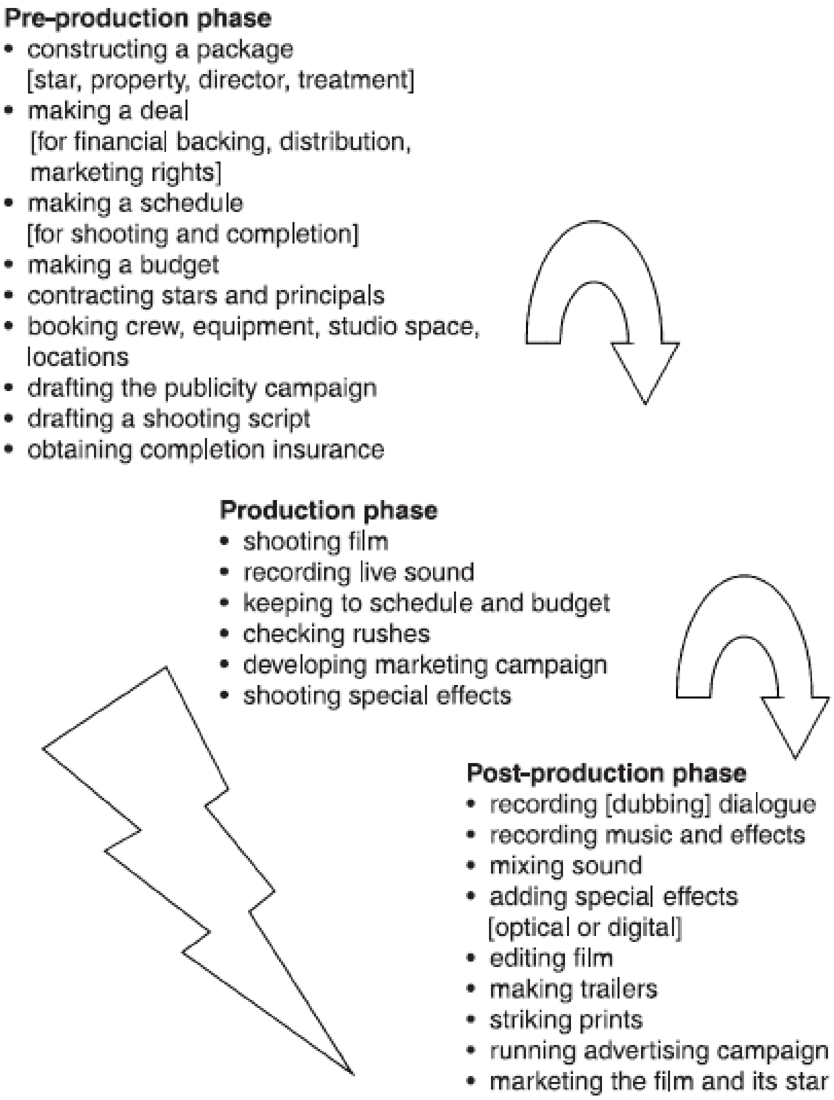

Main production functions (Graeme Burton 2004)

Getting a film into a cinema or out on DVD involves a great deal more than directing actors and cameras. The summary chart above barely alludes to the hundreds of workers, millions of dollars and months of labour needed to produce a text which may alternatively be described as a work of art or a product/commodity. Nor does it do justice to the work on set, involving principals such as the director of photography; the art director; or set, construction, hair, costume and make-up designers – let alone the work of the producer on administration and finance.

Relatively big players such as Goldcrest, with the resources of the Pearson media group behind it, gave up. Producers scrabbled around for money – mainly from television – to

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finance one-off projects. This was not the Hollywood-style portfolio of films, from which one might hope for a couple of hits. Money might come partly from TV sources such as ZDF in Germany or Le Sept in France. In the 1980s in Britain 342 production companies were set up, 250 of them supporting only one film (Hill 1996).

The 1980s consolidated a tendency to rely on television presales to finance the production of films in Britain (not always about Britain). In the late 1980s the four major sources of finance were British Screen (linked to the National Film Development Fund), Handmade Films (raising cash partly through TV deals), Zenith (a spin-off of Central TV) and Channel 4. It might have seemed that television was saving British film as much as killing the industry, but it has been argued that television and video (which took off in the 1980s and was a competitor in terms of film viewing) did not really pay enough for the benefits they were getting. Petrie (1991) asserts that 'there is enough revenue being earned in the various media which depend on film product to support a healthy production programme in this country'. British film production was not getting that revenue – nor does it today.

As I have indicated, British Screen, as a political intervention in the marketplace, was not backed by sufficient cash or regulation of the market in favour of British product (unlike many European countries). In a typically British political fudge, the organization was required to run on a successful commercial basis yet was not free to operate as a purely commercial enterprise because of requirements to support what were defined as British films (in terms of subject matter and personnel). The question raised here – and referred to in the next section – is what do we mean by a British film industry? A commercial industry of British production, with money coming back into that industry, has to be set up to compete with Hollywood and has to acquire appropriate funds to match US production values. A cultural industry dominated by British material has to be protected and resourced with privileged finance.

The figures for television investment in film do look impressive. For example, between 1982 and 1994, Channel 4 invested £90 million in 264 films, from Greenaway's *The Draughtsman's Contract* (1982) to Kureishi's *My Beautiful Laundrette* (1985) to Loach's *Riff Raff* (1990). Other television organizations invested on a lesser scale, though this was still significant in terms of keeping British workers producing films with British qualities – for example, the BBC's investment in *Truly, Madly, Deeply*. There were some financial and tax advantages in making films through television – for instance, the crewing levels and payments are less for television than for film. On the other hand, a financial disadvantage is that the unions involved will not agree to TV contract films having cinema release without receiving additional payment. Hill (1996) is sceptical about the commercial viability of TV-funded film enterprises. He points out that Channel 4 did not have to show a direct profit on its film production ventures, in that its real income is from advertising, and film support is only part of its activities. He goes on to assert that 'the relatively high percentage of the channel's overall budget (6–7 per cent) devoted to feature film investment has not been matched by the number of programme hours or audience ratings which the resulting films have provided'.

It is also the case that in this period of the late 1980s and early 1990s other economic changes affected British film production adversely. Although it did not have an

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immediately damaging effect, changes to Channel 4 caused it to rein in film investment after 1993. This was when the channel ceased to receive compulsory support from the big commercial TV companies – designed to get it off the ground – and had to survive on its own advertising. In 1988 the collection of the ITV levy changed, in effect a special tax on TV profits. It became a tax on advertising income, which meant that ITV lost a tax loophole through which it could write off 30 per cent of film production costs.

4.2 Present factors

Things have not changed much, from the 1990s to the present day in terms of:

- cycles of British film success, followed by US investment, followed by withdrawal
- films' interdependence on television
- the contradictory and unhelpful interventions of governments that do not want to spend money on supporting a distinctively British film industry
- the stranglehold of US distributors on sources of finance and on a global marketing machine
- unresolved attitudes towards supporting British workers in film and wanting a distinctively British film product.

Economic verities working within a market economy continue to dominate the performance of whatever passes for a British film industry. Films are sold to distributors through a pattern of financing which is dominated by pre-sales and equity investments. Distributors are interested in box-office appeal. A film has to earn two and half times its production costs at the box office before any profits are seen (Petrie 1991). Barring practices work against independent cinemas being able to screen films while they are still 'hot'. The major exhibitor circuits practise centralized booking and are inflexible about taking on 'alternative' films (which may well, in practice, refer to low-budget British material). In any case, exhibitors take about two-thirds of receipts. This means that once the distributor has taken a big bite of the remaining third, there is very little to go back to the actual filmmakers. The major distributors and exhibitors do not much care because they are part of the same US multi-nationals. On top of this, British film work, like that of television, has been largely casualized. These facts, among others, work against the existence and financial viability of a coherent national film industry.

Some might argue that in a global economy this is an unrealistic aspiration, that co-productions and international links should be the order of the day. In 1991 the government established a British Film Commission that taps into a European Co-production Fund via British Screen and that contributes to the Eurimages project, which itself supports production and distribution for independent film. The European Media 92 initiative – generally intended to develop AV industries in Europe – consolidated European support for film, not least to resist American dominance. Specifically, it made

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provision for free loans towards the distribution costs of low-budget films. It was European money which helped to establish the Glasgow Film Fund (GFF) in 1992. The GFF, together with the Scottish Film Production Fund, helped finance what became a very successful cult thriller, *Shallow Grave* (1994), with a successful but economical marketing campaign. It could be argued that the above account exemplifies a system in which financing for distinctively British or regional films is hopelessly labyrinthine. It is wastefully time-consuming and makes no difference to a general production and screening situation which continues to be dominated by US money. Additionally, alliances with Europe continue to be undercut by the issue of language difference, which is not a problem for American product. In any case, the production of a film is no guarantee that it will be seen. Murphy (2000) points out that in 1996 only 34 of 85 films that were made achieved distribution.

Films made in Britain continue to be in thrall to American distributors and exhibitors. Working Title has been and is a very successful British production company, but it was bought firstly by the entertainment arm of the Dutch company, Polygram. Then Polygram Film Entertainment was itself bought out by Seagram/Universal of the USA in 1999. Polygram raised £16 million to make the film *Bean* in 1997 – a British film pitched at a global market. The film made $198 million world-wide, most of which once more ended up with American backers. Before the Seagram buyout, Working Title (Polygram) had put £50 million into 14 productions – work for British film personnel, even if these were not all exactly British films.

Government has intervened with minor tax break schemes, to encourage British film production (The Enterprise Investment Scheme). However, films such as *Sliding Doors* (1998) or *Notting Hill* (1999), successful as they were, still needed American stars and a certain transatlantic inflection to attract the American money to get them made.

One should not, to be fair, underestimate the tremendous success of Working Title at the box office. *Notting Hill* made $350 million (but most of this went outside the UK). *Billy Elliott* (2000), about a very British working-class boy succeeding as a ballet dancer, did well in the USA and made $100 million world-wide. It was made for less than $5 million, when the average Hollywood movie costs $56 million. The arguments about American backers and their recouping most of the profits still remain. There is also a well-argued critical view that very successful films like *Love Actually* (2003) represent an American mythology about British culture (and romance), rather than anything truly home-grown.

Television continues to play some significant part in the production of British films. The BBC spends about £5 million a year on production, as well as contributing indirectly through the purchase of TV rights. Channel 4 had been spending rather more than that, but in 2002 announced that it was winding up its Film Four operation and most of its production commitment. It is true that in 1998 Channel 4 films accounted for only 1 per cent of UK box-office take (Miller 2000). As an aside, it is also worth observing that many European television systems put more money into film, partly because of the cultural status of film in countries like France and Germany, but also because the details of economic legislation have required this.

Generally speaking, dominant sources of funding have been British Screen (which has

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received National Lottery funding since the late 1990s), the European Co-production Fund, the BFI, Channel 4, ITV and the BBC. These were significant in helping *The Crying Game* to be made in 1992, though the film's success came too late to save Palace Pictures, the ailing young British company behind it.

The picture of cinema in Britain might seem positive in some ways: for example, an increase in admissions from 97.37 million in 1990 to 135.5 million in 1998, or an increase in investment in films from £169 million in 1992 to £560 million in 1996. Yet in the same period Rank distributors were sold to Carlton television and went out of business: Palace Pictures, a success story of the 1980s, went out of business in 1993. (Working Title has survived from the 1980s and is doing well for its American backers.) The general story is one of a pattern of false dawns for a British film industry. American multiplexes have come to dominate exhibition – 'cathedrals of consumption' as Branston (2000) calls them, offering 'kiddie-adult food'. In 1997 films defined as British had only 10 per cent of the British film market. The BFI has pulled out of funding even very low budget feature films. As Miller says, the Tory government of the early 1990s was indifferent to the British cinema industry: 'The trend is very clearly towards horizontal connections to other media and a break-up of public–private distinctions in ownership, control and programming philosophy.'

One small example of this can be seen in the financing of British director Shane Meadows' recent low-budget film, *Somers Town* (2008). This is funded by the train operator Eurostar and cost only £100,000 to make. The film is based around Eurostar's London headquarters and was cheaper than a 30 second TV advert.

In terms of something called British cinema, a struggle goes on between a desire for a viable film sector that provides employment, and for a representative and even regional British cinema.

In 1997 a tax credit system (15 per cent tax relief) did provide a shot in the arm for film production – it doubled. And indeed this rate increased to 20 per cent from 2004 to 2005. However, the 1998 government report on the industry, *A Bigger Picture*, describes British film production as a cottage industry. The same report points out that British films have only 23 per cent of the British audience, whereas US films have 73 per cent of the home audience. To be fair, as Murphy (2000) points out, film investment is high risk. In 1998, British Screen and other backers put £6.4 million into the film *Wilde*, which sank without much trace. In the same year, *Mrs Brown* cost only £1 million and was a minor hit at the box office. The Lottery Fund was part of this backing and assigned £90 million to three production groups – The Film Consortium, Pathe Pictures and DNA. The money was spread thinly across a number of productions and went into a fragmented British film production base which suffers from a lack of continuity, throughput and sufficient investment. In general, investors in the British economy are less inclined to produce venture capital for risk investment than, say, the USA. Our economy is more dominated by the relative size of pensions funds and the caution of their managers.

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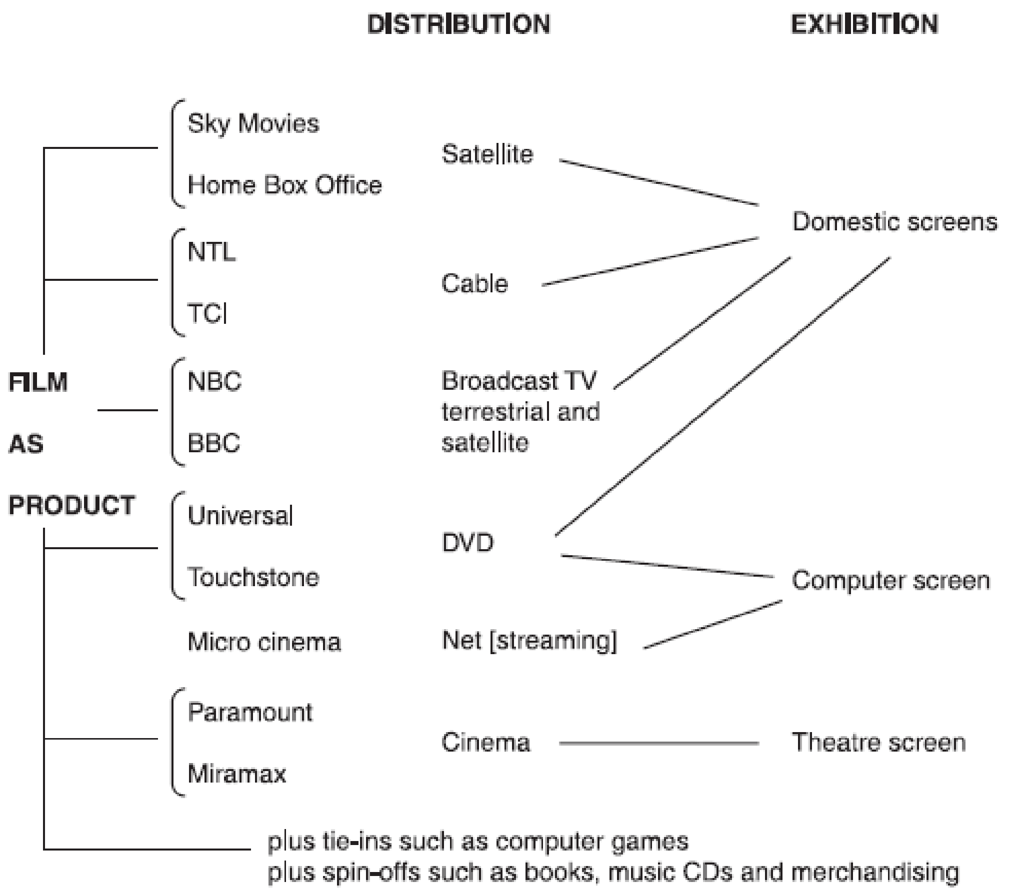

Multiple texts, multiple channels of distribution (Graeme Burton 2004)

So, in spite of European funds and television money, the economic climate for British film still is dominated by temperature changes in the US economy and film industry. In spite of government reports and the goodwill of the Department for Culture, Media and Sport, politicians still believe in the global market economy and its forces. In that case, it is no surprise that British filmmaking is subject to what Sarah Street (1997) described as ‘the punishing fluctuations of the market economy’.

The British do like going to the movies. In 2002, cinema admissions reached 167.3 million, though they dropped by five per cent in 2003. But then, only three British films made it to the top 20 (and top ten) in terms of box office take – *Love Actually, Calendar Girls* and *Johnny English*. On television, between 1996 and 2004, of 1,125 films shown on the main channels, only 33 were British (*Guardian*, 4 March 2004). It seems that nothing changes. Comment in the *Independent on Sunday* (24 November 2002) from a media and film lawyer, stated that the film industry is in trouble and is ‘reeling from a 40 per cent drop in production activity’. Since 2002 cinema admissions in the UK have

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dropped by 7.4 per cent, although box office takings have held up (£909.9 million) as prices were increased (Film Distributors Association, 2008). Still nothing changes in respect of US financial and distributive dominance of cinema in Britain. In terms of box office takings in the UK, the top five films of 2007 were all US financed, and largely US made: *Harry Potter and the Order of the Phoenix* (£49.4 million); *Pirates of the Caribbean at World's End* (£40.2 million); *The Simpson's Movie* (£38.7 million); *Shrek the Third* (£38.7 million); *Spider-Man* (£33.6 million).

At the moment, if 20 per cent of a film's staff and facilities are from the UK, and UK producers contribute at least 20 per cent to the budget, then investors can defer tax payments over 15 years. But in February 2004, new tax avoidance rules 'left film companies reeling. Industry figures are warning that changes will force some companies to the wall and lead to hundreds of job losses' (*Guardian*, 12 February 2004). There followed a period of temporary chaos in respect of film financing and of location work in Britain.

In the following sections I want to take on themes incorporated within the above, without needing to repeat information and arguments relating to US economic dominance and the problems of defining what is British about British film.

4.3 The problem of British film and industry

Most national film industries are highly capitalized, corporately constituted, commercial enterprises which tend to structure their products within sets of rather narrow guidelines.

Petrie 1991

This, of course, is not the case for British film, nor is it ever likely to be. But in any case, phrases such as 'British film industry' need to be examined in light of the separation between those who are talking about employment in a film business, and those talking about a cultural product that represents Britishness.

Some would argue that, either way, it is hardly meaningful to talk about a British film industry any more: 'Production in Britain is no longer the same as British-originated films; nor does either necessarily have anything to do with British culture for British consumption' (Nowell-Smith, 1985).

In industrial terms, and as far as British Screen is concerned, to be British, 75 per cent of a film has to be created in the UK, regardless of where the backing comes from. But in fact, a coherent, integrated industrial base just does not exist. Todd (in Murphy, 2000) quotes Eric Fellner of Working Title Pictures as saying baldly: 'there is no clear-cut British film industry'. Fragmentation means that directors and producers spend a lot of time raising money and promoting their films relative to actually making them. The catalogue of backers for Loach's *Land and Freedom* (1995), costing £3 million to make, is depressingly long and largely not British: Eurimages Fund, European Co-production Fund, British Screen, BBC films, FNW (Germany), Canal Plus (Spain) and Television Espanola. Yet it is worth recognizing that this is an 'alternative' film (about the Spanish Civil War of the 1930s and British participants) with a political commitment, made by an

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esteemed British director, which was critically praised. It did get made, and it was seen by a reasonably large audience.

The Full Monty (1997) is apparently a typically ‘British’ film. It is set in Sheffield, and concerns a group of unemployed working-class men looking for a way out of their economic hardship. The actors, writer and director are British. However, it may be argued that class and location are only a backdrop to a feel-good comedy success story, which could have been set anywhere, and certainly most of its profits went back to Fox and NewsCorp – doing nothing for the future of British film.

In terms of ‘film and industry’, one also has to take account of the cross-over between media. ‘When it comes to personnel, ideas, genres, funds, companies and the State, the lines (between cinema and TV) are very blurred indeed,’ writes Brown (2000). We are looking at a situation where video rental and sales earn more money than is taken at the box office. Also, the biggest audience for films, including films which can be described as British in their subject matter, views these films via television. Technology, globalization and the market have integrated what were separate media to a fair extent. So there is a material problem in talking meaningfully about a distinct film industry.

In cultural terms, one may also raise problems about defining Britishness. At the very least, the term has to be inclusive of a wide range of experiences. Meera Syal’s *Anita and Me* (2002) is indeed a British-funded film about growing up in a multi-cultural but not very inclusive British society. Hers is an Asian experience. What about the Afro-Caribbean experience? Or films from the regions? One has to ask how well films from or about marginalized Britons will sell to mainstream English viewers in English urban conurbations. Certainly we know that European and US views of what is British do not match the complex reality of British society today.

If one is looking for ‘films’ which address such variety and consequent social issues, then it is arguable that television does the job, and renders calls for an enhanced British cinema irrelevant. ‘The principle strength of made for TV films,’ argue Auty and Roddick, ‘lies in their ability to address specifically domestic issues, as against home-produced theatrical films which need to keep one eye on the overseas market’ (1985).

So is concern about a lack of British culturally-oriented cinema misplaced and irrelevant? John Hill (1991) points out that national cinema does not have to be nationalist or have to support mythologies of Britishness. Indeed, he suggests that British film could be critical of the nation and of its terms of national identity. *My Beautiful Laundrette* (1985) would be an example.

Somewhere in the debate about the nature of Britishness on film and the definition of British film in general, one also needs to take account of the non-commercial sector – art school productions, BFI-supported alternative and experimental film, and the like.

In terms of the identity of this problematic entity called a British film, I offer Petrie’s (1991) definition of major British genres, with examples and without comment, as follows:

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Eccentric comedy	*My Beautiful Laundrette*
Thrillers	*Mona Lisa*
Biopics	*Prick Up Your Ears*
Liberal epic	*Passage to India*
Novel adaptation	*Room with a View*

The problems with talking about the British film industry remain, and may be expressed as a series of questions:

- What does one mean by British in a multi-cultural society?
- What does one mean by British film, when production is dominated by American money, and when many films have to respond in casting and treatment to the demands of these backers?
- What does one mean by film when the audio-visual industries are so intertwined, and when the cinema audience is less than that for video and television?
- What does one mean by industry when there is no integrated British film industry as such, and no continuity of production?
- What does one mean by film industry when film workers and film texts are so dependent on the television industry for their survival?

4.4 The USA, globalization and economic imperialism

Hollywood has dominated the British market since the days of silent films, due to its size, commercial strength, the quality of its product and the publicity and glamour generated by its star system.

Petrie 1991

I have already said enough – especially in the Hollywood section of this chapter - to indicate that in many ways it is economic imperialism that we should be concerned about, rather than cultural imperialism. British filmmaking of any scope depends too much on finance from the American Majors and on expensive marketing by US distributors. A limited release pattern for a film in Britain can easily cost £500,000, and a saturation release of 400 prints would cost twice as much. With prints costing over £1,000 a time to strike, and given the huge costs of film production, it is no surprise that distribution is dominated by the Hollywood Majors, who account for 80 per cent of the box-office take. A film in Britain has to go into a multiplex to find a large audience. These dominate the 2,500 screens in the country, and are mostly American-owned. Anyway, most of the total box-office take (around 90 per cent) goes to a few American high concept movies. American movies also dominate film TV screenings and film as video/DVD rental and purchase. Indeed, these two outlets make more money than cinema screenings. Equally, if a British made film wants to make a decent profit, then it has to sell in the US market –

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once again controlled by the Majors.

It would be dangerous to make Hollywood the whipping boy for failures by British governments to intervene protectively in the economy of filmmaking in this country. It would be unreasonable to assert that British product is either superior to American work per se, or that British audiences have some kind of obligation to pay to see that British product. It would be unfair to ignore the fact that American money has kept a lot of people in work. It would be culturally chauvinistic to suggest that British audiences are not allowed to find American products attractive or to make choices with their wallets. Yet as Shane Meadows says, ‘budgets to promote American films here are routinely higher than what we get to make a film’. As an independent, low-budget filmmaker, Meadows was pleased to get £3 million to make *Once Upon a Time in the Midlands* (2003). ‘People complain that’s all they get from British films (character driven stories) – but we are forced to work around intensive performances’ (*Observer*, 2 August 2002).

Theatres and multiplexes

Cinema-going is about consumption (including front-of-house purchases) and about a social experience (visiting in groups). It offers a choice of movies, not a dedicated text. It offers a variety of associated merchandising.

Does the fact that films can be viewed on different kinds of screen, in different places, with or without other people, change the meaning of ‘film’ or ‘cinema’, in your opinion?

It would also be naive to ignore the effect on the British of having watched decades of US film product. It would be stupid to ignore the workings of the market economy, which is selfish and ruthless in its pursuit of profit. This economy is not concerned with the cultural value (and pleasures) to be gained from texts circulating within a culture and reflecting the concerns and values of a given society.

I am suggesting that the British film production is not necessarily in a bad state just because it does not have a vertically-integrated film industry. This may not be possible or desirable within a global economy. It may ignore the benefits and products of an integrated media economy, and of what television in particular has achieved. But I would suggest that the guaranteed throughput of British film as a culturally distinctive text is in a shaky state. This is essentially because it has no secure financial base. Having said this, one should not then have global aspirations for British film, but should for the most part accept low budgets and limited audiences precisely because that which speaks to a specific cultural base cannot necessarily expect to have pan-cultural appeal.

Processes of globalization are not just about the size of companies or the economic muscle which they can deploy. They are also about audiences and cultural attitudes. Hollywood has produced the blockbuster, the action film, the comic-strip movie. These forms have universal appeal and are easy to market. They are culturally unselective in some respects, though ideologically and mythologically committed to a Western/US view of how things should be. In terms of how things are, and of the difficulty in preserving a distinctively British film industry, Brown (2000) comments that ‘a populist, big-budget, apolitical model is preferred to an artisanal “poor” cinema articulated around social

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issues'. The world prefers *Terminator 3* (2003) (and an industry which is able to produce such a film) to the latest offering from Ken Loach.

This is acceptable so long as people like Loach (and, not least, newcomers) have a fair chance of raising money and getting to an audience. It might be argued that the US Majors are not paying enough for their access to and dominance of that British market which includes cinema, video/DVD and television. It might be argued that they should not have such a degree of control over access to screens in Britain. This argument refers to the mantra of consumer choice, which is protected through legislation in other industries. It also has a certain irony when one remembers that it was the invocation of antitrust laws in 1948 which in the USA led to the Hollywood Majors being forced to sell off theatre chains and their dominance of exhibition.

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