Douglas Gomery

Outlining a Media History

Traditionally, the history of the Hollywood cinema concentrates on the films and their creations. The locus of analytical "action" has long been that hub where art and commerce meet, Hollywood. Thus scholars lay out argument after argument focusing on the aesthetic history of film, supplemented by institutional analysis of the production constraints. Considerations of social, economic, and technological variables tend to be secondary to the analysis of the individual text.

I have long argued film historians ought to examine and seek to understand the institutional economic apparatus.[1] I argue scholars ought to take up the challenge of noted film historian and theorist David Bordwell: "Most people who study film still don't recognize the centrality of money".[2]

To that end I have written a book *Shared Pleasures*, issued by the University of Wisconsin Press for the USA and the British Film Institute for Europe and published in May of 1992. *Shared Pleasures* offers a study of the economic, social, and technological history of film watching in the USA. It seeks to answer questions such as: how and where did citizens in the USA go to the movies? What corporations controlled the means of moviegoing? How did Hollywood control movie exhibition? Was there room for specialized theatres? How has the technological basis of movie presentation changed? What role has television played in the watching of motion pictures?

As a consequence *Shared Pleasures* concentrates on one part of the film industry — film exhibition. Simply put, as an economic entity, the film industry

1) See Douglas Gomery, "Film and Business History: The Developmment of an American Mass Entertainment Industry", *Journal of Contemporary History*, Vol. 19, N° 1 (January, 1984), pp. 89-103 and Douglas Gomery, "Film Culture and Industry: Recent Formulations in Economic History", *IRIS*, Vol. II, N° 2 (Spring, 1985), pp. 17-19.

2) Scott Heller, "Once-Theoretical Scholarship on Film Is Broadened to Include History of Movie-Industry Practices", *The Chronicle of Higher Education*, 21 March, p. A6.

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begins with the *production* of artifacts, followed by their *distribution*, followed by their *exhibition*. It is on this third level that the public takes on motion pictures. *Shared Pleasures* seeks to present a history of motion picture exhibition, in one nation, the USA. And it takes film exhibition as broadly defined — from the simple nickelodeon to the ornate movie palace, from the unpretentious neighborhood theatre to the orchestrated marketing of the multiplex in the shopping mall, from television's repetitive "Late Show" to vast selections available in the world of home video.[3]

Shared Pleasures takes as its central task economic questions and thus focuses on profit-making institutions. Shared Pleases is a business history. As such it follows the outlines of work I have been researching and writing for the past decade. As a consequence readers seeking information and analysis of non-profit institutions need look elsewhere. That is not to say that such sites for film presentation were (and are) not important. They are. But consideration of on them would constitute a separate book, one not so much grounded in business history but in the social history of art.

My theory of the analysis of the economics of exhibition demands more than business history but also the grappling with (1) technological change and (2) social implications. That movie exhibition is based in technology is a commonplace. But that technology has always been changing. Thus the economic history of movie exhibition is a economic history of technical change. The third major section of *Shared Pleasures*, thus, addresses technical change directly.

But there is a third thrust needed. I argue that the economic structure and behavior of an industry leads to important social change. Such is the case with moviegoing. This can often lead to unexpected realms of research. Recently historian John F. Kasson has authored a fascinating book about manners in the nineteenth century. At the end of *Rudeness & Civility* Kasson behavior at theatrical events, analyzing how the rise of the nickelodeon precipitated a crisis in proper social behavior. But, as Kasson notes, this conflict between new and old citizens of the USA would never have come about without the rise of the movies as a mass entertainment industry. Although *Shared Pleasures* does not set out to fashion a social history of moviegoing, it lays out the social implications of the industrial basis of moviegoing.[4]

My material history of movie presentation in the USA provides a fascinating and stimulating look at a vast array of changes. How and where citizens of the USA watched their favorite films has rarely remained static. The multitude of institutional transformations were always affected by outside forces, ever

3) For more on the economic study of the cinema see Douglas Gomery, "Thinking About Motion Picture Exhibition", *The Velvet Light Trap*, N° 25 (Spring, 1990) pp. 3-11, and Douglas Gomery, "The Economics of Film: What Is the Method?", *Film/Culture: Explorations of Cinema and Its Social Practice* (Metuchen, New Jersey: The Scarecrow Press, 1982), pp. 81-94.

4) John F. Kasson, *Rudeness & Civility: Manners in Nineteenth-Century Urban America* (New York: Hill and Wang, 1990), pp. 252-255.

since the earliest days of an exhibition business in the years immediately preceding the turn into the twentieth century.

Scholars have begun to appreciate the importance and influence of such economic changes. In one pioneering study, *The Classical Hollywood Cinema*, authors David Bordwell, Janet Staiger, and Kristin Thompson re-evaluated the history of the Hollywood cinema, and called for an additional work which would "examine the changing theatre situation, the history of publicity, and the role of social class, aesthetic tradition, and ideology in constituting the audience. This history, as yet unwritten, would require another book, probably as long as this".[5] *Shared Pleasures* takes up part of the "call for action" of Bordwell, Staiger, and Thompson.

In particular, the initial part of *Shared Pleasures*, "Business History", offers the history of *theatrical* movie exhibition in the USA. I grapple with the creation of theatre corporations, and the development and formation of national theatre chains. To research and present the history of any industry, the historian must examine changing conditions of supply and demand, industrial structure, and corporate behavior. *Shared Pleasures* does all this, and more.

In particular, *Shared Pleasures* plays careful attention to understanding the factors that constitute the dynamics of corporate growth. That is the development of the business of moviegoing in the USA mirrored the changes in other retailing institutions. First there came the development of small, family-run operations, for the movies nickelodeons. But once a national strategy was developed, then chain operations of commonly owned enterprises spread from coast to coast. Finally, to take advantage of economies of operation and control, regional theatre chains were purchased by moviemaking corporations and thus the movies experienced vertical integration.

But moviegoing was also shaped and positioned by the larger forces of the history of the USA. Frequently historians observe that one can go to the movies to escape the realities of a harsh world outside. But the business of moviegoing could never stand aside. Throughout *Shared Pleasures* I examine the effects of economic expansions associated with wars, the economic contractions caused by recessions and depressions, and the intrusions into economic activity by the powers of government. Indeed the economics of moviegoing brought on one of the most important and far reaching of antitrust sanctions in modern economic history of the USA.

But *Shared Pleasures* is not purely a business and economic history. It also tackles the influences on movie presentation of outside economic forces. Social change has economic consequences. For example, in the two decades following the Second World War the greatest boom in family creation in the history of the USA took place. This forced movie theatres to select new sites, to fashion new programming strategies, and in the end re-formed the institution

5) David Bordwell, Janet Staiger, and Kristin Thompson, *The Classic Hollywood Cinema: Film Style & Mode of Production to 1960* (New York; Columbia University Press, 1985), p. xiv.

of going to the movies. A number of important social factors, from the ever-changing configuration of cities in the USA to the place of the movies as an art form, are examined in *Shared Pleasures*. In particular I focus on the various influences of urban and suburban development and the powerful and significant roles they played in all phases of life in the USA.

Certainly social situations should be considered in some detail. When an significant alternative in the business of moviegoing arose, they should be considered. From the beginning of the cinema business in the USA there have been theatres for select audiences. Although marginal economic operations, these select theatres have played an important role in the history of moviegoing, and thus are treated in the second part of *Shared Pleasures* titled "Alternative Operations".

In particular I examine the development of newsreel theatres, segregated theatres demanded of African Americans, and ethnic and art cinemas offering movies, by-and-large, in non-English languages. I categorize these theatres by offerings (that is, newsreel and art theatres) and by audience composition (theatres for African Americans and ethnic theatres). For example, for African Americans legal separation in movie attendance lasted from the beginnings of the movie business until the desegregation of public institutions in the early 1960s.

I seek to tell in this second section of *Shared Pleasures* the history of these institutions that filled special market niches. Here I am less concerned by the size and development of the economic institution per se, but understanding how specialized institutions developed along side the dominant Hollywood-linked operations.

The third and final part of *Shared Pleasures* is titled "Technological Transformations". Here I seek to offer a history of the changing technology of theatrical film presentation and then details the introduction of television presentation of movies. Movie audiences in theatres in the USA experienced the addition of sound and color; television audiences have seen the coming of pay-television, cable television, and home video.

Since movie presentation has always been largely a profit-maximizing industry, it is appropriate to examine technological change in terms of its invention, innovation, and diffusion. That is for each new technology, we need to look at the creation of the necessary knowledge for presentation, then its introduction into the marketplace, and finally how it came into wide-spread utilization.

Let me stress that it is my purpose throughout *Shared Pleasures* to blur the usual distinction made between film studies and television studies. The coming of television transformed the business and social practice of watching movie in the USA as did not other factor before or since. Television did not create a whole new industry. Rather television enveloped movie watching and gave rise to more persons watching more movies than in anytime before television became part of the vary fabric of life in the USA.

But factors of technological change are not simply internal to the film and television industries. The introduction of new technology in other phases of the American economy and society also often came to influence conditions of moviegoing. *Shared Pleasures* takes up the impact of urban rail transportation, the coming of air conditioning, and the overtaking of culture in the USA by the automobile. Seemingly all phases of technical change have had some impact on the business of moviegoing.

To answer the research questions posed above by concentrating on the factors of economics, technology, and sociology, *Shared Pleasures* takes up first dominant economic history, then the history of specialized niche markets, and then the economics of technical change. Thus the arguments and analysis are not presented in a straightforward chronological fashion. Such a strategy enables me to cast my view widely and that *Shared Pleasures* will appeal not only to scholars of film but to students of business, urban, technological, cultural, and social history.

In the end, the institutions of motion picture presentation in the USA have undergone many economic, social and technological changes since the beginnings of the movie show in 1895. But looking back from the 1990s there have been several constants over the history of movie watching in the USA.

Powerful movie show institutions have united with the major Hollywood producers to dominate the industry. During the Golden Age of the 1930s and 1940s the Hollywood majors owned the key movie theatres; in the 1980s they reacquired direct control. But in other decades Hollywood has been able to hold sway over the movie presentation marketplace, through the coming of sound and the coming of color and wide screen, even through a Great Depression and a World War, even with the Paramount decrees and the adoption of television, even with Home Box Office and the video cassette recorder. The very term Hollywood should include not only an image of movie production, but also the history described in the first section of *Shared Pleasures*.

How has this control been maintained? I argue that there have been two long-run principles. Through price discrimination, the major Hollywood companies — in cooperation with theatre owners and, since the 1950s, in league with the owners of the new forms of television technology — have long sought to discriminate among potential customers, and have them pay as much as possible for a viewing of a film. In the USA this was done with theatres having set runs, and then charging top price for first run, less for second run, and even less down the line. But in fact the principle on which it is based, separating markets and charging different prices to maximize revenues, continues today.

Consider a simple contrast. Even as late as the early 1970s the process of payoff for a Hollywood feature film seemed simple, based on principles that had been little adapted since the 1920s. A big budget opus opened with a lavish premiere and attendant promotion. Publicity filled newspapers, magazines, and radio. A film earned the bulk of its money from playing theatres. Television, even with a sale for showing on one of the three major television networks, and then years of "Late Shows", and "Early Shows", accounted for little in the way of revenues — usually no more than a tenth. These repeated screenings on television simply replaced the matrix of neighborhood theatres that existed in the 1930s and 1940s.

This long established pattern of release began to change in 1975. Universal Pictures fundamentally altered film marketing with Jaws, the first major film to employ saturation advertising on network television. This use of television was considered an adventuresome marketing maneuver in 1975; today it is standard practice. During the final six months of that year this one film earned more than one hundred million dollars. The success of Jaws led to today's constant barrage of television advertisements for upcoming films, television reviews by the Roger Eberts and Gene Siskels, and promotion shows such as Paramount's "Entertainment Tonight".

The major Hollywood companies were the big winners in the world of the new television technologies. They learned to take advantage of all possible television windows of release, extracting monies from their feature films as they had done exclusively through theatrical showings. The Hollywood majors have done this quietly and efficiently, with little fanfare outside the Wall Street community of financial analysts. As the major Hollywood corporations entered the final decade of the twentieth century, they held more economic power and profits than ever before.

Feature films still begin their marketing life in theatres. To make enormous amounts of money through the later television-based ancillary markets, a feature film must do well at the theatrical box-office. What has changed is that today the first — (and only) — run movie theatre has turned into a make or break advertising display venue. A theatrical blockbuster guarantees millions of additional dollars from the home video and pay television arenas. That is why the major Hollywood companies work so hard to craft a hit in the theatres, for once they have a proven commodity there, the rest of the way is smooth sailing to millions of dollars.

But the continuing importance of theatres has only become obvious in the last few years. At the beginning of the 1980s some industry observers predicted that there would be no need for movie theatres by 1990. Everybody could stay home and view films on the coming new television technologies. Instead during the 1980s more new movie theatres have been built, creating more theatrical screens in the USA than at any time in history. Theatrical release requires more and more theatre screens so Hollywood can take full advantage of the economies of television advertising. Even though the cost of marketing a film can often exceed ten million dollars, as it is spread over more and more theatres, marketing costs per theatre per film remain relatively low.

Then the popular feature enters pay cable television and home video where the potential millions to be extracted exceed the theatrical box-office. Only after playing on pay-cable and home video does a film in the 1980s finally show up on NBC, ABC and CBS, and then independent television stations.

Indeed with repeated showings on pay-cable and home video, the ratings for theatrical features shown on network television have fallen to a low unmatched since Twentieth Century Fox and NBC introduced "Saturday Night at the Movies" in the early 1960s. Now "Saturday Night at the Movies" (or a counterpart on another night, depending the schedule and the season) means a series of films which premiere on television, the ubiquitous movies made for television.

The final run for a Hollywood movie is its presentation on a non-network affiliated television station. Today such independent stations, whether delivered over-the-air or through cable, represent a very important market. It usually takes a couple of years for important feature films to make it to independent television (less for box-office failures), but once released the film is shown over and over again. Turner Broadcasting Service's SuperStation, WTBS from Atlanta, and its cable-only Turner Network Television and American Movie Classics are among the most watched of all cable channels in the USA, reaching some fifty million households. Fully half of WTBS's time is filled with old films; three quarters of the time on Turner Network Television see movies unspooling. American Movie Classics is all film all the time.

But movies on independent stations are not only cablecast. Through the 1980s over-the-air independent television stations increased their power and reach. They became connected to the very heart of Hollywood itself. Rupert Murdoch may be more famous for his Fox network or his ownership of a major studio, Twentieth Century Fox, but it is his cluster of television stations which prop up all these operations. His six former Metromedia stations are located in New York City (the largest USA television market), Los Angeles (the second largest), Chicago (third), Dallas (eighth), Washington, D.C. (ninth), and Houston (tenth). In toto, nearly twenty percent of all households in the USA with televisions were (and are) able to view one of these stations, providing the largest reach for any set of stations outside of those owned by the three networks.

Rupert Murdoch does not lack for rivals in a quest for valuable television outlet. For example, Paramount Communications owns a string of independent stations. More than two hundred other independent stations vie for programming, double the number only seven years ago. Wall Street observers believe that the prospects of finding enough independent station outlets for a fourth network appear to be promising. Prior to 1980 only the top twenty or thirty cities had independent stations. The latest survey indicates than independents exist in all markets down to the 67th media market — and at that point seventy-five percent of homes in the USA with television have been reached. A network of independent stations could provide an adequate basis for selling national advertising time. These may offer a further opportunity for movie viewing.

Price discrimination, as we can see from example after example above, is best accomplished if one owns the means of presentation. This involves another basic principle — vertical integration. The creation of the Time-Warners and the Twentieth Century Foxes in the 1980s seeks to take advantage of the same economic motivations that drove Sam Katz to create a vast theatre chain in the 1920s. First, corporations desire to take full advantage of the power which integration offers to reduce costs of sales and transactions. The vertically integrated corporation sells films to "itself", and does not have to go through the costs associated with bidding for films. It can thus have a smaller sales and accounting departments.

Vertically integrated corporations also possess greater market control. A vertically integrated firm need not worry about being shut out of key markets. For example, in the early 1970s Twentieth Century Fox had to convince television stations to buy its films; Universal had to persuade a theatre chain to book its films. With Twentieth Century Fox's acquisition of television stations in the 1980s and Universal's takeover of Cineplex Odeon, these two Hollywood companies need not worry that their marginal films will ever fail for the lack of proper exposure in one or more major city markets.

Motion picture companies have long understood the need to reduce costs and control the outlets through vertical integration. The major Hollywood companies during the "Golden Age" of the 1930s and 1940s produced films, distributed them throughout the world, and owned and operated theatres in major cities in the USA, Canada, Australia, and several European countries. The Department of Justice of the Federal Government in the USA successfully sued the major movie corporations (including Fox) to force them to sever ownership and control of their theatres. But the administration of President Ronald Reagan permitted the studios to purchase theatres and television stations.

Over and over the films play, with Hollywood extracting profits all the way down the line. The basic principles of motion picture presentation economics of today are the same as those of the 1930s and 1980s – price discrimination and vertical integration.

Throughout the 1980s the Hollywood motion picture industry has gained increasingly more economic power because of its skillful manipulation of the new television technologies. In the early 1970s there seemed to be some hope that with the advent of new technologies Hollywood would lose its long-held central place in popular entertainment in the USA. Critics argued that this would change the structure of the mass entertainment industry and hence its conduct. More and more small companies could begin to offer alternative films and television programs. This has not happened.

Instead Hollywood has gained even more power and profits. The major Hollywood studios not only control movies that most audiences see in theatres in the USA, they also successfully exploit them. What is different in the 1980s is that Hollywood makes far more from recently innovated venues of pay-cable and home video than its former pots-of-gold, network screenings and repeated showings on local television stations. Hollywood controls movie presentation as never before and with growing power in television production as well; it has

surpassed the television networks in the race to dominate the new television technologies.

But that does not mean, nor has it even meant, total control. There have always been (and always will be) alternative forms of movie presentation in the USA. None ever made as much as the afore mentioned Hollywood system, but all made enough to become available to millions. Surely the newsreel theatre will never reappear, but in the 1990s in the USA, the equivalent of the marginal operation of the past is the specialized cable television channel with movies unspooling in different languages (Spanish), for certain audiences (Black Entertainment Television), or for an art house policy (Arts and Entertainment Channel). Despite the cries that too much power resides in the hands of Hollywood, their worry that Hollywood will take over *completely* is unjustified. Too many niche markets will continue to be exploited.

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