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Hollywood survival strategies in the post-COVID 19 era

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Since the arrival of the Coronavirus in the United States, Americans have been forced to quarantine themselves at home in dramatic fashion, unlike almost any other time in the nation's history. Moreover, the American workforce has been equally impacted by virtue of state-imposed shutdowns that have affected innumerable businesses, including the Hollywood entertainment industry, which is the subject of this research. I examine how commercial entertainment conglomerates like AT&T, Comcast, Disney, ViacomCBS, and Fox have responded to mandatory closures for businesses that employ a human workforce upon whom they rely for their labor, and to human consumers they seek to distribute their film and television commodities to for profit. Using historical and discourse analyses in a political economic theoretical framework, I review contemporary reports about the economic conditions which have influenced the industry's technological adaptation and innovation and argue that the Hollywood television and film industries will capitalize upon this current public health crisis as a motivator to adopt streaming platforms as the new preferred distribution mechanism of entertainment long after COVID 19 is a memory. This qualitative research examines the technological adaptations employed by these entertainment conglomerates to analyze (1) how the transition to streaming video on demand has occurred, and evaluates (2) what the adoption of these survival strategies mean for Hollywood's long-term economic future and survival in a "digitally competitive" (Smith and Telang, 2017) marketplace.

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Introduction

In 2020, the unexpected emergence of the novel Coronavirus aka "COVID-19" has produced a dramatic change in the economic productivity of the American entertainment industry. This change is a direct consequence of a state-imposed shutdown of businesses whose employees have been ordered to stay at home. The results of this shutdown have produced a near total eradication of Hollywood's traditional production and distribution models in place preceding the global pandemic, which have directly impacted the major television corporations like *AT&T*, *Comcast*, *Disney*, *Viacom*, and *Fox* who are responsible for 90% of everything seen on television today. Although the streaming video on demand marketplace has existed for some time (Dixon, 2013; Keating, 2013; Lobato, 2019; Fritz, 2018), only recently has it adopted in-house production studios of its own. And, in the ensuing months during which Hollywood has been shut down, those streaming networks have seen a substantial increase in demand, and thus, financial profitability, which foreshadow other more ominous consequences for Hollywood's traditional system of production and distribution to retail cinemas. Cumulatively, these technical and economic changes threaten that system's historical stability and future longevity. This research provides a brief summary of events leading up to the emergence of the Coronavirus, the ensuing governmental and social consequences that stem from the pandemic's spread, and the Hollywood entertainment industry's reaction and adaptation to this public health emergency's impact to their profitability model.

Theoretical framework and methodology

This research utilized the "political economy of communication" as a theoretical framework that answers questions about consumption, commodification, distribution, and profit. The Frankfurt school's theorists of the 1930s advocated that American media exposed an extreme commodification of culture in a palpably industrial and capitalist society. Though a later invention, television became nothing more than a formulaic and standardized commodity within that capitalist society. Eileen Meehan and John Fiske both describe how those early concepts, discarded in favor of a more thoroughly complex dynamism about the political economy of communications, uniquely applied themselves to television. One approach analyzes markets to determine how corporate media construct the television industry, thus illustrating why we get what we get on television (Meehan, 2006). The markets in which programs, audiences, and the industry's promotion of ratings as the gold standard of success reveal one dimension of this analysis. As John Fiske points out, a program is a cultural commodity produced and then sold to distributors. In distribution its role changes and it becomes not a commodity, but a producer of a new commodity—the audience that is then in turn, ultimately sold to advertisers. What finally determines the financial success of television as an industry is ultimately the "social situation of the viewer-reader, not the interests of the producers and their ideological investment in consumer capitalism" (Fiske, 1988, p. 61). And while television appears free (think of airports, sports bars, and financial centers), it is nevertheless being paid for, the fact is that at the individual level "payment has no direct relationship to consumption—a person can consume as much as they wish…watching an opera… costs no more than a quiz show or a rerun sitcom" (Fiske, 1988, p. 59). And because media conglomerates now can produce programming for their own networks and for their rivals, which is a radical departure from the intense competition that hallmarked television's early years, such relationships undermine the traditional rivalry between networks that perversely results in an intensification of each firm's interest in a program doing well on either of their networks. The consequence of this type of intensification subsequently affects the diversity of programming offered by television and streaming networks in particular. These factors have become even more intensified through the emergence of streaming networks that have become part of the major media conglomerates.

What was once a simple process with separate and distinct levels (production, distribution, and exhibition) originally inherited from the film industry, has now become an extremely complex system whose result is the end of competition and maximization of profits. The ultimate effect of these convoluted, complex interrelationships is the stifling of innovation and the powerfully interlinked markets for ratings, audiences and programs that approximates a monopoly on television in the US. These fully integrated overlapping conglomerates prove false the presumption of fierce competition and speak volumes about what finally *is available* for audiences to see, the ability of writers, producers, and actors to participate in what is ultimately produced, aired, and distributed. Thus, the use of the political economics of communication offers a very useful mechanism by which to assess the sociocultural and financial consequences of the proliferation of streaming media in both the present and post-COVID 19 future.

Methodologically I utilize both discursive and historical analyses. A historical analysis is necessary to any examination of the popular "cultural artifact," as observing changes over time is essential to understanding why a contemporary phenomenon is the way that it is. And, without previous knowledge of action codes, archetypes, conventions or eschatological myths, contemporary American audiences will be unable to fully recognize much less comprehend their role as consumers or participants in that phenomena. Thus, the ability to imagine change without a sense of how our culture has changed over time renders such efforts doomed to failure. I also examine the method by which streaming media has accrued social value over time, while capitalizing on the conspicuous consumption of televisual content it offers by social consumers. Necessary to that analysis would be an examination that determines the degree to which viewers consume entertainment commodities produced in a corporatized process of production that "technologically" and "commercially" constrains content. As T.V. Reed points out, "Whatever else popular culture may be, it is deeply embedded in capitalist, for-profit mass production" (2011). The usefulness of the discursive analytical methodology exposes these macro-level social complexities that frequently go undetected. As Alan McKee points out "the material reality [of television] allows for the recovery and critical interrogation of discursive politics in an 'empirical' form; [televisual texts] are not scientific data or historical documents but are, literally, forensic evidence" (2003) thus analyses of streaming media are equally compelling given their delivery occurs both on traditional television devices and increasingly, on portable devices of all types.

COVID-19 timeline and its ensuing consequences

The COVID 19 epidemic began in January 2020 in what is believed to be in the Wuhan Province of China, where researchers reported on a rapidly spreading novel coronavirus that produced pneumonia-like symptoms and by January 12, the Centers for Disease Control and Prevention reported the first confirmed case to appear in the United States. Three weeks later the World Health Organization issued a *Public Health Emergency* notice. On February 2, 2020, the United States issued travel restrictions for *all* air travel and one day later, on February 3, 2020, the federal

government also declared a *Public Health Emergency* due to the coronavirus outbreak. Approximately one month later, by March 11, 2020, epidemiologists at the World Health Organization later recharacterized COVID 19 as a global pandemic. And just 2 days after that declaration the United States government issued a travel ban for *all people* coming from continental Europe to the United States. A week later, the governor of the State of California issued a *Stay at Home Order* and it became the first of many states to enact such public health orders requiring Americans to remain quarantined at home for most of every day (State of California, 2020). At the time of this article's submission over 560,000 Americans have died and over 2.6 Million cases have been confirmed in the United States alone. The socioeconomic consequences of the virus on American society has been dramatic, unending, and nearly instantaneous. The language of the California Governor's declaration in his *Stay at Home Order*, states that

> …all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors…The federal government has identified 16 critical infrastructure sectors whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof…

Notably the entertainment industry was not among the 16 federal industry designations as "critical infrastructure" and thus, its employees were not covered by the order. Indeed, its only since September, 6 months since the issuance of the Governor's Order, that both the Hollywood labor unions and Studios reached an agreement on the protocols under which production activities can *safely* resume (CBS Los Angeles, 2020). Parties to the agreement include "The Alliance of Motion Picture and Television Producers, which represents the major studios…The Screen Actors Guild-American Federation of Television and Radio Artists, Directors Guild of America, International Alliance of Theatrical Stage Employees and International Brotherhood of Teamsters and the Hollywood Basic Crafts" and included a number of provisions that regulate worker health and safety including things like social distancing, personal protection equipment use (like face masks, gloves, etc.), temperature checks and other protocols. Although the Governor's requirement that the industry comply with Los Angeles County Health ordinances through the development of a uniform agreement, the restrictions placed upon the workforce in terms of safety measures, demanded negotiating competing priorities from different constituencies some of whom were affected to different degrees of risk.

> The agreement creates a zone system regarding work areas on sets and production offices. Under the deal, actors and those they come in close contact with must be tested at least three times per week. Those working on sets, but not when performers are present, must be tested at least once per week. Workers in production areas other than the set, such as the production office, must be tested at a minimum of once every two weeks. Remote workers associated with the production, but not working in the production environment will be tested prior to their first day of employment. All employees will receive 10 days of coronavirus paid sick leave. The leave can be used for anyone who either tests positive, exhibits symptoms, isolates or self-quarantines, or when a member of their household tests positive (CBS Los Angeles, 2020).

Of course, the entertainment industry workforce is not merely comprised of *below-the-line* staff on production sets. It also includes executives, agents, publicists, analysts, and all their associated employees, located in the business offices they represent. Given that overall film and television production fell 97.8% over this period, much of the industry's workforce of 890,000 professionals were rendered unemployed overnight. The economic impact on Hollywood's $6 Billion-dollar productivity instantly became vulnerable and its supporting 2.1 million jobs and 400,000 local businesses consequently found themselves equally impacted by the loss. The Hollywood industry's $53 Billion in wages included 342,000 jobs in producing, marketing, manufacturing, and distributing movies and television with an average salary of $90,000 or 68% higher than the average nationwide US salary (Busch, 2018). Although global box office revenues totaled $42 Billion in 2019, that number represented a 4% decline in domestic ticket sales, that was temporarily made up by a 2% increase in foreign box office revenue and foreign sales primarily in China, Japan, South Korea, France, Germany, Russia, Mexico, Spain, Brazil and Italian markets (Hall, 2020). But this economic performance did not occur free from competition. Paul Dergarabedian of Comscore noted that

> …the level of competition from a plethora of options across multiple platforms on an incalculable number of devices, should be actually heartening to the industry that 2019 delivered the second-best annual box office revenue in history…movies have to seem fresh and original to draw today's audiences, who have a massive level of choice for their entertainment diet" (McClintock, 2020).

The closure of theaters in the United States is but one aspect of the consumption diet referred to by Dergarabedian. Regal theaters temporarily closed 663 of its movie theaters which generated 90% of its revenue, affecting 40,000 of its employees (Nelson and Friedman, 2020), mostly due to mandatory state restrictions on their operation *and* the decision by studios to delay the release dates of their films—thus starving them of content for their viewing customers. Like Regal, Cinemark theaters experienced a similar impact with a decrease from "$957.8 million to $9.0 million" in revenue in its most recent quarter (Szalai and Vlessing, 2020), and AMC theaters are on the verge of declaring bankruptcy (as of the date this article was submitted). USC School of Business professor Steve Moyer speculated that "current liabilities exceeded current assets by around $1 Billion—that's a strong indication of imminent insolvency. It is burning at least $100 million a month in cash. While the company has recently raised around $300 million and reduced its debt and cash interest expense, they have very limited financial flexibility at this point. I suspect a Chapter 11 filing is in the works" (Del Vecchio, 2020). Most importantly, Gene Del Vecchio noted that the fiscal impacts of the pandemic on theater profitability is not just a product of the pandemic, but rather, one that reflects a *pre-existing* steady decline in performance. He notes that "the percentage of people attending theaters on a weekly basis fell from an average of 65% in the 1930s to about 10% in 2019, *pre-pandemic*" (2020) [emphasis added].

Moreover, the profitability of the industry is not simply affected in terms of the ability of its consumers to (1) watch its content, but also the industry's ability to (2) produce and (3) distribute that content to a (4) *willing* (i.e. sufficiently interested) consumer in sufficient scale to be economically viable. Because the creation, production and distribution of a film or television episode requires a certain about of lag time between its inception, and creation, to airing on screen, this means that the industry must have a certain number of films or episodes in "the production pipeline" to feed the consumer diet so that their demand

is met according to a predictable schedule, e.g. "Summer blockbusters" or the Fall television "season". COVID 19 interrupted that production schedule resulting in some cases delayed release dates for films or outright cancellation. The decision to cancel productions of television and film aren't without costs themselves. According to Siegel, Kit and Goldberg

> MGM pushed the upcoming James Bond outing 'No Time to Die' to November, a move that will likely cost $30 million to $50 million considering that ad buys are made in advance and make-goods are not a given as several studios are in the same boat, having pulled ads at the last minute. 'A Quiet Place II's' abrupt cancellation eight days before release will cost Paramount some $30 million… 'Mulan', 'No Time to Die' and Universal's 'Fast and Furious 9', which is shifting to 2021, all took out Super Bowl ads, a collective $15 million [loss] (2020).

And the list of delayed production series and films is lengthy (IndieWire, 2020) totaling hundreds of films and episodes. While most American consumers may still desire to be entertained through storytelling represented in the form of digital film and television, at least one researcher has found their ability (and accessibility) to consumer these commodities is not always easy. Catherine Johnson has argued that

> Juggling multiple remotes, turning on smart TV sets and using streaming services prevented older female participants from accessing entire routes to content, and placed control over television viewing in the hands of their partners. The experiences of the women in our sample accord with a longer history of research revealing that men dominate the use of media technologies in the home… Ultimately it is not just access to superfast broadband and technological devices that limits people's ability to experience the benefits of television in times of crisis, but also their technological and media literacy. And this, our research suggests, is likely to be a gendered, as well as a generational, issue (2020).

Even in cases where technological or media literacy are not barriers to access, consumers aversion to risk endangers the traditional distribution model that Hollywood has utilized for the past 60 years. According to some reports, only "half of Americans say they would go to a movie during opening weekend during the first few months of 2021" with 65% either very unlikely or somewhat unlikely to return to a movie theater within one month of reopening (McClintock, 2020). Consumer anxiety about the safety of theater attendance is also complicated by the competing but slowly increasing affinity for immediate accessibility to their film or TV series on streaming networks that some younger demographics of consumer have become accustom to.

The switch to streaming video-on-demand and the Netflix effect. The global pandemic has exacerbated the steady decline of consumers interested and committed to seeing films in movie theaters. And the demand by consumers for access to television by cable has also recently suffered, in large part this has been attributable to the popularity of streaming services competition among the likes Netflix, Amazon Prime, Hulu, Disney+, YouTube TV, Peacock, and HBO Max and the successful deployment of widely distributed broadband internet across the country (Lobato, 2019, pp. 73–83). Since 2012, 25 million homes have canceled their cable television subscriptions and an additional 25 million US households are expected to do so over the next 5 years by the three largest media corporations, representing a $25B drop in cable subscription revenue to Disney, Comcast's NBCUniversal, AT&T's WarnerMedia, ViacomCBS, Fox, Discovery, Sinclair and AMC Networks (Sherman, 2020). According to Alex Sherman, all the networks represented by these companies have "replaced old leaders, consolidated divisions, laid off tens of thousands of employees, and pivoted to streaming video" which is best demonstrated by the recent deployment of their respective services like *Disney+*, WarnerMedia's *HBO Max*, ViacomCBS's *Discovery+*, etc. (2020). In fact, 5 years ago Michael Strangelove presciently observed that "streaming television shows [are] on their way to becoming mainstream in a media environment that sees audiences now spending more time on the internet than in front of the television" (2015, p. 125) The proliferation of internet connected cellphones, tablets, and other devices capable of accessing these streaming services, and the mandatory quarantine of most Americans has exacerbated their need to seek their entertainment through these devices, resulting in "television once offering the superior viewing experience but can no longer claim to do so" (2015, p. 125) as Strangelove predicted so long ago. Moreover, many of the complaints previously experienced with streaming services like "advertising, buffering or download wait times and poor video quality" (Strangelove, 2015, p. 126) have since been remedied by dramatically improved bandwidth and the option for consumers to pay additional subscription fees to avoid advertisements altogether.

Unlike these newly developed streaming services, other more well known and better capitalized services like Netflix, Hulu and Amazon Prime have already acquired the digital rights to a wide array of television series in syndication. The economics of price also weigh heavily in the slow decline of cable television in favor of streaming services. The costs of a streaming service at $6.99 a month for *Disney+* or $12.99 for *Disney+* and *Hulu* is less than the costs for a basic cable television subscription and that amount fails to account for the easy ability to share passwords to a streaming service (unlike the theft of cable television which is technologically difficult and requires physical access to equipment). According to Sherman, "*Netflix* has proved that market validation is more important than business fundamentals in terms of growing valuation. *Netflix* has burned through billions in cash for years, spending borrowed money on content to grab subscribers, and investors haven't cared" (2020) and his conclusions have proven prescient with many streaming services switch to in-house "original productions". And while Disney has recently increased its monthly subscription fee by a dollar to $7.99 a month as of the submission of this article, the consequences have been negligible according to Spangler who notes that this change in price is "still less than competing services like Netflix or HBO Max" when one considers "its rich library of Disney, Pixar, Marvel and Star Wars movies as well as breakout original series "The Mandalorian" (2020)

Netflix's financial performance has improved—dramatically—as a result of the increased number of Americans quarantined in their homes. According to Jeremy Owens and Jon Swarts, *Netflix* gained "a record 15.77 million paid subscribers globally in the first quarter—double the new subscribers it expected—propelling its stock price more than 65% higher" (2020) and similar to *Netflix's* performance, *Disney+* attracted over 60 million paid subscribers in the same timeframe, ultimately accumulating 100 million paid subscribers (with the addition of the Disney owned *Hulu* and *ESPN*) earning 19 Emmy nominations along the way—the most of any streaming service (Jarvey, 2020), while other streaming services like Amazon and *Apple TV+* saw similar increases in their stock performance, thereby demonstrating that streaming's popularity has risen along with strong demand for entertainment at home. The switch to streaming from the traditional theater distribution system includes a financial incentive for studios that can eliminate the 50% profit that

typically accrues to box office and satellite airing rights, thereby creating a significant source of revenue that otherwise might be reinvested elsewhere in "original" streaming content.

Third party distribution through theaters and satellite with single ticket sales have rarely been as profitable as the predictably reoccurring revenue that streaming services generates. Combined with the other factors involved in the production and distribution costs of the past, the switch to streaming makes financial sense provided that enough numbers of consumers are predisposed to make the switch permanently. Indeed, according to Peter Csathy this switch has already begun and will probably continue through the end of the COVID-19 era, as he argues in terms of film,

> the direct-to-streaming premium releases like "Mulan" and "Trolls World Tour," WarnerMedia stunned the industry with the news that the full Warner Bros. 2021 film slate will hit HBO Max day-and-date with theatrical. Expect more family-friendly and adult-driven feature films to be released for in-home streaming on Day One as part of Hollywood's new normal. Theaters become the home to superhero, franchise-driven event films that cater to highly social teen and 20-something audiences, a reality that had begun pre-pandemic. This new world order means fewer theaters and broader immersive, multi-hour event…Both Amazon and Netflix actively look to pick off indie theaters to add moviegoing to their overall subscription benefits and enhance prestige to their films (2020).

There's no question that an important percentage of domestic American consumers are interested in the a la carte consumption habits, ease of accessibility (especially on mobile devices), and demand for "original" content, streaming will continue to have an appeal. And, as Hall makes clear, "COVID-19 has made movie financing more risky, due to increased health security and insurance costs. Independent studios may find it harder to raise capital" (2020) The unintended consequence of COVID-19's spread has inadvertently created increased expenses not merely in terms of production precautions but also the deficit financing model that historically procured funding for film and television production, as well as newly required insurance coverage for health and safety reasons. The desires of contemporary audiences to consume their entertainment through smart-TV's and other portable devices linked to broadband connections, paired with an aversion to COVID exposure has culminated in a dramatic change of fate for the Hollywood entertainment industry across television and film products. And that change would have happened anyway, were it not for an already pre-existing phenomena like the fact that "The viewing habits of the post-television generation vary from platform to platform as different screens are used for different styles of viewing" and that "88% of Netflix users and 70% of Hulu+ users watch three or more episodes of the same television show in a day and seven out of ten American television viewers describe themselves as binge viewers" (Strangelove, 2015, p. 127) this same phenomenon has only increased in the ensuing 5 years since this data was originally published.

Just two years ago there were over 4.5 Billion smartphone subscriptions in the world and the number of mobile, internet-connected devices now exceeds the number of people on the Earth, with 81% of Americans owning at least one cellphone (Anderson, 2019). But even more important for our purposes is the fact that 74% of Americans have broadband service at home, and this number represents an 8% increase in just one year from 2018–2019 so that by 2020 that percentage may well equal the percentage of Americans owning a cellphone. Interestingly Anderson noted that "For those who own a smartphone, these devices now outpace more traditional means of accessing the web. Some 46% of smartphone owners say when using the internet, they mostly do so on their phone. This represents a double-digit increase from 2013, when 34% of these users said this" (2019, p. 8) and that number has since increased globally (Silver et al., 2019), reflecting an even more mobile, digitally connected population consuming their entertainment free from home broadband access. One indication of the changes in the industry can be inferred from the popularity and ubiquity of wi-fi access provided through broadband distribution.

A full "60% of [American] smart phone owners ages 18–29 and roughly half of those ages 30–49 say they mostly use their cellphone to use the internet…and 45% of non-broadband users now cite their smartphone as a reason for not subscribing to high-speed internet service" (Anderson, 2019, p. 8) with the accessibility of Wi-Fi service across America have increased exponentially through LTE coverage (Federal Communications Commission, 2018). The accessibility of Wi-Fi globally has spread in tandem with the increasing numbers of smartphones in use across the globe, even in developing countries with unstable or geographically dispersed infrastructure such that a "median of 20% [of smartphone users] say they frequently have problems getting a reliable mobile connection. However, there is substantial variation across countries, ranging from highs of more than three-in-ten in Lebanon (39%) and Venezuela (31%) to only around one-in-ten in Vietnam (12%) and India (14%)" (2019, p. 43). Although there are geographic differences in the distribution of broadband access across the United States (Federal Communications Commission, 2019), only 6% of Americans or 19 million Americans lack access to broadband at "service speeds" that are universally recognized as necessary for typical internet usage (Federal Communications Commission, 2012). And finally, the arrival of 5G will further exacerbate the "disintermediation" (Strangelove, 2015) in Hollywood's distribution system by further increasing the data transmission rates for bandwidth heavy commodities like on-demand video offered by streaming services across the country (Federal Communications Commission, 2020). As it stands, 87% of American adults say that "the internet has been at least important for them personally during the coronavirus outbreak, including 53% who describe it as essential" (Vogels et al., 2020, p. 8). During the COVID-19 outbreak Hollywood has had to make draconian decisions in terms of layoffs and been forced, by circumstance, to quickly adapt or find itself bereft of revenue of a literally captive audience ready and willing to pay for their entertainment commodities.

What will they do and how will they do it? I'd argue that an incremental but steady transition to all streaming services will soon subsume most of its traditional distribution systems. According to Maureen Dowd, that process has accelerated dramatically since March where now one can find "Studio bosses are toppling, agents are scrambling, golden parachutes are disappearing, Disney is reeling, COVID is wreaking havoc on theme parks and movie theaters…Amid these tectonic plate shifts, *Netflix* has blotted out the sun. Streaming, resisted for so long by the old clubby powers, is now absolute king. R.I.P., Louis B. Mayer" (2020). But Dowd is not the only one making predictions about the future of Hollywood. In July, Peter Jackson and Kenneth Williams called for Hollywood to "innovate" and they observed that Hollywood's adaptation was "being dramatically accelerated by the coronavirus" (2020). And Dowd's argument has more recently been confirmed by David Bloom who describes this competition as a "global battle" where (discussing Paramount+) "Netflix is spending somewhere between $17 billion and $19 billion on its firehose of global content. Disney just said it will double spending to $8 billion a year, 80% of it streaming-first. Apple and Amazon have loosened the strings on their extremely large purses, spending billions more

on high-profile material. ViacomCBS, with a market capitalization around $40 billion, is not a small company. But it is compared to Apple, Amazon, AT&T, Disney, etc. For comparison, it is worth noting that Apple's Services sector, which includes TV + subscriptions, generated nearly $16 billion in revenues last *quarter*" (2021a, 2021b).

What's happening in film is accelerating for television content, and the evidence is best seen in the increased subscriptions fees and the continued rise in subscriber count as noted by Bloom where "Both HBO Max and Disney are leaning hard into streaming marketing with pricey ad campaigns highlighting high-end programming…HBO Max subscribers doubled in the fourth quarter to 17.7 million, and the combined HBO Max/HBO cable universe has 39 million customers, executives said during AT&T's recent earnings call" (2021a, 2021b). Much as I predict, they too see the model for watching films changing as demand surges for new content. Even before COVID-19, the industry was having heated conversations about video on demand and its impact on theatrical distribution (Bloom, 2020). This will continue as Hollywood seeks more flexible solutions to adapt to increasing stay-at-home consumption. Universal Pictures, for example, recently launched *Trolls World Tour* online, grossing $200 million in retail fees without a theatrical release" (Jackson and Williams, 2020).

Our digital future and Hollywood's streaming networks

In many ways, as Maureen Dowd, Bloom, Csathy and others mentioned, the economics of the streaming services have presaged new changes not merely in the distribution mechanism by which Hollywood has made their products available, and not even in their production methods—though both are true. In fact, the streaming services popularity (and the enormous profit they represent) are also influencing their personnel decisions and hiring practices (Verhoeven and Waxman, 2020). This is not especially surprising considering the Netflix's influence on the internal operations of streaming services everywhere, but for the film industry such changes have been unexpected and tremendously disruptive. According to Ben Smith

> For decades, the best thing about being a Hollywood executive, really, was how you got fired. Studio executives would be gradually, gently, even lovingly, nudged aside, given months to shape their own narratives and find new work, or even promoted. When Amy Pascal was pushed out of Sony Pictures in 2015, she got an exit package and production deal worth a reported $40 million. That, of course, was before streaming services arrived, upending everything with a ruthless logic and coldhearted efficiency…The corporate shifts at WarnerMedia and NBCUniversal in recent days signal that the technological shift you've been reading about for years is finally taking concrete form, accelerated by the pandemic. The new leaders of the industry want to talk about digital products and subscription marketing…the old studio hitmakers' handshake deals with distributors to a techie's focus on user-friendly streaming interfaces and subscriber retention (2020).

Although Netflix emergence presaged much of the changes in the industry taking place today, it like all streaming services are unique commodities to themselves. At its inception, YouTube was once a multipurpose, mostly free service based on advertising. But with the emergence of YouTube TV that has changed. Amazon Prime Video was a "loss-leader for an e-commerce platform that also distributed individual linear channels for cord cutters" (Lobato, 2019, p. 186), but even it has adapted to the changing times with Amazon original programming. Corporate mergers like those experienced at WarnerMedia which preceded the firings that Ben Smith reported on are reflective of the economics of an industry that is emerging fully dependent upon the profitability of predictably reoccurring monthly subscriptions rather than the unpredictability of summer blockbusters. Despite the very present threat posed to streaming services loss of revenue through the sharing of accounts and evasion of geolocation measures by viewers (Smith and Telang, 2017), just last year Lobato concluded that "the evolutionary path of television from this point onward will not be unidirectional. There will continue to be many different models of internet-distributed television—each within their own geography" and these offer the consumer a "vision of what global television might mean in an internet age" (2019, p. 188).

Indeed, Fritz argued two years ago that the traditional economics of film "whereby each production aims to be profitable through a mix of box-office dollars, DVD sales, and television licensing" would eventually fail to produce sufficient revenue to remain unchanged. He noted that the "new economics" of film would take the shape of "visual stories [that] are funded by subscriptions to video services" where studio executives "working under this model will not longer have to obsess…about whether every individual movie will be profitable enough on its own to satisfy a corporate parent's expectations" (2018, p. 239). And Fritz was right—when most people *already* watch more films at home then they do in the theater, this change has already begun to eclipse the status quo for most Americans—it's the Hollywood entertainment industry that's behind the technological and social curve playing catch up. But how much further do they have to go? According to a recent interview with Ted Sarandos, co-CEO of *Netflix*, Hollywood's incremental transition to pure streaming is already underway but has much further to go in terms of their universal adoption of this distribution mechanism. According to Sarandos, the change to binge consumption is something that has "improved television viewers experience" and @00:53:27–00:53:56 "that if you overslept on Saturday mornings, there were no cartoons that week. My kids have never known a world that didn't have cartoons on demand in some form or another…I felt that I was enabling access to programming for more people…[referring to binge consumption of television] and I think people adapt to it really quickly" (Sarandos, 2020). When talking about the future of television Sarandos says that television is ultimately @01:05:06 "moving pictures in a box" and that "at the end of the day its about visual storytelling, and that's what defines it at the end of the day. And I think TV has been incredibly progressive relative to film, which is still very much hung up on what is the definition of a film, not based on the creative but on the distribution model" (Sarandos, 2020). Answering the question if Netflix was moving from "becoming a data/tech media internet company, to a content creator network?" he responded by observing that @00:58:48–1:00:28

> Television is a relationship business, so you have to be in the ecosystem…it's a trust business because there is no suggested retail price for a show…and I always felt it was an entertainment company from the first time I joined, and as the company kept growing *in LA*, everyone *in LA* felt like they worked at an entertainment company. There are offices all over the world now, but depending upon what you do it may feel like an entertainment company or a tech company…but we've always had…at least since I joined in 2000, a foot firmly planted in Hollywood and a foot firmly planted in Silicon Valley. But now, you know, we're now doing original, local language productions in 13 countries…because the technology is more global but the content can

> be more local, they may feel like its [Netflix] is an entertainment company in that market…but its always been kind of both and an either/or.

Then when asked if there was a Netflix brand, he responded by saying that @1:00:48 "I never wanted our shows to define our brand or our brand to define our shows…our brand, ultimately, is your favorite show—whoever you are, wherever you are, whatever time it is, whatever mood you're in" (Sarandos, 2020). These responses are enlightening, even if only by one major streaming service as they are a glimpse into the Hollywood entertainment industry's future for where one major service goes forward, others surely follow (especially when that service—like Netflix—has established itself as a highly profitable and popular commercial enterprise).

Thus, Sarandon's reply illustrates that in a neoliberal capitalist system that prioritizes and rewards setting a price for entertainment commodities like film and television, even streaming services are willing to take risks despite the potential failures of a given film or television series because the net gain that accompanies global expansion justifies its efforts. Moreover, Sarandon's argument that their brand identity is "ultimately your favorite show" means that streaming services are in the business of delivering its content "direct to consumer" in a way that appears to empower audiences, without actually giving them a means of control in terms of dictating the availability of particular films or series. Their curatorial decisions and strict attention to internal metrics of user decision and digital algorithms are very much in keeping with a neoliberal model of profitability. Indeed, the strict demands for instantaneous profitability is one of the reasons for Quibi's failure to succeed with audiences willing to pay for its content (Iannucci, 2020). The competition is so fierce for subscription revenue that the content offered by some services is now being exchanged and fought over, as was the case for Quibi. According to Diane Haithman, "Not only are some studios hoarding their library assets, in some cases they have bought back individual library assets previously sold to others for use on their own new streamers. In 2015, 'Friends', owned by Warner Bros., had been licensed to Netflix for many years. In July 2019, however, WarnerMedia outbid Netflix for the rights to the show for five years for an estimated $500 million to run its streaming service HBO Max beginning in January 2021. In a similar deal, NBC's "The Office" left Netflix to move to NBC's Peacock streaming service on January 1, 2021….[Quibi], sold its library content to Roku. Quibi had spent $1.75 billion on content creation, sold more than 75 original shows to Roku for a reported $100 million" (2021). The consequences of these sales in content potently demonstrates how heavily streaming services are invested in offering commodities which will yield revenue (and hopefully profit) in excess of the costs of the traditional distribution model. And the streaming services like Netflix, have copied their revenue model using a subscription basis are now only debating how much to charge, rather than testing the subscription model itself. Three years ago, Michael Grimshaw, the editor of this series posed an important question, when he asked if "…digital society [can] now be considered the new opiate of the masses of neo-liberal capitalism? Is it part of what can be termed the wider commodity opiates that domesticate us within capitalism" (2017, p. 2)?

The answer to these questions, at least in terms of our American desire for entertainment (and possibly the global desire for digital entertainment) must be an affirmative "yes" as the global pandemic continues—even as I type these words—to escalate and mandatory quarantines spread across the globe, most of us find ourselves confronted with the near ubiquitous means to watch and little disincentive to do otherwise. While digital society are undoubtedly being fed a steady diet of on-demand content ready for their consumption, the conditions of our current quarantined state will not last forever, but will our collective habit for such easy satisfaction disappear once COVID-19 does? Behavioral psychology tells us that abandoning such easily obtained satisfaction is unlikely, and so far as the neoliberal capitalist corporations which dominate Hollywood are concerned, they stand ready and willing to supply as much as one can consume for as long as there's a desire and money to pay for their fee. In the preceding pages I've argued that Hollywood television and film industries will capitalize upon this current public health crisis by moving towards streaming platforms as the new preferred distribution mechanism, and that their decision to do so would be permanent one. Earlier in 2021 while vaccines were just being developed and achieving emergency approval, Sharon Waxman argued that

> every major entertainment company without a streaming service is facing a future at the mercy of those who do. Netflix and Disney+ started 2020 as the two alphas in the entertainment jungle. That is still true (even with the severe financial consequences the pandemic has had on Disney's theme parks). And that's truer now, even as WarnerMedia, NBCUniversal, ViacomCBS and others have raced to catch up. Sony, Paramount and Lionsgate can have financial success making content and selling series and movies to streamers like Netflix, Amazon and Apple+… The year 2021 will be about the streaming wars, who will survive, who will thrive and who gets left behind. The movie business, in tatters, will need to spend this year (and likely beyond) tending to its wounded and plotting a different future. Welcome to that future, Hollywood friends. It's here (2021).

And I agree. While no one can foretell the future, I believe the evidence offered here establishes that the transition to all digital on-demand streaming will continue to escalate well into the future after our current circumstances for home quarantine have ended. All the evidence seems to indicate this, and the only question that's really left to ask is who will be standing, and how much diversity will remain in the film and television products offered to us for consumption by a vertically integrated Hollywood oligopoly (Freedman, 2014) that has little incentive to compete? And that is a far more disconcerting question to which I have no ready answer.

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