



# Film: Screening the Future



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# Film: Screening the Future

*“A **film**, also called a movie, motion picture or moving picture is a work of visual art. It is a story or event recorded by a camera as a set of moving images and shown in a cinema, or on television and streamed online or on streaming platforms”.*

- The Film industry is comprised of production companies, studios, cinematography, animation, screenwriting, pre-production, post production, film festivals, distribution, actors, film directors, and other film crew personnel.
- In 2019, the global box office was worth US\$43.2 billion. When including box office and home entertainment revenue, the global film industry was worth US\$136 billion in 2018.
- Hollywood is the world’s oldest national film industry. However, in 2020, China became the largest box office territory, overtaking North America in gross total revenue due to the COVID-19 pandemic and China’s successful containment approach compared to the US.
- Indian Cinema (Bollywood) is the largest national film industry in terms of the number of films produced with 1,813 feature films produced annually as of 2018. From 2011, Bollywood has had the highest annual ticket sales worldwide with 3.5 billion tickets sold, followed by Hollywood with 2.6 billion tickets sold.

## Included in this memo are...

- *Film industry background*
- *Roles in the Film Industry - Definitions & History*
- *The top 10 movie production companies in the world (2020)*
- *How Movies Make Money*



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## Roles in the Film Industry - Definitions & History

- **Production Company** - Also referred to as production house, production studio or a production team is a business that is responsible for the technical aspects of creating the product or film. They are the technical staff that produce the content. They may be responsible for fundraising the production, handling the budgeting, scheduling, scripting, the production itself, post-production, distribution, and marketing.
- **Film Studio** - A major entertainment company or motion picture company that has its own privately owned studio facility or facilities that are used to make films, which are handled by the production company. There are also independently owned studio facilities, who have never produced a motion picture of their own but only sell or rent studio space.
  - Warner Bros. Entertainment and Lionsgate Entertainment are two companies that operate as conglomerates and would include studio and production in their operations to maintain control and increase and centralise the revenue into one company. Hence, a film production company, TV production company, video game company, comic book company are all owned by a single entertainment company and merged together.

### *History*

- **The original “majors” or “Big 5”** - Wealthy motion picture industry conglomerates that emerged by the mid 1920's which owned their own studios, distribution divisions, theatres, contracted with performers and other filmmaking personnel assuming overall control of the project: RKO Radio Pictures, 20th Century Fox, Paramount Pictures, Warner Bros., and Metro-Goldwyn-Mayer. Their collective management structure came to be known as the studio system that launched Hollywood's “Golden Age”. **Today the Big 5 has become the Big 6:** Universal Pictures, Paramount Pictures, Warner Bros. Pictures, Walt Disney Pictures, 20th Century Fox and Columbia Pictures.
- In 1948, the original Big 5's ownership of movie theatres was opposed by eight independent producers, including Walt Disney because it constituted an illegal monopoly since only their movies could be shown in the theatres they owned. The case was won against Paramount in the Supreme Court and this became the end of the monopoly system and Hollywood's “Golden Age”.



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## Roles in the Film Industry - Definitions (Cont'd)

- **Actor (or actress)** - A person who portrays a character in a performance.
- **Animation** - A method in which drawings are manipulated to appear as moving images. Images are drawn or painted by hand but today most animations are made with computer-generated imagery (CGI).
- **Cinematography** - The art of motion-picture photography and filming either electronically by means of an image sensor, or chemically by means of a light sensitive material as a film stock.
- **Distribution** - It is the process of making a film available to the consumer, through movie theatres, television, streaming companies, or for personal home viewing.
- **Film crew** - A group of people, hired to produce the film. The cast are the actors, while the crew are behind the scenes with lighting, cameras, etc.
- **Film director** - The lead person who controls a film's artistic and dramatic aspects and visualizes the screenplay while guiding the technical crew and actors in the fulfilment of that vision. The director also has a key role in choosing the cast members, production design and all the creative aspects of the film.
- **Film production** - The process by which a film is made (filmmaking), which includes a number of complex and discrete stages including an initial story, idea, or commission, through screenwriting, casting, shooting, sound recording, editing, and screening the finished product.
- **Film festival** - An organised, extended presentation of films in one or more cinemas or screening venues, usually in a single city or region.
- **Pre-production** - The process of planning the elements involved in a film. It includes finalizing the script, hiring the actors and crew, finding locations, determining what equipment is needed, and finalizing the budget.
- **Post-production** - The process the film goes through after filming is complete before the film is released. It includes the editing of audio and visual materials to create a film. An editor assembles footage shot by shot, adds music (either original or licensed), and incorporates other visual and sound effects.
- **Screenwriting** - (Or script writing) The art and craft of writing scripts for mass media such as feature films, television productions or video games. It is often a freelance profession.



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## Top 10 Movie Production Companies in the World (2020)

| Rank | Movie Production Company  | No. of Movies | Total Worldwide Box Office |
|------|---------------------------|---------------|----------------------------|
| 1    | Universal Pictures        | 254           | \$43,913,150,146           |
| 2    | Warner Bros.              | 249           | \$43,895,933,593           |
| 3    | Columbia Pictures         | 245           | \$41,490,771,945           |
| 4    | Walt Disney Pictures      | 130           | \$38,420,360,892           |
| 5    | Marvel Studios            | 62            | \$33,686,093,642           |
| 6    | Paramount Pictures        | 168           | \$30,207,013,009           |
| 7    | 20th Century Fox          | 108           | \$25,232,413,752           |
| 8    | RatPac-Dune Entertainment | 70            | \$16,498,034,609           |
| 9    | Legendary Entertainment   | 61            | \$16,280,673,534           |
| 10   | Relativity Media          | 117           | \$15,349,403,396           |

- Note: Both Walt Disney Pictures and Marvel Studios are owned by The Disney Company.
- Fun Fact: With worldwide box office grossing of over US \$2,797,800,564, “Avengers: Endgame” is the highest-grossing film of all time.



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## How do Movies Make Money?

Movie ticket sales alone do not drive revenue, especially with the pandemic disrupting the already complex economics behind movies. The revenue includes merchandising (souvenirs, products, items or toys based on the films characters; eg. Star Wars), video-on-demand (VOD) and streaming video (Amazon Prime, Netflix, Hulu, etc.), foreign sales (movie showcasing/ playing in overseas theatres), and a plethora of other distribution channels that help filmmakers, producers and studios turn a profit.

- In the early days of cinema, movies would be released in theatres and make the vast majority of its revenue via ticket sales but ticket sales are no longer reliable especially with the closing of theatres due to COVID-19.
  - Television rights, video-on-demand and streaming services are increasingly important sources of income for movie studios.

### *Revenue Avenues:*

**1. Ticket Price Revenue** - Usually, a portion of theatre ticket sales goes to the theatre owners, with the studio and distributor getting the remaining money. A larger portion would go to the studio during the opening weekend of a film. Eg. A film might make about 60% of a film's ticket sales in the US and around 30% to 40% on overseas ticket sales.

**2. Merchandising** - This started with the George Lucas sci-fi saga Star Wars in 1977. The franchise has made billions in revenue from toys alone. In 2015, Star Wars: The Force Awakens brought in US\$700 million in retail sales. However, merchandising mainly works for action films or big-budget films that appeal to kids and comic-con fans.



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## How do Movies Make Money? Cont'd

**3. Foreign Sales** - Selling the distribution rights in foreign territories is crucial as it helps to cover the film's budget and hopefully bring in revenue. The Film industry is not guaranteed and very complex but if you have a popular movie star like Tom Cruise in your film, the star cast will translate well overseas and would more likely be picked up by partners in other territories like China and France. It is not guaranteed the film will earn million or billions and it might just help to cover some expenses incurred in the firm's production, but it is still an option or avenue to explore and can be profitable depending on the film.

- There is a rise in cult-favourite action and franchise films like from the Marvel Universe because these are reliable, internationally recognized and easily translatable with a star cast and a relatable story across age groups. These are guaranteed to generate revenue from all avenues including the merchandising and foreign sales (Eg. Avengers), and have the ability to translate into additional sagas, anthology series or spin-offs to generate more revenue and live on. (Eg. Marvel's WandaVision, Black Widow, Captain Marvel, The Eternals, etc.)

**4. Video-on-Demand and Streaming** - Films that do not have the special effects and big name stars to lure people to theatres can profit from video-on-demand and become new stars themselves. However, many star casts are now also participating in films made for specific video-on-demand sites that offer streaming like Netflix. Streaming video is a new source of revenue for Hollywood movies and older films can be revived through licensing them to Netflix, Amazon Prime, etc.

- Streaming is the new modern way for audiences to consume content and is growing rapidly, although not fully understood and developed in its profit structure since sales also depend on membership subscriptions. However, revenue is expected to show an annual growth rate of 11.04% in 2025 with a projected market volume of over US\$108m by 2025.



# RESOURCES



**Renee Robinson** - Film Commissioner of Jamaica, JAMPRO

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**Storm Saulter** - Award-winning Filmmaker & Visual Artist

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- Youtube: <https://www.youtube.com/channel/UC7u69-L-ZXy8ushBwKSXxtw>

## Links:

### Film - Definition and details

- [Film - Wikipedia](https://en.wikipedia.org/wiki/Film)<https://en.wikipedia.org/wiki/Film>

### The Film Industry

- [https://en.wikipedia.org/wiki/Film\\_industry#Hollywood](https://en.wikipedia.org/wiki/Film_industry#Hollywood)

### The Future of Film - Trends & Change to Watch in 2019

- <https://www.thegatefilms.com/blog/the-future-of-film-trends-and-change-to-watch-in-2019>

### The Five Key Turning Points of All Successful Movie Scripts

- <http://www.movieoutline.com/articles/the-five-key-turning-points-of-all-successful-movie-scripts.html>

### Top 10 Movie Production Companies in the World & Statistics

- <https://blog.bizvibe.com/blog/top-movie-production-companies>

### How do Movies Make Money?

- <https://www.investopedia.com/articles/investing/093015/how-exactly-do-movies-make-money.asp>

### What You Need to Know About Investing in Movies

- <https://www.investopedia.com/financial-edge/0512/how-to-invest-in-movies.aspx>

### Movie Studios Statistics & Facts

- <https://www.statista.com/topics/4394/movie-studios/>

### Video Streaming Statistics

- <https://www.statista.com/outlook/dmo/digital-media/video-on-demand/video-streaming-svod/worldwide>