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## **Hollywood and its young audience: the end of a love affair?**

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Since its inception at the beginning of the twentieth century, Hollywood cinema has depended on a steady stream of customers to develop and make profits. When the studios developed in the 1910s and 1920s to reach the fully-fledged status of an industry, Hollywood films were seen by a wide variety of people in America. In 1930, the weekly audience of 80 million people included single people, couples, families and young people. This article will show that the post-WWII era saw tremendous changes in the movie audience, from which gradually emerged what was to become Hollywood's core audience: the 12-to-24 age group. Since the 1970s, Hollywood studios have relied on this young audience for the success of their films and have thus produced blockbusters destined to suit teenagers' tastes. However, the article is going to show that Hollywood productions are now faced with serious competition as digital technologies like the Internet are offering young people new modes of entertainment and spending their leisure time. The last part of the article will describe how Hollywood studios are trying to face this new challenge at what may turn out to be a turning point in the history of their industry.

### **How did the young audience become so important for Hollywood?**

Cinema going in the United States used to be a family matter covering all ages. However, the arrival of television in American homes after WWII dealt Hollywood a big blow. In 1949, there were only a million TV sets in American homes; by 1952 there were already 10 million, and in 1960, 8 out of 10 US homes had at least one TV set on, which they watched an average of 5 hours and five minutes each day.<sup>1</sup> More and more couples thus preferred staying at home to going to the cinema.

The film industry also suffered from the demographic shift from the cities to the suburbs that had started at the beginning of the century and continued during the 1940s and the 1950s:

“United States suburbs grew at a rate fifteen times faster than any other segment of the country.”<sup>2</sup> As most still-operating movie theaters were located in city centers they lost part of their audience who did not always fancy driving many miles downtown to watch a film. There were also new ways to spend leisure time and money in more affordable sport activities such as playing golf, tennis or skiing. Travelling by plane also became more affordable while tourists, who preferred using their cars, drove on better and more numerous highways thanks to the *Federal Interstate Highway Act* of 1956. The Hollywood audience of the 1950s thus started spending less time and money on going to the movies, and declined from 55 million people per week in 1950 to 30 million in 1960.<sup>3</sup> Faced with such competition, Hollywood reacted by developing some technical innovations such as Cinemascope, Cinerama, 3D and even TV programmes projected on cinema screens, to get its family audience back, but to no avail. However, cinemas were not completely deserted as the teenage audience started becoming bigger.

The teenagers of the 1950s were different from previous generations of young Americans, as they were more numerous—as a result of the baby boom that had started in 1946—more aware of themselves as teenagers and they had more money to spend. In 1959, *Life* reported that they had about \$10 billion at their disposal, and “estimated that 16% of the \$10 billion went to the entertainment industry, with the rest divided among fashion, grooming, automobiles, sporting equipment and other goods.”<sup>4</sup> Hollywood gradually became interested as a possible market, especially after the success of *Blackboard Jungle* (Richard Brooks, 1955), *Rebel without a Cause* (Nicholas Ray, 1955) and *Rock Around the Clock* (Fred F. Sears, 1956). Producers developed the teenpic genre and started exploiting the rock’n’roll craze and other themes such as drag racing, high school, horror, crime, science fiction, etc. The exhibition business also adapted, with the teenpic double bill or the drive-in whose “average attendance [...] had grown to nearly four million patrons

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<sup>1</sup> Thomas Doherty, *Teenagers and Teenpics* (Philadelphia: Temple University Press, 2002), 19, Joel W. Finler, *The Hollywood Story* (London: Wallflower Press, 2003), 375 and Murray Pomerance, *American Cinema of the 1950s* (New Jersey: Rutgers University Press, 2005), 7.

<sup>2</sup> Douglas Gomery, *Shared Pleasures*, (Madison: The University of Wisconsin Press, 1992), 85.

<sup>3</sup> Francis Bordat and Michel Etcheverry, *Cent ans d’aller au cinéma* (Rennes: Presses Universitaires de Rennes, 1995), 203.

per week [by 1952]”<sup>5</sup>, numbering more than 6,000 in 1958. Those cinemas were less expensive to build and run than their downtown counterparts (land price was lower in the suburbs), and targeted the suburban family. Even if they provided “a second-class movie experience”<sup>6</sup> because the projected image was usually of poor quality, for the youngsters of the growing suburban middle-class drive-ins represented a place where they “could talk with their friends during the movie, or make out.”<sup>7</sup>

Youngsters gradually became a very important audience for the film business that adapted to them, and in 1957 a “survey showed that 72 percent of the audience was under the age of thirty.”<sup>8</sup> Their place as core Hollywood audience continued in the 1960s and was further confirmed in the 1970s, with *Jaws* (Steven Spielberg, 1975) and *Star Wars* (George Lucas, 1977). The tremendous success of both films among teenagers<sup>9</sup> introduced a new phenomenon called repeat viewing, which convinced Hollywood to develop similar productions and blockbusters targeting young audiences. For the last 30-odd years, Hollywood has thus developed the production of ‘high concept’ films<sup>10</sup> intended to attract a young audience, thus featuring rather simplistic characters, rapid-paced spectacular plots and special effects, that are destined to “be further exploited in multimedia forms such as computer games and theme-park rides—secondary outlets that sometimes generate more profits than the films on which they are based.”<sup>11</sup> For the studios, the blockbuster has become an essential way of boosting their market share in case of success, and thus of satisfying their shareholders and the conglomerates they are part of (Time, Sony, Viacom, News Corp., etc). These blockbusters are also released in the summer so as to take advantage of the holiday season, during

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<sup>4</sup> Thomas Doherty, *Teenagers and Teenpics*, (Philadelphia: Temple University Press, 2002), 42.

<sup>5</sup> Douglas Gomery, *Shared Pleasures*, 91.

<sup>6</sup> Paul Monaco, “The Runaway audience and the Changing World of Movie Exhibition,” in *The Sixties*, ed. Paul Monaco (Los Angeles: University of California Press, 2001), 46.

<sup>7</sup> *Ibidem*, 47.

<sup>8</sup> Peter Lev, “The Film Industry in the Late 1950s,” in *The Fifties*, ed. Peter Lev (Los Angeles: University of California Press, 2003), 214.

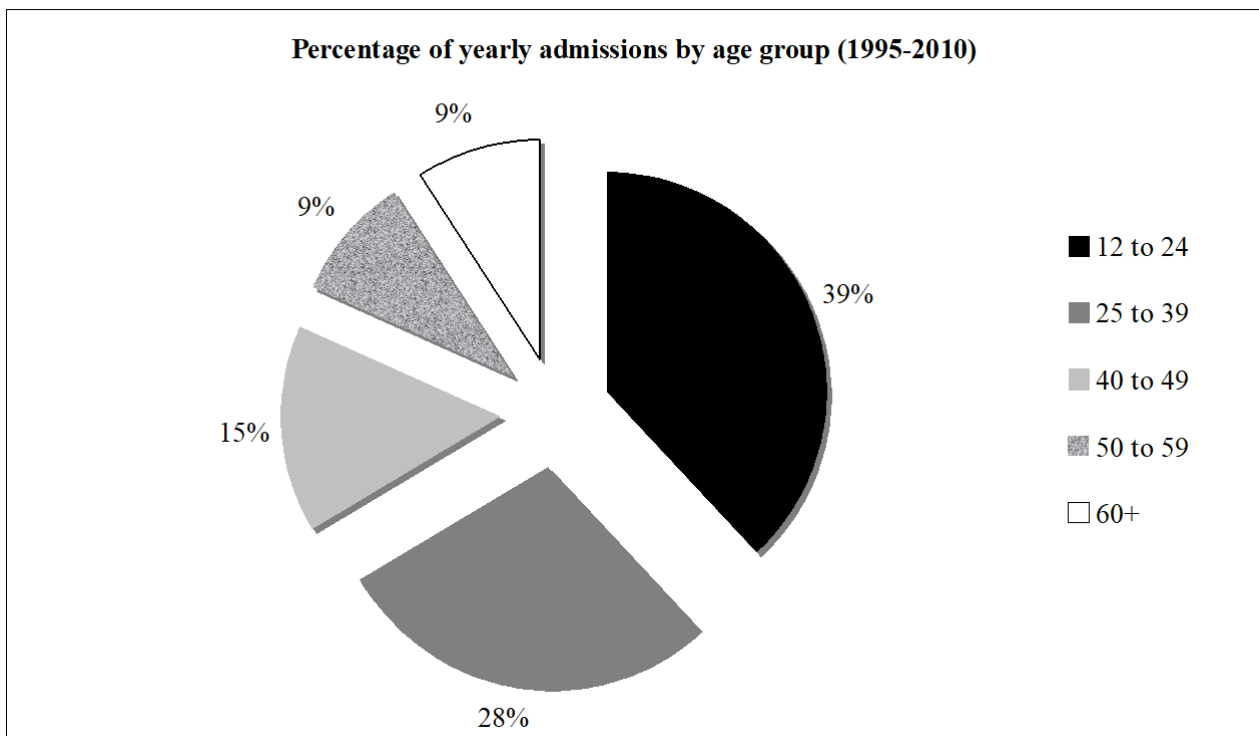
<sup>9</sup> “The extraordinary popularity of *Star Wars* in 1977 was due, in part at least, to the demographic fact that the audience segment at which the film was pitched – viewers aged between thirteen to twenty five – had increased 17 percent since 1967”. Robert C. Allen, “Home Alone Together: Hollywood and the ‘Family Film,’ ” in *Identifying Hollywood’s Audiences*, ed. Melvyn Stokes and Richard Maltby (London: British Film Institute, 1999), 117.

<sup>10</sup> Justin Wyatt, *High concept: Movies and Marketing in Hollywood* (Austin: University of Texas Press, 1994)

<sup>11</sup> Geoff King, *Spectacular Narratives* (London: I.B. Tauris & Co Ltd, 2000), 2.

which the core audience is more available. Meanwhile, directors have more or less been asked to tailor their films to that young audience and to avoid an R rating.<sup>12</sup> Many have complied, delivering PG or PG-13 films<sup>13</sup> that have repeatedly proven to be the most successful ones at the box office in many MPAA reports.

Hollywood's interest in youth also lies in the fact that, in recent years, young people have represented the highest percentage of admissions by age group while they represent about 20% of the American population over the same period of time:<sup>14</sup>



Young people are also interesting for the studios as they are the most frequent moviegoers (people who see at least one movie in a theatre per month). In 2010, 12-to-24 year olds have been those

<sup>12</sup> Films thus rated mean that the audience under 17 requires an accompanying parent or an adult guardian according to the MPAA terms, and not many teenagers fancy going to the movies with their 'Mum' or their 'Dad'. Moreover, R-rated films may be too violent to be seen by 12-to-15-year-old children.

<sup>13</sup> Only famous and successful directors such as Steven Spielberg, Martin Scorsese or James Cameron have what is called 'the final cut', i.e. the possibility of editing and releasing their films as they wish. Most directors have to comply with their producing studios that can demand a re-editing of their films, should the ratings delivered by the MPAA rating board prove 'unsatisfactory'.

<sup>14</sup> MPAA, "2010 Theatrical Market Statistics," <http://www.mpa.org> (accessed April 27, 2011). No data is available for 2008.

with the highest percentage among frequent moviegoers -39%, while the 25-to-39 represented 22% and the other age groups averaged 10% or less.<sup>15</sup> However, there might be a change ahead.

### **Are youthful audiences decreasing?**

It is not the first time Hollywood has been confronted with this problem. Already in the 1980s and 1990s, with the effect of the baby ‘bust’ that took place from 1964 onwards, the core audience comprised of young people had decreased:

In 1983, tickets sold to 13-25-year-olds represented 55 per cent of all admissions. By 1992, teenagers and young adults constituted only 38 per cent of the US movie audience, and the percentage of teen movie audience (aged between sixteen and twenty) had dropped from 24 per cent of the total audience in 1981 to only 15 per cent in 1992.<sup>16</sup>

In 1999 it stood at 20%, 17% in 2002. This category then disappeared from MPAA reports, but the *2006 US Movie Attendance Study* shows that 12-to-24 year-olds represented 29.2% of moviegoers in 2005.<sup>17</sup>

Hollywood managed to get over that first decrease, but it now seems well on the way to finding itself in a similar situation, as the 12-24-year-olds’ percentage among moviegoers has decreased again since 2005 to a low 23% in 2010 when American admissions reached 1.34 billion.<sup>18</sup>

The main reason explaining this downward trend is that days only have 24 hours and, according to a 2007 study, teenagers spend 40% of the time they are awake in school activities,<sup>19</sup> which leaves the

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<sup>15</sup> *Ibidem*.

<sup>16</sup> Robert C. Allen, “Home Alone Together: Hollywood and the ‘Family Film,’ ” in *Identifying Hollywood’s Audiences*, 117.

<sup>17</sup> MPAA, “2006 US Movie Attendance study,” <http://www.mpa.org> (accessed May 15, 2007)

<sup>18</sup> MPAA, “2010 Theatrical Market Statistics,” <http://www.mpa.org> (accessed April 27, 2011).

<sup>19</sup> Center for Media Design, “High School Media Too: a School Day in the Lives of fifteen Teenagers,” Bell State University, [http://www.issuelab.org/research/high\\_school\\_media\\_too\\_a\\_school\\_day\\_in\\_the\\_lives\\_of\\_fifteen\\_teenagers](http://www.issuelab.org/research/high_school_media_too_a_school_day_in_the_lives_of_fifteen_teenagers) (accessed December 19, 2009).

rest for part-time jobs and leisure-time activities. As the latter are now more diversified, mainly thanks to digital technologies, cinema-going has thus to compete with them.

TV viewing is still an important leisure activity, all the more so now with wide-screen digital sets and broadband connections. A study published in 2009 revealed that the 18-to-24 age group watched 3 hours and 30 minutes of live TV per day in 2009.<sup>20</sup>

Listening to music is still an important part of teenagers' leisure time. Nowadays, MP3 players and mobile phones enable them to take their music and listen to it whenever and wherever they want, while getting access (legally or illegally) to different types of music has never been so easy thanks to the Internet.

Surfing, watching videos and chatting on the Internet represent another kind of competition for the studios, as broadband has made them easier and faster. A Nielsen study revealed that the 12-to-24 age group spent an average of 13 hours and 15 minutes per month on the Internet in 2008 (11 hours 32 minutes for those aged between 12 and 17, and 14 hours 19 minutes for those in the 18 to 24 gap).<sup>21</sup>

Films also have to compete with video games. Besides computers, video games can now be played on big TV screens via a console or the Wii system, but also on different types of handheld devices such as the Nintendo DS, the iPhone or the iPad. 12-to-24 year-olds have, then, access to games that are more and more technologically advanced, and with images that can technically compete with the special effects seen on movie screens. Moreover, watching a film is a kind of passive activity where you cannot interact with the narration, whereas online video games enable interactivity involving several players. This is why the amount of time devoted to game playing among those aged between 12 and 17 increased from an average 20:46 minutes in 2003 to 25 minutes in 2008, while the 18-to-24-year-olds spent 26 minutes per day on console games in 2008.<sup>22</sup>

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<sup>20</sup> Center for Media Design, "Video Consumer Mapping Study," Bell State University, [http://www.researchexcellence.com/VCMFINALREPORT\\_4\\_28\\_09.pdf](http://www.researchexcellence.com/VCMFINALREPORT_4_28_09.pdf) (accessed February 6, 2010).

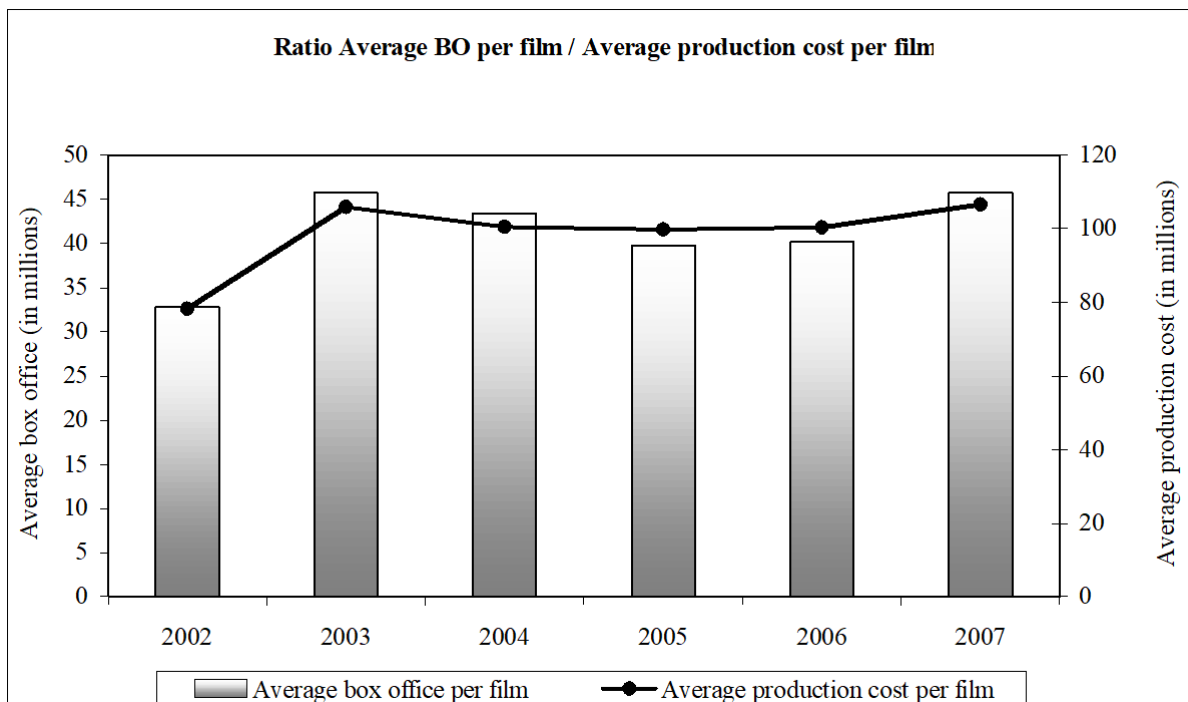
<sup>21</sup> Nielsen, "How Teens use Media," The Nielsen Company, [http://blog.nielsen.com/nielsenwire/reports/nielsen\\_howteensusemedia\\_june09.pdf](http://blog.nielsen.com/nielsenwire/reports/nielsen_howteensusemedia_june09.pdf) (accessed January 12, 2010).

<sup>22</sup> *Ibidem* and Center for Media Design, "High School Media Too: a School Day in the Lives of fifteen Teenagers."

Finally, the economic crisis that started in mid-2007 has to be taken into account. It may be short-lived, but it has meant less pocket money, while part-time jobs have become more difficult to find, and all this has had an impact on the young movie audience, as in 2008 41% of the 13-17-year-olds said they spent less on going to the movies.<sup>23</sup>

Consequently, for Hollywood, digital technologies represent a threat as they have started competing with cinema-going in the 12-to-24 audience's limited leisure time. This has come at a time when other signals have shown that Hollywood's situation may not be sound.

The costly blockbusters targeting the core 12-to-24 years old have increased Hollywood production costs from an average of \$4 million in 1977 to \$70.8 in 2007.<sup>24</sup> This means that it has become more and more difficult to make a profit, as the average box office per film has not always sufficed to make up for the average production cost, as shown by the following graph:<sup>25</sup>



This explains why the studios have become even keener on successfully exporting their films over the years: in a now-globalized market, a domestic flop in the United States like *Waterworld* (Kevin

<sup>23</sup> Nielsen, "How Teens use Media."

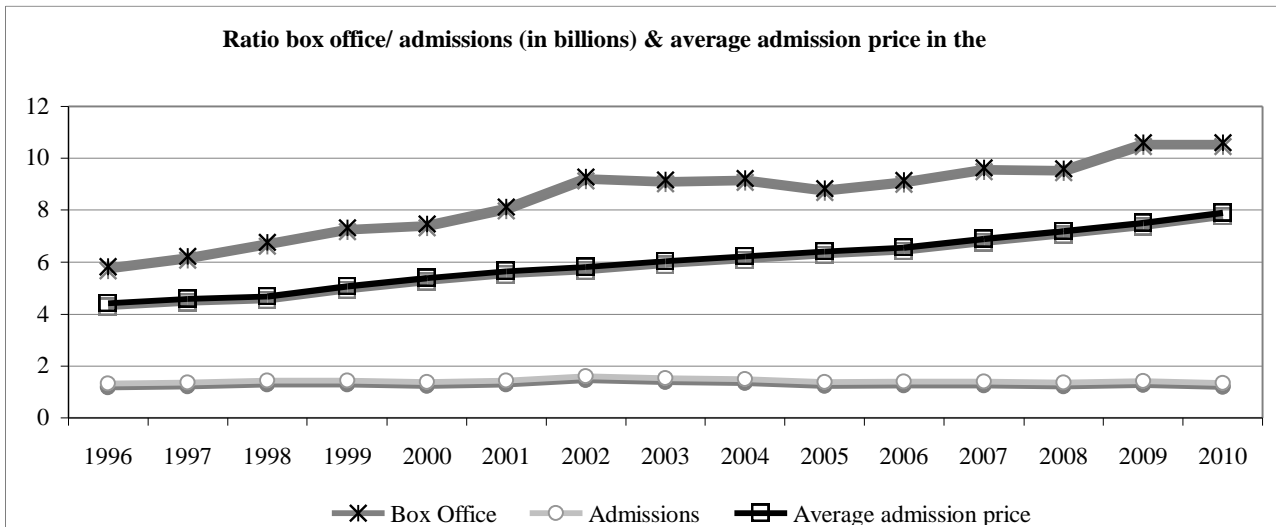
<sup>24</sup> At time of publication, the MPAA had not released any figure for 2008, 2009 and 2010.

<sup>25</sup> <http://www.mpa.org>



Reynolds, 1995) or *Troy* (Wolfgang Petersen, 2004) can make up for its production costs with bigger profits abroad.<sup>26</sup>

For the last decade, the MPAA has kept saying that the box office is increasing, but it has mainly been due to an increase in ticket prices and not to an increase in the number of admissions, as shown in the following graph:<sup>27</sup>

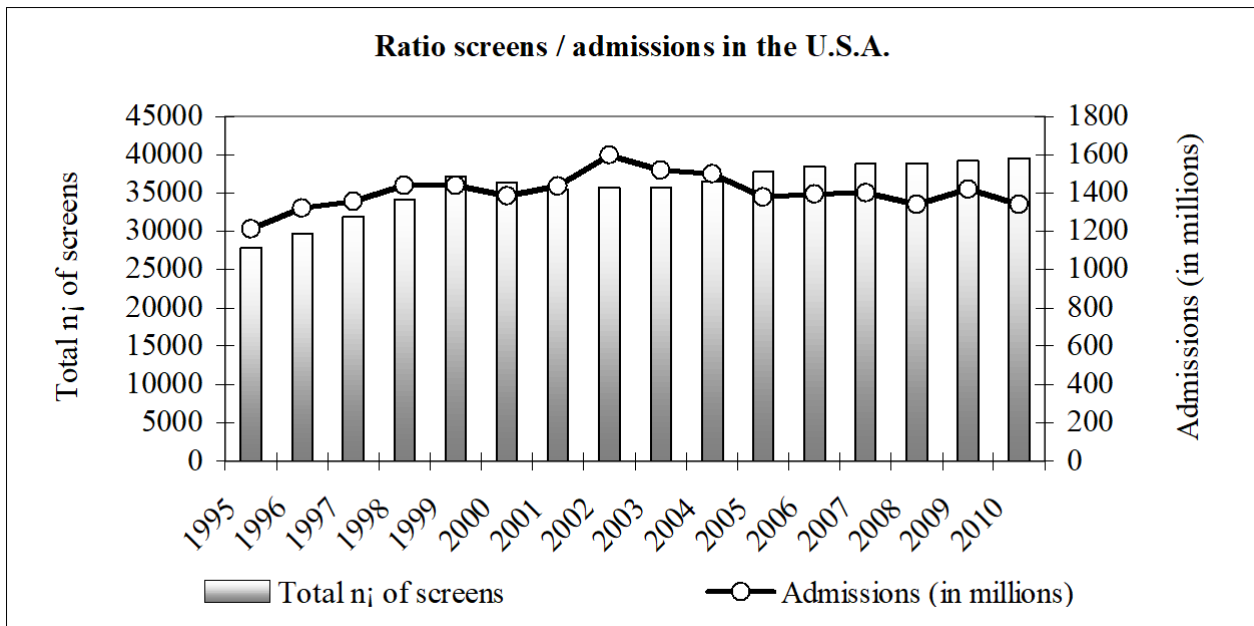


This could then have a repercussion on the exhibition sector, as it depends on a steady stream of customers. As the following graph shows, there was a warning signal at the end of the 1990s when too many movie theatres and declining admissions led several cinemas to close down, and this could well repeat itself as the situation is even worse in a period of economic crisis:<sup>28</sup>

<sup>26</sup> The production cost of *Waterworld* reached \$175 million, its American box office was \$88.25 while its foreign box office reached \$175.97. The production cost of *Troy* also reached \$175 million, its American box office was \$133.38 while its foreign box office reached \$364.03 million. <http://www.boxofficemojo.com> (accessed March 8, 2010).

<sup>27</sup> <http://www.natoonline.org> & <http://www.mpaa.org>

<sup>28</sup> *Ibidem*



The studios know that without a sound exhibition sector, they do not have a safe outlet for their products, all the more so as they also greatly control the distribution sector. The example of the music industry (some Hollywood studios belong to conglomerates that are involved in that industry) also proved that if Hollywood did not react to competition from digital technologies at home, its livelihood might be threatened. Accordingly, Hollywood has started to fight back, especially trying to keep its core audience going to the cinemas.

### **Hollywood strikes back**

In the 1980s, Hollywood had already struggled with the emergence of new technologies in order to maintain its audience. The arrival of VCRs in American homes was very rapid, and once again there was a threat linked to home entertainment. Hollywood reacted, “making more films available on video cassettes [...] with 200 new video titles being released each month [in 1983],”<sup>29</sup> while technical advancement and cheaper prices meant VCRs rapidly penetrated American homes. So, “by the end of the 1980s, video rentals at more than 25,000 locations in the US reached a total

<sup>29</sup> Robert C. Allen, “Home Alone Together: Hollywood and the ‘Family Film,’ ” in *Identifying Hollywood’s Audiences*, 112.

of \$8.4 billion, nearly twice as much as was being taken in at movie theatres.”<sup>30</sup> It is important to underline that some youngsters grew up with that new technology (for example, watching Disney films on VHS tapes over and over again at home), but the previously mentioned figures show that this did not stop them from going to the movies in the late 1990s and 2000s. Moreover, the studios’ involvement in providing more and more titles for the video market helped them to overcome the arrival of VCRs (later replaced by DVD players), while they controlled the process and partook of the profits. The same tactic now seems to be part of Hollywood’s reaction to digital technologies that lies on several levels.

There has been a technical reaction with the growing use of digital cameras and the return of 3D on cinema screens. Since 2008, an increasing number of Hollywood films have been released in 3D, e.g. *Journey to the Center of the Earth* (Eric Brevig, 2008), *Ice Age: Dawn of the Dinosaurs* (Carlos Saldanha & Mike Thurmeier, 2009), *Avatar* (James Cameron, 2009), *How to Train your Dragon* (Dean DeBlois & Chris Sanders, 2010), *Alice in Wonderland* (Tim Burton, 2010), *Shrek Forever After* (Mike Mitchell, 2010) or *Toy Story 3* (Lee Unkrich, 2010). The price of shooting 3D films is higher than if they had been shot in 2D: “Working in 3D adds about 15%-20% in production costs, or up to around \$15m for an animated project.”<sup>31</sup> However, their release also proves more profitable than others; Robert Zemeckis’ *The Polar Express* (2004) with Tom Hanks was shown on 3D Imax screens that represented just 2% of the total screens showing the film in the world, but those 3D screens generated 25% of the film’s total gross.<sup>32</sup> Out of the 15,000 copies of *Avatar* distributed throughout the world, the 5,000 3D ones have roughly generated more than 77% of its global box office.<sup>33</sup> The films mentioned above also had a good return on investment for their 3D copies that represented from 60% to 70% of their worldwide box office. Even *The Nightmare Before Christmas* (Henry Selick, 1993) that was not shot in 3D now enjoys a prolonged life every

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<sup>30</sup> *Ibidem*.

<sup>31</sup> Patrick Z McGavin, “Journey to the third Dimension,” *Screen International*, August 1, 2008, 22.

<sup>32</sup> Robert Mitchell, “The Next Dimension,” *Screen International*, July 28, 2006, 13.

<sup>33</sup> Jeremy Kay, “Avatar Bounty is out of this World,” *Screen International*, January 22, 2010, 7 and Anthony D’Alessandro, “Catching up with 3D,” *Screen International*, June 2010, 24.

Halloween season thanks to its 3D run in cinemas. For the studios, those profits definitely offset the current more expensive production cost of 3D films.

Finally, Hollywood produces 3D films because it knows the young audience is interested in them:

“In 2008, 27% of teens saw at least one 3D movie, compared to 21% of all moviegoers. The experience resonated: 64% of teens who saw at least one 3D movie said the experience was better than a 2D film and 75% they have a definite interest in seeing more films in 3D.”<sup>34</sup>

The studios have also used digital technologies to market their films to their core audience in a more efficient way. *The Blair Witch Project* (Daniel Myrick, Eduardo Sanchez, 1999) proved the Internet could be a viable option to market an original movie; since then, many studios have followed in its footsteps. Before the release of *Mission: Impossible 3* (J.J. Abrams) in May 2006, Paramount launched the film’s marketing campaign in association with Yahoo! where people could watch exclusive video clips showing the director and Tom Cruise talking about some of the scenes and how they had been shot.<sup>35</sup> Fans of *Indiana Jones* were also able to follow the shooting process of *Indiana Jones and the Kingdom of the Crystal Skull* (Steven Spielberg, 2008) thanks to teasers and images made available on the film’s official website, where they also discovered in 2007 that Karen Allen was back as Marion Ravenwood.<sup>36</sup> Sometimes innovative directors like Peter Jackson or James Cameron have encouraged word-of-mouth around their films thanks to official director’s blogs (namely for *The Lord of the Rings* trilogy and *Avatar*). Hollywood’s goal is to share relevant information with fans always on the look-out for the latest news on the making of a film. In this manner, the latter keep in touch with the film-in-the-making, while the studios create an expectation that will reach its climax with the release of the films. The studios want to create a buzz around their productions, hoping it will be transformed into a kind of viral marketing, especially through the trailers that can be downloaded on different devices (computers, phones, etc) and then passed on

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<sup>34</sup> Nielsen, “How Teens use Media.”

<sup>35</sup> Stephen Galloway, “Blog Jam,” *The Hollywood Reporter* (weekly international edition), May 9-15, 2006, S-12.

<sup>36</sup> [www.indianajones.com/site/index.html](http://www.indianajones.com/site/index.html) (accessed June 12, 2009).

to friends and colleagues. The popularity of social networks such as Facebook, Twitter or MySpace has also been taken into account by the studios. The fact that “the Alice in Wonderland Facebook page had more than 1.3 million friends in the U.S.A.” was a bonus for Walt Disney Studios in their marketing campaign at a time when the advertising expenses by film distributors on traditional media represented over 3 billion dollars in 2009!<sup>37</sup> The popularity of those platforms among youngsters is, then, an asset Hollywood now uses, but knowing that among youngsters there can be a double-edged sword effect called the “Twitter effect”:

The Twitter effect suggests the tech-savvy teen and young adult demographic tweet their friends on Friday nights from cinemas, creating an instant tsunami of word-of-mouth which can mean life or death for films geared to this demographic. The comedy *Brüno* is cited by some as having suffered from bad Twitter buzz, given the steady slide of its premiere Friday-through-Sunday box office in the US.<sup>38</sup>

This is a risk to take, but Hollywood can no longer avoid the digital media. Consequently, the studios are spending more on Internet marketing than they used to (an average of 4.1% of their marketing budget in 2009 versus 1.3% in 2001).<sup>39</sup>

However, for all their production and marketing efforts, studios know that they need cinemas equipped for digital projection to keep the young audience going to see their new 3D films. Disney, Fox, Paramount, Sony Pictures Entertainment, Universal and Warner Bros. got over the first hurdle in March 2002 by agreeing to adopt a common digital system called the DCI system (Digital Cinema Initiatives).<sup>40</sup> As the cost of converting to digital has been very expensive<sup>41</sup> for exhibitors (even if 3D allows them to increase the price of tickets by about \$5), the leading circuits managed

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<sup>37</sup> Robert Marich, “Word-of-Mouse Marketing,” *Screen International*, June 2010, 45.

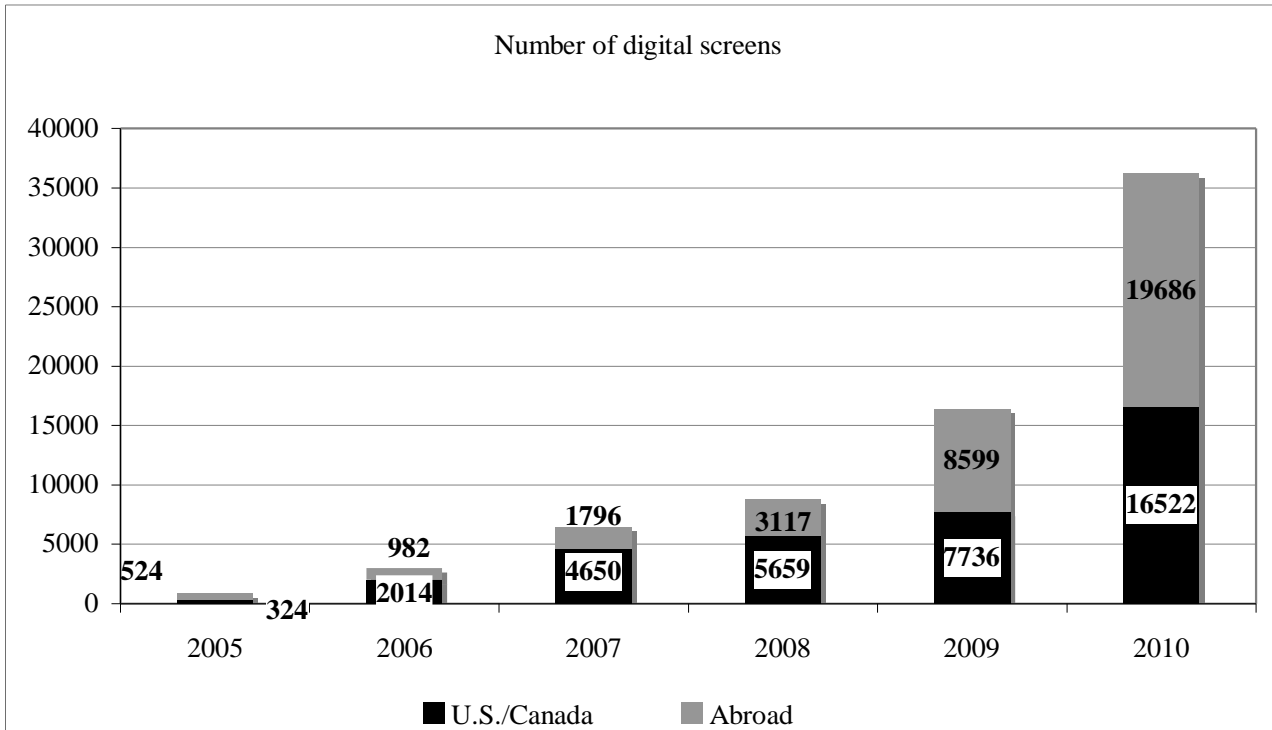
<sup>38</sup> *Ibidem*

<sup>39</sup> *ibid.* and <http://www.mpa.org>.

<sup>40</sup> <http://www.dcinovies.com> (accessed June 25, 2010)

to convince the studios to pay a virtual print fee of about \$1,000 (now down to \$800) per screen to financially help them to switch to digital equipment.

Digital screens have thus developed much faster in the U.S.A. than anywhere else in the world:<sup>42</sup>



(including all digital systems-Dolby digital Cinema, Imax, Imax 3D, RealD, Technicolor 3D)

It goes without saying that Hollywood would not have been interested in producing and distributing digital copies and 3D films, while helping exhibitors to convert to digital cinema if there had been no return on investment. Digital technologies can reduce the price of prints from between \$1,500 and \$3,500 for a 35 mm print (plus \$350 for transport) down to about \$200 for a digital one distributed via satellite directly to theaters, which in 2008 represented savings of \$1bn in print and distribution costs per year.<sup>43</sup>

<sup>41</sup> From \$60,000 to \$100,000 per screen with an extra of \$26,000 to \$30,000 for 3D.

<sup>42</sup> <http://www.mpaa.org> (accessed April 27, 2011)

<sup>43</sup> Jill Goldsmith, "Boeing, Affleck discuss Digital Distrb'n," *Variety*, November 15 2000, <http://www.variety.com/article/VR1117789192.html> (accessed November 16, 2000), <http://www.natoonline.org> (accessed May 18, 2009), Michael Gubbins, "Diversity Test for a Digital Age," *Screen International*, June 3, 2005, 5 & Juliana Koranteng, "Projecting Confidence," *The Hollywood Reporter* (Weekly International Edition), June 20-26 2006, 20.

In helping exhibitors to switch to digital technology, studios also contribute to keep cinemas open for longer hours thanks to a different kind of entertainment that can target the 12-to-24 age group. The screening of *Hannah Montana/Miley Cyrus: Best of Both Worlds Concert Tour* (Bruce Hendricks, 2008)<sup>44</sup> in North American theaters was successful with audiences made up of young teenagers. Concerts can be beamed live<sup>45</sup> to a properly equipped auditorium, and some exhibitors have now started thinking of organizing live on-line video-game competitions on their big screens (possibly against the audience of another cinema via networking), thus by-passing the passivity of mere cinema-going, while having those youngsters still used to going to the cinema. Therefore, Hollywood is happy to see people “going to a cinema,” while exhibitors increase their profitability (those activities can represent up to 10% of exhibitors’ revenues, while offering the possibility of increasing ticket prices sometimes by 100%<sup>46</sup>), and, as a result of this, the exhibition business can be safeguarded at a time when studios need thousands of screens to release their blockbusters. However, knowing that some youngsters would not go to movie theatres on a regular basis, Hollywood has taken into account their new way of watching a film via VoD (Video on Demand). The VoD business is still young, with an American spending of \$1.8 billion in 2010 (while spending on DVDs and Blu-ray represented \$16.3 billion<sup>47</sup>), but it is expected globally to reach \$5.3 billion in 2012,<sup>48</sup> and Hollywood wants to be part of it. The studios’ interest is twofold in this field: they want to be involved in a new profitable way of watching films, as they have been with VHS tapes and then with DVDs (and Blu-Ray) whose sales and rental have declined since 2006. They also want to keep a certain control over their products as piracy has started gnawing at Hollywood’s profits. A report estimated that in 2005 the film industry had lost \$1.3 billion in the U.S.A. and \$6.1 billion worldwide to movie piracy. The report also said that “the typical pirate was age 16-24 and male. The 16-24 age group is particularly high in the category of Internet piracy,

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<sup>44</sup> The film “made \$31m from just 683 screens to take the top spot in its opening weekend in the U.S.A. and Canada” with a ticket at about \$15. Denis Seguin, “Putting the Multi into Multiplex,” *Screen International*, February 29, 2008, 18.

<sup>45</sup> But also live football matches as was the case with the 2010 world cup.

<sup>46</sup> Jack Warner, “Live Events bring new Dimension,” *Screen International*, July 3, 2009, 34.

<sup>47</sup> <http://www.dvdinformation.com> (accessed June 16, 2010)

[representing] 71 percent of downloaders.”<sup>49</sup> Hollywood’s core audience is thus involved, and while the studios, via the MPAA, have started asking for tougher federal and international laws against these pirates,<sup>50</sup> they also want to be involved in an alternative and legal offer. This is why they have started creating their own VoD service, like PictureBox by Universal Pictures or WarnerFilms by Warner Bros., and also signed agreements with different Internet or content providers such as AOL, Orange, Apple, Amazon, Netflix, BT Vision, Virgin Media, Lovefilm or Blinkbox.<sup>51</sup> All partners involved hope that “showing the public how new online services can legally fulfil their needs is a first step toward encouraging the majority of people to adopt new technology and turn their backs on copyright theft for good.”<sup>52</sup>

Finally, knowing that they should not just rely on a potentially decreasing young audience, Hollywood has kept trying to widen its audience and to find the film that will be able to bring back the family audience of the “good old days,” as it had already done in the 1990s with films like *Home Alone* (Chris Columbus, 1990), *Hook* (Steven Spielberg, 1991) or *The Addams Family Values* (Barry Sonnenfeld, 1993). They want to find the film that will hit “the four quadrants,” the way *Titanic* (James Cameron, 1997) or *Spider-Man* (Sam Raimi, 2002) did:

“We hit four quadrants!” Those words will bliss out a studio executive for weeks.

“quadrant” is a marketing term that divides the moviegoing public into four groups –men and women; older and younger than 25. “If you’re a four-quadrant movie, it means you’re a

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<sup>48</sup> John Hazelton, “Why Libraries are losing Value,” *Screen International*, April 2010, 4.

<sup>49</sup>L.E.K, “The cost of Movie Piracy,” MPAA, <http://www.mpa.org> (accessed April 12, 2007).

<sup>50</sup> while having some internet sites terminated because they allowed peer-to-peer exchange of film files or let users watch illegal versions of movies still shown in theatres. YOU NEED TO REWRITE THIS.

<sup>51</sup> Steve Clarke, “PictureBox to launch on BT Vision,” *Variety*, April 18, 2008, <http://www.variety.com/article/VR1117984242.html> (accessed May 20, 2010) and “Studios, Blinkbox offer free Movies,” *Variety*, June 8, 2010, <http://www.variety.com/article/VR1118020350.html> (accessed July 4, 2010) and Diana Lodderhose, “Warner Bros. inks Deal with Lovefilm,” *Variety*, June 21, 2010, <http://www.variety.com/article/VR1118020871.html> (accessed July 4, 2010).

<sup>52</sup> Steve Clarke, “Studios, Blinkbox offer free Movies,” *Variety*, June 8, 2010, <http://www.variety.com/article/VR1118020350.html> (accessed July 4, 2010).



movie for everyone,” says Geoff Ammer, president of Columbia TriStar’s marketing group.

He should know: Columbia just hit all four quadrants with *Spider-Man* in May.<sup>53</sup>

Therefore, studios continue to greenlight family-oriented productions as the successful *The Chronicles of Narnia: The Lion, the Witch and the Wardrobe* (Andrew Adamson, 2005) or *Enchanted* (Kevin Lima, 2007).

The studios are also aware that the older audience is still out there, the audience made up of the former baby-boomers who flocked to the drive-ins in the 1950s. This audience can go back to the cinemas when it finds an interest in doing so, and the success of *Driving Miss Daisy* (Bruce Beresford, 1989), *Shine* (Scott Hicks, 1996) or *The Horse Whisperer* (Robert Redford, 1998) have shown this. The digital technologies that keep some youngsters away from the silver screen may also be of some help for the “greyer generation.” Indeed, the studios hope that those technologies will bring that audience back to cinemas on a regular basis, for example to watch a football or a baseball game or even a concert beamed live from the Metropolitan opera in New York. In such a manner, if the habit of going to the movies has been thus ‘rekindled’, that older audience might go again to watch films that suit their taste and that are still produced as they are often geared to the race for Oscars.

All these films are also interesting for Hollywood as they are successful abroad, and the foreign-market is another way for the studios to make up for possible problems at home. The foreign box office has been more important than the American one for a long time, and the 2010 figures are no exception: the international box office stood at \$21.2 billion, i.e. 67% of the worldwide box office, while the American box office reached \$10.6 billion.<sup>54</sup> This is important in a globalized world where a strong presence in almost all markets is an asset.

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<sup>53</sup> Jeff Alexander, “Industry Speak,” *Premiere*, July 2003, 33.

<sup>54</sup> MPAA, “2010 Theatrical Market Statistics,” <http://www.mpa.org> (accessed April 27, 2011).

## Conclusion

The American film audience has been modified by digital technologies. They have notably enthralled Hollywood's core young audience, gluing them to their computers and their portable devices, which means that they have less free time to spend in movie theaters. To avoid suffering the fate of the music industry, the studios have reacted, mainly through the use of 3D. The success of *Avatar* led Phil Clapp, CEO of the British Cinema exhibitors Association, to say: "*Avatar* will be the BC/AD of the 3D cinema world. It will mark the change from the old models to the new."<sup>55</sup> Whether this declaration is too optimistic or not remains to be seen; American audience figures reached 1.34 billion admissions in 2009, still below the 1.57 billion figure of 2002, and even if the 12-to-24 age group is still numerous and comprises the most frequent moviegoers, their percentage per age group has gone down.<sup>56</sup> If this trend continues, this will lead to some changes for the studios. But what Hollywood is going through now already happened in the 1980s, so that History just keeps repeating itself. The studios have seen that the answer lies in continually broadening their audience and in more diversification enabled by the very technologies that are enticing some young people away from the silver screen. The possibilities offered by those technologies represent, then, a new challenge for Hollywood in a globalized world where audiences follow the American trend. However, Tinseltown has always managed to adapt itself to changes, be it the arrival of sound, TV or the VCRs, and this will probably be the case once again.

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<sup>55</sup> Jack Warner, "Depth Charge," *Screen International*, December 5, 2008, 39.

<sup>56</sup> MPAA, "2010 Theatrical Market Statistics," <http://www.mpa.org> (accessed April 27, 2011).

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