

Amazonâ??s Success With â??Manchesterâ?? Points to Changes in Movie Business

Description

Posted by Larry Gleeson.

By Leon Lazaroff

After Amazon showed it can make a film that wins over critics and the public, the movie industry may need to compromise on when films become available for streaming.

The way people watch video has changed dramatically over the past 10 years â?? even the past two â?? as streaming services such as **Amazon** (AMZN) , **Netflix** (NFLX) and **Hulu** have made subscription video on demand and binge-watching as customary as Sunday viewing of the NFL.

Yet as TV viewing has been transformed by technology, the film industry has mostly stayed the same.

In winning two Oscars on Sunday for its *Manchester by the Sea*, Amazon followed Hollywoodâ??s conventional rules for film distribution, opening the family drama starring Casey Affleck in theaters while keeping it away from streaming services, including its own.

But movie theater attendance was flat in 2016, and video-on-demand and DVD sales have fallen by 50% over the past 10 years. Further highlighting the disconnect between consumer demand for mobile video and a movie industry huddled in Los Angeles, the audience for Sundayâ??s Academy Awards ceremony on **Disney**â??s (DIS) ABC was the lowest in nine years for the industryâ??s marquee event, according to Nielsen.

To reverse worrisome trends, Hollywood is being forced to consider making some films available at home near or when they open in theaters, a practice known in the industry as a day-and-date release.

Amazonâ??s impressive wins on Sunday for best actor and best original screenplay could accelerate a demand for streaming first-run films, said Jason Krikorian, a co-founder of Sling Media and a general partner at early-stage venture capita firm DCM Ventures.

â??As companies like Amazon and others remain quite focused on delivering top-notch content to devices in your home, then consumers will also get used to consuming top-notch two-hour-type content, movies, just as they have very good television,â?• Krikorian said from Menlo Park, Calif. â??Once more new films are available in a home setting, that will create a consumer expectation, a level of enjoyment that will further add to that momentum.â?•

In recent months, the heads of Hollywoodâ??s major studios have been meeting with theater owners to talk about making some films available for streaming near or on the same day they open at the local cinema. Thus far, nothing definitive has emerged from these conversations, though conversations are ongoing, said Stacey Snider, chairman and CEO of **21st Century Fox** (FOXA) unit 20th Century Fox Film, earlier this month at Recodeâ??s Code Media conference.

â??Most films, even the blockbusters, have done 90% to 95% of their business within three or four weeks [of opening],â?• Snider said. â??So who is this helping to not offer much earlier, and who is it hurting?â?•

Snider herself was circumspect, proclaiming that there are pluses and minuses to narrowing or shutting the window between the day that a film debuts in a theater to the day when it is available for streaming.

â??Sooner seems to make sense,â?• she said. â??But if whatever corner of the market that we have is creating a huge, global, big and beautiful cinematic experience, then the last thing we want to do is commoditize it, make it so that itâ??s interchangeable with the home entertainment center.â?•

The solution, Snider added, isnâ??t to be found in â??smashing the window but in tightening it.â?•

So far, theater owners have resisted such moves, declaring that so-called day-and-date releases are ultimately bad for the studios. Theater owners often site the disappointing numbers for the films *Margin Call* (2011) and *Arbitrage* (2012), both released by Roadside Attractions, the independent distribution company thatâ??s 43% owned by **Lions Gate Entertainment** (LGF.A) .

â??They got out of that business because it doesnâ??t work,â?• said Patrick Corcoran, a Los Angeles-based spokesman for the National Association of Theatre Owners. â??Customers have a sense that itâ??s maybe not worth the same thing because itâ??s simultaneously available in the home.â?•

Offering first-run films in the home, Corcoran said, is a race to the bottom. The proliferation of high-quality television serials has produced a glut in the home market. Adding new films to the mix would undercut pricing for the studios and the theaters.

Nonetheless, Corcoran acknowledged that studios are eager to offset declines in VOD and DVD sales and that the industry is willing to work with them to accomplish that goal.

A compromise may be in order.

One popular option is that some films would be available for a given period of time at a higher price, $50 for example, and that theater owners would share in a portion of the digital revenue. While the studios and theater owners arenâ??t likely to make their blockbuster films immediately available online, itâ??s possible smaller-budget films such as *Fences*, the drama starring Denzel Washington and Oscar-winner Viola Davis and produced by **Viacom**â??s (VIAB) Paramount Pictures, might be. Finding a price point to entice customers and keep studios and theater owners happy, though, will be tricky.

Still, as Amazon seeks to be a bigger player in Hollywood, at least for small-to-medium-budget films that play well with adult audiences, itâ??s increasingly likely that the worldâ??s largest retailer with a burgeoning Prime membership business will push for a shorter release window.

And when it does, itâ??s possible that more people will want to stay up late to watch the Academy Awards. Especially if Warren Beatty and Faye Dunaway make a return

(Source: thestreet.com)

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