

**REINVENTING CINEMA:**  
A PERSPECTIVE ON THE IMPLICATIONS OF THE INTERNET  
ON THE CINEMA INDUSTRY

By

ELLA CATHARINA NIEMAND

DISSERTATION

Submitted in the fulfilment of the requirements for the degree

MASTER OF ARTS

in

THE DEPARTMENT OF DRAMA AND FILM STUDIES

in the

FACULTY OF HUMANITIES

at the

UNIVERSITY OF PRETORIA

SUPERVISOR: PROF. J.C. CRONJE  
CO-SUPERVISOR: PROF. ANSKÈ F.GROBLER

JANUARY 2003

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ELLA CATHARINA NIEMAND

## DECLARATION

I declare that the dissertation, which I hereby submit for the degree Master of Arts in Drama and Film Studies at the University of Pretoria, is my own work and has not previously been submitted by me, or anybody else, for a degree at another university.

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E.C. NIEMAND

## ACKNOWLEDGEMENTS

I wish to extend my sincere gratitude to the following people for their contribution to this thesis:

- My mother, for her continuous love, support and infinite patience.
- My friend Georgie, for travelling the same road.
- My promoter, Prof. Johannes Cronje, for taking me on as a student at the last minute. I will be forever grateful for his input and enthusiastic interest in my project.
- My co-promoter, Prof. Anskè Grobler – who stuck with me when the boat was very shaky.
- The God Almighty for providing the time and the means for this project to grow.

## ABSTRACT

This dissertation is an explorative study into the influence of the Internet, as new communication technology, on the cinema industry. The study aimed to show that the nature of the Internet not only serves as the basis of a new distribution platform and marketing tool, but also creates the syntax by which a new form of entertainment has been developed. Paul Leduc called for Salamander cinema as a means of developing a cinema industry against the dinosaurs (Hollywood) through collective action and the application of new technology. The nature of the Internet creates the opportunity of rethinking the cinema format and reinventing it for a new generation of new media content consumers.

At the beginning of the 21<sup>st</sup> century, cinema, like many industries operates on the industrial principles of producing a product (films), distributing it through as many channels (theatre, television, video) to as large an audience as possible to earn maximum profit on minimum investment. The multinational media conglomerates that make up the Hollywood institution is generally acknowledged as the centre of worldwide cinema industry. This study showed that Hollywood's dominance lies in its control of global film distribution, its powerful marketing and promotion of its high-concept films, its creative assimilation of new technology and the power of the studio system or the (now) world media conglomerates.

Non-Hollywood cinema industries, working outside the Hollywood system find it increasingly difficult to exist because of the enormous costs involved in the production, distribution and promotion of film and because the traditional distribution platforms are flooded with popular Hollywood cinema. This has also been the case in South Africa. The 2001 INDABA of the newly found National Film and Video Foundation called for the exploration of new opportunities for film development through new media technologies. This call emphasised the need to analyse the significance of the Internet on the South African cinema industry.

This study was mainly conducted through an investigation of literary sources and an extensive investigation into new media entertainment on the Internet. Due to the ever-changing nature of the Internet, information and research examples that was analysed can be invalid or outdated in the near future. The extensive list of web sites at the end of the study serve to facilitate further reading and discovery of the subject.

The most prominent findings of the study can be summarised as follows:

- The postmodern global forces of the new media landscape, such as globalisation, capitalism, consumerism, cultural imperialism and the entertainment economy have significantly changed the function of cinema to primarily industrial.
- Hollywood's dominance was established through its popular culture and its vertical integration of the cinema industry, whereby it controls the global cinema industry.
- Non-Hollywood cinema, namely national and independent cinema creatively altered their distribution and marketing patterns to reach an audience, mainly through the art cinema circuit and film festivals.
- New media entertainment provides a new generation of filmmakers and artist from around the world the opportunity to tell their stories in unique ways, create attention, advertise and distribute them on the Internet.
- The Internet offers filmmakers the choice to work outside the regulated system of Hollywood. It offers filmmakers the opportunity to produce and distribute their own work. It serves as a developmental tool and a medium of cross collaboration with multiple opportunities. The Internet makes the work of these filmmakers available to a global audience. It offers greater creative freedom than most other present mediums.
- South Africa is still faced with, amongst others, problems of connectivity, availability and bandwidth. The Internet, as new media entertainment medium, has not yet been applied to its fullest potential. However filmmakers are already using the principles of the Internet to create structures for the development of a South African cinema industry.

## EKSERP

Die verhandeling is 'n ondersoekende studie oor die impak van die Internet as nuwe kommunikasie tegnologie op die filmbedryf. Die studie se doel was om te wys dat die unieke karakter van die Internet, nie slegs dien as die basis van 'n nuwe verspreidings platform en bemarkings medium nie, maar skep ook die sintaks waarmee 'n nuwe vorm van vermaak ontwikkel kan word. Paul Leduc het Salamander films voorgestel as 'n manier om 'n film bedryf te ontwikkel teen die dinosourus film (Hollywood) deur kollektiewe aksie en die gebruik van nuwe tegnologie. Die karakter van die Internet skep die geleentheid om film as medium te herdink en te herontdek vir 'n nuwe generasie van nuwe media verbruikers.

Aan die begin van die 21<sup>ste</sup> eeu funksioneer die filmbedryf, soos vele ander industrieë op die industriële beginsels van die vervaardiging van 'n produk (film), die verspreiding van die produk deur soveel kanale moontlik (teater, televisie, video) na so groot as moontlike gehoor met die doel van maksimum profyt en minimum belegging. Die multi-nasionale media konglomerate wat Hollywood vorm, word in die algemeen erken as die middelpunt van die wêreld filmbedryf. Die studie het gewys dat Hollywood se dominansie van die wêreld filmbedryf kan toegeskryf word aan Hollywood se beheer van wêreld film verspreiding; die invloedryke bemarking en promosie van Hollywood se populêre film; die kreatiewe assimilasië van nuwe tegnologie; en die mag van die studio sisteem en die (tans) wêreld media konglomerate.

Film industrieë buite die Hollywood sisteem, vind dit toenemend moeilik om te bestaan, as gevolg van die enorme kostes betrokke in die vervaardiging, verspreiding en vertoning van films. Dit word verder vermoedlik deur die dominansie van die tradisionele verspreidings platforms deur Hollywood se populêre films. Dit is ook die geval in Suid Afrika. Die 2001 INDABA van die nuutgevonde NFVF (*National Film and Video Foundation*) bepleit die ondersoek na nuwe geleenthede vir film ontwikkeling deur nuwe media tegnologie. Hierdie oproep beklemtoon die behoefte om die waarde van die Internet vir die Suid Afrikaanse film bedryf te ondersoek.

Die studie is hoofsaaklik gedoen deur middel van 'n ondersoek van literêre bronne, sowel as 'n omvattende ondersoek in nuwe media op die Internet. As gevolg van die vinnig-veranderde karakter van die Internet, kan inligting en navorsings voorbeelde ongeldig en verouderd wees in die

nabye toekoms. Die uitgebreide lys van web bladsye aan die einde van die studie fasiliteer verdere ondersoek en ontdekking van die studie veld.

Die mees prominente bevindings van die studie kan soos volg opgesom word:

- Die postmoderne globale magte van die media landskap, soos globalisering, kapitalisme, verbruikers, kulturele imperialisme en die vermaaklikheids ekonomie het die rol van die film beduidend verander na hoofsaaklik industrieel.
- Hollywood se dominansie is gevestig deur die skep van 'n populêre kultuur industrie sowel as deur die vertikale integrasie van die filmbedryf.
- Film industrieë buite Hollywood, naamlik nasionale an onafhanklike film industrieë het hul eie sisteme geskep vir die verspreiding, bemarking om hulle gehoor te vind, hoofsaaklik deur die kunself teaters en film feeste. Hierdie sisteme is egter beperk.
- Nuwe digitale tegnologie, skep nuwe geleenthede vir die filmmakers wat buite Hollywood werk. Digitale kameras verlaag produksie kostes en so ook die toegangs versperring vir vervaardiging.
- Die Internet bied filmmakers die keuse om buite die gereguleerde sisteem van Hollywood te werk. Dit bied filmmakers ook die geleentheid om hulle eie werk te vervaardig en te versprei. Dit dien ook as 'n ontwikkelings middel en 'n medium van samewerking met veelvuldige geleenthede. Die Internet maak die werk beskikbaar aan 'n wêreld wye gehoor. Dit bied groter kreatiewe vryheid as meeste ander platforms.
- Nuwe media in Suid Afrika word egter beperk deur probleme met Internet konneksies, beskikbaarheid en bandwydte. Dus kan die volle potensiaal van die Internet nog nie ontgin word nie. Nie teen staande kan filmmakers alreeds die beginsels van die nuwe kommunikasie tegnologie gebruik word vir die ontwikkeling van die Suid Afrikaanse film industrie.

## DEFINITION OF TERMS

The title of this dissertation uses the term *cinema* to describe the combined cinematic product. Technological developments have moved cinema from big screen theatres to small screen television and video to new media technology such as multimedia CD-ROMs, DVDs and the Internet. The following terms are used throughout the study and it is useful to define at this point.

Analogue	"A form of representation, such as a chemical photograph, a film, or a vinyl disc, in which a material surface carries continuous variations of tone, light or some other signal" (Lister, et al, 2003: 383).
Bandwidth	A measure of the capacity of a transport medium to carry digital data (e.g., megabytes per second) (Aston and Schwarz, 1994: 226).
Banner advert	A long thin advert, appearing at the top or bottom of a web page.
Bootlegging	The illegal distribution of media entertainment on the black market.
Broadband	The ability of cable or fiber optics to carry a large number of data and channels.
CD-ROM	Compact Disc Read-Only Memory is a storage format for digital data.
Compression	Compression is the process in which large amounts of data are condensed. Compression finds similarities within individual frames and it also looks for similarities between frames, comparing change over time. Then it removes extraneous material. This makes the transmission and stage of data easier.
Content	"A jargon term intended to carry with it all the infinite shades of possibilities that lie in the media resources which fuel education, information and entertainment in our daily lives" (Feldman, 1997: 153).
DAT	Digital Audio Tape - a format of digital data storage, used for music recordings.

Digital	<p>“New media are also often referred to as digital media by virtue of the fact that media that previously existed in discrete analogue forms (e.g. the newspaper, the film, the radio transmission) now converge into the unifying form of digital data. They can now all be either converted to or generated as a series of numbers which are handled by computers in a binary system. Media processes are brought into the symbolic realm of mathematics rather than those of physics or chemistry. Once coded numerically, the input data in a digital media production can immediately be subject to the mathematical processes of addition, subtraction, multiplication and division through algorithms contained within software” (Lister, et al, 2003: 386).</p>
DVD	<p>Digital Versatile Disc. A high density compact disc used for storing large amounts of digital data, especially high resolution audio visual material (Gauntlett, 2000: 220).</p>
Economics of scale	<p>The difference between the cost of the original product and possible return of revenue.</p>
Economics of scope	<p>When activities in one area either decrease costs or increase revenues in a second area.</p>
Flash	<p>A vector-based graphics and animation format developed by Macromedia. It is popular on the Internet because it can deliver attractive web sites with interactive graphics and sound with small file sizes (Gauntlett, 2000: 221)</p>
High-concept films:	<p>High-concept films refer to a mode of filmmaking that rests on the principles of the successful pitching of a film at the pre-production stage and the successful saturation television of it after it has been made (Cook &amp; Bernink, 1999: 103).</p>
Home page	<p>The homepage of a web site is first the page of the web site. It offers links and directions to the rest of the web site.</p>

Hypertext	Hypertext is text augmented with links to other text. This text can be in the same document or, in another document, stored in a different location (Chapman & Chapman, 2000: 269).
Interactivity	Interactivity allows direct exchanges among people or machines via a communication channel such as voice or a telephone line.
Low-band	The limited bandwidth available on present telephone lines.
Majors	The principle production studios of a given era (Giannetti, 1996: 512).
Media convergence	The convergence of all media forms such as radio, television, newspapers to be accessed through a single medium such as the personal computer.
Media conglomerates	Powerful media corporations that control cross media companies that include radio, television stations, films studios, newspapers, magazines and publishing.
Media player	A media player acts as a video player that controls the playback of a downloaded video file.
MODEM	Modulate – DEModulate, is the device that allows computers to communicate over the Internet (Pavlik, 1996: 406).
MP3	(MPEG-1 layer-3 Audio) A digital delivery format of audio files which provide good quality digital sound that take up little space.
Multimedia	“Any combination of two or more media, represented in a digital form, sufficiently well integrated to be presented via a single interface, or manipulated by a single computer program” (Chapman & Chapman, 2000: 12).
Neo-liberalism	Neo-liberalism is the desire to intensify and expand the market, by increasing the number, frequency, repeatability, and formalisation of transactions. The ultimate (unreachable) goal of neo-liberalism is a

universe where every action of every being is a market transaction (Treanor, 1997).

Net generation

The generation of children growing up surrounded by new media technology.

New media entertainment

A term which embraces all 'new' forms of electronic media such as multimedia CD-ROMs, the Internet and video games. Although it is really a broader term, in relation to this dissertation, it describes moving image content created for the Internet.

New media technology

Technology that embraces the new digital technology such as cellular phones, satellites, personal computer and the Internet. New media also include new distribution methods such as CD-ROMs and DVDs.

NTSC

National Television Systems Committee's standard for US color broadcast using 525 horizontal lines per frame at 30 frames per second.

PAL

Phase Alternating Line – the European television standard, which uses 25 frames per second (Aston & Swarz, 1994: 274).

Pixels

Picture element, the basic building block of a 2D graphic display and the unit in which display resolution is usually expressed. The smallest location on a display (Aston & Swarz, 1994: 274).

Post-industrial society:

A society in which production of goods is overshadowed by provision of services, and in which relations between people and machines are gradually replaced by relationships between people ([www.webref.org/sociology/p/postindustrial\\_society.htm](http://www.webref.org/sociology/p/postindustrial_society.htm)).

Set-top box

An appliance resembling a low-end computer that sits on top of a television. The box will be equipped with high-speed multimedia interfaces that can communicate with CD players, DVD players and personal

computers. The box will also have a hard disc for recording digital video (Schenker, 2001: 11 - 12).

Personal Video Recorder (PVR)

A PVR is a video recorder, but unlike a VCR, it does not use tape to record video, it records video to a hard drive. The PVR works by making toll free phone calls daily to broadcast channels and downloading broadcast schedules that are used to set automatic programming. The PVR of the future will be able to record and store hundreds of hours of video (Schenker, 2002: 14).

User

As text is read, images are looked at, video watched and sound listened to. A user is someone that interacts with new media technology (Chapman & Chapman, 2000: 11).

World cinema

World cinema is the common noun used to define cinema produced across the world. As an analogy to world music it describes cinema produced outside the mainstream Hollywood system. It offers diverse cinematic products from different cultures.

## TABLE OF CONTENTS

<b>Chapter 1 – Introduction.....</b>	<b>1</b>
1.1 INTRODUCTION .....	1
1.2 RESEARCH PROBLEM AND QUESTIONS.....	1
1.3 BACKGROUND.....	2
1.4 CINEMA AS INDUSTRY.....	2
1.4.1 The entertainment economy.....	3
1.4.2 The flow-of-content model of the cinema industry .....	3
1.4.3 Digital technology.....	4
1.5 THE CRISIS IN WORLD CINEMA.....	5
1.6 THE IMPACT OF THE INTERNET ON THE CINEMA INDUSTRY.....	6
1.6.1 The rise of the Internet as new communication technology.....	6
1.6.2 The boom and bust of the Internet .....	6
1.6.3 The possibilities of the Internet as new distribution platform .....	7
1.6.4 The new media audience.....	8
1.7 THE IMPLICATIONS OF THE INTERNET IN SOUTH AFRICA.....	8
1.8 THE AIM OF THE STUDY .....	9
1.9 RESEARCH OBJECTIVES .....	10
1.10 RESEARCH METHODOLOGY .....	11
1.11 DELIMITATION.....	14
1.12 DEMARCATION OF CHAPTERS .....	14
1.12.1 Chapter 2 – Cinema as an industry in the new media landscape .....	14
1.12.2 Chapter 3 – The world cinema industries .....	15
1.12.3 Chapter 4 – The impact of the Internet on cinema industries .....	15
1.12.4 Chapter 5 – The impact of the Internet on the South African cinema industry.....	16
1.12.5 Chapter 6 – Conclusion.....	16

<b>Chapter 2 - Cinema as an industry in the new media landscape .....</b>	<b>17</b>
2.1 INTRODUCTION .....	17
2.2 NEW MEDIA .....	17
2.3 THREE MODES OF CINEMA .....	19
2.3.1 The cultural mode of cinema .....	20
2.3.1.1 <i>Cinema as cultural product</i> .....	20
2.3.1.2 <i>Cinema as a product of national identity</i> .....	21
2.3.2 The socio-political or marginal mode of cinema.....	22
2.3.3 The political or marginal mode of cinema .....	24
2.4 THE ROLE OF CINEMA IN THE NEW MEDIA LANDSCAPE .....	25
2.4.1 The global forces operating at the beginning of the 21 <sup>st</sup> century .....	26
2.4.2 The postmodern condition .....	27
2.4.3 Transnational cinema and globalisation .....	29
2.4.4 Cultural imperialism .....	32
2.4.5 The media entertainment economy .....	33
2.4.5.1 <i>The value of intellectual property</i> .....	33
2.4.5.2 <i>Economics of scale and scope</i> .....	34
2.4.5.3 <i>Synergy and corporate mergers</i> .....	34
2.4.5.4 <i>The dual market</i> .....	35
2.4.5.5 <i>Consumer behaviour</i> .....	35
2.5 THE IMPLICATIONS OF THE FLOW-OF-CONTENT MODEL ON THE CINEMA INDUSTRY .....	36
2.5.1 The product (films/content).....	37
2.5.1.1 <i>Content is king</i> .....	38
2.5.1.2 <i>The "hit" film and the phenomenon</i> .....	38
2.5.2 Channels of distribution .....	39
2.5.3 Marketing, promotion and advertising .....	41
2.5.3.1 <i>Changes in technology</i> .....	42

2.5.3.2	<i>Rising production costs</i> .....	42
2.5.3.3	<i>Corporate ownership</i> .....	43
2.5.3.4	<i>Branding</i> .....	43
2.5.4	The consumer (the audience) .....	44
2.5.5	The role of technology on the flow-of-content model of the cinema industry .....	46
2.5.5.1	<i>Technology increases reach</i> .....	47
2.5.5.2	<i>Technology increases choice</i> .....	47
2.5.5.3	<i>Technology increase value</i> .....	48
2.6	CONCLUSION .....	50
<b>Chapter 3 – The world cinema industries .....</b>		<b>52</b>
3.1	INTRODUCTION .....	52
3.2	THE HOLLYWOOD CINEMA INDUSTRY .....	53
3.2.1	The studio system .....	53
3.2.1.1	<i>The rise of the studio system (1930 – 1950)</i> .....	54
3.2.1.2	<i>The decline of the studio system (1950 – 1975)</i> .....	54
3.2.1.3	<i>The multinational media conglomerates (1975 – )</i> .....	56
3.3	THE REASONS FOR HOLLYWOOD'S DOMINANCE .....	58
3.3.1	High-concept films .....	58
3.3.2	Control of global cinema distribution .....	60
3.3.2.1	<i>Exhibition platforms</i> .....	61
3.3.2.2	<i>A global distribution network</i> .....	62
3.3.3	Powerful marketing and promotion .....	62
3.3.3.1	<i>Genre films</i> .....	63
3.3.3.2	<i>The star system</i> .....	63
3.3.3.3	<i>Cross-channel promotion</i> .....	63
3.3.4	The effective assimilation of new technology .....	64
3.3.4.1	<i>Production technology</i> .....	64
3.3.4.2	<i>Distribution technology</i> .....	65
3.4	NON-HOLLYWOOD CINEMA .....	67
3.5	THE PATTERNS OF CONSUMPTION OF NON-HOLLYWOOD CINEMA .....	68



3.5.1	Mainstream cinema .....	68
3.5.2	Popular Hindi cinema .....	69
	3.5.2.1 <i>Indian cinema conventions</i> .....	70
	3.5.2.2 <i>The distribution and exhibition of Indian cinema</i> .....	70
3.5.3	Art cinema .....	71
	3.5.3.1 <i>European art cinema</i> .....	72
3.5.4	Independent cinema .....	73
	3.5.4.1 <i>American independent cinema</i> .....	73
	3.5.4.2 <i>Other independent cinema</i> .....	75
3.5.5	Experimental and anti-state cinema .....	76
	3.5.5.1 <i>Third cinema</i> .....	77
	3.5.5.2 <i>Salamander cinema</i> .....	79
3.6	THE FLOW OF CONTENT MODEL IN NON-HOLLYWOOD CINEMA .....	81
3.6.1	The non-Hollywood cinematic product.....	82
3.6.2	The distribution of non-Hollywood cinema .....	82
	3.6.2.1 <i>The funding of non-Hollywood cinema</i> .....	83
	3.6.2.2 <i>The exhibition of art cinema</i> .....	84
3.6.3	The marketing strategies of non-Hollywood cinema .....	85
	3.6.3.1 <i>National identity</i> .....	85
	3.6.3.2 <i>The director as commodity</i> .....	86
3.6.4	The non-Hollywood cinema audience .....	87
3.7	CONCLUSION .....	87
<b>Chapter 4 - The impact of the Internet on the cinema industry .....</b>		<b>90</b>
4.1	INTRODUCTION .....	90
4.2	THE NATURE OF THE INTERNET AS NEW TECHNOLOGY .....	91
4.2.1	A brief history on the development of the Internet .....	92
4.2.2	The Internet and limitless choice .....	93
4.2.3	The Internet and interactivity .....	95
4.2.4	Business on the Internet .....	96
4.2.5	The technology .....	97

	4.2.5.1	<i>Bandwidth</i> .....	97
	4.2.5.2	<i>Compression</i> .....	98
	4.2.5.3	<i>Video transmission on the Internet</i> .....	99
	4.2.5.4	<i>The restraints of video transmission on the Internet</i> .....	101
4.3		NEW MEDIA ENTERTAINMENT .....	103
	4.3.1	The short film .....	104
		4.3.1.1 <i>Webisodes</i> .....	104
		4.3.1.2 <i>One-minute films</i> .....	105
	4.3.2	Interactivity .....	105
		4.3.2.1 <i>Game-like narrative web productions</i> .....	106
		4.3.2.2 <i>Online community projects</i> .....	106
		4.3.2.3 <i>Multimedia productions</i> .....	107
	4.3.3	Animation .....	108
		4.3.3.1 <i>Flash animation</i> .....	109
		4.3.3.2 <i>Animutations</i> .....	110
4.4		THE INTERNET AS DISTRIBUTION PLATFORM .....	111
	4.4.1	Off-line film festivals, online on the Internet .....	112
		4.4.1.1 <i>The Rotterdam International Film Festival</i> .....	112
		4.4.1.2 <i>The Sundance Film Festival</i> .....	112
		5.4.1.3 <i>Resfest film festival</i> .....	113
	4.4.2	Online film festivals .....	113
		4.4.2.1 <i>120seconds.com</i> .....	113
		4.4.2.2 <i>Zoiefilms.com</i> .....	114
	4.4.3	Online distribution networks .....	114
		4.4.3.1 <i>Sightsound.com</i> .....	115
		4.4.3.2 <i>Cinemanow.com</i> .....	115
4.5		THE MARKETING OF FILMS ON THE INTERNET .....	116
	4.5.1	Advertising on the Internet .....	117
		4.5.1.1 <i>The Blair Witch Phenomenon</i> .....	117
		4.5.1.2 <i>Aintitcoolnews.com</i> .....	119
	4.5.2	The Internet as information network.....	120
		4.5.2.1 <i>Imdb.com</i> .....	120
		4.5.2.2 <i>Creativeplanetcommunities.com</i> .....	120

4.6	FINDING AN AUDIENCE .....	121
4.6.1	The Net Generation .....	121
4.7	CRITICAL DEBATES .....	122
4.7.1	Intellectual property on the Internet .....	123
	4.7.1.1 <i>Peer-to-peer file sharing and Napster</i> .....	123
	4.7.1.2 <i>The protection of intellectual property on the Internet</i> .....	125
4.7.2	The <i>dot-com</i> collapse .....	126
4.7.3	The five 'S' approach .....	127
	4.7.3.1 <i>Sponsorship</i> .....	128
	4.7.3.2 <i>Syndication</i> .....	128
	4.7.3.3 <i>Subscription</i> .....	128
	4.7.3.4 <i>Subsidiary relationships</i> .....	128
	4.7.3.5 <i>Branding and spin-offs relating to branding</i> .....	129
4.8	CASE STUDY: WARNER BROS. ....	130
4.8.1	Background .....	130
4.8.2	Warner Bros. Online .....	131
4.8.3	New media entertainment .....	132
4.8.4	Distribution .....	132
4.8.5	Marketing .....	133
4.8.6	The Audience .....	133
4.9	CASE STUDY: THE ATOMSHOCKWAVE CORPORATION .....	134
4.9.1	Background .....	134
4.9.2	New media entertainment .....	134
4.9.3	Distribution .....	135
4.9.4	Marketing .....	136
4.9.5	The Audience .....	136
4.9.6	Business .....	137
	4.9.6.1 <i>Syndication</i> .....	137
	4.9.6.2 <i>Sponsorship</i> .....	138
	4.9.6.3 <i>Subscription</i> .....	138
	4.9.6.4 <i>Subsidiary relationships</i> .....	138

4.10	CONCLUSION .....	139
<b>Chapter 5 - Perspectives on the impact of the Internet on the South African cinema industry .....</b>		<b>141</b>
5.1	INTRODUCTION .....	141
5.2	THE CHALLENGES .....	142
5.2.1	The South African cinema industry in 2002 .....	142
5.2.2	The National Film and Video Foundation's analysis of new media in South Africa .....	143
5.2.3	Internet connectivity and availability in South Africa .....	145
5.3	THE POSSIBILITIES .....	146
5.3.1	The development of local content .....	147
5.3.2	The development of the Internet as distribution network in South Africa .....	147
5.3.3	Development of an Internet audience in South Africa .....	148
5.4	CASE STUDY: THE <i>QUICKIES</i> .....	148
5.4.1	Background .....	149
5.4.2	The <i>Quickie</i> film .....	149
5.4.3	The distribution of the <i>Quickie</i> film .....	150
5.4.3	The <i>Quickie's</i> marketing strategy .....	151
5.4.4	The <i>Quickies</i> Audience .....	151
5.5	RECOMMENDATIONS FOT FUTURE INTERNET PROJECTS .....	152
5.5.1	New media entertainment .....	152
5.5.2	Distribution .....	153
5.5.3	Marketing .....	153

5.5.4	The audience .....	154
5.5.5	Critical debates .....	154
5.6	CONCLUSION .....	154
<b>Chapter 6 - Conclusions and recommendations .....</b>		<b>157</b>
6.1	INTRODUCTION .....	157
6.2	SUMMARY OF CHAPTERS .....	157
6.2.1	Chapter one .....	157
6.2.2	Chapter two .....	157
6.2.3	Chapter three .....	158
6.2.4	Chapter four .....	159
6.2.4	Chapter five .....	162
6.3	CONCLUSIONS AND IMPLICATIONS .....	162
6.4	SYNTHESIS .....	168
6.4.1	The possibilities of the Internet .....	168
6.4.2	What the Internet is unlikely to do .....	169
6.5	CONTRIBUTIONS AND LIMITATIONS OF THE STUDY .....	169
6.6	RECOMMENDATIONS FOR FURTHER STUDY .....	169
LIST OF FILMS .....		171
LIST OF TELEVISION PROGRAMMES .....		176
LIST OF WEB SITES .....		177
REFERENCES .....		180

## LIST OF TABLES

Table 1.1	Research objectives .....	10
Table 1.2	Related Research .....	13
Table 2.1	An overview of the global forces at work at the beginning of the 21 <sup>st</sup> century ....	27
Table 5.1	The applications of the principles of the Internet and Salamander cinema on the <i>Quickies</i> project .....	156
Table 6.1	The conclusions and implications of global forces and technology on the cinema industry ..	163
Table 6.2	The conclusions and implications of the imbalance in power between Hollywood and non-Hollywood. ....	166
Table 6.3	The conclusions and implications of Internet, as new communication technology on the cinema industry. ....	167
Table 6.4	The conclusions and implications of the Internet, as new communication technology on the cinema industry in South Africa. ....	168

## LIST OF FIGURES

Figure 1.1	The flow-of-content model of the cinema industry .....	4
Figure 2.1	The traditional mode of cinema .....	20
Figure 2.2	The flow-of-content model of the cinema industry .....	37

## Chapter 1 Introduction

### 1.1 INTRODUCTION

Cinema, the cinema we always knew, is a dinosaur extinct; but the lizards and salamanders that survived the catastrophe are beginning to appear. We need solidarity and collective action, and of course we have to use, as are already being used, the VHS, JVC, NTSC and TBC, the satellites, the computers and cable...  
Dinosaur cinema is extinct.  
Long live the cinema of the lizards!  
Long live the salamander cinema! (Leduc, 1989: 59)

This call was made by Paul Leduc, Mexican film director, at the seminar on the New Latin American Cinema at the Havana Film Festival of 1987. The Festival was founded in 1976 by the Cuban Film Institute to promote and provide a showcase for New Latin American Cinema. In 1987 a seminar was introduced which ran along side the Festival and served as a means of rethinking the basic terms that define New Latin American Cinema - even to pronounce it dead and create something completely new. These themes became central in the discussions at the annual seminar held at the succeeding Havana film festivals (Aufderheide, 2000).

The aim of this study is to explore the Internet's possible influence on the cinema industry as a whole, especially with regard to cinema industries working outside of Hollywood.

### 1.2 RESEARCH PROBLEM AND QUESTIONS

In the context of the global cinema industry, cinema functioning outside Hollywood finds its existence increasingly threatened. This is mainly due to the structures created by the powerful corporations to dominate the century old industry. Currently, digital technology is pushing the boundaries of most industries. This begs the question: how will the cinema industry be influenced by new digital technology? And more specific to this study:

What possibilities does the Internet hold for the cinema industry, especially cinema industries working outside the Hollywood system?

The research question can further be defined in terms of the following sub questions:

- What role does cinema play in the new media landscape?

- How will the Internet influence the flow-of-content model?
- What is the current state of the world cinema industry?
- Will the Internet, as new technology have a place for the independent filmmaker or will the mass media moguls colonise it with their powerful product, marketing and distribution structures?
- What influence does the Internet, as new communications technology, have on the cinema industry currently?
- What possible influence can the Internet, as new communications technology, have on the cinema industry in the future?
- To what extent can the Internet reinvent cinema for a new generation of filmmakers?
- How can the Internet be used in South Africa to create a new culture of new media producers and consumers?

The following section will show how these questions were derived.

### 1.3 BACKGROUND

Cinema was initially created as a corollary to the photographic image; its main function was to reproduce reality accurately through moving pictures. Technological progress allowed cinema to evolve into a means of telling stories through the combination of pictures and sound. Little did the inventors of cinema and the first filmmakers know how cinema would revolutionise daily life. The term *cinema* will be used in this study as the common noun of all cinematic formats – these include films for theatrical distribution, television and new media. Today cinema culture, in all of its formats, makes up the central core of all entertainment industries.

### 1.4 CINEMA AS INDUSTRY

At the beginning of the twenty-first century, cinema, like many of the other media industries, is characterised by the commercialisation of its product (storytelling in the form of films). Cinema has become an industry, and like all other industries in a capitalist economy, it is based on the principles of the manufacturing of products, delivering these products to as many people as possible through as many channels as possible – with the central aim of optimising maximum returns on minimum investment. Continuous technological development has assisted the cinema industry to evolve into a very profitable mass media industry.

In global economics, industrial production (a practice firmly based in a specific location, namely the factory) has become increasingly mobile. There has also been a shift from selling products to trading and speculating on securities and selling services, in terms of how money is earned. In cinema this refers to the reality that box-office returns are no longer the main source of income for filmmakers. The completed film can no longer be seen as the main source of profit for the conglomerates, but rather the ancillary products related to the film. This includes videos, DVDs, video games, soundtracks, toys and other merchandise (López, 2000). The service that the cinema industries are selling is entertainment. This process has created what Michael J. Wolf (1999), entertainment economist, calls the entertainment economy.

What role does cinema play in the new media landscape?

#### 1.4.1 Entertainment economy

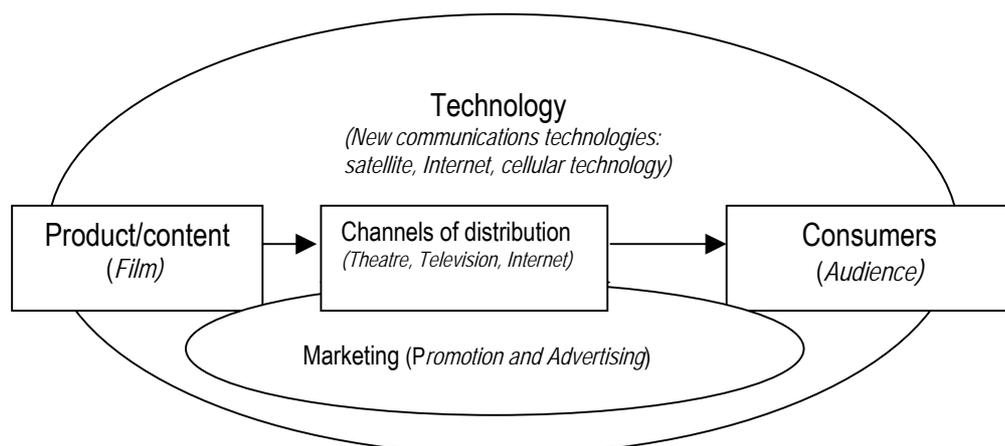
Entertainment economy is based on consumers' demand for fun and entertainment experiences. The development of mass media corresponds to the development of the entertainment economy. Mass media has increased the number of channels of distribution and the number of products available to the consumer. The entertainment economy is part of the free-market economy with its large multinational media corporations. These corporations offer a synergy of diverse media interests and choices to consumers.

#### 1.4.2 The flow-of-content model of the cinema industry

In global economics, the cinema industry functions according to the same principles as any other consumer industry. That is the delivery (distribution) of a manufactured product (films) through the necessary marketing and publicity via the channels developed by technology to reach as many consumers as possible (audience).

The aim is to make intellectual property, package it and maximise revenues by selling it as many times as feasible to the widest possible audience and at the highest possible price (Doyle, 2002: 18).

Figure 1.1 The flow-of-content model of the cinema industry



The term *content* in the flow-of-content model is used to describe all the products and formats that motion picture and sound have adopted and all that which can be utilised to decrypt its technological code. It also relates to products that use other mass media resources (radio, magazines, music) to educate, inform and entertain (Feldman, 1997). It will be used in this study as a term classifying the sum of entertainment products.

This study will use this model and apply it to the existing cinema industries in order to investigate the implications, if any, the Internet will have on the flow of the cinematic product for filmmakers working outside of the Hollywood system. Technology has produced a variety of opportunities for the mass dissemination of culture, of which the Internet is seminal. New forms of communication technology, such as the Internet, have also opened new channels of delivery and have expanded the reach and flow of the cinematic product.

How will the Internet influence the flow-of-content model of the cinema industry?
---

#### 1.4.3 Digital technology

New communication and distribution technologies allow information to reach the consumer at a faster pace. It also provides a wider range of information. Satellite and cable technology, both analogue and digital, allow immediate response in the millions of web sites on the World Wide Web. This new distribution technology connects personal computers to the Internet through a network of telephone and cable relays.

In the foreword to Michael E. Phillips and Thomas A. Ohanian's book, *Digital Filmmaking: The Changing Art and Craft of Making Motion Pictures*, Oscar-winning director, James Cameron (2000) remarks that:

A revolution is taking place in the art and science of image-making for visual entertainment. It's causing changes so profound in the ways we create motion pictures and other visual media that it can only be described as the advent of the digital renaissance.

Digital media such as cellular technology, broadcast satellites, the Internet and interactive software are now fully part of the global citizens' daily lives. The trend is accelerating towards an even greater diversity of media, with more cable channels, more networks, more information access and more sources for entertainment images at the filmmaker's fingertips. What this current environment of technical evolution and revolution means to the filmmaker is that the

demand for visual production is increasing, with new opportunities in terms of creativity, distribution and marketing emerging (Cameron, 2000).

The fundamental principle of content in the digital age is that all content is reduced to ones and zeros: "Content is becoming a very liquid asset to take Marshall McLuhan's famed dictum a step further: The message is now independent from the medium" (Wolf, 1999: 92). Digital technology is divorcing the entertainment product from any specific channel of distribution and is making it move freely across multiple platforms. Thus, technology increases the choice of entertainment products to consumers.

Transnational conglomerates use technology to increase the reach of their products. From an economic perspective the most important aspect of changes in technology is that every new technology has meant new and greater sources of income for these corporations (Wolf, 1999). The race for dominance has increased the number of entertainment options and that makes it difficult to capture a mass audience's attention. The race for market dominance over the mass audience has also been the driving force behind the power of Hollywood.

## 1.5 THE CRISIS IN WORLD CINEMA

It is generally acknowledged that the mega-conglomerates that constitute the institution called Hollywood is at the centre of the global cinema industry. All other cinema – from here on referred to as non-Hollywood cinema - exists beyond, below and subordinate to Hollywood. This gross imbalance between Hollywood and the struggling independent and national cinemas begs for a means of establishing a way in which this imbalance can be minimised.

In terms of the global cinema industries, Hollywood's professed dominance lies in its control of the global film and television distribution, its powerful marketing and promotion mechanisms, its creative assimilation of new technology and the power of the studio system and, lately, world media conglomerates. Non-Hollywood cinema industries are made up of national cinemas as well as the strong movement of independent cinema around the world. Many of these non-Hollywood cinema industries find it increasingly difficult to exist because of the enormous costs involved in the production of films, and because the global distribution networks are flooded with popular Hollywood cinema.

- What is the current state of the world cinema industry?
- Will the Internet, as new technology have a place for the independent filmmaker or will the mass media moguls colonise it with their powerful product, marketing and distribution structures?

## 1.6 THE IMPACT OF THE INTERNET ON THE CINEMA INDUSTRY

### 1.6.1 The rise of the Internet as new communication technology

The Internet is the vast central network of high-speed telephone lines and satellite relays designed to link and carry computer information worldwide (Campbell, 2000). The Internet is distinguished from the older unidirectional media such as film, television and radio through its distinct character of interactivity and *limitless* options. It is unregulated and has no central controlling body and offers a decentralised and unhierarchical system of distribution. The Internet appears to be developing in one such a medium where filmmakers working outside of Hollywood can find a place to distribute their work free from the regulation of traditional mass media.

### 1.6.2 The boom and the bust of the Internet

The Internet seems to be the ultimate new mass entertainment network and since 1996 many online entertainment sites have been proclaiming their place on the Internet. The distribution technology also has been set in place in most countries in the world. However, the middle of 2000 saw the Internet market collapse. Also called the “dot-com collapse”, it caused the demise of many young Internet companies, including the entertainment companies such as Soundbreak.com and DEN (Digital Entertainment Network). The much-awaited Pop.com, developed by Steven Spielberg’s DreamWorks, closed before a single film had been shown (Hernandez, September 6, 2000). At the moment many Internet companies are searching for a functioning business model for entertainment content on the Internet. A fragmented audience and the many channels make it difficult to reach a large audience, which is essential to ensure the advertising income to finance such a venture. Advertising on the Internet turns out to have little effect with audiences not yet willing to pay for content on the Internet<sup>1</sup> (Wolting, 2001: 360).

The dot-com collapse is the result not only of the entertainment providers’ assumption that technology would keep pace with their ambitions, but also the misperception of consumer needs. Online entertainment sites all intend to lure consumers to stare into their monitors the way they do with their televisions, with the added incentive of interactivity. “I think they thought that there would be millions of hits, that people would stay at sites longer,” Brian Massey, former employee of Soudstream.com says. But, he reminds the reader that “the Web isn’t

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<sup>1</sup> A case in point is *Napster*, an Internet site that facilitated the exchange of copyrighted music free of charge. However, on February 15, 2001, the courts upheld an injunction ordering *Napster* to cease their operations.

interactive TV yet - it's not a two-button press-and-play with a million holographic channels.” The average home computer still sputters on streaming video, because low-band distribution is still the standard. He concludes by adding that the Internet was just not ready for what they were trying to do (Lewis, March 2 - 8, 2001).

### 1.6.3 The possibilities of the Internet as new distribution platform

Although the current state of online entertainment is bleak, new distribution powers, such as atomshockwave.com<sup>2</sup>, the sightsound.com<sup>3</sup> and ifilm.com<sup>4</sup> are developing channels between filmmakers and audiences hungry for innovation in a century-old art form. The Internet may have found its way to a mass audience, but it is not a mass medium yet. The most successful web sites are those aimed at subcultures - small groups of dedicated fans. These web sites offer a space for experimentation for independent filmmakers and artists. The Internet is still young and filmmakers are busy finding out how best they can use the qualities of the medium (Wolting, 2001).

Filmmakers are using these restrictions and are creating what this study will call new media entertainment. At the centre of new media entertainment is the short form – entertainment content that is less than ten minutes in length. The Rotterdam Film Festival's Cinema Online provides an excellent example of the new entertainment emerging through the Internet. These new innovations include playing with cinema – interactive possibilities in the form of game-like narrative cinematic web productions and interactive and linear animations (www.iffrotterdam.nl). Festival director Simon Field (in Johnson, February 5, 2001) comments that:

What we are seeing is an interconnection that didn't previously exist. Filmmakers - and I mean, artists, because the lines are becoming blurred - are using their computers to mix film, video and photography in new and interesting ways. That's why we subtitle this section “Cinema Without Walls”.

To what extent can the Internet reinvent cinema for a new generation of cinema consumers and filmmakers?

<sup>2</sup> AtomShockwave offers world-class entertainment, spanning games, films and animations, driving distribution across the Internet, mobile devices, television, airlines and more (About us: AtomShockwave, 2001).

<sup>3</sup> SightSound.com is an online video store offering full-length films, music videos, downloadable movies, movie downloads and Internet features such as Quantum Project (About us: Sightsound, 2001).

<sup>4</sup> Ifilm provides a venue for finding and watching movies on the Internet. It also offers information about the films shown on the website - from authoritative editorial columns, news, and reviews. Ifilm hosts over 15,000 short and feature movies (About Ifilm, 2001).

#### 1.6.4 The new media audience

The problem, however, is still to find an audience, an anonymous audience that includes all age groups and is drawn from a wide range of classes and cultures and degrees of education. Cinema is a social event and very few people are willing to substitute their television for the computer screen. This study will look at how the Net Generation that is growing up with new communications technology is already emerging as the consumers of new media entertainment.

#### 1.7 THE IMPLICATIONS OF THE INTERNET IN SOUTH AFRICA

At the national INDABA of the newly found National Film and Video Foundation held in August 2001, the paper on *Distribution, Marketing and Exhibition* made an assessment of the threats and opportunities in new media for South Africa. The compilers concluded that more research has to be conducted into ways the new media will enable local content providers to create local and global content for the new media. The report indicated that Internet use in South Africa is still very limited to one section of the population (Motsepe et al, 2001: section 5). This is creating what Tapscott (1998: 11) refers to as the “digital divide”.

The digital divide is a phenomenon whereby information “haves and have-nots” are created by the difference in income of possible users. The digital divide also extends into a wider perspective which separates wealthy nations from poorer nations. Currently, South Africa, as a developing Third World nation, is seen as part of the information poor nations. First World technology has not yet been applied and broadband is seen as part of a long-term network of distribution.

How can the Internet be used in South Africa to create a new culture of new media consumers?
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The South African film and television industry is in dire need of new talent and new work as indicated in the NFVF report on distribution, marketing and exhibition (Motsepe, et al, 2001). New media will allow growth potential for South Africans to play a significant role in new media content globally. As indicated, the dot-com crisis has shown that the Internet has not been receptive to consumer trends. It will take time for the conventions of content and consumption to change. The second wave of content development that is predicted will establish new

standards for consumer demand. This gives South Africa and other developing nations the opportunity to develop structures and content in line with First World content providers.

Paul Leduc's manifesto for Salamander cinema calls for collective action and the embrace of new technology in order to create a new cinema culture opposing the hegemony of the established cinema industries of Hollywood and Europe. This manifesto can be applied to the fostering of the next generation of filmmakers and content providers for the Internet. This development should start on a primary level with the Net Generation, growing up surrounded by the new media. The Internet can provide an infrastructure for the developing new ideas that can enhance aspiring filmmakers' creativity. It can possibly be a medium that serves to rethink and reinvent cinema.

## 1.8 THE AIM OF THE STUDY

This study firstly aims to place the cinema industry in the context of the new media landscape. Focus will be placed on the global forces that have shaped cinema as an industry in the new media context. Attention will be given to the concepts of consumerism, cultural industries, entertainment economy as well as globalisation and cultural imperialism.

Secondly, this study aims to explore (in relation to the flow-of-content model) how the large media conglomerates as important roleplayers in both Hollywood and non-Hollywood cinema, have created a power imbalance in the global cinema industry. This will highlight the crisis many cinema industries are experiencing due to the domination of the Hollywood cinema industry.

Thirdly, this study aspires to explore how the Internet is influencing the entertainment economy of the cinema industry. It will investigate how the Internet is already influencing the cinema industry and what potential it holds to challenge and change the practices (as set out in the flow-of-content model) of the cinema industry.

Finally, the study looks at the implications of the Internet on the South African cinema industry. It will be suggested that the creation of new media content through the Internet can create the means of establishing new structures for local audience and content development.

1.9 RESEARCH OBJECTIVES

The following research objectives can be derived from the aims above.

Table 1.1 Research objectives

OBJECTIVE	THIS WILL BE DONE THROUGH:
<p>To place cinema in the context of the current media landscape.</p>	<ul style="list-style-type: none"> <li>▪ An investigation into three modes of cinema as currents of cinematic purpose.</li> <li>▪ An investigation into the elements that define cinema in the new media landscape – capitalism, consumerism, cultural industries, entertainment economy as well as globalisation and cultural imperialism.</li> <li>▪ An analysis of the entertainment economy and the industrial mode of cinema within the new media landscape through the flow-of-content model, with particular focus on the product, the delivery of this product, the marketing of this product and its audience.</li> <li>▪ An investigation into the role of technology on the flow-of-content model.</li> </ul>
<p>To explore the parameters of the industrial practices (as set out in the flow-of-content model of the cinema industry) in world cinema that created the power discrepancy between Hollywood and non-Hollywood cinema.</p>	<ul style="list-style-type: none"> <li>▪ An investigation into the impact of the new media landscape on the world cinema industries.</li> <li>▪ An investigation into the structures Hollywood has developed to become a dominant centre.</li> <li>▪ Discussing the alternative structures that filmmakers working outside of Hollywood have created to reach their audience.</li> </ul>
<p>To explore to what extent the Internet could augment the cinema industry.</p>	<ul style="list-style-type: none"> <li>▪ The discussion of the nature of the Internet.</li> <li>▪ The investigation into new media entertainment as result of the very nature of the Internet.</li> <li>▪ The investigation of the Internet as distribution channel.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ The investigation of the Internet as marketing tool.</li> <li>▪ An analysis of the critical debates structuring the new distribution platform.</li> </ul>
<p>To explore how the Internet could influence the South African cinema industry.</p>	<ul style="list-style-type: none"> <li>▪ An investigation into the problems the Internet is faced with in South Africa.</li> <li>▪ Recommendations of implementations in the creation of content for new media in South Africa.</li> </ul>

### 1.10 RESEARCH METHODOLOGY

This dissertation is grounded in the theory of political economy and media economics. The political economy theory developed by scholars such as Smythe (1960)<sup>5</sup> and Murdock and Golding in their 1970's<sup>6</sup> focus on the analysis of modes of cultural production and consumption within capitalist societies. Applying this approach to film studies involves the understanding that films are commodities, produced and distributed within a capitalist industrial structure. It furthermore requires the recognition and critique of the uneven distribution of power and wealth represented by the industry, the attention paid to labour issues and alternatives to commercial film, and the attempts to challenge the industry rather than accepting the status quo (Wasko, 1999).

The media economics approach has come to the forefront since the late 1980's, with scholars<sup>7</sup> identifying media economics as a distinct focus of research activity. Wasko (1999: 226) defines the emphasis of media economics as follows:

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<sup>5</sup> In the 1950's and 1960's Dallas Smyth (former Federal Communication Commission economist and University of Illinois professor) proposed a model for media studies that considered communication as an integral component of the economy. In 1960 he presented an application of political economy to communication, defining the approach as 'the study of political policies and economic processes, their interrelationship and their mutual influence on social institutions (cited in Miller & Stam, 1999).

<sup>6</sup> Murdock and Golding defined political economy as "fundamentally interested in studying communication and media as commodities produced by capitalist industries" (cited in Miller & Stam, 1999).

<sup>7</sup> Scholars include Robert Picard (1989), Alan Albarron (1996), and Allison Alexander et al (1993) (See referencing).

For the most part, the emphasis of media economics is on microeconomic issues rather than macroanalysis, and primarily on producers and consumers in media markets. Typically, the concern is how media industries and companies can succeed, prosper, or move forward. While competition may be assessed, little emphasis is placed on questions of ownership or the implications of concentrated ownership and control. These approaches avoid the kind of moral grounding adopted by political economists, as most studies emphasize description (or “what is”) rather than critique (or “what ought to be”).

This dissertation is a descriptive, explorative and pragmatic inquiry into the Internet and the implications and applications of the new technology to the cinema industry. It is a broadly speculative investigation rather than an empirical study. This approach is designed to give a broad overview of the topic, rather than a detailed, in-depth analysis of one aspect.

In this dissertation no specific methodology is employed; rather a combination of measures to inquire into a variety of academic fields is utilised. The study is the point of intersection of many traditionally segregated academic disciplines such as media economics, media studies (more specific new media studies), information technology, and the more historical discipline of film history.

The flow-of-content model, developed by the researcher, aims to clarify the industrial elements at work in the cinema industry, how they function and how they can be influenced. It also serves as a framework for the structure of each chapter and is central to the industrial argument. The case studies in chapter four and five serve as examples of how the principles of the Internet, as set out in chapter four, are being applied to the large Hollywood corporations, the small independents as well as the technology restricted South African case.

This study is essentially based in a study of literature. Very few printed sources deal with the combination of academic disciplines and born-digital texts, mainly published on the Internet, are therefore the primary source of the study. Extensive searches were made on the Internet into the field of new media entertainment. Personal interpretation of these web sites was made against the theoretical and practical issues addressed in the study. Deductive processes were used to make conclusions and interpretations.

Before starting this dissertation, it was necessary to determine the extent of research that has been done relating to this field of inquiry. These studies were obtained from a Nexus database search. The relevance of these studies lies in the subject matter as indicated by ticks in the following table. Here follows a list of the most relevant studies:

Table 1.2 Related research

Study	Author	Year	Film studies	New media studies	Entertainment economics
Women in production: The South African film and television production industry.	Bechan, N.	2000	✓		
Film and media studies: commercial advertising and identity in South Africa.	Bertelsen, E.	1998		✓	
White paper on the South African film industry.	Conradie, D.P.	1995	✓		
The World Wide Web: analysis of some South African sites through usage of the flow construct.	Elliott, R.M.	1997			✓
The Internet as marketing tool.	Kardjiev, T.V.	1998			✓
Shorts: the potential role of the short film in the development of the South African film and television industries.	Maasdorp, L.	2000	✓	✓	
Application and utilisation of the Internet for marketing.	Rooseboom, H.	1999			✓

<p>The Distribution, Exhibition and Marketing report: mechanisms to promote the development of the marketing, distribution and exhibition of South African films locally and internationally.</p>	<p>Presented by Jackie Panelists: Howard Thomas, Pat Pillai and Mike Dearham</p>	<p>2001</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>
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This dissertation is motivated and based on *The Distribution, Exhibition and Marketing report* (Motsepe et al, 2001) presented at the 2001 INDABA of the National Film and Video Foundation. The report's exploration of the impact of new media in South Africa stresses the need for more research on the impact of new media on the cinema industry.

#### 1.11 DELIMITATION

This is not a study about technology, but an exploration of its practical implications and applications. Technology is only explored insofar as it provides insight into these implications. Many of the assumptions and perceptions contained by the study dealing with the implications of technology on the cinema industry will lose their currency because the technological and commercial landscape that they describe change so rapidly. There cannot be only one single understanding of the complex interplay of new technologies, new business models and new social responses. This study is done from the point of view at a given moment in time and therefore no final conclusion can be accepted as complete. The main objective of this study is to provide a broad picture of those underlying concepts that describe how the Internet could influence the cinema industry.

#### 1.12 DEMARCATION OF CHAPTERS

Chapter one has detailed the motive for the investigation of the impact of the Internet on the cinema industry. It addressed the issues that deem the study necessary and initiated the background that will be explored in the following chapters.

##### 1.12.1 Chapter 2 – Cinema as an industry in the new media landscape

The aim of this chapter is to place current filmmaking in the context of new media landscape. This chapter essentially serves as a means of defining the paradigm within which the study operates. It does not aim to give fundamental provable conclusions on the impact of the new

media landscape on the cinema industry, but rather provides a generalised framework of the unpredictable and fast-changing nature of these issues.

The chapter begins by investigating three modes of cinema that has defined the traditionally perceived purpose of cinema. It then looks at the how these roles of cinema have changed within the context of the new media landscape. Focus will be placed on the global forces that have shaped the new media landscape. Concepts that will be addressed are globalisation, cultural imperialism and the entertainment economy. Chapter two concludes with defining the elements of the flow-of-content model in terms of the new media landscape and the impact of technology on these elements. The flow-of-content model serves as a means of investigating cinema as an industry and will be used in structuring the content of the following chapters.

#### 1.12.2 Chapter 3 – The world cinema industries

The focus of chapter three is more explicitly historical and functions as an overview of the cinema industries of the world. The purpose of chapter three is to explore how the emphasis of cinema as an industry in the entertainment economy has brought about the disparity in the power bases of Hollywood and the non-Hollywood cinema industries. It investigates the development of Hollywood as a mass entertainment industry and the transformation of classical studios in order to operate in the integrated world of multinational media conglomerates. It also discusses the reasons for the dominance of Hollywood in the global cinema industry. It shows how Hollywood has created super cinematic products and a global distribution network that is supported by wide-reaching marketing, promotion and advertising campaigns by assimilating new technology.

Chapter three also investigates, in comparison, how non-Hollywood cinema - cinema that includes national cinemas and independent cinema – has contended with Hollywood's dominance. These cinema industries create films that are produced, distributed and exhibited outside mainstream Hollywood. The central problem facing these cinema industries is finding an audience large enough to sustain them. This chapter will explore the patterns of consumption of non-Hollywood cinema as a background against which the flow-of-content model will be applied. Attention will be given to non-Hollywood's cinematic products, its alternative distribution channels, its creative marketing, promotion and advertising and its specialised audience. The description of the context re-emphasises the crisis that many of these non-Hollywood cinemas are experiencing and this, in turn, highlights the possibilities the Internet can offer these cinema industries.

#### 1.12.3 Chapter 4 – The impact of the Internet on cinema industries

The aim of this chapter is to show what impact the Internet will have on the cinema industry. This chapter could propose that the Internet (as central element in the theory of Salamander cinema's embrace of new technology) has the potential to reinvent cinema for a next generation of media consumers and content providers.

This chapter begins by considering the nature of the Internet as a new technology. Attention will be given to the rise of the Internet with emphasis on the commercialisation of the World Wide Web and the ways in which the Internet will influence the flow-of-content in the cinema industry. Through the defined characteristics of the Internet, this chapter indicates the implications on entertainment products on the Internet, as for example, interactivity, which does not only enable the creation of new aesthetics, but also provides immediate feedback in marketing and e-commerce opportunities. The decentralised nature of the Internet as distributor of information leads to the creation of online film festivals and marketing opportunities. This chapter also presents the drawbacks of the Internet and its implications, such as the dot-com crisis of 2000, the limitations of low-band connections and the intellectual property debate. Two case studies aim to show how the Internet applied to the large media corporations and the independent distributor.

#### 1.12.4 Chapter 5 – The impact of the Internet on the South African cinema industry

Film threats and opportunities in the new media, as postulated in the report on *Distribution, Marketing and Exhibition* of the NFVF INDABA held in August 2001, indicated that more research has to be conducted on the of new opportunities for film development through new media. This chapter will investigate the limitation of Internet technology in South Africa. This chapter will conclude with recommendations for the development of a culture of new media image-making. Filmmakers of the future have to be fostered to enable them to create local and global content for future audiences.

#### 1.12.5 Chapter 6 – Conclusion

This chapter will provide a summary of the conclusions made throughout the study. It will also discuss the shortcomings of the dissertation and the make recommendations for further studies.

## Chapter 2

### Cinema as an industry in the new media landscape

#### 2.1 INTRODUCTION

The aim of this chapter is to place the cinema industry within the context of the new media landscape. This will provide the background against which this study will be conducted. These concepts will later be applied to the traditionally historic practices of world cinema and then set up the argument of the extent to which the Internet as new communications technology could impact on the flow-of-content of the cinema industry. Cinema in the context of the new media landscape will be discussed in relation to the following:

- The traditional/historical modes of cinema.
- The changing role of cinema in the current new media landscape with specific focus on cinema as an industrialised institution.
- The key elements in the flow-of-content of the cinema industry.
- The effects of new technology on the cinema industry.

Before these points can be addressed, it is necessary to define the new media landscape. The next section gives an overview of the key elements of new media and the concepts that it represents.

#### 2.2 NEW MEDIA

New media is a general and vague term, commonly used in journalism, corporate marketing and academic speak. In order to define new media it is necessary to clarify what is meant by the term media. Thompson, cited in Lister et al (2003: 10) proposes the following definition:

The media in its established sense, usually refers to 'communication media' and the institutions and organisations in which people work (the press, cinema, broadcasting, publishing and so on) and the cultural and material products of those institutions (the forms and genres of news, road movies, soap operas which take the material forms of newspapers, paperbacks books, films, tapes and discs).

The *new* in new media refers to a change in technology and the possibilities and opportunities implied for the *old* or established media. Media has continually been in a state of technological, institutional and cultural change (of course the flux and timing of change vary with different media). New media thus further implies a radical shift or change from what went before. As stated by Lister et al (2003) new media is also part of wider social and cultural change. Lister et al (2003: 10) identify the following changes as significant within the new media sphere:

A shift from modernity to post modernity; the intensifying processes of globalisation; a replacement, in the West, of an industrial age of manufacturing by a 'post-industrial' information age; and the decentring of established and centralised geo-political orders.

In light of this view, new media is thus seen as part of a larger landscape of social, technological and cultural change. The aim of this chapter is to place cinema in the context of this changing landscape. Another point of clarification relates to the scope of the landscape that is implied in this chapter and indeed the rest of the study. The appearance of all these concepts under one integrated worldview can lead to a misconception in the study. The scope of the landscape relates to a world where the boundaries between information rich and poor are unclear. There are elements of information poverty within all First World countries, and information wealth within the Third World. This study acknowledges these discrepancies and defines the nature of new media in relation to the information wealth in First and Third World countries.

New media also has strong ideological connotations in that the *new* implies a better, "cutting-edge" - modernist belief that social progress is delivered by technology. New media thus offers the ideology of increased productivity, educational opportunities and opening up of new creative and communicative horizons (Lister et al, 2003). New media is thus a term with broad ideological and cultural implications that recognises changes that underpins a wide range of different phenomena. In terms of this study these changes will be considered to the institution of cinema and the influence of the Internet, as new communications technology, on this institution.

Cinema, for the purpose of this study, is the collective name given to all the practices of filmmaking across different distribution channels. This includes films made for theatrical release, television broadcasting, video and other new media such as the Internet. Thus, the term cinema is used to describe the combined cinematic effort of a specific group or institution. However sometimes this study will revert to using the singular components that make up the common term cinema, in order to interpret certain arguments.

Today, cinema is one of the myriad forms of mass media entertainment. The communication technology revolution has aided in the creation of a global market with the increase in flow of product and information. The next section investigates three perceived modes of cinema in the context of establishing a history against which the *new* in new media landscape can be conceptualised. It serves as a means to clarify the relevance of the forces pivotal in the new

media landscape. These modes provide the theoretical groundwork for the interpretation of cinema in the new media landscape. For the sake of completeness all three modes are discussed, however the focus of the study falls on the industrial mode. The discussion of the three modes also provides the background against which the current crisis in world cinema (see chapter 3) will be discussed.

### 2.3 THREE MODES OF CINEMA

Cinema was originally conceived as the technological development of the photographic image. The motion picture allowed for the capture of moving pictures and later sound. In 1995 cinema was 100 years old. There is uncertainty on the exact date of its inception, but it is generally taken as December 28, 1895, with the Lumière brothers' introduction of their *Cinematographe*. They projected short films on a screen in the basement of the Grand Café in Paris (Gomery, 1991). Narrative cinema evolved around the world as a means of telling stories through moving pictures (although the cinema format has been greatly improved and modified the original technology remains the same). The purpose or function of cinema has been much debated. For Beazley (1994) cinema fulfils a variety of social needs in different societies around the world with the purpose and function of cinema ranging between a tool of mechanical reproduction of reality (realist movement<sup>8</sup>) to a medium of great sensitivity, evoking a nearly spiritual experience: a medium of self-expression (formalist movement<sup>9</sup>).

In order to simplify these functions, it is useful to classify it in the following modes<sup>10</sup>: the cultural mode, the marginal or socio-political mode and the industrial mode. The following model was developed for this thesis and serves as a visual construct of the broad categorisation of the function of cinema.

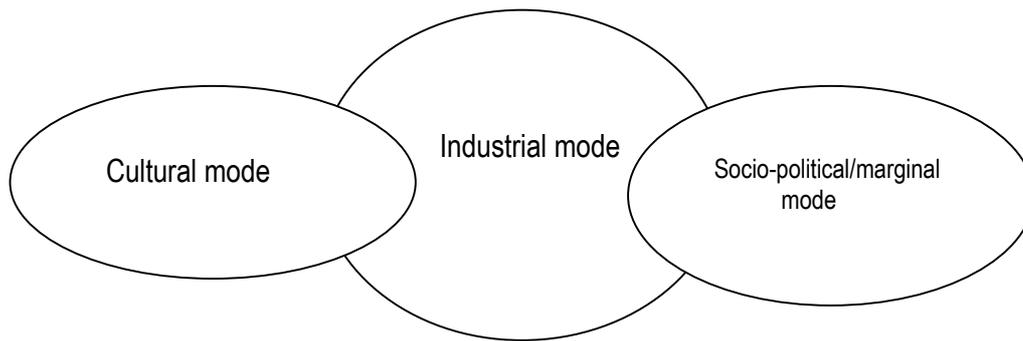
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<sup>8</sup> The realist cinematic movement refers to a style of filmmaking that attempts to duplicate the look of objective reality as it is commonly perceived (Giannetti, 1996).

<sup>9</sup> The formalist cinematic movement is a style of filmmaking in which aesthetic forms take precedence over the subject matter as content. Emphasis is on the essential, symbolic characteristics of objects and people, not necessarily on their superficial appearance (Giannetti, 1996).

<sup>10</sup> The realist and formalist cinematic modes often overlap and cannot be categorised as definitive classifications, but are useful in the distinguishing trends that clarify the *raison d'être* of cinema.

Figure 2.1 Three modes of cinema



The cultural mode of cinema favours the arts and the independent voices. It proposes to provide the audience with something different from the entertainment associated with commercialised industrial cinema. The marginal or socio-political mode calls for cinema with an alternative experimental voice and often has strong socio-political messages. The industrial or commercial mode of cinema advocates box-office returns and is concerned with the production, distribution and exhibition of films. In this mode films are produced to attract large audiences and offer great returns in profit for its investors. Each of these modes will be discussed briefly in the following section.

### 2.3.1 The cultural mode of cinema

The notion of culture is an exceedingly complicated concept. It is not the aim of this study to explore these intricacies, however the notion of culture is central in defining cinema as a cultural product. Thus for the sake of simplification, culture can be defined as

The set of values, norms, attitudes, and other meaningful symbols that shape human behaviour and the artifacts, or products, of that behaviour as they are transmitted from generation to the next. Culture is dynamic. It adapts to changing societal needs and evolving environmental factors. The rapid growth of technology in this century has accelerated the rate of cultural change (Lamb et al, 1992: 101).

Culture is also geographically orientated and differentiates one group from another. Unlike tangible products such as microwave ovens and washing machines, films (as a medium of telling stories) contain meanings, values and ideas related to a certain culture.

#### 2.3.1.1 *Cinema as cultural product*

Storytelling is an integral part of every culture. By telling stories the values and beliefs of a culture are defined. Storytelling is one of the central purposes of cinema. The medium of cinema provides a means of telling stories through the combination of motion pictures and sound. In terms of cinema, the notion of culture also relates to the strong movement of national

cinemas. Although most national cinemas also function in the industrial mode of cinema, national cinemas aim to provide a sense of national culture through telling stories that relate to the national identity. The next section explores the notion of national identity and the impact of the industrial mode of cinema on these cultural products.

### *2.3.1.2 Cinema as a product of national identity*

The concept of national identity incites many debates on the true nature of “national” cinema. National cinema in itself is a convoluted term, its meaning relates to the whole of a country, combining a large number of individual voices and perceptions. It has to be clarified that this is a simplified definition and that term “national” does not necessarily imply a “common identity”. This will be further discussed in the next section on the evolving debate on national cinemas. For the purpose of this study, national cinema refers to the combined cinematic effort created by a country for distribution and marketing purposes. This includes cinema produced with national government funding for the development and promotion of local cinema nationally and internationally, as well as independent cinema. Independent cinema differs from national cinema in that it refers to a movement of cinema, produced independently, contradicting the notion of belonging to a national institution. The independents often rely on private funding with the aim of creating cinema free from regulation.

National cinema came to the forefront after World War II and into the 1960s with many revived cinema movements serving the creation of a constructed national purpose. Cinema production in many countries went through the development of new visions and voices. Nowell-Smith (1996: 207) describes the post war era as follows:

The end of the war in 1945 meant a new beginning for the cinema in a number of countries. In east central Europe and in China the cinema revived rapidly after the devastation of war, but it was also subject to bureaucratic control by the newly installed Communist regimes. In Germany, Italy and Japan the problem was one of creating a new cinema that would not be tainted by the legacy of complicity with Fascism. Indian independence followed by a steady decolonisation throughout Asia and Africa aligned the cinemas of the emerging nations firmly with the struggle for national self-affirmation.

Cook and Bernink (1999: 76) defines national cinema as not just a registry of production within a particular nation, but cinema “which in some way signifies itself to its audience as the cinema through which that country speaks”. For Sklar (2002) ideas of national cinema in this era tended to focus on the film texts produced within the region and were almost always conceived in anti-imperialist terms.

Since the 1980s the ideas regarding nationalism have grown complex in that it resists the homogenising fictions of nationalism and seek to recognise the historical diversity and the culturally mixed composition of nation states (Crofts, 1998). Theorists such as Andrew Higson (cited in Crofts, 1998) argues that nation-state cinemas should be defined not only in terms of the films produced by and within a particular nation state, but also in terms of distribution and exhibition, audiences and critical and cultural discourses. The ideas on national cinema are further complicated due to the global spread of corporate capital, strong world markets, the speed and range of electronic communication and the weakening of national cultures and economic boundaries.

It is also useful to investigate two further views on world cinema. The first involves the Third World postcolonial view of Fernando Solanas and Octavio Getino. They focused on the political mode of cinema. The second are the concepts of transnational cinema and globalisation (this will be discussed in section 2.4.3). The relevance of these views lie in their division of the world into First, Second and Third cinema (Solanas & Getino, 2000) on the one hand and the presumption that these borders are becoming less distinct and more virtual (as a result of globalisation). This in turn relates to the current division of world cinema and to the notion of a world without borders that is being presumed by the new communications technology such as the Internet.

### 2.3.2 The socio-political or marginal mode of cinema

The socio-political or marginal mode of cinema advocates cinema that is produced on the periphery of mainstream cinema industries. Its main purpose is to give a voice to often-suppressed views and opinions. Historically socio-political films were mainly produced in opposition to the ruling government with a strong anti-state slant. The next section discusses the socio-political mode of cinema as set out by the New Latin American Cinema filmmakers, Fernando Solanas and Octavio Getino. It also looks at the notion of First, Second and Third Cinema in the context of the new media landscape.

In 1968 a group of filmmakers in Argentina, calling themselves the *Grupo Cine Liberación*, radical in both politics and their approach to cinema, completed the three-part political film (running almost four and a half hours) entitled *La hora de los hornos* (*Hour of the Furnaces*). This film was described by its makers as a film “act”, “an unfinished work, open in order to incorporate dialogue and for the meeting of revolutionary wills” (Chanan, 1997). Following the completion of the film, two members of the group, Solanas and Getino, wrote a manifesto

based on their experiences in the making of *Hour of the Furnaces*. The manifesto, entitled the *Hacia un tercer cine* ("Towards a Third Cinema"), was subtitled "Notes and Experiences on the Development of a Cinema of Liberation in the Third World" (Chanan, 1997).

As part of their manifesto – "Towards a Third Cinema" - Solanas and Getino defined world cinema in terms of First, Second and Third cinema (Cook & Bernink, 1999: 120). This model of classification defined non-Hollywood cinema in post-colonial terms. In his essay, "The changing geography of third cinema", Chanan (1997) explains the ambiguity in the terms First, Second and Third cinema. He clarifies that the wordplay comes from the analogy with the term "Third World", meaning the developing countries of Asia, Africa and Latin America<sup>11</sup>.

According to Solanas en Getino's manifesto (Chanan, 1997) First Cinema is the model imposed by the American film industry, the Hollywood movie. Second World countries such as Australia and some Third World countries, such as India, adopted this model and are therefore also seen as First Cinema. This model is defined as cinema that is conceived as a pure spectacle, made for exhibition in large theatres, with a standardised duration and recurring formulaic narratives. The narrative structure of films that achieve great box-office success is often repeated with the expectation of similar box-office returns. These films are designed to satisfy the commercial interests of the production companies.

Second Cinema is known as *auteur* cinema, art cinema or New Wave cinema. According to Solanas and Getino, Second Cinema has produced its own structures, its own patterns of distribution and exhibition, its own ideologies, critics and reviews. Thirdly, they defined Third Cinema as cinema that offers a real alternative to both First and Second Cinema. They proclaimed that Third Cinema set out either to make films that the system could not assimilate because it is foreign to its needs; or to make films that directly and explicitly set out to fight the system (Chanan, 1997). The political mode of cinema evolved from this radical opinion into cinema that defied the norm. Marginal voices and cultures found a voice in cinema. These films

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<sup>11</sup> The term "Third World" was coined by French demographer Alfred Sauvy in the 1950s by analogy to the revolutionary 'third estate' of France – the commoners in contrast with first estate (nobility) and the second (the clergy) (Cook & Bernink, 1999). The term specifically emerged at the Bandung Conference in 1955, the founding conference of the Non-Aligned Movement of African and Asian nations. China proclaimed the theory of the three worlds. The first consisted of the advanced capitalist countries of the West, including North America and Australasia, countries in which the production and distribution of goods depended on invested private capital and profit making. The Second World comprised of the Soviet Union and the socialist countries of Eastern Europe; the developing countries of the remaining continents constitute the Third World, to which China declared its allegiance (Chanan, 1997). According to Solanas and Getino's definition, Third Cinema is not restricted to the Third World geography, but is constituted by virtual borders (Chanan, 1997).

although often produced in secrecy and distributed beyond the borders of its own culture, serve to create awareness of the powerless.

The concept of political films has been altered in the new media landscape. International geopolitics and the global economic system have compelled the Third Worldist paradigm to come to terms with transnational capitalism. This has forced filmmakers to comply with the industrial mode of cinema.

### 2.3.3 The industrial mode of cinema

André Malraux, French cultural minister, once described the cinema as “*par ailleurs* ('also, moreover') an industry. He was wrong. The cinema is an industry through and through” (Nowell-Smith & Ricci, 1998: 6). This has been the case since the inception of cinema. As a means of telling stories, the cinema industry is unique in its use of complex equipment in the production of a film. The crew employed to produce a film is highly skilled in the different aspects of filmmaking from the pre-production scripting stage through to the post-production and distribution of the film. This is an expensive process and needs the revenue from an immensely large audience to recover the financial costs involved in the production of the film. Thus, in most of the countries in the world, cinema is first of all organised as an industry. It functions as a collection of businesses, seeking profits through production, film distribution and the presentation of movies to an audience in theatres, or via television, video or any other means (Gomery, 1998).

Hollywood has converted film and television to a medium of mass communication. They have created a mass distribution network both within the United States and across the world to advance the growth of a mass audience (see 3.3). In order to maintain a mass audience for the commercialised cinema products that are being produced in quantity by the Hollywood film studios, an audience marketing industry has also been developed. Hollywood has set up the system of industrialisation of other forms of mass communication and culture. They have created what the Frankfurt School popularised as the “culture industry”<sup>12</sup>.

This marketing strategy has produced an audience who wants more of the same - more of the same genres, more of the same stars.

This culture industry manufactures a form of communication that is inherently unidirectional: those in control of the means of communication (in this case the studios) decide on the content of the communication and then sell it to a passive audience.

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<sup>12</sup> The Frankfurt School originally coined the term “culture industries” in the 1930’s to call attention to the industrialisation and commercialisation of culture under capitalist relations of production (Kellner, 1999: 202).

There is no space for active, interactive communication in this industrialised culture. The audience is there to be packaged, bought, sold and manipulated for profit (Botha & Louw, 1998: 180-181).

Advertising and promotional campaigns have become a central part of the Hollywood's audience marketing industry. The sameness in Hollywood's generic genre films (see 3.3.3.1) has to be promoted as being different and new. Publicity specialists manipulate the audience by re-selling the same popular images and stars. The star system (see 3.3.3.2) has played an integral part in creating great public appeal and audiences return week after week to see the stars in their latest offering.

In account of this, Adorno and Horkheimer (2000: 2) argues that

Cinema is aesthetically impoverished because it is the product of a culture industry based on a system of mass reproduction and distribution.

Chapter three will set out in more detail how Hollywood has created this "culture industry" and the reasons for its worldwide dominance of the cinema industry. Many other cinemas exist beyond the borders of Hollywood. These cinemas, although also conceived in the industrial mode of cinema, aim to promote a certain culture or national identity.

The cultural, political and industrial modes of cinema have been central to how cinema has been defined traditionally. How will these roles be defined within the context of the new media landscape at the beginning of the new millennium? Does the industrial mode dominate the film industries worldwide to such an extent that it is impossible for the subaltern modes of film to speak? And what implications will the Internet, as new communication technology, have for filmmakers working in the cinema industry that is increasingly dominated by the industrial mode?

## 2.4 THE ROLE OF CINEMA IN THE NEW MEDIA LANDSCAPE

At the beginning of the twenty-first century, the digital revolution is impacting on every aspect of global citizens' lives. The new media landscape as defined in the beginning of the chapter describes a world that appears to have shrunk as communication and travel have become faster and more efficient. The manner in which modern consumers are consuming products are also changing. In terms of neo-liberalism time has become a commodity. Technology has become a central influence in a world where perpetual change is the norm. The next section explores the attributes of the new media landscape in a post-industrial world.

Lister et al (2003: 12) offers a tangible breakdown of the term new media. This breakdown provides key elements for discussion of cinema in the new media landscape.

- New textual experiences: new kinds of genre, textual form, entertainment, pleasure and patterns of media consumption;
- New ways of representing the world;
- New relationships between subjects (users and consumers) and media technologies;
- New experiences of the relationship between embodiment, identity and community;
- New conceptions of the biological body's relationship to technological media;
- New patterns of organisation and production;

Lister et al (2003: 13), also adds that the exploration of any of these areas will lead to the discovery that these areas are founded on the developing fields of technologically mediated production which includes:

Computer-mediated communication; new ways of distributing and consuming; virtual reality; and a whole range of transformations and dislocations of established media.

However, as mentioned in 2.2, new media refers to more than just a technological set of changes, but also cultural and economical. The next section explores in broad terms the global forces operating at the beginning of the 21<sup>st</sup> century as an introduction to more in depth discussions on the areas and concepts that directly relate to the cinema industry in the new media landscape.

#### 2.4.1 The global forces operating at the beginning of the 21<sup>st</sup> century

Nixon (2000: 29) gives a very practical summary of the global forces at work at the beginning of the twenty-first century. It is not the aim nor intention of this dissertation to give an in-depth analysis of these global forces. It is however valuable, as the study of the cinema industry in the new media context is greatly influenced by these forces. These global forces and its traits (at work in the beginning of the millennium) can be summarised as follows:

Table 2.1 An overview of the global forces at work in the beginning of the 21<sup>st</sup> century (Nixon, 2000: 29).

Global Force	Traits
Globalisation	<ul style="list-style-type: none"> <li>▪ Free market capitalism.</li> <li>▪ Technological revolution and communication, faster and faster.</li> <li>▪ The failure of centralised systems; devolution.</li> <li>▪ Global financial instability.</li> </ul>
Cultural imperialism	<ul style="list-style-type: none"> <li>▪ The growing dominance of the transnational corporations, world and regional institutions; globalisation and localisation at the same time.</li> <li>▪ Decline and break up of the nation state; growing local autonomy.</li> <li>▪ Decline and unemployment; rebirth and regeneration.</li> <li>▪ Growing gap between rich and poor – within and between all nations.</li> </ul>
Entertainment Economy	<ul style="list-style-type: none"> <li>▪ Demand for higher quality and value.</li> <li>▪ The growing power of consumers and the media to influence.</li> <li>▪ Decline of deference and grand certainties; valuing of difference and diversity; desire for respect, inclusion and partnership.</li> <li>▪ Higher expectations of work, life and the search for meaning and balance; the hungry spirit.</li> </ul>

Nixon's overview gives a broad outline the complex nature of the postmodern world. It shows that the impact of the global economy has also far-reaching effects on the cinema industry. The global economy has created a global market. The next section explores the postmodern condition and the impact it has on the cinema industry.

#### 2.4.2 The postmodern condition

In the preface to *Marxism and Form*, Jameson (cited in Homer, 1998: 98), a Marxist critic, describes the transformation that Marxist theory has undergone in the 1970s. He specifically points out:

The development of the post industrial society, the concealment of class structure through an expanded media, the fragmentation of the subject, the disjunction between our existential or quotidian experience and the global expansion of the capitalist system, the effacing of the final traces of production by an increasingly image dominated society, and finally the decline and dissolution of metaphysics.

Homer (1998: 98) remarks that although Jameson writes this from a Marxist point of view, all these questions have become central to the postmodernism debate of the mid 1980s, engaging thinkers from all major schools of thought. For Jameson the term postmodern does not

represent a certain style or aesthetic, but rather a periodising concept that “correlates the emergence of a new type of social life and a new economic order” (Jameson, 1985: 119). This new world order emerged post-Second World War with the transitional decade being the 1960s. Jameson (cited in Homer, 1997: 106) describes this new economic order as:

variously ‘modernisation’, post-industrial or consumer society’, ‘the society of the media or the spectacle’, ‘multinational capitalism’ and finally ‘late capitalism’.

Jameson’s theory (cited in Homer, 1997: 98) has been influenced by the work of Ernest Mandel, in particular *Late Capitalism*, in which Mandel identifies three distinct moments of capitalism: market capitalism, imperialism or monopoly capitalism and multinational or late capitalism. Mandel’s categories are based on a theory of “Kondratiev cycles” or “long waves” – each category has an approximate fifty-year life-span. Each of these waves encompasses a number of “business cycles” – the periodic expansion and contraction of commodity production, or what is commonly known as capitalism’s cycle of boom and bust (Homer, 1998:107).

Mandel (Homer, 1998) thus argues that the history of capitalism on a global scale can be seen as the succession of cyclical movements of every seven to ten years and, at the same time, the succession of longer periods of 50 years’ duration. He further claims that four of these long cycles have been experienced to date: the period from the end of the eighteenth century to 1847, from the crisis of 1847 to the early 1890s, from the 1890s to the Second World War and finally from the Second World War to the present. Each of these long waves can be characterised by technology specific to it. The first was characterised by the gradual spread of handicraft-made or manufacture-made steam engines to the most important branches of industry and industrial countries. The second wave, from 1847, was characterised by the generalisation of the machine-made engine, which Mandel identifies as the first technological revolution. The third wave and second technological revolution according to Mandel was characterised by the general application of electrical and combustion engines. The fourth wave is characterised by electronic apparatuses and nuclear power and represents the third technological revolution.

Baudrillard (in Homer, 1998) takes this periodisation further by presenting the fourth technological revolution. This revolution is characterised by the new technologies of the microchip and cyberspace and is also called the information technology revolution. This revolution is seen as the proper postmodern moment. In his early work Baudrillard developed a critique of the Marxian distinction between use value and exchange value, arguing that the distinction between use value and exchange value rests on the assumptions of an

anthropological conception of 'need'. Such a conception of need is no longer appropriate for our understanding of contemporary consumer society where consumption has nothing to do with satisfaction of needs but is rather an active mode of relations ... a systematic mode of activity and a global response on which our whole cultural system is founded. In other words, the objects of consumption are not material goods but rather 'signs'. The transformation of the object into the systematic status of signs entails a correlative transformation of human relations as relations of consumption (Homer, 1998).

Thus, at the beginning of the twenty-first century, wading through the fifth long wave, a period defined by the information technology revolution and a consumer society where cultural expressions function as commodities. What does this all mean for the cinema industry? The next section investigates three of the core global forces (see table 2.2) and its impact on the cinema industry. Firstly the impact of globalisation; secondly, cultural imperialism - one of the consequences of globalisation; and thirdly the entertainment economy.

#### 2.4.3 Transnational cinema and globalisation

Since the launch of the first satellites in the 1960s, the world's communication system has changed dramatically, bringing the world closer to Marshall McLuhan's notion of a global village (Featherstone in Pavlik, 1996). The notion of globalisation is characterised by the increase of flows that cross national boundaries. The development and spread of information and communication technologies is in part dependent on the dramatic increase in private ownership of communication hardware which is also responsible for the increase in the quantity of channels and content (Held, 2000).

The world's largest economic units are nations and transnational corporations. Globalisation as an economic activity is an aspect of time-space compression of an ever-increasing shrinking world (Barker, 1997). Subsequently, Barker (1997) also advances the opinion that globalisation is more than just an economic phenomenon, it is also a cultural phenomenon - a representation of cultural identity from around the world. Globalisation is a complex and involved concept and this study does not aim to explore its total ramifications. It is however important to investigate globalisation in terms of the cinema industry by looking at how it influences the flow-of-content (this will be done in section 2.4).

Appadurai (cited in Crofts, 1998) explains the creation of a global culture in terms of the accelerating transnational flows of people (tourists, immigrants, exiles, refugees and guest

workers); of technology (mechanical and informational); of finance and media images (moving faster through increasingly deregulated markets) and of ideologies (such as the global spread of Western democracy). In her essay *Facing up to Hollywood*, López (2000) also discusses the question of globalisation and the nature of transnational cinema. She argues that since the 1970s the speed and range of economic and cultural exchange have increased, thus allowing companies to present their products to customers all over the world. Technological transfers have also contributed to globalisation, accelerating the flow of information across national borders. Global markets and multinational companies ensure that the economics of individual nations are increasingly integrated by cross-border financial flows. López (2000) also suggests that in this sense, Hollywood is part of the United States only in theory, since the major production companies are owned by large international conglomerates, half of them not even US based.

Miller (cited in López, 2000: 334) argues that in the era of globalisation, national cinemas have become paradigmatic: “new forms of rationalisation standardise the acknowledgement of difference as part of capital’s need for local marketability”. The speed and frequency of cultural transfers have given consumers throughout the world “global tastes” accelerating the demand for cultural imports of all kinds – music, fashion and food, for example. This has taken place at a somewhat similar pace throughout the world, irrespective of First, Second or Third world barriers (López, 2000).

Co-productions are the lifesaver of many struggling cinema industries and in some countries it is the only way in which any film can be made. “In a global universe, ‘facing up to’ Hollywood has become an increasingly amorphous project” (López, 2000: 434). Despite the desire to use film as a means of addressing national history and cultural values, all producers of national cinemas are also aware that much greater profits and prestige are to be found in an international film market now driven by “global” tastes. The US markets have never been more open to the exotic, which are hugely profitable for the US distributors representing them. At the same time, the growing traffic in cultural products has also meant that filmmakers and creative personnel cross borders with increasing regularity. International success also often means following the inevitable road to the Hollywood “Mecca”. One such successful immigrant to Hollywood is Taiwanese director Ang Lee. He directed *The Wedding Banquet*, *Xiyun*, (1993); *Eat drink Man Woman*, *Yinshi nana hu*, (1994) and went on to Hollywood to direct *Sense and Sensibility* (1995) and the 2000 success, *Crouching Tiger, Hidden Dragon*.

Cinema industries, despite the continued financial hegemony of Hollywood, have become as deterritorialised, diasporic and transnational as the rest of the world. Global relations may not constitute an assault on Hollywood's hegemony, but are a visible and constant reminder of its difference, globality's greatest contribution to man's understanding of culture (López, 2000). Today world cinema is viewed on the art cinema circuit, film festivals and television. This widens the horizons of filmgoers and is critical to the development of a more open view of world filmmaking (Sklar, 2002).

Rheingold (cited in Held, 2000) adds to this argument, stating that globalisation allows open interactive, access as opposed to the one-to many nature of broadcasting allows greater diversity or plurality of voices to be heard, thus as a democratising force. This in turn relates to the liberal perspective of the democratic nature of a free market, offering greater choice.

In view of the idea of transnational cinema, scholars, Shohat and Stam (cited in Crofts, 1998) argue that the same hegemony that unifies the world through global networks of circulating goods and information also distributes them according to hierarchical structures of power. This applies specifically to the economics of cinema distribution where certain corporations still dominate distribution markets, as will be set out in chapter three. This domination is also called cultural imperialism as these corporations, and the countries from which they originate, often enforce their culture on smaller markets.

In accordance with this view, Schiller (cited in Pavlik, 1996), argues that the development of new technology is essentially a tool for transforming cultures of the world into commercial markets. He does not feel that globalisation of the media industries has resulted in the formation of an international civil society. He rather says that globalisation has resulted in an international order organised by transnational economic interests that are largely unaccountable to the nation states in which they operate.

Nixon (2000) also refers to the belief in free market capitalism, an essential Anglo-American form of capitalism that globalisation is driven by technological innovation, the constant quest for the new, the inherent curiosity, the tendency for boredom and the almost universal desire to have more for less. Thus, culture has become a global commodity and capitalism is the force that has colonised this previously autonomous concept. Nixon (2000: 22) further adds that

The means of imperialism has changed: competitive marketing, technological innovation, monopoly, take-overs have replaced colonisation, navies and armies and war as a means of imperialism.

A more critical point of view of the globalisation argument relates to the inequalities of access to the hardware and software whereby culture is distributed and communicated (see 5.2.3); the concentration of ownership (will be discussed in 2.5.3.3); and cultural imperialism.

#### 2.4.4 Cultural imperialism<sup>13</sup>

According to Barker (1997) cultural imperialism can be described as the domination by one culture of another, most commonly in terms of nationality. In terms of cinema, this domination has taken the form of the distribution of American cinematic products worldwide, international co-productions dominated by American themes, US dominated information services and the adaptation of American formats for local consumption (Barker, 1997). Barker (1997: 183) sums it up as follows:

Thus, cultural imperialism is understood in terms of the imposition of one national culture upon another and the media is seen as central to this process as carriers of cultural meanings, which penetrate and dominate the culture of the subordinate nation. In the case of television (and other mass media), the processes of cultural production and dissemination are also economic activities of commodity production and marketing, thus cultural imperialism is arguably premised upon economic imperialism.

Cultural imperialism has cultural as well as economic dimensions. It limits the production capacity of local film and television industries because their distribution networks are filled with Hollywood media. It furthermore leads to the domination of local culture by foreign values.

Mattelart, Delcourt and Mattelart (cited in Barker, 1997) argue that culture now forms part of industrial and political strategies, which is inherently linked to the globalisation of American dominated capitalism. They add that this promotes a process of cultural homogenisation and the silencing of different voices whose presence become precarious in global media. This argument emphasises “the loss of cultural diversity and the growth of ‘sameness’” (Barker, 1997: 185).

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<sup>13</sup> As suggested by Barker (1997) and the arguments of Tomlinson (1991) and Schlesinger (1991), media imperialism is cultural domination that is based on the assumptions about national identity and cultures. Cultures are not singular entities, but change in practices and generating meaning is a continuous process. However, for the purpose of this study, the importance of cultural imperialism lies in the power dominance of American film distribution.

In accordance with these opinions, globalisation and cultural imperialism lead to what Demers (cited in Doyle, 2002: 23) refers to as the “paradox of capitalism” – increased global competition results in *less* competition. The increased concentration of ownership and power in a few large media conglomerates is the biggest disadvantage in terms of entry for smaller corporations.

The implications of cultural imperialism for this study lie in the re-emphasis of the problems that indigenous film and video industries are faced with the asymmetrical power relations established by the Hollywood conglomerates. It also strengthens the need for a technology that promotes different voices and cultures without the regulated and controlled power which is characteristic of the multinational corporations. These multinational corporations are greatly influenced by global economic forces. The next section explores the combination of media and economics in terms of the cinema industry in order to explain the powerful impact of economic forces.

#### 2.4.5 The media entertainment economy

Economics is of great significance in the understanding of how media corporations and industries operate. According to Picard (cited in Doyle, 2002: 2) media economics:

is concerned with how media operators meet the informational and entertainment wants and needs of audiences, advertisers and society with available resources.

Mass culture theorists and political economists concentrate on the ways in which films are the product of industrial and economic processes that shape their form, content and the ways in which they are consumed by audiences. Media entertainment economics in the post-industrial age have become central to these processes. The next section discusses media entertainment economics in terms of the value of intellectual property, economics of scale and scope, synergy, dual markets and consumer behaviour. An understanding of these elements is integral to the structures that cinematic content will have to adhere to in the new media landscape.

##### *2.4.5.1 The value of intellectual property*

According to Handy (2001) the physical economy of owning goods is increasingly surpassed by the experience economy – an economy where more money is spent on buying the pleasure of the experience rather than material possessions. The value of media content lies not only in the physical film or videocassette, but in the messages, meanings and stories it offers – thus, in its intellectual property. Intellectual property is intangible and costs do not depend on quantitative reproduction. The cost of a film is not affected by the number of people that see it (Doyle,

2002). This is the underlying principle of economics of scale, which is a prevalent system in the media industry.

#### *2.4.5.2 Economics of scale and scope*

Economics of scale refers to the high initial production costs and low marginal reproduction and distribution costs that is characteristic of the cinema industry. Economics of scale is present in an industry where the marginal costs are lower than the average costs (Doyle, 2002). In terms of the cinema industry, marginal costs refer to the cost of supplying a product to one extra consumer. Average costs refer to the total costs involved in providing the product, divided by its audience. Marginal costs in the cinema industry tend to be low and accordingly the bigger the audience that watches a particular film, the lower the average cost. If the average costs go down as consumption increases, then economics of scale and higher profits will result (Doyle, 2002).

In accordance with economics of scale, economics of scope also functions commonly in the cinema industry because the nature of cinematic output created for one market can be replicated and sold in another market. Lipsey and Chrystal (cited in Doyle, 2002: 14) explain:

Economics of scope are generally defined as the economics available to firms large enough to engage efficiently in multi-product production and associated large-scale distribution, advertising and purchasing.

One implication of economics of scope is diversification. Corporations that can take advantage of repackaging content for different markets can lower the average costs of its products. Single product corporations will find it increasingly difficult to compete with these diversified corporations. This has resulted in a series of mergers and acquisitions of media corporations.

#### *2.4.5.3 Synergy and corporate mergers*

Another principle of business in late-capitalist economy is synergy. Synergy describes the merging and fusion of modern corporations. These mergers take place across borders creating multinational companies with interests in many aspects of the industry they are involved in. These corporations integrate different but complementary business interests. The resulting conglomerate aims to be more valuable than its separate parts, creating new products and markets (Branston & Stafford, 1996). The advantages of large media corporations lie in the cost advantage associated with size. Sheer size may dictate an industry and a corporation can become an oligopoly unless some form of market intervention or government relation prevents it from occurring. If there is no intervention, these large corporations may create barriers to entry and dominate an entire industry (Doyle, 2002).

According to Feldman (1997) media corporations will need to understand their businesses in a wider context in order to survive and be profitable in the new media landscape. They will need to define themselves not in relation to single means of delivery, but by making content available on all channels and mediums of distribution. Economics of scale and scope act as natural barriers to entry in that any new company will generally be smaller than the large media conglomerates and, from the onset, is at a cost disadvantage.

#### *2.4.5.4 The dual market*

Another aspect that makes the media industries unusual is what Picard (cited in Doyle, 2002: 12) refers to as the “dual market”. According to Picard the media corporations generate two commodities – content and the audience. The entertainment content, such as films, videos and magazines, constitutes one form of output that these corporations can sell. The audience that is attracted by these products makes up a second valuable output – to the extent that access to an audience can be packaged, priced and sold to advertisers. Advertising revenue is a primary source of income for many media formats. It is already playing an important role in generating income for new media companies on the Internet – as users are still reluctant to pay for content on the Internet. Thus cinema industries are in the business of producing not only content but also audiences for this content.

Media corporations are becoming more powerful with the acquisition and mergers of entertainment companies. These companies and other new media companies are producing more products and distributing them over more channels and mediums of distribution. The audience is thus confronted with more choices, however as Wolf (1999: 26) points out: “The amount of time consumers can spend on entertainment has not increased”.

#### *2.4.5.5 Consumer behaviour*

According to Lamb et al (1992) consumer behavior

Is the study of the processes the consumer uses to make purchase decisions, as well as use and disposal of the purchased good or service. Consumer behaviour also includes the analysis of factors that influence purchase decisions and good/service usage.

The behaviour of the consumers is very difficult to predict, because it is in a constant state of flux. Influences include changes in age, social values and status, as well as technology. In the new media landscape the consumer places even more value on time, which has become a precious commodity in the entertainment economy (Wolf, 1999). People only have a limited

amount of time and money to spend on entertainment. Furthermore, it is also difficult to predict the 'use values' of specific entertainment. In a time-based economy, free time can no longer be considered as completely free. The entertainment economy places great demands on the consumer to maximise the pleasure of free time, however, that pleasure usually comes at a price. In order to convince consumers that their free time is well spent, added value and increased promotion must be given to entertainment products. Entertainment means different things to different people. Michael J. Wolf defines entertainment in terms of the "fun" factor – entertainment gives pleasure. "Entertainment has become a key part of the consumer value equation" (Wolf, 1999: 27).

Furthermore, consumers in capitalist countries are free to buy what they want from anyone they want. This freedom of choice is amplified in the Internet world where freedom of choice is central to the nature of the system. Freedom of choice also stresses the importance of predicting the behaviour of consumer to marketers. The entertainment experience has become so important that many products are sold on its entertainment value. Most consumer products have become lifestyle statements. These lifestyle statements are exceedingly influenced by branding. Branding is a marketing and promotional tool that creates a perceived emotional need with the consumer to buy a product.

The next section investigates in more detail how the principles of the entertainment economy (the product, the channels of delivery of the product, the promotion of the product, the consumer and technological development) are defined in terms of the cinema industry. In order to determine the success of a product it is necessary to examine to what degree each of these elements limits or controls the flow of cinematic product.

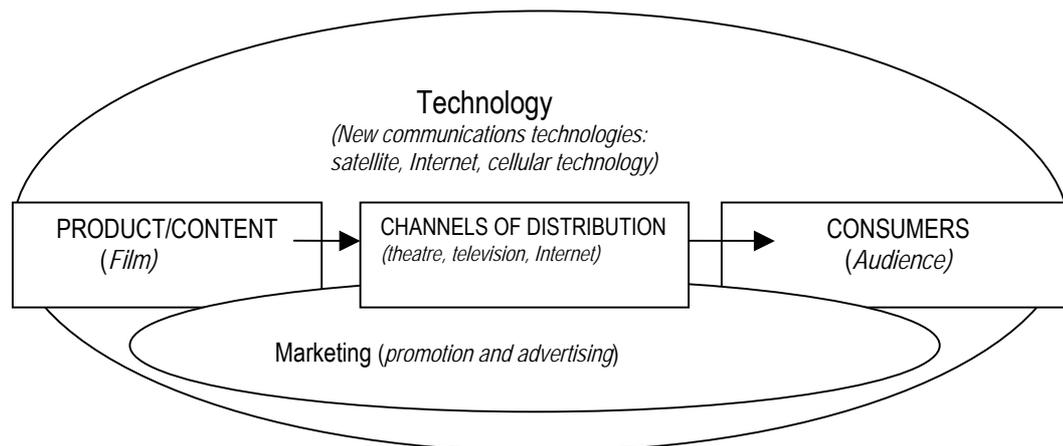
## 2.5 THE IMPLICATIONS OF THE FLOW-OF-CONTENT MODEL ON THE CINEMA INDUSTRY IN THE CONTEXT OF THE NEW MEDIA LANDSCAPE

In terms of global economics, the cinema industry functions on the principles of delivering (distribution) a manufactured product (films) by the necessary publicity (marketing) through the channels developed by technology to reach as many people as possible (audience).

The industrial mode of cinema in the entertainment economy advocates the principles of industrial economy in terms of producing a product, delivering this to as many buyers as possible through as many channels as possible – all with the goal of the minimum investment and the maximum return on that investment. All the elements of the flow-of-content model are

interrelated. Content has no value unless it is distributed to an audience – distribution platforms have no value without content. No single element is more important than another, however performance can be threatened if a bottleneck develops within any element. The next section investigates the flow-of-content model in terms of the cinema industry in the context of the new media landscape.

Figure 2.2 The flow-of-content model of the cinema industry



### 2.5.1 The product (films/content)

Filmmaking is a photographic process of images being captured on film, sound being added and it being projected against a large screen with the sound being played through loudspeakers. However, technological developments have moved film across other mass media formats.

Today the line between the various mass media of film, television and video has become blurred – a commercial movie will now open on the cinema circuit, then move to the video circuit, and end up as a re-run on a television or cable network. Some movies are specifically made for television or the cable circuit. Film has grown to become a multifaceted communication medium that is used across a wide spectrum. It is used for the production of educational and training aids, public relations and sales promotions, social documentaries, and for the promoting of the ideals of political parties, trade unions and religious or other groups (Botha & Louw, 1998: 180-181).

Thus, films are still called “films” even if it is recorded on videotape, screened on television or played through a media player on a computer. For the purpose of this study films form part of the communal term *content* that will be used to define the cinematic product in all its formats.

Furthermore, cinematic products are not merely commercial products, but are classified as cultural goods that enrich the cultural environment. The quality of these products for consumers

lies in the value of the information and messages they convey rather than the physical format. Messages and meanings are naturally intangible. Doyle (2002: 12) clarifies that:

Because the value of media content is generally to do with attributes that are immaterial, it does not get used up or destroyed in the act of consumption. If one person watches a television broadcast, it does not diminish someone else's opportunity of viewing it. Because it is not used up as it is consumed, the same content can be supplied over and over again to additional consumers.

Thus, in terms of the value of the cinematic product for media corporations "content is king" (Feldman, 1997: 153).

#### *2.5.1.1 Content is king*

Feldman (1997) admits that this statement may be an over-simplification, but defends it by arguing that even though numerous new platforms and channels of delivery may emerge they will be silent and empty without content. He adds that the key to the digital future and the power determining that future will lie in the hands of those that own the content (Feldman, 1997).

Handy (2001: 97) also stresses the importance of content: "Elephant organisations [large media corporations] may control the technology, where economics of scale and deep pockets are needed, but without content they are ultimately worthless".

In accordance with this, the libraries of recognisable media content are increasingly valuable to their owners. These libraries can be recycled through new media distribution channels. The large corporations that own these libraries are in a powerful position (Branston & Stafford, 1996). Gomery (1996: 408) reiterates: "without libraries of content and the regular creation of new media entertainment, the Internet will simply be like fancy plumbing without water". The value of content is further emphasised by the search for the "hit" film.

#### *2.5.1.2 The "hit" film and the phenomenon*

A cinematic product that is popular and financially successful, also called a "hit", is the driving force of the entertainment economy. A hit in terms of the entertainment economy is a product that has captured the attention of masses of consumers and that is financially very profitable. A hit is also set against a strong cultural background in that people define themselves by the hit songs they listen to, the hit movies they see, the hit books they read and the popular cars they drive (Wolf, 1999). According to Wolf (1999: 157): "Hits transform mere commerce into a consumerist culture statement". The hit film, also called a blockbuster, sets the standard for success in the cinema industry. Blockbusters reach large audiences and return large profits for

its owners. Most often these films are produced by the large media corporations that back them with large budgets and promotional campaigns.

Superior in commercial success to the hit lies what Michael J. Wolf (1999: 158) describes as the “Holy Grail of entertainment economy - the phenomenon”. The phenomenon does more than succeed - it redefines success. It provides a niche that did not seem to exist before. The phenomenon holds the possibility of huge returns on investment. Most phenomena also seem to exist outside of time in a moment that is always present (Wolf, 1999). This increases the value of the product because its reach is extended.

More products, competing for the consumers’ attention on more distribution platforms, make it more difficult to predict the success of a product. The cost of these products has increased because more products are marketed and distributed globally. New products are more costly because they have to stand out from the rest. Only the big players can afford to launch a major new product on a grand scale.

However, every now and then a phenomenon appears as if from nowhere and a new player is founded. There is no formula for the creation of a hit film, although many producers think there is by duplicating the most recent success (Wolf, 1999). Ultimately the success of a product can only be increased by large financial backing. Time constraints and the multitude of choices have created an even greater need for a product to be available in every channel and platform in order to have a chance against the conglomerates high-concept multi-platform efforts (Wolf, 1999).

#### 2.5.2 Channels of distribution

Cinematic distribution can be defined as the delivery of cinematic content to an audience or as the means by which a film becomes available to the public. Distribution has a direct influence on the success or failure of a film. A filmmaker cannot produce a film without considering how it will reach and be watched by an audience. A film needs to be seen as by as many people as possible for its potential power, either financial, aesthetical or communicative, to be fully realised (Donahue, 1985).

People and consumer trends are very unpredictable. Donahue (1985: 55) elaborates:

The success of a film in theatrical distribution, network television and other ancillary markets, is dependent upon distribution arrangements and public taste, which is unpredictable and susceptible to change. The theatrical success of a film may also be significantly affected by the popularity of other films then being distributed.

Marketing and publicity strategies are implemented in order to create awareness and public interest in a film. This again relates to how many people will see a film and how encompassing the distributive reach of a particular film is.

Distribution constitutes the means of delivery of the cinematic product to the audience. This definition has evolved in meaning as the delivery systems and exhibitioners have changed through technological developments.

In the 1940s television was developed as new delivery system of the cinematic product. Television was delivered directly to the audience's home via the television set. The content for television was broadcast from a central point. Broadcasting content still relies on film production, however, it has created new forms of programme content such as variety shows, news, soap operas and game shows (Gomery, 1999).

In the 1970s home video and the videocassette recorder (VCR) brought means of new delivery and storage possibilities. This allowed the mass audience to record and keep their favourite programmes and films (Campbell, 1998 & Gomery, 1999). In the 1990s satellite has opened up a new distribution platform. The main impact of satellite is the opening up of delivery space, providing more choice at a cost. Many critics predicted that these technological developments will see the end of the feature film. On the contrary, the new technologies have opened up more channels for distribution – increasing the value of the feature film.

Distribution is directly associated with the format in which the film will be seen. This can either be through theatre exhibition, television broadcasting, video or any of the new distribution mediums such as DVD and the Internet. The means of delivery also establishes the number of people who will see a film and the extent to which profits will be returned. Multiplex theatres allow new films to be released in the large seating capacity theatres and then move to smaller theatres, as it becomes less popular.

The development of outlets for entertainment content has brought what was formerly confined to the stage or screen, radio or television to new places and in new ways through technological development and has transformed the traditional distribution business model of the cinema industry (Wolf, 2000: 84).

All existing content industries – broadcasting, music, film, publishing – are based on the generic model of distribution. In other words, their business is creating a single product and either replicating it in physical form and delivering it to as many individuals as they can find who will pay for it or transmitting it identically through a

broadcasting infrastructure so that the same product is received by who are tuned – or who have paid to be tuned – to the signal (Feldman, 1997: 155).

Historically, the producers and distributors of content products operated on the creative and commercial models, which opt for the generic, rather than a customised distribution model. In the new media landscape – the generic model can persist, however, it can also be disposed of entirely. The one to oneness of interactivity has the potential to offer a content experience tailored to the individual needs of every user on demand. In the future, each content experience could offer an experience determined by the user, rather than the producer. This implies that a massive shift may take place in the balance of power between the user and the producer of the content.

Films earn most of their income from cinema box-office, video, television and merchandising. Video and pay television has emerged as most lucrative sources of income. However, the box-office performance determines the popularity of film. The film's appeal or lack of appeal is discovered in the theatrical release. Merchandising provides another possible source of income<sup>14</sup>.

In the contemporary cinema industry it is distribution, rather than production, which gives the most opportunities to maximise efficiency and profit and therefore distributors generally aim to maximise audience size and recoup their costs as quickly as possible.

### 2.5.3 Marketing, promotion and advertising

"Marketing is the sum of ways in which a product is positioned in its particular market" (Branston & Stafford, 1996: 101). In terms of cinema this includes the pricing of the product, the physical availability of the product and the visibility of a product through advertising and promotion. The number of people that see a particular film is directly associated with the success of the marketing strategy. Advertising, trailers, reviews, critical acclaim, fan magazines and word of mouth are all marketing strategies that function to attract as large an audience as possible to see a particular film. In order to attract such a mass audience, the advertising budget of a film can (in some cases) exceed the production budget.

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<sup>14</sup> Films aimed at the children's market are generally the main earners of income in ancillary markets. The Disney Corporation has established a strong character brand associated with children's entertainment and value of its global merchandising is phenomenal. On the authority of Sanghera (cited in Doyle, 2002: 105) the global retail sales of Disney licensed merchandise are estimated to have reached \$112 billion in 1998.

The marketing activities of the entertainment industry (with the focus on the television and film industry in this study) have increased dramatically in the 1990's<sup>15</sup>. According to McAllister (2000) this can mainly be attributed to the changes in technology, rising production costs and corporate ownership. The next section examines the implications of these elements on marketing, promotion and advertising as well as the importance of branding.

#### *2.5.3.1 Changes in technology*

Changes in technology (new distribution platforms such as cable and satellite television) have increased the amount of content available to the consumer. Although this implies that there are more kinds of products competing for the attention of the audience, more distribution channels also lead to more specialisation of content and audience fragmentation. The implication of this magnitude of choices is that in order to get noticed by an audience, the producer and distributor of content have to increase its advertising, marketing and promotion (Wolf, 1999). However this does not merely imply an increase in marketing, but marketing that is branded to the specialised identities of a particular audience demography that can be sold to advertisers (McAllister, 2000).

#### *2.5.3.2 Rising production costs*

The increase in production costs and competition of mainstream films and television programmes has also increased the importance of marketing, advertising and promotion. Increased production costs, increases the financial risk to producers and places more pressure on the product to be profitable. This is made more complicated as the competition for screen space of these products has also increased. The filmmaker or producer is faced with the problem of securing finance by building a pitch on 'bankable' elements (such as a star or special effects) which increase production costs. In order to recuperate these costs the film has to have a wide release across many screens. The problem is that these films often have to compete with other films that are based on the same premise of big stars and special effects. Thus in order to attract the bigger audience to any specific film, the marketing is dramatically increased to justify wide release. The same principles apply to television broadcast rights. Broadcast channels buy the broadcast rights to events that are guaranteed mass audiences (high ratings) to sell to advertisers. These broadcast rights costs are soaring as more channels are competing for the same audience. This can be seen in the broadcast rights for the

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<sup>15</sup> See McAllister (2000: 107) for table indicating the increase between production costs and advertising for film in the United States from 1971 – 1997.

Olympics. NBC (American television broadcaster) has bought the television right to broadcast the Olympics (1998 – 2008) for \$ 36 billion (McAllister, 2000:108). The increase in production costs and competition has also placed more emphasis on the importance of marketing. These enormous costs can only be carried by the large media corporations. This raises the question that will be addressed in chapter 4: Are the Internet going to be the democratising distribution platform or will things stay the same and the media conglomerates will merely use the Internet to increase the reach of their already powerful branded products? The next section explores the reason for increased marketing in the context of corporate ownership.

#### *2.5.3.3 Corporate ownership*

The multinational media conglomerates have built their empires on the philosophy of corporate synergy whereby these “conglomerates acquire smaller companies that complement and contribute to the other holdings of the corporation” (McAllister, 2000: 108). Thus related companies can use each other as promotional vehicles. This implies that advertising is kept ‘in house’ (inside the corporate structure). Synergistic licensing deals allow the development of more cost-efficient content as the same characters can be cross-promoted through a variety of corporate holdings. Corporate synergy also increases marketing as a result of the corporation’s promotional ethos. This philosophy of promotion is structured throughout the company’s subsidiary relations and favor marketing activities. Ownership synergy encourages cross-promotion and the widespread use of the conglomerates’ resources to market the product. Corporate synergy will be further discussed in chapter 4 in the discussion of the Internet. The above mentioned elements that gave reasons for the increase in marketing focus on attracting the mass audience to the media text. Another concept that increases the power in attracting mass audience is the principle of branding. The next section gives an overview of this concept.

#### *2.5.3.4 Branding*

As the global entertainment economy grows and corporations attempt to distribute products in several different countries, the marketing of new products becomes more complicated.

According to Lamb et al (1992: 229) a brand is:

A name, term, symbol, design or combination thereof that identifies a seller’s products and differentiates them from competitors’ products.

Branding serves as a means of product identification, it encourages repeat sales and aids in new product sales. Branding has the potential to give a product a personality, which can also be expressed as a lifestyle statement. According to Wolf (2000: 224) the dictum “consume and

become” becomes prevalent. The power of an international brand, recognisable everywhere, increases the power of that product, thus increasing its reach and profitability (Branston & Stafford, 1996). A hit film can become like a brand. Hits have the possibility to become long-lived, wide reaching brands by occupying every available channel in popular culture.

One of the implications of increased marketing, according to McAllister (2000: 110), is that entertainment products that are easy to promote (the high-concept films whose plot lines can be defined in one sentence) may be more widely produced than those that are deemed promotionally difficult material. This practice places pressure of the content creator to create ‘event’ products that is market driven.

Another implication of increased marketing is the overall increase exposure to advertising that viewers experience (television especially highlights this increase). McAllister (2000:113) states that:

Although many advertisements are occasionally entertaining, they are not the primary reason why viewers participate in media consumption. Viewers watch the programmes.

The notion that television is free to viewers (excluding pay-per and subscription models) incorrectly assumes that the viewer’s time is not valuable, because viewers pay for television with their time. Another implication of increased marketing is the trend of advertising embedded in media content. This refers to the principles of product placement. Products placement occurs when brand-name products appear conspicuously in films or television programmes in exchange for economic or promotional compensation (McAllister, 2000). As important as the revenue is for the media corporation – moreover is the cross-promotional opportunities offered by the brand-name products.

Media companies are finding themselves in an increasingly costly, competitive, conglomerate orientated environment, in which economic logic encourages heavy promotion by these companies, often using themselves to do the promotion. Such strategies encourage the production of easily marketable entertainment products, the amount of advertising and media content (McAllister, 2000: 117).

The importance of marketing, advertising and promotional strategies lie in its purpose: to attract as large as audience as possible to a specific cinematic product. The next section explores the audience in the new media landscape.

#### 2.5.4 The consumer (the audience)

The consumer society promotes the notion that the audience has become an entity that makes entertainment choices on the basis of what is desired. It has become increasingly important to

tap these wants and desires of consumers. There has also been a cultural shift in the perception of time. With more entertainment choices, time has become a commodity to be bought. The leisure time of consumers are filled with endless possibilities of choice. Consumers have become what Micheal J. Wolf calls “time-surfers” (1999:67). Consumers fill their time with various forms of entertainment in term of personal taste and time limitations. The implications of the commodification of time are that power has shifted from the unidirectional media of television of thirty years ago to the audience. This has a magnitude of implications in terms of what kind if product will attract critical mass to ensure advertising. No single medium is as effective as it was in the past.

Increasingly, products seem to make a statement about the consumer. It takes these communities of consumers to create hits. In order to start a community of like-minded consumers, the leader of such a group need be influenced. The first people to see, for example the next hit film, achieve a status boost by being in the know. They become the ones that others envy and wish to follow. Wolf (1999: 173) calls these consumers, “alpha consumers”<sup>16</sup>. Alpha consumers approve a product and validate it for the rest of society. Alpha consumers are not the same for every product. In a hit-driven marketplace, alpha consumers are sought after. They have become sophisticated and are increasingly difficult to win over. Alpha consumers use influence and word of mouth to create mass appeal (Wolf, 1999: 173).

The new media landscape has also seen the development of a market for prosumer technologies: Lister et al (2003: 33) defines prosumer technologies as:

Technologies that are aimed at neither the professional nor the (amateur) consumer market but both – technologies that enable the user to be both consumer and producer.

Since the 1990s the technological separation between what was deemed professional and amateur (between what was acceptable for public distribution and what was suitable only for domestic use) has diminished. It is now possible to produce broadcast ‘acceptable’ quality products with equipment a tenth of the cost that it was before (Lister et al, 2003).

This disintegration of the professional/amateur barrier, mainly held in place by the costing of technology, opens up the market for consumers that now has the ability to produce broadcast

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<sup>16</sup> Lamb et al (1992: 96) refers to alpha consumers as opinion leaders. These individuals have the power to influence others and affect consumer behaviour.

quality content. The lowering of the barriers of entry in new media entertainment is the premise on which the development of new media content providers is built.

The Internet has the potential to offer the modern consumer a highly flexible environment with customised services and products, where he or she can act as both consumer and producer of content.

#### 2.5.5 The role of technology on the flow-of-content of the cinema industry

The development of technology, as in all aspects of life, has had manifold implications on the cinema industry since its inception. As introduced in section 2.4.2, Mandel's periodisation states that each era has a technologic medium specific to it. In terms of cinema, technological development went from black and white silent films to surround digital sound in cinemascope colour - from television to cable, satellite television, home video, DVD and new media technology such as the Internet. New digital technology and the enormous growth of broadcast channels over the last decade have had implications on distribution, production and consumption patterns. Technology could increase the reach, the choice and the value of products of the cinema industry in the entertainment economy. The next section explores the impact of technology on the cinema industry.

This thesis is based on the premise that the new digital technology brings with it what has been called the digital revolution – a radical change from what went before. However technological essentialist application of new media technology can be an over simplification of the implication of new technology. According to Lister (2003) technological essentialism implies 'because a technology can do this the medium is indisputably like that...'. As technological characteristics of a new medium has developed in one direction does not mean that the technology cannot be applied to multiple uses. The following implications on the Internet, as new communication technology, focus on perceived implications of new media technology. However, before addressing these implications in greater detail, it is necessary to define the nature of the new technology that underpins new media.

##### *2.5.5.1 Digitality*

The end of the twentieth century is marked by the development of digital technology. Digital technology reduces content into digits of a binary code consisting of zeros and ones. Once reduced to digits, content can more freely be manipulated, duplicated and repackaged in other digital formats (Doyle, 2002: 142). Digital compression techniques also enable the more

efficient use of bandwidth and have resulted in the creation of new communication channels through satellite and cable networks. These networks, especially the Internet, have transformed the way many people communicate. Information travels faster and in greater quantities and the world appears to be becoming smaller.

The question really is not whether there is a need for a new distribution platform – technologically speaking, the delivery system has already been established – but rather, how will the new technology influence the cinema industry? This is the premise of this study and will be addressed in chapter 4 and 5.

#### *2.5.5.2 Technology increases reach*

Digital technology has opened more distribution channels for cinematic products to reach its audience. For example, television has possibly become one of the most significant technological additions to the cinema industry. Television has expanded the revenues of the products in that it provides greater reach. A film can become a great asset to its owners as it moves from theatrical release to video to television. In a five hundred-channel world, new technology has the possibility to increase the reach of a product and in return, increase its value (Gomery, 1996).

The expansion of distribution platforms also means that successful media brands can more easily be distributed across these platforms. This increases the economics of scope and offers financial success to its multi-product corporations. This potential in growth brings with it more roleplayers and multiplies the number of products available for consumption (Wolf, 1999). Digital technology has created digital paths to the same destination – the homes of the consumer (Wolf, 1999).

#### *2.5.5.3 Technology increases choice*

Interactivity gives users the potential to intervene and manipulate media texts. It is the key to the 'value added' that is characteristic of new media technology. Interactivity provides the user with a powerful sense of engagement with media and a more independent relation to sources of knowledge, individualised media and greater user choice. According to Lister et al (2003) interactivity is based upon the discourse of neo-liberalism that treats the user as consumer. This discourse also aims to commodify experiences and offer the consumer greater degrees of choice.

Mika Salmi, CEO of Atomfilms.com, describes the Internet as new distribution platform as follows:

I think time will tell whether this is correct, but I firmly believe that there has been a shift in the landscape, because there is just such a need right now and there will continue to be a need for a whole variety of entertainment out there. And the one distribution area that's stagnating is probably theatrical. But everything from satellite to cable to all kinds of variations of television is growing. Obviously the Internet is growing, whether it be narrow band or broad band. Then you have wireless and on and on and on. DVDs, other things. There's all kinds of new distribution growing and so there's a need for content to fill that. On the one hand, consumers are wanting a lot more choice and they're wanting a lot more of what they want when they want it. So there's a demand on the consumer side for a lot more entertainment (Hernandez & Kaufman, January 11, 2001).

Can too much choice lead to the saturation of a market where people buy things that they don't really want or need? Handy describes these products as "chindogu" – a Japanese word used to describe the unnecessary goods that consumers buy. Handy continues by saying that "chindogu" is one of the signs of capitalism's excess. The basis of economic growth in capitalism is for more people to spend increased amounts of money. This in turn creates more work for more people, creating more money to spend on more things, etc. But what happens when the demand diminishes? When the needs of consumers are satisfied and they cannot be persuaded to want more than they already have? New products and services have to keep the demand alive and advertising has to tap into the desire of consumers in order to create a need (Handy, 2001).

Choice is good, and although consumer behaviour is very slow to change, consumers will continue to seek out the best value in price, availability, service, reliability, simplicity and bandwidth. This is what will ultimately decide how we get our entertainment (Laplante & Seidner, 1999: 199)

The explosive growth of new broadcast channels has drastically increased the amount of content available to the consumer. This has however not necessarily increased viewing and listening, but has rather led to the growing fragmentation of the mass audience (Doyle, 2002). This has serious implications for the marketing of content. In order to attract a large audience – technology also has to offer more – thus, add value to the consumer experience.

#### *2.5.5.4 Technology increases value*

Technology has increased the volume and range of services offered by the traditional mass media. It has also contributed to the segmentation of the audience. In order to grab the attention of a large portion of the fragmented audience, technology will need to add value to the

consumer experience. It has to deliver new benefits to its users and extend the commercial advantages of its producers and distributors.

In terms of production, digital technology is lowering production costs. Low-cost digital cameras, camcorders and editing equipment is producing broadcast-quality content. This has considerably reduced the barriers to entry in the cinema industry. The lowering of production costs has made it feasible to produce content aimed at narrow audience segments (Doyle, 2002).

An important notion to consider is whether this added value creates a new form of content or whether the need to add value in order to attract a bigger audience has contributed to the creation of new media entertainment (Feldman, 1997).

Technology is not the key element that is driving the digital age forward, it is technology linked with consumers prepared to buy into it. Thus the power of the digital age lies in the hands of those that can conceive ways of putting the technology to work to produce products and services that users will want to buy (Feldman, 1997).

The discussion on technology and digital rhetoric takes has mainly seen digital technology as revolutionary. However these ideas do not escape the demands of physics or the economic principles of scarcity. The following aspects critiquing the principles of technology will be addressed throughout the dissertation:

- Bandwidth is not yet a reality (see 4.2.5.1)
- Memory capability and compression is causing constraints with interface and processing (see 4.2.5.4)
- The digital divide creates a divide between access (see 5.3.2)

Digital technology will not fundamentally equalise opportunities between small media companies and the established media giants, however digital technology and the Internet are indeed lowering many barriers to market entry and are creating opportunities for small companies to create new forms of content. However the digital environment strongly favours recognisable brands. Newcomers to the online universe find that the high initial costs involved in establishing an online presence (typically involving extensive campaigns on conventional media platforms) represent an effective deterrent to market entry. Large media conglomerates with strong brands and access to valuable back catalogues of cinematic content have the

upper hand when it comes to exploiting the additional scale economics made possible by digital technology (Doyle, 2002).

## 2.6 CONCLUSION

This chapter set out to explore the role of cinema in the new media landscape. The traditionally perceived role of cinema as a cultural product and as a means of subverting the norm has increasingly been taken over by the industrial role. The postmodern global forces that influence cinema in the new media landscape include globalisation, capitalism, consumerism, cultural imperialism and the entertainment economy. Globalisation is increasing the reach and flow of product to a global market. Globalisation is opening up opportunities to exploit economics of scale and scope. The colonisation of culture has become economic. The global market created by the spread and reach of new technology has placed economic power in the hands of transnational, capitalist corporations that control the market.

Cultural imperialism refers to the cultural and economic domination of one country or group over another. The economic power of many First World countries have resulted in the 'gobble-isation' of many smaller cultures and economies. The global market consists of consumers with global tastes. These global tastes are formed by the mass media and create a perceived emotional need with the consumer. Time has become a consumer commodity to be bought out by the entertainment economy. Although content choices are increasing considerably – consumer time does not. Promotion and advertising play crucial role in grabbing the attention and time of consumers

The power in the entertainment economy lies with those who own the content. This power lies in the hands of transnational corporations. Corporations furthermore diversify to increase their power over content. Cultural imperialism also limits the diversity of production of local products. Entertainment economy is based on the consumption of pleasure. An increase in distribution channels leads to an increase in content choice.

The flow-of-content model as set out by the entertainment economy determines the success of any given product. The financial success of a product is determined by the optimal flow-of-content to the paying consumer. Thus, products are manufactured and must reach as many paying consumers as possible through as many channels as possible. In cinema this translates to the production of a cinematic product (film) that is distributed through as many channels as possible (theatrical, television, video and new media) to reach a global paying audience that is

attracted to the film through an extensive marketing, promotional and advertising campaign. Marketing, promotion and advertising are the elements of foremost importance in the flow-of-content model. Technology has the possibility of increasing choice, value and reach of cinematic products.

## Chapter 3

### The world cinema industries

#### 3.1 INTRODUCTION

This chapter investigates world cinema in terms of the flow-of-content model (see 1.4.2 and 2.5) in order to demonstrate the gross imbalance between the Hollywood and non-Hollywood industries. The previous chapter specified that cinema, as cultural product, strongly adheres to the industrial principles of production and distribution of a product, with minimum investment and maximum returns on that investment.

The aim of this chapter is to explore how Hollywood has claimed its place as the leader in the world cinema industry and how non-Hollywood cinema industries are contending with this powerful multinational corporation.

The chapter gives an overview of the vertical integrated Hollywood corporations and the reasons for its dominance. This will be done through an investigation of:

- Hollywood's cinematic products;
- its control of global distribution;
- its powerful marketing and promotion strategies that attract a global audience; and
- its assimilation of new technology.

The chapter then defines non-Hollywood cinema against and in terms of the Hollywood cinema industry. The focal point is on the systems that non-Hollywood cinema industries have developed in order to find their voices. This section of the chapter investigates local popular cinema, art/independent cinema and political/marginalised cinema with focus on

- its niche products;
- its alternative distribution platforms;
- the marketing and promotion of its "otherness"; and
- its focus on more specialised audiences.

The purpose of the first section of this chapter is not to give an historical overview as a perspective on the history of film. It rather serves as a means to clarify the key structures (in the flow-of-content model) in terms of history, developed by Hollywood which allowed them to become the dominant player in the world cinema industry.

### 3.2 THE HOLLYWOOD CINEMA INDUSTRY

The history of American business in the twentieth century is a history marked by the growth of vertically integrated corporations with oligopolistic control (Campbell, 1998). A vertically integrated company is a company that is involved in all three branches pertaining to its business: manufacturing, wholesaling and retailing. This involvement allows these companies a much greater degree of control over its terms of trade. From the inception of the cinema industry, the majors have attempted the vertical integration of the cinema industry by controlling the production, distribution and exhibition of its cinematic product (see 3.2.1). Kellner (1999: 205) states that from its inception that Hollywood cinema “as a commercial enterprise, developed as an entertainment industry, rather than an educational instrument or art form”.

This section of the chapter shows how Hollywood has evolved as an industry and how today the classical Hollywood studios have moved into the integrated world of multinational media conglomerates. The powerful media conglomerates strive to diversify and vertically integrate all sectors of media, in order to have an even stronger hold over all mass media industries worldwide (see case study of AOL-Time Warner merger 4.8.1).

Hollywood is a financing system and a national and international production, distribution and exhibition enterprise. By the late 1990s, Hollywood films only accounted for 15 percent of the commercial films produced worldwide; but its international distribution network and the powerful marketing and promotion of popular American films guaranteed that ninety percent of its revenue came from global box-office distribution (Campbell, 2000). Hollywood can attribute this global success to the principles established by the studio system and later adopted by the multinational media conglomerates.

#### 3.2.1 The studio system

Hollywood’s dominance of the world cinema industry can be traced to the industrial principles set out by the classical Hollywood studios. Film production was organised on an industrial model “with mass produced output aimed at capturing a secure audience share and thus realising a substantial profit” (Kellner, 2000: 205). The industrial principles of production, distribution and exhibition were consolidated by the studio system. The studios attempted to control these industrial principles and operated as profit maximising corporations. The vertical integration of these principles has been attempted since the beginning of cinema. The next section explores the rise of the studio system and the practices developed by Hollywood cinema to control the market.

*3.2.1.1 The rise of the studio system (1930 – 1950)*

Despite the forewarning of the (Motion Picture Patents Company) MPPC antitrust case<sup>17</sup> in 1915, film companies with the financial resources sought out legal ways to construct vertically integrated companies through mergers and acquisitions. By the 1920s the studio system was firmly in place. Not only did the studios aim to hire the most popular actors<sup>18</sup>, but also the best writers, directors and cinematographers<sup>19</sup>. The major studios that ruled Hollywood during the 1930s and 1940s were: Paramount, Loew's (parent company to MGM), Fox Film, Warner Bros. and RKO. These studios, also called the "Big Five" with three smaller companies (the "Little Three"), namely Columbia, Universal and United Artists, dominated production, distribution and exhibition of cinema throughout this era (Gomery, 1998: 247). The most important of these was distribution and exhibition because this was where the studios set up their stronghold of power. The studio system produced formulaic genre films, popularising film and attracting big audiences.

Film production was organised in assembly line plant formation. From the onset, major movie factories were producing fifty features per year, each to satisfy the demands of the highly profitable exhibition end of the business. The adoption of the producer-unit system secured more cost effective and specialised diverse films. In this system producers differentiated themselves from one another by specialising in certain kinds of genres and styles. The unions were firmly in place and personnel were employed on long-term, permanent contracts. The majors also secured long-term contracts (normally seven years) with its stars, which assured booking of films with independent exhibitors, sight unseen (that is, material that was booked before it was seen).

*3.2.1.2 The decline of the studio system (1950 - 1975)*

By the early 1960s weekly movie attendance in theatres in the United States had decreased to half it had been during World War II. The decline of the studio system and the decline in attendance can be attributed to three main reasons: The first was the Paramount antitrust decrees, second the social transformation of the United States after World War II and, thirdly, the introduction of television (Gomery, 1998).

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<sup>17</sup> See Cook & Bernink, 1998: 4-7.

<sup>18</sup> From the beginning of cinema, popular movie stars played an important role in Hollywood and became fantasy figures for idealised romance and desire (Dyer cited in Kellner, 1999).

<sup>19</sup> Famous Players-Lasky's stars included Mary Pickford, Douglas Fairbanks and Gloria Swanson as well as 'name' directors such as Cecil B. DeMille and Mark Sennet (Cook & Bernink, 1999). This package introduced the policy of 'block' booking whereby exhibitors would be forced to book films, unseen.

The year, 1949, came as a watershed year with the antitrust suit (also known as the Paramount decision) that was brought against the “Big Five” and the “Little Three” by the Justice Department of the United States. The Sherman Antitrust Act of 1890 was the manifestation of an enduring American suspicion of concentrated power. For John Sherman, US senator, the antitrust law was an important means of maintaining freedom. The concentrated power of trusts amounted to a kingly prerogative and he argued “if we will not endure a king as a political power, we should not endure a king over the production, transportation and sale of any of the necessities in life” (Navasky, 2000: 48). The Majors were forced to divest themselves of their theatres. The government had hoped to increase competition and although the smaller independent exhibitors won the case in the Supreme Court, they were the ultimate victims. The policy decisions<sup>20</sup> made by the majors after the Paramount decision ensured that the studios maintained their power by producing fewer films. However the extra money ensured that films were well-made and popular, and thereby they still controlled consumer demand and orchestrated where these movies was to play. This resulted in many independent exhibitors closing their theatres due to a lack of films produced after the Paramount decision (Campbell, 2000).

The second reason for the decline in theatre attendance was the social transformations of the US. During the late 1940s and the 1950s, only a third of households in the United States of America (USA) had television sets. Television signals did not become freely available in most areas until long after the initial decline in movie-going. However as Gomery (1998) points out, many established filmgoers were spending their money on starting a family after World War II. They were finding a house in the suburbs, buying a car and other household appliances. It was therefore suburbanisation and the baby boom that were responsible for the decreasing numbers in film attendance in the United States (Gomery, 1998).

The third reason for the decline in theatre attendance in the US was the introduction of television. The first commercial television broadcasts in the United States were done in 1939 (Balio, 1990). Television soon became a popular entertainment distribution channel and developed into a mass medium during the years 1952 and 1960. People presumably preferred to stay home and watch the free (sponsored by advertising) television (Gomery, 1998).

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<sup>20</sup> (See Balio, 1990: 4 - 9).

*3.2.1.3 The multinational media conglomerates (1975 – )*

During this time the major US studios concentrated their industrial power in their role as distributors. They replaced the studio system of production with one in which they primarily acted as bankers, supplying finance and studio facilities to independent production companies. They introduced the system of packaging whereby a producer or an agent would assemble the “properties of a film” – the script, stars and director and sell it as a package to a studio. In order to receive financing and distribution for a film, the studio had to be guaranteed of its success at the box-office.

Robert Sklar (2002) marks this era in Hollywood history as a time of financial revolutions. At the beginning of the 1970s film studios were producing fewer films and movie-attendance had decreased to its lowest levels. However, new marketing strategies and films (the feature length cartoon and family movies) attracted the children of the baby boomers back to movie theatres (Campbell, 1998). This led to enormous financial returns for the most successful films. Films had also found a new place as private entertainment through video and television. Industrial ownership had developed large media conglomerates through mergers and acquisitions that are global in nature.

Since the 1980s the two industries (film and television) have become integrated into the multi-media conglomerates, where they present only two of the many associated interests of their parent corporations. In the latter half of the 1980s, encouraged by the Reagan administration’s relaxed attitude towards business regulation, several of the Majors were once again among those companies with substantial interest in cinema chains. Wall Street analyst Harold Vogel explains that this was not an attempt to recreate the vertical integration of classical Hollywood, but rather the securing of an additional element in a new strategy: “the entertainment industry consolidation” (Maltby & Craven, 1995: 77). This strategy not only supported the distribution in theatres but moreover the new corporations had the power to sell its blockbuster or new high-concept films in all of the sectors of their companies. The studios have always played an important role in the commercial mainstream cinema in Hollywood. The changes in technology and delivery platforms have been accompanied by the change of ownership of the major Hollywood corporations and their emergence as media conglomerates. Sklar (2002: 427) explains the reason for these mergers:

The new conglomerates brought media and communications to unprecedented levels of interrelationship. Under the same corporate umbrella, subsidiaries could turn one

product into many – a movie, a book, a soundtrack album; and newspapers and magazines owned by the same corporation could review them all.

Gomery (1996: 409) calls this the “fourth era”. This era began during the late 1980s with the grand scale transformation of ownership and the coming of cable television and home video. This commenced in 1986 when Rupert Murdoch took over Twentieth Century Fox. At the same time, Micheal Eisner, Frank Welles, and Jeffrey Katzenberg began to transform and rebuild the Walt Disney Corporation. At the end of the 1980s the Japanese company, Sony took over Columbia Pictures, Matsushita MCA. Time Inc. and Warner Bros. merged and Viacom bought out Paramount.

Today the Hollywood industry consists of six multinational media conglomerates: Disney, Murdoch's Twentieth Century Fox, Vivendi Universal, Viacom's Paramount, Sony's Columbia and AOL-Time Warner's Warner Bros. The business strategy of mergers represents a new, high-tech kind of vertical integration – an attempt to control both the production of electronic equipment that consumers buy for their homes and the production and distribution of the content that runs on that equipment.

Since 1994, all six of the major Hollywood studios have had a change in ownership and have begun to position their companies for the expected battle over the information and entertainment electronic superhighway (Gomery, 1996). The AOL (America Online) – Time Warner merger at the beginning of the 21<sup>st</sup> century suggests that this strategy will continue. Through the merger, AOL opened a new distribution platform for Time-Warner's content and Time Warner provided the high bandwidth through its cable network (will be discussed in 4.8.1).

Today, more people are watching more films than ever before in history, through a variety of means of platforms. The media conglomerates collect most of these revenues. The six media megaliths have centered themselves in nearly all forms of mass media. Viacom's Paramount division, with its Simon and Schuster and Prentice-Hall units, is one of the leading book publishers in the world. MCA, Warner and Sony are all leading producers of recorded music (cassettes, compact discs and whatever new forms are being developed). Time Warner is the world's leading publisher of magazines. Disney pioneered theme parks and as part of Rupert Murdoch's News, Inc. Empire, Fox is allied with leading newspapers around the world (Gomery, 1996). Gomery (1996: 413) argues that

[m]ore media convergence is on the way. The media conglomerates presently stand at the center of the new world of video, computers, and interactivity. Within a decade our homes and workplaces will be wired with fiber optics and will pour more of

Hollywood's products, making the six media conglomerates more diversified and more powerful. As was the case with the coming of the video cassette recorder, the battle for the control of the five hundred cable television channels will be won by Hollywood. In the end the US companies create what people around the world have long desired, and there is no reason to think that a new wire into the home will change that.

In order to understand the implication that the Internet will have on the cinema industry it is important to investigate the reasons for Hollywood's worldwide dominance. This will be done through an analysis of Hollywood's structures in the flow-of-content model.

### 3.3 THE REASONS FOR HOLLYWOOD'S DOMINANCE

Since the inception of the cinema industry, individuals and companies have been striving to integrate mass production of films with mass distribution and mass exhibition. According to Miller (1998) conventional economics explains Hollywood's historical success in terms of a flexible managerial culture and an open and innovative financial system that has adapted to changing economic and social conditions. Hollywood's dominance can be attributed to its control of the elements of the flow-of-content model – its high-concept cinematic products, its wide reaching distribution, its effective marketing to a global market and its adaptation of new technology.

#### 3.3.1 High-concept films

Even in the early years of cinema, inventors and entrepreneurs saw the commercial possibilities of attracting audiences to see these film events. By 1900 short movies became part of already existing entertainment industries, such as travelling carnivals, amusement arcades and vaudeville theatres<sup>21</sup>. The novelty of moving images soon became outworn and the natural development was the introduction of the narrative film: films that tell stories. Campbell (2000: 207) describes the function of narrative films as follows: "Films had to offer what books had achieved: the suspension of disbelief. Films had to create worlds that engaged the audience's imagination". Edwin S. Porter, a cameraman at the Edison Lab, adapted George Méliès innovations to storytelling<sup>22</sup>. Porter shot scenes out of order and reassembled them through editing. In 1903, he made *The Life of an American Fireman*, regarded as America's first narrative film (Campbell, 2000: 207). In the 100 years of cinema's existence, the Hollywood film

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<sup>21</sup> See Cook & Bernink, 1999: 3; Campbell, 1998: 206 and Kochberg, 1996:8.

<sup>22</sup> The Frenchman George Méliès (*A Trip to the Moon*, (France, 1902)) was one of the first filmmakers that employed the technique of cutting to continuity in portraying a story. Méliès advertised these films as stories in "arranged scenes" (Gianneti 1996:133).

developed has evolved stylistically and narratively into the post-*Jaws* (1975) era, now defined by the high-concept film.

Wyatt (cited in Cook and Bernink, 1999: 103) claims the term 'high-concept' as "the one central development – perhaps the central development with post-classical cinema, a style of filmmaking modeled by economic and institutional forces". Kleinhans (1998) defines high-concept films as films in which stars and genres mesh to produce a new product that is already familiar and that can easily be marketed across the multinational conglomerates' other interlocking media interests. High-concept films can be pitched in one sentence and promoted with one image and depend on the already known in popular comics, television shows, generically familiar and well-known stars. These films have a distinct style of high production values, astounding visual effects and an attractive audio and visual design. High-concept films aim at exploiting a specific market through the interacting synergy of multiplex theatres, saturation television advertising, stars and merchandising

Since the 1970s, attendance and profit have been concentrated on a relatively small number of blockbuster films. This has resulted in higher ticket prices, longer runs and led to bigger profits. These films became marketing events in themselves. Tie-in products such as clothing, toys, books and soundtracks attracted mainly young people to the cinema. *Jaws* (US 1975) was the first film to earn over \$100 million in domestic rentals and marked the beginning of era of the high-concept film (Sklar, 2002).

Schatz (cited in Cook & Bernink, 1999: 102), describes the post-*Jaws* world as a world where the blockbuster was conceived as a "multi-purpose entertainment machine that breeds music videos, soundtrack albums, television series and video cassettes, video games and theme park rides, novelisations and comic books". He further states that the "media hype surrounding the theatrical release of a blockbuster creates a cultural commodity that might be regenerated in any number of media forms". The new media conglomerates have created the structures to generate profits in all their sectors. Corrigan (cited in Cook and Bernink, 1999: 102) suggests:

These contemporary blockbuster movies became the central imperative in an industry that sought the promise of massive profit from large financial investment. The acceptable return on these investments (anywhere from \$20 million to \$70 million) required most significantly, that these films would attract not just a large market, but all the markets.

In 1977, *Star Wars*, directed by George Lucas, surpassed *Jaws* by fifty percent at the box-office (Sklar, 2002: 426). The film was the highest grossing movie of all time in 1977, and took in more than \$500 million at the box-office. In addition to that, income from sales of ancillary goods – toys, games, books and clothing – far exceeded its box-office takings. It also ensured the extended life of the product and increased the probability of success of its sequels and later its prequels (Maltby & Craven, 1995).

Even with the rise of smaller budget independent style film in the 1990s, Hollywood movie costs soared. By 1997, a major studio film cost, on average, nearly \$ 54 million to produce. Marketing, advertising and print costs added another \$ 22.2 million, the total being \$ 75 million (Campbell, 2000: 231). These costs are recovered from the following sources: box-office revenues (on average 40 percent), video sales and rentals, distribution in foreign markets, distribution of films produced by independent producers and filmmakers and product placement.

The era of high-concept films has continued through the 1990s. In search of even bigger box-office hits, Majors spend more money on fewer films, focusing on marketing budgets and production. This in itself limits the diversity of Hollywood films<sup>23</sup>. This strategy also makes it increasingly difficult for most films to break even and many films are seen as box-office failures. The practice of the “tent pole” film whereby a single successful film can support a whole studio’s yearly productions is a frequent occurrence (Wyatt, 1998: 83). These very successful films often dominate screens all over the world, limiting screen space for local cinema products.

### 3.3.2 Control of global cinema distribution

The first theatrical exhibitions took place in small makeshift theatres called nickelodeons<sup>24</sup>. These theatres were set up in inner-city locations as well as middle-class and working-class districts. These theatres flourished during the great European immigration at the turn of the century. They showed narrative film shorts that had no dialogue sound – “silent movies” that transcended language barriers. Between 1907 and 1909 the number of nickelodeons grew from five thousand to ten thousand (Campbell 2000: 208).

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<sup>23</sup> The high-concept film’s excessive production and marketing costs limit the amount of films produced by a studio. Kael (cited in Bernink and Cook, 1999) argues that conglomerate control of the studios meant there is less chance for any unusual projects to get financed. Monaco (cited in Cook and Bernink, 1999) adds that ‘increasingly we are all going to see the same ten movies’.

<sup>24</sup> Nickelodeons refer to small, makeshift theatres in cigar shops, pawnshops or restaurants that consisted of a projector and a large white sheet (Campbell, 2000).

The first films were sold or rented by the foot. Films were novelties (one product could not be distinguished from the next.) and people were enthusiastic to see them (Campbell, 2000). Early distribution began with a film exchange that provided vaudeville theatres with films and projectors. As the popularity of cinema grew internationally, the demand for a national and international distribution system was created. Gradually producers and distributors recognised that the audience wanted to see certain kinds of stories and certain actors and actresses. Instead of pooling the patents, entrepreneurs such as Adolph Zukor (later of Paramount studios) pooled the talent to dominate film production<sup>25</sup>. In addition to this, he also developed the distribution method of block booking whereby exhibitors had to rent films as part of a package deal. This package included new or marginal films as well as the popular films with the stars. This was an excellent way of testing the market without any financial risk. Not only did Zukor control who would produce his films and who would star in them, but also where they would be seen (Campbell, 2000).

### *3.3.2.1 Exhibition platforms*

Entrepreneurs also realised that something more than a sheet hung in a vaudeville theatre was needed to draw the middle and upper classes to the movies. Vaudeville theatres were converted into movie palaces with showing films, their only line of business. Elaborate architecture and royal treatment made movie-going very attractive. Profits soared and a series of mergers led to the studio era and the golden age of Hollywood (Campbell, 2000: 211).

Movie theatres evolved from the movie palaces of the 1920's to multiplex theatres of the post-*Jaws* era (1975 - 2003) (Campbell, 1998). Multiplex theatres exhibit a number of films under the same roof – usually high-concept films. These complexes are located in middle-class areas inhabited by college-educated families, the backbone of the existing motion picture audience. Saturation release - when a film is released simultaneously in many theatres across a country (Kochberg, 1996) - accompanied by heavy media promotion ensure paramount returns. Exhibition is controlled by a limited number of theatre chains. Their strategy is to build more multiplexes, but with more luxurious screening rooms and upscale concession services to make movie-going a special event. It is a strategy that seems to be paying off.

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<sup>25</sup> Famous-Player Lasky's 'stars' included Mary Pickford, Douglas Fairbank and Gloria Swanson. These stars ensured that Famous-Player Lasky's films were booked sight unseen, because they were popular with the audience (Cook & Bernink, 1999).

### 3.3.2.2 *A global distribution network*

The First World War significantly curtailed the production and distribution power of European moviemakers. By September 1914, the trade of especially French and Italian films, the leading producers of cinema during that era on the European continent, was greatly reduced. Many European theatres were shut down. American films soon filled this window of opportunity (since at this point America was officially neutral). As the war persisted, Hollywood prospered and European cinema industries were either shut or slowed down. By the end of the war, exhibitors around the world seemed eager for Hollywood films, especially in countries with no local film production. During the 1920s no film industry could challenge Hollywood. The export of films to Europe was further facilitated by the development in United States shipping as an improved transport infrastructure. By the mid-1920s foreign revenue from US films totaled \$100 million (Campbell, 2000: 210). In Great Britain, Canada and Australia, Hollywood controlled 85 percent of the screen-time. In France, Poland and Hungary they controlled two-thirds. Gomery states that during this time the world was Hollywood's marketplace (Gomery, 1991). Today the world is still Hollywood's marketplace. Early on Hollywood had set up the means of dominating world distribution. All filmmakers working outside this system, including those of Europe and other world cinemas, still find it difficult to gain entry into this system.

The Internet has the potential to create a global mass media distribution network - a single market that anyone can participate in. This market has the potential to span all national, cultural and geographical boundaries and open new distribution opportunities (LaPlante & Seidner, 1999). However, as shown in chapter two (see 2.5.2) more distribution channels do not necessarily guarantee an audience. The constraint in the flow-of-content model lies with an audience that chooses to pay to see a film. Marketing and promotion can greatly influence this choice. The next section describes some of the powerful promotional structures that Hollywood has created.

### 3.3.3 Powerful marketing and promotion

During the 1910s, successful companies, led by Famous Players Lasky, developed a system by which to manufacture popular, feature length films. This method came to be known as the "Hollywood system of production". The Hollywood system of production produced mass commercialised films to attract as large an audience and possible. The following section describes two of the elements that made Hollywood films popular.

### *3.3.3.1 Genre films*

A genre film is a recognisable type of film, characterised by certain pre-established conventions. These conventions relate to similar characters, scenes, structures and themes that recur in combination. Categorising films allow the cinema industries to create product standardisation and product differentiation (Campbell, 2000). Genre films provide a familiar model that can easily be imitated. This in turn facilitates the promotion of a film that already fits into a pre-existing format familiar to the audience. Some familiar Hollywood genres are westerns, romance, action/adventure, mystery/suspense, thrillers, comedy and drama.

For the purpose of this study genre theory places the focus on the sameness of genre films as industrial phenomenon both in terms of production and marketing. This is placed in contrast against cinema that is defined in terms of “otherness” – being different, distinct. “Otherness” serves as an alternative to Hollywood’s commercial genre films.

### *3.3.3.2 The star system*

A star is a film actor or actress of great popularity. The star system exploits this mass popularity to enhance the box-office appeal of a film. The star system has been the backbone of the Hollywood cinema industry (Giannetti, 1996). The Majors view the star as a valuable investment, because the star acts as marketing tool to attract audiences to their latest offering.

The power of the star system and genre forms the basis of marketing and promotional campaigns. Audiences are familiar and know what to expect. Genre films and stars become brands that attract large audiences to cinema theatres. Furthermore these films were distributed in luxurious theatre multiplexes that serve to attract the audience to cinema events. Through the principles of the genre films and the star system, Hollywood companies taught the world how to make profitable movies. Cinema has evolved and more distribution platforms increase the audience’s options. The multinational media conglomerates now use their subsidiary relations as a means of cross promoting their products.

### *3.3.3.3 Cross-channel promotion*

The wide reach of television offers opportunity to promote high-concept films. National television offers advertising in the form of entertainment news, documentaries and behind the scene interviews with stars and directors. Further advertising includes television, radio, billboard, newspapers and magazines advertising. Tie-ins and merchandising also offer

packages with restaurant chains. This form part of the media conglomerates system of compensating for the offset losses resulting from box-office failures. The cinema industry has diversified and expanded into other product lines. They are promoting their products on all the other mass media related to the media conglomerates. This expansion includes television, print media, sound recordings, home videos as well as cable and computers, electronic software, videocassettes and theme parks (Campbell, 2000). In order to maintain the industry's economic stability, management strategies rely on extensive promotion and marketing and the process of synergy<sup>26</sup>. The films as products are promoted through the printed book format, soundtracks, calendars, T-shirts, web sites, toy action figures and the "making-of" story for distribution on television, cable and home video. This synergy has been the biggest recent change in the cinema industry and is a key element in the flood of corporate mergers in the beginning of the 1990s.

The fourth reason for Hollywood's dominance is Hollywood's effective assimilation of new technology. The next section gives an overview of some of the most prominent technological changes in the history of cinema and how Hollywood incorporated these changes into its industry.

### 3.3.4 The effective assimilation of new technology

#### 3.3.4.1 Production technology

In the late 1800s, Hannibal Goodwin developed a transparent film that could hold a coating that was light sensitive, called celluloid (Campbell, 2000). In the late 1870s, Eadweard Muybridge, made a pioneering series of photographs on glass plates in order to show precisely how a horse ran. This innovation made it possible to capture movement. In 1882, Frenchman Etienne Jules Marey invented a camera that recorded twelve separate images on a revolving disc (Gomery, 1991). George Eastman (later from Eastman Kodak) bought Goodwin's patent and manufactured the first film for motion pictures. Thomas Edison's lab patented the first camera, the *kinetograph* and viewing system, the *kinetoscope*. Later they also developed the *vitastope*, which allowed film strips of greater length to be projected on a large screen. This allowed viewing for larger audiences to become possible. The first public showings of Edison's *vitastope* took place in 1896 in New York. Audiences were amazed and queued to see these projections that consisted mainly of events recorded by a single continuous camera shot, as for

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<sup>26</sup> Synergy refers to the promotion and sale of product throughout the various subsidiaries of the media conglomerates (See 2.4.5.3).

example a boxing match and waves rolling onto a beach (Campbell, 2000). The technology that defines cinema, as we know it today, was further enhanced by the development of sound and colour.

The first full-length “talkie”<sup>27</sup>, was Warner Brother’s 1928 release, *The Singing Fool*. The film starred Al Johnson, a popular vaudeville singer and cost \$ 200 000 to produce. It earned more than \$ 5 million (Campbell, 2000: 213). During the 1940s, people over the age of six went to the movies on an average of once a week in the US. Marketing and distribution strategies were re-worked, soundproof studios were constructed and fifteen thousand theatres were wired for sound (Gomery, 1991). By 1935 the world had adopted talking films as the commercial standard (Campbell, 2000).

The first film to be released in Technicolour was Disney’s animated short *Flowers and Trees* (US, 1932). The first feature films were Disney’s *Snow White and The Seven Dwarfs* (US, 1937) and the epic, *Gone With The Wind* (US, 1939) (Kupść, 1989: 72). Colour films became to be part of Hollywood’s marketing strategy when television was introduced. It served as an attraction, in contrast to the black and white images then broadcast on television.

#### 3.3.4.2 Distribution technology

The film industry’s response to the coming of television was twofold: differentiate from or collaborate with television. Hollywood as industry adapted and established drive-ins and cinemas in shopping centres. New cinema experiences offered wide screen, colour images (in contrast to the black and white television screen), and stereophonic sound (Campbell, 2000).

Between 1947 and 1959, the number of television sets in the United States increased from 14 000 to 4 million. In comparison to staying home and watching free television (that is, funded by advertising) going out to the movies became an expensive night out (Gomery 1998). The enormous growth of television is often erroneously cited as the cause of the decline of the studio system. Maltby & Craven (1995) explain that television has in many respects perpetuated the studio system of film production. Film companies began to sell film to television, make films for television and merge with television companies. The Paramount decision prevented the majors from moving into television broadcasting, but not production. By 1963, seventy percent of American prime-time television was being produced by Hollywood (Maltby & Craven 1995: 72).

The decline of the studio system resulted not in the decline in Hollywood's dominance, but in a shift towards the power of a new distribution platform – television. Although theatre attendance declined, Hollywood moved into the world of television, selling the distribution rights of its films to television networks and also started to produce television programmes. Hollywood assimilated the new distribution platform and strengthened its position as mass media powerhouse.

In the mid-1970s pay television (cable) was introduced in the United States. For the first time in the television age (although efforts were made since the beginning of television) a way had been found to make viewers pay for what they watched in their living room. Cable channels offer exclusive programming that viewers are willing to pay for. Film studios sell the distribution rights of their films to these channels at high costs. Other systems of pay television include satellite broadcasting. Satellite broadcasting provides a wide range of programme choices (Gomery, 1998).

The next big change was the introduction of the home video in the mid 1980s. Home video refers to the distribution of films through videocassettes that can be played repeatedly on video cassette recorders (VCRs). In 1986 returns from ancillary video sidelines exceeded the take at the box-office (Gomery, 1998). In the late 1990s DVD was introduced, the more compact format offers better quality images and faster run-through to specific scenes. DVDs also offer additional content such as trailers, screen tests, interviews and film production documentaries (Sklar, 2002).

“Sell-through” video bypasses rental and sells tapes directly to the public, thereby creating a new distribution platform for people collecting home video libraries. The Walt Disney Corporation estimated net earnings from video sales of its animated film, *Beauty and the Beast* (US, 1991) were higher than the net profits from theatrical box-office returns of any film in history (Sklar, 2002).

The financial success of a film is not only determined by the success of the film at the box-office, but, increasingly, by its success in the other distribution platforms as well such as merchandising, spin-offs and access to a major's worldwide distribution and marketing networks. This fosters the notion that the synergy created between hardware and software has resulted in the unification of technology, information and entertainment. Technological

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<sup>27</sup> A talkie is a film with synchronised sound.

development in the production of films has impelled Hollywood to adapt and assimilate the new technology in order to maintain its stronghold over world cinema industries.

The rest of the chapter focuses on how the cinema industries working outside the Hollywood system have contended with Hollywood's powerful reach. It will show how some have copied the structures established by Hollywood and also how others have sought to create an alternative cinema that opposes fundamental structures of Hollywood. Hollywood has forced world cinema industries to create its own set of distribution patterns and marketing strategies in order to find an audience.

### 3.4 NON-HOLLYWOOD CINEMA

The previous section introduced Hollywood as the dominant power in the world cinema industry. It showed how Hollywood has created this dominance through vertical integration of its companies, popular cinematic products, wide reaching distribution, powerful marketing as well as the assimilation of new technology. Showing how Hollywood dominated and still dominates world cinema industries is not underpinned by the tenet that Hollywood's films are of better quality. Rather, it demonstrates the discrepancy in power in the world cinema industry and how it has forced all the other cinema industries to deal with the power of Hollywood. Non-Hollywood cinema industries are faced with the central problem of finding an audience in a distribution network flooded with popular Hollywood cinema.

The purpose of the next section is to give evidence of the strong cinematic industries outside the Hollywood system. For the purpose of this dissertation these cinema industries will be called non-Hollywood cinema. Non-Hollywood cinema can broadly be defined as all cinema produced, distributed and exhibited outside the Hollywood system. This includes all national cinemas beyond the borders of the United States of America as well as the very strong independent film movement within its borders. This is not to say that all cinema industries outside of Hollywood function as a unity against Hollywood. Cinematic production is a complex field with many forces influencing its practices and consumption. National and independent cinema provide an institutional case study, demonstrating the dilemma of what can be called "oppositional" practice – opposition against Hollywood through the construction of alternative structures in the flow-of-content model.

Note that this section does not aim to give an historical overview of cinematic production outside of Hollywood, nor is it concerned with the cultural and social impact of these films. The

main purpose of this section is to demonstrate how these industries have managed the flow of content of its cinematic products. This will be done by identifying the patterns of consumption within the non-Hollywood cinema industries as well as exploring how the different elements of the flow-of-content model are managed outside the Hollywood system. This includes an investigation into its diverse products, its alternative distribution platforms, its creative marketing and its focus on a specialised audience.

### 3.5 THE PATTERNS OF CONSUMPTION OF NON-HOLLYWOOD CINEMA

Non-Hollywood cinema is an extensive subject with undefined borders. In order to understand the implications of the Internet on the cinema industry it is vital to observe in more detail the patterns of consumption of world cinema. These patterns identify a system whereby most cinema can find an audience. The patterns can be divided into three branches: mainstream, art/independent and marginal/political cinema.

#### 3.5.1 Mainstream local cinema

Popular cinema or mainstream cinema can broadly be defined as cinema produced for mass distribution, following popular trends to ensure large audiences and lucrative box-office returns. Most national cinemas have some form of popular cinema. These cinemas find their market in mainstream theatres. Sometimes these cinemas only appeal to a certain portion of a nation but can ensure a large enough audience to make a profit. These cinemas are sold on their commercial values and are promoted on the foundation of its stars, genre and spectacle. National agencies promote art cinema and are somewhat embarrassed by their popular films. They shun the genres and formulas that are common to commercial cinema and advocate “good cinema” as art cinema with great prestige at international film festivals. The international nature of “high culture” helps with the exportability of art cinema, while the cultural “noise” around popular films renders them more or less “inexportable” (Vincendeau, 1998: 447).

Mainstream cinema is dictated to by the industrial mode of filmmaking: its main purpose is financial gain. Film subsidies are often granted to these films on the basis of box-office returns. During the 1960s and 1970s in South Africa, a subsidy system was put in place that only rewarded a film if it showed a profit at the box-office. This resulted in the production of safe, formulaic films (Botha & Van Aswegen, 1992). This is the case of most mainstream cinema. There is seldom space for experimentation and alternative and new voices.

The best example of mainstream popular cinema outside Hollywood can be found in Indian cinema (Hill & Gibson, 1998). India is the largest film producer in the world and its industry is sustained by its popularity with its domestic market. The following section gives a brief summary of the practices of this popular film industry.

### 3.5.2 Popular Hindi cinema

Discussions of popular Indian cinema as “other” or non-Hollywood cinema can be problematic, for within the context of the First World Hollywood (see 2.3.2), Indian cinema has always been seen as marginal and defined through its “otherness” and “difference” from Hollywood. However within the Indian cinema context, this is a cinema that is an overwhelmingly dominant, mainstream form and is itself opposed by an “other”: the “new”, “parallel”, “art” cinema<sup>28</sup> (Thomas cited in Hill & Gibson, 1998: 541). In these terms, Indian popular cinema is neither an alternative nor a minority form.

The Indian cinema industry is the largest film producing industry in the world. It produces between eight hundred and nine hundred films per year (Campbell, 2000: 221). These films are produced in most of India’s 16 officially recognised languages, of which Hindi is the most spoken. An average of 200 Hindi films are produced annually (Pendakur, 1990: 230). The centre of the Indian film industry is Bombay, which is also referred to as “Bollywood”. With mass media such as television only relatively recently introduced in India, cinema remains one of the most accessible form of entertainment (Kupść, 1989). Approximately ninety million people attend cinema theatres on a weekly basis. Regional language films occupy ninety three percent of Indian screen time (Pendakur, 1990: 230).

The mass appeal of Indian cinema has rested on the bigger than life sets, locations, stars, fights, songs, dances and melodramatic storytelling techniques of Indian cinema. An estimated thirteen million tickets are sold every day in approximately thirteen thousand theatres nationwide. Unique to India is touring cinemas, temporary structures with bamboo walls and thatched roofs, which are located in rural areas. They make up about a third of the total theatres and operate only in the off-rain season (Pendakur, 1990: 230).

In a global context, Indian cinema, by virtue of its sheer volume of output, still dominates world cinema production. Its films are distributed throughout large areas of the Third World, where

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<sup>28</sup> In response to popular cinema, India’s most ambitious filmmakers develop the so-called “Parallel Cinema”. The work of Sayajit Ray, Ritwik Ghatak and Shyam Benegal focus on class inequalities and economic exploitation, as for example, Benegal’s *The Seedling* (Ankur, 1974) (Kupść, 1998).

they are frequently consumed more avidly than both Hollywood and indigenous “alternative” or political cinemas, suggesting that these films are offering something positively different from Hollywood. The large audiences of Indian cinema have also been able to resist the cultural imperialism of Hollywood. Thomas (cited in Hill & Gibson, 1998) believes that this does not mean that Indian cinema has not been impartial to Hollywood: film has undergone continual change and there has been both inspiration and assimilation of Hollywood and elsewhere, but Indian cinema has remained remarkably distinctive.

#### *3.5.2.1 Indian cinema conventions*

Indian cinema is based on the principle of classical Indian theatre. Most of the classical conventions have been transformed in a popular form of entertainment. These films can be described as romances, with a strong emphasis on family relationships. Each film contains between six and eight songs. The song and dance numbers are devised as visually spectacular sequences. They often take place in grand settings with elaborate costumes. These songs function not merely as popular entertainment but also serve a social function. In a conservative society that frowns on romantic liaisons, and where marriages are arranged, any verbal declaration of love and sexual desire between man and woman risks causing embarrassment. By transferring such declarations into song and distancing the emotions by putting them in the realm of dream and fantasy, the family watching the film together is spared any possible awkwardness (Kasbekar, 1996). Film songs also have a strong popular following outside the cinema and radio stations entirely devoted to film songs abound. This increases the market and publicity power of many films. Similar to popular Hollywood cinema, the stars and superstars of Indian cinema offer great selling potential to a film. Indian cinema genres are determined by the dominant emotion depicted in the film. These film genres are often formulaic in genre and the director’s skill lies in presenting the “formula” in an innovative way so they appear new and different.

#### *3.5.2.2 The distribution and exhibition of Indian cinema*

Out of the two hundred films produced in Hindi only five to ten percent are commercially successful, fifteen to twenty percent break even, while the rest lose money. A successful film can reap huge financial rewards for distributors, promote new actors and actresses into instant stardom as approving audiences flock to the cinemas to view a film, not once, but several times. An extensive distribution network exists in order to provide audiences with the popular Indian cinema. The market is divided into geographical “territories”. Each territory has its own

distributor, who works in conjunction with the exhibitors. The combined annual production of nine hundred films in the different regional languages results in a chronic shortage of outlets for exhibition, and some films fail ever to make it to a screen. Certain genres and stars attract large audiences and distributors book these films in advance to be guaranteed a profit. Distributors pay booking fees, and films are thus in part financed by them.

Fundamentally, the scarcity of cinemas gives both exhibitors and distributors the right to dictate the kinds of films produced. Refusal to adhere to these demands may result in a producer not finding a venue for his film at all. Many low-budget “art” films find it easier to show their work overseas, usually at film festivals. Video piracy is a great concern for many producers who are often forced to release their films in all territories at the same time and in some cases to release the film and video simultaneously (Kasbekar, 1996).

Mainstream cinema is dictated by mass appeal. Along with popular Hollywood cinema, local mainstream cinema dominates the exhibition platforms within most countries. Popular mainstream cinema attracts local audiences and creates a culture of cinemagoers that support local cinema industries. An alternative to popular cinema is what Solanas and Gettino calls second cinema (see 2.3.2) - art and independent cinema that are distributed on art cinema circuits and/or international film festivals. Art and independent cinema offer a strongest alternative to popular Hollywood cinema.

### 3.5.3 Art cinema

Art cinema can be defined as cinema that is marketed and consumed outside mainstream Hollywood. Monaco (2000: 374) explains art cinema as cinema with a “national artistic identity, defined in opposition to the Hollywood style, that is the central tenet of European and Third World cinemas”. Cook and Bernink (1999: 107) state that it is difficult to define art in positive terms and easier to define it negatively in terms of simply being “not Hollywood” or even “anti-Hollywood”. Neale (cited in Cook & Bernink, 1999: 107) adds that

The precise nature of these features have varied historically and geographically, as it were, since it derives in part from another, simultaneous function that these features perform: that of differentiating the texts or texts in question from the texts produced by Hollywood.

The notion of art cinema has existed since the formation of the *Film d'Art* company in France (1908) and the avant-garde works of the 1920s. It started to receive critical acclaim after the Second World War with movements such as the French New Wave (1959 – 1960) and Italian

Neo-Realism (1942 – 1951). New legislation enabled many European countries to promote indigenous film cultures and new markets were opened due to the dismantling of vertical integration within America (Smith, 1998). Debates about art cinema almost always lead to debates about how to create indigenous cinema. These debates argue against American cinematic imperialism (see 2.3.3) and for state and/or private funding for home-grown productions (Cook & Bernink, 1999).

In essence, art cinema provides an alternative to Hollywood cinema and creates the space where cinema can develop outside of Hollywood and new filmmakers can find their voice. The strongest art cinema movement can be found in Europe. The next section gives a brief overview on the state of European art cinema.

### *3.5.3.1 European art cinema*

For decades the term “European cinema” served as a convenient collective name for a group of national film cultures that have little more in common than them being produced within the borders of the European Community (mainly Western- Central- and Southern Europe). Vincendeau (1998) explains the essence of European art cinema in films that are, to various degrees, aesthetically innovative, socially committed and humanist in outlook. This includes the *auteurist* notion of originality and personal vision. In the 1970s and 1980s art cinema was further defined as an institutional and aesthetic phenomenon designed to counter Hollywood’s invasion of European film markets. Vincendeau (1998) describes European art cinema as films with loose, ambiguous narratives, characters in search of meaning rather than action, overt directional expression, a heightened sense of realism and a slower pace than Hollywood films. All these characteristics define and promote art cinema as, in essence, different from the industry based and generically coded Hollywood. These films also require a different viewing context and are therefore exhibited mainly in art cinema circuits and film festivals.

After the fall of the Berlin wall in 1989 and the fall of communism, a more expansive concept of Europe emerged. At the same time the European Union is fostering the idea of unification (the central currency, the euro, was introduced in 2002). The implications of this cultural and economic change for filmmakers working in Europe have resulted in the creation of new opportunities for co-productions and transnational financing. The reality remains that Hollywood films still dominate distribution and exhibition venues. Gianni Amelio, one of Italy’s most successful filmmakers sums it up: “Italy knows how to produce films but still have not figured

out how to encourage the public to see them” (Sklar, 2002: 517). This describes the situation in several other European countries.

In the new global economic environment the United States of America has furthermore advocated the lowering of trade barriers, demanding that European nations reduce the subsidies and taxes that support their own filmmakers. In response, some European governments argue that film represents a form of cultural expression that needs to be preserved. There is a general movement through Europe where Film Foundations and Festivals are trying to preserve this heritage and provide new distribution outlets for new filmmakers. But as Sklar (2002: 504) concludes:

European films seem relegated to play a smaller role than ever, both at home and in world culture. The paradox is that European filmmakers continue to produce some of the most artistically innovative and emotionally powerful works made anywhere.

This re-emphasises the need to create a distribution platform where this innovative work can find a place to be viewed and appreciated. The Internet, as new distribution platform, has the potential to play an integral role in providing such a space. The problem also extends to other film and video industries around the world. These cinemas find it even more difficult to exist, as their distribution platforms are more limited.

#### 3.5.4 Independent cinema

Independent cinema also offers an alternative to mainstream Hollywood cinema. Although independent cinema is a worldwide phenomenon, the strongest independent movement can be found in the United States of America. The next section explains the principles of independent cinema in terms of independent American cinema and will also give a brief overview of other independent cinema from around the world.

##### *3.5.4.1 American independent cinema*

The independent film has been part of the American film landscape since the beginning of cinema (see Kleinhans, 1998: 311). The independents were defined as cinema produced outside the Hollywood studio system. After World War II the art house exhibition system created more opportunities for independent film distribution which led to more independent film production. After 1975 independent films gained in visibility and began to be characterised as belonging to a full-fledged cinema movement. Unlike defined cinema movements, such as Italian Neo-Realism or the French New Wave, no specific style or theme identifies a film as independent. The independent film is individualistic in nature, international in scope, it

maintains an engagement with aesthetic values and social purpose (Sklar, 2002). Other factors such as budget size, financing sources, production circumstances, or the presence of identifiable performers also vary greatly. Independent cinema should rather be defined as a state of mind – critical in nature, adventurous, and a commitment to art over commerce (Kleinhans, 1998).

The major studios sometimes back these films in the post-production and distribution phase, but most of these productions are created out of and retain the spirit of independence. Independence is central to the American national identity, which, according to Sklar (2002), is characterised by the terms autonomy, self-reliance, and freedom.

Independent American filmmakers work outside the mainstream of Hollywood cinema either in search of the power of creative freedom or the search of recognition and bigger projects within mainstream cinema. Whereas mainstream cinema constitutes cinema with a clear commercial purpose, driven primarily by a profit motive, independent cinema is still closely related to the strong romantic connotations of the word: being completely “free”, “creative” and “outside” (Branston & Stafford, 1996: 289). Although many independent filmmakers refuse, or more often are forced to work outside the framework of Hollywood, they are still supported by an institution called the American independent cinema. The establishment of the Independent Feature Project (IFP) and the Sundance Film Festival did the groundwork for this strong independent movement. These institutions were established to promote and showcase independent films respectively (Sklar, 2002). Today independent filmmaking is supported by a network of critics, specialist publications, a number of small distribution companies and a significant programme of film festivals (Branston & Stafford, 1996).

#### *Independent cinema as a means of entering mainstream cinema*

As mentioned above, independent filmmaking in the US developed along two lines of reasoning. Firstly, it is extremely difficult for any filmmaker to enter the established Hollywood mainstream system. Therefore, many directors first have to show what they are capable of doing before a studio will back them financially. Many young filmmakers produce independent films in search of such recognition and a contract with one of the studios. For some filmmakers it is the first step towards a successful career in mainstream cinema. Independent films allow Hollywood executives to see what a new director can do on a low budget. From the industry's point of view the independent film market offers new young talent whose eagerness to enter

the industry makes them willing to work for cheap, finish films on time, on budget and satisfy producers specifications (Lewis, 1998).

Film director, Robert Rodriguez produced *El Mariachi* (US, 1992) for a mere \$7000. The film was picked up by Columbia Pictures and Rodriguez was given the opportunity to redirect the film with the financial backing of a major studio. The remake, *Desparado* (US, 1995) earned \$25.625 million (<http://www.imdb.com>) in the United States and ensured Rodriguez's prolonged participation in the studio system. Since then he has produced big budget commercial films within the Hollywood system such as *Spykids* (US, 2001) starring Antonio Banderas (<http://www.imdb.com>).

#### *Independent cinema as freedom of expression*

The second reason and perhaps the more respected reason for independent filmmaking is to create a movement countering Hollywood's studio norms. This gives them absolute control of their film and allows them to create more experimental work. These filmmakers aim to produce films that are commercially successful, creatively satisfying, critically esteemed and, very importantly, not confined to Hollywood norms. Independent filmmaking provides the opportunity for filmmakers to explore their own voice and find a place where art and commerce intersect. One of the most successful independent director pairs is the brothers Joel and Ethan Coen.

Since the 1980s, the brothers Coen have been producing films outside the studio system. Their films take a reflexively postmodern approach, with references to earlier styles and codes to Hollywood genres. Their films call attention to the constructed and artificial nature of these stories, but also offers an intellectual, ironic tone (Sklar, 2002). Films such as *Blood Simple* (US, 1984), *Barton Fink* (US, 1991) and *Fargo* (US, 1996) was received with critical acclaim and have elevated them to cult adoration in independent cinema (<http://www.imdb.com>).

#### *3.5.4.2 Other Independent cinema*

According to Sklar (2002) British cinema has always had a strong connection to American cinema, because the English language made the exchange of films and talent easier. During the 1950s several of Britain's leading actors and directors were expanding their international stance, either by working in Hollywood or by using American personnel or financing for their productions – this was called "Mid-Atlantic" cinema, midway between London and Hollywood (Sklar, 2002).

During the 1980s the attendance of cinema theatres reduced dramatically in the United Kingdom and Hollywood films dominated the big screen. In the early 1980s, the government created the commercial television network, Channel Four, which developed a policy of financing independent films. This financing policy was for both on-air and theatrical distribution through its subsidiary, Film Four International. Television came to play a central role in bringing British film back to the world's theatre screens. In 1996, Danny Boyle and John Hodge made the adaptation of Irvine Welsh's *Trainspotting* (UK, 1996). This was the first film to be funded in full by Film Four. The film became one of Britain's all time box-office hits (Sklar, 2002).

Unfortunately many foreign filmmakers that produce successful films in their country of origin are lured to work in Hollywood. This migration of talent is a great loss to their countries of origin, where it becomes increasingly difficult to attract international attention and distribution for films (Sklar, 2002).

"Mid-Pacific" cinema (as analogy to "Mid-Atlantic" cinema) refers to cinema produced in Hollywood by Australian film directors or Hollywood financing film production in Australia and New Zealand. Although Australian culture is perceived to be less marketable than the British, Australian cinema lost many of its leading filmmakers to Hollywood, such as George Miller and Peter Weir. Australian film achievements are seen as individual rather than national (Sklar, 2002).

#### 3.5.5 Experimental and anti-state cinema

The third branch of consumption involves cinema of anti-state or experimental nature. These cinemas are usually opposed to or critical of the conception of the nation-state. This includes marginalised cinema and cinema that calls into question the hegemonic project of the nation-state. These cinemas are produced on the periphery and are most often distributed through unconventional methods (Dissanayake, 1998). The next section explores Third Cinema (see 2.2.3) as oppositional cinema practice against First (Hollywood) and Second (art and independent) Cinema.

3.5.5.1 *Third Cinema*<sup>29</sup>

The 1960s were a time of cultural renewal in Latin American cinema<sup>30</sup>. It was in the 1960s that Third World cinema as a self-aware cinema movement emerged on the First World cinema scene. The term “Third World” refers to the colonised, neo-colonised or decolonised nations and minorities whose structural disadvantages have been shaped by the colonial process and the unequal division of international labour (Cook and Bernink, 1999). *Third Cinema* was launched as a rallying cry in the late 1960s by Fernando Solanas and Octavio Getino. It originally emerged from the Cuban revolution, Peron’s “third way” in Argentina and cinema movements such as *Cinema Novo* in Brazil (Cook and Bernink, 1999). Solanas and Getino (cited in Cook & Bernink, 1999: 120) defined Third Cinema as:

The cinema that is recognised in the anti-imperialist struggle [the Third World and its equivalents within the imperialist countries] ... the most gigantic cultural, scientific, and artistic manifestation of our time ... in a word, the decolonisation of culture.

The New Latin American Cinema (NLAC) movement was launched at the 1967 Festival of New Latin American Cinema at Viña del Mar in Chile. The new movement combined cultural concerns and leftism in order to create a cinema in search of cultural identity; a cinema that rejects Hollywood cinema and the commercial Latin American cinema; a cinema that gives priority to the discovery of new modes of expression and production values (Aufderheide, 2000). The central focus of this movement (which came forth as the synthesis of a series of “new” national cinemas in Argentina (*La Nueva Ola*), Brazil (*Cinema Novo*) and Cuba was the rejection of the mode of production, style and ideology of Hollywood cinema (López, 2000). The filmmakers and critics of the NLAC were influenced by the aesthetic innovations and new modes of production of European cinema movements such as Italian Neo-realism and the French New Wave. Moreover, the NLAC was involved in the political and social debates and was anxious to “liberate” cinemas and change its social function. The “new” cinema would serve as forms of national expression, active in the transformation of under-development and political oppression that characterised Latin America (López, 2000).

The NLAC, underpinned by the rhetoric of cultural nationalism, concluded that cinema as a mass art needs to be popular in a ticket selling sense, but moreover, it has to have a social

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<sup>29</sup> The term *Third Cinema* differs from *Third World Cinema* in that it refers to ideological inclined films that adhere to certain political and aesthetic norms. *Third World Cinema* more often refers to the combined cinematic effort of Asia, Africa and Latin America as well as the minority cinema in First World countries (Cook & Bernink, 1999).

<sup>30</sup> After President Castro took to power in Cuba in 1959, he established the Institute of Cinematographic Art and Industry. Cinema was seen as an important factor in the reconstruction of Cuban society (Botha & Van Aswegen, 1992: 49).

mission. It has to be popular in terms of acknowledging and empowering the popular culture of the ethnic group, nation or region it represents (Aufderheide, 2000).

Filmmakers throughout the continent put theory into practice and produced innovative and far-reaching works. In Cuba Tomas Guterrez Alea's made the critique of contemporary bourgeois norms, *Memorias del subdesarrollo* (*Memories of Underdevelopment*, 1968). In Brazil, Glauber Rocha's *Tera em transe* (*Land in Anguish*, 1967), focused on the political conscience of the urban-intellectual environment (Kupść, 1989). The films of the NLAC were often revolutionary and blatantly political. Their fictional films took on the medium of entertainment, but transformed and demystified its standard parameters into realms of "realism" or "history". These films were not industrial films, but independent and marginal films on the periphery of existing industries or artisanal practices in nations without a national cinematic infrastructure. Despite the NLAC's attempts to dominate cinemas and its desire to transform and subvert, the NLAC was also interested in fostering the presence of cinema and to encourage sustained production. According to López (2000) these kinds of concerns cannot be addressed from the margins, it must be achieved in mainstream national cinema under state protection, utilising cinema's popular or commercial potential. Consequently, the NLAC searched for ways to become popular and gradually found itself incorporated into mainstream cinema production and distribution. In combination with political pressures the NLAC project was ultimately altered.

In Brazil, for example, the *Cinema Novo* operated under the hegemonic power of the state agency for the cinema *Embrafilm*. From a theoretical perspective, some of the basic premises underpinning the NLAC project were put into question. For example, the articles and manifestos that denounced Hollywood's imperialism also rejected the "classic" cinemas produced in Latin America between the 1930s and 1950s as imitative of Hollywood and ideologically complicit and subservient to the interests of the dominant classes (López, 2000). Film critics Enrique Colina and Danial Díaz (cited in López, 2000: 432) argue that classic Cuban cinema's main sin was its melodramatic inclination. To them, melodramas were synonymous with Hollywood and that these films were little else than a poor imitation "which opened the floodgates to a manifold process of cultural colonisation" in Latin America. However, Colina and Díaz (cited in López, 2000) failed to recognise the importance of the first indigenous cinema against the Hollywood industry's presence in Latin America. These films were the first to portray the images, voices, songs and history of Latin America and were also the first to capture and sustain multinational audiences throughout the continent for several decades (López, 1991).

Critics influenced by the theories of cultural imperialism were often unable to see in the popularity of the melodrama or other forms of popular culture anything but the alienation of a mass audience controlled by the dominant classes' capitalist interests. With little differentiation or attention to the processes of reception and identification, they rejected the melodrama as "false" communication (López, 2000). It is ironic that the "new" cinema failed to attain the popularity of the "old" cinema. It had been precisely by resorting to the melodramatic that success had been achieved as with *La Historia Oficial*, the *Official Story*, by Luis Carlos Puenzo, (Argentina, 1986). López (2000: 432) points out that "this example shows the fatal flaws of the cultural imperialistic thesis and dependence theory, in particular the inability to address the specificity of cinematic reception and identification". Toby Miller (cited in López, 2000: 432) calls this, "the mediation of Hollywood's output by indigenous cultures".

The rhetoric of cultural nationalism in NLAC needs to contend with the economic reality. The international distribution of Hollywood films within Latin America undercuts the opportunities for Latin American filmmakers. The relatively low rental price of popular blockbuster films and the practice of selling rights to Hollywood films in blocks, as well as the policies opposing national protection for national cinema imposed by the Motion Picture Export Association, had given Hollywood cinema the primary position on Latin American screens (Aufderheide, 2000).

Another flaw was the unproblematised approach to "national" cultures (see 2.3.1.2), which assumed the existence of some authentic core of national issues and concerns that the cinema had to address and furthermore privileged all national producers, irrespective of their agreements and relationships with international practices. However cultural imperialism and dependency theories allow for the recognition of cultural disparities and differences as well as cultural specificity which constitutes the basis of the globalisation approach (López, 2000).

#### 3.5.5.2 *Salamander cinema*

Long live the cinema of the lizards!

Long live the salamander cinema! (Leduc, cited in Aufderheide, 2000: 246)

As defined in chapter one (see 1.1) Salamander cinema alludes to the address made by Paul Leduc, Mexican film director, at the seminar on the New Latin American Cinema at the Havana Film Festival in 1987. The 1987 Festival marked the 20<sup>th</sup> anniversary of the 1967 Viña del Mar film festival that initiated the New Latin American Cinema movement. As part of the celebrations a seminar was held to open debate on the NLAC's legacy. The seminar also served as a means of rethinking New Latin American Cinema (Aufderheide, 2000).

This re-evaluation of NLAC involved the rethinking of several other processes. Politically there has been a gradual return to democracy throughout Latin America. Changes in Eastern Europe also resulted in a decline in subsidies from the Soviet Union. According to Auderheide (2000) the leftist mission of resistance to dictatorship has shifted to playing a constructive role in the building of new democracies. Economically, states offered less support to filmmakers. This resulted in a decline in production of films. Desperate filmmakers turned to international co-productions with varying success. Audience attendance also declined due to the economic crisis and new video technology. Furthermore, the audience could no longer be assumed to be engaged in resistance, much less revolution. The audience had become ticket paying family members expecting nothing more than entertainment.

At the opening of the 1987 Film Festival, Cuban veteran NLAC filmmaker, Alfredo Guevara stated in his opening speech that “we [the NLAC filmmakers] did not see any possible contradiction between art and militancy” and he applauded the “nexus between militancy and poetry”. Mexican filmmaker and distributor Jorge Sanchez promptly delivered criticism in that “the political vanguard does not exist any more”. Guevara replied that at Viña del Mar “we discovered a great commonality – militancy was part of the historical moment. Although this political vanguard has disappeared there is a filmic vanguard that can exist even if a political vanguard cannot support it”. This led to further debate.

Paul Leduc (1989: 59) also offered his opinions and suggestions. He began by remarking that

[t]he postmodern has come to our pre-modern countries – after plagues, earthquakes, dictatorships, devaluations, silicon chips, VHS, closing down of theatres, disappearance of 16 mm, lack of market, Rambos and Rockys...

He believed that filmmakers have distanced themselves from reality and that “contemporary cinema no longer hurts, no longer speaks, no longer makes us laughs, gives us information and offer a variety of taste” (cited in Aufderheide, 2000: 246). He added that it was no surprise that Latin American cinema theatres were empty. He further stated that filmmakers had lost the sense of mission that was at the heart of New Latin American Cinema. It was against this background that Paul Leduc (1998: 59) offered the proposal of the cinema of salamanders:

At the risk of seeming a demagogue ... I believe there is one, difficult path to follow: quality, in its most complex and strict sense. Not only the “well-done”, but the search for roots, for the audacity, for the pleasure of doing it. Affirming our culture and our language. Daring the encounter with our originality – and with reality, the profound relationship with what happens to us and what entertains, afflicts or liberates us. That is what informed New Latin American Cinema was when it began, and in many cases has been forgotten.

Leduc stressed the importance of collective action and organisations such as a national film school and national film organisations. Moreover Leduc also stated that filmmakers had to embrace new technology with his analogy to salamander cinema. Dinosaur cinema is defined as cinema that is large corporation with strict regulated structures that is difficult to change. Salamander cinema is agile and can survive and be active as small companies. Salamander cinema has the power to re-invent cinema – cinema that adheres to principles set out by Leduc.

Today, the world cinema industry is characterised by a gross imbalance of power. On the one hand is the dominant multinational corporations that constitute Hollywood have created a culture industry that has a powerful hold over global markets. On the other hand, many national and independent cinema industries are struggling to survive and reach an audience. Paul Leduc's cry for Salamander cinema at the hand of the ideas of New Latin American Cinema offers a possible solution to the many cinema industries that have to contend with Hollywood (the dinosaur).

### 3.6 THE FLOW-OF-CONTENT MODEL OF NON-HOLLYWOOD CINEMA

In conclusion to this chapter, the next section aims to show how non-Hollywood cinema has managed the flow-of-content model in order to maximise the reach and profit of its products. It will discuss the alternative structures developed to assist these struggling cinemas. This section serves to provide a comparative structure between Hollywood and non-Hollywood cinema in relation to the flow-of-content-model. Some concepts of discussion might be repeated on account of applying it to the flow-of-content-model.

#### 3.6.1 The non-Hollywood cinematic product

The non-Hollywood cinematic product can be defined as products that operate beyond the scope of the Hollywood film. This falls into sections that can be popular, art and independent cinema. As shown in the section on popular Indian cinema (see 3.5.2), Indian films are focused on local audiences portraying local culture. These films are made in local languages and tell stories culturally specific to a group. Popular cinema also creates products that often imitate Hollywood formulaic films in order to attract large audiences.

Art cinema, in turn, avoids stereotypes and the "sameness" that characterises formulaic genre films. Art films generally offer autonomous communication and represent a creative filmmaker's perception of the world to a greater extent. If the formulaic mainstream genre film is seen as

escapist, the art film activates a thinking response in the audience. The audience is not merely seen as a mass market to be manipulated and exploited for profit, but as creative participants in the cinema experience (Botha & Louw, 1998). Commercial films serve to reinforce expectations of the audience whereas the art film challenges these expectations.

Art cinema also conforms to the canons of taste established in the existing “high” arts, such as painting and literature. These films can be distributed around the world and are seen as exotic and sophisticated - worthy of the attention of an educated audience. Art films are seen as part of the view of Europe as “Old world”, a cultural world of art and wisdom. Art films are often characterised by the use of self-consciously “artful” techniques designed to differentiate them from “merely entertaining” popular cinema. These techniques frequently draw on nationally specific legacies within the established arts as, for example, expressionist painting in Robert Wiene’s *The Cabinet of Dr Caligari* (Germany, 1920).

Non-Hollywood cinematic products offer the “otherness” that stands on contrast to the sameness of genre films. These products are produced for presumed niche or fragmented markets and are often distributed outside mainstream cinema.

### 3.6.2 The distribution of non-Hollywood cinema

The distribution of films produced outside the Hollywood system is extremely cumbersome. On average, Hollywood films have had projection costs in the range of \$ 30 million, plus an additional \$10 to 15 million for promotion and advertising (Kleinhans, 1998: 319). Given such industry practice, it is easy to see that however modest the production costs of a film may be, it is massively expensive to distribute. Exhibitors are market driven: big budget films with visual effects and popular stars attract large audiences and make profits; small films attract smaller audiences and make less profit. Exhibitors often expect larger percentages of the box-office returns from independent filmmakers in order to retain a profit margin. Most revenue returned is from foreign sales, sales to cable and satellite television networks and videocassettes sales. Low-budget films rarely make huge profits. Net profits are almost never enough to finance production of another film. Films that are most successful are those intended for a niche market.

Independent distribution includes all film outside the mainstream activities of the major studios. It includes those filmmakers who supply the independent distributors with films as well as the filmmakers that produces ‘pick-ups’ for the majors who negotiate the foreign sales of the film

(Dale, 1997). During the code years<sup>31</sup>, the majors effectively had a monopoly by denying film screening of a film if it did not have their approved seal. The end of the Code system in 1966 allowed the independent distributors a market share of the US box-office, which they increased to thirty percent by 1971 (Dale, 1997: 55). The majors fought back and true independent distribution is at its lowest level since the Code era. An independent distributor no longer means independent ownership, but rather refers to companies that function as subsidiaries of larger media groups, which cater for specialty products. These companies include Miramax, New Line, Gramercy and Savoy (Wyatt, 1998).

The independent distributors also provide the main access for American independent films, foreign language films and English films from the British Commonwealth (Britain, Canada, Australia and New Zealand). The best case scenario for a foreign film is to be distributed by a leading independent distributor such as Miramax. This will guarantee a significant acquisition price and a release of up to 200 screens. In this manner, roughly ten foreign films a year gross over \$1 million (Dale, 1997: 58) in the US. In recent history the most successful foreign films have been *Il Postino* (Italy, 1997) and *Crouching Tiger, Hidden Dragon* (Japan, 2000). These films can in part contribute their box-office success to the publicity received from the Academy Awards, the annual event that celebrates excellence in cinema production.

### 3.6.2.1 *The funding of non-Hollywood cinema*

Funding plays a direct role in relation to the distribution of a film. Unlike the powerful financial structures that support Hollywood films, art films, independent cinema and world cinema are supported through a combination of co-productions, funded by private capital, governments and television networks (Sklar, 2002).

The notion of truly independent cinema comes from the myths of authorship and independence, without considering the actual problems and processes of independent film production today. Independence in filmmaking depends primarily on the matter of finance and distribution. Snead (cited in Branston & Stafford, 1996) points out that the term independence is truly self-contradictory. No filmmaker is truly independent, as for example a poet can be, because filmmaking is both capital and labour intensive.

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<sup>31</sup> In the early 1920s the Motion Picture Association of America, appointed Will Hays to control censorship of the movies. In 1934, he set up the watchdog body, the Production Code Administration with the power to issue an MPAA seal to films that complied with the censorship code. Member companies of the MPAA agreed not to release any films without the seal (Sklar, 2002).

Filmmaking operates under demand, and within strict economic constraints. Rather than a film being able to find an audience once it has been produced, it more often than not will receive no funding if it cannot be placed within a well-defined market. The new funding regimes stress “performance outcomes” rather than experimentation and diversity (Branston & Stafford, 1996: 299).

Film festivals are an exhibition and market place and serve as a distribution platform for many new filmmakers to showcase their films. Many of these new filmmakers use this platform to be noticed by the bigger distribution companies and to enter mainstream film. The importance of the independent filmmaker lies in the new visions and perspectives of new filmmakers. Within the system of independent cinema, filmmakers can find a place to develop new standards of filmmaking.

#### *3.6.2.2 The exhibition of non-Hollywood cinema*

The art cinema circuit and film festivals have created a platform for the distribution of art and independent cinema as well as the marginalised voices (for example, gay and lesbian film).

Film festivals bring together films (as well as filmmakers and stars) in one venue for the purpose of promotion and information. Apart from media appeal, film festivals are also the market place for new products and the forum for critical evaluation. The first film festival took place more than sixty years ago, when Venice held its “Mostra” in 1932 (Beazley, 1994: 200). The importance of such festivals dates to the 1980s due to the decline of the theatrical market for film. Independent festivals such as Cannes and Sundance present new films, new directors and new visions. These festivals offer something distinctly different from the big studios’ star-driven blockbuster features. Festivals have taken on the vital role as the only place of exhibition for an increasing number of films. An award at one of the top festivals can guarantee a distribution deal with one of the majors. During the past two decades an explosion of smaller festivals has taken place, especially in the United States and Western Europe. These festivals are substantially supported by central and local state funds, and provide for a wide variety of film formats (animation, horror, shorts, thrillers, women’s films, children’s’ films, gay and lesbian films and national cinema). While the market value of the smaller festivals is negligible, they perform a crucial cultural function. They serve as a forum for discovery and debate, and provide the opportunity to circulate other European and non-American films (Vincendeau 1996). As long as independent films are screened at festivals, they will be written about and booked for other festivals (Branston & Stafford, 1996). Film festivals help to maintain the business of

filmmaking around the world (Beazley, 1994). Apart from film festivals, film markets enable screenings and provide face to face contact between buyers and sellers. The main film markets are AFM (Los Angeles, February each year), Cannes (May each year) and MIFED (Milan, October each year) (Dale, 1997).

### 3.6.3 Marketing strategies of non-Hollywood cinema

National identity along with the name of the director-*auteur*, serves as a means by which non-Hollywood films are labeled, distributed and reviewed. As a marketing strategy, these national cinemas have promised varieties of “otherness” and functions as showcase of that which is culturally different from Hollywood.

#### 3.6.3.1 National identity

As set out in chapter 2 (see 2.3.1.2) national cinema, for the purpose of this study, refers to the combined cinematic effort created by a country for distribution and marketing purposes. The foreignness of these cinemas is a fundamental part of the difference - people want to see French films for their “Frenchness”. Ryall (cited in Cook & Hill, 1999: 108) remarks that the “unifying feature of the art film is this special circulatory network that serves to confirm the distinction between its minority audience and the mass audience of the commercial mainstream cinema.”

Art cinema (as product of national identity) is usually seen as expressive of national concerns. These concerns make this cinema internationally marketable. Neale (cited in Cook & Hill, 1999: 107) states that “art is thus the space in which indigenous cinema can develop and makes its critical and economic mark”. Art films are also most commonly viewed as part of a national culture. For example, it is partly the perceived (as to the complex debate surrounding national identity discussed in 2.3.1.2) “Englishness” of *My Beautiful Laundrette* (UK, 1985) that makes it interesting to foreign audiences (Smith, 1998: 402).

Art films are consciously produced for international distribution and exhibition as well as a local market. As Bordwell (cited in Cook & Hill, 1999: 108) reminds us: “The fullest flower of the art cinema paradigm occurred at the moment that the combination of novelty and nationalism became the marketing device it has been ever since.”

In summary, art cinema as product of national identity offers something different from the commercial Hollywood product. Although the implied nationalism creates a system of film

production that allows national film industries to develop and create a sense of local content in the mass media dominated Hollywood culture, very few countries have succeeded in fending off the cultural dominance of Hollywood (see debates on cultural imperialism, 2.4.4).

### 3.6.3.2 *The director as commodity*

Distinctive styles and narrative approaches are associated with specific directors and the marketing of art film often centre around the commodified director. A Peter Greenaway film is marketed as a Greenaway film, with the implied style, filmography and thematic concerns of the director used as marketing tool. The notion of the director as author of a film was established in France in the 1950s. The French New Wave was developed after French director Alexandre Astruc created the theory of *caméra-stylo* (camera pen) in 1948. His theory declared that true cinema should be like literature – subtle and rich in meaning - and that directors are to be considered as the authors (*auteurs* in French) of their films in the literary sense.

In 1951, influenced by Astruc's ideas, André Bazin cofound the *Cahiers du Cinéma*, a French film journal that assembles young critics such as Claude Chabrol, Jean-Luc Goddard, and François Truffaut. Their ideology focused on two aspects of filmmaking. Firstly, the *mise-en-scène* should be the basis for psychological and intellectual structure of film (thus the montage theory was rejected); and secondly they coined the *auteur* theory which states that each film should carry the individual signature of its director, both in ideological and aesthetic contexts. Thus, the principles of the impersonal studio production were rejected. Before the end of the decade most of the *Cahiers* put their theories into practice and directed films such as Jean-Luc Goddard's *A Bout de Souffle* (*Breathless*, (France, 1960)) (Kupść, 1989).

Authorship is often recognised as part of the textual property in the form of an authorial voice of a text. However, as Bordwell (1985) recognises, it is the product of an elaborate infrastructure of critical writing and reviewing, education, promotion, and marketing. Films are often branded in terms of its directors even though an entire system underlies its production.

The notion of authorship stands in contrast with the view of cinema as popular culture industry, which inherently regards the stars and genre as most important and directors as merely interchangeable. The notion of the director as *auteur* was popularised in Hollywood by directors such as Alfred Hitchcock and Douglas Sirk and theorists such as Andrew Sarris. In the 1970s a new breed of directors fresh from film school emerged as popular voices. Directors such as Martin Scorsese, Steven Spielberg, Francis Ford Coppola, George Lucas and Brian de Palma

worked in the commercial system of Hollywood. They made films that seemed telling of a personal vision which were regarded as cinematic art by the Academy of Motion Pictures Art and Sciences, the public and the critics. The authorship myth validates those mainstream directors that combine box-office success with personal vision. Unfortunately, adherents downplay directors who regularly produce mass-market films and ultimately forget the directors that fail at the box-office (Lewis(a), 1998).

Art is not manufactured by committees. Art comes from an individual who has something that he must express, and who works out what for him is the most forceful or affecting manner of expressing it. And this, specifically, is the reason why we hear so often that foreign films are 'more artistic' than our own, There is in them the urgency of individual expression, an independence of vision, the coherence of a single minded statement (Knights cited in Cook & Bernink, 1999: 106).

The director as artist and *auteur* plays an integral role in the marketing of non-Hollywood cinema. The figure of the director has always been central to European cinema. Bordwell (1985: 66) adds to this with the perspective that art film is "the work of an expressive individual".

#### 3.6.4 The non-Hollywood cinema audience

Art and independent films are most often shown in different cinemas from those where Hollywood films are shown. They are distributed by other distributors and reviewed in other platforms by critics specialising in art and independent film. Cinema is often erroneously described as non-commercial, but art and independent cinema take up a specific space within the commercial institution of cinema as a whole. Art cinema attracts an informed audience of cinephiles eager for something more than Hollywood is offering – something that alters their horizon of expectations and have aesthetic merit. These spectators consciously seek out foreign films because they are different from Hollywood films.

### 3.7 CONCLUSION

This chapter showed how Hollywood has come to dominate world cinema industry. From the inception of cinema, Hollywood claimed its place by creating vertically integrated corporations that controlled the production, distribution and exhibition of cinema. These corporations (from the studios through to the multinational media conglomerates) created monopolies that assimilated the new technology (e.g. sound and colour) and distribution platforms (e.g. television and video).

Hollywood furthermore created powerful marketing strategies to sell its content throughout the world. Hollywood created the star system and genre films to offer filmgoers something familiar with a bit of novelty thrown in for good measure to keep them returning to the theatres. The true stronghold of Hollywood lies in its distribution. Hollywood set up the system of block booking, saturation release and multiplex theatres. In addition to film distribution, Hollywood also assimilated television and video distribution worldwide. This gives a clear indication of the practices employed by Hollywood to reinvent, restructure and reorganise itself with new technological developments.

The dominance of Hollywood in distribution is not so much based on the efficient delivery of its films worldwide, but, moreover, on Hollywood's ability to supply exhibitors with a constant flow of products that are well promoted and attractive to audiences. Hollywood will retain its dominance for as long as the structures of high-concept films, global distribution and exhibition, far-reaching marketing and promotion are kept in place.

With the advent of television, Hollywood restructured and adapted. Television has been established as the new mass audience for film. Today it is difficult to see where Hollywood cinema ends and television and, as a matter of fact the new media entertainment, begin. Hollywood dominates the television distribution network just as it has been dominating the film network in the past. Hollywood has internationalised its reach and over half of its audience is found outside the United States of America.

Not only does art and independent cinema occupy an economic and aesthetic position at the edge of the mainstream commercial cinema. It also represents a large critical discourse. The concern for these cinemas has been an integral part in the identity and constituency of world cinema. Filmmakers, working outside the Hollywood system, are often the pioneers and adventurers of the industry. It is also these filmmakers that are already experimenting with content on the Internet. Independent filmmakers such as Tim Burton (*Ed Wood* (US, 1994)) and now the animated and Internet distributed *Stainboy*), Mike Figgis (*Timecode*, (US, 2000)) and David Lynch (animation) have already produced projects for the Internet.

Mainstream cinema for local audiences create a popular culture attracting larger local audiences to see locally produced films. Art cinema offers an alternative to the "sameness" of Hollywood cinema. It provides the space where new filmmakers can find a voice and where others can speak in an alternative voice. These films are distributed globally and are shown at

international film festivals. Their foreignness and the director as *auteur* are used to attract audiences.

Socio-political or marginal cinema often produces cinema that either gets banned or is inaccessible to many filmgoers. However, political cinema provides a strong commonality among its filmmakers. The purpose these films serve is not only the contestation of values of commercial and art cinema, but also to use film as a medium of expressing their views. These films are very rarely distributed through mainstream networks, on the art circuit or at film festivals and are often viewed clandestinely on video in homes or school halls or community centres.

This chapter has indicated how non-Hollywood cinema operates within a distribution system filled with popular Hollywood cinema. The Internet may open a new distribution platform on which these cinemas can find a place. The next chapter will indicate how the new communications technology, with the Internet as central distribution power, can provide a new distribution platform for cinema distribution. Non-Hollywood cinema could provide the new visions and voices that will be required in the creation of a new media content providers. The next chapter also explores how the new media could create the opportunity for these new visions and voices to have a platform. Marginal and experimental cinema and even political voices can have a platform where censorship does not apply. The next chapter will also explore how these voices and visions can be redefined in the cinematic context through the development of new technology.

New digital filmmaking could enable filmmakers to produce films more cost effectively. This can create a milieu where film production can grow. However the central problem will remain, namely how to reach an audience large enough to sustain more film production. This audience will be elusive and new ways of marketing and distribution will be required to attract the audiences to local content. The next chapter discusses the impact of the Internet on cinema industries and will be discussed by means of the flow-of-content model.

## Chapter 4

### The impact of the Internet on the cinema industry

#### 4.1 INTRODUCTION

The previous chapter indicated that there is a great discrepancy between the powerful multinational corporations that define Hollywood and the other world cinema industries. It was made clear that Hollywood has become the dominant competitor within the cinema industry because of its control over the flow of cinematic content on a global scale. Hollywood has created a system of hit films, backed by wide reaching marketing and distribution to a global audience. The powerful media corporations that emerged during the 1990s possess the financial resources and size to remain dominant role-players in the cinema industry. These corporations have built a culture industry that is supported by every subsidiary relation within its company creating a most influential mass media structure.

In contrast many non-Hollywood cinema industries have been forced to create a system outside the Hollywood power structures in order to support its products and provide a distribution network to reach its more selective audience. It may appear that these systems work as a unit against Hollywood, however it is made up of many small cinema industries all with different levels of influence and reach. The main goal remains to reach a local and global paying audience.

Although the non-Hollywood cinema industries offer something different to Hollywood and are more open to experimentation and alternative voices – this system also has to adhere to the economic reality of producing cinema in the global entertainment economy. Thus in order to create a sustainable industry these cinema industries must create a product that will attract a large enough ticket buying audience.

These two systems constitute what Solanas and Getino (see 2.2.3) defined as First and Second cinema. Their call for Third cinema – cinema that subverts and rebels and that supports the principles of the New Latin American Cinema also had to comply with the economic reality that these cinema cannot find a voice from the margins. The call for Salamander cinema made by Paul Leduc in 1987 was a desperate cry for the development of a cinema that can find a place in the cinema industry of the dinosaurs (First and Second cinema). As mentioned before Salamander cinema can be defined as cinema that operates outside the constraints of the centralised structures of Hollywood. This is made possible by the collective

action of the filmmakers and the use of new technology. The development of digital technology has greatly aided in the production of low-cost films. As stated in chapter 2 (see 2.5.4) prosumer technologies is diminishing the barriers between professional and amateur content production. Low-cost does not necessarily equate to low quality in the new media landscape. This has furthermore lowered the barrier of entry to the cinema industry for many filmmakers. However the problem still lies in finding a distribution outlet and a means of attracting a sustainable audience.

The aim of this chapter is to investigate how the Internet, as new communication network, is affecting the cinema industry. How is new technology (as central element of Salamander cinema) challenging the practices of traditional cinema and to what extent it will be able to reinvent cinema.

As shown in chapter two, technology has the power to increase choice, exposure, value and reach of product, but only in terms of consumer demand. This chapter will investigate how the Internet, as new communication technology is influencing current trends in the new media landscape. This investigation will be done in relation to:

- The nature of the Internet in order to clarify the possibilities and constraints of the new technology.
- The Internet's influence on the flow-of-content model of the cinema industry. Thus, how is the Internet influencing, if at all, the cinematic product, its distribution, marketing and the audience?
- Critical debates surrounding the Internet such as intellectual property and the effects of the dot-com crash in April 2000 on the business of entertainment on the Internet.

This chapter will conclude with two case studies, showing how the Internet is already playing a role both within the large Hollywood corporation and the small independent new media company.

#### 4.2 THE NATURE OF THE INTERNET AS NEW TECHNOLOGY

The Federal Networking Council in the United States define the Internet as follows (Lister et al, 2003: 165):

The Federal Networking Council agrees that the following language reflects our definition of the term 'Internet'. 'Internet refers to the global information system that (i) is logically linked together by a globally unique address space based in the Internet Protocol (IP) or its subsequent extensions/follow-ons; (ii) is able to support communications using the Transmission Control Protocol/Internet Protocol (TC/IP)

suite or its subsequent extensions/follow-ons, and/or other IP compatible protocols; and (iii) provides, uses or makes accessible, either publicly or privately, high level services layered on the communications and related infrastructure described herein.

This definition focus on the Internet as a means for computers to communicate in order to provide (undefined) “high level services”. According to this definition the Internet facilitates the flow and exchange of data in an “open architecture” environment<sup>32</sup>. This definition does not prescribe how and where data flows. In “old media” were designed as systems that send messages from a centre to a periphery. From its inception the Internet has been designed as a system that promotes the circulation of information. Some of the undefined “high level services” are translated in the following section.

The Internet allows users to find information on virtually any subject, communicate with others through electronic mail, and buy direct from producers through e-commerce. It embraces a wide range of computing, telecommunications, entertainment, publishing, and other technologies. It spans across digitised text, sounds, images and video (Tapscott, 1998). The Internet is a network that is growing exponentially, with the Internet Universe estimate of global users in December 2002 at 445.9 million users, according to eMarketer (Global Online Populations, 2002). It reaches wider than any one broadcaster in the world, making the power of the Internet as distribution platform evident. In order to understand to what extent the Internet differs form the older media distribution platforms such as theatrical cinema and television, it is necessary to clarify why the Internet was developed.

#### 4.2.1 A brief history on the development of the Internet

The Internet originated in the late 1960s through the work of the United States of America’s Defence Department’s Advanced Research Projects Agency, also called ARPAnet. This network allowed military and academic researchers to communicate. The network design of ARPAnet, which later developed into the Internet, differed from the centralised style of telephone communication at the time – with all lines routed though a central switcher. ARPAnet resembled a distributed network, a network with no central servers (Campbell, 2000). If any connection was damaged, information could be re-routed through another path to its destination. It is ironic to note that one of the most hierarchically structured and centrally organised institutions, the Defence Department of the United State of America created the Internet - the most decentralised social network ever conceived. The Internet has no central

authority. It is the purest form of electronic democracy. Each computer in the Internet has equal status and power. Nobody can own the system outright and nobody has the power to deny others access from the network. There is no central power switch, so no authority figure can shut down the Internet (Pavlik, 1996: 138).

By 1982, the National Science Foundation (NSF) had invested in a high-speed communication network designed to link computer centres around the world. The NSFnet served as the basis of the research network at US universities (Pavlik, 1996). This led to a dramatic increase in Internet use. At that stage the Internet was mainly used to communicate through e-mail and bulletin boards. By 1993, the Internet had developed basic multimedia capabilities, allowing users to transmit pictures and sound. The Internet system consists of worldwide computer networks that communicate through Internet Protocol (IP), a language that allows one computer to send data electronically to any other computer. By mid-1998, the Internet consisted of more than one hundred thousand regional computer networks, and more than thirty-six million servers, or hosts. The servers provide entry points for Internet users and are connected through high-speed data lines (Campbell, 2000).

The Internet was not originally designed with broadcasting in mind. The network developed by the US Department of Defence was designed for continuous reliable operation, even in the event that any of the network components was not available due to nuclear attack (LaPlante & Seidner, 1999). The Internet is still in its infancy and the power of the Internet as new mass media will only be evident in the future. The distinctiveness of the Internet as new media platform lies in its character, namely *limitless* choice on demand and interactivity.

#### 4.2.2 The Internet and *limitless* choice<sup>33</sup>

The most significant growth of the Internet is the World Wide Web<sup>34</sup>. The World Wide Web is an interconnected set of computer servers on the Internet that comply to a set of network interface protocols that gives the Internet its user-friendly interface (Gauntlett, 2000). It was developed

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<sup>32</sup> The “open architecture” model was envisioned in 1962 by J.C.R. Linklider, describing it as a “Galactic Network”. He later became the first head of computer research for the Defense Advanced Research Projects Agency (DARPA) that developed the protocols referred to in the above quoted definition (Lister et al, 2003).

<sup>33</sup> *Limitless* choice implies a network of perceived *limitless* options. Pragmatically the notion of *limitless* options is impossible. However the Internet has created a network where more choices is just another “click of the mouse” away. The term *limitless (in italics)* will be used throughout the study to describe the seemingly *limitless* choice interactivity proposes.

<sup>34</sup> The Internet and the World Wide Web are strictly not the same thing. The Internet is a system of electronic intercommunication and the World Wide Web is the means of processing and presenting digital information. This distinction has become of increasing little interest, since the Web has come to dominate the Internet (Graham, 1999).

by Tim Berners-Lee (Bio, 2002) of CERN, the European Particle Physics Laboratory. The Web began as an electronic library for physicists and grew into what Pavlik (1996: 148) calls an “international bazaar”. The World Wide Web only became publicly available outside CERN in 1992, in the form of a line-based browser giving access to a handful of servers (Chapman & Chapman, 2000: 8). In 1993, Mosaic, a freely available Web browser, started the “Web revolution” (Gauntlett, 2000: 5).

Today the World Wide Web consists of many web pages or web sites. These web sites combine text, graphics, animation, sound and other multimedia elements. Fundamentally, each web page is an interactive multimedia publication. Pages are connected to one another through hypertext (will be discussed in the next section). The first page, or top page, in a collection of pages is called a “home page”. It can also be described as the magazine cover or front page of a newspaper. The home page acts as an introduction to the web site, explaining the purpose of the web site and giving an index of what information can be found on all the other pages in the web site (Gralla, 1999).

Any individual or organisation that has access to the Internet can create a home page, as long as they conform to the protocol established by CERN. The protocols include assigning a home page with a universal resource locator (URL), its Internet address, and using hypertext transport protocol (http), which allows the standardised transfer of e-mail, and other text, audio and video files (Pavlik, 1996).

Furthermore, the Internet is inherently decentralised, un-hierarchical and democratic - there are no gatekeepers preventing people from creating and displaying their own messages. The Internet enables users to become producers of media content. No single person, group or organisation centrally manages the Internet.

*Limitless* choice is both the blessing and the curse of the Internet. Five thousand channels are not necessarily better than fifty channels (LaPlante & Seidner, 1999). The expense of operating in a heavily regulated environment, such as broadcast television, limits the number of producers of entertainment content. In the deregulated environment of the Internet anyone who can afford access to the Internet can create entertainment content (see 2.5.4). Adversely, this can lead to the distribution of low quality content (as for example, the home videos of every Tom, Dick and Harry). However, the ability to capture an audience and then convincing advertisers to pay to communicate with that audience will determine whether legitimate new media companies will succeed and be profitable (LaPlante & Seidner, 1999: 30).

The amount of information on the Internet can be overwhelming. Powerful search engines have been developed to help users find information. Search engines are massive databases that cover wide areas of the Internet. Search engines do not present information in a hierarchical fashion but offers databases that can be accessed by keywords that describe the information needed (Gralla, 1999). Search engines such as Yahoo (<http://www.yahoo.com>), Infoseek (<http://www.infoseek.com>) and Google (<http://www.google.com>) enable users to enter keywords or queries to find related web sites on the World Wide Web. The user has access to an infinite amount of information. There is no central body that protects content on the Internet, and censorship and piracy are two of the problems faced by users and producers of new media content (this will be discussed in section 4.6).

The Internet is made up of countless web sites with vast amounts of data, presupposing *limitless* choice. *Limitless* choice suggests a network with diversity in selection. Furthermore this *limitless* choice can be accessed on demand. *Limitless* choice creates a distribution network where the audience is in control of the content. Instead of being a film watcher or television viewer the content receiver becomes a user. The user has the power to exercise his choice by directly interacting with the content on the Internet.

#### 4.2.3 The Internet and interactivity

Web sites marked with hypertext markup language (html) allow automatic routing from one electronic document to another, simply by clicking on the highlighted text (Pavlik, 1996). Hypertext consists of a hyperlink that appears onscreen as a highlighted word, icon or graphic. By moving a mouse cursor over the item and clicking on it, navigation to additional information is enabled. This information can be located at any other place on the World Wide Web (Gralla, 1999).

Hypertext creates many pathways through a body of text. Digital data, text, audio and video are linked in a spider web fashion in an n-dimensional (non-linear) space rather than linearly. This implies that a user will move through a hypertext document in a free-form pattern, creating his or her own meaning in the process (Pavlik, 1996). This automatic routing is the basis of the interactive power of the Internet. It also confirms the shift from broadcast (older media) to interactive (new media). In a telecommunications context, interactivity means two-way communication between source and receiver. Interactivity allows not only for immediate feedback but also changes the function of the receiver from a mere viewer too an active user.

This is a very powerful shift in communication. The user has the power to control what kind of information he wants and when he wants it.

Very few people have the financial capacity to own a film or television studio. However on the Internet an individual's home page can be found next to the home pages of billion-dollar corporations, research universities and national governments (Campbell, 2000). The barrier to entry has been considerably reduced.

The Internet is controlled by its users. Tapscott (1998) explains that the Internet user has the power to actively participate, inquire, discuss, argue, play, shop, critique, investigate, ridicule, fantasise, seek and inform. The Internet is interactive, flexible and will do what its users demand of it. Anybody from anywhere in the world can work together by sending messages and sharing files and information (Pavlik, 1996: 12). Pavlik (1996) predicts that the popularity of the Internet as communication medium will grow even further due to the fact that users only pay local telecommunications charges, regardless of whether their messages are sent across town or abroad, and regardless of the amount of data transmitted in their messages. The Internet allows individuals to create and distribute their own messages. As Gordon Graham (1999: 24) suggests:

It is not merely possible to observe the world of the Internet; it is possible to exist and to act in it. It is this that has brought into currency the term 'cyberspace' – an entirely new 'spatial' dimension created by cybernetics, a dimension in which we can have a life.

The user actively participates in making choices of the type of content he or she wants to interact with. The concept of the consumer as active creator of content on the Internet has important implications in the shift in power of the Internet as new communications technology. It is not the aim of this study to investigate consumer psychology and its influence on the consumption of content on the Internet. Consumption does nonetheless influence the way in which business will be conducted on the Internet. The next section describes how the business environment is currently set out on the Internet.

#### 4.2.4 Business on the Internet

The enormous growth of the Internet has drawn considerable commercial interest. Companies are searching for ways to profit from the increased traffic on the Internet. They are hoping to turn users into consumers by providing product information, selling products, offering services and selling advertising space on the Internet. Debating the economic implications of the Internet, critics Daniel Burnstein and David Kline (cited in Campbell, 2000: 50) describe the

Internet as “Free. Egalitarian. Decentralised. Ad hoc. Open and peer-to-peer. Experimental. Autonomous. Anarchic.” In contrast they describe modern business organisations as: “For profit. Hierarchical. Systemised. Planned. Proprietary. Pragmatic. Accountable. Organised and reliable”. Unlike the film and broadcast network businesses, where ownership has become increasingly consolidated in the hands of a few powerful conglomerates, in many parts the Internet has remained decentralised (Campbell, 2000).

#### 4.2.5 The technology

New distribution technology allows information to reach the consumer at a faster pace and offers a wider range of information. Satellite and cable technology, both analogue and digital (see digitality in chapter 2.5.1.1), allow immediate response in the millions of web sites on the World Wide Web. The new distribution technology connects personal computers to the Internet through a network of telephone and cable relays and MOdulate/DEModulate technology (modem).

New technology uses radio frequencies either more efficiently or higher in the range and utilises light waves to move pictures and sound more quickly and over vast distances. One of the most popular uses of the Internet is to download files – the transfer of files from one computer to another. Digital content can be defined as analogue content turned into bits and bytes in order to be manipulated, processed and transmitted by computer systems (Feldman, 1997: 153). Most files are downloaded using the Internet’s File Transfer Protocol (FTP). In order to enable the transfer of files, channels of data transfer is needed. These channels, also called bandwidth, determine how much data can be transferred and at what speed this data can be transferred.

As previously indicated, the Internet is still in its infancy and has certain limitations. It is important to investigate these limitations because it has a direct influence on why and how new media entertainment is currently being created on the Internet. The amount of bandwidth available has direct implications in understanding the constraints to content development for the Internet. The next section explains some of the technicalities of these concepts.

##### *4.2.5.1 Bandwidth*

Bandwidth defines the amount of information transmitted in a given time in a circuit, radio channel, television channel or recorded on tape or disks. Bandwidth determines the quality of a recorded or transmitted image (Questek, 1992). Bandwidth can also be defined by the number

of channels of data that can be carried by a cable (Pavlik, 1996). The amount of bandwidth is critical to the streaming of multimedia. It is responsible for the quality of audio and video that is transmitted on the Internet (Alvear, 1998). Low band and broadband refers to the amount of bandwidth available for data transmission.

Low band data transmission as implied offers limited bandwidth. This makes the transmission of large amounts of data such as video very slow and of poor quality. Broadband in contrast offers extensive bandwidth and enables the transmission of video with a high degree of speed and quality. Developments in data transmission such as ISDN, DSL, satellite, cable and a T1 connection makes broadband a reality of the future. Developments in broadband technology will allow entire feature films to be transmitted in a matter of minutes over existing telephone lines. This will turn the Internet and every web site on the Internet into a possible broadcast channel. However at present the standard consumer range of receiving data is low band. In order to send as much data as possible on existing channels, a system of compression has been developed to make files smaller and their transfer faster.

#### *4.2.5.2 Compression*

Compression is the technical process through which large amounts of data are condensed, or compressed. Redundant information is removed (as for example in one video frame to the next) in order to make faster transmission or easier storage possible. The international standard for compression is agreed by MPEG (Moving Pictures Experts Group) (Pavlik, 1996). The compression of data allows more information to be sent over smaller frequencies, faster (Scholtz & Steyn, 1998). Compression also enables the storage of large amounts of data on new storage formats such as CD-ROMs and DVDs. The implications of compression make it especially desirable to the large file formats of full-motion video and audio. Improved compression allows an entire feature length film to be stored on a single CD-ROM or DVD.

“Consider the following: To send a raw movie of 30 fps (frames per second - full motion) at 640 x 480 (full screen), you need 27 Mbps (27 million bits per second). One minute of this movie will need 1.7 Gbps (1.7 trillion bits per second). Without compression, not even a T1 line can help you see this movie” (Alvear, 1998: 378). With compression, excessive data is eliminated, lowering the data rate needed. Video compression finds similarities within individual frames and it also looks for similarities between frames, comparing change over time. It is a combination of spatial and temporal compression as it removes extraneous material. The more material that is removed the smaller the file. Compression is an inherent component of low band data

distribution on the Internet. The implications of compressed video apply not only to the size of the video file, but also to its quality. High compression rates come with certain generative constraints. Before discussing the drawbacks of compression, it is necessary to explore how video is currently being transmitted on the Internet.

In the future full broadband transmission will allow direct broadcasting, also called *webcasting* on personal computers. However, presently video transmission on the Internet is done by downloading video files or streaming video. Downloaded video files are first downloaded completely or in batches and then played. Streaming video happens in real time. These video files are then viewed through a media player such as Quicktime (<http://www.apple.com/quicktime>) or Realplayer (<http://uk.real.com>)<sup>35</sup>.

#### 4.2.5.3 Video transmission on the Internet

Streaming-video refers to video that plays as it is sent over the Internet in real time. Streaming is similar to traditional television broadcasting and is also called webcasting, an analogy to broadcasting on the Internet. It is likely that all web video will be streamed in the future, like television, but on demand. Streaming video compresses video files dramatically so that the files are much smaller as it is transmitted. The receiving computer can play the video while the file is being transmitted (Gralla, 1999). Webcasting permits instant viewing and allows longer films to be transmitted. It also provides for multiple films to be streamed at the same time. The file that is transmitted does not stay on the computer that it is downloaded to. Each downloaded section is discarded after it is played (Gralla, 1999). Thus, streamed video is not saved directly to the hard drive of the computer that it is downloaded to, which protects copyright to some extent. The issue of copyright is of great concern to content providers on the Internet and will be discussed at the end of this chapter (see 4.7.1).

The disadvantages of webcasting include more erratic frame rates and poor image quality. Information may be lost as it is sent and so quality might fluctuate unpredictably. The potential for out of sync audio and video is greater and streaming video can only be transmitted via a special streaming server. Streaming video is recommended for longer movies, for broadband use and for a live Internet feed such as a concert or special events. It is also advocated for

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<sup>35</sup> In order to play a downloaded video file, player software is needed on the computer the files were downloaded to. Some browsers have some of these software players built in, others needed to be downloaded at a cost. Quicktime and Realplayer are examples of media players.

presenting footage where the audio content is of more immediate importance than the video, particularly over low bandwidths (FlickTips - Pixel Production- Streaming video. 2000).

The requirements of audio streaming are far less than that of video streaming. This has resulted in an explosion of radio stations on the Internet. Many local radio stations make use of streaming on the Internet to increase their listenership to a global audience. The limitations on radio transmission such as the frequency of the signal transmitted and the level of the signal power, confine radio transmission to certain areas, which render radio as a local broadcaster (LaPlante & Seidner, 1999). The Internet allows any local radio station to become a global broadcaster. Entirely new radio stations have also sprung up on the Internet. These radio stations broadcast only over the Internet, and cannot be heard over a radio (Gralla, 1999). Radio services are also usually accompanied by video footage of the radio disc jockeys through a web cam<sup>36</sup>. This is incorporated into a web site that offers information such as transcripts of interviews and full-text news stories. These web sites also offer on-line chat rooms for its listeners to meet as well as immediate e-mail contact with the disc jockeys. One of the many examples of this is local radio station 5FM (<http://www.5FM.co.za>). The web site <http://www.comfm.fr> offers links to more than 4000 radio stations from across the world on the Internet that cover topics such as talk radio, gospel, contemporary jazz and popular music.

Non-streamed video downloads video files (either partially or entirely) before it is played on the receiving computer. This takes away the immediacy of the movie watching experience. The final image quality and frame rate is predetermined. The advantages of video downloads are that there is more control over image quality and frame rate and it therefore offers superior image quality. Another advantage is that movies can be downloaded from any server, and it can be saved to a hard disk. The disadvantages are the long downloading times. Given these constraints, non-streaming is the preferred method for downloading short films ranging from a few seconds to a few minutes where quality is important (FlickTips - Pixel Production- Streaming video. 2000).

Until broadband becomes a reality, the producers of content for the Internet will have to make certain concessions to accommodate for low bandwidth limitations. In order to keep download time to a minimum, file sizes need to be kept small.

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<sup>36</sup> Web cams broadcast photographs of moving images at certain intervals (Gralla, 1999).

*4.2.5.4 The restraints of video transmission on the Internet*

The smaller the file, the less time it takes to download from the Internet. File size has everything and nothing to do with the length of the film. Whether a film is forty minutes or forty seconds, it can fill up the same amount of disk space. File size increases with the amount of movement, and complexity of imagery. For example the number of colours, high contrast lighting, transitions and special effects can increase the file size considerably. Another factor that determines file size is frame rate (FlickTips - Pixel Production- Streaming video. 2000).

Frame rate refers to the number of distinct images viewed per second (frame per second (fps)). Film and television have standardised frame rates, digital Internet movies do not. Common television frame rates are 30 fps (NTSC – broadcast standard used in the United States) - or 25 fps (PAL – broadcast standard). For the Internet variations such as 15 fps, 12, 10, 5 or even a slide show at 1fps is acceptable. The frame rate should be based on a combination of what looks good to the eye and what is appropriate for the type of movie (talking heads versus a chase scene, for example). Real time streaming video adjusts the frame rate based on the viewer computer's connection speed and image quality cannot be predicted. In non-streaming video, the frame rate is identical on the filmmaker's computer and the viewer's computer (FlickTips - Pixel Production- Streaming video. 2000). Web movies with very low frame rates (i.e. 6 fps) appear to be choppy – the picture appears to be stuttering. A lower frame rate is less noticeable on a smaller image. Smaller image size is another factor that reduces file size.

Digital movies on the Internet have no standard image size. Video images are usually displayed in small pop-up windows. The most common image sizes are 320 x 240 pixels, 240 x 180 pixels or 160 x 120 pixels (the dimensions that preserve television 4:3 aspect ratio). The most important implication of these smaller sizes is the impact of shot sizes. When comparing shot sizes for example between film and television it is clear that certain shots do not translate the same. A wide angle shot of New York on a television screen often serves as an establishing shot. On the smaller image size of the web, it is also more difficult to make out the details of the picture. Closer shots with less detail is more effective given the above mentioned constraints.

Another important aspect of file size is the audio. Poor quality audio is more often noticed before poor video quality. A general complaint is that a movie on the Internet is digitised, but its audio can not be compared to CD quality sound. CD quality sound is 44 kHz, 16-bit stereo audio. The higher the audio quality the larger the file size. Stereo sound takes up twice as

much space as mono sound. File size can be reduced by cutting down to 22 kHz or 11 kHz, or by using audio compression. Compression is not only applicable to audio, but also to video. It plays the central part in the reduction of file size (FlickTips - Pixel Production- Audio compression. 2000).

As discussed, one of the biggest problems with downloading video files over the Internet is that large video files take a long time to download. As a means of speeding up file transfers and saving space, files are compressed, shrunk in size by compression software. Files are transferred at greater speeds, but need to be decompressed on the computer where it is to be used (Gralla, 1999).

The high amount of data related to video files is forcing producers of video material for the Internet to use very high compression rates. The higher the compression, the smaller the file, but the more *lossy* the picture appears. Lossy video looks pixilated or grainy. When video is compressed, image quality is often sacrificed. Small image size, low frame rates, and pixilated artefacts are generative constraints of video on the Internet. These rigid boundaries can evoke creative workarounds, like the restrictions that a poet faces when composing a sonnet or a haiku. It forces filmmakers to rethink the medium of cinema.

When a video file is compressed down to the size of a digitised video clip, image quality is often sacrificed. In order to reduce the *lossiness* the initial footage must be of very high quality. Traditional video cards convert the analogue signals from videotape into the digital information of computers. Some quality loss occurs during this digitising process. Digital video (DV) cameras store footage digitally, and like compact discs (CDs) or DATs, DV offers no quality loss during transfer. Blurry and low contrast images compress better than crisp and busy images. Similar images such as talking heads compress better than fast action shots. Fewer colours also reduce file size.

Relatively inexpensive digital video (DV) cameras and computer desktop post-production systems are opening opportunities for independent filmmakers. Holly Willis, writing in *Res* magazine, predicts that there is going to be shift of power, one that turns in favour of independent filmmakers and away from the studios (Chute, November 5 - 11, 1999). The image quality of the new formats is so high that the finished products look like real movies even when projected on a huge screen. This is a clear improvement over the amateur formats of the past, such as Super 8 and SVHS (Chute, November 12 – 18, 1999).

New digital technology is creating the channels through which the new distribution platform will operate. The technology is setting up the structure whereby every web site on the Internet has the potential to become a broadcaster or webcaster – this is a radical shift from the tightly controlled bandwidth of radio and television. Bandwidth and compression limitations are forcing content providers for the Internet to keep file sizes small and in turn create a new way of making films. It is thus forcing filmmakers to reinvent cinema. Gregg Hale, producer of *The Blair Witch Project* (US, 1994), believes that the challenge in terms of being storytellers is adapting storytelling to the Internet in ways that is not dependent on bandwidth.

Right now, so much of the discussion about the Internet is technologically based in how much bandwidth and how much data you're going to be able to move downstream. And I personally at least am of the opinion that it's not really about bandwidth. I don't think that the Internet is ever, ever going to replace television. I don't think it's ever going to replace film. I think it's its own thing. I think that in terms of being a storytelling device for filmmakers, the thing to concentrate on is how to play with the Web's strength in terms of interactivity, and how do you take traditional linear storytelling and adapt it in such a way that there's a level of interactivity that is going to be able to compete with more traditional forms of media, like television and film. And that's a lot of what we're putting our limited brainpower to, is figuring out how do we tell these interactive stories without relying on downloading basically little mini-movies or mini-TV shows (Hernandez & Kaufman, January 10, 2001).

The generative constraints of compression have certain implications for the producers of video on the Internet and will force the Internet filmmaker to adapt and create new ways of filmmaking for a new medium. For purposes of this study these new forms of filmmaking will be called new media entertainment.

#### 4.3 NEW MEDIA ENTERTAINMENT

The nature of the Internet (interactivity and *limitless* choice) and the current limitations of the new communications technology are creating a language of new aesthetics for the cinematic product. New media entertainment is entertainment created for the new media distribution platforms such as the Internet, CD-ROM and DVD. These new distribution platforms offer limitations as well as possibilities for the reinvention of the cinematic product. The next section aims to give some examples of new media entertainment on the Internet as dictated by bandwidth limitations and interactivity.

Central to the limitations of bandwidth is the length of the film. Low bandwidth cannot support the transmission of the average ninety-minute feature film. The short film serves to be the ideal length for content providers for new media entertainment in low data transmission conditions.

#### 4.3.1 The short film

Short films can be defined as films and videos less than 60 minutes in length. Typically short films are made by students and independent filmmakers as first projects to learn the proverbial tricks of the trade. Short films are most often seen at film festivals around the world. The biggest of these festivals are the Sundance Film Festival (<http://www.sundance.org>) in the United States of America, the Clermont Ferrand Festival (<http://www.clermont-filmfest.com/>) in France and the Oberhausen Short Film Festival (<http://www.kurzfilmtage.de>) in Germany. An award or recognition at one of these festivals can earn a filmmaker a distinction with which to attract sponsorships and subsidies for bigger projects.

Many filmmakers learn the art and craft of filmmaking through the production of short films, because its length makes it relatively inexpensive to produce. With the development of new digital technology, there has been a resurgence in the production of short films. Digital cameras provide high quality picture and audio. Post-production can be done on most personal computers with the applicable hardware and software. Filmmakers need not hire expensive editing suits to edit and audio final-mix their films. Thus, new digital technology allows many new filmmakers and artists to produce films without big budgets, big crews and big studio financing.

On the Internet the short film genre can really come into its own. Filmmakers use the format to produce films digitally and distribute them on the many online film festivals that have appeared on the Internet since 1998 (<http://www.filmfestivals.com>). Short films on the Internet are really short – anything less than ten minutes (mainly due to current bandwidth limitations). Artists, independent filmmakers and Hollywood studios are beginning to use the Internet consciously as a platform to make and experiment with film and new media entertainment. The following examples give an overview of some these experiments.

##### 4.3.1.1 *Webisodes*

Webisodes or episodics are, as the name suggests, episodes of a certain Internet films that has the same characters. It resembles the television episodes of a situation comedy or a series. These webisodes are hosted on web sites that offer the whole series of episodes and is regularly updated with new episodes. The live action webisode *Siren* (developed by Steve Morris and starring Elena Evangelo), follows the exploits of a beautiful industrial thief with a

talent for martial arts and a taste for revenge. The webisode can be viewed at [www.teameffortfilms.com](http://www.teameffortfilms.com).

#### 4.3.1.2 One-minute films

One-minute films are very short films – only 60 seconds in length. Here follows some examples of one-minute projects on the Internet. The *Stop for a minute* is a British project set up by FilmFour and the producers of the film, *Dazed and Confused* (USA, 1993), in which an international group of filmmakers, musicians, writers, designers and artists are brought together. They made thirty-one powerful and thought provoking films each one-minute long. The inspiration for *Stop for a Minute* began in the summer of 1998 with a trip to Sarajevo where Jefferson Hack, director of *Dazed and Confused*, and Howie B, DJ and music producer, took part in a local music and arts festival. The horrors of the war on Kosowa inspired a series of one-minute films called *Forever War*. With the support of FilmFour, the project was developed into *Stop for a minute*. These consciousness raising films focused attention on global situations, individual dilemmas and private obsessions (<http://www.stopforaminute.com>). Another example of one-minute films is the *Icuna* project – a collaboration of filmmakers from Brazil, Chile, Cuba and USA. This project presents *One Day, One Minute* short film moments and can be viewed at <http://www.icuna.com>.

These short film projects allow groups of filmmakers to experiment and explore themes and styles. These projects are then distributed and viewed as a unit. This creates interaction and co-production between filmmakers and the development of new ideas and visions.

The revival of the short film on the Internet is a consequence of the limited available bandwidth. However it offers many opportunities to filmmakers for innovative, creative and experimental work. It also stimulates co-production and the exchange of new ideas. The short form is further enhanced by the interactive power of many of these projects.

#### 4.3.2 Interactivity

LaPlante and Seidner (1999: 230) describe interactivity as follows: "If you take an action, you will see a result of that action". In terms of new media entertainment, interactivity is about control<sup>37</sup>. In linear forms of entertainment, such as film and television, someone else is in control - the author, the screenwriter or the director. Someone else decides what will be seen

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<sup>37</sup> It has to be noted that the audience has the power to relinquish their control by not watching or by switching off, and maybe the audience do not want to interact with their entertainment.

and in what order it will be seen. LaPlante and Seidner (1999: 231) further explains the impact of interactivity on new media entertainment as follows:

Interactivity is what historically distinguished computer games from other kinds of mass entertainment media. But there's an increasingly blurred line between traditionally linear forms of entertainment, and new forms of digital entertainment, which are experimenting with giving consumers varying degrees of this thing called control.

Interactivity plays an important role in game play. Previously, the computer games industry has been a very niche market, targeting teenage boys. A shift in focus is creating computer-enabled entertainment that appeals and attracts a broader audience (LaPlante & Seidner, 1999). Many of the projects in new media entertainment focus on the game-like nature of new media entertainment.

#### *4.3.2.1 Game-like narrative web productions*

These new innovations include playing with cinema and interactive possibilities in the form of game-like narrative cinematic web productions. In these productions the audience becomes involved in the creative process. *Dfilm.com* offers the audience the opportunity to create a short film with elements such as characters, plot, music and dialogue. The audience can edit these elements to make a short film and e-mail it to a friend (<http://www.dfilm.com>). The French site, *banja.com* created by Sébastien Kochman and Tony Derbomez, also offers an interactive gaming and narrative experience. After a severe storm, the user is washed up on an adventurous virtual island, called Itland. The individual actions of the user have an effect on the whole community, including other visitors (<http://www.banja.com>).

Interactivity also applies to the interaction or communication between people. The Internet was founded on the principle of communication. Online communities are central to the character of the Internet. Online chatrooms and communities bring together people with the same interests to share information and ideas.

#### *4.3.2.2 Online community projects*

*Project Greenlight* was launched in September 2000 as a joint venture between LivePlanet<sup>38</sup>, Miramax Films and Television, HBO, and Sam Adams (A Boston Beer Company). *Project*

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<sup>38</sup> Ben Affleck and Matt Damon (Academy Award scriptwriting team - *Good Will Hunting* (US, 1997)) founded Pearl Street Productions, which merged with Fusion Studios (founded by Chris Moore) and HorsePower Entertainment (founded by Sean Bailey) to form LivePlanet, an integrated media entertainment company, in June 2000 (About PGL, 2001).

*Greenlight* is an online community brought together by a screenwriting contest. The winning writer was guaranteed a minimum budget of \$1 million to produce a film, distribution in theatres by Miramax Films, and a television series produced by Miramax Television for HBO. The HBO documentary series showed the entire filmmaking process, from the selection of the script, through the production and editing, to the film's theatrical run. In addition to the competition, the *Project Greenlight* community provided a resourceful forum for screenwriters and filmmakers to network, read scripts and share ideas. Between September 25, 2000 and October 22, 2000, over 10,000 people submitted over 7,000 screenplays, individually or in teams, on the web at <http://www.projectgreenlight.com>. During that time *ProjectGreenlight.com* grew into the world's largest online community for people with an interest in filmmaking. The *Project Greenlight* contest concluded on March 1, 2001, Pete Jones' screenplay *Stolen Summer* was selected as the winner through a process that included voting from the online community and the executive producers. The film was shot over five weeks on location in Chicago and was released by Miramax Films in April 2002. The film, *Stolen Summer* (US, 2002) stars Aidan Quinn, Bonnie Hunt, Kevin Pollak and Brian Dennehy in a story about life, families and the power of a child's faith (Samuel Adams, 2001). The film is not distributed on the Internet, but *Project Greenlight*, serves as an example of the application of the Internet for creative collaboration.

Another example of filmmakers working together on the Internet is *Julie 9*, a collaboration of directors from around the world. The seven directors in seven different countries aimed to make a film together, with the Internet as their only means of communication. A girl gets on a train in Prague. She meets her boyfriend in Sydney, goes sightseeing in Rome, gets drunk in Jakarta and wakes up in Hong Kong. Well-chosen camera angles and editing hide the fact that the actors never really meet or even travel (<http://www.julie9.com>).

These online communities are breaking down the barriers in time and space. The Internet enables them to meet, discuss and create new and experimental entertainment. Another form of interactivity applies to multimedia productions. These productions usually offer information or educational content. The user has the power to move through these web sites finding information, listening to audio and watching video clips.

#### 4.3.2.3 Multimedia productions

Multimedia productions combine elements of audio, video and text to create an experience where the user can encounter different objects and information. One such a web site sets up a virtual tour of the Sydney Opera house. The web site offers information and maps to tourists

and gives 360° photographic views from certain outlooks  
([http://www.soh.nsw.gov.au/virtual\\_tour/vrtour2.html](http://www.soh.nsw.gov.au/virtual_tour/vrtour2.html)).

The web site, <http://www.louvre.fr/louvrea> presents a virtual tour of the Louvre art museum in France. Users can move through halls and view the art on exhibition through 360° photographic views. Another example using a museum is the British site <http://soulbath.com> that exhibits web site banner art. Banners are usually used to advertise on web sites and are screened at either the top or bottom of a web site. This web site however transforms these banners into creative works of art through which the user can browse.

The above examples show how interactivity is contributing to the creation of new aesthetics for new media entertainment. Interactivity is rewriting the rules and challenging the assumption of traditional entertainment. Interactivity allows the user to become a producer and control his/her reception of new media entertainment. Interactivity is also creating new ways for people to interact with one another, new ways to enter the entertainment market and new ways to entertain. The next section explores the prolific presence of animation on the Internet due to its unconstrained placement into the constraints mentioned above.

#### 4.3.3 Animation

The Internet has become a popular distribution platform for animation, partly because length of the short film is the ideal medium for the labour intensive animation films. Another reason for the growth in animation is the development of computer software that accelerate the animation process. Animation can also be more easily compressed due to its simplified style (in line and colour).

Animation may be defined as the creation of moving pictures one frame at a time; the word is also used to mean the sequences produced in this way. Throughout the twentieth century, animation has been used for entertainment, advertising, instruction, art and propaganda on film, and latterly on video; it is also widely employed on the World Wide Web and in multimedia presentations (Chapman & Chapman, 2000: 348).

Animation, as the word implies, does not ordinarily involve the photographing of subjects that move by themselves. "To animate", etymologically, means, "to bring to life". Through the creation of frame by frame movement and the process of playing it back, persistence of vision causes the still characters, objects, abstract shapes that have been photographed in sequence, appear to come to life (Chapman & Chapman, 2000: 349).

Traditional two-dimensional animation developed the process of cell animation. Cell animation is animations that consist of layers or cells. Repeated features such as the background can remain constant while moving characters are redrawn on the cells above. Walt Disney has a long tradition of cell animation with films such as *Snow White and the Seven Dwarfs* (US, 1937), *Bambi* (US, 1942) and *Beauty and the Beast* (US, 1991). An alternative to two-dimensional animation is three-dimensional animation or stop animation. This consists of the use of three-dimensional miniature sets on which objects and characters are moved. An example of stop animation is Tim Burton's *Nightmare before Christmas* (US 1993). A strong tradition of clay animation has become popular through the work done by the Aardman studios. The most famous of these films is the *Wallace and Grommit series* (UK, 1992 - 2000) and *Chicken Run* (UK, 2000).

Since the late 1990s developments in new computer technology has lead to the creation of full-blown computer animation feature films. Pixar studios (<http://www.pixar.com>) have produced films such as *Toy Story* (US, 1995) and *Monster Inc.* (US, 2001). These films are technically groundbreaking and their sense of realism has opened up a new world of visual effects that makes the fantasy worlds real in films such as *Jurassic Park* (US, 1993) and *Star Wars: Episode I – The Phantom Menace* (US, 1999).

Animation is a very time consuming process. One second of animation consists of twenty-four separate frames. Thus a ninety minute feature film will consist of 1 296 000 separate frames. It is evident that the short form film is the ideal medium for animation. There has been a revival in short film computer animation. The simplicity (in style) of many animated projects keeps file size to a minimum. This makes it easy to download. The stories are also very accessible to a cross-cultural worldwide audience.

Artists and animators have also pushed the boundaries of normal animation and are creating new forms of animation. Macromedia's *Flash* animation is in part responsible for many of this experimental animation.

#### 4.3.3.1 *Flash animation*

*Flash* is an extremely powerful vector-based animation tool, created by Macromedia (<http://www.macromedia.com>). *Flash* keeps file size small by using vector graphics and is ideal for distribution over low bandwidths. Vectors are the mathematical instructions for creating an object. Rather than drawing a circle pixel by pixel, *Flash* would simply tell the computer: "go

draw a circle". The enlargement of a bitmap image results in dots or "pixels". The enlargement of a vector image, continues to look sharp. When it comes to complex movement this means a *Flash* movie can keep file size down. *Flash* animation has become a standard animation tool for the Internet, because 95% of all computers are *Flash*-enabled (FlickTips - Pixel Production-Video and *Flash*. 2000).

The *Renegade cartoons* web site offers a showcase of *Flash* animation webisodes (<http://www.renegadecartoons.com>). The *bestflashanimationsite.com* also offers a variety of work from around the world that is divided into the following categories: Artwork, experimental, games and cartoons, navigation, corporate, flash 3D, motion graphics and original sound (<http://www.bestflashanimationsite.com>).

*Flash* animation also has very powerful interactive capabilities, which enable users to become active participants in the animation. It also allows for the combinations of different visual art forms to tell stories.

#### 4.3.3.2 Animutations

Animutation is a new form of aesthetics in animation made possible by Macromedia's *Flash*. Animutation can broadly be defined as variations on animation as for example projects such as interactive "graphic novels". *Sub: Division*, created by Sarah Strachen, Kazandra Bonner, Nicole Weedon and Michael Murphy, tells of fanatic ex-inhabitants of California, which have disappeared underwater in an earthquake and have moved into a submarine. Their aim is to defend their sunken possessions and eventually claim them back. The audience has the power to create their own sub: division comic. *Sub: Division* can be viewed at: <http://www.angrymonkey.com/subdivision/index.html>

The Internet has created a suitable distribution platform for animation. Animation on the Internet is crossing the boundaries between children's entertainment and sophisticated works of art. Animation shorts is further ideal for distribution on the Internet because its length and often simplicity in style condense the file sizes and allows for easy distribution over low bandwidths.

The Internet is changing and challenging the way films are made. This section indicated to what extent the production of new media entertainment is already a reality on the Internet. The examples offer evidence of creativity and experimentation of co-production and the exchange

of new ideas. The Internet is developing new aesthetics. These new aesthetics are a direct consequence of the unique character of the Internet and the limitations of the current technology.

The Internet is creating the space where filmmakers can express themselves outside of the feature film mentality. New distribution platforms are growing and so there is a need for content to fill that. According to Hernandez & Kaufman (January 11, 2001) consumers want more choice and they want more of what they want when they want it. There is a demand on the consumer side for a lot more entertainment. New media entertainment is gaining in popularity with the enormous amount of web sites being developed to host them. These web sites offer new filmmakers new venues to show his/her work and is opening new distribution channels. The next section takes a closer look at the Internet, as distribution channel for new media entertainment.

#### 4.4 THE INTERNET AS DISTRIBUTION PLATFORM

Previously, the traditional distribution platforms (theatrical cinema and television and video) have been the only means of distributing films either to local and international audiences. This limited distribution platform has had certain implications on the cinema industry as LaPlante and Seidner (1999: 210) state:

The commercial networks control all of the material we watch on the only broadcast network that reaches everyone. There is no other means of distribution. These channels are the only way to reach that audience; they are the only way to reach the advertisers who want that mass audience.

This makes entry to these distribution platforms extremely difficult. Broadcasters and distribution corporations control access and can deny entry on grounds of commercial interests, public demand and censorship. However the Internet does not operate within these control structures. As previously indicated the Internet theoretically allows access to anybody. Many filmmakers are already using the Internet to distribute their films. These films are distributed on individual filmmakers' web sites or more often at online film festivals and distribution sites. Online film festivals have established a reputation for showing a certain style and quality of films and can focus more eyes on the work. These web sites may become the equivalent of the television networks and the art houses of the future. Most important is that these web sites can coexist alongside the major Hollywood studio web sites.

#### 4.4.1 Off-line film festivals, online on the Internet

Off-line film festivals are traditional film festivals, offering films per schedule at a set venue. Many off-line film festivals have extended their film festivals to online festivals on the Internet - extending the reach of the festival to a presumed global audience. These online sites do not only offer information regarding the festival, i.e. show times and schedules, but also present a forum of short format films. The Rotterdam International Film Festival offers an online experience to people interested in the Festival in its section called *Cinema without Walls* (<http://www.iffrotterdam.nl>). Other popular off-line festivals that have moved a section of their festival online include France's short film festival, Clermont Ferrand (<http://www.clermont-filmfest.com/>) and the Sundance film festival (<http://www.sundance.org>), the main showcase for independent cinema in the United States of America.

##### 4.4.1.1 *The Rotterdam International Film Festival*

The Rotterdam International Film Festival is a showcase of international and independent film. The festival is held annually in February and attracts an international audience. The festival has now expanded its global reach through the Internet.

The press office has closed, the Pathe (theatre group in Europe) has gone back to showing regularly distributed movies, there are no volunteers to assist you, and the city of Rotterdam has returned to normal. But you can still attend the Rotterdam International Film Festival, and you don't even have to travel to Holland. Simply log on (Johnson, February 5, 2001).

As part of the Rotterdam International Film Festival of 2001, an online festival was held exploring new ways in which the Internet enables filmmakers to use the short subject film. *Exploding cinema*, as it was called, brought together innovative and challenging films and interactive Internet productions from around the world. These works can be viewed at [http://office.filmfestivalrotterdam.com/exploding/index\\_co.html](http://office.filmfestivalrotterdam.com/exploding/index_co.html).

##### 4.4.1.2 *The Sundance Film Festival*

The 2001 Sundance Film Festival showcased the first online work in a new segment of the Festival, called the *Sundance Online Film Festival*. The Festival also offered a new Digital Center, a venue that served as the place where in-person attendees could access the online festival. The festival organisers received 315 submissions. Commenting on the line-up, programmers Shari Frilot and Trevor Groth are of the opinion that 'the presentations of innovative and interactive pieces point to the future possibilities of web entertainment' (Hernandez, December 15, 2000). Online viewers were given the opportunity to participate by

voting for the festival's Online Audience Award. The project was co-produced by streamsearch.com (<http://www.streamsearch.com>) and the line-up included 17 projects as well as a special collection of interactive work (<http://www.sundance.org> or <http://www.sundanceonlinefilmfestival.com>).

#### 5.4.1.3 Resfest Film Festival

The Resfest Film Festival is a film festival of digital entertainment that started with an online invitation for new films and resulted in an off-line festival that travels the world. The festival was conceived by the RES Media Group (RMG). They have been at the forefront of the digital entertainment revolution since 1996. The RES Media Group aims to promote, foster and mobilise a new generation of digital storytellers. They are doing this with their touring international festival, bi-monthly (*RES Magazine*) magazine and a popular online entertainment network [www.res.com](http://www.res.com). The festival tour includes cities such as London, Tokyo and Cape Town (<http://www.resfest.com/>).

Through the Internet, off-line film festivals are theoretically expanding their reach to a global audience. Most of these festivals are well established and reputable, thus offering the online visitor high quality films. These recognised film festivals can offer filmmakers the opportunity to distribute their work as well as find recognition and possible further distribution deals. Online film festivals are also finding their place on the Internet and are creating the space for new filmmakers to showcase their work.

#### 4.4.2 Online film festivals

Online film festivals serve to attract filmmakers to enter their films in an online environment where the films can be viewed, reviewed and distributed. These online film festivals often encourage dialogue and the sharing of ideas between filmmakers and the audience. The audience is also involved in reviewing the films and acts as judges by casting online votes. Online film festivals award prizes that can lead to the development of new filmmakers and bigger projects. Here follows some examples of online film festivals.

##### 4.4.2.1 120seconds.com

The Canadian web site *120seconds.com* digital film festival (<http://filmfestival.120seconds.com>) celebrates the work of Canadian filmmakers. The film festival is open to films under ten minutes in length. The web site offers a variety of experimental online entertainment. The highly

interactive web site also offers a section that presents resources to a community of online filmmakers such as links to filmmaking, graphics and animation web sites.

#### 4.4.2.2 *Zoiefilms.com*

*ZoieFilms* was founded in 1994 and is based in Atlanta, Georgia. *ZoieFilms* is an online festival presenting independent films, documentaries, and animations from around the globe. The festival recognises creativity, innovation, and excellence through film, video, and animation, and aims to employ the Internet as its venue to showcase these new works. This online film festival further aims to support, and promote the development of independent filmmakers, screenwriters, producers, composers and other film artists. It also offers interviews and chatrooms for the exchange of ideas (<http://www.zoiefilms.com/index2.html>).

Online film festivals are creating the space where filmmakers can show and exhibit their work. Film festivals also encourage new work and offer prizes that can improve digital film production. It also opens up channels for further distribution deals. In addition to these online festivals, online distribution networks are creating channels of distribution similar to the traditional broadcast channels. The audience now has the power to download and view their choice of content in their own time.

#### 4.4.3 Online distribution networks

Online distribution networks provide a central location in the form of a web site to make available a choice of entertainment content for users to download. These web sites offer a variety of new media entertainment, including short films, animation and games. This content can be downloaded, viewed and rated from the distribution channel. These web sites also offer more information about the filmmakers and the films.

The new distribution powers, such as Sightsound (<http://sightsound.com>), the Bitscreen (<http://www.bitscreen.com>)<sup>39</sup> and Ifilm (<http://www.ifilm.com>) are developing channels between independent filmmakers and audiences seeking innovation in the art of filmmaking. These companies offer online web sites where a selection of short films and games can be downloaded.

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<sup>39</sup> The Bit Screen delivers first-run Internet films and web series.

#### 4.4.3.1 *Sightsound.com*

SightSound Technologies was established in 1995 as a video and audio download and file-share electronic commerce company. The company's aim is to support the motion picture and music industries as they adopt digital distribution. In 1995, SightSound Technologies sold the first downloadable music online. On May 5, 2000, sightsound.com released the first Internet feature film. And on March 19, 2001, SightSound Technologies successfully demonstrated the first Internet-based movie download system for theatrical distribution. SightSound Technologies provides its services to the motion picture industry through relationships with companies like Miramax Films. Miramax will release twelve movies for download on Miramax web sites. SightSound Technologies is also distributing episodes of *Barney* for Lyrick Studios and movies for Franchise Pictures, Unapix Entertainment and more than 40 other independent producers and special interest companies (SightSound ramps up selection, 2001). SightSound Technologies is offering a model for distribution that in the future could provide distribution to independent filmmakers.

Although bandwidth limitations are still making it difficult to distribute feature films on the Internet, the channels to distribute these films are already being built. Five of the major studios have set up the site <http://www.cinemanow.com> and Warner Brothers' web sites <http://www.warnerbros.com> and <http://www.enterdaim.com> is proof of Hollywood's interest in the Internet as new distribution platform.

#### 4.4.3.2 *Cinemanow.com*

As was shown in chapter three, Hollywood is quick to assimilate new technology and distribution opportunities. In August 2001, five major studios, Sony, MGM, Warner Brothers, Universal and Paramount announced the creation of the web site, <http://www.cinemanow.com> for the distribution of their films.

The implications of these web sites confirm that the Hollywood studios are recognising the importance of the Internet, as a new distribution platform. This does not however mean that the studios will be able to control distribution as with film and television. The studios' web site can be found next to the many independent sites such as Atomfilms. The many online festivals and distributions web sites open up many channels for the distribution of new media entertainment online. In future many of these will grow to become broadband broadcasters or webcasters. The difference being offered by these distribution platforms is that the audience will have the

power to choose what kind of entertainment to view and when to view it. The audience will not be regulated by time and programming schedules. However the amount of choice will become overwhelming and certain structures of content and quality will need to be created. In the next section this study investigates how the Internet is being used as a marketing, information and promotional network to attract a bigger audience.

#### 4.5 THE MARKETING OF FILMS ON THE INTERNET

Like the paradox about the tree falling in a forest with no one around to hear. If a billion trees fall in the forest and the whole world is watching, what is going to make anybody notice your one tree? (Wolf, 1999: 196)

Michael J. Wolf makes the above analogy about what the chances are of any web site on the Internet grabbing the attention of the consumer. This analogy alludes to the crucial role marketing will play in attracting an audience to a specific web site. As set out in chapter two, marketing in terms of this study refers to the advertising and promotion of cinematic products to attract as large as possible audience, willing to pay to see these products.

Traditionally the marketing of films relied on previews, reviews, trailers, posters and promotional advertising in other mass media such as magazines, newspapers and television. This included information about the film, its stars and the director. Today very few films are released in Hollywood without an accompanying web site. These web sites have become an extension of the traditional advertising. In order to clarify the role marketing plays on the Internet, it is of value to investigate how advertising function in the new media.

The Internet is a marketing medium that follows specific rules and regulations. Online marketing differs considerably from traditional broadcast methods of advertising. Instead of sending a message to a targeted audience that either responds to or dismisses the call to action, online consumers seek out information and advertising. The consumer initiates the communication, not the advertiser. This means that advertisers will need to deliver and create messages in entirely new ways.

In traditional advertising, time and space are commodities to be bought. It is expensive and finite. Advertisers are forced to leave out information because of the limitations, constraints and cost of space and time. In online advertising space is unlimited and inexpensive. There are no constraints on the amount of information that can be placed on a web site. This information can also tailor messages to different kinds of consumers. Time has become a valuable commodity for consumers in the entertainment economy. In order to attract consumers, hold them and

keep them coming back to a certain web site, there must be added value to the online experience. High-quality products and information must be displayed in an attractive manner to keep users at a specific web site (see chapter 2.5.3).

Furthermore, in traditional advertising images are created with static or motion pictures, music, lighting and action. According to Janal (2000) images are primary - information is secondary. In online advertising images are created with information. Video and audio on the Internet are still fairly unrefined and therefore the main mode to getting information across is through the printed word. Hypertext allows consumers to move non-linearly through a document. Sales scripts and information are used to the full extent and product features can be given in detail.

In older advertising, television broadcasts images and messages to passive viewers that can either hear or ignore the message. If they have questions, answers are not available immediately. In online advertising consumers seek out the messages. Consumers choose to be at a certain web site, actively seeking information. They expect communication to be interactive. They want to be able to establish a line of communication with a company and find out answers to questions immediately. In traditional advertising requests are based on appeals to emotions and fears –“They’re going fast!” “Last one in stock!” Requests are also based on incentives - “Buy one, get one free!” In online advertising requests are based on information (Janal, 2000).

#### 4.5.1 Advertising on the Internet

As mentioned above, it has become standard practice for off-line films to have an accompanying online web site. The web site is a marketing extension of traditional advertising and offers information, bios, trailers, production photos, games, merchandising and chat rooms. These web sites are set up months before a film’s release to create word of mouth and public interest. The film renowned for its impact through web marketing is *The Blair Witch Project* (US, 1999).

##### 4.5.1.1 *The Blair Witch Phenomenon*

In 1999 a small independent film, *The Blair Witch Project*, produced by Haxan, a production company based in Orlando, became one of the most profitable films in movie history. The success of *The Blair Witch Project*, can to a large extent be attributed to the enormous *cyberbuzz* (interest on the Internet created by the web site) created by the producers of the

project. *The Blair Witch Project* was produced for \$40 000<sup>40</sup> and then was picked up at the Sundance film festival by Artisan, who distributed the film worldwide. It went on to gross more than \$136 million (Collis, 1999: 79). This degree of success resulted in studios and filmmakers alike following Haxan's lead in marketing their films on the Internet. As Roger Ebert (2000: 159) states in the article *Sites, Camera, Action*: "Today any unit publicist who is not distributing production stills and news of films in production on *Aint-It-cool-News*, *Dark Horizons*, *Coming Attraction By Corona*, and the *Yahoo!Movies* message boards is not earning his salary". John Hegeman, president and CEO of Distant Corners, a New York and Los Angeles based web site for fans of science fiction and other cult genres, helped initiate the trend. Hegeman was in charge of Internet marketing for *The Blair Witch Project*. "The success of *Blair Witch* wouldn't have been possible without the integration of the Internet into everyone's everyday cultural experience," Hegeman says. "It really wasn't until the last year (1998) or so that people looked at it like their TV or their radio" (Heyman, August 25-31, 2000).

*The Blair Witch Project* tells of three aspirant filmmakers that disappeared in October 1994 in the Black Hills Forest of Maryland. All that was ever found of them was several cans of film, which have been edited together into a documentary. The film was shot over eight days, the actors doing most of the camera work. Most of the dialogue was also improvised. The directors describe themselves as the *Blair Witch* – they would get up at three in the morning and run around the tent of the actors; leave notes and clues for them to follow. "We were after complete realism," explains Sanchez (Collis, 1999: 95). They would leave the actors for certain amounts of time on their own, tell them what's happening and let them shoot it for a couple of hours at a time. They would then come back, review the footage and move on to the next scene. The film was very much an improvisation and much of the movie was discovered in the editing suite.

However, the legend of the *Blair Witch* applies moreover to the marketing of the film. Long before the film's editing was complete, Sanchez had begun generating word of mouth about *Blair Witch* through the film's web site (<http://www.blairwitch.com>), where visitors could read Heather's fictional diary or examine the equally fictional history of the witch herself. An interesting anecdote is that the web site and general hype was so convincing that the Internet Movie Database (<http://www.imdb.com>) originally listed the film stars as deceased – until they were informed that it was, in fact, a work in fiction (Collis, 1999).

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<sup>40</sup> Phase one that ended up being the film – was shot for \$ 30 000, but Phase 2 (which included the documentary, *Curse of the Blair Witch* and finishing the film) extended the budget to \$ 350 000 (Robin Cowie, 2001).

The distribution company, Artisan picked up the film at the 1999 Sundance festival. At first the movie was put out on 27 screens, two weeks later this was expanded to 1100 cinemas and grossed \$29 million in the first weekend. They also took over the web site created by Haxan Films, and by using streaming video, scanned diary pages, man-on-the-street interviews, TV newscasts, faked file footage and false history to create the back story which the film itself sorely lacks (according to most critics). In addition, Artisan commissioned a one-hour special, *The Curse of the Blair Witch*, that aired on the Sci-Fi Channel the week the film opened. The special used most if not all of the mock-documentary footage the filmmakers shot before they abandoned that approach in favour of the raw "found" 16mm footage and videotape in the final version. This was an extension of the seven-minute teaser aired on John Pierson's *Split Screen* series on the Independent Film Channel in August '97, as its season cliffhanger, and again in April '98, seemingly to test the credibility of the film's origins. Pierson, an unofficial early investor in the film, says that the Internet presence started after that second broadcast, when he encouraged people to write in with their thoughts on whether this whole thing was real. By the end of the day, they had over 300 postings on their site (Cullum, August 13 - 19, 1999).

Many critics may dispute the aesthetic merits of *The Blair Witch Project*, but the original fact-or-fiction thriller, has impacted on the future of the independent film. Independent critics rank *The Blair Witch Project* with films such as Steven Soderbergh's *Sex, Lies, and Videotape* (US, 1989) and Quentin Tarantino's *Reservoir Dogs* (US, 1992) as landmark historical moments of recent American independent cinema. The phenomenon that is *The Blair Witch Project* represents for many independent filmmakers, the pinnacle of success – to make a film yourself, your own way, with your own money and have it seen by millions of people around the world and in the process become rather wealthy. According to Hernandez & Kaufman (January 10, 2001) the Internet has become an important factor of any film's marketing strategy.

#### 4.5.1.2 *Aintitcoolnews.com*

The web site [www.aintitcoolnews.com](http://www.aintitcoolnews.com), provides daily Hollywood gossip and previews and is used to create hype about upcoming productions. The web site is managed by Harry Knowles, movie fanatic, and offers news about scripts in development, information on movie casts, photos from films in productions, reports from insiders and personal reviews. This low-cost operation has become critical in the marketing of films on the Internet. Early publicity on a number of successful films can be traced back to Knowles' endorsement. He can be seen as a highly influential alpha consumer (Wolf, 1999).

Currently the Internet is flooded with web sites promoting and marketing films. These web sites offer background information on the film's production, photos of its stars, reviews, games and other interactive activities. These web sites serve as an extension of the film and add value to the viewers experience. These web sites also creates interest from the public before the film opens on the cinema circuit in the hope to attract more people to see the films.

The *Lord of the Rings* (US, 2001) web site (<http://www.lordoftherings.net>) has created cyberbuzz by offering live feeds during the production. This included footage not seen and daily news from the production. This has been responsible for the huge hype that has surrounds the release of each film in the series. The web site accompanying Steven Spielberg's *AI - Artificial Intelligence* (<http://aimovie.warnerbros.com>) presents an interactive artificial computer that responds to questions from the user. The Walt Disney web site (<http://disney.go.com>) offers a variety of games, fan clubs and online chat rooms, mainly aimed at children.

#### 4.5.2 The Internet as information network

The Internet is in its core an information system. The Internet is most often referred to as the information superhighway, which implies that a user can find information about almost anything on the Internet. Information plays an important role in marketing and knowledge. Most web sites regarding film provide information on stars, locations, behind the scenes etc. Moreover the Internet also provides online resources for the film and video professionals. It creates forums of particular information sharing and knowledge acquisition.

##### 4.5.2.1 *Imdb.com*

The *Internet* movie database (*Imdb*) is the most extensive web site on films on the Internet. The site offers information and news on the latest film releases, its stars and producers. It also presents box-office statistics, articles and reviews. The *Imdb* is also now offering a new service for industry professionals – providing market trends and industry news.

##### 4.5.2.2 *Creativeplanetcommunities.com*

*Creativeplanetcommunities.com* has created a series of communities for professional filmmakers. These include *2-pop.com* (a community that provides information on digital filmmaking), *directorsworld.com* (for directors), *editorsnet.com* (for editors). Other communities include *VFXPro.com* (for visual effect professionals) and *governmentvideo.com* (for professionals working for government broadcasters). These communities share information of

the latest technological developments and supply interviews with persons working in the fields offering experience. The site also offers job opportunities and promotes industry exhibitions and conferences.

The Internet can facilitate the promotion and technical professionalism of filmmakers. This will lead to better-informed filmmakers and has the possibility to create networks of co-production. It can also stimulate and encourage more and better quality productions. In essence it can result in the development of a cinema industry.

#### 4.6 FINDING AN AUDIENCE

One of the aims of making movies, if not its sole purpose is to reach an audience. Without an audience films will not be able to make money, sell a product or touch a person; none of these will exist if an audience does not see the film. The traditional distributors of content such as television and film are often controlled by consumer demand that is in turn created by the advertising industry. This often limits the variety of content available to audiences. The Internet is opening up channels to distribute a variety of content to a global audience.

The ever-expanding online community offers a much larger audience than can fit into a 300 seat festival auditorium. Although the Internet audience is still very fragmented and serves only as a niche market, Internet use and connectivity is increasing daily and the basis of the Internet audience is what Don Tapscott (1998) calls the Net Generation.

##### 4.6.1 The Net Generation

The Net Generation is the generation of children who have grown up surrounded by the digital media. Most are active users of the Internet and in the process of assimilating new technology. Tapscott (1998: 3) is of the opinion that these children spend more time in front of their computers than television and that as they reach adolescence they will command the way in which the world communicates, does business and is entertained. Wolf (1999: 261) describes the Net Generation, also known as Generation Y as follows:

Generation Y is Generation X on steroids. Born between 1977 and 1997, they are the largest sector of the population: at 81 million strong, there are more of them than there are baby boomers. Rather than being impressed by technology – as has been true of previous generations – they take it for granted. Like air and water, it is a necessity of life, and it is all around.

These children are part of the social transformation of the information age. They are learning, playing, communicating, working and creating communities very differently from their parents.

The knowledge hierarchy is often flipped – where children teach parents about the new media technology. The Net Generation are users, not just viewers or listeners. They search for information, rather than just consuming it. Their investigative skills foster critical thinking through the questioning of assumptions (Tapscott, 1998).

The Net Generation will also be the producers of new media entertainment. These content providers will have a distinct advantage as Mike Monello (Hernandez & Kaufman, January 10, 2001), part of the production team of *The Blair Witch Project* points out:

These kids who are growing up in homes where there's an *iMac DV* sitting in the corner and they're playing around with it and they're growing up manipulating images and compositing images and then playing with tools like *After Effects* and *iMovie* and whatnot, when they get to the point where they start expressing themselves as artists, I think the language of movies is going to excel at such a rate, it's going to be amazing. You had most independent filmmakers, if they had made films before, did them on Super 8 or 16mm, and now you're going to have 21-year-old kids who are going to have more films under their belt than Woody Allen by the time they get to the point where they're making something for Sundance. And that can only be a good thing if you are talented, the ability to work on your talent and to hone it, I think it's going to be amazing. And I think everything you see now, from *Dancer in the Dark* and *Requiem for a Dream*, everything you see now, I think are baby steps. I think they are extremely talented people taking the tools available and working them as far as they can, but at the same time, it's kind of like trying to get your grandmother on the Internet, she just doesn't think that way. And we don't think the way that some of these 7, 8, and 9-year-old kids who are playing with *iMovie* are going to be thinking.

The possibilities and implications of the Internet, as new distribution platform, will create the opportunities and for the Net Generation and the filmmakers growing up in this generation. The Internet provides information on almost any aspect of filmmaking. This and the distribution of what can be described as intellectual property are mostly free for anybody to download and make a copy. This has led to many critical debates on how intellectual property will be protected and secondly can intellectual property be profitable in a network where most anything can be acquired for free.

#### 4.7 CRITICAL DEBATES

As the Internet expands, the digital distribution of film creates real challenges that must be solved. Issues such as distribution rights, establishing online distribution fees, defining Internet property rights, creating film revenue allocation guidelines, calculating Internet revenues and gross receipts and establishing consumer subscription packages are among the most immediate (Kehoe, August 22, 2000).

The Internet is opening channels for the mass distribution of intellectual property. The Internet has been designed to allow the freest possible exchange of information, data and files. This freedom opens the Internet to misuse. The next section examines the protection of intellectual

property in this “free for all” environment. This will be done through an investigation into the current status of intellectual property on the Internet (with specific focus on the *Napster* case in the music industry) and an enquiry into the proposed structures to protect intellectual property.

#### 4.7.1 Intellectual property on the Internet

For more than twenty years, copyright has been the main source of intellectual property protection. Copyright protects original works of authorship, including literary works, dramatic works, audiovisual works, musical compositions, audio recordings, pictorial, graphic and sculptural works, choreographic works, and even<sup>41</sup> architectural works. Copyright is applicable to original expressions fixed for some substantial duration in a perceptible medium of expression. Copyright gives the owner of that copyright the exclusive right to reproduce and distribute copies of the work, as well as to adapt, publicly perform, publicly display, and in the case of audio recordings, digitally transmit the work (Burk, 2001).

The value of intellectual and artistic works are derived from the creativity, ideas, research, skills, and labour provided by the creators of the works. The thing that is protected is the intangible creative work, embodied in a physical form (Baase, 1997). The Internet, as digital technology, is creating a dilemma in that digitised texts, pictures and even movies inevitably involves making copies due to the nature of gaining access to this material.

New computer, storage and communications technologies have made copying extremely easy and inexpensive. High volume digital storage media, such as hard disks and CD-ROM's, can store all sorts of information (text, audio and graphics) in a standard digitised form. Scanners can easily convert physical works into an electronic form and digitised material can easily be distributed over computer networks such as the Internet. Unlike other copying technologies, a digital file is indistinguishable from the original (Baase, 1997). This poses a great threat to all content providers on the Internet in terms of copyright infringement. The music industry has had a foretaste of the implications of mass copyright infringement.

##### 4.7.1.1 Peer-to-peer file sharing and Napster

*Napster*, an Internet web site created by Shawn Fanning in 1999, made music available in a song for song format free of charge. *Napster* was initially developed as a means of exchanging

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<sup>41</sup> Intellectual property is protected by copyright laws, patent laws apply when something has a functional value. A problem arises with, for example architecture that is both functional nature and created through individual expression. The same applies to software. Can algorithms be protected by copyright or patent laws?

and sharing music recordings between friends. It grew into a software programme used by millions to download songs. *Napster* works on the basis of what is called peer-to-peer (P2P) file-sharing. Doyle (2002: 155) explains:

P2P enables public or private user groups who share an interest – or peers – to swap files with each other. Members connect into the network, publish a list that they are willing to share on the *Napster* server and then a search function enables them to find out who else is online and what else is available for downloading at any given moment in time. So, *Napster* serves as an enormous search and exchange facility where individuals post their own offerings for all other users to pick from.

Members were able to access these files containing music, download and share this music with other members. The song for song format made this file sharing very attractive in the light of albums offering only one or two songs the fans were looking for. *Napster* unlocked, and made available for download, the greatest music library in the history of the world, much of it all but forgotten by the major labels. *Napster's* peer-to-peer file sharing system made a stream of bootleg copies of virtually any kind of music available to its estimated 38 millions members in February 2001(Laube, cited in Doyle, 2002: 156).

In order to fight back against the rapid growth of music file-sharing and illegal copying, the major record companies in alliance with the independent labels brought a series of high-profile legal actions based on copyright infringement against *Napster* and other similar companies on the Internet. The Motion Picture Association of America filed suit in July 2001 against *Scour*, a file-sharing site, like *Napster*, that was designed to let users download newly released Hollywood movies. In August 2001 *Scour* announced it was reducing its staff by two-thirds because the litigation had prevented the company from raising follow up capital.

*Napster's* defence argued that file-sharing is legal under the federal statute called the *Audio Home Recording Act* (AHRA) which gives consumers the right to create and transfer digital music for non-commercial purposes. Although *Napster* is technically a one-to-one file-sharing system – the fact that millions of users share songs with one another is a violation of copyright and is considered as the theft of intellectual property. This argument was the essence of the recording industry's suit against *Napster*. In July 2000, *Napster* was ordered to shut down, although the ruling was suspended pending appeal. In the months that followed, Bertelsmann (the owner of BMG) withdrew its lawsuit. Bertelsmann proposed to join *Napster* in developing a legal version of the service. Bertelsmann acknowledged that irrespective of the outcome of the lawsuits that the demand for online music will continue. By joining the pirates, BMG hoped to find a new business model that will serve the music industry and adopt the practices of the

Internet era (Doyle, 2002). The other record companies pursued their lawsuits and in February 2001, the courts upheld the injunction and ordered *Napster* to cease facilitating the exchange of copyrighted material (Lewis, March 2 - 8, 2001). Shutting down the file-sharing capabilities of these companies serve as warning to other companies with the same agenda. *Napster* functioned as a centralised server that was easily shut down, however file-sharing will continue as it is considered as a right by many Internet users (Sherman, 2000).

Law suits brought against companies such as *Napster* will not deter people from continuing this practice, but hopefully it will lead to the decommercialisation thereof, by convincing venture capitalists that it is not in their self-interest to fund these companies.

#### 4.7.1.2 *The protection of intellectual property on the Internet*

Digital technology enables users to make perfect copies of digital content. The Internet, moreover facilitate the speed and ease of downloading this content. These factors have created the potential for copyright infringement on a wholly unprecedented scale. The *Napster* experience is forcing the music industry to reinvent itself for a new era. The *Secure Digital Music Initiative (SDMI)*, a consortium of record labels, consumer-electronics companies and information-technology firms are trying to develop new standards for digital music and the devices that play it. The SDMI hope to develop standards more secure than the unprotected, freely traded MP3<sup>42</sup> files. Through a combination of encryption and watermarks (technology that controls the way in which digital music is replayed) the SDMI hopes to combine the ease of use and freedom of choice of *Napster* while protecting the interests of artists and their distributors. The problem facing these methods is that hackers easily break encryption codes and the disk may be protected but as soon as it is played, it is unencrypted and can be recorded again. Watermarking can offer another form of protection by allowing only the player it was originally downloaded to play the record. This precaution also only applies if the SDMI replaces MP3 as standard, which is unlikely due to the commercial popularity of the MP3 format (LaPlante & Seidner, 1999).

Another way in which the record companies can combat online piracy is by offering the consumer better products and better experiences on the Internet. The major record labels are exploring ways of making the online music experience they provide deeper and richer for

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<sup>42</sup> MP3 is a combination of software and hardware that at the distribution source, enables the compression and encoding of audio for efficient network transmission, and then the decoding and decompression into high-quality,

paying customers. New frameworks are being created. Record companies aim to offer extras such as bootleg songs, outtakes, early access to new releases and more biographical information. Jeff Alger, who works on e-books for *Microsoft Reader*, believes that the surest protection against piracy is to make sure that there is a high volume of quality, low-priced items on the market. But how music will be paid for is still very much debated, especially if it is delivered online. Today, music on the Internet is either streamed (delivered in real time, like radio) or packaged into files that are downloaded all at once. In the future, companies may charge for these files through subscription (a fixed fee, like a cable-TV bill, that includes a wide array of musical offerings), or they may charge for each track separately, either every time it is listened to (pay for play) or just once (pay for download). But any industry that trades in intellectual property is at risk. *Scour* already offers digital downloads of animations, short films and movie trailers for feature films. But audio-video files are big and data-rich and difficult to exchange, even over the fastest Internet connections. Unless bandwidth improves by several orders of magnitude, Hollywood's Napsterisation is still some years away (Cohen, October 2, 2000).

The music industry had a foretaste of what could happen if intellectual property laws were disregarded and consumers had the power to consume its products for free. This has cautioned many content providers from distributing their work on the Internet and also raises questions on the feasibility of entertainment content on the Internet. If everything can be downloaded for "free" on the Internet – how will content providers of new media entertainment generate income? This will be discussed in the next section.

#### 4.7.2 The *dot-com* collapse

The *dot-com* collapse refers to the crash of the Information Technology market in 2000. Between March and April 2000 the combined value of the NASDAQ stocks fell about \$ 1 trillion (Kadlec, 2000: 16). This resulted in the demise of many young Internet companies that had been able to pump millions of dollars in development, but could not find second phase backing to support them during the crisis. Many of these companies were new media entertainment web sites. The long-awaited Pop.com, set up by Steven Spielberg's DreamWorks closed down before a single film had been shown (Lewis, March 2 - 8, 2001).

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almost CD-like quality audio at the receiving end. The quality is so good and the cost so low that record companies are concerned that it enables mass piracy, and bootlegging (LaPlante & Seidner, 1999).

The Internet drove up stock prices on Wall Street, adding value to Internet technology stock and companies. The market awarded astronomical valuations to dot-com companies that had never shown a profit and rewarded every entrepreneur with wealth. Hugh Johnson, chief investment officer for the investment firm First Albany explains that “the [then] current growth rate of earnings could not support stocks with such high valuation and that’s why technology stocks came down so sharply” (Greenwald, 2000: 60). The dot-com crisis was mainly a result of many of the dot-com companies spending their limited capital on advertising and marketing to build brand awareness which could not be followed up by second phase investment (James, 2000: 29).

The fragmented audience and the many channels or web sites, created by the *limitless* choice on the Internet, make it difficult to reach a large audience, which is essential to ensure advertising income. Advertising seems to have had little effect on the Internet and the audience is not yet willing to pay for content on the Internet (Wolting, 2001). The Internet has created a culture of “everything for free” brought to the foreground by the questionable ethics of the *Napster* and *Scour*.

The dot-com collapse was the downfall of many online entertainment companies. Brian Massey (former employee at soudbreak.com) laments that the dot-com companies thought that they would change the habits of consumers forever. This did not happen overnight. In relation he adds that the dot-com era was a \$1.7 trillion research project in humility (in Lewis, March 2 - 8, 2001).

From this it is clear that business on the Internet and especially for new media entertainment companies still need to explore means of generating profit. The next section takes a look at some of the suggestions and practices already in use. These include David Bloom’s five ‘S’ approach: sponsorship, syndication, subscription, subsidiary relationships, spins-off and branding.

#### 4.7.3 The five ‘S’ approach

Leading business magazine, *Red Herring’s* writer David Bloom, suggests that making money out of web entertainment can be defined in what he calls the five ‘S’ approach. His first proposition is *Sponsorship* – financial support from larger corporation. Second is *Syndication* – a project driven by association with other corporations. Third is *Subscription* – a regularly paid fee in return for a service provided. Fourth is *Subsidiary relationships* – a relationship as part of

a larger traditional media companies and fifth is *Spin-offs* – profitable results from a co-operation that was designed to achieve something else (Bloom, January 2, 2001). Most of these principles correspond to the business model that has made Hollywood a powerful media player. However more emphasis is placed on sponsorship and syndication, because the “free for all” attitude of Internet users.

#### 4.7.3.1 Sponsorship

Sponsorship refers to the assistance, financial or through product placement of larger corporations in order to finance new media entertainment on the Internet. An example of international corporations investing in short entertainment on the Internet is motor manufacturer BMW. BMW sponsored a series of short films, called *The Hire*, featuring their cars. *The Hire* series was produced by David Fincher (*Seven*, *Fight Club*) and directed by award winning directors. The films are *Ambush*, directed by John Frankenheimer, *Chosen* directed by Ang Lee (*Sense and Sensibility*, *Crouching Tiger, Hidden Dragon*), *The Follow*, directed by Wong Kar-Wai, *Star*, directed by Guy Ritchie and *Powder Keg*, directed by Alejandro González Iñárritu. These films can be viewed at <http://www.bmwfilms.com>.

#### 4.7.3.2 Syndication

Syndication applies to the co-operation between new media companies and a syndicated brand to increase reach and marketing possibilities. In August 2001, Nike set up a short film competition in conjunction with *britshorts.com*. *Britshorts* is an Internet company that aims to bring together filmmakers passionate about the British and European short film industry. The Nike Young Director’s Award called for a treatment of a digital short film, 180 seconds in length, giving a new perspective on sport. The final films can be viewed at <http://www.britshorts.com>.

#### 4.7.3.3 Subscription

Subscription alludes to the payment of fees for services or goods provided by new media entertainment companies. This also includes pay per view options and payment for downloaded films (see 4.8.4).

#### 4.7.3.4 Subsidiary relationships

Subsidiary relationships refer to the partnership new media entertainment companies have with other corporations and institutions. These companies offer support and assistance to the web

companies in terms of exposure, financial collaboration, promotion and resources. The 2003 Chrysler million dollar film festival in association with Chrysler, Hypnotic (<http://www.hypnotic.com>) and Universal Pictures begins with the submission of short films for an online festival and culminates with one filmmaker winning a million dollar feature film production and distribution deal. The films can be viewed at <http://www.chryslermdff.com>.

#### 4.7.3.5 Branding and spin-offs relating to branding

Branding can be described as the reinforcement of images in the consumer's mind, repeatedly, endlessly. According to LaPlante & Seidner (1999) branding succeeds theoretically when consumers are unable to disassociate the images and related emotional implications from the product or service in question. Brand names such as Coca Cola, BMW and Sony use images of their products and logos to create a certain personality and style. The principle of branding has been used to great success in Hollywood through the star system and genre films. Non-Hollywood films also uses branding in terms of using its "foreignness" and the "director" as commodity.

As the dot-com crisis has proved, there is not yet a truly feasible business model to attract advertising revenue to entertainment web sites. Wolf (1999: 192) is of the opinion that "Internet business models won't emerge autonomously, but through arduous trail and costly error because of the Internet's unpredictable nature". The challenge to these web entertainment companies is to create a model that will serve the niche market of the Internet and attract sponsorship to support the filmmakers to create a brand. Steffano Korper (Lewis, March 2 - 8, 2001), co-author with Juanita Ellis of the e-commerce book, *Building the E-Empire*, describes this as "the third wave". He explains:

The first was when people had an idea and right away found funding and venture capital, and then went immediately public. In the second wave, people started to struggle to get their second rounds of funding, and a lot of ideas were being dismissed because of the stock market. And the third wave, which is coming now, is about solid businesses using the Web to create revenue.

The boundaries between the new and the old market will resolve themselves in time and business models will be created to support these companies. The next section consists of two case studies about two web entertainment companies. The one is a Hollywood media conglomerate (Warner Bros.) and the other is a young new media entertainment company (Atomfilms). The aim of these case studies is to explore how new media entertainment is operating within and outside of the Hollywood system.

#### 4.8 CASE STUDY: WARNER BROS.

This case study examines how the powerful Hollywood multinational corporation is dealing with the emergence of new media entertainment. The aim of this case study is to explore how the Hollywood multinational corporation is at the forefront of assimilating and using the new technology and is already setting the standards of new media entertainment on the Internet.

##### 4.8.1 Background

Harry M. Warner, Jack L. Warner, Sam Warner and Albert Warner established Warner Bros. in 1922. The company led the way in sound production during the 1920s and became one of the big five Hollywood studios during the 1930s and 1940s. Although many of the studios suffered losses during the 1930 Depression, Warner Bros. was defined by continuity and stability. Jack L. Warner supervised production at Warner Bros. for more than 40 years (1923 - 1967). In 1967 Warner Bros. merged with Seven Arts Production and in 1969 it was taken over by Kinney National Service Corporation. This marked the beginning of a series of corporate mergers and realignments. In the 1980s Warner Communications, parent of Warner Bros., merged with Time Inc., publishing firm, to form Time Warner (Sklar, 2002).

The new millennium started with the largest merger in American corporate history. On January 7, 2001, Time-Warner and American Online (AOL) merged to form the \$350 billion company AOL-Time Warner. Steve Case, chief executive officer of AOL, had built a brand, a customer base and (by Internet standards) healthy profits. However, he faced a future that may see Internet access as a commodity and he lacked access to the leading source of broadband – the cable of cable television that could carry vast amounts of Internet content. He also did not have much in the way of content. Time-Warner's cable television system (America's second largest) offered the cable infrastructure to distribute AOL's services. Time-Warner also had the proprietary content – magazines, books, movies, music and programming.

The merger offered the following to its companies: For Warner Bros. Studios (which include Warner Bros. Pictures (e.g. *Batman*, *The Green Mile*); New Line Cinema (e.g. *Austin Powers*, *Magnolia*); and Castle Rock (*Seinfeld*)) it offered the possibility of being at the forefront of the emerging Internet movie business. The merger also offered Warner Bros. the digital delivery of Movies on demand. For Warner Bros. Programming (which include Warner Bros. Television (e.g. *ER*, *Friends*); the Warner Bros. (e.g. *Buffy the Vampire Slayer*); HBO (e.g. *The Sopranos*); TNT; TBS; CNN; and the Cartoon Network) AOL availability through Time Warner cable, will make television more interactive. AOL's online radio station can promote Warner Bros. artists

and plugged-in customers will be able to download music from Warner labels (such as the Warner Music Group (e.g. Kid Rock and Jewel); Elektra Entertainment (e.g. Missy Elliot); and Warner Bros. Records (e.g. Madonna)).

Both Time Warner and AOL are pursuing brand building by heavily cross-marketing products for Time Warner Publishing (which include thirty-three magazines including *TIME* magazine; and Time Warner books that include Warner Books (e.g. *Message in a Bottle*) and Little, Brown (e.g. *White Oleander*). Time Warner Cable gives AOL a broadband outlet and access to Time Warner Cable's thirteen million customers. AOL's online service, Netscape, Compuserve, MovieFone, Instant Messenger offers speedier Internet and interactive television services using Time Warner's cable lines. At this moment in time, Time Warner connects with twenty million AOL subscribers and a well-established vehicle for e-commerce (Okrent, 2000).

Although the \$165 billion merger/takeover is the biggest in history (Okrent, 2000: 39) there will be no antitrust problems, because the merger is not between two companies in the same field. According to Navasky (2000), Time Warner is already the biggest media conglomerate and joining the two will not substantially increase either's share of the market. According to music-business executive Danny Goldberg, former head of Warner Bros. Records (cited in Okrent, 2000: 43), the merger both "validates the Internet and validates the value of content"

#### 4.8.2 Warner Bros. Online

The entertainment industry is going through a sea change of the magnitude not seen since the crossover from radio to television. Warner Bros. is in an excellent position, to help bring about a new level of convergence and to define a new brand of entertainment (Burton, June 2000).

This is the sentiment of Sean Burton, vice president of business development for *Warner Bros. Online*. The aim of *Warner Bros. Online* is to bring online entertainment to the world through its web site ([www.warnerbros.com](http://www.warnerbros.com)). He further believes that *Warner Bros. Online* "have the full resources of the studio, with each division looking to the online world for content ideas and leadership in the new media space" (Burton, June 2000).

Warner Bros. has been the leader in online entertainment. It was the first studio to launch its own advertiser-based Web site, the first studio to actually launch online films with feature film stars (Adam Sandler's *The Peeper*, and more recently, the Fiasco Films *Mission: Imp* satire with Verne *Mini-Me* Troyer) and the first studio to mount a streaming-video web cast to enhance the content of a prime-time network television show (*the Drew Carey Web cam event* at <http://www.digitrends.net/corpus/dtonline/features/00/ent%5Fjan/carey.shtml>).

#### 4.8.3 New media entertainment

The Warner Bros. web site offers a variety of new media entertainment, half of which is based on its already existing brand products and the other presenting original projects. The already known films and television shows offer characters that are already familiar to its audience. It also presents existing Warner Bros. brands to launch new brand extensions. Examples are *Looney Tune Games*, a webisode called *Gotham Girls*, a live concerts series, featuring Warner Bros. artists such as *Linkin Park* and *Tori Amos*, as well as trailers and links to web sites promoting Warner Bros.' latest films such as *Harry Potter*.

*Warner Bros. Originals* offers a diverse range of new media content. These new forms of entertainment have lead in their use of the latest technologies (streaming video technologies and the latest 3D animated technologies). *Warner Bros. Originals* serves as a laboratory for entertainment content and new talent that will be able to cross over to all media such as traditional television, interactive television and wireless. *So L.A.* is Warner Bros. live action webisode. Other projects of Warner Bros. Originals include the online games *Arcane* and *Steppenwolf* and the weekly *Flash* animation series *TimberWolf*.

Although many web entertainment companies are still experimenting with formats and business models, Warner Bros.'s Sean Burton (June, 2000) believes that:

New media entertainment should never look like television. Television already does a good job of doing television. Online consumers are looking for something different and for something more. We're finding ways for our fans to be able to truly interact with the entertainment imbedded in the programming. Online viewers demand a more robust experience than what television can offer.

#### 4.8.4 Distribution

The Warner Bros. web site serves as a distribution channel for its *Original* projects. It also presents Pay per View and Video on Demand options for users with broadband capabilities. Pay per View offers a convenient way to watch recent Hollywood films in the comfort of the users home. Films are charged on a pay per view basis as users only pay for what they watch. Video on Demand is technology that allows the user to choose recent Hollywood films from menu and watch it there and then. Video on Demand lets the user control the films in the same manner as a Video Cassette Recorder (VCR). Currently, future projections of Video on Demand are limited, but future possibilities of Video on Demand are very promising (Warner Home Video, 2002).

#### 4.8.5 Marketing

The Warner Bros. web site promotes all of the studio's off-line properties that include movies such as *The Perfect Storm*, television shows such as *Friends* and *West Wing*, and music stars such as *Madonna* and *Red Hot Chilli Peppers*. Warner Bros. in turn uses its off-line properties such as the Time Warner publications *Time Digital*, *Entertainment Weekly* and *People* to promote its online offerings.

#### 4.8.6 The Audience

Warner Bros. aims to deliver short-form content with the latest broadband technology, focusing on a narrower entertainment demographic of 20 to 30 year olds. As Sean Burton (June, 2000) points out: "We're actively seeking the early adopter, the broadband user, and the online consumer tastemakers". These tastemakers are what Tom Wolf (1999) refers to as the alpha consumers. These alpha consumers set trends in popular consumption. The web site aims to build a community element around its new media entertainment through interactive interaction between users through its chat rooms and message boards. Warner Bros. believes that as with all media, entertainment only works if the consumer has an emotional experience and connection with the content.

For some consumers, this [emotional experience] is a completely passive experience, while other, perhaps bolder, users want to interact with the content and with other people in the space. At recent Internet summits, the collective "Weberatti" have been talking about how important it is to program for a "lean-forward experience." This is an important goal, but we should allow our consumers the choice: they can lean forward or lean back with interactive entertainment. With this in mind, we're forging ahead and programming for convergence and firmly believe that entertainment has a tremendous future on the Web. Warner Bros. Online will continue to expand the studio's existing stable of brands as well as launch new properties and new talent (Burton, June 2000).

This case study has shown that the Hollywood corporation is already adapting to the new media technology as the next mass media platform. The Internet is not yet a mass distribution network, essentially due to bandwidth limitations. Currently Warner Bros. use the Internet mainly as a marketing and promotion platform for its myriad of products produced across all its subsidiary relations. Furthermore Warner Bros. is also creating new media entertainment, using its character brands to attract large audiences to its web site. This includes online games and webisodes as well as music videos and live concerts. The Warner Bros. web site can aid to popularise new media entertainment as a format. The comprehensive web site is so constructed to keep users at its web site for as long as possible. Thus, the web site increases

value and reach of Warner Bros.' already familiar entertainment content and is creating new channels for new media entertainment.

#### 4.9 CASE STUDY: THE ATOMSHOCKWAVE CORPORATION

##### 4.9.1 Background

AtomFilms was established in 1998 as an online film web site with the aim, according to Matt Hulett, chief marketing officer of AtomFilms, "to bring the best in short entertainment to every conceivable audience". He believes that "people want to be entertained in new ways and that consumers are looking for choices"(Anfuso, May 11, 2000). On January 15, 2001 the Atomfilm.com and Shockwave.com companies merged to form the AtomShockwave Corporation. Although one company, the AtomShockwave Corporation will maintain its two distinct brands – atomfilms.com and shockwave.com. Mika Salmi, co-founder and CEO of AtomFilms emphasised that it is the aspiration of the AtomShockwave Corporation to be at the "forefront of the entertainment industry as both distribution and technology evolve" (Hernandez & Brooks, March 20, 2001).

The new company furthermore aims to support its combined online short film and game entertainment experiences and target areas both online and off-line for distribution, syndication, advertising and sponsorship. Some of the company's partners include Macromedia, Sequoia Capital, JPMorgan Entertainment Partners, Arts Alliance, Waterview Partners and Intel Capital. AtomFilms's syndication model and its catalog of short films and animations coupled with shockwave.com's potential mass audience and interactive content, have the possibility to create a competitive new media entertainment corporation. The combined companies of AtomFilms and Shockwave have a likely online audience larger than the viewership of many cable networks. The AtomShockwave distribution system relies on ancillary markets as a primary pipeline and a growing library of short form entertainment from what Salmi calls "a new generation of creators" (Hernandez & Kaufman, January 11, 2001).

##### 4.9.2 New media entertainment

The AtomShockwave Corporation specialises in the distribution of new media entertainment. The web site offers a variety of live action short films under the categories: comedy, drama, extreme, thriller and world short films. These categories have sub sections, which offer more options and genres. In order to watch a film the user selects a film. Another window will then give more information about the film in terms of plot, director, awards won as well as reviews and ratings. The user can then decide through which media player the film will be watched.

Other options given to the user are writing reviews, telling a friend about the film and receiving Atomfilms' newsletter. The South African short film *Husk*, directed by Jeremy Handler, can be viewed in the section on world short films. The film received honorable mention and the Cannes Film Festival in 2000.

Atomfilms also offers a variety of animation short films that include Flash animation, 3D computer animation and stop animation. An example of a webisode is Tim Burton's *Stainboy* and can be viewed at <http://atomfilmsshockwave.com/af/spotlights/stainboy/>. Tim Burton, director of the acclaimed films *Batman* (US, 1989) and *Planet of the Apes* (US, 2001) uses the Internet as distribution platform for this project. Stainboy is a superhero, who leaves a stain behind him wherever he goes. Stainboy is created, as a Flash animation. It tells about the adventures of Stainboy as he is confronted by evil elements. The episodes are placed in *The World of Stainboy* which also includes games, cards and a scrapbook.

In addition to the live action short films and animation, the shockwave.com also offers a diversity of games. The games are divided into categories such as action adventure, arcade, multiplayer, jigsaws, puzzles, a free casino and sports. All these examples indicate that the AtomShockwave Corporation is exploring ways in which independent filmmakers can express themselves outside of the feature film format.

#### 4.9.3 Distribution

In terms of distribution the AtomShockwave Corporation functions as an online distribution network. Mika Salmi is convinced that "this emerging industry is going to continue to flourish, because the one distribution area that is stagnating is probably theatrical, but everything from satellite to cable to all kinds of variations of television are growing. All kinds of new distributions are growing and so there is a need for content to fill that" (Hernandez & Kaufman, January 11, 2001).

The company also intends to create a distribution platform that manages their artists with respect. This implies not only providing venues for showing their work, but also giving them well deserved due. Filmmakers distributing their films through the AtomSchockwave Corporation are paid in advance, based on future royalties for off-line and online licensing. They also share in banner ad revenue, have stock options and get a percentage of where their work is sold (Anfuso, March 3, 2000).

#### 4.9.5 Marketing

The biggest change for advertising in the new media world is the shift from advertising to a large broadcast audience (either local or international) to advertising to a much larger number of far smaller (niche) audiences (LaPlante & Seidner, 1999: 61). This has been the downfall of many entertainment companies on the Internet: the inability to attract a large enough audience to pull advertisers. LaPlante and Seidner (1999: 222) sums up the situation:

There is an audience for niche, but advertisers are absolutely disinterested in tiny niches. They are used to delivering to millions of eyeballs, millions of ears, millions of page views.

It is unclear whether the Internet will ever be a mass communicator such as television or film. Advertising models will need to be realigned to accommodate the new distribution platform. When asked what kind of marketing AtomFilms is doing, Matt Hulett responded that AtomFilms has started to do more traditional advertising, as for example, running an advertisement in the LA market during the week of Academy Awards. He added that they have been very successful with word of mouth such as the *Joe Gerbil* Microwave cartoon. He concluded by saying that it is important to build a brand (Hernandez & Kaufman, January 11, 2001).

#### 4.9.5 The Audience

Salmi also states that consumers want more choice, more alternatives, and if the music industry (*MP3* and *Napster*) is an indication of the direction of new media entertainment is taking, independent filmmakers and AtomFilms will be able to offer this variety of choice. The next generation of creators can create everything from very artistic to mass market. Presented with much more choice, the audience will have access to a diverse variety. When asked to what extent the demand for alternative forms of entertainment presented on alternative platforms, will require a certain re-education of an audience, Salmi said he believed that “education could come through presentation. He was unsure whether consumers were willing to be re-educated, but strongly believed that it depends on how the product is packaged and presented. He has no doubt it will be a combination of marketing and technology” (Hernandez & Kaufman, January 11, 2001). The AtomShockwave Corporation is setting standards in finding new ways to develop and market its content.

#### 4.9.6 Business

The AtomShockwave Corporation has strived to shed its dot-com image (the poor performance of many entertainment companies on the Internet after the NASDAQ crash in April 2000) by

establishing a feasible business model for entertainment media on the Internet. *Red Herring's* David Bloom, proposes the five 'S' approach for making money out of new media entertainment on the Internet: sponsorship, syndication, subscription, spin-offs and subsidiary relations (Bloom, 2001). The AtomShockwave Corporation has been following some of these principles to great success.

#### 4.9.6.1 Syndication

In November 2000 AtomFilms entered into a partnership with Century Theatres to put its short films in front of their theatrical feature films. Century Theatres owns 700 movie screens in the western USA. The Century Theatre CineArts 6 in Evanston screens a new Atom short film every two weeks, while the company's North Hollywood theatre showcases up to 25 Atom short films up for Academy Award qualification. Harry Warren, Atom's vice-president of broadcast and theatrical distribution states that "placing Atomfilms short films in front of features rejuvenates this once popular outlet for short films, returning this art to new audiences" (Hernandez, November 14, 2000). This in turn also creates awareness of new digital films and the Internet company promoting them.

#### 4.9.6.2 Sponsorship

In five years, standard 30-second commercials might be less and less effective and companies are considering going back to the old "Texaco Presents" kind of sponsorship. According to Mika Salmi this will be the way of the future. He added that advertising is not the only source of income and that AtomFilms are using a combination of business models (Hernandez & Kaufman, January 11, 2001). In September 2000, AtomFilms joined Volkswagen of America for a six-month content syndication and sponsorship deal in which the Atomfilms provided 60 short films for the car company's <http://www.vw.com> web site. In return, Volkswagen sponsored Atomfilm events such as *The Journey Tour*. *The Journey*, directed by Eric Saperston, is a 13-minute short film documenting his experiences across America in a Volkswagen bus. This deal was followed with a similar deal with Ford.

AtomFilms also launched a syndication and advertising deal in conjunction with the Ford Motor Company at the Sundance Film Festival in 2001. The Ford motor company sponsored three short films, featuring the new Ford Focus motor car as a product placement. The company did not want it to be an advertisement, just a short film. The three short films, *Little Man on Campus*, *The Kiss* and *gulp*, debuted at Sundance 2001. The films can be seen at Atomfilms's [focusinfilm.com](http://focusinfilm.com) web site and the Internet film company will distribute the films through its

various online and off-line outlets. Ford will use the films as part of its marketing and branding campaign for the Ford Focus. Seth Levenson (cited in Atomfilms and Ford motor company, January 22, 2001), vice-president of sales for AtomFilms says that these relationships demonstrate:

How AtomFilms can help traditional advertisers break through to consumers, while supporting independent filmmakers at the same time.

#### *4.9.6.3 Subscription*

In order to cash in on its more than 30 million users, the merged AtomShockwave Corporation proposed a pay-for-content package for its online video games. With the decline in the Internet advertising market, many companies have looked towards a subscription-based model, although the receptivity of users to embrace a pay-for-use model is still uncertain. The two packages, Midway Classics and Shockwave.com Favorites, each include 10 games for \$19.95, or consumers can download both onto their computers for \$29.95 using the company's player, the Shockmachine (<http://atomfilms.shockwave.com/af/home/>). According to Mike Edmunds (cited in Allen, May 11, 2001), senior vice president of interactive products for AtomShockwave:

Online gaming remains a favourite activity of Internet users. With the launch of the Shockmachine premiere game collections, Shockwave.com's long-term relationship with its audience is approaching a new level, as we offer a richer, more complete gaming experience. By being among the pioneers in offering paid content on the Web, Shockwave.com is again leading the industry, meeting consumers' demand for high-quality casual games in a convenient offline environment.

#### *4.9.6.4 Subsidiary relationships*

Other distribution business opportunities include signing exclusive deals with USC's film school and packaging its content for DVD and TV's SciFi Channel. The company also signed a deal with Microsoft whereby AtomFilms will send its movies to Microsoft's wireless PocketPC. This establishes yet another distribution platform for short films. Matt Hulett, co-founder and chief marketing and online officer of AtomFilms says that entertainment is fundamentally changing and coming out of unexpected places. Hollywood is having a harder time controlling all the talent, it can be a 13 year old kid from Iowa or a filmmaker in South Africa (Gardner, May 29, 2000). In an interview with Digitrends, Hulett expanded on AtomFilms' revenue model. He explained that some money is made through advertising and sponsorship, but mostly it is by acquiring rights. AtomFilms short films are sold offline to TV, airlines, new channels, malls, hand-held computer systems and PDAs - more than 60 venues - and online to approximately 30 other Web sites, such as Blockbuster, Intel and @Home. He resolved that these sites need

content to keep people there. He further added that the company also does some e-commerce. For example, they've put together a DVD compilation with the entire Academy Award nominated shorts consumers can buy. The artists will share in the profits.

The case study showed how independent, new media filmmakers are using the Internet as a means of distributing and promoting their work. The web site focuses mainly on new media entertainment – short films, animation and games. Atomfilms has also shown that online distribution can be profitable. Atomfilms is building a brand that can provide independent filmmakers from around the world the opportunity of global distribution. It also serves as an example to other start-up Internet entertainment companies to what is possible.

#### 4.10 CONCLUSION

This chapter explored how and to what extent the Internet, is challenging the traditional practices of the world cinema industry. Film distribution on the Internet is still limited due to bandwidth scarcity. However interactivity is creating new aesthetics in media entertainment. Interactivity is also offering mass choice for the creation of a mass media distribution platform. At the centre of this new aesthetics is the short format film, animation and interactivity.

The short film suits the limited bandwidth conditions. The short film, traditionally seen as vehicles for first time filmmakers, has found a place where it can come into its own right. The short length film implies smaller budgets and crew and is ideal for experimentation, new voices and visions. Animation and multimedia projects form part of these experiments. The simplified style (in colour and line) of animation keeps file sizes small, thus making it easier to distribute over the Internet. It is also easier and inexpensive to produce due to new software packages. Interactivity, as key element of the Internet, has also further pushed the creative boundaries of new media entertainment. Interactivity creates the possibility of alternative narratives and shifts the power from the producer to the user. Interactivity also allows for the creation of online communities of filmmakers to share ideas and possibly work together on new ideas. Multimedia projects, established in information and educational value, provide content providers a means of creating the same kind of projects for the Internet. The new aesthetics are challenging traditional practices of cinema and are developing new media entertainment.

The lack of distribution opportunities for the smaller and independent filmmaker has created an imbalance in the range of media product available for the consumer. The Internet can provide opportunities for filmmakers to create new kinds of products and reach a global audience. The

Internet has the potential to become the most diverse network of broadcast channels. Traditional off-line film festivals are expanding their distribution to online distribution to reach an international audience. Online film festivals and distribution channels are inviting filmmakers to showcase their work on the Internet.

The Internet is also used as a means of marketing films. Web sites provide trailers and information about a film long before it is released. This creates hype and anticipation of new films. These web sites also offer information about the film, its stars and the production and serves as an extension of the film's reach. As information network the Internet also serves the professional and amateur filmmaker with web sites that offer resources, the latest technology, ideas and visions. The Internet, as new distribution platform, can create channels where film development can flourish.

The Internet presents everyone's web site equally. The Internet has become one more option for consumers already bombarded with entertainment choices. The Internet is still in its infancy in terms of delivering entertainment to a mass audience. Slow modem speeds imply that more time is spent by the consumer waiting for content than actually receiving the content. High resolution, full motion entertainment options on television, video and theatre screens cannot compare to slow appearing images on the Internet. The Internet must bring some other type of added value to the consumer. The Internet brings more value through the depth of content on-demand – interactivity.

Many entertainment companies are trying to find their place on the Internet. The main problem is that the number of users is too small to support an audience that would interest major advertisers. Business models will need to be revisited to match new distribution opportunities. Sponsorship and syndication will play an important role in these new business models. Every business will have to examine its business models to see if it is still applicable and whether it is still possible to make money the way they used to (Handy, 2001: 107). The Net Generation takes new technology as a given and will be the natural consumers of new media.

## Chapter 5

# Perspectives on the impact of the Internet on the South African cinema industry

### 5.1 INTRODUCTION

This dissertation culminates in a very important question – one which forms the basis of the whole independent/alternative cinema position: Have the medium of film and the development of cinema been such that only one way of making films and understanding them is possible? If it is true that the perception of cinema is based on what exists and that the structures that keep this system in place are powerful and rigid - is it possible to reinvent cinema for a different environment, so that a new culture of cinema can be produced that take cognisance of the new platform?

The previous chapter illustrated what impact the Internet is already having on the cinema industry - how the Internet, as new communications technology, is forcing filmmakers to rethink and reinvent the way traditional cinema is being perceived. The global communication network is creating new opportunities in the flow of the cinematic product. The nature of the Internet and bandwidth limitations are promoting the creation of new media entertainment. The Internet offers opportunities of distribution to a global market.

It must clearly be noted that this does not suggest that the Internet is leveling the playing field between non-Hollywood cinema industries and Hollywood. The powerful multinational corporations that make up Hollywood are already assimilating the new technology and has the financial resources and subsidiary structures to exploit it to its fullest. However the Internet, being decentralised and unhierarchical, offers the cinema industries and independent filmmakers working outside Hollywood the opportunity to operate within the same medium. This implies that on the Internet all content is created equal in the context that all content has equal probability to reach the same global audience. The constraint within the flow-of-content model lies with grabbing the attention of the user – thus in marketing, advertising and promotion.

Another constraint lies with the technology. Theoretically speaking, the technology is the same across the entire world. However, availability, connectivity, speed and range often vary, especially in the developing world (see [www.cyberatlas.internet.com](http://www.cyberatlas.internet.com) for the latest statistics on online connectivity). These problems are restricted in First World countries that have the

communication infrastructure and resources to support the Internet, but to what extent is the Internet a reality in a Third World developing country such as South Africa?

This chapter investigates the impact of the Internet, as new communication technology, on the South African cinema industry. This will be done in though an investigation into:

- The challenges facing the new technology in a developing country such as South Africa.
- The possibilities of the Internet for the South African cinema industry.
- The importance of creating local new media content for local audiences

The chapter concludes with a case study of the *Quickies* project. The case study aims to show how the *Quickies* project has used the principles of the Internet and Salamander cinema in an attempt to reinvent cinema for a South African audience.

At the national INDABA of the newly found National Film and Video Foundation (NFVF) held in August 2001, the paper on *Distribution, Marketing and Exhibition* (Motsepe et al, 2001) made an assessment of the threats and opportunities of new media in South Africa. The section on new media explored the problem of availability of the Internet and the importance of local content development. The report determined that more research needed to be conducted into ways that the new media will enable local content providers to create local and global content for the new media. The next section discusses the challenges of connectivity and the importance of creating local content as set out by the NFVF report.

## 5.2 THE CHALLENGES

The struggling cinema industry in South Africa is faced with the challenge of producing films and finding an audience willing to pay to see these films. The South African cinema industry has a complex history and there are a number of reasons for the desperate state of the current cinema industry. It is neither the place nor the aim of this study to explore the myriad of events and consequences that have placed the South African cinema industry in its present position. It is however very useful to look at some statistics and viewpoints of important industry players in order to understand the position of the cinema industry in South Africa.

### 5.2.1 The South African cinema industry in 2002

Gavin Hood, director of *A Reasonable Man* (France/RSA, 1999), states (Interview – Gavin Hood, 2002) that the economic reality of filmmaking in South Africa inhibits South African films from competing in a global market. He remarks that South Africa has highly professional crews and has a reputation of producing excellent local and international commercials. However unlike the huge revenues involved in commercial industry, very little money is available for making and developing local films. He adheres to the fact that government has limited resources and that other priorities such as basic health and education take precedence. He further comments that in comparison, South Africa has a very small cinema going audience and that tickets are low-priced (a ticket in South Africa costs a quarter of that in the USA). This implies that South African films need four times the audience to do the same at the box-office as a film released in the USA. In essence he declares that: “We don’t have the economics of scale to create a wholly local, self financed feature film industry in the way France or even Australia has”.

The reports delivered at the 2001 INDABA of the newly found National Film and Video Foundation (NFVF) further addressed some of the main concerns of the South African cinema industry. The report on *Production, Co-production and Local Content* (Botha et al., 2001) delivered at the 2001 INDABA states that theatrical film making in South Africa cannot presently be considered an industry. Very few South African films have been made in the past few years. In terms of television productions the report found that programmes are insufficiently funded and generally not of international quality. Furthermore only a few companies get the majority of the work. In contrast to the cinema industry, the advertising production industry is very successful on a local and international level. As an industry, it is sufficiently funded and creates wealth. It shows the potential of the cinema industry with adequate funding.

Thus, like many small national cinema industries, the South African cinema industry is struggling to find a place in a local and the global market. The reports delivered at the 2001 INDABA offer recommendations and strategies for the development of a sustainable cinema industry (<http://www.nfvf.co.za/Indaba%202001.htm>). This dissertation is however concerned with the role of new media, specifically the Internet, on the development of the South African cinema industry. The next section presents the challenges the new media (in terms of the Internet) are facing in South Africa.

### 5.2.2 The National Film and Video Foundation's analysis of new media in South Africa

New Media has to be seen as primarily new distribution mechanisms that require adaptations to the nature of the content. As with all distribution media, the producer chooses the audience and the reach. Since the Internet is perceived as being a global medium, the advantages to communities have been overlooked. This means that content for local communities has to be directed to language and cultural needs. This will need a whole new breed of New Media content providers. There is also a need for producers, marketers, distributors and commissioning editors to upgrade their knowledge of New Media so that the benefits can be harnessed and additional income streams can be opened up (NVFV: INDABA 2001, 2001).

In the report on *Distribution and Marketing* (Motsepe et al, 2001), the appointed panel under Jackie Motsepe and Mike Dearham, made an assessment of the threats and opportunities in new media in South Africa. The report indicates that the dot-com crash and telecommunication issues have shown that consumption is not driven by technologies, but by consumer needs.

The report found that in the medium term the personal computer remains a luxury product. The majority of personal computers (29% in 2000) are found in English/Afrikaans homes. The report also shows that the access to the Internet is income dependent and very limited to a large sector of the South African population. However, attempts to improve accessibility are positive and there are indications that the cost of hardware and software will be reduced in the near future. Moreover, companies such as Via Technologies in Taiwan are working on the development of smaller cost effective personal computers that will have access to the Internet. The Department of telecommunication also intends to set up Personal Information Terminals (PITs). PITs are kiosks whereby people can use e-mail with the use of a low cost smart card available from their local post office (Motsepe et al, 2001).

The 2001 report has given a two year time frame in which to develop the necessary content production expertise to meet local needs. The report classifies content into content that acts locally and thinks globally and content that is local and only local. They have found that local needs are culture and language driven. This means that web sites need to be developed to be available in at least the languages of most of those people who will access those sites. The presentation and visual style should also be done in such a fashion that it relates to the different cultures in South Africa. On a global level development in broadband will give global players access to our talent to manufacture content in South Africa for dollar markets in Rand prices (Motsepe et al, 2001).

Most of the content providers (web designers, authors and web masters) in South Africa have been trained to use the Internet as an international medium and very little attention has been

given to its applicability to local communities. The challenge then put forward in the report is to recruit young people from local communities, train them and send them out to produce content that is applicable to the communities they are culturally sympathetic to, thus developing local content producers for local communities. This can create a group of content providers that create culturally appropriate content not only for the Internet, but also for other emerging distribution methods such as CD-ROMs and DVDs. It is estimated that DVD machines will double in the consumer market every year to 2004, making it the medium for home viewing in the medium term.

The report concluded that the existing training and development is all privately owned (with the exception of NEMISA) and concentrates on global markets. New development initiatives need to be explored to focus the on local content production (Motsepe et al, 2001). The next section looks at the challenges of connectivity and availability.

### 5.2.3 Internet connectivity and availability in South Africa

In a recent study by World Wide Worx, an estimated 2.89 million of the total population of South Africans had access to the Internet at the end of 2001. This number is set to increase to 3.1 million by the end of 2002. The report by World Wide Worx - *the Goldstuck Report: Internet Access in South Africa, 2002* - estimate that by the end of 2002, only one in fourteen South Africans will have access to the Internet. In other countries such as the United States of America and Canada this figure is closer to one in every two users and in China one in eighteen. According to the report one in six South Africans will have access to the Internet in 2006 at the current growth rate (Watkins, 2002: 6).

According to Watkins (2002) the Goldstuck report places the blame for the slow growth in connectivity and availability on the postponement of the licensing of a second network operator; Telkom's inflexible attitude towards Internet Service Providers (ISPs); and market ignorance about the value of the Internet after the 2000 dot-com crash.

The paper on *Distribution, Marketing and Exhibition* (Motsepe et al, 2001) of the National Film and Video Foundation's adds that income often limits access to the new technology because computers and monthly subscription are only available to people that can afford the services provided by the new media. Occupation provides certain people with access to the Internet. Location and infrastructure can limit availability. Many rural areas lack access because electricity and/or telephone connections are often inadequate. In terms of global positioning,

developing countries often do not have the same access and availability as the industrialised countries (Motsepe et al., 2001). This is also referred to as the digital divide.

The digital divide is a phenomenon whereby information “haves and have-nots” is created by the difference in income of possible users. The digital divide also extends into a wider perspective which separates wealthy nations from poorer nations. Currently, South Africa, as a developing nation is seen as part of the information poor nations. First world technology has not yet been fully applied and broadband is seen as part of a long-term network of distribution. The digital divide results in information poor countries. The Internet can only act as free and democratic to those who have access to it. People and communities without access to the Internet will remain voiceless – they do not have the means to participate in the communications and information environment. As the Internet becomes a more and more important source of information as well as site for commerce, countries without Internet access can be at an even greater disadvantage in the global economy (Van Staden, 1997).

In his essay, *Waking the Giant – the Internet and Information Revolution in Africa*, Mike Chivanga (1999: 147) identifies the Internet as crucial to Africa’s socio-economic development. He states:

The Internet has the potential to reduce the information gap between an within Africa, provide access to cheap and fast communication crucial not just to economic development, but also to speeding up of the democratisation process that is gradually gathering momentum.

He warns that there are many hurdles still to overcome. Furthermore, he asserts that the key to the information revolution lies in having the right telecommunication infrastructures and in the development of an information society in Africa through resources that have an impact on all socio-economic activities (Chivanga, 1999).

The state controlled and regulated telecommunications organisations have furthermore contributed to the uneven distribution of telephone lines between rural and urban areas. Many people in Africa are excluded from the global communication network, because the majority, do not have access to telephones and electricity.

### 5.3 THE POSSIBILITIES

The consolidated and final summary of the 2001 NFVF INDABA (NFVF: INDABA 2001, 2001) describes the South African cinema industry as follows:

This is not an apathetic industry. It abounds with passion and aspirations. However, it is one where individuals pursue survival instead of growth. It is fragmented, ill informed and in need of training and development.

The report makes the following recommendations. There is a need for increased funding for development, production, marketing and distribution of South African films. Local content needs to be increased. Commissioning should come from a broader base of the industry. Broadcaster partnership for feature films, short films, video distribution should be developed. Short film initiatives should be developed by the NFVF, broadcasters, distributors and exhibitors both classical and non-classical. Local film festivals need to be established with competition and prizes attached (the best film should go to international festival with costs sponsored). Attention should be given to audience development.

#### 5.3.1 The development of local content

In order to create an information society it is of great importance that the development of content is in tune with socio-economic conditions. Mike Chivanga (1999: 150) comments on the importance of content development:

A large majority of the information resources found on the web originates from outside the continent. This bias will certainly not address the information gaps found in the continent. Individuals and organisations should be educated about the value of information, its organisation and management. Indigenous people have so much information about their environment that is not properly archived. The development of content should start with what they know and fuse it with information generated from overseas thus laying a solid foundation for the building of information and knowledge societies.

The development of local content opens up the possibilities of new media entertainment, created by new local filmmakers to serve a local audience. The future of the Internet is at a very crucial juncture. The Internet is described as a revolution in the making, yet, many companies, especially new media entertainment companies, are failing to create sustainable business on the Internet. This can be attributed to a fragmented audience, not ready for the revolution and companies trying to find a viable business model for new media entertainment on the Internet. This gives South African and many other developing countries the time to develop new media entertainment content, the content producers and the audience that will consume it.

#### 5.3.2 The development of the Internet as distribution network in South Africa

As shown in the previous section (see 5.2.3), bandwidth limitation and problems with availability are hampering the development of new media entertainment on the Internet. However, systems

are being set in place to create the space for Internet access to grow. One such project is *Gauteng Online*.

*Gauteng Online* is an initiative by the Gauteng Provincial Government and the Gauteng Department of Education. *Gauteng Online* aims to provide every learner and educator in all public schools within Gauteng with free Internet access, a free e-mail address and electronic curriculum delivery. The project will be implemented as an ongoing process until 2006. It forms the basis for an informed and computer literate society ([www.gautengonline.com](http://www.gautengonline.com)). This incentive adds to the proposed sponsorship from Microsoft - to supply free computer software to 32 000 government schools and give private schools and universities 90 percent discounts. This announcement was made by President Thabo Mbeki during his State of the Nation address at the opening of parliament February 2002. This announcement came after a meeting between president Mbeki and Bill Gates at the World Economic Forum (Carew, February 8, 2002).

### 5.3.3 Development of an Internet audience in South Africa

Realistically, many children of the Net Generation are not growing up with the new technology. One billion people were born over the last decade - ninety seven percent in developing countries that often lack the ability to feed, house and educate them. More than half of the 1.2 billion children in the world aged between six to eleven have never placed a phone call (Tapscott, 1998: 12).

South Africa is in the position to let cultural and democratic change catch up with technological change. The *Gauteng Online* is but one project that aimed mainly at children and can foster interest in the new media technology. In the process the Net Generation of South Africa have the opportunity to learn and discover the possibilities of new media entertainment. This in turn could create a culture of content producers as well as develop an audience for new media entertainment. The following case study presents an example of how the principles of new media entertainment on the Internet and Salamander cinema are being implemented in the South African *Quickies* film festival.

### 5.4 The *Quickies*

The *Quickies* is a one-minute film project and is set to become an annual event in the South African cinema calendar. The project consists of a series of one-minute films. These films are shot under very specific specification - the film must be shot on digital video and must consist of only one shot (thus, no editing). In addition to these rules, the film must be shot in a 24-hour

time frame. The aim of the project according to executive producer Marguerite Albrecht is to unify the South African film industry and create a culture of cinemagoers.

The next section discusses the project as an analogy to the case studies presented in chapter 4 (see 4.8 and 4.9) and considers how the principles of the Internet and Salamander cinema can be applied in the context of the South African cinema industry.

#### 5.4.1 Background

The idea of the *Cineminute* project (one-minute short films) was conceived in 1999 after Valentina Leduc received film stock as a prize at the *Festival Expresión en Corto* in San Miguel de Allende. Instead of producing one short film she divided the film amongst a group of director friends in order to produce a series of one-minute films (Filmmates y La Media, 2000).

The first South African *Quickies* project was launched in 2001 as part of the Kulcha Klub's One Night Stand Independent Theatre Festival held at the University of the Witwatersrand. The project attracted 35 South African film directors with diverse backgrounds such as experienced television directors, experimental filmmakers, film students and first-time directors. Their challenge was to tell a one-minute story, in one continuous shot. The *Quickies* presented first time directors the opportunity to be exposed to the process of filmmaking and offered the professionals the challenge to re-discover the essence of filmmaking through telling a story in 60 seconds. The Festival attracted much attention from the cinema industry and a selection of the films opened the Sithengi Film Market 2001, held annually in Cape Town.

In a country where film funding is scarce, experiments into filmmaking can be a costly gamble. *Quickies*, however offered a safe, yet creative environment for aspirant and professional directors to experiment and showcase their work. As all directors were encouraged to tell a story true to their own culture, experience, *Quickies* has become a reflection of the cultural wealth of South Africa today. *Quickies 2001* injected a new spirit of optimism into the South African film industry and evidence suggests that it has the potential to grow into an industry phenomenon (*Quickies 2001, 2002*).

#### 5.4.2 The *Quickie* film

The 2002/03 *Quickies* project was structured as a more formal film competition and was organised by the *Quickies* company (What is *Quickies?* 2002). The 2002/03 competition was divided into two categories – one for filmmakers who have already worked in the cinema industry (*professionals*) and the other for filmmakers that had no experience in the film or

television industry (*virgins*). The call for entries invited filmmakers to submit a synopsis, a director's treatment and storyboard for a proposed *Quickie* film.

From these entries, 40 *professionals* and 10 *virgins* were selected. The 10 *virgins* were given the opportunity to attend filmmaking workshops, facilitated by experts that enabled them to produce quality *Quickie* films. In the end the *professionals* and the *virgins* competed on the same level.

The selected 50 *Quickies* were shot over a 48-hour period, called the *dirty weekend* on 16 and 17 November, 2002. This was done in an attempt to produce the most films made in 48 hours. All the *Quickies* had to be shot in and around Johannesburg. The *Quickies* Company provided each filmmaker with a one 60 minute Mini DV cassette, an experienced Director of Photography (DOP), camera equipment (Sony PD150 & a wide-angle lens), a soundman and sound equipment, three hours online editing time and one hour in a final-mix suite. Each filmmaker was expected to secure their own location, actors, props, set dressing, additional equipment and crew (Get in line, 2002).

#### 5.4.3 The distribution of the *Quickie* film

The 50 *Quickies* in conjunction with a behind the scene documentary were screened at once-off cinema theatre events that was held at the Ster Kinekor's Cinema Nouveau theatres (Johannesburg and Cape Town) on December 2, 2002. The purpose of the behind the scene documentary was to inform and educate the public about the process of producing a *Quickie* and to introduce them to the filmmakers. The screening of the *Quickies* took the form of an event evening – not only was the *Quickies* screened but this formed part of an evening of entertainment. The once-off events initiated a marketing campaign with the aim to attract attention to the project. On the night of the theatre events an interactive voting system allowed the audience to choose their favourite 30 *Quickies*.

In January 2003, these films formed part of a three part series screened on SABC 3. During this time, the television audience had the opportunity to vote for their favourite 12 *Quickies*. Thereafter, the competition entered the *Quickflick* stage, where the 12 selected filmmakers were involved in a *Quickie shoot-out*. In the *Quickflick* stage, the filmmakers faced different challenges to produce *Quickies* in the same format (one shot – digital – 24 hours). One of these challenges entailed that the different filmmakers each receive the same script. Each filmmaker then had to interpret and direct his vision of the script to the public. Every week the audience voted for their favourite *Quickie*. This interactive audience participation has been very

successful in the reality television show, *Big Brother*, and attracts mass audience participation. This in turn appeals to commercial sponsors. Ultimately, the television audience voted for the *Quickster* – the best *Quickie* filmmaker. The winner was given the opportunity to develop and produce a feature film. The most talented 'virgin' filmmaker won a one-year scholarship from the South African School of Motion Picture Medium and Live Performance (AFDA). The show concluded with an award evening - *A Night at the Quickies* – where the winning filmmaker was announced.

#### 5.4.4 The *Quickie's* marketing strategy

The *Quickie* Company's marketing strategy was built on generating mass appeal. The once-off cinema theatre events aimed to attract as many people as possible. The events included a party hosted by some of the *Quickie* Company's subsidiary relations: YFM, Smirnoff and Ster Kinekor. The *Quickie* Company trusted that the theatre audience would serve as alpha consumers in the public sector and cinema industry. The word of mouth created by these alpha consumers would then possibly aid in the creation of hype leading up to the television distribution.

The *Quickies* marketing strategy also aimed to create a powerful brand – not only of the product but moreover of the filmmaker. This in turn will likely create audience loyalty to future films of the same directors. The *Quickies* web site provides information about the project and also hosts some of the *Quickie* films as examples of *Quickie* films.

#### 5.4.5 The *Quickies* Audience

The *Quickies* was aimed at attracting a theatre and television audience - an audience interested in new media entertainment. The interactive selection of the best *Quickie* allowed the audience to decide which *Quickies* they prefer. This caused the audience to become familiar with the work of his/her favourite filmmaker. The filmmaker or director can serve as a powerful marketing commodity. The aim of this familiarity is to create an audience that will support the consequent work of the filmmaker.

The aim of the *Quickies* project, as explained by executive producer, Marguerite Albrecht, is to make these films as cost effective as possible; create awareness from the public to see these films; demystify cinema and in turn create an audience that is willing to support the filmmaker and his work which is already familiar to them.

The creation of a *Quickie* may be a small step for a filmmaker but many small steps enable a giant leap for the film industry (What is *Quickies?* 2002).

The *Quickies* serves as an example of a cinema developmental programme in South Africa. The programme adheres to strict economical constraints and explored the possibilities and opportunities new digital technology is offering the cinema industry. This leads the way for similar projects to be developed and implemented at school level as well as tertiary cinema courses.

## 5.5 RECOMMENDATIONS FOR FUTURE INTERNET PROJECTS

As shown throughout the chapter, restrictions in bandwidth, connectivity and availability have limited the influence of the Internet on the South African cinema industry. Although the *Quickies* is currently presented as primarily an off-line event, the principles of new media entertainment can be applied to the *Quickies* project and can serve as the basis of a model for similar projects in the future. The next section makes some recommendations on how the Internet can influence future projects.

### 5.5.1 New media entertainment

In terms of new media entertainment, the one-minute film ideally suits distribution on the Internet. The one-minute film can more readily be downloaded and forms part of the short format films that are growing in popularity with online users. The one-minute *Quickie* project allows novice filmmakers to explore and learn the art of filmmaking. These films are shot on digital cameras and edited on computers. This makes these films relatively inexpensive to produce. This is very important, given that finance is often one of the biggest drawbacks in the development of new films.

The short format film also allows more experienced filmmakers the opportunity for experimenting with new formats and pushing the boundaries of traditional filmmaking. The format of the *Quickies* project can be used to develop similar film festivals and projects with different themes. The one-minute short film is also perfectly suited for animation films. Development in *Flash* animation is creating a new style of animation as well as interactive multimedia projects. These kinds of formats could be applied to educational projects that are linked for example with the *Gauteng Online* initiative.

The Internet could further be used to create online interactive communities of filmmakers and film enthusiasts. Online chatrooms can create dialogue between filmmakers. It can provide

expert advice to novice filmmakers from more experienced filmmakers and could lead to co-productions as well as new and bigger projects. The Internet can also serve as a means of bringing filmmakers together in terms of job opportunities, offering space where work opportunities can be advertised and sought by job seekers. Film enthusiasts can also support their favourite short film projects by being able to view these films online, being able to review these films and interact with other enthusiasts and the filmmakers. This interaction can give the filmmaker feedback on his work and determine the popularity and success of the project.

#### 5.5.2 Distribution

Development in digital technology can in future lead to greater connectivity, availability and bandwidth. This can create the opportunity for online distribution to become a reality. Online film festivals can create the space for the development and exhibition of new media entertainment. Projects such as the *Quickies* can be developed and be compiled with different themes and topics. The online festival could serve as the culmination of new ideas and give filmmakers a place to be seen. These films can furthermore be accessible to a global audience. Films can be downloaded, reviewed and rated. The online festival can also open new levels of competition and rise the standard of local productions. As is being done currently, these film festivals can also extend to off-line events.

Digital films can effortlessly and inexpensively be transferred to video. Video exhibition is more mobile and accessible than cinema exhibition. Through video exhibition it would be possible to reach a wide audience. This in turn has the possibility to get people interested in similar projects. Film festivals and competitions at school level can serve as a means on generating interest in new media entertainment from the Net Generation. The possible distribution of these films on DVD and CD-ROM can further enhance the reach of these films and serve as possible income for filmmakers.

#### 5.5.3 Marketing

As shown through *The Blair Witch Project*, online marketing can create mass interest in a project. One-minute films can serve as a marketing tool for bigger off-line projects such as AIDS awareness campaigns or educational material. The Internet can provide a global audience that supports these projects.

The Internet can also serve to promote local projects and productions in the film and television industry. Current web sites such as *safilm.org.za* and *screenafrica.com* offer valuable industry

news and information on upcoming productions. Similar web sites serving South African film supporters can be developed to keep film fanatics updated with news of new productions and gossip on stars. The Internet has the potential not only to be used as a powerful mechanism in the promotion of the cinema industry, but also in providing information for scholars and people interested in the industry. A web site such as the Internet Movie Database (<http://imbd.com>) provides a valuable archive of information for the cinema industry.

#### 5.5.4 The audience

Chapter four defined the new media entertainment audience as the Net Generation. In order to grasp the attention of this audience, projects aimed at children should be developed. This Generation forms the basis of the future content producers and the future audience. The one-minute format film could be used with great success in educational projects – providing information and teaching mechanisms. The one-minute film format is also ideally suited to train new content providers in the art of filmmaking.

#### 5.5.5 Critical debates

Making films available online is still a considerable problem in terms of copyright and making money. Most Internet users are not yet willing to pay entertainment on the Internet. However, the one-minute film can be used as promotional tools such as trailers to attract interest from the potential buyers to develop bigger projects.

The dot-com collapse created havoc on the new media entertainment companies in First World countries. The effects of the dot-com crash were felt to a lesser extent in South Africa. It has however made people more cautious about investing in new media entertainment. As digital technology develops and the Net Generation becomes comfortable with new media this can change and the opportunities on the Internet will become manifold. The *Quickies* is already using the principles of the five 'S' approach to great success. Sponsorship, syndication, subsidiary relationships and spin-offs are creating opportunities for co-productions between online and off-line companies. The creation of popular brands can further aid in creating sponsorship and subscription deals.

The Internet has the potential to offer independent filmmakers in South Africa multiple opportunities of experimentation with new formats, distribution and marketing to a local and global audience.

## 5.6 CONCLUSION

This chapter showed that new media in the South African cinema industry is facing many challenges. Connectivity, availability and bandwidth will remain a problem in the near future. Thus in many aspects, the impact of the Internet is still very limited in the South African cinema industry context. However, this chapter also showed that opportunities for new media development is emerging and that new media content providers should be trained to be in place when the technological development makes it more feasible to make full use of its impact.

The *Quickie* case study served as an example of how the principles of the Internet and Salamander cinema can be applied in the South African cinema industry – where new media entertainment is still in the process of being developed. The following table gives a summary of the principles of the Internet and Salamander cinema and how it has been applied by the *Quickies* project.

Table 5.1 The applications of the principles of the Internet and Salamander cinema on the *Quickies* project

PRINCIPLES OF INTERNET	APPLICATION
New media entertainment	<ul style="list-style-type: none"> <li>▪ One-minute short film.</li> <li>▪ Digital film.</li> <li>▪ <i>Quickies</i> consist of one shot – no editing.</li> </ul>
Interactivity	<ul style="list-style-type: none"> <li>▪ Active audience participation.</li> <li>▪ Web site attracts filmmakers.</li> </ul>
Online distribution	<ul style="list-style-type: none"> <li>▪ Although online distribution is limited to a few examples on the web site – distribution is spread across all traditional channels, theatrical and television to ensure wide distribution.</li> </ul>
Marketing	<ul style="list-style-type: none"> <li>▪ Creating a brand that the audience will support.</li> </ul>
Business	<ul style="list-style-type: none"> <li>▪ Subsidiary relations provide distribution and marketing opportunities.</li> </ul>

PRINCIPLES OF SALAMANDER CINEMA	APPLICATION
Collective action	<ul style="list-style-type: none"> <li>▪ The 50 <i>Quickies</i> was shot as a combined production over a 48-hour period.</li> </ul>
Embracing new technology	<ul style="list-style-type: none"> <li>▪ <i>Quickies</i> shot on digital cameras.</li> <li>▪ Editing on digital iMac computers</li> </ul>

This table showed that although filmmakers in South Africa are not yet able to use the full potential of the Internet, its principles can be applied and new media entertainment can be developed. The development of new media entertainment content providers can be a valuable asset to the South African cinema industry when new media entertainment comes into its fullest potential on the still restricted Internet.

## Chapter 6

### Conclusions and recommendations

#### 6.1 INTRODUCTION

This study proposed to explore the impact of the Internet on the cinema industry. Assumptions were made on the impact the Internet could have on the cinema industry. The Internet cannot theoretically replace theatrical cinema or television. However the potential role of the Internet in the future of these industries can not be underestimated. The Internet is likely to become a mass medium in its own right and can play an important role in media convergence. The Internet already has an effect on other media industries and in turn can also be affected. In the near future online entertainment is inclined to remain complementary to established mass media as it adds value to the consumer's experience. The next section provides a summary of the five chapters of this dissertation. The explorative nature of this study makes it difficult to present conclusive empirical findings, it is however possible to form certain conceptions on the impact of the Internet on the cinema industry.

#### 6.2 SUMMARY OF CHAPTERS

##### 6.2.1 Chapter one

Chapter one gave an overview of the motivation for this study. It initiated the inquiry into the background against which the study was conducted. It also clarified the objectives and the aims of the study.

##### 6.2.2 Chapter two

The purpose of chapter two was to place cinema in the context of the new media landscape. It explored three modes of cinema in order to set up the dominance of the industrial mode of cinema against the cultural or socio-political mode of cinema. The chapter gave an overview of the global forces that have influenced the strong industrial principles that underline the cinema industry in the new media landscape. Some of the global forces discussed were globalisation, capitalism, consumerism, cultural imperialism and the media entertainment economy. In order to analyse the industrial mode of cinema, the chapter defined the flow-of-content model based on the capitalist dictum of the production and distribution of a product through as many channels as possible to reach as many consumers as possible – with the aim of maximum profit with minimum investment. The chapter concluded with an investigation into the role of technology on the flow-of-content model.

### 6.2.3 Chapter three

Chapter three explored world cinema (in terms of the flow-of-content model) in order to highlight the disparity in power between the world cinema industries. The chapter gave a brief historical overview on the rise of Hollywood as an industrial power and its development of mass media conglomerates. The chapter then inquired into the reasons for Hollywood's dominance in terms of the elements of the flow-of-content model. It indicated that Hollywood has created products with mass appeal, its distribution network surpasses many distribution channels globally and its marketing, promotion and advertising have created a system of global interest through the star system and genre films. Hollywood's assimilation of new technology assured that this powerful institution set the standard in implementing and applying new technology, effectively increasing the reach, value and choice of its products.

Hollywood as cultural industry is often criticised for being imperialistic in nature and for undermining other film industries around the world. Non-Hollywood cinema (national and independent cinema) has to contend with this dominant player and, as a result, has created alternative systems in the flow-of-content model. The chapter explored the patterns of consumption of non-Hollywood cinema in order to identify its diversity. These patterns identified in the study consist of popular local cinema, art and independent cinema and socio-political cinema. Popular local cinema aims to copy the structure of Hollywood cinema to ensure large audiences and mass appeal. These cinemas often sustain a national cinema industry. Art cinema provides an alternative to Hollywood and gives a voice to national and cultural concerns. It also is the critics' preference and the pride of most national cinema industries with showings on the international film festival circuit and alternative venues.

Independent cinema provides the space in which new filmmakers can grow and where filmmakers can push the boundaries of cinema. It is within these cinemas that filmmakers operate and attempt to reinvent cinema. Political cinema advocates a strong movement of commonality through militancy. These cinemas are often small and are forced to find ways to reinvent cinema for its purposes. Paul Leduc's theory of Salamander cinema, offers an alternative to the principle models of world filmmaking (Hollywood and European (*auteur*) cinema) and advocates organised collective action on the one hand and the embrace of the new technology on the other (Hill & Gibson, 1998: 588). This theory serves as the ideal basis of utilising technologically advanced platforms for developing a cinema culture.

The chapter then used these patterns of consumption to investigate the alternatives in the flow-of-content model. Non-Hollywood cinema offers diverse products that serve as an alternative to the generic cinema products of Hollywood. These products present a variety of different visions and voices. Filmmakers working outside the Hollywood system had to adapt and create an alternative system of distribution and marketing to reach an audience. As marketing tools, non-Hollywood cinema industries use the director as a commodity and their foreignness to appear exotic and attract a world audience. These filmmakers also shifted their market focus to create cinema for filmgoers that appreciate diversity and experimentation. These films are exhibited on the art cinema circuit and film festivals around the world. These distribution platforms are, however, very limited. Non-Hollywood cinema has to contend with gatekeepers that control the distribution networks and make wide distribution near impossible. The chapter's main purpose was to explore the imbalance in power in world cinema and the alternative ways in which cinema produced outside of Hollywood could reinvent itself to become viable and sustainable in their countries of origin.

#### 6.2.4 Chapter four

The Internet has the potential to challenge and change how films are produced, distributed and exhibited. The Internet is an information network that transmits data through file transfer protocol. Bandwidth influences the amount of data that can be transferred. Video files consist of large amounts of data and is ideally transmitted at high bandwidths. Low-band is still limiting distribution of feature length films with the loss of quality and a time consuming process of downloading. In order to accommodate the distribution of the large video files, compression technology reduces file size and allows for faster download times. However compression has certain generative constraints such as *lossiness* and poor image and audio quality.

Low-band data transfer and compression directly influence how content for the Internet is created. Simplification (in terms of style) and shortening (in terms of length) of these films on the Internet decrease file size, allow for higher quality and shorter downloading time. These implications are forcing filmmakers to experiment and foster innovation and new forms of entertainment.

At the centre of this new media entertainment is the short format film, animation and interactivity. The short format film suits the limited bandwidth environment. The short film, previously seen as vehicle for first-time filmmakers, has found new respectability and may take its rightful place as film art form. The shorter format also implies smaller budgets and crews and

is ideal for experimentation, new voices and new visions. The short film is also the ideal format for the development of new filmmakers. Projects such as *120 minutes* or less can be used in workshops for film development where limited time and budgets are major constraints. There has also been resurgence in the popularity of animation on the Internet. The simplified style of animation (in colour and line) conserves small file sizes and the short format is ideal for the time consuming practice of animation. New software packages also make the practice of animation easier and allows more people the opportunity to create animation. The Internet and new software also enable interactivity, a key characteristic of the Internet. Interactivity pushes the boundaries in the creation of new media entertainment. Traditional game-like narratives are now being applied to narrative structures where the power shifts from the producer to the user. Interactivity also allows for the creation of online communities of filmmakers to share ideas and work together to create new projects. Multimedia also finds a place on the Internet and content providers use the basis of multimedia productions to create spaces where the user can explore and investigate virtual worlds. These aesthetics, as dictated by the nature of the Internet, is creating new media entertainment – it is reinventing cinema, discovering new ways of telling stories.

In terms of distribution, the main function of the Internet is the development of a distribution network that transfers data, albeit text, audio or video. The Internet is not limited by regulated bandwidth and provides a seemingly *limitless* number of web sites, each functioning as a possible distribution channel of content. Traditional off-line film festivals are expanding their distribution to a global audience by placing these festivals online. Online festivals and distribution channels are offering new media filmmakers the space to showcase their work. These channels also offer the possibility of subsidiary distribution deals with theatrical and broadcast distributors. Hollywood is also establishing channels for the distribution of its products. The Internet creates new distribution opportunities where new and experimental work can find a place. The global network creates more channels and consequently increases the choice of product and competition and quality. The fact that the Internet is not regulated opens opportunities for filmmakers working outside the strict regulated broadcasters and Hollywood to find a place to distribute their work. This also implies that filmmakers working outside the regulated systems do not have to rely on these regulated systems to find a channel of delivery for their work.

In many ways the new distribution platform is merely an extension of the traditional distribution platforms, but by its very nature (interactivity and *limitless* choice) is creating a medium where

filmmakers can experiment and reinvent cinema. The Internet also opens the opportunity to distribute and promote new media entertainment to a global audience.

The Internet furthermore serves as a marketing tool for films. The success of *The Blair Witch Project* can directly be attributed to hype created on the Internet. Web sites provide trailers and information about the production of the films and its stars. Many of these web sites are also incorporating games, online chatrooms and utilise e-commerce to sell soundtracks and movie merchandise.

As information network, the Internet is also of service to the filmmaker. Web sites offer filmmakers resources and the exchange of information of the latest technology, ideas and new projects. The Internet has created a network where film development can flourish. New filmmakers, usually barred from entry by the gatekeepers of traditional distribution platforms, can find a place to showcase their work, market their films and be in contact with other filmmakers from around the world.

The Internet can be perceived to be an ideal distribution platform, creating equal opportunity for all filmmakers and opening up an access channel that can reach a global audience, however the Internet is still in a process of development and certain issues regarding its validity are still being grappled with. Crucial to the content creator is the protection of intellectual property. The Internet functions on the basis of data transfer and duplication. File sharing companies' disregard for intellectual property in a culture of "free for all" has serious implications for content providers. The protection of intellectual property through the shutting down of these web sites is setting up a blueprint for the protection of all content distributed on the Internet. The development of new technology to enable the protection of content is essential in the creation of a safe place for the distribution of new media entertainment.

The culture of "free for all" furthermore leads to the problem of creating a viable business model for the distribution of new media entertainment on the Internet. The NASDAQ crash of April 2000 saw the demise of many dot-com companies, including entertainment web sites. The inability of these entertainment companies to predict consumer behaviour of their fragmented audience has proven that the Internet is not a mass media distributor, such as television or film. Advertising revenue, alone has been unable to sustain these companies. One of the major repercussions of the dot-com crash is that a more careful approach is being followed. Companies are working on ways to develop viable business models by creating subsidiary relations, canvassing sponsorship and establishing reliable brand names.

The chapter concluded with two case studies that serve as examples of how the Internet has already influenced the cinema industry on both sides of the power spectrum. The Warner Bros. case study showed that Hollywood is already assimilating new technology and setting the example for other entertainment companies. The web site serves as a means of promoting all of Warner Bros. products and developing new content. The AtomShockwave case study showed that new media entertainment companies could create a platform for new media entertainment whilst being profitable.

#### 6.2.4 Chapter five

The South African film industry (like many other national cinema industries from around the world) is struggling to survive. Fewer local productions are being produced and the traditional distribution networks (e.g. theatrical and television) are flooded with popular Hollywood products. Local distributors and broadcasters are buying less expensive Hollywood products instead of investing in local productions.

The Internet is still in its infancy and the possibilities are yet to be uncovered. In many First World countries the technology is already in place and connectivity, availability and bandwidth are more easily accessible. However, in many Third World countries, limitations in connectivity, availability and bandwidth are inhibiting the impact of the Internet on the cinema industry.

The chapter concluded with a case study of the *Quickies* project that uses the principles of new media entertainment on the Internet (short film, one minute) and Salamander cinema (collective action and new technology) to reinvent cinema for the South African context.

### 6.3 CONCLUSIONS AND IMPLICATIONS

The following section provides a summary of the main conclusion of this dissertation and its implications as a reply to the objective set out in chapter one. The subsequent table shows what implications the global forces at the beginning of the 21<sup>st</sup> century and the development of new technology have on the cinema industry in the new media landscape. The table indicates to what extent these forces are influencing business practices and consumer behaviour in a global context.

Table 6.1 The conclusions and implications of new media landscape on the cinema industry.

CONCLUSIONS	IMPLICATIONS
<p>The postmodern global forces of the new media landscape, such as globalisation, capitalism, consumerism, cultural imperialism and the entertainment economy have placed great importance on the industrial practices of cinema.</p>	<ul style="list-style-type: none"> <li data-bbox="724 322 1369 389">▪ Emphasis is placed on the tenet of maximum profit with minimum investment.</li> <li data-bbox="724 450 1369 622">▪ Cinema that is a product of culture and national identity has to exist in the context of cinema as an industry as well. These cinema industries are often struggling because they have been colonised by Hollywood.</li> <li data-bbox="724 683 1369 750">▪ National cinemas strive to promote cultural heritage through their cinema industry.</li> <li data-bbox="724 810 1369 983">▪ Cinema as a means of political expression also had to contend with cinema as an industry. Socio-political and marginalised discourses are finding it more difficult to negotiate a space where it can be seen and heard.</li> <li data-bbox="724 1043 1369 1144">▪ In terms of the global economy multinational media corporations have turned the cinema industry into big business.</li> <li data-bbox="724 1205 1369 1350">▪ As where previously colonialism encompassed political and cultural domination, the economic domain has become the terrain where colonialism occurs presently.</li> <li data-bbox="724 1411 1369 1556">▪ Cinema as a cultural and economic phenomenon is reaching a global market and must aim to address popular global tastes in order to be internationally successful.</li> <li data-bbox="724 1617 1369 1762">▪ Globalisation is a constant reminder of the global differences of cultures, however, the economic power of cinema as cultural products has in turn commodified culture.</li> <li data-bbox="724 1823 1369 1968">▪ The cultural and economic domination of Hollywood hampers the production capacity of many non-Hollywood cinema industries. This results in the loss of cultural diversity.</li> <li data-bbox="724 2029 1369 2047">▪ The entertainment economy places emphasis on the value added to the consumers' experience.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ The entertainment economy also promotes the synergy of media corporations to promote, distribute a variety of media products.</li> <li>▪ The flow-of-content model of the cinema industry defines the hit cinematic product imperative to the success of its owners.</li> <li>▪ The flow-of-content model promotes the development of distribution channels to increase the choice and reach of a product, thereby increasing its potential financial success.</li> <li>▪ The proliferation of choice places emphasis on the marketing, promotion and advertising of the product to attract a large paying audience.</li> <li>▪ The commodification of time gives the consumer the ultimate power of choice. Alpha consumers usually start a trend that influences others to consume the same products.</li> </ul>
<p>Technology has the potential to increase the reach, choice and value of a cinematic product.</p>	<ul style="list-style-type: none"> <li>▪ The Internet has the potential to reach a global audience.</li> <li>▪ The Internet's decentralised nature opens up more channels of distribution.</li> <li>▪ The Internet offers a diversity of products.</li> <li>▪ The Internet functions complementary to many existing media industries.</li> <li>▪ The Internet may increase choice, exposure, value and reach of the cinematic product, but only in terms of consumer demand.</li> </ul>

This table showed that the global forces and new technology that constitute the new media landscape are influencing the cinema industry. It indicated to what extent these global forces are influencing the cinema industry and consumer patterns. It also noted how new digital

technology is adhering to these forces and is facilitating the mass flow of content of the cinematic product on a global scale.

The following table clarifies the imbalance in power between Hollywood and non-Hollywood cinema industries and the impact it has had on the global cinema industry.

Table 6.2 The conclusions and implications of the imbalance in power between Hollywood and non-Hollywood

CONCLUSIONS	IMPLICATIONS	
<p>The industrial mode of cinema has created an imbalance in power in world cinema favouring Hollywood cinema above non-Hollywood cinema.</p>	<ul style="list-style-type: none"> <li>▪ The multinational media conglomerates that constitute Hollywood have created powerful integrated companies that have financial backing to facilitate control over production and distribution.</li> <li>▪ Hollywood corporations are dominant and non-Hollywood cinema is subordinate and struggling.</li> </ul>	
<p>The elements in the flow-of-content model define Hollywood's dominance and non-Hollywood's alternatives.</p>	Hollywood	Non-Hollywood
	<p style="text-align: center;">Super products (blockbuster)</p> <p style="text-align: center;">Global distribution</p> <p style="text-align: center;">Popular (Star system and genre films)</p> <p style="text-align: center;">Global audience</p>	<p style="text-align: center;">Niche products (art and independent films)</p> <p style="text-align: center;">Alternative distribution (film festivals and the art circuit)</p> <p style="text-align: center;">Foreignness Otherness Director as commodity</p> <p style="text-align: center;">Specialised, fragmented audience (local and cinephiles)</p>
<p>Hollywood has set the standards for box-office success in the cinema industry through mass appeal of utilising its safe formulaic films.</p>	<ul style="list-style-type: none"> <li>▪ Hollywood genre films are produced to attract return audiences.</li> <li>▪ Non-Hollywood cinema is often more innovative and experimental than Hollywood fare and it presents a showcase for new and alternative voices.</li> </ul>	

This table showed that Hollywood has created a powerful cinema industry and has forced all other cinema industries to comply and create their own structures of industry. The power imbalance limits the reach of the more diversified non-Hollywood cinema industries. These industries furthermore find it increasingly difficult to exist.

The next table gives the conclusions of the impact of the Internet, as new communication technology on the cinema industry. It indicates how the Internet is challenging and changing the standard practices of the cinema industry.

Table 6.3 The conclusions and implications of Internet, as new communication technology on the cinema industry

CONCLUSIONS	IMPLICATIONS
The technology of the Internet is distinct from older mass media.	<ul style="list-style-type: none"> <li>▪ The Internet is interactive, it provides seemingly <i>limitless</i> options. It is deregulated and has no central control.</li> </ul>
The nature of the Internet (interactivity, <i>limitless</i> choice and bandwidth limitations) creates new aesthetics for the cinematic product in the form of new media entertainment.	<ul style="list-style-type: none"> <li>▪ Bandwidth limitations still prohibit the distribution of feature films for most users of the Internet.</li> <li>▪ The short film presents an innovative alternative format and opens possibilities of experimentation because it is relatively inexpensive and production is less time consuming.</li> <li>▪ Interactive, game-like new media places the control in the hands of the users to create their own entertainment experience.</li> <li>▪ New computer software and relative small file sizes have created a renewed interest in the cinematic art of animation.</li> <li>▪ The nature of the Internet forces the filmmaker to rethink the medium of cinema.</li> </ul>
The Internet creates new distribution opportunities.	<ul style="list-style-type: none"> <li>▪ New distribution opportunities increase the reach and choice of new media entertainment to a global audience.</li> <li>▪ It increases the value of existing distribution channels as for example the extension of offline film festivals online.</li> </ul>

<p>The Internet also serves as marketing tool.</p>	<ul style="list-style-type: none"> <li>▪ New media entertainment functions complementary to existing media.</li> <li>▪ New media entertainment adds value to existing media by providing more information to the consumer.</li> <li>▪ Online communities create word of mouth - a very powerful marketing tool.</li> </ul>
<p>The dot-com crash of 2000 and the intellectual property debate have made many entertainment companies wary of the Internet.</p>	<ul style="list-style-type: none"> <li>▪ A viable business model for entertainment on the Internet is in the process of being developed.</li> <li>▪ The means of protecting intellectual property on the Internet has to be developed.</li> </ul>
<p>The Internet will not replace existing mass media industries.</p>	<ul style="list-style-type: none"> <li>▪ The Internet is developing as a mass medium in its own right.</li> <li>▪ Currently the Internet mainly functions complementary to the other mass media industries.</li> </ul>

This table showed how the Internet as new communication technology, is pushing the boundaries of the traditional flow-of-content model of the cinema industry and creating new opportunities in terms of products, distribution, marketing and promotion and the audience.

The next table concludes with the implications of the Internet on the South African cinema industry. It will indicate the problems and possibilities that new media entertainment is presenting in the South African context.

Table 6.4 The conclusions and implications of the Internet, as new communication technology on the cinema industry in South Africa

CONCLUSIONS	IMPLICATIONS
<p>The Third World is still faced with, amongst others, problems of connectivity, availability and bandwidth.</p>	<ul style="list-style-type: none"> <li>▪ The Internet has not yet applied to its full potential.</li> </ul>
<p>The principles of the nature of the</p>	<ul style="list-style-type: none"> <li>▪ Filmmakers have the opportunity to create the</li> </ul>

Internet and Salamander cinema are creating alternative opportunities for filmmakers working outside the Hollywood paradigm.	structures and develop new media content providers.
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The table showed that the full potential of the Internet has not been applied to the South Africa cinema industry. However, the possibilities and opportunities created by the Internet can form the basis for the development of a local cinema industry.

#### 6.4 SYNTHESIS

The research question guiding this study is:

What influence could the Internet have on the cinema industry, especially cinema industries working outside the Hollywood system?

From the conclusions and implications above, two answers can be given to this question, firstly what the Internet's effect will be, and, secondly, what the Internet will probably not accomplish.

##### 6.4.1 The possibilities of the Internet

- New media entertainment provides a new generation of filmmakers and artist from around the world the opportunity to tell their stories in new ways, create attention, advertise and distribute them on the Internet.
- New media entertainment has to be available in every medium and distribution platform in order to have a chance against Hollywood's high-concept multi-platform products.
- New digital technology is lowering the entry barriers of productions.
- The Internet offers filmmakers the choice to work outside the regulated system of mainstream Hollywood. It offers filmmakers the opportunity to produce and distribute their own work. It serves as a developmental tool and a medium of cross collaboration with multiple opportunities. The Internet makes the work of these filmmakers available to a global audience. It offers greater creative freedom than most other present mediums.

- The Internet will require filmmakers to look at the cinematic product in a new way. Many conventions of traditional filmmaking do not apply to new media entertainment. Filmmakers will have to rethink the medium.
- Control of product on the Internet shifts from the producer to the user. Because the consumer is actively searching and choosing entertainment, the producer has little control over consumer demand.

#### 6.4.2 What the Internet is unlikely to do

- The Internet is not likely to replace any of the mass media mediums such as television or theatrical cinema. The Internet functions as an extension of existing delivery platforms.
- Although some filmmakers have hoped that the Internet will revolutionise the chain of supply of the cinema industry, it is highly unlikely that Hollywood will lose its dominant position. The power will remain in the hands of the multinational media corporations who own the content and possess the size to control economics of scale and scope to dominate promotion and distribution.
- The Internet is unlikely to change the consumption patterns of consumers that are used to cinema as a social event and television as passive medium of lounging back on a sofa. However, new patterns of consumption may emerge, taken the generation that is growing up with the new media technology into account.

#### 6.5 CONTRIBUTIONS AND LIMITATIONS OF THE STUDY

The exponential growth and change that is inherent to the Internet, will render most examples and assumptions made by this study either invalid or outdated in the next six months. The value of this study (within these time constraints) lies in the opening up of discussion and ideas on rethinking the basic principles of the cinema industry.

Although the Internet as new communications technology is opening up new opportunities for image creation, marketing and distribution, consumer needs are still paramount. The study of consumer psychology involves the question: Do consumers want and need to be entertained in new ways and through new channels? This aspect falls outside the parameters of this study but must be considered in further research.

## 6.6 RECOMMENDATIONS FOR FURTHER STUDY

Due to the explorative nature of the study, many topics of discussion, were addressed in general terms. Consequently, this opens up the field of study and offers further possibilities of research utilising different approaches and originating from the different fields of study that was investigated. Some possible examples of further research include:

- An analysis of the business models currently used by entertainment companies on the Internet and the development of a viable business model.
- An investigation in the possibilities of bridging the digital divide in developing countries.
- An investigation into finding ways to protect intellectual property on the Internet.
- The setting up of a development plan for training and development of new media content providers in the South Africa.
- An investigation into audience perception of new media entertainment.

Charles Handy (2001: 106) comments that the “Internet may yet live up to the hype and turn out to be one of those ‘disruptive technologies’ that change the world forever”. Many of the assumptions made in this dissertation cannot be proven and the complete impact of the Internet on the cinema industry will only become clear in the future. The author hopes that this dissertation has opened up discussion concerning the reinvention of cinema, as proposed by Paul Leduc’s Salamander cinema. This not only implies the reinvention of the cinematic product but also the reinvention of the cinema industry in South Africa by embracing the Internet, as new communications technology.

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- Desparado* (US, 1995). Robert Rodriguez, with Antonio Banderas and Salma Hayek. Columbia Pictures Corporation [us], Los Hooligans Productions [us]: Columbia Pictures [us].

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*ER*

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*Seinfeld*

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<http://www.angrymonkey.com/subdivision/index.html>

<http://www.banja.com>

<http://www.bestflashanimationsite.com>

<http://www.bmwfilms.com>

<http://www.britshorts.com>

<http://www.humano.com/breccia/eternauteeng.html>

<http://www.icuna.com>

<http://www.julie9.com>

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<http://www.projectgreenlight.com>

<http://www.renegadecartoons.com>

[http://www.soh.nsw.gov.au/virtual\\_tour/vrtour2.html](http://www.soh.nsw.gov.au/virtual_tour/vrtour2.html)

<http://soulbath.com>

<http://www.stopforaminute.com>

<http://www.teameffortfilms.com>

### Radio stations

<http://www.5FM.co.za>

<http://www.comfm.fr>

### Distribution

<http://www.atomfilms.com>

<http://www.bitscreen.com>

<http://www.cinemanow.com>

<http://www.dfilm.com>

<http://www.hypnotic.com>

<http://www.ifilm.com>

<http://www.newvenue.com>

<http://www.nextwavefilms.com>

<http://www.resfest.com/>

<http://www.shockwave.com/bin/shockwave/entry.jsp>

<http://www.warnerbros.com>

### Films

<http://aimovie.warnerbros.com>

<http://www.blairwitch.com>

<http://disney.go.com>

<http://www.lordoftherings.net>

<http://www.pixar.com>

### Film festivals

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<http://www.clermont-filmfest.com/>

<http://www.chryslermdff.com>

<http://filmfestival.120seconds.com>

<http://www.iffrotterdam.nl>

<http://www.kurzfilmtage.de>

<http://www.quickies.co.za/>

<http://www.resfest.com>

<http://www.sundance.org>

<http://www.zoiefilms.com/index2.html>

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<http://imdb.com>

<http://cyberatlas.internet.com>

<http://www.2-pop.com>

<http://www.aintitcoolnews.com>

<http://www.apple.com/quicktime>

<http://www.creativeplanetcommunities.com>

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<http://www.directorsworld.com>

<http://www.filmmag.com>

<http://www.gautengonline.com>

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<http://www.safilm.org>

<http://www.screenafrica.com>

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