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Entertainment and the film industry

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Any attempt to analyze the internationalization of the film industry over the last century must inevitably focus on firms based in the United States. This is not because the United States is home to the only important center of film production in the world. Nor is it the only country to have produced film companies with the ambition to become multinational enterprises. However, only the oligopoly of firms that emerged in the United States in the 1910s and 1920s (and which has remained broadly intact since then) has consistently produced feature-length content that was widely distributed and consumed on an international basis (Thompson, 1985; Jarvie, 1992; Vasey, 1997; Segrave, 1997; Trumpbour, 2002; Guback, 1969). These firms were remarkable not for their size, but for their reach and cultural influence. Even in 1946, the peak year for cinema attendance in the United States, the industry accounted for just 0.5 percent of national income and employment (Gomery, 1986). Yet by the mid-1920s American films accounted for around 75 percent of those screened around the world (North, 1926). In seeking to explain the remarkable success of these multinational firms, this chapter will focus not just on their film-making activities, but more specifically on their role as distributors. The creation of durable global distribution networks provided these firms with the vital organizational infrastructure to sustain their global reach and cultural influence.

The emphasis on distribution derives from two broader assumptions that inform the chapter. The first is that there is an important distinction between American-based film companies and “Hollywood.” It is certainly the case that since the 1910s Hollywood has formed the epicenter of feature film production within the United States (Bordwell et al., 1985; Maltby, 2003; Scott, 2005). But while the major US film companies may have based their main production activities in southern California, these firms were typically headquartered in New York, where their distribution networks were centered (Gomery, 1986). Hollywood, therefore, was an important production hub that supplied the major film distributors with the content they needed. As we will see, however, it was not the only source of content to which these distributors could turn.

This is not to downplay the creativity and efficiency of the Hollywood production system in itself. Hollywood has undoubtedly proved a powerful attraction for creative artists, performers, and technicians from around the world (Phillips and Vincendeau, 2006; Petrie, 2002). The pull of this creative cluster has simultaneously enabled Hollywood to draw on a wide range of talents and cultural influences, while also depleting other film production centers of key creative personnel. Economic geographers have identified Hollywood as a classic industrial district,
exhibiting enduring agglomeration effects that ensured film-making would continue to be concentrated in southern California long after the demise of the studio system and the collapse of vertical integration (Storper and Christopherson, 1987; Storper, 1989; Scott, 2005). This begs the question why Hollywood has been more attractive than other production centers — to which the most obvious answer is that it offers film-makers and performers the opportunity to reach an international audience. A circular argument can easily start to develop here, whereby Hollywood's international reach is explained by its status as the leading global creative cluster, while its attractiveness as a cluster hinges on its success in producing films for international markets. While these trends are no doubt self-reinforcing, and agglomeration effects have played an important role in the industry’s development, we should not assume that there was anything inevitable about Hollywood’s pre-eminence. “The iron law of American dominance” as Bakker (2008: 192) reminds us, “is not iron and is not a law.”

To understand the functioning of a global “hits-based” industry such as film, we need to broaden our focus beyond film production and examine the wider structures of distribution, to which Hollywood studios were just one supplier of content. Organizations in the business of producing hits require not just the capacity to create content, but also to ensure that it is widely circulated and promoted (Thompson, 2017). The multinational firms that came to dominate this industry were distributors as much as they were producers, and their construction of international distribution networks constituted a critical form of foreign direct investment. A distribution network on its own, of course, was of little use without a regular supply of suitable content. But equally, large-scale production was not viable without a reliable mechanism by which films could be brought to mass audiences. Successful film multinationals were those that proved capable not just of producing content that audiences around the world wanted to see, but also of building the distribution infrastructure that enabled them to see it.

The second assumption informing the chapter is that a study of the makers of globalization in this industry requires a firm-level focus, rather than a product-level one. While an emphasis on firms is quite natural for business historians, studies of the film industry do not typically adopt this approach. There are certainly scholars (such as Douglas Gomery, Janet Wasko, Tino Balio, and Richard Jewell) who examine the industry through the lens of business organizations, but their work is outweighed by studies focused on the work of particular directors, producers, actors, or the development of specific genres or national cinemas. In the context of globalization, studies tend to focus less on the business strategies of individual firms than on the activities of the industry-wide trade body, the Motion Picture Export Association (MPEA) or its predecessor the Motion Picture Producers and Distributors of America (MPPDA). This is understandable in that the trade body (with the backing of the US State Department) did play an important role in pressuring foreign governments to open up their markets to American film imports. In pressing for a more favorable international trading environment US firms did act collectively, but the international growth of these firms was not a matter of trade policy alone. The literature on international film policy, rather like that on the economic geography of Hollywood, is important and insightful, but it can run the risk of treating the industry as a homogeneous entity in which individual firms are assigned little meaningful identity or agency. There are surprisingly few studies of film companies as multinational enterprises, considering their development in the context of international business (IB) theory (Walsh, 1999; Bakker, 2004; Miskell, 2009a; Miskell and Nicoli, 2016).

This chapter is concerned with the role of firms in the long-run process of internationalization within the film industry. IB theory offers different perspectives on this process. Traditional IB theory emphasizes the “ownership” advantages that firms must possess (and exploit) in order to survive as multinationals. These “firm specific advantages” provide multinationals with
the means to overcome “liabilities of foreignness” when competing against domestic rivals in foreign markets. Such advantages can originate either with the corporate parent or a foreign subsidiary, but the conception of multinationals as vehicles for disseminating innovative business practices or strategies throughout international markets remains an important feature of much IB research. Balancing this is an equally important strand of IB theory which sees multinationals not just in terms of the competitive advantages they introduce to foreign markets, but as organizations that learn from their experience of operating abroad. This line of thinking, sometimes referred to as the Uppsala model, envisages the process of internationalization as incremental, with firms gradually extending their commitment to foreign markets as they acquire more knowledge and experience of operating outside their home market. It is a view of international business quite at odds with the notion of “born global” firms, which are established from the outset as fully functioning multinational organizations. A survey of the global film industry over the last century provides a useful opportunity to reflect on these theoretical perspectives. Were American film multinationals “born global” in the 1910s and 1920s, or did their internationalization evolve over time as they accumulated more knowledge and experience?

The enterprises built by the likes of Adolph Zukor, William Fox, Louis B. Mayer, and Carl Laemmle in the 1910s and 1920s formed the basis of organizations that have endured for a century. Over the course of that century, we can identify important developments in the functioning of, and the nature of competition within, the global film industry. Here I examine three distinct, if overlapping, phases of internationalization, with a section of the chapter devoted to each phase. I should stress that though broadly chronological, these should not be considered as strictly sequential “stages” of development, with one leading inevitably to the next. Rather, they represent approaches to internationalization, which could (and did) function simultaneously. Examples of all

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three approaches can be found throughout the period. The dates provided here represent the periods in which these approaches were most prevalent, with the “start point” of each phase being triggered by a moment of particular upheaval (or disruption) within the industry.

The first approach, at its peak from the 1910s to the 1940s, I describe as a process of American expansion. This involved the international distribution of films that were produced primarily for a domestic American market. The critical development here was the emergence in the 1910s of the feature film as the industry standard, and the inability of European (or other) film-makers to match American levels of investment in this new form of production. The second approach I call American adaptation, in which US firms consciously sought to develop content with a strong international orientation in order to appeal to audiences in major markets outside the United States. This became most apparent following the transition to sound, which heightened the cultural specificity of films, and is still in evidence today. The third approach, dating from around 1960 to the present, I call global integration. It involves US distribution networks acting not just as conduits for the spread of content produced by their parent corporations, but as something more like global media platforms, seeking out content from leading producers around the world. The breakdown of vertical structures within the industry is a complex and multifaceted story, but shifting patterns of consumption brought about by the emergence of television and other media forms was a key driver of change. The concluding section asks whether the recent emergence of digital media platforms is likely to disrupt (or to reinforce) these patterns of development.

The rise and fall of the first film multinationals

The internationalization of the film industry pre-dates the emergence of the feature film as the dominant mode of motion picture entertainment. The first movie multinational was probably the American Mutoscope Company, which established a foreign subsidiary (the British Mutoscope and Biograph Company) in 1897. This quickly became the leading film company in Britain, building its own indoor film studio in London in 1900. Its business model, however, was based on individual film consumption via coin-operated machines at fairgrounds. Once this mode of consumption was rendered obsolete, the firm’s demise was as rapid as its ascent (Brown and Anthony, 1999). As motion pictures progressed from fairgrounds to more permanent sites of exhibition, European firms were at the forefront of internationalization, and moved quickly to establish international distribution exchanges. Nordisk Film was an important pioneer, with a particularly strong position in Germany prior to the reorganization of that country’s film industry and the formation of Universum Film-Aktien Gesellschaft (UFA) in 1917. Nordisk also created an American affiliate, the Great Northern Film Company in 1908, though this proved less successful (Mottram, 1988). By 1907 European (predominantly French) films constituted around half of the screen entertainment shown in the United States. This generated some adverse sentiment in the United States, to which firms such as Pathé, Gaumont, and George Méliès’ Star Films responded by establishing their own American production subsidiaries (Bakker, 2008). The Motion Picture Patents Company (MPPC), formed by Thomas Edison in 1908, included two French firms: Pathé and Star Films. Like the other members of the MPPC, however, neither of these firms formed part of the new oligopoly of film companies that emerged in the 1910s and 1920s. Star Films was partially sold to another MPPC member (Vitagraph) in 1911. Pathé, a larger and more ambitious organization, essentially cut its ties with the MPPC in 1912, established its own distribution subsidiary in the United States, and embarked on a program of feature film production.

At this point Pathé was almost certainly the world’s pre-eminent film multinational with production facilities on both sides of the Atlantic and extensive international distribution
activities. In common with other European firms, however, World War I severely curtailed its production activities at home, while in the United States, Pathé found its newsreels and serials to be a much more reliable source of profit than its feature length productions. Just as the US film industry was coming to be dominated by producers of big-budget feature films – the winners of the so-called “quality race” (see below) – Pathé’s American subsidiary became increasingly focused on short films. By the early 1920s the company had been forced to sell off its film business operations in most countries. Its American subsidiary, the Pathé Exchange, was sold to Merrill Lynch and continued to function largely as a distributor of shorts and serials made by independent producers (Ward, 2016). A similar fate befell other French companies with international ambitions prior to World War I, such as Gaumont and Éclair (Bakker, 2008).

The US firms that emerged to become successful multinationals in the 1910s and 1920s did not invent the feature film. Nor were they the first to establish the production of such films on an industrial scale, or to organize their distribution and marketing on an international basis. In his insightful account of how entertainment became industrialized in the early twentieth century, Gerben Bakker (2008) astutely focused attention on the “quality race” in film production, and the emergence of the Hollywood production system as the undisputed “winner” of that race. He convincingly shows that the emergence of the feature film as the standard product format within the industry triggered a rapid escalation in film production budgets. Production of these high budget pictures was risky, but with a relatively small number of hit films generating a substantial proportion of industry revenues, entrepreneurs that were able to consistently produce “hits” quickly came to dominate the industry. These producers reinforced their position by hiring and retaining the most prominent film stars, and by outbidding rivals in their acquisition of rights to popular stories (Bakker, 2001, 2008).

Firms such as Pathé and Gaumont, which had established a strong position in film production and distribution by 1914, were effectively excluded from this “quality race” as it entered its crucial phase during World War I. Unable to keep pace with American levels of investment in feature film production, their films became uncompetitive in international markets, and their distribution offices were left without a source of advantage. The European firms which might have been best equipped to compete with the Americans in feature film production were the Italians, who had pioneered this form of film-making before 1914. As well as being hampered by World War I, however, these firms had not invested in foreign distribution, and so were ill-equipped to mount any substantive challenge to American dominance after the war (Bakker, 2008).

US film-makers may not have been the only ones with the incentive, ambition, or talent to reach international markets. But having established a clear advantage in feature film production, and with distribution offices and sales teams in 50 or more countries around the world, US companies were the only ones with the capacity to ensure that their content was widely marketed and screened to international audiences. Indeed, the possession of an international distribution network, rather than ownership of a Hollywood film studio (or a chain of movie theaters), was the defining characteristic of the firms that constituted the US film oligopoly: often referred to collectively as “the majors.” By the 1930s eight major firms had emerged to dominate the industry. These included the “big five” (Fox, Loew’s-MGM, Paramount, Warner Bros., and RKO) which were vertically integrated organizations covering film production, distribution, and exhibition. Alongside these were the so-called “little three” (Universal, Columbia, and United Artists), which did not control cinema chains, operated much more limited production activities, and in the case of United Artists produced no films at all (Gomery, 1986; Balio, 1976). The common feature of all these firms was their investment in extensive networks of distribution offices around the world. This provided the essential mechanism by which they ensured that filmed entertainment became internationalized. These networks
remained critical long after the demise of the so-called “studio system” when most of the major firms scaled back their film production activities. The emergence of Disney as a major film company in the post-war decades coincided with its development of its Buena Vista distribution arm (Wasko, 2001; Gomery, 1994).

**American firms expand to international markets**

The emergence of an infrastructure to export, market, and monitor the spread of American films in international markets served to bolster Hollywood’s position as the world’s leading production center. Having won the “quality race” in feature film production, the creation of these distribution networks ensured that Hollywood entertainment would be actively promoted to global audiences. Not only did US firms benefit from privileged access to the world’s largest domestic film market, they were the only firms able to set production budgets on the basis of reliable returns from international markets as well (Thompson, 1985; Vasey, 1997).

The mutually reinforcing advantages bestowed by rapidly escalating production budgets and equally fast proliferating distribution networks provide a powerful explanation for the global dominance of US firms in the 1920s. However, the story does not end there. The influx of US films into international markets was not universally welcomed, with many critics in those markets voicing concerns about the cultural and economic impact of “Americanization.” Political reactions included a movement to boycott American films in Japan (Itatsu, 2008) as well as a raft of legislation in Europe and Latin America to limit the volume of foreign film imports in the 1920s (Lewis, 1933; Jarvie, 1992; Dickinson and Street, 1985, Ulff-Möller, 1998). Further,

![Figure 24.1 Number of international markets in which US distributors had offices, 1922–63](Source: Film Daily Yearbooks.)
the introduction of sound technology at the end of the 1920s also served to heighten the cultural specificity of film, making it more difficult for movies to cross national borders without incurring “non-tariff barriers” associated with language, dialogue, or spoken accents (Maltby and Vasey, 1994). While such developments proved fatal to European efforts to counter American dominance, effectively killing off the “Film Europe” movement of the 1920s (Higson and Maltby, 1999), they also presented challenges to US multinationals. It became more difficult for US distributors to rely on a perceived “quality” advantage, when the foreignness of their content was becoming increasingly apparent.

“Quality,” however, was not the only advantage on which these distributors traded. Equally important, though less discussed, was the sheer quantity of content at their disposal. The rapid escalation in spending on film production in the 1910s was driven as much by an increase in the quantity feature films made by the leading firms as by their quality. Fox Film Corp., for example, expanded production from just four films in 1914, to 71 in 1920, before stabilizing at just over 50 films per year by the end of the 1920s. Average production costs per film rose from $13,000 in 1914 to $60,000 in 1920, and to $300,000 by 1929 (Fox, 1930). To understand why quantity mattered as well as quality requires an appreciation of the processes of film exhibition and consumption in an era when cinema was the predominant form of public entertainment in most developed economies.

Just as contemporary media content is often released through a series of distinct distribution “windows,” in the era before television films entered markets via a carefully managed process involving a strict hierarchy of cinema venues. Atop this hierarchy were first run cinemas, typically large city center venues, which screened the latest film releases and charged the highest prices. After a first-run release, films would be withdrawn from the market for a period before commencing a second run in the next tier of slightly less prominent and less expensive cinemas. The process would be repeated through a third, fourth, or fifth run until films had played the full range of cinema venues from the most palatial dream palaces to the cheapest local fleapits. The process took up to a year, and enabled films to be consumed by diverse audiences, in contrasting environments whose willingness to pay varied very widely (Maltby, 2003).

Accounts of the domestic growth of the major American film companies usually emphasize their control over first run film exhibition (Gomery, 1986). By ensuring a first-run release for their films, the “big five” could generate interest and publicity that would help to secure bookings throughout the release hierarchy – as well as capturing an important share of exhibition revenues (Sedgwick and Pokorny, 2005). This pattern of achieving market dominance through exclusive access to the highest profile films and direct control of first-run exhibition was evident in the domestic American market, but it provides a less powerful explanation of how the leading US firms operated internationally.

Closer scrutiny of the international activities of US film distributors reveals a more complex picture than one of major productions simply being pushed out to leading first-run cinemas and subsequently filtering down through the rest of the market (Sedgwick et al., 2014; Miskell and Nicoli, 2016). There certainly were Hollywood movies that followed this pattern, but they were by no means the norm. Starting at the top of the release hierarchy, the most exclusive first-run cinemas in major metropolitan centers booked films for extended runs (often four weeks or more). American films often struggled to compete against leading domestic productions for access to such venues, which led some US firms to build or acquire their own showcase cinemas in key cities. In most towns and cities the largest cinemas changed programs weekly, and if part of a chain (which they often were) bookings were managed centrally. US firms did not typically own or control cinema chains in foreign markets, and they had to compete for access to these screens. In the UK, Warner Bros. did acquire a stake in the ABC cinema chain.
(Porter, 2001), while Paramount and United Artists also made some investments in cinema exhibition (Miskell, 2006, 2009b). In most international markets, however, ownership of leading cinema chains by US firms was rare and bookings with these circuits could not be guaranteed. As we move lower down the release hierarchy, however, we come to venues that changed their programs twice or three times weekly, relying as they did on the patronage of relatively small but loyal audiences of regular local cinemagoers. These types of venues did not screen the most recent major releases, but they did require access to a high volume of content that would be of a reliably consistent quality and which would appeal to an audience of habitual moviegoers. Here, US distributors held a distinct advantage over local competitors, in that they could offer a large quantity of low or medium budget pictures that held a popular appeal. Studies of cinema consumption in the 1930s from Bolton in the north of England to Sydney in Australia, have found that smaller suburban second- or third-run cinemas showed a higher proportion of American content than larger first-run venues in city centers (Richards and Sheridan, 1987; Sedgewick et al., 2014). Trumpbour (2002: 285) similarly observes many European working-class provincial audiences rejected the films of the “European metropolis” which they regarded as “more alien than the products of Hollywood.” The business model adopted by US distribution subsidiaries in many foreign markets from the 1920s through the 1940s, therefore, involved establishing a strong market share among lower tier cinemas through the regular and reliable supply of a large volume of content. To this relatively secure base could be added a smaller number of films that were able to achieve a more widespread popular appeal in specific markets.

American firms adapt to international markets

But what were these “hit” films that managed to attract extensive international audiences? Were they the same films that topped the box-office charts in the United States?

We know that the major American producer-distributors were adept at constructing balanced film portfolios during the studio era. Such portfolios enabled firms to convert the inherent uncertainty associated with film production, into a form of risk that could be managed (Sedgewick and Pokorny, 1998). Film executives were well aware that the distribution of revenues within the industry was highly skewed, with a few hit films generating a large proportion of earnings. They were also aware that predicting each season’s hit movies was not possible with any degree of certainty. Richard Caves (2000) refers to this as the “nobody knows” principle, in reference to William Goldman’s oft-cited quip that “nobody knows anything” in Hollywood. Within a wider film portfolio, however, the potential losses from big budget productions could be offset by the much more reliable (if modest) profits from a large body of low or medium budget pictures (Pokorny and Sedgewick, 2010). In constructing their film portfolios, however, firms needed to be mindful of international audiences as well as domestic ones.

The film portfolios of the major distributors certainly contained a mix of big budget pictures with larger volumes of more modestly financed ones. If we measure films on the basis of their “international orientation,” however, we find a similar pattern. The majority of films handled by the major US distributors during the studio era was based on American characters and settings, and employed mainly American creative talent. Yet each season’s slate of pictures also contained a minority with a much more international flavor. Based on foreign stories or historical events familiar to audiences in many parts of the world, such films typically employed foreign-born actors, directors, or screenwriters. A recent study that measured the international orientation of more than 1,000 films released by US distributors from the 1920s to the early 1950s found a strong positive correlation between the international content of these pictures...
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and the proportion of revenue they generated in foreign markets. This relationship was particularly pronounced in the period following the transition to sound film (Miskell, 2016). During the 1930s and 1940s the “hit” films released by American distributors in foreign markets were very often those with strong international themes – which ranged from Errol Flynn as Robin Hood, through Greta Garbo as Mata Hari, to Michèle Morgan in Joan of Paris. These were the sorts of films for which US distributors were most likely to secure an extended first-run release in the most prestigious cinemas in the largest international markets (Glancy, 1999; Garncarz, 1994). The wider body of more obviously “American” content also received national distribution in these markets, but often found its most receptive audiences in smaller neighborhood cinemas in the suburbs or provinces.

The demise of the local neighborhood cinema in the 1950s and 1960s, however, rendered the high volume of modestly budgeted American-themed films unsustainable. Shifting consumption patterns, with television replacing the habitual twice-weekly attendance at local cinemas, caused Hollywood studios to scale back production quite dramatically in the late 1950s and early 1960s (Sedgwick, 2002). The films that continued to get made and internationally released, however, were typically big budget productions that scored highly on the international orientation measure, such as Roman Holiday, Cleopatra, or Mary Poppins. Such staples of studio production in the 1930s as the Lassie, Thin Man or Andy Hardy films, meanwhile, either ceased or switched to television. What had, in the 1930s and 1940s, been an important but relatively small component of the distribution portfolios of the American majors had, by the 1960s, become a core feature of their product offering (Miskell and Li, 2014).

The pattern of Hollywood studios routinely developing content based on international stories, settings, and characters to appeal to as broad a global audience as possible remains very much in evidence today. The film franchises based on the fictional creations of Ian Fleming,

![Figure 24.2](image_url)

**Figure 24.2** International orientation of film distributed by MGM and Warner Bros., 1951–63

*Source: Miskell and Li (2014).*
J. R. R. Tolkien, or J. K. Rowling are rooted very firmly in this tradition. The same can be said for many of the casting decisions and settings of the films created by Disney’s Marvel Studios (or indeed LucasFilm). None of this is to deny that American film-makers can and do make pictures reflecting social and cultural circumstances within the United States itself. Yet it is striking just how many of Hollywood’s most prominent big-budget film franchises continue to involve characters, settings, and actors that cannot be readily identified as American. Whereas the vast majority of such films in the 1930s and 1940s were based on European (often British) themes or settings, in recent years US studios have increasingly sought out Chinese content or characters, reflecting the growing importance of this market.

The model of global enterprise envisaged thus far has essentially been one in which American film companies constructed extensive multinational distribution networks for the purpose of promoting and marketing their own content on an international scale. Even during the height of the so-called studio era, however, the major US film distributors were known to source content from outside producers. Indeed, one of the major US distributors, United Artists, was formed in 1919 for the very purpose of providing a distribution outlet for Hollywood producers operating outside the studio system (Balio, 1976). Another of the major vertically integrated firms (RKO) regularly handled pictures by independent producers such as Sam Goldwyn and Walt Disney in the 1930s and 1940s (Jewell, 2012). As the major Hollywood studios started to scale back production in the 1950s, however, US distributors became increasingly reliant on outside producers for content. Moreover, in seeking content that would be suitable for international markets, US distributors did not restrict themselves to American producers.

**American firms integrate international markets**

The final approach to internationalization outlined here is described as global integration, which involved an important evolution in the function performed by the international distribution networks of US firms. Until the 1950s, these networks served mainly to disseminate Hollywood produced content to the wider world. By the 1960s, however, they increasingly provided a mechanism for the circulation of films from other parts of the world to international audiences. The practice of US distributors handling the release of foreign-produced films was not unheard of in the inter-war decades. United Artists, for example, had been quite reliant on the output of British producer Alexander Korda in the 1930s (Miskell, 2006). MGM handled the release of Abel Gance’s *Napoleon* in the 1920s (Ulf-Möller, 1998). Such examples had been exceptions in the 1920s and 1930s. By the 1960s they were becoming more like the norm. We see in Figures 24.2 and 24.3 the dramatic reduction in the number of films for which MGM and Warner Bros. held worldwide distribution rights in the 1950s. By the early 1960s, not only were such films more likely to be internationally oriented, they were also much more likely to have been internationally produced.

Leading centers of film production outside the United States in the 1960s included the UK and Italy. American distributors were keen to strike deals with leading producers from these markets to supplement their dwindling supply of internally produced content. They often provided financial backing to these projects, and in some cases the films were jointly produced with American companies. Such deals enabled the US distributors to maintain a supply of content with a strong international orientation that could be expected to play well internationally. US firms found themselves in competition with each other (and with national distributors in domestic markets) to reach agreements with the most prominent international producers or directors. For film-makers in the UK, Italy, or elsewhere, these deals provided a valuable opportunity to ensure that their work reached a truly international audience. For such film-makers the
The key competitive challenge became less about fending off the threat of American competition, and more about securing access to the American-controlled global distribution networks. In some cases, independent American producers established companies overseas, such as Sam Spiegel’s Horizon Pictures, which made *Bridge Over the River Kwai* and *Laurence of Arabia*—both released through MGM. Woodfall Productions (set up by Tony Richardson, John Osborne, and Harry Saltzman) released a series of films through United Artists, including *Tom Jones, The Charge of the Light Brigade* and *Kes*. Saltzman, with Cubby Broccoli, was also behind Eon Productions which produced the *James Bond* films—also distributed through United Artists (Walker, 1974). In Italy, MGM worked with the producer Carlo Ponti to develop *Doctor Zhivago*, while Dino De Laurentis produced epics such as *Barabbas* for Columbia and *The Bible* for Twentieth Century Fox.

Another way of interpreting this development is to see it as a continuation of the longstanding process by which leading film-making talent from around the world succumbed to the gravitational pull of the major American firms. What changed in the post-war decades was that US firms were increasingly attracted by the prospect of organizing production activities away from southern California. Disintegrating vertical structures, combined with the trend toward “runaway production” (Bernstein, 1957), meant that instead of hiring talented producers or directors to work under contract in Hollywood, it became increasingly attractive to support their film-making activities in their home markets.

Hollywood has, of course, remained an important site of film production to this day, and it continues to be a key location in which deals are struck and decisions are made about which...
films get to be made and widely distributed. Hollywood producers continue to develop content that is designed to appeal to as wide a global audience as possible (as they have since at least the 1930s). But for US film distributors the practice of sourcing content from international providers has also endured. The year 1992 saw Universal establish a distribution joint venture called Gramercy Pictures with PolyGram – an ambitious UK-based film company which distributed well over 50 films in the 1990s including *Four Weddings and a Funeral* and *Priscilla, Queen of the Desert*. In 1998 Universal acquired PolyGram, and continued to handle content from its “stable” of producers (Kuhn, 2002). More recently we have seen US distributors turn their attention from Europe to Asia, in search of producers able to develop content that appeals to audiences in China as well as western markets. Ang Lee’s *Crouching Tiger, Hidden Dragon* (2000) was a notable success in this regard, and the director has subsequently worked on a number of high-profile Hollywood productions. Recent years have seen a number of deals struck between American and Chinese companies. Dalian Wanda has been at the forefront of such developments, acquiring an American production studio (Legendary Entertainment) and the AMC cinema chain (Clover and Ju, 2017). The firm has also formed a strategic alliance with Sony Pictures to co-finance film production (Hornby and Inagaki, 2016). The China Media Capital investment fund has built strong equity stakes in IMAX and Oriental DreamWorks (Sender, 2016), while Jack Ma’s Alibaba has acquired a stake in Steven Spielberg’s Amblin Partners (Mitchell, 2016). The growth of the Chinese cinema market in recent years has made it increasingly attractive to US producers and distributors, while Chinese firms are keen to expand their international reach. At the time of writing the most high profile Chinese-American film co-productions have yet to achieve widespread international appeal, though Hollywood blockbusters do appear to be popular with Chinese audiences. It remains to be seen whether the Chinese market will gradually become more open to internationally themed Hollywood productions, or whether Chinese-owned firms will succeed in securing a stronger hold over film production and distribution in international markets (Kokas, 2017).

**Concluding reflections**

The trends sketched out here might be construed as the Americanization of the film industry, but the process could more usefully be described as the internationalization of US firms. Did this process of internationalization involve gradually increasing levels of commitment to international markets, as per the Uppsala model (Johanson and Vahlne, 1977, 2009)? The speed with which US firms created global distribution networks in the 1920s does not, on the face of it, seem to be consistent with the type of incremental expansion predicted by the Uppsala theory. Indeed, a plausible case could be made that some of these firms were virtually “born global.” The story of what happened to these companies after they became multinational enterprises, however, is much more consistent with Uppsala theory. The narrative outlined here is one of US firms becoming increasingly committed to international markets and, as they did so, refining and developing their approach to internationalization. The rapid construction of international distribution networks in the 1920s provided US firms with a mechanism for exporting their content on a global scale. The knowledge acquired from these markets enabled US multinationals to increase their commitment by adapting (some of) their content specifically for international audiences from the 1930s. Finally the longstanding ties that US distributors had established in many international markets by the 1960s put them in a strong position to form agreements or alliances with leading film producers in these locations. The impetus behind the shifting approaches may have come from exogenous shocks (such as sound technology and television), but the knowledge and connections that US firms had acquired over time helped them to mount an effective response to such events.
What types of upheaval has the industry faced since the 1960s? The emergence of video technology in the 1970s and 1980s threatened at one stage to endanger the industry, but the distinctive appeal of watching films in a communal space and on a large screen endured. Rather than eroding box office revenues in the 1970s and 1980s, video, along with pay TV and cable channels, instead added to them, creating secondary distribution “windows” through which films passed after their initial cinema release. This helped to re-create something similar to the second- and third-run cinema distribution tiers that existed in the era before television. Waterman (2005: 291) estimates that the addition of these new revenue streams saw total industry revenues grow from $3.5 billion in 1981 to $39.8 billion in 2003. However, just as secondary markets for film were eroded by the spread of television in the post-war decades, digital technologies are now replacing DVD sales. While it seems unlikely that viewing films online will replace the experience of going to the cinema, the shifting control over this extremely valuable secondary market does mark a potentially important moment in the evolution of international film distribution. Over the last century, the global networks through which filmed entertainment has been disseminated to international audiences have been controlled by a relatively stable oligopoly of US distributors (albeit ones that have undergone several changes of ownership since the 1960s). The emergence of new digital distribution platforms, such as Netflix, Amazon, or Apple, has provided an alternative means by which consumers can access entertainment. In some ways, these platforms offer a service analogous to that of cable TV providers, bundling together large packages of film or TV content into a subscription service. Such pay TV packages provided a reliable source of income to US distributors from the 1980s to the early 2000s but, crucially, not a growing one. The real growth in US distributor revenues during this period came from video or DVD releases (Waterman, 2005: 67). The prospect of the secondary film market becoming largely controlled by online subscription services would likely mark a significant shift in the balance of power between the copyright owners of individual films (the “traditional” distributors) and the so-called “aggregators” of online content. Indeed, the likes of Amazon, Netflix, and Apple have recently begun to invest in film production themselves, to ensure that they are able to offer exclusive access to some content (Garrahan, 2017). The competitive rivalry between these two groups, traditional distributors and aggregators, seems set to become a key battleground in the next phase of global competition within this industry.

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