Distribution Revolution

Conversations about the Digital Future of Film and Television

Edited by
MICHAEL CURTIN, JENNIFER HOLT,
AND KEVIN SANSON

With a Foreword by Kurt Sutter

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Contents

Foreword

kurt sutter
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Digital delivery of film and television, like most hasty births, has been clumsy, painful, and at times bloody.

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But once the schmutz is wiped off, the cord cut, and the baby's mouth wrapped around a teat, one can appreciate and marvel at the new life.

kurt sutter
@sutterink
I know being a male and a failed gentile, I have no right using childbirth as a metaphor or the word "schmutz" in a sentence.

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@sutterink
But curbing impulses—not necessarily my strong suit. Like the digital new age, I can be entertaining, unpredictable, and a bit scary.

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@sutterink
I believe DD is the future of film/TV. In the not-too-distant yet-to-come, there won't be programming, just content & distribution. And porn.

kurt sutter
@sutterink
And like all things that change an industry, with great power comes the need for thoughtful reflection, fiscal and ethical responsibility.

kurt sutter
@sutterink
But this is Hollywood, so with great power usually just comes a better table at Toscana. Responsibility and ethics are for the S&P folks.

kurt sutter
@sutterink
Perhaps that's a bit jaded. But the truth is, fear is always the first response to change. No one knows how DD will look in 2, 5, 10 years.

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@sutterink
We speculate, create, react, adjust. That's the equation at play now: forecasts + $$$ = startups + consumer whims + regulation = confusion.

kurt sutter
@sutterink
"Distribution Revolution" helps make sense of the mayhem. All we can do is keep the discussion going. That's what these professionals do.

kurt sutter
@sutterink
From the studio to the lab, this book takes a thorough look at the incestuous and inevitable relationship between tech and entertainment.

kurt sutter
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So, buy the book and read it, bitches.

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Last, but certainly not least, we are indebted to the industry personnel who spoke to us at length about the digital future of film and television. We hope they find this book a testament to the productive potential of such critical conversations between media professionals and academic researchers. Such collaboration has been a hallmark of Marcy Carsey's and Dick Wolf's vision for MIP since its inception in 2009. We thank them sincerely for their enthusiastic and unstinting support.

Introduction

Making of a Revolution

Michael Curtin, Jennifer Holt, and Kevin Sanson

In the past five years, the scramble to manage the digital future of film and television has sparked both turmoil and transformation, forcing industry leaders to reconsider established maxims about how screen media are created, circulated, and consumed. We see it almost every day in the headlines of trade papers and the mainstream press. For example, the 2007 Writers Guild strike hinged on payments and residuals for network and cable television content being streamed online. After a long and bitter conflict, the writers finally settled when the studios agreed to pay them more for digitally distributed work. Although the strike was costly for all concerned, the writers seemed to understand that a new era was dawning. Not only were digital platforms recycling content from other media, they also were becoming original creative forces in the entertainment industry.

Netflix is perhaps the most obvious example. In 2013, the leading subscription video-on-demand (SVOD) service surprised its cable and network counterparts with prominent Emmy nominations for original productions such as *Arrested Development* and *House of Cards.* Netflix says more original content is on the way. Meanwhile, Amazon and Hulu are rolling out their own programming. For now, these new shows look much like their broadcast and cable peers, but the programmers at the major SVOD services say that they don't need to play the ratings game and that they're aiming to break the mold with new approaches. Inflated rhetoric perhaps, but they have already proven that they are willing to leave tradition behind by releasing an entire season's worth of original episodes all at once, which has film and television companies abuzz with speculation about further innovations on the horizon.

Of course the major media conglomerates have their own plans for the digital future. That became clear when Kevin Tsujihara was tapped to take charge of Warner Bros.' legendary Burbank studios, marking the first time a studio head was chosen from the home entertainment division, a unit that is now laser-focused on digital innovations. Remarkably, Jeff Bewkes, Time Warner's CEO, passed over his film and TV studio chiefs for the post, raising eyebrows throughout the Hollywood community and likely signaling that he no longer considers digital delivery simply an ancillary aftermarket.

When looking to understand the current tumult in the media landscape, it is therefore clear that distribution networks and technologies are where the seeds of transformation have been sown. Indeed, screen media distribution has undergone a veritable revolution in the twenty-first century, overthrowing institutional relationships, cultural hierarchies, and conventional business models. These transformations are largely due to the fact that the distribution business has long been the linchpin of Hollywood's creative strategies and financial success. Since the early days of the major studios, distributors have relied on a sequential release pattern, or "windowing," to fully exploit the value of the content they control. By making content available in different markets for discreet periods of time, distributors have been able to wring the most revenue out of each market without sales from one window (e.g., digital video disc [DVD] sales) "cannibalizing" the profits from another (e.g., domestic theatrical exhibition). Yet widespread technological innovations have made traditional strategies look obsolete and betray the urgent need to refine the complicated calculus of windowing in the digital era. As content proliferates across screens of all sizes, the expansion of digital delivery platforms and cloud-based storage technologies has transformed when, where, and how consumers engage with entertainment. Armed with high bandwidth and a bevy of connected gadgets, audiences expect "anytime, anywhere" access, even if it requires them to turn to unauthorized means, such as peer-to-peer (P2P) file-sharing networks, to get it. Ultimately, the conversations in this book map a wide range of concerns about the digital ecosystem but nevertheless draw similar conclusions: major film and television companies must radically realign their business models around fresh modes of delivery or risk losing their audiences to a host of new rivals in the digital space.

Currently, the most innovative and successful competitors include Amazon, Apple, and Netflix, all of whom exist somewhere between the dream factories of Hollywood and the high-tech entrepreneurialism of Silicon Valley. These companies are formidable contenders for the time and attention of audiences, yet their increasing popularity has prompted content providers to view them as uneasy allies. Likewise, many third-party app developers—whose business models rest on their abilities to deliver programming to tablets and mobile devices—continue to feed the rapacious appetite for screen media wherever and whenever consumers want it. As a result, audiences are more fragmented than ever, and some even express frustration with what seems like too many choices from too many platforms and services. Still, digital alternatives are gaining steam and are widely seen as the most important drivers of economic growth. This poses a key challenge for the major Hollywood studios: How do they monetize the digital space without jeopardizing long-standing (and quite lucrative) relationships with exhibitors, advertisers, and cable operators?

Despite all of the "disruptive" innovations, most of the money being made today in film and television is still being made the old-fashioned way: in theaters, from ads on linear television, or from syndication deals. As such, some eyeballs are simply more important than others. For example, broadcast and cable television viewers continue to command exponentially higher advertising rates than those who view content on computers and mobile screens. At the same time, profound changes are taking place as taste-based algorithms and other emergent audience metrics are beginning to challenge traditional measurement techniques and undermine the premium prices charged for conventional TV advertising. Audience engagement, rather than size, is the current zeitgeist, but no one knows for sure how to quantify it. In this context, social media has emerged as an extremely important marketing and promotional tool, particularly because of the way it builds online communities around particular content brands. This, in turn, has attracted the attention of content providers, advertisers, and creators. Yet the digital brand experience for online audiences still has a long way to go, and producers feel pressed to tinker endlessly with new techniques for generating buzz via social media. Unfortunately, this means that the creative workforce—especially writers and directors—often bears the brunt of this additional labor. Producing content for websites, social media pages, and other interactive ventures rarely replaces traditional workplace routines; instead, it has become the "second shift" of the digital era, putting extra demands on the time and energy of creative talent without offering additional compensation.

In light of these developments, there has been some experimentation by mainstream media, but studios, cable companies, and broadcast networks nevertheless hesitate to transform their existing business models in any substantial way. Cloud-based "TV Everywhere" services such as Comcast's Xfinity or HBO Go are prime examples, as they seem to address common desires for anytime, anywhere access to television content on laptops and other mobile devices. But they do so only on the industry's terms—that is, anytime, anywhere access is no substitute for a cable subscription; rather, it requires one. Similarly, studio-based content providers are developing their own digital platforms, such as Crackle or NBC.com, and also cooperating on collaborative ventures such as the digital storage locker UltraViolet. Yet consumers seem to perceive these branded destinations as walled gardens, and therefore none of these initiatives has generated the same degree of enthusiasm as the new breed of "upstarts," such as Netflix or Voddler.

Furthermore, the major studios and networks remain unsure about which pricing structures and payment systems are most appropriate in the digital space. Movie studio experiments with premium video-on-demand (VOD) releases have provoked negative reactions from theater owners who worry that this practice eats into ticket sales. Similarly, the never-ending cry from consumer advocates for à la carte cable TV pricing options has done little to break up bundled channel packages. These examples suggest a fundamental confusion over how best to value content and audiences in the digital era. And yet the ultimate determination of those values affects everything from licensing fees and global trade to compensation for below-the-line labor and the nature of competition.

Taken together, this revolution is defined by debates over the value of content, the behavior of audiences, and the creation of frictionless, user-friendly access. Each of these issues is tied to questions of agency and power. Who will be the ultimate winners? That will partially depend on the sustainability of legacy business models and the adaptability of industry leaders. Further consideration must be given to independent distribution platforms and Internet service providers (ISPs), which manage the "pipes" that deliver digital content and thus provide crucial infrastructure for this revolution. Sensing that change is in the air, some ISPs have integrated with content companies, Comcast being the most notable example. Now a sprawling conglomerate, it is the largest Internet service provider, the world's largest pay-TV provider, and the owner of NBCUniversal, among other properties. Comcast owns both content and conduits in the new digital ecosystem, thereby achieving an unprecedented measure of control over most aspects of the media environment. Exactly how much further it will be able to extend this control remains a politicized question, as its conduct falls to the scrutiny of increasingly lax government regulators who set the boundaries for acceptable conduct in a highly consolidated industry.

The digital distribution revolution is therefore a dynamic and multifaceted process, affecting almost every aspect of the film and television industries. It is changing the ways in which content is imagined, formulated,

financed, produced, promoted, packaged, marketed, measured, delivered, interpreted, enjoyed, and recirculated. It is changing our ways of using media and our ways of socializing through media. The distribution revolution is therefore the subject of intense deliberation within the industry, among policy makers, and among the population at large. As these conversations unfold, it has become apparent that the seismic changes taking place today are among the most momentous in the history of modern media.

REVOLUTION REDUX

Throughout the interviews in this book, the role of "disruptive" technology is a recurring theme with both executives and creatives suggesting that technological innovation has been the driving force of change in the new millennium. Government policy and popular culture likewise portray technology as a determining force, even though technology is, by definition, an instrument, a *tool* for achieving human goals. Moreover, the public at large embraces the commonsense notion that technology is an autonomous, seemingly natural force, despite the fact that triumphant technologies throughout history have either been fostered by powerful interests or are ultimately put to work on behalf of influential elites. Scholars, on the other hand, tend to be skeptical about the singular influence of technology, preferring instead to see it as part of a broader set of social and economic forces. When they hear "The technology did it!," they usually wonder what other factors shaped that moment of change.

Given the fact that technology looms large in the conversations that follow and that the title of this book implies the centrality of digital technology as the driving force of change, it is important to explain why we see this moment through a substantially different lens. Although we do indeed believe that today the forces of change have coalesced around a cluster of new technologies, we see these innovations as part of a longer history of social, cultural, and economic transformation. That is, the digital distribution revolution emerged in part as a consequence of corporate maneuvers that stretch back almost two hundred years. Moreover, this commercial competition took place in the context of common perceptions about the role of media in society and political struggles about free expression and the public good. Technological innovation is furthermore intertwined with long-standing popular aspirations to expand and improve audience access to media entertainment. Indeed, throughout the history of electronic communication there has existed a recurring tension between institutional ambitions and popular aspirations. On the one hand, audiences and inventors dream of technological utopias, while on the other executives and regulators work to harness and exploit the latest innovations.

Consequently, our collective imagination of technological potential has always outrun technical and institutional capacities. The very idea of delivering audiovisual imagery to the home dates back to the nineteenth century; so too does the fantasy of personal portable devices. When the telegraph was first introduced in the 1840s, many Americans imagined that the cacophony of dots and dashes would someday give way to wireless handheld devices that would be available to all, putting one in touch with distant events, long-lost friends, and spectacular new forms of entertainment.[1] Likewise, at the dawn of cinema, radio, television, computing, and even telecommunications, each technology promised to upend social hierarchies and bring together a worldwide community of humankind, but each was eventually tethered to dominant institutions, becoming a source of vast profits and an instrument of political advantage.[2] It's striking that despite the seemingly relentless pace of "technological disruption" since the early 1900s, many of today's major players have been with us for much of that time: AT&T, AP, Reuters, Paramount, Fox, NBC, CBS, Time Warner, and IBM, not to mention a plethora of military institutions that developed and made extensive use of each new communication device.

As for members of the general public, they enjoyed only limited control over what, when, and where they engaged with information and entertainment. Indeed, the commercial and strategic value of media content was produced through *scarcity*, that is, the selective circulation of content. Gateways to access were in the hands of a few, and the distribution of content was strategically controlled. Even though the film and broadcast industries churned out a seemingly endless stream of novel content, much of it featured recognizable stars and genres that were delivered to particular audiences in particular locations at particular times. These "windows" of exposure were calculated to exact higher tolls from those with greater access, thereby exploiting the full profit potential of each bit of information or entertainment.[3] During the first half of the twentieth century, media institutions privileged first-run and live entertainment. Although information and entertainment were widely available, one had to attend *Gone With the Wind* during its theatrical run or listen to *The Jack Benny Show* on Sunday evenings or catch the news each night at six.

Here lay the seeds of the distribution revolution that we are experiencing today, for what we are now witnessing is the latest iteration of an ongoing tension between the diverse desires of audiences for cheap and easy

access and the twentieth-century business models that sought to manage media flows and audience consumption. Today, however, media companies are competing to develop new business strategies and technologies that at once offer audiences greater access while nevertheless monetizing content as fully as possible. In this new environment, older conventions of network broadcasting compete with innovative approaches to subscription video on demand, and both compete with the relentless specter of piracy—a relatively novel audience alternative, regardless of its ethical implications. Consequently, media distribution models are moving from mass to niche and from synchronous to asynchronous, a transition driven at once by competitive forces, government regulations, and popular aspirations, as well as by technological innovation.

Some of the earliest inklings of change began during the 1950s, when the syndication of old movies and off-network reruns gave audiences a chance to break from the scarcity principles of first-run media.[4] *I Love Lucy* reruns became a pervasive and perennial fixture of television schedules worldwide. Viewers also gained access to movie studio vaults, mining the glittering appeal of Hollywood's golden age and offering new generations an expanded range of entertainment options.[5] Cable television became the next important antecedent of today's distribution revolution. When it was first introduced to the general public during the 1970s, cable's most enthusiastic proponents promised five hundred channels of novel and alternative content, but such aspirations outran capacity, since few could agree as to who would finance and develop such a system.[6] Through much of its early history, cable television offered little more than old movies and network reruns, providing simply another window for the exploitation of existing content. The range of choices nevertheless expanded, and innovative programming eventually emerged.[7] As cable television gained traction, audiences furthermore embraced remote control devices that allowed them to surf among an expanding universe of channels. With remotes in hand, they dodged commercials and restlessly flipped between programs, making television executives nervous about their waning ability to manage mass audiences.[8]

Yet even though these technologies disrupted the media economy, they matured in the midst of policy changes that helped to shore up the power of major companies. During the 1980s and 1990s, for example, the federal government responded to intensive lobbying from studios and networks to lift restrictions on the size and scope of media corporations. Top media executives argued that such changes were necessary as waves of deregulation in countries around the world opened new markets, spurring technological innovations in satellite, broadband, and computer communication. Many executives and investors contended that only the very biggest conglomerates would survive the brave new era of synergy and transnational distribution. By and large, they got their way, touching off a wave of mergers that brought producers and multichannel distributors under the roof of sprawling conglomerates.[9]

While CEOs anguished over the big picture, they also worried about changes in audience behaviors. The home videocassette recorder (VCR), an innovation pioneered by Japanese electronics manufacturers, allowed audiences to record, share, and time shift their viewing of favorite movies and television shows. It also allowed them to zip through shows and zap commercials, challenging the fundamental principles of film and television distribution in the United States. This seemingly technological disruption was actually touched off by competitive conditions in the electronics industry. By the 1970s, Japanese firms were the world's leading producers and exporters of radio and television sets, but these core markets were becoming saturated and profit margins were shrinking. Some companies sensed that personalization was the way forward, sparking the development of the audiocassette recorder, the portable cassette player (Walkman), and the VCR. Sony Corporation, one of the principal innovators, was motivated largely by competitive conditions in Japan and by the increasingly globalized market for consumer electronics. The resulting technologies proved profoundly disruptive to American media companies, but the actual driver of change came from the activities in hardware industries abroad.[10]

Other forces were at work as well. The field of telecommunications was at the same time being deregulated, unleashing a host of hungry new competitors and spurring new frontiers of technological innovation. Audiovisual signals were digitized, compressed, and multiplexed, thereby enhancing the speed and volume of delivery. Error correction software improved the quality and reliability of signals, eliminating static and enhancing fidelity. During the mid-1990s, these technologies suddenly made it possible for satellite transponders to carry eight times as many channels as before. Optical broadband likewise expanded the carrying capacity of terrestrial and transoceanic cables. As capacity grew, ferocious price wars began that would ultimately topple some of the biggest telecommunications competitors. This proved to be a boon to consumers, however, driving down prices and allowing cheaper access to telephone and computer communication. Consequently, many of the disruptive technologies that would prove crucial to the digital distribution revolution were forged in the crucible of competition among huge telecom providers operating in a newly deregulated environment.[11]

These developments proved to be "revolutionary" both because they gave consumers more control and because they helped propel the nascent globalization of media. Japanese companies became important players in American film and television; U.S. media companies expanded their satellite services abroad; and European entrepreneurs jumped at the chance to roll out new satellite and cable services in a direct challenge to the public service monopolies that prevailed in countries throughout their continent. As the distribution business became rife with opportunity and uncertainty, global competitors scrambled for control of content libraries. Sony bought Columbia Pictures in 1989; Matsushita purchased Universal shortly thereafter; and News Corp. Australia preceded them both by picking up 20th Century Fox in 1985.[12] Italian, French, German, and British media giants made similar maneuvers. These mergers, acquisitions, and alliances heralded an unprecedented transformation of media institutions and practices.

Despite such tumultuous changes, the major media companies adapted. They pushed through legislation that allowed them to grow; they loaded up their content libraries; and they locked down top talent in film, television, music, and publishing. They also responded—often reluctantly—to changes in audience behaviors by establishing business models that turned new technologies to their advantage. As VCR ownership proliferated, they developed a robust video rental business. With the evolution of DVDs, they established a lively sell-through market, allowing fans to purchase and collect favorite films and television shows.[13]

Introduced in the late 1990s, DVD players were rolled out in a far more orderly fashion than VCRs, with Hollywood studios (Sony now among them, having bought Columbia Pictures) and electronics manufacturers negotiating a set of standards that tamed the technology before it got to market. As digital discs, DVDs were far cheaper to manufacture and distribute than videotapes. Digital encoding also improved picture quality and made it easier to incorporate copy protection technologies that were energetically supported by the major media companies.[14] Royalties gushed in and DVD revenues became a source of outsized profits for film and television studios. The stock market value of media companies soared and the future seemed even brighter as the penetration of digital broadband to the home began to pick up, promising synergistic connections between various forms of information and entertainment. Such premonitions helped justify the grossly inflated value of America Online (AOL) and Time Warner when they merged in 2000. Those heady expectations were fueled in large part by passionate declarations about the revolutionary and disruptive effects of digital technologies. Left unsaid was the fact that technological innovation was now a strategic form of competition *and* collaboration among the major media companies.

In the midst of these dramatic corporate transformations, audience behaviors were changing in the home, on the street, and, increasingly, online, as media consumers (who more and more were referred to as "active users") were gaining greater access and control. Most controversial was the rapidly growing phenomenon of P2P music sharing over the Internet. In 1999, Napster captured the spirit of music fans who eagerly ripped, stored, and shared their favorite songs without paying a penny to the major music companies. Such technologies were made possible by the complex convergence of forces outlined earlier, but this took on a new dimension in the hands of a younger generation that was explicitly resentful of enduring limitations on access and what it saw as exorbitant prices. Some railed against the huge corporations that stood between performers and their fans, while others simply relished the most attractive price point of all: free. Music companies represented by the Recording Industry Association of America unleashed a torrent of lawsuits, lobbied for stricter regulations, and sought to shut down the biggest providers, but netizens developed ever more imaginative ways to turn technologies to their advantage.[15] Public debates raged over the moral and legal implications of these new behaviors, but some of the darkest dialogues took place privately among film and television executives, knowing full well that it was only a matter of time before *their* content would be shared online as well. They hoped to delay the day of reckoning by reflecting on the failures of their counterparts in the music industry. Many agreed that music executives had been too greedy, had resisted change, and had too readily taken their customers to court. When the digital distribution revolution came to film and television, they hoped it would look different. And of course they had more time to think about it because the relatively slow bit rates of the 1990s Internet made it difficult to deliver acceptable film and television programming online.

Nevertheless, as early as the mid- to late 1990s, a few small companies began to experiment with video-on-demand and online video distribution.[16] These early innovators were operating well ahead of the Internet's ability to deliver a robust range of content in a reliable and attractive manner. The web nevertheless became the basis for the extraordinary success of Netflix, which offered viewers a substantial and growing catalog of DVD

movies that they could select online and receive via postal delivery. Unlike the brick-and-mortar movie rental shops that the major studios had come to embrace, Netflix offered a monthly subscription service with no late fees. It also offered the most diverse catalog of titles, largely by exploiting a legal principle that allowed it to rent DVDs without securing a licensing agreement from syndicators. Customers could browse through an immense digital catalog, build a personal list of preferred titles, and rate the quality of each film they watched. Netflix in turn used this data to make recommendations for future selections, creating a profile of each subscriber's tastes and a profile as well of each title it offered. This groundbreaking level of personalization and expanded access was, like other antecedents, a product of forces external to the film and television industries. Founded by Silicon Valley engineers, Netflix pioneered many of the principles and practices that would come to define the digital distribution revolution in the entertainment industry.[17]

The remarkable growth of Netflix and P2P services, as well as the growing penetration of broadband services in the home, sent clear signals that the film and television industries would only prosper through an affirmative response to the potential of digital distribution. Yet as late as 2003, Michael Eisner, then Disney's CEO, told a gathering of broadcasting executives that media companies remained profoundly conflicted. "Hollywood studios," he said, "spend enormous sums of money encouraging people to see their films and TV shows and then spend more money devising ways to control and limit how people can see their films and TV shows."[18] Eisner was among a growing number of executives who believed another disruptive moment was fast approaching for the motion picture business. Two years later, YouTube fulfilled that expectation, launching a streamlined, user-friendly video-sharing service that was quickly populated with unauthorized clips of popular film and television content. The company resisted legal challenges from copyright owners, saying that YouTube could not be held responsible for the various personal uses to which its services and platform were put. The argument was similar to the one that Napster used to defend itself from legal challenges, but the difference was that YouTube, as of 2006, became a division of Google, a company with extensive resources and one of the most aggressive legal teams in America.[19]

Just as frustrating for media executives was the fact that they had spent tens of millions of dollars trying to develop their own online content delivery services only to see them wither by comparison to interlopers from Silicon Valley. The emerging threat posed by YouTube was no doubt fresh in their minds when they were approached by iTunes executives seeking to license content for a video download service that they planned to launch in 2006. Disney was one of the first to sign on, followed by several other major studios and networks. Depending on the title, iTunes offered customers digital copies that they could own or rent at prices that were lower than most video stores. It was soon followed by Amazon and Netflix, with each offering similar services to their growing legions of customers. Nevertheless, iTunes dominated the commercial online video market during the early years of the digital distribution revolution. In 2008, it delivered 87 percent of online movie sales and 53 percent of online movie rentals.[20]

Innovations in online retail and rental services were then followed by an advertising-supported service launched by Hulu in 2008, a joint venture of NBCUniversal, Fox, and Disney. Although most major television networks were already streaming video content on their branded websites, Hulu signed licensing agreements with a host of content providers, becoming the first major aggregator of ad-supported programming and making it a one-stop shop for high-quality video streams of popular TV series. Hulu grew dramatically and within a year became the third most popular video destination on the Internet. But tensions arose between the partners and the executives within their respective companies. Was Fox getting a fair return on its investment? Were NBC's own websites suffering in comparison to Hulu? Would Disney be better off developing its own services that leveraged the company's distinctive brands and customer base? Licensing deals also became more expensive and complicated; some providers angled for the best deals possible, while others withheld content, favoring lucrative cable licenses and proprietary services instead. The joint-venture partners also grew restless about ad revenues, which grew quickly at first and then began to slow, forcing Hulu executives to reluctantly introduce a premium subscription tier of service in 2010 that revived revenue growth but undermined the popularity of the service with many viewers.

VOD via cable providers has also been growing more popular, as companies try to offer more instant, nonlinear programming options in hopes of holding on to customers before they become "cord cutters." The subscriber base and libraries of SVOD platforms such as Netflix and Amazon Instant Video have also seen tremendous growth as the digital distribution landscape expands. These two companies alone have done much to define the market for subscription film and television in just a few short years, with Amazon's service beginning in 2011 and Netflix going from a DVD-by-mail rental company founded in 1997 to the largest online provider of streaming film and television shows and an original content producer by 2013. In fact, while many think of Netflix as a streaming platform, the company's own website now describes itself as "the world's leading Internet television network,"[21] a label that undoubtedly disrupts whatever complacency is left at the major studios and networks and puts the rest of the industry on notice. How long before the "Internet" distinction is no longer necessary? As Bruce Rosenblum, chairman of the Academy of Television Arts and Sciences, recently said, whether people watch on a mobile device, a tablet, or a flat screen, "It's all television."[22]

These historical developments provide some larger perspective for the interviews that follow. Some lessons have indeed been learned, while others have been forgotten. Disruption or innovation, depending on one's perspective, has come with bandwidth explosion, more powerful laptops, personal mobile technologies, and the advent of cloud computing. It is indeed a revolutionary moment, perhaps because there are no inevitable outcomes, but if history offers any instructive pointers, the desires and aspirations of audiences will consistently be more expansive than—and quite often defy—industrial imperatives to control the parameters and potentials of media technologies. To that end, it behooves us all to keep an eye on how networks and creativity are managed; to monitor the effects of consolidation; and to remember that those who control distribution have for centuries had the power to define the size and scope of markets—in this case, the digital space for media entertainment. Finally, it's important to keep an eye on popular aspirations, for there is still a great deal of negotiation taking place between those who dream big about the future of digital media and the institutions that seek to tame them.

Such overarching issues animate each of the conversations in this collection, all of which were conducted as part of the Carsey-Wolf Center's Media Industries Project (MIP) at the University of California, Santa Barbara. As a dedicated scholarly research program into the governing logics and everyday practices of media institutions, MIP is engaged in a diverse array of activities, including these interviews that over the past few years have explored the wide-ranging impact of digital distribution on the entertainment business. Although gaining access to professionals in the entertainment industry can be challenging, we found that the subject of digital distribution evokes such passion among film and television professionals that many proved willing to speak with us about it at length and on the record. Each interviewee agreed to meet with our team for a period of ninety minutes, and some interviews lasted longer or resulted in follow-up conversations. Prior to each interview, we sent our interlocutor a list of prospective topics, but the actual conversation was free ranging and expansive. We preferred to follow emerging lines of discussion rather than stick to a structured survey format. Each session was recorded and transcribed, averaged 12,000 words, and was then edited down to 5,000 words for inclusion in the anthology.

Ideally, the interview sessions provided opportunities for our subjects to step outside of their daily work routines to reflect more expansively on the shifting media landscape and to consider emerging challenges on the horizon. As it becomes apparent in the chapters that follow, some hewed closely to their organization's official positions, while others were quite willing to engage in speculative and critical exchanges. In some cases our invitations to take on controversial issues were declined or deflected (sometimes repeatedly) and those sections were deleted during the editing process. As critical researchers, such twists and turns in the interview process are themselves intriguing, but we have distilled the following chapters into what we believe is the essence of each particular conversation, providing a concise rendering of the most intriguing exchanges in individual sessions. Taken as a whole, this book offers a range of perspectives that document the profound and pervasive changes engendered by the digital distribution revolution in the film and television industries.

This collection also draws prominent attention to an underexplored aspect of the entertainment industries—media distribution. Despite distribution's primary importance to Hollywood's creative strategies and financial success, comparatively little has been written about this particular aspect of the business, in part because the promotion, marketing, and delivery of feature films and television shows were remarkably stable during the latter part of the twentieth century.[23] Certainly the rise of the multiplex theater and the arrival of cable TV were disruptive in their own ways, but the depth and scope of change seem greater today, generating widespread discussion of the profound transformations now under way. Consequently, this book provides a glimpse into a distribution revolution in progress. It examines the film and television industries as they wrestle with economic, cultural, and technological change. Each chapter details the internal tensions and differences within companies, between media sectors, and between corporate and creative communities. In doing so, the book counters common perceptions of media conglomerates as well-oiled machines that are confident of their hold on markets and audiences worldwide. Instead, these interviews underscore the importance of innovation and experimentation in an era of tremendous risk and uncertainty, as well as opportunity.

The book is organized into three parts. The first section features interviews with top executives at leading Hollywood studios, providing a window into big-picture strategic thinking about the major concerns of media conglomerates with respect to changing business models, revenue streams, and audience behaviors. The executives explain how challenging it is to successfully manage and distribute studio content in an environment of almost limitless choice, at a time when digital devices have effectively put "a video store in everybody's pocket." The second section focuses on innovative enterprises that are providing pathbreaking models for new modes of content creation, curation, and distribution. These interviews offer perspectives from individuals operating outside of the global conglomerate. While a few come with established Hollywood credentials, the companies they run are very much the new kids on the block—mapping out a digital future for the entertainment industries that attempts to integrate the disparate strategies and practices of Hollywood and Silicon Valley. The final section offers insights from creative talent, those who have been profoundly affected by the revolution at hand. They reflect on issues of creativity, compensation, and everyday working conditions, enumerating the many ways that life inside Hollywood has changed over the past ten years. Taken together, these interviews demonstrate that virtually every aspect of the film and television businesses is being affected by the digital distribution revolution, a revolution that has likely just begun.

NOTES

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