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The K-mart audience at the mall movies

William Paul

During the late 1970s, a crisis sensibility began to overtake Hollywood. In 1977, there was a mild panic in response to a sudden 7½ per cent decline in movie theatre attendance in 1976 after a two-year surge in 1974–75. After a decade of almost continuous growth and record revenues, the years 1990–91 saw ticket sales decline sharply, in fact to their lowest level since 1976[1]. A similarly bleak sense of crisis lowered over Hollywood, one that has continued even after box office began to pick up again in the following year[2]. Never before in the history of Hollywood has an individual film been able to make as much money as it can today. But the demand for sure-fire blockbusters and commensurately escalating budgets has also meant that never before had any individual film been able to lose so much money. As a consequence, it's very easy to go from a buoyant boom to a gloomy bust in a very short time.

Crises come very easily to Hollywood since movie production is probably the world's largest crap shoot, or, as a *Variety* writer surveying 1993 box office put it, 'What keeps the movie business so interesting and media pundits so busy is that the search for a sure thing has a success rate right up there with playing slot machines in Vegas'[3]. Every new film is like a roll of the dice or a spin of the slot machine with every player trying to calculate odds that might well be incalculable. The extraordinary success of Arnold Schwarzenegger movies was enough to make Columbia willing to gamble $80 million on *The Last Action Hero*, but it turned out to be a bad bet, with a $28 million loss[4]. Still, 20th Century-Fox saw sufficiently good odds in previous Schwarzenegger successes to place a $100 million-plus bet on *True Lies*, even though Schwarzenegger is completely miscast in that film. The stakes are enormous, far beyond what anyone might have imagined during the crisis of the late 1970s. Furthermore, the intervening seventeen years saw radical changes in distribution, marketing and exhibition that make the crisis of the early 1990s different. In fact, the current situation arises from changes brought about by a response to the crisis of the 1970s, which was really a crisis of confidence in Hollywood's sense of its audience[5].

In the late 1970s, an apparent fickleness of audience taste coupled with an increasing selectivity in moviegoing raised new questions for Hollywood's executives: who were these viewers and why did they go to the movies? Not only did Hollywood wonder why they went to *a* movie, but why they went to *any* movie? In the mid-1970s Ned Tanen, executive vice president of Universal, could declare, 'The truth is, although nobody likes to bring it up, we can't find twenty-five films a year worth making'[6]. What this executive actually meant was they could no longer find twenty-five films a year that would appeal to an audience they felt increasingly remote from them and unpredictable. The crisis of 1991 also has to do with uncertainty about what motivates

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an audience, but it is of a different order in large part because it reflects changes in the way Hollywood addressed its audience over the last couple of decades.

Exploitation psychology

Changes in exhibition practices that were a response to the previous sense of crisis have led to a consequent transformation of the *kinds* of movies that get produced. In effect, exhibition has become the tail that wags the dog as it inescapably makes demands for product that can most appropriately fit new modes of exhibition. There is a kind of reciprocal influence that exists between film producing companies and their audience that is determined by the way the companies address their audience: new exhibition practices which occur in response to changing demographics (shifts in geographic and age distribution of the audience) and market pressures, in turn, help transform audience expectations of the moviegoing experience. The period I am concerned with here presented one of the clearest examples of this process in American film history, largely because it saw the most radical break with past exhibition practices: favourable audience reaction to a number of films whose subject matter would once have marked them as exploitation product led to an exploitation releasing strategy that eventually became applied to all films. The films in turn became marked as exploitation product by virtue of the releasing strategy[7]. The responses of the audience may help determine marketing strategies, but the marketing strategies effectively reconstitute the audience. The manner in which the films are presented to the audience effectively tells us something about who Hollywood thinks its audience is.

While there had been a general decline in movie theatre attendance from the mid-1960s through the early-1970s, with 1973 representing the worst year since the leveling off of the post-World War II decline in the late 1950s, individual films were reaping theatrical revenues on an unheard of scale, generally surpassing the grosses of even the biggest blockbusters from the 1950s. And the success of these individual films led to lopsided box-office returns. There was a striking example of films released in 1975 that had earned more than $2 million, which was then considered the minimum necessary to break even: out of seventy-nine films that reached the magic $2 million figure, a mere fifteen accounted for fifty-seven per cent of combined domestic rentals, monies returned to the producing companies from the US-Canada market.

Moving away from the golden age of theatrical exhibition when the margin of economic difference between success and failure was of a much smaller scale, this new development proved to have such lasting effect that an astute movie business observer writing in *Variety* in 1986 could state flat-out:

> In the film business, an unchanging parameter is that the top 10 per cent of films account for 40–50 per cent of the business of *all* films in concurrent release. If there are 200 films released in a year, 20 of them will generate nearly one-half the b.o. of all 200[8].

This was a statement, however, that could only apply to post-television Hollywood, when the regular moviegoing audience had disappeared. Every film had to succeed in the marketplace entirely on its own, but in a crowded marketplace how could it attract the attention that was a necessary prelude to success? It was in this period that it became a commonplace in Hollywood to think that every film had to be an event to succeed in this marketplace. So, even though individual films in the seventies could make enormous amounts of money, production dropped sharply as each producing company tried to concentrate its production on the event films, the films that would land in the top 10 per cent to generate half the company's income.

Within a decade, the cries of product shortage common throughout the seventies were succeeded by new concerns about product glut[9]! This shift came about through the development of the aftermarket, the videotape as a major form of distribution and the continuing growth of pay-cable television. The majority of films might still have trouble making their cost back from theatrical distribution, but video in its various forms buoyed confidence by promises of profit margins in the post-theatrical market. Since the number of people buying tickets remained remarkably steady throughout this period, video did not so much cut into active moviegoing as expand the market for feature films[10]. And since theatrical exposure is often a key factor in the success of a film on video, theatrical exhibition was actually given a new *raison d'être* in this period: a necessary springboard for the lucrative tape market.

Saturating the market

For all the changes that videotape would help introduce, the mid-1970s product shortage and its concomitant sense that every film had to be an event did itself have a lasting impact on film exhibition in one striking way. In June of 1975, Universal simultaneously opened *Jaws* in about 500 theatres at once, promoting the film with a massive television ad campaign. The very way in which the film was exhibited helped make it an event, something of a necessary strategy for Universal because it was the only film the company released for the next three months. Mass releasing was a mode of exhibition distributing companies had been experimenting with ever since it proved successful with the low-budget *Trial of Billy Jack* in 1971, but *Jaws* was the first time since *Duel in the Sun* that the strategy had been applied to a big-budget, glossy production, and it seemed to work.

Significantly, the *Duel in the Sun* release was unusual in 1946, one which producer David O. Selznick described as a revolutionary 'multiple-booking plan' involving 'enormously and unprecedentedly heavy newspaper and radio advertising by territories'. Selznick, realizing he had not come up with another '*Gone With the Wind*', used the mass release as a way of capitalizing on advance audience interest and countering potential bad word of mouth. Nevertheless, he eventually came to regret it, writing in a memo that 'the advertising and ballyhoo on *Duel* was damaging, and was a complete contradiction of our former "Tiffany" standards ... even if I am wrong in exaggerating the extent of the loss to my position, there is the matter of my family to think of ...'[11]. But if the release strategy contradicted the kind of movie Selznick thought he had produced, *Jaws* truly was material that in the past would have been considered exploitation; what made it different was the big budget, the major stars, and a change in the cultural environment that made no one connected with the film worried about sullying their families. The film might have had the trappings of A films in the past, but its exploitation release was appropriate to its content and genre[12].

Nowadays when *The Lion King* can première in 2,552 theatres simultaneously, 500 theatres would count as a limited opening, but *Jaws* at least helped established the future method for distributing films, one that would become set in stone by the middle of the next decade: extensive advertising on prime-time national television to generate name-recognition followed by opening of the film in as many markets as possible to take advantage of all the national advertising[13]. Once advertised this way, the film should be easily available to its audience, as easily as any other mass produced item. To say this method became set in stone is to be quite literal in that it effectively became institutionalized by the ascendancy of a new institution: the multiplex. There are, of course, a number of reasons for the multiplex, but the one of most interest to me here is the way it provided the perfect set-up for the new releasing strategy since it could make readily available all mass advertised films to their mass audience in the most convenient form. Viewers wouldn't have to search for the film they saw advertised on television. All they'd have to do is show up at the local multiplex.

This exhibition strategy turned out to be, for the most part, a radical reversal of past releasing patterns, and with this reversal, the movie distributors effectively changed the way they had addressed their audience in the past. Up through the 1970s, distribution was based on principles of exclusivity. Virtually every major release was tiered through a series of runs, with each tier effectively inscribing a somewhat different audience. The movie might be the same, albeit a bit older, but seeing it in your small neighboured movie theatre in second-run made of it a different experience from seeing it in one of the big downtown movie palaces. If executives in the mid-1970s began to worry about how to position each movie as an event, they could turn to an earlier model when the first-run theatres of the post-war era attempted to transform exhibition into an event.

The culmination of this booking strategy came in the 1950s and 1960s when the most lavishly produced films of the year would open solely in the biggest cities in the country, on a reserved-seat basis and with only two shows a day, imitating the classy pattern set by live theatre. Exclusivity had its own marketing value by effectively lending an aura to each film: the small number of first run theatres – they accounted for only a quarter of the total theatres in

Fig. 1. Mass-marketing at the multiplex: the Lloyd Cinemas in Portland, OR (1986), a ten-screen multiplex. [Photo courtesy of the American Museum of the Moving Image.]

the United States – gave anything that was seen in those theatres a distinctive stature. And when they were shown in even fewer theatres with advanced ticket purchases required, they were immediately made even more special.

The value of giving special value by exhibition practices was thrown into question by the disastrous 1969–70 seasons that eventually saw the ledger books of all the major film companies turn red. *The Sound of Music*, released in 1965 on a reserved-seat, limited run basis, ended up with over $70 million in rentals, an extraordinary figure for the period, far outdistancing every other film of the decade and effectively setting a goal for every studio to try to reach. Unheard of losses turned out to be the eventual destination, however, as every studio found its monies tied up in a small number of megabudget musicals that failed to duplicate the *Sound of Music*'s success. The immediate response of the major studios was to limit costs and product. Exclusivity had seemingly lost its value in marketing films.

At the same time that the studios were moving towards disaster with the megabudget musicals, theatre chains were trying to shore up their economic base through the discovery of the suburban market. Even with the growth of the suburbs after World War II and the intensified suburban flight of the 1960s, big downtown movie theatres continued to exist as important venues for first-run. But they lost some of their dominance with the building of new suburban theatres. Located near new shopping malls or in isolated spots along interurban highways, these theatres followed the model set by downtown theatres since it was appropriate to the tiered releasing policies of the major studios: they were generally freestanding structures with large auditoriums of 500–1500 seats, and most often with single screens.

Multiplexing

The first twin theatre was built in 1964, but single screens dominated in this period of building; the aim was to duplicate in scaled-down fashion the experience of the downtown theatre. Exclusivity was still the aim, but now it was an exclusivity that the downtown had to share, often against its will, with the suburb[14]. Within two decades, however, the exclusive down-

Fig. 2. Predecessor to the multiplex: Cinema I and II, New York City, NY, 1962. [Photo courtesy of the American Museum of the Moving Image.]

town theatre would virtually disappear from most mid-sized cities and become an endangered species in large cities. The suburban theatre became so dominant that currently a trip to the suburbs is necessary in some urban areas in order to see first-run product[15].

If the development of a network of first-run suburban theatres made the mass booking of films like *Jaws* feasible, this kind of booking strategy effectively helped change the course of theatre building. The second wave of theatre growth, beginning in the late 1970s, moved in a different direction. In 1978, only 10 per cent of indoor theatres were multiplexed, with twin theatres accounting for 80 per cent of those[16]. Freestanding theatres built in the 1960s were cut down the middle to create, however awkwardly, twinned theatres, and downtown movie palaces, if they continued to survive, did so by turning their balconies into separate theatres or abandoning movies altogether to become performing arts centres. This tentative move towards multiple screens escalated during the 1980s when one of the greatest explosions of new theatre building in the history of motion pictures took place[17]. Multiplexes, some so large they became malls unto themselves, began to ring cities throughout the US in rapidly increasing numbers[18]. In 1979, there were 16,901 'screens' in the United States; by 1990, the number had grown to 23,689, as *Variety* triumphantly noted, 'the highest count in the nation's history', even though 'screen' in the past always referred to a single theatre[19]. Multiplexes had become such a dominant form of exhibition that the Motion Picture Association of America now just lists screens rather than theatres. It's as if the actual number of theatres in the country had become the irrelevant statistic. The screen is the defining factor.

The very structure of these theatres created a new kind of moviegoing experience for film patrons. No longer offering just one film, these theatres, more in the mode of a television set than older film theatres, offered up at least six to ten different films and, in more extravagant outbursts, as many as twenty. Film began to be merchandized like wares in a variety store, with everything to please a range of interests and tastes, in theory at least, available under one roof. Much as Kresge's, once an also-ran to Woolworth's, transformed itself into one of the country's pre-eminent retailers as 'K-Mart' by abandoning downtown locations for more expansive suburban plants, the multiplex cinemas became the dominant force in film exhibition by following a similar retailing strategy.

But there was also one clear advantage the multiplexes had over K-Mart: since most of these theatres are first-run, they inescapably defined themselves as quality theatres. In the past, the quality of a theatre might be defined by its elaborate architecture which designated it as the appropriate venue for the biggest and best films of the year. The building lent its aura to the product. Now the process is reversed and the quality product lends its aura to the undistinguished settings. Second-run became the province of home video, some of it sold by K-Mart in fact, while subsequent runs were handled by the various stages of television distribution: pay-per-view, pay cable networks, network television and syndication. But the very different venue at which first-run also arrived in this period has effectively changed our notions of what constitutes a first-run movie.

Marketing fallout

The marketing strategy of mass distribution has clearly made the multiplex a particularly viable exhibition form for the distribution companies. With the average film now costing $29.9 million to produce with an additional $14 million for prints and advertising, the multiplex offers a couple of key advantages. The heavy investment in television advertising, often, now, at the expense of local newspaper ads, requires that the film be non-exclusive, as readily available for immediate consumption as any other nationally advertised product. Further, the very high costs of producing and releasing films demand a quick return on investments to avoid ever-mounting interest payments on loans used for production and distribution.

The economic pressure is supported by industry wisdom that a strong first week is essential for the success of a film. Oddly, this is more a matter of faith than fact. It's actually impossible to prove that a film could not build slowly, as it often did in the past, but the current system actively discourages that. If the release of each film becomes something of a national event by virtue of the media blitz, every first week that does slow business must necessarily seem like a failed event: the film fizzles before it's given the chance to fizz[20]. In a sense, the audience is no longer allowed to discover films on its own, and the only real 'sleepers' are films that do better business than advance marketing research had anticipated.

Any film which does not manage to survive the first week blitz, is liable to disappear from theatrical life very quickly. This is actually a reverse of what was expected as multiplexes began to dominate exhibition. Initially, there was some sense that the great number of screens would enable 'underperforming' films to hang on and build up an audience. This might in fact work during a period of product shortage, but now there are always other films waiting to take their place. And even films with $40–$50 million dollar budgets like *I'll Do Anything* and *Wyatt Earp*, to take two recent examples, can find themselves out of distribution within a month of release.

National advertising may help impulse buying to the extent that a title may come to mind when the patron reaches the box office. The theatre chains seem aware of this to the extent that many of them now print brochures that contain guides to current releases to help guide the patron through the plethora of choices that the average multiplex offers. But there is impulse buying of another sort that is crucial to theatres, and that centres around the concession stand. The multiplex theatre is a boon to the concession stand because it promotes more foot traffic by it than a single-screen theatre does[21]. And the concession stand is a major source of profit for theatres, with 'the proportion of profit in refreshment revenue ... considerably greater' than that of the box office[22]. In 1989, for example, tickets cost patrons $5.03 billion, while concessions hit them for $1.35 billion. Furthermore, because the distributor may take away a good deal of the ticket receipts for the film rental, 'At some theatres, [the concessions] account for 90 per cent of the profits'[23]. In most multiplexes, the candy counter is central to the building's architecture: it is generally the first thing you see upon entering, and something you generally move by in leaving.

Every theatre is a piece of real estate, and the escalation of land values in the 1980s helped put the final nail in the coffin of downtown movie palaces. As downtowns across the country became primarily business centres valued for their potential

Fig. 3. In the mall, one of the anchor stores, J.C. Penney (left), receives prominent signage, while United Artists Theaters (right), unlike movie palaces of the past, must content itself with second billing and a smaller sign (Briarwood Mall, Ann Arbor, MI). [Photo by the author.]

as office space, the large spaces given over to theatres became increasingly cost ineffective. The per square foot value of office space was simply a better investment. If theatres offered the lowest return per square foot in the centre of a city, they could nonetheless have a real value for indoor malls since they could bring people into them and help promote foot traffic[24]. As a result malls generally give theatres preferential treatment in their leases, and they place the theatres in such a way that their exact location remains somewhat mysterious[25]. Where the anchor stores are always clearly visible from the exterior, the only external sign of a multiplex is generally a marquee placed near the entrance to the mall. The theatre itself is often off in an obscure corner, usually unmarked on the outside, and often requiring an extensive trip through the mall to find.

The K-mart look

The other way out of the real estate bind of downtown theatres is the theatre *as* mall. Although population and other shopping centres might eventually grow up around them, these theatre malls are built at remote locations that have easy access to highways. They are often found on the sites of the former drive-ins that went up in the post-war period to accommodate both the move to the suburbs and the baby boom. Two of the largest theatre chains now operating, General Cinema and National Amusements, in fact began as chains of drive-in theatres, and many of their multiplexes stand on the grounds of former drive-ins. Further, these theatre malls play up 'the movies' rather than any individual movie. Externally, they tend to be generally nondescript, with large marquees simply listing film titles next to auditorium numbers. If there is anything special about the product, no moviegoer would know that until getting inside the lobby where one poster might dominate another, but not often. It's in the theatre mall's interest to sell all films equally, although it must also realize that some films can act as come-on draws for others. This is the reason they hand out the guides at the box-office.

Finally, the theatre malls offer the big theatre chains the cost-effectiveness of uniformity. They are made up of a common and infinitely repeatable architectural design, somewhat modular in approach so that the number of screens actually contained within the multiplex won't change the overall look of the theatre. These chains create theatre malls with as familiar a look as K-Mart or McDonald's or other retail outlets with a national base[26]. The uniformity in effect helps give the theatre a kind of brand-name recognition designed to assure an audience by its very familiarity.

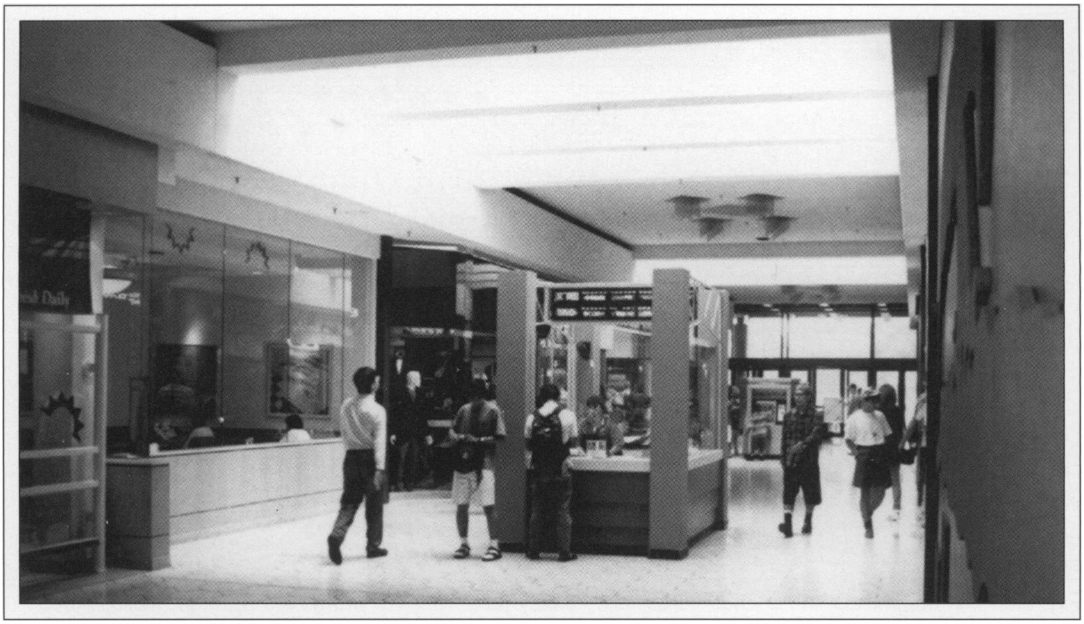

Fig. 4. The typical mall theatre box office is located at the end of a side corridor in the mall; anchor stores occupy a more central space. Unlike the box office, the entrance to the theatre (here just to the left of the glass door exit) is relatively invisible. Patrons must walk from the box office past four fast-food outlets in order to reach it (Briarwood Mall, Ann Arbor, MI). [Photo by the author.]

So, what does this form of exhibition have to do with the kind of audience that goes to these theatres? For one thing, the theatres certainly posit an audience familiar and comfortable with mass retailing strategies. And in fact the publicizing of movies has changed as radically as the exhibition strategy over the past couple of decades. Where publicists working in Hollywood studios once generally rose up through the ranks of the studio hierarchy, more and more frequently Hollywood has begun to draw on outsiders, on people with extensive backgrounds in advertising and with little experience in the movie industry[27]. One of the key aspects of this shift in the nature of both movies and the moviegoing experience is the way the film industry addresses its audience through commercials. There is now a concern to treat each individual movie as a brand and try to build up a kind of brand-name recognition for it before it opens. In effect, the various auditoriums in a multiplex function like a chain store's showroom displays of competing products: the strategy of exhibitors is to try to get potential patrons to recognize and purchase their brand.

There is, of course, one problem with this supermarket analogy, as there is with all the industrial and retailing analogies that have been applied to the 'dream factory' in the past. The movies represent a peculiar 'industry' since each product which that industry turns out is unique and has a very limited 'shelf life'. This life has been extended by the growth of the aftermarkets, but compared to other kinds of products, movies achieve a 'brand name recognition' that is decidedly short-term. In a 'secret' staff memo that was almost immediately leaked to *Variety*, Disney Studios head Jeffrey Katzenberg put it this way:

> Thanks to the dictates of the blockbuster mentality, the shelf life of many movies has come to be somewhat shorter than [that of] a supermarket tomato[28].

Katzenberg is clearly correct, but his language is also quite revealing. If you do think of your 'product' in terms of shelf life, then the logical next step is to think of it in terms of modern marketing techniques[29]. Katzenberg can see something wrong with this system, but he can't really step outside of its way of thinking.

In the classical studio period, the companies themselves as well as the stars they held under contract might have functioned like brand-names to assure audiences of a certain quality in their pictures, but there was little sense at that time that an individual film might have become a brand name that could fuel a wide variety of ancillary markets. Today's ancillary markets and cross-promotion tie-ins help lead to the treatment of the individual film as a brand name: if a studio can get McDonald's to spend $40 million to help promote *Dick Tracy* by setting up a 'Dick Tracy Crimestoppers Game' as a promotion for itself, then it has to treat *Dick Tracy* the film, as opposed to the game, the lunch box, the contest, or the tee shirt, as the flagship object that establishes the brand[30]. One 'old time' Hollywood executive quoted by *Variety* objects to the new approach for the simple reason that the product is different: 'When you have people talking about brand identification and product launches, you forget what you're selling ... These guys think they're selling toothpaste. It's just a movie! You sell it like a movie'[31]. The executive has a point, but his response also begs the question: how, exactly, do you sell something like a movie? Is the product itself ever the sole determining factor?

Mass advertising was initially a response to an exhibition strategy, not to the product itself. That strategy has now become so entrenched that it must effectively drive marketing. In the past, the slow release of a film through a system of tiers depended primarily on local advertising and, the most intangible of all Hollywood marketing strategies, word-of-mouth. Now, in effect, the word-of-mouth must exist before any moviegoer has actually seen the film, a peculiar situation to be sure. If a movie opens wide, as most major studio movies do now and the very exhibition system demands that they do, there must already be widespread interest in it[32]. Hence, the rise of mass-media advertising. But if the advertising was a response to exhibition, it inevitably had both to impact on the way we understand the product and ultimately affect the nature of the product as well[33]. Something that is exclusive and hard to see will necessarily seem different to us than something readily available for mass consumption. The object must eventually be able to fit the selling strategy.

In the early days of multiplexing, there was some thought that the multiple theatres would make for the availability of more diverse product[34]. A stronger, more popular film in a larger auditorium would help a specialty film in the smaller hall either because of overflow from the more popular film or because of the kind of impulse buying the multiplex, like any other mass retailer, tries to encourage. As it has turned out, the reverse seems to be more the case: speciality items tend not to make it to mall theatres[35]. K-Mart might offer everything under one roof, but there are definite limits to what it might sell. There are, of course, no mink coats or sterling silver, but even in other areas there are definite limitations dictated by the kind of marketing strategy behind mass-driven chain stores. In the book section, for example, you are most likely to find Danielle Steele, Stephen King, John Grisham, and their epigones. There are items that simply do not sell well within the mall theatre system. Most strikingly, foreign language film distribution has greatly declined since the advent of the multiplex. There are a number of reasons for this, but the lack of speciality theatres remains a major one. A foreign language film really needs an art house to promote it; its location makes it something special. In the context of a multiplex, it becomes merely another product, and one for which the mass audience holds little interest. In the early 1960s, Federico Fellini's *La dolce vita* could move through first-run art house showings to a wider distribution that would eventually enable it to take in ca. $70 million in current dollars. It's impossible to imagine anything like that happening in the current market.

But if the decline in foreign language film distribution defines what can't survive in a multiplex market, what films are especially well positioned to thrive in it? Most older films were released in tiered fashion. Most, but not all. In 1953 Warner Bros. premiered *The Beast From 20,000 Fathoms* in 1,422 theatres and, a year later, *Them* in 2,000. In both cases, the word 'theatres' means something a good deal larger than what we would now think of[36]. These bookings were high enough to rate brief items in *Variety*, but they were not entirely unheard of. Rather, they represented a very particular type of exhibition policy of the period, one strictly reserved for exploitation movies. Exploitation films, as their name indicates, were made for quick turn-over. They were low budget works that would draw on highly marketable features, like sex, violence, technical gimmicks, or timeliness, to ensure a quick turnover

Fig. 5. Unlike the mall theatre, the theatre mall does not share space with other stores. In order to get to one of the 14 theatres in this theatre mall, audiences must walk past a four-sided concessions stand which dominates the lobby (Showcase Cinema, Ann Arbor, MI). [Photo by the author.]

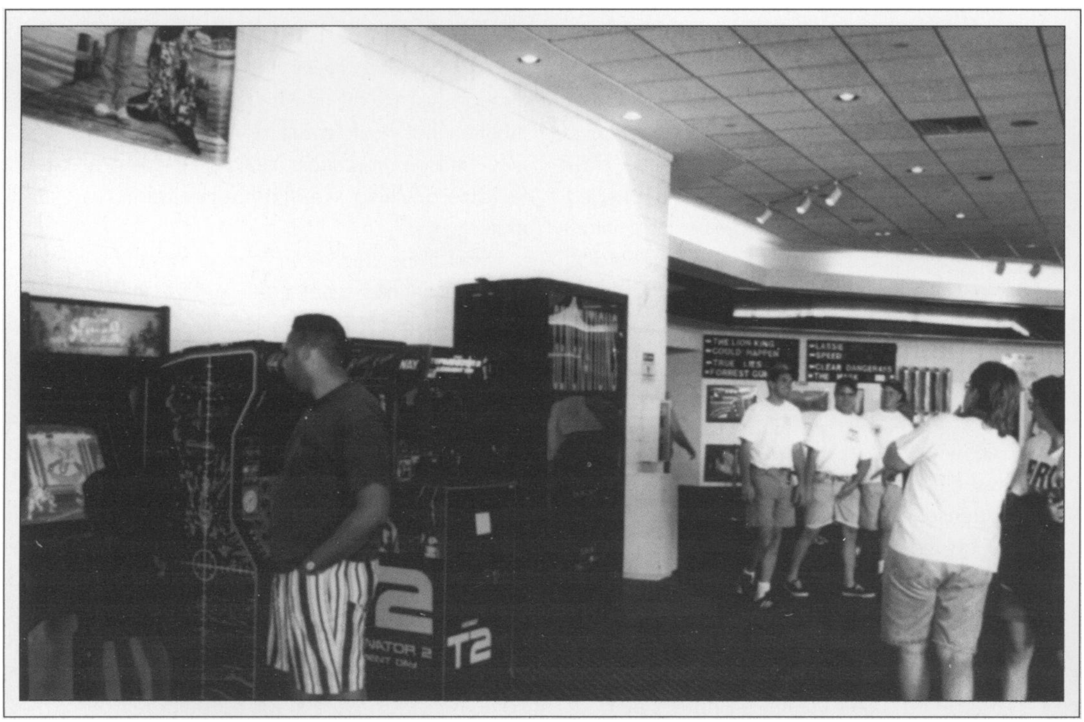

Fig. 6. Gameability: past years' successes – or even flops – might be this year's videogame. Audiences waiting to see *True Lies* can play the *Terminator 2* game in the lobby (Showcase Cinema, Ann Arbor, MI). [Photo by the author.]

and tidy profit. They were targeted at a large number of initial patrons titillated by the exploitable elements. Exceptional films might emerge from the exploitation market every now and then, but for the most part they could not expect to increase box office through word of mouth. In these movies, the come-on was what sold them.

In the 1950s, exploitation was firmly entrenched in the realm of B-genres like horror and science fiction, which account for the two titles cited above, *policiers*, and lurid crime melodramas. By the 1980s, an exploitation marketing strategy had been set in place to exhibit films, but the films themselves were different at least in terms of budget. Exhibition became dominated by megabudget exploitation films. Film types once considered almost exclusively B-movie fare became the most touted genres of the year: horror, science fiction, cop movies, films based on comic strips and cartoons, films based on old TV/radio shows. The most explicit recognition of this trend came with *Raiders of the Lost Ark* in 1981. The film openly acknowledged its roots in B-film production, but did so with an A-film budget, lavishing millions of dollars on set design and special effects.

The reasons for this shift are complex since it is grounded in a striking change in audience taste. Taste itself is a consequence of too many factors, social and personal, to warrant explanations of simple economic determinism. Nevertheless, as marketing and exhibition have affected audience experience of a movie, they have clearly played an important role in the transformation of what an audience *wants* from a movie. The marketing system required by mass exhibition calls for a product which has highly exploitable elements, one that can effectively establish its flavour and its excitement within the constrictions of an extremely brief television commercial. It's not very easy to make an intimate drama look exciting in the context of a 30-sec spot, so questions of how to market the 'product' necessarily come into play before the 'product' is put into production. If it won't play well as a TV spot, there's a good chance it won't get produced. Furthermore, the wide opening demands an audience at the very beginning that will have a precise set of expectations which the movie will pay off one by one. The whole system of marketing and exhibition simply favours exploitation fare.

Exploitation and the aftermarket

To say that Hollywood production decisions are driven by the marketplace is hardly news. What is new in the 1990s are the ways in which the marketplace has reconfigured itself through a massive expansion. One reason offered by the product shortage of the mid-1970s was the 'somewhat inelastic overall market potential'[37]. Within a decade, however, the market became a good deal more elastic than anyone in the 1970s might have anticipated. As I noted earlier, the product shortage that became an unexpected product glut in such a short period of time owes everything to the rise of home-video. Since income from sales and rentals of videotape now surpass those of first-run theatrical exhibition, home-video by a change of venue has effectively made second run economically primary, an impossible feat for theatrical second run. Home-video certainly changes the way an audience experiences a movie, but it remains difficult to determine if home-video affects the kind of movies that get made[38].

It is clear, however, that other aspects of the aftermarket are helping to determine what gets produced[39]. Can a movie be turned into a theme park attraction that a producing studio owns? What are its chances for being reconfigured as a video game? The latter is a question made important by its market: as *Variety* noted, 'videogames, mostly produced by companies outside the Hollywood loop, now earn more than movies domestically ... Domestically, videogames generated between $5–7 billion dollars in 1993, while total US box office for features was closer to $5 billion'[40]. With the aftermarket surpassing the 'primary' market, demand grows for the former to impact on the latter. Dan Gordon, screenwriter on *Surf Ninja*, partially financed by the videogame company Sega, stated bluntly, 'I try and write action sequences that will serve the movie and provide the spring-board for the videogame'[41]. If a movie has sufficient 'gameability', a premise that can produce a challenging videogame, then even a flop might achieve success as an arcade game[42]. With movie companies ever increasing their corporate involvement in a multimedia universe, it is perhaps inevitable that the ability to translate a film project into another medium will be a key factor to greenlighting its production[43]. The videogame machines that line the lobby walls of the multiplex theatres best signal the synergy between movies and videogames, the fact that both seem to offer comparable experiences to some of their patrons[44].

In this new expanded media universe, what is the future of the theatrical feature film? Hollywood has effectively changed the way it addresses its audience over the last two decades, and that change has become institutionalized by the building boom in multiplex theatres. If audiences tire of the exploitation fare encouraged by the exploitation market, can Hollywood once again change its manner of address? Certainly, a number of executives like Katzenberg have attacked the 'event' mentality that they feel led to the earlier crisis of 1970 and has now returned with a vengeance. But to acknowledge this is also to ignore how different the marketing of films is now. Other executives simply worry what the next event will be, and that might well be a more realistic approach to the current situation. The decline of science fiction, horror and actioners, in that order, has left them uncertain what the audience actually wants. The success of *Pretty Woman* and *Ghost* back in 1990 and more recently *Sleepless in Seattle* in 1993 suggested that there might be value in films aimed more directly at women, who tend to be left out of the exploitation market, but, according to *Variety*, 'Studios are also hesitant to bank on female audiences to turn a profit. 'Most moviegoers are men,' says 20th Century-Fox production exec Melissa Bachrach'[45]. If a Hollywood executive says this, there are no doubt demographic studies to prove it, but the observation contradicts the consensus of old Hollywood that most audiences were women. If men dominate now, it might well be a consequence of the exploitation market which has always been aimed primarily at them.

Can this change? Years ago, the future of the movies seems to lie in the then newborn videocassette market. But that industry has turned out to be as market driven as theatrical movies. Still, the oft-predicted demise of Hollywood and the theatrical film has yet to occur. Perhaps there is simply a need to change marketing strategies every couple of decades. The top tier of exclusive, theatrical-style exhibition that was added to release schedules via reserved seat showings in the 1950s was one such change, but it was easy to establish within existing structures of exhibition. How much the multiplex phenomenon dictates exhibition strategies remains to be seen. The only certainty is that the need for change will lead to change. Change might be as minimal as the move to reserved seats in the 1950s, extending the tiering system to its farthest reaches, or it might be as radical as the dramatic revamping of production, distribution, and exhibition that has taken place over the last fifteen years. Whatever happens, it's likely that Hollywood will be speaking to us in a different way over the next decade, and what we expect when we go out to a movie then will be different from what we expect today.❋

Addendum

As this issue was going to press, *Variety* ran a lead story headlined 'Here Come the Megaplexes: Exhibs Usher in 24-Screen Destinations'. The story reports a new wave in theatre building that confirms the trends in exhibition outlined in the preceding article: super multiplexes – or 'megaplexes' in *Variety*speak. Every possible thing is contained under one roof, with free-standing theatres independent of malls that can operate as destinations in themselves by being 'coupled with entertainment centres encompassing everything from miniature golf and virtual reality games to "food courts" and toddler compounds'[46]. This new trend runs counter to industry fears of overbuilding, but the *Variety* writer speculates that the new theatres – a logical extension of the 'theater malls' described in the current article – might render the original mall theatre obsolete and ultimately replace rather than add to them.

Notes

1. According to the Motion Picture Association of America, attendance declined by 5.9 per cent in 1990, then by another 4.0 per cent in 1991. The rebound in 1992 and 1993 still did not bring attendance levels back to the 1989 record.
2. A recent *Variety* article on the weak first quarter of 1994 suggests that anxiety levels continue. Following a subtitle, 'Glorious Summer Start Can't Erase Spring of Discontent', the article begins, 'It's difficult to recall a time when relations between exhibitors and distributors have been more brittle'. Leonard Klady, 'Exhibs' Hard Feelings Linger', *Variety*, 6–12 June 1994.
3. John Brodie, 'Franchise Frenzy in H'wood', *Variety*, 3–9 January 1994, 1, 66.

4. John Evan Frook, 'Sony Calculates Comeback: "Hero's" Flameout Was Not Rocket Science', *Variety*, 2–8 May 1994, 1, 103.

5. For a more detailed discussion of this earlier 'crisis', see William Paul, 'Hollywood Harakiri: Notes on the Decline of an Industry and Art' *Film Comment* 13, No. 2 (March–April 1977), 40–43, 56–62.

6. Robert Lindsey, 'Hollywood Scenario: Boom and Bust', *The New York Times*, 26 September 1975, 28.

7. I have written more extensively about the rise of the gross-out and the high-budget exploitation film in *Laughing Screaming: Modern Hollywood Horror and Comedy* (New York: Columbia University Press, 1994).

8. A.D. Murphy, 'Ancillaries No Alibi for B.O. Blahs', *Variety*, 16 July 1986, 26. Murphy also claimed this was not a distinctive feature of the film business: 'All broad-based art forms are driven and sustained by a handful of successes. There are lots of books, records, films and TV shows offered each day to the public; only a few make it big'. Still, it should be noted that the difference in revenue between a successful film and a weak film grew immeasurably larger in the post-studio period.

9. Lawrence Cohn's analysis of the increase in production makes clear that homevideo was the driving force: 'While a very low budget project can successfully bypass theatrical and earn back its cost in strictly ancillary markets (such as the made expressly for homevideo exercise programs), most features require theatrical exposure to justify their existence and get the ball rolling. As a result, many of the new indie distribs are merely walking their pictures through the theatrical release, at minimum cost, en route to the more lucrative ancillaries'. Cohn, 'Overproduction Hurts Distribs', *Variety*, 25 February 1987, 1, 86.

10. As A.D. Murphy noted in analyzing a box office recession of the mid-1980s, 'For a quarter of a century, the number of tickets sold annually by US theaters has ranged up and down around 1.03 billion ... By 1962, the impact of television (and an enlarged leisure-time spectrum) on film attendance had exhausted itself ... Instead of looking at new video gadgets as a threat, it should be kept in mind that the combination of old and new exhibition markets results in more people, watching more films, more often, than at any other time since the invention of film and camera nearly 100 years ago'. Murphy (1986), 3, 26.

11. Selznick, *Memo from David O. Selznick* (New York: The Viking Press, 1972), 356–9.

12. The obvious precedent for the release of *Jaws* was another high budget horror film from two years earlier, *The Exorcist* (1973). See my discussion of the release of *The Exorcist in Laughing Screaming* (287–290) for how audience response led Warner Bros. towards more of a mass booking release than they originally intended.

13. Advertising costs offer the clearest evidence of this shift in marketing. According to a Motion Picture Association of America chart, average advertising costs between 1980 and 1993 nearly quadrupled, from \$3.5 million to \$12.1 million. In 1991, a studio executive complained to *Variety*, 'Movie marketing has become totally media driven, neglecting the exploitation of publicity, promotion and word-of-mouth'. Anne Thompson, 'Studios Shifting to Mad Ave's Savvy Sell', *Variety*, 1 April 1991, 87.

14. Difficulties experienced by the exclusive first-run theaters of Chicago in the Near North Side and the Loop by the mid-1970s are exemplary of this shift: 'Whereas outlyers here once had to fight to get major bookings on a first run basis, that situation has been reversed, with near north exhibitors and an occasional Loop house now seeking track product and suppliers looking for additional track houses'. Lloyd Sachs, 'Near North Side Vis-A-Vis Loop and Suburbs; Chicago Altering, *Variety*, 31 March 1976, 19. See also Lloyd Sachs, 'Loop Comes To Day-Date Policy; Downtown Grief', which makes clear that marketing strategies were affecting the booking policies of downtown theaters: 'Distribs have backed away from exclusive runs in the Loop, he [Plitt theater booker Jerry Winsberg] said, because 'There just aren't enough pictures that lend themselves to spending money in the Loop and then in outlying houses, in terms of advertising'. *Variety*, 2 June 1976, 7.

15. 'What we have found today is that many, many of the prime theaters in the country are in shopping malls', says marketing consultant Martin Levy, 'and that's a major revolution in distribution in the last five or ten years. There are many cities in which a first-run, quality film will only open in four or five theaters, and they will all be out in [suburban] communities, and generally they will be in shopping centers'. This quotation is from a 1983 article; since this point, most of the downtown movie palaces have disappeared as venues for first-run exhibition. William Severini Kowinski, 'The Malling of the Movies', *American Film*, September 1983, 55.

16. Gary R. Edgerton, *American Film Exhibition and an Analysis of the Motion Picture Industry's Market Structure 1963–1980* (New York: Garland Publishing, 1983), chart on p. 139.

17. A *Variety* article published in 1984 noted that 'Totals (of screens) had gradually risen from 1964 to 1984', with 1984 seeing the 'highest number of

screens since 1948'. Furthermore, 'Scores of additional screens' that had recently been added to the nation's total were 'almost entirely in new multiplexes ...' Will Tusher, 'US Exhibs Showing New Growth', *Variety*, 28 November 1984.

18. Because it did not have the same kind of suburban flight as most other American cities, New York City remains the largest urban film market in the country, but the fate of the oldest Broadway theaters reflects changes taking place elsewhere. In the 1970s, these old palaces turned themselves into twin theatres by adding a screen to the balcony. By the 1990s, a theatre of only two screens was no longer a viable use of real estate: the Criterion, which had not only twinned its auditorium but added four small theatres to its basement, became the only one of the original Broadway film palaces that was not torn down. In fact, the Loew's chain tore down its three remaining large-scale movie theatres in Manhattan to replace them with newly built multiplexes.

19. Will Tusher, 'Nation's Screen Tally Reached a New High in '90', *Variety*, 28 January 1991, 3.

20. 'The hundreds of new theaters that can present anywhere from 6 to 18 movies at a time provide opportunity for the increasingly important independent filmmakers and small distribution companies. But the peril in such numbers is that failure can be quicker and have more impact ... "Since there is so much film for exhibitors to choose from, you have to open strong or exhibitors will pull your movie", said the president of distribution and marketing at 20th Century-Fox, Tom Sherak. "A year ago a movie used to have a minimum shelf life of two weeks. Now it's only one week, and then the movie is double-billed. In and out"'. Aljean Harmetz, 'New Movies Battle for Theaters', *The New York Times*, 14 October 1987, C23.

21. A measure of the concession stand's importance is the quick reaction of theater chains to reject claims about theatre popcorn made by the Center for Science in the Public Interest. See Paul F. Young, 'Popcorn Peril Puts Theater Owners on the Hot-oil Seat', *Variety*, 2–8 May 1994, 13, 20.

22. Thomas Guback, 'The Evolution of the Motion Picture Theater Business in the 1980s', *Journal of Communication*, Spring 1987, 63–64. Guback reprints a chart from the US Department of Commerce that shows concession revenue as a percentage of admission revenue rose from 14.62 per cent in 1967 to 23.26 per cent in 1982.

23. Charles Fleming, 'Snackbar Slowdown Bitter Pill for Exhibs', *Variety*, 21 January 1991, 3. An article on shopping center theatres in a real estate journal from the same year notes, 'in a theater it often is not the movie, but the ancillary concessions that generate the most revenues available to the theater operator'. Earl L. Segal, Edward M. Rogers, 'Negotiating the Shopping Center Movie Theater Lease', *Real Estate Review*, Summer 1991, 84.

24. Guback points out that the building boom of the 1980s 'is closely tied to the growth of shopping malls and does not necessarily represent a significant capital investment on the part of exhibitors themselves'. Some of this building boom, then, was spurred on by the desires of the shopping mall developers, who put up much of the cost of theatre building. Guback, 71.

25. Guback notes, 'In cases where the exhibitor advances some construction money to the developer, the rent for the premises is reduced accordingly'. Guback, 69. Segal and Rogers detail the special arrangements shopping centers make in their rental agreements with theatres, 82–87.

26. In writing this, I do not intend to update Douglas Gomery's assertion that the movie theatres chains forming in the mid-1910s followed the pattern set by chain stores such as Sears-Roebuck, Woolworth's, and A&P because I think this analogy needs some qualification. While the theatre chains might have followed some of the marketing and accounting strategies of the chain stores, they also aimed to position themselves as high class, which made them something quite different. Gomery himself seems to recognize this in his discussion of Balaban & Katz as the chain that set the mode for nationwide chains: 'Balaban & Katz proved that the movie entertainment business was not one of simple *mass* market appeal'. Furthermore, while the retail chains Gomery cites managed to establish themselves by offering low prices, 'Prices [in Balaban & Katz theatres] were higher than the usual five and ten cents and sometimes reached a dollar for the best seats on the best night of the week for the top attractions'. While similar designs for these movie palaces might be used in different cities, the theatre chains for the most part did not aim for the kind of uniformity that is typical in multiplex building since that itself would have denied their aspirations to quality. Where the movie palaces might have imitated the Paris Opera, there was no confusing the interiors of Woolworth's stores, all uniform, with the very distinctive downtown Chicago Marshall Field, itself an imitation of a Paris department store. Gomery, *Shared Pleasures: A History of Movie Presentation in the United States* (Madison: The University of Wisconsin Press, 1992), 35, 36, 55.

27. 'For the first time, top-level advertising decisions are being made, not by old movie hands, but by marketing professionals, recruited from agencies or other industries ... While marketing chiefs traditionally rose

through studio publicity and ad departments, four major studios now have looked outside in filling their top posts and a fifth is expected to be announced shortly'. Thompson, (1 April 1991) 1.

28. 'The Teachings of Chairman Jeff', *Variety*, 4 February 1991, 24.

29. One of the oddest examples of this is the use of the word 'franchise' as in 'franchise picture' to denote a film that holds out the possibility for endless sequels if the original has sufficient drawing power. See Brodie (3–9 January 1994), 1, 66.

30. Thompson (1 April 1991), 87.

31. *Ibid.*

32. Some films that will admittedly have a more limited appeal, like *Barton Fink* and *The Commitments*, may be 'platformed', which means opening at a limited number of theatres and moving out from there, something in the manner of the tiering system, but the timing of these platforms is often fairly short, and the aim is still to move the film into a kind of mass market system. Of course, if these films fail in limited release, they never make it to the mass market.

33. See Cameron Stauth, 'The Cineplex Complex', *American Film*, December 1990, 16.

34. Even as late as 1986 Jean Picker Firstenberg could write, hopefully, 'The multiplexes greatly increased the number of small venues that could support – without filing a Chapter Eleven – experimental films, artistic films, foreign and independent films'. Firstenberg, 'A Renaissance in Film Exhibition', *American Film*, November 1986, 73.

35. Guback has written, 'Clearly, the proliferation of screens has not necessarily meant a great choice of films for consumers but merely more locations at which to view a smaller number of films. Moreover, release strategies in recent years have turned virtually all theaters into first-run houses in many communities. The second run, therefore, begins with home video and pay TV'. Guback, 76.

36. 'Plan Fast Playoff For WB "Beast"', *Variety*, 17 June 1953, 3, and '2,000 Playdates for WB's "Them" Within a Month'! *Variety*, 2 June 1954, 5.

37. A.D. Murphy, 'Pinch Picture Playoff Patterns', *Variety*, 17 March, 1976,

38. Certainly sale of home-video rights has been a factor in facilitating niche marketing, production of films aimed at limited audiences. This might also mean, simply, that independent cinema has greater visibility than ever before in the past.

39. It is a fair measure of how much the market has changed that A.D. Murphy, one of the most astute observers of Hollywood economics, could write in 1978: 'A major diversified film production-distribution company – active in music, recreation parks, telefilming, whatever – cannot be expected to lose money on theatrical filmmaking ... and make it up on the diversifications. Nor can the secondary markets for features – TV, pay-TV, etc. – be required to create the overall pix profit ...' Murphy, 'Hits Alone Nourish Biz; More Non-Hits Too Risky', *Variety*, 14 June 1978, 3.

40. John Brodie, Marx, 'Two Can Play This Game', *Variety*, 27 December 1993, 1, 74.

41. *Ibid*, 74.

42. 'Gameability Can Elude Even a Blockbuster Pic', *Variety*, 27 December 1993, 74.

43. Over a decade ago, William Severini Kowinski wrote of the mall movie theatres: 'The marriage between Americans and the mall is changing not only how movies are promoted and exhibited but perhaps even which movies get made. More films these days are being shown in theaters that are located in shopping centers; not only are the movies themselves available in malls, but so are the books, records, games, toys, mugs, kites, clothes, and dolls that make-up the tie-in merchandise for a growing number of films ...' In the intervening period, the potential for tie-ins as a factor in determining production has remained high, so it is likely that the videogame will be an equally potent force in production decisions. Kowinski, 55.

44. These machines also point to the radical difference between the multiplex of today and the movie palace of the past in the deliberate downscale atmosphere. Much as the videogames seem fitting in the multiplex, it would be impossible to imagine the grand lobbies of the old palaces full of pinball machines.

45. Anne Thompson, 'Studios Stick to their Guns over Sex Appeal of Pics', *Variety*, 7 January 1991, 109.

46. Paul Noglows, *Variety*, 22–28th August, 1994: 1.