Tyler Perry is the media’s “new man.” He sees seamless possibilities for developing content on multiple platforms. You may know his character Madea from the movies. It’s also his stage play. He writes books. He produces television series. He acts. He directs. Print media? Sound media? Motion media? It doesn’t matter. What matters to Perry is communicating content to mass audiences whatever the medium.

TYLER PERRY’S HOUSE OF MEDIA

CONVERGENCE

Born to working-class parents in a poor neighborhood of New Orleans, a high-school dropout at 16, a self-taught playwright and actor who now lives in Atlanta, Tyler Perry seems an unlikely personification of the “new Hollywood.” But he is all that and more: Tyler Perry just may be the thin end of the wedge—the next phase in the evolution of media content, platforms and channels. He is a new media auteur who creates, owns, brands, produces and distributes his creations across platforms completely without regard for the old lines that have traditionally divided movies, television, the stage, print and digital channels. He is media’s “new man,” and he’s only 40.
In his early 20s Perry began writing and producing plays in his native Atlanta often for audiences of just 20 to 30 people. His actors were young, talented unknowns from the African American community. Perry often played a part as well, sometimes appearing in wig and housedress as the formidable matriarch Madea, modeled on his grandmother. Perry did audience research after every performance, standing on stage, talking with the audience, finding out what they liked and what they wanted to see. Perry said recently of this experience, “African-American women were in the audience and what I found, as most men know, is if you are married, the women bring the men and the children and everybody to everything. So I know and I knew then that I needed to focus on them.”

Perry’s third play, Diary of a Mad Black Woman, centered on the character of Madea. It became his first movie, produced on a shoestring budget of $5.5 million. Distributed by indie LionsGate, it opened in 2005 and eventually grossed over $50 million. Diary was panned by critics, but it seemed to fill a gap with audiences who felt ignored by Hollywood, and it set a pattern for Perry’s highly energetic output in the next several years, in which he wrote, produced and toured six more plays; a total of nine motion pictures; two television series; and a book.

All Perry’s works regardless of medium are branded with the possessive, “Tyler Perry’s…” His 2009 film Tyler Perry’s Madea Goes to Jail, based on his play, had an opening weekend gross of $41 million, proving, as if further proof were needed, that a large and underserved market exists for middlebrow, middle-class comedies aimed at an African-American audience.

Perry to date has had two hit sitcoms running on the TBS network: Tyler Perry’s House of Payne debuted in 2006, has logged over 100 episodes, and entered syndication. Tyler Perry’s Meet the Browns debuted in 2009. It is, like many of his creations, a perfect example of content driving the convergence of media: Meet the Browns began life as a stage play; became a movie in 2008, opening at #2 with a $21 million weekend gross; and was quickly adapted to series television.

Perry recently told a gathering of network and advertising executives, “Audiences are starving for a show like House of Payne and Meet the Browns. To have someone paying attention to them, giving them what they want… images that look like themselves.”

In addition to branding his own creative output, Perry has now turned to producing other artists’ work, with the establishment in 2008 of Tyler Perry Studios, an enormous studio, soundstage and office complex in Atlanta from which he will guide the work of other filmmakers.

It may just also give him a base for his next dream: owning his own network.

“As I grow it from House of Payne to Meet the Browns and spread out with more and more shows, who knows?” he said. “I’m working on anchoring my own network, but this is a great place to sharpen the anchor.”

The Television-Movies Meld

STUDY PREVIEW

After early distrust between them, the television and movie industries have largely melded. Many major corporations are planted in both industries. Synergies have been found between both traditional television and Hollywood products.

COMMON AND DIVERGENT LEGACIES

Despite their current coziness, the Hollywood and the television industries once were rivals that saw each other as Darth Vaders. The rivalry dates to the 1950s when television grabbed eyeballs from the Big Screen by the millions. Until then, Hollywood had been entrenched as the sole media purveyor of screen sound-and-motion for half a century. Fueled by huge popularity and profitability, a distinctive Hollywood culture and lifestyle had evolved—celebrity-obsessed, gilded and flashy. Suddenly, there came the
insurgent television with entirely different cultural roots in the buttoned-down New York-based radio industry. The insurgent was threatening to destroy the movie business.

The rivalry is hard to understand today. The television and film industries have subsumed each other as content-generators. In fact, the melding is evident in the new corporate titles: NBC Universal, Disney-ABC, Fox television and 20th Century Fox.

So what happened? And what distinctions remain in the blurring of these important media industries?

DISSECTING MOTION MEDIA INDUSTRIES

The traditional components of the movie industry—production, distribution and exhibition—have weathered rough times, albeit with some losses along the way.

>>> Production. The original technologies underlying movies and television bore little in common. Movies were on film, a chemistry-based medium. Performances were filmed in bits and pieces over weeks or months, then painstakingly assembled, and audiences saw the product later. With early television, viewers saw events and performances live. In one sense, early television had the live tension and excitement of the stage. Movies, on the other hand, were edited, the final presentation slicker. For sure, television programs could be recorded on film, but for broadcast to an audience the transmission needed to be live in the early days.

The mindset for early television came from radio. The model was New York-centric network radio, and technicians and producers were from a technical tradition far afield. The continent away, from modes and traditions that had been evolving for more than half a century in Hollywood.

The television-movie divide began to crumble with the television comedy series *I Love Lucy*. The show, launched in 1951, was filmed with three cameras, which brought television nearer to the conventions of Hollywood production. Editors chose from three sets of film, each from a different angle, for the greatest impact. Important too, actors Desi Arnaz and Lucille Ball, who had plenty of clout with the CBS network, insisted that they be allowed to produce the show in Hollywood. They liked West Coast sunshine and glamour.

Another breakthrough occurred in the mid-1960s when television networks began offering Hollywood blockbusters, like *Bridge on the River Kwai*, and then regularized them in prime-time Movie of the Week series. Financially these were a win-win for the networks and the movie studios, which suddenly discovered additional income in recycling their products. To be sure, local stations earlier had filled time with hand-me-down movies from Hollywood, but these mostly were from B lists and played at obscure times of the day.

>>> Distribution and Exhibition. Television’s greatest threat to Hollywood was in distributing and exhibiting its product. Since the early 1900s, the film industry had developed a complex system of shipping films, often in canisters weighing 85 pounds, to movie houses where people gathered, bought tickets, and watched a show. With television, distribution was by signals that moved freely through the air to in-home reception devices.

Families by the million made budget decisions over the kitchen table to buy a television set, often a hefty $500 at the time, and amortize the cost by staying home rather than going to the neighborhood Bijou for entertainment. Movie ticket sales plummeted. To Hollywood, with its survival in jeopardy, television was the enemy.

As Hollywood and television melded over the decades, it was companies in the exhibition business that took the greatest hit—movie
houses. Attendance peaked in 1946 at 90 million tickets a week, at a time when the nation’s population, 141 million, was less than half of today. Exhibitors have frantically tried to stem their box-office decline with multiple but smaller auditoriums, some spartan, some elegant. Movie-makers have tried to help with technical innovations from time to time—Cinemascope, 3D and THX. D-cinema now is coming on stream, promising to replace the distribution of film in those clunky 85-pound canisters. To offset box-office losses, exhibitors have put popcorn at ridiculous prices, buttered or not, and moved aggressively into selling on-screen advertising ahead of the main feature.

The fact is that 1946 won’t come back. People have manifold more diversions, including television more than ever (the small screen) and online (the even smaller screen).

SYNERGIES

Overall, the barriers between Hollywood and television have come down. An early alliance between the ABC network and the Disney studio showed potential synergies. Popular movies begat television series, and popular television series begat movies. Digitization facilitated the shift of technicians from producing movies to television and back to movies. Distinctions blurred. And in corporate offices, executives were focused not on their old rival medium for eyeballs but on how to maximize profits by adapting products to any and all delivery vehicles.

Even actors dance among different media forms. Careers are built on exposure that is medium-neutral. This is in contrast to the time when some stage actors would consider appearing only on television, never in movies, because of the spontaneity of live performance. Then there were actors who took comfort in the control that filming and editing gave in exorcising slipups, and providing alternate takes for creating the perfect filmic moment.

CHECKING YOUR MEDIA LITERACY

◆ What role did I Love Lucy play in easing tensions between the television and movie industries?

◆ How well has the rivalry between the movie and television industry been resolved?

Movies: First of the Motion Media

STUDY PREVIEW

Movies can have a powerful and immediate effect, in part because theaters insulate moviegoers in a cocoon without distractions. By some measures, the powerful effect is short-lived. Nonetheless, movies can sensitize people to issues and have a long-term effect in shifting public attitudes on enduring issues. To most people, the word movie conjures up the feature films that are the Hollywood specialty. Subspecies include animated films and documentaries.

MOVIE POWER

As Dan Brown’s thriller The Da Vinci Code picked up steam en route to becoming a mega-selling book, the debate intensified on his account of Catholic church history. It was a big deal—but nothing compared to the fury that occurred when Sony moved Ron Howard’s movie adaptation toward release. The full crescendo came when the movie premiered. The unprecedented fury in the dialogue demonstrates the impact of movies as a storytelling and myth-making medium, which for mass audiences can far exceed the impact of other media for at least short windows of time.
Movies with religious themes can strike loud chords, as did Mel Gibson’s *Passion of the Christ* and Martin Scorsese’s *Last Temptation of Christ*. But movies have an impact on other hot-button issues. Consider *Brokeback Mountain*, which catapulted homosexual affections into a new territory of public dialogue. The short story in the *New Yorker* magazine on which *Brokeback* was based had made merely a ripple in the mass consciousness. Al Gore’s documentary *An Inconvenient Truth* gave new urgency in 2006 to finding solutions for global warming. Michael Moore and other docu-ganda producers have stirred significant issues far beyond what magazine and newspaper articles had been doing for years. *Guess Who’s Coming to Dinner*, with a theme that was interracially edgy for the 1960s, moved the public toward broader acceptance.

**CHECKING YOUR MEDIA LITERACY**

- What impact, perhaps indelible, have the movies mentioned here had on audiences?
- What recent movies would you add to the list? Why?

**COCOON EXPERIENCE**

Why the powerful and immediate effect of movies? There may be a clue in one of Thomas Edison’s first shorts, which included ocean waves rolling toward a camera on a beach. Audiences covered their heads. Instinctively they expected to be soaked. Such was their suspension of disbelief. Natural human skepticism gets lost in the darkened cocoon of a movie-house auditorium, compounding the impact of what’s on-screen.

Although moviegoers are insulated in a dark auditorium, the experience is communal. You’re not the only one sobbing or terrified or joyous. Among your fellow viewers is a reinforcement of emotions that other media can’t match. A newspaper article, for example, may be read by thousands, but the experience is individual and apart. The emotional impact is less. Television, watched at home, often alone, is similarly disadvantaged, even though television has most of the accoutrements of movies—visuals, motion and sound.

At their most potent, movies need to be seen in a theater. A movie may be good on a DVD at home, as computer downloads or as pay-per-view on television—but nothing compares to the theater phenomenon.

**CHECKING YOUR MEDIA LITERACY**

- In what situation are movies most likely to encourage suspension of disbelief?
- What is the difference in the immediate and long-term effects of a movie theater experience?
- In fiction, what is the significance of suspension of disbelief?

**GLOBAL ROLE**

After Europe and its promising young film industry were devastated by World War I, Hollywood filled a void by exporting movies. Thus began Hollywood’s move toward global pre-eminence in filmmaking. It happened again in World War II. The U.S. government declared movies an essential wartime industry for producing military training and propaganda films. After the war, Europe again in ruins, Hollywood was intact and expanded its exports.

Today, movies are among the few products that contribute positively to the balance of trade for the United States. More movies are exported than imported. Indeed, the potential for foreign box office
## Motion Media Milestones

### 1700s
- Photographic technology discovered, essential for early movies (1727)

### 1800s
- U.S. middle class with discretionary time for amusement emerged (1870s–)
- Edison lab invented movie cameras, projectors (1888)

### 1900–1949
- Strand: First of the opulent movie palaces (1912)
- Paramount: Hollywood studio system took form (1912–)
- Popularity: U.S. movie box office peaked at 90 million a week (1946)
- Breakup: U.S. Supreme Court broke up Hollywood’s vertical integration (1948)
- Networks: First television network feeds (1948)

### 1950–1999
- Television: Network television hurt movie attendance (1950s)
- Public Television: Congress established Corporation for Public Broadcasting (1967)
- Disney: Disney produced weekly television show (1954)
- Multiplex: Multiscreen theaters attempted to recover movie audience (1970s)
- VHS: Home movie rentals hurt home theater attendance (1990s)
- HBO: First satellite-delivered programming to cable systems (1975)
- Dishes: Satellite-direct programming began (1994)

### 2000s
- Apple introduced video iPod (2005)
About 60 percent of U.S. film exports go to Europe, 30 percent to Asia. It is action films that do best abroad. There usually is minimal dialogue to impede the transcultural experience. Media scholar George Gerbner once explained it this way: “Violence travels well.”

CHECKING YOUR MEDIA LITERACY

- How did Hollywood establish itself as a global moviemaking center?
- About Hollywood movie exports, scholar George Gerbner once said, “Violence travels well.” What did he mean?

Movie Products

STUDY PREVIEW

To most people, the word movie conjures up the feature films that are the Hollywood specialty. Subspecies include animated films and documentaries. Also, the historic distinction between Hollywood and television as rivals is melding.

FEATURE FILMS

Movies that tell stories, much in the tradition of stage plays, are narrative films. These are what most people think of as movies. They’re promoted heavily, their titles and actors on marquees. Most are in the 100-minute range. A French magician and inventor, Georges Méliès, pioneered narrative films with fairy tales and science-fiction stories to show in his movie house in 1896. Méliès’ Little Red Riding Hood and Cinderella ran less than 10 minutes—short stories, if you will. In 1902 Edwin Porter directed Life of a Fireman, the first coherent narrative film in the United States. Audiences, accustomed to stage plays and being a distance away from the actors, were distressed, some shocked, at his close-ups, a new technique. They felt cheated at not seeing “the whole stage.”
Gradually, audiences learned what is called film literacy, the ability to appreciate moviemaking as an art form with unique-to-the-medium techniques that add impact or facilitate the telling of a story. Porter’s next significant film, The Great Train Robbery, was shocking, too, for cutting back and forth between robbers and a posse that was chasing them—something, like close-ups, that film can do and the stage cannot. Slowly movies emerged as a distinctive art form.

Talkies. At Thomas Edison’s lab, the tinkerer William Dickson came up with a sound system for movies in 1889, but it didn’t go anywhere. The first successful commercial application of sound was in Movietone newsreels in 1922. But it was four upstart moviemakers, the Warner brothers, Albert, Harry, Jack and Sam Warner, who revolutionized talkies, movies with sound. In 1927 the Warners released The Jazz Singer starring Al Jolson. There was sound for only two segments, 354 words total, but audiences in movie houses the Warners had equipped with loudspeakers were enthralled. The next year, 1928, the Warners issued The Singing Fool, also with Jolson, this time with a full-length sound track. The Warners earned 25 times their investment. For 10 years no other movie attracted more people to the box office.

Color. Overtaking The Singing Fool in 1939 was a narrative movie with another technological breakthrough, Gone with the Wind with color. Although Gone with the Wind is often referred to as the first color movie, the technology had been devised in the 1920s, and The Black Pirate with Douglas Fairbanks was far earlier, in 1925. But GWTW, as it’s called by buffs, was a far more significant film. GWTW marked the start of Hollywood’s quest for ever-more-spectacular stories and effects to attract audiences—the blockbuster.

Computer-Generated Imagery. You can imagine why early moviemaker Alfred Clark used a special effect for his 1895 movie The Execution of Mary Queen of Scots. “Illusion” was what special effects were called then. Although audiences were amazed, the effects were nothing like today’s CGI, the shorthand abbreviation that movie people use for three-dimensional computer-generated imagery.

The first use of three-dimensional CGI in movies was Futureworld in 1976. University of Utah grad students Edwin Catmull and Fred Parke created a computer-generated hand and face. There were CGI scenes in Star Wars in 1977, but the technology remained mostly an experimental novelty until 1989 when the pseudopod sea creature created by Industrial Light & Magic for The Abyss won an Academy Award. Photorealistic CGI was firmly in place with the villain’s liquid metal morphing effects in Terminator 2, also by Industrial Light & Magic and also recognized by a 1991 Oscar for special effects.

Computer-generated imagery soon became the dominant form of special effects with technology opening up new possibilities. For stunts, CGI characters began replacing doubles that were nearly indistinguishable from the actors. Crowd scenes were easily created without hiring hundreds of extras. This raised the question of whether movie actors themselves might be replaced by pixels.

Movie commentator Neil Petkus worries that some filmmakers may overuse their toy. “CGI effects can be abused and mishandled,” Petkus says. “Directors sometimes allow the visual feasts that
Not so long ago, moviegoers deemed documentaries dreary, dull and dry. Today some documentaries are the hottest money-makers in Hollywood. Michael Moore’s in-your-face Fahrenheit 9/11 grossed $100 million its first month.

As with all his documentaries, including Sicko in 2007, Moore has critics who say he’s neither fair nor balanced. Moore stands by his accuracy but explains that his documentaries are his take on issues. He sees them as “balancing” to dominant interpretations offered in the mainstream media.

That contrarian thrust, says television writer Debi Enker, is addressing a void in general media coverage of issues: “The current interest suggests people are seeking not just immediacy but also context and the kind of perspective that time, research, thoughtful analysis, and intelligent storytelling can bring.” Dawn Dreyer of the Center for Documentary Studies at Duke University puts it this way: “It’s narrative. It’s storytelling. It’s becoming engaged with people’s lives.”

Dreyer’s characterization of documentaries explains, also, the success of former Vice President Al Gore’s An Inconvenient Truth. The movie grossed more than $41 million worldwide. A documentary typically has a far lower budget than other movies, which can mean higher profits even if there is only a limited theatrical release. An Inconvenient Truth, the first carbon-neutral documentary, started as a low-tech slide show. Filming took six months and a little more than $1 million—pocket change by Hollywood standards.

One of An Inconvenient Truth’s producers, Lawrence Bender, said: “Everything about this movie was a miracle.” Not only did the film rake in cash, it earned two Oscars. Also, it made Al Gore a movie star. “When we took Gore to Sundance and Cannes, people just went crazy around him,” said Bender. “It was really amazing. He doesn’t sing or act, but he actually is kind of a rock star. He has this message that’s drawing people to him, making him larger than life.”

The British government purchased 3,385 DVDs to distribute to every secondary school. In the United States, 50,000 copies were given to teachers. The Documentary Organization of Canada launched a new green code of ethics for documentary filmmakers. Paramount Classics donated 5 percent of all box office receipts to The Alliance for Climate Protection. The Alliance also received 100 percent of Gore’s proceeds from the film.

**DEEPENING YOUR MEDIA LITERACY**

**EXPLORE THE ISSUE**

Pick a new muckraking documentary and a television news report on the same subject.

**DIG DEEPER**

What makes the documentary different from the way a television news report might treat the same subject? Would the documentary resonate as well with the audience if the filmmaker did not feel passionately about the subject and it was completely fair and balanced?

**WHAT DO YOU THINK?**

Do you think these new documentaries fill a need? How have they contributed to the movie industry? To society?
computers offer to undermine any real content a movie may have had.” Petkus faults
director George Lucas for going too far in later Star Wars movies: “Any interesting
character developments that could have occurred in these movies were overwhelmed
by constant CGI action sequences.”

Faster computers and massive data storage capacities have added efficiencies to
computer-generated movie imagery, but offsetting the efficiencies has been pressure
for greater detail and quality. CGI is labor-intensive. A single frame typically takes two
to three hours to render. For a complex frame, count on 20 hours or more. The
Warner Bros. budget for the 2006 Superman Returns, a record $204 million, was
eaten up largely with CGI effects.

CHECKING YOUR MEDIA LITERACY

<> How would you define feature films?
<> How has technology shaped feature films?

ANIMATED FILMS

The 1920s were pivotal in defining genres of narrative films. In his early 20s, Walt
Disney arrived in Los Angeles from Missouri in 1923 with $40 in his pocket. Walt
moved in with his brother Roy, and they rounded up $500 and went into the
animated film business. In 1928 Steamboat Willie debuted in a short film to accom-
pany feature films. The character Willie eventually morphed into Mickey Mouse.
Disney took animation to full length with Snow White and the Seven Dwarfs in
1937, cementing animation as a subspecies of narrative films.

Animated films were labor-intensive, requiring an illustrator to create 1,000-plus
sequential drawings for a minute of screen time. Computers changed all that in the 1990s,
first with digital effects for movies that otherwise had scenes and actors, notably the Star
Wars series by George Lucas, then animated features. Disney’s Toy Story in 1995 was the
first movie produced entirely by computers. The new technology, brought to a high level
by Lucas’ Industrial Light & Magic and Steve Jobs’ Pixar, has led to a resurgence in the
issuance of animated films after a relatively dormant period. Recent years have seen
huge audiences for Shrek, Finding Nemo and Monsters vs Aliens, among others.

CHECKING YOUR MEDIA LITERACY

<> What were pioneer successes in animated films?
<> How can you explain the resurgence of animated films?

DOCUMENTARIES

Nonfiction film explorations of historical or current events and natural and social
phenomena go back to 1922 and Robert Flaherty’s look into Eskimo life. With their
informational thrust, early documentaries had great credibility. Soon, though, propa-
gandists were exploiting the credibility of documentaries with point-of-view nonfic-
tion. Propagandist films found large audiences in World War II, including Frank
Capra’s seven 50-minute films in the Why We Fight series.

Television Network Documentaries. Television journalists sought to bring bal-
ance and fairness to documentaries in the 1950s. In part it was that journalists of the
just-the-facts mold were doing the documentaries. Also, it was the television net-
works that underwrote the budgets of these documentaries. Their purpose was to
build corporate prestige, not propagandize. A factor in the neutral thrust of most of
these documentaries also was the Federal Communications Commission’s licensing
dictate to stations for fairness in whatever was broadcast.

Docu-Ganda. The FCC’s Fairness Doctrine was withdrawn in 1987, setting in
motion a new rationale for documentaries that, in many cases, seeks not so much to
Inform as to influence the audience. What emerged was a new-form genre critics call **docu-ganda**, which plays not on the major television networks but in movie houses and niche outlets. Independent filmmaker **Michael Moore** has epitomized the new generation of documentary-makers, first with *Roger and Me*, a brutal attack on General Motors. Moore was no less savage in *Bowling for Columbine*, this time aiming at gun access advocates, and *Fahrenheit 9/11*, aimed during the 2004 elections at President Bush and his Iraq war motivations. *Fahrenheit* was the largest-grossing documentary in history—a demonstration of the economic viability of documentaries.

Relatively inexpensive digital filmmaking equipment has also driven the new documentaries. For his *Super Size Me*, linking fast food and obesity, Morgan Sperlock could never have persuaded a major studio to cover the budget, several million dollars upfront, for a documentary attacking an American icon like McDonald’s. But with a $3,000 digital camera, $5,000 in software and an Apple computer, Sperlock created his personal statement on fast food. So compelling was *Super Size Me* that 200 theaters showed it and grossed $7.5 million in a month. In all, Sperlock had spent only $65,000 to create the movie.

**Single Point of View.** Critics fault many recent documentaries for usurping the detached, neutral tone of earlier documentaries while delivering only a single point of view. Guilty as charged, respond the new documentary-makers. David Zieger, who raised eyebrows with his *Sir! No Sir!* on the anti-war movement within the military during the Vietnam war, says: “If you make a film with both sides, you’re going to make a boring film.” Film is not journalism, Zieger says.

In other words, a docu-ganda requires viewers to have a higher level of media literacy than in the heyday of television’s network documentaries, which laid out competing viewpoints within a single package. Some critics say that the contemporary documentaries that make the biggest splash are, in fact, dangerous because they can dupe viewers into accepting them as the whole truth.

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**Sicko.** Michael Moore taunted the pharmaceuticals industry with his 2007 documentary *Sicko*. In one sense, Moore’s documentaries, although fact-based, carry slants and use rhetorical techniques that short-circuit what could be honest persuasion. The techniques leave Moore an easy target for responses from those whom his films attack.

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**CHECKING YOUR MEDIA LITERACY**

- What are historically important documentaries?
- Who are significant current documentary producers? What are their signature works?
- Some documentaries are journalistic explorations. Others are highly opinionated. How can moviegoers recognize the difference?

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**Hollywood Studios**

**STUDY PREVIEW**

Hollywood is dominated by six movie studios, all engaged in both producing and distributing movies. These studios, each part of a conglomerate, are enmeshed with the television industry through corporate connections.
STUDIO SYSTEM

The structure of the U.S. movie industry is rooted historically in a few major companies that tightly controlled everything beginning in the 1920s. In this studio system, a handful of companies produced, distributed and exhibited movies. The companies had oligarchic control, successfully excluding outsiders and using their power to coerce the marketplace. No studio better illustrates the system than Paramount under Adolph Zukor.

PARAMOUNT

Hungarian immigrant Adolph Zukor started poor in Hollywood, but in a series of innovations, none of them artistic, he invented the movie business as we know it. Before Zukor there were no movie stars, nothing approaching mass production and only a loose distribution and exhibition structure. Zukor changed all that, becoming the stereotypical Hollywood mogul.

➤ Star System. When Zukor started his studio, Famous Players, in 1912, moviemakers kept the names of their actors secret. The idea was to dead-end a nascent fan base that might give actors a star complex and calls for better pay. Fifteen dollars a day was tops then. Zukor saw things differently. He tracked fan letters for mentions of actors. Those most mentioned he signed to exclusive contracts. So to speak, Zukor put their names in lights. It cost him. Mary Pickford was soon at $15,000 a week. The payoff for Zukor was that Mary Pickford’s name attracted repeat customers just to see her, even in lackluster movies.

The star system, as it was called, was imitated by competing studios, which had no choice. Meanwhile, Zukor had a head start. Soon his enterprise took on the name Paramount.

➤ Production Efficiencies. Zukor brought mass production to moviemaking, in part because he needed to have projects to keep his stars productive, as well as other contract employees, including hundreds of directors, writers, editors and technicians. Paramount movies became factory-like products. On tight mass-production schedules with programmed progress, Paramount eventually was issuing a movie a week. So were competitors in what came to be called the studio system.
By the mid-1930s, the big movie companies—Columbia, MGM, Paramount, RKO, 20th Century Fox, Universal and Warner—owned acre upon acre of studios and sets. These were money machines but only as long as production kept moving. So whether scripts were strong or weak, the movie factories needed to keep churning out products on predictable schedules to meet what at the time seemed an insatiable public demand for films at movie houses. The movie houses were part of the studio system, many owned by the big studios.

**Vertical Integration.** Studios like Paramount, which controlled the production, distribution and exhibition of movies, squeezed out independent operators. Block booking was an example. Zukor booked his Paramount movies into his Paramount-owned theaters. Paramount indeed also provided movies to independent movie houses but only in packages that included overpriced clunkers. To book a movie they wanted, theaters were forced to take many movies that they didn’t. Profits for the studios were immense, funding the lifestyle and other excesses that gave Hollywood its gilded reputation.

The major studios, controlling the whole process from conception of a movie to the box office, had put the industry into what businesspeople call vertical integration. Their control, including coercive practices like block booking, in time attracted the antitrust division of the U.S. Justice Department. In a case decided by the U.S. Supreme Court in 1948, the studios were told to divest. As a result of the so-called Paramount decision, studios gave up their ownership of movie houses. It was a setback for the studio system. Suddenly the studios had to compete for screen time in movie houses. Without a guaranteed outlet for movies, including proverbial B movies, the studios had no choice but to scale back on payrolls and facilities. The lavish excesses of Hollywood’s gilded age were over.

Studios, including Paramount, turned more to outside directors. Ongoing contracts for big-name stars disappeared. Instead, actors, directors and others were hired project by project. Those acres of sound studios, as movie sets were called, were sold in lucrative real estate deals in the booming Los Angeles area. Also, some studios found new business in producing television programs in the 1950s.

**CHECKING YOUR MEDIA LITERACY**

- What were Adolph Zukor’s enduring contributions to the U.S. movie business?
- Distinguish the so-called studio system from the star system.
- How did the U.S. Supreme Court reshape Hollywood?

**DISNEY**

Disney isn’t just Mickey Mouse anymore. It was Disney’s unmatched animated cartoons, however, that launched the company and propelled it into a distinctive role among major Hollywood studios. Although ranking studios is tricky because one megahit or one clunker can upset a listing, Walt Disney Studio Entertainment is consistently among the leaders of the major studios.

**Classic Disney.** Although not realizing it, illustrator Walt Disney created the Disney franchise with Mickey Mouse in a synch-sound cartoon in 1928. In 1937 Disney risked it all with a full-feature animated film, *Snow White and the Seven Dwarfs*. Audiences wanted more. Disney responded with *Pinocchio, Dumbo* and *Bambi*.

While other studios were fighting a losing battle with network television in the 1950s, Disney embraced the enemy. He struck a deal with the ABC network in 1954 to produce an original television series. In effect, he recycled his film content for television. The program *Disneyland*, a Sunday night ritual for millions of television viewers, accounted for almost half of ABC’s billing in its first year.

Disney also launched the *Mickey Mouse Club* on ABC in the afternoons, with kids singing and dancing and acting in episodic serials.
Not only did Disney cross-fertilize his corporate growth with television. In 1955 he opened the Disneyland amusement park in Los Angeles. The term theme park was coined. The Disney park theme? All the movie characters. Talk about cross-promotion. When Disney died in 1966 he was still on the rise. What next?

**Disney Brand.** Disney had become a brand name for family-oriented entertainment and for the next 20 years the mandate at Disney was to cultivate the brand.

Corporate managers worked to exploit the synergies, reissuing the earlier films in cycles, creating new ones in the Disney spirit, and building more theme parks, first in Orlando and then laying the groundwork for parks in Paris, Tokyo and elsewhere around the globe. Disney was indeed an international franchise, but without Walt the luster was fading, and revenue projections were uninspiring.

**Eisner Era.** To jump-start the company, Disney shareholders in 1984 brought in an energetic executive from Paramount, Michael Eisner. In a 20-year run Eisner indeed rejuvenated the company. Eisner engineered a merger with ABC to create in-house outlets for Disney products. He moved Disney beyond family fare with cutting-edge and niche movies, like Powder and Dangerous Minds, but buffered the projects under subsidiary units and partnerships to shield the wholesome Disney aura. Films were produced through Touchstone, Caravan, Hollywood Pictures and Miramax. Meanwhile, Disney’s distribution unit, Buena Vista, the largest in the world, moved into producing Broadway plays.

**Post-Eisner.** Not all was perfect under Eisner. After The Lion King’s success in 1995, Disney had a run of animated feature flops. Profits slumped occasionally, which, although typical of the vagaries of the movie business, raised shareholder concerns. In a messy shareholder battle, Eisner was thrown out. The post-Eisner leadership, concerned that Disney had lost its edge in animation, offered $7.4 billion to Steve Jobs, the genius behind Apple’s resurgence, for his Pixar animation studio. It was Pixar that had stolen Disney’s animation pre-eminence with blockbusters like Toy Story, Finding Nemo and The Incredibles. The deal, in 2006, made Jobs the largest Disney shareholder and put him on the Disney board of directors.

**OTHER MAJOR STUDIOS**

The remaining Big Six studios, besides Paramount and Disney, are Columbia, 20th Century Fox, Universal and Warner.

**Columbia.** Founded in 1919, Columbia has moved through high-visibility ownership, including Coca-Cola and the Japanese electronics company Sony. Movies are produced and distributed under brand names Columbia and TriStar, and through frequent partnerships with independent producers Phoenix and Mandalay.

The company is also in television production and distribution, including the venerable game show Jeopardy.

**20th Century Fox.** With roots dating to 1915, this studio is now part of the global media empire of Rupert Murdoch’s News Corp., whose roots are in Australia. Corporate siblings include Rupert’s Fox television network.

**Universal.** The U.S. conglomerate General Electric bought Universal from the financially overextended French media giant Vivendi in 2002. The deal made sense as synergy. Universal came under the same corporate roof as NBC, also owned by General Electric. Entering 2010, GE was in the process of selling its NBC Universal unit to the U.S. cable system giant Comcast. Synergy was the name of the game again, Comcast’s chief executive Brian Roberts said the deal would make Comcast “a leader in the development and distribution of multiplatform anytime-anywhere media that American consumers are demanding.
Warner. Founded in 1918, Warner Bros. became part of the Time Inc. media empire in a 1989 acquisition, prompting the parent company to rename itself Time Warner. The company produces and distributes movies and television programs mostly through units carrying the Warner name but also the names Castle Rock, New Line and Lorimar. The CW television network is a joint Warner and Paramount venture.

CHECKING YOUR MEDIA LITERACY

☒ The movie industry once saw television as a rival but no more. What happened?
☒ What is the extent of foreign ownership in the U.S. movie industry?

INDEPENDENTS

Besides the major studios that dominate Hollywood, independent studios and producers come and go—often with a single breakthrough film, then not much that attracts attention. The term independent is misleading in a sense because these indies frequently lean on majors for financing. Also, there are no suitable options for distribution other than through the corporate siblings and subsidiaries of the major studios. The history of independents is that those that establish a track record end up being acquired by a major studio. A notable exception is United Artists.

United Artists. Unhappy with profit-obsessed studios limiting their creativity, friends Charlie Chaplin, Douglas Fairbanks, D. W. Griffith and Mary Pickford broke away in 1919. They created United Artists. With full creative control, they produced movies that scored well among critics and attracted huge audiences. United Artists has been among only a few insurgent movie companies to make a long-term mark on Hollywood after the giants established themselves early on.

Despite box office successes, United Artists has had its share of movies in red ink. After Michael Cimino’s costly Heaven’s Gate in 1980, United needed a white knight. The Transamerica insurance company bought the studio, then unloaded it on MGM. The new company, MGM/UA, produced one disaster after another.

Dreamworks. In the United Artists spirit, three Hollywood legends—David Geffen, Jeff Katzenberg and Steven Spielberg—founded a new studio, Dreamworks SKG, in 1994. The three founders were well-connected and seasoned Hollywood people, each with a fortune from successful entertainment industry careers. They were called the Hollywood dream team. Spielberg’s Saving Private Ryan in 1998 established an early Dreamworks benchmark for filmic excellence. Then came Gladiator, named 2000’s best picture at the Academy Awards. Like most upstarts, even the most successful ones, Dreamworks has disappeared. Geffen, Katzenberg and Spielberg sold the enterprise in 2005 to Paramount for $1.6 billion.

Miramax. Brothers Bob and Harvey Weinstein blew into Hollywood in 1979, introducing themselves as concert promoters from Buffalo, New York. They set up a movie distribution company, Miramax, with a simple premise: Find low-budget, independently produced movies and buy them cheap, then promote them lavishly.

After 10 years of struggling, the Weinsteins hit gold with the biopic My Left Foot, on Irish writer-painter Christy Brown. An Academy Award nomination for best picture...
Although born in 1946, Steven Spielberg couldn’t have made films like *Jaws*, *E.T.* and *Indiana Jones* if he weren’t still a kid himself. At the dinner table when his seven kids were growing up, Spielberg used to start with a few lines from a story that popped into his head, then each of the kids would add a few lines. Where it would go, nobody knew, but everybody kept the story moving.

Spielberg loves stories, especially with ordinary characters meeting extraordinary beings or finding themselves in extraordinary circumstances. Another theme is that of lost innocence and coming-of-age. A persistent theme is parent-child tensions, which has been attributed to Spielberg’s own distress as a child at his parents divorcing.

Critics, however, see unrealistic optimism and sentimentalism in Spielberg films although they admit exceptions. Certainly *Indiana Jones* is not all that has earned Spielberg his reputation as one of history’s great moviemakers. One ranking has him number one. Twice he has won Academy Awards as best director, for *Schindler’s List* and *Saving Private Ryan*, both gritty films set in wartime misery. *Schindler* took an Oscar for best picture.

As a kid, Spielberg was infected with a love for making movies. At 12 he put two Lionel toy trains on a collision course, turned up the juice to both engines and made a home movie of the crash. By that time he already had shot dozens of short films. For one of them, he coaxed his mother into donning a pith helmet and an Army surplus uniform, and then rolled the film as she bounced the family Jeep through backhill potholes near Phoenix. That was his first war movie.

Later, on a family trip to Los Angeles he lined up an unpaid summer job on the Universal Studios lot. He enrolled at California State University in Long Beach in 1965 but interrupted his studies to take a television director job at Universal before finishing his degree. Ironically, Spielberg tried three times for admission to the prestigious film program at the University of Southern California and failed—although in 1994 he was awarded an honorary USC degree.

Most Spielberg films, although wide-ranging in subject matter, have family-friendly themes with a childlike wonderment. There also are strong emotions, as in the *Schindler* depiction of the horrors of the Holocaust, social and sexual injustice in *The Color Purple*, slavery in *Amistad* and terrorism in *Munich*. But amid the heavy-duty treatments he mixes in rollicking adventures, like yet another in the *Indiana Jones* series or a *Jurassic Park* sequel.

Spielberg’s financial success, $250 million alone for the first *Jurassic Park*, has given him the wherewithal to make whatever movie he wants. In 1994 he teamed with Hollywood legends David Geffen and Jeffrey Katzenberg to create Dreamworks, a stand-alone movie studio outside of Hollywood’s Big Six. *Amistad* and *Saving Private Ryan* set a benchmark for achievement for the enterprise, which produced acclaimed movies although not in huge numbers. Twelve years later, Geffen, Katzenberg and Spielberg sold Dreamworks to Paramount for $1.6 billion. Before then Spielberg had made the *Forbes* magazine ranking of the richest people in the United States with a net worth at $2.7 billion, second among Hollywood figures only to his buddy George Lucas at $3.5 billion.

The sale of Dreamworks, however, didn’t mean an end to Spielberg’s moviemaking. A fourth in the *Indiana Jones* series was finished in 2007. An Abraham Lincoln bio-pic is coming along. Might we meet the thoroughly ugly but oh-so-lovable E.T., the extraterrestrial, at least one more time?

**WHAT DO YOU THINK?**

- What do Steven Spielberg movies have in common?
- What did Dreamworks have in common with earlier independent Hollywood studios?

**Compelling Storyteller.** Spielberg makes a point with cinematographer Janusz Kaminski and actor Diego Luna for *The Terminal*. Since *Jaws* in 1975, he has directed movies involving history and science, including many on issues that kids deal with.
stirred the box office. So did Daniel Day-Lewis’ winning the Oscar for best actor. In the 
same year they released the indie favorite, Sex, Lies and Videotape. Other hits followed, 
prompting Disney to buy into Miramax in 1993. The deal left creative control with the 
hands-on Weinsteins, who seemed to have a deft touch for cultural edginess that 
Disney lacked. The arrangement produced Quentin Tarantino’s Pulp Fiction in 1994, 
an $8 million film that grossed $200 million worldwide and earned an Oscar. 

More financial and critical successes followed, including The English Patient, 
Good Will Hunting, Shakespeare in Love, Kill Bill, and the Scary Movie franchise. Like 
any studio the Weinsteins had their failures, including Cold Mountain and Gangs of 
New York, which never earned back their $100 million production budgets.

**Lions Gate.** Founded in 1997 by a Canadian investor, Lions Gate found early finan-
cial success in acquiring and producing tight-budget movies and then promoting them 
aggressively and imaginatively. Typical was Crash. Production cost $3.3 million, and 
marketing sextupled that—to $21 million. The U.S. and global box office generated 
$254 million. To create buzz for the Academy Awards, Lions Gate sent 110,000 DVDs to 
members of the Screen Actors Guild. The movie subsequently won the 2005 Academy 
Award for best picture. That generated the predictable bump for Crash in movie attend-
ance and rentals. Alongside critical favorites like Crash, Lions Gate has made big 
money with the slasher franchise of Saw films—six, to date.

Lions Gate releases fewer than 20 pictures in a typical year. In 2005 there were 
18, of which 15 were profitable, an unusually high ratio in Hollywood. To see itself 
through slumps, Lions Gate invested in film libraries and gradually amassed an 
archive of 5,500 titles that generate continuing revenue through domestic and over-
seas licensing. The catalog includes Basic Instinct, Total Recall, Dirty Dancing and the 
lucrative Leprechaun horror series.

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**CHECKING YOUR MEDIA LITERACY**

What is the role of independent studios in the U.S. movie industry?

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**RISE OF THE BLOCKBUSTER**

Early directors, including D. W. Griffith, tested the storytelling potential of the new film 
medium. Growing public enthusiasm was the proof of what worked. Griffith’s 1915 Civil 
War epic Birth of a Nation was cinematically innovative and a commercial success. By the standards of the time, it was a blockbuster. The movie fueled Griffith’s imagination to push the envelope further in a more complex project, Intolerance. In the new movie Griffith wanted to examine social justice through all of human history. He built huge sets and hired hundreds of actors. In all, he spent an unprecedented $2 million. In 1916, when Intolerance de-
buted, the critics were ecstatic at Griffith’s audacity and artistry as a director. With audiences, however, the movie 
bombed. People were baffled by the movie’s disparate set-
tings, including ancient Babylon, Renaissance France and the Holy Land at the time of Christ.

Broke, Griffith had to obtain outside financing to make further movies. This meant that bankers and financier sent 
agents to look over Griffith’s shoulders, always with a pencil and balance sheet in hand, to control expenses. Not infre-
quently the money men overruled Griffith’s creative impulses. The second-guessing involved not only cost issues. Sometimes the on-site agents of the bankrollers imposed 
their assessment of what would work with audiences. In ef-
fect, accountants gained a pivotal role in storytelling.

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**Birth of a Nation.** In a dramatic moment in D.W. Griffith’s 1915 Civil War epic, Josephine Crowell and Lillian Gish are 
distressed over Henry Walthall. The powerful and cinematically 
innovative movie was the blockbuster of its time.
The *Intolerance* experience demonstrated a dynamic that continues to play out in Hollywood—the tension that erupts not infrequently between financiers and directors. A second lesson from *Intolerance* was another Hollywood reality—boom or bust. The quest for super-earning blockbusters has escalated, often with risky big budgets. There are spectacular payoffs, like *Titanic* of 1997, the reigning box office triumph, and *Gone with the Wind* in 1939, which in inflation-adjusted dollars has done even better. On the other hand, blockbuster disasters can haunt a studio or production company for years. MGM, once a reigning studio, slipped with miscalculations. United Artists almost went under with the costs of Michael Cimino’s obsession with historical details in *Heaven’s Gate* in 1980.

Even so, with the conglomerate structure of the movie industry, involving all major U.S. studios as part of larger corporate structures, there is growing pressure to produce spectacular moneymakers. A blockbuster will satisfy the bosses at corporate headquarters—and thus the quest to outdo *Titanic* spirals upward with bigger and bigger production and promotion budgets. With great expectations can come great risk.

**RISK REDUCTION**

To balance the risk of blockbusters, studios look for safe bets. There can be profits if production costs can be contained. The result is a preponderance of formulaic movies that offer little in creative storytelling and don’t advance the art of moviemaking but that turn a profit. Called B movies, these include sequels, remakes and franchises that, although hardly great movies, are almost sure to out-earn their expenses.

Fast action, which doesn’t require fine acting and which is cheap to produce, has figured heavily into low-budget and mid-budget movies. So too have violence and sex. Dialogue is minimal in many of these movies, which makes them easily adaptable for distribution to non-English-speaking audiences abroad.

Studios, also, have hedged their bets by building product names into scripts for a fee. This is called product placement. Some New York and Los Angeles advertising agencies specialize in product placement, as do talent agencies such as Creative Artists. No, it was no accident that Tom Hanks’ character in *Cast Away* worked for FedEx. Or that hulky Chrysler 300s appeared in so many 2005 movies or Cadillacs appeared in MGM’s *Be Cool*. In 2006 product placement worked its way into movie titles—*How Starbucks Saved My Life* and *The Devil Wears Prada*. Universal changed *Flight 93* to *United 93*.

Studios have found revenue too in merchandise tie-ins, including trinkets at Burger King and entire lines of toys.

**RISE OF LITTLE MOVIES**

New structures have evolved for moviemaking newcomers to interest the distribution units of major studios in their work.

**Film Festivals.** Every January in Park City, Utah, Hollywood dispatches teams to audition films by independent filmmakers at the Sundance Film Festival. These are low-budget projects that sometimes bring substantial returns on investment. *The Blair Witch Project*, by a team of University of Central Florida grads, is classic.

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**B movie**
Low-budget movie; usually with little artistic aspiration

**product placement**
Including a product into a script for a fee

**merchandise tie-in**
Products spun off from a movie, usually trinkets and toys
movie cost $35,000 to produce. The young colleagues on the project made a killing when scouts from Artisan Entertainment watched a Sundance screening of it in 1998 and paid $1.1 million for distribution rights. For Artisan, the movie generated $141 million at the box office.

**Exhibition Niches.** For half a century, major cities and college towns have had arthouses, small movie houses that show mostly foreign films. In recent years the theater chains have booked niche films onto a few multiplex screens. Since 1999 Regal has played only specialty titles on 70 of its 546 screens. In 2006 AMC designated 72 of its 3,232 screens for its AMC Select program.

The fare isn’t just foreign art films anymore. The AMC Select program included Little Miss Sunshine from the Sundance Film Festival, Robert Altman’s A Prairie Home Companion and Al Gore’s environmental documentary An Inconvenient Truth. For specialty screens, the chains are nurturing potentially major films to build up word-of-mouth promotion. These included March of the Penguins and Brokeback Mountain in 2005. Neither would have survived long in the usual make-it-or-break-it frenzy of opening-weekend competition.

**Demographic Niches.** Hollywood has an uneven history of gearing movies to demographic niches, except for teen flicks, whose low budgets consistently yield solid returns. Many niches are tricky and fickle. The optimistic civil rights films of Sidney Poitier had strong crossover appeal in the 1960s, then faded. So called blaxploitation films had a brief run with black audiences in the 1970s, only to be succeeded by urban action films like New Jack City. The main lesson has been that racial pandering has less box office appeal than good movies that have broader appeal regardless of racial theme.

**Foreign Movies.** Abroad, local-language movies are taking a large slice of their home markets. The result: more homegrown competition for Hollywood-produced films in foreign countries. Hit hardest have been mid-range U.S. pictures that once had a sure market abroad. Part of the plight for Hollywood pictures is that the growing number of home-made foreign movies has squeezed the availability of opening weekends and screens.

Beyond the foreign box office, the competition also is for financing. Commercial investors that once financed only Hollywood productions now are recognizing the investment potential in other countries. The result: More producers in more countries are vying for funding to do movies.

**CHECKING YOUR MEDIA LITERACY**

Why have little movies become a growing segment in Hollywood?
that rivaled the world’s best opera houses. Nattily groomed and uniformed doormen and ushers made moviegoing an experience. So did expansive lobbies, lavish promenades, columns and colonnades and plush velvet wall upholstery. The first air-conditioning was in theaters, using technology invented at Chicago meatpacking plants. Downtown movie palaces were built throughout the land.

**Attendance Peak.** To capitalize on the popularity of movies, and to keep access affordable, less ostentatious movie houses were built in neighborhoods and small towns. These were the core of the exhibition part of the movie industry at its peak. Although neither as large nor as lavish as the downtown palaces, the neighborhood movie houses were the heart of movie going when U.S. attendance peaked in 1946 at 90 million tickets a week. People even watched movies from automobiles parked row upon row in front of huge outdoor screens with clunky loudspeakers hooked into car windows. Movies were handy and affordable. For many people they were a habit two or three times a week.

The advent of network television in the 1950s cut into movie attendance. A lot of marquees went dark, some permanently, some at least a few nights a week.

**Multiplexes.** The exhibition business adapted. Beginning in the 1970s, moviehouse chains followed their customers to the suburbs and built a new form of movie house—the multiscreen multiplex. Attendance revived, although far short of the 1946 peak and also dependent on what was showing. People, newly discriminating, turned out mostly for movies that had received good reviews—unlike in the heyday of the Strands and the neighborhood theaters, when even weak movies drew crowds. Also, by the 1970s, people had many alternatives for entertainment.

The multiplexes addressed the unevenness in attendance. With multiple auditoriums, each with different seating capacity, movies could be switched among auditoriums to coincide with demand. Boffo films could be shown simultaneously in several auditoriums. With multiplexes the new measure of a movie’s success was not in how many theaters it was booked but onto how many screens it was projected.

**CHECKING YOUR MEDIA LITERACY**

Trace the history of movie exhibition from the earliest days to the multiplex.

**EXHIBITION CONSTRICTION**

In the 1990s, sensing better days ahead, major movie-house chains went on a spending spree to expand and spiff up theaters. Attendance was strong at multiplexes, some with as many as 30 screens. State-of-the-art sound systems were installed. Some auditoriums were outfitted with plush stadium seating.

**Overexpansion.** The expansion and upgrades, however, overextended some chains financially. Bankruptcies followed. Then came a wave of consolidations that eliminated some chains and left Regal dominant with 5,800 screens, followed by Carmike at 3,700 and AMC at 3,300. The situation worsened with continued box office slippage, down 7 percent in 2005, further reflecting competition from DVD sales and rentals for home viewing on television sets. Pay-per-view home satellite and cable options also hurt. So did video games, which particularly attracted young men who had been core moviehouse patrons.
The movie-house crisis is no better illustrated than in these 2005 figures:

- Box office revenue: $9.5 billion
- DVD revenue: $24.5 billion

**Release Windows.** What the exhibition business craves and relies on most is the period of exclusivity when a film may only be seen in theaters. Ever since Hollywood had begun releasing movies to television in the 1950s, there had been a guaranteed window of exclusivity for movie houses. Studio-owned distribution also protected the exhibition business by not releasing films to video and DVD right away but distributors kept shrinking the window. What had been a window of six months in 1994 shrank to 4 months, 13 days in 2008, with studios talking about possibly going to simultaneous release. Clearly, Hollywood was coming to see that its best profit potential was not in staggering the release of new movies in different channel, but in maximizing a single promotional burst with simultaneous theatrical and DVD/Blu-Ray releases.

Despite the social and psychological impact of the communal moviegoing experience, the future doesn’t bode well for movie theaters, with the expansion of home broadband access, making an era of home downloading and pay-per-view purchasing of feature-length movies increasingly common.

**CHECKING YOUR MEDIA LITERACY**

- Discuss how the interests of Hollywood and movie exhibition companies once coincided but now do so less.
- What is the effect of broadband on movie attendance at theaters?

**D-CINEMA**

The exhibition business, with a financial boost from Hollywood, is planning to outfit theaters with digital projectors. Owners had resisted because of the cost, at least $100,000 minimum per screen, but finally decided there was no choice.

**Mark Cuban** of the 270-screen Landmark chain was first. Cuban began converting his theaters in 2005, saying that once people saw their first digital movie on a big screen, they would settle for nothing less. Digital projection is not the same as HDTV technology, but its clarity and impact are similar. With **d-cinema**, as it is called, colors are more vivid, graininess is gone and projection-room goofs,

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**Mark Cuban.** *Although known mostly as the excitable owner of the Dallas Mavericks, Mark Cuban, who made his fortune in software, is an advocate of digital video. He owns the pioneering HDNet television movies network. His Landmark movie-house chain has been a leader in switching to digital projection. Cuban also is an advocate of plush furnishings to make a night at the movies a memorable experience.*
like reels out of sequence, are no more. Nor will there be any more distracting focus adjustments or scratchy reels that have been pulled over the sprockets too many times.

In 2006, taking a cue from Cuban, the entire movie industry recognized the obvious—that people are becoming more enamored of digital images on computer screens, a trend that is sure to accelerate with television’s shift to digital transmission. With Hollywood advancing the money, movie-house chains began a 10-year project to convert to digital projection equipment at all of the 36,700 screens in the United States and thousands of screens around the world. In March 2009 AMC Entertainment announced that it closed on a $315 million deal with Sony to replace all of its movie projectors with digital projectors.

D-cinema also has economic benefits. Digital movies can be distributed on hard drives, optical discs or via satellite, and don’t require transportation in bulky film canisters. One estimate was that $568 million a year could be saved in transportation and handling. Meanwhile, Hollywood studios have begun issuing movies in double versions, on film and digitally, through a transition period.

CHECKING YOUR MEDIA LITERACY

<> What is d-cinema?
<> How likely is the conversion of movie houses to digital projection to draw audiences back?

THE NEXT PLATFORM

Hollywood distributors have been keen on DVD sales and rentals, which had buoyed their revenues as box office revenue declined. But by 2007 the DVD market had plateaued. Concerned that the industry may have maxed-out the potential of both theatrical and DVD releases, studios earnestly pondered what their next delivery platform might be. Computer downloads remained broadband hogs with little appeal. Downloads to handheld and other devices were mostly short features, not movies, and they were competing with all kinds of other Internet content for attention.

Confronted with the possibility that Hollywood may have reached the end of its cycle as a growth industry, major studios turned cautious. Disney reduced its output in 2006 and laid off 650 employees. Studios cut back on deals with independent producers. The situation was put in startling financial terms by a Kagan Research study that found studios recouped only 84 percent of production and domestic marketing costs from domestic theatrical releases and home video sales in 2005. The shareholder-sensitive corporations that own the studios ordered more scrutiny on spending until bottom lines improve. The trade journal Variety put it this way: “In the eyes of Wall Street, studios are now seen as bloated entities.”

Still, Hollywood has faced challenges before, always adapting to a changing environment and emerging stronger than ever. In the current technological, cultural and financial flux, many look to the accelerating convergence of the movie and television industries, as natural allies of the motion media.
TELEVISION INDUSTRY IN CRISIS

Television transformed the mass media. In the 1950s, television, the new kid on the block, forced its media elders, notably movies, radio and magazines, to reinvent themselves or perish. Year by year television entrenched itself in the latter 20th century, first as a hot new medium, then as the dominant medium. Now the industries that developed around television technology are themselves in crisis. They have been overtaken by innovations in delivering video through other channels.

Can the television industry reinvent itself? Can the industry get on top of the new technology? Or will television as an industry find itself subsumed, perhaps even replaced, by new competition? High drama is being played out even as you read this chapter.

CULTURAL ROLE OF TELEVISION

Despite questions about how the U.S. television industry will adapt to an era of iPods, blogs and online gaming, the medium itself is hardly on its deathbed. Almost every U.S. household has at least one television set. On average, television is playing about seven hours a day in those households. Many people, sometimes millions, still shape their leisure time around the television, like when CBS runs *CSI*. Somewhere around 134 million people assemble ritual-like for the Super Bowl.

As a medium, television can create cultural icons. Just ask *American Idol*’s Simon Cowell, or the Geico gecko. Even though many advertisers are shifting their spending to alternative media, Procter & Gamble spends $5.2 billion touting its wares on television, AT&T $3.2 billion. For important messages to U.S. citizens, President Obama, who seems quite at home in the medium, has no more effective pulpit. It is rare for a candidate for public office not to use television to solicit support. For information, millions of people look to network news—and also Jon Stewart, Oprah Winfrey, David Letterman and Conan O’Brien.

Fictional television characters can capture the imagination of the public. Perry Mason did wonders for the reputation of the legal profession in the 1960s. Mary Tyler Moore’s role as a television news producer showed that women could succeed in a male-dominated business. Roles played by Alan Alda were the counter-macho model for the bright, gentle man of the 1970s. Today, Kiefer Sutherland’s Jack Bauer is the model for principled cool under pressure. The sassy belligerence of Bart Simpson still makes parents shudder.

CHECKING YOUR MEDIA LITERACY

<> What are some measures of television’s role in our culture?
<> What are examples of this role? Include some from your own experience.

ENDURING TELEVISION EFFECTS

Although television can be effective in creating short-term impressions, there are also long-term effects. Social critic Michael Novak, commenting on television in its heyday, called television “a molder of the soul’s geography.” Said Novak: “It builds up incrementally a psychic structure of expectations. It does so in much the same way that school lessons slowly, over the years, tutor the unformed mind and teach it how to think.” Media scholar George Comstock made the point this way: “Television has become an unavoidable and unremitting factor in shaping what we are and what we will become.”

Whether the influence ascribed to television by Novak and Comstock will survive the fast-changing media landscape of the 21st century remains to be seen. Nobody, however, is predicting the imminent disappearance of television. The question is whether the television industry will lose its legacy as a mass medium to technological innovations from new media of mass communication.

CHECKING YOUR MEDIA LITERACY

<> What did Michael Novak mean by calling television “a molder of the soul’s geography”?
The regulatory mechanism created by Congress for television in the 1930s resulted in a two-tier U.S. television system. Corporate entities that entered television comported with the regulatory infrastructure. The original television industry comprised local stations, generally with the most successful carrying programs from the Big Three national networks of the time.

**DUAL INFRASTRUCTURE**

With television on the horizon in the 1930s, Congress looked at how its regulation of radio had worked. Congress was pleased with the Federal Radio Act of 1927. If the regulatory system worked for radio, why wouldn’t it work for television? The Federal Communications Act of 1934 tidied up the 1927 law and expanded the scope to television.

The powerhouse in making television technology viable commercially was David Sarnoff. He had parlayed his fame as the kid picking up signals from the Titanic rescue drama in 1912 into leadership at the Radio Corporation of America. With a patent from Philo Farnsworth, the inventor of television, Sarnoff demonstrated television—“radio with pictures,” some called it—at the 1939 World’s Fair in New York. People marveled. The FCC licensed the first station in 1941, but World War II interrupted Sarnoff’s plan to replicate the successful NBC radio network as a television system.

After the war more stations were licensed. By 1948 heavy-duty coaxial cables that were necessary to carry television signals from the head end, or point of origin, to local transmission towers, had been laid out to the Midwest, and NBC began feeding programs to local stations. The coaxial linkup, with some stretches covered by microwave relays, connected the East and West coasts in 1951.

The backbone of the national television system was local stations. The first stations, all in larger cities, took affiliations with the fledgling NBC, CBS, ABC and short-lived Dumont networks. Larger cities also had unaffiliated, independent stations. Noncommercial stations were licensed for educational programming, mostly operated by school districts.

**CHECKING YOUR MEDIA LITERACY**

How did David Sarnoff create the structure of the early U.S. television industry?

**NETWORKS**

For most of television’s history, three networks, ABC, CBS and NBC, provided programming to local stations in prime time at night and parts of daytime. NBC dominated early on, but the Big Three, as they were called, came to be evenly matched with about 200 affiliates each. Their programs reached the whole country, with the exception of remote and mountainous areas unreachable by signals.

As with radio earlier, the infrastructure of television became a two-tier system. Stations, licensed for local communities by the government, were one tier. The networks provided a national tier of infrastructure. The largest television chains

NBC Television. The genius who had built the NBC radio network within the RCA empire, David Sarnoff, moved into television as soon as the government resumed licensing local stations after World War II. For early programming NBC raided its radio repertoire of shows and stars. Then came innovations. Pat Weaver, an ad executive recruited by NBC as a vice president in 1951, created a late night comedy-variety talk show, precursor to the venerable Tonight Show. Weaver also created a wake-up show, the still-viable Today. With those shows NBC owned the early morning and late-night audience for years.
The scene is typical. Dad plucks the kids in front of the television so he can do laundry. Mom does the same while cooking dinner. In school, kids also find themselves being babysat by television. Teachers use it to give students a break from real learning or just to settle them down.

A 2005 study by the Kaiser Family Foundation found that 83 percent of children under age 6 use what’s called screen media (television, video or computers) about two hours a day. And media use increases with age. Sixty-one percent of babies watch screen media in a typical day. For 4-year-olds to 6-year-olds it’s 90 percent. Other studies have found that kids in lower-income homes kids watch more television and are more likely to have a television set in their bedrooms, a practice discouraged by pediatricians.

Strong cases can be made that too much television isn’t good for kids. Why aren’t they out exercising? And nobody would prescribe watching violence. At the same time, shows like *Sesame Street, Blue’s Clues* and *Dora* can teach spelling, arithmetic, problem-solving and social skills. These shows employ experts with doctoral degrees to work with writers to set goals and review scripts. *Sesame Street* tests its shows in day-care centers.

In the early 1970s, researcher and psychologist Daniel Anderson watched kids watching *Sesame Street* and found that “television viewing is a much more intellectual activity for kids than anybody had previously supposed.”

Demand for quality children’s shows increased after Congress passed the Children’s Television Act in 1990. The PBS network, creator of *Sesame Street*, launched *Barney & Friends*. *Sesame-derived* merchandise flew off the shelves. According to Joseph Blatt, of the Harvard Graduate School of Education, *Dora*, created by Nickelodeon’s Brown Johnson, proved that it is possible to do quality programming for kids in a commercial environment. Now marketers spend a lot of money trying to convince parents that their shows will help children’s brains develop. It has worked. The Kaiser study found that many parents are enthusiastic about the use of television. Two-thirds say their child imitates positive behavior, such as helping or sharing, as seen on television.

The phenomenon of using television as a babysitter has been debated since the first picture flickered on the small screen. “Like alcohol or guns, TV will be used sensibly in some homes and wreak havoc in others,” writes Daniel McGinn in *Newsweek*. “Debating its net societal value will remain a never-ending pursuit.”

**DEEPENING YOUR MEDIA LITERACY**

**EXPLORE THE ISSUE**

Check out the PBS Kids: Sesame Street—Caregivers web page and the Playhouse Disney Guide for Grownups web page.

**DIG DEEPER**

What do you notice about these pages? What do you think their message is to parents?

**WHAT DO YOU THINK?**

Does the quality of children’s shows matter in the debate about television as a babysitter? Are shows without commercials or merchandise marketing inherently better than commercialized shows?
CBS Television. Sarnoff’s longtime rival in radio, William Paley of CBS, was not far behind in moving soap operas and other programs from radio to television. Soon CBS was fully competitive with its own innovations, which included the Twilight Zone science-fiction anthology. By 1953 the I Love Lucy sitcom, which eventually included 140 episodes, was a major draw. Paley worked at creating a cachet for CBS, which he relished calling the “Tiffany network” after the ritzy New York jewelry store.

CBS established a legacy in public affairs when Edward R. Murrow, famous for his World War II radio reporting from Europe, started See It Now. Three years later, in 1954, when Senator Joseph McCarthy was using the prestige of his office to smear people as communists even though they weren’t, it was Murrow on See It Now who exposed the senator’s dubious tactics. Many scholars credit Murrow not only for courage but also for undoing McCarthy and easing Red Scare phobias.

ABC Television. ABC established its television network in 1948 but ran a poor third. Two programs, though, gave ABC some distinction—Disneyland in 1954 and the Mickey Mouse Club in 1955. ABC picked up steam in 1961 with Wide World of Sports, a weekend anthology that appealed to more than sports fans. Roone Arledge, the network’s sports chief, created Monday Night Football in 1969.

Network television was a three-way race once again. By 1976 ABC was leading by a hair.

Fox. Rupert Murdoch, the Australian-born media magnate, made a strategic decision in 1986 to become a major media player in the United States. He bought seven nonnetwork stations in major markets and also the 20th Century Fox movie studio. The stations gave Murdoch a nucleus for a fourth network. With 20th Century Fox, Murdoch had production facilities and a huge movie library to fill airtime. Murdoch also recruited Barry Diller, whose track record included a series of ABC hits, to head the new network; Murdoch called it Fox.

There were doubts that Fox would make it, but Diller kept costs low with low-budget shows like Married . . . with Children, which featured the crude, dysfunctional Bundy family. The Simpsons attracted young viewers, whom advertisers especially sought to reach. Fox outbid CBS to televise half of the Sunday National Football League games in 1994. Soon some CBS affiliates defected to Fox.

The Murdoch strategy worked. With almost 200 affiliates, Fox made network television into the Big Four.

CHECKING YOUR MEDIA LITERACY

List the programming innovators who shaped each of the major networks. What were their contributions?

Cable and Satellite Television

Early cable companies were small-town enterprises that merely relayed signals from over-air stations to townspeople, but in the 1970s networks were formed to provide exclusive programming to these local cable companies. Explosive growth followed. Television delivery fragmented further with satellite signals delivered directly to viewers via their own reception dishes. This so-called satcom system bypassed the federally licensed system of over-air local stations as well as cable distributors.
CABLE SYSTEMS

Entrepreneurs in mountainous sections of Oregon, West Virginia and western Pennsylvania figured out how to bring television to their communities in the late 1940s even though mountains blocked the signals. The only stations at the time were in big cities. By hoisting a reception tower on a nearby mountain top, these entrepreneurs caught the faraway signals and strung a cable down to town, and from there to every house. Voila, places like Astoria, Oregon, had television. Gradually every small town beyond the reach of over-air television signals had a local cable system—all low-cost distribution systems. Few offered local-origination programming, however.

Urban television stations and the networks too were pleased with the upstart CATV enterprises, short for community antenna television. With no investment, the big city stations picked up additional viewers, which permitted the stations to charge more to advertisers. Small-town people were enthusiastic to be able to watch Jack Benny. Although not a technological leap, the locally owned small-town cable systems were a new wrinkle in television delivery. The systems were a minor, relatively passive component in the U.S. television industry. Even into the 1970s nobody sensed what a sleeping giant they had become.

CHECKING YOUR MEDIA LITERACY

Why was cable television only a small-town phenomenon for a quarter century?

CABLE NETWORKS

A young executive at Time Inc. in New York, Gerald Levin, put two and two together and came up with a new direction for television in the early 1970s. His idea was to create a network exclusively for local cable systems to augment what they were picking up from over-air stations. The network, built on a floundering Time entity called Home Box Office, HBO for short, would send programming via orbiting satellites.

With only 265,000 households at its 1975 launch, the first cable network, HBO, barely dented the viewership of over-air stations. But HBO grew. A year later Atlanta station owner Ted Turner put his WTBS on satellite as mostly a movie channel for local cable systems. Turner called WTBS a “superstation,” and it quickly became a money machine. Leveraging the revenue, Turner then created CNN, then bought a fledgling competitor and started Headline News, a second 24/7 news service. Then Turner created TNT, a second movie channel.

These networks avoided most government regulation because their programming was delivered to viewers by cable, bypassing FCC-regulated airwaves. It was an alternative that shook up the over-air television industry, siphoning viewers.

Sopranos Attraction. Since its inception, HBO has hastened the fragmentation of television programming. Beginning in 1975 with post-release movies, HBO was an exclusive network for cable systems, then became a power to be reckoned with in original programming. Series like The Sopranos built HBO as a brand and attracted more subscribers. The torments of Carmela Soprano, a tough, independent, religious yet rationalizing mob wife, played by Edie Falco, made irresistible viewing for millions of HBO subscribers until the 2007 finale.
Seeing the potential, other cable channels soon were competing for space on local cable systems—ESPN for sports, a weather network, music video networks, home shopping networks. By 2008 there were more than 330 national cable networks.

**CHECKING YOUR MEDIA LITERACY**

✧ What transformed cable into a major player in the television industry?

✧ How did Gerald Levin transform cable? How did Ted Turner do likewise?

### MULTISYSTEM OPERATORS

The potential of the cable television industry that Gerald Levin had recognized did not go unnoticed on Wall Street. For investors, cable suddenly was hot. CATV systems were gobbled up in hundreds of acquisitions. What emerged were multisystem operators, called MSOs in the industry. These companies, many of them subsidiaries of larger media companies, simultaneously were raising money from investors to wire big cities so that cable programming could be offered for a monthly subscription. Today, more than 90 percent of U.S. households have access to cable, although only about two-thirds of them subscribe.

The company Comcast catapulted into becoming the largest multisystem operator in 2002 by buying AT&T Broadband and claiming, with earlier acquisitions, more than 21 million subscribers. Time Warner is second at 11 million. The consolidation of cable systems into large ownerships has reduced the number of MSOs nationwide to 25—a far cry from the individual local systems that began in the late 1940s.

**CHECKING YOUR MEDIA LITERACY**

✧ What has happened to all those CATV systems?

### OWNERSHIP MELD

For years, over-air networks resented the intrusion of cable networks as a competitor for national advertising, but the tension cooled as media conglomerates added cable networks to their bevy of holdings. It was an ownership meld. Advertising revenue that the over-air networks lose to cable may still end up in the parent company’s coffers. In recent years, for example, NBC’s advance revenue guarantees from advertisers were about the same as the year before, but stablemate Bravo’s upfront advertising commitments doubled. Senior sales executives cut deals with advertisers to buy time on both the networks serving over-air affiliates and on the network-owned cable services. Consider that the five major network companies have cable siblings:

<table>
<thead>
<tr>
<th>Over-Air Networks</th>
<th>Among Cable Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disney</strong></td>
<td>ABC Family Channel, Disney Channel, ESPN, SoapNet</td>
</tr>
<tr>
<td><strong>NBC Universal</strong></td>
<td>Bravo, CNBC, MSNBC, Mun2TV, SciFi Channel, Trio, USA Networks</td>
</tr>
<tr>
<td><strong>News Corp.</strong></td>
<td>Fox Movie, Fox News, Fox Sports, Fuel, National Geographic Channel</td>
</tr>
<tr>
<td><strong>Time Warner</strong></td>
<td>Cartoon Network, CNN, TBS, Turner Classic Movies, TNT</td>
</tr>
<tr>
<td><strong>Viacom</strong></td>
<td>BET, MTV, MTV2, The N, Nickelodeon, Nick at Nite, Noggin, Spike, VH1</td>
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</table>

**CHECKING YOUR MEDIA LITERACY**

✧ How have major television networks hedged their bets against cable as a competitor?
**SATELLITE-DIRECT DELIVERY**

The cost of entry for satellite-direct transmission has limited the number of U.S. satcom operators to two. DirecTV, the larger, has 15.5 million subscribers. For several years media mogul Murdoch controlled DirecTV with 34 percent ownership. He sold his interest in 2006 but continues with similar satellite services on other continents—Star TV in Asia, B-Sky-B in Britain, Sky Italia in Italy and Foxtel in Australia. The Dish Network, the trade name for EchoStar, has 11 million subscribers. EchoStar has a fleet of nine satellites in orbit, DirecTV eight.

Both DirecTV and EchoStar are growing, taking subscribers away from cable. In 2003 Dallas became the first major city with more satellite than cable customers. The growth accelerated when the Federal Communications Commission cleared the way for the satellite-delivery companies to include local over-air stations and their network programs among their array of cable channels. Both services also carry pay-per-view movies, pornography and sports packages.

**CHECKING YOUR MEDIA LITERACY**

- What is a satcom?
- How many satcoms serve the United States? Name them.
- How big a factor are satcoms in the U.S. television industry? Globally?

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**Video on Demand**

*STUDY PREVIEW*

Time-shifting devices enable viewers to decide when they watch television. Portable devices let them decide where. These video-on-demand devices, as well as content designed for watching on the go, are undermining some long-term attractions of networks, stations, cable systems and satcoms as advertising vehicles.

**TIME SHIFTING**

Devices that allow people to watch what they want when they want, video on demand, date to Betamax videotape players introduced by Sony in 1976. Later devices, like TiVo digital recorders, provide other options for what’s called time shifting. People don’t have to schedule their activities around a channel’s schedule. It’s possible to program a TiVo to record the news at 6 p.m. and then watch it whenever. The same is true with Survivor or the Daily Show. Time shifting has dramatically reduced the tyranny that network and station programmers once had over people’s lives. Direct Video Recording, on-demand movies, sports, television shows and special events available through cable and satellite providers allow viewers to watch whatever they want, in whole or in part, on their own schedule. Also, with the increasing migration of television content online, it is possible to watch a lot of television without actually even owning a television. Many shows are archived online and deliverable free through a variety of official and unofficial portals. Many are partially uploaded before they actually air, and fully uploaded immediately upon airing.

A troubling upshot of the technology for networks and stations is that they are losing their power to amass great numbers of people in front of the screen at the same time. That had been a selling point to advertisers. An advertiser for time-of-day products like Subway sandwiches wants to reach viewers at mealtime—not
whenever viewers decide to watch a show. What good is an advertisement designed to stir excitement for the weekend introduction of the new Chevy Volt if viewers don’t see the spot until a week later? Also, those DVR devices allow viewers to skip commercials entirely.

CHECKING YOUR MEDIA LITERACY

- How was Betamax revolutionary?
- How did TiVo further empower viewers?

PORTABLE DEVICES

In 2005 a video-playing Internet device introduced by Apple fully liberated viewers from planting themselves before large and stationary television sets. The Apple video iPod suddenly splintered television as an industry. By 2008 handheld iPods could store as many as 150 hours of video and display the images on a 2½-inch color screen. People could watch television shows on the road or wherever—and whenever. It was true video on demand, with people downloading programs from the Internet to catch any time they wanted. Next Apple came up with iPhone, which had video-on-demand capabilities, followed by upgrades with greater capabilities. Not to be left out, the major television networks, ABC, CBS, Fox and NBC, scrambled to sell archived programming for iPods. The one-time monopoly of the big networks providing programming through over-air local affiliates was further fractured. Meanwhile, cell phone providers led by Verizon added VOD capabilities to their phones. Verizon’s subscription service, rolled out in 2006, offered snippets, then longer video features, some truncated from programs to which rights had been purchased from the big networks and other television program creators.

CHECKING YOUR MEDIA LITERACY

- How has television viewing become untethered?

VOD CHALLENGES

VOD is the great unknown in the future of television as we know it. Apple has positioned itself with the handheld video iPod and its Disney ABC connection. In 2006 Warner made a deal to put 14,000 free episodes of vintage shows, including Welcome Back, Kotter, Wonder Woman and Kung Fu, on the America Online subscription service owned by its parent company, Time Warner. AOL started with a drama channel, a comedy channel and four others. By 2006 about half of U.S. households had fast broadband connections to accommodate larger-than-ever-before downloads from the Internet, including ever-longer videos.

The VOD revolution has only begun. The cost of entry is so low that almost anyone with a few
hundred dollars in software can create videos for VOD distribution. Just about everyone has easy access to post on YouTube.

**CHECKING YOUR MEDIA LITERACY**

- How do affiliate stations view network forays into VOD?
- Who owns massive inventory assets of programming for VOD?
- How can a case be argued that VOD is democratizing television?

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**Public Television**

**STUDY PREVIEW**

Government financial support of a national noncommercial television system grew out of concern in the 1960s that television was a “vast wasteland” of lowbrow content. Programming at the time came mostly from the three networks. Then PBS came into being as an alternative. Today, with a great array of programming available, a question is whether public funding is necessary anymore.

**NONCOMMERCIAL STATIONS**

Many universities and school districts set up stations as noncommercial operations in the 1950s and 1960s as part of their mission to broaden their reach. These stations, as a condition of their licenses from the Federal Communications Commission, could not sell time to advertisers. As educational experiments, the ETV stations, as they were called, had mixed results. Most programs were dull lectures. The following was small. In some cities, meanwhile, citizen groups obtained licenses for noncommercial stations. By the late 1960s there were 300 of these stations, but viewership was sparse.

Meanwhile, commercial television was drawing unprecedented audiences nightly. Lifestyles changed dramatically, as barkeeps and movie-house operators nationwide could attest. Many lodges surrendered their charters because of membership declines. Heard much about Freemasons lately? The big alternative draws were local news and network entertainment. While popular, the entertainment fare was criticized by elitists as downscale and a horrible default on television’s potential to make positive and enduring contributions. In a notable 1961 speech, the chair of the Federal Communications Commission, Newton Minow, accused the industry of presiding over a “vast wasteland.”

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**CHECKING YOUR MEDIA LITERACY**

- Put Newton Minow’s 1961 “vast wasteland” indictment of television in a modern context. Is it still true?
- Where would you put Minow on an elitist-populist scale?
- What was the original purpose of noncommercial television stations?

**PUBLIC BROADCASTING SERVICE**

In 1967 a blue-ribbon group, the Carnegie Commission on Educational Television, examined the situation and saw a grossly underdeveloped national resource. The commission recommended an alternate concept and used the term *public television* to “serve the needs of the American public.” Within months, Congress responded by creating the Corporation for Public Broadcasting to develop a national noncommercial broadcasting system for both television and radio. The goal was
high-quality programming distinct from that of the commercial networks, which, by their nature, pandered to mass audiences. Thus was born the Public Broadcasting Service as a network serving the former ETV stations, most of which shifted to the new public television model.

To pay the bills, public television has cobbled together motley sources of revenue. Until recent years, congressional appropriations, buffered from political control through a quasi-government agency, the Corporation for Public Broadcasting, were a mainstay. As federal funding has declined, the public television system has stepped up its drive for donations from public-spirited corporations and viewers themselves. Although prohibited from selling advertising time, stations can acknowledge their benefactors. These acknowledgments, once bare-bones announcements, have become more elaborate over the years and sometimes seem close to advertising.

Public television has never been much liked by the commercial television industry. Public stations take viewers away, even though relatively few. Also, that public television receives what amounts to government subsidies seems unfair to the commercial stations. The upside of the arrangement for commercial television is that the presence of high-quality programming on public television eases public and government pressure on them to absorb the cost of producing more high-culture fare as a public service that would attract only niche audiences and few advertisers. Public television, like its commercial counterpart, has not been immune from encroachments on its turf. The explosion of cable and satellite original programming has created channels and whole networks—Discovery, National Geographic, The History Channel, to name just a few—devoted to the kinds of programming once exclusively on PBS.

CHECKING YOUR MEDIA LITERACY

✐ What did the founding of PBS say about the quality of television programming at the time?

✐ What happened to educational television?

✐ Somebody has to pay the bills to keep public television on the air. Who?
The Television-Movies Meld (Pages 147–149)

Beginning in the 1950s, television transformed lifestyles in the United States. Until recently, movies and television were enemies, fighting for the same audience. Today, the two industries have largely melded and created new synergies. They share corporate owners, content and stars.

Hollywood Studios (Pages 156–164)

Six studios, all parts of conglomerates, dominate Hollywood movie production and distribution. These studios are enmeshed with the television industry through corporate connections. A growing component in movie distribution channels is independent films, which originate outside the Hollywood structure but which the directors sell to studio-owned distribution companies to market them. Massive profits from a runaway movie success lure studio executives into big-budget epics and spectacles, but some bomb. Historically, studios have issued a mix of big-budget, mid-budget and low-budget movies, but in tight times the emphasis has shifted to caution.

Movies: First of the Motion Media (Pages 149–152)

For more than a century, movies have been an important element of U.S. culture. Movies can be great entertainers that also sensitize people to issues and have a long-term effect in shifting public attitudes on enduring issues. Measuring the cultural impact is difficult, but conventional wisdom, almost certainly overstated, is that Hollywood can change fundamental values. This notion has made Hollywood a target in the culture wars that have divided American society in recent years. Comedian Bill Maher has challenged the idea that movies threaten traditional values with a quip that Hollywood is not geared to Red States or Blue States but to green—whether a movie will attract audiences. Producers, he says, don’t sit around and work at conceiving movie projects that people in Iowa will really hate.

The Box Office (Pages 164–167)

The exhibition component of the industry, presenting movies to audiences, is in transition. Movie-house attendance and box office revenue have slipped dramatically. Video rentals and sales have offset the revenue decline from Hollywood’s perspective, although there are signs that video revenue has peaked. Movie houses have responded with a wide range of tactics, but they seem mostly to be floundering. D-cinema is one new initiative to improve the visual experience in a movie house and also to reduce exhibition costs. Still to be felt is the coming technology that will allow home downloading of feature-length movies.

Movie Products (Pages 152–156)

Although most people associate movies with heavily promoted Hollywood feature films, the medium lends itself to a wide range of content besides escapist fiction. Documentaries, a nonfiction genre, have a long tradition. The popularity of documentaries has peaks and ebbs. Propagandist films were a growth industry for Hollywood in World War II. Rock concert documentaries peaked in the 1980s. Today documentaries range from journalistic explorations to opinionated docu-ganda. Another genre that comes and goes in popularity is the animated film. Animation production has changed in recent years with digital technology, which makes production less labor-intensive than in the Disney heyday.

Television in Transition (Pages 167–168)

Television transformed lifestyles in the United States beginning in the 1950s. It’s hard to imagine the Super Bowl without television. Lodge meetings, Wednesday night vespers and evening socializing at neighborhood taverns suddenly were relegated to something from the not-so-much-regretted good ol’ days. Today, however, that huge audience is fragmenting. The fragmentation began with the arrival of cable networks in the 1970s and accelerated with satellite-direct delivery systems. Video on demand via the Internet is the latest technology to beleaguer the traditional structure of television. For clarity, perhaps the term today should be screen media instead of television. Even so, the medium has had a powerful influence. Social critic Michael Novak calls television “a molder of the soul’s geography.”
Terrestrial Television  (Pages 169–171)

The original U.S. television system was modeled on radio—local stations licensed by the national government. As with radio, national networks soon were providing local stations with their most popular programming, particularly in the evening. The evening hours came to be called prime time because that’s when networks could charge advertisers premium rates for the biggest audiences. The first television network was created by radio pioneer David Sarnoff, who applied lessons from radio to organize NBC. Not far behind was rival William Paley at CBS. ABC was a late arrival, but by the mid-1950s the industry was dominated by the Big Three. The truly late arrival was Fox in 1986.

Video on Demand  (Pages 174–176)

The Internet’s impact on television has been just as great as its impact on other media. With portable devices, including advanced cell phones, people can pick up video programming on the go. Because of technical download issues, live programs tend to be short—like five-minute webisodes. But long-form programs can be downloaded in advance for viewing any time, anywhere. This is another challenge for older over-air and cable delivery and even newer satellite-direct delivery to deal with. Other technology also is giving traditional television fits. Devices that allow time shifting, like TiVo recording and playback machines, are cutting into the massive audiences that networks and their over-air affiliates once could rely on to sit down and watch I Love Lucy simultaneously, along with the interspersed ads. With TiVo, viewers can even skip the ads.

Cable and Satellite Television  (Pages 171–174)

Cable television sat in the backwaters of the television industry for its first quarter-century. Originally, cable systems were merely mechanisms for relaying big-city and Big Three over-air television programming to faraway communities beyond the reach of over-air signals. That changed dramatically in 1975 when HBO began offering exclusive programming to cable systems, followed by Ted Turner’s WTBS superstation, then CNN. Today, 330 cable networks compete for viewers. Those small-town CATV systems, short for “community antenna television,” now have been absorbed by giant multisystem cable companies that have wires in big cities. Cable is no longer a small-town business. The television industry opposed satellite-direct delivery because it would bypass local stations and cable too. But in 1984 DirecTV won authorization to establish the satcom business, followed by EchoStar’s Dish Network. This further fragmented the television industry.

Public Television  (Pages 176–177)

Responding to the television industry’s focus on programming that appealed to the widest possible audience, necessarily a lowbrow strategy, Congress in 1967 established a structure for federal funding to develop noncommercial stations as an alternative. The result was a financial base for programming that otherwise would not be aired for want of sufficient advertising revenue. Noncommercial stations that had been licensed for educational purposes re-dubbed themselves public television and built their programming around a new network, the Public Broadcasting Service. Public funding always has been controversial. One severe critic, radio talk-show host Rush Limbaugh, epitomized the opposition this way: “Why should tax dollars fund broadcasting that people don’t want to watch?” The fact is that with the proliferation of cable and satcom channels, PBS and its affiliates’ programming is less distinctive than it was originally.
Review Questions

1. What are the signs that old feuds between the movie and television industries have been resolved?
2. What is required for movies to have their great impact on viewers?
3. What are Hollywood’s primary products? Give examples of each.
4. What has happened to Hollywood’s studio system?
6. What technological innovations are beleaguering the original television industry?
7. What ended the happy relationship between CATV operators and over-air stations? And how are satcoms affecting the television industry?
8. What are examples of video on demand?
9. Has public television addressed the 1961 observation of FCC chair Newton Minow that television is a “vast wasteland”?
10. Will advertisers abandon over-air, cable and satcom television channels because of time-shift and portable devices? Explain.

Concepts
- exhibition (Page 164)
- ownership meld (Page 173)
- public television (Page 176)
- star system (Page 157)
- studio system (Page 157)
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- time shifting (Page 174)
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Terms
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People
- Adolph Zukor (Page 157)
- D. W. Griffith (Page 162)
- Gerald Levin (Page 172)
- Mark Cuban (Page 166)
- Newton Minow (Page 176)
- Robert Flaherty (Page 155)
- Walt Disney (Page 155)
Media Sources


- Dade Hayes and Jonathan Bing. *Open Wide: How Hollywood Box Office Became a National Obsession*. Miramax, 2004. Hayes and Bing, both editors at the movie trade journal *Variety*, examine the role of marketing with *T3, LB2* and *Sinbad*, each from a different studio, as case studies. They provide a historical context of movie marketing back to the 1950s.


- Roger P. Smith. *The Other Face of Public Television: Censoring the American Dream*. Algora, 2002. Smith, a widely recognized television producer, argues that U.S. public television is substantively the same as commercial television, only in a cosmetically different wrapping. He rhetorically asks whether public television can be truly independent as long as it is dependent on government funding. He concludes with a call for an alternative television production organization endowed with a nongovernment trust fund.
A Thematic Chapter Summary

In this chapter you have deepened your media literacy by revisiting several themes. Here are thematic highlights from the chapter:

**MOTION MEDIA**

Is satellite programming delivered directly to viewers the future of television? Ask Rupert Murdoch. Ask John Malone. You’ll find different takes on the question. Both media barons have been out of the satellite-direct television business.

Movies were the first medium with visual motion. It was a technology that marveled people. Then came television, a fast-growth industry built on a new technology that also marveled people. “Radio with pictures,” it was called. Networks supplied programming to local affiliates for relay to anyone within a signal’s reach. Now that’s all old technology. The new technology, digital and Internet-based, delivers video any time, anywhere. One result is a challenge to the traditional U.S. television infrastructure and the program forms built around it—30-second spots and 30-minute and 60-minute scheduled programs. (Pages 166–167, 171–174, 174–175)

**MEDIA EFFECTS**

Ongoing issue for researchers is its effects on kids.

While some researchers focus on whether movies, television and other media affect public attitude and opinion, cultural sociologists focus on lifestyle effects that lend themselves to firmer conclusions. The effect of early television was obvious. Wednesday-night boxing, an early program fixture, kept people home and dented the attendance at older venues for out-of-home activities. And who in America in the 1950s would have missed the $64,000 Question? Today, devices that enable time shifting and on-the-go video pickups are putting the audience in charge. (Pages 170, 174–176)

**MEDIA TECHNOLOGY**

Webisodes. How far is our fast-paced 21st century lifestyle taking us? No more sitting down for 60-minute television shows? Thirty minutes too long, too? How about Susan Zirinsky’s five-minute webisode news items taken from Jericho scripts?

The economics of the movie industry became bumpy with the rise of television. In the early years of television, the networks and their affiliates were in money-making bliss. Advertisers lined up to buy every spot available, particularly in prime time. The whole industry was built on charging advertisers what the market would bear; which was on a roll with double-digit annual growth. Today the economic structure is fracturing. Advertisers have options galore in which to make visual appeals to consumers, not only on cable and satcom channels but also via Internet venues and a dizzying array of digital-based alternative media. Where the unraveling of the traditional economic infrastructure will end is for clairvoyants to predict. In the meantime, the major over-air networks are testing other venues, like selling programs for Internet viewing. Parts of the movie industry, notably exhibition, also are being upended by technology-triggered economic change. (Pages 148–149, 150–152, 156–158, 162–164, 164–166, 173–174)
ELITISM AND POPULISM

PBS. A little good history, anyone? Documentary producer Ken Burns has drawn big audiences on public television. His 2007 series on World War II drew a large audience in terms of numbers. However, most PBS offerings draw a mass audience yawn. Is there a place for serious-minded works on television?

The new medium of television, quickly engaging millions of viewers in the 1950s, seemed to have great potential as a force for cultural enlightenment and for encouraging public participation in the great issues. A decade later FCC chair Newton Minow had, in effect, given up on this potential. He called television a “vast wasteland,” a label that has stuck ever since. The networks pandered to low tastes with programming that neither excited the mind nor motivated political engagement. In the main, television was narcoticizing, lowbrow stuff—comedy geared to momentary chuckles, drama with predictable outcomes, and superficial takes on news. Whether television overall is less a wasteland today can be debated, but at least public stations are in existence as an alternative. (Pages 176–177)

AUDIENCE FRAGMENTATION

“Tracy, Here.” The miniaturization of electronics envisioned for comic-strip detective Dick Tracy more than half a century ago has arrived—with unanticipated consequences. The way that television content is delivered, for example, is being transformed even as you read this. Seen Jon Stewart on an iPod? How about on a Tracy-like wristwatch screen? Oh, that’s next week.

The explosion of television as a new medium ruined the magazine, radio and movie industries, at least for a while, and took away time that people had spent with books. The consolidation of audiences around the new medium was phenomenal. Magazines and radio demassified to survive, seeking segments of their former audiences. No question about it, the magazine and radio industries surrendered large segments of their audiences to television. In a come-upance, the television audience itself now is fragmenting. The core network-affiliate over-air system has lost audience to hundreds of channels available on cable systems and by satcom delivery. (Pages 164–167, 171–175)

MEDIA AND DEMOCRACY

Liberation Tool. Portable video viewing is freeing people from half a century of lifestyle tyranny by television network executives, who schedule when programs will air.

Video-on-demand technology has liberated people from being tied down to a television set. The control that networks once had over lifestyles with their tantalizing prime-time and other fare is breaking down. People can watch television at their convenience with recording and playback devices. Portable devices enable people to choose not only when to watch but where. This has been called the democratization of television, the power shifting from national network program schedulers at corporate offices in New York to individual viewers. (Pages 174–178)