

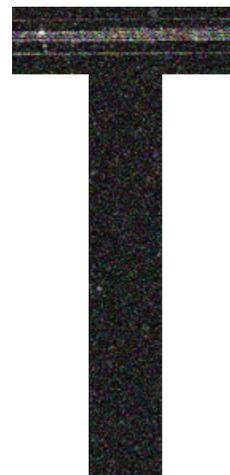
**BIG  
SCREEN**

**VS.**

**SMALL  
SCREEN**

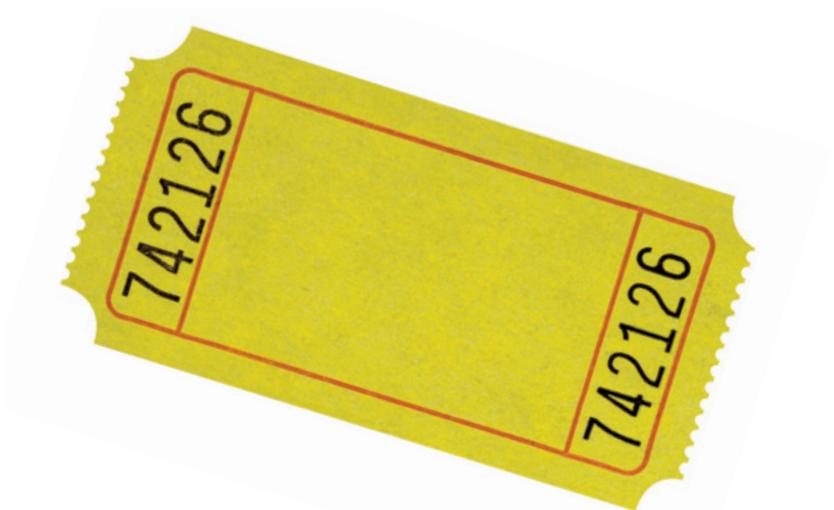
FOUR PRODUCERS  
WEIGH IN ON THE  
PROS AND CONS,  
AND ADJUSTING  
TO THE NEW  
LANDSCAPE IN THE  
STREAMING AGE.

WRITTEN BY ROB FELD



The death and/or dismemberment of theatrical film distribution is hardly a new topic of industry consternation. The cost of real estate, prints, and advertising; the impact of shrinking release windows; competition with a growing variety of accessible media and leisure activities; and now the convenience of streaming platforms—these all take their daily toll.

Theater owners have taken some of these hits for decades. Some have tried to compensate by embellishing the theatrical experience with luxury options, from seating choices to wine service. But even with some encouraging 2022 box office successes such as *Top Gun: Maverick* or *Smile* (the latest *Avatar* had yet to be released by press time), cinema attendance overall remains below pre-pandemic levels. Exhibitor chains like Pacific/ArcLight have bitten the dust as a result, while



Cineworld, the parent company of Regal Cinemas, has filed for bankruptcy.

With no crystal ball in an inherently risky business, many producers shepherding projects into the world are reframing their perceptions of what a proper release looks like.

"I love going to the movies, and I'm a proponent of the theatrical experience," says Hidden Pictures Founder Todd Lieberman, an exec producer of two films in the *Divergent* series, as well as producer of the live-action *Beauty and the Beast* (2017) and the upcoming *Shotgun Wedding* (2023). "But the economics are different now. The bets are bigger and scarier, so I'm also a proponent of not having theatrical when it's not warranted. Part of me is excited about this moment when not every single time we put out a movie needs to be a roll of the dice that a theatrical release will work."

Even in the best of times for movie theaters, like when art-house offerings by Bergman, Tarkovsky or Kurosawa could play in a theater for extended periods as an audience slowly discovered and coalesced around them, a theatrical release was a highly speculative venture.

One can try to de-risk with star performers and top filmmakers, building a purportedly surefire, can't-miss package. But then one can end up either holding

the proverbial *Ishtar* bag or staring down the barrels of surprise mega-hits like *My Big Fat Greek Wedding* or *Little Miss Sunshine*, wondering how that just happened. Setting aside the idea that movie houses might disappear from the landscape entirely, what new, revised, or de-sentimentalized purpose could a theatrical release now hold for producers?

## THEATRICAL'S RIPPLE EFFECT

"What we found is that a successful theatrical revenue generator can help promote the film significantly once it hits the streamer," says Atlas Entertainment CEO and cofounder Charles Roven, whose producing credits include *The Dark Knight* (2008), *American Hustle* (2013) and the recent Mark Wahlberg-Tom Holland action-adventure *Uncharted*, which has grossed almost \$402 million worldwide since its February 10 opening.

"*Uncharted* had released theatrically four months before but was No. 1 on Netflix for weeks once it arrived, and remains a significant player," adds Roven. "I think studios will tell you that even if they didn't get what they were looking for from theatrical, the release generated upticks in viewership from what they were

expecting once it hit streaming."

Back in the day, home video—first considered by some to be of negligible value but later a necessary component of a film's returns—could ultimately make a film profitable, which happened to such cult faves-turned-classics as *Blade Runner*, *Fight Club* and *The Big Lebowski*.

Producers also note that the financials of each project are different and not every film demands the same scale to be considered successful. "My movie *Nanny* (2022), was acquired by Blumhouse-Amazon," explains Stay Gold Features founder Daniela Taplin Lundberg. "The plan is for a strong theatrical play. But it's clear that the ultimate strategy is for a strong streaming release. So in a way, unless you're making *Top Gun*, the new world allows for a little more creativity in terms of what success looks like.

"*Together Together* (2021) made a little over a million dollars at the box office," adds Lundberg, "but because of COVID, timing, a subsequent deal with Hulu, and our foreign deal with Sony, it was considered a financial and critical success."

## INHERENT RISK VS UNPREDICTABLE REWARD

Questions producers are asking themselves include: Is the decision to go theatrical content-neutral? What complex set of factors make the bet worth it? What barometer steers that decision, even as it is theirs to make?

"Today's situation doesn't change what could be distributed theatrically," says Nate Moore, vice president of production and development at Marvel Studios and producer on *Black Panther: Wakanda Forever*, which raked in \$330 million globally over its opening weekend in November. "But it might change what people think of as a theatrical film." Moore posits that there's less patience with platform strategies that might help specialized

releases find an audience in the way mini majors once skillfully did, without worrying about the first weekend's box office. "An unfortunate consequence is that those kinds of movies that we all enjoy—sometimes the best movies of the year—are put straight to the consumers (via streaming) because it feels easier and the risk is lower," he says.

Moore is also quick to argue that a studio's distribution decisions at any given moment are as dependent on the proclivities and powers of its current players as those of any baseball team. So strategy will not be uniform across the board, or predictable when leadership changes. The 1927 and 1998 Yankees both wore pinstripes in the Bronx, but that's where the similarity between teams ends.

"I think our current situation is allowing risk-averse companies to be even more risk-averse than they typically would be," says Moore, "rather than rolling the dice and seeing what could happen with the proper marketing. People are now being asked to take bigger swings at ideas and IP, and maybe encouraged to find a safe home for what in the past would have been considered a mid-tier movie. So it's a little feast or famine.

"I think the unintended consequence is a reach for big ideas as if the big idea was the savior," Moore adds. "But the truth is that making movies is inherently risky. To try and insulate yourself from failure by taking the biggest or the smallest swings is just not how it works."

## TEST DRIVE BEFORE TOURING

Roven suggests maintaining distribution agnosticism until the results of aggressive audience testing are known.

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**NATE MOORE, PRODUCER, BLACK PANTHER: WAKANDA FOREVER**

And that, of course, is still not foolproof.

"Only after you have made the movie and tested it and your marketing materials can you make the final decision of how the movie should be released," says Roven. "If the audience has a desire to see it, they're going to go to the movies to see it if that's the only way they can. If the only way they can see it is on a streamer, they're going to go to that streamer—if that streamer has marketed it well. The most important thing is to have people come out of the viewing experience saying, 'I really liked that. I'm going to tell my friends about it.'"

Roven speaks with a voice of practicality that carries with it years of experience with tidal changes and a great diversity of film genres. "I don't think you can preemptively say, 'You can't release a movie like that theatrically,' or, 'You shouldn't release a movie like that on a streaming platform as its first window,'" he says. "Who would have thought *Smile* could do what it did? If you look at what *Smile* did (\$210 worldwide, as of November 14), *Uncharted* or *Top Gun: Maverick* (closing in on \$1.5 billion), you see

theatrical clearly working for a number of different genres."

## 'MAKE STUFF YOU BELIEVE IN'

Is there a way to think about packaging a project in this environment to better safeguard a theatrical release? Moore suggests rethinking marketing, trailers, posters, and titles in a way that speaks to niche audiences and makes releases distinct from one another, rather than "sanding down the edges to feel like the biggest, meatiest softball down the middle for audiences (in an effort) to get everyone on opening weekend."

But as Moore puts it, there are no guarantees in an inherently risky business. Talk with any film producer, and screenwriter William Goldman's timeless truism—"Not one person in the entire motion picture field knows for certain what's going to work"—hovers over the conversation. "The time and place where a movie hits emotionally for audiences has never been predictable," Moore says. "The history

of cinema will bear that out. To try and predict it feels like a fool's errand."

"Audiences are going to respond to what they respond to," Moore adds. "We always forget that every five years there's a study about how talent doesn't directly relate to eyeballs. Then we get into the cycle of, 'Wait, it's not true.' Maybe we should just make good movies?"

"Even as more companies become parts of bigger corporations who look at things from a strictly bottom-line perspective," he adds, "that's a tricky way to make movies because it's not who designs the best car wins."

Moore's bottom-line suggestion: Rather than trying to anticipate what will lure audiences into theaters, "Make stuff you believe in." In other words, creative risks translate into seminal movies—the kind of movies his generation of filmmakers grew up loving.

With so much uncertainty and so many more channels that could support a wider array of storytelling, why cling so tightly to theatrical, especially when the ground continues to shift almost three years after COVID altered the landscape?

"I think we producers are asking ourselves the theatrical question, knowing the choice isn't going to be solely up to us," says Lieberman, who suggests that gut instinct is underrated. "I'm a firm believer that if something is moving me or making me laugh, it will move or make other people laugh as well. Can I make the argument, 'Because I love it, 10 million other people will love it in the theaters?' No one would listen to me, but it's really what it comes down to."

## BACK-END VS. SHORT-TERM MONEY

In the past five years, as streamers

like Netflix, Amazon, and Apple have gone from "disruptors" to mainstream players in the movie business, theatrical windows have shrunk from the standard 90 days to as short as a week. This shift has taken its toll on producers whose bread and butter often relied on back-end rewards based on box office revenue. And with some streamers still proprietary about viewing numbers, an upfront buyout fee is often a producer's only recourse. But it could also work as insurance against box office disappointment.

"A box office hit with the traditional backend scenario is much more financially valuable than selling to a

worldwide streamer for a buyout," says Lieberman. "I've had theatrical movies work really well, and I've had theatrical movies not work at all. In the world of streaming, you exchange the chance for real upside for a level of calm. But that's a good trade in a lot of circumstances. You could take a swing at box office and wind up with nothing."

Just as in any business, the one-size-fits-all approach is becoming as dated as video stores or broadcast network dominance. The idea that every feature should be released theatrically is not just a foolish proposition; it's simply not the world we live in, contends Roven.

"I'm a producer," he says, "so why wouldn't I want to participate more in the biggest successes, as we have historically in the theatrical or television business? I'm hoping we may be moving in that direction with the streaming services. But depending on what your experience is as a producer, getting a significant percentage as a buyout that guarantees you a profit above your fee is not such a bad thing. There are companies that historically don't even do buyouts, and others are starting to loosen up on that a little bit. We'll have to see where that goes."

There can be no greater optimist on the planet than a filmmaker: optimism that producers' deals with streamers would come to recognize the value of those who created a successful film, and optimism that the marketplace will eventually find a way to balance the existence of different distribution systems in ways that consumers want, as it has historically.

In the meantime, to maintain true north, Lieberman reduces the big question to its essence: "As audience members, what would make us want to get up off our couch and go see this? It's as simple as that." ■

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