

Death to Dual Release?

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Abstract

The COVID-19 pandemic jump started an already growing and competitive video streaming industry. Does video streaming have a strangle hold on consumers of media? If so, are traditional forms of media soon to be once and for all overtaken by video streaming services? Did the pandemic forever change the media landscape?

Keywords: Disney+ Premier • Video streaming • Television • Video on demand • Media

Introduction

The COVID-19 pandemic changed the film industry. While theaters were shut down due to safety restrictions, Disney and their blockbuster films, which could potentially bring millions in theater ticket sales, were releasing films to the Disney+ streaming service. Disney experienced growth as a result. According to Lutz Disney+ subscribership doubled in one year, growing to 116 million [1]. *Black Widow*, *Cruella*, *Mulan* and *Jungle Cruise* were released in theaters and on Disney+ Premier (subscribers to Disney+ can access such dual released titles on Disney+ Premier for \$30). At a glance this strategy appeared to be effective. Mendelson noted, "Not only did Hollywood's theatrical plans get scuttled by Covid, but the 'if you leave the house you might die' new normal gave a huge advantage to Disney's new streaming service (Disney+)" [2]. Mendelson also indicated, "A huge part of Disney's pop culture dominance is the narrative that it maintains an iron grip on what consumers see in theaters and on streaming [2]. An MCU show periodically topping that week's Nielsen ratings or a movie like *Cruella* performing 'okay for Covid' isn't going to cut it."

Description

Future of the film industry

There is an on-going debate over the future of the viability of the movie theater industry regarding box office sales. The film industry is having trouble finding franchises besides superhero films that can be profitable. Katz noted that production companies might choose the dual release model for films that aren't guaranteed to pull a massive box office profit, "With theatrical releases growing riskier and costlier, studios are questioning whether similar smaller-scale films can pull the same profit on PVOD, where the studios generally keep 80% of the revenue as opposed to the standard 50% split with exhibitors" [3]. Is film destined to be overtaken by video streaming services? Did the pandemic forever change the media landscape? Did the pandemic breathe life into the dual-release model and make it a sustainable model?

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Actress and Marvel Studios star Scarlet Johansson clashed with film and entertainment giant Disney over the dual-release of "Black Widow," a film that was predicted to reach blockbuster status. However, with different COVID restrictions from state-to-state and country-to-country, Disney decided on the dual-release model for the film, resulting in a lawsuit from Johansson, who argued that her net proceeds suffered as a result. Kay reported, "Johansson argued in her filing that Disney interfered with her contract with Marvel Studios and induced the latter to breach its contract by putting what she believed would be an exclusive theatrical release on to Disney+ Premier Access, which cost her the upside from profit participation". After paying out to Johansson, Disney did not release the film "Shang-Chi and the Legend of the Ten Rings" to Disney+ at the same time as it hit theaters [4]. Power noted "Despite rising cases of the Covid-19 Delta variant, it appears that Disney doesn't want a repeat scenario for the rest of its 2021 movie slate [5]. Shang-Chi's box office success, too, has seemingly convinced the studio that a return to exclusive theatrical releases is the way forward".

Filmmakers have a financial stake in their work, and it appears they do not support the dual release model in a post-COVID world. When commenting on the dual-released, 2021 film "Dune," Rubin noted that director Denis Villeneuve ("Arrival") was among those most vocally opposed to the film's hybrid release and the decision to move movies to streaming. In a column for *Variety*, he blasted the studio's "complete disregard" for its filmmakers and criticized its choice to 'promote their streaming service' and forgo box office dollars in return" [6]. *Dune* brought in \$70 million its first weekend, with \$17 million derived from streaming sales. King noted, "To date, \$17 million of *Dune*'s overall domestic tally comes from HBO Max's premium streaming option, just over a quarter of that nearly \$70 million total, further evidencing that *Duneheads* have preferred to stick to the traditional viewing method" [7].

In investigating pre-pandemic Disney blockbusters, the 2019 film "Spider-Man: Far from Home" brought in \$185 million at the box office in its first weekend. This is a traditional example of a Marvel action movie hitting theatres before COVID-19 and before delivery on Disney+. Rubin indicated, "The web-slinging adventure easily dominated in North America, delivering a \$185 million debut from 4,636 venues during its first six days in theaters [8]. 'Spider-Man: Far From Home set a number of records this week, including biggest Tuesday ticket sales of all time (\$38 million), best Wednesday grosses for a Marvel movie (\$27 million) and the second-largest Fourth of July holiday (\$25 million). It also marks Sony Pictures' biggest six-day opening weekend ever".

During the pandemic, Disney released the long-awaited live-action "Mulan" film to their streaming service Disney+, and to access the film subscribers paid an additional fee. While it only brought in \$70 million, Disney+ had a 68% subscriber increase. McGuire wondered if *Mulan* was a success for Disney, stating, "Mulan" made a total of \$35.5 million on its opening weekend from Disney+ subscribers. Since the movie wasn't released in theaters, the \$35.5 million is entirely net profit for Disney, who didn't have to pay any distribution fees by hosting it on their streaming service" [9]. McGuire also indicated,

"Mulan" was not a success by traditional box office metrics, with the lowest opening box office of any Disney live-action remake, and the film is like not going to make back its \$200 million+ budget [9]. It was also a failure overseas, with a disappointing international box office and "Mulan's" failure to do well in the Chinese market, where Disney was aggressively marketing the film to make up for its domestic failures". In addition, Disney's dual release "Cruella" brought in \$228,958,275 at the box office, which also underperformed [2,10-13].

Conclusion

What does the future hold?

The impact of the pandemic the film industry is shaped by economics. Sims noted the dual release format meet the needs of consumers in the short term, in the long term there may be great economic loss. Disney's simultaneous release of *Black Widow* in theaters and on Disney+ secured \$80 million in domestic dollars during its opening weekend at the box office plus an additional \$60 million in video streaming. The numbers dropped off drastically in the ensuing weeks, as in its second weekend at the box office, the film earned \$26.3 million (67% decrease from opening weekend and the steepest decline in Marvel cinematic release history for a film's second week). D'Alessandro reported that National Association of Theatre Owners (NATO) oppose dual release, noting that the Disney+ Premier release of *Black Widow* cannibalized a "more traditional PVOD window" and hurt domestic box office sales, noting dual release "is a pandemic-era artifact that should be left to history with the pandemic itself". McClintock noted that industry insiders suggest that dual release film strategies will cease once the pandemic concludes.

Theatrical release and dual release cannot exist in harmony. Film production companies are choosing between the two strategies when releasing a film. According to Kafka, "While some people who are invested in the movie business insist there's a future where lots of people see all kinds of movies in theaters, most sober observers think that ship has sailed, with the odd exception. Channing Tatum can only be in so many movies per year. Which means movies in theaters are niche programming now. Supersize niches, to be sure. But the era where everyone went to the movies has ended". Kafka also noted, "We're looking at a future where 1) most movies that show in movie theaters will be made for an audience that goes to movie theaters — that means young people who like superheroes, young people who like being scared, and families with kids who need to get out of the house, and 2) everything else is meant to be watched at home. But, eventually, there won't be as much of that stuff as there is now". Film production companies must construct a well-researched plan in determining the correct film release model to maximize revenue and satisfy customers.

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