

**Young audiences in Hollywood:  
The end of a love affair?\***

**Nathalie DUPONT**  
**Université du Littoral et de la Côte d'Opale, France**

Since its inception at the beginning of the twentieth century, Hollywood cinema has depended on a steady stream of patrons to help develop profits. When the studios expanded in the 1910s and 1920s to reach the fully-fledged status of an industry, Hollywood films were seen by a wide variety of Americans. In 1930, the weekly audience of 80 million people included single people, couples, families and young people. The following article attempts to show that the considerable changes in movie audiences during the post-WWII era led to the gradual emergence of the core 12-to-24 age group. Since the 1970s, Hollywood studios have relied on this young audience for the success of their films and have thus produced blockbusters aimed at teenagers' tastes. However, as I shall argue, Hollywood productions are now faced with serious competition as digital technologies, like the Internet, offer young people new modes of entertainment for their leisure time. Hollywood studios are trying to face this new challenge as they may stand at a turning point in the history of their industry.

**How did the young audience become so important for Hollywood?**

Cinema going in the United States used to be a family matter covering all ages. However, the arrival of television in American homes after WWII dealt Hollywood a big blow. In 1949, there were only a million TV sets in American homes. By 1952 there were already 10 million, and in 1960, 8 out of 10 US homes had at least one TV set on and watched television for an average of five hours and five minutes each day.<sup>1</sup> More and more couples preferred staying at home to going to the cinema.

Besides being hit by the *de facto* disintegration of its vertical structures entailed by the 1948 Paramount Consent Decree, the film industry also suffered from the demographic shift from the cities to the suburbs that had started at the beginning of the century and developed considerably during the 1950s when the: "United States suburbs grew at a rate fifteen times faster than any other segment of the country."<sup>2</sup> As many movie theatres were still located in city centres, they lost part of their audience who did not always fancy driving many miles downtown to watch a film. There were also new ways to spend leisure time and money in more affordable sport activities such as playing golf, tennis, or skiing. Travelling by

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\* To cite this article: Nathalie Dupont, "Young audiences in Hollywood: The end of a love affair?", in Marimar Azcona and Penny Starfield, eds., "Youth in American Film", *Film Journal*, 2 (2013). URL: <http://filmjournal.org/fj2-dupont>.

<sup>1</sup> Thomas Doherty, *Teenagers and Teenpics* (Philadelphia: Temple University Press, 2002), 19, Joel W. Finler, *The Hollywood Story* (London: Wallflower Press, 2003), 375; Murray Pomerance, *American Cinema of the 1950s* (New Jersey: Rutgers University Press, 2005), 7.

<sup>2</sup> Douglas Gomery, *Shared Pleasures*, (Madison: The University of Wisconsin Press, 1992), 85.

plane became more affordable too while tourists, who preferred using their car, drove on better and more numerous highways thanks to the Federal Interstate Highway Act of 1956. The Hollywood audience of the 1950s thus started spending less time and money on going to the movies, and declined from 55 million people per week in 1950 to 30 million in 1960.<sup>3</sup> Faced with such competition, Hollywood reacted by developing some technical innovations such as Cinemascope, Cinerama, 3D and even TV programmes projected on cinema screens, to get its family audience back—to no avail. However, cinemas were not completely deserted as the teenage audience started increasing.

Post-World War II teenagers were different from previous generations of young Americans, as they were more numerous—a result of the baby boom that had started in 1946—more aware of themselves as teenagers and with more money to spend. In 1959, *Life* reported that they had about \$10 billion at their disposal, and “estimated that 16% of the \$10 billion went to the entertainment industry, with the rest divided among fashion, grooming, automobiles, sporting equipment and other goods.”<sup>4</sup> Hollywood gradually became interested in them as a more important audience, especially after the success of *Blackboard Jungle* (Richard Brooks, 1955), *Rebel without a Cause* (Nicholas Ray, 1955) and *Rock Around the Clock* (Fred F. Sears, 1956). Producers developed the ‘teenpic’ cycle and started exploiting the rock’n’roll craze and other themes such as drag racing, high school, horror, crime, science fiction, etc. The exhibition business also adapted, with the teenpic double bill or the drive-ins, whose “average attendance [...] had grown to nearly four million patrons per week [by 1952],”<sup>5</sup> numbering more than 6,000 in 1958. These cinemas were less expensive to build and run than their downtown counterparts—land prices were lower in the suburbs—, and targeted the suburban family. Even if they provided “a second-class movie experience”<sup>6</sup> because the projected image was usually of poor quality, for the youngsters of the growing suburban middle-class drive-ins represented a place where they “could talk with their friends during the movie, or make out.”<sup>7</sup>

Youngsters gradually became a very important audience for the film business that adapted to them, and in 1957 a “survey showed that 72 percent of the audience was under the age of thirty.”<sup>8</sup> Their place as core Hollywood audience continued in the 1960s and was further confirmed in the 1970s, with *Jaws* (Steven Spielberg, 1975) and *Star Wars* (George Lucas, 1977). The tremendous success of the latter among teenagers,<sup>9</sup> and the ensuing

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<sup>3</sup> Francis Bordat and Michel Etcheverry, *Cent ans d’aller au cinéma* (Rennes: Presses Universitaires de Rennes, 1995), 203.

<sup>4</sup> Doherty, *Teenagers and Teenpics*, 42.

<sup>5</sup> Gomery, *Shared Pleasures*, 91.

<sup>6</sup> Paul Monaco, “The Runaway audience and the Changing World of Movie Exhibition,” in Paul Monaco, ed., *The Sixties* (Los Angeles: University of California Press, 2001), 46.

<sup>7</sup> *Ibid.*, 47.

<sup>8</sup> Peter Lev, “The Film Industry in the Late 1950s,” in Peter Lev, ed., *The Fifties*, (Los Angeles: University of California Press, 2003), 214.

<sup>9</sup> “The extraordinary popularity of *Star Wars* in 1977 was due, in part at least, to the demographic fact that the audience segment at which the film was pitched – viewers aged between thirteen to twenty five – had increased 17 percent since 1967”. Robert C. Allen, “Home Alone Together: Hollywood and the ‘Family Film,’ ” in Melvyn Stokes and Richard Maltby, ed., *Identifying Hollywood’s Audiences* (London: British Film Institute, 1999), 117.

repeat-viewing phenomenon, convinced Hollywood to release similar productions and blockbusters targeting young audiences.

For the last thirty-odd years, Hollywood has thus developed the production of 'high concept' films<sup>10</sup> intended to attract a young audience, thus featuring rather simplistic characters, rapid-paced spectacular plots and special effects, that are destined to "be further exploited in multimedia forms such as computer games and theme-park rides—secondary outlets that sometimes generate more profits than the films on which they are based."<sup>11</sup> For the studios, the successful blockbuster has become an essential way of boosting their market share, and thus of satisfying their shareholders and the conglomerates they are part of (Time, Sony, Viacom, News Corp., etc.). Such blockbusters are also released in the summer so as to take advantage of the holiday season, during which the core audience is more available. Meanwhile, directors have more or less been asked to tailor their films to suit young people's tastes and to avoid an R rating.<sup>12</sup> Many have complied, delivering PG or PG-13 films<sup>13</sup> that have repeatedly proven to be the most successful ones at the box office in many MPAA reports.

Hollywood's interest in youth also lies in the fact that, in recent years, young people have represented the highest percentage of yearly admissions by age group, with an average of 37% between 1995 and 2011, while they represented about 20% of the American population over the same period of time.<sup>14</sup>

Finally, young people are interesting for the studios as they are the most frequent moviegoers (people who see at least one movie in a theatre per month). In 2011, 12-to-24 year olds were those with the highest percentage among frequent moviegoers (35%), while the 25-to-39 represented 28% and the other age groups averaged 12% or 9%.<sup>15</sup> However, there might be a change ahead, as the 12-to-24 year olds' percentage among the total movie-going audience has started to decline.

### **Are youthful audiences decreasing?**

Hollywood was already confronted with this problem in the 1980s and 1990s. With the effect of the baby 'bust' that took place from 1964 onwards, the core audience comprised of young people had decreased:

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<sup>10</sup> Justin Wyatt, *High Concept: Movies and Marketing in Hollywood* (Austin: University of Texas Press, 1994).

<sup>11</sup> Geoff King, *Spectacular Narratives* (London: I.B. Tauris & Co Ltd, 2000), 2.

<sup>12</sup> Films thus rated mean that the audience under 17 requires an accompanying parent or an adult guardian according to the MPAA terms, and not many teenagers fancy going to the movies with their 'Mum' or their 'Dad'. Moreover, R-rated films may be too violent to be seen by 12-to-15-year-old children.

<sup>13</sup> Only famous and successful directors such as Steven Spielberg, Martin Scorsese or James Cameron have what is called 'the final cut', i.e. the possibility of editing and releasing their films as they wish. Most directors have to comply with their producing studios that can demand a re-editing of their films, should the ratings delivered by the MPAA rating board prove 'unsatisfactory'.

<sup>14</sup> MPAA, "2003 Movie Attendance Study," "2009 Theatrical Market Statistics," and "2011 Theatrical Market Statistics," <http://www.mpa.org> (accessed June 9, 2004, April 27, 2011 and May 8, 2012). No data is available for 2008.

<sup>15</sup> MPAA, "2011 Theatrical Market Statistics."

In 1983, tickets sold to 13-25-year-olds represented 55 per cent of all admissions. By 1992, teenagers and young adults constituted only 38 per cent of the US movie audience, and the percentage of teen movie audience (aged between sixteen and twenty) had dropped from 24 per cent of the total audience in 1981 to only 15 per cent in 1992.<sup>16</sup>

Moreover, in the 1980s, Hollywood had struggled with the emergence of new technologies in order to maintain its audience. The arrival of VCRs in American homes was very rapid, posing once again a threat linked to home entertainment. Technical advancement and cheaper prices meant VCRs rapidly penetrated American homes. So, “by the end of the 1980s, video rentals at more than 25,000 locations in the US reached a total of \$8.4 billion, nearly twice as much as was being taken in at movie theatres.”<sup>17</sup> Hollywood nevertheless reacted, “making more films available on video cassettes [...] with 200 new video titles being released each month [in 1983].”<sup>18</sup> It is important to underline that some youngsters grew up with this new technology (for example, watching Disney films on VHS tapes over and over again at home). But this did not stop them from going to the theatres, albeit in lesser numbers, and in 1999 the 12-to-24 age group still represented 28.1% of moviegoers by age group, and 29.1% in 2002.<sup>19</sup>

However, Hollywood now seems well on the way to finding itself in a problematic situation, as the core 12-24 year-olds’ percentage among moviegoers has started decreasing from 28% in 2006 to 24% of moviegoers in 2009 and a low 22% in 2011—when American admissions stood at 1.28 billion.<sup>20</sup>

The main reason explaining that downward trend is that days only have 24 hours and, according to a 2007 study, teenagers spend 40% of the time they are awake in school activities,<sup>21</sup> which leaves the rest for part-time jobs and leisure-time activities. As the latter are now more diversified, mainly thanks to digital technologies, cinema-going has thus to compete with them.

TV viewing is still an important leisure activity, all the more so with the now wide-screen digital sets and broadband connection. In the same way, listening to music is an important part of teenagers’ leisure time. Nowadays, MP3 players and mobile phones enable them to take their music and listen to it whenever and wherever they want, while having access (legally or illegally) to different types of music has never been so easy thanks to the Internet.

Surfing, watching videos and chatting on the Internet via a computer, a mobile phone or a tablet represent another kind of competition for the studios, as broadband has made these activities easier and faster. Nielsen studies revealed that in 2008 the 12-to-24 age group spent an average of 13 hours and 15 minutes per month on the Internet (11 hours 32 minutes for those aged between 12 and 17, and 14 hours 19 minutes for those aged between 18 and 24), and that in 2010 “teens [were] the ‘heaviest mobile video viewers’

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<sup>16</sup> Robert C. Allen, “Home Alone Together: Hollywood and the ‘Family Film’,” in *Identifying Hollywood’s Audiences*, 117.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid., 112.

<sup>19</sup> MPAA, “2006 US Movie Attendance Study.”

<sup>20</sup> MPAA, “2010 Theatrical Market Statistics.”

<sup>21</sup> Center for Media Design, “High School Media Too: a School Day in the Lives of fifteen Teenagers,” Bell State University, <http://www.issueab.org> (accessed December 19, 2009).

watching 7 hours, 13 minutes of mobile video monthly [...] compared to 4 hours 20 minutes for the general population.”<sup>22</sup>

Films also have to compete with video games. Besides computers, video games can now be played on big TV screens via a console or the Wii system, and also on different types of handheld devices such as the Nintendo DS, mobile phones and tablets. Twelve-to-twenty-four year-olds have, then, access to games that are more and more technologically advanced, and with images that can technically compete with the special effects seen on movie screens. Moreover, watching a film in a cinema is a passive activity where one cannot interact with the narration, whereas online video games enable interactivity involving several players. All these reasons explain why the amount of time devoted to game playing among those aged between 12 and 17 increased from an average 20:46 minutes in 2003 to 25 minutes in 2008, when the 18-to-24-year-olds also spent 26 minutes per day on console games.<sup>23</sup> Consequently, the revenues generated by the video game industry now rival those of the film industry, as in 2010, when the American “retail sales of new physical sales of video-game content [reached] \$10.1 billion,” compared to \$10.6 billion for the American film box office.<sup>24</sup>

Finally, the recent economic crisis has to be taken into account. It has meant less pocket money, while part-time jobs have become more difficult to find, and all this has had an impact on the young movie audience.<sup>25</sup>

Consequently, digital technologies represent a threat for Hollywood as they have started competing with cinema-going in the 12-to-24 audience’s limited leisure time. This has come at a time when there have been other worrying signals for the studios.

The costly blockbusters targeting the core 12-to-24 year-olds increased Hollywood production costs from an average of \$4 million in 1977 to \$70.8 in 2007.<sup>26</sup> This means that it has become more and more difficult to make a profit, as the average domestic box office per film has not always sufficed to make up for its average production cost. It explains why the studios have become even keener on successfully exporting their films over the years: in a now-globalized world, where a strong presence in almost all markets is an asset, a domestic flop in the United States like *Waterworld* (Kevin Reynolds, 1995) or *Troy* (Wolfgang Petersen, 2004) can more rapidly make up for its production costs thanks to bigger profits abroad.<sup>27</sup> The 2011 figures are no exception to this, as the international box office stood at \$22.4

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<sup>22</sup> Nielsen, “How Teens use Media,” The Nielsen Company, <http://blog.nielsen.com> (accessed January 12, 2010) and “Kids Today: How the Class of 2011 Engages with Media,” <http://blog.nielsen.com>, June 8, 2011 (accessed June 15, 2011).

<sup>23</sup> Ibid. and Center for Media Design, “High School Media Too: a School Day in the Lives of fifteen Teenagers.”

<sup>24</sup> In 2011, it was \$9.3 billion versus \$10.2 billion and the “Spending on all video-game content in the U.S. reached an estimated \$16.3 billion” (George Szalai, “U.S. Video Game Industry Sales Fell 8% in 2011 to \$17 Billion,” <http://www.hollywoodreporter.com>, January 12, 2012 (accessed November 20, 2012).

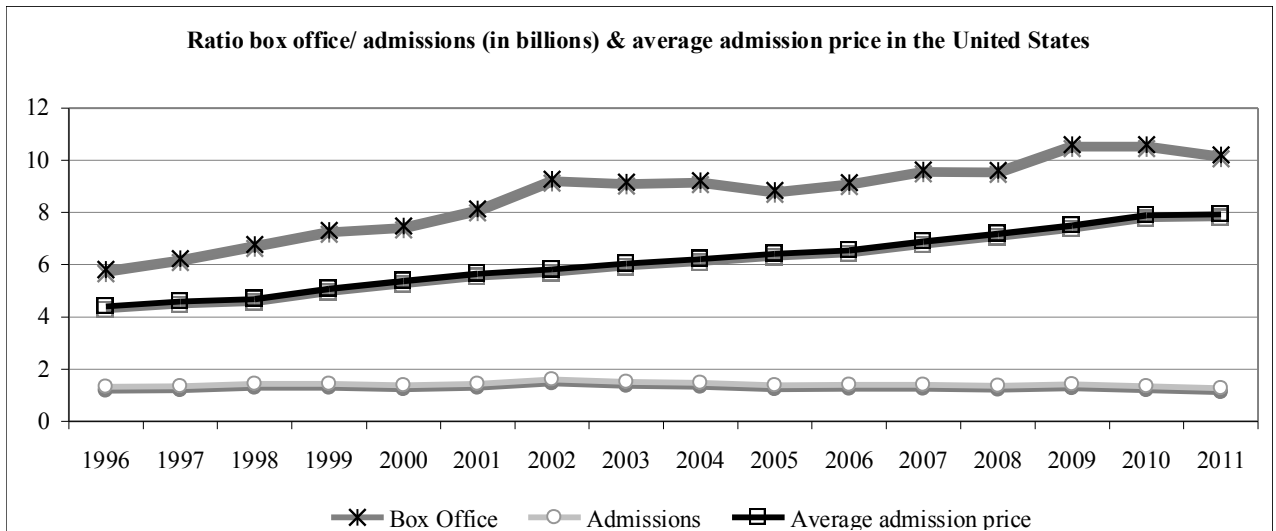
<sup>25</sup> For example in 2008, 41% of the 13-17-year-olds said they already spent less on going out to the movies, see Nielsen, “How Teens use Media”.

<sup>26</sup> After 2007, MPAA reports stopped mentioning production costs.

<sup>27</sup> The production cost of *Waterworld* reached \$175 million, its American box office was \$88.25 million while its foreign box office reached \$175.97. The production cost of *Troy* also reached \$175 million, its American box office was \$133.38 million while its foreign box office reached \$364.03 million. <http://www.boxofficemojo.com> (accessed March 8, 2010).

billion, i.e. 69% of the worldwide box office, while the American box office reached \$10.2 billion.<sup>28</sup>

A further worrying fact is that for the last decade, the MPAA has kept affirming a box office increase, but this is mainly been due to an increase in ticket prices and not to an increase in the number of admissions, as shown by the following graph:<sup>29</sup>

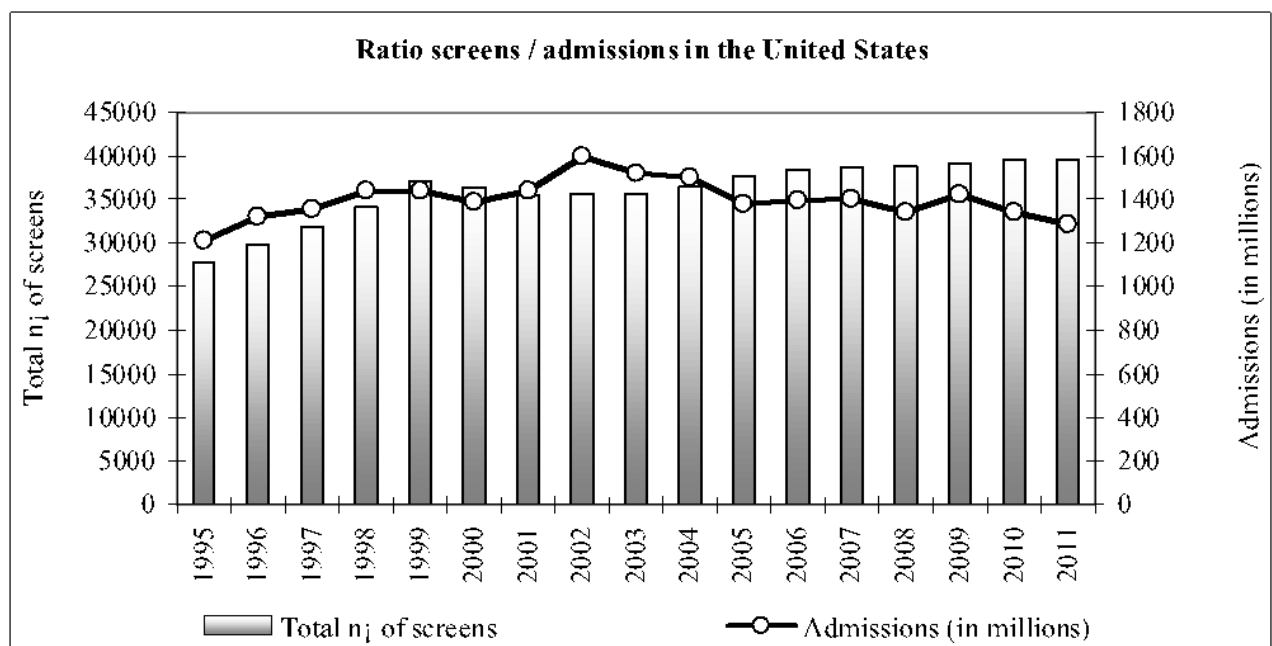


This could then have a repercussion on the exhibition sector, as it depends on a steady stream of customers. As the following graph shows, there was a warning signal at the end of the 1990s when too many movie theatres and declining admissions led several cinemas to close down, and this could well repeat itself as the situation is even worse in a period of economic crisis:<sup>30</sup>

<sup>28</sup> MPAA, "2011 Theatrical Market Statistics."

<sup>29</sup> <http://www.natoonline.org> and <http://www.mpa.org>

<sup>30</sup> *Ibid.*



The studios know that without a sound exhibition sector, they do not have a safe outlet for their products, all the more so as they also tend to control the distribution sector. The example of the music industry—some Hollywood studios belong to conglomerates involved in that industry—also proved that if Hollywood did not react to competition from digital technologies at home, its livelihood might be threatened. Accordingly, Hollywood has started to fight back, especially trying to keep its core young audience going to the cinemas.

### Hollywood strikes back

Hollywood had reacted to digital technologies on several fronts. Firstly, there has been a technical reaction with the growing use of digital cameras and the return of 3D to cinema screens. Since 2008, an increasing number of Hollywood films have been released in 3D, e.g. *Journey to the Centre of the Earth* (Eric Brevig, 2008), *The Ice Age: Dawn of the Dinosaurs* (Carlos Saldanha & Mike Thurmeier, 2009), *Avatar* (James Cameron, 2009), *Alice in Wonderland* (Tim Burton, 2010), *Shrek Forever After* (Mike Mitchell, 2010) or *Hugo* (Martin Scorsese, 2011). The price of shooting 3D films is higher than if they had been shot in 2D: “Working in 3D adds about 15%-20% in production costs, or up to around \$15m for an animated project”.<sup>31</sup> However, their release also proves more profitable than others; Robert Zemeckis’ *The Polar Express* (2004) with Tom Hanks was shown on 3D IMAX screens that represented just 2% of the total screens showing the film in the world, but those 3D screens generated 25% of the film’s total gross.<sup>32</sup> Out of the 15,000 prints of *Avatar* distributed throughout the world, the 5,000 in 3D roughly generated more than 77% of its global box office.<sup>33</sup> These films also had a good return on investment for their 3D prints that

<sup>31</sup> Patrick Z McGavin, “Journey to the third Dimension,” *Screen International*, August 1, 2008, 22.

<sup>32</sup> Robert Mitchell, “The Next Dimension,” *Screen International*, July 28, 2006, 13.

<sup>33</sup> Jeremy Kay, “Avatar Bounty is out of this World,” *Screen International*, January 22, 2010, 7 and Anthony D’Alessandro, “Catching up with 3D,” *Screen International*, June 2010, 24.

represented from 60% to 70% of their worldwide box office. Even *The Nightmare Before Christmas* (Henry Selick, 1993) that was not shot in 3D enjoyed a prolonged life every Halloween season between 2006 and 2009 thanks to its 3D run in cinemas.<sup>34</sup> For the studios, those profits offset the current, more expensive production cost of 3D films. Finally, Hollywood produces 3D films because figures show the young audience is interested in them:

In 2008, 27% of teens saw at least one 3D movie, compared to 21% of all moviegoers. The experience resonated: 64% of teens who saw at least one 3D movie said the experience was better than a 2D film and 75% they have a definite interest in seeing more films in 3D," and in 2011 more than 50% of all young people in the 12-24 age group saw a 3D movie, compared to 34% of the overall population.<sup>35</sup>

Studios have also used digital technologies to market their films to their core audience in a more efficient way. In 1999, *The Blair Witch Project* (Daniel Myrick, Eduardo Sanchez) proved the Internet could be a viable option to market a film; since then, all studios have followed in its footsteps. For example, before the release of *Mission: Impossible 3* (J. J. Abrams) in May 2006, Paramount launched the film's marketing campaign in association with Yahoo! and its web portal where people could watch exclusive video clips showing the director and Tom Cruise talking about some of the scenes and how they had been shot.<sup>36</sup> Fans of Indiana Jones were also able to follow the shooting process of *Indiana Jones and the Kingdom of the Crystal Skull* (Steven Spielberg, 2008) thanks to teasers and images made available on the film's official website, where they also discovered in 2007 that Karen Allen was back as Marion Ravenwood.<sup>37</sup> Sometimes directors like Peter Jackson or James Cameron have encouraged word-of-mouth around their films thanks to official director's blogs (namely for *The Lord of the Rings* trilogy, *Avatar* or *The Hobbit: An Unexpected Journey*). Hollywood's goal is to share relevant information with fans always on the look-out for the latest news on the making of a film. In this way, people keep in touch with the film-in-the-making, while the studios create an expectation that will reach its climax with the release of the films. The studios want to generate a 'buzz around their productions, hoping it will be transformed into a kind of 'viral' marketing, especially through the trailers that can be downloaded on different devices (computers, phones, tablets, etc), and then passed on to friends and colleagues. The popularity of social networks such as Facebook, Twitter or MySpace has also been taken into account by the studios. The fact that "the Alice in Wonderland Facebook page had more than 1.3 million friends in the U.S.A." was a bonus for Walt Disney Studios in their marketing campaign at a time when the advertising expenses by film distributors on traditional media represented more than 3 billion dollars in 2009!<sup>38</sup> The popularity of these networks among youngsters is an asset marketing teams now use, even if they have to handle it carefully because of a double-edged sword effect called the "Twitter effect":

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<sup>34</sup> "Tim Burton's *The Nightmare before Christmas*," <http://www.boxofficemojo.com> (accessed November 11, 2012).

<sup>35</sup> Nielsen "How Teens use Media" and MPA, "2011 Theatrical Market Statistics".

<sup>36</sup> Stephen Galloway, "Blog Jam," *The Hollywood Reporter* (weekly international edition), May 9-15, 2006, S-12.

<sup>37</sup> [www.indianajones.com](http://www.indianajones.com) (accessed June 12, 2009).

<sup>38</sup> Robert Marich, "Word-of-Mouse Marketing," *Screen International*, June 2010, 45.



The Twitter effect suggests the tech-savvy teen and young adult demographic tweet their friends on Friday nights from cinemas, creating an instant tsunami of word-of-mouth which can mean life or death for films geared to this demographic. Comedy *Brüno* is cited by some as having suffered from bad Twitter buzz, given the steady slide of its premiere Friday-through-Sunday box office in the US.<sup>39</sup>

Social networks have thus sped up word of mouth—whether good or bad—, and possibly transformed the 12-24 age group into “more discerning moviegoers.”<sup>40</sup> This is a risk to take, while the Internet is not perfect as “[it] remains a text-driven medium, and usage is so fragmented across tens of thousands of sites that it is difficult to buy in the massive tidal wave needed to create overnight brand awareness—which is where TV outshines all other media, albeit for a premium price.”<sup>41</sup> But Hollywood can no longer avoid the digital media. Consequently, the producing and / or distributing studios are spending more on Internet marketing than they used to (for example an average of 4.1% of their marketing budget in 2009 versus 1.3% in 2001).<sup>42</sup> Sometimes, studios even favour the social networks and their ability to target the young key demographic, while reducing the budget of TV adverts, when they think a particular film will appeal to young moviegoers. This was the case with *The Hunger Games* (Gary Ross) in 2012, when Lionsgate spent \$15 million to \$20 million less in television advertising on the film because of its successful marketing on social networks like Facebook and Twitter. Indeed, a studio survey of the film’s audience—essentially young people—found that “55 percent of them got the majority of the information about the movie online.”<sup>43</sup>

However, for all their production and marketing efforts, studios know that they need cinemas properly equipped for digital projection if they want their young audience to be interested in their new 3D films. Disney, Fox, Paramount, Sony Pictures Entertainment, Universal et Warner Bros. got over the first hurdle in March 2002 by agreeing to adopt a common digital system called the DCI system (Digital Cinema Initiatives).<sup>44</sup> As the cost of converting to digital has been very expensive<sup>45</sup> for the exhibitors (even if 3D allows them to increase the price of tickets by about \$5), the leading circuits managed to convince the studios to pay a virtual print fee of about \$1,000 (then down to \$800) per screen to financially help them to switch to digital equipment.

Digital screens thus developed faster in the United States than anywhere else in the world until 2009, when more and more European and Chinese cinemas converted to digital.<sup>46</sup>

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<sup>39</sup> Ibid.

<sup>40</sup> Brooks Barnes and Michael Cieply, “Graying Audience Returns to Movies,” <http://www.nytimes.com>, February 25, 2011 (accessed December 28, 2012).

<sup>41</sup> Larry Gerbrandt, “How Much does Movie Marketing Matter?” <http://www.reuter.com>, June 11, 2010 (accessed September 14, 2011).

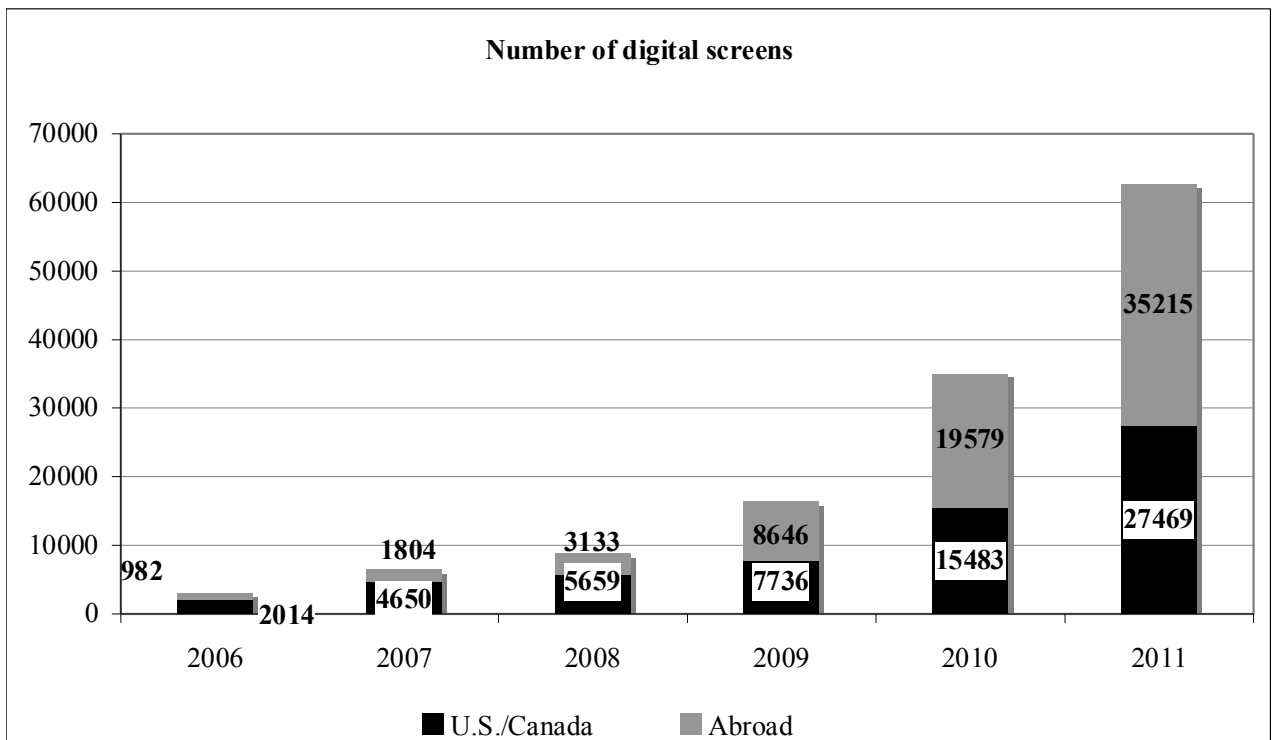
<sup>42</sup> Ibid. and <http://www.mpa.org>.

<sup>43</sup> Ronald Grover, “‘Hunger Games’ success spells trouble for TV ads,” <http://www.reuters.com>, May 4, 2012 (accessed September 4, 2012).

<sup>44</sup> <http://www.dcmovies.com> (accessed June 25, 2010).

<sup>45</sup> From \$60,000 to \$100,000 per screen with an extra of \$26,000 to \$30,000 for 3D.

<sup>46</sup> MPAA, “2011 Theatrical Market Statistics.”



The graph includes all digital systems—Dolby digital Cinema, Imax, Imax 3D, RealD, Technicolor 3D.

It goes without saying that Hollywood would not have been interested in producing and distributing digital prints and 3D films, while helping exhibitors to convert to digital cinema, if there had been no return on investment. Digital technologies can reduce the price of prints from between \$1,500 and \$3,500 for a 35 mm print (plus \$350 for transport) down to about \$200 for a digital one distributed via satellite directly to theatres, which in 2008 represented savings of \$1billion in print and distribution costs per year.<sup>47</sup>

In helping exhibitors to switch to digital technology, studios have also contributed to keep cinemas open for longer hours thanks to a different kind of entertainment that can target the 12-to-24 age group. The screening of *Hannah Montana/Miley Cyrus: Best of Both Worlds Concert Tour* (Bruce Hendricks, 2008)<sup>48</sup> in North American theatres was successful with audiences made up of young teenagers. Concerts can be beamed live<sup>49</sup> to a properly equipped auditorium, and some exhibitors have now started thinking of organizing live on-line video-game competitions on their big screens (possibly against the audience of another cinema via networking), thus by-passing the passivity of mere cinema-going, while having those youngsters still used to going to the cinema—and to spending their money at the

<sup>47</sup> Jill Goldsmith, "Boeing, Affleck discuss Digital Distrib'n," *Variety*, November 15, 2000, <http://www.variety.com> (accessed November 16, 2000), <http://www.natoonline.org> (accessed May 18, 2009), Michael Gubbins, "Diversity Test for a Digital Age," *Screen International*, June 3, 2005, Juliana Koranteng, "Projecting Confidence," *The Hollywood Reporter* (Weekly International Edition), June 20-26 2006, 20, and Larry Gerbrandt, "How Much does Movie Marketing Matter?"

<sup>48</sup> The film "made \$31m from just 683 screens to take the top spot in its opening weekend in the U.S.A. and Canada" with a ticket at about \$15. Denis Seguin, "Putting the Multi into Multiplex," *Screen International*, February 29, 2008, 18.

<sup>49</sup> But also live football matches, as was the case with the 2010 world cup.

concession stands, where in 2009 “Of each dollar spent there, roughly 85 cents is profit.”<sup>50</sup> Therefore, Hollywood is happy to see people “going to a cinema,” while exhibitors increase their profitability (those activities can represent up to 10% of exhibitors’ revenues while offering the possibility of increasing ticket prices sometimes by 100%<sup>51</sup>), and, as a result of this, the exhibition business can be safeguarded at a time when studios need thousands of screens to release their blockbusters.

However, knowing that some youngsters would not go to movie theatres on a regular basis, Hollywood has taken into account their new way of watching a film via VoD (Video on Demand). The VoD business is still young, with an American spending of \$1.8 billion in 2010 (while spending on DVDs and Blu-ray represented \$16.3 billion<sup>52</sup>), but it is destined to expand and Hollywood wants to be part of it. The studios’ interest is twofold in this field: they want to be involved in a new profitable way of watching films, as they have been with the VHS tapes and then with the DVDs (and Blu-ray) whose sales and rental have declined since about 2006. They also want to keep a certain control over their products as piracy has started gnawing at Hollywood’s profits. A report estimated that in 2005 the film industry lost \$1.3 billion in the United States and \$6.1 billion worldwide to movie piracy. The report also said that “the typical pirate was age 16-24 and male. The 16-24 age group is particularly high in the category of Internet piracy, [representing] 71 percent of downloaders.”<sup>53</sup> Some said that the cost of piracy had been exaggerated, something they again reproached the MPAA with, after another report claimed in December 2011 that “more than \$58 billion is lost to the U.S. economy annually due to content theft, including more than 373,000 lost American jobs [...]”<sup>54</sup> Hollywood’s core audience is nevertheless involved in piracy, and while the studios, via the MPAA,, have started lobbying for tougher federal and international laws against the pirates,<sup>55</sup> they also want to be involved in an alternative and legal offer. This is why they have started creating their own VoD services, like PictureBox for Universal Pictures or WarnerFilms for Warner Bros., and also signed agreements with different Internet or content providers such as AOL, Orange, Apple, Amazon, Netflix, BT Vision, Virgin Media, Lovefilm or Blinkbox.<sup>56</sup> All partners involved hope that “showing the public how new online

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<sup>50</sup> Kelli B. Grant, “Coming to a Theater Near You: The Snack Police,” <http://www.smartmoney.com>, December 7, 2009 (accessed December 29, 2012).

<sup>51</sup> Jack Warner, “Live Events bring new Dimension,” *Screen International*, July 3, 2009, 34.

<sup>52</sup> <http://www.dvdinformation.com> (accessed June 16, 2010). For the time being, Hollywood seldom releases video-on-demand sales figures. Adam Dawtrey, “As DVD pie crumbles, is VOD sweet?,” *Variety*, May 7, 2012, <http://www.variety.com> (accessed November 15, 2012).

<sup>53</sup> L.E.K, “The cost of Movie Piracy,” MPAA, <http://www.mpa.org> (accessed April 12, 2007).

<sup>54</sup> MPAA, “MPAA Statement on Strong Showing of Support for Stop Online Piracy Act”, <http://mpaa.org>, December 16, 2011 (accessed January 26, 2012), and Stephen Galloway, “Who says Piracy Costs the U.S. \$58 Billion a Year?,” <http://www.hollywoodreporter.com>, May 11, 2012 (accessed June 9, 2012).

<sup>55</sup> The MPAA also wanted some internet sites like Napster or Megaupload to be shut down, as these sites relied on file-sharing that allowed users to watch pirated versions of films (Eriq Gardner, “MPAA warns of Megaupload ‘Relaunch’ if Servers are transferred,” <http://www.hollywoodreporter.com>, April 2, 2012 (accessed September 26, 2012).

<sup>56</sup> Steve Clarke, “PictureBox to launch on BT Vision,” *Variety*, April 18, 2008, <http://www.variety.com> (accessed May 20, 2010), “Studios, Blinkbox offer free Movies,” *Variety*, June 8, 2010, <http://www.variety.com> (accessed July 4, 2010) and Diana Lodderhose, “Warner Bros. inks Deal with Lovefilm,” *Variety*, June 21, 2010, <http://www.variety.com> (accessed July 4, 2010).

services can legally fulfil their needs is a first step toward encouraging the majority of people to adopt new technology and turn their backs on copyright theft for good.”<sup>57</sup>

To move ahead of piracy and to lessen “the need for a second big spend to promote the home video release,”<sup>58</sup> while taking advantage of the marketing exposure still offered by traditional and digital media for the initial theatrical release, the studios have also tried to reduce the traditional 17-week window between a film’s theatrical opening and its release on DVD and VoD. In 2010, the controversy surrounding Disney’s DVD release of Tim Burton’s *Alice in Wonderland* only 12 weeks after it had opened in theatres angered American and European exhibitors.<sup>59</sup> In 2012, *Arbitrage* (Nicholas Jarecki) became a successful “multi-platform film” simultaneously released on VoD and in theatres.<sup>60</sup> *Bachelorette* (Leslye Headland, 2012) went even further, as it was released on VoD, where it earned \$4 million 4 weeks *before* its American theatrical run—it even ranked number one on the iTunes movie chart.<sup>61</sup> These examples do not concern expensive studio productions like Paramount’s *The Avengers* (Joss Whedon, 2012), as both aforementioned films had small-to-moderate production budgets, and were distributed respectively by Roadside Attractions/Lionsgate and Radius-TWC. But this new development may become a way to satisfy impatient young customers used to digital technologies giving them *instant* access to a content they can watch on their iPhone, iPad, computer, tablet or a properly connected large screen television, *without having to go to a theatre*.

Finally, as the figures mentioned earlier have revealed a potentially decreasing number of young moviegoers, Hollywood has tried to make up for it and to broaden its audience in producing films that will be able to bring back the family audience of the “good old days,” as it had already done in the 1990s with films like *Home Alone* (Chris Columbus, 1990), *Hook* (Steven Spielberg, 1991) or *The Addams Family Values* (Barry Sonnenfeld, 1993). They want to find the films that will hit “the four quadrants,” the way *Titanic* (James Cameron, 1997) or *Spider-Man* (Sam Raimi, 2002) did:

“We hit four quadrants!” Those words will bliss out a studio executive for weeks. “Quadrant” is a marketing term that divides the moviegoing public into four groups –men and women; older and younger than 25. “If you’re a four-quadrant movie, it means you’re a movie for everyone,” says Geoff Ammer, president of Columbia TriStar’s marketing group. He should know: Columbia just hit all four quadrants with *Spider-Man* in May.<sup>62</sup>

Therefore, studios continue to greenlight family-oriented productions as the successful *The Chronicles of Narnia: The Lion, the Witch and the Wardrobe* (Andrew Adamson, 2005) or *Enchanted* (Kevin Lima, 2007).

The MPAA reports have also revealed that the older audience is still out there. In 2006, the 50-to-60+ audience represented 18% of frequent moviegoers and 21% in 2011,

<sup>57</sup> Clarke, “Studios, Blinkbox offer free Movies.”

<sup>58</sup> Larry Gerbrandt, “How Much does Movie Marketing Matter?”

<sup>59</sup> Andrew Stewart, “NATO guards its Windows,” <http://www.variety.com>, June 17, 2010 (accessed September 23, 2011) and John Hazelton, “Alice unlocks the Windows,” *Screen International*, n° 1721, March 2010, 6-8.

<sup>60</sup> It ranked second on iTunes and “earned \$2.1 million theatrically from 197 sites in its first weekend” (Geoffrey Macnab, “Through the Window,” *Screen International*, n° 1750, October 2012, 34).

<sup>61</sup> Ibid.

<sup>62</sup> Jeff Alexander, “Industry Speak,” *Premiere*, July 2003, 33.

when this age group represented 25% of all American moviegoers, i.e. 3% more than the 12-to-24 age group!<sup>63</sup> These former baby-boomers, who were “weaned on movies,” are now “hitting retirement age with some leisure hours to fill.”<sup>64</sup> Consequently, this “underserved audience”, in Hollywood terms, can be lured back to the cinemas with the proper films. This has been illustrated by the box office successes of *Driving Miss Daisy* (Bruce Beresford, 1989), *The Horse Whisperer* (Robert Redford, 1998), and more recently of *The King’s Speech* (Tom Hooper, 2010), *The Fighter* (David O. Russell, 2010) or *The Best Exotic Marigold Hotel* (John Madden, 2012).<sup>65</sup> The studios produced and / or distributed these films because they can no longer ignore the fact that the number of people over the age of 50 who went to the movies increased from 26.8 million in 1995 to 44.9 million in 2010, i.e. up 67 percent.<sup>66</sup> Meanwhile, ‘greying’ actors like Bruce Willis or Sylvester Stallone have made their comeback in successful action films like *The Expendables* franchise as an echo to their 1980s blockbusters young male audiences used to flock to and still do now they are in their forties and fifties.

The digital technologies that keep some youngsters away from the silver screen may also be of some help to lure “greyer generation” back to the cinemas. Indeed, exhibitors use digital technologies to attract older audiences thanks to online seat booking, the broadcast of live football or baseball games, and of quality adult entertainment like ballets or concerts beamed live from the Metropolitan opera in New York. Exhibitors also try to keep this demanding older audience satisfied with more comfortable seats, better and more sophisticated food, or even with cocktail services.<sup>67</sup> In such a manner, if the habit of going to the movies has been thus ‘rekindled’, the 50+ age group might continue going to the theatres to watch films that suit its taste—very often productions like *Argo* (Ben Affleck, 2012) or *Lincoln* (Steven Spielberg, 2012), tailored to become Oscar nominees and that are usually successful abroad.

## Conclusion

The American film audience has been modified by digital technologies, which have notably enthralled Hollywood’s core young audience, gluing them to their computers and their portable devices. This means that young people have less free time to spend in movie theatres. To avoid suffering the fate of the music industry, the studios have reacted, mainly through the use of 3D. The success of *Avatar* led Phil Clapp, CEO of the British Cinema exhibitors Association to say: “*Avatar* will be the BC/AD of the 3D cinema world. It will mark the change from the old models to the new.”<sup>68</sup> Whether this declaration is too optimistic or not remains to be seen; American audience figures reached 1.28 billion admissions in 2011, still below the 1.57 billion figure of 2002, and even if the 12-to-24 age group is numerous and comprises the most frequent moviegoers, their percentage per age group went down.<sup>69</sup>

<sup>63</sup> MPAA “2007 Theatrical Market Statistics,” and MPAA “2011 Theatrical Market Statistics.”

<sup>64</sup> Brooks Barnes and Michael Cieply, “Graying Audience Returns to Movies.”

<sup>65</sup> <http://www.boxofficemojo.com> (accessed December 18, 2012).

<sup>66</sup> Marc Graser, “Information Please,” <http://www.variety.com>, March 5, 2011 (accessed November 23, 2012).

<sup>67</sup> Brooks Barnes and Michael Cieply, “Graying Audience Returns to Movies.”

<sup>68</sup> Jack Warner, “Depth Charge,” *Screen International*, December 5, 2008, 39.

<sup>69</sup> MPAA, “2003 U.S. Movie Attendance Study” and “2011 Theatrical Market Statistics.”

If this trend continues, it will lead to some changes for the studios. But what Hollywood is going through now already happened in the 1980s, so that History just keeps repeating itself. The studios have seen that the answer lies in continually broadening their audience and in more diversification enabled by the very technologies that are enticing some young people away from the silver screen. The possibilities offered by these technologies represent, then, a new challenge for Hollywood in a now-globalized world. However, Tinseltown has always managed to adapt itself to changes, be it the arrival of sound, TV or the VCRs, and this will probably be the case once again.

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