The History of the 2000s

The end of the decade was punctuated by James Cameron's revolutionary and major blockbuster film **Avatar (2009)**, the highest grossing (domestic) film of 2009 - and of the decade. It became only the fifth film in movie history to exceed $1 billion in worldwide grosses, and did so in less than 3 weeks. The film soon surpassed the highest-grossing (worldwide) film of all-time - Cameron's own **Titanic (1997)**.

The decade was overwhelmed by the ascendancy of *Google*, *Amazon*, *YouTube*, the blogosphere, *Craigslist*, new media and social networking sites, including *MySpace, Facebook, Twitter*, etc, reality TV, Netflix, and 24/7 cable news shows - all competing for audiences or market share. This made it difficult for the traditional studio film production/theatrical release methodology to continue.

In an attempt to cut costs by cutting back on “risky” film ventures, Hollywood studios began to farm out the production of their “artier” films to literally dozens of other independents and in-house pseudo-indie subsidiaries (such as Warner's *New Line*, Fox's *Searchlight*, and NBC Universal's *Focus Features*). By mid-decade in 2005, independent films made outside the Hollywood system faced an uphill battle. This was the first year since 1995 that every $100 million hit came from a major Hollywood studio.

Hollywood studios, led by business people since the beginning of the “merger and acquisition” era in the late 1980s and 1990s, turned their focus towards action-packed, youth-oriented, CGI-laden blockbusters. These were expensive, with budgets beginning at $100 million, but the opening weekend box-office returns more than compensated!

In late 2009, Walt Disney Co. purchased comic book and action hero company *Marvel Entertainment* for about $4 billion. Marvel was the comic-book company behind **X-Men** and **Spider-Man**. Disney's Pixar animation unit was expectant over the opportunities that the Marvel acquisition would generate. (Obviously it was a smart purchase!)

Nothing characterized the decade more than the ever-increasing budgets, box-office returns, and benchmarks set for films. In recent times, it was a major milestone if a film reached a total of $100 million in domestic gross earnings. Now, however, $200 million was the new bar for a blockbuster, and the $100 million mark was only significant as a benchmark, i.e., the comic-book blockbuster **Spider-Man (2002)** was the first film to pass the $100 million level in a single weekend, a record also soon surpassed.

This was a result of the studios' more global outlook. Realizing there was a great global untouched market. Studio executives started analyzing foreign audiences and quickly realized that the old "star-driven" mode of making films was over. Today, global audiences want "character-driven" films; who cares about Daniel Radcliffe, its all about Harry Potter!

At the end of 2009, the domestic yearly box-office gross total topped the $10 billion mark (at $10.6) for the first time ever. Prognosticators were anxious to see which films would break further benchmarks, with possible clues from past top-performing films. Sequels leading, hopefully, to large franchises (Marvel Universe, D.C. Universe etc.) was the goal of every large Hollywood studio.

The Film Industry in the 2010s

According to the *LA Times* in late September 2011, Hollywood's business model was poised to make a revolutionary shift. Due to a rapid 40% decline in home entertainment revenue (from the once-profitable sale of DVDs, the previous revenue model), the newest switch would be to **Video On-Demand (VOD)** services and the acceleration of the digital streaming delivery of movies over the Internet.

Hollywood studios were increasingly selling the distribution rights for their films and TV programs to Internet companies, as opposed to traditional TV channels, in a move to make more revenue. Income from new licensing deals with these new streamers, including Netflix and Amazon Prime, began to provide substantial income for many Hollywood studios.

For example, DreamWorks Animation SKG, Inc, a large supplier of media content (films and TV specials), ended its long-running pay-TV deal with cable station HBO in 2011. It signed a new deal to pump its content through **Netflix**. This was the first time a major Hollywood supplier chose Web streaming over pay television. Netflix planned to begin exclusively streaming DreamWorks films starting with movies released in 2013 and running through 2016.

At the same time, **Amazon** was competing by bulking up its streaming video service (dubbed Amazon Prime) with movies and TV shows from 20th Century Fox (including 2,000 older films and TV shows). As an incentive to prospective digital purchasers, studios were also accelerating their offerings of movies for sale online before they could be bought on disc.

With the enormous growth of VOD and online streaming, companies such as Netflix and Amazon began producing their own big-budget feature-films. Netflix, Amazon Prime, Showtime, HBO, and others have entered the movie industry with their own original content in small to medium-budgeted movies that are reaching larger and larger audiences.

In one of the biggest showbiz mergers of all time, Disney (Hollywood's top studio) purchased fourth-ranked 21st Century Fox for $52.4 billion (in stock). The deal was valued at $66.1 billion including debt. It was a monumental deal in which Disney would now acquire all of Fox's divisions - domestic and foreign, and distribution and marketing.

Disney's now-doubled its content (adding to its already-popular animated features, **Marve**l and **Star Wars** films) with Fox's X-Men and Alien, the *Fantastic Four, Avatar* and *Predator* franchises, in addition to TV shows like *The Simpsons*, *Family Guy, Modern Family, How I Met Your Mother* and *the X-Files*.

Throughout the decade, attendance was mostly down at movie complexes. Most often, factors affecting box-office results included: the difficult recessionary economy (until late in the decade), rising ticket prices (especially premium rates for 3-D), consumer fatigue and over-familiarity with sequels and remakes, more viewing options (VOD, streaming, etc.), poor image and sound in multiplexes, overcrowded weekends, noisy or inconsiderate theatre patrons, the use of social media to instantly broadcast word-of-mouth film reactions, and the glut of other diversionary technological gadgets.

Entertainment dollars earned from attendance at the local multiplex were also being threatened by numerous portable devices, advanced home theater systems, and numerous video-on-demand (VOD) services and piracy.

However, one of the bright spots was that foreign box-office revenues were climbing to an all-time high at the start of the decade. Six major Hollywood studios reported $13.53 billion in overseas ticket sales in 2011 -- an all-time record, and up 6% to 8% over the previous year. This helped to off-set shrinking domestic revenues and declining DVD sales. In many cases, films that flopped or performed less well in the US did much better overseas. This trend continues.

The industry went into full-stop with the advent of the COVID pandemic and while movie theatre owners are hopeful, there is fear that we will never return to the traditional journey to our local movie theatre, as more and more studios sign deals and/or create their own streaming services, allowing them same day theatrical and streaming launches, a tactic recently introduced by Warner Brothers.