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MASTER'S THESIS

CINEMA TO CELL-PHONES: Video-On-Demand and its Effect on Historical Cinema Structure

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D e c l a r a t i o n

I declare that I have prepared my Bachelor's Thesis/Master's Thesis, Dissertation independently on the following topic:

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ABSTRACT

Tato diplomová práce zkoumá vývoj diváckého zážitku ze sledování AVD a
důvody, díky kterým jsme se dostali do současné situace. Zkoumá vlivy
streamovacích algoritmů na možnosti kontroly diváka nad obsahem,
který bude sledovat, a jak toto prostředí VOD ovlivňuje tvůrce, potažmo
tvorbu obsahu jako takového. Práce se také pokouší předpovědět
budoucnost streamingu a jakým způsobem jeho vývoj ovlivní filmaře,
kteří se chystají vstoupit s kůží na trh.

The thesis seeks to explore the evolution of the viewing experience, and
how we've landed in the current Video-On-Demand situation. It looks at
the effects that streaming algorithms have on viewership specification,
and how the Video-On-Demand environment has effected the creators
and content production on the whole. Lastly, it attempts to forecast the
future of streaming and how it will effect those trying to enter the market.

TABLE OF CONTENTS

INDEX / GLOSSARY OF TERMS

AVOD: Advertising-based video-on-demand. A version of video-on-demand that is free to consumers, but consumers must watch advertisements.

Binge-watching: the practice of watching multiple episodes of a television program in rapid succession, typically by means of DVDs or digital streaming.

CGI: is the creation of still or animated visual content with imaging software

Holdback: A legal provision which requires a film rights owner to refrain from licensing certain exhibition/distribution/viewing rights for a specific period of time

Lone Spectator: A modern phenomenon of television or cinema viewing in which the viewer watches content primarily alone, as opposed to in group settings

MVPD: Multichannel video programming distributor. A service that provides multiple television channels – a cable or satellite television service

Season: a collection of certain episodes of a TV show broadcasted within a certain time period in one season or year

Set-Top Box: a box-shaped device that converts a digital television signal to analogue for viewing on a conventional set, or that enables cable or satellite television to be viewed.

Soundtrack: recorded music accompanying and synchronized to the images of a motion picture, book, television program, or video game

SVOD: Subscription video-on-demand. A version of video-on-demand in which a viewer has unlimited access to content by paying a flat rate per-month

Target Group/Audience: a predetermined group of people who are the specific demographic of interest for a particular media, show or piece of content.

TVOD: Transactional video-on-demand. Opposite of SVOD, where consumers buy content on a pay-per-view basis and have limited time access to content

Verticals: a grouping of shows and films divided according to genre, type, and predicted viewer appeal

VOD: an interactive TV technology that allows subscribers to view programming in real time or download programs and view them later

Windowing: a period of time in which a certain type of media is allowed to screen a film

I. Introduction

Currently, the cinema model is metamorphosing to fit the rapidly changing business model of film production and exhibition. From its creation, cinema has constantly shape-shifted to fit the content demands of both its audience and its creators. The cinema and its experience have changed: from ornate, silent cinematheque to the always-connected, portable device; from independently funded experiments to airtight, content-machine studio remakes. And still, the medium continues to shape-shift and avalanche as new online content studios override the time-tested studio system. Has Netflix, one of the most influential film studios to ever exist, carved its way into cinema history with an unchecked workflow? Has Netflix alone created such an overwhelming amount of content that it has essentially clogged the very nature and importance of the film-form itself?

This essay will attempt to deconstruct the current nature of content production as it relates to online-streaming platforms, and how said platforms are changing the landscape of production, funding and affecting the quantity and quality of the resulting content. This paper will discuss the probability that Netflix, in particular, is pandering to and promoting a more passive cinema viewership in comparison to its counterparts, and has created a quite unsustainable model of production and distribution.

II. Background

In the dawn of cinema, motion pictures were widely thought to be a novelty. It was believed that, though fascinating, public interest would eventually outgrow the format. Most early films were less than one minute long and lacked any embedded audio quality. The soundtrack of early films was usually performed live for a live audience. It was only just over 100 years ago that films began to have more than one shot per film. And the first ever film studios were built in 1897, thus beginning the age

of incredible financial investment into cinematic entertainment. Motion pictures were bound to long and prolific future, and were hardly the passing fad they were originally guessed to be.

The shift from pre-programmed viewing to self-selected programming has not only changed the way viewers watch content, but also the way the content is produced and for whom. As the world of viewers adjusted to completely controlling their content intake, service providers had to prioritize finding new ways to reach more specific groups of people, or target groups.

III. VHS: The First Revolution

As is often the case with emerging consumer technology, the first wave of new technology is often expensive, sometimes unwieldy, and typically out of reach for the average consumer. Home video technology was no exception; early home video systems from LaserDisc to Betamax tapes never got the same toehold in the home video market that VHS managed to wrangle[1]. VHS was longer playing than Betamax, less expensive than LaserDiscs, and could also be used to record. By the 1980s, VHS was widely adopted, and the first home video revolution was underway[2]. Viewers could now easily and inexpensively watch films at home, provided they were willing to wait anywhere from 3 to 6 months or longer for a film to shift from theatrical release to home video release. In the world of production, this period during which the rights to a particular kind of exhibition of a piece following theatrical release is called a holdback.

Almost from the outset, this stage of the home video revolution was widely seen as positive: it created an entirely new secondary market for films that simply did

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[1] MAREIKE, Jenner. Binge-watching: Video-on-demand, TV quality and mainstreaming fandom[online]. New Media & Society, 2014 [cit. 2018-04-12]. Academic Article. Anglia Ruskin University.

[2] SILVER, John and Alpert FRANK. Digital Dawn: A Revolution in Movie Distribution? [online]. Business Horizons, 2009 [cit. 2017-05-31]. Journal Article. A&NZ Standard Research Classification.

not exist in previous generations. Subscription cable services such as HBO featured a similar release window for many of their films. But in the age before the digital revolution, they could only offer viewers their programming on predetermined schedules[3]. The sudden glut of titles available on VHS meant that viewers could choose what they wanted to watch and when they wanted to watch it, at least within the limitations of their access to physical copies of the films they wished to watch. This, in turn, led to fundamental changes in the movie-watching experience, as consumers had access to ever-larger home screens and ever-more-elaborate home sounds systems. Watching a film at home could at least approximate, if not duplicate, the experience of seeing a film in a theater, and at a much lower cost.

One of the defining features of the home video market that began in the VHS era and still holds true, at least in part, in today's home video market. With some exceptions, studios typically instituted hold backs on the home releases of most films for at least a few months, and often significantly longer. Films would often get a second big marketing push as they were released on VHS and later, on DVD and Blu-ray[4]. The reasoning behind this window was that studios wanted to maximize ticket sales as much as possible before films left to go to the home market, because the longer the period was between theatrical release and home release, the smaller the incentive would be for people who actually want to see a film to simply wait for it to come out on video[5]. However, this didn't necessarily align with the desires of directors and distributors, who wanted their films to be seem by as big of an audience as possible while the social and publicity buzz around the projects were at their

3 BELK, Russel. Sharing and collaborative consumption online [online]. York University, 2013 [cit. 2019-05-16]. Journal of Business Research. Elsevier.

4 SILVER, John and Alpert FRANK. Digital Dawn: A Revolution in Movie Distribution? [online]. Business Horizons, 2009 [cit. 2017-05-31]. . Journal Article. A&NZ Standard Research Classification.

5 ABECASSIS, Max. Video-on-demand purchasing and escrowing system. USA. US Patent No. 6,714,723; Awarded 30.03.2004.

peaks. These system of relationships meant several different market practices were able to continue. But the hierarchy, in which the movie theater sits at the pinnacle, and the demands of other markets are secondary have been eroding, slowly since the VHS revolution began.

IV. The Rise and Fall of the Video Store

The analog world of the home video VHS market meant that viewers needed to acquire physical media in order to watch films. Video stores quickly filled this ecological niche; VHS rentals became virtually ubiquitous, from mom and pop stores that served their local neighborhoods to national chain retailers such as Blockbuster Video and Hollywood Video rental. This new video market drove and was driven by some specific consumer behaviors. Watching a film at home meant having to schedule time to get to the video store to acquire something to watch, and everything from the decision to watch a movie, to picking one out from what is available, to returning it days later involved people interacting with other people and planning their time such that they could watch films together in groups with family, friends, or romantic partners. While it was not the same type of communal event as heading out to a movie theater, it was still something that viewers at home often did together.

The next technological revolution was arguably the most paradigm-shifting of all: the rise of the home computer began freeing home viewers from the constraints of physical media. Savvy consumers at this stage of the home video revolution were the first to pay less as first adopters in the digital home video than average viewers would later pay in the consumer market. File-sharing allowed even novice computer users to digitally crowd-source copies of films over the internet, often illegally and for free[6]. Meanwhile, the average DVD user in the 1990s[7] required expensive playback

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[6] ULIN, Jeffrey C. The Business of Media Distribution: Monetizing Film, TV, and Video Content in an Online World, 3rd Edition . 3. New York: Routledge, 2019. ISBN 9780815353355.

[7] a format that is still used today.

equipment and had to rent or purchase physical copies of every film they wished to watch. Computer users with a knack for file-sharing used the increasingly-common home computer and sidestepped the need for physical media entirely. While it looked as if file-sharing posed an existential threat to the home video market, the studios managed to develop a strong home market for DVDs, a change that would underpin the next evolution in distribution and forever alter the nature of the home viewing market.

The DVD had several advantages over VHS; it was smaller, lighter, and more often than not, of better visual quality. Physical media such as VHS tape has a lower resolution, and a well cared for DVD does not acquire the same kind of visual noise as old tape through its overall lifespan.

Enter Netflix, a corporation which famously capitalized on DVD technology by largely inventing a new home-delivery method into the video rental market. While this was not the death knell for the video store, it was certainly a harbinger of bad news to come. For many consumers, it was easier to plan their lives around a DVD arriving in the mail that had no set return date than it was around multiple trips to the video store. The home video store, once the nexus between creators and consumers for the entire home video market, all but vanished in the space of a few years. Today's younger viewers may remember Red Box DVD vending machines, and their parents may still use them, but the idea of browsing a store and the waiting in line to rent a DVD is mostly just the stuff of history to an entire generation.

Although DVD dominated the at-home viewership arena, the earliest VOD systems were tape-based, and were typically available in commercial, not consumer, formats. And it was the advent of digital and computer-based systems that tilled the soil for VOD as consumers know it today. For much of the 1990s and the early 2000s, access to VOD meant having a cable TV subscription and a set-top box that could

decode films and other VOD programming. The content was stored digitally on central servers owned by cable providers and similar companies and streamed to viewers usually, though not always, for a fee. There have been many variations on this theme over time, from films or shows that must be watched in real-time to the appearance of DVR technology that allowed consumers to store programming for later viewing. What these various platforms all had in common, however, was the specific set-top box technology viewers had to acquire, typically by renting it from a content provider[8]. As long as consumers needed this equipment and a television set to watch VOD programming, VOD continued to operate as an evolutionary branch of the original VHS revolution decades earlier.

If DVRs were an evolutionary step, then high-speed internet was a revolutionary one. Viewers no longer need set-top boxes to watch VOD programming, though many still have them. And just as the home computer revolutionized the media consumers use, Netflix revolutionized the way today's media are distributed, and the way that the new distribution models are reshaping modern film and television.

V. Netflix: The Great Disruptor

Netflix opened up its proverbial shop in 1997, and the transformative effects that the company has had and will continue to have on the film and television industries are so vast, so far-reaching, that it is impossible to consider those effects linearly. Just as Netflix sees their business model as both an interlocking series of verticals[9] and as a cauldron for synergy between different types of content and programming, any effort to analyze what Netflix has done and the implications of their actions must

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[8] ZHU, Kevin. Internet-based Distribution of Digital Videos: The Economic Impacts of Digitization on the Motion Picture Industry. Electronic Markets, Vol. 11 No. 4 . 11. Springer, 2009, pp. 273-280

[9] a grouping of shows and films divided according to genre, type, and predicted viewer appeal

look both at the various parts of this business model and also at their sum[10]. At the risk of relying on cliché, Netflix has been a disruptive force across a range of industry sectors, fomenting huge shifts in how film and television are distributed, how much and what sort of content is created, and maybe most importantly, how that televisual content is consumed.

Netflix and Distribution Disruption

The first disruptive move by Netflix was to upend the established video-store model by building a platform in which they mailed DVDs directly to viewers. For someone who could not wait to watch something, the video store was still an option, but for those who did not mind waiting 2-3 days, Netflix offered convenience and in many cases, lower costs to consumers[11].

As Netflix transitioned into streaming, they were, in essence, competing with themselves and the distribution of physical media, but they also undermined the business model of competitors such as Blockbuster Video and Hollywood Video, two of the larger national chains devoted to renting DVDs. While Netflix still maintains a solid mail-order business for much of its content, it has long since shifted towards a streaming model as its primary means of serving customers. By the time, the Netflix streaming model was firmly ensconced in the media-consumption landscape, Blockbuster stores were being converted to restaurants and check-cashing businesses, their former lives as bustling outlets for film and television fans quickly forgotten.

As Netflix began to dominate the distribution side of available content, the company expanded its operations into other countries outside the United States. This

[10] DIAS, Murillo and Rodrigo NAVARRO. IS NETFLIX DOMINATING BRAZIL ?. International Journal of Business and Management Review [online]. 2018, 12/01/2018, 6 (1), 19-32 [cit. 2019-08-17]. DOI: 2018. ISSN 2052-6407.

[11] HALLINAN, Blake and Ted STRIPHAS. Recommended for you: The Netflix Prize and production of algorithmic culture. *Indiana University, USA* [online]. 2018, 28/06/2014, **18** (1), 117-137 [cit. 2019-04-17]. DOI: 2014.

was advantageous, at least to some degree, to content creators (i.e., film and television studios) as it gave them international markets for distribution under one roof. Netflix first began offering streaming content in 2007, and within a few years, it grew to make up a sizable portion of their overall viewership[12]. In the space of less than half a decade, Netflix created a new normal for content distribution cycles: a film went through a theatrical release, and then soon became available on DVD, followed by a move to streaming on Netflix[13]. Although this model helped establish the foundation of Netflix's growth, it was when the company began to develop its own original programming that the Hollywood system, both in film and television, began to crumble at the feet of the studios only to reassemble itself around a new framework in which quality film and television were both available on-demand to subscribers.

Currently, Netflix faces distribution problems, as the line between television and cinema is still being clarified. In 2017, major controversy erupted when two Netflix Original films, *Okja* and *The Meyerovitz Stories*, were screened at Cannes Film Festival[14]. It became clear that these films were essentially the new generation of made-for-TV films, and, according to the opinions of those in power at Cannes, these films had no business clogging up the pipes of a traditionally cinema-focused film festival. Steven Spielberg was quoted as saying, "Once you commit to a television format, you're (making) a TV movie… You certainly, if it's a good show, deserve an Emmy, but not an Oscar." These statements started a very complicated conversation about where the cinema v. Televisions line-in-the-sand lays. If a major

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[12] MCSHERRY, Frank and Ilya MIRONOV. Netflix Prize contenders. *Proceedings of the 15th ACM SIGKDD International Conference on Knowledge Discovery and Data Mining* [online]. Paris, 2009, 01.06.2009, **18** (1), 344-375 [cit. 2018-04-12]. DOI: 10.1145 / 1557019.1557090. ISSN 978-1-60558-495-9.

[13] ADHIKARI, Vijay Kumar, Yang GUO, Fang HAO, Matteo VARVELLO, and Volker HILT. *Unreeling netflix :: Understanding and improving multi-CDN movie delivery* . Orlando, FL, USA: 2012 Proceedings IEEE INFOCOM, 2012. ISBN 978-1-4673-0775-8. ISSN 0743-166X.

[14] SINGER, Matt. Netflix is creating a future of television that looks like a lot of television's past. *Screen Crush* . 26.03.2018, 26.03.2018 [cit. 2019-06-19].

online television studio, with seemingly bottomless resources and exhaustive reach, makes a film, is it fair to allow it to compete alongside independently produced, cinematic features?

There is also the question of format. Netflix creates content for a viewer consumption on a range of devices and screens. However, none of those are cinema screens. And there is a distinctly different intention from the auteur director, or even one simply working professionally outside the studio system, than from those fueled from behind by a massive studio looking to meet viewership demands.

The independent film festival structure is intended to act as a platform for new and established film directors to achieve visibility in their work. For many directors, the festival experience is the first step up the long ladder into a financially viable career. And to many artists who owe their names to the festival circuit, protecting them from the unfair standards that come from such an imposing force as Netflix is an high priority. In short order, Cannes banned Netflix content from presentation in the festival in order to preserve those exact values and hold space for those who actually need the opportunities offered by the festival platform. It was a landmark step in delineating the new, definitive difference between television and cinema, in the modern, online world. And it has become vital moving forward into the uncharted territory of online film content.

That step proves more important with every passing year. In the 2018 calendar year, Netflix has created 700 different original films and series available on their platform. Of those, 80 were feature films, equating to more than one feature film per week for the entire year. To give some perspective to that, Disney, Sony, Warner Brothers, Fox Pictures and Universal studios had only 56 features on deck collectively. Though a few Netflix Original Features have been undeniably solid, it seems that the cinematic high-bar aim has been altered and the current content

being produced en masse is no more than "cinematic comfort food of the glossiest and least challenging sort."[15] It is television for the era of distraction. To focus, as a classically attentive viewer, on the major plot holes in new Netflix Original series, such as *Flaked*, or the vapid character displays in *Friends From College* will cause any mildly aware viewer only frustration.

Netflix and Content Creation and Availability

Prior to rolling out its first big series production, Netflix had dabbled in creating original content. But it was the American remake of the show *House of Cards* that subverted decades of tradition both for Netflix and for television production. A number of platforms had bid for the rights to the show, with HBO as the leading and perhaps most obvious, contender[16]. Netflix's winning bid for the show raised a few eyebrows, but it was their decision to make an entire season's worth of episodes available at one time that truly distinguished their business model from anything that had come before[17]. This move, making dozens of episodes of a show available on-demand, not only changed the way that viewers watch available content, but it also changed how - and whether - shows get made.

Traditionally, an American broadcast television show went through a pilot process; if the pilot episode was approved, a show would go on to film a season of episodes, ranging anywhere from ten to twelve installments on the low end, to twenty

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[15] SINGER, Matt. Netflix is creating a future of television that looks like a lot of television's past. *Screen Crush* . 26.03.2018, 26.03.2018 [cit. 2019-06-19].

[16] REFORMAN, Marek Z. and Ronald R. YAGER. International Conference on Information Processing and Management of Uncertainty in Knowledge-Based Systems. Communications in Computer and Information Science [online]. Iona College, New York: Springer, 2014, 422 , 49-55 [cit. 2018-04-12]. DOI: 10.1145 / 1557019.1557090.

[17] PITTMAN, Matthew and Kim SHEEHAN. "Sprinting a Media Marathon: Uses and gratifications of binge-watching television through Netflix." First Monday[online]. 2015, 2015, 20 (10), 1-13. 2019-04-20].

episodes or more on the high end [18] British television model differed slightly, in that, after an approved pilot episode, the first season was only ensured a six episode run, to test its market reception before further investment. Netflix, however, had little use for a single pilot episode of any show, and at the same time did not have the same viewership demands needed to take a network show to series order or to keep it afloat over multiple seasons. Netflix needed multiple episodes to fill its library, so virtually every show they green-lit got at least one full season made[19]. When *House of Cards* proved successful, Netflix went on to apply the same approach to more and more of its own seasonal content.

It is worth nothing that the entire notion of a "season" of television has become somewhat archaic thanks to Netflix. In the time of broadcast television, new series used to be rolled out in the fall and spring, and summer was a time for repeats or the airing of pilots and TV movies being burned off by networks[20]. The term "season," once tied to specific times of the year, is in many cases now just a shorthand term to describe collections of episodes that tell a single overarching story. There are still many traditional shows on commercial and cable networks, from sitcoms to crime procedurals, that are comprised of individual standalone episodes, but it has been the one-two punch of serialized storytelling and all-at-once availability that has had one of the biggest impacts on both television and film.

This, perhaps more than anything else, would fundamentally alter the film and television landscape, and would even blur the lines between the two. The kinds of

SHANG, Shang, Mr. HUI, Sanjeev R. KULKARNI, and Paul W. CUFF. Wisdom of the Crowd: Incorporating Social Influence in Recommendation Models. 2011 IEEE 17th International Conference on Parallel and Distributed Systems. [online]. IEEE, 2011, 17.05.2013,, 1-6 [cit. 2019-04-20].

[19] KING, RACHAEL. House of Cards: Era of Streaming Video. The Serials of Librarian[Taylor Francis Online]. Nov. 15, 2014 , 67 (3), 289-306 [cit. 2019-04-28].

[20] ULIN, Jeffrey C. The Business of Media Distribution: Monetizing Film, TV, and Video Content in an Online World, 3rd Edition . 3. New York: Routledge, 2019. ISBN 9780815353355.

budgetary and creative commitments necessary to develop and produce the many

original programs on Netflix attracted a level of talent, both behind the scenes and in

front of the camera, that had once been the sole purview of traditional filmmaking[21].

House of Cards, for example, starred Kevin Spacey and Robin Wright, both well-

known film actors. The initial quality of the writing and production on *House of Cards*

was unlike anything ever seen on television before, with the possible exception of

some limited-run miniseries seen on platforms such as HBO, or the occasional

network event programming[22]. Seemingly overnight the ideological divide between

film and television vanished, a move that was helped along as movie studios

increasingly relied in blockbuster films with superheroes and spaceships that could

be easily sold in global markets. This left room at the television table for writers,

directors, and actors who would have worked exclusively in film in earlier

generations.

But as stated, what really set Netflix apart from its contemporary contenders,

aside from their acquisition of titles like *House of Cards*, was that they offered the

whole season from the start. In a sense, this positioned Netflix's own original-content

show directly alongside the other shows available on the platform. While Netflix

primarily relied on films in their early years, they did host television programs as well;

a show that was available for rental on DVD was also a likely candidate to be made

available for streaming[23]. Netflix typically acquired the rights to shows after at least

one season had aired and made all episodes available to viewers. Making a show

21 ALILOUPOUR, Nicole P. The Impact of Technology on the Entertainment Distribution Market: The Effects of Netflix and Hulu on Cable Revenue . Open Access Senior Thesis. Claremont College. (2016): 321-360.

22 PÁLOVICS, Robert, Andras BENCZUR, Levente KOCSIS, Tamas KISS and Erzsebet FRIGÓ. Exploiting Temporal Influence in Online Recommendation. RecSys '14 Proceedings of the 8th ACM Conference on Recommended Systems [online]. Silicon Valley, California, USA: ACM, 2014, Nov 15, 2014,, 273-280 [cit. 2019-05-03]. DOI: 10.1145 / 2645710.2645723. ISSN 978-1-4503-2668-1.

23 KING, RACHAEL. House of Cards: Era of Streaming Video. The Serials of Librarian[Taylor Francis Online]. Nov. 15, 2014 , 67 (3), 289-306 [cit. 2019-04-28].

like *House of Cards* watchable in the same way was, in hindsight, a good move for Netflix, at least at the time. This move may have had the sense of legitimizing a "Netflix Original" production by making it available to viewers the same way any other show or film on the platform was available[24]. Regardless of what any particular viewer wanted to watch on Netflix, he or she could do so at their convenience and on their own schedules, which became the defining trait of Netflix viewership.

As has been well-documented, shows from *Breaking Bad* to *Battlestar Galactica* to Netflix's own *Stranger Things* have all become pop culture phenomena, and done so largely because they are available on demand. Earlier generations had fewer viewing options, so a popular television show, e.g., the series finale of *M*A*S*H*, was watched by virtually everyone with a television set. Today's more fragmented audiences are less likely to all be watching the same show, unless and until that show reaches critical mass in the pop-culture zeitgeist. For anyone interested in seeing what all the fuss is about, binge-watching makes it possible to get caught up without being at the mercy of network programmers. This is the obverse of Netflix's straight-to-order model: a show does not have to be popular right out of the gate; it has time to build an audience at whatever rate it takes[25]. Moreover, a show does not need to reach every possible viewer in order to be a success; the Netflix model allows niche programing to succeed at its own rate even when it does not catch figure the way a show like *Breaking Bad* did when it debuted on Netflix.

The success of *Breaking Bad* on its original network, AMC, and on streaming platforms such as Netflix, serves as a good example of yet another way Netflix disrupted media landscape. Although it may seem difficult to believe in retrospect,

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[24] KOREN, Yehuda. The BellKor Solution to the Netflix Grand Prize Netflix prize documentation [online]. USA, 2009, 08.2009,, 1-10 [cit. 2019-05-03].

[25] ALILOUPOUR, Nicole P. The Impact of Technology on the Entertainment Distribution Market: The Effects of Netflix and Hulu on Cable Revenue . Open Access Senior Thesis. Claremont College. (2016): 321-360.

Breaking Bad was not an enormously popular show in its first two seasons on AMC's cable network. Its ratings were low enough that AMC considered canceling the show, at least until viewership on Netflix breathed new life into the series. As *Breaking Bad* entered its third season on AMC, its first two seasons premiered on Netflix and quickly became popular. The classic serialized storytelling, wherein each episode ended on a cliffhanger, prompted subscribers to watch one episode after another, giving rise to the phenomenon of binge-watching as we now know it. This popularity fed back into the first-run episodes of the show on AMC, boosting viewership for season 3 in real-time and making the subsequent seasons the highest-rated in the show's (and AMC's) history. A similar effect can be seen in the show's sequel *Better Call Saul*, and the in-the-works *Breaking Bad* movie will be going directly to Netflix even before it premiered on AMC or any other platform.

     Breaking Bad was not the first serialized story of its time, of course. Other network providers had created other prolific shows both before and after. HBO, AMC and Showtime have been responsible for such iconic serial television shows as *The Sopranos*, *Mad Men, Game of Thrones*, *Dexter*, and many others that tell long-form stories throughout an entire season.

     Other than outside acquisition, its important to take into account the Netflix new approach to original content creation, which could now be tailored to a much more specific target audience. In a study run by the European Audiovisual Observatory, it was cited that teenagers between the ages of 16 and 19 gather 54% of their content from on-demand viewing services, while their counter demographic, those between 60 and 69, still gather the majority of their content from traditionally scheduled programming. It should come as no surprise that video-on-demand platforms set their scope on the latter, untapped demographic and began to formulate a plan to gain their viewership.

The entire cinema landscape is shifting, due to risk-taking, high-brow game changers like Reed Hastings, the current CEO of Netflix. Netflix shocked the entire entertainment industry in 2016 with two groundbreaking announcements. The first announcement was that the company had made an agreement with Weinstein Co. to release *Crouching Tiger, Hidden Dragon: The Green Legend* to Netflix users on the same day the sequel to film opens in various IMAX theaters. And although the four biggest multiplex cinema chains reacted by boycotting the movie at all of their 262 IMAX screens, that still left the film screening at 156 independent IMAX venues, which was, in essence, enough to make a pretty loud point. Netflix's second announcement was even more startling. They had contracted a deal with comedian Adam Sandler for four feature films, produced by Sandler's Happy Madison company, which were planned to go straight to Netflix with no theatrical release whatsoever.

The entertainment world was immediately on fire. Sandler's career had noticeably declined in the last decade and his films had been generally objectively bad. But although Sandler's work has not been as high of a caliber that Netflix had expected, and therefore saw decreased demand, they somehow still managed to reach a huge audience. For example, *Grownups 2* made $135 million earlier that year. *Sandy Wexler* grossed an average approval rating of 36%, both critic and audience. *The Do-Over* landed a single-digit critic score with and audience score looming only slightly above. And saddest of all, Sandler's *The Ridiculous 6* holds a solid 0% critic approval rating, was called "everything wrong with Hollywood for the past two decades," and proof that Netflix's inexplicable confidence in Sandler is deeply misguided. Essentially, dumb movies are still profitable in a lot of ways. But it was not just Sandler's rotting enterprise as an isolated incident of Netflix's nearsightedness.

Netflix and the Rise of the Algorithm

While the specific details of Netflix's viewership algorithms are both too secretive and too esoteric in scope for this discussion, their implications are certainly worth considering. In the decades when film and broadcast television dominated the entertainment media landscape, the relative success or failure of films and television were measured in box office returns and Nielsen ratings. For television, especially, this system was imprecise at best. Viewership was measured in averages, and based on assumptions about viewer habits that were difficult to assess under viewer-reported parameters. Netflix, by contrast, knows virtually everything about their viewer habits from their demographics to how many seconds they watched a particular movie or television show. With this incredibly detailed and personal data from viewers, Netflix makes decisions about everything from suggested film selection for viewers to watch to which films and series the company should license or produce themselves in the future.

The algorithmic engine driving Netflix provides the basis for an entirely new relationship with viewers, one that serves as a feedback loop between the people who create films/television and the people who watch them. For much of the life of the television industry, the decisions about which shows to produce were a bit of a crapshoot, and knowing whether a show would take off with viewers involved a significant measure of guesswork[26]. Moreover, it could be hard to say with certainty just how popular a show was, as rating systems relied primarily on viewers who reported on their own viewing habits. By contrast, Netflix subscribers and other customers of streaming platforms are essentially unconsciously programming their own television networks with what shows or films they do like. As opposed to

[26] ULIN, Jeffrey C. The Business of Media Distribution: Monetizing Film, TV, and Video Content in an Online World, 3rd Edition . 3. New York: Routledge, 2019. ISBN 9780815353355.

HBOGO's use of the film's IMDB score as an indicator of quality, Netflix offers only an infantile "thumbs up, thumbs down" rating system, and inherently offers titles to a viewer which merely algorithmically align to the taste obvious in their viewing and browsing history.

The algorithmic decision's tendency to filter out a majority of work simply because a certain viewer may not find it interesting means that the audience is fed only what they know, and the chance to discover new titles dwindles as they get buried in the algorithm. Viewers are unintentionally signaling about what shows or films they do not like. Now that the viewing habits of every viewer can be seen and analyzed, Netflix can target viewers with suggestions based on what they have watched previously, and can also develop programming aimed at specific demographic groups and viewership tastes.

The year 2016 brought the example of the Netflix series, *The Crown,* about events in the life of Queen Elizabeth II. A period piece set in the mid-20th century, shows of this nature can be prohibitively expensive to produce. In the pre-Netflix era, a show like *The Crown* might have been made for PBS, but almost certainly with a much lower production value. With network television generally loath to touch a show with the narrow demographic appeal of *The Crown*, it is unlikely it or anything like it would have ever made it to the screen even a decade ago, let alone in the golden age of broadcast television.

But it was one of the first times Netflix took direct aim at an older-aged demographic by creating content that would appeal to the sensibilities of the otherwise unreached group. Armed with data about who was and who was not watching Netflix, the decision to produce *The Crown* was aimed solely at what they saw as an untapped demographic: older, more affluent viewers who still did most of their TV-watching on traditional network-scheduled programming. Rather than create

a show aimed at servicing their existing viewership, Netflix had the luxury of creating a show meant to usher in a new demographic of viewers without causing any disruption to their existing viewer demographics.

The show didn't become the immediate pop/cult sensation that the likes of *Stranger Things* became, but the audience it derived was an incredibly valuable one for Netflix. Collected SVOD data showed that *The Crown*'s initial audience is consistent of mostly older, educated, affluent individuals, and primarily female. And later on, Nielsen data derived that the season two audience was nearly half comprised of people over the age of 50, educated and still pulled a majority of female interest. This was a unique demographic to pull, and an important one for a technologically young platform such as Netflix to reach.

But although that may sound like positive steps for the company and for their audience, there is more context to be derived from the creation of *The Crown*, and the acquisition of a brand new demographic to their viewership roster. It is true *The Crown* managed to rope in an otherwise untapped target group into subscription. But once there, those new, otherwise-unreached viewers had access only to the previously generated series and film material aimed at younger audience. At the time, Netflix could not provide a base of original content that could continue to engage this new audience. As well, the creation of a grandiose, period show on the budgetary scale of *The Crown* meant that the creation or continuation of other series, which may have been more appropriate and interesting for their established viewer base, were foregone in favor of a short-sighted, quick and unsustainable acquisition of a new target group. This move seems brash and unsustainable, as this older audience was not well sustained in the long term. This was one of the first uncalculated production missteps on Netflix's part in terms of making unsustainable decisions regarding audience reach.

Unlike legacy networks with a set number of hours to fill, Netflix did not have to trade one show (or one type of show) for another, so they could afford to program in a way that networks never can nicely. Nielsen data showed that *The Crown* was reaching an older, more affluent, and more female audience than the typical Netflix viewer[27]. This is an attractive demographic for any platform, especially to the degree that it may be untapped by other platforms. This ability to target narrow demographics of viewership, as well as the capacity that viewers have to binge-watch shows, have combined to create fundamental changes in the ways that shows are made and watched. In the span of less than a decade, Netflix, and the competitors it spawned, have wiped away the video store, bypassed the television-pilot model, and learned how to micro-target their programming down to the millisecond of viewer preferences[28]. The possibilities wrought by the Internet and satellite communications may be the single biggest technological revolution since sound recordings drove silent films to extinction. Then, as now, there is no turning back.

At its core, Netflix's crowning achievement was getting customers accustomed to paying a subscription rate every month. Previously, most VOD platforms were transactional: viewers purchased or rented physical copies of videocassettes (and later, DVDs) or they paid a fee-per-view price to watch a film or show selected from a VOD menu. It was Netflix, more than any other platform that slowly but inexorably nudged customers from transactional VOD to subscription VOD. Netflix was and is now able to plan for long-range growth and future projects based on subscriber numbers, rather than having to depend on the shifting vagaries of a public that may not rent movies on a regular or predictable schedule. Customers are now attuned to

[27] SCHNEIDER, Michael. The Crown' Ratings: According to Nielsen, an Older, Upscale Female Audience Binged Season 2. Indiewire [online]. 2017, 15.12.2017 [cit. 2019-08-19].

[28] ALILOUPOUR, Nicole P. The Impact of Technology on the Entertainment Distribution Market: The Effects of Netflix and Hulu on Cable Revenue . Open Access Senior Thesis. Claremont College. (2016): 321-360.

the idea of paying a flat rate for all the content they can watch, and Netflix has been both the driver and arguably the greatest beneficiary of this SVOD model[29]. The company may have started with renting DVDs (which imposed some inherent practical limits on how many hours a customer could spend watching content each month), but as they transitioned into streaming, customers could now spend far more time immersed in Netflix content. It is not surprising that many viewers see SVOD services such as Netflix and its competitors as value positions.

VI. VOD and the New Technology Landscape

As is the case with every platform, from 19th-century stroboscopes to the 21st-century iPad, technology has consistently opened doors for visually-oriented content creators and providers to fill every new ecological niche. For much of the 20th century, however, two primary technological platforms reigned supreme: movie screens and television sets. As those two platforms ruled over the visual entertainment roost, they largely guided the behaviors of viewers; additionally, they put up cultural guardrails between "film" and "television" that are now increasingly blurred or entirely indistinct[30]. The producers and distributors of content largely determined when and even if- viewers could see a particular film or television show. Motion pictures were watched on large screens in communal settings at established times. Television shows typically ran once a week, at the same time each week. As noted previously, the analog VHS revolution eventually changed the dynamic of producers and distributors having complete control over when people can watch films and television shows, but it was ultimately the development of VOD platforms that entirely upended decades of traditions and history.

[29] ALILOUPOUR, Nicole P. The Impact of Technology on the Entertainment Distribution Market: The Effects of Netflix and Hulu on Cable Revenue . Open Access Senior Thesis. Claremont College. (2016): 321-360.

[30] VERMA, Rohit. Customer Preferences for Online, Social Media and Mobile Innovations in the Hospitality Industry . The Scholarly Commons: School of Hospitality Administration, 2012, pp. 183-186. 53: 3: 3. Academic Paper. Cornell University.

While Netflix has received considerable attention in this discussion, they no more created VOD than Apple created cell phones or personal computers. What Netflix (and, for that matter, Apple) did do was leverage burgeoning and established technologies in ways that generated consumer interest. The VOD technology that allows Netflix, and other platforms, to stream video programming on demand did not arise overnight; instead, it evolved in fits and starts over the course of four decades or more. As far back as the 1980s, there were companies developing automated, tape-based systems that would allow consumers to place an order and then stream the content over cable or phone lines to a set-top box or some other device. Perhaps not surprisingly, these proto-VOD platforms were unwieldy, prone to the kinds of failures and maintenance issues associated with any mechanical system, and often hampered by bandwidth limitations across the transmission lines.

While a detailed analysis of VOD history is incongruous here, it is worth noting several key milestones in its evolution. Although the earliest VOD systems were tape-based (typically in commercial, not consumer formats), it was the advent of digital and computer-based systems that tilled the soil for VOD as consumers know it today. For much of the 1990s and the 2000s, access to VOD meant having a cable TV subscription and a set-top box that could decode films and other VOD programming.

Today's VOD customers can watch on a plethora of personal devices, from cell phones and tablets to laptops and screens embedded in appliance doors. Wherever there is high-speed internet access, there is accessible content. VOD viewership still requires a device to catch the stream from the content provider, but consumers have their choice of myriad different devices. It was a twin-pronged revolution: the growth of the Internet as the transmission line, and the explosive growth of portable digital technology, on which Netflix built its success[31]. In the meantime, as Netflix was

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[31] SANZ, Esteve. European Television . Luxembourg: European Commission Joint Research Center Institute for Prospective Technological Studies, 2012, 44-53. ISBN 978-92-79-22544-4. ISSN 1831-9424.

forging new relationships and interactive dynamics with its growing customer base, traditional content providers such as cable and satellite companies have been fighting to maintain their majority stake in the overall VOD and live viewership market segments.

There are several different consumption models for VOD. Netflix operates a subscription model (SVOD) in which subscribers pay a flat monthly rate to have access to the company's entire library of streaming content. Cable companies and satellite companies, known in the industry as multichannel video programming distributors (MVPDs), charge a monthly rate to customers and provide a mix of scheduled programming and VOD service. In some cases, the VOD content is available in a specific transaction, wherein a customer pays a fee to watch a specific program or film; this is known as transactional video on demand (TVOD). TVOD may be used to sell customers content that they can store and keep, typically at higher prices, or have limited-term access to content (typically 24-48 hours) at a price more aligned with the traditional cost of movie rentals. The third form of VOD is advertiser-based (AVOD/FVOD), and it allows viewers free access to content that is supported by commercial advertising. Many platforms that offer AVOD, such as Hulu and YouTube, also have paid tiers that enable viewers to forgo commercials and access other premium features . Both Hulu and YouTube now offer live television programming including premium channels such as HBO and Showtime; the monthly fee for such services can add up to $60 or more per month, depending on the a la carte selections a consumer chooses.

In addition to the live-programming add-ons that are now offered by Hulu and some of its competitors, other companies such as Fubo offer live-TV packages, often with an emphasis on sports programming, intended to rival the offerings of traditional cable companies. Such platforms typically do not have VOD components yet, but

they may be attractive to consumers who want to combine app-based or computer-based live television programming with an SVOD platform. Despite the nascent market for such services, there are still two primary ways that viewers access VOD: through MVPDs or through one of the "big three" SVODs (Netflix, Hulu, and Amazon). Of the three, however, only Netflix is strictly-SVOD; Hulu offers an AVOD/SVOD hybrid tier with a lower subscription fee and limited commercials, while Amazon offers an SVOD/TVOD hybrid that offers a basic programming packages with its subscription and has some content (such as new movie releases) available for rental or purchase.

VII. VOD Overview and Consumer Behavior

It is not just films, and to a lesser extent, television, that made storytelling a communal event. Such has been the nature of drama since the earliest storytellers gathered around campfires or the earliest civilizations built amphitheaters and staged dramatic performances[32]. William Shakespeare, arguably the most renowned dramatist and playwright in the history of Western civilization, wrote his comedies, romances, farces, and tragedies specifically for entertaining live audiences. From the outset, movies were not just made to be shown in theaters; they were made to appeal to the tastes and interests of as broad a range of people as possible[33]. There are ample big-budget blockbusters released every year that still aim to reach the largest, widest audience possible, but there are more opportunities than ever before to develop niche programming and to micro-target audiences[34]. The shifting

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[32] HE, Wu. Examining students' online interaction in a live video streaming environment using data mining and text mining. In: Computers in Human Behavior . 29. Amsterdam, The Netherlands: Elsevier Science Publishers, 2013, 2013, pp. 90-102 [cit. 2019-08-18]. DOI: 10.1016 / j.chb.2012.07.020. ISSN 0747-5632.

[33] ELLIS, Kate. Netflix Closed Captions Offer an Access Model for the Streaming Video Industry, But What About Audio Description ?. COMMUNICATION, POLITICS & CULTURE [online]. Curtin University, 2017, 4 (3), 3-11. 2019-04-19].

[34] BELTRAN, Fernando, Jairo A. GUTIERREZ, and José Luis MELUS. "Technology and market conditions toward a new competitive landscape in the wireless access market." *IEEE Communications magazine* 48.6 (2010): 46-52.

technological winds have borne a new market for film studios and independent producers and directors: the lone spectator.

The lone spectator, as the name implies, watches films and television shows alone at least as often as he or she watches with others. This phenomenon exists both spatially and contextually. Few films and television shows, in the grand scheme of things, are even intended to reach global audiences, and creators can target narrow demographic bands that would never have been on a studio's radar even a decade ago. Netflix's use of algorithms to make decisions about what shows to pick up and which to drop also incorporates viewer data to determine which previews they believe will most entice viewers to keep watching and stay subscribed. Netflix is not the only platform using data in this way, of course; consumer data is now the coin of the realm in nearly every commercial endeavor. What people watch, and when and how they watch it, determines what they will see in their VOD menus and, in a larger sense, determines which films and shows will get made in the future.

To be clear, the lone spectator may watch alone spatially, but his or her viewing habits are likely to be deeply contextualized in networked relationships online and in in-person friendships and relationships. A person who watches something at home on the computer may still interact with other viewers by participating in online discussions and having a conversation in real life with others who have watched or are familiar with a given film or show[35]. The communal nature of drama has morphed considerably with the growth of digital technology. People may be physically alone when watching a film or television show, but they may still experience it as a communal event. Viewers who wish to share their viewing experience with other viewers need no longer find each other in three-dimensional space; they can find like-

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[35] [35] HE, Wu. Examining students' online interaction in a live video streaming environment using data mining and text mining. In: Computers in Human Behavior . 29. Amsterdam, The Netherlands: Elsevier Science Publishers, 2013, 2013, pp. 90-102 [cit. 2019-08-18]. DOI: 10.1016 / j.chb.2012.07.020. ISSN 0747-5632.

minded people in virtual space just as (or even more) easily. A century ago, audiences had to gather en masse in large rooms if they wanted to see a film; a few decades later, those larger groups broke down into smaller units such as nuclear families and groups of friends who gathered to watch television shows[36]. Today, the lone spectator can watch alone, while still sharing the experience with other viewers.

The lone spectator phenomenon is, not surprisingly, changing the nature of the cinematic experience. In the 1974 treatise "Ideological Effects of the Basic Cinematographic Apparatus," Baudry and Williams consider the psychological implications of the filmgoing experience, emphasizing the immersive, uninterrupted, and self-contained nature of films (especially films viewed in theaters) and the deep impression this experience can create on viewers. While the authors are primarily concerned with more granular aspects of this experience, and how films propagate ideological constructs, the underpinnings of their argument are based on the physical nature of the cinematic experience. Viewers may still have a form of communal sharing of films and shows, but they are no longer constrained by the limitations of the theatrical experience. Viewers can watch what they want, when they want, how much they want and can also stop watching when they want. Viewers no longer have to get up and walk out of a theater to stop watching something, and they can also jump right to the next available option. With the communal experience of films no longer bound by time or place, the development, production of film and television are similarly liberated.

The lone spectator is in part a reactionary figure in their response to the ubiquity of VOD platforms. But also the lone spectator remains an inadvertently proactive figure, whose cataloged metadata of viewing choices are driving the future

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[36] [36] BELTRAN, Fernando, Jairo A. GUTIERREZ, and José Luis MELUS. "Technology and market conditions toward a new competitive landscape in the wireless access market." *IEEE Communications magazine* 48.6 (2010): 46-52.

decisions of Netflix, HBOGO, and countless other VOD platforms. However, there exists major differences between how each company processes this mined personal information from its users and what content is created from it.

How People are Using VOD

In 2016, Nielsen released a report on global statistics for VOD usage; relying on responses from thousands of viewers in 61 countries, Nielsen's report indicates that VOD services are on the rise but still have a long way to go before supplanting the traditional cable television model. Over-the-air broadcasting, which is now limited to a series of digital broadcasts that offer no VOD support, was not considered in this report. Nearly ¾ of respondents globally indicated that they rely on an MVPD for their television and home film viewing. Less than ¼ of those with MVPD subscriptions are also using SVOD like Hulu or Netflix, although 1/3 indicate their intention to abandon MVPD in the next year. This later figure may be misleading; Nielsen notes some discrepancies between what consumers say and what they actually do, and MVPD maintains a comfortable lead in the home video and VOD market.

The Nielsen company is in the business of tracking viewer habits and compiling data for use by advertisers. Not surprisingly, their 2016 report emphasizes the ways that consumers responded to questions about AVOD, and whether or not they minded watching commercials before or during video programming. According to Nielsen, just over half of respondents claimed to find value and utility in commercials, particularly those that were targeted to their tastes or interests. This may be misleading; however, as Nielsen's report did not appear to ask consumers directly whether they liked commercials or what they thought about the idea of ad-supported VOD in general. The question of whether they found useful information in commercials is more specific and may have been created to elicit more positive responses. Whether or not this is the case, the unspoken message is that just under

half of AVOD viewers do not find useful information in commercials, a potentially ominous sign for advertising in a viewing environment where people can now pay not to watch commercials.

This too has the effect of shaping how content is distributed and viewed. YouTube's recent *Karate Kid* sequel series, *Cobra Kai*, is now available to viewers commercial-free in YouTube's premium subscription service or ad-supported on its regular platform. This is mirrored by Hulu, which has both ad-supported and subscription-only versions. Netflix offers only ad-free content and is far and away from the most-viewed of the standalone VOD services. Meanwhile, as AVOD and SVOD platforms get most of the attention in the media, MVPD platforms, which skew heavily towards ad-supported network content, still draw the most viewers. The primary difference between viewer demographics is that younger viewers are more likely to adopt SVOD platforms to supplement their MVPD viewing, and are the segment that is not likely to "cut the cord" and rely solely on various iterations of AVOD, SVOD, and hybrid platforms for their film and television viewing. With this in mind, traditional content such as sitcoms and procedural dramas will likely continue to fill network airtime while riskier or more narrowly-targeted content will be produced for newer platforms. This differentiation brings us back to the specific viewership and target groups of each platform. Procedural dramas have long reigned daytime television for their unique reliability and narrative tradition, and the audience consuming the majority of these shows remains older, retired, stay-at-home adults who spend a majority of their time in front of televisions. However, as VOD continues to gain popularity and stability in younger demographics, they can tailor their content more specifically towards those target groups. They can focus the majority of their content generation to meeting the needs of all the idiosyncratic, niche subcultures of the youth and young adult worlds.

The country with the highest reported percentage of viewers using SVOD platforms such as Netflix and Hulu in the United States at 35%; The Asian Pacific region is a close second, while Europe and the UK are at 11%. UK viewers in particular still rely on state-supported networks for a significant amount of content, though the growth of private content providers is almost certain to grow in the coming years. Cable and satellite companies combined hold 60% of the market for VOD services in the United States and nearly 75% of viewers in the Asian-Pacific region. What these statistics appear to show is that SVOD services outside of those offered by MVPDs are largely seen as supplemental services, and the threat of cord-cutting may not be imminent. It is worth noting, however, that most households in the United States get their WiFi access through a cable provider or some similar platform, giving such providers a built-in edge. As competition in the WiFi market grows, this may change, and when more high-speed access is available through wireless services (such as 5G cell phone technology), the traditional cable model might finally begin to face extinction.

Viewers as Creators and Curators

The ability to access VOD through so many different platforms gives viewers a dizzying array of choices. No longer beholden to network programming schedules or even the need to get to and from the video store, viewers can now, with few exceptions, watch what they want, when they want. Today's viewers, in effect, can function as their own network programmers. Traditional networks created programming with what they hoped would be a mass appeal; many of today's content producers can now provide content with a narrower appeal and still reach viewers. Netflix has had breakthroughs with series such as *Stranger Things*, and stalwart content provider HBO has creates series such as *The Sopranos* and *Game of Thrones*. With the surfeit of VOD platforms now available, viewers are creating their

own individual viewing schedules, effectively curating personal film and television playlists that are theirs alone.

It cannot be overstated the degree to which this technology has changed everything about viewing habits. Television and film viewership on VOD involves transitional relationships between the producers and directors who make films and shows, the studios and other platforms that distribute and market them, the VOD providers who bring them to viewers, and the viewers themselves who make choices about what to watch and when and where to watch it. This final link in this causal chain of relationships is mediated by viewers through the technology they choose to use for viewing. Blockbuster films best viewed in widescreen theaters are still being watched on small, portable tablet and phone screens. While some filmmakers may not consider this ideal or may balk at the very thought, consumers are still choosing the portability of small devices for much of their viewing[37]. This is the kind of behavior that filmmakers of the future will have to consider; as more and more people migrate to personal devices form some or all of their viewing, successful creators will accede to this reality and make more and more content aimed at meeting viewers where they are instead of trying to pull then into specific viewing contexts.

While the future is uncertain, the present may offer some clues. The majority of viewers who use VOD services are still relying on traditional cable and other MVPD platforms. However, more than half of those who use MVPDs as their primary platforms question the value proposition of such platforms as compared to SVOD services such as Netflix and Hulu. In other words, more people use cable than any other VOD platform, yet a majority of viewers report seeing SVOD and hybrid VOD models as having greater value, and a significant number of people indicate they will abandon MVPDs in the future. For now, the MVPDs have the deepest content

[37] RYAN, Mark David and Greg HEARN. Next Generation 'Filmmaking': New Markets, New Methods and New Business Models. Media International Australia . 2010, 136(1), 133-145 [cit. 2019-05-18]. DOI: 10.1177 / 1329878X1013600115. ISSN 1329-878X.

catalogs combined, but they are expensive as compared to some other VOD options. As SVOD platforms become more convenient and offer more content, it is almost assured that the migration from MVPDs to SVOD services will continue unabated. Moreover, the migration from traditional television sets to other - usually smaller - screens will march forward as well.

VOD and its Effects on the Cinema Landscape

Movies, after defining the industry for over a century, now have to find their place amid an ever-changing media landscape based in the fluctuations of the internet tastes. And most importantly, it depends on what kind of movie you're talking about. Big studio templates such as superhero movies, vapid comedies, political and social drama, always come first to the theaters and must wait ninety days before appearing on your home or mobile screen. A tiny art-house film can theoretically follow the same path or, even more progressively, go on-demand on the same day it opens theatrically in the premier markets. This is a known among industry professionals as "day-and-date." Below that tier is a grip of films that are much too commercially marginal to find any benefit in theatrical release and clog up VOD options like indie horror and crime film, foreign language films, C-movies featuring no-name stars, and micro-indies. There's little or no curation involved; home viewers are often left to separate wheat from chaff on their own.

If VOD continues its grow at its current rate, it may render multiplex chains unable to secure rights to any film outside of the major franchise properties such as the typical comic book hero films, young-adult series, zombie movies or any film in which a major American city is destroyed, either by aliens or extreme weather catastrophes. It could be entirely possible that the art house films could become their own economic model. The audience for such films is constituted of aging cinefiles.

However, millennials, the new generation of viewers, are still drawing up second-rate template films as their default. The future of cinema is highly uncertain.

On one hand, there's considerable evidence that going fully day-and-date with a smaller film can exponentially expand its outreach without harming theatrical earnings. And since a small but well-received film may not play in many theaters from the off, the rationale is, it could be profitable to try to capitalize on the exposure to make it available for the general public. Some art houses films have made small exhibition deals. The Landmark chain has played day-and-date releases from Magnolia and one other distributor, while also boycotting such films from others.

Some local venues have taken it on a case by case basis, openly recognizing that when a film opens simultaneously on demand and in theaters, distributors are less willing to invest promotional money in attracting theatre-goers. And that hurts both the movie's result and the audiences involved. Connie White, a seasoned programmer at the Coolidge Corner Theatre, considers day-and-date titles to be a bit cursed. "It's not that they aren't good films — the films themselves are often quite good," she adds. "But the fact that they're going VOD gives them another strike against them when we're trying to consider what to play. And the distributors are not putting the same power behind it. They're not hiring the same PR companies, they're not buying ads, whether print or online." If major indie distributors like Fox Searchlight, Focus and Sony Classics started going day-and-date with their films, which could begin happening at any time, "we'd be bummed," White says.

If Coolidge, one of America's premiere venues for independent film, is having trouble resisting the swing into video on demand, imagine what the small commercial chains and mom-and-pop theaters are dealing with financially. Everything is rapidly changing, from the agitated multiplex corporations to the unpredictable new release approaches of the indie market. *Listen Up Philip*, an indie drama film starring Jason

Schwartzman, got raving reviews on the festival circuit, opened in Boston in 2015 at the Museum of Fine Arts rather than a commercial venue. When Boston film lovers can dial up *The One I Love* two weeks before it opens in local theaters, it eradicates the need to leave the couch and purchase a movie ticket.

And when the dwindling audience is still dedicated to seeing a film on the big screen, instead of the glowing rectangle in their home or hand, ages out, cinema will have to face the music in one way or another. It's difficult to not ask ourselves if the film-going experience of watching movies in a cinema setting as we've known it for the entirety of the medium's existence has begun a slow fade to black.

VIII. The Future of VOD

It is never easy to predict the future, especially where technology is concerned. There are some trends in VOD, however, that may point the way to some future benchmarks; the biggest variables may be in terms of what consumers embrace and what they reject. A decade ago, home 3D television appeared poised to conquer the consumer market; as of this writing, however, home 3D remains an anomaly, perhaps because it still requires the use of special 3D glasses[38]. It is possible that a glasses-free 3D TV that was reasonably priced could gain traction in the consumer market, but for now, those viewers seeking an immersive, multi-dimensional experience seem to be drawn to virtual headsets and other individual-user devices as opposed to television sets that can be watched by multiple viewers at the same time. This trend may also point the way toward an ever-more-fragmented video market wherein the lone spectator is the most common.

If VR is among the technological platforms that will pave the way for the future of viewing, then interactive content is what will drive on that highway. Netflix recently

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[38] RYAN, Mark David and Greg HEARN. Next Generation 'Filmmaking': New Markets, New Methods and New Business Models. Media International Australia . 2010, 136(1), 133-145 [cit. 2019-05-18]. DOI: 10.1177 / 1329878X1013600115. ISSN 1329-878X.

offered a choose-your-own-plot movie, *Bandersnatch*, which plays out differently depending on choices the viewer makes at specific narrative inflection points, but generally fell flat in terms of creating any narrative reaction beyond the pseudo-immersive technical package in which is was presented. But VR gaming offers an interactive experience that will likely bleed into filmmaking, and vice versa, in the coming years. Video games already have narratives that allow viewers to interact with other players and game characters, but the emphasis is still on gameplay. This will almost certainly be mirrored by movie-style storytelling where interaction is part of the experience, but where the emphasis is on the story rather than on gameplay. At some point, the lines may be so blurred that video games and movies will often be one and the same.

In the near term, however, no new tech breakthroughs are needed to usher in the next wave of changes in VOD; instead, all that is required are for stakeholders on the distribution side (studios, exhibitors, and VOD platforms) to sort out the future release windows for movies. A precedent was set in the VHS era that theatrically-released movies would not be released to the home viewing market for several months or more after they were released to theaters. This window has been getting smaller and smaller, and in some cases is ignored altogether as even some higher-profile films are released to theaters and VOD on the same day. This remains a uncommon phenomenon for now, but it could be only a matter of time before same-day theatrical/VOD releases are the industry standard. It may take a few years, or its possible that it may take longer, but it seems that this is the inevitable direction that releases are heading. The genie is out of the proverbial bottle; the only question now is how stakeholders manage the transition to this new paradigm.

Will VOD Kill the Movie Theater? One of the biggest issues for stakeholders in the production and distribution of films is whether making them available on VOD

concurrently with a theatrical release will erode attendance by moviegoers in favor of watching at home. It is, to be blunt, anyone's guess whether this will happen, although current statistics show that movie attendance remains solid in the age of the big-budget blockbuster. People still enjoy attending movies, and films with rich visual effects -like the glut of comic-book films released over the last decade- are arguably best enjoyed on large theater screens. Moreover, studies have shown that those who watch the most streamed content are also the most likely to attend films in theaters. As the director of the National Association of Theater Owners put it: "people who love content are watching it across platforms, and all platforms have a place in consumers' minds"[39]. For now, anyway, theaters and the home video market have maintained their complementary and symbiotic relationship, but can that last when the theatrical release window collapses to nothing?

IX. The Future of Filmmaking and the Impact of VOD

Thus far, the focus of this discussion has been on changes in the ways that films and television are being distributed, with an eye towards the future of distribution. But this component of the larger film and television industries must be considered in that larger context. Films are not just being distributed in new ways; they are also being made in new ways. The video technology that fosters VOD and other distribution platforms also fosters new approaches to filmmaking, and some directors, such as Steven Soderbergh, are embracing these new paradigms. Other directors, such as Christopher Nolan, embrace new ways of filmmaking while eschewing the VOD movement and lamenting the narrowing theatrical release window[40]. Despite Nolan's laudable fealty to traditional distribution channels, it is a near-certainty that he will lose the VOD battle in the long run; the burning questions

[39] KING, RACHAEL. House of Cards: Era of Streaming Video. The Serials of Librarian[Taylor Francis Online]. Nov. 15, 2014 , 67 (3), 289-306 [cit. 2019-04-28].

[40] KING, RACHAEL. House of Cards: Era of Streaming Video. The Serials of Librarian[Taylor Francis Online]. Nov. 15, 2014 , 67 (3), 289-306 [cit. 2019-04-28].

remaining are what effect a VOD victory will have on filmmaking and how will audiences behave in an everything-all-the-time environment,

While the emphasis in this discussion remains firmly on the distribution arm of the multi-headed hydra that is the modern film and television industry, some attention must be paid to the considerable impact that digital technology has had on filmmaking. Any mention of such technology in subsequent sections will presuppose that readers are at least passingly familiar with the concepts of digital cameras, editing software, CGI, and other basic tools of the trade for today's modern directors and producers. Films are being made differently, not just in addition to the fact that they can be distributed differently, but also because they can be distributed differently. Depending on who you ask, this is either a good or a bad thing, but it is the direction in which the industry is moving.

Nolan, Soderbergh, Allen: How Big-Name Directors Exist in the Changing Filmmaking Landscape

Christopher Nolan, director of big-budget Hollywood films such as the *Batman* trilogy, *Dunkirk*, *Inception*, and *Interstellar*, makes for a compelling case study not just because of the critical and financial success of his blockbuster films, but also because he began his career as a well-known independent filmmaker. Some directors toil in obscurity before getting a big break, but Nolan was a successful independent filmmaker before he was a successful studio director. His 1998 film, *Following*, was shot in black and white on a shoestring budget, and a follow-up film in 2000, *Memento,* was made for less than $10 million. Given these bona fides, Nolan can speak to the broad experience of filmmaking at all levels, and he stands firmly opposed to the encroaching VOD onslaught against the traditional theatrical release window.

In a 2017 appearance at CinemaCon, the national convention of The National Association of Theater Owners, Nolan lambasted the narrowing theatrical release window, arguing that "the only platform I'm interested in talking about is theatrical distribution"[41]. Nolan was promoting his film *Dunkirk*, his World-War-II epic that the director understandably wants viewers to see on the big screen. Nolan is in a position to do whatever he wants in the world of film, and what he generally seems to want to do is to make big, lavish, visually-rich spectacles that also tell captivating stories. As films like *Following* or *Memento* amply demonstrate, Nolan is more than capable of filmmaking minimalism; that he chooses to make films of a broader visual scope now means that the visual components are a means to an end, but not necessarily ends in themselves. It is not enough, in Nolan's world, to make films that simply look good; first they must be good stories.[42] At least for this director at this stage in his career, the big screen is one of the legs of the table, and his films are inherently less effective when seen on smaller screens, even on the biggest and best of television sets.

If director Steven Soderbergh was starting out today, his breakthrough film would likely have been titled *Sex, Lies, and iPhones*. Like Christopher Nolan, Soderbergh began his career as an independent filmmaker; his film *Sex, Lies, and Videotape* received the Palme D'or at the 1989 Cannes Film Festival, launching a long career in which he too moved on to making big-budget, star-studded blockbuster films. While Nolan has continued to make bigger and bigger movies, Soderbergh has gone in the opposite direction, first directing smaller-budget films like *Magic Mike* and then moving to television. Although Soderbergh announced that he was retiring from filmmaking several years ago to focus on television, he has in recent years made

[41] KOREN, Yehuda. The BellKor Solution to the Netflix Grand Prize Netflix prize documentation [online]. USA, 2009, 08.2009,, 1-10 [cit. 2019-05-03].

[42] ZHENG, ZUANHUAN, YIHAO KE, DI WU and CAN YANG. Online Cloud Transcoding for Crowdsourced Video Streaming. Media International Australia . IEEE Transactions on Circuits and Systems for Video Technology, 2016, 2016,, 1777-1789 [cit. 2019-05-21]. DOI: 10.1109 / TCSVT.2016.2556584. ISSN 1329-878X.

what can only be considered movies. What separates them from his earlier films is not their lengths or the nature of the stories they tell, but rather how they are made (on digital cameras and even iPhones) and how they are distributed (digitally, through Soderbergh's own online distribution platforms).

As Soderbergh notes, the traditional studio model favors big-budget films while independent filmmakers often shoot on very low budgets; this system leaves little room for directors of Soderbergh's stature who want to make important films but do not necessarily have studio support. With his most recent shot-on-digital film *Logan Lucky*, Soderbergh produced, directed, and distributed the film (both to theaters and VOD) himself. As he sees it, digital is the future, and he feels that the constraints of the traditional studio system are too great. As digital technology continues to improve, argues Soderbergh, the benefits will continue to outweigh the negatives: "I look at this (digital filmmaking and distribution) as potentially one of the most liberating experiences that I've ever had as a filmmaker, and that I continue having. The 'gets' that I felt moment to moment were so significant that this is, to me, a new chapter"[43]. Both Nolan and Soderbergh have been through the Hollywood mill, but only the former has stood firm on the side of the traditional studio system while the latter has long been eager to explore other avenues of filmmaking.

On the opposite end of the evolutionary success spectrum lies Woody Allen. He was first approached by Amazon, who currently have only been active in the filmmaking world for four years, in 2016, with an offer to distribute his newest film *Cafe Society*. Despite Allen's long-standing relationship to Sony Pictures Classics, Amazon's 20 million dollar distribution offer was understandably hard to refuse, as they shelled out huge amounts of cash to procure established talents away from their

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[43] KOREN, Yehuda. The BellKor Solution to the Netflix Grand Prize Netflix prize documentation [online]. USA, 2009, 08.2009,, 1-10 [cit. 2019-05-03].

more veteran production relationships. In the case of Woody Allen, however, this approach radically backfired.

Allen's deep, visceral dedication to the film form became apparent in his newest Amazon show, *Crisis in Six Scenes*. And although his entire film legacy has been brought to television, it does not seem that he himself is as invested in it as he is in his own films. The show contains one single narrative across all six installments, which embodies the shape of a linear sitcom. However, the actual content of the show is almost entirely uninteresting and in no way a deviation away from his absolutely classic Allen tropes. Allen has openly stated that he doesn't watch any modern television serials, and it is entirely clear in *Crisis in Six Scenes*. He employs many visually uninteresting scenes in which characters pontificate, converse and deliver overly-expository dialogue. And though Netflix is guilty of over-saturating their platform with craft-less, poorly developed and executed television, Allen's contribution to Amazon's work base has failed in the opposite direction. He has completely missed the format with *Crisis in Six Scenes*, a story of wealthy New Yorkers in the 1960's. And it almost seems as if he attempted to make his concept of serial television from the 1960's, but one that should have been left in that time. As far as auteur cinema moguls go, Allen's results did not fare well in his departure into serialized television.

And to make matters worse, after his show verifiably failed in its viewer ratings and Allen came under public fire for alleged sexual misconduct, Amazon backed out on the four-picture deal they had offered him in June of 2018. Considering him both incapable of achieving proper results in the televisual format, as well as being a social liability to his films' and shows' publicity. At this time, Amazon continues to litigate their way out of the relationship they birthed; a relationship which could be

argued was intended, at first, to ride Allen's fame wave, has now crumbled beneath it.

X. Role and Effects on the Directors and Content Creators

Most consumers both in the country and in other nations where video-on-demand and online streaming platforms such as Netflix are a big business agree that advancement in the industry is a good step forward and a crucial technological development. After all, what is there not to like. For instance, a California-based TV and streaming movie provider by the name, "The Los Gatos" offers their subscribers access to different media virtually, "however," and "whenever." This is a step that can be termed as extremely impressive, considering that the firm was nearly nonexistent in 2010. However, it is a new era for directors and other content creators with the arrival of Netflix. The company continues to enjoy a continuously growing market of well-received original content, which reaches over 40 million subscribers in the US alone.

Even though the presence of large streaming companies such as Netflix appears to be good in places such as the US, their arrival in other foreign markets could be detrimental for content creators. It can be argued on one side that the great general steaming service quality offered by the company is of benefit to any region that previously lacked such platforms. However, content creators in such markets who are in the best position to monetize their contents have the odds stacked against them by the very arrival of these platforms. The negative impacts of huge streaming companies such as Netflix on such burgeoning industries have had some ripple impact on not only the prospects of the directors but on other content creators, including actors.

As mentioned before, big studios continue to gobble each other up as other considerably smaller movies and their directing crew tank at the box office. Today, Netflix, the giant in the industry has completely changed how films are directed and

even watched. It can be argued that as HBOGO, the VOD platform of veteran

production tycoon HBO, sticks to the television tradition, structure and content

formulation, Netflix dismantles it. If one were to peruse the catalog of titles in both

Netflix and HBOGO rosters at this moment, without the looming presence of

manipulative algorithms, the quality-to-quantity proportionality would be obvious very

quickly. HBO, a bastion of cinematic television throughout history, continues to curate

high-quality, well-written and intellectually engaging shows for the viewers they have

known and developed with through their history as a network. But it could be argued

that Netflix, the originator of mobile-calibrated television content and the most

influential hand in pushing people out of cinemas, out of their living rooms and into

their cellphones, is more geared to generating quantities of content to endlessly play

in the background for the new generation of distracted viewers.

As most people now are no longer using television as a communal event, the

depth of attention paid to the content has also crashed. Many young, modern viewers

are now watching things like Netflix while multi-tasking other things such as checking

messages, emails, Facebook, etc. Netflix is a background noise to the ever-more-

distracted digital life, and the quality of the majority of their shows reflect that. On the

whole, Netflix does not seem interested in the strict adherence to craft and form as

HBO does, and the result is a bloated roster of titles which for the educated cinema

or television viewer are borderline unwatchable. Netflix overall business model fails

here: if all other studios pulled their films off their platform and put them on to another,

Netflix would crumble on itself. It does not have a strong enough foundation of Netflix

Original titles to continue existing on its own terms without the circulation of otherwise

produced quality cinema and television. And although not all Netflix Originals are

utterly unwatchable, left to only their own content, the median quality standard of the

bulk of their work would fare around the same level as *The Ridiculous 6, The Kissing*

Booth and *Paradox,* which due to their tanked ratings, have been expertly buried into the algorithm, away from audience suggestion loops.

Another noteworthy problem with Netflix which has existed up until this year is that they are known for giving incredible creative freedom to their creators. And while that may seem like heaven on earth for the up-and-coming voices in cinema, the resulting bulk of content from that laissez-faire attitude shows also a lack of awareness of craft. Because it has almost no background in production, Netflix historically has turned creative reign over to the minds behind the project, imposing few limitations and little quality control from their end. HBO has a much different reputation, imposing a clear voice and control of craft which can be understandably derived from decades of a specific and curated brand image. And although the creative free-for-all offered by Netflix sounds better to most creatives than to have executives breathing down their necks about artistic choices and expression, the compromise is a loss of inherent structure. By not having a seasoned, experienced producers with high expectations and specific quality standards behind these films and shows, there is a risk that the lack brand image or business plan for the long game of television production will appear in a low-quality, poorly controlled result. And in digging around into some of their less-successful content, it shows. This should act an obvious warning to incoming creatives, that more creative freedom isn't always better that limitations, high expectations and structure.

Other big new streaming services such as Warner Bros, Disney, and Apple (among other deep-pocketed studios) continue to develop their impact and prepare their entry into the VOD platform game. In his New York Times post, Buchanan notes that all aspects of the movie industry, be it the spoils of Oscar season or the diversity of its storytellers, are currently being called into question by the emergence of these numerous new platforms.

Buchanan[44] argues that directors and content creators alike are currently facing the best range of outcomes across the various scenarios. This is because in almost every case, the related values of their work rise with the changing film landscape. In other cases, Cunningham notes that the relative ability and importance to act as the control center also increases. In general, directors in the entertainment industry can be considered to be in an advantaged position, considering that the value of their content has in one way or the other increased across all the scenarios. Some formats, such as serialized dramas, in particular, are considerably well positioned to take advantage of the time-shifted form of viewing that has been adopted by many consumers.

To maximize the value of their content, many directors have opted to develop strategic ways to effectively manage the increasing types and numbers of windows not only across geography and time but also across roles and pathways within the value chain[45]. For directors working with the strong brands in the industry such as HBO, Netflix, or Amazon and a critical mass of genre-particular content, the chance to pursue the online market should be taken into consideration. These groups of content creators are faced with the challenge of having to address the trade-offs between the longer-term potential of developing an independent channel to their market and the short-term monetization prospects.

The group of content creators who lack the critical mass of content or the necessary brand strength have been forced to focus on establishing considerably more refined approaches to the windowing of their work. The rising number of pathways to distribution, formats of consumption, as well as models of business have

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[44] BUCHANAN, Kyle. *How Will The Movies Survive the Next 10 Years?* [online]
[cit. 2019-05-13].

[45] LOGAN, Celts. Online Cloud Transcoding for Crowdsourced Video Streaming. *Journal of Advertising Research* [online]. 2016, 2011 [cit. 2019-05-23]. DOI: 10.2501 / JAR-51-1-276-287. ISSN 1329-878X.

all led to an increase in the windowing opportunity. The most dominant issue in windowing and one that is most likely to lead to unique challenges in the near future is the raising array of opportunities to offer exclusive content to only one player within a value chain[46]. The challenge that content creators, including the directors, face is the issue of valuing exclusive content before even establishing whether and to what degree it is compelling and to which audience it is most appropriate for in the long run. Many streaming platforms such as Netflix require content creators to produce an entire series without the knowledge of how the work is likely to be received in the market[47]. This is a challenge that might represent a shift of content creation from a hit-based model of business to a relatively more stable, content creation approach.

The new wave of film windowing has also affected content creators in subscription TV and Free-To-Air (FTA) broadcast networks. The stakeholders in these rather traditional platforms are facing considerable pressure taking into account the shift of consumers to the online ecosystem[48]. The biggest factor that seems to differentiate performance among content creators in the two forms of platforms is the degree to which individual industry players develop niche or hit-driven portfolios that distinguish their work. Content creators working with networks such as the Food Network and AMC, which operate within the USA are actively pursuing the strategy and are continuously improving on their position for the future as the film world evolve. This will likely mean developing their own online streaming platform or linking up with an already existing one to outlet their content onto the internet, where inevitably all television will end up.

[46] CHEN, Liang, Yipeng ZHOU and Dah Ming CHIU. *Smart Streaming for Online Video Services* . IEEE Transactions on Multimedia, 2014   [cit. 2019-04-17].

[47] KRIKKE, Jan. Streaming video transforms the media industry. IEEE Computer Graphics and Applications [online]. PubMed, 2014, 24 (4) [cit. 2019-05-22]. DOI: 10.1109 / MCG. 2004.17.

[48] BELTRAN, Fernando, Jairo A. GUTIERREZ, and José Luis MELUS. "Technology and market conditions toward a new competitive landscape in the wireless access market." *IEEE Communications magazine* 48.6 (2010): 46-52.

Today, leading directors and content creators in FTA platforms are in competition on generating hit content and have a relatively strong starting point. It is, however, crucial to note that some critical considerations must be observed. First, the "lead-in or lead-out" advantage in traditional sources, in which highly rated films create greater sampling, awareness, and viewership is something that has considerably reduced over the past decade in many scenarios. These channels should consider making nonlinear viewing a strategic move across every scenario to face the changing dynamics[49]. This is a move that is likely to allow their audiences to embrace the new viewing style and a way to create online services and products that can maximize the reach of their content. Through the development of right approaches to the platforms, the channels can easily create greater levels of sampling and awareness, especially for their must-have content. Further, through effective nonlinear experiences management, FTA platforms potentially gain the flexibility necessary for the incubation of a new generation of leading entertainment programing. Likewise, there exists already a pattern of television co-production with Netflix, where television stations develop shows and have deals for Netflix release online. The question is whether this is actually worth it for the productions though, as Netflix doesn't invest as much in distribution as it does in development, and also could mean a loss of viewership on their channel if audiences have the opportunity to binge watch it on Netflix instead of in traditional, weekly installments on a network.

FTA players within the US such as ABC, were among the first traditional channels to take up and embrace the new platforms considering that as far back as a decade ago; the channel had its content on iTunes platforms. Content creators working for the channel currently have numerous strategic time-shifts as well as online plays that include Hulu, WATCH ABC TV Everywhere app. and ABC.com.

[49] [49] KRIKKE, Jan. Streaming video transforms the media industry. IEEE Computer Graphics and Applications [online]. PubMed, 2014, 24 (4) [cit. 2019-05-22]. DOI: 10.1109 / MCG. 2004.17.

Another German TV network by the name ProSieben has also explored this strategy

following the launch of MyVideo, an AVoD service, and MaxDome, an SVoD service.

The decision by FTA channels to embrace the shift in film and content consumption

has enabled content creators to access more pools of value. For instance, the

initiative by ABC is taking place under different models of business which include,

AVoD, SVoD as well as apps that are authenticated as part of a pay-television

bundle. The initiative is also occurring with a variety of partners including other

broadcast networks, online aggregators, and traditional distributors among many

more. As such, traditional platforms such as FTA networks and subscription TV

channels should try to develop direct-to-consumer services in their near future. This

would ensure a greater reach to the current primarily-online consumer base.

And most importantly, the focus of the content creators in these channels

should be the ubiquity and quality of their work and the availability on a network-

branded basis across every business model and pathway.

Conclusion

For the little-over-a-century that filmmaking, as we know it, has existed, the

only constant has been change. The earliest films were crude, difficult to make, and

limited in thematic and cinematic scope. Taking the long view, filmmaking has been

punctuated by leaps in technology and technique, each affording producers and

directors' new ways of bringing images and sound to film and television screens.

These technological breakthroughs shaped both how films are made and how they

are delivered to viewers. Film was once an inherently communal experience, and

even television was largely a family affair in its infancy and even its adolescence.

The digital revolution changed everything about how films are made as well as

where, and by whom they are watched.

More than this, however, digital technology has even changed what films *are*, collapsing the once-uncrossable chasm between film and television both as art forms and as viewer experiences. Yes, the traditional 2-hour-long, theatrically-released film template is alive and well, but the distance between film and television is getting smaller as the techniques used to make movies, as well as the people who make them, are now equally abundant in both television and film. Television is no longer the bastard offspring of the more prestigious film industry; the two are now largely on equal footing, and in some ways television has broken free of the almost haiku-like constraints of the traditional 3-act film structure. The most notable factor feeding the growth of this new television model is the advent of VOD technology. No longer are viewers beholden to the whims of programmers or exhibitors to choose when and where they watch films and television. Viewers can now decide for themselves if they want to watch a 14-hour season of television throughout a weekend, instead of in 14 weekly installments. Viewers can also watch theatrically-released films in 4K high-definition with surround-sound in their own homes, which has unquestionably affected movie theaters and created growing pressures on exhibitors to keep ahead of the VOD curve.

But creators should enter this terrain with caution. The many outlet options cropping up in this gold-rush to the top of VOD streaming platforms will make a lot of space for new creators to get their feet in the proverbial doors. But despite the rampant opportunity, creators should never mistake gifted "creative freedom" from a network as an all-out blessing. As filmmaking in television screams into the future, creators should look to the past for guidance on how to continue to create television with high cinematic craft and quality, and not fall into the machine of never-ending content creation for an audience who may not even be actively watching.

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