

Lectures 5 and 6

Hollywood in the post-war period -
audiences, blockbusters, stars and
genres

Introduction

- Halberstam has written, the immediate post-war period the United States “...was one of the great sellers’ markets of all time. There was a desperate hunger for products after the long drought of fifteen years caused by the Depression and then World War Two”.

- The key symbolic products of the late 1940s and 1950s were cars, suburban (Levitt) homes - full of consumer durables, including televisions, bought at suburban (Korvettes) discount stores - fast foods (McDonald's) and advertising.
- To these should be added a whole range of outdoor recreation products including tourism, golf, gardening, participatory sports and fishing.
- But not, the cinema.

SELECTED U.S. POPULATION STATISTICS, 1946-1970

Year	US Population (000s) (1)	Urbanised Areas-Central Cities (000s) (2)	Urbanised Areas-Urban Fringe. (000s) (3)	Persons aged under 5 (000s) (4)	Ages 5-14 (000s) (5)	Ages 15-24 (000s) (6)	Ages 25-34 (000s) (7)
1946	-	-	-	12,974	21,844	23,382	22,954
1950	151,684	48,337	20,872	16,331	24,477	22,260	23,932
1960	180,671	57,975	37,873	20,341	35,735	24,576	22,919
1970	204,879	63,922	54,525	17,156	40,733	36,496	25,293

Source: Historical Statistics of the United States, Chapter A, Series 29-42; Series 82-90; Series 288-319.

SELECTED PERSONAL CONSUMPTION STATISTICS, 1946-1970

(All money values in U.S. \$millions, 1958 prices)

Year	Total Personal Consumption Expenditure	Recreational Expenditure	Total US Box- Office	Average Weekly Cinema Attendance (millions)	Households with TV sets (000s)
	(1)	(2)	(3)	(4)	(5)
1946	203404	12112	2400	90	8
1950	230409	13446	1660	60	3,875
1955	274117	15170	1429	46	30,700
1960	316075	17779	924	40	45,750
1965	397830	24171	852	44	52,700

THE DATA

- In 1946 the weekly trade journal *Variety* published in either its first or second issue in January of each year an annual list of the most popular films released onto the American market, together with the rental incomes they generated for their distributors.
- The data set of 1820 films, with not less than 61 and not more than 130 top ranking films recorded in each of years of the study, provides a unique empirical source from which to study Hollywood during this time of declining theatrical audiences.

BOX-OFFICE REVENUES OF 'TOP GROSSING FILMS, 1946-1956

(All money values in US.\$millions, 1958 prices)

Year	No. of Films listed in <i>Variety</i> as 'Top Grossers'	No. of 'Top Grossers' Distributed by the the Major Hollywood Studios ^a	Net rental income of films listed in <i>Variety</i>	Mean rental income of <i>Variety</i> listed films	Total US box-office
	(1)	(2)	(3)	(4)	(5)
1946	61	61	303.55	4.98	2400.00
1947	75	75	329.27	4.39	2046.21
1948	92	90	278.61	3.03	1829.89
1949	89	86	246.14	2.77	1776.01
1950	95	92	263.67	2.78	1659.83
1951	130	130	277.40	2.13	1478.56
1952	118	115	294.10	2.49	1376.80
1953	131	129	329.67	2.52	1294.44
1954	112	109	301.89	2.70	1327.57
1955	107	103	341.97	3.20	1428.88
1956	106	101	272.42	2.57	1470.46
1957	95	92	293.27	3.09	1152.51
1958	76	70	249.17	3.28	992.00
1959	82	79	224.89	2.74	945.71
1960	74	65	244.55	3.30	924.20
1961	75	71	235.90	3.15	886.43
1962	72	67	238.90	3.32	860.82
1963	77	68	301.31	3.91	852.03
1964	70	67	229.54	3.28	850.09
1965	83	79	355.07	4.28	852.02

Unequal decline

- From Table 3 it is clear that whilst the total box-office revenues of theatrical releases declined to about a third of their starting value over the period, the rental income accruing to the distributors of those films found in the *Variety* lists experienced a much smaller decline.

Growing market share of top ranking films

- In Table 3, it is apparent that the market share of *Variety* listed films increases dramatically over the period. If the conservative assumption is made that rental incomes were half the annual box-office revenue, the top films increased their share from 26 per cent in 1946 to 84 per cent by 1965.

PROPORTIONAL DISTRIBUTION OF RENTAL INCOME OF ANNUAL TOP 60 FILMS, 1946-65

(Column 1 in US.\$millions, 1958 prices)

Year	Top 60 rental income (1)	Coefficient of Variation (2)	Gini Coefficient (3)	Films ranked 1 to 10 (4)	Films ranked 11 to 20 (5)	Films ranked 21 to 30 (6)	Films ranked 31 to 40 (7)	Films ranked 41 to 50 (8)	Films ranked 51 to 60 (9)
1946	300.35	0.29	0.11	0.25	0.19	0.17	0.14	0.13	0.11
1947	289.28	0.49	0.16	0.31	0.19	0.15	0.13	0.12	0.11
1948	211.42	0.24	0.10	0.24	0.19	0.16	0.14	0.14	0.13
1949	189.78	0.30	0.12	0.25	0.20	0.16	0.14	0.13	0.12
1950	201.63	0.53	0.15	0.31	0.17	0.15	0.14	0.12	0.11
1951	171.98	0.38	0.13	0.28	0.17	0.16	0.14	0.13	0.12
1952	210.06	0.79	0.21	0.37	0.16	0.14	0.12	0.11	0.09
1953	225.92	0.77	0.23	0.39	0.17	0.13	0.11	0.10	0.10
1954	226.54	0.51	0.18	0.31	0.20	0.16	0.13	0.11	0.10
1955	265.79	0.49	0.20	0.31	0.22	0.17	0.12	0.10	0.08
1956	211.02	0.52	0.21	0.33	0.22	0.16	0.11	0.10	0.09
1957	248.14	1.27	0.30	0.46	0.16	0.12	0.10	0.09	0.07
1958	231.07	0.87	0.29	0.43	0.18	0.13	0.11	0.08	0.07
1959	200.01	0.57	0.21	0.34	0.20	0.15	0.13	0.10	0.08
1960	228.08	1.26	0.29	0.44	0.17	0.13	0.11	0.08	0.07
1961	217.71	0.64	0.24	0.37	0.20	0.15	0.12	0.09	0.07
1962	225.82	0.88	0.27	0.41	0.19	0.15	0.11	0.08	0.06
1963	280.81	0.91	0.28	0.43	0.18	0.14	0.10	0.08	0.07
1964	219.09	0.75	0.24	0.37	0.20	0.16	0.12	0.09	0.07
1965	325.09	1.26	0.34	0.51	0.15	0.11	0.09	0.08	0.06

Growing inequality

- Column 4 of Table 4 shows that the top 10 films significantly increased their share of the rental incomes generated by the top 60 films. This rose from approximately a quarter during the immediate post war years to above 30 per cent during the much of the 1950s, climbing to over 40 per cent for most of the years from 1957 onwards and peaking at 51 per cent in 1965.

- Further, the actual revenues that accrued to these films also rose in real terms, trending upwards from post-war low levels of less than \$50 million in 1949 and 1951, to aggregate rental incomes of above \$100 million in 1957, 1958, 1960, 1963 and 1965.
- The peaks were generated by the extraordinary success of a small number of films. These films were:

- 1957, *the Ten Commandments* (\$34.2 million) and *Around the World in 80 Days* (\$22 million);
- 1958, *South Pacific* (\$17.5 million) and *Bridge on the River Kwai* (\$17.2 million);
- 1960, *Ben Hur* (\$38 million);
- 1962 *West Side Story* (\$22 million);
- 1963 *Cleopatra* (\$23.5 million) and *How the West Was Won* (\$23million);
- 1965, *The Sound of Music* (\$42.5 million), *Mary Poppins* (\$31 million), *My Fair Lady* (\$30 million), and *Goldfinger* (\$22 million).

- The growth in the market share of the annual Top 10 films over the period of this investigation was of course at the expense of the shares taken by the other categories.
- In 1946 the share of the top 10 films was a little over twice that of those ranked between 51st and 60th. By the 1960s the difference had increased to multiples of seven and above.

The end of the classical portfolio

- During the two decades prior to the Paramount decree, Hollywood's principal studios had pursued a portfolio approach to risk management through the production of a range of films in which the higher risks associated with big budget production were offset by a greater number of middle and low budget films for which revenues were less variable and more evenly spread.

- The increasing skew of rental income, manifest in the dramatic decline in the real earnings of sub-top 20 films, made portfolio production less tenable as the 1950s wore on, leading to the increase in independent production which Bordwell, Staiger and Thompson have termed the ‘package-unit’ system.

‘Package-unit’ system.

- “Rather than an individual company containing the source of the labour and materials, the entire industry became the pool for these... This system of production was intimately tied to the post-war industrial shift: instead of the mass production of many films by a few manufacturing firms, now there was the specialised production of a few films by many independents. The majors acted as financiers and distributors.”

THE 'MAJOR' STUDIOS' CONTROL OF COPYRIGHT

'Major' Studios	No. of 'Top Grossing' films distributed (1)	No. of 'Top Grossing' films credited to the studio (2)	No. of 'Top Grossing' films where copyright owned by studio (3)	Ratio of col. 3 to col. 1 (4)
<u>Columbia</u>				
1946-50	21	16	14	0.67
1951-55	36	24	20	0.56
1956-60	45	20	16	0.36
1961-65	52	8	7	0.13
<u>Disney/BV</u>				
1954-55	6	6	6	1.00
1956-60	15	14	14	0.93 ^a
1961-65	25	25	25	1.00
<u>Loew's/MGM</u>				
1946-50	87	85	86	0.99
1951-55	97	96	96	0.99
1956-60	65	38	31	0.48
1961-65	63	13	18	0.29
<u>Paramount</u>				
1946-50	63	59	51	0.81
1951-55	85	62	67	0.79
1956-60	56	20	23	0.41
1961-65	44	6	6	0.14
<u>RKO</u>				
1946-50	48	22	14	0.29
1951-55	38	17	20	0.53
1956-57	5	3	5	1.00
<u>Twentieth Century Fox</u>				
1946-50	74	74	74	1.00
1951-55	110	104	104	0.95
1956-60	75	60	54	0.72
1961-65	45	18	19	0.42
<u>Universal</u>				
1946-50	33	27	24	0.73
1951-55	88	88	88	1.00
1956-60	44	38	40	0.91
1961-65	44	10	13	0.30
<u>Warners</u>				
1946-50	64	59	50	0.78
1951-55	94	71	66	0.70
1956-60	49	24	27	0.55
1961-65	25	11	11	0.44
<u>Total</u>				
1946-50	396	348	319	0.81
1951-55	563	476	475	0.84
1956-60	364	228	221	0.61
1961-65	273	66	74	0.27

PRODUCT DIFFERENTIATION

- In the theory of consumption developed earlier, novelty is depicted as an irreducible characteristic of film as a commodity. From this it follows that, *ex ante*, consumers do not know fully what they want.
- “Film audiences make hits or flops and they do it, not by revealing preferences they already have, but by discovering what they like.” De Vany and Walls (1996)
- Furthermore, audiences cannot evaluate a particular film fully until they have experienced it.

- Hence, the role of the film producer can be conceived of as an image entrepreneur, a person who is engaged in bringing to audiences pleasures that they could not fully imagine.
- As a rule Hollywood used stars, genres, directors, styles, storyline, story situation and ethos, together with enthralling technologies, in efforts to attract audiences by offering them strong novel pleasures whilst at the same time attenuating the risk associated with surprise.

Distinction between Vertical and Horizontal Product Differentiation

- If we consider a class of goods as being typified by a set of (desirable) characteristics, then two varieties are vertically differentiated when the first contains more of some or all characteristics than the second, so that all rational consumers given a free choice would opt for the first.
- They are horizontally differentiated when one contains more of some but fewer of other characteristics, so that two consumers exhibiting different tastes offered a free choice would not unambiguously plump for the same one

Horizontal Product Differentiation

- Genre, in the words of Izod (1988), enables “...the uniqueness of the product to be strikingly de-emphasized”. Films in a genre thus share particular characteristics.

- Classical Hollywood thus recognised a number of quite clearly differentiated groups of viewers and organised its output to provide a range of products that would appeal to different fractions of the audience. Movies were assembled to contain ingredients appealing to different generically defined areas of the audience, so that their marketing and exploitation could position each picture in relation to one or more of those ‘taste’ publics. (Maltby, 1999)

- Genre classification is not an exact science. Various agencies – audiences, the film trade, film critics, academics – have evolved distinctive genre systems for their own particular purposes.
- For my purpose, I have used the *Motion Picture Guide*'s genre classification for the 1820 films in the *Variety* dataset.

- The 1820 films in the sample are differentiated under no less than 170 distinct genre categories, most of which are hybrid.
- e.g. two films are classified as ‘Adventure History Dramas’, three films as ‘Drama History Epics’ and three as ‘History Drama Adventures.’
- By taking the first named genre in each hybridisation, the 170 categories reduce to 23.

FIGURE 1
THE DISTRIBUTION OF 'TOP GROSSING' FILMS WITHIN GENRE CLUSTERS

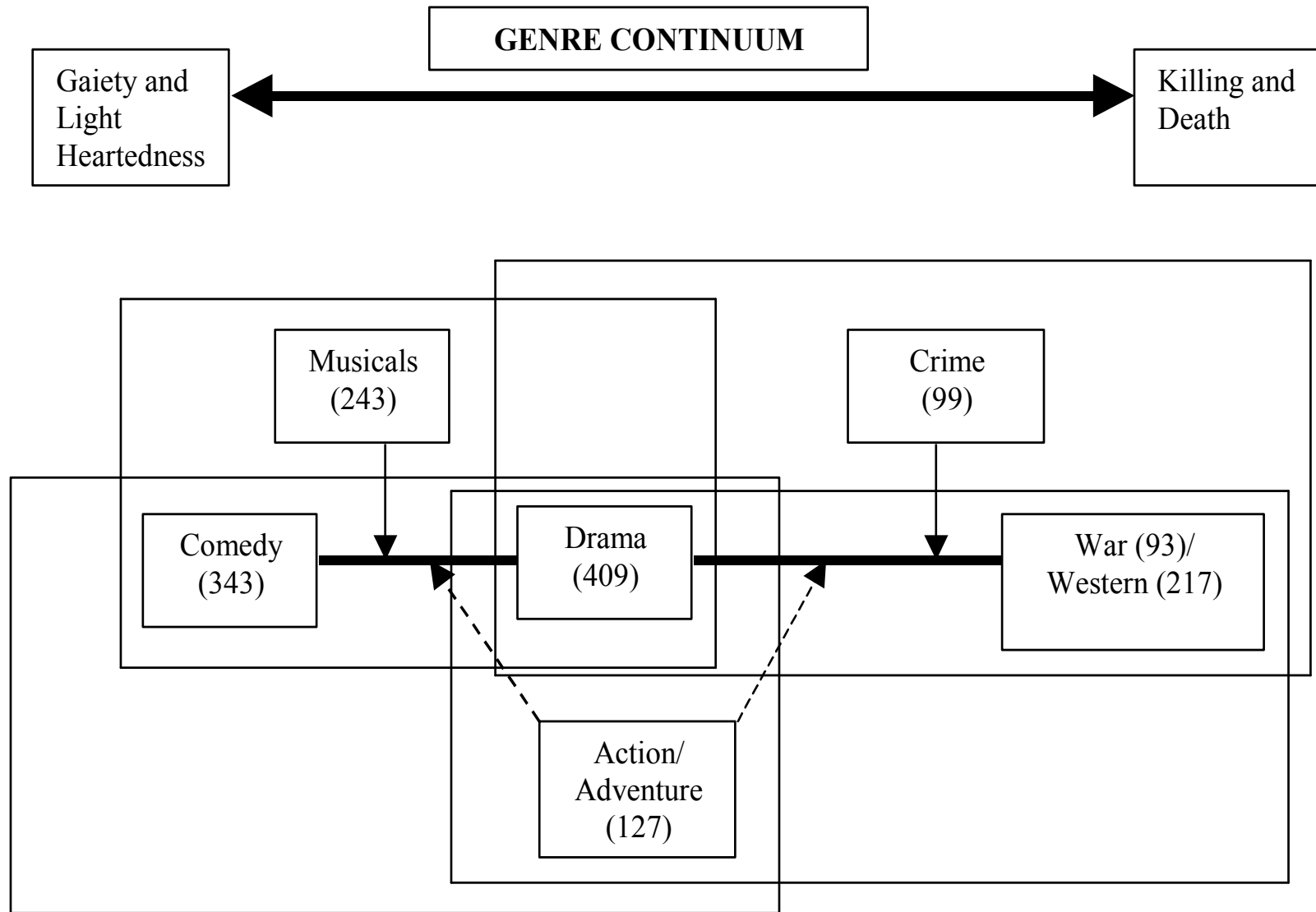
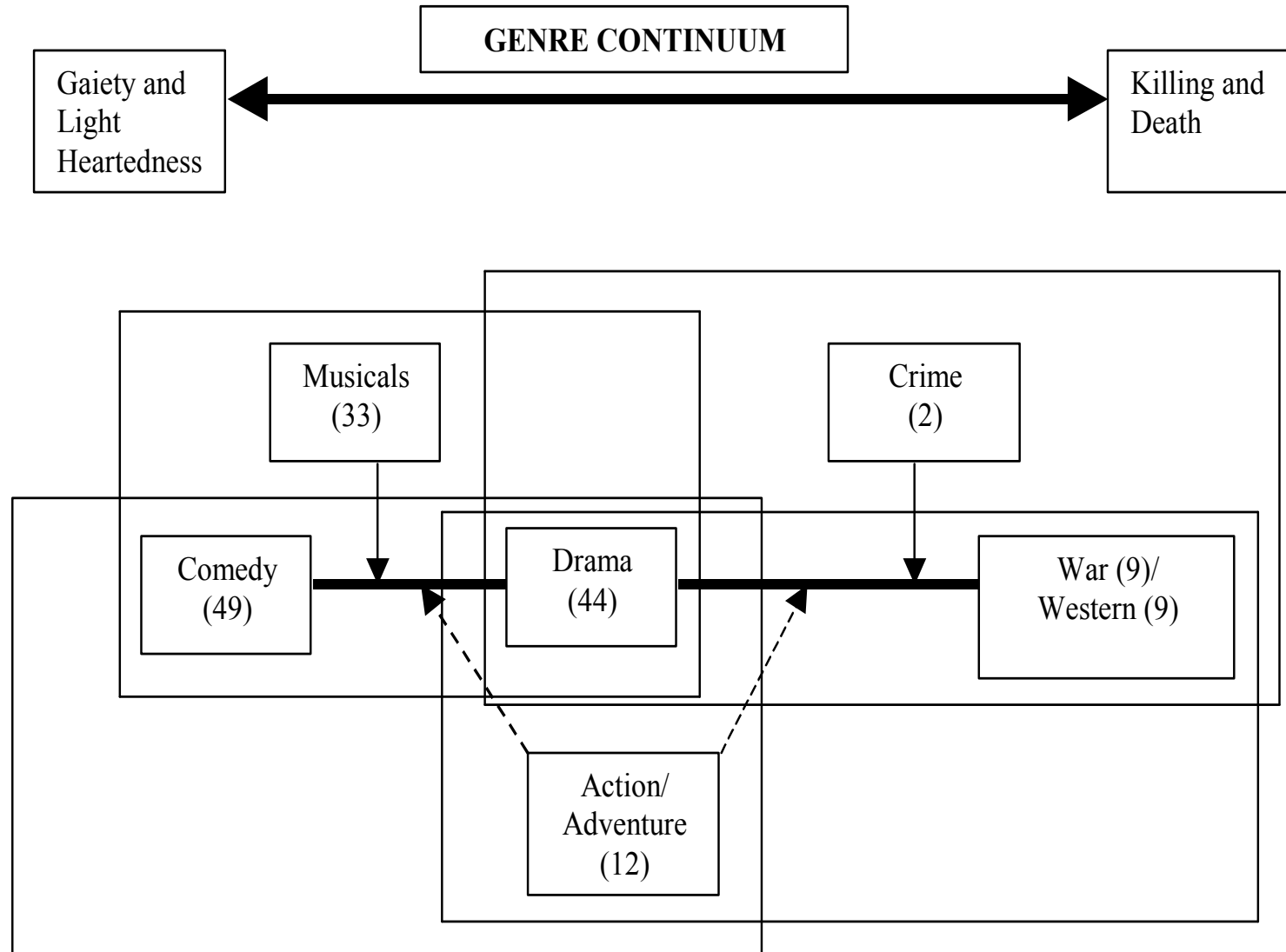
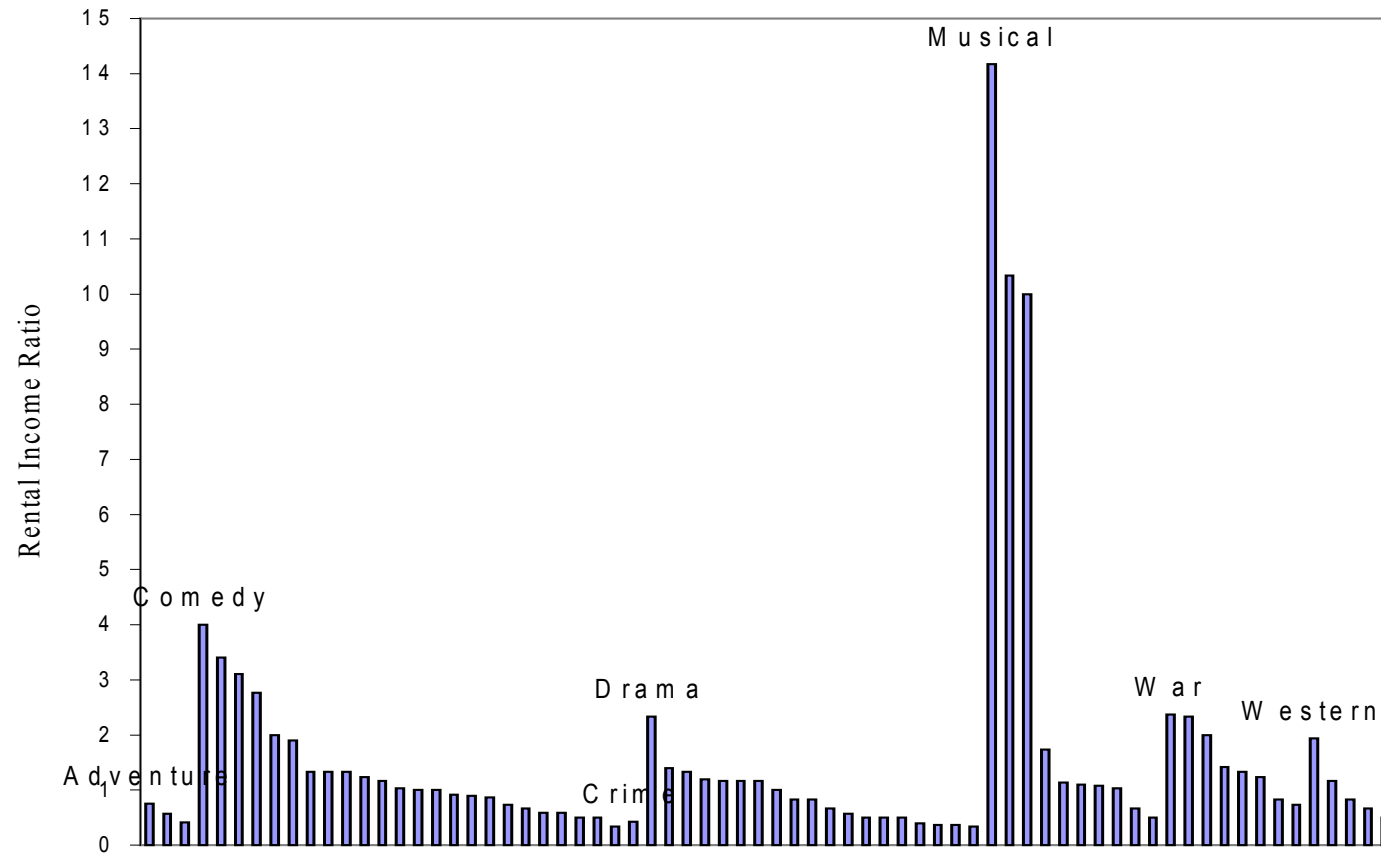


FIGURE 3
THE DISTRIBUTION OF TOP 10 FILMS IN GENRE CLUSTERS



Top grossing films in 1965, by genre



Stars as tools of differentiation

- Albert (2005) argues that the previous successful performances of stars serve as markers for potential audiences, maintaining that ‘...stars are important because they are the least noisy and most consistent marker for successful film types.’

- The stochastic model he adopts predicts that ‘the likelihood of a film of a particular type succeeding is proportional to all films of a similar type that have produced similar levels of success.’

- The probability of a star appearing in i successful films is according to the model:

$$f(i) = 1 / i(i+1), \quad \sum_{i=1}^{\infty} f(i) = 1$$

The model predicts that half the stars will have only a single success, one sixth will have two successes, one twelfth will have three successes, and so on.

TABLE 8
DISTRIBUTION OF STARS BY THE NUMBER OF TOP 10, TOP 20
AND TOP 60 FILMS THEY APPEAR IN

Films	<u>Top 10 Films</u>		Films	<u>Top 20 Films</u>		Films	<u>Top 60 Films</u>	
	<u>Star Credits</u>			<u>Star Credits</u>			<u>Star Credits</u>	
	Actual number	Expected number		Actual number	Expected number		Actual number	Expected number
1	128	102	1	176	159	1	332	342
2	32	34	2	57	53	2	117	114
3	13	17	3	24	27	3	52	57
4	15	10	4	19	16	4	50	34
5	9	7	5	10	11	5	20	23
6	2	5	6	9	8	6	25	16
7	1	4	7	5	6	7	10	12
8	0	3	8	1	4	8	11	10
More than 8	3	23	9	6	4	9	13	8
			10	3	3	10	5	6
			More than 10	8	29	11	7	5
						12	6	4
						13	5	4
						14	6	3
						More than 14	25	46
<u>Total Stars</u>	203		<u>Total Stars</u>	318		<u>Total Stars</u>	684	

The model

- However, the model is unsatisfactory because it greatly over-predicts the number of stars with high levels of success.
- An allowance for the limited life and output of stars, made by assuming that they are subject to exponential decay, can remedy this fault so that the model predicts fewer stars with great success. It also improves the correspondence for stars with few successes so that there is sound ground to proceed with the analysis.

TOP RANKING STARS, 1946-65

Star	Top 10 Films	Top 20 Films	Top 60 Films	Star	Top 10 Films	Top 20 Films	Top 60 Films
Taylor, E	10	11	13	Monroe, M	3	5	7
Crosby, B	9	14	22	Russell, J	3	4	8
Peck, G	9	14	27	Sellers, P	3	4	5
Wayne, J	7	17	37	Simmons, J	3	5	6
Brando, M	6	9	14	Wilde, Cornel	3	3	6
Grant, C	6	14	21	Andrews, J	2	2	4
Bergman, I	5	8	9	Astaire, F	2	5	12
Curtis, T	5	6	17	Baker, C	2	2	5
Day, D	5	9	25	Bennett, Joan	2	2	4
Hudson, R	5	10	19	Bogart, H	2	4	15
MacMurray, F	5	6	9	Clift, M	2	4	5
McGuire, D	5	5	7	Connery, S	2	3	4
Sinatra, F	5	13	23	de Havilland, O	2	2	8
Stewart, J	5	12	31	Fonda, H	2	2	7
Turner, L	5	9	16	Fontaine, J	2	3	4
Brynner, Y	4	4	13	Gable, C	2	9	21
Burton, R	4	6	9	Hepburn, K	2	5	10
Douglas, K	4	7	21	Howard, T	2	2	4
Hepburn, A	4	5	10	Hutton, B	2	3	6
Hope, B	4	7	23	Jones, S	2	3	4
Jelly, Grace	4	4	6	Kaye, D	2	3	11
Kerr, D	4	9	14	Kelly, Gene	2	5	11
Lancaster, B	4	7	31	Kwan, N	2	2	2
Lemmon, J	4	6	13	Ladd, A	2	4	24
Lewis, J	4	10	27	Leigh, V	2	2	4
Martin, D	4	13	27	Lollobrigida, G	2	2	5
Niven, D	4	6	11	Loy, M	2	3	5
Tracy, S	4	10	16	Mason, J	2	6	10
Webb, C	4	5	11	Mitchum, R	2	4	18
Wyman, J	4	7	12	Newman, P	2	6	14
Allyson, J	3	4	11	Novak, K	2	4	12
Cooper, G	3	4	21	O'Toole, P	2	4	4
Ferrer, J	3	3	6	Parks, L	2	2	3
Hayward, S	3	6	19	Reynolds, D	2	4	13
Heston, C	3	4	9	Saint, E M	2	3	4
Holden, W	3	9	20	Taylor, Robert	2	3	13
Keel, H	3	3	9	Johnson, Van	2	5	10
MacLaine, S	3	4	9	Williams, E	2	4	12

Star Taxonomy, 1946-65

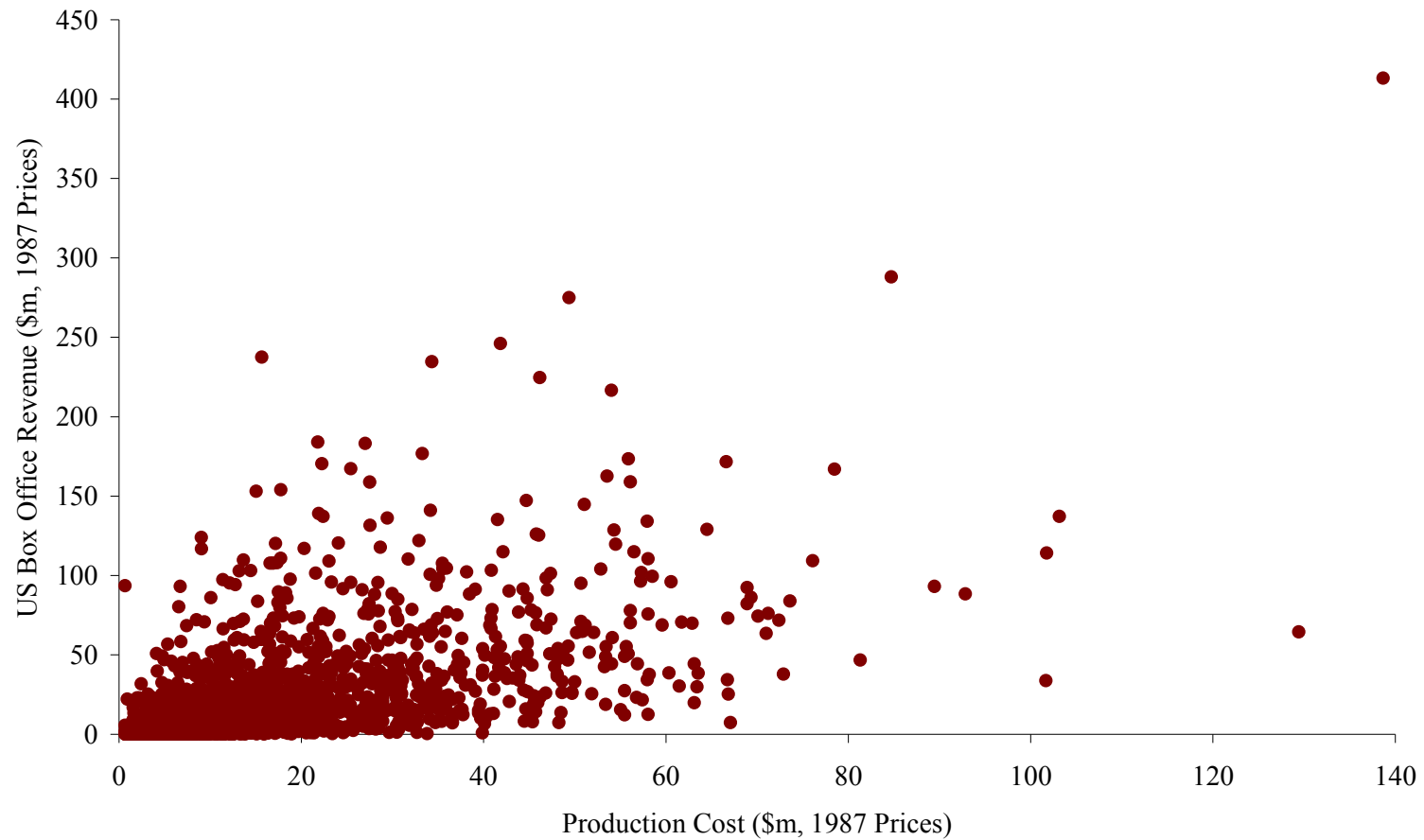
	Frequent Top 10	Recurring Top 10	Occasional Top 10
High Volume	Gregory Peck John Wayne	Doris Day James Stewart	
Medium Volume	Marlon Brando Elizabeth Taylor	Tony Curtis Rock Hudson	Humphrey Bogart Robert Mitchum
Low Volume		Clark Gable Alan Ladd	Marilyn Monroe Peter O'Toole

Conclusion

- Hollywood in the post-war period changed dramatically in organisational form.
- The ‘studio system’ was based on the in-house co-ordination of resources and full exposure to the risk entailed in production budgets.
- The growth of independent production, albeit closely associated with the ‘major’ studios as distributors, reduced the studios’ exposure to risk.

- The divestiture of cinemas forced on the ‘majors’ by the Paramount decree of 1948, would have happened anyway, as a result of the dramatic decline in cinemagoing.
- During the period 1946-65 the market for middle budget films collapsed.
- However, the market for films as major attractions maintained itself. This was the period in which the blockbuster appeared.

Scatter of Box-Office Revenues against Film Costs, 1987 Prices, 1988 to 1999



- The major studios increasingly competed to produce films that were vertically differentiated – that through a combination of talent, genre and story, were perceived by audiences widely as qualitatively superior to other products currently on the market.
- As we know, they didn't always succeed.