

8 **The distribution model for Hollywood blockbusters during the COVID-19 pandemic in 2020**

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The COVID-19 global pandemic in 2020 has caused huge impacts to the global film industry. Hollywood, as the centre of the global film industry, has suffered the most significant impacts at all levels in its history: the interruption of new film productions, the closure of movie-theatres in many countries, and the delay and postponement of release of new films, etc. While the global film industry was struggling for the entire year of 2020, Hollywood actively tried to explore new ways of film distribution. Many movies made for cinemas were forced to move from traditional release in theatres to streaming platforms, forming a unique “from big screen to small screen” transition. Some films also adopted the model of distribution of simultaneous in-theatre and streaming platform release. This chapter focuses on the distribution phenomenon and challenges faced by Hollywood during the COVID-19 pandemic in 2020, and the transition of blockbusters from release in theatres to streaming platforms, by examining the various cases of distribution of blockbusters between theatres and streaming platforms. It also discusses the possible disappearance of Hollywood’s traditional “release window” between release in theatres and on streaming platforms.

Since the beginning of 2020, the COVID-19 pandemic has caused severe damage to the global economy. The year left an indelible mark on the history of the global film industry: new films postponed, film production interrupted, and film festivals cancelled or moved online. In 2019, before the pandemic broke out, the film industry worldwide was more prosperous than ever before, and the global movie box office reached a record high of US \$42 billion, contributing approximately one third of the global film production and distribution total output of \$136 billion. As the centre of the global film industry, Hollywood provided two million jobs in the United States alone and supported 400,000 American companies related to the film industry (Hall and Pasquini, 2020). However, the COVID-19 pandemic starting in 2020 caused Hollywood to suffer the most severe damage at all levels of the film industry in its history. At the end of 2020, a news story about Hollywood was circulating on social media: a voice recording of Hollywood celebrity Tom Cruise had been leaked. He was shouting at his crew on the *Mission Impossible 7* film set, because the crew was not maintaining the social distancing required by filming standard operating procedures during the pandemic. Prior to this, filming had been interrupted several times in Italy and the United Kingdom due to the

outbreak of the pandemic, and Tom Cruise, as one of the producers, probably was under tremendous pressure. His recordings immediately went viral on social media, and it was eventually reported that five staff members resigned as a result. The recording showed that Tom Cruise was in a state of anger and emotional catharsis. The incident became the focus of the media and attracted widespread attention. It also inadvertently became a symbolic footnote to Hollywood during the pandemic at the end of the year: the global film industry had suffered a year-long hit as film production and cinemas were facing long-term stagnation and Hollywood was in a depression. There was anxiety among Hollywood stars and filmmakers who feared the possible loss of their established superstar status and authority in the global film industry.

Despite the dilemma of delay and postponement of release of new films' in 2020, Hollywood did not give up finding new ways to continue film distribution during the pandemic: many film producers chose to cooperate with streaming platforms for online distribution. This led to a new phenomenon: the trend of blockbusters abandoning traditional theatrical release and adopting alternative distribution channels – streaming platforms – due to the pandemic. Hence, traditional Hollywood film distribution models faced new challenges brought on by the pandemic.

1 The end of the era of Hollywood blockbusters?

One of the most direct effects of the pandemic on Hollywood and global film audiences was the interruption of the production of Hollywood blockbuster films and the indefinite postponement of their release. In 2020, it seemed that Hollywood blockbusters, which used to be invincible in the global film market, were caught off guard by the pandemic: the majority of blockbusters with a production cost of more than US \$100 million were postponed or temporarily taken off the release schedule list.

The most famous example is the twenty-fifth film of the 007 James Bond series *No Time to Die* (Cary Joji Fukunaga, 2021): the film was originally scheduled to be released worldwide in April 2020 and was postponed to November of the same year. Then it was further postponed to April 2021 (Agar, 2021). However, the global vaccination rate by the end of 2020 was still lower than expected, and the COVID-19 pandemic in Europe and the United States had not been fully curbed. According to a BBC news report (2021), Metro-Goldwyn-Mayer Studios Inc. (MGM) announced for the third time on the 007 film website that the release of the film worldwide would be postponed to October 8, 2021. It was also reported that MGM had contacted a streaming platform (the name of the streaming platform was not revealed), planning to release the film online. However, MGM's asking price was \$600 million, and ultimately failed to reach an agreement with the streaming platform. MGM should know the commercial potential of the 007 film series. The new film has a huge global box office appeal, so MGM decided to continue to postpone the release date and keep the film for theatrical release worldwide. However, delaying the release of Hollywood blockbusters is not without cost. According to *Is the Era of the Hollywood Blockbuster Over?* (Jones, 2020), for every month

the release of *No Time to Die* was postponed, the production company had to pay \$1 million in interest, owing to the previous investment in the film production. The monthly interest could only be stopped on the day the film was released in theatres.

Compared with the constant postponed release of *No Time to Die*, another Hollywood blockbuster with a budget of more than \$100 million, Disney's live-action film *Mulan* (Niki Caro, 2020), went to a streaming platform after several postponements. It was also released simultaneously in movie theatres in some countries and regions where the pandemic condition allowed. In addition, one of the most anticipated Hollywood blockbusters in 2020, originally scheduled to be released on June 24, 2020, was *Top Gun: Maverick* (Joseph Kosinski, 2020). The film again cast Tom Cruise in the lead role after the first film *Top Gun* (Tony Scott, 1986) was released 34 ago. The film was originally scheduled to be released in the summer of 2020. Paramount Pictures postponed it to 19 November, 2021 (The Mirror, 2021).

In 2020, the COVID-19 pandemic spread all over the world. Many film companies still chose to release their films in movie theatres in the countries and regions where the pandemic condition allowed, or to release them simultaneously on streaming platforms and in movie theatres. Of the 18 movies that earned more than US \$100 million in the global box office in 2020, nine of them were Hollywood movies, including *Bad Boys for Life* (Bilall Fallah, 2020), *Tenet* (Christopher Nolan, 2020), *Sonic the Hedgehog* (Jeff Fowler, 2020), *Dolittle* (Stephen Gaghan, 2020), and *Wonder Woman 1984* (Patty Jenkins, 2020). In addition, six of the 18 movies were from China, and Chinese movies outperformed in the global movie box office because of China's good pandemic control in most parts of the country after the outbreak in Wuhan (see Table 8.1).

2 The possible disappearance of the blockbuster release window

The COVID-19 pandemic brought earth-shaking changes to the global film industry in 2020. The traditional film production, distribution and exhibition models were challenged. Film releases were repeatedly postponed, and many production companies had to find new ways to release new films. One of the most direct impacts of the pandemic on blockbusters was the World War II movie *Greyhound* (Aaron Schneider, 2020) which is written by and starred Tom Hanks. This was also a successful case of Hollywood moving from theatrical release to streaming platform. *Greyhound* is adapted from Forrest's 1955 novel *The Good Shepherd*. It tells about a fleet led by Captain Ernest Klaus (played by Hanks) at the beginning of World War II, escorting Allied ships across the treacherous North Atlantic while fighting bravely against German submarines. This movie was supposed to be released in early 2020, but was taken off the release list due to the closure of cinemas in the United States during the pandemic. According to a CNBC report, Sony Pictures Entertainment Inc. obtained the consent of Hanks, the screenwriter and starring role of the film. In the end, the film sold its 15-year exclusive online screening rights to Apple TV+ for \$70 million, while Sony maintained the rights to distribute the film in the Chinese film market (Whitten, 2020). Apple TV+ premiered the film exclusively online on 10 July, 2020. However, this move still made

Table 8.1 Ranking of films achieving over \$100 million in global movie box office in 2020

Rank	Film	Worldwide (US dollars)	Domestic (US dollars)	North America proportion (%)	Foreign (US dollars)	International proportion (%)
1	<i>The Eight Hundred</i>	461,339,528	372,755	<0.1	460,966,773	99.9
2	<i>Bad Boys for Life</i>	426,505,244	206,305,244	48.4	220,200,000	51.6
3	<i>My People, My Homeland</i>	422,390,820	–	–	422,390,820	100.0
4	<i>Tenet</i>	363,129,000	57,929,000	16.0	305,200,000	84.0
5	<i>Demon Slayer: Mugen Train</i>	337,732,592	–	–	337,732,592	100.0
6	<i>Sonic the Hedgehog</i>	313,596,570	148,974,665	47.5	164,621,905	52.5
7	<i>Dolittle</i>	245,249,531	77,047,065	31.4	168,202,466	68.6
8	<i>Legend of Deification</i>	240,654,967	214,670	<0.1	240,440,297	99.9
9	<i>Birds of Prey</i>	201,858,461	84,158,461	41.7	117,700,000	58.3
10	<i>A Little Red Flower</i>	182,800,000	–	–	182,800,000	100.0
11	<i>Shock Wave 2</i>	163,556,286	–	–	163,556,286	100.0
12	<i>The Sacrifice</i>	161,047,608	–	–	161,047,608	100.0
13	<i>The Invisible Man</i>	143,151,000	70,410,000	49.2	72,741,000	50.8
14	<i>Wonder Woman 1984</i>	142,500,000	35,800,000	25.1	106,700,000	74.9
15	<i>Onward</i>	141,946,315	61,555,145	43.4	80,391,170	56.6
16	<i>The Croods: A New Age</i>	135,186,540	39,867,540	29.5	953,190,000	70.5
17	<i>The Call of the Wild</i>	110,954,519	62,342,368	56.2	48,612,151	43.8
18	<i>Warm Hug</i>	103,750,413	–	–	103,750,413	100.0

Source: Box Office Mojo, at 23 January, 2021.

Sony Pictures Entertainment CEO Tony Vinciquila quite concerned: “We think that theatrical release is vitally important to the film industry and to generating the most revenue and profit . . . you know we just had not seen models where that kind of release schedule will benefit the profitability and the efficacy of major productions” (Whitten, 2020). Hanks also expressed his disappointment that the film could only be shown on streaming media, or “small screens” (TV). This World War II movie starring Hollywood superstars was originally filmed for the big screen in cinemas. It did have a considerable impact on all sectors of the film and television industry, and it immediately became the focus of news regarding the pandemic’s impact on Hollywood.

The experience of viewing blockbusters on big screen has always been the pursuit of movie audiences. However, Hollywood blockbusters had to abandon theatrical release and switch to streaming platforms due to the pandemic in 2020. This transition did not appear to be the will of the production companies, Hollywood movie stars or the public. As in the case of the 007 James Bond movie mentioned earlier, Hollywood blockbusters generally possess mechanisms that generate large investments, diverse forms of financing and matured film release and exhibition models for profit return. Therefore, once the post-production is complete, films must be released in movie theatres as scheduled. Otherwise, film production companies face significant financial losses. And the reason *Greyhound* could be released on a streaming platform is that, although it was a movie about World War II starring Hollywood superstars, it was not a Hollywood summer blockbuster of 2020 in the true sense. *Greyhound*’s budget was only \$60 million (this is not considered a budget for blockbuster), and the selling price was within the acceptable range of most streaming platforms. The production cost of the aforementioned 007 movie *No Time to Die* was as high as \$250 million. MGM’s asking copyright fee for streaming of this film was \$600 million, and obviously many streaming platforms could not afford it.

The delayed release of blockbusters, or changing to release on streaming platforms, affected not only the audience’s “cinema experience”, but also movie theatres: without blockbuster releases, how would the theatres generate box office? Hollywood blockbusters are made for the global film market, with significant production costs. When these blockbusters fail to enter movie theatres as scheduled, not only are the North American movie theatres impacted but also inevitably movie theatres around the world, leading to poor performance of the global box office. Christopher Nolan insisted on a different path from *Greyhound* and *No Time to Die* for his 2020 sci-fi action blockbuster *Tenet*. The film was not shown on streaming media platforms, nor was its release postponed indefinitely. Instead, after several short-term postponements, it was released in theatres in countries and regions where the pandemic situation allowed. This was due to Nolan’s insistence as both the director and one of the producers of the film. The dispute over the release model for *Tenet* also led to some uncertainty regarding the long-term cooperation between Nolan and the film’s distribution company, Warner Bros. Entertainment.

Although many countries started their vaccination process against the COVID-19 pandemic at the beginning of 2021, Warner Bros. Entertainment made a decision

that brought confusion to movie theatres, major Hollywood studios, and even filmmakers at the end of 2020: it announced that the company would release all its new films simultaneously through its own streaming platform HBO Max and in movie theatres. This meant that for every movie released by Warner Bros. Entertainment, viewers could choose to buy tickets to watch it in a cinema or stay at home to watch it on HBO Max. There was no longer a release window for movies between these two platforms, thus breaking the long tradition of the Hollywood release model: watching new movies at home required several months of waiting after their initial theatrical release. As Nolan insisted on the audience's cinema experience, and Warner Bros. Entertainment tried to release *Tenet* simultaneously online and in theatres, both parties came to a crossroads regarding their long-term collaboration relationship at the end of 2020.

The release of *Tenet* in movie theatres was largely expected by the entire film industry during the pandemic in 2020, with the hope that *Tenet*, which cost two \$200 million and was directed by internationally famous director Nolan, could bring back audiences who had been away from the movie theatres for a long time. As the Hollywood summer blockbuster was made for the global film market, cinemas in various countries were also desperately eager for *Tenet*'s theatrical release so cinemas could return to "normal business". Thus, whether or not *Tenet* could be released in movie theatres attracted much attention from the public, and its release date and controversy also became the focus of the media. In addition, Nolan repeatedly expressed in the media his insistence regarding the film's return to theatrical release as scheduled, making the release of *Tenet* a banner of Hollywood fighting against the pandemic. However, cinemas in Europe and the United States had basically been closed due to the pandemic since March 2020. It was soon reported that *Mulan*, produced by Disney, had been selected for theatrical release in some countries and regions, but switched to Disney's own streaming platform in the European and American markets. This meant the film was released simultaneously on the streaming platform and in movie theatres. At the same time, Warner Bros. Entertainment also announced that *Tenet* would be postponed from the originally scheduled summer vacation in July 2020 to August 2020, and then further postponed to September 2020. During this period, the media revealed several times that Nolan was dissatisfied with the postponement of the film or the switch to streaming platform. When the public was worried about whether *Tenet* would also switch to the "small screen" after several postponements, Nolan insisted on its theatrical release. Based on his established status as one of the most influential directors in the world today, he called on Warner Bros. Entertainment to release the film in cinemas. In addition, Warner Bros. Entertainment also firmly believed that Nolan had fans around the world. The two parties finally contributed to *Tenet*'s theatrical release worldwide (in countries and areas where the pandemic was under control) from 26 August, 2020. The situation was different in the United States because the film was postponed to be released in September 2020 due to the pandemic. At the time of the severe pandemic situation in the United States, about 180,000 Americans had died of the COVID-19 virus, and nearly 40,000 new cases were being detected every day. Therefore, *Tenet*'s release in movie theatres in the United

States caused considerable controversy in the media. The media even called on the American people to put health first and boycott the film.

In the end, relying on the box office of various countries and the support of Nolan's fans, at the end of 2020, the global box office of this \$200 million Hollywood summer blockbuster has reached a box office of \$363 million, of which \$305 million came from box offices outside North America (Mojo Box Office, 2021). By the end of 2020, there were still 16 countries and regions that had not released the film, meaning *Tenet's* foreign box office had the potential to further increase in 2021. The global box office results made *Tenet* an overseas box office success for Hollywood blockbusters during the pandemic in 2020. More than 84 percent of the film's box office actually came from box offices outside North America. The success of *Tenet* undoubtedly brought a silver lining to Hollywood and the film industry of various countries (especially where the cinema chains were closed due to no blockbusters), which were full of disappointment and pessimistic views during the pandemic. This convinced the film industry that even if the streaming platform could release blockbusters spontaneously, audiences' pursuit of the "cinema experience" was not replaceable. However, as the pandemic continues, will more Hollywood blockbusters like *Greyhound* tend to be exclusively released on streaming platforms, or like *Mulan* be released simultaneously on streaming platforms and in movie theatres? The release model brought a certain degree of uncertainty to Hollywood's release window tradition.

3 Challenges of Hollywood traditional model of film distribution

For a long time, Hollywood, as the most matured film industry, had established its traditional film distribution model: practise a "window" of new film release between movie theatres and streaming platforms. That is, a movie would be released in movie theatres first and only several months later would it be released on streaming platforms. This window ensured the box office advantage of new movies in theatres, and at the same time further secured the commercial revenue of new movies on streaming platforms at a later stage. However, this model had now been challenged. As discussed earlier, some Hollywood blockbusters went directly to the "small screen" or adopted spontaneous release on "small screen" and "big screen" during the pandemic in 2020. In addition, Warner Bros. Entertainment announced that all new films scheduled to be released in 2021 would be released simultaneously in movie theatres and on HBO Max. This meant that the new films would no longer follow the traditional release window.

The global film industry was hit hard by the pandemic in 2020. Did this announcement by one of the mainstream Hollywood production companies signal the "dual distribution" model would be further expanded to other film companies? Would the theatrical window for the release of new Hollywood films disappear in the near future? This new distribution model was bound to have a huge impact on movie theatres in various countries and also affect future film production. It involved all aspects of the film and television industry. Among them, the most impacted would be movie theatres: once they lose the priority to show Hollywood blockbusters, they would be forced to compete with streaming platforms. The movie theatres

were struggling during the pandemic, and this new distribution model put them in an even more unfavourable situation. The film market of various countries had long been monopolized by Hollywood. As mentioned earlier, take the global box office in 2020 as an example: of the 18 films that achieved more than US \$100 million in box office, ten (more than half of the total) were Hollywood films, and this was also affected by the limited screenings during the pandemic. Many blockbusters such as *No Time to Die*, *Top Gun: Maverick* and Marvel superhero movie *Black Widow*, which were originally scheduled to be released in 2020, were now postponed to 2021. Indeed, Hollywood had monopolized the global movie box office for a long time, and the possible disappearance of the theatrical window for new Hollywood films would have a huge impact on the national cinema chains in various countries that rely heavily on Hollywood blockbusters for box office revenue.

During the pandemic in 2020, there was already Warner Bros. Entertainment's "new deal" of releasing films spontaneously on the "big screen" and the "small screen". And a number of blockbusters such as *Greyhound* and *Mulan* moved to the "small screen". All this showed that the trend of Hollywood movies turning to streaming platforms was accelerating. At the same time, we have also seen moves like *Tenet* insisting on theatrical release and achieving global box office success under the name of "cinema experience". Regarding turning Hollywood blockbusters to the streaming platforms, Sony Pictures CEO Tony Vinciguerra also expressed his concern regarding the economic benefits for film production companies (Whitten, 2020). Therefore, it is still too early to assert that the traditional Hollywood release window for new films will completely disappear. In 2020, many Hollywood movies delayed their release dates due to the pandemic, including blockbusters waiting to be released in global movie theatres when the pandemic is under control in the second half of 2021. The situation at the time showed that it was likely for them to be released worldwide in quarter three or quarter four of 2021. Apart from the films mentioned earlier, other blockbusters that were postponed included *A Quiet Place II* (John Krasinski, 2021), *The Conjuring: Devil Made Me Do It* (Michael Chaves, 2021), *Death on the Nile* (Kenneth Branagh, 2021), and *The Matrix 4* (Lana Wachowski, 2021). Today it is already the era of globalization. National cinemas are deeply rooted in the context of the global film industry from transnational film production, distribution and exhibition. When Hollywood sneezes, the global film industry catches a cold. At the beginning of 2021, many countries had begun speeding up their vaccination process, and Hollywood was also exploring new ways to overcome the difficulties brought on by the pandemic. It is fair to say that the global film industry will regain prosperity by profiting from both cinema chains and streaming platforms soon.

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