ESIC2024, Vol 8.2, S1 Posted: 15/07/2024

The Impact of Streaming Platforms on Hollywood Film Financing: A Financial and Data-Driven Analysis of Disruptions and Strategies in the New Media Landscape

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Abstract

The rapid rise of streaming platforms such as Netflix and Disney+ has fundamentally disrupted traditional Hollywood film financing models. This paper examines the financial impacts of these platforms on Hollywood's established funding mechanisms, highlighting how they have reshaped revenue streams, investment patterns, and risk management strategies. By leveraging data analytics and financial modelling, this study explores how traditional studios and new media companies have adapted their financing strategies to align with the evolving digital landscape. Additionally, the paper delves into the implications of these shifts for future film production and distribution, offering insights into how data-driven decision-making increasingly influences investment choices in the entertainment industry. Through a comprehensive analysis, this research provides a deeper understanding of the interplay between technology and finance in shaping the future of Hollywood.

Keywords: streaming platforms, finance, funding mechanism, investment, risk management, data-driven.

1. Introduction

The film industry continues to enjoy a huge audience over the years. This is evidenced by the large-scale investment and the industry's contribution to the global economy (McCarthy, 2022). Hollywood is earmarked as a key player in filmmaking, estimated to be about $25.8 BN. Despite the large size of the industry, there are gaps and trends in the reduction of the industry following changes in the consumption of film content. A 4.8% reduction in the market size in the US has been experienced from 2017 to date (DeWaard, 2020). This has resulted in several enquiries into the business models used in the Hollywood industry to understand the reason for the current trends. The rise of streaming platforms has been associated with decreased financing and investment in Hollywood film production following the change in consumption trends (Johnson, 2021). Also, the investment models used have changed due to emerging marketing conditions

(McCarthy, 2022). The free market has expanded to accommodate more investors into the industry, thus disrupting the traditional Hollywood studio model that saw a few producers dominate the market (Vlassis, 2021). The new digital platforms have introduced new approaches in filmmaking and distribution, following conscious efforts to understand the changes in consumer and market trends.

Background

Film production and distribution remain the core factors influencing the industry's financing. Hollywood has predominantly been financed using the traditional studio system, whose main intervention included the sale of DVDs, theatrical releases and acquiring television licenses (Okumuş, 2023). The financing structure was project-based, with major studios dominating the industry. However, the models are decreasing in popularity and are not being used following the integration of technological innovations in the film industry (Johnson, 2021). Also, the provision of globalization has led to the expansion of the film industry market, thus encouraging more players into the field (Feix & Feix, 2021). For instance, the rise of streaming platforms has caused a major disruption to the Hollywood financing model. The change was initiated by reviewing production, distribution, and consumption costs (DeWaard, 2020). Platforms such as Netflix, Disney +, and Amazon Prime are among the major streaming platforms that have received greater attention from consumers, leading to a paradigm shift in the financing models (Feix & Feix, 2021). The change in the financial structure has become eminent mirrored by the increase in content spending and the desire to serve a diverse consumer niche.

Problem statement

The rapid growth in the number of streaming services has led to an unavoidable situation where the traditional financing models of Hollywood have to be revised for feasibility (McCarthy, 2022). The revision of traditional financing is set to improve the adaptability of the new digital landscape. This is supported by the change of the acquisition model from territorial ownership to a more accommodating approach where diversity is appreciated (Okumuş, 2023). Besides, the value of content has increased with the rise of many talents and platforms to showcase them. Also, the flexibility of streaming platforms in line with current technological trends has facilitated this shift with the desire to improve on increased audience engagement (McCarthy, 2022). The audience focuses more on an open film market that addresses their diverse needs. This is a limitation experience with the traditional financing model of Hollywood whereby the control was left to the financiers who would dictate the content to be shared (Vlassis, 2021). Also, the desire to uphold approaches that reduce the upfront costs in filmmaking has become integral to integrating the streaming platforms (Vlassis, 2021). Amidst this shift, there is an increasing need to assess how the Hollywood financing model has adapted to the changing media landscape associated with streaming platforms.

Significance of the study

This study will have a greater impact on expanding the literature on the impact of streaming platforms on Hollywood's financing model. The analysis will delve into a review of existing literature, thus addressing the research gaps. Also, insights related to investment patterns, revenue streams and risk management intervention will be evaluated (Su, 2021). As a result, knowledge of how Hollywood would adapt to the current changes will be recommended to enhance the sustainability of its practices amidst the expansion of the streaming platforms (Narotzky, 2022). The influence of data-driven operations will be examined, thus explaining the future of streaming services and the financial model of Hollywood to enhance the feasibility of their operations (Narotzky, 2022). Leveraging these findings with data will help raise awareness of the investment opportunities in the filmmaking industry with a focus on addressing consumer demands (Okumuş, 2023). Thus, the growth of streaming platforms amidst the presence of Hollywood will be explored, and the opportunities presented by current financing models will be explained. The interplay between finance and technology will also be examined, considering the influence of streaming platforms on Hollywood's operations (McCarthy, 2022). Thus, the findings of this study will offer an extensive knowledge base on the evolution of the film industry subject.

Research question

The primary research question guiding this research is how streaming platforms such as Amazon Prime, Netflix and Disney + changed Hollywood's financing model. From these, several secondary research questions can be derived and included;

1. How have disruptions by data analysis on streaming platforms affected revenue streams in the film industry?

2. What are the investment changes that have happened as a result of streaming platforms?

3. How are Hollywood’s traditional models adapting to the shifts influenced by streaming platforms?

4. How has the evolution of streaming platforms changed the marketing and distribution of film content?

5. What are the future implications of streaming platforms for Hollywood and other filmmaking institutions?

In realization of the primary and secondary research questions, the literature review will cover the sections on traditional Hollywood film financing models, the rise of streaming platforms, the disruption of Hollywood film financing, and data analytics and the new media landscape. Each section will be addressed extensively and guided by the available literature. A methodology section will also be discussed to outline the method of collecting and analyzing data related to the subject matter. The discussion section will address topics such as changes in investment patterns, risk management approaches, case studies and future implications.

2. Literature review

Traditional Hollywood film financing models

Funding for film is expensive and considered risky. This is why the traditional funding mechanism involves a few investors. Hollywood production, for instance, was based on using a major studio that funds the production and distribution (Lind, 2023). This concept is termed studio financing, where major production companies such as Warner Bros engaged in full funding of film projects (Vitkauskaitė, 2020). The sourcing of funds was mainly dominated by a few studio companies that utilized their capital availability to pitch and support videos (Vitkauskaitė, 2020). Another approach used to finance Hollywood was presales, where the movie's distributors would approach interested parties to purchase the film even before the production was complete (Johnson, 2021). The aim is to raise production fees through the integration of different financiers. Also, the financing would call for equity investment that entailed a few individuals or institutions providing funds to gain in the project through profit sharing (Magis, 2023).

The blockbuster economics of movies is another key financing model utilized by Hollywood. The model was based on the firm accrual of revenues of more than $100 billion every year (McKenzie, 2023). US domestic box office platforms have been a critical tool for generating revenues. The popularity of Hollywood films has been a core defining factor towards increased franchises of quality film production such as The Dark Knight Rises, which are reported to have generated revenues of more than $10.8 billion (McKenzie, 2023). Despite the huge capital requirement, the franchise remains a key source of income for Hollywood to support future production.

A higher investment appeal for film production is another key factor that has helped shape Hollywood financing. This is based on the rationale that a higher return was always expected. Before the disruption by the streaming platforms, the returns would be as high as 15-25% on return on investment (Magis, 2023). This was considered a major investment that outpaced alternatives such as bonds, stocks and real estate industries. Besides, film production investment is associated with multiple revenue streams, including theatrical releases (Lind, 2023). Revenues would also be derived from the film's distribution, given the prominence of DVDs, pay TV, and other merchandising opportunities. Through such intervention, it was easy for Hollywood to realise diversification.

The conventional financing models were bound to strong and strict control about managing the distribution of revenues. This is expounded through the concept of presale, which accounts for major interventions such as territory-based sales (McKenzie, 2023). This approach aimed to enhance the rights of a film being sold to different territories to maximize the market value of the products. Also, interparty agreements were considered crucial in Hollywood financing, given the complex connections among sales agents, guarantors, banks, and producers (McMahon, 2023). The management of the agreements was based on establishing priorities for the distribution of revenues generated from the film. Also, the completion bonds were critical in financing, especially with the assurance that a film would be produced on time (Magis, 2023). This was to ensure that there were no production problems that would affect the distribution and sale of the film.

The German tax shelter is considered another key financing intervention of Hollywood. This happened especially in the early 2000s, whereby German investors exploited the tax deduction associated with German-related films (Lietz, 2022). This loophole led to increased collaboration among the directors and producers who sell the film's rights to German-owned companies. As a result, higher profits amidst tax reduction would be provided to share the profits (Palmer, 2022).

The final stage of the production would relate to leasing the film to original producers, with the intervention being associated with upfront funding (McMahon, 2023). This critical intervention led to increased risk mitigation efforts while minimising production costs. Therefore, financing Hollywood has been associated with increased incentives to identify loopholes and structures that would help maximise the possible returns (Palmer, 2022). The studio gain was a priority that led to the industry's disruption amidst the rise of streaming platforms offering incentives that allow clear and transparent operations (Lietz, 2022). Tax implications associated with the rise of the US government to offer a competitive tax credit program that would compete against the German tax shelter have had major significance in ensuring film production was a success (Orankiewicz, 2022). Hollywood is a major homegrown production company, and some incentives included investors having the opportunity to write off the cost of production of films and television products by $15 or 20 million in the case of justifiable economic depressed areas (Palmer, 2022). Reducing the tax liability is a major intervention through which the cost of production is optimized. This includes the provision that the expenditures would be reduced significantly to encourage more film production incentives. Different states also welcomed the incentive, each trying to support film production in their region. Improved interventions for promoting Hollywood production and distribution became possible through such actions.

State/Territory	Tax Credit Percentage
Georgia	20%
Louisiana	30%
New Mexico	25%
New York	30%
Puerto Rico	40%

Figure 1. Some of the 2000s state & territories tax credit where SC had advisory roles

Evidently, by the above tax implication, it was clear that domestic production was a reality that was pushed to become a competitive field for Hollywood productions (Palmer, 2022). Also, this encouraged increased competition among local producers who sought to provide a level playground for ensuring Hollywood remained mapped in the global space as a leading producer (Palmer, 2022). The desire to improve the economic incentives was based on the provision that Hollywood would positively impact the continuity and development of American film production.

The rise of streaming platforms

The growth of streaming services has become a core development in the film industry related to the revolutionization of financing and revenue generation. Also, the operations of streaming services have been centred around the need to enhance customer satisfaction by designing portfolios that would lead to increased viewership. In 2020, a report by Forbes indicated an estimated 1.1 billion subscriptions related to online video streaming, growing to 1.8 billion according to the number of viewers in 2023 (Chalaby & Plunkett, 2021). This data presents a higher penetration rate that reaches about 17% in 2023, and growth to 20.7% is expected by 2027

(Chalaby & Plunkett, 2021). As a result, the growth of streaming services is becoming a game changer in how filmmaking is positioned to meet the dynamics of the new media. The focus of Hollywood on the US population has been disrupted by the rise of streaming services, where about 83% of the people have at least one subscription to video streaming.

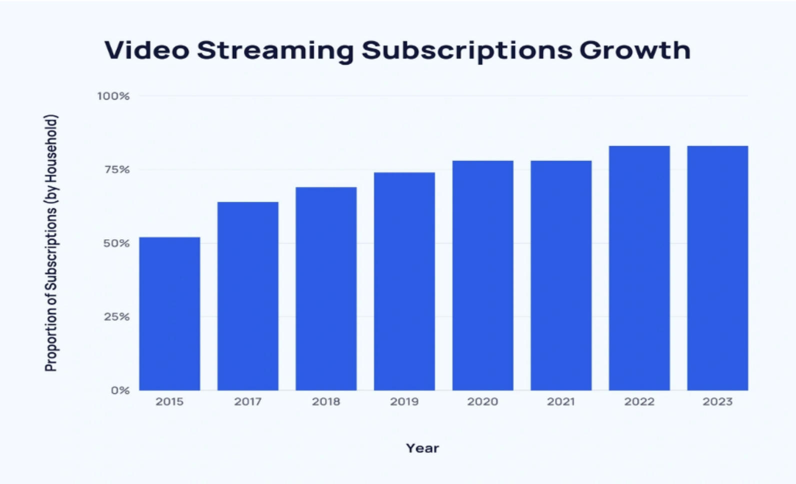

Figure 2. The number of video streaming subscriptions in the US market

The graph above shows the growth in video streaming subscriptions in the US market, which provides a rationale for the shift from traditional film distribution models. This is an important development related to the cinematic industry's revolution. The change has helped revise the way stories are told with the emergence of new streaming platforms (Chalaby & Plunkett, 2021). This includes Netflix, Amazon Prime and Disney+, which have helped provide opportunities related to the dominance of streaming services (Chalaby & Plunkett, 2021).

The evolution of streaming services has been attributed to the adoption of a new budgeting mechanism related to the alteration of traditional theatrical distribution. The shift has led to improved intervention related to direct consumer interaction, which has a net effect on adjusting the revenue models. The change has also led to increased intervention related to budget planning (Spilker & Colbjørnsen, 2020). This includes shifting from physical distribution, theatrical release and potential box office earnings into subscription-based revenue models, digital distribution, and the available streaming platforms. The change has been attributed to a broader audience base's reach, reduced physical cost budget, and subscription earnings (Chalaby & Plunkett, 2021). However, the rise of streaming services is associated with challenges related to poor understanding of the proposed revenue models.

Disruption of the Hollywood Film Financing

The rise of streaming platforms has been critical towards addressing the gaps related to traditional Hollywood financing. This is based on the need to integrate more producers who focused on capitalizing on revenue generation. A key factor attributed to the disruption of the

Hollywood financing models was the lack of revenue accountability (Spilker & Colbjørnsen, 2020). This has been a major issue, especially with the rise of streaming platforms, which has led to a decline in revenues and low profits. With a lower return on investment amidst the high cost of production, many investors have shifted their capital to other avenues that are considered economically feasible (Chalaby & Plunkett, 2021). Besides, the traditional financing models have been subject to increased criticism, especially from the directors, actors, and other creatives in the industry, who feel underappreciated (Spilker & Colbjørnsen, 2020). Low compensation has been a core concern, with no opportunities for higher financial benefits to directors, actors, and other professionals beyond what is stipulated in their contracts (Spilker & Colbjørnsen, 2020). Therefore, profit sharing had been limited to only the main investors. A key challenge in this regard entails using creative accounting models that saw the book value being manipulated to reflect profits on the paper that do not match the ideal gains (Spilker & Colbjørnsen, 2020). Such are the controversies associated with disrupting the Hollywood film industry, given the complexities of relationships between the parties. The streaming platforms have offered a more rational approach towards remunerations and the sharing of profits, which has become more transparent (Spilker & Colbjørnsen, 2020). The struggle for fairness in the compensation of the actors and other stakeholders in the industry was a major factor that increased the industry's disruption.

Data analytics and new media landscape

Data analytics remains an important component of the film industry. Hollywood has a foundation for this development, especially using slates in film production (Sivarajah et al., 2020). The aim was to ensure risks and benefits were leveraged in a way that made film production feasible and sustainable. The slates were relevant, especially in risk mitigation, with a desire to realise improved control of box office revenues, among other sources (Hasan et al., 2020). The implication of the slates was concerned with the possible intervention that would leverage the outcome of an underperforming film. Data use also played a critical role in attracting more investors to the field. On this note, more investors were interested in film producers who could mitigate risk to support improved financial health (Sivarajah et al., 2020). Market prediction and cost control also emerged as key variables that led to the introduction and progression of data analytics, even with the rise of streaming services.

In the new media landscape, the use of data analytic concepts has become common, especially in helping to realise the improved performance of the film industry. A collective approach has been used to ensure the industry's financial implications, focusing on production efficiency. The change has been attributed to the increased incentive that aims to serve the growing demand for content tailored to customers' preferences. The desire to match the demand of a diverse audience has been launched, especially through optimising viewer preference (Sivarajah et al., 2020). The rise of personalized content has become a major evolution upon which increased customer engagement and satisfaction have grown over time. For instance, Netflix has had a major engagement in personalising viewer experiences. This entails using data analytics, contributing to 80% of the company's operations (Fu, 2024). The impact of this intervention is increased viewership shaped by the customer receiving content that matches their desire. Optimization of content libraries has also emerged as a top improvement resulting from the rise of streaming platforms. The incentive has led to cost-effective content that has enhanced the realization of a library collection that matches consumer preference (Iqbal et al., 2020). This has led to a rise in satisfaction scores among customers by about 30%.

The use of data analytics has also been cited to revolutionize content production through the use of insights informed by data analysis (Sivarajah et al., 2020). The leverage of data analytics by companies like Netflix has helped the content production strategy. Customer acquisition has been embraced and utilized as an intervention whose output has been influenced by current marketing strategies. This has led to the introduction of target marketing, which has improved production efficiency by about 25% in acquiring new customers (Iqbal et al., 2020). The design of subscribers in target marketing has become a core development through which efficiency in retaining customers has improved, thus contributing to a healthy financial position for the said companies. The use of data has also been realized through increased demands for forecasting within the film industry (Iqbal et al., 2020). The design of this intervention has been attributed to understanding the changes in viewer demand.

3. Methodology

Research design

This study will utilize a mixed-method approach. Both qualitative and quantitative data will be used to gather insights relevant to the film industry. Quantitative data will inform us about the financial impact of streaming platforms and how they influence Hollywood's financing. Qualitative data will be used to derive insights and theoretical frameworks that explain the decisions made by Hollywood and streaming platforms to enhance the sustainability of the film industry. Compiling the two types of data will enhance the use of empirical evidence to inform the industry's future direction. Also, using quantitative data will offer concrete insights supported by derivative data to inform the changes within the film industry.

Data collection

Secondary data will be collected by reviewing major financial reports related to streaming platforms and studios. The use of annual reports will be applicable and helpful in understanding the revenue streams within the industry. The data will be relevant to enhance the understanding of financial metrics. Secondary data will also be collected through past studies on the subject. Industrial reports will also be considered in data collection to offer an extensive view of the film industry. Case studies will also be another important source of data for this study to enhance a comparative review of how different players within the film industry relate to the rise of streaming platforms.

Data analysis

Thematic analysis will be applied to qualitative data. A comparative analysis will be conducted to determine trends in financial performance. Excel tool will be used in the analysis to view the trends through graphical representation. Trend analysis will be a key data source to enhance the understanding of the variation of financing options in Hollywood compared to streaming platforms. Integration of qualitative and quantitative data analysis will enhance the reliability of the insights shared.

Ethical consideration

While the study will rely on secondary data, it is important to affirm the possibility of bias, especially with the industry reports. This critical issue will be examined when selecting the data source to ensure the conclusions are not misleading. Other ethical issues to consider in this study include the sensitivity of financial data, which must be handled with thorough attention to accuracy. With this regard, the information presented in the paper will be verifiable and will be from reliable sources.

Discussion

The shift in revenue streams & investment patterns.

	Year Ended December 31,			Change	
	2023	2022	2021	2023 vs. 2022	
	(in thousands, except percentages)				
Technology and development	$ 2,675,758	$ 2,711,041	$ 2,273,885	$ (35,283)	(1)%
As a percentage of revenues	8 %	9 %	8 %		

Technology and development expenses for the year ended December 31, 2023 as compared to the year ended December 31, 2022 remained relatively flat.

Figure 3. Technology and development expenses for the year ended December 31, (Netflix, 2023)

Following the evidence of the changes in the adoption of streamlining platforms, investment in technology and development has been a core milestone for Netflix. Advancements in technology have been a core foundation upon which Netflix has remained relevant to the current market dynamics. This presents a rationale for why streaming services are growing while Hollywood has demonstrated a slow growth rate.

	Year Ended December 31,			Change	
	2023	2022	2021	2023 vs. 2022	
	(in thousands, except percentages)				
Marketing	$ 2,657,883	$ 2,530,502	$ 2,545,146	$ 127,381	5 %
As a percentage of revenues	8 %	8 %	9 %		

Figure 4. Netflix marketing expense (Netflix, 2023)

Marketing has also become a core development in the use of streaming services. This is a consideration towards adopting online distribution channels to maximize the broader customer base.

	Year Ended December 31,			Change	
	2023	2022	2021	2023 vs. 2022	
	(in thousands, except percentages)				
Streaming revenues	$ 33,640,458	$ 31,469,852	$ 29,515,496	$ 2,170,606	7 %

Figure 5. Netflix revenues (Netflix, 2023)

The growth in Netflix's revenues is a key indicator of the growth of streaming services. There is huge potential and growth guided by the data provided regarding revenues collected.

Domestic Yearly Box Office

Year	Total Gross	%± LY
2021	**$4,483,010,556**	+112.1%
2020	$2,113,386,800	-81.4%
2019	$11,363,360,759	-4.4%
2018	$11,892,160,011	+7.4%

Figure 6. Hollywood revenues

CONSOLIDATED RESULTS
($ in millions, except per share data)

				% Change Better (Worse)	
	2023	2022	2021	**2023 vs. 2022**	2022 vs. 2021
Revenues:					
Services	$ **79,562**	$ 74,200	$ 61,768	7 %	20 %
Products	**9,336**	8,522	5,650	10 %	51 %
Total revenues	**88,898**	82,722	67,418	7 %	23 %

Figure 7. Disney + Revenues

A similar trend has been identified with Disney +, specifically with the revenue increase. This is an important insight into why streaming services increasingly have a solid financial impact. The implication is based on the increasing popularity of the platform and the intervention having direct contact with the consumers. This means that customers experience more value from the services offered by streaming platforms.

Risk management approach

Although streaming platforms are associated with increased financial benefits compared to Hollywood's traditional approaches, it is becoming increasingly clear that the risks are higher. This is based on the competitive nature associated with the field's dynamic (Fu, 2024). Also, streaming services have attracted many players from various industries. This is pushed by the higher demand among the service providers to serve the client. Diversification of the customer's needs and preferences is increasingly becoming a threat, especially with the demand for higher capital to pace up with the new developments (Zhao, 2022). The desire to control losses and other risks associated with technological advancement is becoming a core concern. Also, the desire to address issues encountered with Hollywood's financial structure is becoming a major concern, with the players in the industry seeking a transparent management style (Fu, 2024). The compensation is being reviewed to ensure that all stakeholders are motivated to enhance competitiveness. Also, monetising the platforms has made it easier to increase film production and distribution.

Maintaining subscribers has been a key interest to solve issues related to risks. This is about ensuring the streaming platforms have a direct touch with the clients who desire to create a sustainable customer base (Zhao, 2022). As a result, platforms such as Netflix are seeking incentives that would enhance higher viewership. This includes retaining subscribers by addressing the issues raised through customer feedback (Zhao, 2022). Netflix has been providing original and authentic content, as evidenced by an increase in the spending on video content by 20%, and the number of subscribers has been at 17%, compounded within the last five years (Fu, 2024). This is a critical strategy that continues to strengthen Netflix's financial position. Netflix also partners with other players in the industry to ensure that customer needs are met. For instance, about 60% of Netflix content is from third-party studios collaborating to meet diverse needs (Fu, 2024). This was a contrary approach by Hollywood that saw only a few studios produce content, which was a key constraint on market control. Therefore, streaming platforms offer a diverse approach to financing, revenue generation, and risk management (Gregory, 2021). Also, integrating modern technologies has become a core factor in enriching direct contact with customers.

4. Case Studies

Disruptions of the Hollywood financing models will be demonstrated using various case studies. The case of poor financial accounting and record keeping would be a key issue that leverages where the traditional model was problematic (Ross, 2020). Taking into context the books of accounts related to the film Batman, the movie recorded a gross revenue of $285 million through the sales. However, the records indicated a total production cost of $120 million (Li, 2023). Despite the gap between the sales and cost, the movie recorded a loss estimated to be $20 million. This is a major concern raised by insiders from Hollywood, as presented by Michael Uslam and Benjamin Melniker acting in the capacity of dissatisfied persons from Warner Bros. The frustration has brought about major misunderstandings, especially regarding the representation of actual financial health in the film industry.

Batman

Gross Receipts:	
Domestic	
Theatrical	$148,207,352
Nontheatrical	1,998,812
Television	0
Foreign	
Theatrical/Nontheatrical	64,197,049
Television	2,620,000
Pay TV	24,320,501
Videocassette	34,328,942
Music	460,863
Records	461,993
Merchandising	8,806,000
TOTAL GROSS RECEIPTS	285,401,512
Less: Accounts Receivable	137,241
Reportable Gross Receipts	**285,264,271**
Distribution Fee	88,962,584
Net Receipts After Distribution Fee	196,301,687
Expenses:	
Prints	8,877,399
Preprint, Dubbing, Subtitles, Editing, etc.	1,229,135
Advertising and Publicity (includes 10% override)	59,989,121
Taxes, Duties, Customs, and Fees	3,691,826
Trade Associations	2,124,109
Freight, Cartage, Handling, and Insurance	1,442,246
Miscellaneous, Checking, and Collection Costs, etc.	1,588,324
Guild, Union, and Residual Payments	2,494,740
TOTAL EXPENSES	81,436,900
Net Receipts (Loss) After Distribution Fee and Expenses	114,864,787
Investment and Other Deductions	
Negative Cost and/or Advance	120,895,652
Interest	14,141,373
Gross Participation	0
Deferments	0
TOTAL INVESTMENT AND OTHER DEDUCTIONS	135,037,025
Net Receipts (Deficit)	
Unrecouped	(20,172,238)
Net Receipts (Deficit)	(20,172,238)

Figure 1. Source from Goodell, "Independent Feature Film Production", Warner Bros. Financial Statement in LA Superior Court, https://media.licdn.com/dms/image/v2/D4E12AQEY6v2aH8HbRw/article-inline_image-shrink_1500_2232/article-inline_image-shrink_1500_2232/0/1710120894056?e=2147483647&v=beta&t=_C-vvyXTvgDHn5voi_PUb2S2yFQXjXG85ljlPzZmVg4

The case presented above shows the complexity of Hollywood financing subjects to the studio concept, making it difficult for many stakeholders to benefit from the interactions. Also, the frustration from such financial activities resulted in major producers seeking alternatives that would help maximize profits from revenues (Johnson, 2021). Besides, there is a need to decentralize the control of Hollywood filmmaking interventions to ensure the capitalization of profits benefits more people (Rešetar & Seljan, n.d.). This has been a major call through which the need for better financing alternatives has been developed to ensure equity and fairness in the interactions. Independent producers such as Mel Gibson, who self-financed the project 'The Passion of The Christ', have accounted for an internal rate of return increase (Ross, 2020). This indicates that there have been inadequate provisions related to the financial structures utilized.

Such an example justifies the rise of streaming platforms that have brought about a higher return on investment, with fair compensation being a key success factor (Johnson, 2021).

5. Future implication

The rise of streaming services provides a multifaced approach towards adapting the film industry. This is contextualized by the desire to revolutionize how financing models have been established to enhance efficiency. Following the discussion presented in the literature review, there is a substantive need for film producers to capitalize on streaming services (Rešetar & Seljan, n.d.). Such is a fundamental step in seeing the restructuring of the financing models advance to benefit all the stakeholders. The transition will see that actors, directors, and other creative professionals will influence the revenue distribution. The rise of streamlined services through platforms such as Disney+, Amazon Prime and Netflix presents an opportunity that will optimize the realization of financing models that present a new dawn in marketing, production as well and distribution of film content (Zhao, 2022).

The use of data analytics should also be guided by ethical issues of enhancing privacy as well as respecting individual autonomy. This is critical to ensure that the implication of recommending content and viewership by companies such as Netflix do not exploit the customer services (Rešetar & Seljan, n.d.). A balance must be established to ensure that the customer authenticates with the clients to ensure sustainable practices (Zhao, 2022). Increased partnership and transparent financial incentives should be embraced to enhance the industry remain feasible. This entails a fair distribution of resources to accommodate the interests of diverse stakeholders. The aim is to ensure fair control over how streaming platforms evolve to meet the client's diverse needs.

In the case of Hollywood, the company needs to adapt to the changes in the filming industry. This includes using new approaches that uphold sustainable practices that consider the interests of all the persons involved. The desire to ensure fair compensation of the actors and other creative professionals will be critical to enhancing the sustainability of their operation services (Rešetar & Seljan, n.d.). Also, reduction of the cost of production should be a major interest for Hollywood to enhance its efficiency. Hollywood needs to restructure its operations and financing models to match the current trends in the industry. Investment in new marketing and distribution strategies should be prioritized to redefine the revenue stream.

6. Conclusion

The disruption of Hollywood financing models by the rise of streaming platforms has shown a greater need for the company to reconsider its strategies. This includes the desire to improve its incentive related to achieving sustainable practices. The optimization of new technologies is increasingly becoming a necessity that must be addressed by Hollywood, which is improving its spending on marketing and shifting to modern distribution methods. This is guided by increased demand for streaming services compared to traditional theatric production. The shift into online intervention is becoming a reality, and competition is increasing.

This study utilized quality sources that included annual reports of specific companies to understand the financial implications of streaming platforms. This is a strength related to how the film industry is growing to accommodate more direct customer contact. Future research on the subject should focus on understanding a broader financing aspect related to revenues, sources, profits and loss, and other variables that would help create a comparative approach to the development of the film industries. Also, research on the technical and strategic shifts between Hollywood and streaming platforms should be evaluated to enhance the sustainability of the film industry. Quality data should be prioritized to ensure the insights and conclusions made are evidence-based and inform about the true image of the industry.

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