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Technological Disruption in Entertainment: Navigating the Film Industry's Dynamic Relationship to the Consumer

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TECHNOLOGICAL DISRUPTION IN ENTERTAINMENT:
NAVIGATING THE FILM INDUSTRY’S DYNAMIC RELATIONSHIP TO THE CONSUMER

by

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I. Abstract

The following thesis acts as a critical cultural progression report surrounding the current technological disruption in the entertainment industry and its impact on consumers. This begins with a study of the history starting in 1910 and covers the urbanization of America during the Industrial Revolution, the developing fan experience, a history of consumer demands in relation to oligopolistic principles and the blockbuster method, the invention and influence of the television, and the current effect of technological advancement in the entertainment industry. Following this historical overview, four chapters will study different methods of analysis covering the intricacies of the current technological disruption using four theories: population ecology, media systems dependency, the mainstream cult, and convergence and participatory culture. The culmination of this work will consist of drawing together the history, the theories, and the contemporary examples into a conclusion about the fate of the media oligopoly in which this researcher points to the importance of seamless integration between the media industry and the consumer by way of three possible outcomes.

Keywords: Oligopoly, Entertainment Industry, Disruption, Convergence, Mainstream Cult, Media Systems Dependency, Population Ecology
II. Preface: The Impending Implosion

In the age-old biblical tale, there existed a dangerous people from Crete, known as the Philistines, a battle-tested population who were lethal against their enemies. Sworn adversaries of the Israeli people, the Philistines decided to conquer and split the holy city of Bethlehem in two by conquering a nearby mountain ridge. To accomplish this, they sent their best warrior into the city of Bethlehem. He was six foot nine and covered in the strongest armor available. The giant yelled to the Israelites “Choose you a man and let him come down to me! If he prevail in battle against me and strike me down, we shall be slaves to you. But if I prevail and strike him down, you will be slaves to us and serve us” (Gladwell, 2013, p. 9). Paralyzed in fear, no one volunteered except a small shepherd boy who defeated the giant by throwing a stone into the middle of the giant’s forehead. This young shepherd boy was named David. While the story of David and Goliath is a commonly told tale, it is one that derives truth from what happens when ordinary people confront giants. According to Malcom Gladwell (2013), giants do not necessarily have to mean 20-foot tall men; rather, they can be powerful opponents of all kinds. What’s key about giants, Gladwell explains, is that often what gives them strength is also what gives them enormous weakness. And David, the unlikely hero in this story, conveys the story of the underdog, who is capable of creating opportunities, enlightening others, and transforming the world in ways he never anticipated (p. 10). This metaphor can be used to explore many modern day situations, but one in particular stands out and that is the changing nature of the entertainment industry.
The TV and film industry is an ever expanding giant and in 2015 alone, box offices raked in $11.1 billion in the US and Canada by selling 1.32 billion movie tickets (Theatrical Market Statistics, 2015). Watching movies is the most attended event in Western culture, quadrupling theme park attendance and outweighing sporting event turnouts tenfold (Theatrical Market Statistics, 2015). It is phenomenal then, that six companies primarily take credit for this amount of revenue, attendance, and excitement. These companies, known in conjunction as the Big Six, include Comcast, The Walt Disney Company, Time Warner, News-Corp, CBS Corporation, and Viacom. These Goliaths of industry have used decades of teamwork and strategy to create a market with limited competition. As noted in a New York Times article documenting the success of the Big Six, Cieply (2009) wrote, “They feed a self-fulfilling myth that says Hollywood really belongs to six giants, all of whom live behind studio walls. Their companies may change hands occasionally … But the studios, and their power, remain as eternal as the hills around which those gated lots are built.” It is because of this mystery and grandeur that the Big Six created that has ultimately become its downfall in the age of the Internet because if one member of this elite club fails, they all will.

These film studios dominate both American cinema and the global film industry. Thus, most films that reach an international audience in a multitude of languages are most often produced and distributed by the Big Six. Additionally, these companies tend to share successes and losses meaning that on a micro level, resources are often shared in the production period such as lamps and couches but on the macro level, the companies share their wins and losses so that some
weekends could be profitable at the movie theater while others weekends all six companies could experience sizable losses. This interdependence between the Big Six does not just cover props and profits, according to Compaine and Gomery (2000), the heads of these studios all work together to establish similar wages to pay their lead actors and shell out for a marketing budget for each film (p. 361). This long-standing connection between the Big Six makes it so that often times their successes and failures are inextricably tied to one another. But how did this connection come to be? Primarily, this is attributed to the Federal Communications Commission (FCC), an independent agency of the United States government that regulates communication via television, film, radio, and satellite. In 1934, the FCC wrote their first Communications Act that declared that was established and decreed that it would not be in the public’s interest for a single broadcast company to hold broadcasts in the same community. This meant that large production and distribution companies could not own a large number of other companies. In 1996, the commission amended this report and declared that they must conduct a biennial review of its media ownership rules “and shall determine whether any of such rules are necessary in the public interest as the result of competition” (p. 90). With this enormous regulation change, media companies were finally able to begin acquiring other companies en masse and soon the Big Six was created after consolidation became an option.

Consequently, as this consolidation occurred that has lead to much collusion and behind the scenes bargaining in the industry, it has become problematic for these companies that are finding it increasingly challenging to
adjust their way of business. As Bothun and Vollmer (2016) explain, technological advances have made it easier for new production and distribution networks to reach the masses both nationally and globally and those making the shift to alternative forms of viewership are leaving behind every member of the Big Six who have not kept up, not just one of them. By parting ways with classic outlets for viewership such as the theater and the television, audiences are not simply switching to online forms of viewership but they are also experiencing expanding options for entertainment since distributing online content is free. Therefore, online viewership has opened the door to more content creation outside the Big Six, which has produced increased levels of competition on a massive scale that these companies have not previously had to deal with.

While initially the Internet brought with it a sense of social viewership that the Big Six could rally behind, the Internet also brought with it both legal and illegal streaming that threatens the Big Six and their control of the movie industry. With the widespread introduction of pirating, and also legal sites such as Netflix and Amazon Video, viewers began changing the way they consumed entertainment. As viewers turned to forms of streaming that pull money away from the Big Six, these companies have turned to legal measures as they fight for the top spots in the entertainment industry. This lack of control compelled the Big Six to take back the industry in a big way, but without total power over distribution networks, this task became challenging. What many in the industry have predicted is that the Big Six cannot continue what they are doing and expect success; eventually a change will have to occur. Even Steven Spielberg has noted,
“That's the big danger, and there's eventually going to be an implosion -- or a big meltdown. There's going to be an implosion where three or four or maybe even a half-dozen mega-budget movies are going to go crashing into the ground, and that's going to change the paradigm” (Moraski, 2015). Therefore, it is within this impending implosion that my current research takes its place.

The following thesis seeks to critically analyze this dramatic moment in the entertainment industry’s history in which a top-down relationship between the Big Six and their audience is being disrupted by technology so that a battle for control is occurring within the field. This dilemma will be explored using the concepts of fan consumption, changing technologies, oligopolistic principles, and the chronicled experiences of the Big Six. With such an intense dynamic between fans, the entertainment oligopoly, and the emerging technology that is quickly dominating consumption patterns, it is important to turn to scholarly works to understand theoretically what is happening. By applying four different theories to this moment, we will be able to better conceptualize and make predictions about what may happen in the future of this distribution revolution. These theories are: the mainstream cult, media systems dependency theory, convergence and participation culture, and population ecology theory. Following these considerations, my thesis will seek to find the commonalities among these theories and hypothesize as to what may happen to the Big Six now that the Internet has irrevocably disrupted viewer consumption.
III. A Historical Overview

The following chapter will look at the history of the entertainment industry as well as the history of the media consumer in order to comprehensively understand why this state of disruption has occurred and how it has impacted the Big Six. To accomplish this, I will start by looking at the Industrial Revolution and how mass urbanization lead to the popularity of entertainment. Next, I will focus on the consumers and analyze how the rise of fandom impacted the industry and the way programs were sold. Then, I will analyze the implications of more recent consolidations in the entertainment industry beginning in 1996 that incorporate tighter vertical integration and oligarchic control that have allowed the blockbuster method to flourish. After that, I will study how the television industry reached mass communities and created the expectation for home entertainment for consumers. Finally, I will discuss the technological disruption that has since occurred and how changes in mass viewership have removed time and location restraints in order to give way to new forms of watching entertainment online that disadvantage the Big Six’s model for success. By analyzing the history of consumerism and entertainment in this way, one will have a better understanding of how the technological disruption has impacted consumers as well as the Big Six and set the reader up for analyzing this moment in history through four theoretical lenses that will provide new insights into how the entertainment industry functions.
Urbanization’s Effects on Mass Media and Consumerism

The following section will look at how in the age of mechanization and automation, new technologies began to arise that allowed the American population to view entertainment on a mass scale. Lipsitz (1990) describes how in the late nineteenth century age of industrialization, with the closure of farmlands, massive migrations to industrial cities, and the creation of the interchangeable workforce, the consumer market became free from restraints of tradition (p. 7). Between 1880 and 1900, cities grew by 15 million residents and 40 percent of townships across America lost population because of this great migration (“City Life in the Late 19th Century”, n.d.). Industrial expansion and population growth in major cities changed the face of national urbanization such that noise, slums, and sanitation problems became commonplace. Lipsitz (1990) argues that this massive shift in living style lead to a sense of disconnection from the past that united rather than divided newly diversified populations. Soon, people began talking similarly, dressing similarly, and ultimately hiding their own identity in lieu of what was considered popular at the time. Theater became increasingly common in urban spaces. Characterizations exhibited on stage suggested to the audience that one’s identity could change and was not solely based on age, bloodline, or occupation as it had previously been in farming regions across America. No longer did citizens in and around urban areas seek authentic self-knowledge. Rather, this new lifestyle created the cognitive preconditions for needy narcissism and ultimately, for the first time, consumer desire (p. 7).
Consumerism was further exacerbated by the invention of the telegraph, a technology that enabled distant individuals to communicate simultaneously across multiple cities and states quickly for the first time. Lipsitz (1990) elucidates that this new, fast-paced and interconnected device ushered in an agenda of ascendant industrial capitalism. The telegraph privileged the transmission of isolated facts like prices or recent events and did little to convey continuity or context in the 140-character limit (p. 6). In addition to telegram communication, new forms of commercialized leisure like movie theaters began to arise for those adjusting to a new urbanized way of life. Before this new age of leisure, previous generations spent time in churches, lodges, local acting theaters, and community centers that acted as a place to mark special occasions. With the onslaught of rising urban populations, theaters, vaudeville, and motion picture halls needed no special occasion to bring people together en masse.

Lipsitz (1990) explains that as movie theaters began increasing in popularity in the early 20th century, audiences enjoyed the cinema, as it became a way for citizens to break away from class-based restraints (p. 7). While cinema was initially a gathering of lower-class individuals, with the invention of Picture Palaces, ornate, theater-like buildings with a screen instead of a stage, the movies became a place that was attractive to any class of person. Individuals across socioeconomic levels all gathered at the movies to become a collective “audience” with a unified language and sign system based on films once the invention of the movie palace brought luxury and affordability to the big screen experience. Lipsitz (1990) explains that theatergoers appreciated the difference
between times spent in the theater as opposed to times spent at work and so they enjoyed this form of escapist reality in order to supplement their labor responsibilities with a fantasy world filled with personal desires and passion. Because theater halls brought together a group of viewers with no shared history and with no reciprocal obligations, Americans were able to share intimate moments of emotion with strangers for the first time (p. 10).

The Victorian values operating in the Industrial Revolution brought with them a sense of work ethic, personal responsibility, and punctuality that altered the way individuals approached their everyday ethical lives. Lipsitz (1990) argues that these internalized morals helped to build a powerful industrial economy that had done its work all too well. So much so that overproduction and under-consumption threatened capitalism in the late nineteenth century. To combat the multiple financial crises that sprung from this, companies began shifting into consumer goods rather than industrial goods. The notion of commercialized leisure, free time spent in market-oriented pursuits, sprung from the idea that motion pictures were the only renewable commodity that helped legitimize the purchase of other commodities (p. 10). Orgeron (2003) discusses how the department store sprung up because it became a site where a consumer of the cinema would go to touch and feel the clothing they saw in the films. Department stores existed with the goal of creating personal desire. For example, in the film *It* (1927), the love interest, Mr. Waltham personifies this consumerist nature as he is the owner of a department store who is desirable because of what he could offer the protagonist—a life full of material goods (p. 89). Advertisers worked
diligently to see that the renewable film industry could not become obsolete so that there would always be a demand for new films just as there would be for commercial fashion in department stores (Orgeron, 2003, p. 5). The two informed each other in the glittering pages of fan magazines that displayed celebrities and told of miracle corsets that could make any woman look like the model in the advertisement. And thus the rise of renewable consumer culture was born in which Americans strived for the newest good and that translated into the next biggest movie.

After urbanization promoted the rise of supply and demand, industry developments and the availability of entertainment across social lines led to a massive rise in entertainment companies. Between the 1920s and 1940s, there existed The Golden Age of Hollywood in which media was controlled by the Big Five (20th Century Fox, Paramount Pictures, Warner Brothers, RKO Productions, and Metro-Goldwyn-Mayer) and the Little Three (Universal Pictures, Columbia Pictures, and United Artists). Although some of these companies no longer exist while other have rocketed to enormous success, Anselmo-Sequeira (2015) suggests that during this financially insecure period for consumers, movie production companies were able to make money by satisfying the audience’s perceived needs for overindulgent materialism and consumption. This realization came to the Big Five and Little Three through methods of collusion and was the first example of oligarchic control of the mass media industry until the FCC began regulating these companies in the 1990s. To accomplish this kind of incredible control over content, The Big Six and Little Three sacrificed quality
over quantity and thus produced large numbers of emotionally charged films for a ravenous crowd rather than only a few high quality films (p. 18).

**The Fan Experience**

This voracious audience consuming Big Six and Little Three productions can be considered members of the public participating in fandom, a phenomenon nowadays largely associated with modern capitalist societies, electronic media, mass culture, and public performance. Duffett (2013) explains that fandom originates as a response to specific historical conditions, which stem from shifts in the media and their tendency to reconfigure everyday experiences (p. 28). It is within this idea, therefore, that it becomes critically important to study the evolution of fandom beginning in the 20th Century until the 1980s.

Duffett (2013) describes how the notion of a devoted audience member shifted to the concept of the modern-day fan in 1910 when Carl Laemmle, the head of the Independent Moving Picture Company, publicized the names of his actors due to widespread public demands (p. 31). With that, the star system was born. Fuller (1996) clarifies that this shared expressive setting brought with it a sense of community and soon, regular moviegoers began calling themselves “fans” of certain actors and production companies. Fuller looks into the history of the word fan and how it has developed from Roman times to what it represents today. The author points to the word *fan* as originating from the world of sports in which the words “fancied” and “fanatic” was then shortened (p. 119). This definition has morphed, however, to what became understood after 1910, as a dialogue between the film industry and the viewers. There is an important
distinction, however, that fandom is not just about movie chatter but also about the tangible items and the fantasies the fans had generated that influenced attitudes, behaviors, and identities that moviegoers experimented with in theaters during the early 1900s (p. 116).

Fuller (1996) explains that following this occurrence, Vitagraph and other prominent film production companies began to offer souvenir photographs, trading cards, prints, and cigarette cards of film performers in order to get audiences excited about upcoming films (p. 116). By making entertainment a commodity culture, a culture that turns goods into objects of trade, fans began to want to be a part of this industry and create their own connection to the films and the actors in them. Production companies noticed this marketing niche and facilitated film participation in the form of short amateur film and script contests as well as fan magazines in order to establish firm boundaries between what was considered professional and what was fan-made. Therefore, companies were able to limit methods of distribution and firmly control the market.

Women, in particular, utilized this new popular culture as a way of escaping from their burgeoning roles in the workplace. Popular culture in the 1910s reinforced the image of movie fandom as made up of star-struck, teenage girls mobbing movie stars at film premiers, hysterically star struck, and mooning over fan magazines. This is best exemplified in the film *Singin’ in the Rain* (1952), where young women mob Don Lockwood, a famous silent film actor, after the premiere of his film and chase him into the street where he has to escape by jumping into a stranger’s car. It is because of this reinforced stereotype that
fandom became understood for a long time as a largely feminine pursuit. Anselmo-Sequeira (2015) furthers this explanation by clarifying how femininity, immaturity, and mass consumption became closely linked to film culture (p. 1). The concept of fandom is inherently gendered, based on the original definition of adolescence for girls that states, “[She] loves to have her feelings stirred because emotionality in her life. She’s impressionable but her sentiments are fugitive.” (Hall, 1911, p. 22-23) It is therefore understandable, that as film fandom spread, onlookers dismissed a woman’s desire to take part in fan culture as a deluded sense of self-importance, flattery, and emotional distress. Despite negative stereotypes, largely female audiences continued their fandom and soon, the profit-hungry film industry found more ways to talk back to them.

The female-centric audiences of the early 20th century enjoyed movies because of the powerful anxieties and tensions that could be directly challenged in movie theaters. Lipsitz (1990) explains that because sexuality was largely repressed at the time, the movie theater became a place that gave viewers the opportunity to contemplate the unspeakable thoughts. Theaters turned sexual impulses into symbolic commodities so that those who bought a ticket could escape from their own reality for a new one (p. 9). Take for example, the silent films of Rudolph Valentino, an actor famous in early cinema for his smoldering gaze and adoration from female moviegoers. Women flocked to the theater to see any film Valentino starred in because “His smoldering glance ignited fierce sexual fires in millions of hearts” (Hansen, 1986, p. 6). Indeed, female audiences established that by buying a ticket to see a film at that time, a real-world problem
could be solved. For Valentino films, it was the fulfillment of desire and longing. The establishment of this commodity purchase as a symbolic answer laid groundwork for the consumer-commodity culture of the present day wherein advertisers offer products that claim to bring pleasure and fulfillment. Anselmo-Sequeira (2015) explains that this was exemplified in the 1920s when *Motion Picture Magazine* was created—the first fan publication that implemented an interactive answer department where fans could write in and be answered by professionals in the industry directly and could also swoon over their favorite actors (p. 15). This allowed the entertainment industry to become a conversation rather than just a one sided pursuit in which fans could finally communicate with the objects of their affection.

The inundation of magazines, films, and merchandise surrounding actors and films in the 1910s and 20s targeted towards women was not simply something other women created for each other, rather, it was a targeted approach by entertainment advertisers housed at production companies whose sole goal was to increase sales. For example, after Rudolph Valentino’s success from the film *The Sheik* (1921), movie producers created *The Son of the Sheik* (1926) in which Valentino played the duel role of the Sheik and his son. This was a method of bringing in additional sales through the advertising of a film that was already a box office hit with a lead actor that would guarantee a large female audience. McAllister (1996) explains that for in-house advertisers during this time period, the goal was ultimately to control viewers in order for them to be more inclined to take part in future consumption of entertainment and goods. Control here is
defined as influence toward a predetermined goal (p. 13). In the case of entertainment marketing, the influence is the trailer, merchandise, and magazines sold so that companies can make money on every aspect of the film’s lifespan from creation, to release, to post-release sales.

From the 1920s onwards, entertainment advertisers maintained this control and profited from this by selling tickets and merchandise to make additional profits. Duffett (2013) takes us through a timeline of fandom from the 1920s through the 1980s that explores notable genres and points of fandom that have redefined how media scholars explore this group of people. In additional to the 1920s being a place for silent-film stars, the popularity of the radio at that time also sparked loyal female followers who flocked to the male announcers that led the dance marathons. Musical artists in the 1930s such as Bing Crosby and Benny Goodman also attracted their own following, which radio stations were able to capitalize on. One way to capitalize on fan trends during this time was to invent mass audience fads such as Cab Calloway’s 1935 invention of the jitterbug but it was Frank Sinatra’s performance at New York’s Paramount Theater in 1942 that cemented fans as a spectacle and set the template for other fandoms such as The Beatles and Elvis Presley (p. 33). During the 1940s and 1950s especially, fandom was largely reserved for rock ‘n’ roll artists, one in particular, Elvis Presley is notable because he not only used music as a medium but also starred in 31 films in his lifetime. Over three decades following his death, Elvis Presley still boasts one of the largest music fan clubs in the world at 20,000 members (p. 34).
Duffett (2013) describes how by the 1960s, the teen rebellion of the 40s and 50s transformed into a more hedonistic and leisurely fandom centered on more surf sounds such as The Beach Boys (p. 35). Furthermore, the 1960s were also characterized by a continuation of the Cold War and the culmination of the space race. Because of this, popular culture became interested in the possibilities and problems that technology could provoke and shows such as Dr. Who and Star Trek became mainstays in Western fan culture (p. 36). By the 1970s, these science fiction films gave way to the first ever San Diego Comic-Con, one of the biggest compilations of science fiction fans who could gather together in one place to display their love for the films and the television they enjoyed. The 70s was also the era where early blockbusters began appearing and amassing large groups of fans for films like Jaws (1975) and Saturday Night Fever (1977) (p. 37).

In 1980s, however, advertising as an institution began to feel an increasing lack of control over media viewing behaviors of fans because of further advances in technology, including the computer and the VHS, that changed the ways these companies understood audience demographics. With this change, the mediated environment of ads became less applicable to the viewers and so consumers began paying less attention to the onslaught of advertisements coming their way (McChesney, 2015, p. 15). To combat the loss in sales and profit and in an attempt to regain control, the more successful entertainment companies began buying up the less successful ones. By 1983, 50 different companies owned 90% of the media and by 2011; only six companies owned 90% (White, 2011). Now, 232 media executives working at six companies control three billion people’s
viewing habits and these six have begun to work together to create a state of limited competition such that they are now able to more cohesively control the public’s entertainment consumption habits.

**Impacts of Consolidation and the Blockbuster Methods**

To better understand how this recent accelerated media consolidation happened so rapidly over the course of thirty years, it is helpful to understand the concepts of horizontal integration. McChesney (2015) articulates that horizontal integration occurs when a firm attempts to gain control of as much output in a particular field as possible. This type of integration has two benefits for firms: first, as companies get bigger, it allows them to have lower overhead and to have more bargaining power with suppliers. Second, it gains more control over the prices it can charge for its products (p. 16). Firms operating in this type of marketplace tend to cut back on output so that they can charge higher prices and earn greater profits. This type of stable state of limited competition is desirable for large organizations because despite their potential for profit, it can be challenging for new companies to enter this tightly controlled marketplace. Thus, horizontal integration allows for firms to use mergers and acquisitions to get bigger and more powerful and encourages them to create new technologies that make this concentration more feasible (p. 17). Concentration has therefore been most dramatic beginning in the late 1990s because of these technological shifts that make horizontal integration even more viable (p. 18).

McChesney (2015) continues by explaining that in the 1990s following FCC deregulations, media companies began to have major holdings in two or
more distinct communication sectors such as film or TV or radio and newspapers so that each of the six media hubs in the entertainment industry owned some huge portion of a vast media conglomerate (p. 19). These six companies include Comcast (NBC, Universal Pictures, Focus Features, and DreamWorks), News-Corp (Fox News, 21st Century Fox, and The Wall Street Journal), Disney (ABC, Pixar, ESPN, Walt Disney Studios, and Marvel Studios), Viacom (Paramount Pictures, MTV, Nickelodeon, CMT, Comedy Central, and BET), Time Warner (CNN, HBO, Warner Brothers, and Time Magazine), and CBS (Showtime, Smithsonian, NFL, and CBS Films) (White, 2011). While the push to make fewer and larger companies within the entertainment industry proved lucrative for these conglomerates that sought to maximize profits, these goliaths of entertainment soon became known as one of the most prominent oligopolies of modern times.

Baumol (1959) defines an oligopoly as a state of limited competition in which the market of a good is shared by a small number of producers and sellers (p. 13). Baumol delves further into what it means to be an oligopoly in the modern market and points out three trends that set oligopolies apart from other forms of business competition. First, he notes that because oligopolies tend to be so large, their decision-making apparatus is often clumsy and slow moving for effective interplay of strategy and counter strategy with competing firms (p. 28). This means that in the entertainment industry, the large companies are not quick to make changes if something is not working and are more likely, if they do make a large change, to make it permanent and collective amongst organizations. Furthermore, because every company within this limited competition makes all
changes in tandem, there is interdependence within the organizations. According to Compaine and Gomery (2000), for example, in the summer of 1997, all Big Six companies released a summer blockbuster each costing approximately $100 million to make and publicize (p. 363). Another example of the Big Six moving in tandem is from their advertising budgets, whose amount increased steadily from 1990-1998 among all Big Six companies such that their average increase each year was the same (p. 361).

Second, Baumol asserts that in oligopolies, fast change can only be made at the peak of economic expansion if everyone is driven to make this change (p. 159). For example, if all six of these major companies are thriving, there is a higher likelihood that they will attempt to collectively make an abrupt change rather than a slow moving one. And finally, he points out that promotional activity increases sales even if all else fails (p. 99). This means that as long as an appeal is created for a product, or as long as films continue to be advertised well, the oligopoly will remain in place. For example, the film *Daddy Day Camp* (2007), one of the biggest summer movies of that year, released alongside Morgan Freeman and Jack Nicholson films and since its release has earned a Rotten Tomatoes score of 1%, and yet, the film tripled its budget and was considered a success for its distributor, TriStar Pictures, a subsidiary of Sony Pictures. While these three patterns in oligopolies are universally prevalent, it is important also to understand that the creation of an oligopoly in the modern market is such a slow and arduous process that once it is built, it is almost impossible to take it down.
Because of the Big Six’s oligopolistic structure, there are two results that occur. According to Bagdikian (2000), the first result is that the thousands of media outlets all owned by the same companies convey highly duplicative content to consumers (p. 6). The second result is that a pioneering novice to the market can only hope to enter the industry as a participant in one of the many subsidiaries rather than begin fresh (p. 7). And because these six media companies share so many methods and goals, they simply now have the ability to sit back and compete with one another to add to their own massive collection of successes. This competition can take many forms but most notably this includes earning fractionally more points in broadcast ratings, higher stock market shares, or earning more in an opening weekend.

Box office profits during the opening weekend of a film have been one of the most prominent ways the Big Six compete with one another and the championing of blockbuster films in the 1980s exacerbated this rivalry. As a way of tempting lost audiences back into the theater following the Vietnam War, large media conglomerates discovered that ‘high concept’ films that could be characterized by a couple of sentences were easily marketable and therefore easy to understand. Dirks (n.d.) explains that while the trend towards these types of films began in the 1970s with movies like Jaws (1975) and Alien (1979), it was during the eighties that these types of films became a standard way of movie watching. The advent of blockbusters in the late 1970s tracks a clear upward trend for this type of successful film. Between 1981 and 1984, profits at the box office increased by 40.4% and attendance rose by 16% while the top grossing movies in

Blockbuster films are characterized by satisfying the tastes of the youth population. Following this model, the Big Six utilized demographic research to cater to the “bottom-line mentality”. This is the concept that for every blockbuster film released, audiences would consider the movie an event that they simply had to witness for themselves in theaters. These big screen events often were released in the summer or during Christmas, would be costly to produce, and displayed dazzling special effects. Another defining aspect of Hollywood blockbuster is that the plot could also be utilized in other multimedia forms like video games or theme park rides and the very popular films could be regenerated into sequels (King, 2000, p. 2).

Currah (2006) explains that this spectacle-type of film seeks to maximize profits from a handful of high budget hits in order to subsidize the losses from other smaller scale investments (p. 442). As a recent example, in the summer of 2013, four major blockbusters were released: *Iron Man 3*, *Fast and the Furious 6*, *Star Trek: Into Darkness*, and *Superman: Man of Steel*. While all of these movies received poor reviews, they managed to earn more than the flops that summer lost and even though Box Office Mojo called it “The Summer of Doom,” the Big Six brought in $4.76 billion making it one of their best summers ever (Gillette, 2013). While this success can largely be attributed the blockbuster mentality, it is notable that this accomplishment is partially due to the increasing
ticket prices that mask the 1.3% drop in attendance at theaters in 2013 (“Yearly Box Office”, n.d.).

In the last thirty years, the rise of the TV as well as other viewing platforms such as the iPod, the tablet, and a plethora of smartphones, have opened up a large realm of multi-platform streaming systems. As soon as the TV came to market, movie theater attendance began dropping. Starting in 1960, the attendance at movie theaters began to plummet and those numbers have been dropping ever since so that now less than 10% of the population sees films in theaters on a weekly basis where as in 1930 it was more than 65% of the population (Cowden, 2015). Furthermore, between 1999 and 2009, the stock performance of every company in the Big Six has fallen: Time Warner, CBS, and Viacom lost 90% of their value, Comcast lost 87%, News-Corp lost 80%, and Disney lost 58% (Daly, 2013). It is through these numbers that it becomes clear that the Big Six are losing control of the power they once had and are struggling to take it back from those who seek to watch movies not just in the theaters but on other platforms as well.

Television: The Influential Shift to Home Entertainment

To understand the drop in movie theater attendance, it is important to look at the connection between the rise of TV and its normalization of bringing original movie content home. Stephens (n.d.) explains how television altered the entertainment industry. In 1939, the Radio Corporation of America (RCA), that dominated the radio industry, decided to invest $50 million in the development of electronic television. They entered the industry with two networks, which they collectively called the National Broadcasting Company (NBC). The two
companies began broadcasting regular programs as did RCA’s direct radio competitor, the Columbia Broadcasting System (CBS). In 1941, following the FCC’s declaration that no one company could own two radio stations in the same place, NBC split in two and the American Broadcasting Company (ABC) was built. These three networks in their forty-year reign were some the only options for a country increasingly fascinated with television. Despite the limited options, which included a handful of local independent stations throughout the 1950s and 60s, the introduction of television into the home brought with it a change in the concept of communal space. Now, in addition to consuming entertainment in a public setting, one could do so in a private setting as well. This allowed fans to interact in private with their favorite celebrities not only in the pages of a magazine but on the screen as well.

While many people enjoyed the shows that aired on TV such as The Late Show and American Bandstand, feature films became one of television’s primary programming forms. Gomery (n.d.) explains that the 1940s and early 1950s was when movies on TV became popular because smaller studios such as Monogram and Republic released 4,000 titles to television stations including B-Westerns and lower budget films. While viewers found them enjoyable, they were not the high quality experiences viewers expected out of movies. By the mid-1950s, based on consumer demand, the major Hollywood film companies agreed to release to TV their films that were made before 1948. For the first time in film’s 60-year history, a national audience was able to watch Hollywood grade films at their leisure regardless of barriers of class, race, and location. In 1961, NBC introduced
its promotion *Saturday Night at the Movies* and soon, in order to boost ratings, ABC and CBS followed. Thereafter, screenings of big-budget blockbusters on TV were highly anticipated and reviewed. For example, nearly 40% of all televisions in 1968 tuned in for Alfred Hitchcock’s *The Birds*.

While this thesis primarily deals with shifts in the film industry, looking at TV and especially how music relates to TV can depict the impact television had on the film industry regarding its incredible popularity that took away from movie theater income. The Beatles acted as a defining moment in television history as it, in addition to TV movies, demonstrates the sheer mass of individuals who began consuming entertainment from their homes rather than in theaters. Beatles fans launched the way individuals could interact with artists from the comfort of their own homes. In 1964, The Beatles appeared in their first American TV performance on The Ed Sullivan Show on CBS and that night 73 million viewers watched this concert live from home *(The Beatles, n.d.)*. The television rating was a record-setting 45.3, meaning that 45.3% of all households were watching *(The Beatles, n.d.)*. Furthermore, the show garnered a 60 share, meaning 60% of the televisions turned on were tuned in to Ed Sullivan and The Beatles *(The Beatles, n.d.)*. The Beatles’ performance on The Ed Sullivan Show demonstrates the shift in fandom that both the television and specifically the Beatles evoked. This band provided female fans the opportunity to express their devotion through means that were not considered symptoms of hormonal shifts or womanly fads *(Cura, 2009, p. 3)*. It wasn’t just female fans who became enthusiasts, however, but senior citizens, men, and even celebrities began to support the Beatles—so
much so that some public officials who openly endorsed the Beatles saw a rise in the polls (Charness, 2010, p. 70). People from all walks of life watched CBS to witness the incredible social explosion of The Beatles and they demonstrate the incredible power of how early television could transform one group of men into an iconic movement that could culturally transform a decade.

In addition to music on TV exemplifying the overwhelming popularity of television as a platform for entertainment, during the 1960s fans also began devoting themselves to long running TV series in which they could immerse themselves. This shift in television content and fan responses is exemplified by the science fiction show, *Star Trek*. Geraghty (2010) discusses the revolutionary effect *Star Trek* had on fan culture and the incredible way it could bring people together to create change in the entertainment industry. He pinpoints 1967 as the moment *Star Trek* became more than just a television series and instead called for active response and participation from viewers. After lackluster first season ratings, NBC planned to cancel the series. When fans heard that this show was about to end, they started a letter-writing campaign to save the show (p. 131). Although the original series only lasted another three seasons, it was this campaign that taught NBC and other major networks that success didn’t have to be measured in the amount of audience response but rather in the intensity of an audience’s commitment. The creator of *Star Trek*, Gene Roddenberry, realized that he could use these fans as a tactic to strategically harass the network to renew the show and keep it in the public eye well into the seventies and beyond with multiple spin-offs and films (p. 132). Since the late sixties and early seventies,
Star Trek has become a primary example of the important influence fans have on a piece of fiction after advocating for spin-offs, thirteen films, and countless novels, comics, games, toys, merchandise, conventions, memorabilia, and museums all devoted to the fans of Star Trek who have rallied behind the series for so long. It is the devotion, persistence, and patience of Star Trek fans that have made the story last over forty years and why it is one of the ultimate examples of a successful television show that has outlasted market changes and historical and cultural shifts. This show is proof that if a small but devoted enough fan base supports a program, it can outperform market trends and remain a consistent flow of income for the mass media.

While the major TV networks could provide captivating content like Star Trek and incredible live performances like The Beatles in the 1960s, the last half of the 1970s brought with it changing regulations and better technology that ushered in more options for TV watchers around America. Stephens (n.d.) elucidates that previously, television broadcasting was based in individual towns and projected through radio waves; but with the rise of cable, this format changed. Instead of only receiving shows from three locally based networks, hundreds of smaller companies could reach isolated towns across America without needing to be nearby and thus began the rise of cable television and an increased variety of content in the 1970s. By this time, there were ten separate movie nights happening each week and it became clear that the larger Hollywood distributors, to fill these slots, were producing too little new content. Hollywood, aware of this predicament, began to charge higher and higher prices for TV screenings so as to
reduce the number of movie nights on broadcast television. To avoid the rapidly rising costs of Hollywood movies, TV executives began making made-for-TV movies.

Stephens (n.d.) explains that these movies became mainstays of television programming and were successful because instead of a movie costing upwards of $1 million to make (amount not adjusted for inflation), TV movies only cost roughly $750,000 and the ratings were phenomenal and better than movie theater attendance. Made-for-TV movies also made it possible for well-known actors and actresses, who didn’t want the commitment of a regularly scheduled series, to appear in a film or mini-series that had the possibility of becoming highly successful. A very recent example of this phenomena is the success of Reese Witherspoon and Nicole Kidman’s mini-series *Big Little Lies* (2017), which had 42% more viewers for its pilot than any other TV movie or miniseries on HBO and was so successful for HBO that the show following episodes of the miniseries, *Girls*, drew in 36% more viewers than its average audience (Andreeva, 2017). Another benefit of a made-for-TV movie, Stephens (n.d.) elucidates was that one could deal with controversial material that was not deemed appropriate for a regularly scheduled network series and therefore reached a wider and more topically driven audience. For example, *An Early Frost* (1985) was the first major film to deal with the topic of AIDS and it was released on TV rather than in theaters. Despite the advantages of made-for-TV movies, they began to wane in popularity, as pay-tv became a popular form of viewership. Pay-Tv, also known as channels that viewers subscribed to, became increasingly popular in the 1980s
as it offered uncut screenings without advertisements. Theatrical features began to have so much exposure on pay-tv and home video that films ceased to be valuable for the networks playing them. Despite this, the pattern of movie nights on TV persisted and continues to be widely popular to this day although, because of FCC deregulations, they are less of an event than they once were.

In the first half of the 1980s, the FCC began deregulating television anti-monopoly protocols in the telecommunications industry and in that moment, these changes enabled conglomerates to enter network television broadcasting for the first time in 30 years (Johnson, 2010, p. 141). Stilwell (2006) explains that the FCC asserted that regulations restricting broadcasting harmed the public interest and based this claim on the philosophy surrounding “marketplace theory” that explains that the marketplace itself is said to determine what is in the public interest. In 1984, the FCC further relaxed its long-standing rules that capped the number of radio and television stations that one entity could own (p. 370). As a result of this deregulation, NBC eventually became a part of Comcast, ABC became a part of The Walt Disney Company, and CBS eventually evolved into the CBS Corporation. During the 1980s, large media companies began consolidating. Since then, the commissioners at the FCC remain deeply committed to broadcast deregulation and to the “marketplace” theory of determining what is in the public’s interest. It wasn’t until 1996 that the ultimate deregulation occurred and turned the Big Six into the oligopoly that it is today. Because of the deregulation of broadcasting ownership, this helped larger
corporations to swoop in and become the behemoths of industry that we understand today as the Big Six.

While cable television under the well established Big Six gave more centralized power to mass media, making it easier for them to control, this centralization process has also unwittingly altered the TV consumption process. First, the Big Six has segmented consumers in an unprecedented way by introducing multiple forms of cable packages. By having three types of cable: free channels that came with the TV, basic cable that provided basic cable channels such as CNN and ESPN, and premium cable that provided channels such as HBO, Showtime, and Starz, the Big Six separated their consumers into markets that made it challenging for advertising to reach all viewers. Furthermore, by segmenting consumers, the advertising model changed. Carmichael (2011) explains that because demographics are highly separated by cable packages, it is difficult to reach the same diverse mass of people that you could in the 1950s. Instead, advertisers now must target their advertisements. For example, Fox News skews 90% Caucasian in their demographics, therefore advertisers can target solely to these specific viewers in their commercials.

This trend is also true in technological advancements and portable media devices because more people now spend time on this form of technology than watching TV. Like TV advertisements, there is growing popularity of watching entertainment and subsequently commercials on alternate platforms such as i-Pods and tablets. By creating niche advertisements for the type of fans that watches a film or movie, advertisers are able to be even more precise about their
target demographic. Although this is a successful method for advertisers, it has fed into the coming disruption in the entertainment industry because niche based ads encourage individuals to seek out platforms for viewing that target and customize advertisements to their own preferences rather than to mass audiences. This has broken the grip on mass media producers who are now unable to keep up with the changing nature of advertisements in a world where multi-platform viewing is an increasingly appealing option.

**Portable Technology and The Proceeding Disruption**

In 1977, the VHS (Video Home System) was brought to America and gave consumers control that they did not have with theatrical or live broadcast TV and film. Ganapati (2010) explains that the Victor Company of Japan (JVC) created the VHS with a 0.5 inch magnetic tape wound between two spools that could display a movie and would allow viewers to gain control over re-watching, pausing, or fast forwarding content. Film fans in particular loved this active control and soon, VHS players became a staple in every home. By 1997, however, VHS tapes were being replaced by DVDs (Digital Video Discs), a more compact disc form that could store greater amounts of data because of its use of new digital technology. Ng (2010) explains that in 1990s when the DVD began to replace the VHS tape, this was the first time digital technology had entered the entertainment industry. This shift in consumer viewing habits had a profound impact on the TV industry. The economic model supporting television did not account for time shifted viewing, so advertisements that were time sensitive, for example, lost their value over time.
In 2001, the notion of packaged media was further developed into a portable mobile device: the iPod. Ng (2010) describes how the iPod was one of the first of its kind to introduce music, like DVDs, to the digital revolution (p. 1388). Steve Jobs, the creator of the iPod, offered a 5GB device smaller than a deck of cards that could fit 1,000 songs. What made the iPod revolutionary was that it could stay with the owner throughout the day rather than being in one stationary position and because of this, the technology could be personalized. In time, the iPod transformed from a simple device that carried music into a cellular technology capable of all types of communication, games, and, most notably for this thesis, TV shows and movies. As this occurred, individuals began viewing entertainment not only on their televisions and in movie theaters but across multiple platforms including iPods, smart phones, tablets, and laptops. This type of cross-platform viewership has grown tremendously since 2001. As of 2013, 60% of viewers in America who consume entertainment do so across platforms and this percentage is up 37% since 2008 (Turrill, 2013, p. 3). Furthermore, Henkel, James, and Croce (2015) ran a study in which they found that by adding a social element to film marketing, moviegoers are more likely to spend money on the film (p. 47). Therefore not only does the Internet improve the home viewership experience but also can positively impact box office profits as well. These numbers show no signs of slowing down and they are just one way in which advances in technology have aided the shift away from traditional forms of viewership—none of which could have been made possible, however, without the Internet.
While the Internet was made available to the general public in the late 1980s, the first video-hosting site ever created was shareyourworld.com in 1997. A video hosting website allows individual end users to upload and share personal videos royalty-free. What eventually took its place and has remained a dominant force in video hosting websites is YouTube. While initial traffic began at 300,000 views per day, YouTube hit its stride on December 5, 2005 when Saturday Night Live uploaded a clip from their show titled “Lazy Sunday”. After the posting of this video, viewership increased to two million overnight and since then that number has increased to 500 billion views per day (Winograd & Hais, 2008, p. 153). YouTube is the second most visited website online behind Google and it has largely been promulgated by mobile devices because out of the 1.3 billion who have ever used YouTube, one billion of those users have viewed it on mobile devices (Donchev, 2016). YouTube was a seminal step in the convergence of entertainment onto the Internet because it marked a place where individuals who were not professionals could post their content online and actually have it seen. Since then, YouTube celebrities, average individuals who post online and gain a large following have become internationally recognized celebrities, including the likes of Justin Bieber, Sean Mendes, Troye Sivan, Bo Burnham and Kate Upton. What ultimately happened at YouTube’s nascence was that it democratized the worlds of artistry, content, and the industry in a way that had never been done before. YouTube, however, brought with it a host of unknown variables, such as how this site could make money.
According to Moylan (2015), companies began entering the quagmire and offering sponsorships to YouTube stars, so that they would represent their products and soon, the Big Six caught on and began buying up shows created on YouTube and putting them on the small screen. *Broad City, Insecure, and Epic Meal Time* are just a couple of the shows that achieved success on YouTube before moving to television. Television also utilized YouTube as a way of previewing content. Moylan (2015) explains how Amy Schumer put her sketch “Milk, Milk, Lemonade” on the platform and received 2 million views before the new season of her comedy show debuted on Comedy Central. YouTube became a free space for Internet users to display their content, but it also provided large media companies with free advertising for their upcoming content. Soon, YouTube became a website that while seemingly unprofitable, made incredible amounts of money with advertisements and partnership deals that also benefited other media companies.

The Internet ultimately altered how the entertainment oligopoly functioned and changed the way they viewed television and film distribution for profit. Without the threat of the Internet, the Big Six content controllers could have dominated distribution. It was the introduction of the Internet as a media platform that changed this because of its loosely structured nature in relation to time. Ultimately, through the Internet, fans were able to control their access to entertainment, which further loosened the grip of the Big Six. The creation of YouTube, in particular, allowed participating individuals to begin uploading TV shows and films online. This pirated content went against FCC regulations of
unauthorized broadcasting and the FCC vowed to take these videos down immediately. Despite attempts at eradicating stolen content, the Big Six companies who were most often stolen from could not keep up with the huge amount of illegal streaming that was taking place online. Streaming can be defined as a method of receiving data, in the form of video material, over a computer network in a continuous flow while subsequent data is being received. Streaming is currently in over 50% of homes in America, and that’s just through legal methods of obtaining films online (Steel, 2015). Countless other homes stream video content illegally online and this has become a threat to entertainment commerce.

As a way to preserve the oligopolistic structure of the industry, the Big Six promoted a restrictive design for internet distribution, oriented around centralized server-client architectures, which provide tighter control over digital commodities and minimized the disruptive impact of the Internet (Currah, 2006, p. 441). This was most prominently exemplified in the 2007 partnership between Fox and NBC that together created Hulu; the company has since brought in Disney and the CW into the partnership and provides streamable television content with an ad-supported business model for additional profit. While Hulu in 2015 grossed $1.5 billion from its subscribers and advertising model, it is nowhere close to its rival, Netflix (Swartz, 2016).

As a response to the Big Six’s stringent controls, a handful of other start-ups began working on ways to offer cheap subscription-based websites for viewers. The goal was to create a website where content was legally distributed
and also earned money for the distributors while providing viewers with accessibility to a variety of TV shows and movies. The most notable of these companies is Netflix, a company that began renting DVDs by mail order but eventually moved into the movie streaming industry and came out on top. As of 2015, Netflix has 42 million subscribers in the United States alone and 27 million of these subscribers use the Netflix app and spend 11 billion hours watching Netflix each month ("20 Netflix Streaming Statistics That Will Blow Your Mind", 2016). Netflix is the dominant online legal streaming source and, like YouTube, has no close competition. Its next biggest competitor, Amazon video had 21.6 million viewers (Seitz, 2016). Followed by Hulu, who only had half of Netflix’s viewership at only 12 million subscribers (C. Smith, 2016).

Before Hulu, the Big Six, in an effort to keep up with the changing demand, began opening up their own online streaming sources for aggregated, legal content. For example, in 2005, the CEO of Time Warner, Richard D. Parsons (2005) said in a speech when addressing issues of illegal downloading and upcoming legal streaming projects:

I like to think, being an optimist, that in the history of the world pirates never win. They have their day but piracy never wins. In the history of the world, it hasn't, because by definition it's not something people invest deeply in; it's unlawful and it is anarchy and the forces of order will overcome... We recently announced something we're going to do between Warner Bros, and AOL called In2TV. (p. 177)

Parsons’ statement exemplifies that while initially the Big Six were confident that they could easily become a monolithic provider of multi-platform content, these beliefs soon came to an end. One year after releasing In2TV, the company went
bust. But it’s not just the Big Six’s streaming platforms such as IN2TV that failed. Other sites were unsuccessful as well because of the slow moving nature of the oligopoly to enact the change their audiences demanded. The Big Six have, therefore, begun losing viewers and revenue to online streaming sites not tied to the oligopoly. Furthermore, compared to two years ago, viewers are also illegally streaming 22% more TV shows and 31% more movies (Home Entertainment Consumer Trends: Digital Transition Tracker Report 2015, 2015, p. 11). All of this information, while challenging to digest, places the modern consumer in a distribution revolution, one that is in need for a drastic change in the coming years.

The following chapters will help illuminate to the reader about the critical cultural progression of the entertainment industry and the subsequent consumer and fan relationships that have since developed. To accomplish this, we will look at four theories that will each cover different aspects of the history discussed above and move these conversations into a contemporary analysis. The first theory, population ecology theory, will look at the move from small groups of producers that dominated the entertainment ecosystem as an oligopoly to larger fan groups now beginning to control the industry by choosing not to take part in the mass media system. The second theory, media systems dependency theory will look at the change in the Big Six’s relationship with their audience, particularly in regards to widespread urbanization. The third theory, the mainstream cult, will connect to the development of the fan base, which historically has been entirely controlled by the studio system. The fourth theory,
convergence, will aim to illustrate the weakening viability of the studio system, particularly in regards to the blockbuster model. Following these four chapters, we will look at how we can integrate these perspectives into a cohesive prediction of what may happen to the Big Six and the entertainment industry as a whole in the future.
IV. Population Ecology Theory

One method that offers insight into how this technological disruption came to fruition is looking economically at the organizations that are most impacted by this shift: the Big Six. Because the Big Six still consider themselves to be an oligopoly as these six companies continue to operate as if they are dealing with limited resources that must be shared among them. This idea is closely related to Hannan and Freeman’s (1993) pioneering model, population ecology theory. This chapter will seek to critically examine this theory, how it can apply to the Big Six both historically and presently, what this theory may mean for the Big Six’s future, and some possible flaws in looking only at population ecology theory to study this disruption.

Morgan (2006) critically simplifies Hannan and Freeman’s complex work, applying this theory to the way resource allocation defines a business. Rather than looking at organizations, or in this case the Big Six oligopoly, as an operational company, it is helpful to compare its functionality to an organism. Because, like organisms, organizations survive based upon their ability to acquire an adequate supply of the resources necessary to sustain their existence. Throughout an organization’s lifespan, it must face competition from other organizations since there is often times a resource scarcity and therefore only the fittest can survive. Thus, population ecology theory asserts that the nature, number, and distribution of organizations are dependent on resource availability and that the stable state of an industry can develop due to an appropriate fit between the existing distribution of organizations and their fit with the environmental niche. The environment both
in the wilderness and in the business world is a critical factor in determining which organizations succeed and which fail (p. 59). This is relevant to the Big Six because they are considered the most robust competitors, eliminating the weaker ones in their path. As the technology boom continued, however, the number of competitors have grown in size and because of the Internet, resources have become far less scarce making this moment, in the Big Six’s history, a prominent turning point.

For organizations, like organisms, to evolve, Morgan (2006) posits there must be large amounts of variation in the marketplace. Because members of a species tend to share similar strengths and weaknesses, however, it is the whole species or oligopoly that tends to survive or fail. This population perspective encourages us to understand the dynamics influencing whole populations of organizations and their dynamics with one another, not just individually (p. 60). In relation to each other, population ecologists have highlighted the importance of inertial pressures on organizations that often prevent them from changing in response to their environments. This includes, but is not limited to, inadequate information, stubborn managers, the organizational flow of the organization making it difficult in larger organizations to restructure technology, or traditions that challenge organizations to engage in efficient change and learn from past successes or failures. These challenges can be exemplified in the Big Six’s experiences, as Hannan and Freeman (1993) clarify that despite technological shifts, these companies have only made infrequent changes that are not evenly timed to changes that affect larger populations. Because of this, it is the company
that has the ability to, not only obtain a resource niche, but also to outperform competitors that will give an organization relative superiority in being able to command resources that apply to whole populations of organizations. By being aware of patterns and critical resource niches, one can make important contributions to the understanding and success of different organizations.

According to Hannan and Freeman (1977), there are three important points in population ecology theory that relate to the technological disruption in entertainment: inertial change, density dependence, and age dependence. Inertial change explains that large organizations can only make changes in small ways that are not disruptive to other surrounding organizations (p. 931). This means that any attempt to significantly change an organization is considered disruptive and detrimental to success. Some inertial restraints that keep organizations from growing include, but are not limited to, availability of information, cultural limitations, collective rationality between organizations, and fiscal barriers of entry. The second factor, density dependence, describes that founding and mortality rates in an organization are dependent upon the number of similar organizations in the marketplace (p. 940). Therefore, if there is a state of limited competition, organizations are more likely to be founded but bow out due to higher stakes of competition rather than in a market with a large number or organizations that welcome additional competition. Finally, Hannan and Freeman (1977), discuss the concept of age dependence, meaning that as an organization ages, its risk of failure is much lower. This, however, can be a risk if the organization falls prey to the liability of obsolescence, which is a growing
external mismatch with the environment may cause an organization to fail as it ages (p. 959). For example, if an organization does not keep up with the technological needs of the consumers, they are at risk of becoming obsolete.

Population ecology theory is a helpful way of understanding the process of the Big Six as they move from offering mass media experiences to a more niche method of individualized access for consumers. The Big Six exemplify this process because it is one where small groups of producers in media conglomerates have grown to dominate and create a type of ecosystem where the cinematic events and the blockbuster experiences meets customer demands. Technological improvements, however, disrupted the media environment and are moving consumers toward a point where the Big Six’s existence is threatened because they are on the verge of being selected out as no longer fit due to the changing environmental contexts. Historically, this shift is observed in the downward trend towards movie theater attendance for blockbuster films. Since the Big Six are, on average, losing the mass audiences they once had for large blockbuster films, they have begun to charge drastically more for tickets as a way of making up for this archaic method of determining success in their media ecosystem (Cowden, 2015). According to population ecology theory, the industry evolved into an oligopoly and created a market that supported the blockbuster production model. Therefore, there still exists a monetary success for these types of films because of the increased ticket prices the Big Six now demand. While this measure still seems to demonstrate success, the metrics mask the declining health of the entertainment ecosystem and the rise of other players, more niche approaches, and additional
viewing outlets that may tell us that the environment has changed, threatening the Big Six’s oligopoly and pushing them towards extinction.

Another way of understanding population ecology theory historically is through McChesney’s (2015) explanation of horizontal integration. To clarify, horizontal integration occurs when a firm attempts to gain control of as much output in a particular field as possible. In terms of population ecology theory, this move would demonstrate the need to assert authority under the assumption that there is resource scarcity and those who control the goods are the ones inevitably in power. Horizontal integration allows for firms to use mergers and acquisitions to get bigger and more powerful and encourages them to create new technologies that make this concentration more feasible (p. 17). Because of the technological shift that has been occurring for almost the last thirty years that has enabled this level of consolidation, the oligopolistic environment among the Big Six has been threatened because it is moving consumers to a point where they would rather select other content that is more easily available online and across platforms than the Big Six’s content. Since the Big Six is failing to adapt to its environment, they are therefore at risk of becoming obsolete if current audience trends continue.

In addition to the historical models for understanding population ecology theory, Cieply (2009) outlines the ways the Big Six exhibit the ideas of population ecology theory in a more contemporary setting. In regards to inertial change and the notion that members of the large organization cannot make large changes without disrupting the entire environment, Cieply explains that the Big Six practice collusion so that none of them have to make too risky of decisions.
Bagdikian (2000) gives the example that all board of trustee groups in the Big Six have interlocking board members such that one board member may sit on multiple of the Big Six’s boards. As of 2003, News Corp, Disney, Viacom and Time Warner shared 45 interlocking board members (p. 9). In regards to density dependence, the Big Six often buy out smaller organizations in order to decrease their competition. For example, Comcast now owns DreamWorks SKG and Time Warner now owns New Line Cinema. Finally, with age dependence, Cieply (2009) describes that the Big Six can make money even without producing anything new because of their extensive library of films that continue to sell with little effort from them. This would not be possible for newer production and distribution companies that rely on new content that is expensive to create. Population ecology and the Big Six, however, do not just relate to Hannan and Freeman’s three benchmarks in a contemporary setting, but also, to the broader concepts of success as well.

Population ecology theory has become particularly relevant because of the way in the past few decades that the oligopolistic concepts of success have shifted and slowly changed the industry. Improvements in technology altered the way resources in the entertainment industry function, meaning DVD and movie theaters are not the only way of viewing a film. Instead, online streaming opened up the field of entertainment and now resource scarcity is not something the entertainment industry has to worry about in terms of physical product. With endless media availability, streaming has become the primary way for the Big Six to both earn and lose money. Streaming sites not legitimized through the Big Six
began opening online venues allowing viewers to watch free content rather than paying money to watch TV and films. In an attempt to direct these viewers back to profitable forms of viewership, the Big Six created their own for-profit streaming sites offering improved quality. Because shows were no longer dependent on brute numbers to measure success, advertisers and Big Six networks began quantifying success in other ways.

Johnson (2010) describes how the Big Six began to make small changes to their oligopoly in order to accommodate the viewer and not fall prey to the liability of obsolescence. These changes however demonstrate from a population ecology standpoint that there is an impending collapse of an ecosystem rather than an adaptation because these big companies are unable to make a big enough shift to fight their impending extinction. In an attempt to keep up with the fast paced technology industry, the Big Six and their partnered advertisers began to shift to a strategy of niche marketing, in which films and television would be produced for specific target audience groups whose success could be quantified by audience demographics rather than brute ratings (p. 139-140). These changes led to a transformation from consensus television and film, which is based on creating programs for the largest possible audience, to niche television that is concerned with attracting an audience desirable to both studios and advertisers. In the 1990s, Fox pioneered the formation of this type of audience by encouraging fandom (p. 141). Fan audiences were profitable for two reasons: first because they were loyal in times of increased competition amongst the Big Six and second because fan audiences had a reputation for being consumers of the media program as well as
the ancillary merchandise associated with them. These ancillary products do not simply consist of merchandise but also the way in which the entertainment was consumed (p. 143). Despite this increased loyalty however, the Big Six’s changes, as per population ecology theory, still fall prey to the liability of obsolescence because while they are fulfilling some audience demands, they are missing the critical input from consumers who prefer to watch media content on other forms of technology besides the TV and in theaters.

In order to satisfy consumer demands, a large and disrupting change must come from the Big Six; at the moment, however, no change of this nature is on the horizon. One primary reason for this is that the Big Six still value ratings and viewership as an important qualifier of success. Although not the sole determinant, other companies, such as Netflix, don’t even report on their viewership—showing just how much competing companies are changing the way a film’s and TV show’s successes is measured. Netflix, in terms of population ecology theory, represents a threat to the existence of the Big Six because audience members are choosing to select the resources Netflix can provide in an unlimited online format rather than consuming the Big Six’s content. Because Netflix is online, they can offer unlimited resources rather than the Big Six that have based their model of sales on the concept that there are scarce resources available to the public. Additionally, Mittell (2016) explains that rather than being caught up in individual show ratings, Netflix’s objective is to expand the ranks of people subscribing to their website. To accomplish this, Netflix offers a slate of programs with a broad appeal and reach including original series, classic films,
and sitcom comedy shows. Rather than depending on ratings for success, Netflix determines the success of a series based on whether or not they have enough material to satisfy the consumer so that audiences buy the brand itself rather than what the company provides. Netflix is a primary example of an organization that is not dependent upon older entertainment industry fears of resource scarcity. Instead, Netflix has created and marketed their own content and the licensed content of the Big Six exhibiting that resource scarcity is a concept that can be harnessed to create something greater rather than act as a determinant of success in a larger industry.

Viewing organizations as organisms, via population ecology, is helpful in trying to understand the current technological disruption in entertainment because it highlights how being a part of an oligopoly both helps and hinders the Big Six. While resource allocation is shifting in the entertainment industry and the oligopoly is redefining how success could be achieved, it is important to note that the Big Six are still very much entrenched. Although they are making changes, these small accomplishments such as legalized streaming and not defining success in terms of brute audiences help the Big Six to justify their accomplishments. There is however, a long way that they must go before they are able to claim dominance at all technological levels in the industry. Technology changes rapidly and in order to allocate resources in this form of economy, the Big Six must be ahead of every technology in order to corner the market before others even see it coming. Furthermore, the Big Six’s internal collaborations with one another keep them secluded from other entertainment companies so that they are unable to face
their problems and pivot if something goes wrong until it is too late. The oligopolistic system, while inherently a flawed structure in the midst of outside advancements, has kept the Big Six as a system of organizations running like an organism since the nascence of the film industry. It is only now that resource scarcity has become less of a cause for concern that industry executives are taking stock of their successes and failures and changing the way they collectively operate.

After looking at how population ecology theory can help us understand the move from mass market media experience to a more user-friendly individualized approach, I predict that the rise of new forms, channels, and creators online is a sign that the Big Six are about to be selected out by consumers while the ecological niche changes and moves away from this old model. This prediction is demonstrated by the rise of Netflix and other forms of online streaming not controlled by the Big Six and the unlimited nature of media content available online that cannot be managed by the oligopoly. Furthermore, because of declining box office attendance and increased consumer membership in streaming platforms, it appears that audiences are choosing to not receive all their media from the Big Six and are instead, opting for new and innovative methods of viewership that are not consistent with the previous standard or model.

While the population ecology theory is an interesting sociological way of understanding the entertainment industry, it also has many flaws that are worth noting before moving forward. First, this theory looks at organizations in too concrete of a fashion. Morgan (2006) posits that another reason for not taking this
theory at face value is that it considers organizations as dependent upon external forces rather than recognizing that organizations have their own agency (p. 61). For example, when analyzing the Big Six in this light, we looked at how technology developed independently from the Big Six rather than considering that they played a major role in its advancements. Furthermore, if organizations have their own agency, this means that they are not necessarily bound to each other through oligopolistic structures and do not necessarily act this way at all times but rather choose to do so often because it is economically advantageous for them. It is considerable that because the Big Six’s model is in such dire need of adaptation, it will actually be the static aspect of how the Big Six function and perform that will fail and lead to a reconfiguration.

Another consideration along this line is that organizations are not as functionally unified as organisms. The members of this oligopoly, while working together to create programs, still compete rigorously with one another at the box office tabulating winners and losers globally. Population ecology theory fails to understand the severe state of competition that exists within the oligopoly that goes hand in hand with the occurring collusion (p. 68). Finally, it is important to consider that this theory cannot be considered an ideology, nor can an organization be held responsible by this theory for its actions. The attribution of characteristics of an organization onto this theory solely depicts a method of understanding this theory. Meaning that the Big Six do not strictly adhere to these principles while making decisions. Despite these flaws, however, the population ecology theory is a helpful and interesting way of first contextualizing the
technological disruption in entertainment because it emphasizes the complex relationship between the Big Six and highlights the challenges they must face in order to come out on top.
V. Media Systems Dependency Theory

The second theory that will be used to understand the implications of the complex relationship between fan culture and the entertainment industry is media systems dependency theory by S.J. Ball-Rokeach and M.L. DeFleur. This chapter will seek to critically examine this theory, how the Big Six play a role both historically and presently in the way consumers depend on media, the weaknesses that arise from studying this theory, and what this theory may mean for the Big Six’s future.

This theory allows for a better understanding of the implication for fans of the technological disruption in entertainment from a communications perspective. In their paper *A Dependency Model of Mass-Media Effects*, Ball-Rokeach and DeFleur (1976) argue that a dependency on mass media began as social structures in society became more complex due to widespread urbanization. Dependency, for the sake of this theory, will be defined as a connection in which the satisfaction of needs or the attainment of goals by one party is contingent upon the resources of another party (p. 6). Because of the increasing intricacies, urban populations began to have less contact with social systems as a whole. As a result, individuals became less aware of what was going on beyond their own social position in the urban structure (p. 4).

When mass media came into play with the emergence of the radio and subsequently film and television, economic systems engaged in a process that made the news not only a helpful means of communication but also a source of entertainment. These new forms of mass-communication, Ball-Rokeach and
DeFleur (1976) explain, involve increasingly complex relationships between large sets of interacting variables including the media, audiences, and society (p. 5). This tripartite relationship on a cognitive level indicates that media dependency can take multiple forms. First, it can be based on a need to understand one’s world. Second, it can arise from the need to act meaningfully and effectively in that world. Third, dependency can be a way for individuals to escape from their daily problems and tensions (p. 6). It is by taking these variables into account interactively that a better understanding of effects on mass communications can be understood. In terms of this thesis, we can look to the Big Six, the consumers, and the greater societal influences that depict how media systems dependency theory has played a role in the current state of the media.

First however, it is important to consider Ball-Rokeach and Defluer’s (1976) explanation behind how urban environments accelerate media dependency. These two scholars point to the cognitive, affective, and behavioral changes urban society has experienced since the onset of mass entertainment as a key reason for media dependency (p. 7). Media systems dependency theory is prominent in today’s urban living environments, especially in recent years of ensuing turmoil. As societies grow more complex, and as the quality of media technology improves, the media will continue to take on more unique information functions that will cause audiences to experience societal dependence on that new media form (p. 6). This trend is caused by the cognitive effect of ambiguity resolution, meaning that the utility of having standardized information fed to the consumer offers a means of control for individuals who feel uncertain and allows their
attitudes to form in a way that is not scared but expectant of turbulence. One method of eliminating uncertainty is through promoting a “we feeling” that fosters optimism and combats alienation in society. Mass communication develops and maintains this sense of unity in times of trouble and allows people to connect over their successes rather than their failures (p. 10). Therefore, those who rely on mass media communication as their primary source of information often experience higher levels of morale in unstable situations. Thus, if entertainment and mass communications are inherently linked to a society’s dependency on them, media systems dependency theory asserts that a dependency upon entertainment leads to modifications of personal and social processes as a result (p. 6).

Media systems dependency theory is a helpful way of analyzing the current technological shift in the entertainment industry because it allows us to characterize the implications of the relationship between the Big Six and their audience. Due to the increased amount of content available to consumers online, stemming from online news sources that were not available before the Internet including Slate, Democracy Now!, and The Huffington Post, consumers now have a plethora of new content options. These innovative media products, made possible by advancements in technology, have given audiences new methods for dependency and now, consumers are being fulfilled by other alternatives besides Big Six content. This poses a threat to the Big Six who relied on these forms of dependency in TV and films to increase their viewership in times of disorder in urban environments.
Historically, media systems dependency theory can be linked to the Industrial Revolution where there was a rapid expansion and population growth in major cities, whose infrastructure was not set up to accommodate this influx. Lipsitz (1990) explains that as a result, problems like air pollution, traffic, and health problems arose due to the close proximity of urban dwellers. As a way of communicating from city to city, the telegram was created. This mode of communication allowed users to convey the urgency and fear they felt in this new setting. This sense of exigency was made possible by the privileging of isolated facts such as recent events that made readers hungry for the next burst of news and eventually the audiences became dependent upon the media that would arrive in these often poorly summarized bursts (p. 6). This form of communication allowed residents to feel ambiguity resolution that enabled them to come together, as per media systems dependency theory, in order to satisfy their need for more information.

The tenacity with which urban populaces consume entertainment, while linking back to the Industrial Revolution and subsequent communication boom, can also be understood in a contemporary setting. The 2016 presidential election, in particular, exemplifies the tripartite relationship of media systems dependency theory because of the consumer’s need to understand their world. To fulfill this compulsion, media consumers began turning to news corporations owned by the Big Six: CNN owned by Time Warner and Fox News owned by News Corp. Both CNN and Fox News had one of their best quarters to date in their third and fourth quarters of 2016, during election season. Katz (2016) reported that at CNN
viewership rose 53% since the previous year and experienced an 88% increase in primetime. CNN also witnessed its smallest viewership gap with Fox News in seven years and subsequently ranked number two for television and Internet news consumption—a colossal feat for this company. Fox News, a subsidiary of News-Corp, another member of the Big Six, also experienced high quarterly earnings. According to Rainey (2016), Fox’s stock earned 45 cents more per share as opposed to 2015, and viewership increased 7% in the fourth quarter. Furthermore, Fox News was announced as being the top news source for television and Internet consumption. According to co-President Rupert Murdoch, “The power of the brand has never been stronger, and I look forward to working with all of you to continue the momentum” (Rainey 2016). These improved third and fourth quarter ratings on the part of CNN and Fox News demonstrate how, in a time of political unrest and ambiguity, the desire audience members have to stay on top of current events still exists and is more prominent than ever.

Another way of historically understanding how dependency has impacted the state of the media is through the Big Six and their relationship to the film industry. Anselmo-Sequeira (2015) suggests that in order to gratify the audience’s needs for overindulgent materialism and consumption, the Big Six began sacrificing quality over quantity and thus produced a large number of emotionally charged films for a ravenous audience rather than only producing a few films of high quality (p. 18). This shift marks an important turning point because now media dependency is not simply marked by the urgency with which news is portrayed but also can relate to the film industry. In summary, according to media
systems dependency theory, consumers are so readily inclined to make sense of their own urbanized world that they will turn to any source of media as a solution to their perceived problems.

This tendency can also be seen in more contemporary examples of media consumption not connected to the Big Six. During the high-tension election season of 2016, Netflix earned incredible fourth quarter results. According to Carpenter (2017), Netflix exceeded its own subscriber growth estimates by gaining 7.05 million new subscribes rather than their predicted 5.2 million. Furthermore, Netflix did not just surpass its own expectations but also outdid *The Wall Street Journal*’s prediction that stock would increase by 13 cents. Instead it increased by 15 cents making it the most profitable fourth quarter in Netflix history. While there is no proven correlation between Netflix’s incredible growth and the high-intensity election season underway at the time, when looked at through Ball-Rokeach and DeFleur’s theory, it becomes clear that consumers may have been pushed to escape the stress of their daily lives through the means of an alternative media source—one that projects fantasy into one’s reality rather than harsh facts.

Although consumers turned to films in times of distress and great uncertainty, it is notable that audiences did not turn to the Big Six for their movie-watching needs, indeed as Netflix consumption increased during the fourth quarter, movie theater sales decreased. According to Lieberman (2017), AMC, the top grossing movie theater chain, saw 2016 fourth quarter sales down by 4%. In addition to movie theaters losses, Turrill (2013) explains that 60% of viewers who
consume entertainment do so across media platforms and this number is up 37% since 2008 (p. 3). What Lieberman and Turrill’s facts describe is a noticeable change in the way the Big Six regulate the film industry. It appears as if the Big Six are losing control as consumers move from a large shared mass media consumption model, such as blockbuster films and large cable news channels, to a more niche, target audiences model. By doing this, viewers are able to access their media desires through different platforms, such as Netflix, with the sharing occurring not through the experience itself but through distributed social media channels where the emotions and experiences can be compared and shared with distant others.

While media systems dependency is a useful theory, there are also many flaws to looking at the disruption solely through this lens. Media systems dependency theory is fraught with simplified dilemmas, which must be considered. First, this theory only describes the media’s role when in a social crisis, meaning that if there isn’t some sort of natural disaster or it’s an election year, there is no way to see if this theory is still in play. On that note, because it is a theory grounded in social crises, the reasoning in studies of this phenomenon utilizes only short-term thinking and is not grounded in forward intellectual advances. Furthermore, even if people did tune in to broadcasts of the mundane, it is challenging to prove scientifically that there is a clear dependency. While one can find correlations between media consumption and times of turmoil, finding out if there is an actual neurological dependency has not yet been established.
Additionally, the definition of dependency is a rocky one, which Ball-Rokeach and DeFleur have changed over the years since 1976. They have gone between considering Americans as too dependent or too independent, and question if the increasing variety of types of technology from tablets to watches to phones could change the way dependency is labeled over the course of future decades. While the definition of dependency continues to evolve, it still holds an all or nothing assumption such that one is either dependent on media or not. This usually, however, is not the case. Rather, people don’t act in a black or white manner, they may be dependent one day and independent the next and social crisis may not be the only determinant of this dependency. Finally, this theory fails to consider large groups of Americans who do not live in urban environments and does not theorize that they too may be experiencing similar forms of dependency. This theory assumes that those in non-urban environment don’t experience social complexities and therefore they are incapable of media dependency, which is not likely the case.

Despite the negative critiques surrounding media systems dependency theory, Ball-Rokeach and DeFleur made a powerful assertion in claiming that the more a person’s needs are met by the media, the more likely the media will play a large role in the person’s life. This notion is especially true as innovative technologies inundate people with the ability to experience the media not only in theaters or in their homes but in their cars and public spaces as well. At restaurants across America, consumers are on their phones, keeping up to date with the news and with other people; in parks, children play while adults watch a
show or post on a fan blog. The world, with all its social complexities, seems to get smaller as technology advances.

With consumer’s desires and needs now fulfilled by other alternative media forms, it is now the Big Six’s job to make major adjustments that will maintain the oligopoly’s dominance. I predict that if the Big Six learn how to stay ahead of the rapidly improving technology, they may have a chance at survival. To accomplish this, it is the Big Six’s job to make adaptation a regular occurrence in the industry rather than a revolutionary incident. One method in doing this is to put big six content online with a subscription cost and no advertisements. Because this model is similar to Netflix, there is a greater likelihood that consumers will follow suit and continue to consume their content on another platform. Moreover, because the Big Six have such a prominent online presence not just with CNN and Fox but also with MSNBC and CNBC, we have already noted a clear jump and higher consumption of those mediums so it is reasonable to assume that if free streaming of additional media content of Big Six materials were offered, money could also be made off of this with advertising or subscription fees. I predict that this change will be incredibly difficult for the Big Six because without strong cutbacks on distribution licensing, this does not seem something that is likely to happen any time soon, especially since the outdated model for film distribution is still currently lucrative. For how long this profitability will continue though, it is not certain. All that is clear is that as long as the media plays a large role in people’s lives, they will be dependent upon it and do so in a way that is lucrative, despite the risks of remaining in the current model.
VI. The Mainstream Cult

While much of media content has been accepted into a vast array of audience homes, other forms of media only appeal to a select few. Cult media used to be a form of TV or film that utilized cult-based practices of worship that began to blend with the media. For example, *Star Trek*, at its nascence, could be considered a cult artifact. After increased advances in technology and growing fan bases, however, an emerging phenomenon appeared called the mainstream cult. Hills (2010) explains while the word “mainstream”, which means offering easy passive pleasures, opposes the word “cult,” which means going against something that is not largely practiced but the two words work in harmony when discussing entertainment. Mainstream cult can be defined as the “Hybridization of aspects of the mainstream, including exhibition and distribution, with the textual layering, details, and diegetic world-makings of cult media” (p. 71). The mainstream cult itself is not a media product but rather the process by which its audience processes a media text. By analyzing this we can connect this idea to the changing marketplace that connects us with the consumer demand side of the mass media environment. Indeed this approach to understanding the development of the fan base and its relation to the studio system proves helpful in furthering our discussion surrounding the move from mass media movies to niche access programs. This chapter will seek to critically examine this theory, how the Big Six plays a role both historically and presently in the way consumers depend on media, what this theory may mean for the Big Six’s future, and some weaknesses that arise from studying the mainstream cult.
To better understand how the theory and practice of the mainstream cult came into existence, it is important to understand historically its evolution to this point. Fuller (1996) makes the important distinction that fandom is not just about movie chatter but also about the tangible items and the fantasies the fans had generated that influenced attitudes, behaviors, and identities with which moviegoers experimented in theaters during the early 1900s (p. 116). Especially by 1910, when film fandom became understood as primarily a woman’s pursuit, outsiders stereotyped fans as petty, deluded, and frenzied. With the invention of *Motion Picture Magazine*, then, in the 1920s, a conversation was finally established between the entertainment industry and their fans that larger companies could control in order to make a profit. According to Duffett (2013), by the end of the 1920s, Hollywood Studios collectively received over 32 million fan letters per year. These demonstrated the large fan base that spent money on fan objects that profited the media companies of the time (p. 32).

In addition to the large female fan bases, there were also large male fan bases in the 1930s and onward that enjoyed science fiction as a genre. Duffett (2013) explains that in 1939, the World Science Fiction Society created the first global fan convention called ‘Worldcon’ and this practice has survived to date. Science fiction bloomed through the 1950s and 1960s by playing on the public interests surrounding the Cold War and the space race. This era led to a vast array of Big Six produced monster, mad scientist, and alien films that acquired dedicated male followings (p. 35). With improving technology that allowed for
multi-platform viewing systems, fandoms, particularly in science fiction, began to change the way they consumed content.

While the film side of the Big Six began thriving with the advent of the blockbuster film, with the arrival of a multi-platform viewing system, the entertainment oligopoly struggled to measure a shifting market that wasn’t entirely in their control. With the move of a few small TV channels into a larger market with more competing players, big companies could no longer measure the success of a show based on popularity and viewers because they didn’t fully govern the audience anymore. Johnson (2010) rationalizes that to combat this dilemma, the Big Six shifted to a strategy of niche marketing to produce programs targeted to specific audience groups so that economic profitability could stem from the type not the total number of viewers. These changes produced great success for these companies and they promoted the creation of programs for specific audiences rather than appealing to every type of viewer (p. 141). By marketing to niche groups, the Big Six attracted audiences that were loyal and also would consume ancillary products associated with their favorite TV shows and films which overall improves profitability and marketability in television and film.

This kind of market, one dominated by strong fan viewership and participation, became colloquially coined as “cult television” because of the similarities between cult behavior and fan appreciation. Pearson (2010) explores what it means for a piece of media to gain a cult following and what it looks like for fans over the years to shift to this level of commitment to the media (p. 8). She
starts off by explaining that cult TV is not defined by any specific features within the TV shows itself, but rather in the ways specific groups appropriate them. Pearson points to *Star Trek* and explains in industry terms that Paramount Pictures and NBC recognized that having a small but intensely devoted fan base proved lucrative because those individuals would willingly buy merchandise, see the films, and promote the movies in ways that only large masses of passionate people can accomplish (p. 9). As Paramount made this revelation with *Star Trek*, so did other large media companies and soon, cult television reached the mainstream because of the industry’s massive marketing departments.

This democratization, however, did not just stop on the screen. The Internet, especially YouTube, acted as a way of furthering mainstream cult mentality amongst viewers by allowing people to globally converse and discuss theories surrounding episodes. Hills (2010) argues that the Internet has become the standard adjunct of broadcast television so that program writers and producers are aware of a more sophisticated audience, one that can keep track of the story in great detail (p. 72). Through the conjunction of the Internet with television, the mainstream cult has started to break down and coalesce into new patterns of cultural meaning, giving fan activities such as online posting, speculation, fiction writing, and textual interpretations more validity that is then taken into account with the creation of new films. What’s more, the industry now works to capitalize on the concept of the mainstream cult in its daily distribution. While cult TV at one point was resolutely grass-roots and non-commercialized, the contemporary TV and film marketplaces now reap the benefits of appealing to niche markets
that buy DVDs, merchandise, and other goods that create profit for the entertainment industry.

Because the mainstream cult is a process rather than a specific item, it is important to look at the fans themselves, the aesthetic of the piece, and the social relationships they each possess to one another. First, fans of cult media tend to see themselves as discriminating fans rather than indiscriminating consumers and so while they digest mainstream media, they choose to do so in a strategic way that aims for quality. Hills (2010) exemplifies this by explaining that while many people will simply buy a DVD because they enjoyed the film or TV show, cult followers will buy using specific and distinctive knowledge of the niche market and go to smaller or more selective stores (p. 69). In addition to physical sales, the Internet in conjunction with the cross-platform viewership has ushered us into the age of the mainstream cult in fandom where contributing to the mainstream, while also maintaining discerning tastes and active opinions, is not only popular but celebrated in today’s culture.

Robson (2010) looks critically at what it means to be a fan in the realm of the mainstream cult. Robson explains that while the term cult used to refer to something outside of the mainstream, the word has been modernized to mean an individual who is “[Is] obsessed with a particular star, celebrity, film, TV program, band; somebody who can produce reams of information on their subject of fandom, and can quote their favorite line or lyrics, chapter and verse” (p. 210). Furthermore, Robson asserts that mainstream cult fans place themselves in an academic-like environment, complete with textual belonging and social belonging.
that is associated with the cult-like acts of indoctrination and immersion (p. 216).

This new breed of fans considers themselves to be a skilled and discriminating audience in that the cast, crew, and even network broadcasting stations are key components of their consumption choices. Analysis, therefore, plays an important part in the process of the mainstream cult.

Fiddy (2010) describes that some fans obsess over the most obscure subtexts within a film or show while others will project their own storylines past the constraints of the media text. The cult, of cult media, as Fiddy describes, is

Fuelled by obsession crossed with enthusiasm, analysis, discussion, and projection. In essence then, the cult operates similarly to the world of academia. Academics … also uses terminology baffling to non-academics… and equally obsess over their chosen subjects analyzing and postulating to unusual—some would say absurd—lengths. But if one can appreciate the position and worth of academia then one can also understand the current value—and meaning—of cult TV. (p. 230)

This notion of the fan places mainstream cult and its participants in a position of power. What were once geeky Star Trek fans in the 1970s are now in positions of production and power and have brought similar modes of aesthetics to larger audiences. The Internet has turned into a global force working within the industry and now fans can connect to share views and become represented en masse. No longer in the margins, the mainstream cult process empowered consumers to grasp at stations of influence and now it has become popular to be a fan.

In addition to the fans themselves in the mainstream cult, because this theory is process driven, it is also helpful to study the creativity that often is synonymous, but not defined by, this type of television. Wilcox (2010) explains that mainstream cult works are primarily based upon embracing textual elements
because mainstream cult television relies on an attentive audience (p. 31). A quality of many mainstream cult texts, therefore, is that the audience will be observant in its analysis of not only the text but also the music, the lighting, and even the camera angles used. These details all help to build characters and narratives that are the most discussed topics by critics and fans of mainstream cult television. While older cult shows that had not reached the mainstream were primarily episodic, current media texts, which have reached popular culture, offer much longer and more complex narratives, often involving symbols. Wilcox (2010) explains that depth in a mainstream cult piece can be interpreted in both the x- and the y-axis of a series or film (p. 37). Many cult pieces are purposefully symbolic so that fans must complete an extra level of “reading” for those who enjoy the prowess of a cult program. Furthermore, mainstream cult pieces often provide parallel universes and time distortions into the piece. This nonlinearity of multiple time frames and settings create potentially infinite metatexts for readers who wish to develop the characters and settings into complex narrative arcs (p. 38). While aesthetically these are some of the aspects that make up what can be classically considered a mainstream cult piece, it is important to note that the difference between what canonically becomes a mainstream cult text and what does not is often not the kind of piece it is but the degree to which it can be delved into by fans.

While looking at the fans themselves and the aesthetics of mainstream cult pieces is helpful, it is also important to return to how socially the combination of these two elements has become vital to media over the past few decades. Because
early cult fandom, before it reached the mainstream, was considered different, a binary was produced that separated the fans from the non-fans. Hills (2010) describes that TV fans initially positioned themselves as radicalized, only to be sustained by processes of “othering” as it allowed fans to remain aware of who they were and what they stood for. Although these notions of “other” have since shifted, it is important to remember that mechanisms of the cultural “other” are precisely relational; and that ‘cult’ can be defined against something that it is not (p. 68). While previously cult TV fans could claim an anti-commercial status as appreciators of televisual art rather than indiscriminating consumers, as the marketplace shifted and the Internet has become more prominent, cult media reached the mainstream.

To have a better grasp of how the mainstream cult takes shape, one can turn to examples from recent years. The first model we turn to is the TV show *Lost* (2004), which used the Internet as a marketing tool that ultimately profited the Big Six. Pearson (2010) describes how in the show’s first season, it attracted 20 million plus viewers per episode because it was designed by producers to include elements of cult television such as deep backstories of the characters and long-standing plot arcs. *Lost* pushed the boundaries of popular television and cult franchises of the time by existing on the cutting edge of transmedia storytelling, a concept by which the show is represented across multiple platforms. By 2006, ABC launched *The Lost Experience*, an online, interactive, live role-playing game that allowed fans to interact with the plot of the show and solve puzzles about the series online. Additionally, it was the first program available for downloading to
the newly updated i-Pod with entertainment watching capabilities (p. 13). Pearson argues that by attracting a large audience but also demonstrating cult sensibilities in an interactive setting, Lost was able to achieve a wide success and many shows thereafter have attempted to enhance this multi-platform viewership experience.

Another example of a mainstream cult that Hills (2000) explicates is the show The X-Files (1993). In content, The X-Files acts as an exemplary model because of its both textual and romantic representation of science verses the “other”. By balancing a pro-science approach with a mystical edge, this cult artifact depicts how cult audiences once separated themselves from the rest of society (p. 75). By harkening back to a time in which fans were on the outskirts of society, The X-Files attracted not only those in the mainstream but also those who still saw themselves as the educated consumers. The show underpinned rather than led the progression of the mainstream cult because the fanatical fandom it propagated ran parallel to the show’s mainstream success. Because of this, there arose an unprecedented amount of audience support, so much so that it remains the most successful and long-running “cult” program in television history, running nine seasons (Battis, 2010, p. 81).

The X-Files (1993) also utilized the aesthetics of mainstream cult. Abbott (2010) discusses how the episodes called attention to their own constructedness in order to undermine any notion of the truth by literally challenging its own premise. For example, in the episode “From Outer Space”, a flashback scene is stylistically constructed like Rashomon, an Akira Kurosawa film from 1950, because the episode questions the notion of truth in favor of a subjective
perspective. Then, the episode interweaves a series of allusions that call attention to the show’s place within a broader media and science-fiction landscape. This is exemplified when an alien seizure draws upon the imagery associated with abduction mythology such as the bright lights from above. The alien then subsequently appears pays homage to Ray Harryhausen’s classic film *Clash of the Titans* (1981). Then in another scene, a character orders a piece of sweet potato pie as he questions the diner owner about the case, mimicking Agent Cooper’s obsession with pie in another cult classic TV show, *Twin Peaks* (1990) (Abbott, 2010, p. 97; Morgan, 1996). It is by playing with stylistic and generic conventions within a single episode that sets *The X-Files* apart as a mainstream cult TV show, just as *Lost* accomplished this through the use of transmedia storytelling.

The theory of the mainstream cult that Hills (2010) and other theorists describe make the powerful assertion that what was once understood as cult-TV only made for a select few is now dominating the media market, shifting social perspectives on what consumption habits look like in today’s society. This theory especially highlights the Big Six and the challenges they have already overcome but also must face moving forward. Audiences expect much more now from their content, whether that is viewed on TV, in a theater, or on a laptop, and it is up to the Big Six to provide constant compelling access to its consumers. Otherwise, audiences will go elsewhere to get it. I predict that as technology continues to improve and moves fans into more rigorously different consumption patterns, fan bases will connect in different ways, which will be aided and distributed by social media channels. This will be a challenging feat for the Big Six to remain in
control of because with further distribution by social media, the more complex niche audiences will become and the harder it will be to keep track of them all. Therefore, it is likely that if the mainstream cult model of consumption continues, the Big Six will not be able to continue at the same rate of reach or profit as they once had when it was simpler to convey media to the masses.

While Hill’s (2010) theory of the mainstream cult and the subsequent analysis of this notion has been well studied and considered since its creation, there are also significant flaws in this theory that merit attention before moving forward. First, the mainstream cult process assumes that this strategy is inherent and an established part of popular media creation. This, however, is not true. While many media companies believed that they had found the winning formula to a successful show that will be picked up by cult-TV and film audiences, there is no recipe for this process. Rather, it is much simpler to look at media texts after their creation to study them as mainstream cult artifacts. Within this same argument, because the mainstream cult is not based on set rules, there are anomalies to this pattern that begin strong with a supposed formula and fail quickly, not able to maintain a strong momentum that is dependent upon a cult following. Second, the mainstream cult, while powerful, can be argued to have lost its effect through the Big Six’s commodification of this form of viewership. There was something deeply powerful about a community on the outskirts of society, but because cult viewership has gone mainstream, for better or for worse, the sense of community has shifted. While this theory is applicably valid, it is worth questioning if through commodification, the excitement surrounding cult
media has diminished. Finally, while technology has made the Internet an ideal breeding ground for fandom surrounding shows that model the mainstream cult, I wonder if the mainstream cult is a sustainable model. If not, it is worth question in what ways the Big Six can sustain itself without the incredible hype surrounding cult-based media programs?
VII. Convergence and Participatory Fan Culture

Another way of looking at the technological disruption in the entertainment industry is through the lens of critical cultural media theorist, Henry Jenkins (2006). He introduces the concept of convergence into the global conversation and it is a theory that applies to fan culture and the ever-changing technology surrounding the business of media. Jenkins defines convergence as the flow of content across multiple platforms, the cooperation between multiple media industries, and the migratory behavior of media audiences who will go almost anywhere in search of the kind of entertainment experiences they want. More importantly, convergence is a theory that, like the mainstream cult, is process driven, meaning that those who create the content and those who consume the content are both active participants in the creation and ongoing nature of convergence (p. 16). Therefore, convergence can be understood not as the use of media devices such as smart phones, tablets, or a singular black box that one day will hold all technology but rather, as the brain of the consumer and producer who, through their social interactions with one another, are existing in an age of convergence. This chapter will seek to critically examine convergence and participatory culture as elucidated by Henry Jenkins. Particularly it will look at the weakening viability of risky blockbuster strategies from the Big Six as media moves from the masses to the micro target marketing approach. To accomplish this, we will look at how audiences have consumed media both historically and presently, what this theory may mean for the Big Six’s future, and some weaknesses that arise from studying convergence and participatory culture.
While it is easy to simplify convergence as the basic processes of interaction between the entertainment industry and its consumer, what has resulted from convergence is actually vastly more complicated. Occurring now is a top-down corporate-driven process and bottom-up consumer-driven process attempting to co-exist in the creation of new content. Jenkins (2006) explains that media companies are learning how to accelerate the flow of media content across delivery channels to expand revenue opportunities, broaden markets, and reinforce consumer commitments. Meanwhile, these same consumers are learning how to use these different media technologies to bring the flow of media more fully under their control and to interact with other consumers. The promises of this new media environment raise the expectations of new ideas and content. Inspired by those ideals, consumers are fighting for the right to participate more fully in entertainment both culturally and politically. Sometimes, corporate and grassroots convergence reinforce each other, other times these two forces are at war and struggle to redefine the face of American popular culture (p. 18). Ultimately, convergence requires media companies to rethink old assumptions about what it means to consume media and shape both programming and marketing decisions.

Consumers are now an active and unpredictable new form of audience that opposes everything the entertainment industry once marketed towards. Jenkins (2006) expounds that as a result, media producers are responding in contradictory ways by both resisting and encouraging this behavior. The Big Six in particular have fallen prey to these inconsistent actions. For example, sometimes the Big Six
will encourage change and promote their films across media platforms but resist what they view as renegade behavior across platforms. As a result, consumers see these mixed signals about what kinds of participation they are allowed to enjoy and tend towards the renegade behavior because of the unregulated nature of the Internet. Moreover, because of the fast paced speed of convergence and technological advancement, the Big Six are no longer behaving in a monolithic fashion as they once did. Instead, different departments pursue radically different strategies, reflecting their uncertainty about how to proceed. Because on the one hand, convergence represents an expanded opportunity for media conglomerates, since content that succeeds in one sector can spread across other platforms, but on the other hand, convergence represents a risk since most of these media companies fear a fragmentation or erosion of their markets. Each time the Big Six move a viewer from television to the Internet, for example, there is a risk that the consumer may not return. Media conglomerates refer to their effort to expand potential markets by moving content across multiple delivery systems as “extension” and it has been a useful method for pushing media industries to embrace convergence (p. 19).

A primary example of “extension” and convergence in the entertainment industry is through the process of transmedia storytelling, a topic also discussed as a defining feature of mainstream cult media and, what Jenkins (2006) defines as a convergence process that is dependent upon active participation from consumers to create a world around one story. To accomplish this, consumers must assume the role of hunters and gatherers, chasing down bits of story across
media channels, such as video games and films, comparing notes with each other via online discussion groups, and collaborating to ensure that everyone who invests time and effort will come away with a richer entertainment experience (p. 97). This form of storytelling is exemplified in the Warner Brother’s franchise *The Matrix* (1999-2003). This franchise utilized the films, online games, and fan sites in order to tell a story that no one person could figure out on his or her own. This is accomplished through the use of allusions throughout the film that took many people to encode. Sterling (2003) explains this notion further:

> There’s Christian exegesis, a Redeemer myth, a death and rebirth, a hero in self-discovery, *The Odyssey*, Jean Baudrillard…science fiction ontological riffs of the Philip K. Dick School, Nebuchadnezzar, the Buddha, Taoism, martial-arts mysticism, oracular prophecy, spoon-bending telekinesis, Houdini stage-show magic, Joseph Campbell, and Godelian mathematical metaphysics. (p. 98)

The sheer abundance of allusions in the film makes it nearly impossible for any given consumer to fully master and it is not just the films that the audience must decode. It is therefore essential that fans connect with one another to decipher the entire story and make sense of the complex narrative.

*The Matrix* became not only a text for the big screen but also consisted of animated shorts, video games, and discussion forums that all connected together to create an even deeper experience for fans. According to Jenkins (2006), one such way transmedia storytelling played out across media forms was in the *Matrix* animated short, *Final Flight of the Osiris*. During the film, the protagonist, Jue, gives her life trying to get a message into the hands of the Nebuchadnezzar crew. The letter contains information about the machines boring their way down to
Zion. In the final moments of the anime, Jue drops the letter into a mailbox. Then, in the first video game based on *The Matrix, Enter the Matrix*, the player’s first mission is to retrieve the letter from the post office and get it into the hands of the heroes. Subsequently, in the second installment in the *Matrix* trilogy, *The Matrix Reloaded*, the opening scene shows the characters discussing the “last transmissions of Osiris.” For those who have only seen the movie, this conversation is unclear. For those kept up with the stories across platforms, however, the viewer will have taken an active role in delivering the letter to Neo and have traced its trajectory across a multitude of entertainment experiences (p. 102). Transmedia storytelling is just one of the tools that has contributed to the way the entertainment industry has changed to fit the process of convergence in the last decade; it is also one of the most lucrative.

There are strong economic motives behind this multi-platform narrative because each platform creates its own niche in the profits for the franchise. Jenkins (2006) explains that in the era of digital effects and high-resolution game graphics, the game world can look like the film world because they are using the same digital assets. Therefore, everything about the structure of the modern entertainment industry was designed with this single idea in mind—the construction and enhancement of entertainment franchises. Additionally, by integrating entertainment franchises with marketing, executives have created strong emotional attachments to the franchise that can be used to make additional sales. This can be seen in *Matrix* Happy Meal toys at McDonald’s and *Matrix* comic books that are in almost every comic book store across America (p. 104). It
is these additional sales that have penetrated every aspect of life that have turned *The Matrix* into another key example of a cult artifact. *The Matrix* falls into the category of a film with a cult-following because it comes as a furnished world that fans can quote, it comes with a rich array of encyclopedic information that can be drilled, practiced, and mastered by devoted consumers, it pushes into multiple fan community circles so that it can be sustained by the different experiences, and it can draw on a vast array of previous works that create similarities amongst its fans using common ground. Jenkins (2006) argues that no film can be experienced through fresh eyes in the age of postmodernism, therefore this form of cult viewing that draws upon consumer’s previous experiences is now the norm for enjoying films.

Another process-driven way Jenkins (2006) ideas of convergence take root is through participatory fan culture. This is the act of average individuals not associated with the entertainment industry participating in the archiving, annotation, appropriation, transformation, and recirculation of media content, because of the increased technological capability in the home. Indeed, the Internet provides a powerful new distribution of cultural production and fan filmmakers have begun making their way into the mainstream industry. By creating their own content using studio-owned characters, there exists an affirmation of a fan’s right to participate in entertainment and take media into his or her own hands (p. 137).

As previously noted, convergence looks not only at the top-down relationship with consumers but also studies how consumers from the bottom up are controlling the studios.
Control outside of a major studio is exemplified in the fandom surrounding the *Star Wars* franchise, which actively encourages online contribution and participation. Jenkins (2006) describes how TheForce.net’s Fan Theater allows amateur directors and writers to offer their own commentary and insert additional subplots into the *Star Wars* universe (p. 141). While some of the films are only shared amongst fans or smaller fan communities, others, such as *George Lucas in Love*, have amassed critical acclaim, and have even reached Amazon’s Top 10 sales chart beating out the actual *Star Wars* films also on sale at the time (Robischon, 2000). The Internet provides an outlet for exhibition and moves amateur filmmaking from the private sector into the public one. Jenkins explicates that digital cinema is simpler and faster and has made it easy to mimic the special effects associated with a Hollywood blockbuster. By publishing these amateur films online, the Internet becomes a site of experimentation and innovation, where amateurs test the waters, develop new practices, and themes, and generate materials, that may well attract cult followings on their own terms just as *The Matrix* had (p. 142). In return, however, the mainstream media materials may provide inspiration for subsequent amateur efforts, which push popular culture in new directions. In such a world, fan works can no longer be understood as simply derivative of mainstream materials but must be understood as themselves open to appropriation and reworking by the media industries.

Participatory fan culture represents the other side of convergence, where the fan is beginning to take control and become visible. Jenkins (2006) clarifies that the Internet has reaffirmed the right of everyday people to actively contribute
to their culture and encouraged media to be a site of active contribution rather than of passive consumption. Within convergence culture, everyone’s a participant and shifting cultural and social protocols shapes that. The web has become a site of consumer participation that includes many unauthorized and unanticipated ways of related media content (p. 137). Furthermore, convergence exemplifies that the Internet has pushed that hidden layer of cultural activity into the foreground, forcing the media industries to confront its implications for their commercial interests.

Jenkins (2006) suggests that in the future, media producers must accommodate consumer demands to participate or they run the risk of losing the most active and passionate consumers to some other media interest that is more tolerant of this participation (p. 148). I predict, however, that the Big Six will most likely still rule in certain channels via the blockbuster method but growing fan niches will become more prominent as new players enter the field. If the Big Six make themselves an island that does not rely on any fan participation, there will only be short-term financial benefits. Because the media industry is increasingly dependent on active and committed consumers to spread the word about the valued properties in an overcrowded media marketplace, they are seeking ways to channel the creative output of media fans into a lower production cost. At the same time, the Big Six are terrified of what happens if this consumer power gets out of control. Convergence epitomizes the economic risk in place when there is a top-down and bottom-up relationship working together in an industry. As oligopolistic principles and practices become uprooted, there is a fear
amongst those ruling the industry that they will soon be dethroned to make way for the masses whose knowledge and iMovie are all that is necessary to create a blockbuster-like film.

While Jenkins’ (2006) theories on convergence culture represent a sense of immediacy and spark fear from the perspective of the Big Six, there are also some significant flaws to the process of convergence theory that must be considered before reaching any conclusions about the current state of the entertainment industry. First, when analyzing convergence, it is important to remember that it is process driven and represents a paradigm shift rather than any individual or company. Throughout this analysis, there has been much talk of franchises rather than specific Big Six companies because it is how the consumer utilizes a franchise that exhibits convergence, rather than the company providing the means to a convergence-driven culture. Furthermore, the definition of fan participation is a confusing one to define and Jenkins (2006) does not make this clear when discussing convergence theory. Because participation can take many forms from taking on an audience role to creating fan films, the unclear definition of the amount of participation necessary for convergence theory to take effect makes it vague moving forward how to best point out convergence in relation to the fans carrying out this practice.

Another critique of convergence theory is that Jenkins (2006) points out that the entertainment industry and the consumer are “mutually supportive” of one another’s creativity. This however, is not an accurate representation because while the theory is process driven, there is an imbalance of money and therefore it is the
Big Six that support consumers more than the latter. By looking at this theory though a “mutually supportive” lens, Jenkins (2006) cannot account for the intricacies in the relationship and in what ways each give and take from one another. Finally, in that same vein, Jenkins favors looking at convergence through an economic structure, grounding his ideas in companies, franchises, and websites. Rather, it would be helpful to look at convergence not just as an economic process but as a creative one, too. For example, *Game of Thrones* author, George R.R. Martin, has hired fans to fact check his books because he does not want to (Miller, 2015). This shows that consumers and their relationship to technology is not just for economic gain but also there is a relationship between the creators and the consumers in terms of creativity. By evaluating convergence culture in this way, it becomes clear that while it is a theory with many interesting and valid points, its unclear definitions and heavy reliance on economic structures make it a somewhat problematic theory to rely on in its entirety.

Despite the negative critiques surrounding Convergence Theory, Jenkins made a powerful assertion in claiming that entertainment and technology are experiencing a dramatic shift in process-driven culture in which the consumer now relies on multiple technological platforms for his or her media consumption. This theory especially highlights the Big Six and the mixed reactions and challenges they must face. With technology changing so rapidly and expectations increasing from consumers to always be inundated with entertainment, it becomes a challenge for media companies to keep up with this demand, especially as a slow-moving oligopoly. And yet, fan bases and cult groups continue worshipping
the trans-media storytelling that has made franchises such a success. Now it is up to the Big Six to learn how to stay ahead and accept that a new standard has been set in place: that fans have the capability of contributing as much to the film cannon as they can.
VIII. Predictions and Conclusions

NBC Universal: A Case Study and Theories for a Shifting Consumer Base

On August 31, 2007, Apple made the epic announcement that NBC Universal had refused to renew its contract to sell television shows on the iTunes platform preceding the launch of the iPod Touch. Frustrated that Apple was becoming a larger player in the entertainment industry, NBC Universal refused to renew their contract because Apple declined to agree to their three requests: that anti-piracy measures make it harder for customers to load pirated content onto iPods, that there be increased pricing flexibility, and that they receive a share of Apple’s revenue from iPod sales. M. D. Smith and Telang (2016) describe that when Apple did not agree to these terms, NBC Universal removed their content and initially, those in the know believed that Apple had lost a key player in its success. NBC Universal planned to launch its own online streaming platform like Amazon or Netflix called NBC Direct that would allow consumers commercial free viewing options and critics believed this would make them more profits than revenue sourced from iTunes (p. 118).

What resulted, however, was the opposite. When NBC’s customers weren’t able to buy content on iTunes, they went straight to illegal piracy networks rather than shifting to legal channels of consumption. M. D. Smith and Telang (2016) discovered that piracy websites increased their downloading rates of NBC content by 11.4 percent the day NBC content was not available on iTunes. By December 1, 2007, piracy downloads for NBC content was twice as high as the total number of weekly NBC sales on iTunes before December 1.
Because consumers did not have to pick and choose specific episodes they would have to pay for, they could download the whole series for free and this changed the way audiences recognized their consumption habits (p. 119). Once NBC Universal realized that it had less pull over content distribution than the Internet, they returned to iTunes and hammered out a deal, but not without serious side effects. Not only did former iTunes customers permanently switch to piracy in large numbers instead of returning to iTunes, but the switch also made it easier to continue to use illegal streaming sites because piracy sites had already accounted for the demand online (p. 120). By the time the new deal was reinstated in September 2008, piracy only decreased by 7.7 percent (p. 122). Interestingly, the piracy of ABC, CBS, and Fox media content also rose by 5.8 percent immediately after December 1, which means that most likely, the increase in piracy for NBC’s goods also brought with it the increased piracy of goods of other Big Six companies (p. 121).

This story exemplifies an interesting moment for the entertainment industry that encapsulates the many complex facets of the disruptive shift to online distribution. NBC Universal’s blunder shows how the Internet is much more powerful than anyone had previously expected. While the entertainment oligopoly sits behind its guarded gates in Hollywood, a decentralized consumer network is working tirelessly to make content, both new and old, available free for the masses. It is not the nature of the oligopoly to constantly come up against threatening companies. So, in the face of such strong competition, with companies like Netflix, iTunes, and Amazon, the Big Six must now consider how to remain
goliaths of industry in a society that threatens to eradicate their collective power. This peril is exemplified in the number of Oscar nominations and wins Amazon and Netflix acquired in the 2017 awards show season. Amazon studios picked up seven nominations and won three while Netflix was nominated for three films and won one Oscar (Hipes, 2017; Kilday, 2017). These unprecedented wins for Amazon and Netflix exhibit a watershed event that marks serious competition for the Big Six and possibly the end of their dominance in the film industry.

Since the presence of online media distribution, many scholars have made sweeping predictions about the fate of the entertainment industry. M. D. Smith and Telang (2016) explain some of these projections in depth. One idea is that the increased capacity of online sales channels has shifted consumption away from markets dominated by a few hit products, such as blockbusters, toward markets with many successful niches. This theory suggests that the entertainment industry should adapt their business models and marketing strategies to this new reality (p. 63). To accomplish this, I suggest that marketing strategies should put more of an emphasis on the transmedia element of storytelling, putting the word out for media content on many different platforms ranging from social media to advertisements before online streaming. By altering marketing strategies aimed at online users, the Big Six are more likely to reach those niche audiences that have been challenging to contact via other platforms. Another fate of the entertainment industry that M. D. Smith and Telang (2016) suggest is that if you draw from case studies, market statistics, and interviews with executives in the entertainment industry, studies suggest that most of the industry’s profits have always come
from a small number of hugely popular titles. Therefore, new media technology is likely to increase, not diminish, the importance to this industry of blockbuster products (p. 63). If this were the case then, it seems as if niche products will always stay niche and there is no utility in considering the dangers of a technological disruption, as nothing is likely to change.

M. D. Smith and Telang (2016) also bring up some worthy points that greatly impact the possible fate of the entertainment industry. First, they claim that media markets have feedback loops that cause popular content to only become increasingly more popular. Meaning that there is a natural advantage to a popular product rather than an obscure product, which is likely to remain obscure because consumers aren’t aware of its existence and are likely to continue being unaware (p. 65). On the other hand, even if a small number of blockbusters have dominated the mass media markets in the past, that doesn’t mean that this trend will inevitably continue. What seemed in the past to be natural market concentrations around popular content may actually have had to do more with the limitations of physical channels than with the limitations in consumer preferences. Thus, if and when consumers are offered greater breadth of content, as they are now experiencing with the Internet, it may turn out that they have much more diverse interests than media companies had previously assumed (p. 66). What is clear, however, is that online access to niche products creates enormous value for consumers and this has been made abundantly apparent in the amount of YouTube videos online catering to small but distinctive groups with incredible buying power. With all this information in mind about the immense complexity of
this issue, it is helpful to return to the four theories previously discussed as I consider how I hypothesize the fate of the Big Six may take form.

**Predictions**

After looking at NBC Universal as a case study for the growing complexity regarding the technological disruption in the entertainment industry and the four theories described above, it becomes clear that there is no simple prediction for the future of the entertainment industry as consumers shift from viewing content in mass to more niche settings. Therefore, it is helpful to review the four theories while keeping in mind M. D. Smith and Telang’s (2016) ideas in order to have a better sense of what may happen.

Population ecology theory tells us that oftentimes it is the species as a whole that survives or fails. In the case of the Big Six, this theory explains that they are inextricably tied to one another. The process of the entertainment industry in the past has been one where small groups of producers grow to dominate and create an ecosystem where the cinematic event and blockbuster experience meet customer demands. Technological changes, however, have unsettled this environment. Since the disruption, consumers are moving us toward a point where the Big Six’s existence is threatened because they are falling prey to the liability of obsolescence, meaning they are on the verge of no longer being picked as a viable fit for the environmental contexts (Hannan and Freeman, 1977, p. 959). Furthermore, because of existing inertial pressures that are keeping the Big Six at a standstill for the most part, there is very little these organizations can do to remain on top according to population ecology theory (Morgan, 2006, p.
Keeping this perspective in mind, I predicted that the rise of new technology would put the Big Six at risk of being selected out by consumers because the ecological niche is changing and moving away from the older oligopolistic model. This relates to the concept of density dependence in which the mortality of a species depends on the number of similar ones in the world (Hannan and Freeman, 1977, p. 931). Therefore, because there are more successful production companies existing such as Amazon or Netflix, the Big Six face more of a risk of extinction. I pointed to Netflix as exemplifying this shift because of their strategy of a monthly subscription cost rather than charging per content object. Rather than profiting from the limitation of resources as the Big Six does, Netflix capitalizes on the practically unlimited resources they offer their consumers and instead market towards mass viewership. Under the population ecology model, the Big Six will be selected out in the very near future because of their inability to compete with other successful organizations that are threatening to make the Big Six obsolete.

Media systems dependency theory describes a change between the Big Six and the relationship to their audience. This change is characterized by shifting audience desires that arise from feeling disconnected from social and structural norms in urban environments. Citizens in times of turmoil have three needs in which they attempt to fulfill: the need to understand one’s world, the need to act meaningfully, and the need escape harsh realities of daily life. To fulfill these needs, consumers turn to the media for a sense of gratification. This is in part due to the cognitive notion of ambiguity resolution that explains the need for
consumers to feel connected to something and oftentimes in urban environments; citizens are connected to the media (Ball-Rokeach & DeFleur, 1976, p. 6). Therefore, I predicted that because consumers will get media any way they are able, a major adjustment must be made for the oligopoly to maintain dominance in order to make it easy for citizens to consume entertainment so that they do not go to solely online sources. This means constantly adapting to technology changes without hesitation or fanfare and by putting content online. It is notable, however, that this change will be incredibly difficult for the Big Six without cutbacks on distribution licensing, which is not likely because the Big Six is still turning a profit. Therefore, it is likely that the Big Six will continue operating under this model until it is no longer lucrative and then switch to a more open and online-centric model of distribution. What is tricky, though, is that the longer the Big Six wait to convert their operations, the harder it will be for them to make the transition without serious profit losses.

Mainstream cult theory elucidates upon the development of the fan system, and looks to those who appropriate media content by turning it into an artifact of study. While originally these acts fed into the studio system, nowadays, fans spread out online and participate in such distinct niche markets that it is nearly impossible for the Big Six to keep up and please everybody. Because fan voices are finally being heard with the nascence of the Internet and improving technology, they are grasping at stations of influence that position them higher in the entertainment industry. I predicted that as technology continues to improve and fans further assert their dominance, there will be a move into increasingly
complex patterns of consumption. These consumption techniques, I foretell, will be largely aided and distributed through social media channels as for the first time, technology has allowed mainstream cult fans to connect with one another. This move will challenge the Big Six to remain in control because it will become harder for them to keep track of all the different audience niches online. Therefore, it is likely that if this model of consumption continues, the Big Six will not be able to continue at the same rate of distribution and reach because of their reliance on mass media tools rather than distinctive online niche marketing.

Finally, convergence culture and participatory fan culture illustrate the weakening viability of the risky blockbuster strategy as consumers move from mass to target marketing approaches. The Big Six lacks the process driven flow of information easily across platforms and while transmedia storytelling is slowly being integrated, there is still a level of control on the part of the Big Six that consumers are fighting against. A bottom/up process has come into place in which the consumers are beginning to demand control of how they view entertainment. Furthermore, the Big Six are responding in contradictory ways by both encouraging and by limiting participatory fan culture online. Because of this, I predicted that the Big Six would most likely continue to rule certain channels via the blockbuster method but growing fan niches will become more prominent and enter the entertainment industry as dominant new players that the Big Six will have to share their audience with. If the Big Six isolate themselves and deny fans the right to participate, there will only be short-term financial benefits. Instead, the Big Six should aim to become dependent on active and committed consumers,
as this is a trend that is only continuing to rise. Investing in the consumer and furthering the bottom-up relationship between the fan and the Big Six will create a stronger harmony between new and old media companies that maintain profits for all of them.

After considering all four of these theories and how they may relate to the contemporary situation in the entertainment industry at large, it appears to me that the future of the Big Six depends on more unexpected relationships than initially predicted. M. D. Smith and Telang (2016) encapsulate these relationships by arguing that audiences gain value from niche products and the process necessary to capture this profit differs from the process entertainment companies have relied on to capture profit from the blockbuster method. The Big Six start with a set of experts deciding which products are likely to succeed on the market and once this expert has spoken, companies use control of scarce resources and distribution channels to push their product to the mass market. This means that the Big Six rely on processes of curation and control to determine their success. Online business models, however, that focuses on niche content use a very different business model to capture value. Instead, the Amazon and Netflix’s of the Internet rely on selection, meaning allowing consumers to access a wide variety of content, and satisfaction, using reviews to support customers sift through the wide selection (p. 75). What M. D. Smith and Telang (2016) reveal is that a technology-enabled process lets consumers decide what product to put in the front lines and this is made possible through the incredible capacity of the Internet.
With this in mind, I agree with M. D. Smith and Telang (2016) that the primary danger to the Big Six will come from the possibility that companies with specialized niche products could adapt their content to conventional Big Six platforms more easily than the Big Six could convert to niche methods. Therefore, it will become harder to capture the value of the market for blockbuster products created by the Big Six (p. 76). While I do not believe that niche products and online companies such as Netflix or Amazon will replace the blockbuster method, I do believe that niche product and fan consumption will be used in conjunction with blockbuster products more seamlessly in the future. What’s more, this partnership between those who stream niche content and those who control the mass media have already successfully begun the process of this integration.

M. D. Smith and Telang (2016) cite Netflix as a primary example of this because not only does the website enable the viewer to watch obscure movies and even limited Big Six content but it has also produced incredible hits such as House of Card (2013), Orange is the New Black (2013), and Stranger Things (2016). By creating integrated digital platforms that offer a wide variety of content, one can use proprietary data to predict what content will succeed in the market, and take advantage of their unprecedentedly direct connections with consumers to promote this content directly to its likely audience (p. 76). Another example of this is the 50 Shades of Grey book series. Before, publishing erotica used to be difficult to find as bookstores carried very few titles. The anonymity of e-readers, however, changed this. The success of 50 Shades of Grey (2015) as a film series can be attributed to success of this niche product making it to the
mainstream by way of the Internet. While *50 Shades of Grey* can no longer be considered niche content, one can understand how the series was rejected by traditional means of publication and would not be anywhere near as successful if passionate fans in online communities hadn’t aggressively promoted it. More importantly, *50 Shades of Grey*, like more and more products today, have elements of both niche and blockbuster films. And by reaching these two categories, it highlights the limitations of focusing on products rather than processes when it comes to understanding how technology is changing the entertainment industry (p. 74). *50 Shades of Grey* is another clear illustration of how by combining the niche and the blockbuster model, there is a great opportunity for profit on both the top and bottom sides of the entertainment industry.

While the online fan-driven model for consumption and the Big Six both bring unique approaches to marketing and distributing to consumers, it is the combination of both of these practices that will make for a truly potent combination. Based on population ecology, media systems dependency, the mainstream cult, and convergence and participatory culture, it is clear that the Big Six are at risk of becoming obsolete if they do not adapt to current expectations for niche marketing and distribution methods. Therefore, there are three possible routes that I predict the Big Six could take from this point in the technological disruption. First, they could fall prey to oligopolistic structures and fail to make the conversion to online platforms quickly. If the Big Six are able to make the transition but do so slowly, they will be at risk of losing massive amounts of profit
that could have been utilized to strengthen the bond between fans and the entertainment industry. The second route is if the Big Six are able to make the transition quickly. If this is the case, the Big Six will offer relative content with no advertisements like Netflix and Amazon Video online as well as encourage fan participation in the form of bottom/up communication that celebrates fan contributions and conversations between the studio and the audience. If this occurs, the Big Six will have managed to overturn the fate of many oligopolies and make a large profit in doing so. In either the first or second route, the Big Six should utilize social media as a tool for change because it will reach their audience in a fast and effective way that can constantly be updated and revised, which is what the Big Six will need to learn if they want to remain on top. The third route is that if the Big Six fails to make changes that adapt to consumer demands or they simply rely on dwindling profit margins until they are no longer the dominant companies in the entertainment industry, eventually the Big Six will become obsolete. While this descent might occur slowly, the Big Six will eventually not be the ones chosen for viewing practices simply because it is not practical for consumers to do so. Therefore, it is within these three routes that the Big Six must decide how to act next.

Although the theories provided an intriguing and unique look into ways of understanding this complex intersection regarding technology and entertainment, there is still much more research that could be done on this topic. I suggest, moving forward, that fan studies be taken more into account in future studies so as to fully understand the impact they have on the Big Six from a bottom-up
perspective. By studying the fans’ demands in the industry, it will further elucidate how the Big Six could take step-by-step actions to persuade fans to continue utilizing their blockbuster method in tandem with more niche models of marketing and outreach so that all parties may benefit from the increasingly rapid technological advancements.
References


