

Postponed until further notice

The impact of COVID-19 on independent film distribution and exhibition in The
Netherlands

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ABSTRACT

In the spring of 2020, the COVID-19 pandemic caused the first lockdowns in The Netherlands, heavily impacting the Dutch film industry among many others. Cinemas saw their previously exclusive window shrinking or disappearing completely as distributors searched for the best way to reach audiences and turn a profit, giving rise to concerns surrounding cinema's position within the film value chain and their role within a society that has had to adjust to staying home during lockdowns. This research looks at the impact of the COVID-19 pandemic on Dutch independent film distributors and exhibitors in light of changes that had been afoot since the mid-2000s, but were rapidly accelerated over the past two years.

In light of media industry studies, in-depth interviews were conducted with seven industry professionals with various expertise about their experiences with matters such as digitalisation, streaming services, relationships with other sectors of the film industry, and their dealings during the pandemic. Using value chain theory and experience economy theory, the main question posed in this research is: How has the COVID-19 pandemic impacted independent film distribution and exhibition in The Netherlands?

As of conducting this research, all COVID-related restrictions had been lifted, and participants were asked to reflect on their experiences of the time before COVID, during the lockdowns, and what they might expect from the future. However, there are still uncertainties about the upcoming few months, meaning we cannot yet speak of definitive impact of the pandemic in hindsight. Thus, this research functions mainly as an impression of a historic time where many things are changing, and as exploratory research into a field that has not yet received much attention.

Several findings are reported as a result of this research: while the pandemic has shown a continuous value of theatrical exhibition for new releases, it is unlikely that a return to traditional window structures will be seen as (mainly) independent distributors have found profits in shorter release windows and streaming services. In addition, cinemas will need to ensure their focus lies with providing audiences with a complete experience if they wish to remain competitive with increasingly high-quality home entertainment.

KEYWORDS: COVID-19, Independent, Film, Distribution, Exhibition, Streaming

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1. Introduction

On February 27th, 2020, The Netherlands saw its first confirmed case of the coronavirus. Despite the government's attempts to limit the spread, the virus quickly started making its way through the country, leading to the country's first lockdown being announced on March 15th, a mere 17 days after the virus officially reached The Netherlands (Rijksoverheid, 2020). One of the many industries affected by the pandemic and its ensuing lockdowns was the film industry. Cinemas had to close their doors, productions were halted, releases were postponed, and consumers were told to stay at home. Before the first Dutch lockdown, however, cinema audiences could already feel the first effects of the pandemic abroad, with major studios deciding to delay films, release them simultaneously on streaming platforms, or even foregoing a theatrical release altogether in response to cinemas closing all over the world. While there had been some experimentation with different release strategies before the pandemic, most distributors stuck to a traditional release schedule which placed cinemas at the centre of the exhibition model, providing them with a high level of exclusivity before titles became available elsewhere. During the pandemic however, distributors suddenly found themselves with titles ready to be screened, but with not enough (or no) audiences in cinemas to view them. This led to a wide variety of release strategies to be implemented throughout the past two years as distributors looked for the best way to get their content to audiences.

Inspired by a lecture about film distribution, this research looks at the relationship between film distribution and theatrical exhibition in the Netherlands, how these fields have changed in the past decade, and the impact COVID-19 has had on these sectors. The decision was made to focus in particular on independent distributors and cinemas that are not part of international chains in order to gain insights into the specific Dutch market and how they adapted their workings, without having to report to a foreign company or simply implementing a company-wide policy. By discussing these evolutions with industry professionals, this research aims to provide insights into the past, present, and future workings of the industry.

The impact of the pandemic and its ensuing lockdowns will be discussed in light of developments that have been taking place since the early 2000s, when technological innovations started leading to digitalisation of film distribution and exhibition, and later enabled streaming services to be introduced onto the market. While questions about the impact of these innovations have been widely discussed and researched, the focus often lies with the impact on filmmakers, audiences, or cinema as an art form. This research aims to supplement existing data by focussing on the industry, the film value chain, and the

professionals working in fields that sometimes get overlooked when filmmaking is considered. As they are the most visible contributors to the eventual product presented to audiences, attention within the film industry often lies with the production of the content (Herbert et al., 2020). However, distribution and exhibition are closer to and have more direct contact with consumers, determining how and when content becomes available to them. This makes them a very important, however often overlooked, factor in the meaning-making and production process of a film.

Because of their close relation to audiences, it is also important to gain an understanding of consumer habits and how these have changed in the past two decades as internet use, smartphones, and constant media access became the norm of our modern society. Audience habits are often considered when it comes to market research, as their habits and preferences determine the success or failure of a released product. However, not only do consumers serve an essential role as “buyers”, but they can also highly influence the value of a product through word of mouth (Bloore, 2009). Sharing opinions and influencing possible future consumers has become as easy as clicking a button thanks to the rise of social media.

The objective of this research is to provide insights into how the independent film industry has changed in the 21st century, how the pandemic has influenced current workings, and what we might expect from the future. By speaking with industry professionals about numerous topics in a time where change is prominent and a lot is uncertain, this research serves both as an impression of a certain time in history as well as an exploratory study for what the future might hold. The main question this research poses is as follows: How has COVID-19 impacted Dutch independent film distribution and exhibition?

2. Theoretical framework

In order to answer the question posed, there are several aspects that need to be discussed to understand how the industry has changed in the two decades. First, it is important to understand the traditional value chain as it had been instilled in the film industry since the 1950s. Second, the implications of digital distribution and the rise of streaming services will be discussed. These will be considered in light of the value chain theory, as first introduced by Porter (1958). Third, the changing habits of consumers in the 21st century will be considered. For this part, this research will be based on the concept of the experience economy, as introduced by Pine and Gilmore (1998). Last, early works about the implications of the COVID-19 pandemic on the film industry will be discussed. Since we are still in the tail of the pandemic as of writing, there is no way to already make general statements about the effect this will have on the film industry long-term, but it will help gain an understanding of the initial impact, and the general discourse surrounding the industry in this context.

2.1 The traditional value chain

Originally, the value chain as conceived by Porter refers to the analysis of activities within a single firm, and how it holds competitive advantages over its rivals (1958). By disaggregating a firm's activities into different stages from input to output, a company is able to individually analyse how every stage adds value onto the final product. Porter's goal here was to create a bridge between envisioning and actual implementation of strategy, as the value chain shows which stages might need alteration, and where a company's strongest aspects lie when it comes to its competitive position in the market (Küng, 2008). Since Porter's first introduction of the term, the value chain has been considered a very valuable tool to analyse many different companies and industries, media being one of those. Important to note here is that Porter's original term refers to activities within a single firm. Thus, when it comes to the film industry, one would analyse an individual distribution company, or an individual production company. However, because the film industry has seen so much integration, both vertically and horizontally, it has become more common to refer to the industry as one value chain, rather than the 'value system' that links individual players together within an industry if one would follow Porter's original theory. When referring to the value chain of a film, the general understanding of it is that it begins at the conception of a script and ends when it reaches consumers through one form or another (Bloore, 2009; Crissey, 2010; Finney, 2010; Küng, 2008). This means that a film's value, once it reaches consumers, has been added onto during different stages, which could be performed by multiple different companies.

Value chain theory is particularly relevant when we consider independent film. Thanks to the integration of nearly every stage of creating a film by the Hollywood majors, the value chain theory could be accurately applied, as the activities are a part of the same company, and its competitive value could thus be analysed. When it comes to independent films, however, this is not the case. An independent film is a collaboration between many different companies and individuals, from an initial producer or writer, all the way down to the cinema where consumers – traditionally, at least – are able to first see the final product. While many companies often have ongoing partnerships and generally maintain good relationships with one another, their interests and means of revenue still differ. Until the 21st century, the value chain of an independent film had been a relatively straightforward process since the 1950s. Because of the high entry costs, companies were in generally stable positions, with not many new entrants entering the market (Küng, 2008). As a result of technological innovations in the form of digitalisation, high-speed internet, and internet-enabled devices, however, the industry now faced new players that could bypass the traditional value chain by directly interacting with consumers in the form of streaming services.

Up until the mid-2010s, the film industry adhered to a relatively fixed structure of distribution and exhibition, both within the major studios as well as the independent scene. The biggest reason for this is that the market has been dominated by (currently) five big Hollywood studios, or “the majors”, as they are often referred to. These majors include The Walt Disney Company, Paramount Pictures, Columbia Pictures, Universal Studios, and Warner Brothers. Until recently, 20th Century Studios was also considered one of the major studios but has become a subsidiary of The Walt Disney Company in 2019. In The Netherlands, three of these have complete vertical integration of the production process, with their own distribution offices in the region who report back to the studios’ headquarters in the form of The Walt Disney Company (Benelux) B.V., Universal Pictures International Netherlands B.V., and Warner Bros. Pictures International (Holland), B.V.. This integrated model is referred to as the “Hollywood Studio system” and is a relatively safe way of creating revenue as studios are in control over every part of the production process, along with the ability to spread financial risks over multiple projects (Finney, 2010). As a result of this, studios have had the ability to amass huge portfolios of creative and financial resources, leading to them dominating the Dutch film market. In 2019, before the COVID pandemic hit cinemas everywhere, the three majors’ films in The Netherlands saw a combined taking of 66.8% of the box office and were responsible for 63.7% of cinema admissions (NVBF, Annual report, 2019).

While major studios are often very vertically integrated from production to distribution, the independent industry operates in a disintegrated value chain. This means that there are numerous companies and parties that contribute to the production and distribution of a film, all adding value at different phases of the production (Kehoe & Mateer, 2015). As set forth by Finney (2010), these phases can be categorized into six stages of filmmaking: development, financing, shoot/post, distributor, exploitation, and consumer. While some parties or companies are often present in multiple phases, this value chain means that there is a large network of individual players that must work together and heavily depend on each other to eventually deliver a product to consumers. This comes with high risks, and can be a very lengthy process (Finney, 2010). For this research, the focus is on the distributor and exploitation part of this chain, with some overlap into the consumer phase.

2.1.1 Distribution

A film's distributor, whether studio or independent, holds the rights to exploit a film within a certain territory. Together with Belgium and Luxemburg, The Netherlands is part of the Benelux territory, one of the smaller European territories. Once a distributor has bought the rights to a film, they are in complete control of the way a film is presented to its audiences. This includes marketing and promotion, potential deals with cinemas, the production of DVDs, etcetera. Previously, this also included the actual, physical distribution and transportation of a 35mm film reel to cinemas, which was a very expensive and logistical task. Important to note here is that it differs per film at which point of the process a distributor becomes attached to a project. Because of the high costs of film production, it is quite common for distributors to join an independent film early in the process, because producers need their financial backing to realise their film in the first place. In exchange for the later exploitation rights of the film within a certain territory, distributors will pay an advance in the form of a minimum guarantee. These guarantees are usually based on the expected profits a distributor will make from later exploitation (Finney, 2010).

When it comes to international products these sales are often made on film markets, where producers or sales agents promote their product to distributors from all over the world. These markets, with the notable exception of the American Film Market, are often organised around film festivals such as Cannes, Berlin, and Sundance. Here, distributors can buy the rights to already completed films to distribute them in their respective territories or decide to invest in films that are still in the pre-production phase based on things like a screenplay or attached talent. This means that the realisation of an independent film can often depend on several distributors from different territories to all invest in the rights of the product before it has reached the necessary funding.

While boasting a smaller market share than some other European countries such as Germany, France, or Italy, The Netherlands does have considerable supply of Dutch films that are produced each year. Between 2014 and 2019, the share of these films when it comes to admissions in the Dutch market has varied between 10 and 20 percent of the market (Stichting Filmonderzoek, 2014, 2015, 2016, 2017, 2018; Filmonderzoek Nederland, 2019). As filmmaking is a notoriously expensive process and there are not many individual investors, Dutch filmmakers are often dependent on subsidies from sources like the Dutch Filmfund. However, to receive a share of this money they must compete with countless other hopeful filmmakers. This means that producers often need a pre-set deal with a distributor for the Filmfund to invest in a project, usually in the form of MGs (Borovitskaya, 2020). In cases like this, where distributors are attached to a film from a very early stage, this also means they can have considerable creative influence over the project. Historically, distributors are considered the main risk-takers and gatekeepers in the independent film value chain, deciding which films get made through investments, and how they get marketed and distributed to an audience (Finney, 2010). However, this means that distributors are also the first party that gets paid once a film starts making profits, first recouping their own charges and costs, and then splitting additional profits between themselves and the other companies involved (Crisp, 2015)

2.1.2 The window structure I

When it comes to a film's release, the exploitation chain can be divided into different windows, where a film becomes available to consumers in different forms. This business model originated in the early 1980s with the introduction of VCR. Before this, a theatrical run would be followed by a year of holdback before it became available on TV (Benjamin, 2017). With the introduction of VCR, followed by DVD and Blu-ray, consumers now had the option to view a film at home without being dependent on a TV broadcaster's schedule. While VCR and DVD presented a new source of revenue for studios, it also gave rise to concerns that home entertainment would cannibalize on the cinematic revenue. Thus, a window structure was introduced for studios to maximise profits within each area, without one cannibalizing on the profits of another. Until the mid-2000s, this structure generally looked as follows: a theatrical window, a DVD and/or Blu-Ray window, a Pay-TV window, and a free-TV window (Finney, 2010). Between these windows was a period of holdback, where a film is not available anywhere else, based on maximising profits within each window before the film moves to the next (Ulin, 2019). The revenue of these different windows thus is based on a matter of exclusivity. The value chain and the window structure have formed the basis of how a film's value is understood (Gaustad, 2019). While the

theatrical window is the first in the traditional window structure, it is rarely the most profitable window for a distributor.

2.1.3 Theatrical exploitation

When it comes to cinemas, the word ‘independent’ requires additional clarification, as it does not necessarily mean that these cinemas function completely on their own. For the sake of this research, distribution companies are considered ‘independent’ if they are not inherently connected to one of the major American studios, and cinemas are considered ‘independent’ if they are not connected to one of the major chains of cinemas. While there are no cinemas in The Netherlands that are outright owned by American companies, there are a few companies active in the market that could be considered the majors of the cinema scene. The biggest of these majors is Pathé, which is part of Pathé Frères, a French company whose assets also include a production company and a distribution company. The other two majors are Vue, a multinational cinema chain from England, and Kinopolis, a Belgian chain, both operating in nine countries. In 2020, these three chains saw a combined 66% of total admissions, and 57.9% of total chairs in The Netherlands, with Pathé dominating the market in both categories with 42.2% and 31.3%, respectively (NVBF, 2020, p.42).

The Netherlands also has a very broad network of arthouse cinemas spread throughout the country. Some of these are fully independent, while others, like Filmhuis Den Haag, are partly subsidized by the Dutch government. These subsidized arthouses are referred to as film theatres and are considered non-profit cinemas, as opposed to commercial arthouse cinemas. The function of these film theatres is to provide consumers with content that falls outside of the programming of big commercial cinemas, which are often arthouse and non-English foreign films (Vereniging van Nederlandse Gemeenten, 2009). These subsidized film theatres make up 10.8% of total admissions, with fully independent (non-subsidized) cinemas providing the remaining 23.3% (NVBF, 2020, p.42). For the sake of this research, subsidized theatres and fully independent cinemas will be considered together, as they are independent from international cinema chains, and their policies are thus not based on international decisions.

2.1.4 Theatrical sales

When it comes to dealings between exhibitors and distributors, there are many different types of agreements. All agreements, however, start with screenings organised by the distributor for exhibitors, which can range from a few weeks to some months in advance of a film’s release. While these screenings often took place in-person, either at a central event organised by the distributor, or at the cinema itself with the distributor visiting, it has become more common in recent years for smaller cinemas to request a file of the film so it

can be viewed on their own schedule (Redstone, 2017). There are often longstanding deals between a distributor and operator which encompass all film rentals. In the past, a very common type was the descending floor deal, which provides distributors with a higher percentage of ticket sales in the first week, later shifting in favour of cinemas as a film plays for multiple weeks (Redstone, 2017). This gave cinemas an incentive to play a film for a longer period as their cut of the ticket sales would grow the longer a film was shown, and provided distributors with higher earnings in the most profitable weeks of the theatrical window.

Due to the rise of event films, however, people have become more inclined to see a film in its first few days of opening. These event films often come from franchises like *Star Wars* and Marvel or are connected to well-known brands or names in the form of movie stars. This led to considerable drops in attendance in later weeks, making this descending floor deal less attractive to cinemas (Crisp, 2015). To prevent this, percentage deals have now become more common. These can be divided into straight aggregate percentage deals, and scalable aggregate percentage deals. Straight aggregate percentage deals are based on a flat percentage which applies to the entire theatrical run of a film, meaning the same ratio is maintained. Scalable aggregate percentage deals are based on an agreed upon 'scale' before a film is released, where rates are calculated after a film's theatrical run based on its success. The better a film performs in cinemas, the higher its rental percentage will be (Redstone, 2017).

While a theatrical window is rarely the most profitable phase for a distributor due to the high costs of marketing and shared ticket profits with cinemas, the theatrical run highly influences later revenue (Kahoe & Mateer, 2015). Creating awareness and buzz still provides a theatrical release with a lot of influence over a film's success in later markets such as DVD sales and a film's long-term popularity. The value of a theatrical release meant that exhibitors were able to hold a lot of sway when it came to matters over window structures, as they could simply refuse to show a film if they thought their exclusive window was too small. Kahoe and Mateer (2015) argue that this is the supply-led market that independent distribution has been built upon, where cinemas can act as gatekeepers for entry into the theatrical environment, their number of screens being the supply. This ability of gatekeeping grew larger with the technological innovations that led to the digitalisation of cinema in the mid-2010s, as the number of films and releases grew substantially, making it harder for independent filmmakers to gain a place on one of the limited numbers of cinematic screens available (Cunningham et al., 2010).

2.2 The digital revolution

These structures of distribution and theatrical exploitation remained relatively fixed from the 1980s, when the VCR opened up the home entertainment market, until the early 2000s when studios decided to make the switch from 35mm film to digital (Dixon, 2019). This digital revolution led to significant changes within the film value chain, as distributors now no longer had to take care of the physical transportation of film, and costs to produce one significantly lowered. While digitalisation provided a lot of benefits for both distributors and cinemas, the switch to digital projectors was a very costly process for cinemas. In order to lower costs and ensure a swift process in The Netherlands, Cinema Digitaal BV was founded in 2009 by the branch associations of Dutch cinemas and distributors. This collective made it so the costs of digitalisation in cinemas were spread across cinemas, distributors, and the government. For every digital film copy, distributors paid a ‘virtual print fee’ (VPF) of about 500 euros (Lahaut, 2013). This initiative was mainly conceived so smaller arthouses and independent cinemas would not lose their place in the market, as the majors were able to afford these new projectors themselves. This project was a success, as The Netherlands in 2012 became the second country in Europe to have fully digitalized its entire distribution and exhibition process (Scholtens, 2012).

2.2.1 Digitalisation

In the early 2000s, there were already concerns about the impact that digital cinema could have on the traditional industry structure. It’s important to remember that digitalisation not only influenced the distribution and theatrical exhibition of a film, but also that it provided new modes of delivering content to consumers, as well as easier access for filmmakers (Tryon, 2009). Independent, or ‘DIY’ filmmakers were now able to create content without the financial backing of a studio and could distribute their films digitally to audiences without having to go through a distribution company. All of this led to a huge increase in content both online and in cinemas, as it slightly levelled the playing field for independent creators (Hessler & Llamas-Rodriguez, 2015; Tryon, 2009). Seeing this rise of digital content, cinemas early on took a defensive stance, worried that these innovations might domesticate the medium to a level where home entertainment would cannibalize on the theatrical revenue. But the biggest threat digitalisation brought with it, was the rise of internet piracy. Websites like Napster, Limewire, and Bit-Torrent used peer-to-peer file sharing systems which allowed consumers from all over the world to illegally download the content they wanted to consume (Finney, 2010).

As early as 2005, (mainly independent) distributors started experimenting with different release windows. By shortening the window between theatrical and DVD release, studios saw the possibility to lower promotional costs, as they could use the initial theatrical

buzz to generate interest in DVDs without having to create an entire new campaign. Many distributors attributed this experimentation to the threat of piracy because they saw their revenue being lost during the holdback period (Nelson, 2014). This has always led to push back from exhibitors, however, as their value lied in the exclusivity of the theatrical window (Ulin, 2019). These experiments mostly benefitted smaller films which would often struggle to find an audience due to the high volume of competition and the limited number of screens (Balsom, 2016).

On one hand, digitalisation provided independent filmmakers and distributors with more opportunities, but on the other hand their competition also grew. The lowered costs of film distribution meant that cinemas now had more content to choose from than ever before, resulting in more weekly releases and higher turnover (Salvador et al., 2019). Because films were now rented through DCPs (Digital Cinema Packages), instead of the bulky 35mm films, cinemas had a lot more freedom when it came to playing times. If a film does not perform well in the first week, cinemas can easily choose to limit the number of screenings in the following week or take the film out of its programming completely, as they could have another film ready to take its place in a much faster manner than before.

2.2.2 Streaming services

In 2013, Netflix was introduced to the Dutch market, followed closely by the Dutch services NLZiet and Videoland in 2014 and 2015, Amazon Prime Video in 2016, Disney+ in 2019, as well as the recent launch of HBO Max in March of 2022, among many others. Research from the European Audiovisual Observatory showed that between 2013 and 2014, the Dutch SVOD (subscription video on-demand) market saw an explosive growth, with 11% of Dutch households having a subscription to Netflix at the end of 2014 (European Audiovisual Observatory, 2015, p. 52). Increased marketing of SVOD services and incumbents launching their own platforms, led to the SVOD market seeing a growth of over 2000% (European Audiovisual Observatory, 2015, p.52. The European Audiovisual Observatory offers several reasons for this huge growth in the Dutch market, including the high number of households with broadband connections, and the countries high number of English-speaking inhabitants that were already used to watching subtitled content.

This new form of online distribution has been described by many scholars as disruptive technology (e.g., Cunningham et al., 2010; Curtin et al., 2014; Hagenek et al., 2016). One of the biggest worries for film industry incumbents was the possible collapse of the physical market and traditional windows that online VOD (video on-demand) services could cause. SVODs like Netflix provided consumers with the opportunity to view content anywhere, anytime, instead of having to adhere to the distributors' linearity. The rise of

these streaming services also saw the rise of original, online exclusive content. With original hits like *House of Cards* (2013) and *Orange is the New Black* (2013) receiving multiple Emmy nominations, Netflix firmly established itself not only as an online distributor, but also as a production company. Several years later, the streaming giant again made waves in the award circuit when it acquired the rights to Alfonso Cuarón's film *Roma* (2018). Exhibitors throughout Europe criticised the film's presence in the festival circuit as the film had not been screened in most cinemas, successfully getting the Cannes Film Festival to ban Netflix films from its competition (Roxborough, 2019). Despite pushback from exhibitors throughout the film's release, with incumbents questioning the cinematic nature of the product without a theatrical release, *Roma* still received multiple prestigious awards including the Golden Lion at Venice Film Festival, and ten Academy Award nominations, winning three of them.

While many hoped that the debate and uproar surrounding *Roma* would lead to Netflix adapting its theatrical strategy, the streamers strategy with Martin Scorsese's *The Irishman* (2019) proved different. While *Roma* mainly stirred up discussion amongst arthouses and festival circuits, it was the big cinema chains that would not put up with Netflix' planned 26-day window before the film would be placed online. In The Netherlands, this led to the three majors and several independent cinemas boycotting the film, deciding not to show it at all, with other independents deciding to go for a very limited number of screenings (De Groot, 2019). By increasing availability for consumers and narrowing the window structures that had been in place for so long, streamers slowly started redefining the value chain. By not budging to the demands of a larger window by cinema chains, Netflix essentially undermined the value that had been placed on a theatrical release for so long, giving rise to concerns amongst exhibitors of their place in the market (Burgess & Stevens, 2021).

2.2.3 The window structure II

Windowing has been a very dividing subject, with the International Federation of Film Distributors' Association, The International Union of Cinemas, and the Federation of European Film Directors all pleading for the importance of an exclusive window to profit off a film. Netflix and the European Consumer Organisation, on the other hand, consider the traditional hierarchy of an exclusive theatrical window as no longer a reflection of the market, as they think a shorter window is a more promising commercial model. While some countries have implemented laws surrounding theatrical releases and holdback periods, The Netherlands has had no fixed set of regulations. Generally, the release windows are agreed upon between distributors and exhibitors on a case-to-case basis (European Audiovisual

Observatory, 2019). But it is not only exhibitors that have had to re-evaluate their positions in the value chain. While cinemas worried over their exclusive window disappearing along with the profits those would bring, distributors also saw streaming services moving into their territory, being able to distribute and sell their own content with no third party involved (Crisp, 2015). Streaming services are challenging both sectors' ability to gatekeep the industry, with some predicting that the economic balance is shifting away from traditional structures, and towards players who control online infrastructure (Crisp, 2015). This has moved value up the chain towards production and content, rather than distribution being the main hub of profits up and down the chain. As argued by Salvador et al. (2019) however, streaming platforms are not disrupters in the sense that they have invented a new product or service which upturns the market, but rather have redefined how existing services and products are provided, thus changing the value chain structure.

2.3 Consumers

Digitalisation has not only influenced the traditional film industry but has also given rise to a new kind of consumer. As consumers are the ones who decide how to consume content at the end of the chain, it is important to reflect on their changing habits. Peter Bloore (2009) argues that consumers should be considered an important part of the changing film value chain, as they not only purchase the product, but can also add value to it through positive responses. Research has shown that word-of-mouth is one of the most valuable types of promotion a film can get, either in-person or online (Askwith, 2007; Mulia & Shihab, 2020).

Cinemas have long been seen not just as a way of consuming content, but also as a social activity (Tryon, 2009). In the second half of the 2000s however, domestic film culture started growing through VOD services like Netflix's DVD rentals. Not having to travel to a store, or being dependent on a limited supply once there, consumers had more content available to them than ever. With the introduction of online platforms, in the form of subscriptions (e.g., Netflix, Videoland), individual transactions (e.g., iTunes, Pathé Thuis), or with free, advertisement-based platforms (e.g., Hulu), the content on offer for consumers grew even larger. This led to early fears that consumers would choose to watch content at home rather than going to the cinema, or that the medium of film would lose its "essence" when it moved online (Tryon, 2009). As more consumers started adapting to these services, streaming platforms rose both in numbers, as well as the amount of content they provided. Research shows that the main reason for the adaptation of streaming services by consumers is the wide range of content, and a "superior product experience" (Arun et al., 2021).

Streaming services have led to a big increase in audience agency (Gubbins, 2009).

Rather than adapting to the schedule of a linear television broadcaster, or the release schedule of a cinema, young viewers who are familiar and comfortable with digital media can now decide their own schedules. Their viewing experience has become more personalized and introduced us to the ‘anytime-anywhere’ model of viewing. Not only has this influenced *what* or *when* we watch film, but also *how*. The expansion of devices to consume content has led to audiences not fully emerging in the film, but rather multitasking, either in the literal sense of watching a film while travelling, or in a more figurative sense where they are aware of their dishes in the next room (Casetti, 2015). This has led to many discussions and research into how audiences decide to consume their content, and how the rise of these services has influenced admissions in cinemas.

One of the most prevailing topics when it comes to the discussion of cinemas versus home entertainment lies in the idea of cinema as an activity. This is based on a concept first introduced by Pine & Gilmore in 1998: the Experience Economy. They argue that after a commodity-based society, consumers were now looking for experiences based on participation or environmental build-up, and companies would have to continuously provide new and engaging experiences to avoid becoming irrelevant (Pine & Gilmore, 1998). This idea is reflected in numerous works on the rise of home entertainment, referring, for example, to “connected viewing”: products and services that enhance an experience and promote active viewing through internet and social networking (Nelson, 2014).

Other research in consumer choices when it comes to film has also shown that the quality of the cinema itself had a significant effect on people’s decision to visit them (Mulia & Shihab, 2020). There seems to be a consensus amongst most scholars in this field that cinema’s main focus in this new, digital world should be to distinguish themselves from domestic film culture by providing consumers with something they cannot replicate at home. Whether this is through a better viewing experience with higher quality sound and visuals, or through investing in the general atmosphere of the cinema itself (e.g., Gaustad, 2019; Tryon, 2009; Salvador et al., 2019)

Despite many fears from incumbents that streaming services would cannibalize cinematic profits however, reports from 2014 (the year after Netflix was launched) until 2019 reflected none of these concerns. In fact, it was quite the opposite. In this five-year period, Dutch box office saw an average growth of 5.73% per year, admissions rose by an average of 3.9%, and the average amount of visits per person rose from 1.8 per year to 2.2. When compared to European averages, The Netherlands showed a very healthy and growing film industry (Union Internationale des Cinémas, 2015, 2016, 2017, 2018, 2019, 2020). Many researchers thus speculated that perhaps the death of cinema was once again predicted

too soon, as streaming platforms could prove to become an ancillary market complementary to the cinema similar to the DVD market (e.g., Gaustad, 2019; Parlow & Wagner, 2018).

2.4 COVID-19

In January of 2020, the Dutch Association of Cinemas and Film theatres (NVBF) looked back at a year of historic growth. 2019 saw an increase in cinema admissions of 6.5% compared to 2018, making it the best year in terms of admissions since 1964 (NVBF, 2020, p12). Despite the continuous growth in popularity and number of streaming platforms, cinemas saw their visitors still choosing the theatrical experience thanks to the broad selection of content, investments into more complete experiences through comfort, and technological innovations in Premium Large Formats (PLFs) like IMAX and Screen X (NVBF, 2020). Then, on March 15th of that same year, the Dutch government implemented the first national lockdown, closing cinemas along with restaurants, gyms, and other public places. Despite many pleas from the film branch, cinemas would remain closed until June 1st, when they were allowed to open with very limiting restrictions. Over the coming two years, cinemas saw varying forms of lockdowns and restrictions, including limited visitors per hall, 1.5-meter distance measures, earlier closing hours, no concession sales, and the implementation of the COVID QR-code. In total, cinemas were closed for 15 weeks in 2020, and 24 weeks in 2021. These restrictions and lockdowns led to a drop in the box office of 58.8%, and admissions dropping by 62.4% in 2021 compared to 2019 (NVBF, 2021, p.1).

Along with the implemented restrictions, cinemas saw another problem arise. Due to the worldwide closing of cinemas, many studios decided to postpone their films until they would be able to reach bigger audiences again. This was mainly the case for high-budget blockbusters, as they would not be able to recoup enough of their investments. These included big projects such as *No Time to Die*, *Tenet*, *Wonder Woman 1984*, and *Dune*. Theatrical releases of highly awaited films were postponed or cancelled completely, with many studios choosing to release them on VOD platforms instead. Seeing as many of these blockbusters came from the American majors, it was unsurprising that they opted to postpone their theatrical releases when American cinemas were closed, despite the international market becoming increasingly more profitable than its domestic one (Ross, 2020). This was mainly due to China seeing some of the strictest and longest lockdowns for its cinemas, which had been the biggest national box office for the past two years (Frater, 2022).

These decisions revealed the European dependency on American content, as European blockbusters were not able to fill in the gaps they had left (Parc & Messerlin, 2020; Mikos, 2020). While cinemas were struggling to find and provide content that would

attract visitors, independent distributors saw an opportunity. In 2020, their market share rose from about 35% in 2019 to 63%, switching places with the majors who held these numbers before (NVBF, 2021, p.44). While the majors decided to shelf their projects, independents were able to pick up cinema screens with films that previously would not have been able to compete with the blockbusters.

Independent and studio distributors alike started experimenting with earlier online releases during the pandemic. While window structures had already become a point of discussion for several years, cinemas had always been able to maintain their position at the centre of releases as their results heavily dictated a film's further profits (Owczarski, 2021). But, with cinemas closed and consumers confined to their homes, more and more studio content was moved online as they started implementing day-and-date release schedules (simultaneous theatrical and online releases). Some, like Disney's *Mulan* remake were available against a premium price, hoping to offset the lost theatrical profits. Others, like Warner Bros.' *SCOOB!* were given an international theatrical release along with VOD releases in the U.S., as American cinemas were still closed at the time. Many distributors and exhibitors saw this move as something that would likely impact the industry beyond the pandemic (Owczarski, 2021).

As of today, cinemas have been open again in The Netherlands without any restrictions, but we can see that the windowing structure as it had been has not (yet) been restored. Only recently, Warner Bros. released *The Batman*, one of its most highly anticipated films of the year, on HBO Max after only four weeks of its theatrical release, perhaps foreshadowing that the exclusive window as it existed before COVID has been permanently altered.

These changes beg the question whether COVID has accelerated a process that will impact the film value chain long-term. Will cinemas no longer be able to count on their exclusive releases and position as loss-leader? And how must distributors navigate the upcoming years between their dealings with streaming services and longstanding relationships with cinemas?

3. Methodology

Trying to understand industrial production without talking to producers is like trying to make claims about consumption without talking to audiences.

- Johnson, *Understanding Media Industries from all Perspectives*, 2014

The method chosen to answer the questions posed in this research was qualitative interviews with industry experts. This research was designed in light of media industry theory, which focusses on industrial structures, processes, and practices of industry professionals and companies to gain a broader understanding of the media landscape and their influences on the cultural landscape, rather than focussing on individual media texts or audiences. Seven in-depth interviews were conducted with participants from the Dutch independent film distribution or exhibition industry.

3.1 Media industry studies

Media industry studies is a strand of cultural studies that has emerged over the last 15 years. It looks at the connections and relationships between political, economic, and corporate contexts, but also seeks to understand wider cultural landscapes in which these relationships are situated and how they add to the meaning-making process (Freeman, 2016). Scholars have pointed out that there seemed to be a wedge between the media industry and academics, as academic work was often focussed on either media texts or audience research, which for professionals was often lacking in relevance for the actual industry (Lotz, 2014). Therefore, media industry studies places emphasis on the collaborative aspect of doing research and reciprocity between industry professionals and academics (Freeman, 2016; Herbert et al., 2020; Evans, 2014). This way, academic research can bring new insights and ways of thinking for the industry, *about* the industry, benefitting their positions in, and understandings of the market (Evans, 2014; Hickman, 2016, as cited in Freeman, 2016).

When it comes to media industry research, there are several levels from which research can be conducted, ranging from individuals to over-arching organizations (Herbert et al., 2020). For this research, the decision was made to consider the changes in the Dutch film landscape from an industry-level, in order to explore how distribution and exhibition are organized, how they function, and how technological innovation and socio-cultural changes have impacted these industries, and their impact on the Dutch film industry in return.

Herbert et al.'s (2020) work emphasizes the role of intermediaries in the form of those who provide media distribution and circulation, which is often overlooked when it comes to media studies. However, they hold a huge influence over the way content is presented to us and dictate the manners we can consume it. Thus, media industry studies are

particularly valuable as the focus of this research lies exactly in collaborating with these intermediaries.

3.2 Qualitative research and expert interviews

Because every company and individual within the creative industries functions in a different matter, qualitative research is the most fitting way to go because the interpretative aspect of qualitative research allows for implicit, as well as explicit meaning to be gathered in the data (Brennen, 2017). As opposed to quantitative research, qualitative analysis is not solely based on the manifestation of meaning through systematic analysis, but also context-dependent meaning (Schreier, 2014). Because there is much room for interpretation and deeper meanings, the systematic nature of segmentation, coding, and reassembling helps to uncover patterns and comparisons, without losing an individual piece of information's context (Mayring, 2000). Most qualitative research focusses on a participants' understanding of certain phenomena or social meanings (Mohajan, 2018). As the goal of my research is to gain an understanding of a current phenomenon through the input of industry professionals, qualitative research is most appropriate.

3.2.1 In-depth interviews

While there are many different methods within qualitative analysis, in-depth interviews were a clear choice for this research. Not only do these in-depth interviews allow for deeper insight into the matters discussed, but they also focus more on the personal experience of the participant, rather than simply collecting the facts. Another advantage is that interviews are generally conversations between two people, of which one directs the conversation (Guest et al., 2017). This means that when there is confusion about a question, the interviewer can provide additional information to guide the interviewee, something not possible with other qualitative methods such as questionnaires or surveys. In-depth interviews are also well-suited for subjects that require more reflexivity and discussion, or more personal and complicated matters (Guest et al., 2017). In light of the media industry studies discussed above, particular focus was placed on active interviewing, which constitutes awareness of not only the given answers, but also how the process of meaning-making takes place during the conversation between myself and the interviewee. This idea conceives of both parties as active in the meaning-making process (Holstein & Gubrium, 2012).

In-depth interviews are usually not the sole source of data, as they are supplemented by information gathered through observations and preliminary research into the subject (Johnson & Rowlands, 2014). In the case of this research, the interviews were supplemented by personal observations, industry reports, and literary theories which formed the initial

guidelines. While the subject of this research may not require very personal reflections, the phenomena discussed are relatively new and thus benefit from active conversation and discussion. These conversations thus allowed for a grasp on the views and perspectives on this particular time in the Dutch film industry.

3.2.2 Expert interviews

For this research, the decision was made to interview industry professionals. As this is a largely exploratory research, expert interviews form a more efficient way of gaining insights than observation or surveys might, since the relevant topics are not as cut-and-dry as they could be (Bogner et al., 2018). In addition, the film industry is not a very open field, with not much knowledge on the inner workings readily available for the public. By interviewing experts that were part of the recent changes being investigated, they could offer very valuable interpretative knowledge on the subjects in the form of their professional experiences and personal views (Bogner et al., 2018). While these expert interviews provide very valuable insights, it also brings along challenges. Because the interviews were based on the idea of cooperative discussion, it was essential to gain a previous understanding of the workings of the film industry to prevent the interview becoming an instructional conversation (Johnson & Rowlands, 2014). In addition, as discussed above, it was important to bring personal expertise and experiences to these interviews so the participants could be offered a sense of cooperation and reciprocity. By studying up on the industry as much as possible before the interviews, interviewees did not have to spend their time educating on concepts that are considered inherent to their industry, such as film markets, sales agents, and minimum guarantees (Vonderau, 2019).

3.3 Sampling

The sampling process can be divided into four steps: setting a sample universe, selecting the sample size, devising a strategy, and sample sourcing (Robinson, 2014). The sample universe is a term used to describe all people that are deemed appropriate to interview for this research. To determine this, criteria to include or exclude people can be set, which also determines how homogenic or heterogenic the universe will look. For this research the criteria looked as follows: somebody who works in either independent distribution or independent exhibition, who has worked in the Dutch film industry for at least five years, and has a function where they are aware or part of the distribution-exhibition chain. Beyond this, no age or gender preferences were included. Because of limited access to individuals, the decision was made to reach out to different companies with the interview request and a list of topics I wanted to discuss, so they could consider internally whether they would be able to provide insights, and who would be most

knowledgeable about the subjects.

The sample group consisted of seven respondents who hold various functions within the distribution-exhibition process. Because of limited access to professionals, the wide range of functions of the participants, and their individual expertise, saturation was able to be achieved sooner when compared to non-expert-based research (Mason, 2010). The initial range for this research included seven to ten participants, which was achieved. Because of the challenges that might occur when it comes to contacting industry professionals, contact was sought out with as many companies as possible to hopefully gain enough responses (Lotz, 2014). Two unfortunate cancellations led to the eventual sample size of seven.

The strategy for this research was purposive sampling (Robinson, 2014). This particular strategy ensures that pre-set categories are represented in the final project. For this research, that included at least three professionals from the distribution side of the relationship, and three people from the exhibition side, to ensure a balanced discussion. In addition, the decision was made to reach out to the Dutch branch association of the entertainment industry to gain a broader perspective.

The sourcing of participants was expected to form the biggest challenge of this research due to the limited accessibility of industry professionals. Besides practical and organisational considerations, this also meant ethical skills to ensure that the parties contacted were aware of the purpose of my research and what their participation would entail (Robinson, 2014). By including a list of topics in the initial email sent out to possible participants, self-selection bias could also take place, which ensured that the participants who agreed to be interviewed would be able to provide significant insight, and were open and interested in the topic (Robinson, 2014).

To reach potential participants, a list was created of independent distributors and exhibitors, which were then contacted via the company's general e-mail. This request was then directed to the individuals that were deemed appropriate and willing to participate. As all companies reached out to and the eventual participants were Dutch, the email request was translated to English, which can be found in appendix C. One notable exception was a respondent who was contacted directly as they were part of the researchers' network. The final sample of respondents is shown in table 1.

Table 1*Interview participants with relevant details*

#	PSEUDONYM	COMPANY DISCIPLINE	FUNCTION	INDUSTRY EXPERIENCE
1	Lucas	Distribution	Sales manager theatrical	15 years
2	Kevin	Distribution	Managing director	18 years
3	Steven	Distribution	Co-founder	28 years
4	Gabriella	Exhibition	Director	20 years
5	James	Exhibition	Operational director	10 years
6	William	Exhibition	Programmer	8 years
7	Christopher	Branch association	Data analyst and researcher	10 years

3.4 Data collection

In-depth interviews are generally divided into three forms: structured, semi-structured, and open, which is based on the amount of control over a participant's response (Bernard, 2000; Guest et al., 2017). For this research, semi-structured interviews were conducted, as there was already awareness of the general workings of the industry, but this research had a very explorative nature. Because of a lack of personal experience within their specific functions however, it was essential to ensure that there was space for the conversation to go in directions that may not have been initially anticipated. To carry out these interviews, guides were conceived which included the main concepts discussed. To gain as much insight as possible, separate guides were created for distributors and exhibitors to fit more towards participants' individual expertise. Both guides included the same four main themes of questions: distribution, exhibition, streaming, and COVID-19. The guides were conceived in Dutch and English, but only the Dutch versions were used during the interviews. The English versions of the guides can be found in appendix A (distributors), and appendix B (exhibitors). For the participant in the branch association, a combination of the two guides was used. Ahead of the interviews, all participants were informed about the usage of the information and data management. Afterwards, all were given a consent form which detailed this information further.

All participants were given the option of online or in-person meetings, depending on

their preferences. Out of the seven interviews conducted, five were held through Microsoft Teams. One of the benefits of using online programs was that it made scheduling a lot easier, and to this researchers' impression, made participants more inclined to create space in their agendas. A drawback of the program however is that it relies on a good internet connection from both parties, which did present itself in minor connection issues in two of the interviews. Fortunately, these were limited to a few seconds, and the interview was not interrupted for too long. Another potential drawback of meeting through Microsoft Teams is that it could create a more formal setting in which participants could be inclined to give shorter answers. To prevent this, all interviews started with icebreakers to establish rapport and create a more open environment for participants (Brennen, 2017). The interviews were between 45 minutes and an hour and 15 minutes long.

3.5 Data analysis

After the interviews were conducted, recordings were transcribed and translated from Dutch to English. For the online interviews, the automatic transcription function in Microsoft Teams was used as a helpful tool during this process. These transcripts were then analysed following Boeije's three-step process, which includes open, axial, and selective coding (2014). This analysis was done following the idea of theoretical sensitivity, meaning the data was viewed through a theoretical lens that was created during the preparatory theoretical research that took place before the interviews. This aids in the ability to isolate relevant data and gain more in-depth insight into possible emerging themes (Boeije, 2014).

For the first step in this process, ATLAS.ti was used to divide all data into fragments, which were then labelled without yet assigning relevance to the individual codes. After each transcript, reanalysis was performed to provide more validity and reflexion on possible emerging patterns. After all transcripts were analysed, some initial reductions were done for terms that were deemed extremely similar with some minor differences (e.g., *relationships with distributors* and *relationship with distributors*).

Next, axial coding was used to reduce the amount of codes and start forming eventual sub-codes. ATLAS.ti's 'quotation manager'-function was used here to gain a more organised overview which showed what codes were often found together. This made the process more streamlined and efficient, and showed connections between individual codes. Some of these axial codes were partly inspired by the previous theoretical research, such as *audience experience*, *relationships*, and *streaming*. This was information directly related to the questions posed in this research. These codes were supplemented by more descriptive codes such as *pre-COVID*, *COVID*, and *future*. These codes helped structure the overview as some of the discussed topics spanned over longer periods, and the purpose of this research

lies in discovering changes within these areas.

The final step, selective coding, was done manually using tables in Microsoft Word. This step is focussed on finding connections between categories to shape definitive findings and concrete patterns which can answer the questions posed in this research. The continuous reflexivity and reanalysing of the data allowed for clear structure and connections to the theoretical framework of this research, along with new insights and possible contradictions between participants. The results of this process will be discussed in the next chapter.

3.6 Reliability and ethics

For qualitative research the idea of ‘validity’ is more complicated when compared to quantitative research. Because qualitative analysis is always open to questions and interpretation, it is important to be very exact and careful with the data. To ensure the quality of the research, a thorough description of the research process and consistency in the application of practices and analysis is essential (Cypress, 2017). To achieve this, several measures we imposed before, during, and after the interviews were conducted. To increase consistency and ease the later process of comparing data, it was important that the two different interview guides held the same structure. This ensured that all topics were discussed in a similar matter and within the same context.

During the interviews it was important to prevent researcher-bias, as previous knowledge should not stand in the way of obtaining as much insights as possible. To prevent this, the questions were phrased as open-ended as possible. While it was important to refrain from making too many personal observations, an important aspect of expert interviewing is to maintain a two-way conversation and a cooperative discussion (Bogner et al., 2018; Vonderau, 2019). Therefore, preventing a giver-taker dynamic but promoting equal conversation, these observations were only shared after the participants had given their initial insights on the topic. In addition, insights from earlier interviews were also discussed with participants to promote deeper reflection and ease the later comparison of data.

In order to prevent information getting lost in translation, and promote a flowing conversation, all interviews were conducted in Dutch (Li, 2011). During the transcription of the recordings, translation to English took place simultaneously. Here, there were important reliability factors to be aware of. A researchers’ personal knowledge can easily influence the matter of translation and word choices, thus later influencing interpretation during data analysis (Temple, 1997). To prevent this as much as possible, all participants were provided with the completed English transcripts and asked to review them for any inaccuracies within translations of their statements. Some of this contact included explicit examples where some doubt about the meaning of a statement arose, which those participants were asked to clarify.

This ensured that the interviews were indeed a cooperative meaning-making process, both during and after the initial conversations (Kvale, 2011).

Contact with participants also formed a big part of the ethical considerations of this research. Before the interviews started, participants were informed of their recording, how the data would be processed, and the transcripts would be analysed. All participants were informed that they had the option to not answer a question, or later retract statements that were made, to establish openness integrity (Resnik, 2020). All participants were also informed that in the transcripts and data discussed in the research, their names would be replaced by pseudonyms. After requesting this, all participants did agree to be mentioned by their job title. All participants also received additional information about the usage of this research and data management through consent forms.

4. Results

This research and its participating experts have offered many insights on numerous topics and industry areas. These insights will be discussed using the selective codes found during the analysis, which have been based on the interviews and the established framework, and can be found in table 2. The codes are the following: *industry relationships*, *streaming services*, *COVID-19*, and *going forward*.

Table 2

Selective and axial codes

Selective code	Axial codes
Industry relationships	Managing relationships
	Interests
Streaming services	Cinemas
	Distribution
	Windowing
	The cinematic experience
COVID-19	Cinemas
	Distribution
	Audiences
Going forward	Challenges
	Expectations

4.1 Industry relationships

The first theme was something explicitly asked about to participants and relates to industry relationships between distributors and cinemas. This was one of the most important themes of this research, as it placed the researched phenomena into perspective of traditional relationships before the pandemic hit The Netherlands in 2020.

4.1.1 Managing relationships

When it comes to the (independent) film industry, great value lies in experience and personal relationships (Bloore, 2009; Horn, 2017). Particularly the relationship between distributors and exhibitors can depend on the strength of the market and upcoming projects (Finney, 2010). When asked about their relationships with cinemas, all distributor participants placed emphasis on the importance of maintaining positive relationships with them, with Lucas (sales manager theatrical at a distribution company) saying:

My work, what's really important, is managing relationships. It's a very weird

market, because you have a certain product you have to sell to cinemas. You're in competition with other films from other distributors, and you know exactly who your buyers are. So, it's important to build a good relationship with those cinemas if you want to convince them to play your film. They have to trust you, so you don't want to try to fool them or something, because it will come back to you. They won't trust you next time.

This also extends into the reputation distributors can build with cinemas:

Of course, your costumers in the first place are not the consumers, but operators, so they need to have an idea of the type of product you bring. So, you do need a kind of stamp... to make them go "oh that film is coming from them". (Steven, co-founder of a distribution company)

While cinemas could be considered a distributor's direct customer, they function more as a middleman between them and audiences. Exhibitors do not solely select products based on their personal tastes, but on what they think will appeal to their audiences. As one participant notes: "(..) if I only showed the things I like, nobody would show up, it's that simple. Everybody has their own taste, but I don't program for myself, I program for my audience, and the audience decides what they like" (William, programmer at a cinema). This means that distributors not only have to promote the quality of their product, but must also have a good understanding of the cinema's customers, which again requires trust and openness:

I always try to be as open and honest as possible. If we have a film that might not be as great, I tell them: "Hey guys, this is what we have. It's not a great film, but I think we could make money on it because of this, this, and this". If you maintain that openness and honesty, people will take you seriously and listen to you. You'll achieve a lot more than when you call every film you put on the market amazing.

(Lucas)

Cinemas in turn help distributors by providing them with these audience insights for upcoming films:

You try to get a sense of how they feel about the film, and how big they could see it. That's really important to us, and also why we want to have those screenings as early as possible. Sometimes you're just off. You can think a film is really good, but operators might not see it. It's good to know that at an early stage because... Well, we already bought the film so we can't go back, but if people really don't like it you can consider spending less money on marketing to perhaps lower the risks a little.

(Kevin, managing director of a distribution company).

One participant who deals mostly in non-English titles and documentaries noted that good

relationships with cinemas is especially important in the independent industry when it comes to dealing with smaller cinemas:

The thing is, from the films we release only a small part belongs in those big cinemas. So, we put a lot of effort into those, but for the others we don't try to get [big cinemas] to go along. It's no use. I'm not going to frustrate my regular customers by going to a mainstream cinema when they only play one of our films a year, while the others play all of them. (Steven)

In addition, the general dealings between distributors and cinemas often include percentages based on how well a film does, which means both parties share the same goal during the theatrical release. While a distributor's main income may not lie in the theatrical window, good box office numbers still benefit them in the long run (Curtin et al., 2014; Ulin, 2019): "Like this year at Cannes, you're discussing films that were playing, and distributors will say, "is this something to buy?". It's good to discuss those things, because it matters to both of you, it's a win-win situation" (William).

4.1.2 Interests

While it became clear early on that many placed emphases on a constructive relationship between distributors and cinemas, it is still important to remember that their interests may not always align. This mainly comes from the different areas where distributors and cinemas make their investments and where their risks lie, as one participant explained:

(...) the financial risk with a distributor lies as the beginning and with us... The distributor buys the rights and that's their risk, that can go wrong and they go off. With us - and that's definitely related to what you talked about with the power of cinemas decreasing, which is absolutely right. We have a building, personnel, rent, salaries, electricity, heating. That's where the risk is for us. (William).

When it comes to financial investments, distributors are generally considered the biggest risk-takers within the film value chain (Finney, 2010). Distributors spend a lot of money, both on acquiring the initial rights to the film, but also in the marketing campaign to hopefully earn back those investments. This is especially true when it comes to the acquisition of finished films, as one distributor explains:

International films.. sometimes you put in a lot of money beforehand. And then if you release it just when there's a heatwave or something like that, no one goes to the cinema, and it can suddenly become a huge loss. (Lucas)

Cinemas, on the other hand, have the ability to adjust their programming according to the results of the previous week. Since Dutch cinemas' digitalisation some ten years ago,

operators' options have become a lot broader than when the industry was still working with the much more expensive 35mm film: "When it was still analogue, we would've never gotten the print because it's just not worth the effort. You're not going to produce a print for us for only three showings, but digitalisation has made that possible" (James, operational director at a cinema). Several distributors reiterated this, with one saying:

When I started in sales, those prints were so expensive that you would look around and say: "that cinema is not getting a turn yet, because I don't expect I can make enough money there to earn my print back". That's not a factor anymore, so films are now released with more copies. (Kevin)

While digitalisation meant that distributors could now rent out their films to more cinemas and reach bigger audiences, it also meant that the costs of producing a film became significantly lower, resulting in a huge increase in the amount of content for cinemas to choose from. The ease of handling digital film and the increased amount of content means that if a film does not perform well in its first week, operators can decide to move it to less popular times in the second, and then pull it completely in the third (Lucas). All distributors emphasized not only the huge amount of film releases today compared to ten years ago, but also the increased competition from new distributors, with one participant saying:

What you get because of the digitalisation is that it's become so much easier to get in there. If you look at the top 40 or 50, there are more and more films coming from distributors who never joined the FDN [the national branch association]. They're all opportunists, and their role is growing. (Steven)

Especially for independent distributors in a market dominated by American studios, this means that they often have to fight to get their films into a good spot in a cinema's programming:

(...) operators will never give you the main spot, because they need those majors. They're the main customers. We live in a buyers' market, but for some majors it's a sellers' market. It's the same market, but if they bring the next James Bond, you're not going to fight them. (Steven)

What this distributor explained was also reiterated by several participants from the exhibition sector, with one noting that it is not uncommon for majors to rent out films that they may expect will not do as well along with bigger titles (William). While all distributors eventually want a good spot for their film, some titles are simply more valuable for operators than others, giving those distributors a lot more space to negotiate:

The thing we negotiate about most is what times and which hall a film gets, and how many screenings. Something like Top Gun, if we said we were putting that at the

arthouse for a matinee screening, we're not getting it. They want that in the biggest hall, four times a day, and that's the minimum. (James)

It may seem like this means that digitalisation has simply improved cinemas' position in the value chain, but another important result of the digitalisation of film that heavily influenced the industry in the form of internet streaming should not be forgotten.

4.2 Streaming services

Along with the lowered costs of production and distribution, digitalisation of film also saw the introduction of streaming services onto the film market. These disrupters quickly became one of the most discussed topics when looking at the state of the film industry and the traditional structures that had been in place for so long. Therefore, streaming services are an important aspect to consider on several aspects when looking at the changes over the past few years, and are worth discussing from several angles.

4.2.1 Cinemas

The death of cinema has been predicted many times over the years with the coming of television, VCR and DVDs, and piracy. It is thus not very surprising that the introduction of streaming services unleashed quite the discussion surrounding the place of cinemas in the value chain. However, since the introduction of Netflix in 2013 into the Dutch market, box office and attendance numbers had only grown until the pandemic and its ensuing lockdowns (Christopher, data analyst and researcher). When asked about their initial feelings about the introduction of streamers, almost all participants from cinemas indicated that they initially did not feel any concerns towards the disruptors, as they did not consider them threats to the cinematic experience (Gabriella; James; William).

Rather than cannibalizing on cinema's profits, many predicted correctly that the two could co-exist amongst film lovers:

We conducted research into that about three years ago, because there was a fear then that streamers might influence cinema attendance. But the main conclusion of that research was that the people who use Netflix and Disney, or actually back then you only had Netflix and Videoland, those are the people who also most frequently visited the cinema. (Christopher)

In addition, participants reflected on the value of cinemas lying not only in its exclusivity of particular titles, but rather in the activity of going to the cinema. William (programmer) reflected on having to compete with home entertainment quite fittingly, emphasizing that it is important to remember that not everybody is an avid film lover, but that many are seeking an evening of entertainment outside their homes:

They don't choose the film but choose to go to the cinema, and then which film to

see. That step in-between is different. If they want to watch a certain film, they'll choose whether to watch it online or in cinemas, but if you choose to go to the cinema, you find a film available at that moment. I'm convinced of that. Because then, they want to visit the cinema.

Distributors reflected this sentiment, explaining that the value of the theatrical value had not been diminished: "You can see that Netflix also wants their films in cinemas, so they partnered with Searchers, in this case, who released three or four Netflix titles in pretty quick succession in November/December" (Lucas).

4.2.2 Distribution

While they have seemingly not (yet) cannibalized on theatrical profits, streaming services did introduce a new exploitation area for distributors. One participant noted the increased financial security that streaming services could offer distributors during the acquisition process, saying:

Well, distributors are at a point where they can have a theatrical release, and as soon as that cycle in the cinema has died down, they can ditch it with a streamer for a pretty good sum, because they just buy all that content for a certain period. So I think a lot of distributors were able to gain from that, because they can make investments much more safely in the films they buy. If you know you'll get €40.000 from Amazon Prime by selling that film, you'll be more inclined to offer €10.000 more to get those rights. (William)

Another participant confirmed this, explaining that the physical home entertainment market had been declining for years, and that streamers offered distributors a new flow of revenue (Kevin).

With that, however, participants also noted the risks of having those deals with streaming services, as they fear that distributors could become too dependent on them to generate enough revenue to recoup their investments. One participant noted the effects of streaming services on television as a source of revenue for distributors:

What I think is more harmful is that we've become dependent on the streamers. It's a sort of lifeline for some distributors where they could still sell their products. TV isn't buying anymore because of the SVOD, and if they do they pay a lot less. (...) This means that a lot of traditional distributors who paid a lot of money, they're very dependent... They delivered a lot of titles, until they didn't need them anymore. That's when prices lowered, buying got less. They're monsters we created and fed ourselves, and then they eat us, that's what it comes down to. (Steven)

Another participant also noted the risk of losing a lot of insights into the market by selling

content to streaming services, something that was easily monitorable in cinemas or DVD markets. This is mainly due to the streamers' refusal to share data on their content:

But then VOD players came and there was a whole new atmosphere where data wasn't shared anymore, which Netflix started with. Other streaming services basically took over that policy to protect their competitive positions. But that does mean that we don't have a very clear view of what's going on, and how many people actually use those services. (Christopher)

Thus, not only are there concerns that distributors might become too dependent on streaming services to generate revenue, but the lack of transparency also means that it has become difficult for industry professionals to gage their audiences and market, and to receive insight on their viewing habits.

4.2.3 Windowing

One of the biggest talking points regarding streaming services entering the market has been the discussion surrounding traditional window structures of a film's exploitation (Nelson, 2014). Before their rise in popularity, cinemas held an exclusive window of 16 weeks before a film would become available on DVD or Pay TV (Lucas; Kevin). One of the first big instances of these discussions came with Netflix' acquisition of *Roma* and its ensuing 'war' with the Cannes Film Festival, which refused to accept the film without a theatrical release. One participant shared their experience at the time, recollecting how their cinema was deemed "not big enough" by Netflix to show the film before its online release (William).

Interesting here was that most participants did not feel that intensely towards Netflix foregoing an exclusive window, but rather felt it that *Roma* deserved a theatrical release because of its quality:

(...) a lot of really amazing films have been made. And then festivals like Cannes initially didn't want to let those films content for prizes. That was really weird to me, because they were just really good. They were beautifully made, high quality, and suddenly there was this wall being put up between Netflix films and films made for cinemas. (Gabriella, director at a film theatre)

Particularly when it comes to arthouse films, participants from cinemas felt that even day-and-date releases are not very harmful, because arthouse audiences are generally more inclined to visit cinemas, as well as being less likely to have the streaming service it is released on (Gabriella; James).

However, a different example that was discussed which received more ambiguous responses was another Netflix release that followed a year later: *The Irishman*. This film

from well-known director Martin Scorsese would have been a no-brainer for most cinemas, but instead became a big point of contention, with the bigger chains in The Netherlands deciding not to show the film at all due to Netflix' refusal to prolong its 13-day exclusive window.

The Irishman, for example, is an amazing title. Normally that would be a full house in the biggest hall, but we only had three screenings. Simply because by then, it was on Netflix. A title like that deserves a longer window, in my opinion. (James) Christopher (data analyst and researcher) in particular noted the discussions surrounding the release window of *The Irishman* at the time. They discussed how before this, cinemas still very much held on to that empowered position of an exclusive release. This film brought along a lot of conflict, both amongst cinemas, as well as between cinemas and distributors who had needed to adhere to the previous structures for so long. Another participant reiterated this, recollecting:

Well, I thought it was ridiculous as well. We didn't release *The Irishman*, but we also thought it was... Well, we thought it was ridiculous that cinemas always told us they maintained a 16-week window, and suddenly they were all playing *The Irishman* which was out on Netflix so soon after. So of course, we didn't like that. I was worried it would happen at the expense of films we were releasing. (Kevin)

While both were released with similar implications for cinemas, these two films were received very differently by participants. One possible explanation for this was offered by Gabriella, who noted that: "content has never been an issue for arthouse theatres, or at least, for ours. So I do see some changes, but for us that relationship hasn't changed" (2022).

4.2.4 *The cinematic experience*

As discussed above, seemingly none of the participants expressed concern about streaming services threatening theatrical revenues. When asked why this was the case, there were two aspects that were most prominent. The first of these is the fact that The Netherlands has a very elaborate infrastructure of cinemas and arthouses. Between 2013, when Netflix was introduced to the Dutch market, and 2019, the last full year before COVID-19 hit, The Netherlands saw a steady growth in its cinematic market. Participants dedicated these successes to investments made by cinemas into a better viewing experience. This included the investment into premium large formats such as IMAX and Dolby cinema, but also investments into comforts like luxury seating food services (Christopher; Gabriella).

Because we think that's important, we automatically create a space where people like to be. It's more pleasant than a big hall with popcorn, which is just a different goal. There, you know they just want people to buy food, go to the film, and leave. They

don't need to stay. For us, also because we now opened at 9 in the morning, you could work there and have meetings, with good Wi-Fi and coffee. That's a different concept, and a much more sustainable concept for the future I think. (Gabriella)

All of these investments have led to a superior cinematic experience that has managed to maintain audiences during the rise in popularity of streaming services:

If your experience at the cinema is good, but the film is bad, people will still return for the experience. But if the cinema is bad, and the film is good, they only remember the cinema experience and they might not come back. (William)

James, operational manager at an independent cinema, elaborated on this, discussing that the value of the cinema is providing audiences with something they cannot replicate easily at home. Two participants also emphasized the idea of the cinema as a communal experience which enhances its appeal to audiences:

That's what the cinema experience is, watching together and then afterwards – that's my favourite part – you can discuss it. What did I see? What did you see? Is it something we share or maybe we completely disagree about what we just saw? That might be even better, because you have something to discuss then. (William)

4.3 COVID-19

Where the first theme of this analysis, industry relationships, was used to establish previously existing structures and relationships, and the second theme, streaming services, established the circumstances of the current changes we're seeing in the film industry, this third theme is perhaps the most relevant of the three. With the COVID-19 pandemic, the film industry faced issues like never before. Many aspects of the pandemic were discussed during the interviews, as presented below.

4.3.1 Cinemas

While cinemas were closed for a long time over the past few years, there were also intervals when they were allowed to open with certain restrictions in place. When asked about some of their challenges during this time, most participants discussed the content from the major studios that had been postponed. As one participant explained:

(...) there were distributors who decided, "you know what, I'm going to wait for a month, because it might get better and I can get full halls". So, I was completely at the mercy of what was available. That doesn't make the programming better, no. (William)

In addition to the postponement of several big titles, cinemas also saw the experimentation of the window structure expanding (Kevin). Titles were getting released simultaneously on streaming services, which cinemas could no longer protest because of the lack of content

available. Lucas (sales manager theatrical) explained:

Where cinemas first held the power, now they had no leverage anymore, and it really blew up in their faces. You can see now that they have become more... I don't want to say humble, but they have become more realistic. They now see that this unyielding position wasn't a good idea. We can talk a lot more now, and tailor more.

While this meant that cinemas had to give up a lot of negotiating power, none of the participants from the exhibition sector indicated that they felt their relationship with distributors had changed. As one participant explained:

(...) from my own experience, the relationship stayed pretty similar because we were all dealing with the same problems. Both of us wanted to release content. I have to say I often agreed with their decisions to postpone films. (James)

Especially when it came to arthouse content, Gabriella (director) felt that the postponements and changing window structures seemed to mainly impact the bigger, commercial cinemas, with arthouse content mostly getting similar releases as before COVID. Distributors echoed this statement, saying that their contact with cinemas remained the same as they both waited for restrictions to lift.

4.3.2 Distribution

While cinemas struggled to fill their programs with content due to major titles getting postponed, independent distributors were able to jump into the gap left by major studios.

One distributor spoke on the advantages of being independent in this time:

A big advantage is that you're more flexible. What you saw in 2020 when the pandemic started, is that the majors just emptied their whole release list. They pretty early on realised that the rest of the year wasn't going to amount to anything, so just throw everything out. But of course, even in 2020 there were periods that we were open, especially in the summer until halfway through November I believe, and we as independents really had the place to ourselves. That did make us a lot of money. (Kevin)

Another participant echoed this, stating that they were even able to release content in theatres that they had originally intended to go straight to the home entertainment market (Lucas). This led to a stark shift in the Dutch distribution market:

Normally, the majors have about 70% of the market share, and the others about 30%. Or maybe a little less, between 60 and 70 percent. And in 2020 that was flipped, with the majors now holding only 30 to 40 percent. That had everything to do with those films being postponed, and independent distributors jumping into the hole they had left. (Steven)

William (programmer) also noted on this shift, mentioning, “I don’t feel very bad for distributors at the moment. I think they’re in a pretty good spot because they can have a little of everything”.

All of this inevitably impacted the Dutch film market, which can be seen even now restrictions have been lifted. Many participants referred to *The Batman* as an example, which received an exclusive theatrical window of only 45 days before it released on HBO Max.

Cinemas have accepted that it’s all become flexible and that windows are no longer set agreements. It’s become part of the deal they make with a distributor.

(Christopher)

When asked about their plans for window experimentations, however, participants gave varying answers. Kevin said that, for now, they have chosen to adhere to the window structure as it had been before, while Lucas indicated more willingness to work with flexible structures for their titles.

4.3.3 Audiences

While most participants indicated that the relationship between exhibitors and cinemas had remained relatively the same, one aspect every participant agreed on as being a point of worry, was the hesitancy of audiences to return to cinemas. Participants gave several theories for this, one of them being that, despite the lifted restrictions, people are still not as comfortable coming to cinemas as they once were (Gabriella). In particular, as Steven noted, this concerns older audiences that have not yet returned:

I haven’t seen the research yet but I can tell from the numbers that most people are back in cinemas, except for elders. That means that arthouse films aren’t performing well right now. You can tell because they do well for only a short time, because that group isn’t big enough now. It used to be broad enough that they would perform well for several weeks.

While it may seem positive that other age groups have returned to cinemas, people over 65 is one of the biggest groups when it comes to market shares in The Netherlands. Their reluctance particularly hurts arthouses, where they made up 39% of the market in 2019 (Stichting Filmonderzoek, 2019, p.11).

Another factor that explains audiences staying away from cinemas according to participants is the weather:

Since we’ve been open we’ve been competing with the whole world. Everybody wants to go outside, visit terraces, go away for the weekend go to the gym. Normally, you were a part of what audiences did recreationally, now you have to compete with everything at the same time. Everybody wants to do everything again, and preferably

outside if the weather's nice. That's disastrous for us. (William)

Steven reiterated this, stating that it would be the colder months when they would hopefully start gaining back some of the lost audiences once "it's going to rain again and people are back from vacation".

4.4 Moving forward

With all the aspects discussed in this research so far, there is one important question remaining: Where does the industry go from here? While it is still too early to predict the long-term effects the pandemic will have on independent distributors and exhibitors, participants were asked what they considered some of their biggest challenges in the near future, and were asked to reflect on what the future may hold.

4.4.1 Challenges

Participants discussed several challenges they might face in the near future. For exhibitors, one of these included the recovery of audiences into their halls:

I think the way forward is to first have a very good look at which people we need to get back into cinemas. That's one. Right now, we're all still in a bit of a limbo, because numbers are still pretty bad since we've opened. (William).

To get this done, participants indicated the importance of maintaining productive relationships with distributors, as well as more active campaigning. Gabriella (director) emphasized the importance for cinemas of maintaining and reviving their relationships with audiences to get them back to filling seats. One way to achieve this, as mentioned by two other participants, are the promotion of subscription passes like Cineville to get audiences enthusiastic about coming back (James; William).

In addition, many indicated that the discussion surrounding the theatrical window was one that would have to continue to take place between cinemas and distributors:

Cinemas will want to keep that window as big as possible, but it is going to be shifting, so it's important to have those conversations. I think you're researching this topic at a very interesting time, because I feel like there's so much going that it's still very hard to tell. (James)

William also discussed the importance of these relationships, underscoring that a lack of cinemas' audiences also means the reduction of an important exploitation market for distributors.

Distributors also discussed the window structure as one of the main challenges going forward, saying that:

Where we used to have those windows, cinema first, then DVD and TVOD, then SVOD and television, and KLM somewhere in between. Now you see that a lot of

parties we used to do business with are having a hard time. KLM [Royal Dutch Airlines], obviously... I don't sell anything there because they had such a hard time. TVOD parties, there's just less money. SVOD is still pretty good, but like I said, I expect that the amount of services will decline and if there are less of them, they will pay less for our products. So we have to be prepared for that. (Kevin)

Another challenge for independent distributors lies in the amount of content available to consumers, both at home and in cinemas, especially now that majors have made their way back onto the market:

The challenge is, in this overcrowded market, to find a space for your films. That's become really difficult, and it's crucial that you choose the right release date for a film. It was always important, but it's become even more important now. (Lucas)

Christopher (data analyst and researcher) also reflected on this issue, expressing concerns that the space in cinemas for "middle segment" films such as romantic comedies or smaller action films has become smaller and smaller.

Going forward, distributors indicated that COVID showed the importance of maintaining flexibility and moving along with the market. This included not wanting to make too many long-term gambles when it comes to investing in films (Steven), but also manifests in smaller aspects, as one participant explained: "Before, if we made trailer we put something like "In cinemas June 16th" at the end. We don't do that anymore, it says "Soon" or "this summer", because we want to maintain that flexibility" (Lucas).

4.4.2 Expectations

Most participants mentioned the discussion surrounding windows as one of the main challenges of the future. When asked about their expectations for this however, most indicated that they did not expect a return to traditional structures as they were before 2020:

I think [more custom release structures are] going to happen anyway, so it's something we will have to deal with and discuss with them. I personally think cinemas should always fight for some level of exclusivity, because it does take away from that magic. (James)

This expectation was reflected by all participants, with one noting that the strength of cinemas will not lie in its exclusivity, but in the experience (Gabriella). The same participant also discussed how they expected more overlap between bigger, commercial cinemas and arthouse as they search for the right way to distinguish themselves.

I think the vision is still the same; it's very clear to me that you have to stand out as an experience, and that the level of luxury has risen. I think that will remain, and that we need to keep working on that on all fronts. Not just more legroom and better

chairs, but also better welcomes, clean spaces, the right trailers for a film. Things like that is where you can make a difference to make that night out a top-notch experience. (James)

While participants do not expect a return to the traditional structure (“No way” -Steven), this does not mean they expected cinemas to lose their place within the exploitation space. As one participant noted, many distributors have already gone back to some form of an, albeit shorter, exclusive theatrical window. They expect this will especially remain the case for bigger films, who find more value in a big theatrical release than smaller titles (Christopher). Another distributor said that, while they were preparing for shorter windows in cinemas, they are also keeping a close eye on the streaming market.

Multiple participants discussed how, despite their quick rise to popularity, streaming services are still staking their claims within this relatively new field of presenting content to consumers. Christopher and Kevin (managing director) both expressed their doubts into the future of some of these platforms, expecting that in a matter of some years, only a few will be able to last. Kevin elaborated further on this, saying that they expect streaming services to find their place in the market as complementary to cinemas.

Besides these insights, there was one recurring answer amongst all participants: it’s too early to tell. Steven (co-founder), for example, considered this period a time of rebooting and reflecting on where they wanted to go forward with their content. However, it will take until the colder months before more information is gained about what works in cinemas and find their audience. William (programmer) emphasized this as well, saying:

I said that to somebody at Cannes too: my audience hasn’t spoken yet because they’re all still on vacation. They’re busy getting their own lives back on track again and busy with a lot of other things. It’s hard to say the way forward, but I think everything can keep existing next to each other.

5. Discussion

In order to answer the questions this research poses, it is useful to reflect on the results of the interviews in light of the framework that has been established in chapter 2. The first concept discussed here is the value chain of the film industry. Confirming initial expectations, participants placed great emphasis on the cooperative nature of their relationships among independent distribution and exhibition. While having a buyer-seller relationship at the surface in the form of film rentals, the interviews showed an awareness by participants of their individual places of creating value for the eventual product in the form of a theatrical release. Despite encountering conflicting interests due to the different business models of these sectors, both sectors showed a clear understanding of the others' investments and decisions, showing willingness to accommodate those needs when possible in order to collaboratively add to the value of the product.

This became especially apparent when discussing the rise in popularity of streaming services in The Netherlands. While these could be considered a new and very profitable market for distributors, all participants indicated that they were very aware of the disruptive nature of these platforms, and discussed the importance of balancing these new markets with their existing ones. One of the major points of discussion that came from these innovations was the existing window structures, which all participants considered something that has been permanently changed. Despite possible areas of conflict here, both areas once again stressed on the importance of maintaining those lines of communication and accommodation. Both sectors showed a clear understanding of their position in the value-creating process, with distributors willing to maintain a certain exclusivity for cinemas in order to gain the credibility and buzz for their titles that theatrical releases bring, and cinemas' acceptance that these changes in the market are inevitable and the focus should not lie in fighting these, but in finding common ground.

Thanks to digitalisation and the rise of streaming services in the past 10 years, structures that had been in place for since the 1950s were already slowly starting to change. Distributors noted the increasing difficulty of finding a space for their titles amongst an excess of content available, and cinemas had to start conceding some of their exclusivity to keep presenting consumers with the content they wish to provide. While incumbents were trying to adjust to the changing market, everything went into overdrive as the pandemic hit The Netherlands. Suddenly, cinemas no longer had the overwhelming amount of choice in content they had had for so long, as majors postponed or completely forewent their theatrical releases. On the other side, independent distributors gained the opportunity here to fill the gap the majors had left, growing their market shares, and finding space for their titles. In

addition, the lack of content left cinemas with no choice but to accept the further experimentation of window structures, which went from occasional shortening to radical new structures. However, despite independent distributors' increased position of power during this time, the focus of the conversations remained on the importance of positive relationships with cinemas. While all expected permanent changes to the window structure as it was before, participants discussed the continuing importance of some form of theatrical exclusivity going forward. Even though the main value of cinemas is thought not to lie in this exclusivity anymore, distributors showed a clear willingness to accommodate this in order to maintain healthy and productive relationships.

Instead of this exclusivity, all participants discussed how the value of cinemas lies in the experience now more than ever. To compete with the comforts of consuming content at home and the changing windows, audiences are looking for an experience when visiting cinemas rather than the product. This is especially essential for the middle-segment of content out there. Participants expect that big event films will not lose audiences to streaming services because consumers have gotten used to a certain standard of premium formats and impressive halls for these titles. It will be the smaller titles that are expected to experience difficulty in getting audiences into their seats if cinemas cannot provide consumers with a unique experience that stands on more than the product on offer. Cinemas are not able to compete with the convenience of home entertainment, but they can offer audiences something else in the form of luxurious halls, better technology, and food services. All participants agreed that this would be how cinemas will maintain their place in the value chain, and how independent distributors will be able to compete with major titles. Referring to the literature used to frame this research, these insights show that the film industry is highly aware of the audiences' desires to experience something, rather than simply consume it (Pine & Gilmore, 1998). All reflected on the positive impact of cinema investments on the market in the decade before the pandemic. The growth of visitors and box office numbers between 2014 and 2019, while streaming services enjoyed a huge growth of their market, solidified for many that audiences look for more than just content when visiting.

These interviews also shed light on the difference between major studio films and smaller or arthouse titles when it comes to distribution. There are considerable benefits for smaller titles in shorter or more flexible theatrical window, as they often lack the funding for a second big marketing campaign to promote their product releasing on ancillary markets. Whereas majors are able to launch a second campaign weeks after its theatrical release to announce the film becoming available on DVD or online, smaller titles often go unnoticed

with these secondary releases as they become part of the vast amount of content that is released on streaming platforms to consumers. Were they to release their film shortly after its theatrical run, however, titles will be fresher in audiences' minds and hopefully allow them to stand out from others.

While there were notable benefits regarding streaming services discussed during the interviews, such as an additional market for distributors and extra investments for the acquisition process, there were also participants who expressed worries. William, Christopher, and Steven all mentioned the risk of distributors becoming too dependent on streaming services, which could lead to financial disappointments in the future if these services started lowering their offers.

When it comes to exhibition, arthouse films interestingly brought about different expectations from participants. On one hand, several participants expressed that they seemed to be less affected by the rise of streaming services due to their main audience consisting of older people who might not have these platforms, and cinephiles who assign more value to the artform when viewed on the big screen. Titles such as *Roma* still attracted audiences to the cinema despite its online availability, because arthouse fans and cinephiles feel more inclined to watch anticipated films on the big screen. On the other hand, it is arthouse films that now seem to be feeling the impact of COVID the most, as older audiences seem to still be reluctant to return to cinemas. Gabriella, director at a film theatre, also did not experience or expect future difficulty content-wise because of the amount of arthouse content available to them. However, William, a programmer working in Amsterdam, did express concerns when it came to arthouse cinemas in smaller cities. He noted that the future of the Dutch arthouse cinemas circuit would likely feel more impact from other social changes such as urbanisation. He expects that arthouse cinemas in bigger cities such as Amsterdam, Rotterdam, or The Hague will likely not suffer as a result of this, but midsize or smaller cities would see their audiences disappearing towards bigger cities.

In all its uncertainties, the main takeaway from this research as we look towards the future of the Dutch independent film industry is that these past two years will undoubtedly leave traces on an industry that seemed fixed in its ways. Cinemas, independent distributors, and studio distributors alike will have to prepare their businesses to become and remain flexible to accommodate changing audiences if they wish to remain profitable in a market that is more competitive than ever.

6. Conclusion

This research was performed to answer questions about the impact of COVID-19 on Dutch independent film distributors, exhibitors, and their relationships to the film value chain. Using qualitative research, seven industry experts were interviewed about their views on and experiences with changes in the film industry environment as they have developed over the past two decades. The previous chapter has discussed the outcomes of these interviews. It has shown how the rise of streaming services and digitalisation have impacted the distribution and exhibition industry, and how issues surrounding windowing rose at the time. These matters were discussed to consider the current environment with COVID restrictions, new windows, and what the future might hold for the Dutch film industry.

The overarching question for this research was: *How has COVID-19 impacted Dutch independent film distribution and exhibition?*. Considering the circumstances at the time of this research, this question offered more questions rather than answers, as COVID cases are slowly rising again, and we cannot predict what the upcoming months may look like. Therefore, this research served as a way to gain initial insights on the matter and present a snapshot of these changing times, which will hopefully stand to be an informative framework for future references and research. Important conversations were started about something that could permanently impact the film industry structure which has looked the same for decades. Thus, there is no answer yet to this question. However, there are several smaller conclusions which can be made based on this research.

First, all participants indicated that they did not expect a full return to the traditional window structure. Second, no participant indicated that they felt the relationship between themselves and distributors or exhibitors had changed due to the lockdown or digitalisation. This speaks to the tight-knit and personable relationships within the Dutch film industry, even though cinemas might seem like they have lost some of their power. Third, all participants placed emphasis on the role of cinemas as a cultural and social outing. While there seems to be no general fears concerning streaming platforms, it is undeniable that consumer habits have changed, and if cinemas want to retain their audience, and pull back older audiences that may not have returned yet, they will need to keep investing in their venues, technologies, and services if they are to maintain their central role in the exploitation network.

The theories used were the value chain model and the experience economy theory. They proved suitable as the value chain model helped put the current environment in perspective by comparing it to the value chain as it looked before these changes started taking place. The experience economy was useful because it became a very important aspect

to consider during the preparations, as well as during the interviews. While most participants introduced the topic of experience on their own, the theory proved very helpful to have a more in-depth discussion. All of this was based on media industry studies, which pleads for the collaboration between academics and industry professionals to gain insights that can not only help scholars, but also prove useful to the industry. My goal thus was to also provide the professionals with insights by creating a fertile environment for reflection on the past, present, and future. This hopefully helped them also consider their possible moves and futures.

Not only does this research function as a connection between academics and industry professionals, creating an exchange between theoretical concepts and real-life experiences, it also addresses the broader Dutch film culture as it could change for audiences. As more streaming services are introduced, audiences will be the ones to determine which ones succeed and which ones will fail. As content increases, audiences will determine which films prove profitable for distributors and exhibitors and which films flop. And as home entertainment technology develops, audiences will determine where they want to consume their content, and what role cinemas will have within the Dutch film landscape. While many consumers might not consider their viewing choices too much, their changing habits can heavily influence the future landscape of the Dutch film industry.

6.1 Limitations and further research

Because of the exploratory nature of the research topic, there were some limitations that came along with it. First, this research was limited in its number of participants. While all participants held different functions and a lot of industry experience, there are many more industry professionals from different companies that might have different experiences and expectations of the future. Thus, the findings of this research must be considered as an impression within a much larger industry. Second, due to the limited size of this research, the decision was made to focus on the independent film industry. In hindsight, however, participants often reflected on their relationships with majors and their impact on general handling of the industry. Thus, it could have been very valuable to also have connected with some professionals from these studios to gain their perspectives.

These limitations also form the first way in which future research is desirable. This research has the ability to function as a basis on which more participants from either independent or major studios can reflect and hopefully expand in order to gain an even better understanding on the impact of digitalisation and COVID on the film industry. In addition, this research presents an impression of a specific point in history where a lot of changes are occurring. During the conducting of this research, The Netherlands had no COVID-19

restrictions in place and cinemas were open to full capacity. However, as was also expressed by participants, there is some uncertainty about whether some of these restrictions could return in the autumn and winter months as COVID might once again impact Dutch society. Thus, the insights gained in this research should not be considered as conclusive about the impact of the pandemic, as it is impossible to know whether more might come.

Last, the answer to the proposed research question is an inconclusive one. Lasting impact of historical events can take years to be concretely formulated and recognisable. Thus, the insights gained from this research should be continually re-assessed and discussed, as future knowledge could prove highly valuable to conduct against this zeitgeist.

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Appendix A: Interview guide distributors

Warm up

- Could you shortly tell us what your job at [company] is, how long you've been here and how you got here?
- How would you describe an average workday / what are some of your regular tasks here?
- Where are you situated in the distribution process?

Content

- What kind of films do you generally distribute?
- Could you tell us a little bit more about the distribution process?
- How do you decide which films to distribute?
- Is there a difference between distributing blockbusters and arthouse?
- Is there a particular genre that you would consider more a 'safe bet' than others?
- Could you tell us about a recent unexpected success or failure?
- Have you felt pressure to specialize as an independent distributor?
- How in touch would you consider yourself to be with your audience?
- What do you think sets you apart from chain-cinemas?

Distribution

- How, if at all, would you say the acquisition process has changed over the past five or so years?
- What would you consider the biggest development in distribution from the past five or so years?
- Is there more ask for back-catalogue films rather than just new releases?
- When it comes to indie films, is there a pressure to replace them quicker because of the higher volume in independent cinema?
- Would you say you have become more cautious about the acquiring process? Perhaps wanting to wait longer before investing in a film.
- Between 2014 and 2019, The Netherlands saw a yearly rise in both box office and admissions. This was almost always above the European average. Does this reflect your experience?

Exhibitors

- Do you always deal with the same group of exhibitors or does this differ per film?

- How, if at all, do you deal with exhibitors? Is that part of your job? Does it influence your job?
- Would you say there is a big difference between dealing with chain cinemas such as Pathé versus independent or arthouse ones?
- How has your job or environment changed over the past few years?
- What would you consider the current ‘cinema experience’?
- Follow-up: do you think this has changed?
- Where do you think the current role of cinemas in our cultural society lies?
- Where do you think the current role of cinemas in the film industry lies?
- Has this role changed for either one?
- Where would you say you might encounter a conflict of interest when it comes to dealing with exhibitors?

Streaming

- In 2013, Netflix launched its SVOD in The Netherlands, do you remember how you felt about this at the time or what the discourse at the time was?
- Did you consider streaming services as a threat or an opportunity?
- Were there any unexpected effects?
- Do you think the popularity of streaming services has influence the diversity in cinemas?
- The theatrical window has been slowly shrinking since the DVD became popular. Would you consider this a similar situation to the one we’re seeing now with films becoming available to stream almost immediately?
- *Irishman* was released in 2019: A lot of cinemas that refused to show it because Netflix would not agree to a theatrical window longer than a month. Do you remember what the discourse around that was at the time?
- Follow-up: Now that it has become more normal, how do you look back on that?
- Do you think there should be more regulation from governments when it comes to streaming services?

Covid

- How has your job changed since the start of the covid-19 pandemic?
- Has your outlook on the future changed?
- Do you expect things to return to a kind of normal now that restrictions have lifted?
- Can you tell us about an unexpected effect from the pandemic?

- What is the biggest challenge that you're facing for the future?
- How has the relationship between distributors and cinemas changed since streaming platforms?
- Follow-up: How has this changed during the pandemic?
- Follow-up: Do you think these are lasting changes?
- What do you think is the best course of action here: return to the traditional relationships or continue to innovate, possibly at the expense of independent distributors and cinemas?

Appendix B: Interview guide exhibitors

Warm up

- Could you give us a short introduction about your job at [company], how long you've been here and how you got here?
- How would you describe an average workday/what are some of your regular tasks here?
- Where are you situated in the exhibition process?

Content

- What kinds of films do you generally show?
- Could you tell us a little about the showing process?
- How do you decide which films to show?
- Is there a particular genre that you would consider more a 'safe bet' than others?
- How in touch would you consider yourself to be with your audience? Can you anticipate which films will do well?
- What do you think sets you apart from chain-cinemas?

Exhibition

- How, if at all, would you say the acquisition process has changed over the past five or so years?
- What would you consider the biggest development in exhibition from the past five or so years?
- Is there a difference to showing blockbusters and arthouse?
- What would you consider the current 'cinema experience'?
- Follow-up: Do you think this has changed?
- Between 2014 and 2019, The Netherlands saw a yearly rise in both box office and admissions. This was almost always above the European average. Does this reflect your experience?

Distributors

- How do you deal with distributors?
- Do you always deal with the same group of distributors or does it vary greatly?
- Would you say there is a big difference between dealing with studio distributors versus independent distributors?
- How has your job or environment changed over the last few years?

- Where would you say you might encounter a conflict of interest when it comes to dealing with distributors?

Streaming

- In 2013, Netflix launched its SVOD in The Netherlands, do you remember how you felt about this at the time or what the discourse at the time was?
- Did you consider streaming services as a threat or an opportunity?
- Were there any unexpected effects?
- Do you think the popularity of streaming services has influence the diversity in cinemas?
- The theatrical window has been slowly shrinking since the DVD became popular. Would you consider this a similar situation to the one we're seeing now with films becoming available to stream almost immediately?
- *The Irishman* was released in 2019: a lot of cinemas that refused to show it because Netflix would not agree to a theatrical window longer than a month. Do you remember what the discourse around that was at the time?
- Follow-up: Now that it has become more normal, how do you look back on that?

Covid

- How has your job changed since the start of the covid-19 pandemic?
- Has your outlook on the future changed?
- Do you expect things to return to a kind of normal now that restrictions have lifted?
- Can you tell us about an unexpected effect from the pandemic?
- What is the biggest challenge that you're facing for the future?
- How has the relationship between distributors and cinemas been influenced by streaming platforms?
- Follow-up: How has this changed during the pandemic?
- Follow-up: Do you think these are lasting changes?
- In 2021, European numbers began to rise again, but in The Netherlands they kept declining. Does this reflect your own experience?
- Follow-up: How do you reflect on this/explain this?
- What do you think is the best course of action here: return to the traditional relationships or continue to innovate, possibly at the expense of independent distributors and cinemas?

Appendix C: Email interview request (translated to English)

Dear Sir/Madam,

My name is Sabine and I am a master's student Media and Creative Industries at Erasmus University in Rotterdam. For my thesis I am researching the relationship between distributors and cinemas, and as part of this would like to interview somebody who would like to discuss the topic with me in the upcoming month. Specifically, I hope to gain insight into the following matters:

- Digitalization of film
- The rise of streaming platforms
- The COVID-19 pandemic and lockdowns
- Your relationship with cinemas/distributors

The goal of this research is to shed light on an area of the film industry where much has changed in the past ten years, but not much attention has been paid to when it comes to conversations about the Dutch film culture. With this research, I hope to illustrate the roles of distribution and exhibition in the eventual consumption of film by audiences, and to look towards the future of the Dutch industry. Your help would be of great value.

The interview will take about 45 minutes, and can be conducted in-person or online depending on your preferences.

Because the goal of this research is to gain insight into distribution and exhibition as a broader process, the interview will be anonymized. If you would prefer, I could also send ahead a list of example questions so you can get an impression of the topics I would like to discuss with you.

If you would like more information, I would be happy to hear from you and clarify.

Thank you for your consideration.

Best regards,
Sabine Ebeli
