By the end of the year, Australia’s cinema industry will no longer be a film industry. Jock Given looks at what this means for storytelling on the big screen

HOYTS’s seven-screen cinema complex in Sydney’s George Street had been operating for just over a decade when the biggest Australian movie ever, Crocodile Dundee, opened in April 1986. It ran there for seventy-four weeks and grossed nearly $50 million in cinemas across the country – more than $100 million in today’s dollars.

Huge as it was, Crocodile Dundee was gone in a flash by the standards of earlier cinema blockbusters. South Pacific played for 179 weeks at the Hoyts Mayfair in Sydney after opening on Boxing Day in 1958. The Sound of Music, which opened in 1965, played 140 weeks at the Liberty.

This was a new era and the cinema industry had new plans, especially to deal with the rise of home video. In 1986 Hoyts opened the eight-screen complex in Melbourne’s Chadstone shopping centre that marked the beginning of the suburban multiplex building boom in Australia. Two years after Dundee, a sequel was released. Fans who might have seen The Sound of Music twice now got a second hit of Mick Dundee by going to see the next instalment of his adventures.

Nearly three decades later, the business and culture of cinema in Australia have been transformed again, this time by digital technology. All of Australia’s major exhibitors’ screens and more than three-quarters of independent exhibitors’ screens now use digital projection. Within months, few new movies are likely to be distributed in Australia on film.

Film-makers have been using digital technology for a long time. Theatrical distributors supported it because it reduced the cost of transporting movies to cinemas. Some exhibitors welcomed the ability it gave them to improve image and sound quality in their cinemas and to screen content other than movies.

But the digital era has also brought audiences more ways to see movies, along with many new types of content and novel ways of spending their time. Broadband has become almost ubiquitous, fast broadband is common and both major political parties are now committed to making it even faster. Cinema’s place in the media and entertainment economy is again being challenged.

MULTI-SCREEN complexes existed well before Hoyts’s Chadstone multiplex was built, but they were smaller and closer to the city. A series of Village Twin cinemas opened in the early 1970s in places like New Farm in Brisbane and Double Bay in Sydney. They doubled the number of screens without doubling the number of staff. Wallis Theatres opened the four-screen Hindley complex in Adelaide in 1975, not long before the Sydney Hoyts Centre opened.

What Hoyts Chadstone launched was the idea of the suburban multiplex. Over the next decade-and-a-half, the number of cinema screens in Australia almost trebled. Most of them were built in new places. Out of every one hundred screens in 1985, around eighteen were in major city centres, twenty-four in major city suburbs and fifty-eight in the country. In 2012, an estimated fifty-six per hundred were in the big city suburbs, forty in the country and just four in capital city centres.
For many people, this changed the cinema experience. In big cities, “going to the movies” became a visit to a nearby shopping centre rather than a trip to town. In country towns, it became a trip to a bigger town.

The major exhibitors Hoyts, Village, Greater Union and, in Queensland, Birch Carroll and Coyle, dominated this first, “suburbanisation” phase of the Multiplex Era. In the second phase in the 2000s, the expansion slowed but a wider range of cinema types and experiences were offered to audiences. A new major exhibitor – Reading International – arrived in the late 1990s. National art chains Dendy (now owned by Icon) and Palace were formed, and mainstream independents such as Grand in Western Australia, Wallis in South Australia, Cineplex in southeast Queensland and Majestic in central New South Wales built new complexes, renovated and expanded old ones, and acquired some from the majors.

Greater Union (now Event Cinemas), Village and Hoyts shifted the main focus of their investment to premium screens and increased operating efficiencies. Some screens got smaller and more intimate, branded with names like Gold Class, Gold Lounge, Director’s Suite and La Premiere. Others got bigger and louder – Xtremescreen, Titan XC, Vmax. At least one 3D screen was installed in virtually every multiplex, starting around 2008 and accelerating before the release of *Monsters vs Aliens* and *Avatar* in 2009. Hoyts launched the “immersive motion technology” D-Box in Hamilton, New Zealand, in February 2012: theatre seats “pitch, roll and heave in sync with the onscreen action.”

DIGITAL distribution and projection is “the biggest thing for the industry since sound,” says the chief executive of the Independent Cinemas Association of Australia, or ICAA, Adrianne Pecotic. “It’s huge and expensive. It has changed our business from one that didn’t have to invest in equipment every year to one that is going to have to upgrade constantly… You have to build a whole new scale of cost and complexity into the expense of running the business.”

The big investment encouraged groups of exhibitors to cooperate in new ways. Village, Hoyts and Amalgamated Holdings (owners of Greater Union and, since the early 1990s, Birch Carroll and Coyle) established a joint venture to negotiate “virtual print fees” with the major Hollywood studios. These fees are being paid to exhibitors, who have to install the projection equipment, by the distributors, who benefit most from the savings. Similar arrangements were negotiated for independent cinemas: ICAA established a joint venture with Los Angeles–based digital-cinema provider and virtual print fee integrator Cinedigm.

Different exhibitors and groups of exhibitors chose different projection and library management systems and “theatre command centre” software. Network Operations Centres were set up, connecting to the digital projection system in each member theatre, and gathering information about screenings to trigger the virtual print fees.

While 3D “has been a fantastic enhancement,” Pecotic says, cinemas have to consider whether it’s making them more money. “I still remember watching the thirty-five minutes of *Avatar* that James Cameron screened at the Movie Convention before the film was released here” in December 2009. “It was a new technology used in an incredibly creative and effective way.” But, adds Pecotic, “the projection equipment cost $160,000 a screen at the time, plus the cost of the 3D gear for the audience, and it still costs about $70,000 a screen… Exhibitors always have to ask, ‘Will it bring one more person into the cinema?’”

Digital technology is also being used to distribute “alternative content” to cinemas, mainly by satellite, including live or near-live opera, dance, theatre, music and sport. Their contribution to the box office, so far, is small – just over $3 million in 2012 out of a total box office of $1.1 billion – but the per-screen averages can be high.

According to Rentrak, the twenty-fifth anniversary performance of *The Phantom of the Opera*, recorded at the Royal Albert Hall in October 2011, grossed approximately $722,000 in Australian cinemas, very close to the £551,000 reported for Britain. If it had been included in the week’s film figures, it would have been the tenth-highest-grossing title of the week, though only the 157th highest of the year. Other strong performers have been Andre Rieu’s Maastricht Concert in June 2012 (approximately $378,000), MET Opera’s *Gotterdammerung* ($176,000) and *Leonardo Live* ($173,000).

Online and mobile digital media have been used by cinemas to communicate session times and information about promotions and special events, and for ticket sales. This has reduced costs and helped to deepen
relationships with audiences. By early 2013, the percentage of Hoyts tickets sold online was “well into double figures.”

But it’s the expanding role of digital technology in production that some see as the real revolution in twenty-first-century cinema. “Some films made now could not have been made, either at all or convincingly, before the twenty-first century,” says Screen NSW chief executive Maureen Barron. “When Life of Pi was published, it was hard to see how it could be made into a film. But ten years on, it is plausible and enchanting due to technology and a master film-maker who has made full use of that technology.”

For former Village Voice movie critic J. Hoberman, this is the final, irreversible uncoupling of cinema images and sounds from the real world – the creation of what he and others have called “post-photographic cinema” – that means “the nature and development of the motion picture medium has become irrevocably altered.”

AUSTRALIAN cinema audiences grew strongly in the first phase of the Multiplex Era but stabilised or, by some measures, declined in the second phase. From the peak of forty-two million admissions to see The Man from Snowy River, Mad Max 2, Raiders of the Lost Ark and other movies in the boom year 1982, numbers fell to a low point of around thirty million in 1984, but then trebled to a little over ninety million in the early 2000s. Each year since, admissions have ranged between eighty-two and ninety-three million.

The United States, Britain and New Zealand all shared this experience: admissions grew faster than the rate of population growth in the decade to 2001 but have fallen in the decade since.

Suburban and regional multiplexes got more people going to the movies and regular patrons seeing more movies, but in the second phase of the Multiplex Era, from about 2000, trends varied for different age groups. Young people still go to the cinema more than older people, as they have for decades. But the proportion of fourteen- to twenty-four-year-olds going to the cinema, and the number of movies they see, have declined slightly in the 2000s, while cinema-going among older people has grown strongly and continuously.

Back in 1984, a third of people aged fifty or over had been to the cinema in the previous twelve months, and they had been an average of twice. In 2011, more than half were cinema-goers and they went an average of seven times each. By comparison, 86 per cent of Australians aged fourteen to twenty-four went to the cinema in 2011 and they went an average of nine times each. (The Multiplex Era boom is still well below the pre-television peak of the 1920s–50s, when, according to one analysis, every man, woman and child in New South Wales averaged between nineteen and thirty cinema visits a year.)

Older cinema audiences are growing overseas as well. Writing in the Guardian, television producer David Cox called the arrival and success of movies like Tinker Tailor Soldier Spy, The Descendants, The Iron Lady, The Artist and The Best Exotic Marigold Hotel a “historic… change of tack” for a business fixated on young people.

That fixation dates back to the 1970s, when the multiplex boom began in the United States and films like Jaws and Star Wars started drawing teenage baby boomers to cinemas deserted by the working-class audiences that filled them before television arrived. Says Cox: “When baby boomers become empty-nesters, they refuse to languish on the sofa like their predecessors… To them, cinemas seem like good value… and they recall affectionately their youthful delight in the medium.”

The number of films released commercially each year in Australian cinemas has grown by around 40 per cent during the three decades of the Multiplex Era, although this is still just below the peaks of the 1940s and 50s. Young Australians now get the chance to see more movies in cinemas than their parents, but not quite as many as their grandparents.

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This growing number of titles comes from a wider range of places. Asia, especially India, has been the major source of growth, followed by non-Britain Europe. The United States remains by far the largest single source of supply and its films earn the overwhelming share of the local box office.

Among the highest-grossing films in Australia since the mid 1980s, three films stand out: the first Crocodile
Dundee in 1986 and James Cameron’s Titanic in 1997 and Avatar in 2009. Break-out successes like these are hard to predict but they occur often enough that they cannot simply be treated as anomalies.

Measured by the number of prints available on opening day, the scale of the release of films rose dramatically through the Multiplex Era. Of the nearly 700 cinema screens in Australia when Crocodile Dundee was released in 1986, around one in twelve had a print. Of the nearly 2000 screens when the last Harry Potter film was released in 2011, one in three had a print.

Paradoxically, although the Multiplex Era has been all about big films earning big box office fast, the share of the box office earned by the very biggest films in Australia – the Top 5 in each year – has fallen sharply since the 1980s. This is because that era is also the age of home video, DVD and, more recently, online distribution.

Films no longer stay in theatrical release for as long as there is money to be made there. Distributors move them on into these ancillary markets, making way for new first-release titles at the box office. The very biggest movies still earn huge box office grosses; as a group, however, they are generally not in cinemas long enough to perform quite the way they once did. At the Melbourne theatre where the biggest movie since the 1980s, Avatar, had its longest non-IMAX run, 97 per cent of final gross earnings were notched up by week 20.

Comparing the performance of Multiplex Era movies with those before it using inflation-adjusted box office figures – cautiously, given the limitations of the data – our research concluded that although there are now more big films, the very biggest individual films of the Multiplex Era are generally smaller in cinemas than those of the pre-Multiplex Era. (That does not necessarily mean fewer people see them, because so much movie-viewing now occurs outside cinemas.)

But when we added up the inflation-adjusted box office of so-called “franchises” – wholly Multiplex-Era series like Harry Potter, Shrek and The Lord of the Rings as well as longstanding series like James Bond and Star Wars – we concluded that the wholly Multiplex-Era franchises have outperformed their predecessors in cinemas.

The king of franchises, James Bond, has grossed nearly 40 per cent more than Harry Potter, but it has taken three times as many films to do it. Ranking the franchises by their average box office gross per film, half of the top ten are series that started in 1999 (The Matrix) or later. Of the $3.4 billion (at 2012 prices) earned by the top twenty franchises, more than half has been earned in the 2000s.

The concept of franchises, sequels and series is not new. Walt Disney’s animated features of Felix the Cat and Mickey Mouse in the 1920s and 30s were a kind of franchise, regularly produced, released and re-released complete with matching merchandise. Studios like Pathé, MGM, Twentieth Century Fox and Warner Brothers (and, much later, Pixar) were themselves franchises. They signed stars – another kind of franchise – to multi-picture contracts. Early Australian film series included “The Hayseeds” and “Dad and Dave” movies, which drew on Steele Rudd’s 1895 stories and a series of books about a rural family, The Waybacks.

What is distinctive about the franchises of the twenty-first century is the scale of their commercial success and the decisions to produce them as franchises or series of films, rather than one-by-one: three Star Wars prequels then three more sequels; three Rings then three Hobbits; four Potters followed by another three, the last one turned into two; two Avatar sequels currently being shot back-to-back.

Film-makers who once pitched discrete stories now offer story-worlds. Adapters of popular literary classics are less likely to think about how to compress epic reads into tight cinematic packages and more interested in turning stories into sagas. Instead of one-off movies like Gone with the Wind and The Sound of Music, which played and played through the long theatrical runs of the pre-Multiplex, pre-home-video eras, the popular moviemakers of the twenty-first century construct sprawling narratives and reveal them by instalment, one movie at a time. Audiences, they hope, will commit to the whole thing and build as the story reaches its climax, rather than decline, as the sequels of earlier eras ran out of puff.

By setting out to tell stories by instalment, the most popular cinema of the twenty-first century has been televisionised.
IN THE twenty-first century, when screens are everywhere and always on, what is it that will make the ones in cinemas unique?

Cinemas face plenty of challenges in a world where fast broadband is pervasive. Popular cinema’s core audience for the last forty years – young people – are going out to see movies a little less often. They have other things to do, other things to watch and other ways to watch movies that either cost less than cinemas or – if they are prepared to take on the law – nothing at all. More spectacular screens need increasingly spectacular movies to show them off. Digital technology helps reduce the cost of reproducing yesterday’s spectacles but feeds bigger expectations about tomorrow’s.

Making movies as franchises reduces the risk that overloaded audiences won’t notice the next film, but magnifies the scale of the debacle if a whole project goes off the rails. Cinemas’ window of exclusivity for new movies has shrunk. Only one of Australia’s biggest exhibitors, Village Roadshow, now has a significant ownership stake in distribution and production that allows it to shape the fare it offers to audiences, although the smaller, art-cinema chains have distribution as well as exhibition interests. (Sharmill Films, established by the Nova Cinema’s Natalie Miller, distributed about three-quarters of the “alternative content” titles earning box office revenue in Australia in 2012.)

Alongside these challenges, cinemas have many things going for them. Their primary content, movies, have endured as a form of entertainment through many waves of technological and social change. The biggest blockbusters, which are so important to the economics and lustre of the exhibition industry, are unpredictable but they seem to turn up frequently enough. The population is ageing and older people are going out to see more movies. A larger number of movies are being made, creating opportunities for festivals and events that can curate compelling collections.

Earnings growth for commercial cinemas may be mainly in “premium” experiences, but they deliver premium entertainment a good deal cheaper than competitors like musical theatre shows, stadium concerts and the biggest sporting events. Once the costs of equipment installations are recovered, digital distribution and projection should improve profitability by reducing operating costs and allowing cinemas to screen new kinds of content.

Cinemas know that, in the Online Age, their position at the start of the release chain for the popular audiovisual form we call movies is not a fixture but something that has to be earned each weekend, each week, each year.

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