TBOF Chapter 2 – Homework (with Answers)   Name__________________
– each question is worth 4 points

Film Industry Business Overview

Short Answer – explain briefly the answer to the following questions.

1. What is the value of the intellectual property of film?
    a. The value is the right to exploit it, make copies of a film and license and sell it.

2. As intellectual property, what elements within a movie can be further exploited?
    a. Characters, story elements, licensing of production elements, spinoffs and other media.

3. What does the complex and collaborative nature of filmmaking rely upon?
    a. It relies on the successful collaboration of creative artists, and large financial investment.

4. Why does film take a long time to make and sell?
    a. Due to the layers of decision-making and collaboration required to finalize a script, cast, finance and complete a film, it takes a long time to sell. Changing consumer tastes over that period may make the movie outdated at time of release.

5. What is a monopoly?
    a. When 1 company controls an industry.

6. What is an oligopoly?
    a. When an industry is controlled by a handful of companies that generate most of the revenue.

7. What is the structure of the film industry now, monopoly or oligopoly?
    a. Oligopoly

8. How is movie consumption cyclical?
    a. There are patterns of consumption that rise and fall over the year.

9. What is price elasticity?
    a. Price elasticity is how sensitive consumer demand relates to movie prices.

10. How are movie tickets price elastic?
    a. Movie tickets are price elastic in that continuing increases in prices has not noticeably reduced consumption

Multiple Choice – 1 or more may be correct – Circle/Underline/Bold correct answers

11. What are 2 of key characteristics of the movie industry?
    - **a. Film is intellectual property**
    - **b. Managing creative talent**
    - **c. Film is a global product**
    - **d. Film takes a long time to develop, produce and market**
    - **e. Market Structure - Oligopoly versus Monopoly**
    - **f. Cyclical**
    - g. **Price elasticity**

12. What are the principal functional sectors of the industry?
    - **a. Production**
    - b. Movie Sound Stage
    - **c. Distribution**
    - d. Actor
    - **e. Exhibition**

13. Which description does NOT describe the studios:
    - a. Owned by a public company
    - b. Paramount Pictures
    - **c. Don’t work together to control technology and pricing**
    - d. Horizontally and Vertically Integrated
    - e. Oligopoly

14. Disrupters to the film industry consist of:
    - **a. Online streaming services aggressively producing content**
    - **b. Netflix**
    - **c. Amazon**
    - d. Smartwatches

15. If a studio is vertically integrated, what do they control? Some aspect of each of movie:
    - **a. Production**
    - **b. Exhibition**
    - c. Word of Mouth
    - **d. Distribution**

True / False

16. Production consists of the actual shooting of a film.
    a. True
    b. False

17. Studios with their resources, experience and expertise, do not dominate film distribution.
    a. True
    b. False

18. Studios release 2-3 films per year.
    a. True
    b. False

19. Exhibition takes place at a retail level where viewers pay to see a movie.
    a. True
    b. False

20. Netflix is a streaming service is no threat to the studios.
    a. True
    b. False

21. Netflix and Amazon are spending aggressively on production, disrupting the studios.
    a. True
    b. False

22. Telco companies AT&T, Verizon and cable giant Comcast are not interested in getting into movies and pose no potential competition to the studios.
    a. True
    b. False

23. Netflix and Amazon do not exert pressure on the industry; in fact, these companies are making things much easier for the studios.
    a. True
    b. False

24. Television hurt the movie industry, creating significant competition to movies.
    a. True
    b. False

25. Indie filmmakers could benefit from new media players as they spend capital on movie content.
    a. True
    b. False

Short Essay

26. Describe why studios may be threatened by the new media players creating movie content.

Companies like Netflix, Amazon, Google and Apple have forced rapid change on the industry, especially in distribution. These companies are spending great amounts of capital on movies which are competition for studio films. Consumers are becoming accustomed to streaming movies through the new media companies, and want studios content as soon as possible. Studios now must navigate the online space without losing profits. If the studios cannot stay competitive against these new players and their money, the oligopoly may be threatened and these new companies may become more powerful.