



Examination of Innovation in the Film Industry

TEAM 1

MUHAMMAD ROHAIL SIDDIQUI, KAREEM EL-BARADIE

Executive Summary

The North American Film Industry (Hollywood), though unorthodox, is a shining example when wanting to study the concepts and applications of innovation. This report is limited in scope to the film industry past 1975, however if a wider net is cast to the very early days of Hollywood it is evident that innovation runs in the industry's veins and have helped mold it into the behemoth as it exists today.

Hollywood has a built-in system that awards major innovations. This happens either through financial success for the innovators and/or through critical success. Financial success is best demonstrated with the example of IMAX, a technical innovation focusing on a new method of film capture in 1960, and its continued success seen year after year, with a 22% increase in IMAX theatres between 2015 and 2016 and a 15% increase in the use of proprietary DMR technology by IMAX between 2016 and 2017.

Financial success is further demonstrated in other innovations in the industry that are elaborated in this report. These are process innovations such as using alternative models to generate movie funding in the case of Veronica Mars. or the ability to extend franchises through the construction of a cinematic universe best implemented by Marvel Studio's 24 films. Financial success has also driven business model innovation such as formulating the summer blockbuster season after the success of Jaws, leading to every summer season earning \$4 Billion since 2007 and with the advent of franchising best exhibited by movies such as the Star Wars saga or the Cars movies.

Further, some innovations have garnered critical success, along with financial. This is seen at Pixar and their overwhelming dominance at the Academy Awards after their use of CGI in feature film animation. This critical success drove more studios to adopt the technology, leading to widespread adoption of CGI with the launch of other studios such as DreamWorks Animations. The Academy also continues to recognize other major innovations in the industry, noted examples being Dolby Laboratories and the Image Shaker.

The industry also has a significant influence on our collective pop culture and has become a societal guide. The acceptance (or rejection) of wars fought historically have best been gauged by the success of movies portraying them, exhibits of this are movies such as Platoon, Apocalypse Now, Hurt Locker, and American Sniper. Gender and Race equality, issues that have become increasingly relevant, and the disproportions blatantly obvious, have also been reflected in the movies that have found success in the past, such as Breakfast at Tiffany's (known for its racist Japanese caricature) and My Fair Lady vs. those that find success now, such as Moonlight (Academy Award winner for portrayal of a Black gay man's struggles growing up) and Bridesmaids (an all-female comedy) This further shows the shifting norm and cultural biases in the industry.

When considering the state of the industry, there has been an evident move by technology giants, such as Amazon and Netflix, into the industry, finding great success here, forcing the adoption of a similar model. Going forward there will be an increased adoption of developing technology into movies as well as a refocus for the industry to make films with more substance after their disappointing 2017 summer season. The industry also continues to grow as a global power and this trend will continue to present itself both in the themes and locations of its movies.