Global Film Distribution Revisited

Network, Technology, and Space

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Three Cases

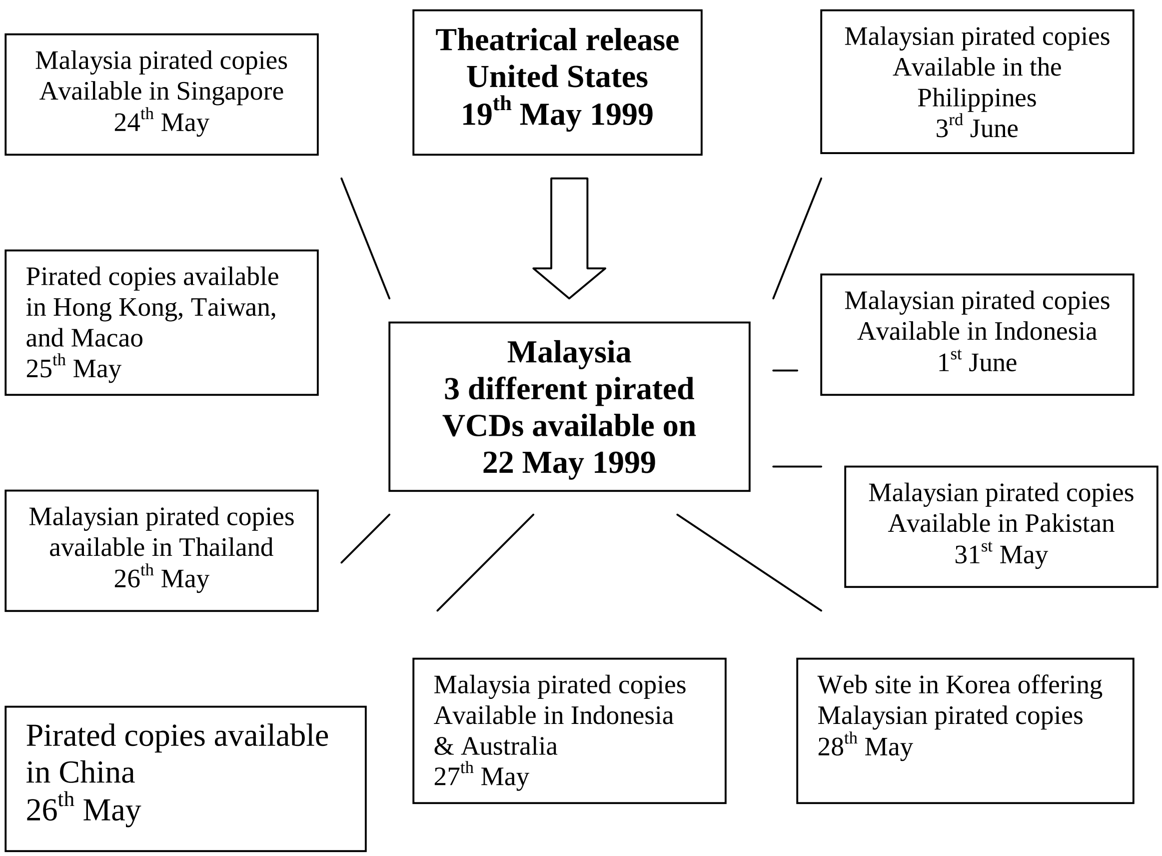
"A Quiet but Bloody Revolution" – Case #1

Described by *Variety* (Dunkley & Harris, 2001:1) as a "quiet but bloody revolution" and the "day-and-date revolt," the recent coups of the ranks of international film distribution executives at major Hollywood studios (the "majors") reflect important shifts in the direction the film industry is heading. In the past year or so, the respective international distribution heads at Sony (Columbia TriStar), Universal, Twentieth Century-Fox, and Warner Brothers were replaced by their domestic distribution or marketing counterparts. These new and expanded positions oversee responsibilities that include both domestic and international distribution and marketing. Such a shift not only signals a rapidly shrinking world where international and domestic distribution are now *perceived* to have more in common than in previous eras, as was pointed out by the report, it also brings out complex issues of technology, the new mega merger environment, and control of space, time, and flow.

The "VCD Menace" – Case #2

Chart 1 traces the flow and routes of pirated *Star Wars Episode 1 The Phantom Menace* video compact discs (VCDs) from the US theatrical release to Malaysia and then to other parts of the Asia-Pacific region. It demonstrates the efficiency and extraordinary speed with which piracy networks operate to undermine authorized film distribution networks. Within three days of the US theatrical release (on May 19, 1999), three different versions of pirated VCDs were found in Malaysia. Within a week of US release, pirated VCDs were found in China, the largest market in the world for both legitimate and illegitimate goods.[1]

Chart 1 Piracy Map: ***Star Wars Episode 1 – The Phantom Menace***



Source: Michael C. Ellis, Vice President & Director, Asia/Pacific Anti-Piracy Operations, Motion Picture Association
Personal Interview, June 1, 2000, Hong Kong

E-Commerce or Gray Market? – Case #3

According to *Variety* (February 7–13, 2000), as much as 30% of total DVD sales outside of North America are conducted on-line via American E-tailers. Such sales not only take profits away from the majors' (overseas) local home entertainment branches, they also have serious implications for the price discrimination strategy "windowing" which the majors practiced since 1970s and 1980s when video and cable channels started to proliferate. Windowing is an attractive distribution strategy in that it extends markets by sequencing sales to different territories through time (Hoskins, McFadyen, & Finn, 1997). In other words it is how space is maneuvered through time, and vice versa. What this *Variety* report demonstrates is precisely the Internet's ability to erase distance and make windowing obsolete. Digitization destroys distance.

These seemingly unrelated cases are in fact inextricably interconnected. They highlight some of the most pressing issues and challenges the majors face and must manage to remain in control: piracy, global expansion and issues of control (or lack thereof), digital technology, and the subsequent disintermediation possibility, among others. They also demonstrate the significance of distribution in this global information economy where speed is increasingly one of the most essential elements in a successful global operation, legitimate and otherwise.

To fully understand the centrality of film distribution and how it has come to define Hollywood's global dominance, one has to take into account several crucial contexts in which the film industry has taken shape. In the following sections I will examine distribution in the contexts of, *inter alia*, policy, technology, space and control, followed by a further discussion of the above cases and their theoretical implications.

Why Distribution?

In a world that increasingly functions as a net or a web (see, for example, Haraway, 1997; Jameson, 1998; Irvine 1998; and Robert Reich via Castells, 1997), distribution is precisely those lines that give objects their mobility and enable the flow among different nodes and hubs. The success of a global strategy hinges therefore upon a working distribution system. Hollywood's early emphasis on distribution and exhibition strategy, for example, has contributed greatly to its dominance of the film industry. While distribution has been widely recognized as one of the key factors for Hollywood's global success as well as survival (e.g. Hoskins, McFadyen, & Finn, 1997; Aksoy & Robins, 1992; Blair & Rainnie, 2000; Guback, 1969), it has not been adequately examined or theorized.

The centrality of the role of a distributor lies thus in the fact that it is the distributor who controls the flow of information to both the consumers (through marketing, promotion, branding, and positioning) and the sources of finance (see Hoskins et al., 1997). This role is especially significant in a global economy as it links the global and the local, and is indeed the part where boundaries are re-defined and where translation, transformation, deformation, leakage and overlapping take place. In other words, it is where different circulating networks intersect and interact with significant cultural, economic, and political implications and consequences.

Furthermore, after the Paramount Decree of 1948, the majors had essentially become distributors and financiers (e.g. Wyatt, 1998; Donahue 1987, see discussion in the following section). It is important to note that distribution and financing are closely related. With the common practice of pre-selling, the securing of financing is often contingent upon a distribution deal. It becomes clear that the control over distribution is a key to control over finance (Christopherson & Storper, 1986). Increasingly bankers have come to depend on the large distributors to control *all* processes of film practice: script selection, development, production, and finally distribution (see Aksoy & Robins, 1992). The increasing proliferation and importance of ancillary windows and foreign markets further accentuate the critical role distribution plays. What this new corporate, conglomerate, global and convergent entertainment marketplace involves is precisely a centrally controlled network where distribution has tremendous influence over the complex movement and ultimate reception of a product. Monopolistic distribution schemes have been in place to ensure Hollywood's dominance of the world market, while a handful of the major distributors still control the industry.

Policy, Industry Structure, and Globalization

Before I discuss more specific issues of technology, piracy, and the control of space, time, and speed in the film industry, I will in this section first examine the fundamental question of how policy has come to shape the market structure, and how the market structure and other larger economic, political and cultural contexts have in turn informed policies and regulations. The following discussion will demonstrate that while policy changed the structure of Hollywood in general and its spatial organization and strategies in particular, new digital technology and global market environment have also rendered policy and regulation ineffective. And most importantly, policy provides an avenue through which one can get a glimpse of the configurations of the state in this rapidly changing global economy informed by technological developments and the resulting transnational expansion, mergers, and trade regime operations.

As was mentioned earlier, the Paramount Decree of 1948 (*U.S. v. Paramount*, 334 U.S.131) marked a profound change in the structure of the industry. It was a decision that shifted and altered the power relations among various components of the film industry. It also signaled the new strategies the studios adopted to remain in control. Prior to the Paramount Decree, Hollywood majors were vertically integrated and were firmly in control of production, distribution, and exhibition. They had indeed since the 1910s expanded cooperatively to control the film industry and create an oligopoly (Thompson & Bordwell, 1994). In 1938 the Justice Department initiated the Paramount case and accused the Big Five (Paramount, Warner Bros., MGM, 20th Century-Fox, and RKO) and the Little Three (Universal, Columbia, and United Artists) of colluding to monopolize the film business and hence violated the antitrust laws (see Thompson & Bordwell, 1994). The Big Five owned theatre chains, block-booked films and were engaged in other unfair practices. The Little Three were also accused of unfair practice and of cooperating to exclude other firms from the market, even though they did not own theatres. To prevent these monopolistic practices of the majors, the Paramount Decree prohibited the Big Five their ownership of theatre chains. For the Big Five, exhibition had actually contributed more to profits than either production or distribution (Hillier, 1993). The Paramount Decision therefore had great impact on the operations and functions of the majors.

Consequently, with the emergence of television and the post-war demographic changes (i.e. baby boom and suburbanization), the Paramount divorcements set off the decline of the studio era (e.g. Gomery, 1998; Thompson & Bordwell, 1994) and broke down the vertical integration of the majors. Without secured outlets for their products, the major studios began to reduce and disintegrate production. Major functions hence moved to the market (see Christopherson, 1996) in an effort to expand and deepen control over worldwide distribution. What became clear about the profound influence of the Paramount Decree was precisely the strategic position distribution occupied and the resulting realization that control over distribution was indeed a key to control over finance (Aksoy & Robins, 1992; see also Guback, 1969, and Thompson & Bordwell, 1994), and thus the industry.

Foreign markets also took on even greater importance after the decline of the studios in the post-Paramount Decree era. While the transnationalization of Hollywood has been intensified in recent decades, it is certainly not something new. As early as 1914, the United States supplied half of the motion picture production in the world; and by 1917 the U.S. supplied almost all of them. By 1925 and 1926 Hollywood had become a large-scale operation generating $1.25 billion from the global mass market (see Donahue, 1987). As early as 1928, foreign revenue already represented 25 to 40 percent of the total earnings of a film. After the Paramount Decree, the majors started to lower production outputs to reduce overhead while trying to differentiate film projects to maximize audience consumption. Amidst the majors' efforts to diversify and disintegrate in terms of production and contents (i.e. involvements and developments in television production), they remained centralized in their distribution operations. To recoup losses incurred in domestic markets in the 1960s, they emphasized international distribution even more (See, for example, Christopherson & Storper, 1986). In the 1950s, foreign rentals generated 40 percent of revenue. By early 60s, approximately 53 percent of all theatrical revenue came for foreign markets (Donahue, 1987). Foreign markets now provide 65% of box office grosses (see Dunkley & Harris, 2001), they are no longer just one of the ancillary markets, but rather an indispensable revenue source essential for the survival of the major studios. As Table 1 and Table 2 show, both in terms of global admissions and box office grosses, overseas markets outweigh domestic ones.[2] A working distribution strategy holds thus the key to the financial well being of the majors.

Table 1
Split of Admissions by Continent (%)

	1995	2001	2010 (forecast)
Asia Pacific	71	66	65
Europe	9	11	11
Latin America	2	3	4
Middle East/Africa	3	3	4
North America	15	17	16

Source: Informa Media Group (2001)

Table 2
Split of Gross Box Office by Continent (%)

	1995	2001	2010 (forecast)
Asia Pacific	23	18	18
Europe	25	28	29
Latin America	4	6	7
Middle East/Africa	1	1	1
North America	46	47	44

Source: Informa Media Group (2001)

Hollywood’s dominance of overseas distribution and market is not a coincidence. It was due a large part to the policy and regulation that permit the “collusion” among firms in foreign markets (see Christopherson, 1996), while domestically such collusions were prohibited. Under the Webb-Pomerene Export Trade Act of 1918, the Motion Picture Export Association of America (MPEAA, formerly the Foreign Department of Motion Picture Association of America) was organized in 1946[3] as a legal cartel (see

Donahue 1987 and Guback, 1969). This act was set up so that competitors were allowed to cooperate in foreign trade by building associations that would otherwise be considered illegal under the two earlier antitrust acts of 1890 (the Sherman Antitrust Act) and 1914 (the Clayton Antitrust Act).[4] The MPEAA was then able to act as the sole export sales agent for the majors and to effectively regulate and fix prices, allocate customers in foreign markets, control the flow of products, to set the terms of trade for the films, and to arrange the distribution abroad (see Donahue, 1987; Guback, 1969; and Christopherson, 1996).

Finally, the 1970s witnessed major restructuring in Hollywood where ownership patterns were altered. Even though the film industry was in financial troubles in the 60s, the major studios still represented a good investment opportunity with such assets as prime real estate, film libraries, and well-established distribution networks (Hillier, 1993). The result was changes in ownership and structure when conglomerates started to take over studios. Examples include Gulf + Western's takeover of Paramount in 1966, Transamerica's purchase of United Artists in 1967, Kinney National Services' takeover of Warner Bros in 1969 (and became part of Warner Communications Inc. in 1971), and Kirk Kerkorian's control of MGM in 1969 (see Hillier, 1993). By the 1980s, the film industry had become profitable again. It also became apparent that the way to remain cost effective on a meaningful level in the film industry was to be a major, since only the majors are able to gain worldwide dominance through economies of scale and through their strategies of consolidating overseas distribution with other majors. This realization prompted another wave of mergers. With the reversal of the Paramount Decree in 1985, furthermore, the majors started to buy into theatre chains and started a "re-assertion of vertical integration” (Hillier, 1993:23). In fact, this trend of vertical reintegration is extended to global markets. Many of the major international exhibitors are linked to major Hollywood studios. For example, Warner Bros. International Theatres has a global deal with Village Roadshow of Australia; Sony and Universal have part ownership of Loews Cineplex Entertainment while Universal also co-own United Cinemas International; Paramount itself is linked to National Amusements through Viacom; and finally Fox owns a 16% share in the Hong Kong-based Golden Harvest (see Thomas & O’Brien, 2001).

With policy and foreign distribution system in place, the majors survived the Paramount Decree setbacks, while re-integrating themselves both horizontally and vertically into the new global economy. These structural and policy changes reflect the working of global market forces and developments. What the above discussion of policy and structure also exemplifies is how the state actively functions in the new global economy to ensure the working of an expansionist and capitalist global spatial strategy. To operate on a global scale, national as well as transnational regulations are essential. With the collusion between MPEAA and the government, Hollywood was able to expand its global operations.

The new challenges resulting from digital technology however prove to be far more formidable as they render regulations futile and inadequate. In the next sections I will examine the impact of the new technology on distribution and its implications for both theory and practice.

Technology, Windowing, and Piracy: It's All About Speed

Power in this mode of late capitalist expansion lies in one's capacity to overcome constraints of both time and space (see, for example, Graham & Marvin, 1996). Digital technology has in a way disrupted the balance of power and forms of control in the film industry by erasing space and rewarding speed. Just as technology development is instrumental in establishing capitalist market expansion, when used by pirates it also seriously undermines and challenges the copyright industries' critical need to command space and control time. If digital technology rewards speed and partnership, the worldwide entertainment piracy networks are oftentimes far better connected and more flexible than their legitimate counterparts. The windowing strategies are thus rendered ineffective with the formidable rate and velocity of optical disc and on-line piracy. Jack Valenti, President of the Motion Picture Association of America (MPAA), has indeed named piracy one of the "emerging global issues" in the new "digital millennium" (2000:85).

Consequently, while new production technologies have certainly altered the process of film production, it was the new technologies of distribution and delivery that have had the most far-reaching and profound impact on the industry structure. This is so partly because new technologies bring about the proliferation of ancillary markets. The ancillary markets (or the end markets/new exhibition windows) include all means of exploiting a motion picture other that that of theatrical exhibition (Donahue, 1987), such as video (including DVD and VCD), cable television, pay per view, broadcast television, and the Internet. To extend markets and to maximize consumption and revenues, therefore, the majors use strategies to segment audiences, to differentiate among different outlets of distribution and their times of release, and to use price discrimination strategies, charging audience different prices to see the same film via different outlets depending on where and when the film is seen (See Aksoy & Robins, 1992; Christopherson, 1996). The ability to control a range of new delivery and distribution outlets and to maximize exhibition possibilities are of great importance for the majors to spread risks among the increasingly segmented audiences and to retain their dominance.

In addition, the significance of a proper working windowing strategy is closely related to one of the unique characteristics of film: it is a joint consumption good (see Hoskins, Finn, and McFayden, 2000:127).[5] Joint consumption has more to do with cultural goods' property as a 'public good,' where the viewing by one person of a film does not use up the product or detract from the experience by others. In other words, an additional viewer for a specific product has no effect on cost, while the replication of such product is very low compared to the original costs. Films thus become an infinitely exportable commodity; since a print shipped abroad would not deprive the domestic market of anything (see Guback, 1969). Table 3, for example, demonstrates release windows in Hong Kong, Taiwan, and Japan. One can see that the less secure (in terms of copyright protection) and less profitable means of distribution normally appear at the end of the release sequence (e.g. broadcast free TV, see also Bettig, 1997). The windowing strategies hence are only possible with proper copyright protection, since market extension relies fully on the transfer and ownership of exclusive rights to reproduction, distribution, performance, and display.

For the consumers, the new delivery technologies have inevitably changed the way they use the media. The development of the VCR, for example, afforded the

Table 3
Release Windows (Months after theatrical release)

	Video rental	Video sale	PPV	Pay TV	Free-to-air
Hong Kong	3-6	N/a	10	12	24-30
Japan	6	12	12	15-18	30-36
Taiwan	6	12	N/a	13-14	N/a

Source: Informa Media Group (2001)
Note: Data on China and the U.S. are not available

consumers with means for time-shift recording and content sharing. The Internet further provides users with even greater capability to copy and share audio and visual files free of charge. Ultimately it is an issue of control, of when and where the films are watched, by whom, and through what channels. What technologies provide the consumers with is precisely such control.

Such developments also have implications for piracy. Named as one of the "Emerging Global Issues 2000" by *The Business of Film* (February/March 2000), piracy has proved to be able to move products around the globe in a much faster and more efficient fashion than their legitimate counterparts can. The estimated annual losses due to piracy are estimated at $9 billion in 1999 and $7.6 billion in 2000 (see USTR 2001 "Special 301" Decisions). The key here is not simply revenue losses for legitimate entertainment and software industries. The crucial question remains in the fact that in the informational economy, intellectual property becomes the real property (e.g. Hoskins et al., 1997).

Moreover, if mobility equals profitability, and if speed in this digital world translates into profit, the ultra-flexible local, regional, as well as global piracy networks have proved to be the greatest challenge the film industry has ever faced. Speed, thus, also becomes a major goal of, and challenge to, participants in this global informational structure and capitalist expansion. It is certainly one of the determining factors of the success and prevalence of the piracy networks. Viewed in this context, the windowing strategies practiced by Hollywood illustrate precisely the major studios' endeavor to manage time and control speed through space in order to minimize the threat posed by new technologies and to reestablish control. Technologically savvy pirates and their ever more efficient and flexible networks have nevertheless seriously undermined the majors' control and endeavors.

Facing these challenges brought about by the new technology, namely pirates' increasing command of speed and the global audience's demand for faster and more affordable products and releases, the majors are put in a position to speed up and expand their global distribution networks. The shrinking of windows and the shortening of the release intervals has been one such strategy employed by the majors to combat piracy and meet the global audience demand for speedy delivery.[6]

Viewed in this context, the aforementioned "quiet but bloody revolution" in some of the majors' decision to subsume international distribution operations under their domestic counterparts (see case #1) is but a logical step towards the speeding up and the stretching out of the global distribution network.[7] The tendency toward international day and date release (i.e. simultaneous domestic and overseas releasing), a strategy most of these newly appointed distribution and marketing heads endorse, is precisely an effort on the part of the majors to maintain control and to curb piracy and parallel import.

Theoretical Implications

As the above discussion has demonstrated, film distribution and piracy underline some of the most interesting and intricate insights into issues of power, control, technology, network, speed, and global-regional-national dynamics. Indeed, with digital technology, the "tyranny of real time" has overcome the "tyranny of distances" (Virilio, 1993:10). That there are no fixed trajectories in the space of flows has every indication for the rethinking of power and control. Given the complexity of the issues and the yet to be fully co-opted "power of flows" (as opposed to the "flows of power," see Castells, 1996:469) that digital technology can still offer, existing theoretical frameworks (e.g. political economy, some of the recent writings on globalization) where the focus tends to be on the dichotomy between the center and the peripheral, the local and the global are inadequate and stretched to their limits in examining said issues. I argue instead for a spatial-, network- and process-oriented theoretical framework. The intersecting and circulating networks of distribution and piracy call for such an integrated theoretical approach that addresses process and relations rather than totality, spatio-temporal specificities as opposed to historical or epochal inevitability, and the overlapping, intersecting and interfacing places, spaces, and border zones in contrast to fixed and demarcated territories.

To focus more specifically on film distribution and piracy, in this case, is precisely an effort to dissect and understand the complex processes and the multiple linkages of the deterritorializing flows of global filmic products and images, as well as the processes by which they are reterritorialized in various loci through distribution and consumption. Film distribution and piracy are what constitute the links and relations of these networks of circulating images, products, and capital. They are also the connecting lines that bridge some of the gaps among these otherwise separate entities. To focus on piracy and distribution, then, is to add the middle part to an otherwise dichotomized attention to the macro/global/production and the micro/local/reception aspects.[8]

Given the fast-changing nature of the distribution and, especially, piracy networks, the relational approach would be appropriate. By relational I refer to Massey's (1994) "thinking in terms of relations." In her work on space, place, and gender, Massey argues for a (feminist) relational view on space and place. By focusing on the relational rather than the absolute, on the relative rather than the fixed, on the dynamic simultaneity rather than the bounded/demarcated, we would be able to see "a simultaneous multiplicity of spaces: cross-cutting, intersecting, aligning with one another, or existing in relations of paradox or antagonism" (p.2). In the case of distribution and piracy, multiple networks such as, *inter alia*, the state, transnational corporations and organized crime, trade associations, hardware and software manufacturers and distributors, transnational trade regimes, and consumers function simultaneously.

To use the notion of "network" to examine issues of globalization, piracy and the state, one emphasizes *how* the elements in a network are able to retain their spatial integrity "*by virtue of their position in a set of links or relations*" (Law, 1999:6, original emphasis), and how regions are constituted by networks. By focusing on translations and transformation, we might be able to see how the links between two loci are made and how they are transformed or deformed in that process (see Law 1999, and Latour 1999). By examining actors or "actants" (Latour 1999:18), both human and non-human, and how they are hooked up with some of these circulating entities (e.g. piracy networks), furthermore, one might understand how they achieve, and what might have provided them with, their subjectivities, reflexivity, actions, and intentionalities.

As one of the most important tools used by the majors to maneuver time, command space, and in turn control speed, the windowing strategies are precisely an example of a complex network where the proper placement and execution of each element is crucial. The working of the windowing strategies requires thus simultaneously a centralized decision making mechanism and a flexible local execution system. It also relies on domestic as well as international trade and intellectual property laws to ensure its proper functioning. Going back to the three cases that I opened this paper with, one can see how the windowing strategies as a complex yet somewhat fixed network is challenged by the ever more flexible and fluid network of the pirates and the E-tailers. After all, not all networks are the same. The fact that the legitimate and authorized distribution networks are centrally controlled, albeit with local flexibility and variations, and that they are simultaneously protected and limited by domestic as well as international laws and regulations, have made them vulnerable in this digital age. Further still, the various trade and legal organizations in place to ensure the proper functioning of the majors' global spatial strategies, indicates more, not fewer, boundaries, as membership to these organizations necessarily shortens, fixes, and indeed cuts the networks (see Strathern, 1996). Conversely, because they operate more or less in a codeless and relatively low-cost environment, the piracy networks, and to a lesser extend E-tailers, are much more fluid and flexible and have therefore been able to beat the majors at the game of speed. The complexity of these intersecting networks points to the need for a more encompassing, complex, and, indeed, fluid and flexible theoretical framework

Conclusion

> "The structure of this economy is characterized by the combination of an enduring architecture and a variable geometry." Manuel Castells (1996:145)

In this paper I re-examined Hollywood's global dominance in the contexts of policy, technology, and network. I recontextualized the Paramount Decree and its profound impact on the structure of the film industry. By focusing on policy, I also looked at the active role the state plays in ensuring a working global spatial strategies that its corporate headquarters requires to remain competitive in a global economy. And finally I focused on new technologies and how they have destabilized the spatial securities of the major studios and also how they have rendered policy inadequate.

In sum, I argue that distribution and piracy, as a result of both the regulatory and theoretical fractures, as well as the very complex "multiple spatiotemporal (dis)orders" in the national and the global,[9] offers some of the most interesting and intricate insights into issues of power, control, technology, network, speed, and theory. Because the global economy is exemplified by tensions and conflicts between an enduring architecture (e.g. infrastructure, fixity, capital, transnational regimes, and regional and global dominance) and a variable geometry (e.g. mobility, technologies, flows, informal and criminal economies, or regional and international power dynamics and vulnerability),[10] to adequately theorize the relations among distribution, technology, globalization, and the state, we need an integrated theoretical approach. By taking into account not only the fixed and the enduring, but also the processes and the variable, a process- and network-oriented spatial theoretical framework would provide a more adequate, encompassing and timely tool in examining these issues at hand.

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[1] Another more recent example is *Mission Impossible 2,* which was released in the U.S. on May 25, 2000. Pirated copies were found in Hong Kong on May 28, 2000 (shot in theatre and with local subtitles). Personal interview with Mike Ellis, director, MPA Asia-Pacific Anti-Piracy Operations, June 1, 2000, Hong Kong.

[2] Note the discrepancy between the above Variety estimate of 65% foreign box office grosses and the one presented here in Table 2 of roughly 55%.

[3] The timing is crucial. Because many foreign markets were closed during WWII, quite a number of unplayed films were stock up to be released overseas (Donahue, 1987).

[4] Even though the majors often collude and collaborate in overseas operations, the fact that overseas distribution has become increasingly competitive has caused the majors to become competitive overseas to maximize profits (Hillier, 1993).

[5] Two other characteristics of film are that it suffers a cultural discount when traded across international boundaries, and it may result in external benefits (see Hoskins, Finn, and McFayden, 2000:127). Cultural discount happens when viewers of one territory or culture find it difficult to understand or identify with the content, themes, or values of the imported cultural goods due to different culture, language, or other such elements. And finally external benefits in economics indicate the benefits the product might bring to people other than the producer or the viewer.

[6] Note however the implications for exhibitors. Theatrical exhibits affect greatly the performance of ancillary markets as the theatrical exposure and marketing would enhance subsequent performances of ancillary markets. Furthermore, because most downstream purchase prices of movies by pay and free TV are mostly determined by a formula in which the film's box office gross is a crucial factor, the majors continue their emphasis on wide release. Additionally the increasingly hefty theatrical marketing and advertising would not be considered wasteful it they could benefit downstream end market prospects for a theatrical film (see Thomas & O'Brien, 2001).

[7] It is also a side product of the recent wave of mega merger developments (e.g. Vivendi-Universal, AOL-Time Warner). As the *Variety* report points out that since film studios are now only a small part of these mega conglomerates, joining domestic and international distribution and marketing efforts appears to be a more efficient way of global operations.

[8] Focusing on "peripheral vision," Sinclair et al. (1996) also argue for a middle-range analytical approach that shift the emphasis from both the macro-analysis of political economy and the micro-emphasis of reception and textual studies to a middle-range geolinguistic regional approach. Now that the global economy is increasingly marked by simultaneous concentration and regionalization (Stallings, 1993, cited in Castells, 1996), a mid-range theory seems especially appropriate in studying these dynamic *processes* of movements at different levels. It is important to note that this is not to minimize the importance of macro or micro approaches of studies, nor to make light of the serious effects of Hollywood dominance in the world. It is to study the flows and "the economies of space, of *how* objects and subjects are amazingly mobile and that these mobilities are themselves structured and structuring" (Lash & Urry, 1994, p. 3, emphasis mine). It is the study of flows and the various "–scapes" that Appadurai (1990) theorizes about. It is the "mediating factors" that Sinclair et al. are emphasizing: for example, who are the gatekeepers to the global

cultural industries? Who acquire global cultural products and how are they acquired? In middle range analysis, for instance, the actual structures of the global media trade markets are central, as they are often indictors of the current as well as future condition and developments of the industry.

[9] Sassen (2000, p.221) examines "informal economy" as result of regulatory fractures and spatiotemporal disorders. Piracy, albeit not part of the "informal economy" that Sassen has discussed, can also be examined along similar trajectories of reasoning.

[10] See for example Harvey, 1990; Castells, 1996; Sassen 1996 & 2000. Note that when Castells (1996:145) discusses "the architecture and geometry of the informational/global economy," he was referring to the regional dominance of Europe, North America and the Asia Pacific and the dynamic economic processes exist among them and their respective neighboring nations. Here, however, I borrowed this conceptual distinction and re-articulated it more in the framework of Harvey's theorization of the tensions between fixity and mobility (1990).