

Hollywood in Norway

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Distribution and Repertoire

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Abstract

Grounded in the question of who influences repertoire decisions and to what extent, this thesis presents a predominately empirical analysis of how films are brought to the Norwegian cinema screens. With the underlying goal of accounting for why and how Hollywood's movies are able to retain their dominant position in the country, it focuses on the distributors as the decisive link between producers and exhibitors.

The starting point is an exploration of film's historical commercial developments which present Hollywood's film industry and the conditions of the Norwegian market. Through a detailed analysis of current selection of movies at the cinemas, the extent of Hollywood's domination is accounted for and related to the workings of the distribution companies. In addition, other factors to influence the repertoire are looked at, including the cinemas themselves and trade organisation Film & Kino, as well as national and supranational subsidy programmes to promote cultural diversity. Moreover, Hollywood's dominance is explained from an economic perspective focusing on its industry's advantageous ability to supply its movies, before a theoretical investigation examines the causal relationship between supply, demand and the formation of tastes. Finally, this project provides a look into the future with the possible changes entailed by the digitisation of the cinemas.

Sammendrag

Med utgangspunkt i spørsmålet om hva som påvirker beslutninger om repertoar og i hvilken grad, presenterer denne oppgaven en hovedsaklig empirisk analyse av hvordan filmer er brakt til de norske kinolerreter. Med det underliggende målet å redegjøre for hvorfor og hvordan Hollywoods filmer er i stand til å beholde sin dominerende posisjon i Norge, fokuseres det på distribusjon som det avgjørende leddet mellom produsenter og kinoer.

Utgangspunktet er en undersøkelse av filmens historiske kommersielle utvikling, som presenterer Hollywoods filmindustri og vilkårene i det norske markedet. Gjennom en detaljert analyse av dagens utvalg av filmer på kino, gjøres det rede for omfanget av Hollywoods dominans og denne knyttes til distribusjonsselskapenes rolle. I tillegg er andre instanser som påvirker repertoaret vurdert, inkludert kinoene selv og bransjeorganisasjonen Film & Kino, samt nasjonale og overnasjonale tilskuddordninger for å fremme kulturelt mangfold. Videre forklares Hollywoods dominans fra et økonomisk perspektiv med fokus på industriens fordelaktige evne til å levere sine filmer, før en teoretisk undersøkelse utforsker årsaks-sammenheng mellom tilbud, etterspørsel og dannelsen av smak. Til slutt gir dette prosjektet et blikk inn i fremtiden med mulige endringer som følge av digitaliseringen av kinoene.

Preface

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Introduction

The topic of this thesis is the result of many underlying questions about the cinema repertoire in Europe in general, and in Norway in particular. Why are there so many American movies shown at the cinemas in Norway or, for that matter, everywhere else in Europe? Why are there so few screenings of other non-national European films? Other countries also produce a lot of pictures, so why do they not travel as well as American movies do? Who actually decides what films are shown at the cinema? And on what grounds are these decisions based?

Before the structure of this thesis and its subject of analysis shall be presented, the historical context of the topic will be briefly outlined. Groundbreaking work by Thomas Guback (1976, 1983) on early U.S. American film trading practices, as well as comprehensive studies by Kristin Thompson (1985), Ian Jarvie (1992), Andrew Higson and Richard Maltby (1999), and in particular Jens Ulff-Møller (2001), provide a valuable historic perspective by analysing what paved the way for Hollywood's domination today. Many of the explanations presented are ultimately grounded in the notion the USA have about film: since cinema's early days, they have regarded film as commercial entertainment. As movie production and exhibition was perceived as a business, and at a point one of the most lucrative in the United States, its government saw important reasons for protecting and nurturing the interests of the film industry, also internationally.

As early as 1908, through the Motion Picture Patents Company (MPPC), important players in the U.S. film industry collaborated and protected their interests by a licensing system that made it difficult if not impossible for other companies (both national and, more importantly at that time, strong international ones) to enter the market. It took several years until the U.S. government disallowed MPPC's operations, not grounded in a distortion of free international trade, but for reasons of national anti-trust violations. By that time, World War I had destroyed much of the European film industry, and other fast rising U.S. companies aimed now also to expand their business operations overseas. They consolidated their efforts in the National Association of the Motion Picture Industry (NAMPI), and were in fact aided by the U.S. government in establishing their international ventures: through the 1918 Webb-Pomerene Act, cartel formations which are illegal in the USA, were permitted to operate as export associations for overseas business. Paired with dubious business strategies such as

selling films in packages (“block booking”) or below the market price (dumping), the U.S. film industry quickly became a dominant force in Europe.

“The Americans have created film, they have had the mighty men who realised which opportunities derived from the invention, both technical and artistic, and they had the money to put their ideas forward. The movie was so to speak perfected in the hands of its creators. We are blinded by the masterpieces which are emitted from the other side of the Atlantic over the whole world.” (Berg-Jæger (1918?) in Disen, 1997, p.38, author’s translation).

In 1922, out of NAMPI, the Motion Pictures Producers and Distributors Association (MPPDA) was established. Consisting of the major Hollywood studios it soon became a major lobbying force to influence the U.S. government. Importantly, it also acted to countervail a new movement rising with the re-established film industries in Europe in the 1920s, called “Film Europe”. At the core of the initiative was not only the aim to produce truly European films, but it additionally envisaged a consolidated European market with the establishment of a pan-European distribution network to counter the U.S. network. Although business interests were at the core of the initiative, it was also the first time that cultural concerns about U.S. domination were voiced. Particularly during the League of Nations’ Conference for the Abolition of Import and Export Prohibitions and Restrictions, France, Germany and several other European countries, insisted upon a continuance of quota restrictions to protect national identity – the famous “*exception culturelle*”, which would even several decades later continue to upset international trade negotiations.

An even greater threat to the hegemonic position of U.S. American film than trade regulations was however arising from the advent of sound film. Once film started to talk in the late 1920s, language was seen as a barrier for it to travel beyond its linguistic borders, endangering Hollywood’s international operations. Initially, this problem was handled by filming special language versions in order not to lose important markets where German, French or Spanish were first or second language. It was, however, a very expensive solution. Yet, through well-functioning co-operation efforts of a consolidated U.S. industry, already a few years later technology had advanced to provide dubbing and subtitling of sufficient quality for non-English speaking audiences to enjoy U.S. American movies as they did in the silent area. What was more, through language it was possible to “nationalise” U.S. American film as it was able now to literally speak the same language as the nations in Europe and elsewhere in the world. Additionally, by expanding their overseas distribution operations, Hollywood soon

established a comprehensive network of subsidiaries to further secure the European market. By the early 1930s, dominance of the U.S. was thus reassured, even though European film industries had been able to rise again after World War I. Only few years later however, the outbreak of World War II would also see much of the re-established European film industries in ruins again.

At the end of World War II, the MPPDA restructured itself into the Motion Picture Association of America (MPAA) and a special international division, the Motion Picture Export Association of America (MPEAA). The MPEAA's mandate was "[...] to reestablish American films in the world market, and to respond to the rising tide of protectionism resulting in barriers aimed at restricting the importation of American films." (MPA, 2007). Ultimately though, it was another establishment to secure Hollywood's stronghold in Europe, which the U.S. government endorsed not only for its values for the U.S. economy, but also as it was a means to ideologically influence attitudes on the continent. One of MPAA/MPEAA's main lobbying achievements was that reconstruction and aid programmes such as the Marshall-Plan were directly employed to pursue a removal of trade barriers for U.S. American movies (and other products). In France, for example, the government was to lift restrictions on the exhibition of U.S. American movies in order to receive a loan of 1.4 billion USD as reconstruction aid. Another example is the case of Spain, where the USA even exploited the scarcity of raw film material as a bargaining chip to lift film restriction. With few other suppliers at the time, not only diversity of movies, but in essences the entire Spanish film industry was at stake.

The close connections between Hollywood's trade associations MPAA and MPEAA with the U.S. government were an ultimate factor for once again securing the success of their films abroad. It is therefore almost surprising that the re-established European states did not attempt to rebuild their film industries with a more business orientated approach once the dues of the Marshall Plan were paid off. Instead their prevailing strategy on antagonising the U.S. dominance in movies was to treat film as a form of art, a means of cultural expression, which for those reasons was to be protected. Arguably, as the continuous hegemonic position of Hollywood has shown, there is a clear difference in whether a state's approach to the protection of its film is grounded in tangible profit or in intangible cultural benefits.

While the account above certainly explains how Hollywood emerged as such a strong presence in Europe, it seems legitimate to ask which factors preserve this American domination as such a strong force within Europe. In today's world, liberalisation of markets has led to a more global exchange of goods than ever before. Especially the globalisation of the media and communication industries becomes ever more evident and persistent, with the Internet allowing us to surf the world, giving us virtual access to nearly anything anywhere and creating a media-literate public. New technologies allow for an easier access to, and reduced costs of, producing creative content. Yet we are still experiencing a strong domination of cultural products originating from the USA. Regardless of all new technologies and opportunities, and despite European and state policy aiming to bring cultural diversity to the screens, it appears that the diverse European cultures are still only playing a minor role internationally, often being restricted to their home territories.

While this thesis is being written, Belgium, as the current holder of the Presidency of the Council of the European Union, is taking precisely this question of cultural diversity up as a part of their agenda. One of Belgium's first initiatives is the organisation of a seminar called "*From the AVMS directive to the 'Cinema' communication: towards a global and coherent approach to European cinema*", showing how prevailing and important this issue is across Europe, and that measures to ensure a diverse and culturally rich media sector are more topical than ever. In their work programme, the film sector is particularly mentioned, claimed to be "undoubtedly the best indicator of the cultural diversity existing within Europe" (The Belgian Presidency of the Council of the European Union, 2010). This statement however seems to stand in clear contrast to market data from Europe's box offices. While for example France certainly has a strong national film industry, and although most other European countries produce many films that are very popular in their respective countries, most movies rarely travel out of their country of origin. In addition, U.S. American films have continuously taken at least 50% of the domestic box offices in virtually all European countries, giving in fact little space to other non-national European productions.¹ However, with almost twice as many films produced in Europe compared to the USA,² it should be possible to show

¹ In 2009, 65,8% of films shown in the EU originated from the USA, not including co-productions (European Audiovisual Observatory 2010, p.19).

² In 2009, 1168 films were produced in the EU27 vs. 677 films in the USA (European Audiovisual Observatory, 2010, p.13).

Europe's cultural diversity on the screens as anticipated in the above statement. It leads to the question of who determines that so many U.S. American films are shown, and not more European (i.e. non-national) productions?

Subject of analysis

This thesis will concentrate on the feature film distribution to cinemas in order to explore on what grounds films are chosen for the big screens. With the particular case of Norway, the aim is to find out why the country has the cinematic landscape it does. Taking Hollywood's domination as a central point of analysis, the overall research question will therefore be:

What are the reasons for Hollywood's domination of the Norwegian screens?

While some argue that the film repertoire simply reflects what people want to watch, it is uncertain to which extent the public is actually able to influence decisions made by the distribution industry (e.g. Valenti, 1998, quoted in Miller, 2005, p.1). Although it would indeed be interesting to go a step further and investigate which films precisely the Norwegian population wants to see at the cinemas, it would surpass the scope of this thesis to conduct a representative survey.

Equally, analysis of the movie marketing campaigns and their effect might give a useful insight into why particularly films from Hollywood become so popular. Yet this project will limit itself to acknowledge the existence of the extensive marketing practices around the movie industry, as this field has been previously researched in several academic works (e.g. Gaustad, 2003, Picard, 2002, Wyatt, 1994).

It will also be acknowledged that the movie business is greatly influenced by market forces, which to an at least equally large extent determine the selection of films in the cinemas. Market driven aspects such as genre, as well as choice of director, actors, effects, and so on all play an important part in determining the appeal or "value" of a film to distributors, cinemas and the audience alike. However, as elaborated in section 4.3, several scholars who evaluated such factors in detail show that nothing can truly guarantee for the success of a movie (DeVany, 2004, Caves, 2000). Neither is it the objective of this thesis to examine why certain

types of film are popular and become a success. What is of interest is why exactly Hollywood has such a strong presence in the Norwegian cinemas and who fills the cinema programme with its films. This project chooses therefore to focus on the state of the distribution industry in Norway, what it is influenced by and influences upon, as a necessary though arguably not exhaustive subject of investigation to answer the overall research question. Henceforth, this facilitates secondary research questions:

Who decides which films are shown in the cinema today? Which roles do distributors, cinema operators and the main organisation for the cinema and video industries in Norway, Film & Kino, play?

Through answering the above questions, it will be established how the distribution link operates in Norway before looking at how the political and economic strings around the movie business have an influence upon the selection of films. By concentrating on legislative frameworks and trade negotiations concerned with the film industry, it is attempted to find out to what extent cultural policies in Norway and Europe are able to influence repertoire.

Europe's film industry depends heavily on several public funding schemes, both national and international, in order to produce the majority of its films. Although not without controversy internationally, funding for film production is perceived as an important part to protect and further the individual cultures of Europe. However, Europe's film production and the audiovisual sector in general cannot only be seen as the mediator of cultural value, it is also an industry branch that needs to position itself in an ever more competitive environment. This poses the question whether media texts such as films really can be treated as mere commercial products on an open market, or whether the cultural good-aspect preponderates and justifies the need for protection and support. As intense debates in GATT and WTO between the USA and Europe over the last decades show, it is not easy to give a straight forward answer. What however cannot be argued away is the tremendous difference in trade: In 2009, only 7.4% foreign films were shown on the North American market, while U.S. American productions accounted for nearly two thirds of the films shown on the European market (European Audiovisual Observatory, 2010). Arguably, it is the very success of American cultural products, and specifically film, which has brought about the protectionist stance in Europe, reflected in support measures and trade regulations. As outlined above, U.S. industry

representatives MPAA and MPA have through their lobbying practices and close connections to the government significant influence on trade negotiations which in turn sees politics and economics merged into one powerful authority. A starting point to analyse this enigma within a conceptual framework is offered by Horkheimer and Adorno's *Kulturindustrie – Aufklärung als Massenbetrug* (1947/1972). It explains that the standardisation of cultural production which is in the hands of the economical most powerful, is what enables them to exercise a force over society. This in turn holds the power to influence taste through exactly that standardised output of culture. While it is not intended here to explore what “good taste” is or enter into the debate of “high culture vs. low or mass culture”,³ aspects that form the public's choices for which films to see are vital to fully explain the selection of films offered at the cinema. Horkheimer and Adorno's perception thus necessitates further questions to account for additional factors that might play a role in which films we get to see at the cinemas:

Has the market in fact been constructed by a powerful elite? To what extent does the individual state allow this domination for economic reasons? Has the supply of films from the U.S. American Hollywood studios also been made into what we believe is demand; the taste of the masses?

As this thesis argues, there are elements that form taste and demand which go beyond simply who has the power to produce and supply (or distribute) movies. The discussion will therefore be expanded with a differentiated approach to Horkheimer and Adorno's through work by Pierre Bourdieu (1979/1984). His theory holds that individual tastes are indeed influenced by a variety of external factors and not just those of the economic powerful. Underlying cultural and social capitals which are attained through education and by everyday interaction within society shape certain habits for cultural consumption. The amount of capitals then determines one's position within a social field, which in turn interacts with different fields, such as those of cultural production, politics and economics. By arguing that it is a constantly changing interaction between the fields, not just one fixed system that controls tastes, demand and supply, Bourdieu presents a more complex and challenging view to explain why some movies dominate the screens.

³ I.e. it is not intended to render a judgment about a film's general “cultural” value beyond the aspect that a film (to various extents) portrays the culture of the country it was produced in.

Having established why certain films with a broad appeal have a favoured position on the market today, an outlook on the future examines the digital revolution which the Norwegian cinemas are currently undergoing. While Horkheimer and Adorno (1947/1972) ascribe the standardisation of cultural output to technology controlled by the economic elite, it will be interesting to see whether also the new digital technology will be controlled by the economically powerful and inevitably continue today's scenario, or whether this new, easier and cheaper technology might be able to change the imbalance in power within the cultural industries.

This discussion is based on material and complementary interviews conducted with industry professionals in May and June 2009, when the digital roll-out was in its starting phase. A Virtual Print Fee-agreement (VPF) had just been concluded between the Hollywood studios and Norway's Film & Kino (representing the country's distributors and cinemas) which should secure the finances necessary to digitise all Norwegian cinemas. While at that time little information was available around the details of the VPF-negotiations, the interviews made it possible to obtain an unspoiled impression from the industry as to whether this new technology might in fact hold opportunities for a more (culturally) diverse selection of films in the future or not. In that respect, this thesis might serve as a basis for an evaluation of these developments some years from now.

1. Methodology

This first chapter sets out the methodological framework within which this thesis is written. Section 1.1 accounts the reasons for approaching Hollywood's domination from an institutional perspective with economic and underlying political explanations, rather than to focus on aesthetic conceptions about its films in form of a textual analysis to account for their attractiveness.

Section 1.2 points out the importance of relying not only on quantitative data, as this would have merely accounted for the extent of Hollywood's popularity, but not what caused it. Instead, explanations were sought in conjunction with qualitative data to uncover the causal relationship between supply, demand and taste. Additionally, it is here explained why it was intended to evaluate Hollywood's hegemony within a wider social scientific framework.

Section 1.3 presents and evaluates the sources employed in this project. These comprise a range of academic literature, quantitative statistics as well as qualitative data from official documents, publicly available company information and interviews with Norwegian industry officials from the film distribution and cinema business, and other secondary information from the trade press.

Finally, section 1.4 presents a detailed overview of the structure of this thesis.

1.1 Conceptual demarcation

In order to justify the methodological choices made to investigate Hollywood's domination in Norway, it is important to start by clearly defining how the topic of this thesis was approached. As indicated above, it is not a textual approach to Hollywood cinema, and the emphasis lays therefore not on aesthetic or artistic aspects of its films. While it is acknowledged that the movies themselves might be an answer to why Hollywood film is so popular, two main arguments suggested against centring this project on their content. Firstly, such an approach would be grounded in the differentiated films produced in Hollywood, which would make it difficult within the scope of this project to analyse a sufficient sample to

validate and generalise findings about their appeal.⁴ Secondly, and most importantly, this thesis sets out with the aim of not only explaining popularity of the movies, but of presenting a holistic approach to both Hollywood cinema as an institution and Norway as a receiving market. Predominately focusing on the movies' content would thus ignore decisions governing their production, distribution and exhibition – the circumstances of the markets they operate in.

For the same reason this thesis analyses neither audiences' viewing habits nor preferences to explain their popularity, as this would only focus on the final stage of a film's life cycle. This is by no means to deny the audiences their important role in the process of analysing Hollywood's domination. How the relationship between their tastes and demands relates to supply is for this very reason also an important consideration of this project. However, as it could not account for the supply or distribution aspect which is an essential key to Hollywood's hegemony, it is not possible to centre a holistic analysis on audiences.

It is further important to stress that this thesis is not intended to be a predominately historical explanation. Despite the fact that the history of Hollywood's ascendance to a dominating film industry has an important impact on the present situation as already indicated in the introduction, the main focal point of this project are the actors that today have an impact on how film is brought to the cinema screens, on why the majority of these are still Hollywood movies, and on the resulting current state of Norway's cinema repertoire.

The prospective of finding out why so many films from Hollywood are shown in the Norwegian cinemas (and by the same token not more "other" movies), is ultimately grounded in the interest of pursuing which institutions impact cultural diversity in regards to motion pictures in the present day. In recent policy discussions aimed at improving cultural diversity within Europe, the role of the distribution link in a film's life cycle has become the centre of attention. Since its pivotal position was acknowledged, distribution has been specifically supported through increased public funding. One of the objectives was therefore to find out how national (as well as supranational) subsidies for distribution affect the selection of films

⁴ Despite the fact that this project identifies a tendency to standardisation in Hollywood's movies, and that a certain type of high concept film with similar generic characteristics is well suited for a textual, comparative analysis, it would still only portray one aspect of Hollywood cinema, thus making generalisations difficult to defend.

in the cinemas and, even more importantly, what else influences the distributors' decisions and eventually the repertoire. In particular with regards to the forthcoming digitisation of the cinemas, which could potentially entail major changes for how films find their way to the screen, it is important to record the present circumstances of film distribution.

1.2 Methodological approach

The thesis' point of departure is an investigation of film and cinema in Norway by the media researcher Mie Berg, who examined the role of distribution companies in the country in the beginning of the 1970s. Already then, Berg highlights a number of underlying cultural, social, political and economic factors that shape the repertoire in the Norwegian cinemas, which shall here be studied in greater detail:

“One can ask which factors determine the selection of non-national film shown at Norwegian cinemas. If one takes today's situation as a point of departure, many will answer that availability is an important factor. Norwegian distributors lack a contact network to many film producing nations, and therefore neither buy film from there. This has of course also to do with the distributors' perceptions about audiences' taste and expectation of cinema repertoire. Several other aspects have further been involved in developing this taste and those expectations, which in turn are related to cultural similarities as well as social, political and economic factors. There is for example little doubt about that the USA's dominant position on the Norwegian and Western-European film market is also to a substantial extent due to the American business sense and ability to exploit the opportunities for conquering these European markets caused by the two world wars.”⁵ (1975, p.153, author's translation).

To begin with, it is useful with a detailed analysis of the repertoire in the Norwegian cinemas in order to measure the extent of Hollywood's dominance. This needs to include an examination of the market shares of the individual distributors in Norway, who subsequently are profiled according to the types of films they release and their ownership structure, in order to map and explain the composition of the Norwegian market.

As funding schemes for distribution have improved in recent years, it is also important to investigate policy influence on distribution decisions and to relate these in turn to regulatory frameworks of international trade. Equally, it is essential to analyse the U.S. industry from an economic perspective to understand the scale and scope of their business operations which led to and sustains its dominating position.

⁵ The last part of the quote is accredited to Thomas Guback's "The International Film Industry" (1969).

An additional factor pointed out by Berg that is looked at here is concerned with the audiences' taste formation and the industry's perception thereof, as it is another important element that influences distribution decisions.

In order for this project to provide a holistic account of Hollywood's dominance and Norway's repertoire, the decision to include all those contributing factors Berg indicated is essentially grounded in "[...] the complexity of the media as objects of analysis, [due to which] the field must rely on a range of theoretical, disciplinary, as well as interdisciplinary approaches, taking into consideration a large periphery of explanatory factors that converge on its center." (Jensen, 2002a, p.9). Correspondingly, it requires a diverse range of sources to answer for the topic under investigations which shall be accounted for in the next section.

1.3 Presentation and evaluation of sources

Based on the argumentation by Østbye et al. that "[a]ll source criticism must be based on evaluations about how suitable or relevant the source is *in relation to the research question*", the selection of sources followed primarily the desire to answer the research questions of this project (2007, author's translation). As the objective is to approach Hollywood's domination in a holistic way, including institutional, political, economic and theoretical perspectives, there was in fact an overwhelming amount of both suitable and relevant sources. Although this requires greater thoroughness in selecting appropriate material, it also allowed for triangulation of the sources. By employing a variety of data retrieved through both quantitative and qualitative methods, it allows to a greater extent "[...] to verify and validate findings." (Jensen, 2002b, p.272). Thus, apart from finding relevant information, other steps taken aimed at guaranteeing the quality of this project were to ensure that the sources were representative, authentic and credible (Deacon et.al, 2007). This is elaborated below according to the individual types of information that was sought after and the sources thereof.

1.3.1 Academic context

This thesis is constructed around a great number of academic works that offer valuable information for analysis and at the same time serve as an overall framework, beyond that of the starting point provided by Mie Berg. The academic sources employed in this project, stretch from the field of film history through cultural policy and economics to sociology. They

both facilitated the research process and were critically employed in verifying findings from other sources of information; but they were in turn also themselves a subject of scrutiny to account for their validity.

To begin with, works on the medium film by amongst others Guback (1976), Hoskins et al. (1997) and Doyle (2002) provided international and economic aspects of film as an institution, its history and distribution; while Solum and Asbjørnsen (e.g. 2008), Holst (2006) and Hanche et al. (2004) as well as Disen (1997), Grønnestad (1996) and Gaustad (2003) contributed with a valuable insight to the specific situation in Norway. Since there was plenty of academic literature available on this subject, it was also possible to confirm their reliability through cross-reference checks.

On the particular topic of cultural policy related to film distribution and the United Nations Educational, Scientific and Cultural Organization (UNESCO), it appeared that resources on that exact topic were more limited and needed to be evaluated more carefully. Apart from work by Bruner (2008) and Germann (2005), especially a Culturelink publication on UNESCO's Convention (Obuljen and Smiers (2006)) which provided a platform of investigation for many scholars, was employed as a source here. However, as with all sources, it was important to investigate the reliability and objectivity of the Culturelink publication, as the organisation was established by UNESCO (with the Council of Europe). In addition, the publication itself was supported by a national commission for UNESCO and the information provided needed to be treated with particular caution.

Turning then to the trade and economic aspects investigated in this project, where a wider range of material was available, including work by Miller et al. (2005), Caves (2000), Picard (2002) and DeVany (2004) but also important journal articles comprising of work from Jayakar and Waterman (2000), Wildman (1995) and others. While DeVany and Jayakar and Waterman's work relies on quantitative analyses of Hollywood, the other sources present a qualitative approach to Hollywood's domination thus complementing each other. Most of the material concurred that from an economic standpoint, Hollywood had established a production system that inevitably would lead to a hegemonic position in movie trade.

This argument was also the starting point in grounding the previously established analysis into a wider theoretical context to discover the underlying relationships between tastes, demand and supply, beginning with Horkheimer and Adorno's work on the Culture Industry.

Although their writings deliver compelling arguments about the extent and dangers of US American cultural dominance, it is important to see this in light of their "anti-capitalist ideology" (Stokes, 2003, p.77) and to acknowledge their limitations, in particular when it comes to the formation of the audiences' tastes. While Bourdieu's *Dialectic of Enlightenment* presents a valuable, since more complex, approach on the formation of tastes, also his work can be further enhanced. In a noteworthy study inspired by Peterson's concept of omnivore cultural consumers, Jæger and Katz-Gerro (2008) provide an even more multifaceted approach to how tastes are shaped and how demand is influenced.

1.3.2 Official statistics

To measure the extent of Hollywood's domination in Norway requires an analysis of several sets of statistics, either officially published or compiled through publicly available data. Basing research on numerical data as more objective and therefore more factual evidence is not unproblematic, as their credibility also always depends on what they actually achieve to measure and how thoroughly they are compiled (Deacon et.al, 2007). Regarding the former predicament, problems arise for example from the repertoire statistics: Since they only indicate the country of origin, not in fact the origin of all finances involved in creating the movie, some U.S. American independent productions will be labelled as Hollywood films, while others financed through Hollywood subsidiaries but produced by e.g. a European company will be regarded as a picture from Europe. The latter challenges are evident in one of the main sources for this thesis: Film & Kino's yearbooks (*Årbøker*) are considered a valuable source for market statistics in Norway as they compile *inter alia* the yearly cinematic releases in the country. However, in their classifications of films, they were not entirely consistent with the Norwegian Media Authority's (Medietilsynet) official nationality declarations, which were utilised here.⁶ It was therefore important to validate and verify also other data from the yearbook with for example the Internet portals filmweb.no and the Internet Movie Database (IMDb). In addition, sources for other statistical data included a range of academic works and in particular official documents.

⁶ Another example that even trusted trade publications like the yearbooks cannot be taken at face value was discovered in the 2009 yearbook which only lists details for 207 feature films not 223 which were in fact released that year, thus leaving 16 movies unaccounted for in terms of distributor.

1.3.3 Company information

Once the collected data has accounted for the extent of Hollywood's domination and the current repertoire in Norway, the next step is to analyse the individual distribution companies, as this might reveal valuable information as to why they distribute the films they do. It was however not an easy task to compile comparable data from all distributors on the market: Neither many of the smaller distributors, nor the bigger subsidiaries - grounded in secretiveness about their business practices - provide much information about themselves. It was particularly difficult to obtain data of the company's operating revenue through any available information from the companies themselves, and the financial information needed therefore to be retrieved through the external source proff.no, a Norwegian business information service. Also through other, external sources including interviews conducted for this thesis and Lange and Newman-Baudais beneficial analysis of distribution companies,⁷ it was possible to obtain useful additional information on some of the distributors, however not by far on all. As it was possible to gain a clearer inside view into the working practices of the distributors with the most available information, these companies are henceforth also described in greater detail.

Apart from problems with availability of information, also their validity was in some cases difficult to account for when retrieved through the internet. As Østbye et al. (2007) point out, in some cases information provided online is frequently subject to change, while in others information is out of date. Especially the parent companies of Hollywood subsidiaries, which also were analysed in greater detail to establish Hollywood's current industry structure, but as well the parents of the Nordic media corporation subsidiaries, often undergo changes in their business structures or associations which will also entail changes in information on the Internet.⁸ Where possible, priority was therefore given to utilising fixed or unchanging information provided through annual reports and to validate them by regular checking "for recent changes in holdings and investments" online (Deacon et.al 2007, p.39).

⁷ Their report form 2007 for the European Audiovisual Observatory includes a valuable investigation into the workings of the Nordic media corporations' subsidiaries.

⁸ An example encountered in this project is NBC Universal's current ownership restructuring.

Other areas in this thesis which necessitated obtaining company information were the subsequent examination of the cinemas' and Film & Kino's⁹ influence on repertoire. While it was possible to obtain valuable information through interviews with some of the biggest private and public exhibitors, particular in the case of Oslo Kino a lot of valuable information was found in their last annual report. For Film & Kino it was possible to draw on an extensive range of sources, including press releases, presentations and their annual report, as well as external sources in form of academic literature and official policy documents.

1.3.4 Official policy

Apart from being an important additional source for statistics, official policy documents provide a beneficial starting point for analysing the reasons that led to the present situation. Comprising of all “[...] documents that are included in public and institutional decision making processes” they can in an initial step be employed to comprehend the political influences on repertoire through national Norwegian, Nordic and European film policy (Syvertsen, 2004, p.216). Furthermore, official policy documents allow an investigation of underlying international cultural and trade policy frameworks as contained in UNESCO and the World Trade Organization (WTO), which are often used to defend the opposed positions of Europe, arguing for cultural diversity, and the USA for liberalised trade. Additionally, as Syvertsen points out, official documents are also a valuable source for background material to facilitate further research and today have the key advantage of being easily accessible through the internet (2004). Another benefit is that older version of rapports, proposals and legislation etc. are kept in archives to allow for a study of developments over time. They are not overwritten in case of occurring changes as it is common with information provided by companies on their websites.

1.3.5 Inside information through interviews

Some information on how the distribution companies and cinemas choose their films and also how the MEDIA programme influences repertoire, was difficult to retrieve through publicly available sources alone. The intention was therefore to conduct interviews for supplementary information with some key institutions, including representatives from each group of the

⁹ It is acknowledged that Film & Kino is not a company but an interest organisation and professional association, however they are included here due to their organisational structure.

distributors,¹⁰ key cinemas, trade and interest association Film & Kino, the Norwegian MEDIA representative and additionally from the Norwegian Film Institute (NFI) as an industry observer.¹¹

Many of the intended informants responded positive to be interviewed on the subject of film distribution in Norway. None of Hollywood's Norwegian subsidiaries, however, replied to the enquiry. Already then it became obvious that it would not be possible to obtain the kind of inside information sought after to reveal individual business strategies amongst the different groups of distributors. Therefore, semi-structured interviews were conducted instead, with a clear topic of investigation and some predefined question, but with room for "[...] changes of sequences and forms of questions in order to follow up the specific answers given and the stories told by the subjects" in order to reveal as much of the information they were willing to supply (Kvale and Brinkmann, 2009, p.124). Although some of the information was given confidentially and was therefore not utilisable in this project, the interviews led indeed to some valuable, if not exhaustive, inside views of how the Norwegian distribution industry works at present and also what expectations they have for the digital future with the digitisation of the cinemas. This information was also verified by the interviewees before included in the thesis to ensure it still reflected their view. It was further aimed to validate the information by employing a triangulation with other sources such as academic works and the trade press (Østbye et al., 2007).

1.3.6 Information through trade press

As this thesis is written with the objective to provide a current and holistic account, it was also important not to neglect topical articles and commentary in trade and ordinary press. In particular for the last subject of investigation, the digitisation of the cinemas, they provided a valuable source of information.

On the Norwegian market, particularly trade publications *Rushprint* and *Release* and online versions thereof, were a valuable source of industry news. Equally, press releases and newsletters from Film & Kino, though not trade publications in the actual sense but rather

¹⁰ As explained in 3.2, the distributors can be grouped according to their ownership structure in Major Hollywood subsidiaries, Nordic media corporation subsidiaries and Independents.

¹¹ A comprehensive overview of all interviews conducted is included in Appendix 1.

publications of the trade association, provided up-to-date information from the Norwegian market.

In an international perspective, online newsletter Daily Variety presented significant information on the entertainment industries, as did the newsletter from the Nordic Film & TV Fund in a Nordic context, although it is neither a trade publication as such. Additionally, industry commentary and presentations from media intelligence company Screen Digest were also a valuable source of statistics, although their important business analyses reports, which could have provided substantial industry data, were unfortunately not available for this project due to high access costs.

1.4 Structure of the project

The main part of this thesis is divided into three chapters. The first of these, chapter 2, offers a general introduction to the medium film, and an institutional analysis thereof with perspectives from Hollywood and Norway. It provides the basis for further analysis throughout the project by highlighting important instances of film's history in the two countries.

Chapter 3 analyses Hollywood's dominance in Norway through the workings of film distribution. An initial quantitative study of the current repertoire in the Norwegian cinemas is then related to the distribution companies. This is followed by a more detailed, descriptive account on the individual companies to provide information about their business structure and the films they represent. A subsequent analysis of institutions that have an influence on Norway's repertoire, namely, apart from the distributors, also the cinemas themselves and trade organisation Film & Kino, results in a first set of preliminary findings on how the repertoire in the Norwegian cinemas is formed.

Chapter 4 provides a wider framework for the Norwegian circumstances. First, international subsidy programmes that might influence the country's repertoire are looked at, also in light of international cultural and trade policy agendas. Then, Hollywood's dominance is explained from different angles within an economic perspective focusing on its industry's advantageous ability to supply its movies. The last section of this chapter offers a theoretical context in

which a second set of preliminary findings accounts for the causal relationship between supply, demand and the formation of tastes.

The main part is followed by chapter 5 which provides a look into the future with the possible changes entailed by the digitisation of the cinemas. To begin with, the technological particularities are defined, before the current status of, and models for, digitisation are looked at, first from an international and then a Norwegian perspective. Finally, potential outcomes and likely effects on the current repertoire are discussed on the basis of opinions collected at the outset of the digitisation process.

A subsequent conclusion provides a comprehensive summary of the project's findings and an answer to the overall research question of what the reasons for Hollywood's domination of the Norwegian screens are.

2. Film as an institution – perspectives from Hollywood and Norway

This second chapter is intended to provide background information on the main elements of this thesis, namely film, Hollywood and Norway, which will be necessary for further analysis in Chapter 3 and 4. The chapter begins therefore by briefly looking at the medium film, defining the way it is explored here, presenting its value chain as a consumer item and explaining where a movie's value lays from an economic point of view. In the following section 2.2, Hollywood's film industry will be looked at. Starting with the origins of film in America and the establishment of the Hollywood studios, it will go on to account for important historic occurrences and institutional changes, before presenting an overview of the corporate integration of Hollywood's film companies of today. Section 2.3 will then examine film's place in Norway by outlining the perception of the medium through its history, with a focus on policy and industrial changes. This will be of particular importance for the following analysis of the country's film distribution sector in Chapter 3.

2.1 The medium film

Since shortly after its invention at the end of the 19th century by Thomas Edison, and the creation of cinema ascribed to the Lumière brothers, film has been a mass medium. With the aim of attracting large audiences, early content was often of sensationalist nature intended only to entertain its spectators. It was not until several decades later before film also became recognised as a form of art and was assigned cultural value (Puttnam, 1999, Disen, 1997). Today, film is in fact both mass medium and culture. It is acknowledged that movies are produced for commercial *and* cultural reasons, and usually both are governing production decisions, though with varying significance for each movie. (St.meld.nr. 22 (2006-2007), Grønnestad, 1996, Kindem, 1982).

In order to understand the workings of a film's life stages (or *value chain* in economic terms), as well as to fully recognise the place Hollywood takes in the world of film and the role its movies play in Norway, it is however advantageous to begin by investigating film from a commercial or industry perspective. Following therefore Grønnestad's approach to "[...] describe film's properties as a commodity in a market [...]" (1996, p.10, author's translation), this first paragraph is concerned with a movie's value. To begin with, film's value chain will

be explained and the importance of the connection between the three links or divisions established. The second subsection looks at how a film's value needs to be understood and how, in an economic sense, it can be increased.

2.1.1 Film's value chain

A film's value chain, as that of any product, defines the progression from creation to consumption. Three main divisions can be established: Production, Distribution and Exhibition. Based on Gaustad's (2003) elaboration on a film's value chain, they are presented below.

Production is the starting point, including all aspects that lead to the creation of a motion picture from idea development, screenwriting and financing, over the actual filming to post-production activities. The production stage is also the one bearing the highest financial risks.

Distribution is concerned with finding a market for the finished product. This comprises of two key undertakings: on the one hand film specific marketing activities, including advertising, to create demand with both exhibitors and potential audiences; on the other hand, physical distribution of the picture. The distributor usually either acquires or leases rights for the exhibition of films from the producer and then rents the film reels to the exhibitors, often for a specific share of income from ticket sales.¹²

Exhibition is the final stage of the value chain where the movie is presented to its potential audience and it can therefore be regarded as the wholesaler of the product film. Today there are several exhibition windows, usually following an order beginning with the cinemas, followed by VOD, video/DVD (rentals and sales), subscription TV and ending with free to air television. Although theatrical exhibition is no longer the most important window in terms of financial returns, if a film performs well at the box office, it has greater potential in the subsequent windows (Doyle, 2002, Hoskins et al., 1997, Grønnestad, 1996). The significance of the cinemas as an indicator for a film's success is also the reason why this thesis concentrates on the repertoire in this exhibition window. A country's movie theatres are often categorised by their importance to the market, either according to size or audience attendance.

¹² In some cases, especially when independent distributors want to take on foreign productions, sales agents act as a connecting link between producers and distributors. Some of Norway's distributors work with international sales agents like TrustNordisk or Bavaria Film from which they buy the rights for screenings on the Norwegian market (Jensen, 2009). There are no Norwegian sales agents.

This will in turn often determine the running order in which the cinemas are to receive films copies from the distributors and they are therefore often referred to as first-run, second-run etc. cinemas.¹³ In Norway, cinemas are divided into six categories: those with a yearly audience of more than 200.000, yearly attendance between 200.000 and 100.000, between 100.000 and 35.000, between 35.000 and 10.000, less than 10.000, and Mobile Cinemas (bygdekinoer) (Film & Kino, 2010a, Nelmes, 1999).¹⁴

It is important to acknowledge that these three sectors are mutually dependent on each other and as such are all significant to ensure a film's successful journey to its "end consumer" or audience. However, the connecting link of distribution has arguably a key position, acting as a gatekeeper for producers and exhibitors alike by deciding which films are going to which cinemas (Hoskins et al. 1997, Grønnestad, 1996, Guback, 1976).

2.1.2 Film's value

Even if one approaches film merely as a consumer item, it is important to be aware of the special nature of all audiovisual products, including motion pictures. First of all, it is important to be aware of the dual nature of film as not just a product but also a platform that conveys meanings. "Films do not exist in a vacuum: they are conceived, produced, distributed and consumed with specific economic and social contexts." (Nelmes, 1999, p.14). Producers of movies and other media are therefore creators of dual value products, producing not only content, but also generating audiences, which in turn are of interest to advertisers. As such a media product can be employed to influence consumer decisions for purchases of other items, for example through product placement in motion pictures (Doyle, 2002, Picard, 2002).

Second, and of particular importance, is the fact that a film "[...] does not get used up or destroyed in the act of consumption" (Doyle, 2002, p.12), which differentiates it from other products, like bread or clothes. Although audiovisual products are often expensive to produce,

¹³ Usually it is not economical feasible to produce one copy for every cinema, which means that distributors have to prioritise where they wish to exhibit the movies first. Quite often, this decision is based on expected returns and big cinemas are being preferred (Grønnestad, 1996).

¹⁴ In addition, the private cinemas are often analysed separately and divided in the two categories above and below attendance of 35.000 (Film & Kino, 2010a). Earlier, the cinemas were categorised as follows: A (cinemas in the three biggest towns, Oslo, Bergen and Trondheim), B+ (other cinemas with a yearly audience of more than 100.000), B (cinemas with an audience of between 100.000 and 35.000) and C (cinemas with an audience of less than 35.000 and Mobile Cinemas (bygdekinoer)) (NOU 2001:5).

once content is created however, it is fairly inexpensive to transfer this product to many physical carriers (e.g. DVDs). Thus, a film's value lays in its intangible content, not in the DVD it is purchased on (Doyle, 2002, Gaustad, 2002 , Picard, 2002).

Due to this fact, movies are natural inclined to economies of scale: One the one hand, companies that produce movies and have invested in expensive equipment, benefit from using that equipment for further productions. On the other hand, since costs for reproduction are low, earnings can be increased the more copies of the original product (i.e. the content) are made and sold. For the same reason are also economies of scope common: as re-using the created content is relatively inexpensive, returns can be further enhanced by using the content on different platforms and in different formats (Doyle, 2002, Gaustad, 2002 Picard, 2002).¹⁵

Economies of scale and scope can be further enhanced if a company is horizontally, vertically or even diagonally integrated. If a movie studio combines several production companies, i.e. is horizontally integrated, costs can be reduced and output increased. If the studio is in addition vertically integrated, i.e. owns or is owned by a company in another link of the value chain, it has the advantage of direct access to that link. A movie studio with assets in distribution (and possibly even exhibition) has therefore almost guaranteed access to the market for its product. If a corporation is diagonally integrated profits can be further maximised, as other divisions of the company can reuse the product and / or its content in different formats (e.g. films can be published as books and vice versa). In short, integration allows for increasing profits and the spreading of risks (Doyle, 2002, Picard, 2002, Hoskins et al., 1997). While there is limited degree of integration within the Norwegian national film industry, in Hollywood, the movie business is comprised of diversely integrated companies as presented in the following section (St.meld.nr. 22, 2006-2007).¹⁶

¹⁵ An example is a new animation film that will be first presented first in the cinemas, then on VOD, DVD, pay- and free to air TV. Additionally, the created characters can be used in comic books, video games and for merchandising products.

¹⁶ In section 2.3.2, it will be argued that Norway once had a vertically integrated film company (KKL/Film & Kino). In section 3.2, a presentation of the distributors on the Norwegian market will account for their current business and ownership structures, revealing that only subsidiaries of internationally owned SF Norge and Nordisk Film Distribusjon operate in all three links of film's value chain in Norway.

2.2 Hollywood's industry

After having established the specific aspects of a motion picture, this section is concerned with Hollywood - the most prominent production industry of the medium. Although over 70% of U.S. American films released in the country in 2009 were produced by independent companies operating autonomously from the major Hollywood studios, "Hollywood" is often used as a synonym for the entire movie industry in the USA. This can be explained through the fact that movies from big six Hollywood studios account for the majority of audience shares and box office revenues, both on their home market and in many other countries around the world including Norway (MPAA, 2010a). How the Hollywood studios and their films were to obtain and maintain this dominant position is one of the major underlying points of investigation of this thesis and shall be taken up in chapter 4. The factual basis for the analysis of Hollywood's hegemony shall be presented here.

To begin with, Hollywood's history will be briefly described, with particular emphasis on the creation of the studio system and the Golden Age of Hollywood. Section 2.2.2 will then account for the emergence of Hollywood's present state, including new modes of production, before today's ownership of the studios and their international relations shall be looked at in section 2.2.3.

2.2.1 History in the making – the creation of Hollywood

Film was introduced in the USA at the turn from the 19th to the 20th century, the same time as in Western Europe. While the first exhibitions took place on the east coast in New York in 1894, the medium spread quickly across the country and the world's first purpose-built cinema was opened in Los Angeles in 1902. Several production companies started to emerge and the first film exchange was established, distributing films from producers to exhibitors. Already from 1907 one could see a clear development of business structures in all the three stages of a film's value chain. There were over 125 film exchanges where the exhibitors could trade copies of movies they had bought, and in 1908 there were already 6000 established cinemas in the USA. A year later, the U.S. home market was strong enough to recoup production costs. Also the export of movies was starting to thrive and through intensive international distribution major markets in Europe like the UK and Germany were dominated by movies from the USA in 1910 (Miller et al., 2005, Nelmes, 1999, Disen, 1997).

As Miller et al. (2005, p.60) explains, obtaining this strong position for U.S. American film in the USA and also later on abroad was “[...] aided by the legal codification of film as intellectual property [...]”. Through establishing the Motion Picture Patents Company (MPPC) in 1908, the leading equipment producers aimed for a consolidated market where they were to control access by means of licensing for the use of their production and exhibition equipment. In effect that meant not only control over the U.S. companies, but it was also law-binding for all foreigners who aimed to distribute or directly exhibit their films in the country. In essence, it can be argued that the controlled market through the patent licensing led to the emergence of the strong U.S. film industry, which in addition profited from lower European production output due to World War I.¹⁷ This development was not to be reversed when the U.S. government ended MPPC’s cartel operations through a charge of anti-trust violation which led to its break-up in 1915. On the contrary, it only opened opportunities for the formation of other integrated companies and marked the beginning for the Studio Era (Puttnam, 1999, Elsaesser, 1990, Staiger, 1990).

Known as “the Golden Age of Hollywood”, the late 1920s saw the emergence of a system with eight dominating studios, all of which chose to locate themselves on the American west coast around the Hollywood area of Los Angeles:¹⁸ The “Big Five” or “Majors”, Loew’s (Metro-Goldwyn-Mayer), Paramount, RKO, Fox and Warner Bros. (all fully integrated companies) and the “Little Three”, Universal, Columbia and United Artists (both producers and distributors). These eight studios operated as an oligopoly and controlled essentially the entire film market in the USA. Most of these Hollywood studios continue to be dominating institutions of the U.S. film industry today, often incorporated in multinational conglomerations, which will be looked at in more detail in the next section (DeVany, 2004, Huettig, 1944).

The Hollywood studio “system” bears its name not only because of the integrated structure of the companies involved and their oligopolistic market practices, but also due to an almost

¹⁷ As a point of reference, before World War I, imports to the USA were 16 million feet of film, in the mid-20s, less than half. Exports on the other hand rose during the war from 36 million feet in 1915 to 159 million feet only a year later (Miller et al., 2005, p.61).

¹⁸ It was by no means happenstance that the studios decided to establish themselves at the West Coast: the area offered a much better, warmer climate and lower costs of production due to lower wages than the formerly preferred East Coast around New York (Puttnam, 1999).

scientifically refined mode of production which became standard practice for most studios. The “[...] rigorous division of labor and its assembly-line approach to manufacturing [...]” (Puttnam, 1999, p.132) saw refined production units with contracts binding both directors and movie stars for a longer period to a specific studio, as well as other permanent staff, ensuring a constantly available workforce. Particularly the contracted actors were a means for the studios to build up their profiles and to create anticipation for new productions with their potential audiences. Thus, with this effective production system, it was possible to produce a high number of movies that simultaneously were easy to market to both exhibitors and consumers alike through extensive advertising campaigns. Additionally, ownership of many of the country’s most important (first-run) cinemas and employment of systematic distribution practices including block booking, blind selling and designated play date-arrangements were all to ensure a movie’s financial returns (Puttnam, 1999, Huettig, 1944, Temporary National Economic Committee, 1941).

Another cornerstone for the enduring success of the studios was their early consolidation. Already in 1922, the major Hollywood studios manifested their oligopolistic structure through establishing their own trade association, the Motion Pictures Producers and Distributors Association (MPPDA). Later renamed Motion Picture Association of America (MPAA), the association’s aim was “[...] to stem criticism of American movies, which were then silent, and to restore a more favorable public image for the motion picture business.” (MPA, 2007). With the introduction of the Production Code by MPPDA president Will Hays, it manifested a standardised production output through determining the ideology and moral standards all movies produced in the USA should comply with (Nelmes, 1999, Puttnam 1999).

At present, the MPAA describes itself as “a proud champion of intellectual property rights, free and fair trade, innovative consumer choices, freedom of expression and the enduring power of movies to enrich and enhance people's lives.” (MPAA, 2010b). While the accuracy of those quotes might be debateable, one can obtain a clear inside view in the lines of reasoning and working practices of the involved studios. Despite the MPAA’s claims to advocate the interests of the industry, it is important to note that those are virtually exclusive of the six major U.S. film studios that form the association today.¹⁹ The interests of the

¹⁹ MPAA's members today are the six major U.S. film studios: The Walt Disney Studios, Paramount Pictures, Sony Pictures, Twentieth Century Fox Film, Universal Studios and Warner Bros.

independent U.S. film industry (i.e. those not involved in the MPAA) are represented by the Independent Film & Television Alliance (IFTA, formerly known as American Film Marketing Association or AFMA) (IFTA, n.d.).

As already outlined in the introduction, the MPAA also established an international division of their association at the end of World War II in 1945, the Motion Picture Export Association of America (MPEAA), today known as the Motion Picture Association (MPA) (MPA, 2007). Incidentally, it was issues revolving around “free and fair trade” which the MPAA claims to advocate for today (cited above) that were to bring the Golden Age of Hollywood and the Studio System to an end. While the anti-competitive behavior of the eight major studios had been subject of several legal investigations, the situation acuminated in 1938, when the U.S. Department of Justice charged them with “[...] combining and conspiring to retain trade and commerce in the production, distribution and exhibition of motion pictures in the United States, and with attempting successfully to monopolize such trade and commerce in violation of the Sherman [Antitrust] Act.” (Temporary National Economic Committee, 1941). The *United States v. Paramount Pictures* antitrust case, or Paramount decree, resulted in the conviction of the studios in 1948 and forced them to divest themselves of their cinemas. Although the studios suffered a severe set-back from losing the exhibition-link, which at that time was the more lucrative than production and distribution, they remained in control of distribution. It would be precisely this pivotal link that secured Hollywood’s future, both on the U.S. market and even more importantly abroad (Epstein, 2005, Huettig, 1944).

2.2.2 Hollywood redefined

The break-up of the integrated studio system and the break-through of television had a strong impact on Hollywood’s economy and were to result in substantial restructuring of the industry and considerable changes in their approach to motion picture production. Without guaranteed exhibition of their films, the Majors soon faced competition at the cinemas from independent and also international films, which did not have to comply with the strict standards of the Production Code. As such, their directors had greater artistic freedom, and the narratives could centre on more sensitive topics and contain more graphic images than the standardised Hollywood productions. Combined with the cultural changes of the 1960s, the Production Code became obsolete and was replaced with an ordinary motion picture rating system based on recommended audience age in 1968. This led to a greater liberty in film-making in the

USA and away from standardised mass-production with contracted work force. The studios changed their focus towards fewer, but more costly productions, which saw the emergence of the first “high concept” and / or special effect blockbusters like the *Godfather*, *Jaws* and *Star Wars* in the 1970s. (Puttnam, 1999, Hoskins et al., 1997, Guback, 1976).

Even earlier, another movement had started: the “runaway” movie production. The big studios embraced the opportunities for cheaper films produced abroad, not only through lower wages for staff outside the USA, but also due to the many incentives for film production emerging in Europe (Wasko and Erickson, 2008, Guback, 1976). Another effect of directly producing or financing films overseas was arguably a greater appeal of the movies internationally. Indeed, returns from outside the USA were soon to increase and an ever more important source of income: while international screenings stood for 40% of the studios’ theatrical revenue in the 1950s, a decade later it was already over 50%, and today 64% of the worldwide box office earnings originate from outside the USA and Canada (MPAA, 2010a, Miller et al., 2005, Guback, 1976).

Equally, after early years of objection to the new medium, television was embraced as an opportunity for business. Licensing of films to the TV stations was soon a vital source of income for the big studios, particularly when revenues from theatrical exhibition were in decline (Puttnam, 1999). Today, Hollywood has in fact become very closely involved with television through the current ownership structures of the studios. Before exploring the parent companies however, the current major theatrical production companies shall be looked at. Of the eight biggest Golden Age studios, 20th Century Fox, Warner Bros., Paramount and Universal are still major Hollywood studios today. Columbia, MGM and United Artists are now comprised under Sony Pictures and the Walt Disney Studios rose from an independent to be the sixth major.²⁰ Those “Big Six” claim not only a substantial share of U.S. box office returns,²¹ their distribution units released over 80% of all movies on the U.S. market in 2009. Also internationally, those distributors are major players, with estimated market shares of

²⁰ The only studio from the Golden Age era that did not survive as a major studio is RKO, which today only produces occasional remakes of its classic studio system pictures (RKO Pictures, 2008).

²¹ While total box office gross of 2009 was 10.6 billion USD, it was not possible to obtain figures for the box office earnings shares of the individual studios. However, box office turnover for the top 25 hits grossed almost half of that amount alone, and only two of those 25 films were not produced by the Hollywood-six, thus pointing to a very high gross share for the big studios (MPAA, 2010a).

65% on the five major EU markets. This epitomises the dominating position of the studios and the power of controlling the distribution link (MPAA, 2010a, Box Office Mojo, 2010a, Lange and Newman-Baudais, 2007).

2.2.3 Hollywood incorporated

The “Big Six” Hollywood studios are all integrated into internationally operating media empires. Their creative content is presented in all diverse formats of media on all available platforms. The ownership structures of the respective studios are briefly outlined below:

20th Century Fox is today “[o]ne of the world’s largest producers and distributors of motion pictures, [that] produces, acquires and distributes motion pictures throughout the world” (Foxfilm n.d., News Corporation 2008, Fox 2008?). Since 1985, the 20th Century Fox Film Corporation is owned by Rupert Murdoch’s News Corporation. It is now one of the world’s largest fully integrated entertainment companies. Apart from filmed entertainment (which also includes licensing and merchandising), News Corporation is involved in TV production (including shows like *the Simpsons* and *American Idol*), broadcasting (via terrestrial, cable and satellite through numerous U.S. and international networks and channels like the Fox Broadcasting Company, Fox News Channel and STAR TV, and also including online VOD services), publishing (e.g. *The Times* and *The Sun*), and interactive media (amongst others the network site My Space) (News Corporation 2010, Fox 2008?).

Warner Bros. Entertainment is the entertainment division of parent company Time Warner, the world’s largest entertainment corporation. It is a fully integrated global media corporation with interests covering also publishing through Time (e.g. magazines *Time* and *People*), and broadcasting through Turner Broadcasting Systems whose assets include CNN, TCM and CartoonNetwork and through the Home Box Office television network. The original Warner Bros studio is part of the Warner Bros. Pictures Group (which also comprises studios New Line Cinema and Castle Rock), a subdivision of Warner Bros. Entertainment, which is in itself an integrated entertainment company. Operations stretch from motion picture, television and home entertainment production and worldwide distribution, over comic publishing, licensing and merchandising to videogames and online communities. Warner Bros. also owns over 100 cinema screens in the USA and more than 600 internationally (Warner Bros., 2010, Time Warner, 2009, Fortune, 2009).

Paramount is America's oldest existing film studio and also briefly owned DreamWorks Animation, with whom it still has distribution agreements.²² Since 1994, Paramount is owned by Viacom, a global media corporation involved in film, TV (amongst others the MTV networks) and digital media. Viacom's parent company in turn is National Amusements, one of the world's largest cinema operators, who also owns the CBS broadcasting corporation (Viacom 2009a, 2009b, National Amusements 2010).

Universal started in 1912 as a film company, which merged in 2004 with television network NBC. NBC Universal is a fully integrated media company covering entertainment, news and information on a global scale and is owned by General Electric (87,66%) and Vivendi (12,34%). While General Electric, operating in 160 countries, is a diversified corporation with interests stretching from technology infrastructure and energy over finance to media, Vivendi is both involved in content production and network delivery through music, gaming, Pay TV (Canal+ Group) and telecommunications (NBC Universal n.d., General Electric 2010, Vivendi 2010).

Sony Pictures Entertainment is the entertainment division of the Sony Corporation of America which is in turn a subsidiary of Japanese Sony Corporation. The parent company was founded in 1946 as a telecommunications engineering company, developing, amongst others, CD, DVD and Blu-ray Disc (in cooperation with Philips) and Playstation game consoles. Sony became an integrated corporation as both manufacturer of audiovisual technology products as well as content creator and supplier with interests in film, television, home entertainment, music, computer entertainment, online businesses as well as merchandising and retail in more than 140 countries. The involvement in film started with the acquisition of Columbia Pictures Entertainment in 1989 which was then renamed as the division Sony Pictures Entertainment. Through Columbia, Sony also owns assets in television, which Columbia established already in 1948 with the Screen Gems studios.²³ In 2005, Sony, as part of a consortium, also acquired MGM, which in turn had previously bought United Artists (Sony, 2010a, 2010b, 2010c).

²² For example all DreamWorks' pictures in Norway are distributed through Paramount and Universals international distribution arm United International Pictures (UIP).

²³ Screen Gems operates today as a specialty film studio under Sony Pictures Entertainment's Columbia TriStar Motion Picture Group, while television interests are comprised under the Sony Pictures Television Group (Sony, 2010c).

The Walt Disney Studios have since its beginnings in 1923 developed into a global media conglomerate, ranked second largest entertainment corporation under the parent The Walt Disney Company. Apart from motion picture production and distribution, business areas stretch from stage production, music and publishing, over Internet activities, broadcasting (e.g. Disney-ABC and ESPN) and interactive entertainment, to consumer products (with retail outlets), parks and resorts (The Walt Disney Company, n.d., Fortune, 2009).

Through and despite of numerous mergers and acquisitions, joint ventures and expansions, those corporations have been among the global leaders of the entertainment industry for several decades (Picard, 2002). As both DeVany (2004) and Hoskins et al. (1997) point out, the final outcomes of the Paramount decree mentioned above have therefore to be seen in light of the success and power of the fully integrated media conglomerates the studios are part of today. Despite the prohibition of vertical integration then, through cross-media ownership the movie studios recaptured control of exhibition; though to a limited extent through ownership of cinemas, but with several other platforms they are now active again in all three links of a film's value chain. This in turn permits not only exploitation of their movies in every available media format (e.g. through soundtracks books, video games and Internet sites etc.), but it also facilitates valuable cross-promotion opportunities (Hoskins et al., 1997, Doyle, 2002, Epstein, 2005).

2.3 Film in Norway

After having described the origins and current working of Hollywood's film industry, this section will look at the history of film and its business in Norway. This is not meant to be an account on Norwegian film and/or film production in the country. Rather, the focus will lie on the way film, regardless of its origin, has been perceived by politicians and other officials, as well as on the history of the distribution and exhibition sectors. As it would exceed the scope of this thesis to provide a comprehensive account on institutional and political history, only data important to answer the research questions shall be regarded. Particular attention will be paid to the influential Film & Kino, "a combination of a member organisation for Norwegian municipalities and an industry organisation for the cinema and video industries" in section 2.2.2 (Film & Kino, 2009).

2.3.1 The Beginning of Film in Norway

Already in 1896 film's history started in Norway, making the country one of the earliest in Europe to exhibit the new medium. The first proper Norwegian cinema opened in 1904 and until 1910 almost 150 further cinemas were established. At that time, the proprietors were not only responsible for exhibition of films, but also for importing and distributing them. Film and its industry were fairly unrestricted and uncontrolled then, with European companies like French Pathé and Danish Nordisk Films Kompagni (today's Nordisk Film) dominating the world's production (Disen, 1997).

This situation was to change immediately after, beginning in 1913 when Norway introduced its first Act on the Public Exhibition of Cinematographic Pictures (*Lov om offentlig forevisning av kinematografbilleder*, Besl. O. nr. 90 - 1913) in order to control the new medium. This law entailed two main components: Firstly, compulsory state censorship of films through Statens Filmkontroll.²⁴ based on moral grounds, which was quite common in Europe at that time. In conjunction with the introduction of censoring, film distributors are mentioned for the first time in 1913, with nine companies handling 369 films that had to be approved (Solum, 2004, Disen, 1997, p.41). Secondly, the state went even further in its control of theatrical exhibition and started what Solum (2004, p.11) termed a "municipalisation process" (Kommunaliseringsprosess) through introducing obligatory concessions for operating the country's cinemas. As the individual municipalities were given the authority to issue licences for movie theatres, many embraced the opportunity of the then very lucrative exhibition business and made themselves licence holders in the years to follow. This in turn led to a worldwide unique system of cinema ownership, a major cornerstone in Norwegian film history that has continued to the present day, with the municipalities still running almost $\frac{3}{4}$ of the 204 cinemas Norway has today (Film & Kino, 2010a p.49, Solum and Asbjørnsen, 2008, Asbjørnsen and Solum, 2003).

Further changes were brought about in 1914, when the outbreak of World War I brought the film production in many Europe countries to a halt and consecutively impacted on the import of European films in Norway. The U.S. film industry in turn seized the opportunity to expand their export ventures. Their movies have dominated the Norwegian screens since that time,

²⁴ In 1993, Statens Filmkontroll became Statens Filmtilsyn, before it was integrated in the newly established Medietilsynet (Norwegian Media Authority).

despite the fact that U.S. distribution subsidiaries were not established in Norway until the 1920s (Disen, 1997). During the subsequent years, several organisations were founded that have shaped the state of film in Norway for almost a century. Already in 1915, the film distributors established their trade association, the Norwegian Filmdistributors' Association (Norske Filmbyråers Forening).²⁵

2.3.2 Kommunale Kinematografers Landsforbund / Film & Kino

In 1917, the municipal cinema owners confederated to found their professional association called Kommunale Kinematografers Landsforbund (KKL). Since 2002, the association is known as Film & Kino and has for over 90 years influenced the way film is received in Norway (Film & Kino, n.d.a). In its beginnings, at a time when the majority of cinemas were still privately owned and the main actors also operated as distributors, KKL's main aim was to secure access to films for its members. As the private cinema owners were disturbed by the fact that the municipalities granted gradually more licenses for exhibition to themselves while their requests were refused, they aimed at protecting their businesses through their distribution operations. This conflict for movie products to a fair price resulted in KKL desiring its own distribution company, and in 1919 through its member's capital, KKL bought out the biggest distributor at the time, Nerliens Filmbureau, to establish Kommunernes Filmcentral (KF) in its place (Solum and Asbjørnsen 2008, Disen, 1997). For more than 80 years, KF was one of Norway's biggest film importers and distributors, and was at times also involved in production. This changed when several big production companies terminated their distribution agreements,²⁶ and the municipality of Oslo subsequently divested itself off its shares in KF of 51%. As a result, KF underwent a complete restructuring process and the last detectable reference of its activities was in 2008, when the company released one film under the name Kinodistribusjon (Film & Kino, 2009b, NOU 2001:5, Disen, 1997, Grønnestad, 1996).

KKL's involvement in the distribution sector manifested itself further through a collective film rental agreement (filmleieavtale) the organisation negotiated on behalf of its member

²⁵ The association was originally called Filmbureauernes Landsforening. In 1931, they changed to Norske Filmbyråers Sammenslutning and became Norske Filmbyråers Forening in 1973 when they merged with the Frie Norske Filmutleiebyråers Forening founded in 1948 (Disen, 1997). Norske Filmbyråers Forening comprises today of 16 distribution companies with members including the 12 biggest active distributors which will be looked at in chapter 3 (Norske Filmbyråers Forening, n.d.).

²⁶ For example Disney and Fox had distribution agreements with KF in the 1980s and 90s, before they (re-)established subsidiary distribution arms in Norway and from then on distributed their films themselves (NOU 2001:5, Disen, 1997 p.250).

cinemas with the Norwegian Filmdistributors' Association. It was agreed that the cinemas were to rent a film from the distributors for a fixed percentage, depending on the size of the respective theatre. This meant higher prices and first-run options for the bigger cinemas, while the smaller cinemas which receive the film later were in return to pay a lower price for it (Solum and Asbjørnsen, 2008, Asbjørnsen and Solum, 2003, Disen, 1997). Although the agreement was disallowed to continue for all cinemas in 2003 as it was regarded as distorting competition by EFTA's Surveillance Authority, Film & Kino still negotiates distribution deals on behalf of the country's smaller cinemas. Other current activities of Film & Kino concerned with distribution include the administration of several support schemes for import and distribution of movies, which will be elaborated on in Chapter 3 (Film & Kino, 2009, Solum and Asbjørnsen, 2008, Asbjørnsen and Solum, 2003).

In 1930, KKL started to publish the periodical *Norsk Filmblad*, which today bears the same name as the institution, namely *Film & Kino*.²⁷ It is both a trade journal debating cultural and political issues concerned with film, cinema and video, as well as a film magazine with movie reviews and interviews. The publication has been an important document for film and cinema analysis throughout its history and particularly the yearly special issues with industry statistics (*Årbøker*) are frequently used in this thesis (*Film & Kino*, n.d, Solum, 2004).

A further initiative by KKL was the establishment of a production company, Norsk Film A/S, in 1932 and own studio facilities in 1935, in order to strengthen the Norwegian film industry and supply (its) cinemas with national movies. In fact, Norsk Film A/S has often been accredited for the “Golden Age” of Norwegian film that emerged in the country at that time., As such, one could argue that KKL had evolved to a powerful, vertically integrated film company involved in all three links of a film's value chain before the outbreak of World War II (Solum and Asbjørnsen, 2008, Hanche et al., 2004, Disen, 1997).

2.3.3 Film's changing position – post World War II

While the war years were marked by occupation, also of Norway's film industry and institutions, the country re-established itself relatively soon after and started to embrace film

²⁷ For means of telling the two apart in this thesis, the magazine shall be written in Italics.

as part of cultural policy in 1945.²⁸ Several new state initiatives and institutions were established, amongst them the first production fund called Statens Filmfond, and, in 1948, Statens Filmsentral, which was to produce and distribute educational and cultural films to public facilities including schools. In 1950, Norway introduced a first system to subsidy film production, and in 1956, the Norwegian Film Institute (Norsk Filmistitut) was created, mainly to ensure the preservation of Norwegian films (Bastiansen and Dahl, 2008, Holst, 2008, Solum and Asbjørnsen, 2008).²⁹

Coinciding with the emergence of the auteur-cinema in Europe during the 1960s, Norway manifested its notion of film that had developed in the 1950s further: As an adequate form of art it is legitimately eligible for official (financial) support:

“Film is much more than an industrial good. It is an artistic medium with distinctive opportunities and instruments and with a range that is far superior to most others. To offer film artists working conditions has to be an equally national task as to support fine art or poetry.”
(Kirke- og undervisningsdepartementet, 1963, quoted in Holst, 2006, p.9, author’s translation).

In light of this policy focus, KKL proposed that the state should exempt the cinemas from taxes and instead ask for their financial involvement to establish a new film fund to strengthen the position of Norwegian film and to support the countries’ cinemas both professionally and materially. This was agreed upon and resulted in the Norsk kino- og filmfond, NKFF, (Norwegian Cinema and Film Fund) in 1970. Originally, it was based on voluntary contribution from the country’s cinemas (both municipality- and privately owned ones), until it became obligatory through the Law on film and video (Lov om film og videogram) from 1987 that not only the cinemas, but all business involved in exhibition, sales and rentals had to contribute to the fund. For the cinemas, this is a levy of 2,5% of their annual turnover, while the video retailers are required to pay 3,50 NOK for every sold video (or later DVD).³⁰ Since 1998, NKFF is joined together with KKL to the new umbrella organisation Film &

²⁸ “The post-war period represented in many ways a new time of breakthrough for film as a medium. One of the reasons was that the state redefined its relationship to film. Put in a few words: film became cultural policy” (Bastiansen and Dahl, 2008, p.339).

²⁹ In 1993, Statens Filmsentral merged with Norsk Filmistitut (Holst, 2006). Additional information on the history of the Norwegian Film Institute can be found in: Nymo, T. P. (2006) *Under forvandlingens lov: Norsk filminstituttets historie*. Oslo: Norsk filminstitut.

³⁰ NKFF’s resources should later be of great importance to the digitisation of the Norwegian cinemas, which will be looked at in Chapter 5.

Kino (Solum and Asbjørnsen, 2008, Asbjørnsen and Solum, 2003, Hanche et al., 2004, NOU 2001:5).

Although official attention centred on film production and exhibition, also the distribution link became a political issue in the 1970s in on-going debates about the quality of the film repertoire in the theatres. Accordingly, the 1978 Green Paper “*Import and distribution of feature film*” (NOU 1978: 41 – *Import og distribusjon av spillefilm*) evaluated the distribution companies’ marketing and release strategies, their offering to the cinemas, the quality of recently imported films and measures needed to reach a satisfactory selection of films in the cinemas (NOU 1978:41, p.7). Notwithstanding the committee’s findings and recommendations, it led however not directly to any policy changes concerned with which types of film were imported or the way movies were distributed.

Despite the fact that many initiatives at that time were introduced to nourish artistic or cultural valuable film, in particular one support scheme also highlighted the importance of wider audience appeal for Norwegian films. In 1955, the government introduced the *billettstøtte* (box-office bonus), a retrospective financing for Norwegian film producers rewarding them with a certain percentage of every sold cinema ticket. As it takes the popularity of the movies as a reference point, one could argue that, besides attracting large audiences to national films, profitability and recoupment of capital also had an influence on government decisions (Holst, 2006, Hanche et al., 2004).

2.3.4 Major changes for Film in Norway – the new millennium

In the 1980s and 90s, privatisation and deregulation of the broadcasting and telecommunications sector in Europe, rapid technological changes and liberalisation of markets, raised a need for a substantial revision of media policies (Syvertsen, 2004). Especially a policy re-evaluation of the municipal cinema system in Norway was of importance, as: “[...] increased competition from other media and other methods of film exhibition [...] are threatening the economic basis for running cinemas, such as video, cable-TV, satellite channels and the Internet.” (Asbjørnsen and Solum, 2003, p.88). This was addressed in a Green Paper in the year 2000, indicatively called “*Cinema in a new time: Commerce and culture*” (NOU 2001:5 – *Kino i en ny tid: Kommers og kultur*). The paper concluded that Norway’s cinema system worked well as precisely a mixture of commercial

and cultural interests, but underlined that a stronger, more directed national cinema policy was needed to secure the operations of this system.³¹

Subsequently, based on the argument that “while the public sector is responsible for a good general framework, it is equally natural that the film production itself is executed by private production companies” (St.prp. nr. 1, 2000-2001, p.17f, author’s translation), the Government budget proposition for 2001 initiated a restructuring process of how the state was to be involved in film production.³² The first step was the dissolution and following divestment of the production company Norsk Film A/S, which the state had taken over from KKL/Film & Kino. This was followed by the establishment of two new executive bodies: resource and competence centre Norsk filmutvikling (Norwegian Film Development) and the Norsk filmfond (Norwegian Film Fund) as an overall administrator of state support for film production in Norway (St.prp. nr. 1, 2000-2001). First signs of an upswing in national film production came already two years later, when the number of theatrical releases doubled from nine movies in 2000 to 18 in 2003, and, in turn, market shares for Norwegian film rose substantially from 6% to 18% in the respective years (Film & Kino, 2010a).

In 2007, the latest White Paper on film policy *Veiviseren* (Pathfinder) (St.meld.nr. 22, 2006-2007) initiated further significant changes to the state’s involvement in the medium. The government aims for Norway to become a strong film producing nation with an increased production output of at least 25 feature films per year that are simultaneously attractive to the audience, aiming at a market share of 25%. One of the paper’s cornerstones to support the government’s goals was therefore the consolidation of the four public film institutions Norsk filminstitutt, (Norwegian Film Institute), Norwegian Film Commission and the relative recently established Norsk filmfond (Norwegian Film Fund) and Norsk filmutvikling (Norwegian Film Development) into one united institution. The new Norwegian Film Institute (Norsk filminstitutt) started its operations in 2008 precisely “to support the production, promotion and distribution of quality films, as well as to represent Norwegian film internationally, and to highlight film as an expression of art and culture” (NFI, n.d.). It also

³¹ “Norway is characterized by a well-functioning cinema market which has developed rules that are both considerate of cultural policy as well as of market participants' interests.”(NOU 2001:5, p.105, author’s translation)

³² The section referred to is called ”fornyelse og modernisering av filmsektoren” (renewal and modernisation in the film sector) in St.prp.nr. 1 (2000-2001).

directly administers the majority of the government's expenditures for film and media purposes, which were budgeted for with over 603 mill.NOK in 2009.³³ It comprises of a variety of subsidies, amongst others for national and international distribution and promotion. Norway also committed itself to, and participates in, several international funding bodies, including EU's MEDIA programmes, Council of Europe's EURIMAGES, Nordisk Film & TV Fond, and in addition entered recently the European co-production fund (St.prp. nr. 1 (2009–2010)).

As evident from the account above, since its beginnings film in Norway has been subject to close state involvement, particularly through the strong municipal cinema ownership structure and from the 1950s onwards as a vital part of cultural policy. The institutionalisation of film centres around all three elements of the medium's value chain, which determines the agenda in Norway today: sustaining the exhibition of film in all parts of the country, ensuring that films released on the relatively small Norwegian market maintain a certain level of diversity, and creating a healthy national film production.

As in all other European countries, the transition to digital cinema is now one of the major topics for Norwegian policy makers and industry alike. Through the particular ownership structure of the Norwegian cinemas, the strong position of the trade organisation Film & Kino and the resources from the Norwegian Cinema and Film Fund NKFF, Norway is in a unique position to digitise all the country's cinema (Film & Kino, 2009a). The particularities of the digitisation process, its advantages and the consequences this might have for the distribution sector and film selection in Norway will be examined in more detail in Chapter 5.

³³ As a point of reference, in 2000, the government's budget for film and media purposes (point 334) was nearly 293 mill.NOK, while the proposed budget for 2001 had already increased with more than 20 % to 359 mill.NOK in that category (St.prp. nr. 1, 2000-2001) It needs to be noted that the budget for this point also includes administrative expenses.

3. Hollywood's dominance in Norway - analysis of the film distribution

After having examined the film industry in Norway in general, this chapter will focus on its film distribution sector by analysing the theatrical distribution companies and the films they release. In order to map a picture as complete as possible of this industry sector, business structures, ownership relations, repertoire and working practices shall be examined. The analysis is based on information found on companies' webpages, statistics from the Norwegian Media Authority (Medietilsynet), the Norwegian cinema association Film & Kino, the European Audiovisual Observatory, articles in academic literature and trade press, as well as supplementary comments made in interviews conducted for this thesis.

With the aim of illustrating the current workings of the feature film distribution sector, predominately, the films released for cinematic exhibition and the active distribution companies from the years 2007, 2008 and 2009 will be looked at. To begin with, in paragraph 3.1., the films from the respective years will be examined regarding their country or region of origin. This will give an overview over the selection of films available at the cinemas, which of those succeeded at the box office, and, in turn, a more defined picture of the extent to which the U.S. American movies dominate the Norwegian screens. In the following paragraph 3.2, the distribution companies operating in 2007 to 2009 will be introduced, grouped and profiled according to their ownership structure. This presents the foundation for further analysis of the industry sector in the following paragraph.

Paragraph 3.3 will then explain how and why these films were released through combining the findings on film repertoire from paragraph 3.1 with the information on the distributors and on film as institution from Chapter 2. This will be enhanced by additional information on the companies' working practices obtained through the trade press, academic literature and own interviews.³⁴ Furthermore, as a point of reference, information about the wider European distribution sector based on studies from the European Audiovisual Observatory will be included. At the end of this section, it is attempted to answer the secondary research questions:

³⁴ At this point it has to be stressed however that it was not possible to obtain the required information from all companies. As explained in section 1.3 on sources, the focus will therefore lie on those companies with the most available information.

Who decides which films are shown in the cinema today? Which roles do distributors, cinema operators and the main organisation for the cinema and video industries in Norway, FILM&KINO, play?

This will be followed by a more detailed examination of how other factors have an impact on the cinematic landscape of feature films in Norway in Chapter 4.

3.1 Films

As the Norwegian cinema association Film & Kino in its yearly account recapitulates, in 2009, 223 films were released for which almost 13 million tickets were sold (Film & Kino, 2010a). This means that every Norwegian saw an average of 2,6 films - a result which lies slightly above the average from previous years. In order to give a more detailed picture of what movies were available to the public, this paragraph starts by examining the country or region of origin of the films released in the years 2007 – 2009. Although many studies base repertoire on origin, it is acknowledged that the nationality of a film does not take into consideration important aspects like genre or quality and can therefore only give a partial indication of repertoire. However, based on the justification made by Asbjørnsen and Solum (2003, p.92f) that „[...] films that are not American will more often be imported because of their quality, often by means of public support, than American ones. U.S. American films are more often than other films commercial genre films [...]” origin as an indicator for repertoire is nevertheless used here.³⁵

In an ever more globalised world, also the film industry has become more internationalised. Defining a film’s origin is not often as straight forward as the short country abbreviation behind the title implies. Not only have there been many more bi- or multilateral co-productions over the past years, but also an increase in financing from international funding bodies, exchange of labour and runaway productions, amongst others, make it increasingly more difficult to define a film geographically (Gyory, 2000). Particularly films financed from both the USA and the UK seem to have this characteristic. As an example, the most successful film in Norway 2008, *Mama Mia!*, was defined as originating from the UK by the

³⁵ The films regarded here are all films that were released during the respective years for ordinary screenings in the cinemas, based mainly on Film & Kino’s yearbooks. This excludes films shown during film festivals and other special screenings.

Norwegian Media Authority Medietilsynet (Medietilsynet, 2008a), but as a U.S. American production in Norway's yearly statistical account on film, *Film & Kino Årbok 2008* (p.21). The Internet Movie Database IMDb adds Germany as a co-producing country to the UK and USA (IMDb, n.d. a). Further, *Mama Mia!* was filmed not only in the USA and UK, but also in Greece, where it's main action is set (IMDb, n.d. b). Cast and Crew are from various countries other than the UK and USA, such as Swedish actor Stellan Skarsgård and Cyprian cinematographer Haris Zambarloukos (IMDb, n.d. c).

Being aware about the ambiguity of several films' nationality status, for the purpose of collecting comparable data, only the Norwegian Media Authority's (Medietilsynet) labels and data for country-of-origin shall be adopted.³⁶ The following table shows the films released in Norway in 2007, 2008 and 2009 according to their country or region of origin. As there were only one or few films shown from certain countries (e.g. in 2008 only one film was shown from several European countries, such as the Netherlands, Ireland and Estonia (Medietilsynet, 2008b)), they have been grouped together in order to provide a more comparable table. The countries and regions used here are therefore: 1) Norway, 2) the Nordic countries (excluding Norway, including Denmark, Sweden, Finland and Iceland), 3) Europe (excluding Norway and the other Nordic countries), 4) USA and 5) Rest of World (excluding the previously mentioned countries).

Table 1: Films released in Norway in 2007 - 2009 according to country or region of origin

	Norway	Nordic countries	Europe	USA	Rest of World	total
2007	23	20	56	116	22	237
2008	22	19	44	117	19	221
2009	22	22	54	108	17	223
Average 2007-09	22	20	51	114	19	227*
Average 2007-09 in %	9,7%	8,8%	22,5%	50,2%	8,4%	99,6%**

(medienorge, 2010a from data retrieved through Medietilsynet)

*sum of average 2007-2009, not average of total

**due to rounding, the sum is not 100,0%

³⁶ These in turn are based on the distributor's declaration when presenting a film for classification to the Media Authority's classification bureau.

This table shows that U.S. American films have indeed been dominating the Norwegian film selection, with an average of half of the films released over the past three years originating from this country. However, it is important to point out that this table only shows the number of films released; it does not indicate the popularity of Norwegian, Nordic, European, U.S. American and other films. In order to understand why for instance so many films originating from the USA are released, one also needs to take into account the admission numbers, i.e. aim to verify the popularity of U.S. American films. The following table accounts therefore for the audience share according to country or region of origin for the years 2007-2009.

Table 2: Audience share in Norway in 2007 - 2009 according to country or region of origin

	Norway	Nordic countries	Europe	USA	Rest of World	total
2007	16,4%	2,5%	13,9%	65,6%	1,5%	99,9%**
2008	22,4%	3,8%	8,9%	64,2%	0,7%	100,0%
2009	20,6%	11,7%	8,8%	58,0%	1,0%	100,1%**
Average 2007-09	19,8%	6,0%	10,5%	62,6%	1%	99,9%**

(medienorge, 2010b from data retrieved through Film & Kino)

**due to rounding, the sum is not 100,0%

From this overview, it becomes evident that U.S. American film has indeed been very popular, with almost two out of three cinema tickets sold for productions originating from the USA. Norwegian films accounted for one in five tickets, which indicates that national productions are also well-liked. This is also verified by the 20 most popular films from the years 2007 – 2009 (Appendix 2), which show that out of the 60 pictures, 39 movies originate from the USA and 14 from Norway. Relating Table 1 and Table 2, it is particularly apparent that films from Europe (excluding the Nordic countries) and from the category Rest of World are not finding their audiences. Despite the fact that more than every fifth movie offered originates from Europe, only every tenth ticket is sold for a European film. Films from other parts of the world are even worse received: with almost one in ten films released from other countries, admissions are as low as one per cent on average for the last three years.

One might conclude that although U.S. American films have a numerical advantage with almost half of all movies released in Norway, together with Norwegian films they are also the predominant choices for the Norwegian public, taking an combined audience share of over 80%. This presumption however does not take into account two important factors, namely first the number of copies which are distributed of each film, and second the amount of

screenings per film, which both have an important impact on availability to the audience as pointed out in studies by Asbjørnsen and Solum (e.g. 2008 and 2003).

Regarding the first factor, unfortunately, there are no comprehensive statistics available on the quantity of copies issued in respect to country of origin. Through interviews with distributors and exhibitors it was however revealed that a Hollywood blockbuster is usually released with more copies and set up for more screenings than a European arthouse film. Asbjørnsen and Solum (2008, 2003) also show that Norwegian film is often prioritised at the cinemas.

Concerning the second factor, how often a movie is shown, only the number of screenings for Norwegian films has been accounted for: with nearly 60.000 screenings, the share was almost 20% of all screenings (Film & Kino, 2010a, p.60). Considering that only 10% of films released in 2009 came from Norway, the fact that nearly every fifth screening was a national production shows the importance of taking into account how often a film is shown. Further, it needs to be considered that two thirds of cinemas in Norway only have one screen and therefore they can only set up a certain amount of screenings and show a limited selection of films (Film & Kino, 2010a, p.47). Hence it can be argued that statistics about releases per country (Table 1) cannot draw an accurate enough picture about the availability of films from Norway, the Nordic countries, Europe, the USA and other countries of the world.

Hypothetically, after reviewing the Norwegian share of screenings and considering the relatively high audience market share of Norwegian films and, one could even argue that with more copies and screenings available, a film might have a greater chance of being watched.

As mentioned in the introduction, there are many factors that determine why one chooses to watch a particular movie, which in itself is today's primary reason for the Norwegian public to go to the cinema (Film & Kino, 2010b). They reach from whether the film is directed by a prominent director, favourite stars act in it, it is based on a bestselling novel, has fascinating special effects, belongs to a certain genre, to marketing efforts, film reviews and word-of-mouth (De Vany, 2004). Nationality as a factor has however not been pointed out. It leads to the questions if nationality is at all important when choosing a film and if movies originating from the USA (more precisely Hollywood), are simply quite often equipped with the right assets? To stay with the example of *Mama Mia!* which, depending on the source was defined as U.S. American, British or both: was it popular because it was based on the ABBA-musical with stars like Meryl Streep and Pierce Brosnan or because of its nationality? Although it

would be interesting to conduct an in depth investigation about the connections between a film's origin, the assets that characterise it and eventual box office performance, it is however not the aim of this project to analyse why a film is successful from a textual approach. Here, market shares per country (Table 2) and box office statistics are merely intended to show that films which are successful often originate from the USA. One can therefore conclude that there are certain correlations between a movie's origin and its eventual success.

3.2 distribution companies

After having established that U.S. American films have a dominant position both in terms of releases and audience share, it is of interest to determine who distributed those movies. This section will therefore give an overview over the companies which distributed films to the Norwegian cinemas in the years 2007 – 2009. The distributors which released a minimum average of five movies in that period will then be categorised according to their ownership structure, divided into Major Hollywood subsidiaries, Nordic media corporation subsidiaries and Independents.³⁷ The companies in each category shall then be presented individually according to available company information (e.g. owner relations, mission statement), as well as their repertoire and box office data from Film & Kino (See Appendix 4). As a point of reference for their operational scale, the following listings will include information on the companies' revenues, average box office turnover shares and their average share of releases from 2007 – 2009 according to which they are ranked in each category.

Between 2007 and 2009, 25 different companies were releasing films to the cinema.³⁸ While some only operated in one or two years of this period have others been major suppliers to the cinemas for several decades. In 2009, Norway had 22 companies distributing film to the cinemas, which are more than the previous years with 16 companies in 2007 and 18 in 2008. Yet, the number of films released has been fairly consistent during those past three years,

³⁷ This classification is based on Ole Disen's comprehensive account on film distributions' history in Norway (1997), which mentions three main groups of distributors that have existed since the 1920s: the American local branches (which is called here Major Hollywood subsidiaries), the private distributors (Independents) and communal companies (which have all ceased to exist today). Then, in the late 1980s, Disen recognizes the immersion of a fourth group, called here Nordic media group subsidiaries, which came into existence with SF Norge's establishment in 1989.

³⁸ Appendix 3 provides a complete list over all Norwegian distribution companies operating between 2007 – 2009

which can be explained by a larger number of companies in 2009 that only distributed one or few films. The group of distributors which has been supplying between 1 and 5 films per year is made up of 12 companies with very diverse profiles. They range from small, traditional distribution companies like Filmoptimistene, over small film production companies like Hergel Film, to digital cinema service provider Nordic Digital Alliance (NDA). Those companies are certainly important by adding a variety of movies to the Norwegian screens. However, due to their small scale operations and as such limited impact on the overall film selection, they shall not be included in the further analysis of distributors.³⁹

The remaining 13 companies are:

1. Major Hollywood subsidiaries:
 - 20th Century Fox Norway
 - United International Pictures
 - Walt Disney Studios Motion Pictures Norway

2. Nordic media corporation subsidiaries:
 - Nordisk Film Distribusjon
 - Sandrew Metronome Norge
 - SF Norge
 - Scanbox

3. Independents:
 - Actionfilm
 - Arthaus
 - Euforia Film
 - Fidalgo
 - Oro Film
 - Tour de Force

3.2.1 Major Hollywood subsidiaries

United International Pictures

number of releases: 2007: 28, 2008: 28, 2009: 28 Average share of releases: 12,3%

United International Pictures (UIP) was originally founded as a joint venture between U.S. American Universal, Paramount, MGM and United Artists in 1981, to distribute the Hollywood studios' films overseas. Later, MGM and United Artists left the agreement and, in 2007, the remaining two companies decided to split up the 15 key markets outside the USA between them. 18 countries (amongst them Norway, Denmark and Sweden) still have UIP offices and continue distribution as a joint venture between Paramount and Universal (independentfilm.com 2005, UIP, n.d. a).

In Norway, United International Pictures has been operational since 1982, as a continuation of Universal and Paramount's previous distribution arm in the country, Cinema International

³⁹ As can be seen in Appendix 3, those 12 companies individually have only distributed $\leq 1,5$ % of the films released between 2007 – 2009.

Corporation (Disen, 1997). UIP, which claims to be “the world’s biggest film distributor” describes its main tasks as to “promote movies to audience and press, in addition to supply films to all of the country’s cinemas” (UIP, n.d. b, author’s translation). At least in Norway, UIP was indeed the most successful company in terms of average box office turnover share with 19,4 % for the period 2007 – 2009, and also had the highest single share recorded during those years with 27,5% in 2008. This was largely due to UIP’s release of *Mama Mia!* which topped the Norwegian charts that year with an audience of over 1.1 million. Ten other films distributed by UIP were in the top 20 box office hits of 2007 – 2009, four of those Dreamwork animations (e.g. *Shrek III*). The company’s portfolio is limited to films produced or co-produced by Paramount, Universal and their affiliates. Almost all movies are therefore of U.S. origin, including blockbusters *Indiana Jones* and *The Kingdom of the Crystal Skull* and the *Transformers* franchise. Other films are produced or co-produced in the UK, like Oscar winning *Atonement* and *Mr. Bean's Holiday* (Film & Kino 2010a, 2009b, 2008). Operating revenue was 96 mill.NOK for 2008 and 51 mill.NOK for 2009 (Proff 2010a).

Walt Disney Studios Motion Pictures Norway

number of releases: 2007: 20, 2008: 15, 2009: 25 Average share of releases: 8,8%

In 1992, the Walt Disney Company established an international theatrical distribution division under the label Buena Vista International, which was in 2007 renamed to Walt Disney Studios Motion Pictures. Walt Disney Studios Motion Pictures has a Norwegian subsidiary since the year 2000, though in the beginning it operated under the name Buena Vista International Norway. The distributor releases predominately films from parent company Walt Disney, which, beside all films under the Disney brands, comprises of Touchstone, Pixar and Miramax titles. In addition, since late 2006, the company distributes for Sony Pictures in Norway, which also includes films from Columbia Tristar Pictures (*Release*, n.d., Walt Disney Studios Motion Pictures Norway, n.d.). As it is the case for UIP, the majority of movies the company distributes origin from the USA and include Disney blockbuster franchises *Pirates of the Caribbean* and *High School Musical*, and Pixar animations like *Ratatouille* and *Up*. Other films recently released by Walt Disney Studios Motion Pictures Norway were the British *James Bond: Quantum of Solace* and French *Paris 36 (Faubourg 36)* which was not produced by any affiliated studio. With 14 films in the Norwegian top 20 box office hits of 2007 – 2009, Walt Disney Studios Motion Pictures Norway was the most successful company in that respect. This is also reflected by the second highest average box

office turnover share for that period which was 17,8 % (Film & Kino 2010a, 2009b, 2008). Operating revenue however was one of the lowest of all subsidiaries (including the Nordic media corporation subsidiaries), with 32.6 mill.NOK in 2008 and almost 37.7 mill.NOK in 2009 (Proff 2010b). This can be explained by the fact that Walt Disney Studios Motion Pictures Norway is only involved in theatrical distribution, while a separate unit, Walt Disney Studios Home Entertainment Norway is responsible for DVD rentals and sales (*Release*, n.d.).

20th Century Fox Norway

number of releases: 2007: 15, 2008: 13, 2009: 10 Average share of releases: 5,6%

20th Century Fox Norway is a subsidiary of the 20th Century Fox Film Corporation and was originally established in 1929 as Fox Film and is as such the oldest of Norwegian distributors, though it wasn't operational as a self-contained company between the late 1970s and 2000 (Film & Kino 2002, Disen, 1997). Currently, the company both distributes films on its own and through SF Norge, where 20th Century Fox Norway's office is also based. The portfolio of movies comprises predominately titles produced or co-produced by the 20th Century Fox Film Corporation's studios. This includes more sophisticated movies through Fox Searchlight like *The Secret Life of Bees*, as well as Hollywood blockbusters like the *Ice Age* franchise, of which the latest film, *Ice Age: Dawn of the Dinosaurs* topped the Norwegian box office in 2009, and the highest grossing film of all times, *Avatar*. As with the two other Major Hollywood subsidiaries, the majority of 20th Century Fox Norway's releases originates from the USA. Other titles include the British *28 Days Later* and its sequel *28 Weeks Later*. Between 2007 and 2009, the distributor released on average only about 13 movies per year (fewer than all other subsidiaries and Oro) which explains why, despite several successful Hollywood blockbusters, average box office turnover share for that period was not higher than 11,0 % (Box Office Mojo, 2010b, Film & Kino, 2010a, 2009b, 2008, 2007a, 2003). Equally, operating revenue was in comparison to the other subsidiaries fairly low with approximately 42.3 mill.NOK in 2008 and 18.5 mill.NOK in 2009 (Proff 2010c). As for Walt Disney Studios Motion Pictures Norway, this could also be explained by 20th Century Fox Norway only handling theatrical distribution. Furthermore, it needs to be noted that, some Fox films are distributed through SF Norge and data for those is not included here.

3.2.2 Nordic media corporation subsidiaries:

SF Norge

number of releases: 2007: 32, 2008: 23, 2009: 36 Average share of releases: 13,4%

SF Norge is a subsidiary of Swedish Svensk Filmindustri International AB, which, in turn, is since 1973 owned by the Bonnier Media Group. Based also in Sweden, Bonnier's history started over 200 years ago as a book store and publisher. Today it is a "[...] multi-channel media company with experience and knowledge in a full range of media in 175 companies across 16 countries." (Bonnier, 2010). Svensk Filmindustri belongs to Bonnier's Entertainment division, which also comprises a cinema chain in Norway and Sweden (SF Bio), an online retailer for, amongst other things, film and music, and a VOD service. Established already in 1919, Svensk Filmindustri is today the biggest film company in the Nordic region and involved in "[...] all facets of the industry i.e. production, exhibition, theatrical distribution, home video distribution, television distribution and multimedia distribution." (SF International, n.d.). The company's mission statement clearly emphasizes its ambitions in upholding this position, through "[...] activities [...] characterized by high standards, effectiveness and profitability" (Svensk Filmindustri, n.d. a). Svensk Filmindustri has operating units in all four major Nordic countries, which in turn all have their own production and distribution departments. Whereas acclaimed directors like Ingmar Bergman and Lasse Hallström, and films based on internationally popular children's characters (e.g. Pippi Longstocking) exemplify the company's production undertakings, the distribution section has prominent agreements with major U.S. producers like MGM, New Line Cinema and Spyglass Entertainment, amongst others (SF International, n.d., Svensk Filmindustri, n.d. b).

Norwegian subsidiary SF Norge came into existence in 1989 and is now the company releasing on average most films in the cinemas. SF Norge also handles its own DVD releases and sales and, as mentioned above, has its own production department. Although a separate company, it needs to be noted that SF Norge's mother company Bonnier also owns SF Kino with seven cinemas in Norway.⁴⁰ In addition to its own productions and films from Svensk Filmindustri's cooperation partners, the Norwegian subsidiary also has an agreement with 20th Century Fox, as mentioned above (SF Norge, n.d., SF Kino, 2009). The distributor's recent releases include the popular Norwegian children's animation *Elias and the Royal Yacht*

⁴⁰ Five of the cinemas are wholly owned by SF, while SF Kino has an ownership stake of 49% in the remaining two.

(*Elias og kongeskipet*) Hollywood blockbuster *Sex and the City*, which was seventh most seen movie in Norway in 2008, and Oscar winning *Slumdog Millionaire*. Despite the fact that SF Norge released most films between 2007 and 2009 (in total 91), only six movies made it into the top 20 box office successes of those years. As a result, average box office turnover share was not higher than 10,6%, ranking the distributor only sixth (Film & Kino 2010a, 2009b, 2008). In terms of operating revenues however, with 404 mill.NOK in 2008 and almost 360 mill.NOK in 2009, SF Norge is clearly one of the largest companies (Proff 2010d). This can be explained by the company handling its own DVD releases and sales, as well as revenues from the production unit which all are included here.

Sandrew Metronome Norge

number of releases: 2007: 27, 2008: 31, 2009: 21 Average share of releases: 11,6%

Sandrew Metronome Norge is a subsidiary of Swedish Sandrew Metronome International AB, which again is owned by Nordic media group Schibsted. Schibsted was founded in 1839 as a publishing house in Norway and turned into an international concern, currently operating in 26 countries. While Schibsted's core business is still print and publishing, the company's mission "[...] to become the most attractive media company in Europe" entails an increased focus on new media platforms like the internet (Schibsted, n.d. a). Since the 1990s, Schibsted has also an interest in film and TV, with Sandrew Metrome International being one of its biggest subsidiaries in that line of business. The company came originally into existence in 1998 as a joint venture between Schibsted and Swedish Anders Sandrew Trust, a Swedish cinema chain and distributor handling theatrical, TV and video releases. At the point of the merger, Schibsted owned already, amongst others, the production company Metronome Film & Television and the Norwegian distributor Norsk Filmdistribusjon (which continued business since then under its new name Sandrew Metronome Norge). As such, Sandrew Metrome International was a fully integrated film company then, with subsidiaries in all four major Nordic markets. In 2006, the company's exhibition venues were sold and Schibsted became the sole owner of Sandrew Metronome International (Schibsted, n.d. b, Lange and Newman-Baudais, 2007). Three years later, the company also divested itself of its production unit, leaving only its distribution arms operational (Nordisk Film & TV Fond, 2009a). In a recent press release, Schibsted announced however also here restructuring and contemplated a divestment due to "[r]educed demand in the market and weak profitability over long time [...]" (Schibsted, 2010). As for the past three years however, films released by Norwegian

subsidiary Sandrew Metronome Norge were in fact quite successful: with 12 films in the top 20 box office of 2007 – 2009, the distributor was ranked second during those years in terms of box office hits. This achievement can to some extent be ascribed to the distribution agreement with Hollywood major Warner Bros., producer of blockbusters like the *Harry Potter* movies. In addition, Sandrew's portfolio includes national productions like the family film *Magic Silver (Julenatt i Blåfjell)*, which was 7th most popular movie in 2009, as well as internationally acclaimed films like *The Kite Runner*. Equally a sign of success was the average box office turnover share of 17,3 % for the period 2007 – 2009, the third highest after United International Pictures and Walt Disney Studios Motion Pictures Norway (Film & Kino 2010a, 2009b, 2008). In terms of operating revenue with nearly 102 mill.NOK in 2008 and 103 mill.NOK in 2009, Sandrew Metronome Norge is also one of the biggest distribution companies (Proff 2010e).

Nordisk Film Distribusjon

number of releases: 2007: 24, 2008: 29, 2009: 20 Average share of releases: 10,7%

Nordisk Film Distribusjon is a subdivision of Norwegian Nordisk Film, which in turn is a subsidiary of Danish media conglomerate Egmont's division Egmont Nordisk Film. Like Bonnier and Schibsted, also Egmont's history starts as a small publishing company. Founded in Denmark in 1878, the company developed into an international media corporation operating in 30 countries. Egmont's mission to "create and communicate stories" is realised through activities stretching from traditional publishing, over filmed entertainment, to gaming and online communities. The corporation's interests in filmed entertainment were realised in 1992, when Egmont merged with Nordisk Film. (Egmont, 2010a, 2010b, 2010c).

Nordisk Film was also established in Denmark and started its operations as a film production company already in 1906. Today, under the umbrella Egmont Nordisk Film, it is not only a fully integrated movie company, but also covers Egmont's interests in music and gaming and, until recently, TV production subsidiaries were equally part of it. It includes own subdivisions for production (including studio facilities) as well as co-owned production companies like Lars von Trier's Zentropa; post production units; distribution subsidiaries such as Nordisk Film Distribusjon, which release films on all platforms, distributes music and also handles sales and distribution of PlayStation games and consoles in the Nordic region; international sales agent TrustNordisk; exhibition platforms under the label Nordisk Film cinemas, which comprises of cinemas in Denmark and Norway, screen advertising company

Dansk Reklame Film and co-owned online film portals Danish kino.dk and Norwegian filmweb.no (Nordisk Film 2010a, 2010b, Egmont, 2010d).

Nordisk Films Norwegian distribution arm was formerly operational as Columbia Tristar Nordisk Film Distributors, which was then jointly owned by Egmont and Sony-subsi-dary Columbia Tristar. When Sony ended its distribution agreement with the company in 2007, a restructuring process began which left Egmont as the sole owner of the Norwegian distributor to be renamed Nordisk Film Distribusjon (Berge, 2006, Lange and Newman-Baudais, 2007). Without Sony's Hollywood blockbusters like the *Spiderman* franchise, and no other distribution agreement with a big Hollywood studio for theatrical releases, the company's portfolio changed focus to a wide range of European movies, mainly produced or co-produced by affiliated production companies. They stretch from the *Olsen Gang Junior (Olsenbanden jr.)* family films to Stieg Larsson's *Millennium* trilogy and Lars von Trier's *Antichrist*, but also include U.S. productions like *Brüno* and the *Twilight* saga. Clearly the greatest success for Nordisk Film Distribusjon was the release of the Norwegian World War II-drama *Max Manus*, which was in the top 5 box office successes of both 2008 and 2009, attracting an audience of over 1.1 million in Norway. A total of 10 films released by Nordisk Film Distribusjon were in the top 20 box office hits of 2007 – 2009. the average box office turnover share of 15,6 % for the period 2007 – 2009, though with strong variations from 7,6 % in 2007 to 24,1% in 2009 (Nordisk Film 2010c, Film & Kino 2010a, 2009b, 2008). Operating revenue was 523 mill.NOK for 2008 and 663 mill.NOK for 2009, which makes Nordisk Film Distribusjon the biggest company in that respect, although one needs to bear in mind that this also includes revenue from distribution of music and gaming, not only distribution and sales of films (Proff 2010f).

Scanbox Entertainment Norway

number of releases: 2007: 15, 2008: 15, 2009: 10 Average share of releases: 5,9%

Scanbox Entertainment Norway is a subsidiary of the Danish Scanbox Entertainment Group, which was established in 1980 as a video rental company. The mother company expanded through starting to handle theatrical and TV releases, and by setting up subsidiary distributors in the other Nordic countries, first in 1993 in Norway and Sweden and 1996 in Finland. Despite the affiliations are rights not always bought for the whole region (Lange and Newman-Baudais, 2007).

Scanbox Entertainment Norway recently underwent structural changes based on decisions from the mother company, which in 2009 decided that Scanbox Norway's DVD distribution should be handled by Paramount Home Entertainment Norway and theatrical releases by Euforia. In 2010 however this decision was reversed and Scanbox handles again distribution rights for theatrical releases, as well as for DVD rentals and sales (Berge, 2010). Scanbox also acts as a co-producer for films produced by Norwegian Paradox, of which Scanbox holds a 20% share (NFI, 2009a, Proff 2010g). Films produced by Paradox and then subsequently released by Scanbox include the successful box office titles *Hawaii*, *Oslo* from 2004 and the children's movie *Twigson (Knerten)*, which was the 6th most popular film of 2009. Other recent releases comprise of a wide variety of films, ranging from Woody Allen's *Vicky Cristina Barcelona* over the French international success *Taken* to the horror movie franchise *Saw* (Film & Kino 2010a, 2009b, 2008, 2005).

Scanbox is the one of two subsidiary companies that does not have a distribution agreement for theatrical releases with a big Hollywood studio. This, in conjunction with the latest restructurings of the company, might explain the relatively low average box office turnover share for a subsidiary with 3,2%. Operating revenues were 52.9 mill.NOK in 2008 and 34.6 mill.NOK in 2009 (Proff 2010h).

3.2.3 Independents

The definition of "independent" distribution companies used here comprises all companies that are not subsidiaries of internationally operating media corporations, although some companies in this category are owned and/or financed by a third party and also distribute films outside of Norway. Further, independent distributors can by no means be seen as a synonym for companies exclusively focusing on arthouse film. They have no access to Hollywood studio blockbusters, but they also include films like U.S. American Actionthriller *Rambo* (Euforia) or European hits like *Goodbye Lenin* (Fidalgo). Despite the fact that none of the six companies in this category had a film in Norway's top 20 box office successes between 2007 and 2009, they still have a significant impact on the selection of films in the cinemas. During those years for example, both Arthaus and Oro Film released on average more pictures than Scanbox and 20th Century Fox Norway. Therefore all companies which distributed at least five films in this period shall to be included here.

Arthaus-Stiftelsen for filmkunst

number of releases: 2007: 22, 2008: 14, 2009: 15 Average share of releases: 7,5%

Arthaus was established in 1992 by the Norwegian Federation of Film Societies as a non-commercial art film foundation and as such distinguishes itself from the other distributors. The foundation's objectives are stated as to “[...] improve the conditions for artistically valuable films in Norway, among other things by importing and distributing films for screening in cinemas and film societies, and by spreading knowledge and information about film as an artistic and cultural medium” (Arthaus, n.d.). This is verified by Arthaus’ catalogues for both theatrical and DVD releases: They include acclaimed film makers like the Dardenne brothers, David Lynch and Lars von Trier, and movies that are often international film festival winners like *Head-On (Gegen die Wand)*, *Waltz With Bashir (Vals Im Bashir)* and *The White Ribbon (Das weiße Band)*. Also older films are (re-)released for screenings in the cinemas like Federico Fellini's *8 ½* and *The Red Balloon (Le ballon rouge)* together with *White Mane (Crin blanc: Le cheval sauvage)* (Arthaus, 2010?). Although the foundation is non-commercial and as such does not aim for profits, Arthaus is one of the biggest independent distributors with operating revenues of nearly 10.9 mill.NOK in 2008 and 11.8 mill.NOK in 2009 (Proff 2010i). In addition, average box office turnover share of 1% place Arthaus close to the more commercially orientated Oro Film and Euforia (Film & Kino, 2010a, p.45).

Oro Film

number of releases: 2007: 20, 2008: 13, 2009: 11 Average share of releases: 6,5%

The company was established in 2002 as an independent distribution company by Åge Hoffart, with the financial backing of the investment company Diopter (Harald Moeller & Associates). In its beginnings, Oro's portfolio focused on smaller arthouse films, which were released either in Norway alone or in several other Scandinavian countries as well. Oro Film would buy rights for all windows and had a collaboration agreement with CCV, originally a video distributor who later expanded to other windows (Oro Film, n.d., Berge, 2007). In 2007, Oro Film was taken over by CCV and exists now merely as an operational label. Norwegian CCV also has a Swedish sister company and they describe their mission as to “[...] become the leading independent distributor in all future digital medias and the number one partner to producers and filmmakers for the Scandinavian region” (CCV, 2010). As a result of the takeover and the following departure of its founder Hoffart, the company's profile changed to

a “more mainstream end of the art house spectrum” (Lange and Newman-Baudais, 2007, p.207) focusing on national productions and movies from the rest of Europe, but including also films from Asia and other parts of the world. Earlier releases include *The Pianist*, *8 Women (8 femmes)* and *Young Adam*, while their most successful release to date was the more recent Norwegian production *Kill Buljo – The Movie* in 2007 (Film& Kino 2008). Although the new owners are more commercially oriented in their choices of film, the average box office turnover share of 2007 – 2009 was only 1,3% (Berge, 2007, Film & Kino, 2010a, p.45). Since the takeover by CCV in 2007, financial results are only available for all of the company’s undertakings; accounts for Oro Film alone are not presented. As a point of reference, Oro’s earlier financial results register an operating revenue of 8.3 mill.NOK in 2004 and nearly 7.8 mill.NOK in 2005 (Lange and Newman-Baudais, 2007).

Tour de Force

number of releases: 2007: 12, 2008: 6, 2009: 7. Average share of releases: 3,7%

The company was founded in 1994 and states its main objective today as to assist the Bergen Internasjonale Filmfestival (BIFF) with obtaining rights and/or copies to some of the films the film festival wishes to show. Tour de Force claims to distinguish itself from the other Norwegian distributors by concentrating on releasing foreign feature documentaries which are suitable for Norwegian theatrical distribution. The repertoire includes the Academy Award winning documentary *Man on Wire*, as well the Scandinavian documentary *Burma VJ*, but also arthouse feature films. In addition, Tour de Force has a collaboration agreement with Star Media Entertainment, for releases of their films on DVD (Tour de Force, 2007). The company’s majority shareholder is its general manager, Tor Fosse, who is also director of the Bergen Internasjonale Filmfestival. The second largest shareholder with a stake of 34%. is the investment company Askeladden Invest, which amongst others is involved in film production. Financial results for 2008 and 2009 show operating revenues of 0.8 mill.NOK and 2.2 mill.NOK respectively (Proff 2010j).

Actionfilm

number of releases: 2007: 9, 2008: 5, 2009: 7. Average share of releases: 3,1%

Actionfilm started already in 1968 to distribute films. Their main aim as stated on the company’s website is “to offer the best movies of the various types of films”, having acclaimed directors such as Werner Herzog and Jim Jarmusch in their back catalogue. More

recent releases include *All the Invisible Children*, which was shown at the Berlin, Venice and Cannes festivals (Actionfilm, n.d.). Actionfilm buys rights to and releases international arthouse films both in Norway and other Scandinavian countries (NFI, 2009a).

The company's major shareholder with over 90% of shares is its general manager, operating revenues were 1.4 mill.NOK in 2008 and 0.9 mill.NOK in 2009 (Proff 2010k).

Fidalgo

number of releases: 2007: 5, 2008: 9, 2009: 6.

Average share of releases: 2,9%

Originally a video distribution company, in 1990, Fidalgo changed its main focus to theatrical distribution, though it also handles rights for both DVD and television releases (also for films they don't distribute to the cinemas). The company not only acquires rights for Norway and/or Scandinavia, its operations also occasionally include the selling of rights to other Scandinavian countries (NFI, 2009a). Fidalgo's emphasis lies on arthouse films, mainly of European origin, with its back catalogue listing films by acclaimed directors Aki and Mika Kaurismäki and Mike Leigh. More recent releases include the successful European features *Goodbye Lenin*, *Gomorra* and *Lemon Tree* (Fidalgo, n.d.). The company is owned to equal parts by its general manager and its chairman of the board and has operating revenues of 2.7 mill.NOK in 2008 and 3.1 mill.NOK in 2009 (Proff 2010l).

Euforia Film

number of releases: 2007: 0, 2008: 8, 2009: 10

Average share of releases: 2,6%⁴¹

This is the most recently established company, set up in 2007 by the production company Storm Group, which is also Euforia's major shareholder. In the Norwegian film institute's industry listing of 2009, Euforia is described as "[...] a new offensive player in the Norwegian and Scandinavian distribution market. Its main focus is theatrical distribution of both local and foreign films, but they also handle DVD- and TV-rights." (NFI, 2009a, p.53). For their DVD releases, the company has a collaboration agreement with Star Media Entertainment. Euforia defines itself as a company with a broad portfolio and "an open mind", which is exemplified by the company's most successful film at the box office to date, the

⁴¹ 2,6% refers to an average share of releases from 2007 – 2009 as for all other listed distributors, although Euforia only started up in 2007 and didn't release any pictures that year. Taking this in consideration, as a point of reference, the average share of releases for 2008 – 2009 is 4,1%, which would place Euforia after Fidalgo, Actionfilm and Tour de Force as the 4th biggest independent (see Appendix 3).

Norwegian Nazi-zombie-comedy-horror film *Dead Snow*. For this feature, which was the 23rd most popular film of 2009 with almost 140.000 admissions, Euforia also acted as executive producer. While other distributed films include a wide range of international films from U.S. American *Rambo* to British *Hunger*, the company aims to focus its attention in the long-term on the distribution of Norwegian films (Euforia, n.d.). Despite a relatively low share of releases (see footnote), in terms of operating revenues Euforia is in fact one of the biggest companies in this section with 9.8 mill.NOK in 2008 and 16.7 mill.NOK in 2009, (Proff 2010m). Also in terms of box office turnover shares has the distributor quickly marked itself: While the average box office turnover share of 2007- 2009 is only 1,1%, one needs to take into consideration that Euforia only released films in two of the three years. With an average share of 1,6% for 2008 – 2009, Euforia was in fact the eighth most successful company (in terms of box office revenue) during those two years, ahead of all other independents (Film & Kino, 2010a, p.45).

3.3 Distribution in Norway

This section is aimed at pointing out preliminary decisive actors that influence the repertoire of movies shown in the Norwegian cinemas. Previously presented information will be used to analyse the workings of the distribution companies (3.3.1), and the roles cinema operators (3.3.2) and association Film & Kino (3.3.3) play. In section 3.3.4, an interim conclusion will present answers to the first set of secondary research questions.

3.3.1 Workings of the distribution companies

All feature films released for ordinary screenings at the cinemas in Norway are usually released through a distribution company. As already indicated in the previous section, the volume, type and success of the movies they distribute varies considerably from company to company. In fact, only six of the 13 companies listed here accounted for over 90% of the box office turnover share in 2009. This is by no means a singular occurrence; as evident in Appendix 4, also for 2008 and 2007 over 90% of the average takings were generated by the biggest six companies United International Pictures, Walt Disney Studios Motion Pictures Norway, Sandrew Metronome Norge, Nordisk Film Distribusjon, 20thCentury Fox Norway and SF Norge. All of these distributors are subsidiaries of either major Hollywood or Nordic media corporations, with most of them representing at least one of the “Big Six” studios through which most of their revenue is generated: UIP has films from Universal and

Paramount, Disney distributes Sony (including Columbia Tristar) in addition to its own films, Sandrew has an agreement with Warner Bros., 20th Cent. Fox focuses on its own productions, which are partly also distributed through SF, who additionally represents films from MGM. Only Nordisk Film Distribusjon no longer has an agreement with a Hollywood studio and focuses instead successfully on national and other Nordic films through their various interests in production in these countries.

It is therefore not surprising to find only films distributed by Major Hollywood and Nordic media corporation subsidiaries in the top 20 box office success of 2007 to 2009, as evident in Appendix 2. It also draws a relatively clear picture, revealing that, with few exceptions, certain types of film are distributed by certain types of distributors:

Major Hollywood subsidiaries distribute mainly movies originating from the USA, often typical blockbusters produced by the parent studio or an affiliate. From their repertoire, a clear focus on profits is evident, which presents itself also through box office statistics. While films released by Major Hollywood subsidiaries account on average for over one quarter between 2007 and 2009, they can claim almost half of the box office turnover generated in that period (see Appendix 4).

Nordic media corporation subsidiaries have a wide spectrum of films, ranging from commercial Hollywood fare often represented by Sandrew and SF, through their agreements with the studios, over national and other Nordic films (in particular own productions from SF, Nordisk Film and affiliates), to a wide selection of international film. Through the diverse repertoire, it can be argued that the Nordic media corporation subsidiaries represent the mean between Hollywood and Independents, a combination of commerce and culture. This is similarly confirmed by box office statistics: Both their average share of films and box office turnover for the years 2007 to 2009 is slightly over 40% (see Appendix 4).

Independents have all a strong focus on international quality and arthouse films in their repertoire. While some seem more concerned with that their films also return the investments made in them (e.g. Oro and Euforia), focus others predominately on the potential the films have to improve the selection of movies offered at the cinema (Actionfilm, Tour de Force and especially Arthaus). Despite the fact that all Independents combined not even generated an

average turnover share of 5% between 2007 and 2009, they represented almost 1/3 of the exhibited films during that period (see Appendix 4). One can therefore argue that the independent distributors present a vital element to ensure a diverse repertoire in the Norwegian theatres.

Norway is by no means alone in having only a few distribution companies dominating the market. A comprehensive analysis by the European Audiovisual Observatory entitled *Film Distribution Companies in Europe* reveals that although there were 695 distribution companies in Europe in 2005, the situation is very similar in all European countries. In four of the five biggest European markets, Germany, Italy, Spain and the UK & Ireland, the top 10 distributors had a market share of over 90%, while it was still over 80% in France in 2005 (Lange and Newman-Baudais, 2007). Market concentration in distribution is also visible in the two other Scandinavian countries Norway is often compared to. In Sweden, the ten biggest distributors account for almost 98% of the admissions generated from the 234 films released in the country in 2009 (SFI, 2010). In Denmark, 216 films were released and only six distributors had a combined market share of 98% that year (DFI, 2010).

The Observatory's report points out that the composition of distributors is very varied throughout Europe, with the companies' business structures ranging from Hollywood subsidiaries, over various other forms of integration (e.g. in TV in France) to many small scale independents. Despite the fact that "there is no single European model" for distribution (Lange and Newman-Baudais, 2007, p.9), Hollywood's domination is observable across the continent. It is evident both through the strength of the distribution arms of the "Big Six" - they had an estimated market share of 65% in 2005 on the five largest European markets - and the success of their movies throughout the national box offices (Lange and Newman-Baudais, 2007).

As already mentioned in paragraph 2.2 Film in Norway, U.S. American movies have had a strong position in the country already since World War I. Since that time, also the compilation of distribution companies has always seen a few major players on the market, and often those who distribute Hollywood's pictures are the successful ones. The most prominent example is Kommunernes Filmcentral (KF), who was one of the biggest distributors in Norway until Disney and Fox ended their distribution agreements with the company. (NOU 2001:5, Disen,

1997). While the power of the U.S. industry has often been scrutinized, Grønnestad (1996, p. 11) points out that without films from Hollywood, the entire market structure would be different and with it the profitability of the business. This is not only true for the distributors, but also for the cinemas, which today often depend financially on U.S. American movies in order to operate.

It is in particular the interdependency of the cinemas for profitable releases and the distributors for profitable markets that governs the relationship between the two links (Gaustad, 2003, Doyle, 2002). While working practices of the big subsidiaries representing blockbusters and the Independents with arthouse films differ considerably from each other, the big cinemas, in particular Oslo Kino, have a different position facing the various distributors than the small theatres in rural regions as elaborated on in the next section.

Grønnestad (1996) points out several criteria which need to be taken into consideration for the distribution of each individual film, beginning by the sales area (where it is (financially) feasible to show the film), over the exploitation period (with different considerations applying to commercial and cultural movies) to the velocity of circulation (which depends on size of the screen and number of available copies). However, in interviews with several distributors and cinema operators, all mention the overall importance of a movie's marketing to ensure its success. Also Gaustad (2003) draws attention to the significance of marketing as one of two key undertakings in distribution,⁴² which is especially crucial for Hollywood's film industry as big budget films are in greater need for a high market share to accumulate the turnover required for recoupment of costs.

3.3.2 Position of cinema operators

As discussed in Chapter 2, Norway is characterized by a unique cinema ownership structure, with the country's municipalities still owning 145 or over 70% of the 204 movie theatres.⁴³ In terms of admissions, the dominating position of the publicly owned cinemas is even more evident, as they take an audience share of over 80%, with the biggest municipal cinemas,

⁴² The other being the physical distribution, which includes the consideration of criteria mentioned by Grønnestad.

⁴³ Municipal Cinemas are all theatres in which a municipality has at least 50% ownership stake. This also explains why the cinemas in Stavanger and Sandnes are listed as municipal owned, despite the fact that SF Kino has an ownership stake of 49% in the two cinemas (Film & Kino, 2010a, p.49, Solum and Asbjørnsen, 2008).

Oslo, Bergen and Trondheim, alone accounting for more than 1/3 of all sold tickets in 2009 (Film & Kino, 2010a).⁴⁴

Particularly prominent is the largest publicly owned cinema (or more correctly cinema chain, as it comprises of several separate cinemas), Oslo Kino, that by itself constituted one in five cinema attendances in 2009. Having been a leader throughout cinema's history in Norway, in 2010, Oslo Kino strengthened its predominant position even further by becoming the sole owner of the municipally owned chain Norsk Kinodrift, which comprises of nine cinemas across the country.⁴⁵ Due to its size, audience potential and therefore impact on the market, Oslo Kino has a strong position facing the distributors and is first in the running order to receive films. With a total of now 17 cinemas and more than 60 screens, Oslo Kino has the capacity to show all films that are released in Norway and offer a broad repertoire (Norsk Kinodrift 2010a, Oslo Kino, 2010, Grønnestad, 1996). Programming Manager Christin Berg (2009) points out that diversity is indeed of importance; however, also the potential of a film at the cinema needs to be taken into consideration, particularly as the competition from other platforms for exhibition is evermore increasing. This might explain why Asbjørnsen and Solum (2008, p.49) in their repertoire studies of Norwegian cinemas observed tendencies of Oslo Kino being more commercially orientated in its repertoire decisions in recent years.

The majority of publicly owned cinemas are however small, often consisting of just one screen. Consequently, admission numbers for those theatres are relative low – almost 70% sell less than 35.000 tickets a year. Furthermore, their repertoire is limited as it cannot exceed the screening capacity, resulting in a weaker position towards the distributors. This is also the case for over 80% of the privately owned cinemas, which often only have one screen and less than 10.000 admissions a year (Film & Kino, 2010a).

The remaining nine privately owned cinemas are all bigger theatres with most of them having an average of five screens and recoding over 100.000 admissions yearly. Of interest is that six

⁴⁴ Their large market share makes these three largest cinemas also important authorities of consideration for distribution decisions, and some of their influence is accounted for in the following section on Film & Kino.

⁴⁵ Norsk Kinodrift operates cinemas in Asker, Askim, Halden, Horten, Hønefoss, Kristiansund, Sarpsborg, Verdal, and since August 2010 also a newly opened multiplex in Kilden. If the admissions for those cinemas were included, Oslo Kino would have sold every one in four tickets in 2009 (Norsk Kinodrift 2010a, Oslo Kino, 2010).

of the nine cinemas are subsidiaries of Nordic media corporations: while one cinema is majority-owned by Nordisk Film parent Egmont,⁴⁶ five theatres are owned by SF Kino, integrated in the Bonnier Media Group. Those five SF cinemas combined accounted for an audience of over 1.1 million in 2009, which equates to almost one in ten admissions, ranking SF Kino as one unit third after Oslo Kino and Bergen. Through an interview with the General Manager of the SF cinema in Sandvika it is revealed that there is indeed reason to see the theatres as an entity, since a central programming manager books movies for the entire chain. It is also common that film copies rotate between the five cinemas. As SF Kino parent Bonnier also owns the leading cinema chain in Sweden, SF Bio, and the Norwegian distributor SF Norge, it was furthermore important to find out if these ownership relations might have an influence on SF Kino's repertoire. It was however asserted that these are three different and autonomous units: neither is SF Kino's programming influenced by repertoire decisions made by Swedish SF cinemas, nor are there any agreements with distribution company SF Norge. Operation of the cinema was said to underlie predominately commercial considerations (Bonnier, 2010, Film & Kino, 2010a, Lute, 2009).

The other three private cinemas are independently owned. Amongst those is Ski Kinosenter, which is in fact the biggest single theatre (in terms of number of seats and screenings) of all privately owned cinemas. Also the number of exhibited titles is amongst the country's highest, facilitated by the cinema's size, resulting in a very diverse repertoire. Although the cinema "lives on America" with U.S. American movies accounting for approx. 75% of the income from films, the General Manager Christian Hein (2009) emphasises that a broad selection of films is of great importance to the theatre. In consideration of the cinema's repertoire and in hope for a generation of knowledge about movies, which in turn will elicit a greater interest in films, he also accepts showing pictures that might not result in profits for Ski Kinosenter. It is in fact a strategy that seems to be working: initially every year, half of all titles, between 100 and 120 films, were not expected to break even. In 2010 however, that number is estimated at only 50 movies (Hein, 2010).

Through interviews conducted for this thesis, it became evident that the relationship between the cinemas and distributors in Norway is essentially the same as in countries with many large private theatre chains: the bigger cinemas have a better position to negotiate with the

⁴⁶ The municipality of Drammen also holds a 33% stake in the cinema (Solum og Asbjørnsen, 2008).

distributors for terms and conditions and access to films, as it is the distributors' interest to gain a wide audience for his films. The big cinemas in Norway have furthermore the capacity and position to exhibit all or at least the majority of films released in the country, although practical realisation appears to be depending upon whether they consider this to be coherent with their approach to financial returns. Over all however, the private Norwegian cinemas have no direct influence on the import and distribution decisions the distributors make in the first place. As we shall see in next section on Film & Kino, only the biggest public theatres can have some impact on the selection of films (Film & Kino 2010c, Grønnestad, 1996).

3.3.3 Influence of Film & Kino

“Film & Kino’s mission is to ensure the public of the entire country access to new and relevant films, [...] as well as being a guarantor of quality and diversity.” (Film & Kino, 2009c)

As outlined in section 2.3.2 Kommunale Kinematografers Landsforbund / Film & Kino, the association has played an important role throughout film’s history in Norway. Besides elementary assignments of a trade organisation to provide “[d]evelopment, consultancy and training for the cinema and video industries” and to collect and supply industry information, Film & Kino was recently handed the significant task by the Ministry of Culture to prepare, co-ordinate and partially finance the digital conversion of all of Norway’s cinema screens (NFI, 2009b). The particulars of the association’s involvement in the digitisation process will be looked at further in Chapter 5. Most important to this section is however the additional role the association has as administrator of support schemes for exhibition and distribution of film, which are financed through the obligatory contributions to the Norwegian Cinema and Film Fund (NKFF) Film & Kino administrates.⁴⁷

Exhibition is predominately sustained with undertakings ranging from the organisation and implementation of the moving exhibition undertaking Mobile Cinema (*bygdekino*) and programming assistance for small-sized cinemas (*S-Kino*), over special provisions for exhibition of films for children, to responsibility of the country’s main film festivals (Film & Kino, 2009c).

⁴⁷ NKFF collected 89,6 mill.NOK in 2009, the major share of 70,1 mill.NOK from video and DVD business, and 19,5 mill. NOK from the cinemas (St.prp. nr. 1 (2009–2010)).

Import and distribution of film is supported through several direct financial initiatives:

Rikslansering (nationwide-release) finances extra film copies of popular movies to allow smaller cinemas earlier access to those films. Although this includes big European and Norwegian films like *Knerten (Twigson)*, it can be argued that this support scheme helps the big distribution companies and further promotes commercial Hollywood productions as it also comprises of e.g. *Harry Potter* and Disney's *Up*. Nevertheless, as these films have such a popular appeal and therefore would have probably been set up in the smaller cinemas at some point, it improves the situation for exhibitors and audiences in remote areas (Film & Kino 2010c, Grønnestad, 1996).

Garantistøtteordning (guarantee-scheme) is described as the “[...] driving force of support schemes for quality film” (Film & Kino 2010c, author's translation) whereby Film & Kino chooses in collaboration with the seven biggest municipality owned cinemas⁴⁸ several films for which they guarantee not only a maximum of 80% of the import and distribution costs, but they also are ensured screenings at those cinemas. It is claimed that most of the chosen films would not have been shown in Norway without this measure. With movies including *The White Ribbon* and *Waltz with Bashir*, the *Garantistøtte* facilitates indeed quality film, however, as the measure prevents the distributors from losses of more than 20 %, it also arguably encourages some of the bigger distributors like Sandrew Metronome and UIP to release more quality films. Despite the fact that it also furthers the big distributor (like the *Riksstøtte*), it is above all beneficial to the diversity of films exhibited in Norway (Film & Kino 2010c, Grønnestad, 1996). The claim that films otherwise might not be released in the country however is to some extent ambiguous.⁴⁹

Importstøtte (Import support) has a similar objective as the *Garantistøtte*, though it focuses on supporting the import of “artistic valuable film”. Film & Kino's film advisor and the programming managers of Norway's three biggest cinemas, Oslo, Bergen and Trondheim, choose and finance the distributor's import costs for an average of 12 movies, which also

⁴⁸ Oslo, Bergen, Trondheim, Stavanger, Kristiansand, Tromsø and Fredrikstad (Film & Kino 2010c)

⁴⁹ A particular example in this matter is the support UIP received for *Frost/Nixon*. On the one hand has UIP partner Universal produced the movie and is therefore particularly interested in exhibiting it. On the other hand was the film nominated for five Oscars, which often speaks for a wide release of a picture.

allegedly might otherwise not be shown. Based on the selection made which includes the acclaimed *Gomorra* and the documentary *Man on Wire*, and the fact that the distributors which have taken on these films have been almost exclusively Independent companies, the *Importstøtte* seems indeed the most genuine measure to sustain diversity in films and distributors alike (Film & Kino 2010c).

Minilansering (Mini-release) in contrast appears to be a more ambiguous support measure. The scheme is beneficial for distributors as it finances extra copies of productions that are meant to be artistic valuable films with a bigger potential at the box office. Based on the selection of 2009 however, which included movies like Disney's *The Ugly Truth* and UIP's *It's Complicated*, the *Minilansering* must be questioned in terms of the artistic value of the supported films (Film & Kino 2010c).

Although Film & Kino arguably has less influence on film in Norway than in its earlier days as an integrated organisation with ownership of distributor KF and also of production company Norsk Film, strong involvement not only with exhibition but also with distribution is still evident: of all films exhibited in the cinemas in 2009, almost 1/3 were backed by Film& Kino.

From the objectives of the support schemes outlined above the extent to which the association has an influence on the scale and scope of films distributed becomes apparent. While the *Garantistøtte* and *Importstøtte* are positive for diversity of repertoire, *Rikslansering* is beneficial for small cinemas and their audiences. It increases in addition financial returns for the distributors, which also seems the foremost effect of the *Minilansering* (Film & Kino 2010c).

3.3.4 Preliminary findings I

The aim of this section is to find out who decides which films are shown in the cinema today and which roles the distributors, the cinema operators and the organisation Film & Kino play in determining the selection of films shown at the cinemas. To sum up the findings on each of the institutions outlined above, it manifested itself that the distribution link, whose function it fundamentally is to obtain a market for a film, has indeed the greatest influence on repertoire. This is particularly true for the companies representing big budget (Hollywood) productions.

Not only are those movies often produced to sell easily, the extent of and their expertise in marketing campaigns has additionally led to the generation of a seller's market represented by the distributors. The buyers (cinemas) on the other hand are dependent on their audiences, the scope of which in turn determines the final position the cinemas find themselves in facing the distributors. Despite the particulars of the Norwegian cinema system is this situation not different from others countries. What is however of importance is the fact that the municipal ownership of the majority of Norway's movie theatres has been increasingly justified by being a means to maintain a diverse repertoire. It is predominantly the organisation Film & Kino, which has through its various support schemes facilitated on average 1/3 of all movies released, that improved the selection (and availability) of movies in the country. Although as the analysis of the support measures revealed it would not be correct to ascribe the organisation responsibility for expanding the repertoire by 30%, without their operations, a diminished diversity is likely.

While this analysis only concentrated on the direct links between distribution companies and their movie selection, it is acknowledged that several other external forces also play an important role. As their influence needs to be further investigated before it is possible to give a more conclusive answer to the first question posed here (who decides which films are shown in the cinema), these shall be one of the topics explored in the following chapter.

4. Political economy or the matter of taste

This chapter explores the multifaceted, external forces governing repertoire decisions and examine how political, economic and underlying socio-cultural factors together constitute the forces that determine the selection of films offered at the cinema.

“External” is meant here both in the literal sense as all the actual institutions and regimes concerned with policy and industry decisions that are superordinate to those made in Norway, as well as in the figurative sense as those powers that, related to perception of narrative and creation of demand, on a cognitive level influence repertoire decisions.

To begin with, in section 4.1, the policy level is analysed, moving from a Norwegian to a regional and European perspective with an examination of different subsidy programmes and their influence on repertoire in the Norwegian cinemas. Then global policy frameworks that have an overall influence on operations of support measures are looked at. While on the one hand UNESCO is important in terms of advocating cultural diversity, also in form of a broad repertoire in movie theatres, on the other hand, the WTO governs the legal basis for international trade in audiovisual goods and services, including motion pictures.

The following section is concerned with the economic circumstances of the U.S. American film industry. By examining the factors that condition Hollywood to maintain its market leading status even in an ever more globalised world, it will become apparent that, from an economic perspective, it is difficult, if not impossible to challenge its hegemonic position.

In subsequent section 4.3, an explanation for repertoire is sought after by setting the previous empirical analysis in context to theoretical frameworks on tastes, demand and supply provided by Horkheimer and Adorno as well as Bourdieu in order to answer an additional set of secondary research questions:

Has the market in fact been constructed by a powerful elite? To what extent does the individual state allow this domination for economic reasons? Has the supply of films from the U.S. American Hollywood studios also been made into what we believe is demand; the taste of the masses?

4.1 From National to international policies

While in section 3.3.3, on the influence of Film & Kino, only support schemes for distribution were noted, it is of importance to point out that Norway has also established several initiatives administrated by the Norwegian Film Institute (NFI) for the production of national film and the release thereof.⁵⁰ Through these support measures, which are intended to facilitate Norwegian film in a holistic way from script development to its release, the NFI directly enhances the opportunities of national productions at the cinema, thus arguably also influencing the overall repertoire offered (NFI, n.d.).

The support for national film production is widely manifested throughout the individual countries of Europe as well as through supranational bodies, and often grounded in claims of protection of national cultural values. Incentives are also said to be necessary for the European film industries to stand a chance in competition with Hollywood's popular production units (Germann, 2006, Holst, 2006, Aas, 2001). This presents a growing dichotomy in Europe between safeguarding art and culture as part of cultural policy on the one hand and protecting business interests of their indigenous industries economically on the other. Precisely the issue of cultural versus trade policy has continued to deter WTO trade negotiations between Europe and the USA for several decades now.

While it is not the intention of this thesis to evaluate whether support schemes are granted for one or the other reason, it is however important to realise both the cultural and the economic aspects that influence policy decisions for film "trade" and therefore in turn the repertoire shown at the cinemas.

Focusing on the distribution aspect as the arguably most measureable link in terms of influencing repertoire,⁵¹ the first section of this chapter sets therefore out to examine the international institutions that also support film distribution, beginning with the regional Nordic Film & TV Fund (Nordisk Film & TV Fond) (4.1.1), before looking at the European Eurimages and MEDIA programmes (4.1.2). Section 4.1.3 will then look at how subsidies are

⁵⁰ A comprehensive overview of support schemes can be found on the Institute's web site www.nfi.no.

⁵¹ It is acknowledged that both production and exhibition support influence repertoire, however it is difficult, if not impossible (in case of co-productions), to measure the extent to which this is the case.

regarded under UNESCO's Convention on the Protection and Promotion of the Diversity of Cultural Expressions and, as an opposing authority, in WTO trade policy.

4.1.1 Regional policy – The Nordic Film & TV Fund

The Nordic countries Sweden, Denmark, Finland, Norway and Iceland share common grounds through their similar heritage and culture, but also on a political level the Nordic countries have been closely connected throughout history. Since the consolidation period after World War II, this has also been manifested through the inter-parliamentary body of the Nordic Council and The Nordic Council of Ministers. One of their cultural co-operation projects is the Nordic Film & TV Fund, whose aim it is to ensure that “[...] high-quality Nordic film and television productions are produced and distributed, both within the Nordic countries and internationally.” (Norden, n.d. a & b).

The Fund's distribution support includes on the one hand the High Five International Cinema Distribution Support scheme which facilitates the release of Nordic films outside the region, and thus also directly assists the National film industries, and on the other hand two schemes for cross-regional distribution (Cinema Distribution Support and Nordic High Five) which are to benefit the individual countries' repertoire. Examples of the Fund's ordinary cinema distribution scheme are *Pettson & Findus IV - Forget-Abilities (Pettersson & Findus: Glömligheter)* for which SF Norge received 250.000 NOK and *Burma VJ*, for which Tour de Force received 50.000 NOK, indicating that it is utilised by both Nordic media corporation subsidiaries and independent distributors. The new Nordic High Five in turn directly supports the Nordic distribution undertakings of five companies – one from each of the Fund's participating countries, Arthaus from Norway – which were chosen as they “all share an up-market/art house profile and [...] a particular desire and ambition to promote Nordic films.” (Nordisk Film & TV Fond, 2010, 2009b&c).

As the individual Nordic countries present only a small market in comparison to other European countries, consolidation efforts to support the region's cultural output make sense and are certainly important to sustain the region's film industry (European Audiovisual Observatory, 2010, Norden, n.d. a). However, with an average of only 20 Nordic films in Norway's repertoire of 2007-2009 (Table 1 in Chapter 3), effects on distribution in Norway have so far been limited and thus the Fund's impact on repertoire.

4.1.2 European perspective: Eurimages and MEDIA programmes

Eurimages was established by the Council of Europe in 1988. The fund comprises today of 34 of the Council's 47 member states that contribute financially to support "[...] the co-production, distribution and exhibition of European cinematographic works" (Council of Europe, n.d.). The main focus lies on facilitating co-productions with an annual spending of approx. 20 mill.EUR, corresponding to almost 90% of the fund's budget, while distribution is only supported with approx. 800.000 EUR per year (Council of Europe, 2009a, 2008a, 2007a, n.d.).⁵²

This is accounted for by the fact that, apart from for children's feature films or documentaries, distribution support is only available for distributors from "the Fund's member States which does *not have access to the MEDIA distribution mechanisms*, i.e. Albania, Bosnia and Herzegovina, Serbia, "the former Yugoslav Republic of Macedonia", and Turkey;" or for distribution of films originating in any of those countries to another member state (Council of Europe, 2009b, author's emphasis). This in turn explains why out of the between 146 and 169 films that received support for distribution from 2007 to 2009 only one film per year received support for distribution to Norway, from which independents Fidalgo (for *Takva* and *Three Monkeys*) and Coriander (for *Fly me to the moon*) benefited (Council of Europe, 2009c, 2008b, 2007b). Therefore, the fund's distribution support has no significant impact on the Norwegian repertoire.

MEDIA, a complimentary programme to Eurimages, is the European Commission's initiative "to support the European film and television programme industry, make it more competitive and foster the circulation and production of European audiovisual products". *MEDIA* is the umbrella term for a series of fixed-term programmes of which the first, *MEDIA I* or *MEDIA 95*, was implemented in 1991. This was followed by *MEDIA II*, running from 1995 to 2000, which in turn was succeeded by the *MEDIA Plus* programme, running from 2001 to 2006.

⁵² An example for Norwegian benefits from Eurimages co-production fund is *Max Manus*, which received production support for being a Norwegian-German co-production of 580.000 EUR, although the film is usually only accredited as being a Norwegian production. The film also received distribution support abroad through the fund (Medietilsynet (n.d.), Council of Europe, 2009b, 2007a).

The current programme, MEDIA 2007, has been in operation since 2007 and comprises at present 32 fully participating members (European Commission, n.d. a&b).⁵³

Already since the MEDIA II programme a clear focus on pre- and post-production (i.e. distribution) has become evident, with a budget share of 85 % for the section Development and Distribution. MEDIA 2007 continues with a strong emphasis on facilitating the broader circulation of European film, allocating at least 55% of its funds to distribution (Council of the European Union, 2006, European Commission, n.d. c). Also Norway has benefited considerably from MEDIA's distribution support, particular through the automatic and selective schemes. Automatic support is granted as a direct incentive for distributors, based on the "previous year's receipts from recent non-national European films; [under the condition that] it must be reinvested in [...] films from other European countries" (European Commission, n.d. d). Between 2007 and 2009, nine to ten Norwegian distributors received automatic support, of which the four Nordic media corporation subsidiaries and the biggest independents Arthaus and Oro (CCV) were considered in all three years (European Commission, n.d. e).⁵⁴ Selective support is granted per film to "groups of at least five European companies distributing a European film outside its home country [...] based on a point system so that the most deserving groups are selected" (European Commission, n.d. d). In the period 2007 – 2009, nine calls for proposals were arranged in which 57 films were selected for support of their distribution costs in Norway. While also Nordic subsidiaries were supported for their releases of popular European films like SF Norge for *Slumdog Millionaire*, the majority of support was awarded to the independents. In fact, more than 1/3 of the movies were released by Arthaus, amongst them Palme d'Or winners *The White Ribbon (Das weiße Band)* and *The Class (Entre Les Murs)* (European Commission, n.d. e).

Both Norwegian MEDIA representative and Arthaus' managing director point out the importance of the programme to ensure European films travelling to Norway – after all, approx. 30% of the European films released between 2007 and 2009 in the country were supported by MEDIA (Hellebø-Hansson, 2009, Jensen, 2009). While the programme certainly has an impact on the distributors' repertoire, since it is not possible to obtain data on the

⁵³ All 27 EU members, the EEA countries Iceland, Liechtenstein, Norway, and additionally Switzerland and Croatia are full members of the programme, with other countries being considered for participation.

⁵⁴ The remaining supported companies are also all independents, though not all of them received subsidies in all of the three years (European Commission, n.d. e).

amount of copies and engagements for European film as pointed out in chapter 3, the question remains how well they are in turn received by exhibitors. In that respect, it is worth noting that MEDIA also supports the exhibition sector through Europa Cinemas, a “film theatre network for the circulation of European films”, comprising of 764 cinemas throughout Europe, of which eight in Norway.⁵⁵ By encouraging the exhibition of non-national European films, MEDIA arguably also affects the repertoire of the Norwegian member cinemas directly; they account, however, for only 4% of the country’s theatres (Europa Cinemas, 2009, European Commission, n.d. d).

4.1.3 UNESCO’s relevance...

While support programmes like the The Nordic Film & TV Fund, Eurimages and MEDIA all overtly aim at strengthening the participating countries’ audiovisual industry, their main rationale often remains the promotion and preservation of cultural diversity. On a European level, this has been manifested in the Charter of Fundamental Rights of the European Union, Article 22 (European Parliament, 2000).⁵⁶ In a global dimension, since 1946, the United Nations Educational, Scientific and Cultural Organization (UNESCO) has been concerned with the subject of cultural diversity. In 2001 it issued a Universal Declaration on Cultural Diversity, followed by the Convention on the Protection and Promotion of the Diversity of Cultural Expressions in 2005 (UNESCO, 2007, n.d.). The Convention, voted for by 148 States⁵⁷ is the first international law on cultural diversity and a binding treaty to all countries which ratify it; by October 2010, 115 countries, including Norway, and the European Community as regional economic integration organisation,⁵⁸ had committed to the Convention (UNESCO, 2010, Bruner, 2008).

As the Convention declares that “[...] cultural activities, goods and services have both an economic and a cultural nature, because they convey identities, values and meanings, and must therefore not be treated as solely having commercial value,” (UNESCO, 2005,

⁵⁵ Konsertpaleet in Bergen; Fonix Kino in Kristiansand; Gimle, Saga Kino and Vika Kino in Oslo; SF Kino in Stavanger; Nova Kinosenter and Prinsen Kinosenter in Trondheim.

⁵⁶ “The Union shall respect cultural, religious and linguistic diversity” (European Parliament, 2000).

⁵⁷ Only two countries voted against – USA and Israel – and four abstained (Bruner, 2008).

⁵⁸ It is interesting to note that the requirements to participate in the MEDIA programme include the ratification of the UNESCO Convention (European Commission, n.d. b).

preamble), it asserts that also films, as cultural goods and distribution, as a cultural service are of a dual nature. Since it more over “reaffirm[s] the sovereign rights of States to maintain, adopt and implement policies and measures that they deem appropriate for the protection and promotion of the diversity of cultural expressions on their territory;” (Article 1(h)), it is in fact “an important political tool” to sustain subsidies based on cultural justifications and thus allowing for policies to further influence repertoire (Neil, 2006, p.69, St.meld.nr. 22 (2006-2007)).

However, as empowering as the conception of the Convention may appear, it is important to note that rights and obligations only apply to *states* which committed to it, therefore exempting not only countries like the USA, but also individual companies to comply with it. Further, it has been pointed out that the convention is not yet “an effective legal instrument” (Obuljen, 2006, p.35), and it has been questioned whether it will ever fulfil that ambition (Bruner, 2008, Aas, 2005). Particularly in respect to binding trade agreements under the WTO, the Convention falls short in securing a legal status for cultural goods and services, remaining consequently “[...] subordinate to existing trade and investment agreements [...]” (Neil, 2006, p.69, Aas, 2005). As Germann (2006, p.288) concludes:

“[The] Convention implicitly is an ambiguous commitment not to commit oneself either to free trade or to cultural diversity. Since there are other enforceable treaties such as the WTO agreements under which the parties strongly commit themselves to progressively liberalise trade, cultural diversity remains outside the real agenda.”

4.1.4 ...versus WTO's significance

Trade negotiations for the cultural industries are indeed much debated and an important issue as far as cultural diversity is concerned. On the one hand, EU and EEA member states as well as most of the other countries who signed the UNESCO Convention acknowledge the dual value of cultural products and their industries, and therefore refrain from making commitments in the audiovisual sector under the World Trade Organization (WTO).⁵⁹ The USA on the other hand, given the strong market position of their audiovisual products, both at

⁵⁹ Out of a total 29 countries who made commitments in audiovisual services under WTO's GATS, only 14 countries also signed the UNESCO convention, amongst them China and India (UNESCO (2010, WTO, n.d. a).

home and abroad, endorse free trade of those products and therefore made extensive commitments to the WTO (Miller et al., 2005, Messerlin et al., 2004, WTO, n.d. a).⁶⁰

In order to understand the rights and obligations the WTO presents in relation to audiovisual works, and specifically film, it is essential to very briefly outline the organisation's framework. In 1947, a General Agreement on Tariffs and Trade (GATT) was concluded by 23 countries, including Norway and the USA, "directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce" (WTO, 1994, p. 424). It is noteworthy that GATT's Article IV contains an exemption clause regarding the import on cinematographic films, stating that if a country "[...] establishes or maintains internal quantitative regulations related to exposed cinematographic films, such regulations shall take the form of screen quotas [...]" (WTO, 1994, p. 429). However, as this only qualifies quotas for national films, in Norway's case, other Nordic, European or productions from other parts of the world cannot benefit from quotas for screen time under GATT.

After several negotiation rounds, the last GATT round from 1986 to 1994 (Uruguay Round) acknowledged that the growth in service industries required also guidance in trade matters thereof. It was this round of negotiations that led to the establishment of the WTO, now with several distinct agreements for trade regulation. While GATT is still concerned with trade in goods, the new General Agreement on Trade in Services (GATS) was to deal with trade in services.⁶¹ Under GATS, in the category of Communication Services, also Audiovisual Services are included, which in turn are divided in the subcategories of Motion picture and video tape production and distribution services; Motion picture projections services; Radio and television services; Radio and television transmission services; Sound recording; and Other (WTO, 1991). Those categories are very wide-ranging and especially in respect to ever evolving new media, distinctions between the categories are easily blurred (Loisen, 2006). What is however particularly problematic for policies regarding motion pictures intended for

⁶⁰ In 2009, only 7.4% foreign films were shown on the North American market, while U.S. American productions accounted for example for nearly two thirds of the films shown on the European market (European Audiovisual Observatory, 2010).

⁶¹ In addition, an agreement on Trade-Related Aspects Of Intellectual Property Rights (TRIPS) was established, which is also of importance to the audiovisual industries, however not directly significant for influencing the diversity of repertoire under discussion here (Loisen, 2006).

screening at the cinemas, is that the physical films are referred to as goods in GATT's Article IV, while its production, distribution and projection are considered services and fall under the responsibility of GATS. With digital distribution, there will be no more tangible good aspect, thus presenting a new dilemma in the handling of trade in film (Voon, 2007, Loisen, 2006, Nordås, 2005).

While GATS sets out to guarantee equal, non-discriminatory conditions for trade in services, particularly in the audiovisual sector, where few commitments have been made, GATS has been rather characterised as an "agreement to disagree" (eg. Voon, 2007, p.26, Miller et al., 2005, p.90). Those countries choosing not to include or to exempt this sector or relevant parts of it "[...] have been able to maintain bilateral coproduction treaties, apply quotas, and subsidize domestic producers and distributors", thus preserving their rights to influence repertoire (Hoskins et al., 2004, p.324). For these reasons, also Norway has neither made any commitments to audiovisual services nor intents to under the current Doha Round of negotiations and has further listed four exemptions from the Most Favoured Nation (MFN) principle to secure benefits through collaboration and subsidy initiatives like the Nordic Film & TV Fund, Eurimages and MEDIA (Norwegian Ministry of Foreign Affairs, 2006).⁶² Under the rules for the MFN principle, a country needs to grant equal treatment to all of its trading partners, regardless of whether the country has made any commitments in the sector or not (WTO, n.d. c). It is therefore not surprising that MFN exemptions are explicit conditions for participation by Eurimages and the MEDIA programme (Council of Europe, 2009d, European Commission, 2009).

Considering the market dominance of the USA in the audiovisual sector and the substantial imbalance in trade in motion pictures, from a European perspective it is not only seen as reasonable, but essential to sustain forms of state subsidies to influence the selection of films in the cinemas since arguably a free market would not necessary allow for a diverse repertoire. On the other hand, not committing to free trade can be seen as "discriminatory policies" (Messerlin et al., 2004, p.11, 19), at least to a leading exporting nation. It is therefore not surprising that particularly the USA continue "[...] to urge all Members to consider

⁶² Exemptions are made for: Transmission of audiovisual programmes to the public; Motion picture and video tape production and distribution services; Production and distribution of cinematographic works and television programmes in Nordic countries; Production and distribution of cinematographic works and television programmes (WTO, n.d. b).

carefully the broad economic benefits from including audiovisual commitments in their offers”, as in a recent joint statement to the WTO’s Council for Trade in Services (WTO, 2005).

Although the current framework of the WTO provides little assurance that the international trade regime allows for cultural diversity and a broad repertoire (if one can consider GATT’s Article IV at all in that respect), it needs to be pointed out that negotiations are still on-going, and that the UNESCO Convention also “explicitly requires that the principles it embodies be taken into account in negotiations in other fora, including the WTO.” (Bruner, 2008, p.376). Whether this will indeed be the case and whether genuine cultural diversity, and with it a varied repertoire in the cinemas, can become facilitated by liberalisation of trade, as promulgated by the USA, remains to be seen.

4.2 Hollywood’s domination – an economic explanation

In order to answer the overall research question of this thesis – *What are the reasons for Hollywood’s domination of the Norwegian screens?* – it is essential to take into account the circumstances in which Hollywood’s film industry operates, and that these also to a large extent govern international trade policy positions as examined above. It is in that respect important to acknowledge that the U.S. standpoint has changed little from a Supreme Court ruling in 1915, stating that the movie industry is “[...] a business pure and simple, originated and conducted for profit,” (quoted in Guback, 1976, p.387). As films are perceived as mere entertainment commodities, it is predominately economic interests that determine Hollywood’s rules of conduct (Bruner, 2008, Germann, 2005). This section will therefore build on the factual accounts of Hollywood presented in chapter 2 and, by assessing the industry from an economic perspective, provide an analysis of the dominant position of its films around the world from this point of view.

One of the fundamental elements Hollywood constitutes its success upon is the overwhelming reception of its movies on the home market, combined with the sheer size of this market that allows for the recovery of a large part of the high production costs. This advantage is investigated in the first subsection 4.2.1, based on an empirical analysis by Krishna P. Jayakar and David Waterman (2000) which examines the economics of U.S. theatrical movie exports.

They explain U.S. dominance by employing an econometrics analysis to test the hypothesis that a large and wealthy home market is the main factor for global domination of trade in motion pictures.

The following subsection 4.2.2 examines additional important factors which facilitate Hollywood's dominance as presented by Steven S. Wildman (1995). They are in many respects also grounded in economic reasoning: state intervention facilitating a form of imperialism, business structures allowing for competitive advantages, and, ultimately, cultural explanations for economic decisions that created a universal narrative standard.

4.2.1 An econometrics approach

Krishna P. Jayakar and David Waterman present in their article "The Economics of American Theatrical Movie Exports: An Empirical Analysis" (2000) a valuable examination of the strength of the U.S. film industry, focusing on underlying economic issues governing the international trade in theatrical film. They draw upon the extensive one-sidedness in trade between the USA and Europe also mentioned previously in this thesis, and acknowledge that the international market has been characterised by this imbalance for over 80 years. Through this factual evidence, they develop the hypothesis that a wealthy and large home market is an essential factor for dominating trade in motion pictures globally and an explanation for the continuing U.S. American hegemony.

While the "home market effect" has also been pointed out elsewhere as an important factor for Hollywood's dominance (e.g. Bruner, 2008, Miller, 2005, Doyle, 2002), it is seldom explained by means of a quantitative econometric analysis⁶³ as undertaken by Jayakar and Waterman.⁶⁴ Based on conventional microeconomic models explaining the home market effect within general economic theory on international trade, Jayakar and Waterman "explain why countries with large or relative lucrative domestic markets for movies (notably the United States) should tend to dominate trade." (p.154).

⁶³ Stiglitz and Driffill (2000, p.16) define econometrics as "[...] the branch of statistics developed to analyse the particular measurement problems that arise in economics."

⁶⁴ The approach was originally developed over 20 years ago by Wildman and Siwek (1987 & 1988), Hoskins and Mirus (1988) and Waterman (1988) who all worked independently from each other. The article by Jayakar and Waterman discussed here is an advancement of this earlier research.

Jayakar and Waterman's econometric analysis is built upon cross-sectional statistical data sets to assess the relationship between box-office market shares, domestic movie spending and national GDP, as well as English language.⁶⁵ They construct several data matrixes with different models to establish the importance and relation of the various variables. Results of the study confirm their hypothesis and show that the hegemony of Hollywood largely relies upon the aptitude to produce a substantial amount of movies with a high budget that are able to attract great numbers of a relative wealthy national population. As the variable English language showed no noteworthy influence in their models (which again could be an indicator of the insufficiency in employing this variable), Jayakar and Waterman argue further that this facilitates for a successful export of the movies.

Despite the valuable analysis Jayakar and Waterman provide to understand the underlying economics of international trade in motion pictures by explaining that the American domination is due to a "positive relationship between production investment and market performance" (Gaustad, 2002, p.15), there are two main shortfalls of the study. On one hand, the choice of variables is problematic, as already indicated with the English language variable above. This is also the case for the box office data which is selected cross-sectional, thus only presenting box office performances from one single point in time, not a period (Gunter, 2002). In the case of Norway, this becomes particularly problematic as during the chosen summer month of August Hollywood blockbusters take an over-proportional share of the repertoire, while national film is underrepresented (Film & Kino, 2007b). Equally, their claim that box office market share data is "a good representation of relative total movie *demand* in different countries" (p.157, author's emphasis) has already been questioned in the analysis of the Norwegian box office data in chapter 3.

Additionally, it is important to note that the regression analysis employed in the econometric investigation can only point to an interdependency or correlation of variables, however not

⁶⁵ English language has here been chosen as a factor to measure the extent to which the value of the film will decrease when presented to a foreign audience. Attempting to measure what Hoskins and Mirus (1988 in Hoskins et al., 1997, p. 33) term the "cultural discount" of a movie with language alone, undermines all other cultural factors that influence audience preferences. Even Jayakar and Waterman themselves suggest at the end of their study "[...] that language is simply not a very good representation of cultural factors." (p 167).

automatically to a causation (Hellevik, 2002).⁶⁶ Arguably, the study falls therefore short in proving that these are the causes for Hollywood's market domination. This is indeed difficult to achieve if sustained only on a quantitative econometric analysis with a limited set of variables. The importance of a broader research perspective is even acknowledged by Jayakar and Waterman themselves, who conclude that “[f]urther analysis [...] is required to fully understand the patterns of domestic vs. imported box-office returns [...]” (p.167f.). Therefore, the next section shall look at issues not being considered in this study, such as an historic perspective and the workings and importance of the distribution link, to further explain the USA's domination in the international trade with motion pictures.

4.2.2 More economics – the role of the state, business structures and mastering the narrative

Steven S. Wildman (1995), one of the other prominent proponents of the microeconomic model to explain domination in trade, critically examines three other argumentations for one-way flows of filmed entertainment. These comprise what he terms the national imperialism theory (“The imbalance of U.S. exports of films and programs relative to U.S. imports reflects deliberate and illicit policies pursued by the American political/industrial establishment”), arguments based on anti-competitive tactics (“American media companies have employed unfair and anti-competitive practices to weaken and eliminate rivals in world markets”) and cultural explanations (“Unlike producers in other countries, U.S. film and program producers conscientiously select themes and other content elements that appeal to a broad international audience.”). While it is not intended to follow Wildman's reasoning against the three explanations here, this listing serves merely as the starting point to examine each of the three arguments which all arguably influence Hollywood's trade in motion pictures to some extent.

National imperialism, or what should have been referred to as *cultural imperialism*, since what Wildman points to here are political, military, and / or industrial agencies employing *cultural* goods and services as a means of imperialising other nations, has its origins in the 1960s and 70s. At a time when Western Europe had reconciled its cultural and other industries sufficiently after the destructions of World War II, cultural imperialism theory was

⁶⁶ While only the independent variables are expected to affect the dependent variable, there is also the possibility that the dependent variable in turn indirectly affects the independent variables. Unidentified spurious relations could occur between the examined variables and in addition other, unaccounted for variables might be correlated with the variables included in the study (Hellevik, 2002).

employed to reflect on the advantages U.S. entertainment products had been able to gain in the post war years and which implications this domination has (e.g. by Schiller, 1969).

As already described in greater detail in the introduction, the historic dimension of Hollywood's influence on US government policy dates already back to World War I and was then further manifested through the 1918 Webb-Pomerene Act allowing for overseas cartels. The post-World War II Marshall Plan opened another way of securing U.S. American cultural products access to the European market, this time "[...] on the ground that its films spread democracy and contributed to world freedom." (Guback, 1983, p.124). In essence, this meant utilising the movies' narrative power as a propagandistic tool on the outskirts of the Cold War (Scott, 2001).

The imperialistic domination discussion must also take into account the close connections between Hollywood's associations MPAA and MPA and the U.S. government, which have been unveiled in great detail by amongst others Guback (e.g.1976, 1983), Jarvie (1992) and Ulf-Møller (2001), and even the MPA itself states openly on its webpage: "Since its early days, the MPA, often referred to now as "a little State Department," has expanded to cover a wide range of foreign activities falling in the diplomatic, economic, and political arenas." (2007). Also in other instances are relations of state and industry apparent. Though not only specifically for the movie industry, the USA granted tax exemptions to Foreign Sales Corporations (which includes all subsidiaries of the "Big Six" established outside the country) "[...] of their export-related foreign-source trade income" until a recent ruling against this by the WTO (DISPUTE DS108) (WTO, n.d. d).⁶⁷ As Germann (2006) points out, this is unmistakably also a form of state subsidy to the U.S. film industry and provides current evidence that the U.S. government has been facilitating overseas sales of movies.

⁶⁷ Foreign Sales Corporations (FSCs) "[...] are foreign corporations in charge of specific activities with respect to the sale or lease of goods produced in the US for export outside the US. In practice, many FSCs are controlled foreign subsidiaries of US corporations, as FSCs affiliated with its US supplier receive greater benefits under the programme." (WTO, n.d. d).

Even if cultural imperialism theory has in recent years been assented as out-dated in light of newer globalisation theory,⁶⁸ considering the evidence presented throughout this thesis, which not only reveals an almost imperialistic dominance of U.S. American movies, but also that this was in part enabled by U.S. government policy, “[i]t is simply impossible to attribute the pre-eminence of American companies and their films entirely to exogenous forces, such as the automatic operation of economic laws” as proposed by both Wildman and Jayakar and Waterman (Guback, 1983, p.124f).

Anti-competitive tactics employed by the U.S. media industry as an explanation for domination in trade is the second argument Wildman examines. This necessitates an analysis of the business structures and strategies employed by the “Big Six” to evaluate their working practices in that respect. Previous sections in chapter 2 on the medium film and Hollywood already explored advantages of operating as a fully integrated, global media corporation. Time Warner for example explains its integrations ambitions with being “[...] more than [collecting] great brands that are owned under one roof [but] to gain competitive advantage from opportunities for constructive collaboration” (2009). While competitive advantages derived through integration, such as being able to profit from economics of scale and scope, are not by definition *anti-competitive*, one needs to bear in mind that the “Big Six” are also operating in an oligopolistic structure. This allows them to exert extensive control over the market which in turn constitutes entry barriers to that market for other companies, thus erasing the border between competitive advantage and anti-competitive behaviour (Doyle, 2002, Hoskins et al., 1997).

Considering the production link, it may be argued that there are many more movies produced from other film industries than Hollywood, as both India, Japan and the five largest European markets combined produce annually more movies.⁶⁹ It might therefore equally be argued that the exhibition link has a variety of motion pictures to choose from. However, this not only overlooks the fact that many cinema owners are dependent on exhibiting profitable films, but

⁶⁸ It is often emphasised that the one-way flow characteristic to imperialism theory denies the existence of all other centres which today not only receive but also release information in a diversity of regional, national and global levels (e.g. Rantanen, 2005, Hesmondhalgh, 2002).

⁶⁹ In 2010, the USA (Hollywood and independents combined) produced 677 movies, Japan 762, India 819 and the five biggest European markets (UK, Italy, Spain, Germany and France) combined 885 films (all including co-productions) (European Audiovisual Observatory, 2010).

also that production and exhibition are dependent on the distribution link (Gaustad, 2003 & 2002, Doyle, 2002). As it is through distribution that films are brought from the producer to the consumers, it is inevitable this link that needs to be scrutinised for anti-competitive practices.

In section 3.3.1 it was observed that market concentration in distribution characterises all European countries, including Norway, and that this is in most cases due to Hollywood's domination of the distribution link. The "Big Six" subsidiaries directly take an estimated market share of 65% on the top-five European markets, on smaller markets where not all studios view subsidiaries as cost-effective, they rely instead on preferential distribution agreements with strong local players (Lange and Newman-Baudais, 2007, Scott, 2001). If then this domination of the markets is used to restrict which films are distributed and / or to control under which conditions, it is conduct of anti-competitive behaviour. It has occurred in numerous instances that the hegemonic position has been abused to dictate the terms of the market and this resulted in several anti-trust law-suits (Noam, 1993). One of the most recent examples of anti-competitive behaviour by Hollywood's distribution subsidiaries was observed in Spain, where in 2006 the Court for Defence of Competition found the Spanish branches of Walt Disney/Buena Vista International, 20th Century Fox, Sony Pictures, UIP and Warner Bros guilty of hindering free competition in the country's distribution market (Pinto, 2006).

Cultural explanations for American domination of the global screens are the third argument Wildman's investigates. It is important to bear in mind that the definition of *cultural explanations* he presents in his article centres on the "appeal to a broad international audience", which Hollywood aims at by "conscientiously select[ing] themes and other content elements" accordingly. Despite the widely argued fact that "Nobody knows anything" about a movie's achievement at the box office before its release (Goldman quoted in e.g. Miller et al., 2005, DeVany, 2004, Caves, 2000), Hollywood tries to minimize the uncertainty by employing several elements to enhance chances for success and financial returns. Work by amongst others David Bordwell, Janet Staiger, Kristin Thompson and Janet Wasko provide detailed analysis of several working strategies utilised by the big studios throughout their history. As this project chose not to focus on content of Hollywood's movies to explain their

popularity, it shall restrict itself to merely highlight here three important factors which all have an impact on the international appeal of Hollywood's movies:

Firstly, as already briefly outlined in section 2.2.2, are the benefits of runaway productions, which apart from economic reasoning also pursue creative rationales. It is often the latter ones which shape the appeal of a movie, though arguably both are determining factors of where a picture is to be shot. As Goldsmith and O'Regan put it: "Filmmakers cross territorial and cultural borders constantly [...] in their pursuit of finance, stories, and audiences." (2008, p.13).

Secondly, the employment of the "blockbuster strategy", a "high concept" film which is intended to become a blockbuster through specialised marketing tactics. The notion of high concept is ascribed to Justin Wyatt (1994), who defines this type of movies as "[...] a product differentiated through the emphasis on style in production and through the integration of the film with its marketing." (p.20). It is thus predominately commercial considerations that govern the production decisions for high concept films, in form of "the look, the hook and the book". The look is concerned with the image of the movie, shaped e.g. by its actors and / or special effects, the hook manifests the marketing potential e.g. through stars and genre, and the book refers to "the reduced narratives", i.e. simple plots (p.22). In particular the look-aspect relates to the first appeal a film has on its potential audience when they are initially confronted with the movie. This first contact is often mediated through the picture's heavy advertising, which in turn is facilitated by the hook-aspect (Gaustad, 2002). According to the blockbuster strategy, not only stars and advertising influence consumer decisions, but also the movie's success at the box office. It insinuates that if the opening weekend of a film is good "[...] the movie-going audience can be 'herded' to the cinema" as others will also want to see this successful movie (De Vany, 2004, p.122). Since the opening weekend is assigned such great importance, it is vital to have a well marketed wide release of the film to reach a large first audience. Not only can Hollywood's studios afford to produce pictures of great appeal to their consumers (being both cinema owners and audiences), but they also have the finances and power through their distribution subsidiaries to achieve such a wide opening (Scott, 2001). However, a good opening alone is in most cases far from enough to recoup investments, and despite the reasoning of the block buster strategy, it does not necessarily guarantee for an overall success of the movie as potential audiences are also influenced by

word-of-mouth and film reviews in their consumer decisions (De Vany, 2004, Caves, 2000).⁷⁰ In Norway, newspapers and word-of-mouth are in fact the main sources for information on theatrical releases (Film & Kino, 2010b).

Thirdly, mastering of the narrative is an explanation for Hollywood's international appeal. By this are meant two things here: on the one hand, Hollywood mastering the conventions of storytelling in mainstream commercial cinema, that have been shaped throughout the history of motion pictures and to which the audience has become accustomed to (Rowe, 1999, Elsaesser, 1990). On the other hand, the adaptation of a universally appealing narrative "[...]" to maximize the global audience and give films the best chance of resonating across cultures and selling across borders, [for which] big Hollywood film companies had moved [...] toward lowest-common-denominator themes scrubbed of cultural specificity (Bruner, 2008, p.353). As Noam (1993, p.50) argues, this is due to the fact that "America is a country of significant ethnic and cultural diversity [...]" and audiovisual content produced in the country to appeal to its national audience, will therefore also be popular internationally.

While "[t]he power to narrate, or to block other narratives from forming and emerging, is very important to culture and imperialism [(the first argument examined here)], and constitutes one of the main connections between them" (Said in Germann, 2006, p.279), it will be interesting to see if digital technology might be able to challenge the hegemonic position of the mainstream narrative and with it Hollywood's domination. So far it is still mainly Hollywood fare that is shown in the cinemas, leaving little space for other films not conforming to Hollywood standards. Whether the digitisation of cinemas will in reality allow for easier access of these "other" films, will be investigated in greater detail in chapter 5. First, however, shall the last section of this chapter further examine the economic and underlying political aspects and their relation to the cultural and social spheres.

⁷⁰ The movie *Terminator Salvation* is a good example of a high concept film's opening and subsequent revenue. With an estimated budget on 200 mill.USD, the film managed to recoup more than a fourth of that in its opening weekend in the USA, however only grossed 125 mill.USD in total at the US box office and thus did not perform as well in the long run. Profits were only possible through release overseas and subsequent windows (IMDb, n.d. d).

4.3 Supply, demand and tastes – a theoretical perspective

Since the “[c]onsumption of creative goods, like all other goods, depends on “tastes” [...]”, this paragraph shall examine the underlying socio-cultural factors that determine the public’s tastes in movies (Caves, 2000, p.173). It is not intended to be an analysis of audience preferences, as it would exceed the scope of this thesis by far, merely it aims to discover what forms these preferences or tastes.

– *De gustibus non est disputandum* – While taste itself arguably is not debatable, the very construct has been the subject of much discussion. To begin with, it should be pointed out that taste in its singular form as presented in the latin maxim is not adequate to describe preferences in any realm, but particularly in the cultural sphere one should rather speak of tastes in the plural. While “taste” often denotes a preference for one or the other, i.e. high culture *or* low culture, art *or* entertainment, “tastes” accepts the possibility of enjoying forms from a breadth of the cultural spectrum, not just either of its extreme poles (Ollivier and Fridman, 2001).⁷¹ Bearing this in mind, it would not be correct to search for factors that influence or form a singular taste, but rather to what extent these factors are important in shaping different tastes. The fundamental question in respect to this project’s topic is therefore to what extent tastes influence demand and to what extent tastes are influenced by supply.

In order to explore the relationship of taste, supply and demand, the first subsection 4.3.1 shall look at Horkheimer and Adorno’s position towards the cultural industry, which the title of a chapter in their major work *Dialectic of Enlightenment* defines as *Enlightenment as Mass Deception (Aufklärung als Massenbetrug)*. As a cornerstone for later cultural imperialist theory already briefly examined in the preceding section, their work centres around a commercialisation of culture, arguing that corporate interests determine supply through the power to produce and distribute content, which in turn shapes demand and as such the formation of tastes.

⁷¹ This will say that it is possible to enjoy both blockbuster movies and arthouse films, choosing to watch one does not a priori exclude choosing the other at another time.

In 4.3.2, Bourdieu's approach to the development of taste offers a more complex line of reasoning, accounting also for continuously changing social conditions. As presented in his *Distinction: A Social Critique of the Judgement of Taste*, Bourdieu argues that social status is an important factor when it comes to distinguishing tastes. Through different forms of capital of economic, cultural and social nature one's class or social position is determined, which in turn defines one's tastes. Preferences in cultural consumption or demand for cultural products are therefore not created by a (economic) powerful elite alone.

The concluding subsection 4.3.3 presents the preliminary findings from this chapter and answers a second set of secondary research questions.

4.3.1 Horkheimer and Adorno's Kulturindustrie

Max Horkheimer and Theodor W. Adorno (1947/1972), two of the most prominent members of the neo-Marxist "first generation" Frankfurt School, are accredited with the term "Kulturindustrie" (culture industry) to describe the commercialisation of culture, a clear distinction from the often referred to "mass culture". As Adorno explains in his later works, this was intended "[...] to exclude from the outset the interpretation agreeable to its advocates: that it is a matter of something like a culture that arises spontaneously from the masses themselves, the contemporary form of popular art." (1967a/1975, p.12). Instead, "[t]he culture industry intentionally integrated its consumers from above", thus making the audience the object and not the subject, which presents an essential difference in approach (Ibid). By objectifying the audience, it is argued that cultural production is not intended to supply the audiences according to their tastes or with what they demand. Rather, the masses are deceived to believe that the standardised supply they are exposed to – a result from technological advances leading to serial production – is truly their taste and demand, while it is in fact merely the demand of the culture industry itself (Horkheimer and Adorno, 1947/1972).

This line of reasoning is also directly applied to the film industry, in particular to Horkheimer and Adorno's contemporary Studio System of Hollywood's Golden Age, which in a symbiosis with advertising created superficial, standardised movies (p.173f.).⁷² Equally in subsequent writings Adorno argues that "[e]very commercial film is actually only the preview

⁷² As explored in the previous section, some argue that today's mainstream Hollywood still has the same operation logic.

of [what it promises and at the same time deceives for]" (1967b/1981, p.205).⁷³ Although he leaves theoretical room to the creation of "liberated film" which could pursue enlightening intentions, this is merely envisioned (Ibid, p.203). At a time when most of Western Europe, including Norway, only started to embrace film not just as a commercial product, but also as a form of art and actively incorporated cultural policy in their legislations, Adorno declared that "[c]ultural entities typical of the culture industry are no longer *also* commodities, they are commodities through and through." (Adorno, 1967a/1975, p.13).

Despite the importance of Horkheimer and Adorno's work in pointing out the dangers to cultural diversity imposed by the industry, their work seems, particularly in light of today's interactive society, not only pessimistic, but flawed on several levels (Hesmondhalgh, 2002). As Hesmondhalgh points out, referring to a culture industry in singular connotes a "unified field" where there are as a matter of fact several different levels of cultural industries (2002, p.15f). Based on French sociologists Morin, Huet et al., and Miège, he argues that the production in different cultural industries, such as publishing and broadcasting underlies different approaches to conduct. While this is arguably true, the integrated media conglomerates, which control a diverse range of cultural productions outlets, might however impose common values or strategies for their subsidiaries which in turn could unify their approach to business. Hesmondhalgh's argument is however undoubtedly valid for the independent producers of culture, which represent a large part of Europe's cultural industries, whereas Horkheimer and Adorno's description only characterises mainstream Hollywood.

Another point of criticism of Horkheimer and Adorno's critical theory stems from their notion of an all-encompassing presence of capitalistic interests in the cultural industries which commercialise culture in order to realise mass consumption (Hesmondhalgh, 2002, Ollivier and Fridman, 2001). Arguing that mass consumption is in fact a "mass deception" where only economic interests shape artificially created demand, portrays however consumers as passive followers and ignores any other influences on demand and with it taste (Adorno, 1967a/1975, p.18). It is in that respect interesting that Adorno acknowledges the influence cultural industries have in turn on social and political constructs, noting that in their extreme form,

⁷³ Levin's translation reads "Every commercial film is actually only the preview of that which it promises and will never deliver.", however in Adorno's original "Jeder kommerzielle Film ist eigentlich nur die Vorschau auf das, was er verspricht und wofür er zugleich betrügt." "betrügt" should translate with the stronger "deceives", not just "never deliver", since Adorno sees it in fact as deception.

cultural output can obstruct “[...] the development of autonomous, independent individuals to judge and decide consciously for themselves [and that these are] the precondition for a democratic society [...]” (p.19). For it is precisely the importance of free formation of opinion, that has led political and social realms to intervene and advocate for a “protection and promotion of the diversity of cultural expressions”, as also declared in the UNESCO Convention (2005, Article 1(h)). Horkheimer and Adorno’s theory would thus question the non-economic reasoning and legitimacy behind both national (Norwegian) and supranational subsidy programmes as well as the working of independent distributors like Arthaus. While this kind of policy was in its mere infancy at Horkheimer and Adorno’s time, it is an ever so topical part of European cultural policy reasoning, and, as illustrated in this thesis, proves that also other than purely economic reasons shape the cultural landscape today.

Equally, new communication media like the internet allow for further reaching social interaction and more rapid exchange of opinion than possible when at the time of Horkheimer and Adorno’s writing. It is therefore vital to go beyond explaining culture merely through dominating economics and also examine the underlying causal relationship social and political spheres have with the economic sphere to see what influences the cultural sphere. The following section shall therefore look at work by Pierre Bourdieu, who presents a more complex approach on how tastes and demand are shaped, acknowledging the socio-cultural structures surrounding and therefore defining us (Benson and Neveu, 2005).

4.3.2 Bourdieu’s approach

“In the cultural market – and no doubt elsewhere – the matching of supply and demand is neither the simple effect of production imposing itself on consumption nor the effect of a conscious endeavour to serve the consumers’ needs, but the result of the objective orchestration of two relatively independent logics, that of the fields of production and that of the field of consumption.” (Bourdieu, 1984, p.230)

Like Horkheimer and Adorno, also Bourdieu argues that taste is not naturally predefined, however their explanation for the formation of taste is substantially different (1984). As explored above, Horkheimer and Adorno claim that taste is solely shaped by economic interests of one culture industry; Bourdieu in contrast has a more hermeneutic approach to the formation of taste and sees it as interconnected to distinctions between social classes. He considers not only economic capital, but also resources in form of cultural and social capital to define one’s social class – or rather position in a complex social field – and from those

again result cultural preferences. Bourdieu employs this classification merely as an analytical tool, and in the process breaks with traditional social class distinctions with clearly defined upper, middle and lower classes based on their financial resources (economic capital) (Slaatta, 2002).

In order to understand how other forms of capital define social structures and with it the formation of tastes, it is important to briefly define Bourdieu's different notions of capital: while economic capital directly translates with money, cultural capital is a more complex construct of "[...] educational credentials, technical expertise, general knowledge, verbal abilities and artistic sensibilities" (Benson and Neveu, 2005, p.4). Although the basis for one's cultural capital is already provided by the cultural capital accumulated of one's parent, from the definition it becomes apparent that it is not a fixed asset, but will develop further throughout life (Bourdieu, 1984). Social capital in turn is defined as "[...] the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintances and recognition." (Benson and Neveu, 2005, p.21).⁷⁴

Through their interconnectivity, all three forms of capital are thus important to shape taste and consumer preferences. In addition, it is important to note that none of the capitals is static – the social position and with it tastes that they construct is in constant fluctuation according to the gains and also losses of the individual forms of capital. It is precisely on these grounds that Bourdieu rejects Horkheimer and Adorno's proclamation of an objectification of the audience by economic powers (1977). As "[...] taste is [...] a cultivated rather than an innate disposition", one might even argue that it is not economic capital that is necessary as a prerequisite to possess refined tastes, but that rather cultural and to some extent also social capital are in fact the main factor determining taste (Olliver and Fridman, 2001). Additionally, lack in cultural capital to develop ones tastes is therefore not a question of others' greater economic capital (as of those governing the cultural industries), but resulting from flaws in the educational systems as a source of cultural capital (Bourdieu, 1984).

⁷⁴ Arguably, through new communication technologies which enable the exchange and gaining of knowledge, and through virtual networks that offer a new form for connectivity, both cultural and social capital have become easier accessible to a large number of people in the recent decade.

From the accumulated capital which defines one's distinct position within a social field, a certain habitus is then formed, that "[...] governs dispositions to prefer certain cultural objects [...]" (Holbrook, 1999, p.145). These preferences or tastes are then confronted with a diverse range of cultural products positioned in the field of cultural production. The field itself is governed by two opposing poles of underlying economic or commercial considerations on the one side, and cultural ones on the other. This means that "[t]here is a fairly close homology between the specialized fields of production in which products are developed and the fields (the field of the social classes or the field of the dominant class) in which tastes are determined." (Bourdieu, 1984, p.230).

Within the specific subfield of film distribution, the positioning of distribution companies depends on the extent to which a company wishes to gain commercial and cultural profits. This in turn governs ultimately the decisions of which films to distribute: "A company close to the commercial pole is disposed to minimise risks by adapting to an already existing demand." (Grønnestad, 1996, p. 53, author's translation). On the other hand, a company close to the cultural pole is "[...] willing to take on the risks associated with cultural investments" (Ibid.). As presented in the analyses of chapter 3 and despite the fact that a minority of companies dominates the Norwegian market, the country has by no means a homogeneously structured distribution industry; the individual companies' modes of operation are considerably different from one another and their positions within the field are therefore widely dispersed between the two poles. As Grønnestad (1996) points out, however, all distributors are nonetheless faced with the same market, and are equally underlying basic economic conditions. In addition, the field of film distribution (and with it all entities it encompasses) is not an autonomous field, therefore it needs to be seen in context with correlated fields, including the field of movie production governing the decisions which films will be available for distribution, and also that of cultural policy governing subsidy decisions, to name just two.

Although Bourdieu's presents a more distinct approach on how tastes are shaped and how supply and demand are governed by a complex web of fields, an underlying problem remains which is grounded in the notion that there are "[...] oppositions found in the field of the cinema [...], where the taste for 'ambitious' works [...] is opposed to the taste for the most spectacular feature films, overtly designed to entertain [...]" (1984, p.271). It is

acknowledged that films themselves can be positioned towards opposing poles, e.g. *Hannah Montana* at the utmost commercial pole and *Antichrist* at the cultural pole; it is equally acknowledged that certain groups of consumers, according to their capital, are more drawn to one of these poles than the other. Stating however that the tastes in or preferences for these movies are ultimately opposing, is problematic. It denies consumers a diverse taste in movies, and in fact argues that higher classes only seek one type of culture (high) as do lower classes (low). As already pointed out in the introduction to this paragraph, the concept of tastes in the plural is an important distinction to recognise that it is possible to be fond of both Hollywood's entertainment movies and arthouse films; that the two are not mutually exclusive. Based on empirical analysis in the USA, Peterson argued therefore that the distinction of tastes in relation to class is undergoing a transformation through which omnivore and univore taste structures emerge, differentiating "[...] high status omnivores, who prefer and consume a wide range of cultural products, from low status univores, whose tastes and activities are more restricted." (Olliver and Fridman, 2001).⁷⁵

Based on Peterson's research, the cultural omnivore thesis has also been examined in Scandinavia, with Danish researchers pointing out that the particular state policies in the Scandinavian countries aimed at social equality also have an influence on the publics' habits for cultural consumption, their demands and ultimately their tastes. As "[...] cultural markets are strongly subsidized by the state in order to facilitate equality in social and cultural status [...] cultural policy has aided the proliferation of the omnivore cultural consumer [...]" (Jæger and Katz-Gerro, 2008).

4.3.3 Preliminary findings II

As it has become apparent from the discussion above, the relationship between taste, demand and supply is by no means a straightforward and inevitable chain of events. Neither are the three links stable entities but in fact fluctuating, nor are the causal connections between them predetermined or fixed. Different theories perceive a different linkage between the three entities and would therefore also offer different responses to the second set of secondary research questions aimed to answer here.

⁷⁵ By omnivore it is not meant that cultural products adopt a "lowest-common-denominator" standard, what Bourdieu in case of newspapers refers to as "omnibus publications" in order to appeal to large (social) groups of audiences (1984, p.442), but rather that it is "[...] characterized by an openness to an array of multicultural objects and practices, which include high culture but are not restricted to it." (Olliver and Fridman, 2001).

Whether the market has been constructed by a powerful elite, is probably the least problematic question and can fairly straightforward be answered affirmative. Despite criticism for neo-Marxist approaches that often assess the establishment of Hollywood's hegemony, empirical evidence provided throughout this thesis substantiates that "[t]his isn't happenstance. It is the confluence of creative reach, story telling skill, decision making by top studio executives and the interlocking exertions of distribution and marketing artisans." (Valenti, 1998, quoted in Miller, 2005, p.1). Whether the Hollywood studios can hold on to that power also throughout the age of digitisation needs to be seen in the decades to come. What is however of a pressing issue that needs to be addressed today is the legitimisation on which this marked domination continues at present.

As this project focused on economic and underlying political explanations for Hollywood's hegemony rather than aesthetic ones, it was natural to scrutinise to what extent the individual state allows this domination for economic reasons. From the perspective of the USA, arguably, it has been mainly economic factors paired with ideological marketing considerations that governed state policy, particularly in regards to U.S. trade policy positions. The Norwegian state's standpoint is more complex than that. Initially one might be inclined to deny that Norway has any interests in domination by Hollywood. However, two important factors need to be considered, the most apparent of them being the dependence on Hollywood cinema to maintain the widely established small rural cinemas in all parts of the country as it is aspired in Norwegian cultural policy (St.meld.nr. 22, 2006-2007, NOU 2001:5). The other factor is the legitimisation of subsidies that allows for the upraising of Norway's own film industry which the country has witnessed in recent years. Based on cultural reasoning, though with economic intentions, Norwegian and other European film industries were able to fund a substantial amount of their motion picture production. Arguably, this is not a factor by choice and rather a means to an end, but under different circumstances with for example a dominating French cinema industry, several parts of the European national and supranational funding schemes would be illegitimate under EU competition regulations.

The subject of subsidy programmes is indeed not a one-sided affair, regardless from which side of the Atlantic it is considered. Should in fact cultural policy "[...] supply the masses with what they should have rather than let the film industry sell to the masses what the masses

want[?]" (Grønnestad, 1996, p.7, author's translation). This line of questioning led to an investigation about the relationship of Hollywood and the formation of and connection between taste, demand and supply where it was intended to find out if the supply of films from the U.S. American Hollywood studios has also been made into what we believe is demand, the taste of the masses? As the argumentation in this chapter has shown, Hollywood did create a mainstream cinema that appeals to a large group of not only national but also international publics, having "[...] more or less naturalized American cinematic idioms on many foreign markets [...]" (Scott, 2001, p.971). Explanations for this circumstance vary however, reaching from a rather condescending neo-Marxist, imperialistic theory of a lowest-common-denominator or "dumbing down" in narrative to a post-structuralist approach allowing for a more natural development of cultural omnivore tastes structures.

Evaluating then the causal relationship between demand and supply is arguably even more complicated, depending on the argumentation for the formation of tastes. The two principal opinions that emerge are on the one hand that of supply principally controlling demand, in line with Horkheimer, Adorno and Schiller's reasoning, and on the other hand that it is "[...] demand that wants cinematographic works from one single, largely culturally uniform origin [...]" (Germann, 2006, p.302). This argument is more in accordance with Bourdieu's approach, as it allows not only for one, but several contributing agents or fields to influence how demand is formed and resulting consumer choices, not just that of economic powerful elite of Hollywood conglomerates. As Germann argues, "[...] it is empirically difficult, if not impossible, to assess which opinion better reflects reality", given the long predominant position Hollywood has occupied with their widely appealing movies (Ibid). It is therefore only possible to theorise "[...] whether this supply [of Hollywood films] would also meet the demand in a context where unbiased cultural diversity would prevail; that is, where films from a variety of cultural origins would enjoy equivalent marketing investments and a distribution on a level playing field." (Ibid).

Another essential challenge that remains in evaluating supply and demand lies in determining how certain demand actually is. Several scholars argue that it is in fact rather uncertain, due to the greatly differentiated products films are. Despite tendencies of standardisation in mainstream cinema, no two movies are identical – assets vary even in remakes and sequels. Therefore, all motion pictures underlie not only differentiated internal forces (e.g. production

and marketing decisions) but also external ones that can seldom be predicted by the industry before its release (DeVany, 2004, Caves, 2000). Ultimately, the question of demand needs to be presented to the individual consumer: do we actually know what we want? Although this question is by no means easy to assess as it underlies a complex construct of considerations as presented above, former chief executive officer of The Walt Disney Company Michael D. Eisner has a compelling argument for that we in fact do not always know, claiming that:

“[...] if you ask somebody what movie they want to see, they tell you they want to see the last hit. In fact, they don't want to see the last hit. They want to see something new and original. So anything you do that drives repetitiveness to the point of obsession will eventually explode. So after I see 12 3D special effects extravaganzas, take me to a black-and-white film where nothing happens. I will be very happy.” (in Lowry, 2010)

5. Prospects for the future – the “digital revolution”

In the year 1999, digital technology was for the first time introduced for screening of feature films in cinemas. It was however not until several years later that it started to become a worldwide trend: from 2008 to 2009 the number of digital screens almost doubled from over 8.500 to over 16.000, which is the equivalent of 15% of all global screens. The development has been particularly visible in European cinemas, which had just over 1.500 digital screens by the end of 2008, but tripled that already a year later to more than 4.500 screens out of a total of 31.500 (Hancock, 2010a, Think Tank, 2010). The digitisation has been described by many as a technical revolution as significant as the introduction of sound film in the 1920s (e.g. Stensland, 2008). Through highlighting what this “digital revolution” of the cinemas comprises of, this final chapter presents an outlook on the future of film in distribution and exhibition in light of the recent technological developments.

To begin with, the digitisation process is concisely explained with a focus on technical specifics. Then, the international status of D-Cinema is looked at in brief, before the Norwegian model for conversion is presented. The last section will highlight the implications of digital cinema, with a particular emphasis on Norway. At the time of writing, the country is well underway with the conversion of its cinemas, with expected completion in summer 2011. However, at this point it is impossible to predict exactly what the cinematic landscape and repertoire will look like once the digitisation process is completed; this is therefore merely a discussion about the opportunities and boundaries of D-Cinema.

5.1 What is digital cinema?

Digital technology in itself is nothing new in the cinemas; already in the 1970s sound was first to be digitised, followed by other elements of post-production and production itself. Simultaneously, the advance in technology has created several new digital platforms for distribution and exhibition (European Commission, 2009). To project film on a screen however, has until recently been only possible the “old” way via 35mm film reels as it has more or less been since its invention by Thomas Edison over 100 years ago. Now, the projectors using physical film reels are being replaced by digital ones using image and sound

data. It can be compared to the transition from cassette tapes to mp3 files for playing music, opening new ways for the transportation and access to the cultural product.

As with all new technologies, a major key for conversion of the cinemas was to develop a technology of high enough quality to outperform the old one, even when it comes to the largest theatre screens, and to agree upon a common standard for the transition. Without mutual specifications, films might not be able to be shown in all cinemas thus assigning the technology an unintended gatekeeper function. To avoid a resulting loss of income, the “Big Six” Hollywood studios established already in 2002 the Digital Cinema Initiative (DCI) to specify their requirements which would ensure that their films can be shown in all cinemas following this standard (Think Tank 2010, European Commission, 2009). DCI’s Digital Cinema System Specifications (DCSS) are defined by a resolution quality of at least 2K (4K for screens over 15m), the compression format JPEG 2000 and special encryption programmes to certify not only “high quality digital cinema equipment that is interoperable”, but that also “provides rigorous content security” (DCI, 2010, European Commission, 2009).⁷⁶ Currently only nine 2K projectors by three manufacturers (Barco, Christie and NEC) have approved their compliances to DCI standards, all based on Texas Instruments’ DLP technology (DCI, 2010). There are also several other digital projectors on the market, both with a lower resolution (for example 1.3K) and a higher one with 4K as mentioned above. A resolution lower than 2K however does not meet DCI / Hollywood’s standards, which implies that this equipment is already out-dated. On the other hand, there is 4K technology, which is advancing more and more as this thesis is written and is of particular importance for big screens and 3D projection (Stensland, 2008).⁷⁷

Regardless of the differences in projection quality, to have film available in digital format carries several opportunities for all three links of a film’s value chain. While the implications shall be looked at in greater detail in section 5.3, one technological related benefit of digital

⁷⁶ Those specifications have also been adopted by the Society of Motion Picture and Television Engineers (SMPTE), the International Organization for Standardization (ISO) and the Federal Information Processing Standards (FIPS) standards (DCI, 2010).

⁷⁷ Sony was first to develop 4K projectors which are especially advantageous when showing 3D movies, leading the company to be the most prominent player on the market in that respect today (Norsk Kinodrift, 2010, Unique Cinema Systems, 2010) Texas Instruments is announced in a recent press statement that it had supplied Barco, Christie and NEC with DLP 4K chips to enable them to build new 4K projectors that will comply to DCI standards (DLP, 2010, European Commission, 2009).

projection shall already be mentioned here: due to its nature, digital film can contain a wide range of data and related metadata, comparable to the contents of a DVD's menu. Whereas 35mm film in different language versions (subtitled or dubbed) was physically supplied on different reels, a digital film can contain several different sound or text files besides the picture files. Moreover, differently rated version of the film could be shown to access different age groups amongst the audience, tailored advertising and trailers can be included in the film "package" according to business interests of the producer or distributor (Stensland, 2008).

5.2 An international digital perspective

It is precisely digital film's possibility to travel easily across borders and to reach audiences across the globe with versions adapted to cultural specifics that makes it so interesting to the film industries in Hollywood and Europe alike. With the strong global presence of Hollywood's movies, costs for production (print) and distribution of 35mm film have been a considerable expenditure post; through digital distribution it is estimated that the studios can save 1,5 bil.USD (Think Tank, 2010, BusinessWeek in Stensland, 2008). For the exhibitors on the other hand, the transition to digital means first and foremost a large financial investment in necessary new equipment. As it therefore is predominately in the interest of Hollywood's integrated production / distribution industry to convert to digital, they agreed to accelerate the transition by contributing financially with a Virtual Print Fee if their films are shown in the new format.

The conversion in the USA is not centrally organized by a state body, but a commercial undertaking by the industry itself, often through cooperation agreements between several exhibitors. The largest of these, the Digital Cinema Implementation Partners (DCIP), consists of the country's three biggest movie theatre chains AMC, Cinemark and Regal with over 14.000 screens (DCIP, n.d., Stensland, 2008) It is of interest to note that DCIP's members all decided to install 4K equipment in their theatres, two of them chose Sony and one forthcoming Barco projectors (Hancock, 2010a). Also independent exhibitors formed an alliance through the National Association of Theatre Owners (NATO) called Cinema Buying Group (CBG), comprising of over 460 cinemas with more than 6100 screens (CBG, 2009).

In Europe on the other hand exist a wide variety of models for the digital conversion and only in the minority of countries have solutions been presented that include all of the cinemas. Also some of the biggest European markets like Germany and France are experiencing difficulties to reach consensus. While the former is struggling due to disagreements within the film industry, the latter's initial plans to convert 60 % of its screens were judged anti-competitive by the country's Competition Authority and an alternative plan has only just been approved (Hancock, 2010a & b, Think Tank, 2010). Despite a general acknowledgement within the industry and political spheres alike of the importance to find consents fast in order to keep the transition period as short as possible, in the beginning of 2010, over 27.000 screens or more than 80% of the European cinemas were still operating with 35mm. A considerable part of those finances were still not in place at that point, thus resulting in a prolonged changeover which in turn endangers the future of many theatres. While a lot of the large privately owned chains of cinemas can fairly easily adopt the U.S. model and convert through VPF agreements (e.g. the Odeon cinema group in the UK), independent cinemas are often dependent on consolidation arrangements to establish agreements (e.g. UK Digital Funding Group with over 500 independent screens) or / and some form of subsidies to finance the conversion. (Hancock, 2010a, European Audiovisual Observatory, 2010).

Public funding for the digital conversion is indeed an important issue across the continent, both on regional, national and European level. While the European Structural Fund and several individual national state subsidies are already in place to facilitate digitisation on regional and national levels, wider European schemes are still a work in progress (European Commission, 2009).⁷⁸ As late as 2009, the European Commission's MEDIA programme carried out a consultation "On Opportunities and Challenges for European Cinema in the Digital Era", which only just lead to a Communication paper (COM (2010) 487 final) with an action plan for the digital conversion. It proposed, amongst other things, a new MEDIA support scheme for digitisation of cinemas, which at the time of writing had yet to be implemented. It was however suggested that support will only be available for small cinemas focusing on the exhibition of European film.

⁷⁸ It is acknowledged that Eurimages already contributes on a European level with a support scheme for production of a digital master (i.e. the digitisation from film produced on 35mm) as well as to the digitisation of its cinemas in Turkey and the Balkan region. Also the MEDIA programme facilitates several projects concerned with D-Cinema, amongst others support for distribution of digital films and training for handling digital film throughout the three links of a film's value chain (Eurimages, n.d., European Commission, 2009).

5.3 Norway is going digital

In Norway, the organisation Film & Kino has been the preliminary driving force in the realization of D-Cinema. After initial trials of the new technology by the organisation in 2006, it was found that a digitisation through the industry alone would lead to a more imbalanced market structure. As only the big and commercially viable theatres would have had the means to turn digital and thus to secure access to films, the small cinemas which lack the resources to convert would have been left behind, and with a very limited repertoire of 35mm film, endangering the future of many. The conversion to digital cinema therefore was turned into a national affair through the 2007 White Paper *Veiviseren*, grounded in the government's cultural policy "[...] to provide a broad cultural offering for the population regardless of where in the country they live." (St.meld.nr. 22, 2006-2007, p. 117 (author's translation), Aas, 2009, Stensland, 2008). The Ministry of Culture appointed Film & Kino with the coordination and implementation of digitising all cinemas in Norway and also asked the organisation to contribute financially through means accumulated by the Norwegian Cinema and Film Fund (NKFF). Film & Kino developed thereafter a model for the overall structure of the digitisation process, which can be found in Appendix 5.

The costs for Norway's digitisation are estimated at 400 mill.NOK, of which Film & Kino and the exhibitors are to pay 60 % (or 260 mill.NOK). Film & Kino has agreed to contribute with at least 100 mil.NOK from NKFF. The total of their share is determined by future incomes of the fund, but it is estimated to be at least half of the 260 mill.NOK. This leaves the exhibitors with an overall share of between 20% and 30%. In return are they offered a standard package for digital equipment that complies with DCI's standards and comprises of projectors, servers and processors, and installation. The individual cinemas also have the possibility to upgrade the basic package (e.g. to 4K) if they have the financial resources to do so (Aas, 2009, Gjestland, 2009).

The remaining 40% of the overall costs are to be paid by the distributors through the Virtual Print Fee (VPF) business model initiated by the U.S. film industry. In Norway's case, for every movie the distributors release, they have to pay a fee for the first 90 engagements of that film at the cinemas (Gjestland, 2009) The terms for VPF agreement were directly negotiated in closed meetings between Film & Kino and the individual Hollywood studios on

behalf of their distribution subsidiaries. Only after all individual contracts were signed and financial participation and digital distribution from the “Big Six” to the Norwegian screens was secured (two of the few terms of the VPF agreement made publicly known), were the other Norwegian distributors asked to agree to the VPF arrangements. Despite the fact that Hollywood’s subsidiaries accounted for almost half of all revenue generated between 2007 and 2009, they distributed on average less than 30% of films on the Norwegian market in that period (see Appendix 3 and 4). Since those responsible for the majority of the repertoire were not included in the initial negotiations, it can be argued that Film & Kino preferred to secure the distribution of financially profitable movies above other film. This caused an uproar in the industry arguing that the terms of the agreement clearly favoured Hollywood’s position on the Norwegian market. Indeed an upper cap on VPF payments does seem to be more beneficial for big productions with wide release plans than for limited releases of arthouse films (*Rushprint*, 2010). Film & Kino on the other points out the importance of the VPF agreements and Hollywood’s (financial) participation in the digitisation: “Without them there will be no project.” (Gjestland, 2009). In order to avoid further imbalances in the Norwegian market, the organisation assured the other distributors that new financial support schemes will be established as a means of compensation (Film & Kino, 2010d). Already before the digitisation has been completed, it can therefore be argued that through the premises determined by Film & Kino the competition with Hollywood also in the digital age is only possible with state aid.

5.4 Implications

This conclusive section is meant to highlight some of the implication the digital transition might have for the respective links of a film’s value chain.

Production of film has already seen several benefits from digital technology which opens new possibilities for artistic realisation with for example digital animation and 3D projection. Implications for the digitisation of the cinemas on the other hand seem on the first look to affect the producers more indirect and mainly depending on their relationship with the distributors. What is however of direct importance for the production link are the new encryption possibilities within the digital projectors to prevent piracy. The MPAA estimates a loss of several billion USD due to piracy for Hollywood’s industry every year, and also in Europe is intellectual property theft increasingly an issue: the UK Film Council assessed that

piracy costs the British film industry 570 mill.GBP (approx. 900 mill.USD) annually (Buckingham, 2009, Stensland, 2008).

Furthermore digitisation holds the opportunity to level the playing field between integrated producers like the “Big Six” and small scale independents as a digital master is cheaper and travels easier along the value chain, thus preventing old entry barriers to the market posed by 35mm film. Today, however, differences between the USA and Europe in that respect are still substantial: while already 90% of all film produced in the USA are available on digital master (i.e. all Hollywood movies and most independent productions), are for example in France, one of Europe’s biggest producing countries, not even half of national films available in digital format (European Commission, 2009). Additionally, diminished entry barriers are by themselves no guarantee for a better position on the market and it is anticipated that the audience will also in the future continue to have a preference for Hollywood blockbusters at the cinemas (Løken, 2010, Gjestland, 2009).

Distribution is often pointed out as the “main beneficiar[y] of the digital revolution” (e.g. European Commission, 2009, p.8) through wider release opportunities and anticipated savings, which are also pointed as the main driving forces for the conversion. Initially, the digitisation however also involves costs for the distributors through VPF obligations. In some cases, these might be higher than for 35mm releases and thus present a new entry barrier for small distribution companies. New support schemes for digital distribution of non-Hollywood film are therefore also sought-after both at European and national level. Hollywood’s subsidiaries in contrast have not only the means to pay VPFs for a wide release of their titles, but can also profit from an upper cap on VPF payments, as in the case of Norway (Gjestland, 2009, European Commission, 2009).

It was pointed out in several interviews conducted for this project, that for the distribution link, the digitisation could imply considerable changes for the future of their operations. The new technology allows for direct transmission of films from the producers, on digital tapes or disks or via satellite, to the individual exhibitors. One of the two key undertakings of the distribution link, namely the physical distribution, could therefore become redundant. The other function of distributors as marketers however has been pointed out as becoming gradually more important. Potential easier access to the market for many producers and

greater choice for the exhibitors requires increased marketing to distinguish and sell a movie to exhibitors and audiences (Hoenvoll, 2009, Jonassen, 2009, Ytre-Arne, 2009).

Exhibitors are first and foremost faced with a need to make considerable investments in new equipment to survive the digital revolution. The question of which equipment to choose (e.g. 4K or 2K, 3D or just 3D-ready) is in itself a major consideration as it is not yet foreseeable if higher investments in better equipment will indeed be returned. It is also tied to uncertainties about the future development of the digital technology, despite the fact that the Norwegian VPF agreement includes a guarantee that the equipment in Film & Kino's standard digitisation package will be sufficient for exhibiting Hollywood's movies for the next ten years (Gjestland, 2009).

Once the technical aspects have been determined and implemented, digital screening presents several opportunities, and in particular smaller, second- and third-run cinemas will benefit from the downfall of 35mm. They no longer have to wait for copies and are able to show a film in the same quality as all other cinemas (Henriksen, 2009).⁷⁹ With D-Cinema, not only the biggest theatres, but all exhibitors will potentially have a greater choice in repertoire if they are not held back by VPF obligations or purely financial considerations. It also enables for more specialised screenings according to audiences' preferences, and for a variety of alternative content, like opera or sports arrangement transmissions. This presupposes however an active and dedicated cinema operator as it involves greater responsibility and more effort; technology in itself is no guarantor for broader a repertoire (Løken, 2010, Gjestland, 2009).

From the above analysis of D-cinema it becomes clear that this new technology has the *potential* for a more (culturally) diverse selection of films at the cinemas in the future. However, in reality it remains to be seen whether the digitisation will allow an equilibration of trade imbalances or if Hollywood once again uses a technical revolution to its advantage as it did with the invention of sound film. In Norway's case, the conversion has been introduced on Hollywood's premises, but with the enormous advantage that everyone is included. Already in a few years' time one might be able to see how that affected repertoire and the physical cinematic landscape of the country, also in a comparative international perspective.

⁷⁹ "Today, it takes in Norway on average 45 days from a film's premiere in the big cities until it is shown in a small cinema. And because the film has been used every day, it can often be worn and dreadful." (Stensland in Henriksen, 2009, author's translation).

Conclusion

This final chapter recapitulates the findings of this thesis and presents an answer to the overall research question of what the reasons for Hollywood's domination of the Norwegian screens are.

As pointed out in the work by several scholars including Guback (1976), Hoskins et al. (1997) and Gaustad (2002), and confirmed through the analysis in this thesis, the distribution link retains a pivotal role in determining Norway's cinematic landscape. The preliminary findings in section 3.3.4 and 4.3.3, revealed the great extent to which the distribution link is influenced by Hollywood's studios, either directly via subsidiaries or through output deals with prominent Nordic companies. From this stems the preferential and easy access to the Norwegian market which as a result is faced with more than half of all films originating from the USA. The three Hollywood subsidiaries United International Pictures, Walt Disney Studios Motion Pictures Norway and 20thCentury Fox Norway account for almost half of the box office turnover generated in recent years. Together with Nordisk Film Distribusjon, SF Norge and Sandrew Metronome Norge, (the latter two with distribution agreements for at least one Hollywood studio's films) they take over 90% of the box office revenues. If only viewed from an institutional or organisational level, it is therefore not surprising that their films enjoy such a high market share in Norway.

As a part of examining Hollywood's dominance in Norway, also the circumstances in Europe were of interest in order to place the country's situation into a wider context. In subsection 3.3.1, data from the European Audiovisual Observatory indicates that also the other European countries are faced with similar market conditions. National and supranational subsidy programmes that were initiated to ensure diverse cultural offerings at the cinema have so far not succeeded in changing the selection considerably. Despite the fact that there are today many more great film producing nations both in Europe and other parts of the world, which have a higher output of movies than Hollywood, it has so far not been possible to counteract this hegemony on the cinema screens.

This points again to the importance of a good working distribution network, as the ability to supply alone by producing many films is obviously not sufficient. London Economics sees in

fact the absence of a European distribution network as the key to the problem. They use the analogy of “the chicken and the egg” question to illustrate the challenge Europe faces: it makes no sense to improve film making if the distribution link is not improved as well, and vice versa (1992, quoted in Hoskins et. al, 1997, p.66).

The oligopolistic framework Hollywood’s subsidiaries are able to work in, and in which they collaborate when necessary to sustain their hegemonic position as best exemplified by Universal and Paramount’s joint overseas distribution venture UIP, presents indeed a substantial challenge to overcome. In part, this certainly “[...] relies on historically conditioned distribution structures and investment mechanisms [...]” (Germann, 2005, p.94). However, this position has also always benefited from the lucrative U.S. home market as argued for in section 4.2. In a wealthy home market, it is not only possible to produce high-budgeted movies that are attractive to a large national audience, but they will also be able to recoup a large part of the production costs in that market alone. Due to film’s natural inclination to economics of scale and scope as presented in subsection 2.1.2, exporting movies is an inexpensive and relatively risk-free means to increase profits. It is therefore not surprising that Hollywood greatly endeavours into its overseas operations, resulting in returns from outside the USA to account for nearly 2/3 of all revenues generated today.

As the analysis trade policy frameworks in subsection 4.1.4 has shown, so far, the international trade regime provides obstacles to differentiated treatment for trade with audiovisual products and services that would enable to limit Hollywood’s foreign stronghold. Non-commitment to audiovisual trade policy has also not succeeded in doing so, which again argues for the resilient position and effective workings of the distribution companies.

Whether the “digital revolution” might be able to change this current imbalance in trade, was investigated in chapter 5 in order to provide an outlook into the future. It was argued that the digitisation of the cinemas holds potentially greater choices in repertoire, as it would be easier and faster for exhibitors to obtain films. However, it is important to bear in mind that the DCI standard which sets the requirements for digital exhibition was in fact created by Hollywood’s studios to guarantee first and foremost that all cinemas will be able to screen their films.

Equally, it could be argued that the Virtual Print Fee (VPF) agreement, which was made on Hollywood terms, could see the opportunities of digital cinema diminishing already from the outset. Although it might not be an ideal solution since it is not free of commitments, it is however an all-inclusive approach and a faster way to digitise the country's cinemas than if each theatre had to proceed individually. This thesis has further outlined that there are possibilities for smaller cinemas to have greater flexibilities in their repertoire, as there are for movies that are not mainstream productions. Nevertheless, it was argued that the main winners are likely to be the distributors once again due to cheaper, faster and better distribution opportunities.

Another point that needs to be considered when contemplating the possibilities of the digitisation of the cinemas is that diversity cannot exceed the screening capacity, neither today nor tomorrow. Particularly the smaller cinemas with one screen have to make considerations of which films they can show. Additionally, all exhibitors still need to offer movies that the public wants to see in order to earn money. Having "[...] more or less naturalized American cinematic idioms on many foreign markets [...]", Hollywood seems in that respect often to provide greater certainty in attracting audiences than niche-films, as box office data has confirmed (Scott, 2001, p.971).

Conceivably, it is indeed the case that audiences are particularly attracted to Hollywood film, as it was produced to easily entertain a large segment of international publics as explored in subsection 4.2.2. In turn, European films, which are arguably mainly produced for their home territory, still have difficulties to attract audiences across borders. As presented in section 3.1 European cinema accounts currently for more than one in five movies in Norway's repertoire. Yet, with the exception of national and to some extent Nordic film, productions from other European countries are not finding their audiences, taking a box office market share of only 10%.

It could certainly be the case that it is the films themselves which play an important part in explaining Hollywood's dominance. Arguably, cultural differences within Europe are to a large extent portrayed in its national movies which could be the very explanation that they have difficulties to appeal to audiences in other nations (Taszman, 2005). However, since it was not possible to obtain data on screenings of other European productions at the cinemas,

no conclusive answers as to the reasons for this low market share could be given. The question therefore remains whether the number of screenings was too limited for audiences to see the movies or if in fact audiences simply were not attracted by what was offered.

This turns the focus once more to the audiences, their preferences, tastes and demands and the necessity for further research into how consumer decisions are formed. Since it was not the intention to focus this thesis on the role of the audience, the theoretical context on the formation of taste demand and supply was only discussed concisely in section 4.3. From that investigation it is merely possible to indicate that production decisions by Hollywood as well as repertoire choices by the leading distributors on the Norwegian market representing its films seem to focus on providing movies with a common-denominator that appeal to a large share of the audience. If it is intended to truly offer what the public wishes to see, it is however important not only to base repertoire decisions on assumptions about their tastes and expectation of cinema repertoire. Studies on audiences' attitudes towards the cinema like Film & Kino's recent analysis *Kampen om hjemmesitterne* ("fight for the couch potatoes") should therefore also enquire whether other films would lead to increased visits to the cinema, or even further directly enquire about which types of movies the audiences wish to see at the cinemas.

To the same extent that audience preferences are part of the equation of what accounts for Hollywood's success, also the movies themselves might hold valuable information which could be revealed through a textual analysis. It is therefore essential with further investigation in these areas to give a conclusive answer to what the reasons for Hollywood's domination of the Norwegian screens are. What this institutional analysis hopefully achieved to show is that, above all, the distribution link still steers today's market.

To conclude this discussion, Thomas Guback provides a thoughtful observation that is still valid after over 25 years, indicating what public policy – whether of cultural or trade-related nature – should focus on to change the imbalance in repertoire:

"Consumers, of course, are at liberty to select from what is on the market. But the shape of this market, including its range of alternatives, is the result of conscious efforts to structure and keep competitors in their place. American films and American companies are dominant, not because of the natural operation of marketplace forces, but because the marketplace has been made to operate in their favor." (1983, p.125).

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Appendix 1: Interview partners

1. Berg, Christin, Programming Manager, Oslo Kino, 2009 May 26
2. Hein, Christian, General Manager, Ski Kinosenter, 2009 May 8
3. Helgeland, Stine, at the time Executive Vice President Acquisitions and Distribution, Sandrew Metronome, 2009 June 25
4. Hellebø-Hansson, Sidsel, Norwegian MEDIA representative, 2009 May 27
5. Hoenvoll, Bjørn, Director, Nordisk Film Distribusjon, 2009 May 8
6. Hoffart, Åge, Head of cinema distribution, SF Norge AS, 2010 July 2
7. Jensen, Svend B., Managing Director, Arthaus, 2009 May 27
8. Jonassen, Erlend, Advisor, NFI, 2009 May 22
9. Lute, Thomas, General Manager, SF Kino Sandvika, 2009 June 23
10. Selmer, Torkel, Executive Vice President Acquisitions, Sandrew Metronome, 2009 June 25
11. Skogrand, Håkon, Film Advisor / Programming Manager, Film & Kino, 2009 May 12
12. Stensland, Jørgen, Head of Departement, Film & Kino, 2009 May 12
13. Ytre-Arne, Bjarte, at the time Head of release, NFI, 2009 June 30

Appendix 2: top 20 box office hits 2007 – 2009 according to country and distributor

2009

	Film	Country	Distributor
1.	Ice Age 3: Dawn of the Dinosaurs	US	20th Century Fox Norway
2.	Max Manus* (<i>Max Manus: Man of War</i>)	NO	Nordisk Film Distribusjon
3.	Männ som hatar kvinnor (<i>The Girl with the Dragon Tattoo</i>)	S	Nordisk Film Distribusjon
4.	Harry Potter and the Half-Blood Prince	US	Sandrew Metronome Norge
5.	Jenta som lekte med ilden (<i>The Girl Who Played with Fire</i>)	S	Nordisk Film Distribusjon
6.	Knerten (<i>Twigson</i>)	NO	Scanbox
7.	Julenatt i Blåfjell (<i>Magic Silver</i>)	NO	Sandrew Metronome Norge
8.	Angels & Demons	US	Walt Disney Studios Motion Pictures Norway
9.	Up	US	Walt Disney Studios Motion Pictures Norway
10.	The Twilight Saga -New Moon	US	Nordisk Film Distribusjon
11.	The Hangover	US	Sandrew Metronome Norge
12.	Inglourious Basterds	US	United International Pictures
13.	Luftslottet som sprængdes (<i>The Girl Who Kicked the Hornet's Nest</i>)	S	Nordisk Film Distribusjon
14.	2012	US	Walt Disney Studios Motion Pictures Norway
15.	Avatar	US	20th Century Fox Norway
16.	Slumdog Millionaire	UK	SF Norge
17.	Hannah Montana - The Movie	US	Walt Disney Studios Motion Pictures Norway
18.	Bolt	US	Walt Disney Studios Motion Pictures Norway
19.	Olsenbanden jr. Det sorte gullet (<i>The Junior Olsen Gang and the Black Gold</i>)	NO	Nordisk Film Distribusjon
20.	Transformers - Revenge of The Fallen	US	United International Pictures

* Only admissions for 2009

(Source: Film & Kino, 2010a)

2008

	Film	Country	Distributor
1.	Mama Mia!	UK	United International Pictures
2.	James Bond: Quantum of Solace	UK	Walt Disney Studios Motion Pictures Norway
3.	The Dark Knight	US	Sandrew Metronome Norge
4.	Max Manus* (<i>Max Manus: Man of War</i>)	NO	Nordisk Film Distribusjon
5.	Kautokeino-opprøret (<i>The Kautokeino Rebellion</i>)	NO	Sandrew Metronome Norge
6.	Indiana Jones and The Kingdom of the Crystal Skull	US	United International Pictures
7.	Sex and the City	US	SF Norge
8.	Kung Fu Panda	US	United International Pictures
9.	WALL-E	US	Walt Disney Studios Motion Pictures Norway
10.	Lange flate ballær II (<i>Long Flat Balls II</i>)	NO	SF Norge
11.	Fritt vilt II (<i>Cold Prey II</i>)	NO	Nordisk Film Distribusjon
12.	Madagaskar 2	US	United International Pictures
13.	Alvin and the Chipmunks: The Squeakuel	US	20th Century Fox Norway
14.	High School Musical 3: Senior Year	US	Walt Disney Studios Motion Pictures Norway
15.	The Chronicles of Narnia: Prince Caspian	US	Walt Disney Studios Motion Pictures Norway
16.	The Kite Runner	US	Sandrew Metronome Norge
17.	Bee Movie	US	United International Pictures
18.	Mannen som elsket Yngve (<i>The Man Who Loved Yngve</i>)	NO	Sandrew Metronome Norge
19.	National Treasure: Book of Secrets	US	Walt Disney Studios Motion Pictures Norway
20.	Hancock	US	Walt Disney Studios Motion Pictures Norway

* Only admissions for 2008

(Source: Film & Kino, 2009b)

2007

	Film	Country	Distributor
1.	Harry Potter and the Order of the Phoenix	US	Sandrew Metronome Norge
2.	Pirates of the Caribbean - At World's End	US	Walt Disney Studios Motion Pictures Norway
3.	Shrek the Third	US	United International Pictures
4.	The Simpsons Movie	US	20th Century Fox Norway
5.	Ratatouille	US	Walt Disney Studios Motion Pictures Norway
6.	Olsenbanden Jr. Sølvgruven hemmelighet <i>(The Junior Olsen Gang and the Silver Mine Mystery)</i>	NO	Nordisk Film Distribusjon
7.	Die Hard 4.0	US	20th Century Fox Norway
8.	Spider-Man 3	US	Walt Disney Studios Motion Pictures Norway
9.	Mr Bean's Holiday	UK	United International Pictures
10.	Elias og kongeskipet <i>(Elias and the Royal Yacht)</i>	NO	SF Norge
11.	The Bourne Ultimatum	US	United International Pictures
12.	Switch	NO	Sandrew Metronome Norge
13.	The golden compass	US	SF Norge
14.	Ocean's 13	US	Sandrew Metronome Norge
15.	Transformers	US	United International Pictures
16.	Tatt av kvinnen <i>(Gone with the Woman)</i>	NO	SF Norge
17.	300	US	Sandrew Metronome Norge
18.	Blood Diamond	US	Sandrew Metronome Norge
19.	Svein og Rotta og UFO-mysteriet <i>(Svein and the Rat and the UFO-Mystery)</i>	NO	Nordisk Film Distribusjon
20.	Night at the museum	US	20th Century Fox Norway

(Source: Film & Kino, 2008)

Number (percentage) of films by nationality:

USA	Norway	UK	Sweden	total
39 (65%)	14* (23%)	4 (7%)	3 (5%)	60 (100%)

* Max Manus has been counted twice, as it was both in the top 20 of 2008 and 2009

Number (percentage) of films by distributor:

Walt Disney	Sandrew Metronome	United International Pictures	Nordisk Film Distribusjon	20th Century Fox	SF Norge	Scanbox	total
14 (23%)	12 (20%)	11 (18%)	10* (17%)	6 (10%)	6 (10%)	1 (2%)	60

* Max Manus has been counted twice, as it was both in the top 20 of 2008 and 2009

Appendix 3: Cinema distributors in Norway and amount of films distributed for theatrical release 2007 - 2009

		2007	2008	2009		total	average	%
1.	SF Norge	32	23	36		91	30,3	13,4%
2.	United International Pictures	28	28	28		84	28	12,3%
3.	Sandrew Metronome Norge AS	27	31	21		79	26,3	11,6%
4.	Nordisk Filmdistribusjon	24	29	20		73	24,3	10,7%
5.	Walt Disney Studios Motion Pictures Norway	20	15	25		60	20	8,8%
6.	Arthaus	22	14	15		51	17	7,5%
7.	Oro Film	20	13	11		44	14,7	6,5%
8.	Scanbox	15	15	10		40	13,3	5,9%
9.	20th Century Fox Norway	15	13	10		38	12,7	5,6%
10.	Tour de Force	12	6	7		25	8,3	3,7%
11.	Action Film	9	5	7		21	7	3,1%
12.	Fidalgo	5	9	6		20	6,7	2,9%
13.	Euforia Film	-	8	10		18	6	2,6% (4,1%)*
14.	Filmoptimistene	2	3	5		10	3,3	1,5%
15.	Corianderfilm	2	4	2		8	2,7	1,2%
16.	SEG Distribusjon	-	3	1		4	1,3	0,6%
17.	Exposed	3	-	1		4	1,3	0,6%
18.	Europafilm	-	-	3		3	1	0,4%
19.	Nordic Digital Alliance	-	-	2		2	0,7	0,3%
20.	Kudos Family	-	-	1		1	0,3	0,1%
21.	Polkafilm	-	-	1		1	0,3	0,1%

22.	Bollywood	-	-	1		1	0,3	0,1%
23.	Hergel Film	-	1	-		1	0,3	0,1%
24.	Kinodistribusjon (former Kommunenes Filmcentral)	-	1	-		1	0,3	0,1%
25.	Fredrik Fiction	1	-	-		1	0,3	0,1%
total		237	221	223		681	227	99,8%**

(Sources: Film & Kino, 2008, Film & Kino, 2009, Film & Kino, 2010a, Medietilsynet, 2010)

*2,6% refers to an average share of releases from 2007 – 2009 as for all other distributors. Taking in consideration that Euforia only started up in 2007 and didn't release any pictures that year, as a point of reference, the average share of releases for 2008 – 2009 is 4,1%.

**due to rounding, the sum is not 100,0%

Appendix 4: Box office turnover per distributor 2007 – 2009

	2007	share 2007	2008	share 2008	2009	share 2009	average share
United International Pictures	152,2	19,2 %	252,0	27,5 %	129,1	12,4 %	19,4 %
Walt Disney Studios Motion Pictures Norway	148,2	18,7 %	151,4	16,5 %	191,1	18,3 %	17,8 %
Sandrew Metronome	158,9	20,1 %	147,3	16,1 %	169,8	16,3 %	17,3 %
Nordisk Film Distribusjon AS	60,2	7,6 %	119,1	13,0 %	250,7	24,1 %	15,6 %
20thCentury Fox Norway	96,9	12,2 %	66,1	7,2 %	139,7	13,4 %	11,0 %
SF Norge	109,7	13,9 %	100,2	10,9 %	81,6	7,8 %	10,6 %
Scanbox	19,2	2,4 %	33,6	3,7 %	35,4	3,4 %	3,2 %
Oro Film	22,0	2,8 %	6,6	0,7 %	8,2	0,8 %	1,3 %
Euforia Film	0,1	0 %	16,3	1,8 %	15,2	1,5 %	1,1 % (1,6 %) *
Arthaus	10,0	1,3 %	8,3	0,9 %	10,3	1,0 %	1,0 %
Andre (15)	13,9	1,8 %	16,7	1,8 %	11,0	1,1 %	1,5 %
Totalt	791,2	100,0 %	917,7	100,0 %	1042,1	100,0 %	99,8 % **

(Adapted from Film & Kino, 2009, p.31 and 2010a, p.45)

*1,1% refers to an average turnover share from 2007 – 2009 as for all other distributors. Taking in consideration that Euforia only started up in 2007 and didn't release any pictures that year, as a point of reference, the average turnover share for 2008 – 2009 is 1,6%.

**due to rounding, the sum is not 100,0%

Appendix 5: Film & Kino’s proposed model for digitisation

