

# Cultural Daily

Independent Voices, New Perspectives

## Welcome to the Golden Age of Cinema

Adam Leipzig · Thursday, January 3rd, 2013

*Sundance 2012 was a banner year—the beginning of a movie renaissance, but we didn't know it at the time. Here's what we got wrong, and why this year is shaping up to be even bigger.*

As Sundance 2012 wound down, at the end of January last year, a chorus of doubts rose among those who follow the movie business. The market appeared cautious, and few films had sold.

“What just happened?” one commentator wrote. Then he answered his own question: “Nothing.”

Well, he was wrong, so was I, and so was practically everybody.

Sundance 2012 was a banner year—the beginning of a movie renaissance, not indie film's death knell.

How did we get it so wrong? As the festival was closing at the end of January, less than 2 dozen deals had been done, only about a dozen of them with companies that could provide a viable theatrical release.

It seemed as though Sundance programmers' extremely fringy curation had got the better of distributors' commercial interests.

But Sundance 2012 didn't end in January. It continued in February. Then March. Then April. In fact, dealmaking on movies that screened at Sundance has continued throughout the year, with the most recent film picked up a couple of weeks ago. As of this writing, [according to my friend Ted Hope](#), who counts these things, 73 films were licensed for distribution.

That is a record.

It's the beginning of a new Golden Age of Cinema.

### Golden Ages

The original Golden Age of Cinema began with the introduction of sound in 1927 and lasted until the end of WWII, an 18-year period when filmmaking exploded and the major movie studios established themselves. Three tributaries joined to support this torrent of cinema: New technologies (sound and color), new business models (the studio system), and new creative talent (drawn from the theatre and from Europe).

Today's Golden Age combines these three forces once again.

*New technologies.* We now have fully operational digital filmmaking and digital distribution available to everyone—democratically inexpensive at the low-end, incredibly sophisticated and costly at the high end. Social media has become an essential tool in every aspect of entertainment marketing, and this technology also allows artists to be in direct contact with their fans as never before. We have crowdfunding, and soon crowdfunders will be able to participate in profits, too.

*New business models.* You can now see movies on any device or screen and, most importantly, the revenue model from each device has become predictable. Studios are making more substantial

investments in flowing movies through new technologies to audiences everywhere.

How can studios do this? They have cash. Studios are profitable again. This is part of [a regular cycle I have written about before](#) and called the Leipzig Hypothesis, which posits that the film industry's profitability — based on known milestones — for the last 100 years has followed a wave pattern which peaks with uncanny regularity in the middle years of each decade, then bottoms out in the decade's last years, only to rise again from the '0' year driven by new innovation.

Studios started to get more profitable because they cut production; they are now making 70% of the films they did five years ago. They've lowered their risk, concentrated their efforts and focused their marketing campaigns. Wall St. has responded, and in [2012 media stocks beat the S&P 500 by double digits](#).

### **New creativity**

The third requirement for a Golden Age is new creative talent. Here's where it gets even more interesting.

Just as the studios are getting more profitable and have cut back their rosters, their executives are starting to get bored. Executives need to express their creative side and they don't just want to make comic book movies and sequels. They're itching for new challenges, and they have more cash with which to take risks. So we are beginning to see some studio tightrope-walking—Warner Bros. partially financed *Cloud Atlas*, Fox took on *Life of Pi*, and Weinstein Co. put together *Django Unchained*. These are not studio movies. They are \$100 million independent movies.

Which brings us back to all the movies picked up from Sundance. That's just the tip of the iceberg. For 2013, there were 4,044 fully-completed feature films submitted to Sundance; programmers selected only 115. Even if more than half are licensed for distribution this year (and I suspect they will, over the course of the year), there are still another 3,929 other films not being screened. If only 1% of these 3,929 movies are commercial enough for niche audiences, they would fill the annual schedules of two robust distribution companies.

We are experiencing an explosion of filmmaking creativity the world has never seen before.

### **The shifting point**

Couple the creative cinematic explosion with new business models enabled by new technologies, and we have a fundamental shift in the movie industry that augurs a new Golden Age.

Today, a big hit movie may get 100 million audience members who pay an average of \$8 each. As the new age evolves, prices will go down—perhaps as low as \$2 per audience member, on average—but audience numbers will go up. Way up. *Gangnam Style* hit 1 billion YouTube views. Within the next decade, we'll witness the first feature film watched by 1 billion people—each of whom will have paid an average of \$2.

This is all happening now, emerging with each day, and will continue to play itself out in two weeks when Park City's population swells for Sundance 2013.

The next cinematic decade will be one for the ages.

*Image from Beasts of the Southern Wild, one of the hits of Sundance, 2012.*

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