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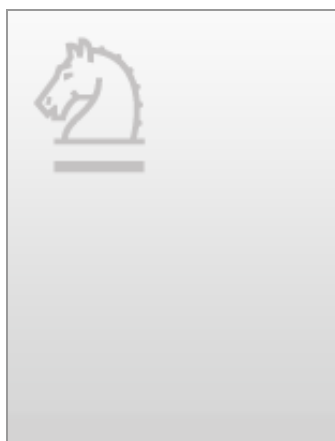
Digital Hollywood: How Internet and Social Media Are Changing the Movie Business

Abstract

The history of Hollywood runs in tandem with the history of technological development. The inclusion of sound, followed by that of color, along with the need to adapt to new audiovisual media (television and video), are milestones in the history of the largest entertainment factory in the world. Each of these forms of technological development in turn marked a growing pain or turning point at the time of its invention, by which the Hollywood industry was ultimately strengthened.

However, the changes over the last ten years have been both more fast-paced and more far-reaching than anything that came before. The digital revolution and globalization have transformed the film and TV industry in ways which could never have been foreseen. The big Hollywood studios have been forced to respond to the uncertainty—and potential for profit—prompted by the popularity of the Internet and the success of new digital platforms, especially among young people.

This article is an attempt to trace the framework of present and future challenges facing the entertainment industry, as a step forward in relation to previous researches. First, I will examine the defining features of the emerging consumer profile and address the most significant elements of the new digital economy, epitomized by the ‘long tail market’ model. Secondly, I will describe the Hollywood reaction to this new digital scenario and discuss on the business models adopted by major American studios in relation to the downloading of films and TV programs. Thirdly, I will approach the substantial changes in the movie value chain. Finally, I will draw some concluding remarks to frame the changing physiognomy of the entertainment industry and the search for the right business strategies.



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