

# Budgeting and Cost Control in Film Production: Balancing Creativity and Financial Viability

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**Abstract.** Film budgeting and cost control are significant aspects of film production where it is the responsibility of the production managers and the filmmakers to balance creativity with financial viability. Independent films, for example, manage to produce impactful movies within budget and use multiple, effective cost-control strategies. The paper thus highlights and discusses the aspects of film budget and their impact on the film and their ability to generate profit. The paper includes a literature review to address the existing studies in the field, which can help us to address the problem in a more detailed way. Afterwards, the paper includes the analytical framework where case studies are discussed, followed by limitations and future outlook. Many a time, filmmakers spend more money than they decided due to poor planning and include elements that can be easily avoided to balance the budget. The paper thus also locates and discusses multiple cost control strategies that filmmakers can use to plan and budget their films. It also includes multiple examples of small and high-budget films where effective and ineffective budgeting strategies have been discussed.

**Keywords:** Film-budgeting, cost control, independent films, high-budget films.

## 1. Introduction

Film budgeting is the process through which production companies and managers prepare a detailed budget for film production and outline the cost of different elements. It is often said in the film industry that if someone makes money through a film, it is business, but if someone loses money through film, it is an art form [1]. Although the truth of this statement will be hard to verify, it is understandable that the film budget and financial challenges play a significant role in the outcome of a film. Production and budgeting are in fact the first things that a film needs. As soon as the idea of the film is born, people come together to discuss the cost and gather funding. Afterward, they allocate the budget to specific places, such as outdoor shoots, casting, post-production costs, costume, and make-up among other things. Thus, they directly affect the outcome of any film. For example, science fiction and thriller films are allocated more budget in post-production than documentaries or drama. In addition, independent moviemakers make movies on a budget while movies from major production companies, such as Disney or Warner Bros. can cost a lot more. Although, this does not determine the worth of the movie, the more people and techniques involved in a movie the more expensive it will be. There are multiple strategic advantages and disadvantages associated with low-budget and independent filmmaking models in comparison to larger productions funded by major studios. The thesis statement of this essay is that film budgeting is an important aspect in the filmmaking process and cost control can be an effective way to produce good movies without the support of any major studio. The paper thus aims to examine and discuss the process of budgeting and cost control in film production. In addition, it will explore how independent films and larger productions differ from each other in the context of budgeting along with highlighting their advantages and disadvantages. The paper will also highlight the effects of budget control and the relationship between creativity and financial viability.

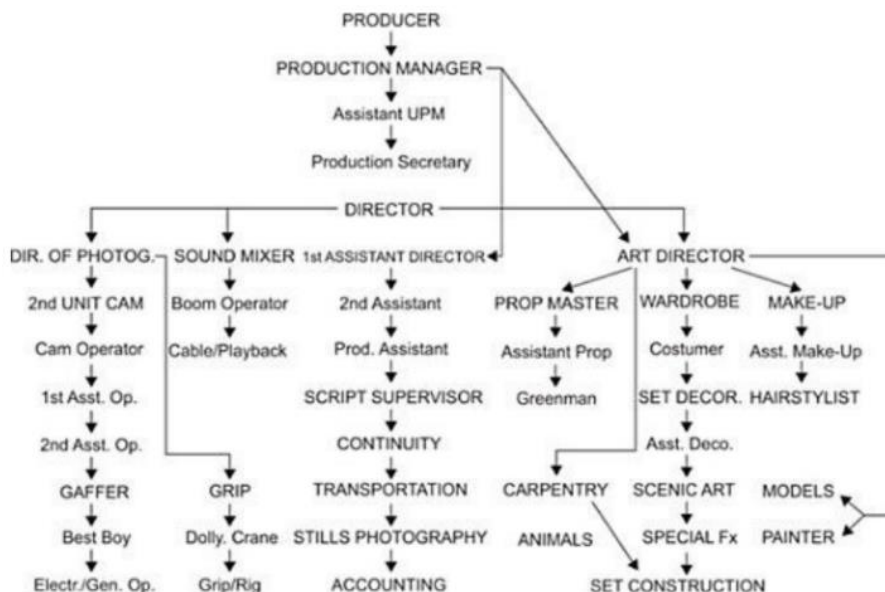
## 2. Literature Review

Film budget can refer to both the total amount of money that filmmakers have raised for making a movie, or the division and allocation of that money among multiple aspects such as screenwriting,

pre-production, set construction, casting, costume design, post-production, advertising, and wardrobe costs. As Montaner mentions in his book on film production, the contemporary digital and technology-enabled world has brought many changes and altered the entire landscape of the film industry [2]. For example, James Cameron's blockbuster film *Avatar* managed to generate more revenue and became popular with its use of technology. The post-production editing of the film and the set design were both expensive and time-consuming. These factors definitely contributed to the success of the movie. The study by Pangarker and Smit where they used a multiple regression model to examine the relationship between the success of films with different variables, reported that the production cost variable was positive and significant in relation to revenue [3]. They mentioned that big-budget movies managed to generate more revenue because of their inclusion of big stars, special effects, expensive locations, and large advertising budgets. For example, Marvel, which is a part of Disney Studios, and DC, which is a division of Warner Bros. both focus on superhero big-budget movies where star actors, locations, computer graphics, and advertising play significant roles in generating revenue. In fact, these two studios have created a monopoly in this genre where other independent and low-budget filmmakers have repeatedly failed to make a mark. Thus, the article by Foster asserts that both Marvel and DC have formulated their internal corporate structures, production, and marketing practices in a way that has modified the recent socio-cultural factors to influence the success of their movies [4]. However, big budgets, star actors, and technological advancement are not the only ways through which a movie can be successful. The study by De Vany and Walls asserts that including star actors and using more money in production does not guarantee success, rather many times low budget movies have become more popular than their more expensive counterparts [5]. Another difference between big and low budget movies is the star actors. Many big-budget studios focus on differentiating their productions with the use of star actors, where they could have easily used any other actor. The American motion pictures industry is structured in a way where star presence increases revenues because of which major studios rely on a modified star system, increasing the budgets of their films [6]. Thus, the discussion of the past studies provides and help to build a knowledge about the relationship between the outcome of movies and their budgeting.

### 3. Analytical Framework

Movies create a make-believe world where a narrative is placed, and budgeting is the primary aspect behind this creation of a new world. Film budgeting and cost allocation is a complicated and tedious process that requires months of prior planning and designated work for a group of people. According to Figure 1, a production team consists of firstly a production coordinator, production assistant, secretary, accountant, runner, executive producer, unit manager, and many others [7]. Each of these people has a separate role to play and contribute to maintaining order. For example, the duties of a unit manager are to coordinate and oversee the preparation of the assigned production units along with coordinating the budget, outlining a preliminary shooting schedule, survey locations, overseeing transportation and housing cost of cast and crew, and maintaining a connection with local authorities among others [8].



**Figure 1.** Film production management [8]

A movie can be divided into three structural parts according to its budgeting, namely pre-production, production, and post-production. During pre-production, screenplay breakdown, shooting schedule, budget, union, casting, location scouting, permit clearance, equipment stock and rental, payroll, and unit supervision is done. Afterward, the movie starts, when all the planning is realized, and the budget of the movie is mostly used. In the post-production scenario, editing and visual effects are significant along with advertising and distribution. All these elements play a significant role in the outcome of the movie and highlight whether the film managed to balance creativity and financial viability or not. In fact, for different genre movies, specific elements matter more and help in emphasizing their cinematic qualities. For example, science fiction films rely more on post-production than other films, action films rely more on equipment stock and location, while horror and thriller movies rely more on mis-en-scene elements, such as lighting, costume, and make-up. Thus, production managers need to know and understand the narrative and the vision of the director to budget a film. It also allows them to evaluate the importance of different elements and outline a cost-control strategy, suitable for the specific film that they are shooting.

There are different cost-control strategies that films can incorporate at different stages of the filmmaking process without harming the outcome. The first thing in the process is organizing the cash flow and having a plan according to which cost-cutting will be addressed [9]. The cost-cutting is planned in the pre-production where the production team will still have time to change and modify elements. One of the easiest costs cutting in filmmaking processes is to ignore elaborate scenes that require multiple props and people along with avoiding location filming in remote or commercial areas. However, many a time these things are important in the narrative process or in building a cinematic universe. In such cases, instead of creating a live elaborate scene, it can be formulated through visual effects. Similarly, commercial, or remote shooting locations can be either created within production studios or through computer graphics. These techniques are in fact becoming rapidly popular in the contemporary world where technology has made it easier to enhance the cinematic world. For example, the film *Blade Runner 2049* creates elaborate and extravagant places through visual effects which are more realistic than the first part of the movie, which was released in 1982. In fact, most big-budget films are science fiction films where the filmmakers are required to use exotic locations and money to build extravagant sets. Even visual effects through green screens need a lot of time and money to create desired effects. Shooting a scene in a popular place, such as the Golden Gate Bridge or Time Square requires controlling the traffic and the people, which is both time-consuming and expensive. Thus, instead of going through that, the filmmakers can modify the place, shoot the scene in close-up, or adjust the scene in post-production. Films can also save money by promoting new talents instead of including well-established and popular actors. For example, many big-budget films

such as *Jungle Cruise* (2021) could have included any other actress than Emily Blunt to save money since the narrative did not require anything specific that the actress provided, except her well-established fame. Limiting the manipulation of light or camera, using fewer props and crowds, and using a non-union crew can also help save costs as long as they do not compromise the quality of the film significantly.

High-budget films focus less on cost control and more on the grandeur of their films. The success of high-budget films thus can be judged on whether they managed to generate enough revenue to make a profit or not, since these movies are riskier than other films and harder to generate profit. As the study on the success of Hollywood movies from 1929 to 1999 suggests (shown in Figure 2), during the 1990s, only 50% of films were profitable compared to 66% of films in the 1930s [10]. This highlights that as the popularity of major studios and their grandeur started to rise, the profit numbers started to fall. This can be the result of multiple things, such as the lack of advertising, the changing taste of the audience, lack of a good narrative or director, relying too much on star power, expensive ticket prices, focus more on the form than content, and both national and international collection. Since the budget of the movie is more, the filmmakers need more and more people to come and watch the movie and theaters to run the movie for a longer time period. In, independent and low-budget films, films easily generate profit because they only need to impress a targeted audience and bring them to the theatre, while big-budget movies target the mass population. For example, the superhero films of Marvel and DC, such as *Batman* and *Iron Man* target the mass population and provide them with a cinematic experience rather than trying to impress them with the story or creativity. Here, creativity is explored in the way the movie is realized and advertised. However, many a time, these high-budget films also fail at the box office and highlight the importance of overall creativity above grandeur. One of the examples can be *Black Adam* (2022) which managed to generate only \$387 million globally after seven weeks on the big screen where it cost \$195 million to produce, excluding the advertising and promotional costs [11]. The film thus failed to generate the expected profit due to several reasons other than the massive budget to recover, such as lack of originality, relying on a star, poor script, one-dimensional antagonist, and a passive protagonist among other things. For example, the story and the presentation of the movie heavily relied on the previous superhero films and although the characters were new, they reminded the audience of the already established characters, rather than showing something new. In addition, the antagonist was given no narrative of their own, for example, like the *Joker*, which can allow them some humanity and complexity. Even the protagonist was portrayed as passive and was given no mission and no sure purpose. Thus, it is important for even big-budget films to take into consideration these things and plan the movie accordingly.

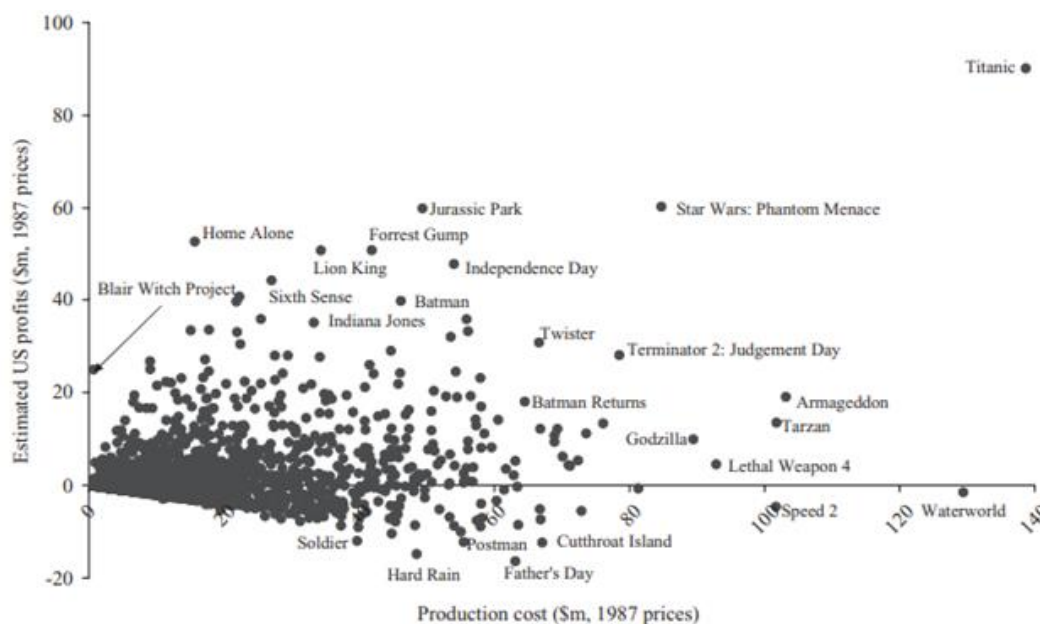


Figure 2. Scatter of US profits against film cost (1987 prices) [10]

Although independent films manage to produce movies within a budget, there are multiple advantages and disadvantages to them. Independent films plan and use cost control strategies which reduced their financial risk and make it easier for the film to become successful along with allowing more creative freedom since they are not tied to the values of any major studios [12]. Some examples of successful low-budget Hollywood movies are, *Little Miss Sunshine* (2006), *Whiplash* (2014), *Moonlight* (2016), and *Get Out* (2017) among others. These movies take less time to shoot, they are made for a target audience and use limited distribution and advertising options. Low-budget movies spend more hours in planning and creating the movie in pre-production, than they take in actual production. For example, although *Moonlight* took only 25 days to shoot with a budget of only \$4 million, the filmmaker, Jenkins mentioned that he conceived the project approximately three-and-a-half years ago [13]. *Moonlight* includes a few numbers of characters, no outdoor or extravagant locations, no visual effects, and no star actors. However, the story of the film which centres around the experience of a queer, African American boy from childhood to adulthood highlights and addresses many social and mental issues that they go through. The cinematography of the movie, including the use of camera, light, audio, and symbolic representations like the ocean shows the brilliance of the director and the capability of the actors. Since the movie is not related to any major studios and investors, it allowed the director more creative freedom to explore and experiment with new and unconventional storytelling techniques along with taking more risks. For example, Jenkins tells the story through three separate chapters which is a very straightforward, but at the same time, very unusual way of storytelling. Since low-budget and independent films have less money, they come up with new ideas and solve problems with creativity instead of depending on a greater budget. However, these films also face many limitations, such as lack of access to resources, limitations in distribution, and low budget for advertising. Nevertheless, if they manage to impress the target audience, the films reach popularity through strong word-of-mouth.

#### **4. Limitations and Future Outlooks**

Budget planning and cost control are significant aspects of filmmaking that allow the makers to envision the project before they start working on it. Freeing a film from budgeting issues not only allows the makers to move forward without complexities, but also allows them to explore new ideas and share new experiences, thoughts, and feelings [14]. Poor planning and unforeseen consequences also often lead movies to fail. For example, the 1975 film, *Jaws* failed to consider the damage the weather and salt water will do to props and cameras, which forced the film to go over budget since they had to pay extra, unplanned money to buy new equipment and repair damages. Another famous, high-budget film that went over budget for poor planning is Disney's *Tangled*. The film cost \$260 million to produce and generated a profit of \$586 million at the box office (Pangarker). The film took years to make and was rewritten multiple times. In comparison to *Tangled*, other popular Disney movies such as *Frozen* (2013) and *Moana* (2016) cost approximately only \$150 million each. Although this paper can help in highlighting the responsibilities of the production teams to research and plan the cost of the movies accordingly to avoid these types of repercussions, it also has some limitations. For example, the sample size that the paper talked about is limited and was not discussed in great detail. Both big and low-budget movies have the potential to succeed, but due to limited time and resources, the paper failed to discuss them properly.

This paper thus can help them and film researchers to get an idea about film production along with the relationship between creativity and budget. This can also help filmmakers and stakeholders to make informed decisions about their cost control strategies and decide their priorities before starting production. The paper can help future researchers to use this as a foundation on which they can build more appropriate and detailed studies. Since it discusses cost control strategies, it can assist filmmakers to focus more on the content and experiment with new styles, rather than focusing solely on including star actors and extravagant sets. The paper also talks about the changes that the contemporary world brings to film budgeting, which needs to be considered to make proper planning.

## 5. Conclusion

In conclusion, it can be said that film budgeting is an important aspect of the filmmaking process and cost control can be an effective way to produce good movies, such as independent films without the support of any major studio. The paper thus argued that low-budget films, such as *Moonlight*, focus more on creative freedom and experiments, rather than spending money on star actors, costumes, sets, and visual effects. It also concluded that many big-budget movies fail to even make any profit at the box office because of their riskier venture and failure at focusing on more important elements, such as story, targeted audience, and experimentation with the form. Thus, it can be said that the paper successfully explored and analysed the process of budgeting, cost control, and the relationship between creativity and financial viability in film production. It also addressed the difference between big and low-budget films along with discussing their advantages and disadvantages. The significance of the paper is thus vast to filmmakers, production managers, and investors who need to gain knowledge about the ways through which they can make more impactful movies on a budget.

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