

Strategies Responding to the Uncertainties in the Hollywood Film Industry—A Case Study of Movie “Jurassic World (2015)”

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Abstract. The Hollywood film industry is renowned for its blockbuster successes and devastating failures, characterized by highly variable uncertainty. The uncertainty inherent in this industry stems from various sources, including unpredictable audience tastes, rapidly evolving technology, and dynamic market conditions. This paper explores the impacts of product line uncertainty from the perspective of environmental state uncertainty, organizational effect uncertainty, and decision response uncertainty, similarly applied in the Hollywood film studio. Despite these challenges, some films manage to not only survive but also thrive in this highly competitive environment. This paper examines the strategies employed by Universal Pictures during the production and release of the movie “Jurassic World”, a groundbreaking film directed by Colin Trevorrow. By conducting a detailed case study of “Jurassic World”, this study aims to shed light on the strategies that enabled the film to respond effectively to uncertainties in the Hollywood film industry.

Keywords: Hollywood, Uncertainty, Strategy.

1. Introduction

1.1. Research Background

As a product of creativity, film is often characterized by uncertainty in the industry. Many film works are launched and released in the market, while contemporary Hollywood suffers a lot from the illusion of aggregation.

According to the investigation by Pokorny, from 322 in 1988 to 707 in 2015, the total number of movies released on the North American market climbed by 120% [1]. In contrast, the number of movies released by the majors fell by 23% from 1988 to 2015 [1]. These changes have taken place in the past ten years where the percentage of film income coming from theatrical release has decreased, from roughly 43% in 1988 to just 25% in 2015, and where the contribution of international markets has increased, from 45% of the majors’ global theatrical revenues in 1988 to 61% in 2015 [2]. The general trend of the release rate from 1988 to 2015 demonstrates the declination and stagnation of the domestic box office in Hollywood, but robust growth in the international box office has more than made up for it. Hollywood’s ongoing dominance of the domestic market and growing presence in international markets is a great turning point in the industry environment.

Just as William Goldman’s well-known phrase regarding the film industry, “Nobody knows anything”, neither the filmmaker nor the audience can predict if the film can become a hit. This industry has witnessed a significant turning point with Hollywood’s continued dominance in the domestic market and its expanding presence in international markets. There is no certain formula in Hollywood to make a blockbuster, but the way to make strategies to counter the uncertainties matters. The complex interplay of these factors sets the stage for exploring strategies to navigate the uncertainties in the Hollywood film industry, using the “Jurassic World case study.”

1.2. Literature Review

Walls and De Vany’s research paper “Uncertainty in the Movie Industry: Does Star Power Reduce the Terror of the Box Office?” found that star power can mitigate the pervasive uncertainty that plagues the film industry [3]. Walls explores this inquiry about star power by examining the impact of star actors on a film’s box office performance. He discovered that well-known stars can provide a

degree of predictability and reduce financial risks. Wall presents empirical research and a sufficient database to illustrate the effect of stars in two ways: the theater screen at the opening and the extraordinary performance elevating the film above the average. Filmmakers can employ the proper strategy to counter the uncertainties. Meanwhile, as a complex product, the audience determines the movie's fate after release.

In *Uncertainty and Contractual Hazard in the Film Industry: Managing Adversarial Collaboration with Dominant Suppliers*, Watson states that under situations of uncertainty with high levels of pre- and post-contractual risk, this issue of supplier self-interest is amplified for purchasers [4]. Watson particularly explains why uncertainties make the film industry difficult under the condition of symmetrical power relations between the buyer and the supplier. The release date of "Jurassic World", as the example mentioned in Watson's journal, implies the importance of timing decisions to resolve the variation of the market demand.

Pokorny and Sedgwick mainly focused on a specific aspect of uncertainty management by examining the profitability of film sequels in Hollywood between 1988 and 2015. Pokorny and Sedgwick's research utilized a comprehensive dataset and rigorous quantitative analysis, including over 400 films, to investigate the relationship between sequel production and studio profitability [1]. This research provides important industry trends in the historical context, pointing out the significant changes that sequel movies encountered. Their findings reveal that sequels are a strategy to manage uncertainty but do not guarantee profitability. The longitudinal research period fits the release period of the trilogy Jurassic World, so it particularly portrays the industry's environment during this period.

While existing research has explored various aspects of the general trend and uncertainty in the film industry, a gap exists in understanding how major studios respond to these uncertainties, particularly in the context of high-budget franchises like "Jurassic World." Most studies focus on star power, supplier relationships, and sequel profitability, but there is limited research on the holistic strategies employed by major studios or a specific case to address uncertainty comprehensively.

1.3. Research Framework

To abridge the research gap, this study will start with a comprehensive understanding of general uncertainties caused by the industry environment via analyzing three different scenarios. Then, it specifies the possible challenges that Jurassic World may face in Hollywood around 2005. Furthermore, this study proposes more specific strategies like star power, timing decisions, and market variation of film "Jurassic World" to fix the above-mentioned problems. Lastly, this research reevaluate the strategies utilized by Jurassic World team as further discussion.

2. Case Description

"Jurassic World" is the fourth installment in the iconic "Jurassic Park" franchise, which began with Steven Spielberg's groundbreaking film in 1993. The 2015 movie Jurassic World was written by Rick Jaffa and Amanda Silver, directed by Colin Trevorrow, and starred Chris Pratt and Bryce Dallas Howard. A few years ago, before the release of Jurassic World, Colin Trevorrow was a director with only a few low-budget film projects. Undoubtedly, Universal Pictures boldly decided to invite such an unknown director to helm such a large-budget film. Jurassic World budgeted about 170 million USD as the most expensive film in the sequel and grossed 1.671 billion USD in box office revenue worldwide. Jurassic World sets the story on the same site as the fictional island in the original 1993 film. Despite InGen's guarantees about the park's safety and ability to maintain control, the movie emphasizes the unavoidable calamity of bringing thousands of guests into contact with dinosaurs. Jurassic World transports the audience to a working dino theme park as a wonderful science fiction film. Even though the ticket price is hyper-inflated, Jurassic Park was legendary at the opening weekend, even breaking the box office record in the domestic region and worldwide.

3. Analysis of the Problem: Current Situation of “Jurassic World”

To understand the specific challenges that “Jurassic Park” faced, this study will use Milliken’s three categories of uncertainties as a framework for analysis. Milliken’s (1987) three kinds of uncertainty on product line can be simplified into environmental state, organizational effect, and decision response uncertainty.

3.1. Environmental State Uncertainty

The environmental state uncertainty affects the whole industry and all businesses equally. It reflects the overall degree of complex volatility in the environment, exemplified, for instance, by rapidly changing trends in Hollywood [2].

The environmental state uncertainty that Jurassic World would face can be contented into two perspectives: the performance of distributors and the rate of return of high-budget movies.

The market's size increased with each new distribution channel launched, and by the middle of the 2000s, a typical movie was only receiving 20% of its income through theatre distribution [1]. Big-budget movies were now more likely to recoup their expenditures thanks to the rise of these post-theatrical distribution channels, making it more practical to focus production on a smaller number of high-profile movies.

Between 1988 and 2015, the big studios increased the average real budget of their films by 150%, going from \$20.1 million to \$50.3 million [1]. However, a high budget doesn’t guarantee high profitability since the opportunities generated in the risky environment leading to profitability are highly variable.

3.2. Organizational Effect Uncertainty

Most of the time, organizational effect is attributed to the manager’s incapability to foresee the trends and environment of the industry. Due to this ambiguity, it is difficult to predict a specific environmental condition or event’s impact on a given organization [2]. Understanding the differences in consumer demand and coordinating the product's release appropriately are two Hollywood film industry solutions. As a backup plan, take into account the competition for this scheduling choice [2]. Studios apply both strategies. However, neither strategy—even when used in tandem—can give the studios the security they need. In order to increase the potential box office, they create a number of cooperative collaborations. The timing of the release of new movies to coincide with particular seasons [2] helps studios maximize their marketing efforts in addition to stagger release dates to prevent high-profile competitors from going head-to-head. Again, doing this increases the likelihood that the product will succeed.

The potential audience is halved or one of the movies loses out completely when two or more big-budget pictures have the same release date [5]. Jurassic World didn't debut until mid-June, approximately a six-week loss, and it will soon be up against a number of other potential blockbusters [5]. Also, some other stiff competitor, like the final serial of HBO “Games of Thrones” directly influences ticket sales of theatrical release. It's important to note that while a release's timing may influence its potential profitability, perfect planning cannot guarantee success. Studios work hard to aggressively brand their films in an effort to differentiate out from rivals. This may be accomplished by the central idea of the movie, or the "talent" used [2].

3.3. Decision Response Uncertainty

"A lack of knowledge about response options and/or an inability to predict the likely consequences of a response choice" [2] are two ways that the decision-response process might be uncertain. This kind of uncertainty is a reflection of both how difficult it is to forecast the outcome and how expensive it may be to make the incorrect judgments.

Trevorrow burst onto the scene in 2012 with the less than \$1 million comedy Safety Not Guaranteed, which grossed just \$4 million. However, Steven Spielberg handpicked him to take over

the long-dormant Jurassic Park franchise. Trevorrow reteamed with writing partner Derek Connolly to rewrite the story and script [6]. Though Trevorrow achieved a nice achievement in his domain, he was still considered an inexperienced director for a big-budget franchise film. Trevorrow must experience the transition from a small independent film to a large film and continue the legendary franchise created by Steven Spielberg. It's a huge gamble for Universal Pictures to entrust an untested director who is the most important decision maker to affecting the product's quality. For a big-budget film, the higher the cost of potential mistakes, the higher the level of decision response uncertainty. According to Miller's decision response uncertainty, the uncertainty is positively correlated to the program's cost, which means more risks of recouping the sizeable investment [2]. Especially under the condition of lack of newness as the fourth film of the Jurassic Franchise, Trevorrow faced a great challenge to wake the long-dormant significance.

4. Suggestions

4.1. Star power- Everybody loves Chris Pratt

Vany's research claimed that the power of a star increases the prospect of a movie at the opening screen as a conventional Hollywood strategy. In addition to the opening power, the star may have the performance capacity to bring the quality of the film to an extraordinary level [7]. In the case of Jurassic World, the new film take place 22 years after the theme park opened. Therefore, it's predictable that the attention went down a bit, so they decided to come up with a new attraction, Chris Pratt, to bring more people in. In the early 2010s, Chris Pratt gained his mainstream fans his role as Andy Dwyer on the TV show "Parks and Recreation," and further became a superstar by leading roles in the blockbuster film "Guardians of the Galaxy". In Trevorrow's 2015 Jurassic Park, the big name is one of the key points to win the audience. The director Trevorrow harvested a huge wave of traffic by tweeting a close-up picture of Chris Pratt without dinosaurs, supporting casts, or other context as the publicity image. The Jurassic series was used to rely on less known actors and more attention on dinosaurs. Meanwhile, some critics state that the film's dinosaur theme might distract from it. Besides Chris Pratt, the cast team, in general, is very solid in support of the film.

4.2. The Timing of Releasing

The success of the box office revenue of Jurassic Park largely contributes to the right decision to release for the increasingly important opening week. In the present Hollywood market, a film's total box office for its entire theatrical run largely depends on its opening week. According to Vany's research in "Uncertainty in the Movie Industry", about 65-70% of movies make their maximized box office revenue in the first week, illustrating the importance of the first exhibition. The case of Jurassic Park in 1993, when the film stayed in the theater longer than today, is a completely different case, in which the grossed box office revenue is 7.6 times that of the opening weekend [7]. However, the case is incorrect and not applied to Jurassic World in 2015, so the timing and way of releasing become the determination. The strategy of considering the potential competition and market demands can counter organizational uncertainty. Universal Pictures didn't release Jurassic World until June 12, 2015, consider a later release date than expected. Compared to The Avenger, the late release lost 6 weeks of stay in the theater [7]. However, the movie's delayed start could potentially work to its advantage. Kids can watch movies on weekdays now that school is out. In fact, the movie's first Monday earnings of \$25.3 million broke the previous record for a non-holiday Monday [8]. Furthermore, the late release date helps Jurassic World stand out from competitors. A few modest hits have made their premiere since Avengers: Age of Ultron on May 1, according to St. James, but no other movie has made more than \$200 million at the box office. In addition, films like Tomorrowland that had the potential to be huge hits ultimately failed to leave an effect [9]. Only Jurassic World fulfills the public's desire for a major summer blockbuster.

Additionally, St. James reported that Universal Pictures debuted Jurassic Park in about 4247 theaters, almost the widest release in Hollywood studio history. The large scale of debut in theaters significantly contributes to the biggest opening record.

4.3. Jurassic Park Franchise

Existing studies by Bates indicates that franchise movies are more likely to survive and have further development potential than nonfranchise young film in this turbulent industry [10]. Lower risk of failure and clearly larger potentials are unique characteristics of franchise films that effectively counter the decision response uncertainty. A parent franchisor brings higher profitability in various dimensions and longer longevity in the Hollywood market. As the director of Jurassic World, Trevorrow has to perceive fewer job risks in moving towards greater variety with emerging market trends [2]. Trevorrow is dedicated to strategically bringing star power and waking up the franchise to theme park. More specifically, the sequel of the dinosaur's movie makes the audience continuously return to the theme park. Reciprocally, what makes people get tickets to watch the movie is also the theme park. Casting the plot of Jurassic World, Trevorrow grasped enough attention from the audience with the approach of franchise fan service. By strategically embracing the franchise's elements, "Jurassic World" tapped into the nostalgia and storylines that kept audiences returning to the theme park and cinema. It might be criticized as a blockbuster cliché and considered disappointedly by fans and critiques from the perspective of the quality of the film itself. However, there was no doubt that Jurassic World revived the whole series. Most importantly, Jurassic World continuously benefits from the original franchise setting with compelling story and character work.

5. Conclusion

5.1. Key Findings

This research elucidates the intricate web of uncertainties enveloping the Hollywood film industry. By examining the strategies deployed by Universal Pictures in the production and release of "Jurassic World," the author uncovers valuable insights into mitigating these uncertainties. Key findings emphasize the significance of star power, optimal release timing, and franchise potential in navigating the industry's turbulent condition.

5.2. Research Significance

Starts, budgets, genre, filmmakers, and opening screens are all associated with each other to the probability that a film can be a blockbuster in a Hollywood studio. This research is significant, offering actionable insights for Hollywood studios and filmmakers. It underscores the pivotal role of strategy in overcoming industry uncertainties, potentially transforming decision-making processes, and enhancing industry performance.

5.3. Limitations

This research is lack of quantitative analysis and primary sources. Future research should employ primary data and explore recent industry developments, particularly during the COVID-19 pandemic, to provide a more current perspective. The Jurassic World sample case was released in 2015 and is outdated for the present research. Particularly with the pandemic's strong impact, Hollywood studios made earth-shaking changes. The study based on Jurassic World can merely demonstrate the most general characteristics of the industry but lack timelessness. In conclusion, this paper presents an enhanced and refined exploration of strategies to confront uncertainty in the Hollywood film industry, using the "Jurassic World" case study as a beacon of illumination.

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