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Will the Entertainment Industry Survive COVID-19?

**By: Gladys Zakharova*



The pandemic has put film and television production on pause worldwide.[1] The European Union suffered a “69.0% drop in box office numbers in 2020,” which amounted to “€4 billion [in losses] compared to 2019.”[2] The EU implemented the “MEIDA sub-program of Creative Europe,”[3] among other programs, which provided funding “for film and TV projects, cinema networks, film festivals, audience development, training measures for audiovisual professionals, access to markets, distribution, video game development, online distribution, and international co-production funds.”[4] The United States has likewise passed a bill on December 21st, 2020, which includes funding for movie theaters and live venues.[5] This could potentially save “70 percent of small and midsize theaters that would otherwise be forced to close or file for bankruptcy protection.”[6] This bill also provides unemployment benefits for former employees who relied on freelance jobs for extra income.[7]

Countries outside of the US have also taken massive hits to their film and television revenues.[8] The United Kingdom passed an emergency insurance film and television fund for \$676 million, with countries such as Canada, Australia, France and Austria following its path.[9] The Korean government tried to promote movie watchers attending viewings in cinemas after their re-openings by offering coupons.[10] Other countries have not yet taken steps to fund their entertainment industry. “India’s Bollywood” took a hard hit with

practically no funding given to their cinemas, producers or distributors.[11] Nonetheless, the countries implementing insurance packages seem promising as studios are starting to fill “to around 80 percent of pre-lockdown capacity.”[12]

Meanwhile, streaming services such as Netflix have flourished since the pandemic has started, since people had far less to do during the pandemic and most activities were limited to being indoors. Netflix was “up nearly \$100 billion in 2020 alone,”[13] which brought it to one of the “20 largest companies on the S&P 500.”[14] However, streaming services that produce content, like Netflix, have also faced conflict.[15] But, even with their inability to produce new original content, these streaming services will long out live in-person movie theaters if the pandemic restrictions continue. Netflix and Amazon Prime Video have gained popularity in countries such as India and China as streaming services are estimated to grow 12% in revenue by 2025.[16] Theaters will slowly open up, for example, select movie theaters in New York City opened at 25% capacity on March 5, 2021.[17] However, it will take time for theaters to get back up on their feet, especially with limits on capacity.

Annual events that are crucial to bringing in revenues in the entertainment industry are also at a halt. It is uncertain whether the Tribeca Film Festival in New York City or the Cannes Film Festival will take place this year.[18] The French government has prohibited gatherings of more than 1,000 people.[19] If this restriction is not lifted, then there will be no Cannes Film Festival in France this year, and this will effect filmmakers and performers, as well as publicists and agents who promote movies and sell them to distributors.[20] American artists have cancelled or postponed concerts overseas,[21] Disney has shut down its parks across Asia, although parks in the United States are open,[22] and sports events worldwide have been cancelled.[23] These cancellations and delays have left hundreds of workers in the entertainment industry without income. The in-person events that have been cancelled due to the pandemic impact not only artists, producers, and the like, but also people who work for the venues and profit off of such events. If entertainers go out of business, this also effects employment for entertainment lawyers, and so on.

We can stay optimistic that government funding, both in the United States and throughout countries internationally, will keep entertainment businesses afloat until the pandemic settles. Experts predict that people will rush to movie theaters once they are open,[24] however many may be scared to sit in a room full of people for long periods of time. The reality is, from the outset of the pandemic to the present day, we remain uncertain of the long-term effects that COVID-19 has triggered. The countries that have prioritized funding for their entertainment industry will have an easier time salvaging it in the long run. We can only try to prevent the end of the entertainment industry with governmental funding, private funding, state and local funding, as well as being open as the consumers, to attending events to support our favorite artists and film makers.

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[1] Sheppard Mullin Richter & Hampton LLP, *The EU's Initiative to Redress the Effect of COVID-19 on the Entertainment Industry*, The National Law Review (Feb. 22, 2021), <https://www.natlawreview.com/article/eu-s-initiative-to-redress-effect-covid-19-entertainment-industry>.

[2] *Id.*

[3] *Id.*

[4] *Id.*

[5] Scott Roxborough, *Amid Rising COVID Cases, International Governments Provide Long-Term Aid to Local Entertainment Industries*, The Hollywood Reporter (Jan. 7, 2021), <https://www.hollywoodreporter.com/news/amid-rising-covid-cases-international-governments-provide-long-term-aid-to-local-entertainment-industries>.

[6] *Id.*

- [7] *Id.*
- [8] *Id.*
- [9] *Id.*
- [10] *Id.*
- [11] *Id.*
- [12] *Id.*
- [13] Jonathan Ponciano, *5 Big Numbers that Show Netflix's Massive Growth Continues During the Coronavirus Pandemic*, Forbes (Oct. 19, 2020), <https://www.forbes.com/sites/jonathanponciano/2020/10/19/netflix-earnings-5-numbers-growth-continues-during-the-coronavirus-pandemic/?sh=12298b7e225e>.
- [14] *Id.*
- [15] Brent Lang, et al., *Show Stopper: Coronavirus Sends Hollywood Into Unprecedented Crisis*, Variety, <https://variety.com/2020/biz/news/hollywood-coronavirus-entertainment-industry-movies-festivals-1203529795/> (last visited Mar. 18, 2021).
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- [19] *Id.*
- [20] *Id.*
- [21] *Id.*
- [22] *Id.*
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- [24] Mary McNamara, *Column: Will the film industry please stop predicting its own demise?*, Los Angeles Times (Dec. 20, 2020), <https://www.latimes.com/entertainment-arts/story/2020-12-30/covid-19-cant-kill-film-industry-stop-predicting-demise>.