

## Article

# The COVID-19 Pandemic and the Adoption Factors of Film Distribution Business Models in the Context of Sustainability

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**Abstract:** The COVID-19 pandemic exacerbated already visible changes in the film distribution model caused by the rapid growth of streaming platforms. Restrictions caused by the pandemic, including movement and occupancy limits, meant that the current distribution model had to change. At the same time, it has caused certain behaviours and changes in audience preferences to emerge that have rendered the value proposition offered to viewers insufficient. The sustainability of film distribution encompasses both business and cultural aspects, seeking to create value that is sustainable from a social, economic, and environmental perspective. The aim of this article is to identify and quantify the strength of factors influencing the formation of contemporary film distribution business models. Starting from the observations of changes in the film distribution market, through a literature review, and semi-structured and computer-assisted CAWI expert interviews conducted from December 2022 to May 2023, we attempt to identify which factors influence the change in the business model adopted. The results of the research carried out indicate that it is primarily social and economic factors that drive the creation of new business models for film distribution, while environmental aspects are still considered to be the least important in this regard.

**Keywords:** business model; film distribution; interview; STEEP analysis; CAWI research



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## 1. Introduction

The importance of technological innovation in transforming the structure of the economy and economic development was emphasised in the work of Joseph Schumpeter (1939) [1]. He saw technological development in the change and imbalance resulting from innovation, which he understood as any possible change in the production and distribution of goods. However, process and product innovations alone are not sufficient to ensure sustainability and financial performance [2]. Creating new organisational forms and methods, particularly new business models, is just as important for companies and society as technological innovation [3], with innovation having to include business models and not just technology and R&D [4]. The aim of sustainable innovation in the context of sustainable development is to create new market opportunities that lead to the development of new business models oriented towards multifaceted customer value [5]. Sustainable innovation responds to the challenges of sustainability by integrating its social, economic, and environmental dimensions with the value and functionality of products for the customer and enables the creation of a new business model. A business model can be a form of innovation and lead to competitive advantage; however, it means much more than a new product or service offered by a company. It does not discover a new product, but redefines what an existing product is and how to deliver it to the customer [6]. Business model innovation is a process that deliberately changes the core elements of a company and its business logic [7], ultimately involving a new form of exchange at some point in the value chain [2]. Companies need to constantly monitor many factors from the external environment, as many things can change, and new economic conditions or innovations

may quickly destroy a company's comfortable and stable economic position. This makes it essential to develop new business approaches and offer customers value that responds to their changing needs. In Hamel's perspective [8], an innovative business model should help companies respond to a changing environment rather than improve traditional models. It is to offer a new way of thinking and adapting in an uncertain, rapidly changing and unpredictable environment [9].

The concept of a business model is useful when developing strategy, planning, and adapting a company also in terms of sustainability. A sustainable organisation expresses its purpose in terms of social, environmental, and economic performance. Profits are a "means" to sustainable performance; therefore, sustainable organisations need to make profits to exist but do not exist just to make profits [10]. Organisations pay particular attention to the value that is generated for their customers through the business model in place, as only this can ensure sustainability. A business model emphasises the importance of thinking of the company as a system rather than a collection of separate parts. Consideration of the specific elements of a business model and their interrelationships is particularly important when social, economic, or environmental changes require a transformation in the logic of doing business rather than simply improving the way it is currently done [11]. However, for this to be possible, it is necessary to identify and understand the factors that are the rationale for making changes to the business.

In the literature, business model research has been classified into eight sub-domains, i.e., definitions, components, taxonomies, conceptual models, design models and tools, adoption factors, evaluation models, and methodology change. The sub-domain "adoption factors" includes research on factors influencing organisational adoption of business models, as well as research on the socio-economic implications of business model innovation [12]. The study we have conducted focuses precisely on the adoption factors of business models in the post-pandemic reality of the creative industries and their impact on model change, with particular attention being paid to linking these changes to the concept of sustainability. The subject of this research is the reasons for the changes in film distribution that are still taking place.

In the discussion part, we will consider whether the COVID-19 pandemic is responsible for changes in business models or only contributed to the intensification of previously visible changes in the film distribution model caused by the dynamic development of streaming platforms. We will also analyse how the identified factors may influence the development of sustainable distribution models.

## 2. Background

In the history of cinema, we can distinguish three main periods and models related to film distribution in the world [13]. The first of these, known as the classical model, falls between the creation of cinema and film (1917) and 1948, characterised by cinema-centrism, i.e., the concentration of the entire film industry around the cinema. The business model adopted was to integrate all sectors of the film industry, i.e., production, distribution, and exhibition, and concentrate them in the hands of the major film studios. This means that the studios were essentially self-sufficient in the sense that they created the necessary content (films) on the one hand and then ensured its dissemination by controlling the cinemas. As Adamczak and Salamon [13] note, the control of distribution channels and cinemas by film studios provided a market for the films they produced. At the same time, production risks were very limited in this situation, as the main driver of the business was the operation of cinemas rather than film production itself. The classic model was also characterised by high barriers to entry; because of the control of cinemas, the major film studios restricted the entry of other operators, in particular, the distribution and exhibition of independent productions. The moment when the classical model was shattered was the 1948 court ruling that made cinemas independent of the studios [13]. The studios were, thus, forced to change their business model. Among other things, the changes implied greater attention to content, i.e., the quality of film production and the need to negotiate with cinemas. In addition to the change in the law, the development of technology and, above all, television

also proved to be a factor in the change in the business model. The cinema was no longer the only option for broadcasting films, and television was becoming increasingly popular and accessible. Since the 1970s, new media delivery channels such as home video, video on demand, cable TV, and satellite TV have enabled viewers to watch films in places other than the cinema [14]. Film content and film broadcasting licences have become a resource that has grown in importance. Only by noticing changes in the environment early on and adopting a new business model could the studios have maintained their position.

Faced with the existing situation that was compounded by rising production costs and inflation, market players and, above all, the major studios began to search for a new business model. A model referred to in the literature as “global Hollywood” [15–17] relied on diversification of revenue generation. They began to look for opportunities to make money from film licences by using non-cinema distribution channels for their films, as well as by producing and selling gadgets and peri-film products based on the licence. The model also assumed an international dispersion of production, because of differences in production costs (including labour costs), financial and non-financial incentives and support offered by individual countries, or differences in exchange rates. “Global Hollywood” does not only mean the production, distribution, and consumption of Hollywood films around the world but also the money, people, companies, and places from around the world that were involved in film production with Hollywood partners [18].

The digital revolution and the subsequent rapid growth of streaming platforms is forcing further changes to the film distribution model. Changing audience habits and expectations, new technological possibilities in both film production and distribution, changing economic conditions, and legislation that does not keep pace with the changing environment mean that the current business model is becoming outdated and does not provide the expected revenues. As early as 2007, Miller [16] pointed out the threats to the existing Hollywood system, coming mainly from changing audiences, the spread of piracy, and the reduction of barriers to entry in distribution.

The distribution window system adopted in the “global Hollywood” era, which involved films being released first in cinemas, then on the DVD market, and finally via television, is also undergoing dynamic change. Streaming platforms have offered alternative options for film distribution and audience consumption [19]. First, they provided an opportunity to showcase and monetise film through another distribution channel, but their expansion soon began to impact and undermine the existing distribution order. Distribution windows are being shortened, and the practice of breaking the sequentiality of distribution windows is noted.

### 3. Literature Review

In the literature, the issue we are addressing has not been covered very extensively to date. We have only been able to access a handful of articles and academic studies describing the changes taking place in the wider film production and distribution market. Taking the case of Poland, Kucia [20] reviewed online VOD services, Adamczak [21] examined the film distribution sector, and Stańczyk [22] tackled the difficult topic of the environmental impact of film culture. Zhu [23] studied the impact of the internet and VOD technologies on the film industry, paying particular attention to how the digitisation of film production and distribution will affect the structure of the value chain. He noted that technological developments will mean that various stakeholders in the industry will have to adapt and change their business models or risk being eliminated from the new value chain. Other research in the field of technology development has mainly focused on the impact of new technologies on the practice of independent film production [24], the impact of technology on the social nature of cinema [25], or the prediction of future changes affecting the industry’s value chain [26]. Authors such as Victoria and Araujo [27] or Al Kareem [28] have also conducted research on the changes taking place in the film distribution market. In the first case, the authors investigated the extent to which next-generation film distributors used digital marketing strategies. On the other hand, the second work cited examined

the phenomenon of a new media-based film distribution system using the example of Bangladesh. In turn, Su [29] described the problem of platformisation of film distribution in China in the post-pandemic era. Similarly, Changsong et al. [19] described the post-COVID-19 distribution of films in Southeast Asia using video streaming platforms. Recent changes in business models for the creative sector have been described by Ruback and Ryan [30], Knobloch [31], and Ruddin et al. [32]. The first two papers examined, respectively, what changes in film distribution models have been forced by the COVID-19 pandemic and how the Nordic film studios have responded to changes in certain areas of business models. Ruddin et al. [32], instead investigated what the business model patterns were for BIG Entertainment applications. At the same time, only Mulla [33] managed to identify the factors influencing online streaming platforms and, thus, the changes taking place in the area we are describing. Finally, there is also no work describing the issues at stake in the context of sustainable development, which confirms the need for research in this direction. The Table 1 provides an overview of selected existing research on changes in the film industry in Poland and internationally.

**Table 1.** A review of recent literature on developments in the film industry.

Authors/Year	Method	Research Areas/Factors Discussed
(Mulla, 2022) [33]	literature review	identification of factors affecting streaming platforms: content, price, flexibility, convenience, perceived usefulness, perceived pleasure, desire to be free of all constraints, entertainment, value, socialisation, cultural inclusion, compulsive viewing, and self-efficacy
(Ruback and Ryan, 2022) [30]	literature review, case study	film distribution windows, development of streaming platforms, “day-and-date” strategy
(Su, 2022) [29]	literature review, industry reports, case study	impact of digital platforms, changing audience habits, the role of the internet, online video distribution windows, promotional strategies, smart cinema application
(Al Kareem, 2021) [28]	interviews	changing consumer habits, “ultra-VOD” and “day-and-date” distribution, the role of the internet, advertising, and innovation in creating sales strategies, content- and device-driven strategies
(Changsong et al., 2021) [19]	literature review, interviews	development of streaming platforms, changes in audience habits
(Knobloch, 2021) [31]	case studies, semi-structured interviews	distribution channels, revenue streams, margins, network of partners, customer needs and behaviour, products offered, market competition
(Ruddin et al., 2021) [32]	literature review	utility, entertainment, social, design, and m-commerce applications; consumer behaviour
(Schulz et al., 2021) [26]	Delphi study	forecast of technological changes in the film industry, implications for the value chain
(Adamczak, 2020) [21]	industry reports, statistical analysis, semi-structured interviews	digitisation and its impact on distribution costs, the number of titles screened or the shortening of cinema distribution windows
(Stańczyk, 2020) [22]	literature review	material, social, and mental (perceptual) ecology, carbon footprint of cinema, film productions and streaming, energy policy of VOD providers, locating environmentally responsible attitudes, green certificates
(Victoria and Araujo, 2018) [27]	literature review, interviews, case study	the mutual relationship between media producer and consumer, the restructuring of the film value chain, including technological changes and the reduction of distribution costs
(Grundström, 2018) [25]	online questionnaire, semi-structured interviews	social functions of going to the cinema, technological development and going to the cinema
(Kucia, 2016) [20]	literature review	technological developments, ways of making films available, advertising strategies, “ultra-VOD” and “day-and-date” distribution

In our research, we do not focus on one selected aspect of the impact on the development of the film industry, but on examining what factors have an impact on changing the current business model of film distribution. In other words, we want to examine which of the analysed factors influence and will influence in the future the way films are delivered to the viewer. Recognising the factors affecting the established value chain is of paramount importance to practitioners. We will also consider whether emerging new business models follow the challenges of sustainable development. So far in the literature, the relationship between business models and sustainability has been investigated from the perspective of strategic assessment of sustainability-related business models (e.g., [34]). Therefore, the results we have produced are even more important as there is currently a lack of research into the determinants of the development of film distribution business models that simultaneously relate to the concept of sustainability.

As can be seen from the above, our proposed paper fills an existing research gap and is part of a new research trend that is currently developing gradually. The research we carried out is described in more detail later in this paper. At this point, however, it is worth noting that, as a result of our literature review and semi-structured expert interviews, we were able to identify the key social, technological, economic, environmental, and political factors influencing post-pandemic COVID-19 changes in the film distribution business models in Poland. The following parts of the study examined the relevance of these factors and the strength of their influence by conducting a CAWI (computer-assisted web interview) survey among a group consisting of experts in the field in question. Our research goal is to identify and examine the importance of factors influencing post-COVID-19 changes in film distribution business models in Poland.

#### 4. Materials and Methods

The research is qualitative–quantitative in nature and, as mentioned earlier, was carried out in several stages from December 2022 to May 2023. First, the identification of potential adoption factors was carried out based on semi-structured interviews with representatives of the film community. As the film industry is traditionally divided into three sectors: production, distribution, and exhibition [21,35,36], experts representing each of these three sectors were selected for these interviews. Additionally, given the importance of the size of the distribution company [37], representatives of both major, medium, and minor distributors were interviewed. For the selection of experts, we followed the “professionalism” method which is based on objective profession-related criteria, considering what experts do and how extensive their experience in their profession is [26]. An expert must be well acquainted with the environment in which he operates and the motives and functioning of other stakeholders. With such knowledge and experience, the expert respondent should be able to present a clear and coherent vision of future events, explaining why some of the scenarios seem more likely to them than others [38]. Only such an approach guarantees that people commenting on the changes in the film distribution market have actual knowledge of this subject. Each interview lasted about an hour and was conducted using Microsoft Teams. This means of communication was chosen because the selected experts are professionally active and have limited time availability. The interview questions were open-ended, allowing for more extensive answers. Then, based on the adoption factors thus identified, a survey questionnaire was constructed targeting a further group of experts, and a computer-assisted web interview (CAWI) was conducted with them. Invitations were sent to 17 people, 11 of whom agreed to take part in the study. In selecting participants for the study, once again, we followed the principle of purposive sampling, limiting ourselves only to the opinions of experts with relevant knowledge in the research area of interest. The expert group included representatives from distributors, production managers, producers, trade journalists, directors, and academics who study the film sector associated with the Polish film school. It should be emphasised that the experts invited to the study had experience and operated both in the Polish and international markets. The research was conducted on the Polish market, although it is not limited to the Polish



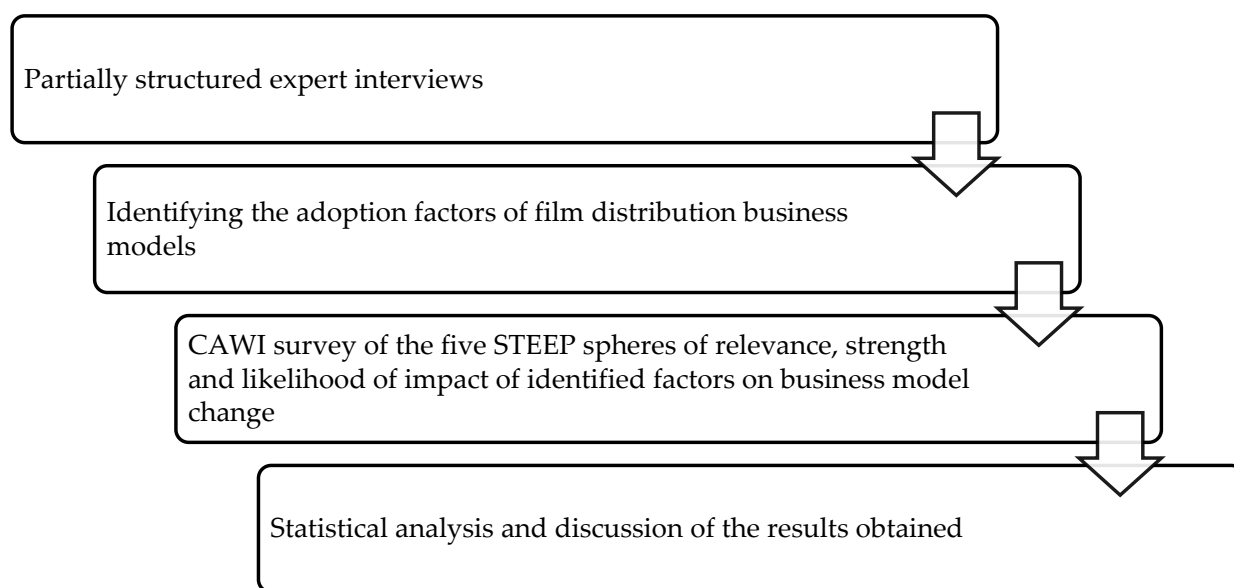
film distribution model. It is worth mentioning that before COVID-19, the Polish cinema distribution market had grown steadily; over 3500 films were distributed in cinemas in Poland between 2002 and 2018, and more than 569 million viewers watched them [39].

This part of the research was based, in part, on the use of foresight, i.e., an area of future research that focuses on critical thinking about long-term change [40]. As companies aim to remain competitive in an increasingly complex and uncertain environment, the ability to understand and somehow predict the future becomes vital [41]. For this reason, a growing interest in envisioning external disruptions (e.g., caused by new technological developments) and assessing their potential impact may also be observed in the creative content industries [42]. This, in turn, implies that foresight methods and tools may not only support film distribution companies in anticipating the future but also enable the flexibility and responsiveness required to counter potential disruptions [43,44]. This paper adopts the definition of foresight from Martin [45], who describes it as

*...the process involved in systematically attempting to look into the longer-term future of science, technology, the economy, and society with the aim of identifying the areas of strategic research and the emerging generic technologies likely to yield the greatest economic and social benefits.*

The views and opinions of the respondents provided insights into the multifaceted nature of the problem of the relevance of individual adoption factors for business models in film distribution in Poland. To achieve our research objectives, we opted for STEEP analysis, which is also applicable in the context of sustainability [46]. More specifically, the data collected was used to test the relevance, strength, and likelihood of influence of the identified factors in five spheres: social, technological, economic, environmental, and political (STEEP) [47].

In the first step of the STEEP analysis, the most important factors in each of the five analysed spheres that significantly influence or may influence the problem under analysis should be identified. In the second stage, the impact of each factor on the phenomenon under study must be assessed. For this reason, in the first part of the CAWI survey described above, respondents were asked to rate the relevance of each group of factors, as well as each factor from each of the groups analysed separately. Respondents were asked to identify within each group of factors the strength of the impact of each factor analysed on changing the film distribution model on a scale from 0 to 5, where 0 meant no impact, 1 meant very weak impact, and 5 meant a very strong impact. In this way, a ranking of factors divided by strength (greatest and least influence) was created. Finally, those taking part in the survey were asked to identify the likelihood of each group of factors influencing the change in the film distribution business model in the coming years. In this case, the survey uses a scale from 0 (very unlikely) to 10 (very likely). Finally, based on the results obtained, a basic statistical analysis was carried out, and relevant conclusions were drawn. Due to the small number of observations, we calculated only these statistical measures, which are independent of the sample size (such as shares or frequency of responses) and resistant to outliers (e.g., weighted mean). As differences between the median and the mean were insignificant for the research results, at some point in our research, we present a mean assessment of factor influence against the weighted average assessment of influence for a group of factors. Among other things, this has helped to identify the relationship between the film distribution model and the factors that influence or may influence its shape and the changes taking place within it in the near future. Figure 1 shows a flowchart of the research carried out.



**Figure 1.** Flowchart of the research carried out.

## 5. Results

### 5.1. Identified Factors

We are now on the threshold of a change in the business model of film distribution. The COVID-19 pandemic and its associated constraints appear to have been the catalyst and accelerator for this change, but it should be noted that the rationale for the inadequacy of the current model and the need to develop a new one was already emerging much earlier. As a result of our literature review and structured interviews with five experts, we were able to identify the most important social, technological, economic, environmental, and political (STEEP) factors that determined the change and shape of the new distribution business model. Table 2 provides a summary description of these factors.

**Table 2.** Adoption factors of film distribution business models identified in the study.

Social Factors	
S1	Willingness to experience the event accompanying the screening (e.g., 4D, meetings with artists)
S2	The comfort of watching a film at home
S3	Getting used to streaming platforms
S4	Size of the film offer
Technological factors	
T1	Home cinema technology
T2	The technology used for cinema screening
T3	Internet access
T4	Capacity and availability of servers, disks, and databases in use
Economic factors	
E1	Inflation and viewer purchasing power
E2	Cinema maintenance costs
E3	Cinema ticket prices
E4	Subscription prices for streaming platforms

Table 2. *Cont.*

Social Factors	
Environmental factors	
En1	Carbon footprint of post-production and cinema broadcasting
En2	Carbon footprint of streaming distribution
En3	Social ecology (e.g., film-generated meanings, places of circulation)
En4	Green certificates for streaming platforms
Political factors	
P1	Possibility of a non-cinema premiere of the film
P2	Festival access also open to films distributed only on streaming platforms
P3	The legal and political environment of streaming platforms
P4	Public funding for cinemas

The social factors of business model adoption include the broader social and cultural context in which businesses operate. Factors of a social nature primarily include those associated with lifestyle changes. In the case of the film industry, the COVID-19 pandemic had a major impact on changing audience behaviour and habits. During the pandemic, due to the limitations and inaccessibility of cinema, people rediscovered, and most importantly, became convinced of the benefits of streaming films. Audiences have become accustomed to being able to watch a film, including new releases, comfortably outside the cinema, with a large selection of available titles at hand. Changes in viewer preferences are also occurring in the choice of content watched and the length of films watched. Internet access and streaming, which, unlike cinema, also offers shorter audiovisual forms such as series, is responsible for the changing viewing culture. Customer expectations are further influenced by changing perceptions of the cinema and its competitive environment. The cinema was and is not only a place to watch a film, but above all a place where you can spend time with friends. The competition between cinema and various leisure activities seems to be even greater than the competition with streaming platforms or other places where we can watch a film. The competitive environment, changes in customer expectations, and new offerings in the entertainment industry may also provide the impetus for changes in film distribution.

However, the main reason for the change in the film distribution market was primarily the emergence of streaming platforms. This is a huge technological change, which has made it possible to watch films at home, within the subscription you pay for, and at the same time, has had an impact on cinema screening times. Before the pandemic, cinematic distribution windows ranged from 90 to 122 days (90 days in Anglo-Saxon countries and most Western European countries, 122 days in Poland), now, they have generally been reduced to 45–75 days. These shorter holdbacks have been developed through compromise and experimentation by distributors, but still, some films are distributed with a weekly or bi-weekly holdback. Changes in the sequencing and length of distribution windows have disrupted the entire previous model. Cinema is no longer as much of a privileged form of distribution as before, and streaming platforms are becoming increasingly important for both producers and distributors. The large number of emerging players and opportunities in the market requires distributors to become increasingly innovative and flexible in their business models to remain competitive. Also, rapid technological developments and access to high-speed internet and data transfer have caused a breakthrough in the film distribution market. The development of technology to allow streaming movies has led major US studios to invest in the creation of their own streaming platforms. In addition to the big studios and the streaming service Netflix, global companies such as Google, Amazon, and Discovery have entered the race to deliver film content over the internet. The media industry seems very attractive to large global companies. Technological advances



have also touched upon the development of so-called home cinema [26], enabling films to be watched comfortably at home at a technical level and quality similar to that of smaller cinemas. In contrast, larger cinemas and multiplexes can offer increasingly new experiences for audiences because of new technological developments (e.g., VR, interactive cinema seats, surround sound technologies such as Dolby Atmos or DTS:X, higher resolution, and quality cinema screens). New technological developments are helping cinemas to attract audiences and offer a more immersive film experience.

Changes in the business model can also be influenced by many factors of an economic nature, such as the cost of producing and delivering a service or the price of making a particular service available. In the previous model of film distribution, the main source of income for a film was the number of tickets sold, which determined the financial success, or lack thereof, of the film. Only secondarily were there complementary revenue streams from other fields of exploitation. Now, the money stream from cinema is limited, as evidenced by the fact that virtually no European market has reached pre-pandemic cinema revenue levels (they are 50–70% of pre-pandemic levels); this results in a search for opportunities to monetise film outside the cinema. Streaming platforms, which are willing to pay for the rights to show the film and are increasingly investing in the production, are becoming an attractive revenue opportunity for producers. Macroeconomic factors such as inflation and general increases in the price of services (energy costs, rents, increases in the cost of the minimum wage) also have an impact on the film distribution situation. Ever-increasing costs for both producers and cinemas translate into higher cinema ticket prices. On the other hand, inflation and increases in the cost of living also affect audiences' purchasing power, which translates into them seeking a cheaper option to watch films, reducing the number of cinema tickets purchased and visits to the cinema for financial reasons.

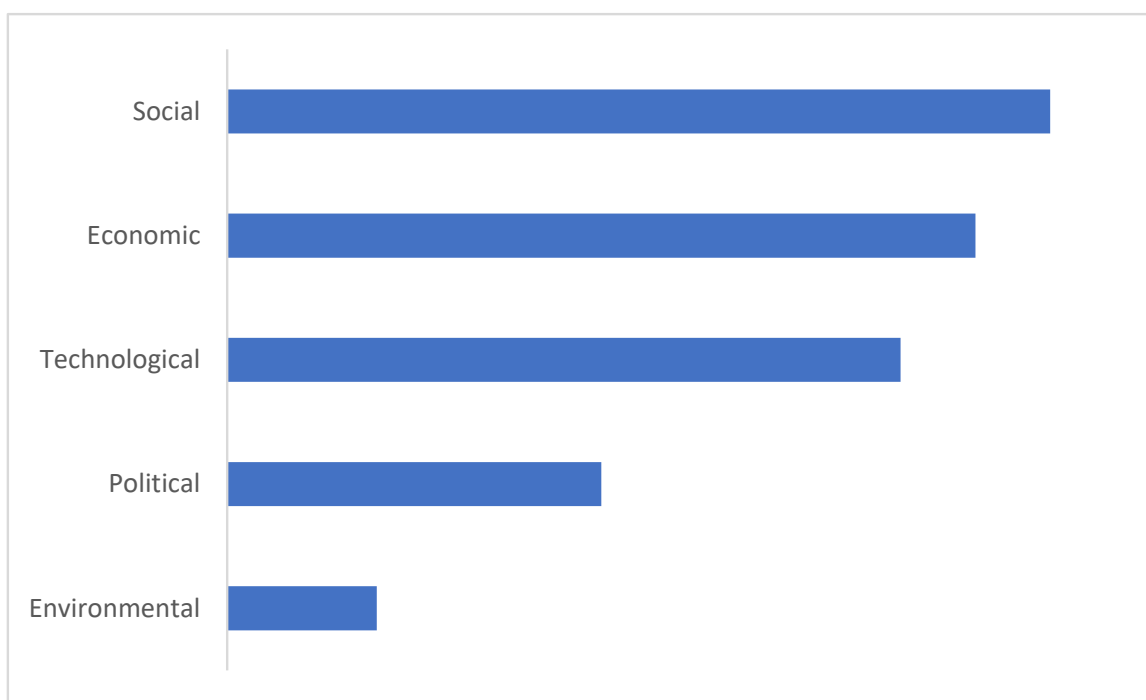
Environmental factors can also influence the adoption of new business models in film distribution. Nowadays, environmental awareness and the need to protect the environment is becoming more and more widespread among the public, which is influencing the behaviour of suppliers of goods and services to minimise their negative impact on the environment. In film distribution, actions that contribute to taking these factors into account are related to reducing the carbon footprint, limiting waste, minimising transport, or energy consumption. Distributors aware of the growing environmental awareness may promote new business models by adapting them to changing consumer behaviour. They may also increase their interest in issues such as green certificates or social ecology. With green certification, it becomes possible to choose the streaming platform with the least environmental impact. Social ecology, in turn, is concerned with the meanings generated by films, but also with the circuits in which this takes place: from festivals to blogs.

Finally, the changing business models of film distribution are also influenced by factors related to government policies or supranational organisations that influence the shape and operation of the audiovisual industry. The legal environment of the local market for streaming platforms and copyright regulations affects the viability of introducing new business models. Global companies exploit existing loopholes in local markets to build and increase their competitive advantage. For example, the fact that Netflix, being registered in the Netherlands, is not subject to Polish copyright law and thus does not pay royalties gives it a privileged position in this market due to lower costs. Subsidy policy and tax policy may also be relevant to the choice of distribution model. The conditions of film production grants may necessitate the maintenance of the sequentiality of distribution windows. In Poland, for many years there was a provision that a film that is subsidised by the Polish Film Institute (PISF) must have a cinema premiere, which was the aftermath of the privileging of the cinema window. This provision was suspended during the pandemic and has still not been reinstated, allowing the cinema to be omitted as a premiere venue and the first distribution window and directing the film straight to a streaming platform. Government tax policy, on the other hand, may affect the cost of doing business for different players. Public support for the operation of cinemas, including subsidies for the operation of arthouse cinemas, in turn, allows these cinemas to operate preferentially on the market.

Another factor of a legal nature are the rules governing access to festivals for films without cinema distribution. Until recently, every film admitted to the festival competition had to be screened in a cinema, which enforced a certain distribution model in advance. Nowadays, the regulations of some festivals also allow films produced and distributed on platforms to participate, which creates opportunities to win awards and promote these films to a wider audience.

### 5.2. Results of the Survey

Based on the experts' answers, social and economic factors have the greatest influence on changing the current model of film distribution in Poland. Environmental factors, on the other hand, are by far the least important in this respect and were the least important according to 91% of respondents. It is worth noting, however, that 27% of respondents considered technological aspects to be the most important rationale for the changes taking place in the analysed business models, and a further 18% of respondents considered technological factors to be the second most important group of factors, just after social or economic factors (Figure 2).



**Figure 2.** Factors influencing the change in the film distribution model in Poland.

Taking each of the groups separately, the experts considered the following factors to be the most important:

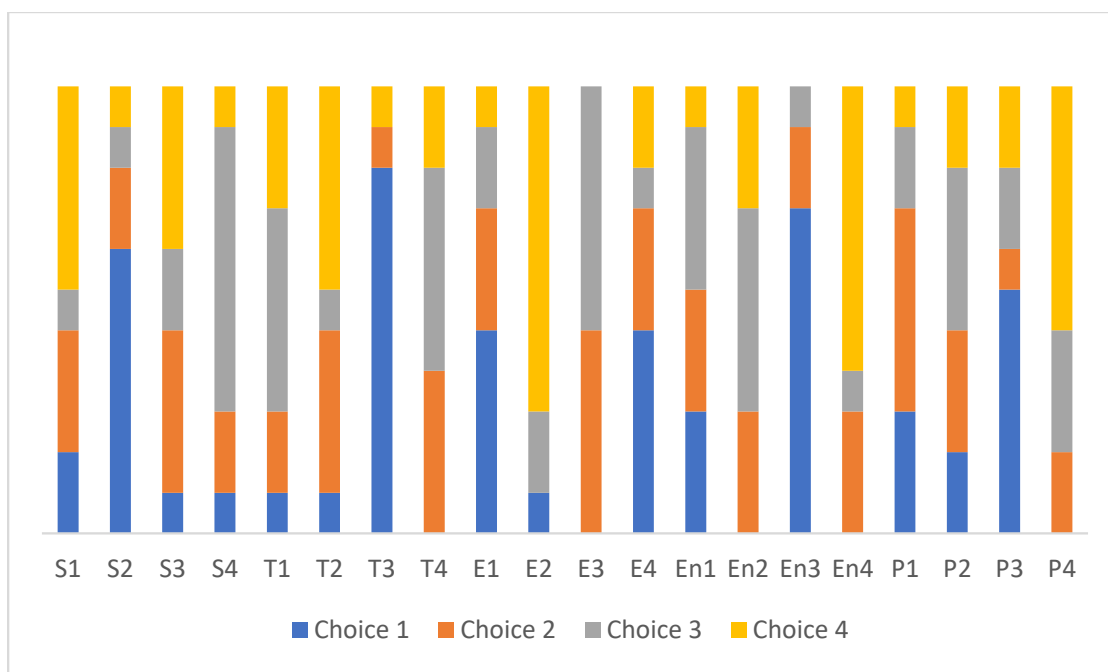
- Social aspect: the comfort of watching a film at home (S2, 64% of responses);
- Technological aspect: internet access (T3, 82% of responses);
- Economic aspect: inflation and viewer purchasing power and subscription prices of streaming platforms (E1 and E4, 45% of responses each);
- Environmental aspect: social ecology (En3, 73% of responses);
- Political aspect: legal and political conditions for the operation of streaming platforms (P3, 55% of responses).

At the same time, the following factors were the least important in each of the groups discussed:

- Social aspect: willingness to experience the event accompanying the screening (S1, 45% of responses);

- Technological aspect: technology used for cinema screening (T2, 45% of responses);
- Economic aspect: cinema maintenance cost (E2, 73% of responses);
- Environmental aspect: green certificates for streaming platforms (En4, 64% of responses);
- Political aspect: public funding for cinemas (P4, 55% of responses).

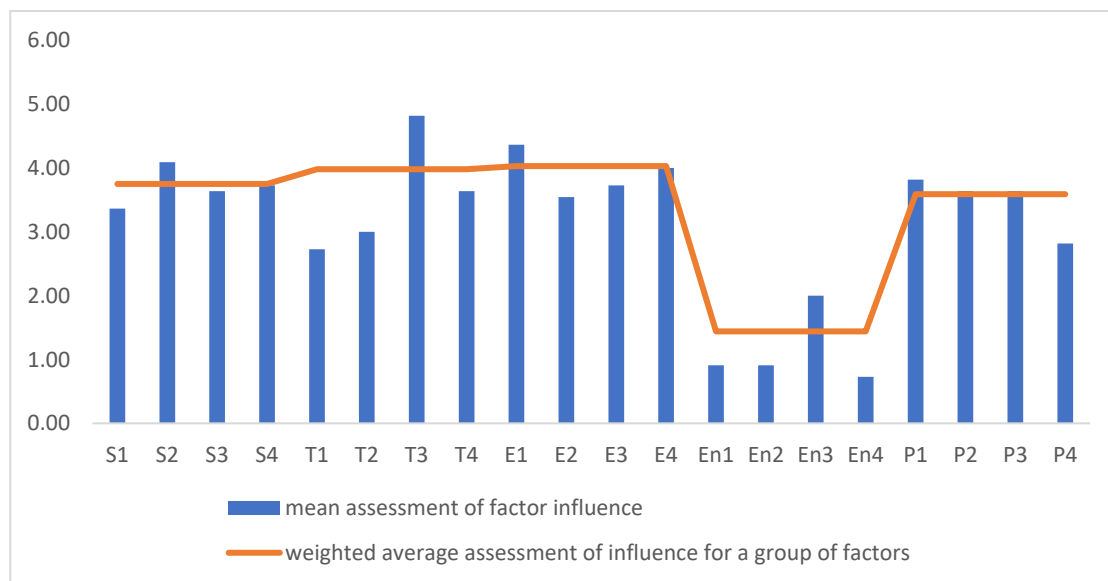
Figure 3 summarises the survey responses.



**Figure 3.** Relevance of individual adaptation factors by STEEP group.

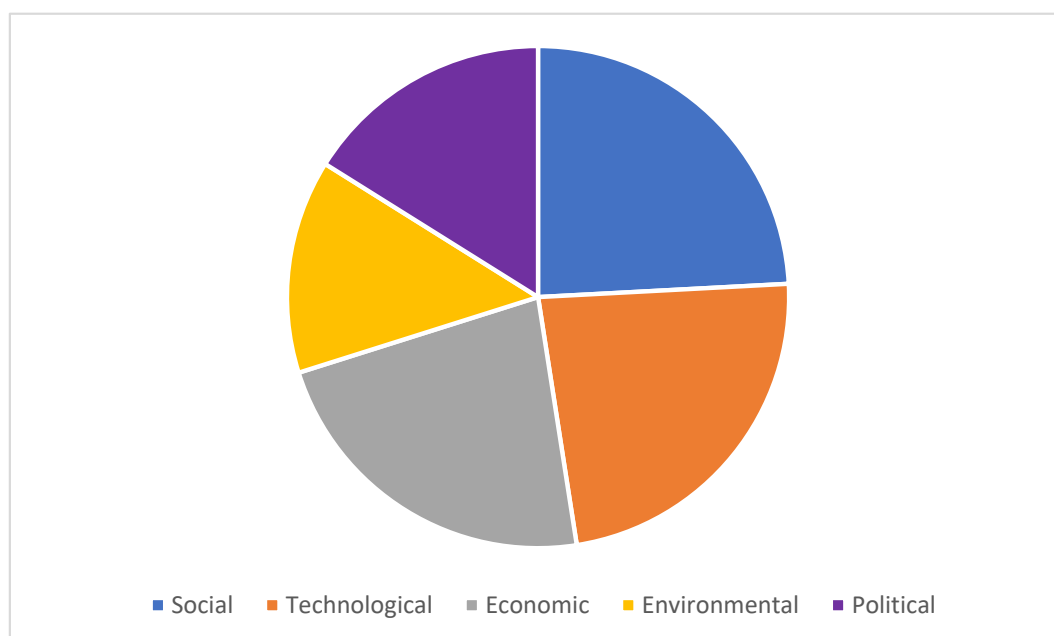
In the second part of the survey, respondents were asked to indicate the strength of the impact of each of the factors analysed on changing the film distribution model on a scale of 0 to 5, where 0 meant no impact, 1 meant very weak impact, and 5, a very strong impact. The analysis continued for each of the five STEEP groups separately. Figure 4 shows the average rating of the impact of each of the twenty factors analysed on the change of the film distribution business model against the weighted average rating of the strength of the impact of these factors for each of the five groups analysed. The weighted average was calculated considering the relevance of the analysed factors made by the experts in part one of the survey. The highest and lowest weights were given to the most and least important factors, respectively.

Considering the change in the business model of film distribution in Poland, the experts rated the weighted average impact of economic, technological, and social factors the strongest. By contrast, the weighted average impact of environmental factors was by far the weakest. Particularly noteworthy were those factors whose average score was higher than the weighted average for the entire group, as these were the ones that, according to the respondents, had the strongest impact on the changes taking place in the area under analysis. Among the social factors, it was the comfort of watching a film at home (S2), technological factors—internet access (T3), economic factors—inflation and viewer purchasing power (E1), environmental factors—social ecology (En3), and political factors—the possibility of a non-cinema premiere of the film (P1), festival access for films distributed only on streaming platforms (P2), and the legal and political conditions of the operation of streaming platforms (P3). In line with earlier predictions, most of these factors are those considered by experts in the first part of the study to be the most relevant in terms of the changes under study.



**Figure 4.** The strength of the influence of individual adaptation factors on the change of the film distribution business model in Poland by STEEP group.

Finally, in the third part of the survey, experts were asked to rate the likelihood of each group of factors influencing a change in the film distribution business model on a scale from 0 (very unlikely) to 10 (very likely). On average, respondents felt that the business model of film distribution was most likely to undergo further changes in the coming years as a result of changes in social (85% chance), technological (82% chance), and economic (79% chance) factors. At the same time, it is considered least likely that such changes will occur as a result of environmental (48% chance) or political (56% chance) factors. Figure 5 shows the share of groups of factors that, according to experts, are likely to have the greatest impact on changing the business model of film distribution in Poland in the coming years.



**Figure 5.** The share of STEEP factor groups with the most likely impact on changing the film distribution business model in Poland.

## 6. Discussion

The dynamics of the development of the film industry led us to reflect on the direction and conditions of this development. It becomes important to identify the reasons for business model changes and to establish the link between evolving models and sustainability. The changes taking place at the present time and forced in part by the COVID-19 pandemic have given rise to the research proposed in this thesis. And while the pandemic did not revolutionise the film industry by eliminating the exclusive cinema window in the way that seemed possible at the outset, it is clear that COVID-19 has had a lasting impact on the sector [30]. The pandemic accelerated certain processes and, at the same time, created the need and space to use the developing new technologies, which have been a critical driver of business model innovation in creative industries for years [48]. In the post-pandemic perspective, some of the viewers' behaviours and habits have become so entrenched [19] that they give the opportunity to develop new distribution models.

As the results of our study show, the main reason for the changes taking place in the analysed market and the stimulus for creating new business models for film distribution in Poland are social and economic factors. The changes taking place in the area we are analysing are also significantly influenced by technological factors, which only confirms the validity of the assumption that the cinema industry remains an intensive user of technology, introducing various innovations [49]. The strong influence of technological factors confirms previous research showing that digital technologies and the internet are transforming the film industry [23]. At the same time, technological progress is opening opportunities to create new business models and translates into economic aspects of the industry's operation, for example, by reducing transaction costs. Technological development also affects changes in consumer behaviour and, thus, the film industry and its value chain [26]. In contrast, political (in a broader political–legal context) or environmental aspects are less important in the context of changing cinema distribution business models. At the same time, it is worth noting that most respondents to the survey were critical of the impact of political and environmental factors on future changes in business models. The results of the study described above indicate that the likelihood that the film distribution business model will undergo further changes in the coming years because of changes in these two groups of factors is low. On the other hand, respondents felt that changes to the model in question are likely to be forced by social and technological factors in the coming years. In contrast, the probability of being influenced by economic factors should be considered medium in light of the results obtained.

The results of the surveys also appear to reflect current trends in the market. As mentioned in the introduction of this paper, there was a noticeable exodus of cinema audiences during the pandemic period in favour of increased consumption of films via streaming platforms, which continued for some time after the pandemic [50]. It is not surprising, therefore, that the experts participating in our survey generally assessed that the factors related to the broader development of streaming platforms have the greatest impact on changing the business model of film distribution. At the same time, they attributed less importance for the change in the model to those factors that were directly related to the distribution and screening of films in cinemas. For example, within each of the groups of factors analysed, aspects such as the need for an event experience (social), the technology used for cinema screenings (technological), the cost of maintaining a cinema (economic), and public funding for cinemas (political) were the least important. Recently, however, we have seen some audiences return to cinemas and some stabilisation in the market [30]. Perhaps audiences are already looking for other experiences and other values in cinemas, but certainly, the pessimistic visions of cinemas being displaced by streaming platforms have not come true [51]. This means that, despite the changes that have occurred and the development of new models, the “old” model centred around cinema is still in place, and there are reasons not to abandon it. Therefore, we can conclude that in the market, there is space for more than one film distribution business model to operate in parallel.

A sustainable business model can be created by applying a holistic approach in co-operation with all stakeholders, focusing on actions' social, economic, and environmental consequences [52]. A sustainable business model enables sustainable development by consciously combining business interests with contributing to the sustainable development of the natural environment and society. At the heart of such a business model is a value proposition valuable to customers and other stakeholders that can directly or indirectly affect the business [53]. Determining whether business models will develop in the direction of sustainable development or not depends on the premises for implementing the adopted business model or the legitimacy of its change. The identified factors influencing changes in the film distribution business model may, therefore, contribute to building a more sustainable film industry. In particular, the socio-economic factors indicated by the experts may contribute to the inclusion of sustainable development standards in the sector's development. For example, the recognition of social problems and challenges could result in the creation of patterns that, among others, will increase access to a diverse film repertoire, enable more accessible access to films, create equal opportunities for all people (including those who, for various reasons, prefer to stay at home). Considering the viewer's need to experience the event may result in the desire to organise film screenings in local communities or support social and educational initiatives that translate into building an event accompanying the projection.

Considering the identified economic aspects when developing new business models increases the availability of films and opens new economic opportunities for creators, distributors, and viewers. On the other hand, considering the purchasing power of the viewer increases the desire to reduce costs. Consequently, this may lead to the identification of areas where improvements can be made, and resources can be used more efficiently, which is in line with the policy of long-term growth and sustainable development of the industry.

An interesting result of the research conducted is that environmental factors are still not recognised by experts as significant for changing the film distribution model. In the context analysed, aspects such as the carbon footprint of cinema post-production or emissions and the carbon footprint of streaming distribution were considered only marginally more important than green certificates by respondents. This means that, for the time being, they do not represent a potential value for the audience in choosing how they watch the film. Environmental challenges for the media have been addressed by some authors [54–57], who put forward a number of recommendations and emphasised the importance of the problem of environmental protection in the audiovisual industry and the role of various stakeholders in promoting pro-environmental activities. However, it seems that just being aware of the problem is not enough. After all, the industry lives from overproduction, which allows for failure and provides viewers with huge opportunities to choose media content [55]. The lack of clarity about the carbon costs of audiovisual production and the hidden environmental costs spread over different locations allow stakeholders to see carbon emissions as someone else's problem [58]. This may explain why environmental issues are still not perceived as significant enough to base changes in the film distribution business model on them.

## 7. Conclusions

In summary, the results of our research indicate that social and economic factors significantly impact changes in the business models of film distribution, which may translate into a more sustainable development of the industry. Sustainable development means balancing the three factors of civilisational progress: economic, social, and environmental.

At the same time, in the context of the changes taking place in the creative industries, the impact of environmental aspects is still underestimated. It also seems that this state of affairs is only likely to change in the long term, especially if we consider the increasingly emerging "green" practices in film production [22]. One might even venture to say that



eco-media promoting greater public awareness of the meaning generated by films and the place of circulation or the carbon footprint left by the film industry must first develop.

In the research conducted, the focus was on the reasons for the perceived changes in the business model rather than the direction of change itself. However, the identified determinants of model change undoubtedly have an impact on the values proposed to stakeholders and on the development of new models. However, the identified determinants of model change undoubtedly affect the values proposed for stakeholders and the development of new models that consider sustainable development goals. The presented results may also illustrate the situation in other markets, as the COVID-19 pandemic has affected the whole world, affecting countries' social and economic situations. Therefore, the challenges facing film distribution are comparable, and the observed changes in business models in distribution are transnational in nature, especially considering the development of international streaming platforms. The results presented can provide an outlet for further research and analysis of business models in the creative industries.

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