

# Straight-to-streaming movies and shortened theatrical windows could slow entertainment ad spend recovery

Article

Major movie studios are continuing to push releases straight to streaming—whether in conjunction with a theatrical release or foregoing one altogether. Disney **became** the latest to do so with several changes to its upcoming slate of movies, including same-day theatrical and streaming releases for “Black Widow” and “Cruella” and a streaming-only release for Pixar’s “Luca.” These changes, along with WarnerMedia’s earlier decision to release its entire 2021 slate simultaneously on HBO Max and in theaters, further dash hopes that this year will be the rebound that many in the entertainment industry were hoping for.

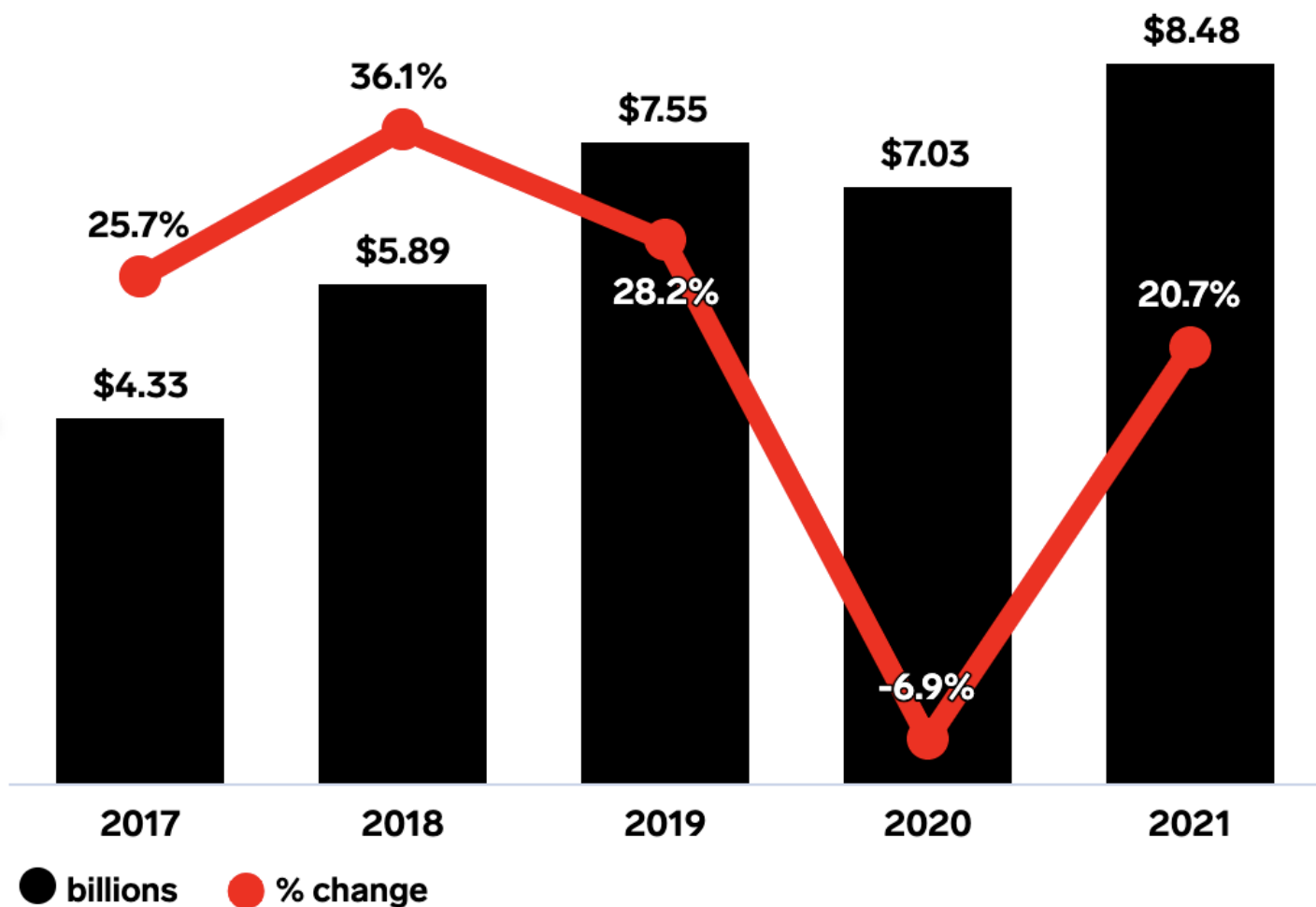
**Though movies will eventually return to theaters, the pandemic has permanently changed theatrical releases.** For example, earlier this week, it was reported that WarnerMedia **signed** a deal with Regal Cinemas to return to theaters in 2022. But the typical 90-day theatrical run will be shortened to just 45 days, after which the films will be available on HBO Max. ViacomCBS opted for a similar move, with movies getting between 30 and 45 days in theaters before hitting Paramount+. This is not new—Netflix was trying to **negotiate** shorter theatrical runs even before the pandemic—but the pace of these changes wouldn’t have been as rapid without lockdowns forcing media companies’ hands.

**These changes could hurt the recovery of entertainment industry ad spending by disrupting traditional promotional runs.** The industry pulled almost all ad spending related to movie releases early in the pandemic. But even as theaters have begun to reopen, studios seem reluctant to spend. As of January 3, 2021, TV ads for motion pictures were down 82% from the same time last year, **according to** Kantar’s “COVID-19 Ad Category Tracker.” Straight-to-streaming movie revenues just haven’t held a candle to pre-pandemic theatrical runs, and without the promise of a hefty box office payout, huge multichannel promotional blitzes seem to have been scrapped in favor of more low-key campaigns. Now that theatrical windows seem to be permanently shortened, that change could also become permanent, dealing a blow to TV networks that have typically leaned on big movies’ multimillion-dollar ad budgets.

**However, that doesn’t mean that all ad spend will go away—digital will be resilient as always.** The entertainment industry’s US digital ad spend fell by only 6.9% last year. That could be the result of a stronger focus on promoting digital streaming services, as well as a general shift in movie marketing away from linear TV. This year, we **forecast** that the industry’s digital spending will see strong recovery with 20.7% growth, reaching \$8.48 billion.

# Entertainment Industry Digital Ad Spending

US, 2017-2021



Source: eMarketer, July 2020 (see below for notes and methodologies).

eMarketer | InsiderIntelligence.com