Growing on-demand content may mean blockbuster's end

Just before going to see *King Kong*, my family found the 1933 and the 1976 versions airing simultaneously on back-to-back TV channels. So we kept flicking from one to the other, laughing at the *Gumby*-level special effects and Jessica Lange's acting.

It seems every generation wants to remake *Kong*. But that's probably over. It's unlikely that some studio in 30 years will make a megabudget, holographic, five-story-high *King Kong*.

Because the blockbuster is dead. Mass-market, event-size movies, CDs, TV shows and books are all getting exterminated, displaced by hundreds or thousands of titles that appeal to ever more narrow audiences. We're seeing the birth of "the niche blockbuster, if that's not an oxymoron," says Massachusetts Institute of Technology researcher Erik Brynjolfsson, who this month will release a paper showing the trend growing stronger.

And if you want an up-close look at the forces killing the blockbuster, join a couple hundred thousand of your closest friends at the Consumer Electronics Show this week.

The over-riding theme at the 2006 CES in Las Vegas is technology built to give consumers any content they want, wherever and whenever they want it. Cable TV's Starz on Tuesday announced a movie-download service called Vongo. For $9.99 a month, download any of 1,000 movies and dump them into a portable device.

Sling Media is expected to announce a service that lets you use a portable device such as a Treo to watch what's on your TiVo at home. There's a new Motorola subscription music service and Comcast's on-demand offering of reruns such as *Mister Ed*. On and on it will go, as companies promise to give us total control over the content we buy.
As that happens over the next decade, the economics of content will change.

The more I can find and get what appeals precisely to me, the less likely I'll go see things that appeal to the broadest possible audience — i.e., a blockbuster. That doesn't mean I'll never consume mass-appeal content, but I will do it less often. In my limited media-consuming time, I might prefer to watch Premier League soccer games or old Thin Man movies instead of a benign Jennifer Aniston flick.

This is not just theoretical. This week, Hollywood tallied up its 2005 and found it to be dreadful. Theater attendance fell for the third straight year. Just one movie — Star Wars, Episode III: Revenge of the Sith — was a true blockbuster, making more than $300 million. In each of the three previous years, three movies made that much.

In a Tuesday USA TODAY story, Focus Features executive Jack Foley said, "The woes in Hollywood always stem from the same thing, and that's the product that's out there. People turn out for good movies." But the fading of blockbusters isn't a temporary problem with the quality of movies. It's permanent, driven by all this on-demand technology.

The same thing is happening in music. This week in his Long Tail blog, Chris Anderson took a sideways look at a list of the 100 best-selling albums of all time (No. 1, Eagles: Their Greatest Hits 1971-1975). He sorted them by year and found that 2001 to 2005 produced the fewest blockbuster albums of any five-year chunk since 1966.

All of this echoes back to a 2003 paper by MIT's Brynjolfsson that identified the "long tail" phenomenon. Brynjolfsson documented how consumers behave differently when shopping on a website, such as Amazon.com or Netflix, that has almost limitless shelf space.

In traditional physical markets — a store, a multiplex — space is limited and costly. So it's important to sell a few things that lots of people will buy. Faced with limited general-interest choices, consumers tend to flock to the best of the bunch, which creates blockbusters. About 20% of the CDs or movies or other content account for 80% of revenue. It's known as the 80-20 rule.

But on the Web, we can find what we want, not just what some store or theater operator offers us. Instead of stampeding to Cheaper by the Dozen 2, we dig up 1984's The Adventures of Buckaroo Banzai. Instead of profiting by selling a lot of a few things, companies can make more money — and make customers happier — by selling small amounts of thousands of pieces of content.

There will always be a handful of titles that lots of people across many tastes want to watch, but those titles will rarely draw Star Wars-size audiences. More people, in aggregate, want to get all those niche products. A graph of what sells would start with a spike of a few popular titles, then trail off forever like the long tail of a comet. The bulk of the customers and money are in the tail, not the spike — opposite of what used to happen.

Brynjolfsson's new research looks at the role of search and recommendation tools. Not surprisingly,
both help consumers more precisely find what they want — even when they don't know what they're looking for. And again, that steers people away from blockbusters. If you're in San Francisco and can't think of what you'd rather watch than another Desperate Housewives episode, click on Netflix's "local favorites" and up pops a list topped by The Times of Harvey Milk. And there you are.

"These phenomena are pushing the trend toward more obscure products," Brynjolfsson says. "And that will feed back to what products get created in the first place."

Which means that as blockbusters fail to appear year after year, content companies will have to shift to a long-tail view of things. In Hollywood, that would mean making more low-budget niche movies and very few big-budget, mass-market movies.

Thirty years from now, spending $200 million to make a fourth King Kong will probably seem ridiculous. But spending $5 million to make Buckaroo Banzai II optimized for the small screens of mobile gadgets — now there's a concept with legs.

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