

The Rise of Hollywood East: Moving from Industry to Project-based Perspectives on Creative Clusters

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Three Million Stories
Curb Center, Vanderbilt University
March, 2013

The U.S. film and television industry: Incentives and regionalization

- In the 1990s Canadian tax incentive programs lead to a fear of “runaway productions” in the USA
- In 2001 US states begin offering incentives to lure productions from Hollywood
- By 2010 most states have some film tax credit in place
- Some evidence that states are effectively luring work away from New York and Hollywood (though costs/benefits are contested)
- Current debates and models miss fundamental aspects of creative industries
 - Projects vs industries
 - Mobile labor networks

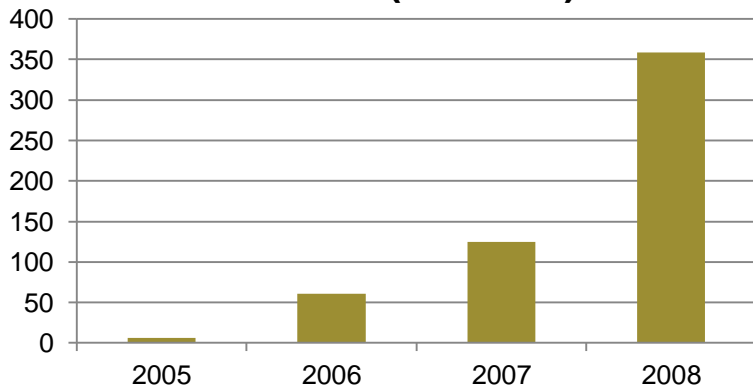
Creative industries vs creative project networks

	Industry perspective	Project network perspective
Level of analysis	Macro	Meso
Units of analysis	NAICS codes and firms	Clusters, projects and occupations
Governance	Organizational/ Hierarchical	Contractual/ Network
Labor markets	Internal, long term employment	External, freelance employment
Labor mobility	Low	High(er)
Careers	Organizational	Intra-organizational

Film and TV production in Massachusetts: The rise of (the story of) Hollywood East

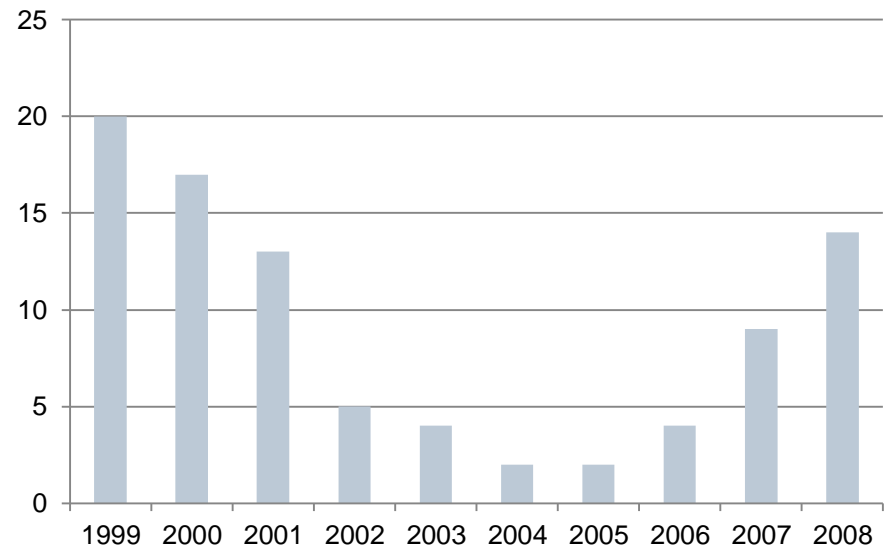
- Vibrant industry in the 1980's with lots of production and local crew
- Dropping production in the late 1990's and early 2000's
- Implementation of a 25% transferrable tax incentive in 2005 stimulated production (and debate about costs/benefits)
- Combining industry and project network views is critical for understanding regional dynamics

**Annual Film and TV Spending
(millions)**

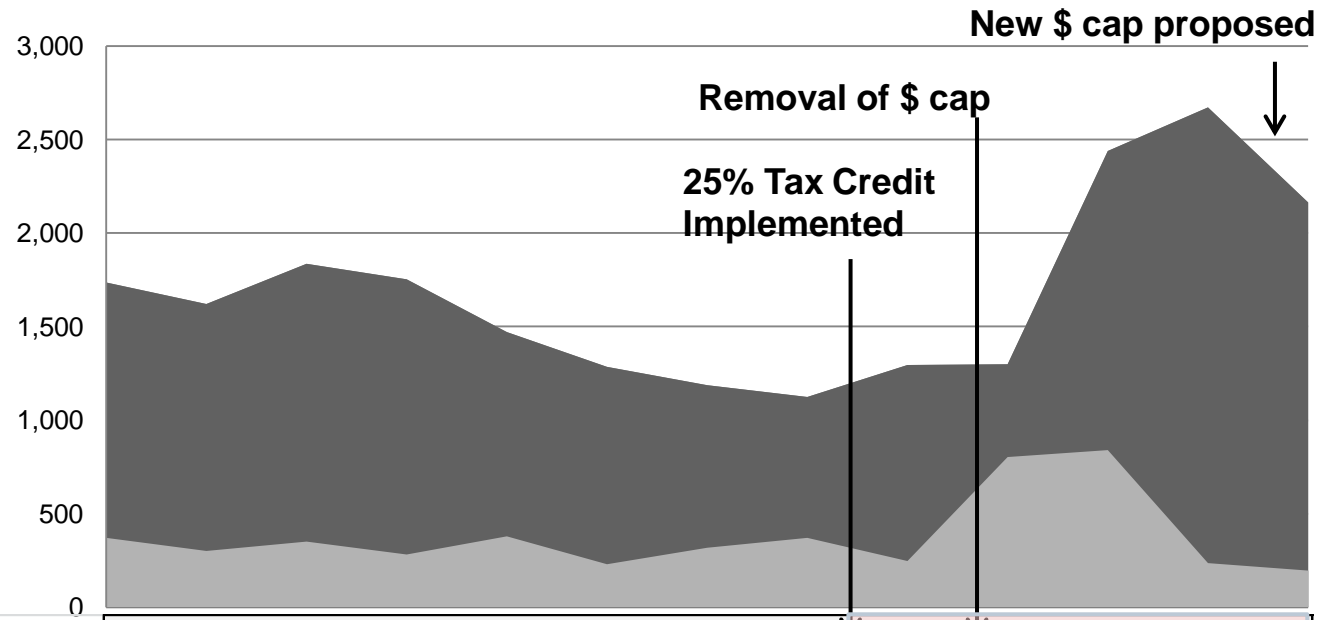


Source: Massachusetts Film Office

Films and TV shows shot in MA: 1999-2008



Industry Level Data: Employment and Wages 1998-2008



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average Annual Establishments													
Motion picture & video production (51211)	319	316	326	311	308	293	297	297	272	273	298	287	295
Postproduction & other (51219)	34	31	35	36	33	30	30	32	28	30	31	32	29
Annual Average Employment													
Motion picture & video production (51211)	1,736	1,621	1,836	1,753	1,471	1,285	1,187	1,124	1,295	1,299	2,439	2,672	2,164
Postproduction & other (51219)	371	301	351	282	379	230	318	371	247	803	840	236	196
Annual Average Wages													
Motion picture & video production (51211)	42,840	45,453	50,103	50,700	48,624	51,370	54,415	57,695	60,527	60,598	61,225	53,051	41,033
Postproduction & other (51219)	31,648	39,477	46,471	49,301	30,932	49,953	35,728	34,953	51,986	18,086	19,437	63,904	72,144

Project Level Data

	2006	2007	2008	2009	2010
Project mix					
Feature Films	7	14	20	13	6
Commercials/Advertising	45	53	86	51	51
Television Series	26	29	28	21	14
Documentaries/Other	17	26	25	12	12
Total projects	95	122	159	97	83
Wages (\$ amounts in millions)	\$43.50	\$111.10	\$304.90	\$203.60	\$29.10
Wages \$1 Million & Over	*	*	\$133.60	\$82.00	*
Wages Under \$ 1 Million	*	*	\$171.30	\$121.60	*
Non Wage Spending					
Set Construction	\$1.20	\$4.70	\$23.70	\$19.10	\$1.50
Location Fees	\$9.30	\$10.50	\$42.10	\$36.60	\$8.40
Unclassified/Other	\$30.80	\$30.10	\$109.40	\$74.10	\$19.30
Total Spending	\$84.80	\$156.50	\$480.20	\$333.40	\$58.30
Of Which Spent on:					
MA Resident/Business (%)	35%	30%	32%	33%	63%
Non-MA Resident/Business (%)	65%	70%	68%	67%	37%
Source: Massachusetts Department of Revenue			* Data not presented		
http://www.mass.gov/dor/docs/dor/news/2011filmincentivereport.pdf					

**Annual Project
Mix**

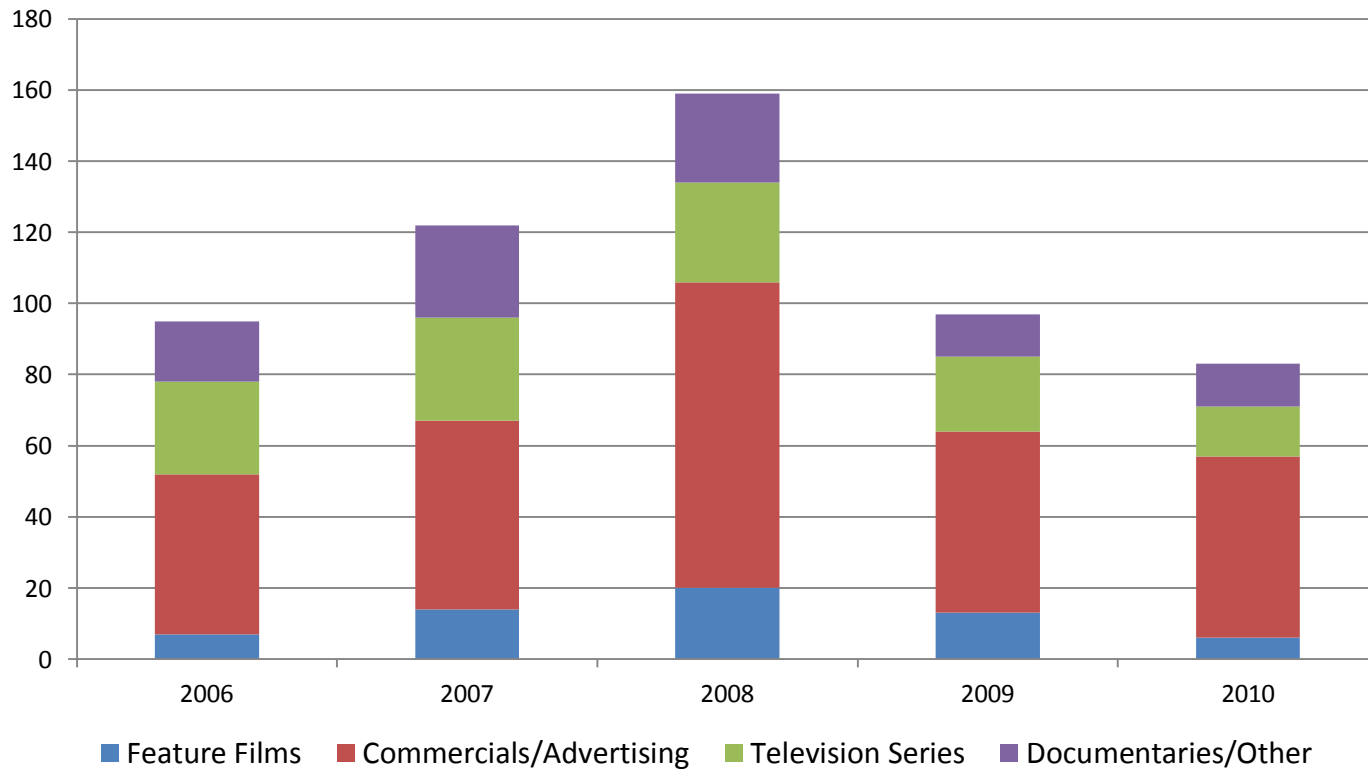
**Annual Spending
Mix (wages/non-
wages)**

Proportion local

Annual project mix: 2006-2010

	2006	2007	2008	2009	2010
Project mix					
Feature Films	7	14	20	13	6
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Documentaries/Other	17	26	25	12	12
Total projects	95	122	159	97	83

Annual Project Mix



Spending by category: 2006-2010

	2006	2007	2008	2009	2010
Wages (\$ amounts in millions)	\$43.50	\$111.10	\$304.90	\$203.60	\$29.10
Wages \$1 Million & Over	*	*	\$133.60	\$82.00	*
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*Annual Spending Mix
(wages/non-wages)*

Non Wage Spending

Unclassified/Other
24%

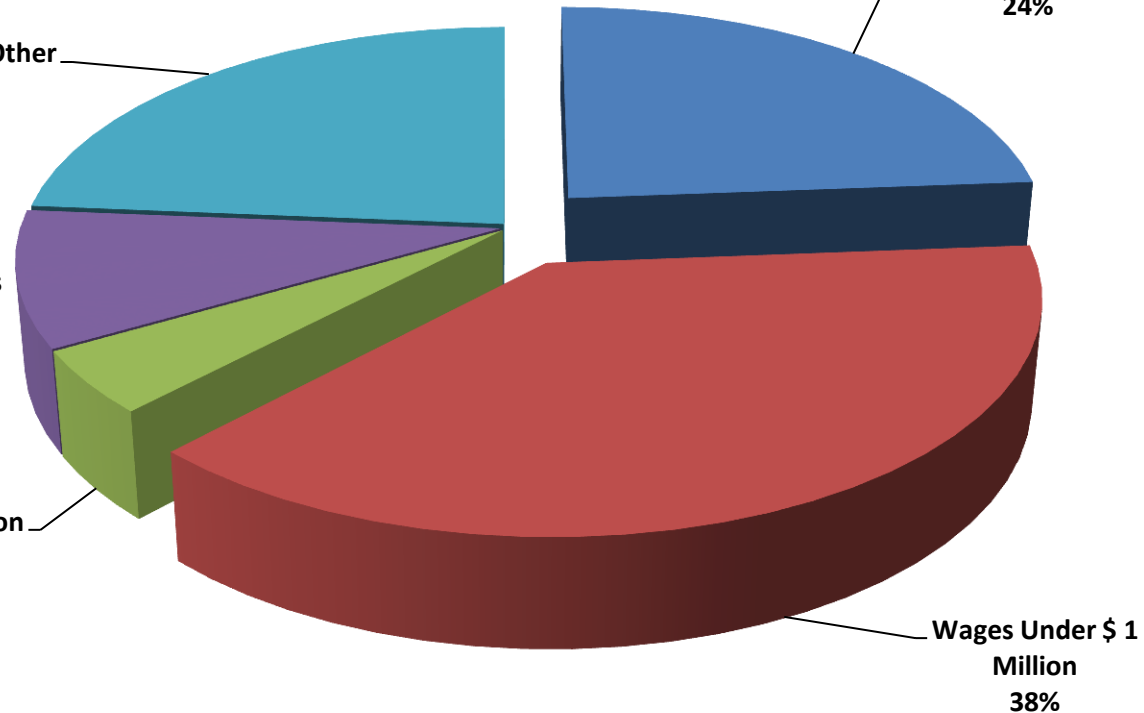
Location Fees
10%

Set Construction
4%

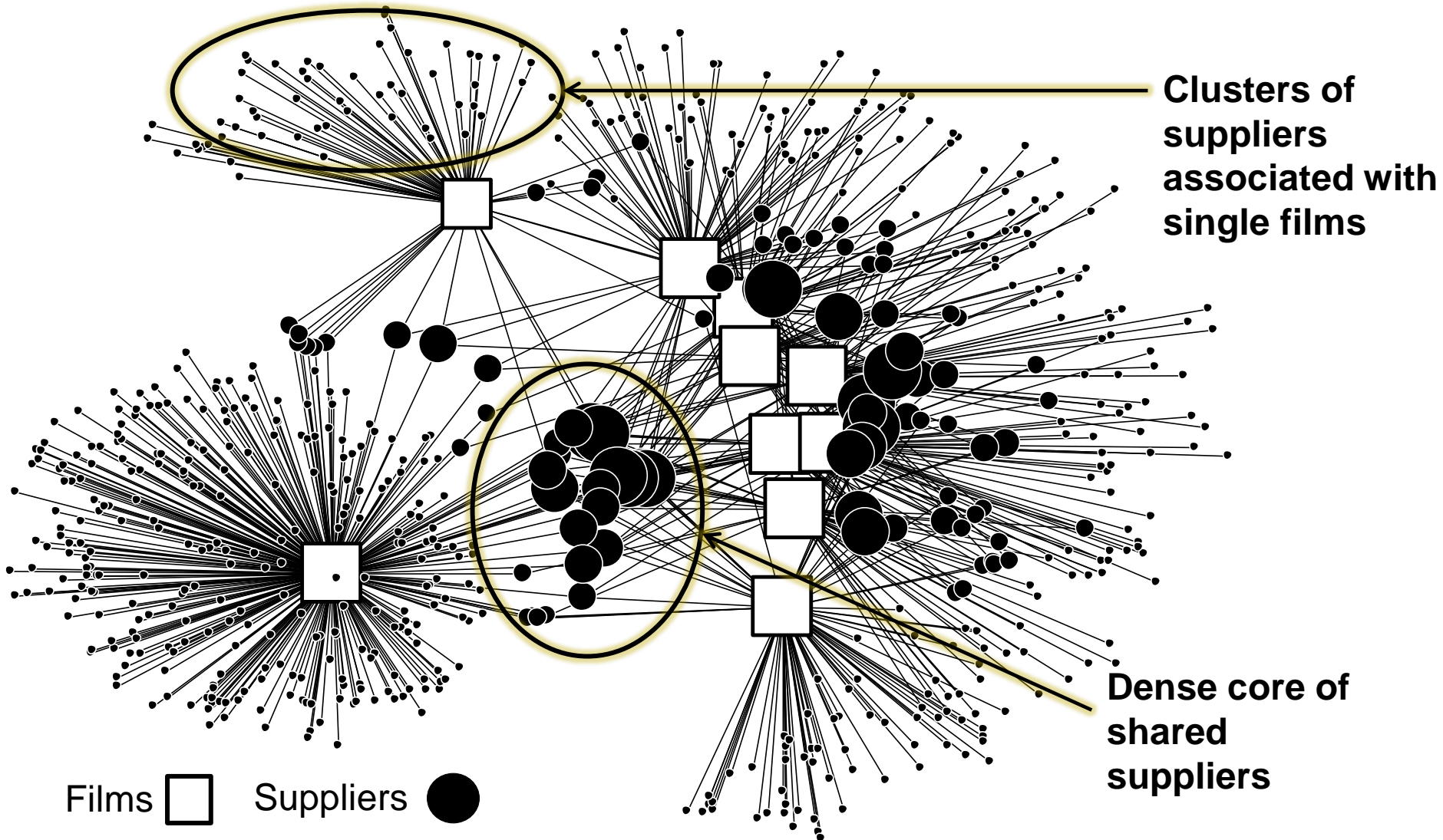
Wages

Wages \$1 Million
& Over
24%

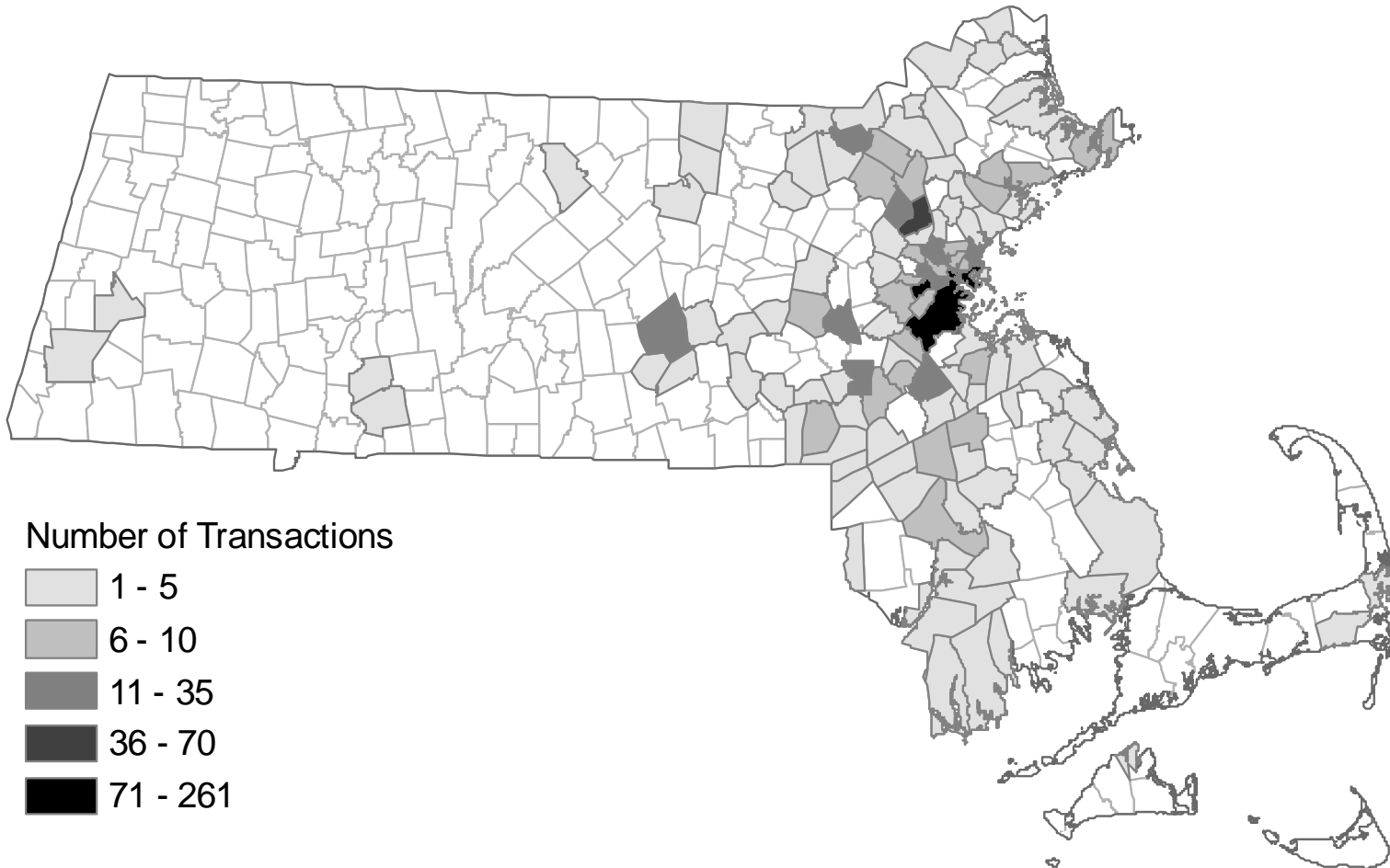
Wages Under \$ 1
Million
38%



Supplier networks for 10 feature films shot in MA in 2008

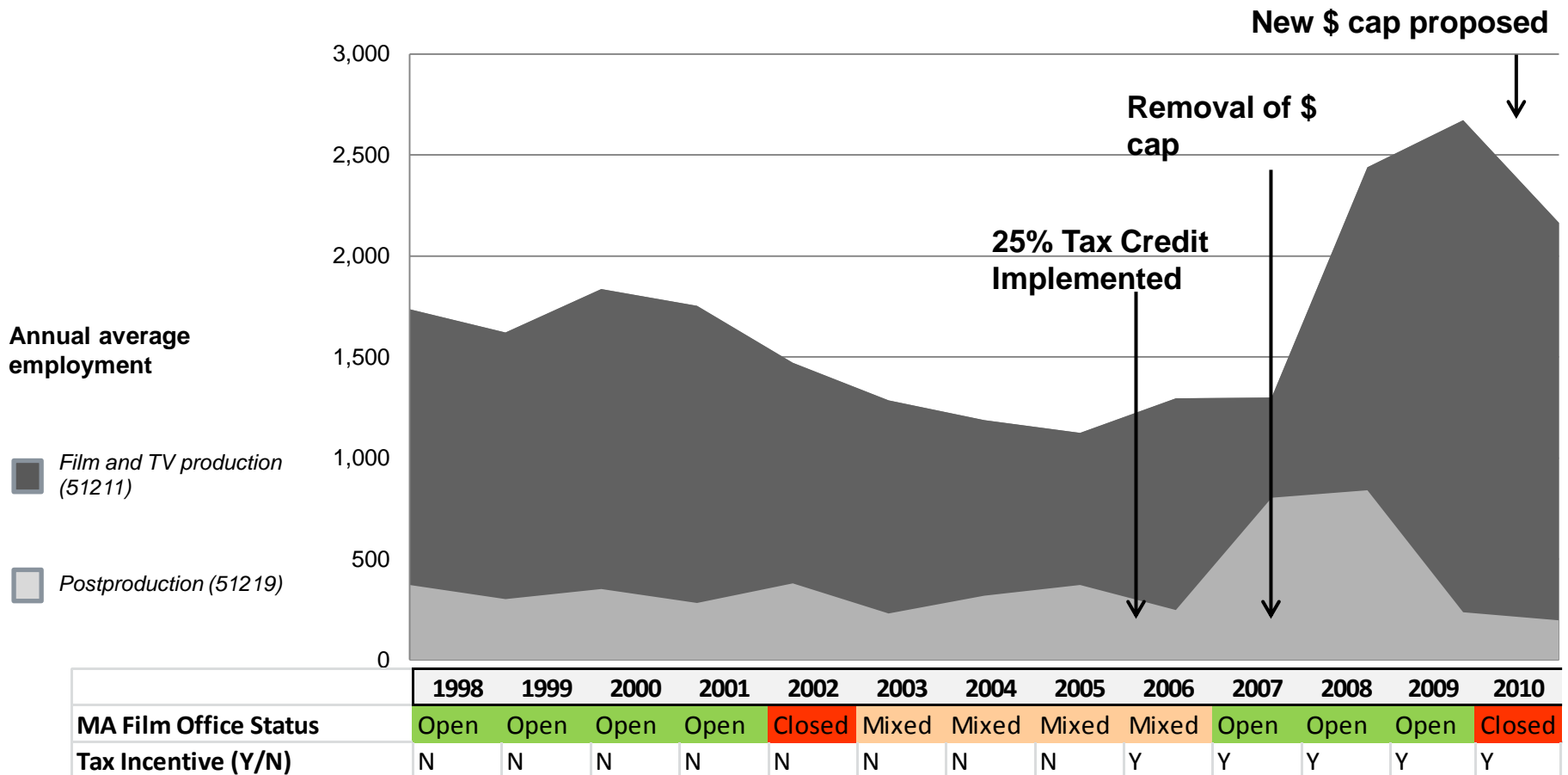


Distribution of non-wage spending for 10 feature films in 2008



Industry Data / Film Office Status: Employment and Wages 1998-2008

Regional film office activity and incentives seem related to macro level employment trends (and perhaps regional project mix)



Conclusions and future work

- Extends research on employment in creative industries by focusing on projects
- Hidden role of regional film offices in the development of film and television production clusters and policy
- Need to combine industry and project network level data to understand regional dynamics
- Need for collaborative research and policy making engaging public agencies, private sector and educational institutions

Questions and discussion