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Television, Hollywood, and the Development of Movies Made-for-Television

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All television viewers in the United States are familiar with the "Late Show," the "Early Show," the various "Nights at the Movies," and other series which have turned homes using television into archives exhibiting the best and worst of Hollywood's creations. Nearly everyone in the current "film generation" first encountered the magic of Hollywood's past through television. Indeed, it is not surprising to learn that by the late 1960s the television industry had "run out" of theatrical fare, and therefore started to commission its own films. Today, television movies outnumber theatrical films in prime time. Looking toward the future, movies of all types will continue to represent a popular, staple entertainment attraction on television. In fact, they should be so attractive that they will constitute a cornerstone of the emerging cable, pay subscription and direct broadcast satellite television industries.

Like other forms of U.S. television, the presentation of theatrical and made-for-TV movies has gone through a 20-year period of innovation and diffusion. Throughout that transformation one fundamental factor seems to stand out: the driving force for any programming change has come from a desire for more profit. For television, with its sophisticated ratings estimates and limited advertising slots, executives have listed only those offerings which produced the highest profits. Consequently, a history of this genre (feature-length narrative films shown on U.S. television) must begin as a business history. We need to examine the history of two industries—

television and motion pictures. Since we have precious little that qualifies as analytical history in this area, we should, as a first step, begin to integrate a business history of the coming of movies to television into a literature so well synthesized by Alfred Chandler in *The Visible Hand*.[1]

Early Interaction

At first glance, understanding initial relations between the film and television industries in the United States seems simple enough. We read that from 1945 to 1955 the heads of the film industry resisted any interchange with the television industry, and that only after the movies had lost their mass audience did the moguls reluctantly consent to open negotiations with their counterparts in television. I posit that such an argument is far too simple. The movie studios did, correctly, withhold their catalogues of features and shorts, for then even NBC and CBS could not ante up fees competitive with short-run box office revenue. No incentives existed to push movie executives to forfeit their strong card in inter-industry media competition. In all other areas, however, Hollywood not only dealt with the television business, it tried to take it over. Unfortunately, two decades too early, the dominant concerns of the chief executives of the motion picture industry included the then viable options of subscription and large-screen television.

The motion picture industry also tried to acquire extensive holdings of television stations. For example, Paramount Pictures secured a share of the DuMont network and its owned-and-operated stations, and KTLA in Los Angeles. From the exhibition side the United Paramount Theatre Chain gained control of the American Broadcasting Corporation. Yet the motion picture industry failed to obtain a significant, lasting foothold. Why? The reasons were complex. In part the movie producers unwisely invested vast sums in subscription and theater television. Also, radio stations and newspapers acquired television licenses in America's larger cities and hooked up with NBC or CBS. The movie companies lacked the necessary community involvement and political muscle to win FCC approval. In addition, that governmental regulatory body frowned on movie producer applications because of recent convictions in the Paramount anti-trust case (1949). That same case forced producers to truncate their theater holdings precisely when they needed the security of that vertical integration. The owners of the old theater chains generally turned to other investments, and the United/Paramount Theatre/ABC merger proved an exception to the rule.[2]

The smaller Hollywood producers, however, saw television as a market into which they could expand. They gladly offered their vacant studio lots for the production of programs especially made for television. Until 1955 no major studio (Fox, Warners, Paramount, RKO or MGM) stepped forward to provide such facilities. But in 1951 a minor studio, Columbia, did; in that year it established Screen Gems as a wholly owned subsidiary for television series production. By mid-1955 the success of Screen Gems and others, plus the continued decline of revenues from the rental of features, provided a sufficient incentive for the majors to plunge headfirst into television series production. Warners, together with ABC, pioneered such programs as *Cheyenne, 77 Sunset Strip* and *Maverick*. Soon this type of relationship proved so profitable for both sides that Hollywood was transformed into the center of television production in the United States, replacing New York City.[3]

As this jockeying for market position was taking place, feature film material was being shown by local television stations. Initially features were imported from Europe, in particular by the Ealing, Rank and Korda corporations of Great Britain, who perceived television as a method by which to break into the American market so long dominated by Fox, Warner Brothers, RKO, MGM and Paramount. Specialized producers such as Monogram and Republic also offered their backlists to local stations for precisely the same reason. More than 4,000 titles came forth from these sources. But their cheap production values only served to remind early television viewers of the storehouse of treasures still resting in the vaults of the five majors.[4]

Coalescence

By 1955 the film industry in the United States had survived its most tumultuous decade. Attendance and revenues had declined by one-third to one-half, depending on the measurement one used. There seemed to be three causes for this drop. First, the aforementioned Paramount case had disrupted the process of distribution. Second, the urban audiences, so long the staple of the film-going public, were migrating to the suburbs—no longer did they live near neighborhood theaters, or close to public transportation which would get them downtown. Third, network television, complete with its own oligopolistic structure and conduct, reached full strength. Audiences were sizable, advertising dollars were plentiful—viewers had journeyed from their radio sets to the "tube." Only the more recalcitrant movie executives wanted to stand firm; newcomers to the movie business held no illusions and sought change.[5]

In 1948 Howard Hughes purchased control of RKO, and in five short years he increased debts to $20 million and reduced production by 50 percent. In 1954, to appease minority stockholders, he took over their shares (writing a check for $23,489,478.16 to cover the amount). One year later he sold the company to General Tire & Rubber for $25 million. (At the time General Tire owned WOR-TV in New York City and sought RKO's features for its *Million Dollar Movie* series.) But General Tire did not want to enter film production and distribution so it quickly tendered all non-filmic physical property to others: the studio facilities, for example, went to former RKO star, then America's number one television attraction, Lucille Ball, for her Desilu Corporation. General Tire also peddled rights to RKO's 704 features and 1100 shorts to television stations in markets where General Tire did not own a station. This alone turned up $15 million. In sum, *Variety* estimated that General Tire realized a profit of nearly $10 million in one year from its RKO investment, a return in excess of 60 percent.[6]

Such figures impressed even the most recalcitrant movie mogul. Within the space of 24 months all the remaining major Hollywood corporations released their pre-1948 titles to local television stations. (Only these titles were tendered because they required no residuals to creators.) For the first time in American film history a sizable audience could re-view a broad cross section of Hollywood sound film production. Few silent motion pictures proved popular enough to warrant frequent showing. We must date this as the beginning of a new cinematic age.

From sale or lease to television the dominant Hollywood film companies were able to tap a significant source of needed revenue precisely at the low point of their adjustment to the post-World War II world. Columbia, which had been the first Hollywood company involved in telefilm production, also moved first in this arena. In January, 1956 it announced that Screen Gems, its subsidiary for television, would rent packages of Columbia films to local television stations. One hundred and four features constituted the first package. Three more of 195 features were out by mid-1957, and profits soared. In fiscal 1955, Columbia achieved a $5 million profit—a minor studio had instantly become a major.[7]

On March 1, 1956, Warner Brothers sold its pre-1948 group of 850 features and 1500 shorts to Associated Artists Productions, a television distributor working in conjunction with PRM, a Canadian-American investment company. This $21 million deal included all rights for television presentation as well as the right for film remakes and 16mm distribution. Suddenly Warners could announce its best year in a decade: for the fiscal year ending August, 1956, Warners recorded a profit of $15 million. (In 1957 United Artists acquired controlling interest in Associated Artists Productions and with it the Warner package.)[8]

Twentieth Century-Fox took in even more money. In May, 1956 it licensed its pre-1948 features to National Telefilm Associates (NTA) for cash, a percentage of television rentals, and a block of NTA stock. Monies totalling $32 million eventually changed hands; total features released reached 500 titles. In turn, this library was divided into five packages delivered over the next five years. NTA bicycled films in exchange for a minimum of 90 commercial minutes a week which NTA in turn sold to national advertisers.[9]

In August, 1956 MGM completed separate contracts for 725 of its back titles. The buyers were three CBS owned-and-operated stations, two King stations, four Triangle stations and KTTV in Los Angeles (in which MGM acquired an interest). The return for these deals totalled $20 million, the largest single day's business in MGM's history. In 1957 MGM-TV peddled additional packages of its 750 features and 1500 shorts to other stations for $34 million.[10]

Paramount held out the longest because it had invested the most in subscription television. In February, 1958 it sold, rather than leased, its pre-1948 library to MCA, then a talent agency—this sale was worth $50 million. But because Paramount, like Warners, *sold* rather than leased its titles, the buyer made out far better in the long run. By 1964 MCA had grossed more than $70 million and had not even tapped into the network market. The excess profits MCA generated from this investment enabled it to purchase Universal, Inc., and join the ranks of the major Hollywood studios.[11]

Network Movie Nights

From 1955 on, pre-1948 feature films functioned as a mainstay of local television programming practice. Infrequently, the networks would present a feature film as special, but not regular programming. Thus, for example, during the 1956-57 season, CBS began its annual ritual of airing *The Wizard of Oz*. But, with the high ratings for pre-1948 features, NBC, CBS and ABC reasoned that *post*-1948 Hollywood products should generate sizable audiences if offered in prime time. Before the networks could begin this process, however, the Hollywood studios had to negotiate with craft unions concerning residuals. In a precedent-setting action, the Screen Actors Guild, led by its president, Ronald Reagan, walked out and successfully won guaranteed compensation. Consequently, on September 23, 1961, NBC initiated *Saturday Night at the Movies* with *How to Marry a Millionaire*. NBC had worked out a deal with Twentieth Century-Fox for all 31 titles in this first series. All titles were made after 1949; fifteen were in color. (At the time NBC had a monopoly on color presentations; then, as now, RCA owned NBC and RCA was in the process of innovating colorcasting in the United States.) In addition, feature-length movies enabled NBC to effectively counter-program proven hits on CBS (*Have Gun, Will Travel; Gunsmoke*), and ABC (*Lawrence Welk*). As was generally the case during the 1960s, ABC quickly imitated NBC's success, and began a mid-season replacement in April, 1962—*Sunday Night at the Movies*. CBS, the long-time ratings leader, felt no compulsion to join the battle until September, 1965.[12]

Complete diffusion of theatrical movie fare as a prime-time genre was accomplished in less than six years. By the fall of 1968, ABC, NBC and CBS were presenting Hollywood feature films seven nights a week. By the early 1970s, overlapping permitted ten separate "Movie Nights" each week. Programming innovator NBC retained the greatest commitment to this particular form because of continued corporate interest in colorcasting, but this lead was temporary. As the ratings numbers poured in, all three networks realized that recent Hollywood productions provided one of the strongest weapons in their programming arsenal. All employed motion pictures as a tool to boost local station ratings during selected measuring periods each year (the so-called sweep weeks), and so bid competitively on the more popular theatrical products.

This push for network presentation of feature films significantly affected local station practice. Since 1955 sizable quantities of classic Hollywood movie material had consistently appeared on local stations. For example, the number of features televised in the New York market increased from three per week in 1948 to a zenith of 130 per week during the early 1960s. Network movie casting forced this rate down to about 100 per week. As expected, stations not affiliated with one of the three major networks scheduled more hours of movies. So, on average, during the early 1970s these independent stations allocated about one-quarter of their broadcast day to feature films. Network affiliates, in contrast, counted on movies for only one-sixteenth of total broadcast time.[13]

Movies Made-for-Television

The vast display of movie programming presented during the 1960s quickly depleted the available stock. Although the total number of usable features had grown from 300 in 1952 to over 10,000 a decade later, increases after that were negligible. Station managers and network programmers began to wonder just how often they could repeat certain titles. NBC, CBS and ABC had established a formula for scheduling post-1948 movies—show it twice in prime time and then let local stations run it in off-network hours. The movie studios seized the moment and began to demand higher and higher fees for the more popular product. Escalating prices came to a head in September, 1966 for a broadcast of *The Bridge on the River Kwai*; the Ford Motor Company paid $1.8 million for the right to be the sole sponsor of this three-hour extravaganza. Presented on a Sunday night (September 25), this screening bested two proven hits—*The Ed Sullivan Show* on CBS and *Bonanza* on NBC—and drew an estimated 60 million viewers. The trade press soon began to speculate on $50 to $100 million dollar price tags for multiple screenings of recent MGM, Fox and Paramount product.

Network executives realized that costs had reached the point where profits would soon disappear. NBC again took the lead—it commissioned Universal to create a package of two-hour films for first-run presentation in prime time. Costs varied between $300,000 and $1,000,000 per feature; NBC would hold exclusive rights for U.S. network presentation, and, after network screening, the films would revert back to Universal for possible U.S. theatrical release, and foreign theatrical and television sales. Such a practice helped NBC reduce costs and provided a method for making pilot programs for projected series. Since at this time the three networks normally paid for part or all of the development of pilots, significant savings could be effected. Made-for-TV movies enabled NBC to efficiently test the drawing power of proposed series.[14]

The first movie made-for-television offered as part of a regular series, not as a special, was presented on Saturday, November 26, 1966, by NBC—*Fame is the Name of the Game*.[15] The American television viewing public took to television movies in less than five seasons. By 1972 all three networks had, for the first time, scheduled in prime time more made-for-TV motion pictures than theatrical fare. Again, lowly ABC quickly followed NBC's lead. In 1967 ABC reached agreement with MGM for the production of 90-minute made-for-TV features. Ratings leader CBS did not come aboard until the following season.[16]

The rapid transformation to made-for-TV movie presentation took place because profits grew larger than anyone had anticipated. On the supply side a movie made-for-television cost one-half to one-third the price of the average theatrical feature. On the demand side, television movies quickly proved they could attract sizable audiences, at times even surpassing block-buster theatrical features. We would expect to learn that the top network rating choices for movie showings on television would include *Gone With the Wind, Love Story, The Godfather* and *Ben Hur*. More surprising is the fact that *Little Ladies of the Night* (ABC, January 16, 1977) places 15th on the list for movie presentations of any type. The top 100 list also includes such topical hits as *Helter Skelter, A Case of Rape, Women in Chains* and *Jesus of Nazareth*. In general, ABC has produced the best ratings results for television movies. In 1971-72, for example, ABC garnered 13 of the top 15 made-for-TV movie ratings. And, as if to signal that the transformation to television movies was complete, Barry Diller, the head of ABC's movie programming for that season, moved to become chairman of Paramount Pictures in 1974.[17]

Conclusion

In 20 years movie presentation on television gradually became a staple of prime-time programming practice. At first the Hollywood studios withheld their more popular films and explored station ownership, and subscription and theater television. By the mid-1950s, with profits down significantly, the dominant corporations in the motion picture industry agreed to sell or lease their *pre-1948* features (and shorts) to local television stations. In 1961 the networks began to broadcast *post-1948* features in prime time. Costs quickly escalated as available inventories approached zero. Consequently, during the late 1960s, NBC, ABC and CBS commissioned their own films. These made-for-TV features proved so popular that they sometimes surpassed the ratings of even the most expensive theatrical products. The movie made-for-television was established as a force on network television in the United States by 1972, completing two decades of innovation and diffusion.

Change did not stop in 1972. During the mid-1970s the television networks and their Hollywood suppliers created miniseries, novels for television and docudramas. These forms differed from feature films in their far greater length. In the 1980s, Twentieth Century-Fox has begun to produce movies made-for-pay-cable-television. At about one-third the cost of theatrical product, these features would first appear on pay cable networks, then in video discs and cassettes, and would then go to overseas markets. Home Box Office has also begun to create movies for pay cable television. Economic theory and industrial history would suggest that miniseries and novels for pay cable television ought to arrive sometime in the mid to late 1980s.[18]

Movies presented on television, either theatrical or made-for-television, have created sizable profits for both the television industry (stations and networks), and the motion picture industry (the Hollywood producers). The availability of these profits thrust movie-viewers into a new age of film exhibition. It became possible to see a film several times, to draw pleasure from multiple viewings. This major shift constitutes what business historian Alfred Chandler has labeled the 20th century's revolution in production and distribution.[19] Innovators sought speed, volume and regularity in production and distribution. Corporations could then process larger numbers (i.e., viewers) and generate substantial revenues (i.e., advertising dollars) while controlling costs through regularized, routine operation. Television is a far more cost-effective way to reach potential movie-viewers than was the neighborhood movie house. It simply took 20 years for the transformation to take place. Certainly the advent of satellite distribution of movies (HBO, Showtime, The Movie Channel—all on cable television) will surely create more changes in who presents movies, who watches them, and who profits from their showing.

NOTES

1. Alfred D. Chandler, *The Visible Hand* (Cambridge, MA: Harvard University Press, 1977).

2. Robert Pepper, "The Pre-Freeze Television Stations," in *American Broadcasting*, ed. Lawrence W. Lichty and Malachi C. Topping (New York: Hastings House, 1976), pp. 139-147; Douglas Gomery, "Review—*The Movie Brats*," *Screen* Vol. 21 No. 1 (Spring 1980), pp. 15-17.

3. Orton Hicks and Haven Falconer, *MGM Television Survey: Interim Report* (Madison, WI: Dore Schary Collection, Wisconsin Center for Film and Theatre Research, April 29, 1955), pp. 1-8; Charles Higham, *Hollywood at Sunset* (New York: Saturday Review Press, 1972), pp. 145-150; Harvey J. Levin, *Broadcast Regulation and Joint Ownership of the Media* (New York: New York University Press, 1960), pp. 62-63; Michael Conant, *Antitrust in the Motion Picture Industry* (Berkeley, CA: University of California Press, 1960), pp. 108-110.

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5. Gomery, "Review," pp. 16-17.

6. Hicks and Falconer, pp. 14-25; *Broadcasting* (April 23, 1956), p. 96; Richard Austin Smith, *Corporation in Crisis* (Garden City, NY: Doubleday, 1966), pp. 64-66; *Broadcasting* (March 15, 1954), p. 35; *Broadcasting* (December 19, 1955), p. 40; *Variety* (May 1, 1957), p. 50; Gertrude Jobs, *Motion Picture Empire* (Hamden, CT: Anchor Books, 1966), pp. 368-369; Donald Barlett and James B. Steele, *Empire* (New York: W.W. Norton, 1978), pp. 165-170, 210.

7. *Variety* (May 1, 1957), p. 50; Bob Thomas, *King Cohn* (New York: G.P. Putnam, 1967), pp. 262, 347.

8. *Broadcasting* (March 5, 1956), p. 42; *Broadcasting* (April 23, 1956), p. 98; *Broadcasting* (August 30, 1954), p. 58; *Broadcasting* (August 27, 1956), p. 68.

9. *Broadcasting* (May 21, 1956), p. 52; *Broadcasting* (November 5, 1956), p. 48; *Broadcasting* (October 15, 1956), p. 58; *Broadcasting* (July 2, 1956), p. 56; *Variety* (June 5, 1957), p. 27.

10. *Broadcasting* (June 25, 1956), p. 48; *Variety* (March 6, 1957), p. 25; "Stock of Aged MGM Movies Released to TV for $20 Million," *Business Week* (September 1, 1956), pp. 62-64.

11. *Broadcasting* (June 10, 1956), pp. 50-53; "MCA: Putting the Business in Show Biz," *Forbes* (November 15, 1965), pp. 24-27; Stanley Brown, "That Old Villain TV Comes to the Rescue and Hollywood Rides Again," *Fortune* (November 1966), pp. 270-273.

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14. Neil Hickey, "The Day the Movies Run Out," *TV Guide* (October 23, 1965), pp. 6-9; *TV Feature Film Source Book*, ed. Avra Fliegelman, Vol. 13 No. 3 (Autumn 1972), pp. 10-15; Martin Quigley, Jr., "11,325 Features for TV," *Motion Picture Herald* (January 18, 1967), p. 1; Walt Spencer, "Now Playing at Your Neighborhood Movie House: The Networks," *Television* Vol. 25 No. 1 (January 1968), p. 49.

15. The first TV movie, run as a special, was *See How They Run*, aired on October 7, 1964. See Alvin H. Marill, *Movies Made for Television* (Westport, CT: Arlington House, 1980) for a list of TV movies through 1980.

16. Marill, pp. 11-24; Henry Erlich, "Every Night at the Movies," *Look* (September 7, 1971), p. 63; Jack E. Nolan, "Films on TV," *Films in Review* Vol. 17 No. 10 (December 1966), pp. 655-657; *Variety* (August 18, 1971), p. 30; *Variety* (June 14, 1972), p. 29; *Broadcasting* (January 15, 1973), p. 37; Don Shirley, "Made for TV Movie: Its Coming of Age," *The Washington Post* (October 6, 1974), pp. E1-E2; Douglas Stone, "TV Movies and How They Get That Way," *Journal of Popular Film and Television* Vol. 7 No. 2 (1979), pp. 147-149.

17. Caroline Meyer, "The Rating Power of Network Movies," *Television* Vol. 25 No. 3 (March 1968), pp. 56, 84; Jack E. Nolan, "Films on TV," *Films in Review* Vol. 24 No. 6 (June-July 1973), p. 359; Herbert Gold, "Television's Little Dramas: First the Verdict, Then the Show," *Harpers* (March 1977), pp. 88-89; *Broadcasting* (September 25, 1972), p. 61; Dick Adler and Joseph Finnigan, "The Year America Stayed Home for the Movies: How Films Have Burgeoned on Television and Why," *TV Guide* (May 20, 1972), pp. 6-10.

18. *Broadcasting* (October 19, 1981), p. 61.

19. Chandler, pp. 207-209.