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# Film Making as a Creative Ecosystem: The Case of Soho in London

A. C. Pratt

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Andy C Pratt  
Department of Media, Culture and Creative Industries  
City, University of London

## 1. Introduction

The aim of this chapter is to explore the location and processes of film making as interrelated issues, and specifically to characterise this as an exemplar of a (creative) industry ecosystem. Although there has been an untick in academic work examining the film industry qua industry, the dominant academic discourse concerns what happens on the screen: the discussion of aesthetics, narrative, and representation. This division echoes another that of the economic and the cultural value of film; whilst we often hear of the 'box office hits' we are simultaneously aware of competing cultural value system which would highlight a different list of priorities. Finally, we are party to an everyday discussion of the 'stars' of the screen their performances, and often the contrast with their off-screen personas. This list of popular topics of film study is important in two dimensions: first, by what it lacks, and second, by its polarisation. What is missing from the perspectives that focus on stars, or even the Svengali-like directors, is the vast supporting crew of professionals who facilitate the action. Moreover, we are commonly caught in a binary perspective of either/or – economics or culture, stars, or craft workers – rather than a more appropriate hybrid of both sides. The objective of this chapter is to present a more balanced, and more inclusive, perspective of the film making process.

Thinking about the film industry, or film making, as a complex set of activities that require huge amounts of co-ordination and organisation is not so difficult when you sit through the long list of credits that are usually shown at the end of a film showing. As noted in the previous paragraph, however, we lack an appropriate analytical lens through which to bring all of these elements into focus. This is why we offer the notion of an ecosystem which we argue can improve our account, and understanding of, film.

## 2. The creative ecosystem

A creative ecosystem can be defined as the sum of activities that are required to produce and sustain creative products, services, and activities. At its core lies a conception of the creative industries that has two dimensions: domain and function. The idea of domain equates to the variety of art forms that comprise the creative economy; it is important to note that the scope of domains is a permeable and extendable one, potentially variable across times and places, associated with the dynamism of the creative field. The notion of function explains the necessary interrelated processes that the production of a cultural product or service needs: simply, creation or the idea, making or production, distribution, exchange (financial or social), and archiving; then returning to creation. Hence, the functions are best represented as a cycle of production rather than a linear chain; moreover, in practice there are instances of iterative and heuristic feedback, and, the boundaries between functions can be blurred (the same practitioner carrying out several tasks).

This core idea of the domain and function is derived from institutional and evolutionary economic analyses, that stress the importance of the institutions and networks that intermediate between otherwise apparently 'separate' activities. It is an approach when applied to standard 'industrial' analysis creates a lens for understanding the economy based on sectors (collection of industries that share common inputs), and industries (that include all of the necessary processes to produce a final good or service). So, to use this terminology we can refer to the creative sector (or the economy), and particular creative industries (film, music, etc): each industry is composed of the necessary functions.

Institutional analyses offer a different perspective to neo-classical economic concepts (see Hodgson 1993). The latter is based on a primary notion of firms, and markets (a term that is often elided with industry). The key differentiation is that in neo-classical conceptions the balance of supply and demand, equilibrium, allocates (calls forth) goods to consumers (who express their wishes via the price signal); there is no place for consideration of organisations or institutions; and that includes the differentiation of production functions; and, market forces will resist monopolies: this is the realm of institutional analyses (see Hall and Taylor 1996). Strictly speaking these issues, plus location, innovation and creativity are 'externalities' (not core issues) form a narrow neo-classical economic approach. In effect, this creates an analytic invisibility of the actually-existing process of production, and in our case of creative production. The extent to which industries are discussed that are as firms (within which all the production processes are incorporated).

Whilst neo-classical approaches may have approximated the economy at one time, it clearly does so far less now with a plethora of interrelated supply chains running across firms and places; as well as the role of the state in regulating them. It is even more distinct in the case of the creative industries, with its bifurcated organisational forms of near monopoly platforms, and a host of freelancers and project enterprises. There is a further issue with respect to the creative field, namely its dominant concepts relate to a humanistic artistic production model. Essentially, this views the artist and their work as the source of all value. The appreciation of the 'support activities' of training, materials, markets, audiences and galleries are seen as subsidiary. The concentric circles model of the creative industries expresses this with the artist at the centre, and related and 'support' activities (that are 'less creative'), when they

eventually shade into the activities of the general economy (see Throsby 2001). In this sense the traditional artistic model (or the concentric circles model) deviates little from the neo-classical conception of economic activities (albeit with a different 'value sign')<sup>1</sup>.

Technologies and places can produce 'natural monopolies' within an (idealised) economic system; and often the state is allocated the task of resolving these. Technologies can mean that costs of distribution favour those that own production as well. Physical distribution is cheaper in bulk, and the sunk investment of infrastructure is huge; this creates an inequality of power above and beyond price (and if commonly referred to as 'gatekeeping'). Likewise, place can also confer monopoly advantages due to non-substitutability of places: only one facility can be located at the 'ideal location', others must accept sub-optimal solutions. Moreover, the returns to scale of profitability from mass production favour oligopolies.

The dominant, extant lens afforded by neo-classical economic perspectives, and cultural policy hides many of the actually-existing processes of creative production rendering it as unimportant or subsidiary; however, as indicated above many critical aspects of creative production are best understood with an awareness of networks and institutions as they provide a critical mediation between producers in terms of trade, and access to knowledge and resources; moreover, these are articulated in places and spaces.

A creative ecosystem can be broadly described as first, a map of relationships, that describe the actual movement or flow of goods, services, people, and ideas. Secondly, such a map would include routes/linkages and feedback across separate functions and will describe a non-linear but 'systemic' form. Thirdly, a creative ecosystem describes not simply the nodes and linkages of a system, and sub-systems, but illuminates the organisation 'choke points' that enable control and access. Those with monopoly power can set the access price to a system of distribution, or a platform for example. Moreover, monopoly power can enable the exclusion of competitors. Finally, the creative ecosystem is embedded in places: the location of individuals and markets, and the institutions of the 'manufacture' of demand/desire that create 'local' tastes. The differential access to people and ideas reflects the 'non-ubiquity' of creativity. Examples of this are the creative 'scenes' that exist in specific locations around the world: a mix of formal and informal interactions between production and consumption which generate new tastes, and new demands. Place may be mediated by digitalisation, but it is not erased.

## **2. Film making in London**

This section of the paper sketches out the creative ecosystem of film making. For the sake of clarity it is divided into three (in practice interwoven) parts; the first relates to process, this is the logical flow of the functions required to make a film. The second part re-articulates these functions with the dominant organisational forms; finally, the third part relates issues of governance (that is the constitution of power (in-)balances). As the argument about creative ecosystems is founded on then notions of embedding and relation this story cannot be told

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<sup>1</sup> An alternative to these artist centred, concentric circles, or creative intensity are models based on the creative production cycle or system (see Pratt 1997); these ideas have been taken up by policy makers in UN agencies (UNESCO, UNCTAD), and the EU.

in the abstract, it too must be embedded. The case study draws on interviews with film makers in London.

This research was based upon a two-year study of the film industries in London<sup>2</sup>. The study used secondary research of the trade press and specialist journals to paint in the commercial contexts. The rapidity of change, and the 'closed' nature of the industry, makes access for researchers problematic. We gained access to a working industry database, The Knowledge, which afforded us an up-to-date snapshot of the film making population in London; this source had addresses and services rendered.

The Knowledge database was used as the source from which to draw a sample of firms for detailed interview; we interviewed 50 firms in all. We covered the film making production chain functions: production companies, distributors, finance, studios and post-production, and implemented semi-structured in-depth interviews with – wherever possible – the principals of firms. Our interview schedule was structured around business development – in recognition of the project-based nature of the industry. We were particularly concerned with the inter-relationships between the way that business was carried out and how it related to place.

#### A. Process

In order to address these analytical concerns the paper now turns from the process of filmmaking itself. To do so we by revisit the key stages of film production: Development, Principal photography, Post-production and Distribution. As will be noted, these processes do not have a strict uni-dimensional linearity in practice. This represents and provides an overview of what we characterise as a recursive process, principal photography, is what is generally known as 'filmmaking' but is in practice the shortest stage albeit most tightly controlled aspect, of the process. We argue that the nodes in the flows are best not viewed simple links in a value chain, but rather as transformative moments (of power). As we have already noted costs are not transparent nor independent, but relative, and, they are always mediated by quality considerations. Furthermore, each node is embedded and situated in space and time.

##### i. Finance

This stage of the film making process can in principle happen anywhere and take any length of time; however, the repeated contact with investors, with actors and directors, and the exploration of the logistics of casting and locations with specialist agencies commonly links it to particular places. Whilst the main concern in this paper is with commercial film making; but this category, as a 'pure' category, has ceased to exist with the rise of national government tax allowances for investors, via local screen commissions, and places filmmakers (commercial or not) in significant benefit of subsidy. The core funding comes from banks and brokers. There are a handful of specialist banks, based in central London, that specialise in film finance. Increasingly film finance is being sourced through brokers. These brokers are in significant part a product of the UK taxation system where wealthy individuals (or companies)

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<sup>2</sup> We acknowledge the support of ESRC research grant No. RES-000-23-0653 that made the research upon which this paper is based possible.

can receive tax rebates on film investment for up to 15 years. A notable category of clients is professional footballers. Brokers collect this finance from high-net-worth individuals and look for films to invest in on behalf of their clients. The fact that the money is invested in film yields the investor a tax-free allowance; alternatively, if the film makes any money they will also participate in those profits. One of our interviewees, working as a financial broker, emphasised the importance of existing tax regulation which allows this category of film financing to exist. In addition, many investors negotiate some conditions associated with their investment, e.g. from attendance to a premier to participation in, producing, or even directing a movie.

A notable second stream of finance comes from TV broadcasters commissioning or part-financing film, notably the BBC and Channel 4. Public subsidy is available from the UK Film Council (UKFC); in a recent change of policy UKFC has sought to establish production companies with a 'slate', or portfolio, of films rather than fund films individually (the previous policy). Securing funding is often contingent upon setting up a distribution deal, as such distributors will also have an opportunity to influence the production, likewise this can have a significant influence on the selection of a script.

In the UK the size of a low-budget film is somewhere around £1m; a typical Hollywood mainstream budget is £30-40m; a major blockbuster £100m upwards. There has been a movement in the UK to develop film making techniques based upon micro-budgets of £100-£500,000 facilitated by a minimal shooting schedule (Grove, 2004), or, by creating profit sharing deals with talent and the crew (Carter, 2006).

All of the above are necessary but not sufficient parts of the process. Before a film receives the Green light it has to have a budget based upon a shot-by-shot breakdown of the script. Budgets are sub-divided into two main parts: above and below the line. Above the line is 'artists and talent'; below the line is the physical production (and post production). Added to this are the costs of post-production, duplicated film and the marketing budget. The relative costs of these items varies depending upon the type of film: a big budget film with major stars, an intensive computer graphics film, etc. For a major release film the marketing can be as much as 25% of the whole budget, but this does not appear on the budget as distributors bear much of this cost. Budgets are very detailed documents that must cover every item from development, principal photography and post-production. With larger budget films advertising and marketing may be dealt with separately. The budget is an account of how the money available will be used, as such it sets parameters on the number of days that shooting will take place; if something goes wrong usually the pressure is to reduce shooting days which in turn increases pressure on the Director to get the necessary shots in as few takes as possible. In general, there is also a fall-back of insurance policies and other contingencies built into the budget.

We have illustrated the fact that costs and benefits can be very elastic. But, if we look more closely at the budgets of films, and at the organisation of production, the overall cost structure of the film is not transparent. Thus, explanatory models based upon idealised 'real costs' do not help. We have already noted that a film can make a 'headline' (box-office) profit, but technically make a loss for the film makers. Likewise, a film can fail at the box office, but make a good profit for the investors. Overlain on this is the fact that cost of any good is not

the primary determinant of the selection of a good or service. For example, just because an actress's fee is lower does not mean that she will be hired for a specific role; likewise, a 'cheap special effects' company are less likely to get the job than a more expensive one. The central concern is an economically vague, but critically important and well-appreciated, within the industry, notion of quality<sup>3</sup>. Moreover, the need to negotiate the qualities (character of the script, professionalism of director, the stars involved and the sophistication of special effects) as well as the costs of the film deal underpins the tight-knit social and spatial proximity of the film industry.

## ii. Development

Films begin with an idea. The idea is usually in the form of a plot and a story. This may derive from an existing text (a book, play, etc.), or, a writer or producer's idea. If it is an existing idea then the rights will have to be secured on it. Some initial development has to take place to create short version that can be used to make a pitch to potential financiers of the film. Whether the investor is a Hollywood major, the UK Film Council, or a number of private individuals, or all of them together, the producer normally seeks to 'sell the story' (of course, writers may well have already sought to sell the story to the producer). The objective here is to get into 'development', that is, to have finance advanced to work up a 'treatment' (Grove (2004), also notes that films can also be 'self-funded', as such they bypass this step; this is common in the UK).

If the treatment is approved then the project will be 'Green lighted' at which point the film actually begins to be made. However, what is known as 'development hell' is a long process whereby an idea may be re-written many times and other writers may be asked to re-work it. With the film never progressing beyond 'development'. However, development work on both the script and finance can go in parallel:

Throughout the process the producer has to be mindful of their funding partners, the studio, and anyone else whose initial investment gave them a say, demands for particular genres, and the potential inclusion of star actors, and a Director. At this stage the view of the distributor is also critical, if distribution for the film can be 'pre-sold' then the chance of the film sitting in a warehouse with the interest on loans mounting up is less of a risk. Not surprisingly there is strong co-location of film production/development, finance and distribution. Of course, all of these participants will seek to re-configure the script so as to jockey for position and influence. For the investors, and distributors, the inclusion of particular talent (or 'star') may lower the perceived risk; however, the cost may well be inflated leaving less resource for the rest of the film<sup>4</sup>.

## iii. Principal photography

Principal photography is when shooting begins and everyone is on set what the lay person considers 'film making'. Most film shooting occurs on sound stages located in outer London. This is exceptional in that it is the most expensive and short-lived stage of making a film;

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<sup>3</sup> Quality does not exclusively mean 'high quality', rather it is the precise quality for the targeted market: if that is a 'B-movie' then it requires particular skills to achieve the 'look' and 'feel' that match this genre/style.



photography can run from as low as 10 days to as many as 100. The key actors will be contracted for a specified number of days. In order to save money in larger movies a second photography unit may be deployed simultaneously (for location shots where, for example, the main stars are not involved). The main beneficiaries of the film investment are the 'talent': the Director, Producers and Principal actors. These, and the writers and the rights to the script (or book) consume around 15% of the total budget. Clearly there is a balance between stars paid premium sums, and cheap, unknowns. The star can be another one of the reputation markers that attracts funds, and draws in media attention (hence saving on marketing costs later), additionally, experienced talent is more efficient in getting the best out of a limited number of days shooting. The number of days shooting is so inflexible in part because of the cost, but also due to the multiple contractual obligations of talent and crew who will, if successful, be working on other projects before and after shooting. The Director will need to view his dailies, the film shot the previous day, in order to decide if re-filming/shooting is required; additionally, film financiers may want to see evidence of the film progress. Both factors create an umbilical cord between the Director and London, sites of the processing laboratories as well as the financiers.

The 'below the line' costs are divided up between principal photography and post-production. In the former set construction may be significant at 6% of the total budget. The physical location of filmmaking depends upon the script and the budget. The outer London location of studios means that talent and crew can commute saving enormous fees on hotels. Moreover, the studio is like a laboratory, everything can be controlled and the right shot achieved with little wastage. Location shots potentially provide 'locational/place markers' which may help to market the film, but there is a considerable cost, as well as risk, of relocating talent and crew to location.

For more remote locations studio costs are saved but accommodation costs have to be paid, and there is a risk of bad weather or some other unforeseen or uncontrollable misfortune that may disrupt filming. Despite the much promoted potential benefits for locales from location shooting it is clear that much of the expenditure of the cast and crew will seldom make its way into the locale; what little income that will be generated is via permissions to film, the employment of extras, and some accommodation fees. Much of the material and expertise is bought in with the film team, and leave with it. Even the potential place promotion via cinema-goers recognition of the location is dubious with digital modification of shots which renders the real location 'invisible' (Pratt 2007). As noted above, the real benefits are to filmmakers who may potentially be able to make savings. Eastern Europe has been a popular location for location shooting in no small part due to low labour costs of set construction (Goldsmith and O'Regan, 2005).

#### iv. Post-Production

The post-production phase is where the multiple shots created in principal photography are re-assembled in a narrative that will be the film, in addition sound and colour matching is carried out; plus, additional special effects or animation, and background sounds and music added: it is a complex and multi-layered task. Post-production does, overall, consume a smaller proportion of the budget than production. However, increasingly CGI is changing this, computer animation costs may run to 10% of a total film costs. Post-production is a significant part of the film because it is labour intensive, and highly skilled work. Likewise editing and

dubbing sound, (although these tasks usually involve a small number of people). Post-production workers are generally specialists who are hired by the hour. The Director needs to sit in with the editors, or to actually direct the computer animation.

Whilst the script is the guide, films are edited to re-focus a narrative which the Director, the studio, or funder anticipates will look better, and is more likely to gain approval from the market. In the UK these post-production services are almost exclusively concentrated in Soho. Accessibility is key, both for film makers, and funders (who may wish to review the edit), as well as post-production staff themselves. The length of time that post-production may take can vary, often 6-9 months. One of the limitations on post-production timescales is the interest on the loaned finance for the film, and the lead-time required by the vital advertising and marketing schedules.

As a result of the volume of film work passing through London, as well as the high level of US investment, special effects in particular has developed to be an expertise of London companies. Special effects teams told us that London is sometimes preferred over Los Angeles given the similar quality of work; in London the companies are so spatially clustered it saves time,

#### v. Distribution and Exhibition

It is a fact that many films are made, but few are distributed and actually seen. Distribution is critical if a film is to be seen, and to have a chance of making money. The obvious first destination of film is the cinema, although (as noted above) it is possible to bypass the cinema and go straight to streaming release. Given the size of cinema-related marketing costs this later step can be a profitable strategy for a small budget film. The common model is that the producer licences the film to the distributor who then arranges for onward distribution to cinemas, develops a marketing strategy, and collects the box office takings from the cinema. Distributors usually take around a 30% cut of the box office takings (Wasko, 2003). The Hollywood majors and a number of 'minor majors or independents' control distribution. Thus, for larger films production and distribution are closely entwined; but, for low budget filmmakers these steps are disconnected leading to severe cash-flow problems. As noted above, the initial financial package of a (larger) film is often directly dependent on a pre-deal with distributors.

The means by which filmmakers engage with distributors are through film markets/festivals. As many commentators note, few deals actually get done at Cannes or Sundance, their *raison d'être* is to put finance, distribution and filmmakers together and to sense the new trends, as well as formally to promote a number of films (Jones and Jolliffe, 2006). As with many 'reputation communities' filmmakers do not get invited to a festival unless they are on the inside anyway, or are perceived to be the 'next big thing'.

Soho has long been a concentration of the advertising industry, not surprisingly film marketing is also based there. A small budget movie may seek word of mouth advertising, or viral advertising. But a major release will have a budget that equals, or even dwarfs, the production budget (as great as 25% of the total budget). As part of this marketing process a

film may be tested with focus groups and, if not approved of, re-edited to change the narrative or the ending, or even to delete unpopular scenes or characters.

In the last 50 years cinema going has increased, and in the UK the number of out-of-town multiplexes has increased also account for more than three quarters of the total (Film Council, 2003). Of these, the cinema chains American owned Showcase and UCI, and French UGC, owned a third of total screens (Dyja, 2005). The most oft-quoted figures related to films in the popular press are the (box-office) gross. These figures denote ticket sales, however, as a result of the dualistic system (of production and distribution), and the complex financing arrangements, only a small proportion of the headline 'box office' takings finds its way back to the film company, let alone the filmmaker. The general model is that studios get between 45-60% of the gross box office takings (Epstein, 2005 : 197). Critically, as Wasko (2003 : 112) notes, the principal profit line in the cinema business comes from the sale of refreshments, (not from tickets or screen advertising) amounting to between 50-80% of the cinema's profits.

## b. Organisation

The film industry is dominated by a small number of conglomerates that distribute films (hereafter simply referred to as Hollywood; although parts of it are foreign owned), and then there are a number of major cinema chains. US companies own most UK cinemas. Next there are 'studios' which are an organisational envelope for (semi-autonomous) film production companies or divisions. In addition, there are smaller film companies, and nationally based ones, and there are also independent cinema chains (Wasko, 2003). However, money-wise, Hollywood dominates, and distributors are more powerful than studios. The present-day film industry is very far different from the ideal-type Fordist film factories of the 1930s. As noted above, the film industry does not fit the post-fordist model either (Christopherson and Storper, 1986; Aksoy and Robins, 1992). The industry has at least a dualistic structure of oligopolies on the distribution and exhibition side, and, on the production side, micro-, short-term, enterprises: the latter higher risk, the former lower risk, activities. These detailed and sometimes peculiar specificities of organisation have, as yet, been relatively overlooked in economic analyses of the film industry.

Financing film is a critical process to the whole exercise; in addition to the studios<sup>5</sup>, finance increasingly originates from the sales of associated rights (toys, food, branding). Whilst risks and returns are unevenly distributed, the convergent nature of markets and the exploitation of core intellectual property make links between film, music, clothing, etc. logical: in many cases this (the exploitation of intellectual property rights) is where the real profit lies. Moreover, there are individuals and public agencies investing money. There is not space here to discuss the full extent and global flows of finance in the film industry; however, this is

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<sup>5</sup> By studios we are referring to the organisational entities that primarily finance and usually make films. Smaller, usually temporary, companies that do not act as 'banks' and simply raise money from various sources to make films will be referred to as 'film makers'; studios are also 'film makers'. The distinction that we are trying to stress here is the difference from film distribution and exhibition (which is not within our activity of 'film making', but is part of the film industry). To avoid confusion we use the term 'sound stage' when we refer to the built structure that is commonly called the 'studio'.

clearly an important dimension of the 'real' internationalisation of the film industry. Beyond the obvious clustering of film production facilities.

The film industry no longer accords to a vertically integrated model, it is better represented by a dualistic structure of production and distribution. As has already been noted, the studio plays the role of operational banker and strategist, and the distributors and cinemas play a retail role. To a large extent the studios have withdrawn from the actual process of film production to focus on strategic management and accounting tasks. In their place are a large number of independent production companies, only a proportion of which are active at any one time, who may individually employ for the most part a handful of people, but, for the few weeks of shooting may grow to employers of a hundred or more persons (Pratten and Deakin, 2000). Production companies are all looking for projects, have projects in development, or are actually making films: usually, they make one film at a time. These are project-based enterprises (Blair et al., 2001). It is useful to draw a distinction between, on the one hand, the film production companies in the form, or subsidiaries, of studios, as project-based companies who act as 'containers' for temporary projects, this type of company is that most explored in the literature on project enterprises (Grabher, 2004). On the other hand, there are production companies who either only exist whilst they make a film, or, temporarily swell up to accommodate a project before deflating again, this latter organisational form has been explored in the context of new media companies. Independent film production companies that only exist for single projects are an exceptional organisational form; they are subject to considerable set up and organisation costs. However, there is institutional encouragement for this type of firm to exist in the UK as the tax laws work more easily with 'clean'/ new companies – for example, those that are specifically dedicated to one project that is tax allowable and thus not complicated by other schemes.

In business terms, the exhibition side of the industry is separate from the production side. The 'separateness' is located in the management of risk and the calculation of both the costs of a particular film (reflected in the film budget) and of overheads especially for the development period (not reflected in the film budget). The production companies know that every film will not be a success, so they have to construct a portfolio.

Thus, it is quite possible for many films to make substantial losses (as long as there is the occasional big hit), and for there to be little (direct) relationship between funds for the costs of the film and income/profit that this film can make. This is not to suggest that budgets are un-important, but they only reflect funds/costs part of the equation. It is like two sides of a coin; the other side of the coin concerns the social production of film.

Arguably, it is necessary to re-focus on these micro-scale processes as the norm-related macro-, or meso-, scale analyses ignore these particularities. Accordingly, the basic structure of a production chain is a useful starting point –theoretically and empirically - for analyses of the film industry (Pratt, 1997). With specific respect to film the chain can be characterised as having five steps: development, principal photography, post-production, distribution and exhibition. GCC formulations do not map well onto the film industry; for example, the dualistic definition of buyer/producer-driven chains proposed by Gereffi (2001). The film industry does not fit easily with either category. In one sense one can characterise them as producer driven (in both senses of the word!); the classic Hollywood film factory is the stereotype, but today

various means of access to power and funding are key. The critical event, the (1948) Paramount decision, that led to the separation of exhibition and making films, continues to be a fault-line in the organisation of the film industry. Whilst technically cinemas are free to show what they like, in practice they are tied into the oligopolistic distribution systems, and a well-oiled and very efficient advertising and promotion system, that generates markets, and profits for a certain type of high investment, high return film: the blockbuster. There is a paradox in the fact that because of the huge costs involved in marketing films, they need to get a massive audience to simply breakeven. Thus, despite the negative public image of going 'straight-to-steaming' (i.e. not involving a cinema release), this can be a means of smaller budget films making money even if they 'fail' at the box office.

### c. Embedding

It may seem obvious to state that 'place matters' in respect to film making; however, it is place per se, but place that facilitates the unique co-ordination of activities at a place in time (not necessarily appearing on screen, or related to the 'sound stage'). Despite the relatively small output of films (Film Council, 2005), London has a very profitable industry, and it has a significant international profile in film production services, specifically it produces a substantial proportion of all special effects for what are otherwise US films. The growing proportion of all frames that are computer generated, or digital, in contemporary film is significant. The impacts of the technologies of digitisation have an extended, although currently uneven, impact on the film industry from production, distribution to exhibition (Currah, 2003).

#### i. Location

UK film making had a golden period in the 1930s; it was at this time that four key studios were developed on the Northern and Western edges of London in Ealing, Elstree, Shepperton and Pinewood. This golden period, and in fact most of the subsequent period, has been possible only because of continuing and substantial investment of US film makers in the UK. Significantly, these studios have specialised in accommodating Hollywood blockbuster films, notably, those utilising special effects. Soho is now a world class provider of film special effects. From the mid-20<sup>th</sup> century Hollywood majors made their UK home in Wardour Street and Soho Square (in purpose-built offices) (Keeble and Nachum, 2002; Nachum and Keeble, 2003). This district is well known as an entertainment area, it has historic literary and artistic connections (Summers, 1989).

The two combined traditions of literary/artistic bars and music clubs had a particular hey-day in the late 1950s and early 1960s: the Colony Room, the Marquee, and Ronnie Scott's jazz club. The quality of the environment of Soho, both physical and social, declined in the 1960s as Soho increasingly became a centre for the sex trade. However, the film industry continued to co-exist; more significant was its co-location and industrial synergies with the advertising industry (Pratt, 2006), centred on Golden Square. The advertising industry had pioneered innovative narrative and photography since the early 1960s. Indeed, many of what were to become the UK's top film makers in the 1980s initially trained in advertising.

#### ii. Regulation

The rise of Soho as a centre for post-production, a role in which it has international pre-eminence, can be explained by four factors dating back to the 1980s. The first two factors are regulation and television. The creation of a new TV channel in 1982, Channel 4, was significant that it broke with the norms that were until then that of integrated broadcaster and proposed instead the broadcaster as publisher. The implication being that services and programmes would be contracted out (Deakin and Pratten, 1999). To cut a long story short, this has been the path of British broadcasting ever since, as such it has created a new and growing cadre of independent television production companies (Darlow, 2004); these companies have generated a significant demand for production services. As we have already mentioned, TV as an industry is organisationally different from film. However, new editing technologies that were pioneered with videotape and later became drivers of digital editing for film, so in terms of technology and talent there is communality.

Another dimension of regulation is the use of planning and local regulations to control the sex trade in Soho. In the mid-1980s the local authority gained powers to limit the number of business involved in the sex trade; in addition Westminster Council invested in environmental regeneration. Alongside this planning legislation allowed a more flexible usage of property that had been in traditional industrial uses. In combination these processes led to a rise of property values. In relative terms, the film and TV industries were attracted by this quality improvement. More significantly, the substantial co-location generated a synergistic dynamic for post-production activities in particular.

### iii. Technical innovation and expertise

A third factor in the rise of Soho can be associated with the US films shot in the UK that were pioneers in the use of special effects: *2001: A Space Odyssey*, *Star Wars*, the *James Bond* franchise, and the *Harry Potter* franchise. These and other films created a nascent special effect expertise. Initially, this was studio based, and had been located in the UK by US film makers due to the strength of the dollar against sterling, to save costs. This initial work stimulated the growth of digital special effects and computer graphics. The technical expertise was located in Soho and not at the sound stages located on the periphery of London. The innovative advertising market coupled with TV and film, plus additional US money, created opportunities and a critical mass for the development of a premier post-production centre. The capstone of this development was the establishment, in 1995, of Sohonet (a high capacity broadband link between post-production houses and the studios). It is perhaps a paradox that in such a competitive industry that Sohonet was privately funded. Sohonet facilitates the transport (albeit digitally) of part-finished goods around the 'district'. However, with the extension of Sohonet this district now extends – a in trans-local fashion -to Burbank, California (Pratt, Gill and Spelthann 2007).

## 3. Conclusion

This chapter has shown how that by using the lens of the creative ecosystem we can develop a better understanding of the full process of film making. Critically, it counters a more popular discourse that focuses on individuals as the foundation of film making. Moreover, the approach taken avoids the binary traps of resolving film making to either reductive economic,

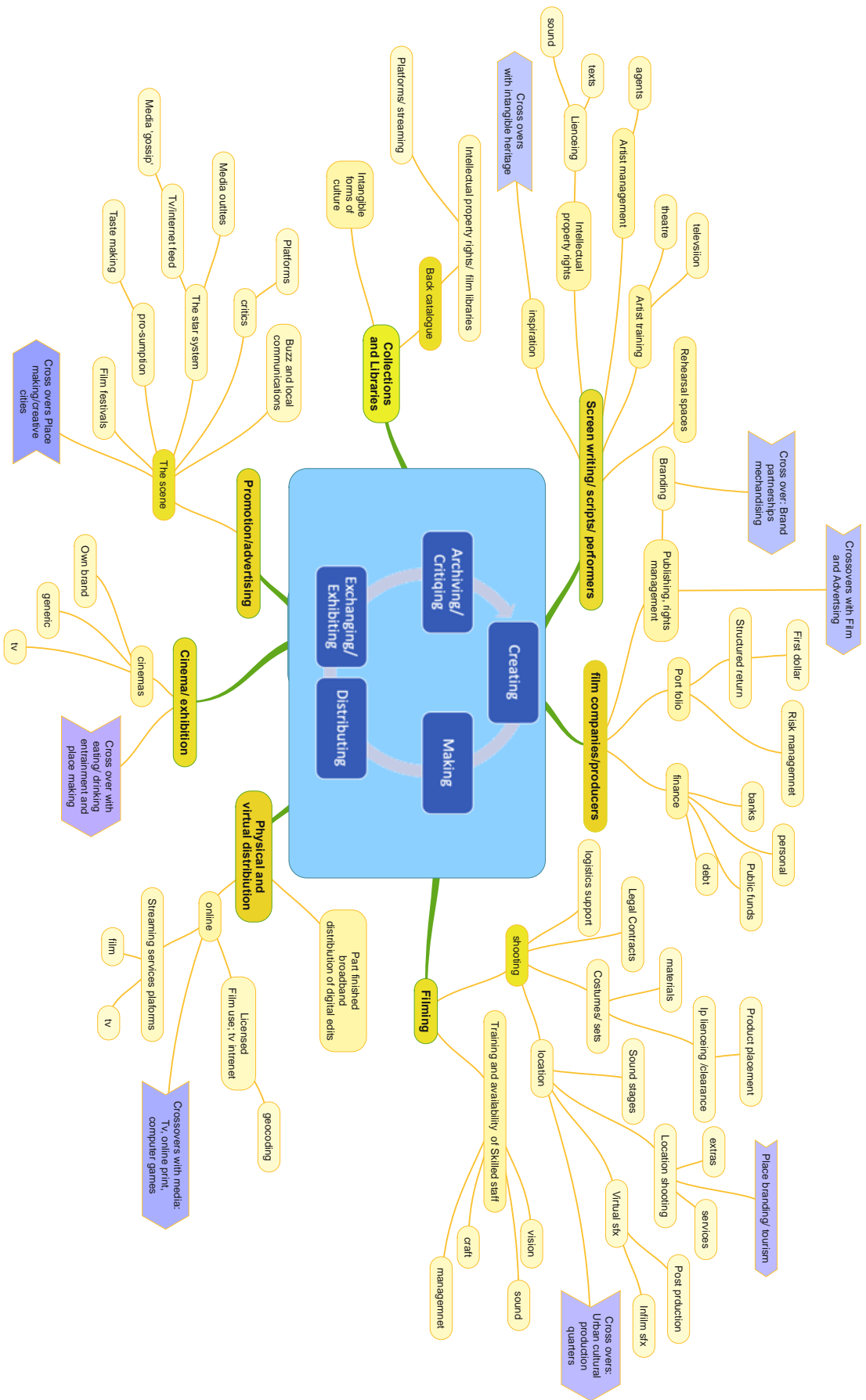
or parallel reductive cultural or aesthetic registers. The ecosystem approach is underpinned by a conception of cultural production that includes the full cycle of functions from creation, through making, distribution, exchange and archiving; as well as the breadth of different artistic or cultural forms.

In this chapter we translated the formal production cycle into the actually existing phases of the film making process. We showed how this was a recursive and iterative process that was embedded in places and organisations. Moreover, that the film industry had significant linkages through shared skills and technologies, and audiences and actors with 'neighbouring industries' such as advertising, television, theatre and music. We have shown that by taking an institutional approach we were able to bring attention to the linkages, flows and intermediaries of film making. Thus, we showed that the ecosystem performed the integration of the diverse and various activities of film production. As post-Fordist scholars have pointed out, the fact that film industry is not under one roof (the studio), but comprised of a myriad of changing and interchangeable components, that gives it the flexibility to continuously innovate, as well as to manage high risks (financial and organisational).

Diagram 1 offers a non-exhaustive analogue illustration of the patterns and flows of activities that interweave to create the film ecosystem, there are linkages to local place making, as well as international flows of capital and expertise. At the core is the conceptual cycle of production, but then embedded in particular processes, skills and technologies, and places.

The ecosystem redirects our gaze from that of production or consumption, from the stars or the studios, but shifts it to an ecosystem of shifting networks and to some extent stable institutions; and, to the fast-morphing temporary projects that are the 'essence' of film production. A critical insight is that the clustering and co-location of parts of the film making process are less to do with price comparison, or transport cost minimisation, but more to do with the facilitation of coordination, synchronisation, the innovation of new activities and the flexibility of new production. As a whole, the film making ecosystem is an organisational form that enables the management of risk.

Place is important in the film making ecosystem, but the particular proximities that matter can be as much social and cultural coordination that support aesthetic forms exemplified by the face to face decision making that takes place in the creation and editing of digital special effects, and editing more generally. The co-location and access to audiences, and to parallel art forms / domains such as television, theatre, music and advertising speak as much of labour markets as of communities of practice where skills, and critical knowledge, is the vital currency that supports innovation and coordination, and minimises risk.





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