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SumZero Market Commentary featuring:
Raj Shah
Founder/PM of Stoic Point Capital Management
(<https://sumzero.com/pro/cap-intro/funds/1027#/>)
Steve Gorelik
Founder/PM of Firebird US Value Fund
(<https://sumzero.com/pro/cap-intro/funds/461#/>)
Pete Wahlstrom
Principal at Front Barnett Associates



The news that **Disney (DIS: US)**

(<https://sumzero.com/pro/entities#/2322/primary>) plans to release the live-action version of Mulan with an additional \$29.99 on-demand price tag to Disney+ subscribers shone a spotlight on one of the biggest questions impacting the film industry as the COVID-19 crisis continues to hamstring the economy: how will new cinematic releases be affected if movie theaters remain closed or if audiences stop going to movies?

While filming and production have been delayed or halted altogether on some features, Hollywood has a backlog of big-budget films that had completed principal shooting before the pandemic took hold of the country in early March. Some of those films were intended to be seasonal blockbusters, timed to lure kids on summer break and bring tourist season moviegoers in front of the silver screen with the hope of breaking new records and staying in theaters as long as possible before retiring to on-demand and eventually, syndication and streaming.

Once major markets like New York City and Los Angeles began suffering under the burden of social distancing measures enacted by state and local governments, studios began realizing that what they had initially thought would be minor delays might, in fact, be the beginning of the end of moviegoing. The organic solution required little imagination. Studios - which now also comprise platforms like **Amazon (AMZN:US)** (<https://sumzero.com/pro/entities#/1586/primary>) that produce their own content - looked to premium video-on-demand (PVOD) to release new movies on streaming services like Amazon Prime Video, Disney+, Hulu, **Apple's (AAPL: US)** (<https://sumzero.com/pro/entities#/19/primary>) iTunes or AppleTV, and **AMC's (AMC: US)** (<https://sumzero.com/pro/entities#/12542/primary>) On-Demand. The groundwork had already been set: consumers were no strangers to paying extra for live, on-demand sporting events and premium-priced rentals of films in either limited release or fresh off the theater circuit.

The questions became those of how quickly people would embrace PVOD as the new moviegoing and how much they would pay for a new Hollywood studio movie that could easily be overshadowed by an equally intriguing new series or film produced and included by companies like Amazon, HBO, and Disney as part of their existing subscription packages. *Could living rooms and laptops replace box office revenue, not just in the midst of a pandemic, but in the uncertainty of a declining and battered consumer economy and rising unemployment rate?*

Read our special market commentary on the entertainment industry and the future of cinema, citing research from SumZero members **Raj Shah of Stoic Point Capital Management** (<https://sumzero.com/pro/cap-intro/funds/1027#/>), **Steve Gorelik of the Firebird U.S. Value Fund** (<https://sumzero.com/pro/cap-intro/funds/461#/>), and **Pete Wahlstrom** (<https://sumzero.com/pro/members/profiles/15698#/>) below.



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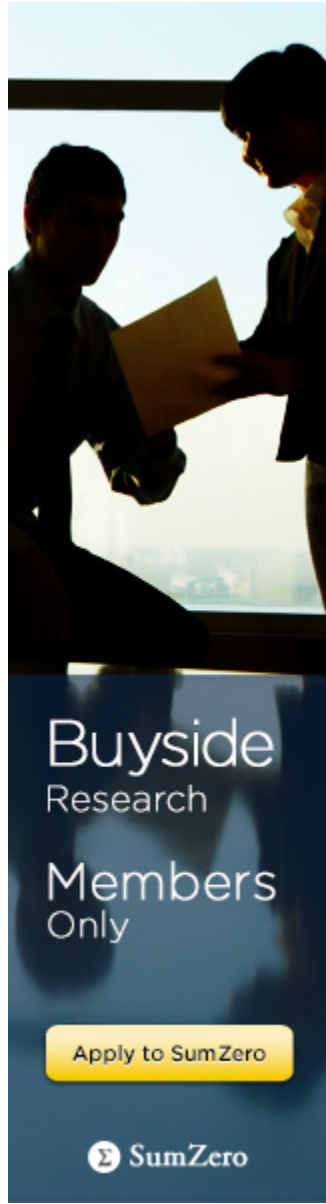
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