



How Hollywood is Adapting due to COVID-19

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Film Festivals

With the Centers for Disease Control and Prevention (CDC) advising against travel and public gatherings, film and television markets around the world have been cancelled. In response, several festivals have announced a switch to virtual platforms. While Cannes has postponed its physical market in May, Cannes Marché has announced that a virtual market with a reduced fee will run during the originally scheduled dates. MIPTV has also announced a move to a virtual platform for this year's market. A virtual market could ensure that the buying and selling of projects continues. Without the barriers of high travel costs, these platforms could even lead to an increase in and diversification of buyers. While nothing will replace the face-to-face interactions and live audience screenings that typically occur at festivals and markets, perhaps next year's film and television markets will maintain a virtual component to increase access (and potential sales).

Streaming/Video on Demand (VOD)

With many viewers stuck at home for an extended period of time, we are likely to see a marked increase in demand in one arena: streaming. Viewership has already increased so much in Europe as a result of the nationwide shutdowns that EU regulators are asking online streaming platforms to switch from high to standard definition to manage bandwidth demand. If the "social distancing" mandate continues for an extended period of time, viewers are likely to grow hungry for new streaming options and content just as a slew of emerging platforms such as HBO Max, Quibi and Peacock TV are slated to launch. Undoubtedly, these platforms are entering a crowded market. But viewers that exhaust streaming options right

now may be more open to adding new subscriptions when those streamers enter the fray in the coming months.

Established streamers, too, can adapt to the current increase in demand. Disney, for instance, garnered good will and likely an increase in viewership when it announced that it would release Frozen 2 on Disney+ three months ahead of schedule in response to COVID-19. To the extent existing legal obligations allow for it, streamers should consider early releases, particularly for fan favorite content likely to draw in new subscribers. Streaming services that can push release dates forward and otherwise adapt to the increased at-home viewership demand will be better-positioned to keep those viewers once the crisis has subsided.

Movie Theaters

With most major movie theater chains in the United States shut down for the near future, it's hard to see a silver lining for the box office. However, if theaters reopen at the end of the year and studios release more new films each week than is standard, audiences (who have cycled through all of the available content on streaming services) will have plenty of new films to draw them into the theaters. Since this will also mean increased box office competition, it will also be important in the coming weeks and months for studios and filmmakers to keep their films in viewers' minds through traditional marketing avenues or by leveraging the social media platforms of key talent. Filmmakers can use this lengthened pre-release period to build anticipation and excitement around their films, and perhaps even to find viewers that otherwise would not have heard about the movie. With more choices of films in theaters coupled with increased anticipation for films whose release was delayed, we may see an upswing in box office numbers once theaters do re-open.

Additionally, in an attempt to mitigate losses in the box office, several studios are shortening the theatrical window to release movies on VOD that were either just beginning or in the middle of their theatrical run. To date, Warner Bros and NBC Universal have announced plans for several films, once meant for the theater, to be released on VOD. While this won't replace box office losses, it is a step towards lessening the financial damage of COVID-19. This could be a pivotal step in slowly tightening the window even as the pandemic ends. What remains to be seen is how studios will handle films that have planned releases in the next few months.

If you have questions concerning this topic, or other areas of entertainment law, please email us at AGEntertainmentGroup@akingump.com.

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