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'Trolls' streaming win sparks feud between NBCUniversal and AMC

"Trolls World Tour" [nabbed nearly \\$100 million in on-demand sales](#) for NBCUniversal (CMCSA) during its first three weeks, and the surprise digital success story is now sparking a feud between U.S. movie theater chain AMC ([AMC](#)) and the prominent Hollywood studio.

Universal, which originally marketed the "Trolls" sequel as a box office film, made the decision to bypass its theatrical release due to the coronavirus pandemic. The Hollywood giant opted to offer the film as a premium video-on-demand (PVOD) rental at \$20 a pop. For comparison, the original "Trolls" brought in [\\$116 million](#) in its first three weeks at the 2016 box office.

The move served as the first true test of whether or not a movie needed the theater in order to be successful. And NBCUniversal CEO Jeff Shell told ["The Wall Street Journal"](#) that the entertainment giant now plans to release future films directly on-demand, in addition to theaters.

"The results for 'Trolls World Tour' have exceeded our expectations and demonstrated the viability of PVOD," Shell said. "As soon as theaters reopen, we expect to release movies on both formats."

In response, AMC banned Universal movies from AMC theaters.

"It is disappointing to us, but Jeff's comments as to Universal's unilateral actions and intentions have left us with no choice," AMC said in a statement. "Therefore, effectively immediately AMC will no longer play any Universal movies in any of our theaters in the United States, Europe or the Middle East... [This policy] is not some hollow or ill-considered threat."

The ban, which Regal Theaters parent company Cineworld joined on Wednesday, comes in advance of high-profile Universal blockbusters like Fast & Furious' "F9" and Daniel Craig's final James Bond installment "No Time to Die."

Universal responded in kind, saying that "we absolutely believe in the theatrical experience and have made no statement to the contrary. As we stated earlier, going

forward, we expect to release future films directly to theaters, as well as on PVOD when that distribution outlet makes sense.”

The PVOD model can often be quite lucrative for studios. For example, while box office grosses are split evenly between production houses and theater chains, studios retain roughly 80% of digital rental fees.

‘I certainly wouldn’t want to be AMC’

Streaming services from Netflix ([NFLX](#)) to Disney+ ([DIS](#)) have altered the media landscape — and are paramount platforms when it comes to accessibility.

“I’m not on either side, but I certainly wouldn’t want to be AMC in this fight. I’m not sure they have the right cards in the end,” Marcum LLP CEO Jeffrey Weiner, who served as an executive producer on the “Borne Supremacy” series, told Yahoo Finance.

“Movie studios have multiple channels of distribution — theaters being one of them — but theaters aren’t going to come back any time soon,” he said. “And when they do it will be at reduced density which automatically shrinks box office dollars.”

Weiner added: “Studios have a lot more options [to] find alternative sources of distribution and make profits.”

To preserve cash during this time, AMC has furloughed all of its corporate employees including CEO Adam Aron. And although theaters are hoping to salvage the summer blockbuster season by releasing both Disney’s “Mulan” and Warner Brother’s “Tenet” in July, there’s still no telling when consumers will feel comfortable again.

“There are outside forces that, no matter what [theaters] do, are going to effect their ability to attract crowds,” Weiner said.

“The economics are going to have to be reset for a time period at least, but do theater chains have the balance sheets to weather this kind of storm? The whole industry is really in for a tough time until people are not afraid anymore.”

Still, others think the coronavirus is acting as a “stress test” for the industry which will eventually settle with time.

The success of the second ‘Trolls’ movie “is a result of a very usual situation that sees the competitive model completely shifted right now,” [Comscore](#) Senior Media Analyst Paul Dergarabedian told Yahoo Finance. “But when theaters come back we’re going to return to a much more normal revenue pattern for big screen and small screen companies.”

“The thought that streaming can defeat movies is completely misguided,” he added.

“People do not live by one style of content or one platform alone.”