

at least in part, to the technological changes. Technology requires more investment, and more product. First, keeping up with new technologies can be too costly if not sufficiently capitalized. Second, new modes of distribution, including direct broadcast satellites, has resulted in a huge demand for product. These larger conglomerates seem to better meet the demands of a global communication, information and entertainment age.

It is not impossible to counter the trend of vertical integration. DreamWorks, created in 1995, by three successful Hollywood executives, is an attempt to buck the trend of further vertical integration among the seven majors. While the Canadian challenges are not identical to those of a new entrant in the American market, the success or failure of DreamWorks may reveal important issues related to vertical integration and the challenges it poses to all but the seven majors.

Despite this astounding process of vertical integration, there has been little anti-trust litigation in the United States entertainment industry in recent years. New issues may arise. First, the relevant product market in the movie exhibition business has been first run exhibition. It has been argued that it should include video tape rentals, television movie channels, television pay-per-view, non-movie television entertainment, and some other forms of entertainment. This change in the definition of the relevant product market would reflect a real change in industry characteristics. While box office sales provide an indication of a film's success, these sales no longer are as important as they once were. Currently, 37 per cent of Hollywood's revenues result from home video rental and sales.⁸⁴ Second, reconsideration of conditions of entry into movie exhibition may be useful. There may exist structural barriers to establishing a cinema house. Perhaps more importantly, the informal relationship between film distributors and exhibitors could also inhibit entry by new exhibitors in the United States market.⁸⁵

This change in the American industry has even larger consequences in the Canadian exhibition markets. It seems that it creates barriers to entry for distributors that do not have existing informal relations. This issue of access to distribution in both the United States and Canadian markets is central to Canadian film policy. Potential changes, in the United States, as a result of anti-trust, are important therefore for Canadian policy-makers to follow.

The United States market is highly concentrated. The question remains whether this highly concentrated market affects foreign independents differently than United States ones. The question of distribution in the United States is important. Can foreign films enter the United States market with relative ease? Christine Ogan examines a variety of reasons why foreign films were popular in the United States in the 1960s. Her article looks at objective factors, such as industry structure, and subjective factors, such as taste. Acheson and Maule state that "...there is no bias by American audiences against foreign material. In other sectors, American consumers

⁸⁴ Bedore, 19.

⁸⁵ OECD, *Horizontal Concentration and Vertical Integration in Cinema and Television Film*, 4.