This SFM guide to who owns what in the US screen entertainment industry — movies, broadcast, cable and streaming — has been updated to reflect developments in tobacco content and changes in corporate ownership. We put this map together so public health experts, parents, young people and policy makers can identify who decides if smoking shows up in entertainment accessible to kids.

The US film industry

MAJOR STUDIOS | The US feature film industry is dominated by five "major studio" distributors. In 2019, their top-grossing films accounted for 81 percent of all youth-rated tobacco impressions delivered to domestic theater audiences. The studios develop, finance, and market film projects domestically and worldwide. Almost all films with production budgets greater than $50 million are major studio films.

Studios may not break even on theatrical showings of a film, but a film's box office, split roughly 50-50 with the theaters, strongly predicts the revenue the studio keeps to itself when the film is later released on DVD and licensed to on-demand, cable, and broadcast services. Most studio revenue comes from those "long tail" after-markets. In addition, 70 percent of US studios' theatrical revenue now comes from outside the United States, which helps explain why easy-to-sell "franchise" films are prized by major studios.

The major studios are represented by a trade group, the Motion Picture Association (MPA), dominate its board of directors. The MPA owns and administers the movie ratings (G/PG/PG-13/R,NC-17), with a nod to the National Association of Theatre Owners (NATO), which plays a role in enforcing age restrictions. The major movie studios are the jewels in filmed entertainment divisions of larger, vertically-integrated media conglomerates. These conglomerates also own domestic and foreign broadcast, cable and OTT (over-the-top; that is, streaming) services, theme parks and other entertainment brands. Wall Street refers to these media conglomerates as the film studios' *parent* companies.
As the media industry consolidates to withstand Internet-based challengers, companies that are strong in distribution "channels" are seeking companies with lots of old and new "content" to fill those channels — and vice versa. View the tobacco track records of major media companies.

MPA-member media companies (excluding Netflix)

Parent company	Studio distributor	Film marketing labels	Other media brands
AT&T	**WarnerMedia**	Warner Bros., New Line	Adult Swim, Boomerang, Cartoon Net., Cinemax, CNN, DC, HBO, HBO Max, HLN, Otter, TBS, TCM, TNT, truTV, WB
COMCAST	**Universal Studios**	Universal, Focus, Illumination, Working Title; DreamWorks Animation	Bravo, CNBC, E!, Fandango, MSNBC, NBCUniversal, Oxygen, Peacock, Sky, Syfy, Telemundo, Universal TV, Universal Kids, USA, Xfinity
The Walt Disney Company	**Walt Disney Studios**	Blue Sky, Disney Studios, Lucasfilm, Marvel, Pixar, Searchlight, Twentieth Century Studios	ABC, Disney Channel, ESPN, freeform, FX, Disney+, Hulu, National Geographic, Touchstone TV, 20th Television
SONY	**Sony Pictures**	Columbia, Screen Gems, Sony Pictures/ Classics, TriStar	Sony electronics, PlayStation, Xperia, Sony Music, Sony TV (production)
VIACOMCBS	**Paramount Pictures**	Paramount Pictures/Classics/Vantage, Insurge, MTV Films, Miramax (49%), Nickelodeon Movies	Awesomeness, BET, CBS, CMT, Colors (India), Comedy Central, MTV, Nickel-odeon, PlutoTV, Showtime, PopTV, Smithsonian, Telefe, VH1

INDEPENDENT PRODUCER-DISTRIBUTORS | Smaller film companies use OPM (“other people’s money”) to produce and distribute smaller-budget “specialty” films that don’t require costly national TV advertising. Like major studios, independents can also charge substantial producer and distribution fees against a film production. This ensures the distributor a flow of revenue even if the film never makes a profit and before the film’s investors see any return. Independents often “pre-sell” film rights in non-US markets before the cameras start to roll — unlike the major studios, which usually distribute their own films through their global marketing divisions, aside from occasional co-productions. *Like* the major studios’ specialty labels, however, indies may buy finished (or nearly finished) films from their original producers.

The independents are not MPA members but adhere to its rating and advertising rules. Only a few large independents (Amazon, CBS, Lionsgate) are publicly-traded companies. Others seek a mosaic of inputs from individuals (“executive producers”), hedge funds, sovereign wealth funds, tax shelters, generous public film subsidies and other sources to launch a handful of films each year.

Together, the independents release more top-grossing U.S. films than any *single* major studio. They also release nearly as many films with smoking as all major studios combined. However, smaller production and promotional budgets, and consequently smaller audiences, mean that the average indie film will expose fewer moviegoers to onscreen smoking. View independents’ tobacco track records.

Ten independent producer-distributors that released top-grossing films in 2019

A24	Lionsgate (NYSE: LGF.A)
Amazon (NASDAQ: AMZN)	MGM
Annapurna	Neon
Aviron	STX
Entertainment Studios	Trafalgar

PRODUCTION COMPANIES | Production companies are persistent corporate entities usually led by experienced film producers, producer-directors or film financiers, as opposed to the more transient entities set up for a single film to receive tax breaks or for other business reasons. While large talent agencies also pitch films (packaging their clients as the talent), usually it's a producer who sells movie idea to a major studio. If the studio "greenlights" the project, the production company and the studio hammer out the budget and production schedule, finalize the screenplay, hire the director, sign up the lead actors, select the location (influenced by what public production subsidies are available), and start to promote the film to domestic and overseas film bookers.

The studio will execute an exhaustive contract with the production company for delivery of the finished film at a specified cost. The studio has the leverage to oversee budget and personnel decisions and can order the film to be re-edited or portions re-shot. The production agreement will stipulate who retains what rights to the film (including merchandising) and how the film's theatrical and post-theatrical income will be distributed at different revenue points. Significantly, these production agreements often specify the MPA rating the delivered film must achieve, because the film's rating is vitally important to the project's business plan.

An independent producer eager to secure financing may seek product placement deals. But with larger budget films, the studio itself masterminds these deals. Its *strategic* interests may include maintaining the studio's relationships with several competing advertisers and sweetening advertising buys for a parent company's TV networks. Studios used to have "overhead deals" with money-making producers — essentially covering their rent in exchange for the right to see new projects first. But many of these arrangements ended in the last decade. Today, producers have an edge in studio negotiations if they can bring third-party money to the table, defray costs and reduce the studio's own financial exposure.

Tobacco company documents include examples of tobacco placement deals made directly with production companies, not studio distributors.[*] Because of this history and because, today, Producer Guild standards require anyone with a "produced by" credit for a film to have verified, executive responsibility for vital aspects of a film's production (financial, creative, etc.), Smokefree Movies partners want producers to certify that nobody associated with their production entered into any agreement or received any consideration for tobacco depictions.

If a major studio's financial well-being is on the line for a very large film, the studio may produce the film in-house, where oversight can be most rigorous. Disney usually works on this model. At the other extreme, Sony contracts out or acquires almost all of its films. In the middle, Warner Bros. frequently repeatedly partnered with a trusted set of outside producers and production companies, while Universal has bought productive companies to run at arm's length. No matter the business model, in the end the major studios are the most powerful gatekeepers, financers, and marketers, and commonly retain copyright to the finished work. That's why Smokefree Movies has concentrated on changing the studios' tobacco depiction practices. However, producers and production companies have a documented history of tobacco payola and may still be engaged in side deals — giving the studios deniability.

It's worth noticing that, as of August 2020, no major studio's tobacco depiction policy holds *contractors in its production chain* (such as production companies) accountable for tobacco placement. Studios could easily do so by stipulating "no payoffs" affidavits in their production agreements. Anything less is like a sneaker company announcing that it employs no child labor at its U.S. headquarters but saying nothing about its overseas suppliers. View a tobacco ranking of film producers.

[*] See, for example, Mekemson and Glantz (2002); Lambert, Sargent et al. (2004); Lum, Polansky et al. (2008).

Fifteen smokiest producers since 2002, for films of all ratings, and their production companies

Scott Rudin (Scott Rudin)	Eric Fellner (Working Title > Universal)	Ridley Scott (Scott Free)
Graham King (GK Films)	George Clooney (Smokehouse)	Brian Grazer (Imagine)
Clint Eastwood (Malpaso)	Grant Heslov (Smokehouse)	Eli Bush (Scott Rudin)
Robert Lorenz (Stonehouse)	Tim Bevan (Working Title > Universal)	Avi Arad (Marvel)
Megan Ellison (Annapurna)	Tim Headington (Ley Line)	Stephen Spielberg (Amblin)

The US TV industry — the same and different

The TV industry is now split into a few distinct sectors:

1 | BROADCAST (aka "terrestrial") — This includes over-the-air, ad-supported networks including ABC (Disney), CBS (CBS), NBC (Comcast) and Univision (Univision).

2 | CABLE, in two flavors:

2.1 | Ad-supported cable — Cable channels supported by advertising include Fox News (Fox), ESPN (Disney), USA Network (Comcast), MSNBC (Comcast), The CW (CBS and AT&T), HGTV (Discovery) — as well as AMC (AMC Networks) and FX (Disney).

2.2 | Paid cable (aka "premium cable") — Subscribed through cable/satellite packages, these channels include HBO (AT&T), Showtime (CBS), Starz (Lionsgate) and Cinemax (AT&T).

3 | VOD (video on-demand), in two flavors:

3.1 | Ad-supported streamers (AVOD or "free") — These include PlutoTV (bought by ViacomCBS in 2019), The Roku Channel, and Tubi (Lionsgate).

3.3 | Subscription steamers (SVOD) — Netflix and Amazon Prime Video have the largest subscriber bases. Others include Apple+, Disney+, HBO Max (AT&T), Peacock (Comcast), Hulu (Disney) and ViacomCBS' 2021 entry, tentatively named Paramount+.

ADS OR NO ADS? | The key difference between broadcast, cable and streaming is that broadcast and many cable channels are ad-supported while premium cable and most streaming channels use a subscriber model. Ad-supported media must deliver large "common denominator" audiences to advertisers, as free broadcasts do, or else deliver narrower, highly-valued demographic slices (by age, gender, interests, race/ethnicity) as cable channels can do.

Subscription channels either split the revenue with cable companies, as HBO and Showtime do, or keep it all and also harvest hundreds of millions of eyeballs to monetize in other ways, as Netflix and Amazon — and now HBO Max — do.

What the future holds | The trend is for the largest media companies to create their own intellectual property and then to show it on their own video platforms exclusively. The old model of renting out their films or syndicating their TV series is thought to give up too much revenue to others. Disney, for example, is denying all its films to Amazon and Netflix, in favor of its own streaming service, Disney+. The zero-sum game is to win the largest share of eyeballs and consumer data.

As a consequence of their different business models, the different sectors tend to have different age-rating profiles, too. Broadcast shows are almost all rated TV-PG or TV-14 to attract family viewers and older adults. Cable carries TV-14 and TV-MA material to attract teens and younger adults. Streaming shows overwhelmingly skew toward TV-MA.

A TV-14 rating is analogous to PG-13 for movies: fewer than half of scripted TV-14 shows appear to include smoking. TV-MA is analogous to an R-rating: initial surveys suggest that a majority of scripted TV-MA shows include smoking. Of course, just as adolescents watch R-rated films — but fewer of them — teens also watch TV-MA shows. For an accurate picture of how much tobacco exposure teens are now getting from TV, the question of how many teens watch how much TV-MA, including streaming shows, needs more analysis.[*]

CONTENT REGULATION | Broadcast TV in the United States are regulated by the Federal Communications Commission (FCC).[†] No FCC-regulated medium is allowed to advertise cigarettes, little cigars or smokeless tobacco. This no-ad law has criminal penalties and is administered by the US Department of Justice, not the FCC. In addition, the FCC has assorted policies regarding indecency, obscenity and sexually explicit programming, mandated by federal law and hedged by the courts.

No FCC policies currently exist related to tobacco promotion in program *content*. However, broadcast and cable networks have traditionally had "Standards and Practices" departments that review scripts before they air to make sure they meet both FCC standards and potential advertiser concerns. As long ago as 1988, The New York Times reported, NBC disbanded its standards-and-practices office and replaced it with an operation to seek out cross-promotion and product tie-in opportunities for NBC shows. It's possible, but not confirmed, that broadcast and cable networks, including those owned by the parent companies of major studios with tobacco depiction policies, may currently have *internal* standards that keep smoking levels down in programs rated TV-14 or below.

Streaming seems hardly to be regulated by anyone. For example, Netflix has argued that Canada has no regulatory power over it because the company has no physical property there. In Europe, Netflix is resisting European Union calls for 20 percent of its content to originate from Europe. And according to one long-time Hollywood producer, Netflix has said it's "not worried" about smoking in its shows—even in shows such as "A Series of Unfortunate Events" tailored to kids.

MASTER SETTLEMENT AGREEMENT | Film and all TV productions are covered by the 1998 Master Settlement Agreement (MSA), a binding legal agreement between state Attorneys General and domestic tobacco companies that prohibits paid tobacco product placement in entertainment accessible by children and teens. But the MSA only limits the tobacco companies' product placement actions. Media companies, studios, production companies and actors' loan-out companies (effectively, tax-advantageous professional corporations) remain free to *accept* the money or other consideration.

Also, tobacco companies outside the US are not bound by the MSA. For example, Japan Tobacco licenses several leading Reynolds (British American Tobacco) brands in non-US markets that are thoroughly penetrated by US films and TV productions. In fact, both the media industry and tobacco industry are multi-national, with many potential touch points outside US (and MSA) jurisdiction. Imperial Tobacco, which only recently became active in the US after consolidations in the global tobacco industry, may be less cognizant of the MSA than Philip Morris USA and Reynolds American, which were original parties to

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[*] See Truth Initiative surveys at bit.ly/TI-vod2018 and bit.ly/TI-vod2019; SFM 2020 report at bit.ly/sfm-vod2020.

[†] Cable and satellite channels are not classed as over-the-air, except for certain terrestrial signal distribution facilities. Media companies reportedly structure cable/satellite merger-and-acquisition deals to avoid including such triggers for FCC review.

the MSA. Before Imperial acquired Gauloises, that brand was implicated in product placement in France, documented by investigative journalists up to at least 2013.

Finally, the WHO Framework Convention on Tobacco Control (FCTC), to which 181 nations and territories are signatories, in Article 13 bars tobacco promotion in entertainment media as part of comprehensive advertising bans. The United States has not ratified the FCTC, but US media companies own interests and operate widely in nations that are FCTC signatories, and these companies uniformly regard non-US markets as their greatest growth opportunities. Britain, Canada, China, France, India and South Korea are among countries that now regulate onscreen tobacco or are discussing policies to do so.

THE SAME COMPANIES ARE ON TV | A survey of popular TV shows finds many names familiar to those battling to reduce smoking in motion pictures. Onbeyond LLC surveyed 2017-18 shows with audiences over 500,000 whose online comment traffic associates them with smoking:[*]

> **Broadcast** | *Fox* (now part of Disney) had the highest concentration of shows associated with smoking and also accounted for the largest share of all the shows with smoking (30%). *Time Warner* (now part of AT&T) accounted for 23 percent, *Universal (Comcast)* for 18 percent, *Disney* for 15 percent and *CBS* for 13 percent. More than 40 percent of shows produced by *Warner* and by *Universal* were associated with smoking.
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> **Cable** | *Fox*, *Warner* and *Viacom* produced and/or distributed some cable series associated with online mentions of smoking.
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> **VOD** | Major media companies that have produced AMAZON streaming shows associated with smoking include *Fox* and *Sony*. Large media companies producing NETFLIX series associated with smoking comments include *CBS*, *Comcast (Universal)*, *Fox (Disney)*, *Lionsgate*, *Sony*, *Warner* (AT&T) and *Viacom (Paramount).* Large media companies producing HULU series associated with smoking comments include *Sony* and *MGM*.

Besides the TV production divisions of large media companies (see above), independent production companies are also active in making shows for VOD services. Many of these have made series for television before, but a growing number of veteran film producers are now also making TV deals because the streamers pay large production fees up front.

Both Netflix' and Amazon's original programming operations are led by TV veterans from large media companies, not by film studio executives. The VOD companies are still forming their habits around tobacco. Right now would be a good time to educate them on the public health aspects and widely-backed policy solutions — along with the long, sordid history of tobacco deals and payoffs. Few streaming execs will have ever dealt with the on-screen smoking issue at a film studio.

— Jono Polansky
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[*] Online comments included parental content reviews, fan sites, and social media. Limitations of this survey method include (1) online tobacco mentions for a show may be inaccurate or unspecific as to the season of the show; (2) mentions of smoking may be biased toward more popular shows generating more online commentary; (3) a series with no online mentions of smoking is unconfirmed to be smokefree; and (4) online mentions do not enable a count of incidents in any series, but merely suggest some tobacco presence.