

The Curious Case of Spider-Man Film Rights: A Case Study on Media Licensing

Abstract

In 1996 Marvel declared bankruptcy allowing reorganization of the company without shareholder consent. The new leadership returned Marvel to profitability by licensing a variety of characters to different film studios. This decision had multiple short and long-term effects that still play a role in Marvel's business model today. On the short-term, Marvel secured the necessary capital to finance vertically-integrated films leading to lucrative franchises including Iron Man and The Avengers. This eventually attracted the attention of The Walt Disney Company who purchased Marvel for \$4.24 billion in 2009. Since the acquisition, Disney has reacquired a variety of Marvel's previously licensed characters through a series of mergers and acquisitions. A long-term effect of Marvel's licensing strategy is Spider-Man remaining under Sony's control.

Spider-Man represents a particularly interesting case given the recent collaboration between Marvel and Sony allowed the character to appear in five Marvel Cinematic Universe (MCU) films (2016-2019). Despite this, Tony Vinciguerra of Sony announced that they will be concluding this partnership after one more film. This was a controversial decision given that Spider-Man: Far From Home, the previous film in Sony and Marvel's collaboration, generated over \$1 billion in theaters and is the highest grossing Spider-Man film. Few can fault Sony for seizing the opportunity to maintain 100% control of the character given its profitability and re-established popularity. While Sony had initially found success with their Sam Raimi directed Spider-Man trilogy (2002-2007), the terms of their licensing agreement maintained film rights in perpetuity assuming that the character continued to be featured in Sony films. This led to the underperforming Marc Webb directed Amazing Spider-Man duology (2012-2014), reboot films that were the lowest performing of the franchise. Despite this, Sony has demonstrated a clear understanding of the long-term profitability of popular intellectual property (IP), while raising questions of whether Marvel's initial licensing of the character was too hasty, or at least without provisions to prevent losing control of the character in perpetuity.

The upcoming conclusion of the Sony/Marvel partnership, and continued control of Spider-Man film rights by Sony represent an organic opportunity to examine the benefits and challenges of media licensing business models. Accordingly, this paper will conduct a mixed-methods case study on the Spider-Man film franchise in an effort to assist media practitioners attempting to choose between licensing their IP versus weathering financial instability to maintain ownership of the content for future vertically-integrated enterprises. The purpose of this study is to identify the predictor variables that contribute to the short and long-term success of media licensing agreements and establish guidelines for companies looking to engage in licensing without losing control of their IP. Identification of the predictor variables and best practices will be determined through theoretical inquiry and content analysis. Corporate reasoning for existing licensing strategies will be secured through subject matter expert interviews. Consideration will also be given towards whether short-term negative brand value generated by licensing agreements that are inconsistent with audience expectations (e.g., Sony discontinuing MCU Spider-Man), are off-set by the long-term profitability of the IP.

Keywords: media licensing, business models, film industry.