

ECONOMIC IMPACT ANALYSIS

The Economic Impact of the Warner Bros.–Paramount Skydance Theater Commitment

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Jun 30, 2026

Executive Summary

Earlier this year, Warner Bros. Discovery and Paramount Skydance announced they would enter into a merger, with one of the promises being a commitment to having more movies appear in theaters before being made available via streaming. Upon completion of the merger, the new company plans to introduce 30 theatrical releases each year—15 by each studio—with a 45-day window before the movies can be streamed. On June 12th the Justice Department provisionally approved the merger, but several state Attorneys General have yet to give their approval.

Our analysis estimates that the annual production of 30 films by a combined Warner Bros. Discovery–Paramount Skydance entity that are distributed in a theater would generate nearly \$12.3 billion in total economic activity, including about \$2.7 billion in direct studio spending and roughly \$9.5 billion in indirect and induced effects spread across the broader U.S. economy. This production activity would directly support over 7,000 jobs and an additional 39,000 jobs through indirect/included supply lines, while producing an estimated \$1.9 billion in federal, state, and local tax revenue.

Our analysis finds that the commitment of a 45-day theatrical window would boost local cinema revenue while also bolstering upstream and downstream industries. The theatrical release of 30 films annually would generate over \$7.3 billion in additional economic activity, including more than \$2.6 billion in ticket sales and \$4.75 billion in related spending across restaurants, suppliers, travel, and other industries. This activity would support roughly 25,000 theater jobs and create nearly 20,000 more jobs in ancillary sectors while generating nearly \$1 billion in tax revenue per annum.

The Wisconsin-specific effects around the longer distribution for these 30 films amount to over 800 jobs and \$136 million in GDP spending spread across the State.

As the movie theater industry is still returning to form from the COVID-19 shutdowns, the merger would reinforce the growing industry by providing a consistent stream of content while also boosting spending in connected sectors. On the whole, we estimate an annual stimulus of nearly \$20 billion through the support of over 90,000 jobs spread across the U.S. Ultimately, the proposed plan would create an environment of predictability for theaters in what has been a volatile business.

Part One: Background

After Warner Media [merged](#) with Discovery Inc. in April 2022 to create Warner Bros. Discovery (“WBD”), the acceleration of cable-cutting and lackluster network profits pushed the collective entity’s debt close to [\\$50 billion](#) in just a few months, causing its stock price to fall over 70 percent by early 2025. Amidst this devaluation, WBD [split](#) its streaming services (overseen by CEO David Zaslav) from its network television (overseen by CFO Gunnar Wiedenfels) into separate divisions within the same company.

Just one month later, the CEO of Skydance Media, David Ellison, received [federal approval](#) to purchase Paramount Global, creating the conglomerate Paramount Skydance (“PS”). Still, Ellison perceived PS to be [too small](#) to compete with streaming industry giants like Netflix (20 percent), Amazon Prime (19 percent), and Disney+(14 percent). Ellison soon began a push to purchase WBD and submitted [repeated bids](#) in the fall of 2025, all of which Zaslav rejected.

After both Netflix and Comcast expressed interest in purchasing WBD, a [public call](#) for offers was sent out by the WBD Board of Directors in late October 2025, causing their stock to soar over 30 percent in trading. Following many fierce competitive offers, in early December 2025, Netflix [agreed](#) to purchase WBD’s film studio at \$27.75 a share—despite a [\\$30 a share](#) offer from PS, which was [unanimously rejected](#) by the WBD Board.

The size of the opposition to a WBD–Netflix deal was immense: [SAG–AFTRA](#), the [Writers Guild of America](#), the [Directors Guild of America](#), the [Producers Guild of America](#), [Cinemark Theaters](#), [AGC Studios](#), the [International Documentary Association](#), and director [James Cameron](#) all went on the record against the proposed Netflix deal. Cinema United CEO Michael O’Leary—a trade association representing over 30,000 U.S. movie theaters—called the Netflix deal an “[unprecedented threat](#)” to theaters, saying that “communities will suffer [and] jobs will be lost” if Netflix proved successful.

In late February 2026, Ellison submitted a final offer of [\\$31 a share](#). Two days later, Netflix [pulled out](#) of the agreement. On February 27th, 2026—one day after Netflix withdrew—WBD entered into a total asset purchase agreement for a complete enterprise takeover (film, streaming, and network television) valued at more than [\\$110 billion](#). The WBD–PS merger was subsequently [approved](#) by the U.S. Department of Justice on June 12th, 2026. However, both [California](#) Attorney General Rob Bonta and [New York](#) Attorney General Letitia James have raised antitrust concerns and indicated potential lawsuits to block or pause the merger. Still, the Justice Department’s Antitrust Division [remains](#) steadfast that “the transaction is not likely to result in harm to competition or American consumers.”

Part Two: Economic Analysis of WBD–PS Merger

Industry analysts view the WBD–PS merger as overall [beneficial](#) for content creation, as the merger would create an entity able to compete with the streaming giants Netflix, Amazon, and Disney+. WBD had a superb [2025 box office season](#), with 21 percent of domestic revenue, and PS accounted for roughly 6 percent. The combined WBD–PS entity rivals the industry leader, Disney+, which received 27 percent of ticket revenue.

[Paramount CEO David Ellison’s promise](#) to keep WBD largely separate, while investing in 15 theatrical feature films per year for each studio, would have a significant economic impact on the movie theater ecosystem. This 30-film slate would also entail a minimum 45-day theater schedule before being made available on streaming services. Recent [expert testimony](#) reiterated the crucial importance of this extended-release window, saying, “If that 45-day minimum before the TV/On Demand window is breached, that inflection point leads to massive erosion of theatrical revenue.” Further, it would pose “a mortal threat to the long-term sustainability of the global film ecosystem.”

In an earnings call earlier this year Ellison [reaffirmed](#) this intention and stated that the new company remained “firmly committed” to releasing 30 theatrical films per year. One reason that company executives believe this is achievable is that they anticipate achieving as much as [\\$6 billion](#) in cost savings from the merger while achieving considerable economies of scale.

An annual production rate of 15 theatrical releases a year for each studio is within reach; one of WBD–PS’ main competitors, Amazon MGM Studios, is already [operating](#) at such a pace and plans to hold firm in the future. Currently, WBD averages just over seven theatrical releases per year while PS averages just over six—both studios investing a combined \$1.2 billion on average annually. To reach the scale of 15 releases per year, the combined WBD–PS entity would require an average increase in investment of over 220 percent—or an additional \$1.5 billion in budget commitments. We estimate how the impacts of this additional spending will propagate throughout the broader U.S. economy in the following sections.

WBD–PS Film-Budget Analysis

Table One shows interquartile budget analysis of all WBD and PS theatrical releases dating back to 2021, stratified by low-, mid-, high-, and blockbuster-budget movies.

Table One:
Budget Analysis of 2021–2025 WBD–PS Films

WBD	Interquartile Ranges	PS
\$55,000,000	Low-budget (25%)	\$39,000,000
\$118,000,000	Mid-budget (50%)	\$70,000,000
\$168,000,000	High-budget (75%)	\$134,500,000
\$159,500,000	Blockbuster*	\$160,800,000

**Blockbuster is defined post hoc as any film grossing over \$100 million domestically.*

Our analysis reveals a production differential between WBD and PS, with the former recently producing more high-budget films and the latter more typically specializing in low-, mid-, and blockbuster-budget films. Consistent with the historical production-investment rates of the two studios, we assume a distribution of 12 low-, 10 mid-, 6 high-, and 2 blockbuster-caliber movies each year, split equally between the two studios while still averaging the same aggregate studio investment. Table Two shows the requisite expenditure in line with the 2021–2025 WBD–PS spending.

Table Two:
Budget Analysis for a WBD–PS 30-Film Production Rate

	Distribution	Annual Budget
Low-budget	12	\$564,000,000
Mid-budget	10	\$940,000,000
High-budget	6	\$907,500,000
Blockbuster*	2	\$320,000,000
Total	30	\$2,731,500,000

**Blockbuster is defined post hoc as any film grossing over \$100 million domestically.*

[Roughly 50 percent](#) of each theater ticket sold goes to the production company, while the other half is saved by the specific theater showing the film. By using domestic box office return data, we estimate that a steady influx of 30 films would provide over \$1.3 billion in revenue to local theaters annually. Further, those 30 releases would help support and grow the estimated [126,000 people](#) who work in the movie theater industry in 2025. It's worth noting that this pledge comes at a time when younger movie-going audiences have grown tremendously: Gen Z theater attendance was up [25 percent](#) in 2025 compared to 2024, meaning over [two-thirds](#) of Americans aged 18–29 were likely to spend time at the theaters.

Modeling the Economic Impact of 30 Theatrical Releases

We used the statistical software package called IMPLAN to model the impact of the planned increase in theatrical released movies. IMPLAN is a series of county-level input-output models that allow us to construct a model that links various sectors of the economy together and infer how changes in one sector impact the rest of the economy. Our model breaks down the economic impact of the WBD–PS merger in two ways: First, we analyze how the *production* of 30 films annually will affect the local and state economies; secondly, we estimate how revenue generated by the *distribution* of these films propagates throughout state and local economies.

Part of the intuition built into the model is that a film studio's contributions to the economy go beyond the people directly engaged by the film industry in the making of a film—that is, people like actors, directors, producers, writers, editors, composers, and costume designers—and impact people and industries that may be only tangentially connected to the business. In fact, the aggregate economic activity generated by the production and distribution of a motion picture is very diffuse. Not only will the impact expand beyond where filming/editing takes place, but it will also affect the entire state's economy, as well as the industries indirectly supported by the increased economic activity of more people attending more movies.

The effect that the increased production and theater distribution of new movies resulting from the merger of the two studios goes beyond the direct economic activity of the combined entity, and our analysis measures its impact in three distinct components:

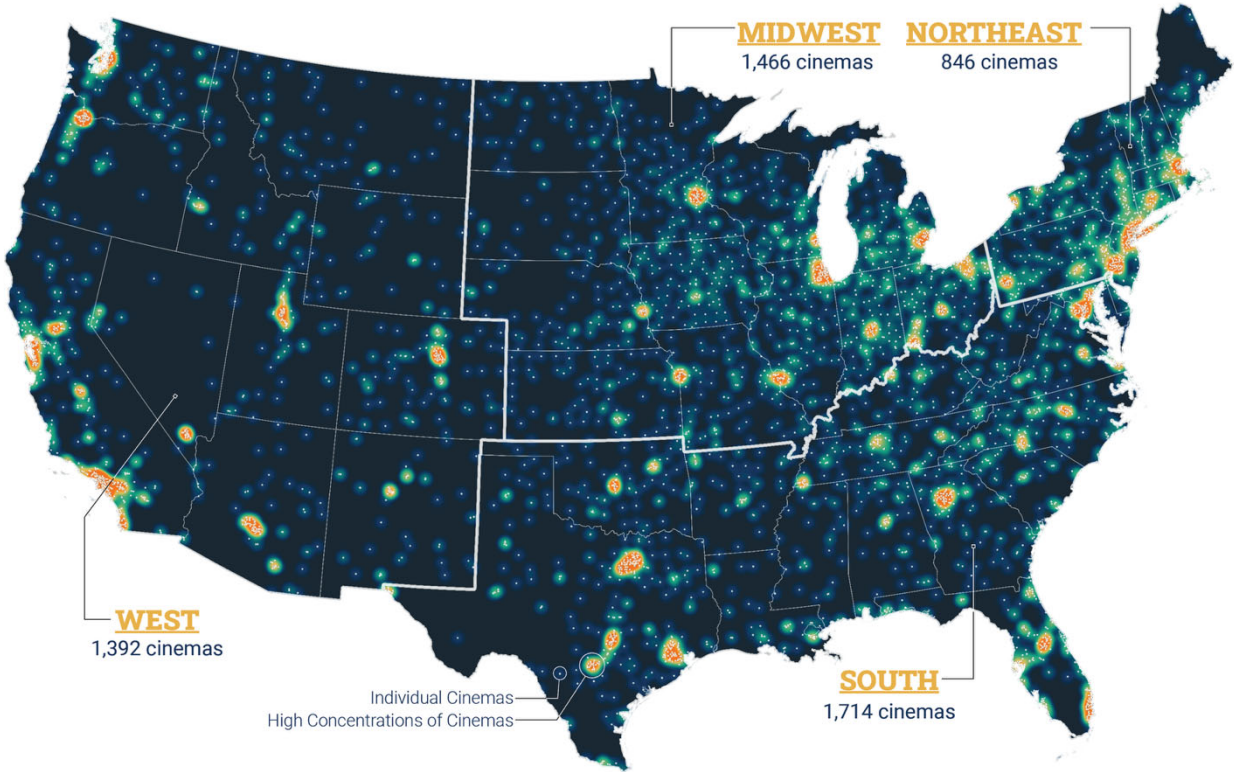
- **DIRECT EFFECT** — This is what we can directly observe and measure from the company's own economic activities. It includes its labor and capital expenditures, as well as anything paid to subcontractors.
- **INDIRECT EFFECT** — This is what results from the increase in economic activity, such as increased employment and capital expenditures of the suppliers' film studios. When WBD–PS increases its investment or hires more workers to increase output, its suppliers must typically do the same, and the model captures that increase.

- **INDUCED EFFECT** — This is the impact from increases in household spending due to the increased employment caused—either directly or indirectly—by the economic activity of WBD-PS. For example, if one studio hires actors and pays them a total of \$10 million, the model estimates how that spending propagates through the local and national economy.

Figure One shows the geographic distribution of these effects, as it relates to movie screening. Of the roughly 5,400 different theater locations nationwide, since 2021, WBD and PS have released their films in an average 3,800 different theaters, or 70 percent of locations shown below. That deficiency is indicative of the recent rise of bespoke theaters across the U.S., which operate more as specialty event locations showing classic films rather than new releases.

FIGURE 1: DISTRIBUTION OF U.S. MOVIE THEATERS

BY U.S. CENSUS REGION, FROM OPEN STREET MAPS DATA



The Economic Impact of Creating More Movies

Our economic analysis of individual movie budgets—stratified by the distribution seen in Table Two—estimates the economic activity associated with the production of 30 films annually to be just shy of \$12.3 billion. Our modeling suggests that \$2.7 billion of that comes from the movie studio or its suppliers directly, while an additional \$9.5 billion is indirectly generated or induced in the broader U.S. economy. Coming directly from the studios, we estimate that an additional \$1.5 billion is needed in film budgets (added to the roughly \$1.2 billion being spent already) to reach an annual rate of 30 films. This figure is supported by a study conducted by the California Policy Center, which [found](#) the additional investment needed to reach the 30-film mark to be roughly a \$1 billion increase.

Employment effects around movie production are seen most staggeringly by the indirect and induced elements. We find that the production of 30 films annually will support roughly 7,100 jobs, and an additional 39,000 will be created in upstream and downstream industries, or a total of just over 46,000 American jobs. Since movie production is a relatively high-earning industry, it will produce \$4.5 billion in new earnings and roughly \$1.9 billion in federal, state, and local tax revenue across the U.S.

Our model estimations are shown in Table Three.

Table Three: IMPLAN Modeling of Movie Production			
	Employment	Labor Income	Economic Output
Direct	7,100	\$1,500,000,000	\$2,730,000,000
Indirect and Induced	39,300	\$3,000,000,000	\$9,560,000,000
Total	46,400	\$4,500,000,000	\$12,290,000,000
Federal, State, and Local Tax Revenue		\$1,912,000,000	

The vast majority of the 7,100 jobs are located in the Greater Los Angeles area, as that’s where most of the contracted business services needed to produce a major motion picture are located; the rest is spread across various filming locations. Not limited to one locale however, are the 39,300 indirect and induced jobs, which are the construction companies, restaurants, hotels, trucking and transportation entities, etc., independent of WBD–PS that support the filming of the 30 movies.

The Economic Impact of Distributing More Movies for a Theatrical Release

The economic activity created by the distribution of a movie to theaters across the country also creates a considerable amount of economic activity that is distributed across the entire country. Our analysis estimates that the total economic activity surrounding the theatrical release of 30 films is over \$7.3 billion annually. This includes more than \$2.6 billion in ticket sales alone, and an additional \$4.75 billion generated for surrounding industries like restaurants, food suppliers, construction, etc.

The employment created directly attributed to the release of 30 films annually is much larger than the jobs directly attributable to the production, and we estimate that 25,000 jobs will be created /supported in the theater industry as a result of the merger. Furthermore, the indirect and induced spending around those film showings will engender nearly another 20,000 in the surrounding business sectors. Our analysis estimates that these jobs will generate over \$900 million in tax revenue for federal, state, and local economies. The results of our analysis of the economic impacts of the theater release of 30 films annually is found in Table Four.

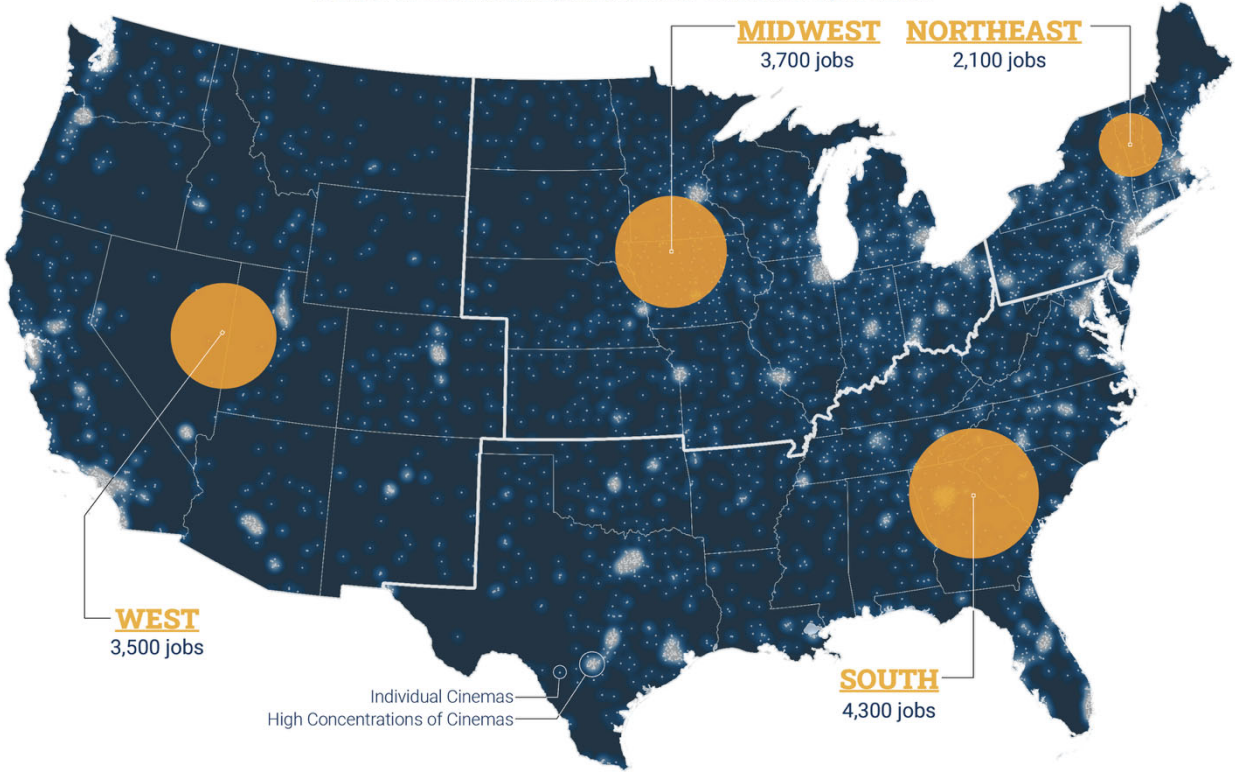
	Employment	Labor Income	Economic Output
Direct	25,000	\$1.06 billion	\$2.64 billion
Indirect and Induced	19,800	\$1.45 billion	\$4.75 billion
Total	44,800	\$2.51 billion	\$7.39 billion
Federal, State, and Local Tax Revenue	\$923 million		

We estimate that of the 25,000 directly employed to screen 30 WBD–PS films, over 13,000 (or roughly 55%) of these jobs will be new, as a result of the increase in WBD–PS film distribution, with the remaining 12,000 serving as jobs that were previously at risk, but now are sustained through increased consumer spending.

Of the different [3,800](#) theater locations that WBD and PS regularly distribute to, we estimate that in order to sustain the 45-day window for 30 different feature films, an additional 3.5 employees are needed to staff the over 6-week schedule. These jobs would be necessary to operate the continual showing at large theaters—ones that provide 10 or more screening rooms—rather than small, one-room picture houses. The regional distribution of this new employment is visualized in Figure Two.

FIGURE 2: JOB CREATION IN MOVIE THEATER INDUSTRY BY U.S. CENSUS REGION

The size of the bubble in each region is proportional to the number of jobs created.



Overall, the employment effects of a 45-day, 30-film distribution schedule from WBD-PS would directly result in the upholding of nearly 18 percent of movie theater employment, and would actually grow the total employment of the industry to over 140,000 jobs from the previous [126,000 in 2025](#). The over 6-week window is crucial for the theater industry’s survival: a short 2- to 3-week schedule entices viewers to wait until movies premiere online, for a much lower price. Anything lower than a 45-day window risks slashing revenues close to 50 percent.

The importance of the 45-day screening window is not limited to employment in the theater industry either. The long-release schedule allows for film engagement to multiply through social interaction. This keeps movies profitable, says Joseph Singer, a former studio executive, who recently [noted](#) that, “Windowing is the lifeblood of studio economics; without it, filmmaking dies.”

Wisconsin-Specific Economic Impact

The economic activity created by the distribution of movies to theaters in Wisconsin would also generate considerable spillover activity throughout the state economy. Scaling the national analysis to Wisconsin, assuming 70 theaters would regularly screen these films, we estimate that the total economic activity surrounding the annual theatrical release of 30 films would be approximately \$136 million. This includes nearly \$49 million in direct ticket sales and an additional \$87.5 million generated for surrounding industries such as restaurants, food suppliers, construction, transportation, and other related businesses.

The employment effects directly attributable to the release of 30 films annually would also be substantial. We estimate that approximately 460 jobs would be created or supported directly in Wisconsin’s theater industry as a result of the expanded distribution schedule. In addition, the indirect and induced spending associated with those film showings would support approximately 365 more jobs in surrounding sectors. Altogether, this activity would support roughly 825 jobs and generate over \$17 million in state and local tax revenue.

The results of this Wisconsin-scaled analysis are shown in Table Five.

Table Five:			
IMPLAN Modeling of Theater Ticket Sales in Wisconsin			
	Employment	Labor Income	Economic Output
Direct	460	\$19.5 million	\$48.6 million
Indirect and Induced	365	\$26.7 million	\$87.5 million
Total	825	\$46.2 million	\$136.1 million
State and Local Tax Revenue	\$17 million		

Further, we estimate that of the roughly 460 workers directly employed to screen 30 WBD-PS films in Wisconsin, approximately 240 jobs would be new positions created by the increase in film distribution and longer exhibition schedule, while the remaining 221 jobs would represent positions that were previously at risk but would be sustained through increased consumer spending.

Conclusion

We find that the Warner Bros. Discovery–Paramount Skydance merger and subsequent increase of movies entering the theatrical film pipeline would produce substantial economic benefits for myriad sectors across the U.S. economy. The catalyst for this economic engine is the commitment of an annual 30-film schedule and a minimum 45-day theatrical window, which are the main drivers behind what could be a close to \$20 billion annual stimulus and the support of over 90,000 American jobs.

