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Netflix's Opposition to Movie Theaters Cracks as Pressure Mounts From Exhibitors and Talent | Analysis

The relationship between Netflix and theaters is warming as the streamer risks continuing to lose filmmaking talent with its model, insiders tell TheWrap

Adam Chitwood and Umberto Gonzalez November 10, 2025 @ 6:10 AM

Fresh off the success of "Weapons," filmmaker Zach Cregger was surprised when Netflix film chief Dan Lin showed up in Prague this summer where he was prepping his new "Resident Evil" film for Sony. Lin had a proposal: Make your next film — a sci-fi original called "The Flood" that Cregger wrote for Netflix — at the streamer.

Cregger was interested, but said he wanted a theatrical release in order to commit.

The deal fell apart when co-CEO Ted Sarandos nixed the theatrical component, leaving "The Flood" in limbo — it's a Netflix project developed under Amblin's deal with the streamer.

The tussle is an example of the difficulties Netflix is facing in going after Hollywood's most sought-after talent: Netflix insists it is not in the theatrical business, while top directors want the big screen and exhibitors desperately need more movies.

But there are widening cracks in the streamer's No Theaters Please policy. The megahit "KPop Demon Hunters" was released in theaters a second time over the Halloween weekend stretch after scoring Netflix's first-ever No. 1 box office weekend with $19 million in August. Guillermo del Toro's "Frankenstein" just hit the streamer after a three-week theatrical window in 400 theaters. And Matt and Ross Duffers' "Stranger Things" will have its series finale in theaters as a New Year's Eve event.

This string of moves raises the question of whether one of the world's biggest film distributors will continue to officially stay out of the theatrical business. Theatrical is "not our model," Sarandos insists, even as Netflix readies its first-ever IMAX release for Greta Gerwig's "Narnia" next year.



Theatrical is "not our model," Netflix co–CEO Ted Sarandos says (credit: Getty)

The streaming giant has already lost filmmaking talent due to its streaming-only priority, like Cregger and the Duffer Brothers, who, in a shocking move this fall, opted to exit the streamer for Paramount to make theatrical movies after their Netflix deal expires. Rival streamer Amazon MGM plans to release at least 12 films in theaters in 2026. And Netflix has hired an investment bank to explore buying a classic Hollywood studio, Warner Bros. Pictures, as YouTube continues to eat up total viewing time across all platforms. The pressure is mounting, and Netflix may not be able to afford to ignore the theater experience much longer.

“The internal debate at Netflix about whether to buy WB may have prompted a second debate: ‘Is Netflix ready to own a movie studio?,’” Hernan Lopez, founder of consulting firm Owl & Co, told TheWrap, pointing to how Amazon leaned into theatrical after it bought MGM Studios.

He continued: “If Netflix ends up winning Warner Bros., there’s no question they will have to be in the theatrical business. But if they end up deciding not to bid, or end up outbid, I can see them softening their stance on theatrical distribution much like they did with advertising, or with sports. After all, movies only account for about a quarter of their viewing hours.”

> If Netflix ends up winning WB, there’s no question they will have to be in the theatrical business. -Owl & Co. founder Herman Lopez

Inside Netflix, there is a growing recognition that a theatrical component is a practical necessity even for a streaming-first business. The company declined to comment for this story, but insiders insist that the slow pace of expanding a theatrical strategy comes from exhibitors like AMC CEO Adam Aron, who has refused to allow Netflix bookings because of his insistence on maintaining lengthy windows between theatrical and streaming releases.

“It’s the big chains that needs to change their window policy,” said one knowledgeable executive. “Then everyone is going to get what they want.”

When reached for comment, an AMC representative pointed to CEO Adam Aron’s remarks on the company’s third quarter earnings call, in which he spoke positively of working with Netflix on the “KPop Demon Hunters” release and said there would be more collaborations to come.

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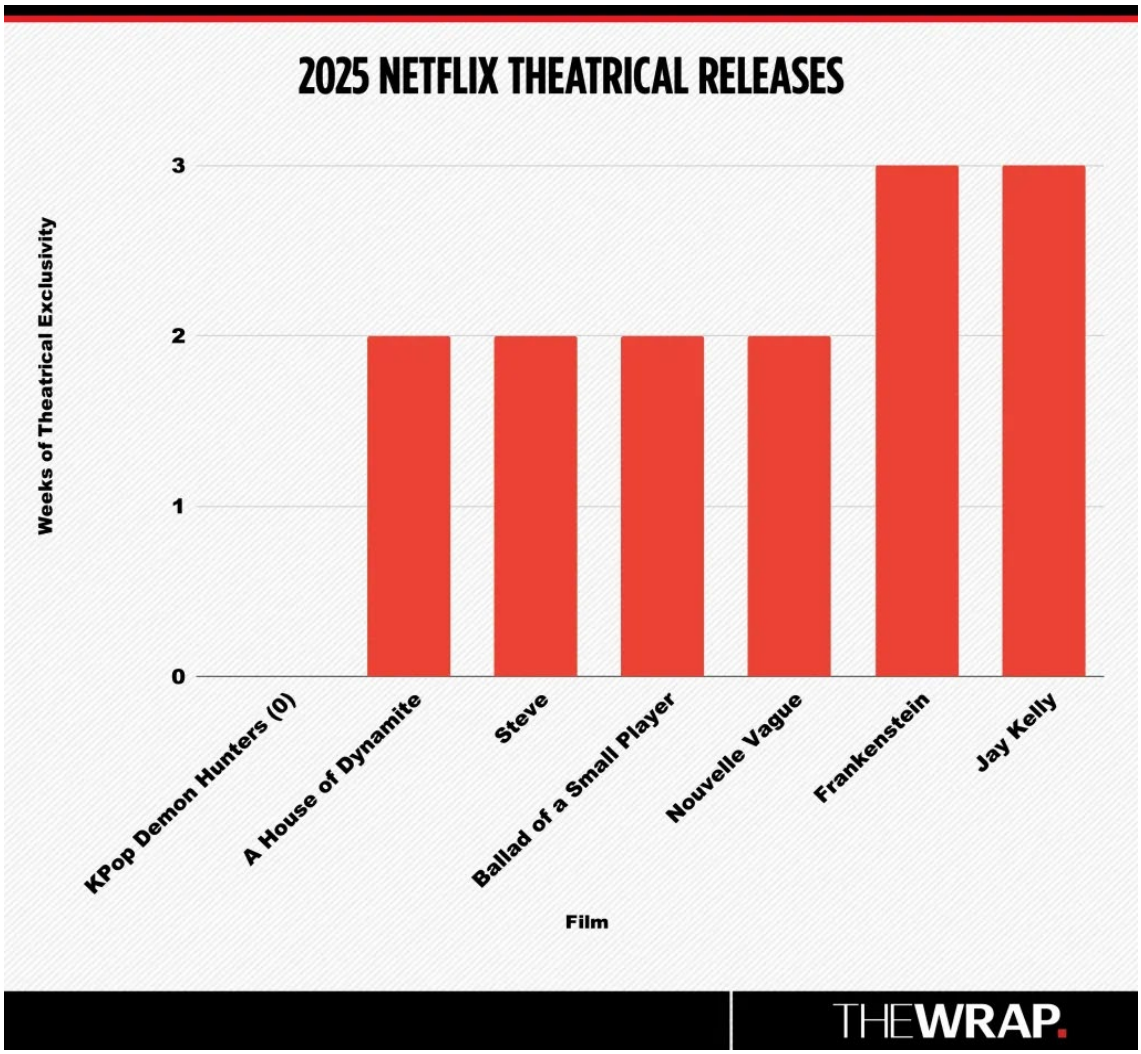
“There’s no change in the strategy. Our strategy is to give our members exclusive first-run movies on Netflix,” Sarandos maintained in the streamer’s third-quarter earnings call last month when asked if the $19 million that “KPop Demon Hunters” scored in theatrical release might convince them to rethink their stance. “We occasionally release certain films in theaters for our fans, like we did with ‘KPop Demon Hunters,’ or as part of our launch strategy, publicity, marketing, qualification, all those things, and we’ll continue to do that.”

But it’s more complicated than that. The theatrical issue plagued former film chief Scott Stuber’s relationship with Sarandos. He exited the company after seven years in 2024 in part because he and Netflix leadership were constantly clashing over the streamer’s hardline stance against theatrical.

And theaters need more movies. This October had the lowest box office for the month since 1998, due to two major films shifting their release dates to 2026. That lack of material opened a window for Netflix to offer a second theatrical engagement of "KPop Demon Hunters" over Halloween weekend, a pitch even AMC Theatres couldn't turn down.

Tension between Netflix and exhibitors has always been over windows, or the amount of time a movie is exclusively available in theaters before it's on streaming. Netflix keeps them short, if they exist at all, and theaters prioritize titles from studios that keep their movies off streaming and PVOD for longer. But the insider suggested the streamer is only a couple of years away from seeing significantly more Netflix movies in major chains as exhibitors loosen their stance on windowing, something they've already done for a studio like Universal, which released "Black Phone 2" on PVOD less than three weeks after it hit theaters.

"It will change. And it won't be us changing. It will be circumstances changing," said the knowledgeable executive.



Netflix's 2025 theatrical releases and how long each film was in theaters before it hit Netflix

Warming up to theatrical

Alternative content from Netflix is thriving in theaters, thanks to the “KPop Demon Hunters” and “Stranger Things” special engagements, according to three movie theater executives who spoke to TheWrap.

Exhibitors view it as a sign that Netflix finally sees what they have argued all along: that their theaters serve as a gathering place for fandoms of all shapes and sizes and can help films and TV specials stand out from millions of entertainment offerings available at home.

But Netflix still sees theaters as a bonus rather than the goal, which is a reason why there’s still such a wide gulf when it comes to screening movies that Netflix will put on its service just one or two weeks later.

“The windowing question isn’t just about profit. What we really don’t want is for people to come to our theaters to see ‘Frankenstein’ not knowing it is coming out on Netflix shortly, see it on streaming a week later, and then feel like they were taken advantage of,” one theater executive told TheWrap.

Indeed, a programmer at an independent theater told TheWrap they opted not to book “Frankenstein” so they could prioritize titles with longer theatrical windows on its schedule, noting that Netflix releases don’t traditionally result in strong turnout for their limited number of screens because they’re available to stream so quickly.

The talent problem

Netflix is well aware that its streaming-first policy has cost them on the talent side. While the company bankrolled passion projects from esteemed filmmakers like Alfonso Cuarón, Martin Scorsese and Spike Lee, all three went to Apple for their next projects. The tech giant most synonymous with iPhones became the first streamer to win the Best Picture Oscar with “CODA.”

And last year, Netflix lost out on Emerald Fennell’s hot “Wuthering Heights” adaptation starring Margot Robbie and Jacob Elordi. In a bidding war, Fennell chose Warner Bros. over Netflix specifically because she wanted the film to be in theaters.

All this while Netflix’s attempts at mega-budget streaming-only blockbusters like Zack Snyder’s “Rebel Moon” and the Russo Brothers’ “Electric State” received abysmal reviews and poor viewership, failing to penetrate the cultural conversation.



Guillermo del Toro and Oscar Isaac on the set of "Frankenstein" (Netflix)

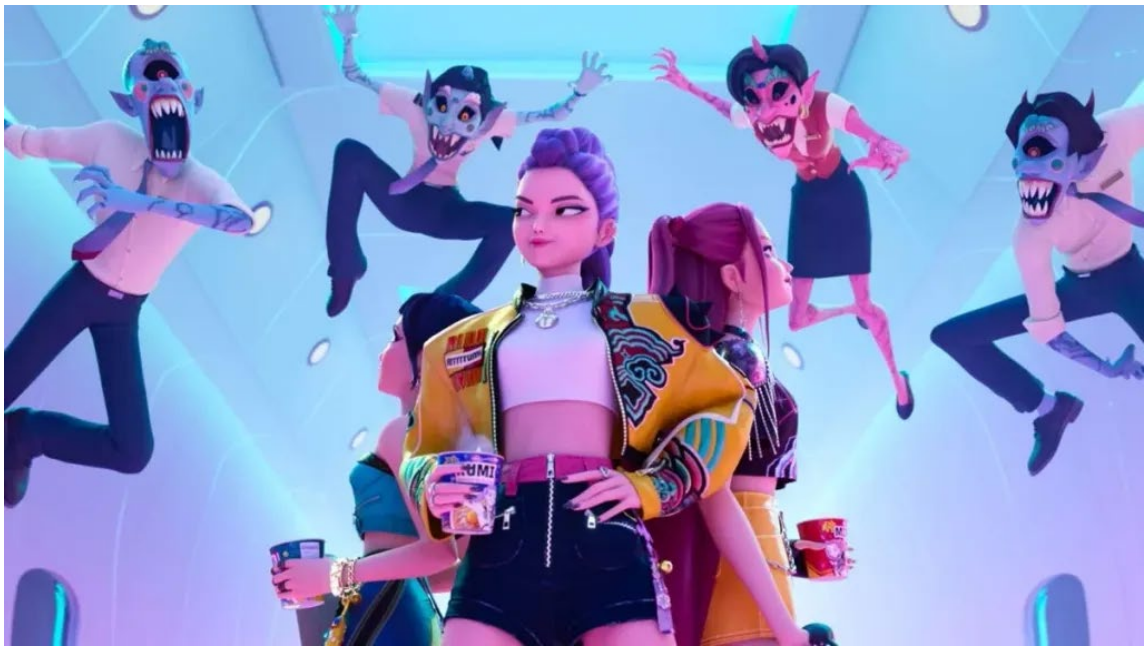
Flirting but still distant

Netflix has been flirting with theaters ever since it started making serious moves in feature films, but its dalliances have largely been relegated to awards-qualifying runs in its quest to win a Best Picture Oscar — something it still has yet to achieve. The Motion Picture Academy is made up of people whose living is attached to the theatrical business one way or the other, and resentment toward Netflix persists. Cuarón's 2017 film "Roma," which won three Oscars, including Best Director, set the stage for a prickly relationship with theaters, as AMC Theatres and Regal both refused to include the film in their Best Picture nominee showcases due to Netflix eschewing the then-traditional 90-day window of theatrical exclusivity.

The streamer opted for what it viewed as a more agreeable approach for Martin Scorsese's 2019 opus "The Irishman," which it agreed to put in theaters for four weeks before it streamed on the platform. But the major theater chains held strong to their 90-day window, and AMC, Regal, Cinemark and Cineplex all refused to play the film in their theaters.

After the pandemic, however, theaters reluctantly relaxed their windowing guidelines as all the major studios looked to pump their streaming services – from HBO Max to Peacock – with fresh content. This led to Netflix's first-ever wide release, Zack Snyder's zombie film "Army of the Dead," on 600 screens including 330 Cinemark theaters, in 2021.

A similar flirtation with a wide release followed with 2022's "Knives Out" sequel "Glass Onion," at the urging of writer-director Rian Johnson. The first film in a two-sequel deal at Netflix was released in 600 theaters at major chains for one week, a whopping 45 days before its streaming debut, and estimates put its box office tally at $13 million, surging past expectations of the relatively limited release.



"KPop Demon Hunters" has been in theaters on two separate weekends now. (Credit: Netflix)

Alas, the "Army of the Dead" and "Glass Onion" showcases turned out to be blips rather than the start of a new trend: Two years later, Snyder's sci-fi epic for Netflix "Rebel Moon" was released in just four theaters before it hit streaming and Johnson's "Glass Onion" follow-up "Wake Up Dead Man" is not getting the same kind of wide release as its predecessor.

Awards contenders continue to get their qualifying runs as Netflix releases about 30 movies a year in theaters, and films like "Power of the Dog" and "Maestro" got their New York/LA theatrical exhibitions just a couple of weeks before the movies hit streaming. And while "Frankenstein" played in over 480 theaters across the country, it was largely relegated to independent theaters as the major chains didn't showcase it.

"Netflix may not like that I say this, but it's going to stay in theaters," del Toro quipped on "Jimmy Kimmel Live!" last week while touting the film's week-to-week theatrical expansion — a fact the streamer has not necessarily been publicizing beyond a perfunctory "in select theaters" note on promotional materials.

What's next

Netflix is still bankrolling new films from exciting filmmakers – Kathryn Bigelow's "A House of Dynamite" has been a big hit for the streamer this fall, scoring the top spot on its Top 10 list two weeks in a row. And David Fincher last year re-upped his deal with the streamer, next directing Brad Pitt in a Quentin Tarantino-scripted "Once Upon a Time in Hollywood" spinoff.

But the encroaching bidding war for Warner Bros. Discovery has forced many to consider a future in which the company is in control of one of the premier theatrical studios in Hollywood history. "Netflix would be the worst-case scenario for me," one exec from a regional theater chain told TheWrap about prospective WB buyers, positing that the streamer could relegate everything from DC films to New Line horror to streaming releases.



Rebecca Ferguson in "A House of Dynamite," a big film that streamed exclusively on Netflix. (Eros Hoagland/Netflix)

One person is optimistic: AMC Theatres CEO Aron, who said on the company's third-quarter earnings call on Wednesday that while there's "still much to work out" regarding windows, he's "highly confident" there's more to come with AMC and Netflix "working cooperatively together" after AMC carried "KPop Demon Hunters."

"Netflix is a very consumer-focused company," Sarandos said in April when asked about the company's stance on theatrical releases. "We really do care that we deliver the programming to you in the way you want to watch it, that it's programming you love and desire, so we don't let a lot of other outside forces get in the way of that."

The box office success of WB films like “A Minecraft Movie,” “Sinners” and “Weapons,” not to mention the “KPop Demon Hunters” theatrical engagements, would seem to send a pretty clear signal that consumers still want to see movies in theaters.

Sharon Waxman and Jeremy Fuster contributed reporting to this story.