THE CINEMA FOUNDATION

# STATE OF THE CINEMA INDUSTRY



March 2023

# INTRODUCING THE CINEMA FOUNDATION'S STATE OF THE INDUSTRY REPORT

**Introduction by Jackie Brenneman, President of The Cinema Foundation**

Many of you reading this may not be familiar with The Cinema Foundation, but if you were one of the over 8 million people who came out for National Cinema Day then you have seen our work. We are just getting started. There is a lot that The Cinema Foundation will accomplish in 2023 and beyond in order to promote the industry we all love.

This report speaks to how well positioned the exhibition industry is for the future.

When the movies are there the audiences are there. And while the product supply was challenged during the recovery, the stats that we have on page 15 demonstrate that the product supply has been on an impressive rebound which continues in to 2023 with over 40% growth in the number of wide releases expected. And while the supply was challenged, exhibitors remained optimistic about the industry as the stats on page 9 show the ways movie theater operators are always thinking about how to improve the experience of going to the movies.

Audiences are also ready to come back—even those that may not have been to theaters since before the pandemic. Our section on the impact of Cinema Days around the world shows that their value proposition and compelling messaging deliver both an immediate jump in attendance and a long-term positive impact on moviegoing habits with nearly 60% of surveyed attendees saying they returned to the movies more frequently after National Cinema Day, with similar results reported in Cinema Day promotions around the globe.

With each movie that opens, exhibitors are improving how they connect with their customers through loyalty programs and direct communications with guests. We take a closer look at that on page 35.

The data clearly demonstrates that consumers prefer titles with exclusive theatrical releases. While the dynamic between theatrical and streaming is a topic that spurs heated conversation this is because it is often framed as a war and not as a peaceful coexistence. But in the eyes of consumers, a strong theatrical release backed up by a big marketing campaign creates value when they are picking what to watch wherever they end up watching the movie. Consumers are more likely to budget their time and money to titles that debuted first exclusively in theaters. This is clear in the box office where titles with exclusive windows perform stronger overall and also in home viewing where theatrical titles with windows overperform when they hit the home market as demonstrated on page 41 where theatrical titles dominate the streaming charts.

Movie theaters offer the only opportunity for audiences to experience movies with friends and strangers in a true communal viewing experience. This experience can be expanded to meet growing consumer demand. The Cinema Foundation has conducted a lot of research recently tied to the idea that people crave a wide range of experiences at the movie theater. On page 48, we take a look at what the most popular experiences are and how they can grow in the years to come.

Finally, piracy remains a big problem for our industry, jeopardizing the millions of jobs that depend on our industry. In this report on pages 43-45, we look at how a robust period of theatrical exclusivity holds off harmful piracy and protects the global film business.

See you at the movies!

# ABOUT THE CINEMA FOUNDATION

The Cinema Foundation is an all-industry 501(c)3 non-profit that uses data and collaboration to promote and expand the cinema industry. Its mission is to "advance the moviegoing experience, by developing future diverse workforces and moviegoing communities through research, education, and philanthropy."

**The Foundation's efforts are focused on its five guiding pillars to help advance the moviegoing experience:**

1. Invest in Data and Research: Building relationships and growing the industry through comprehensive data and research
2. Promote the Moviegoing Experience: Develop and implement all-industry initiatives like National Cinema Day to grow audiences and promote the industry.
3. Celebrate Cinema Careers, Education, and Diversity: Celebrating and promoting the industry as a great place to work via recruitment campaigns, training programs, and opportunities for career growth.
4. Build a Center for Innovation and Technology: Create a cross-industry innovation think-tank where thought leaders will help develop and test initiatives focused on industry growth
5. Support Industry Charities: Partner with existing industry charities to expand their impact and reach and amplify their messaging and programming

The movie theater industry includes more than movie theaters. It is made up of key partners including filmmakers, studios, content providers, equipment and concession manufacturers, data and technology companies, and more who depend on the strength of theatrical exhibition and the communities we serve. We are the Foundation of a great industry. To support the work of the Cinema Foundation, visit thecinemafoundation.org.

**THE MISSION OF THE CINEMA FOUNDATION:**

Advance the moviegoing experience, by developing future diverse workforces and moviegoing communities through research, education, and philanthropy.

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# STATS, TRENDS AND INNOVATION

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**Numbers tell a story.**

The story the numbers tell us about theatrical exhibition is compelling. It is the story of an industry that has just finished its first full year of normal operations, with all markets open, pandemic restrictions lifted, and audiences ready to return to enjoy movies together.

Box office, on a film-by-film basis, has rebounded to 2019 levels, limited only by the number of wide releases in the marketplace. The number of wide releases in 2023 is more than 40% higher than 2022 and approaching the number of wide releases in 2019.

Moviegoing remains affordable, with today's average ticket price - despite a clear trend of audiences leaning towards premium formats - costing less than the average inflation-adjusted ticket price in 1971.

And while many expected mass closures of theaters due to the pandemic, the number of screens has decreased by only 5.25%. It remains to be seen how many of those closures are permanent and how many will re-open under new ownership. At the same time, new companies have started up and some companies have increased their screen count.

Theater owners have continued to innovate and expand their offerings and, as shown on page 9, many plan to offer more premium formats, better sound, new projectors, and more amenities in the near future.

**"BOX OFFICE, ON A FILM-BY-FILM BASIS, HAS REBOUNDED TO 2019 LEVELS"**

# EXHIBITION INDUSTRY BY THE NUMBERS

Domestic and global screen counts remain robust as some exhibitors streamline and others grow.

**TOTAL MOVIE SCREENS WORLDWIDE:** [1]

**200,949**

in 2019

**212,590**

in 2022

**(5.8%)**

**TOTAL MOVIE SCREENS IN NORTH AMERICA:** [1]

**44,283**

in 2019

**42,063**

in 2022

**(-5.0%)**

**TOTAL MOVIE SCREENS IN THE UNITED STATES:** [1]

**41,172**

in 2019

**39,007**

in 2022

**(-5.3%)**

**3D SHARE OF NORTH AMERICAN BOX OFFICE:** [2]

**2.15%**

in 2021

**6.05%**

in 2022

**PLF SCREENS SHARE OF NORTH AMERICAN BOX OFFICE:** [2]

**13.2%**

in 2021

**14.0%**

in 2022

Sources: [1] Omdia, [2] Comscore

# EXHIBITION INDUSTRY BY THE NUMBERS

Exhibitors continue to invest to meet changing consumer expectations.

**ACCORDING TO A SURVEY WITH RESPONSES FROM EXHIBITORS REPRESENTING NEARLY 20,000 SCREENS IN NORTH AMERICA:**

**39%**

plan on adding more Premium Large Format screens over the next three years

**54%**

plan on upgrading the sound systems in some of their auditoriums over the next three years

**53%**

plan on upgrading the projectors in some of their auditoriums over the next three years

**42%**

plan on adding recliner seating to some of their auditoriums over the next three years

**37%**

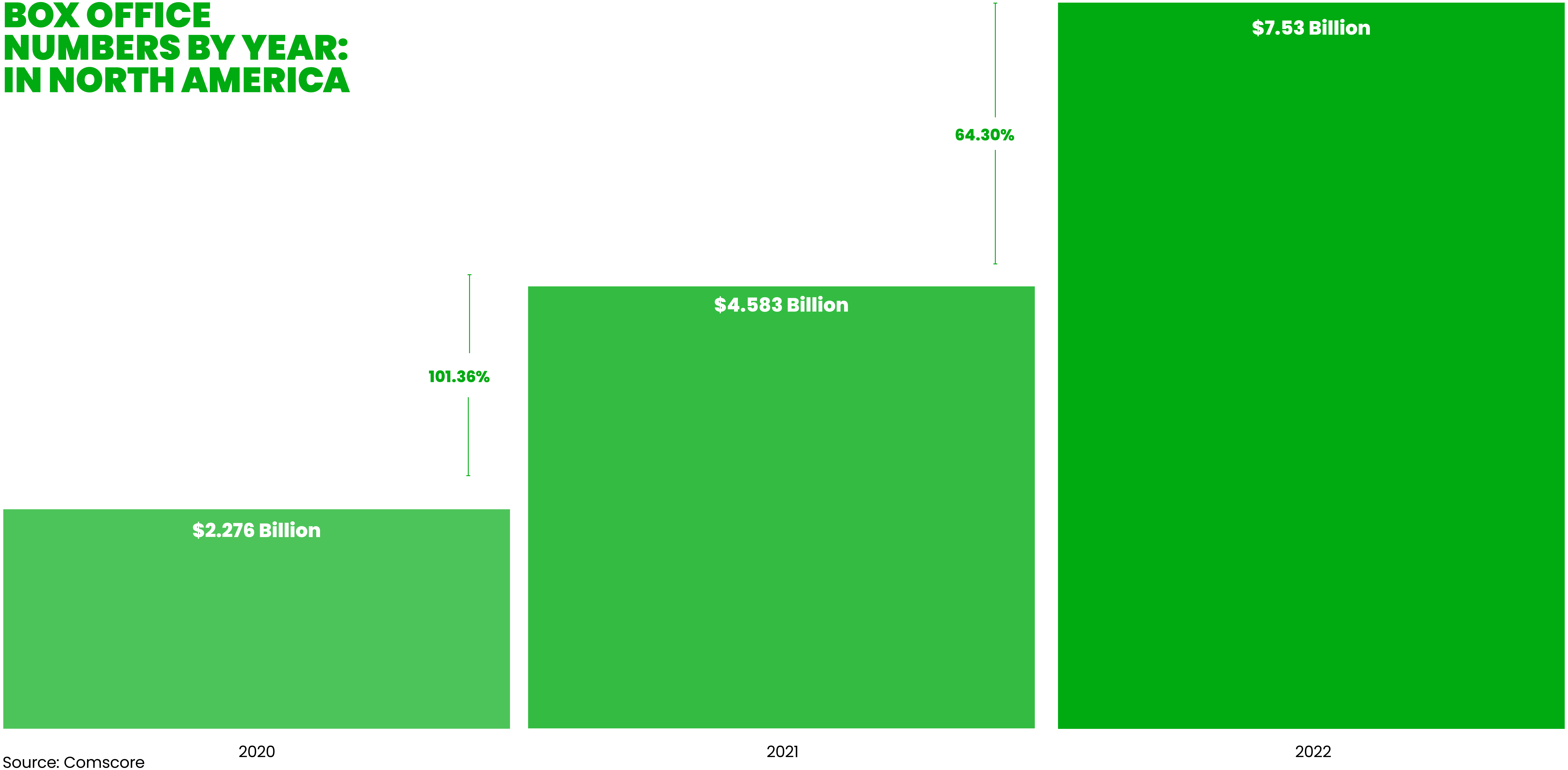
plan on adding alcohol service to some of their theaters over the next three years

AN ESTIMATED

# 155,000

PEOPLE ARE EMPLOYED BY MOVIE THEATERS IN THE UNITED STATES.

# BOX OFFICE NUMBERS BY YEAR: IN NORTH AMERICA



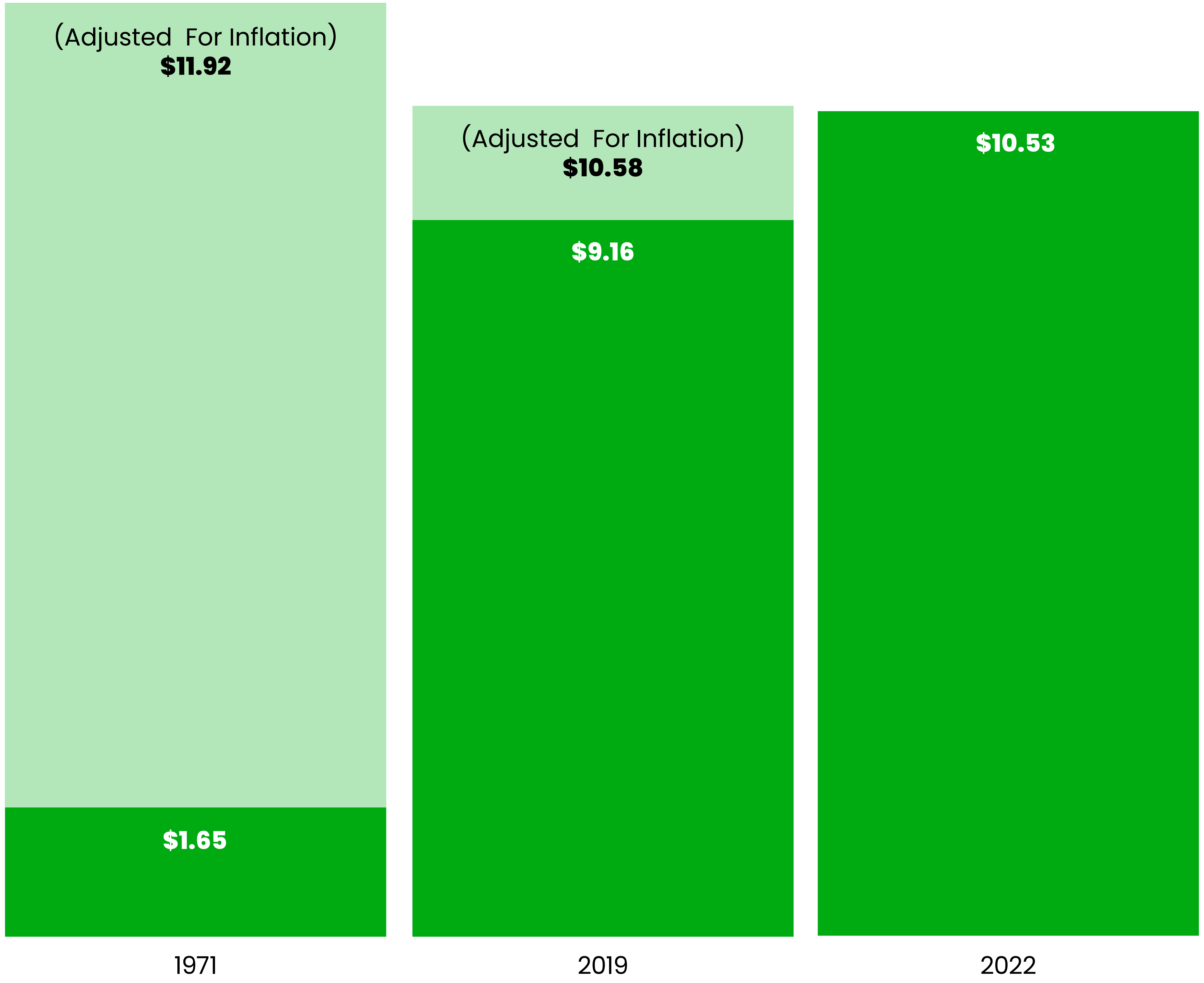

Source: Comscore

# AVERAGE TICKET PRICE

**The average price of a movie ticket continues to trail inflation rates.**

As always, the average ticket price is a reflection of all tickets sold: big cities, small towns, children, senior citizens, matinees, full adult admissions, 3D and large format. The average varies with the mix of films in the marketplace. The NATO survey requires responses from 60% of total screens in the U.S., and must include all of the 10 largest circuits. Due to conditions in the marketplace (closed markets, temporarily closed companies, a constricted flow of movies, and limited operating hours), that would lead to flawed data, NATO did not publish an average ticket price in 2020 or 2021.

| Year | Average Ticket Price | Adjusted For Inflation |
|---|---|---|
| 2022 | $10.53 | $10.53 |
| 2019 | $9.16 | $10.58 |
| 1971 | $1.65 | $11.92 |




Source: NATO

# 2022 – A YEAR OF REBUILDING AND GROWTH

It's fair to say that the return to moviegoing began in December 2021 with the release of *Spider-Man: No Way Home*. After nearly two full years of pandemic shutdowns, sparse release schedules and simultaneous release experiments, *Spider-Man* exploded at the box office, taking in $814 million domestically and $1.918 billion worldwide. Its success made clear what had been hinted at by *Shang-Chi* and *Venom: Let There Be Carnage* – if the movies are there, the audience will be too.

In 2020, the movie theater industry, like all businesses reliant on public attendance, was on its back. In 2021, with the introduction of vaccines for all adults in April, and the end of capacity restrictions in the top two markets in June, hope was in sight, but with Covid variants closing markets around the world, studios experimented with simultaneous release to the home, or postponed titles. The industry was still on its knees. 2022 was the year that the industry returned to its feet. The trajectory has been one of recovery and growth, from $2.27 billion at the box office in 2020, to $4.583 billion in 2021, to $7.53 billion in 2022.

There were eight movies that grossed more than $300 million domestically in 2022 (9.8% of wide releases); in 2019 there were 10 (8.9%). There were 18 titles that grossed more than $100 million in 2022 (25.35% of wide releases); in 2019, there were 30 (26.78%).

**The biggest differentiator between 2019 (the last "normal" year) and 2022 was simply the number of wide releases.**

Clearly, the movies that were widely released and marketed performed as well or better on average as the same type of releases in 2019. Another sign of the health of the movies that were in the marketplace is that wide releases accounted for 88% of total box office in 2019, and 86% of the total box office in 2022. Less-than-wide releases took in a slightly higher percentage of box office in 2022 (13.54%) than in 2019 (11.4%).

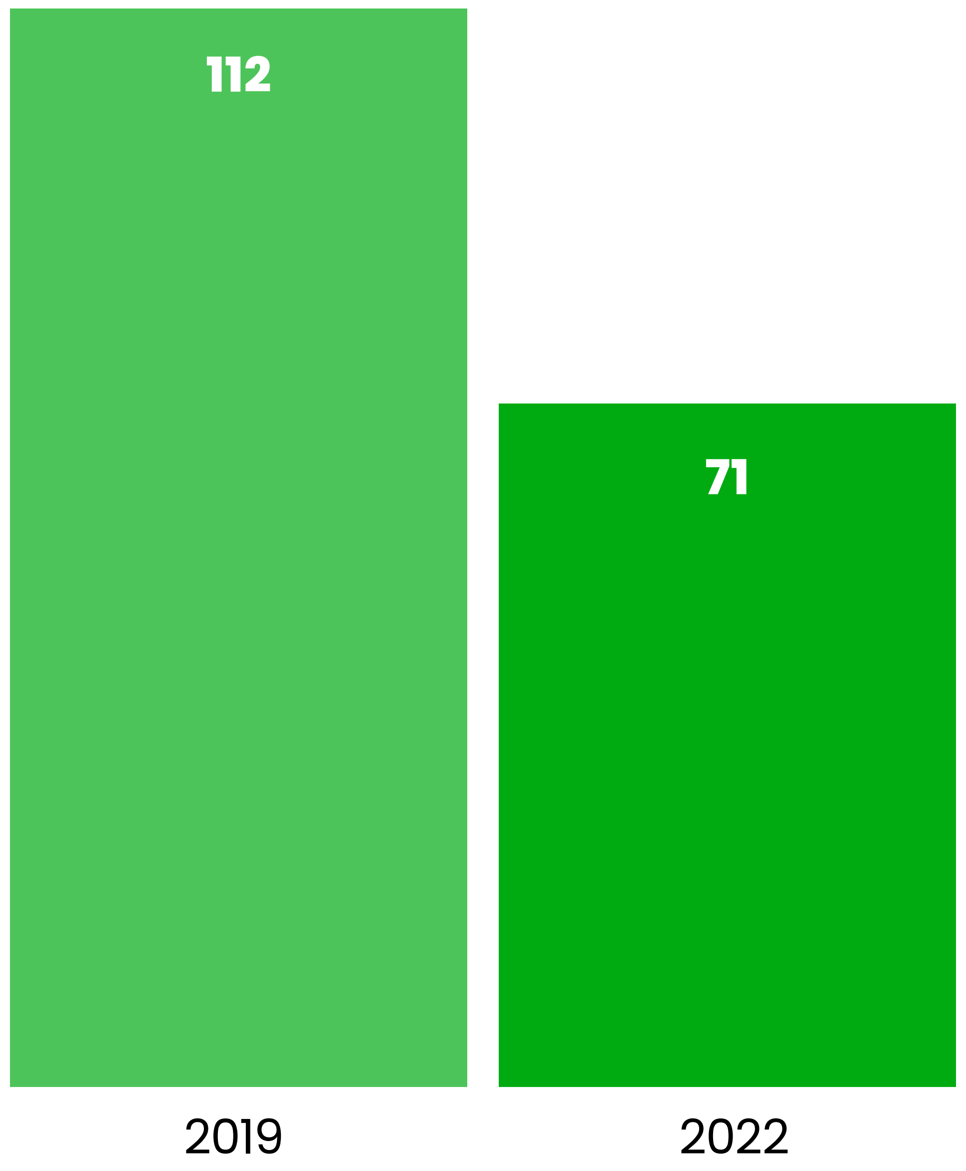
# WHEN THE MOVIES ARE THERE, THE AUDIENCE IS THERE.

Audiences of all kinds returned throughout the year. Beginning with *Spider-Man: No Way Home* in December 2021, older audiences returned in their usual numbers (and more) – the share of audiences 35 and over for *No Way Home* was identical to that demographic share of *Avengers: Endgame* in 2019. As the year went on, this reality showed up again and again. 54% of *Top Gun: Maverick*'s audience was 35 and older. For *Maverick*'s opening weekend, 37% of the audience was aged 55+, and by the second week of release that same demographic made up 44% of the audience, with a 7% increase in those aged 65+ specifically. New-to-return moviegoers were up to 17% by that second week, with 37% of those aged 35-54, and 48% aged 55+. *Maverick* was the number one movie on Memorial Day weekend, and it was the number one movie on Labor Day weekend.

Sixty percent of the *Elvis* audience was over the age of 35, with the majority being women over the age of 50. 31% of the opening weekend audience was over 55, 48% over age 45.

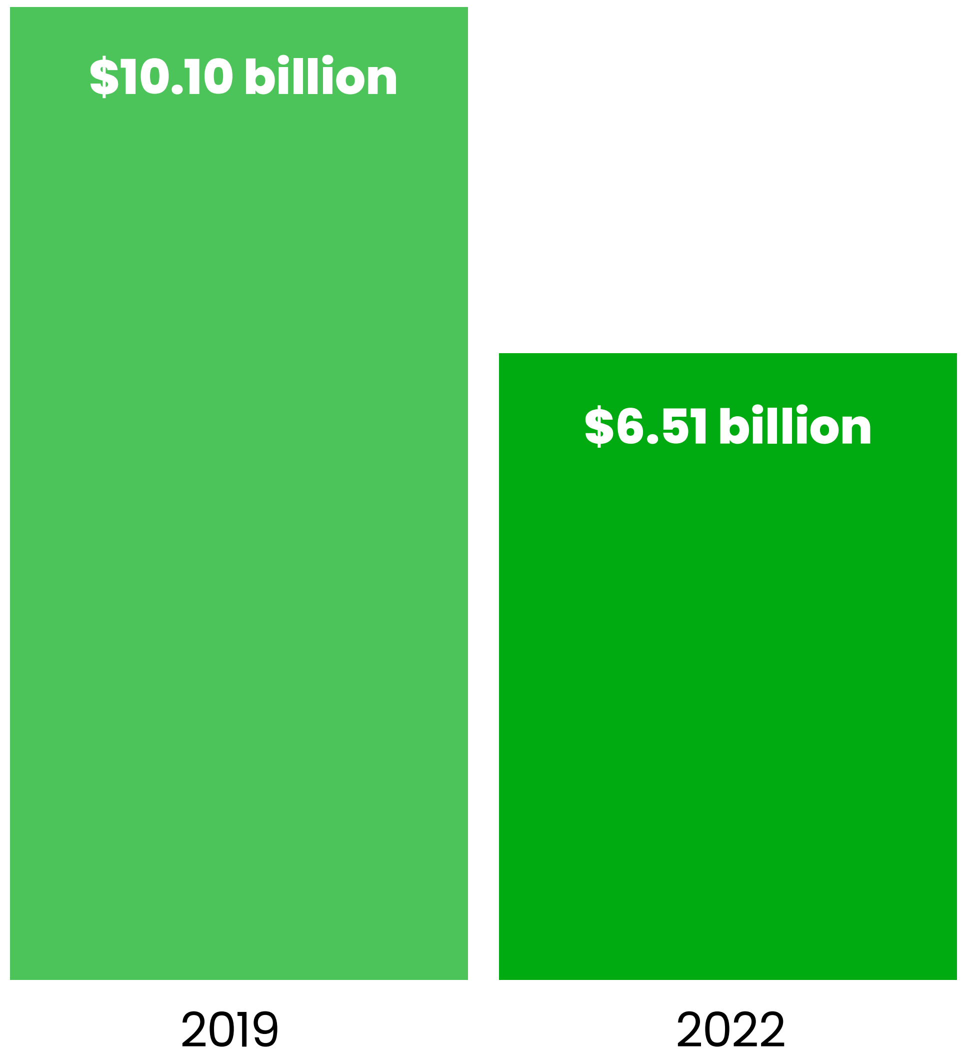
### MOVIES RELEASED ON 2,000+ SCREENS:

| Year | Movies |
|---|---|
| 2019 | 112 |
| 2022 | 71 (63.38%) |



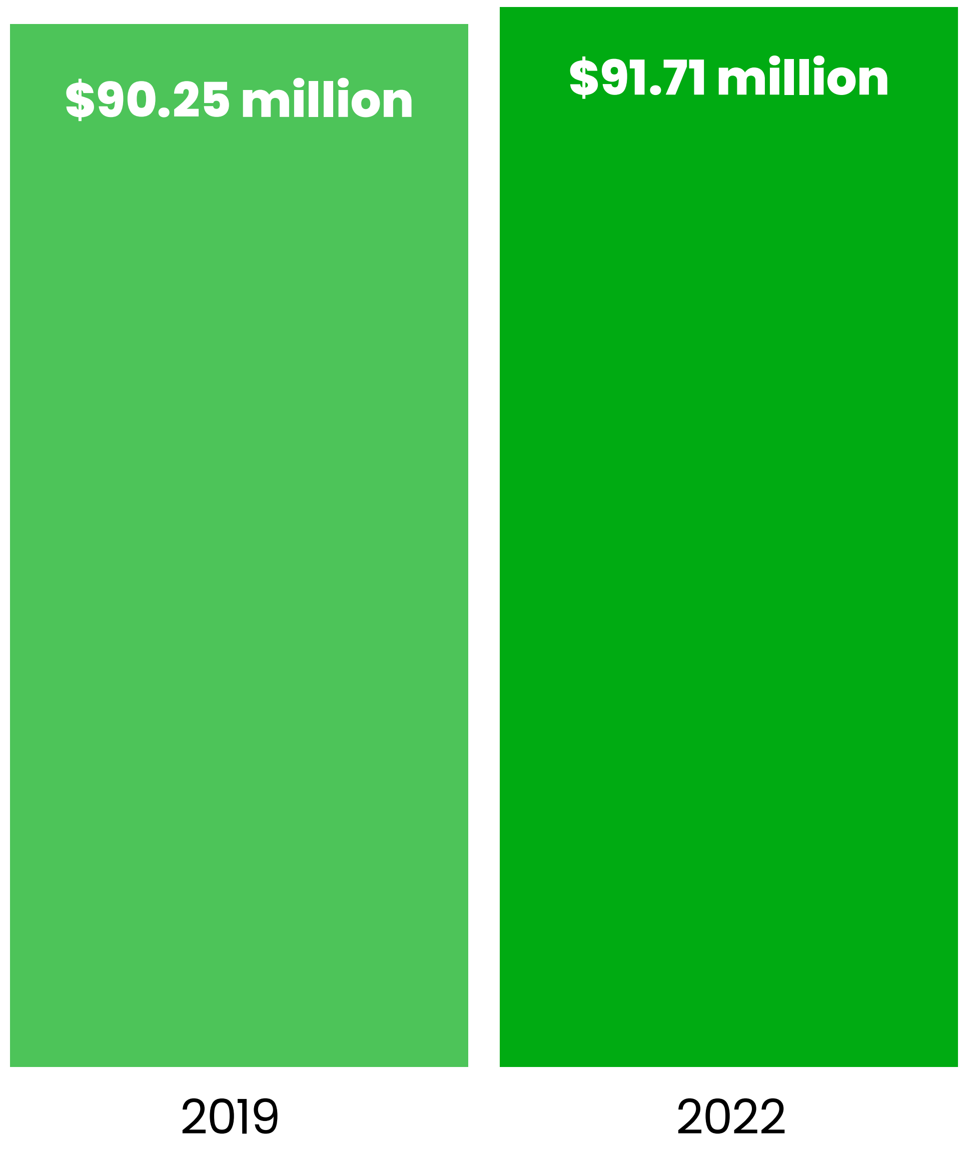

### BOX OFFICE FROM THOSE MOVIES:

| Year | Box Office |
|---|---|
| 2019 | $10.10 billion |
| 2022 | $6.51 billion (64.45%) |



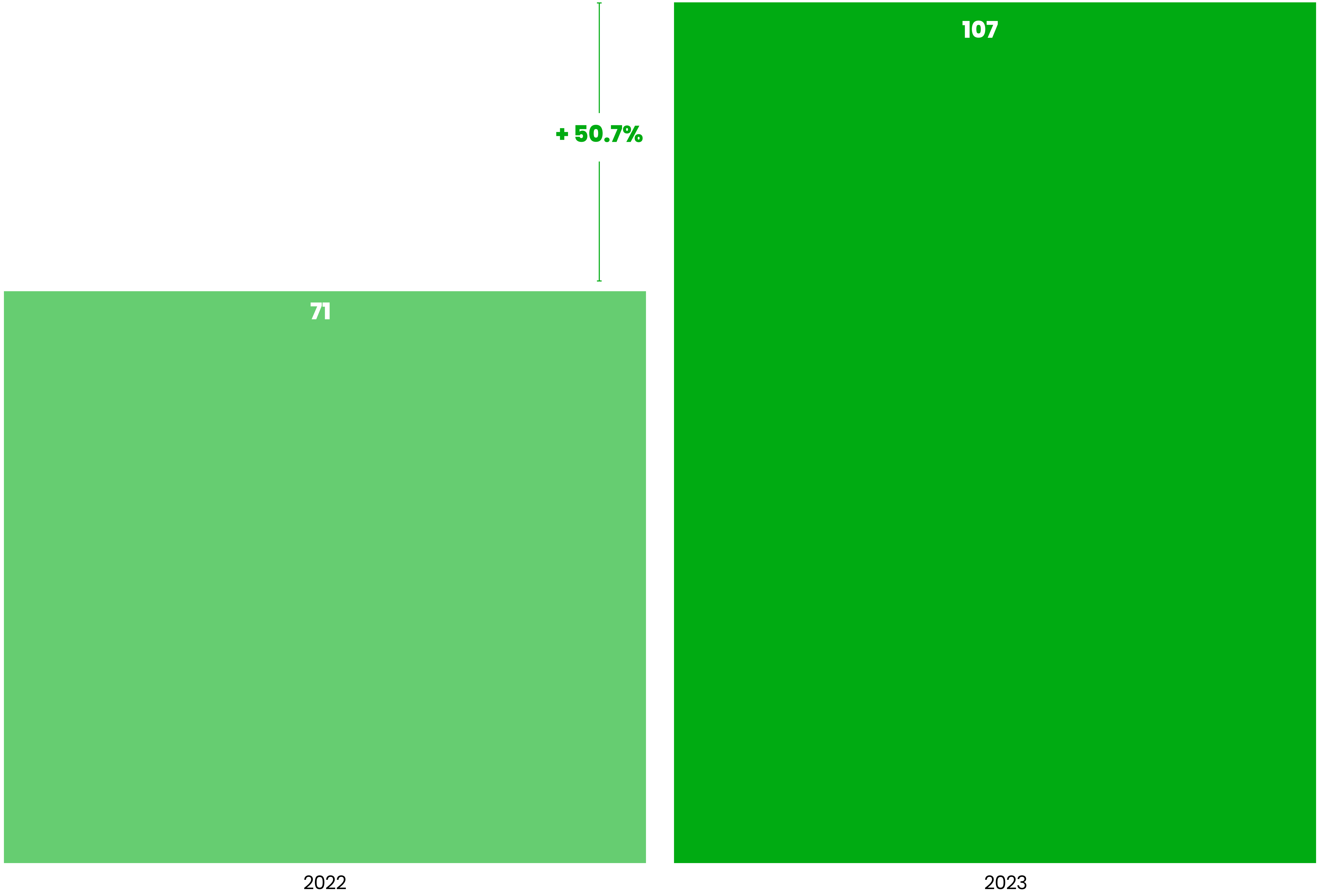

### AVERAGE PER TITLE:

| Year | Box Office |
|---|---|
| 2019 | $90.25 million |
| 2022 | $91.71 million |



# WIDE RELEASES ON 2,000+ SCREENS FROM ALL DISTRIBUTORS IN 2023

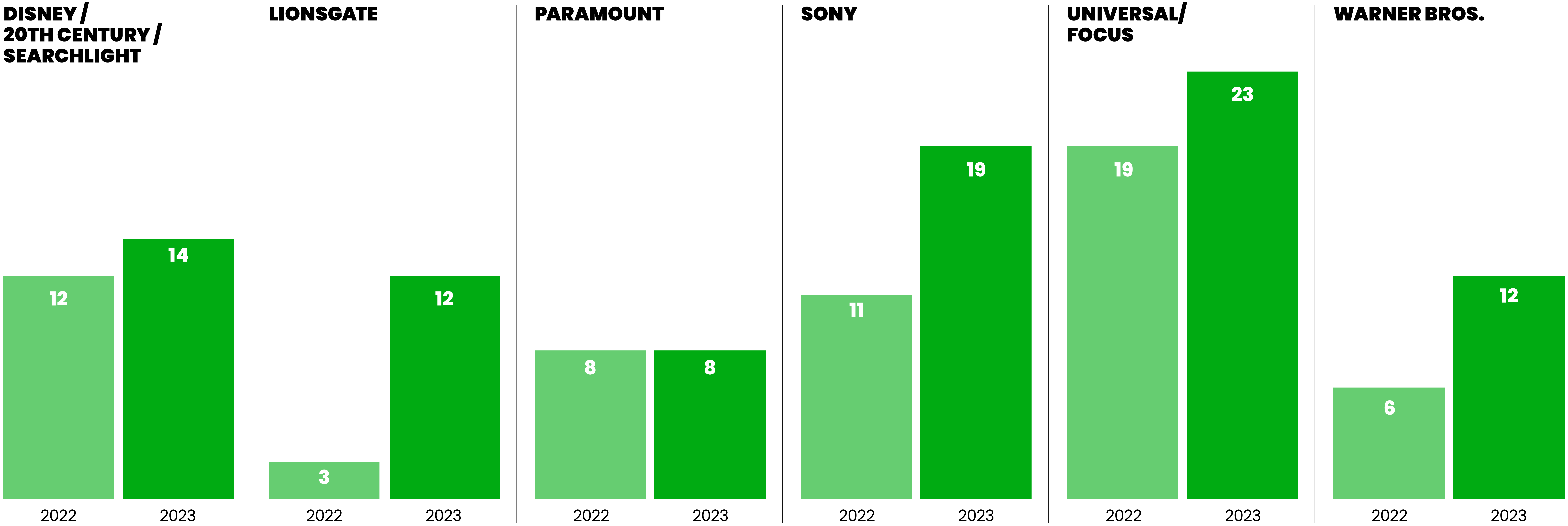
(as of March 6, 2023; release numbers subject to change)




Source: Comscore

# RELEASES BY MAJOR STUDIOS ON 2,000+ SCREENS

(as of March 6, 2023; release numbers subject to change)




Source: Comscore

# TOP 50 DOMESTIC EXHIBITORS

# TOP 50 DOMESTIC EXHIBITORS

This list shows some of the diverse range of companies that make up exhibition in North America, but it's not the whole story. Beyond the top 50 companies, there are many small theaters with less than five screens that are the heart of their communities in the same way multiplexes are essential to major metropolitan areas.

**The top 50 exhibitors have a combined reach of over 40 million followers across major social media sites. (Facebook/Instagram/Twitter/TikTok)**

# TOP 50 DOMESTIC EXHIBITORS 1–15

| Ranking | Company | HQ Location | Country | 2022 Screens | 2022 Locations |
|---|---|---|---|---|---|
| 1 | AMC Entertainment Inc. | Leawood, KS | United States | 7712 | 591 |
| 2 | Regal Cinemas | Knoxville, TN | United States | 6474 | 478 |
| 3 | Cinemark USA, Inc. | Plano, TX | United States | 4392 | 318 |
| 4 | Cineplex Entertainment Limited Partnership | Toronto, ON | Canada | 1641 | 158 |
| 5 | Marcus Theatres Corp. | Milwaukee, WI | United States | 1053 | 84 |
| 6 | B & B Theatres | Kansas City, MO | United States | 529 | 57 |
| 7 | Harkins Theatres | Scottsdale, AZ | United States | 487 | 33 |
| 8 | Malco Theatres Inc. | Memphis, TN | United States | 356 | 35 |
| 9 | Emagine Entertainment | Troy, MI | United States | 344 | 28 |
| 10 | CMX Cinemas | Miami, FL | United States | 326 | 30 |
| 11 | Landmark Cinemas of Canada Inc. | Calgary, AB | Canada | 317 | 39 |
| 12 | Alamo Drafthouse Cinemas, LLC | Austin, TX | United States | 315 | 38 |
| 13 | National Amusements, Inc. | Norwood, MA | United States | 298 | 23 |
| 14 | Caribbean Cinemas | San Juan, PR | United States | 289 | 35 |
| 15 | VSS - Southern Theatres, LLC | New Orleans, LA | United States | 266 | 18 |

Source: The Boxoffice Company

# TOP 50 DOMESTIC EXHIBITORS 16–30

| Ranking | Company | HQ Location | Country | 2022 Screens | 2022 Locations |
|---|---|---|---|---|---|
| 16 | Cinépolis USA | Dallas, TX | United States | 259 | 26 |
| 17 | Georgia Theatre Company | Saint Simons Island, GA | United States | 253 | 24 |
| 17 | NCG (Neighborhood Cinemas Group) | Owosso, MI | United States | 253 | 26 |
| 19 | Premiere Cinema Corp. | Big Spring, TX | United States | 248 | 22 |
| 20 | GQT Movies (Goodrich Theater NewCo, LLC ) | Grand Rapids, MI | United States | 238 | 23 |
| 21 | Reading Cinemas USA | Culver City, CA | United States | 228 | 23 |
| 22 | Studio Movie Grill | Dallas, TX | United States | 226 | 21 |
| 23 | United Entertainment Corp. | Maple Grove, MN | United States | 191 | 22 |
| 24 | Galaxy Theatres, LLC | Sherman Oaks, CA | United States | 176 | 15 |
| 25 | Larry H. Miller Theatres (Megaplex Theatres) | Sandy, UT | United States | 173 | 15 |
| 26 | EVO Entertainment Group | Austin, TX | United States | 172 | 18 |
| 27 | Landmark Theatres | West Hollywood, CA | United States | 166 | 34 |
| 28 | Cinema West | Petaluma, CA | United States | 164 | 16 |
| 29 | MJR Theatres | Bloomfield Hills, MI | United States | 164 | 10 |
| 30 | Regency Theatres, Inc. | Agoura Hills, CA | United States | 159 | 22 |

Source: The Boxoffice Company

# TOP 50 DOMESTIC EXHIBITORS 31–45

| Ranking | Company | HQ Location | Country | 2022 Screens | 2022 Locations |
|---|---|---|---|---|---|
| 31 | Cinema Entertainment Corp. | Waite Park, MN | United States | 154 | 19 |
| 32 | Celebration Cinema By Studio C | Grand Rapids, MI | United States | 150 | 11 |
| 32 | Marquee Cinemas, Inc. | Beckley, WV | United States | 150 | 14 |
| 34 | Cinémas Guzzo, Inc. | Terrebonne, QC | Canada | 145 | 10 |
| 35 | Epic Theatres (Theatre Management Inc.) | Deltona, FL | United States | 138 | 11 |
| 36 | Classic Cinemas | Downers Grove, IL | United States | 137 | 16 |
| 36 | Coming Attractions Theatres, Inc. | Ashland, OR | United States | 137 | 16 |
| 38 | Santikos Entertainment | San Antonio, TX | United States | 129 | 10 |
| 39 | Apple Cinemas | East Walpole, MA | United States | 127 | 12 |
| 40 | FP Cinemas, LLC (Flagship Premium Cinemas) | Baltimore, MD | United States | 125 | 17 |
| 40 | Golden Ticket Cinemas, Inc. | Durham, NC | United States | 125 | 19 |
| 42 | R/C Theatres Management Corp. | Reisterstown, MD | United States | 119 | 13 |
| 43 | Phoenix Theatres Entertainment, LLC | Knoxville, TN | United States | 115 | 11 |
| 44 | Allen Theatres, Inc. | Las Cruces, NM | United States | 112 | 16 |
| 45 | Look Cinemas (Blackbox Theater Group, LLC) | Dallas, TX | United States | 111 | 11 |

Source: The Boxoffice Company

# TOP 50 DOMESTIC EXHIBITORS 46–50

| Ranking | Company | HQ Location | Country | 2022 Screens | 2022 Locations |
|---|---|---|---|---|---|
| 46 | Mitchell Theatres | Elkhart, KS | United States | 107 | 15 |
| 47 | IPIC Theaters, LLC | Boca Raton, FL | United States | 100 | 13 |
| 48 | Star Cinema Grill | Missouri City, TX | United States | 99 | 11 |
| 49 | R.L. Fridley Theatres | Des Moines, IA | United States | 94 | 17 |
| 49 | Xscape Theatres, Inc. (Aliance Management Co.) | New Albany, IN | United States | 94 | 7 |

Source: The Boxoffice Company

# CINEMA DAYS

# NATIONAL CINEMA DAYS

**By Bryan Braunlich, Executive Director, The Cinema Foundation**

**What can we learn about creating a national holiday around the celebration of local cinema?**

The Cinema Foundation's National Cinema Day on September 3rd brought an estimated 8.1 million moviegoers of all ages to cinemas nationwide in its inaugural year. It was the first coordinated effort in industry promotion by the Foundation that included participation from exhibition, studio, and industry partners.

The one-day event, held at more than 3,000 participating locations with more than 30,000 screens, also collected box office returns of $23.8 million dollars for the day – a figure 8% ahead of the preceding Saturday – even with the discounted ticket price of $3.

Additionally, these holidays are a sign that consumers respond not only to promotional deals at their local movie theaters but also to the idea of going to movies even if movies have been in the marketplace for a significant period. In the US, the top 10 performing titles for the day, in order, were *Top Gun: Maverick, DC League of Super Pets, Bullet Train, Spider-Man: No Way Home, The Invitation, Beast, Minions: The Rise of Gru, Thor: Love and Thunder, Dragon Ball Super: Super Hero*, and Jaws. The day was a win for families and family films.

These results highlight success in a territory that held its first National Cinema Day. What about territories where National Cinema Days have been established? Since 1985, France has held National Cinema Days. The promotion began as a one-day event and has since turned into a 4-day celebration of the cinema. The concept was based on the following principle - a fixed rate of €4 for all movies in all theaters.

To achieve this goal, it took the entire industry ecosystem to deliver on this promise. In France's case, 99% of the theaters were involved as well as studios. This collaboration resulted in success for the French. For example, in 2022, it boosted attendance over the 4-day period resulting in a million additional admissions over the previous week. Additionally, the holiday highlighted a large number of previews and promotional campaigns for the summer movies, including movies that opened during the event (*Minions: The Rise of Gru*).

While France led the way in celebrating national moviegoing, other territories around the world followed suit with national events. For example, LatAm countries have been successful with their own national cinema days. In 2022, Mexico saw over a 100% increase in attendance in their top 5 circuits with National Cinema Days September 5 – 7. In the Central American countries, all reported an increase of over 25% in attendance during the September 1 – 4 weekend over the previous weekend.

Because of the results from the US, India held its first National Cinema Day on September 23, 2022 with 4,000 screens participating and 6.5 million admissions. It was the biggest day of moviegoing for the country in 2022.

**"THE CINEMA FOUNDATION'S NATIONAL CINEMA DAY ON SEPTEMBER 3RD BROUGHT AN ESTIMATED 8.1 MILLION MOVIEGOERS OF ALL AGES TO CINEMAS NATIONWIDE IN ITS INAUGURAL YEAR"**

**59%**

**OF PEOPLE WHO WENT ON NATIONAL CINEMA DAY SAY THEY HAVE BEEN GOING TO THE MOVIES MORE OFTEN**

Source: The Quorum

Source: Comscore

# COMSCORE'S NATIONAL CINEMA DAY RECAP

**103%**

**DAY OVER DAY UPTICK**

The overall Saturday box office for September 3 for all films was $23.8 million, compared to $11.7M for Friday, September 2

**111%**

**DAY OVER DAY UPTICK**

The Saturday box office for the Top 10 films on September 3 was $18.6 million, compared to $8.8M for Friday, September 2

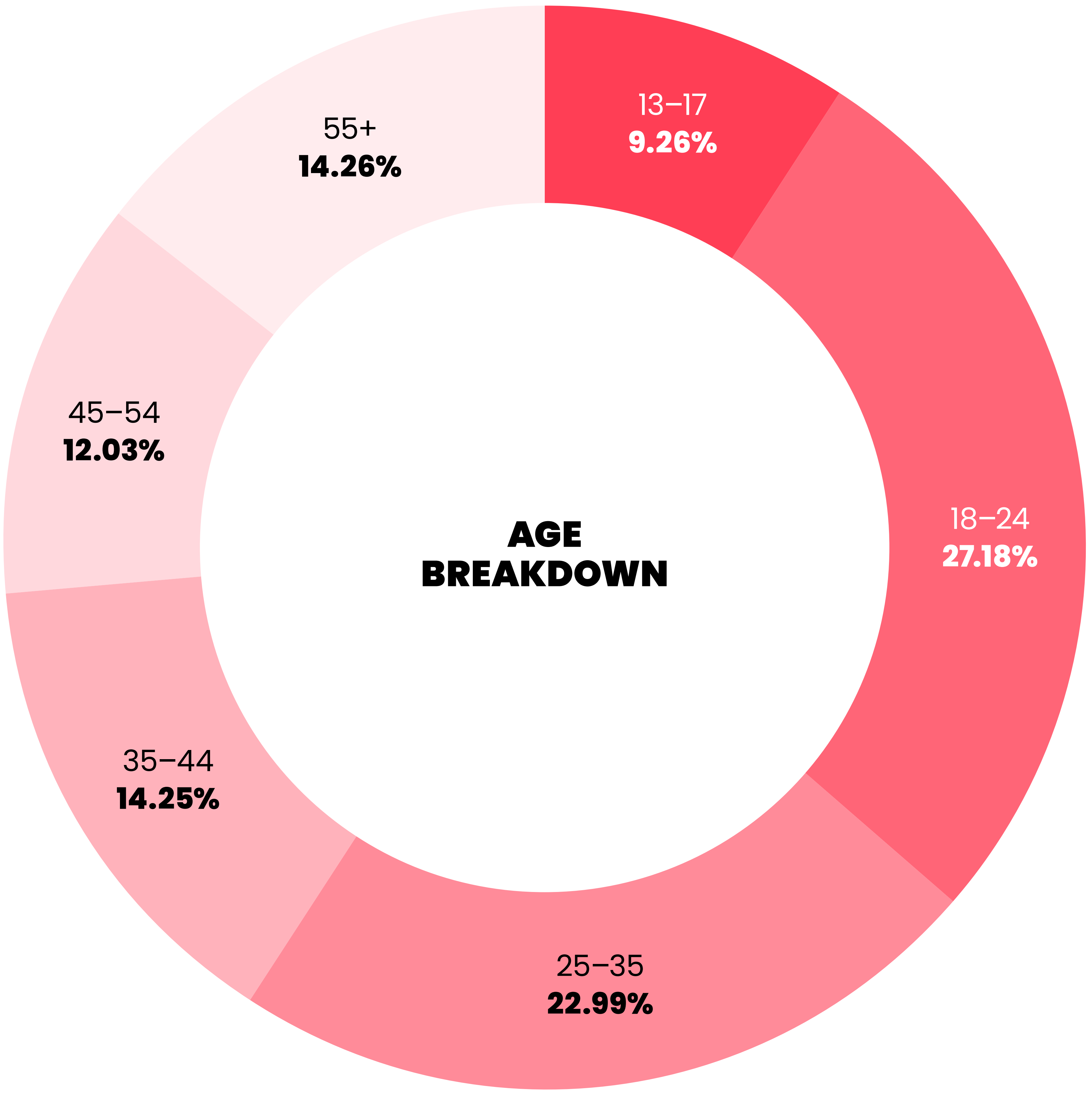
**8%**

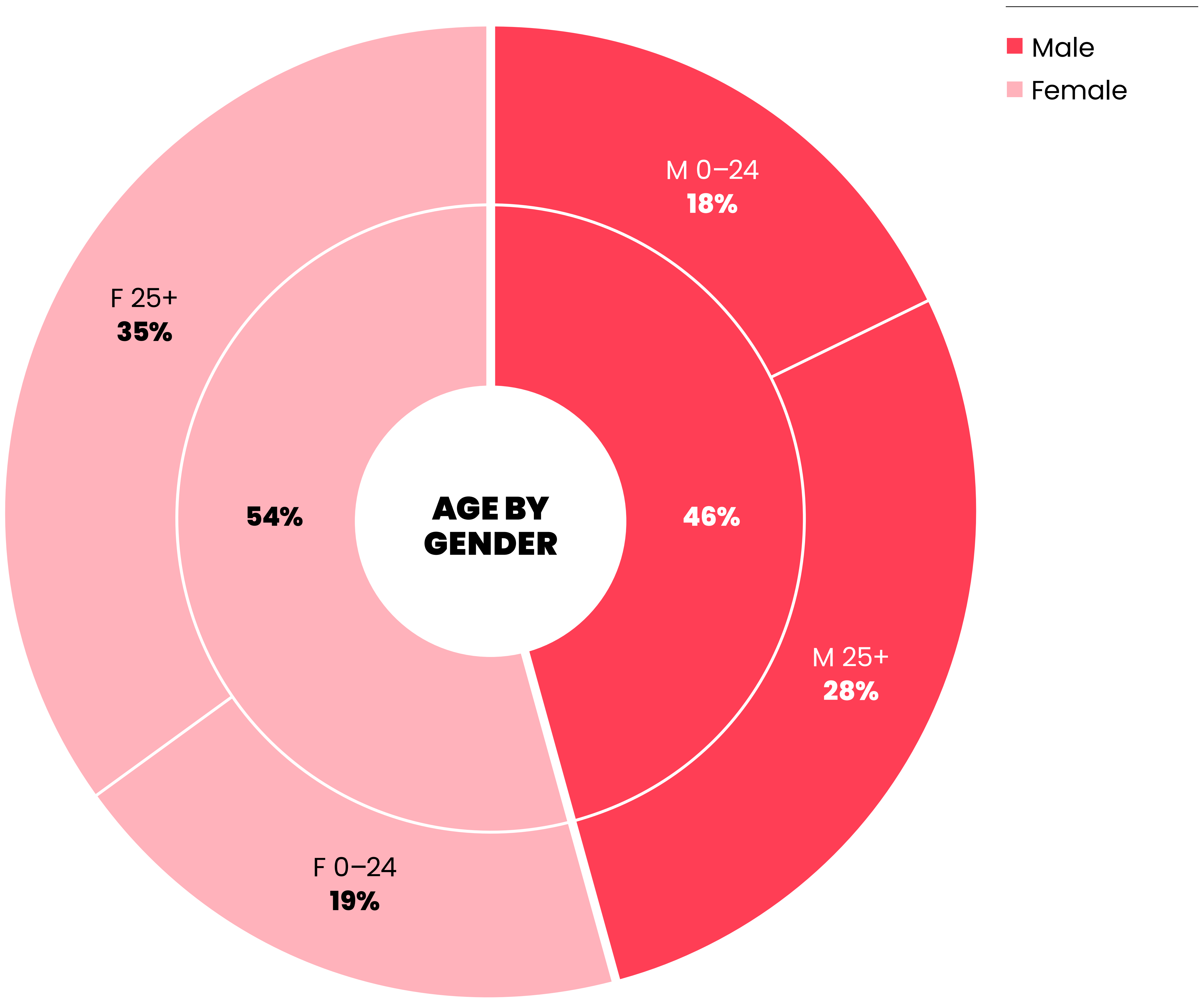
**WEEK OVER WEEK UPTICK**

The overall Saturday box office for September 3 for all films was $23.8 million, compared to $22.0M for the previous Saturday, August 27

**FAMILY FILMS SAW THE GREATEST INCREASE IN SATURDAY BOX OFFICE WITH THE PG-RATED *DC LEAGUE OF SUPER PETS* AND *MINIONS: THE RISE OF GRU* REALIZING INCREASES OF 252% AND 259% RESPECTIVELY**

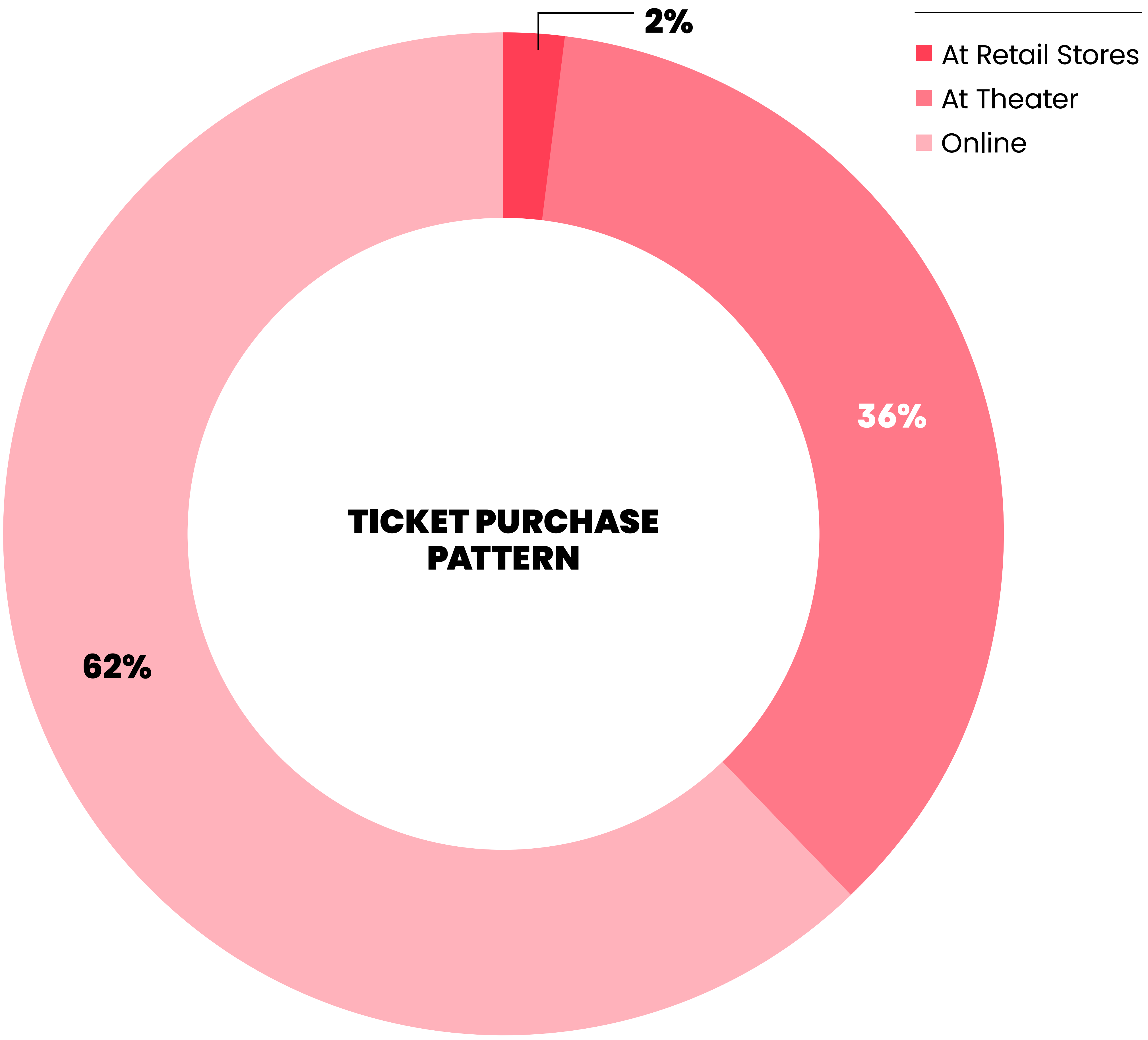
# NATIONAL CINEMA DAY
# BY AGE AND GENDER




Source: Comscore

# NATIONAL CINEMA DAY
# TICKET PURCHASES




## 62%

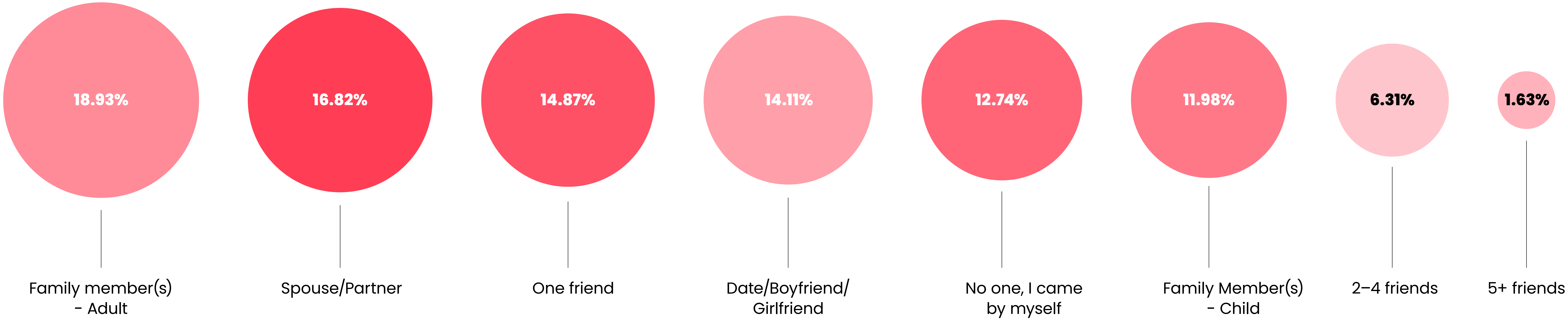
**NATIONAL CINEMA DAY MOVIEGOERS PURCHASED THEIR TICKETS ONLINE ON THE SAME DAY**

Source: Comscore

# NATIONAL CINEMA DAY
# WHO ACCOMPANIED YOU TO THE THEATER?

**87%**

**ATTENDED WITH FAMILY OR FRIENDS**

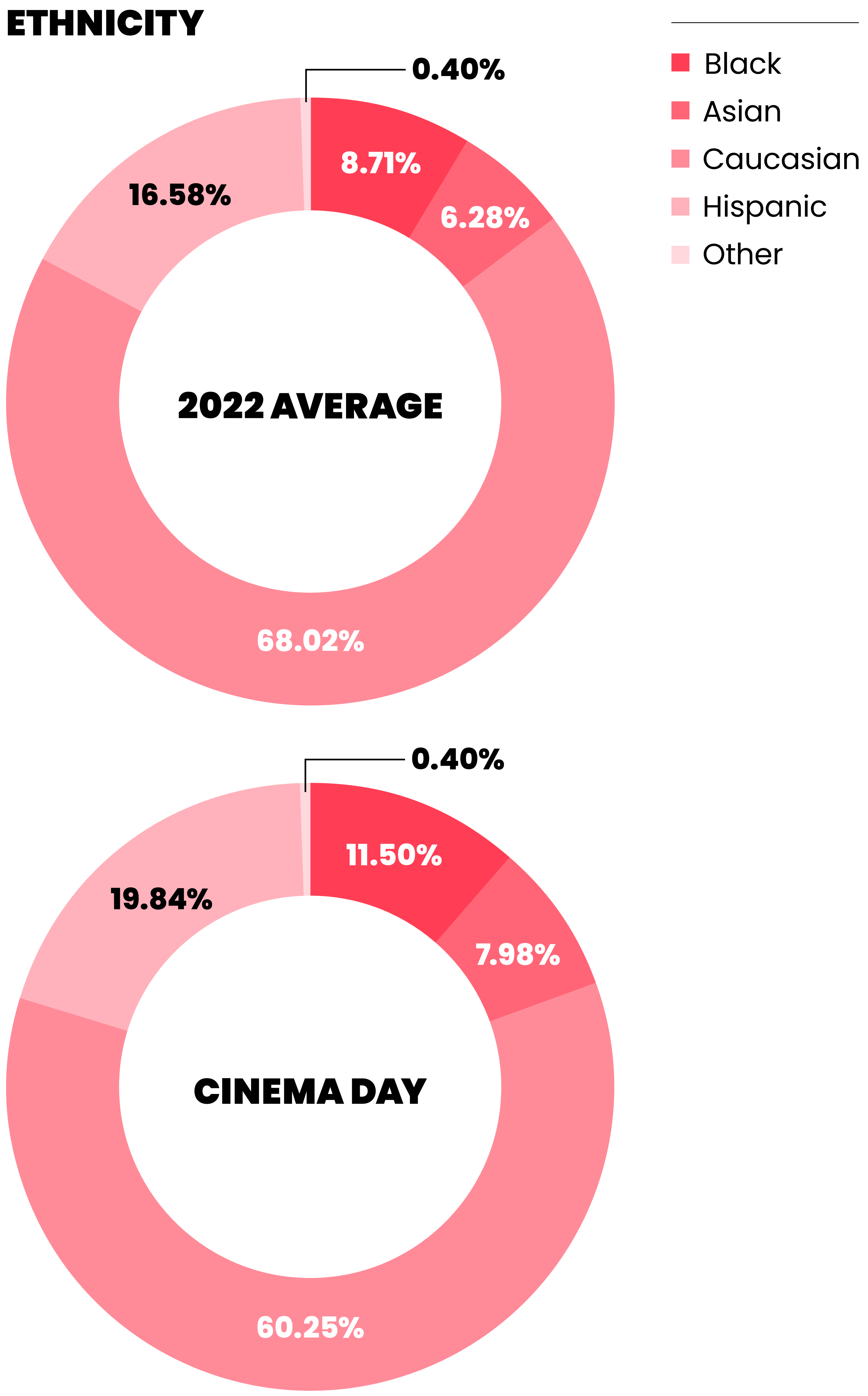


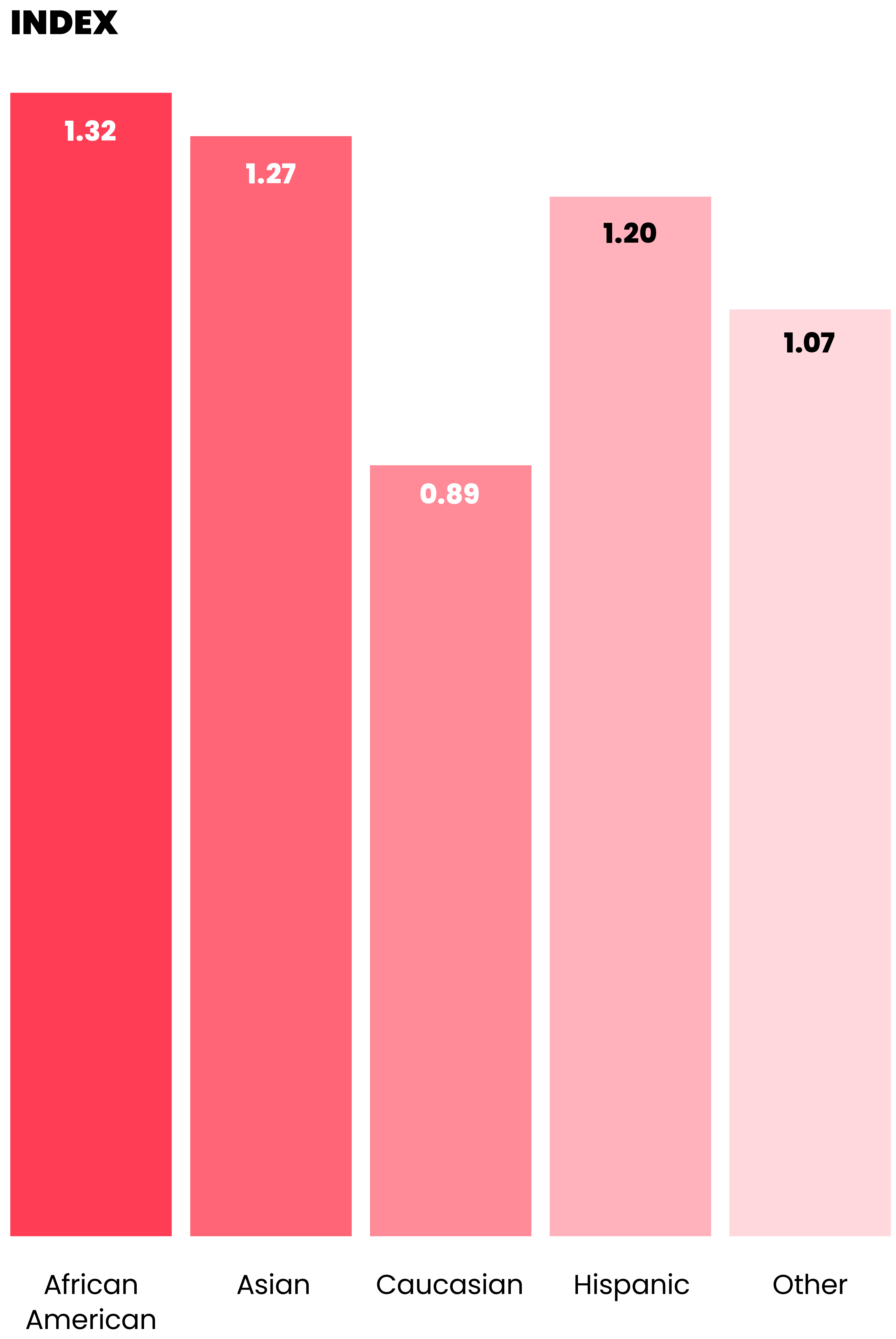

Source: Comscore

# NATIONAL CINEMA DAY
# ETHNICITY

Caucasian moviegoers show a consistent under indexing for Cinema Day audience (0.89).

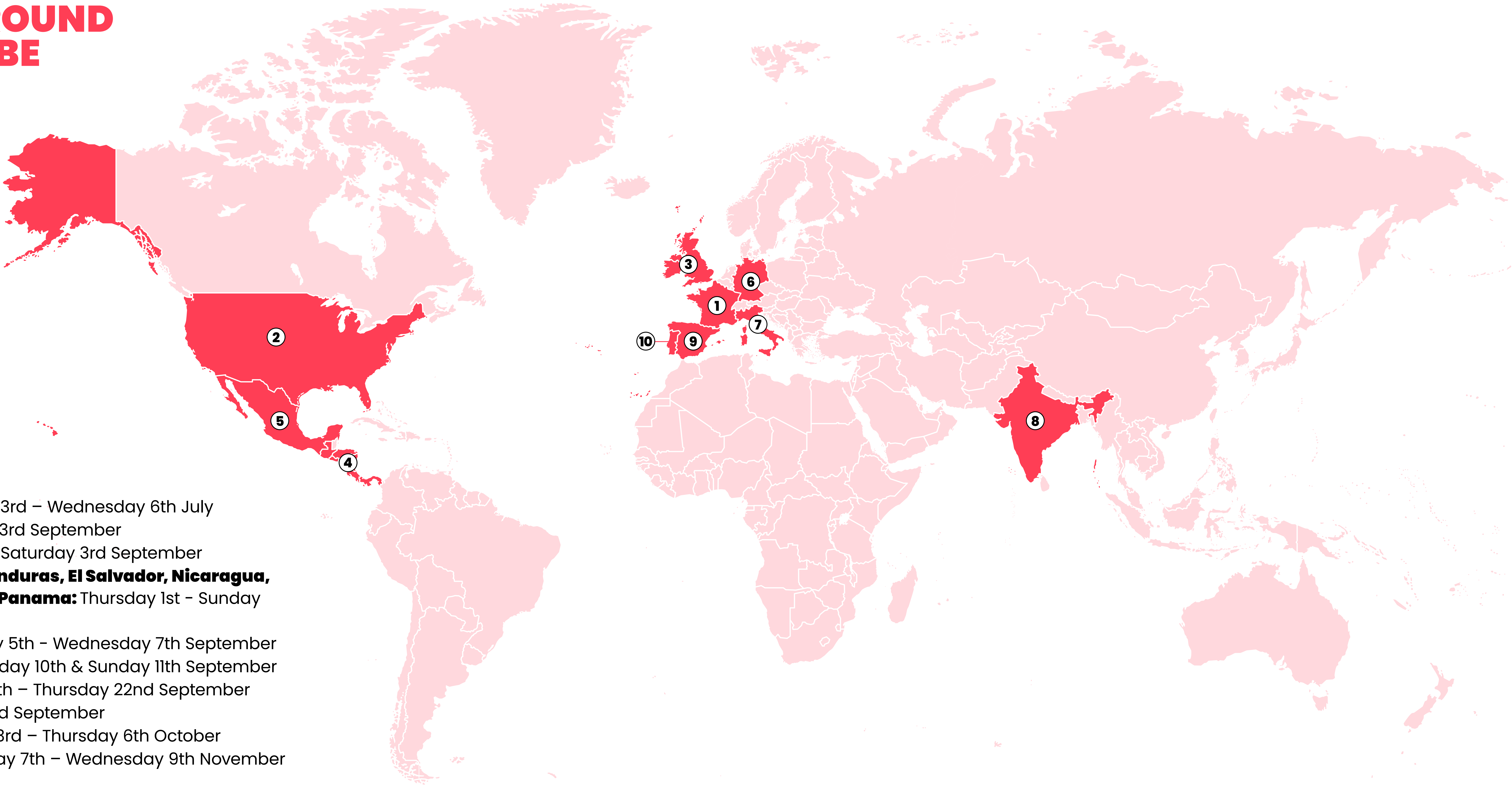
Black, Asian & Hispanic audiences show a consistent over indexing compared to the 2022 audiences.



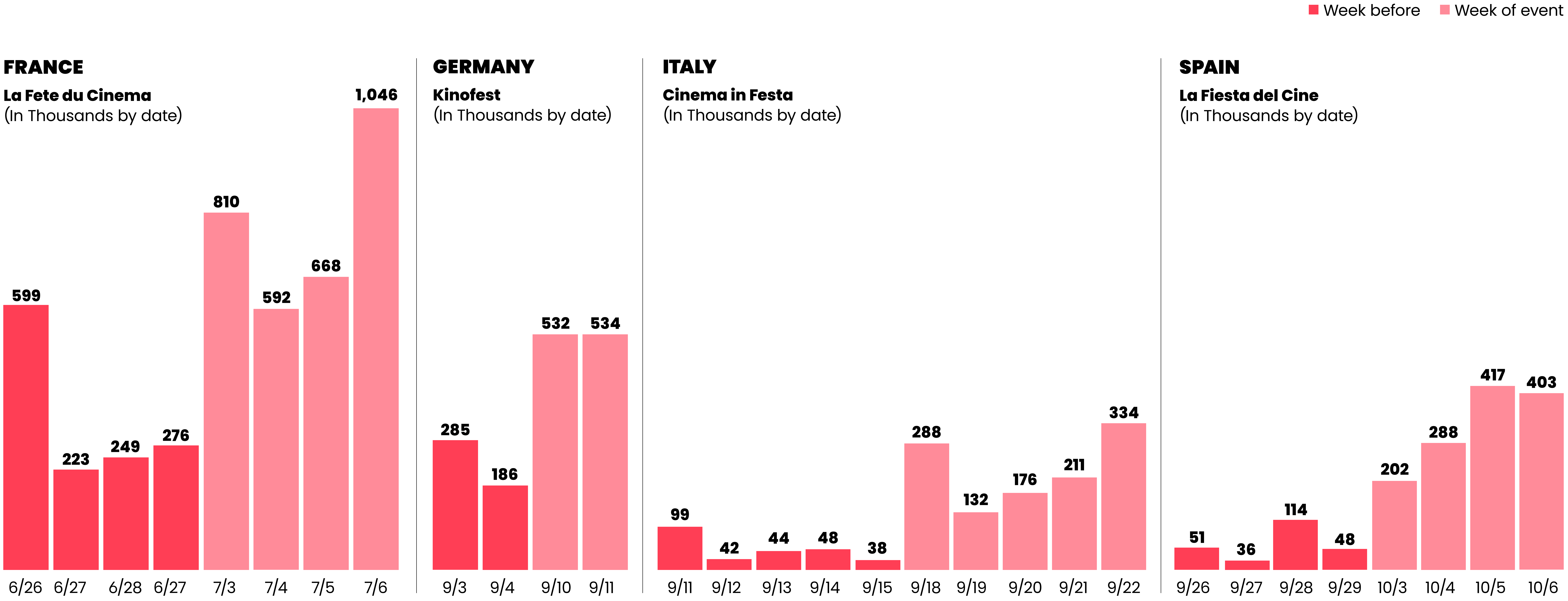

Source: Comscore

# SELECTED CINEMA DAYS AROUND THE GLOBE



1. **France:** Sunday 3rd – Wednesday 6th July
2. **U.S.A:** Saturday 3rd September
3. **UK and Ireland:** Saturday 3rd September
4. **Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama:** Thursday 1st - Sunday 4th September
5. **Mexico:** Monday 5th - Wednesday 7th September
6. **Germany:** Saturday 10th & Sunday 11th September
7. **Italy:** Sunday 18th – Thursday 22nd September
8. **India:** Friday 23rd September
9. **Spain:** Monday 3rd – Thursday 6th October
10. **Portugal:** Monday 7th – Wednesday 9th November

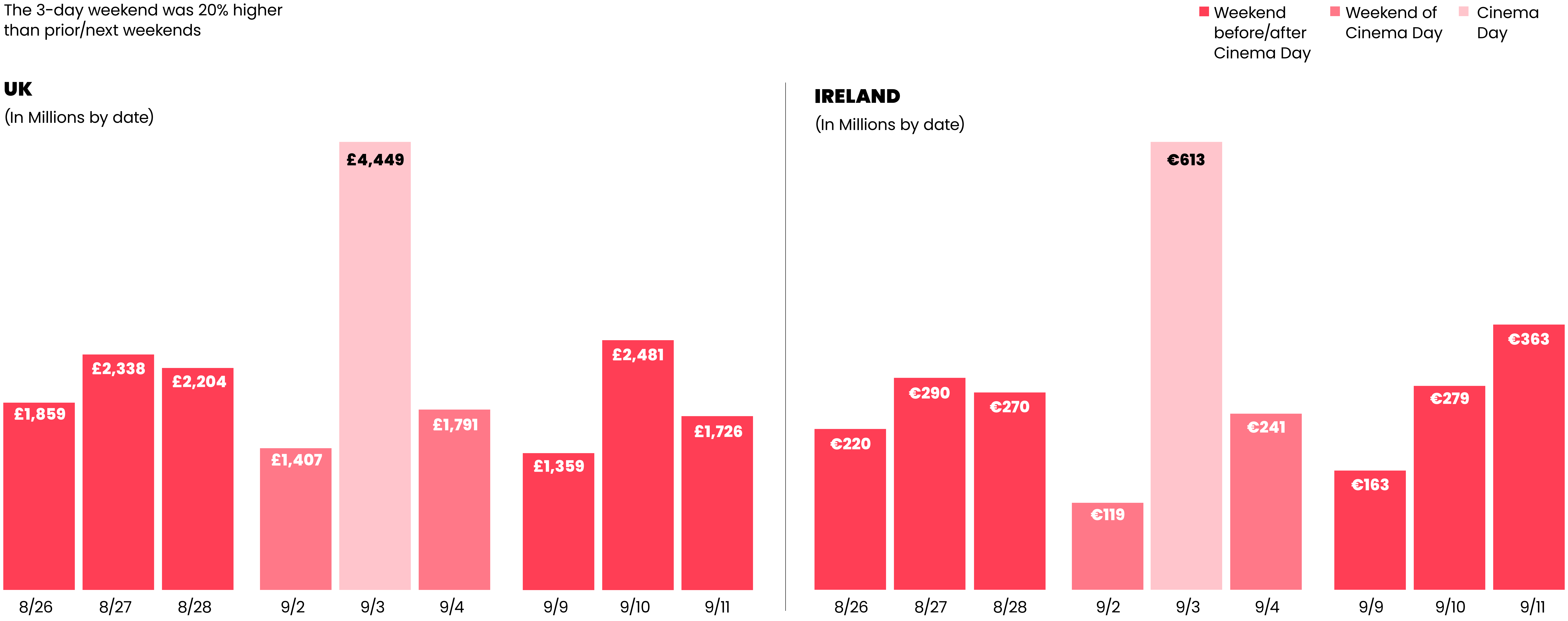
# EVENTS ACROSS EUROPE CREATED A HUGE IMPACT ON ADMISSIONS VERSUS THE PRIOR WEEK




Source: Comscore

# NATIONAL CINEMA DAY GROSS WAS UP 90% IN UK AND 110% IN IRELAND

The 3-day weekend was 20% higher than prior/next weekends



## INDIA'S FIRST CINEMA DAY: SEPTEMBER 23, 2022

**4,000**
PARTICIPATING SCREENS

**6.5M**
ADMISSIONS

**#1**
BIGGEST SINGLE DAY IN 2022

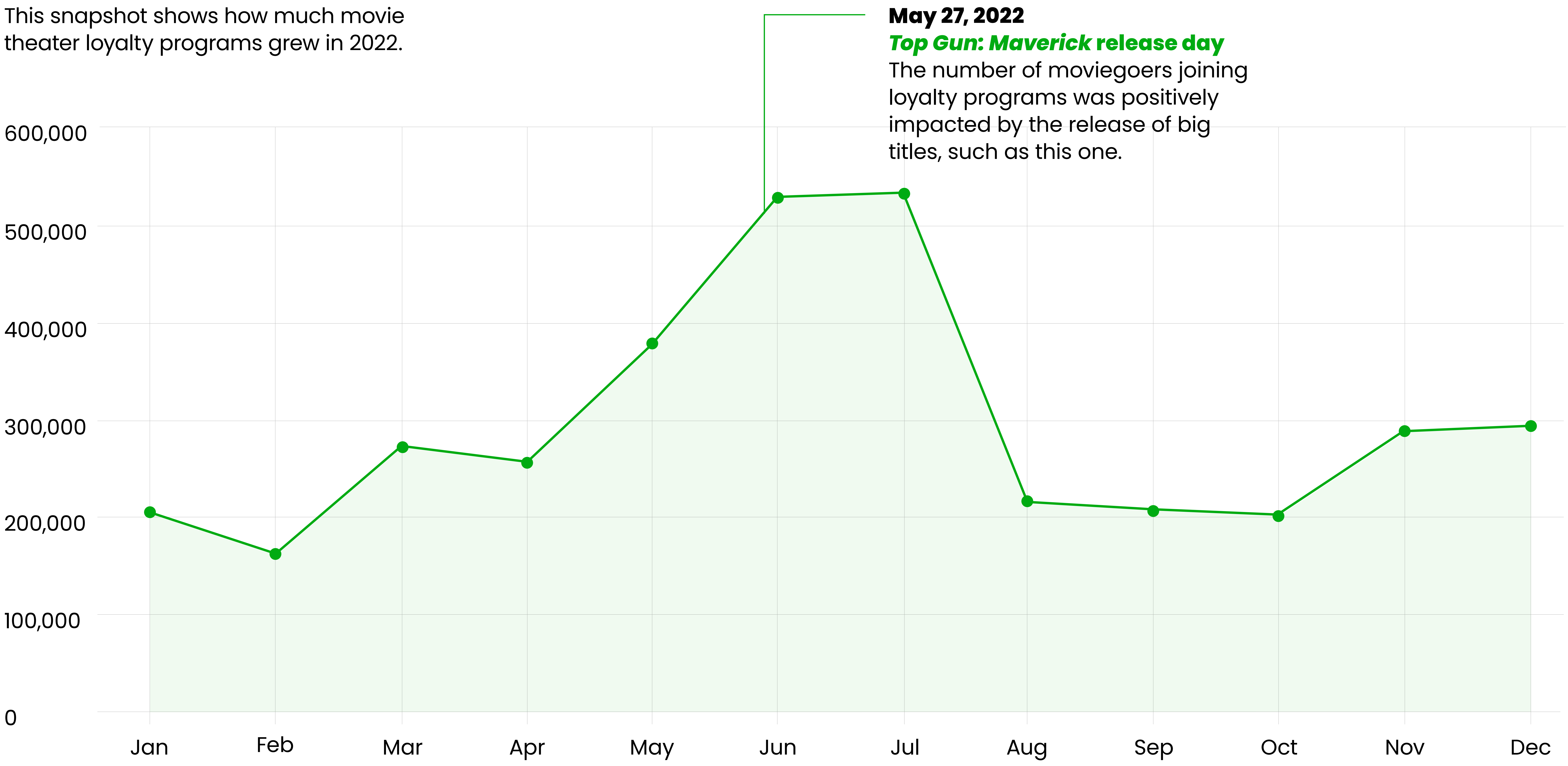
# HOW EXHIBITION CONNECTS WITH CONSUMERS

# HOW EXHIBITION CONNECTS WITH CONSUMERS

Theater owners are investing in programs for their guests—and they are working. Cinemas saw a 78% increase in loyalty members in 2022. Similarly, as consumers are enrolling in theater-specific loyalty programs, consumers are increasingly drawn to theaters specifically for their purchasing decisions with a 20% increase in direct ticket sales on movie theater sites and/or apps across all age groups after July 2020. Exhibitors are investing in multiple channels to connect with guests including loyalty discounts, targeted emails, and social media outreach for the over 40 million consumers who follow just the top 50 exhibitors alone.

# MOVIEGOERS JOINING LOYALTY PROGRAMS

This snapshot shows how much movie theater loyalty programs grew in 2022.




Source: Movio (aggregated data from 11,500 screens in the United States)

**CINEMAS SAW A**

**78%**

**INCREASE IN LOYALTY MEMBERS IN 2022**

# PURCHASE CHANNEL TRENDS

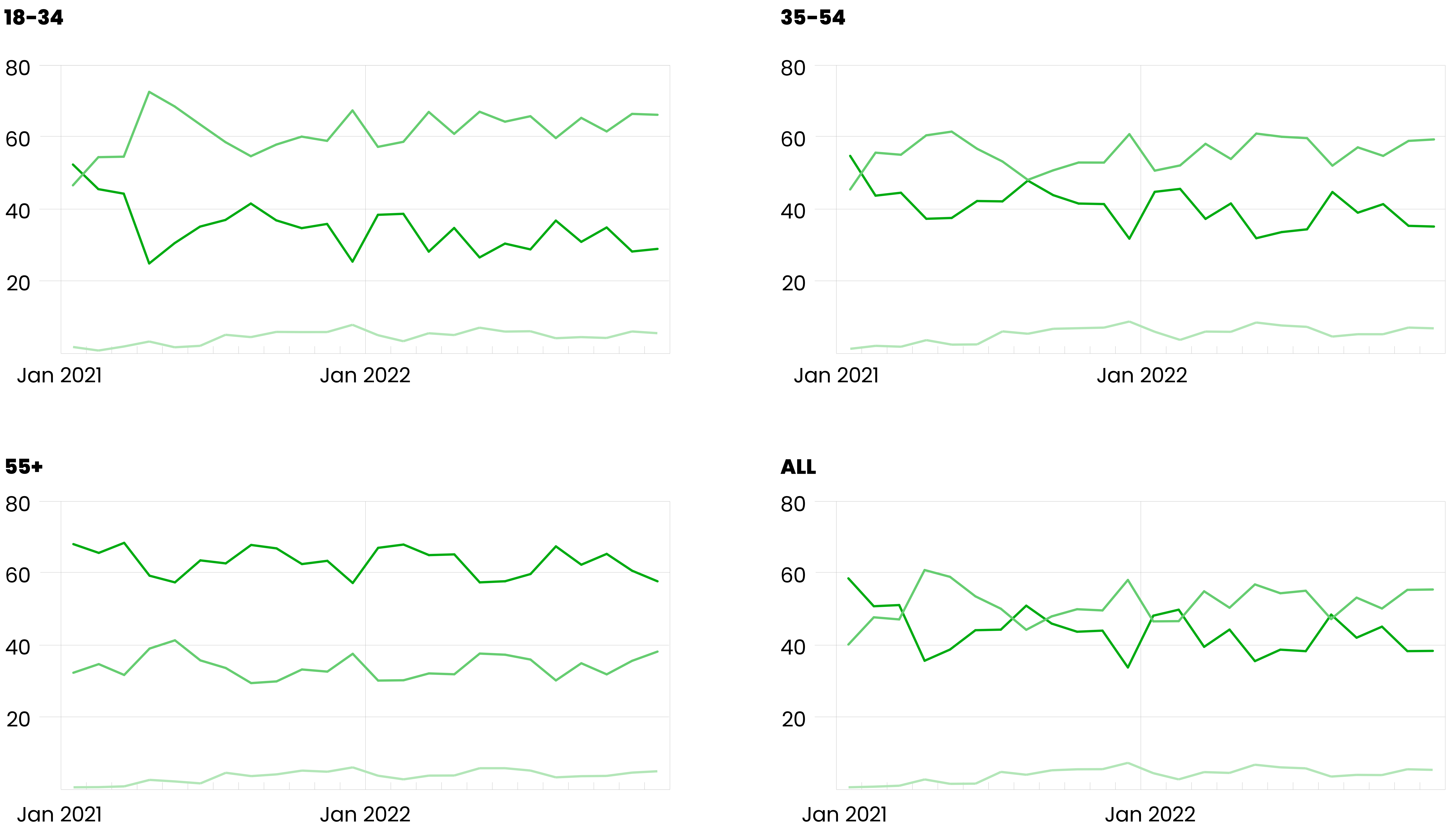
**Movie theaters are improving their digital marketing techniques with each new movie that opens.**

- Purchases through cinema-owned online channels have increased dramatically across all age groups
- In-cinema ticket purchases are still the most common channel for older moviegoers
- Third party channel share of purchases has declined

**THERE WAS A 20% INCREASE IN DIRECT TICKET SALES ON MOVIE THEATER SITES AND/OR APPS ACROSS ALL AGE GROUPS AFTER JULY 2020.**

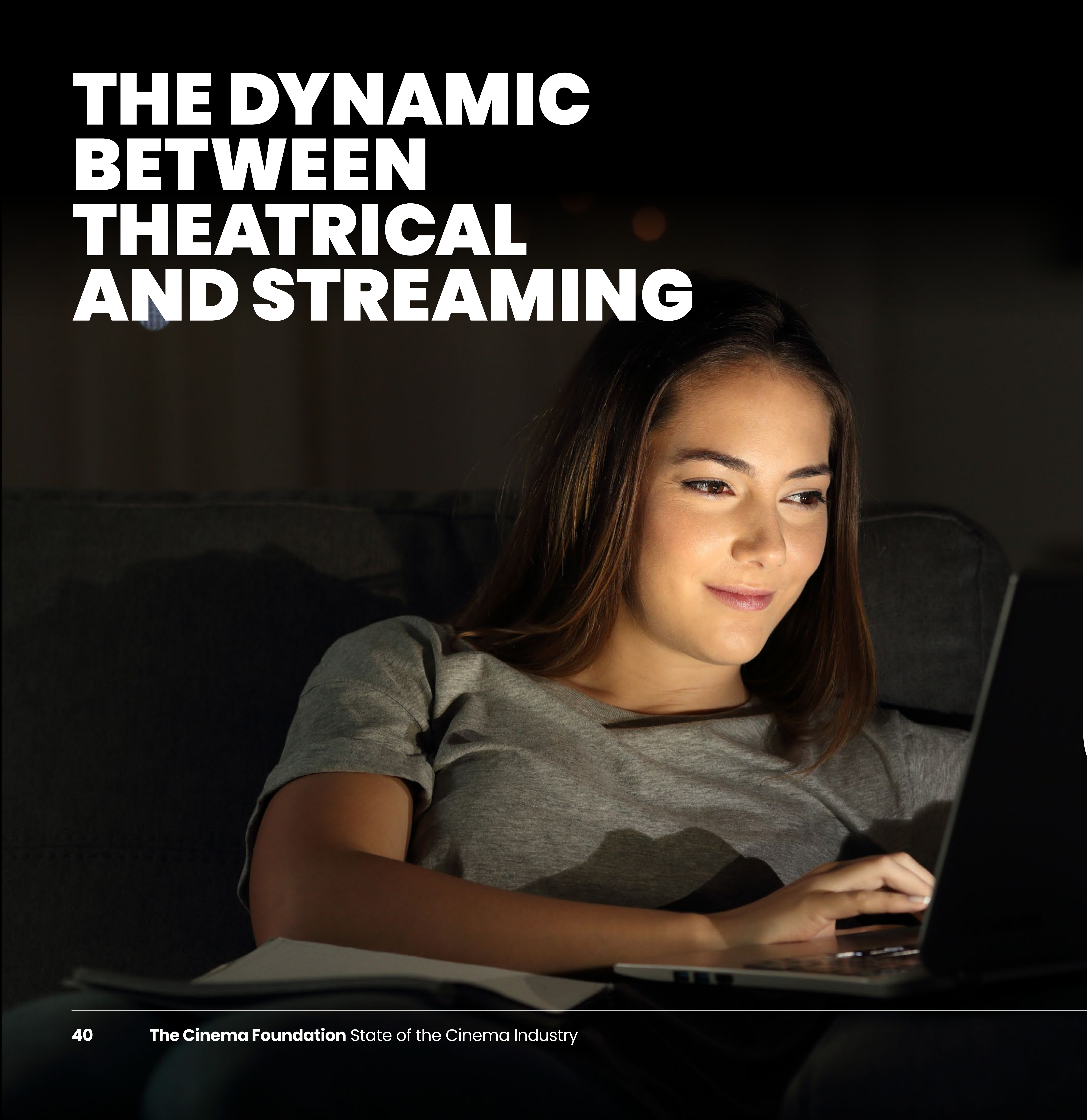
## HOW PEOPLE BOUGHT TICKETS BY AGE:

In Cinema · Cinema Online · Third Party Online




Source: Movio (aggregated data from 11,500 screens in the United States)

# THE DYNAMIC BETWEEN THEATRICAL AND STREAMING



# THE DYNAMIC BETWEEN THEATRICAL AND STREAMING

**For years, the conventional wisdom was that streaming would replace theatrical moviegoing. After all, who wouldn't prefer watching whatever you wanted, wherever you wanted for one low monthly price?**

The answer, it turns out, are the people who stream the most. As noted in an Ernst & Young report, commissioned by NATO in February 2020, "Those who attended movies in theatres more frequently also tended to consume streaming content more frequently. For every race and age demographic, average streaming hours per week were higher for respondents who visited a movie theatre 9 times or more than respondents who visited a movie theatre only once or twice. Moreover, respondents who visited a movie theatre only once or twice in the last 12 months reported an average of 7 hours of streaming per week versus 12 hours of streaming per week for those who visited a movie theatre 9 or more times." That dynamic has continued through the pandemic to today.

**Nine out of ten respondents to surveys conducted by NRG in 2021 and again in 2023 were aware when films on streaming platforms had been released in movie theaters.**

That awareness is borne out in the most popular film titles across streaming platforms in 2022. The overwhelming majority of them were theatrical-first titles.

Theatrical serves as a marketing platform and a signal of quality for streaming consumers, and not incidentally, provides real revenue to the bottom line.

There is no doubt that a robust theatrical release creates more interest in the home. Theatrical and streaming are not engaged in a war. It is a peaceful coexistence in which both can prosper at the same time.

# THEATRICAL HELPS HOME VIEWING

### TOP 5 MOVIES IN THE UNITED STATES ON STREAMING PLATFORMS IN 2022

| | #1 | #2 | #3 | #4 | #5 |
|---|---|---|---|---|---|
| **Netflix** | **Sing 2** | **Despicable Me 2** | The Adam Project | **Shrek** | Don't Look Up |
| **HBO Max** | **Beetlejuice** | **How the Grinch Stole Christmas (2000)** | **Halloween Kills** | **Elf** | **The Matrix Resurrections** |
| **Disney+** | **Encanto** | **Moana** | Turning Red* | **Zootopia** | Luca* |
| **Prime Video** | Hotel Transylvania: Transformania* | **Sonic the Hedgehog** | **Wrath of Man** | The Tomorrow War | **The Lost City** |
| **Paramount+** | **Paw Patrol: The Movie** | **The Lost City** | South Park: The Streaming Wars | **Wrath of Man** | **Orphan: First Kill** |
| **Peacock** | **The Best Man Holiday** | **The Best Man** | **Love Actually** | **How the Grinch Stole Christmas (2000)** | Pelé: The King of Football |

**Bold** = theatrical release in United States

Source: FlixPatrol
*received marketing in theaters before heading directly to streaming

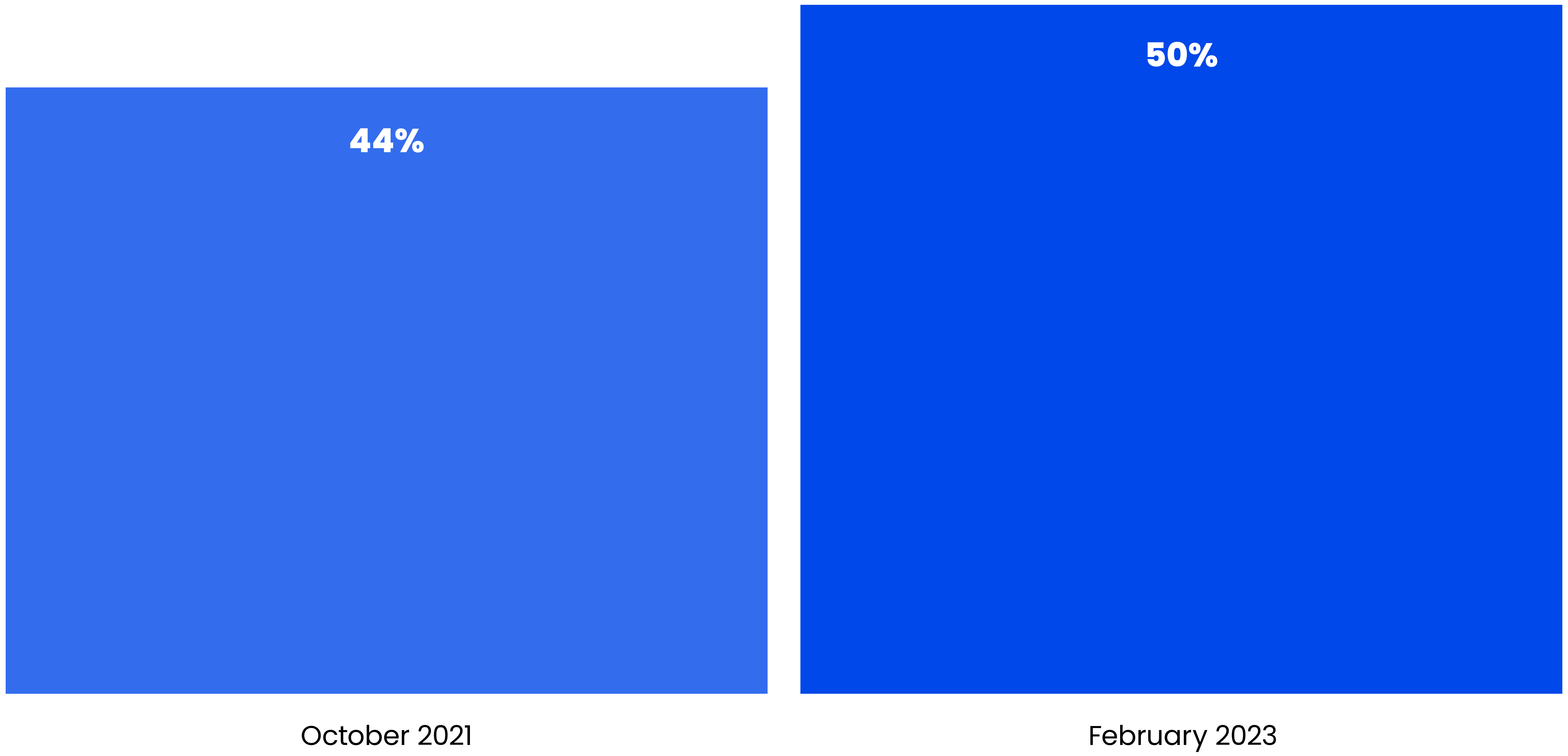
### HOW THESE RANKINGS ARE CALCULATED

Ranking points are not provided by the streaming platforms themselves and do not represent the actual numbers of viewings or transactions. They are based on the popularity rankings that FlixPatrol independently gathered in their observations of the streaming platforms.

# THE DYNAMIC BETWEEN THEATRICAL AND STREAMING

**HOW LIKELY ARE YOU TO STREAM A MOVIE IF YOU KNOW IT HAS BEEN RELEASED IN A MOVIE THEATER?**

(Survey results from 900 respondents)




Source: NRG Survey

## 9 IN 10

**RESPONDENTS SAID THEY WERE AWARE WHEN FILMS ON STREAMING PLATFORMS HAD BEEN RELEASED THEATRICALLY**

# PIRACY

# PIRACY AND THEATRICAL EXCLUSIVITY

**The average piracy demand peak in the United States for titles opening on 2,000+ screens in 2022 was 37.5 days after theatrical release. The average theatrical window during that time was 40.5 days.**

When a movie becomes available in the home, there is a spike in piracy.

In a recent report, an analyst for MUSO said that “cam-rip” versions illicitly recorded in movie theaters “often provide an unsatisfactory viewing experience and can drive frustrated consumers into theaters for a better experience.”

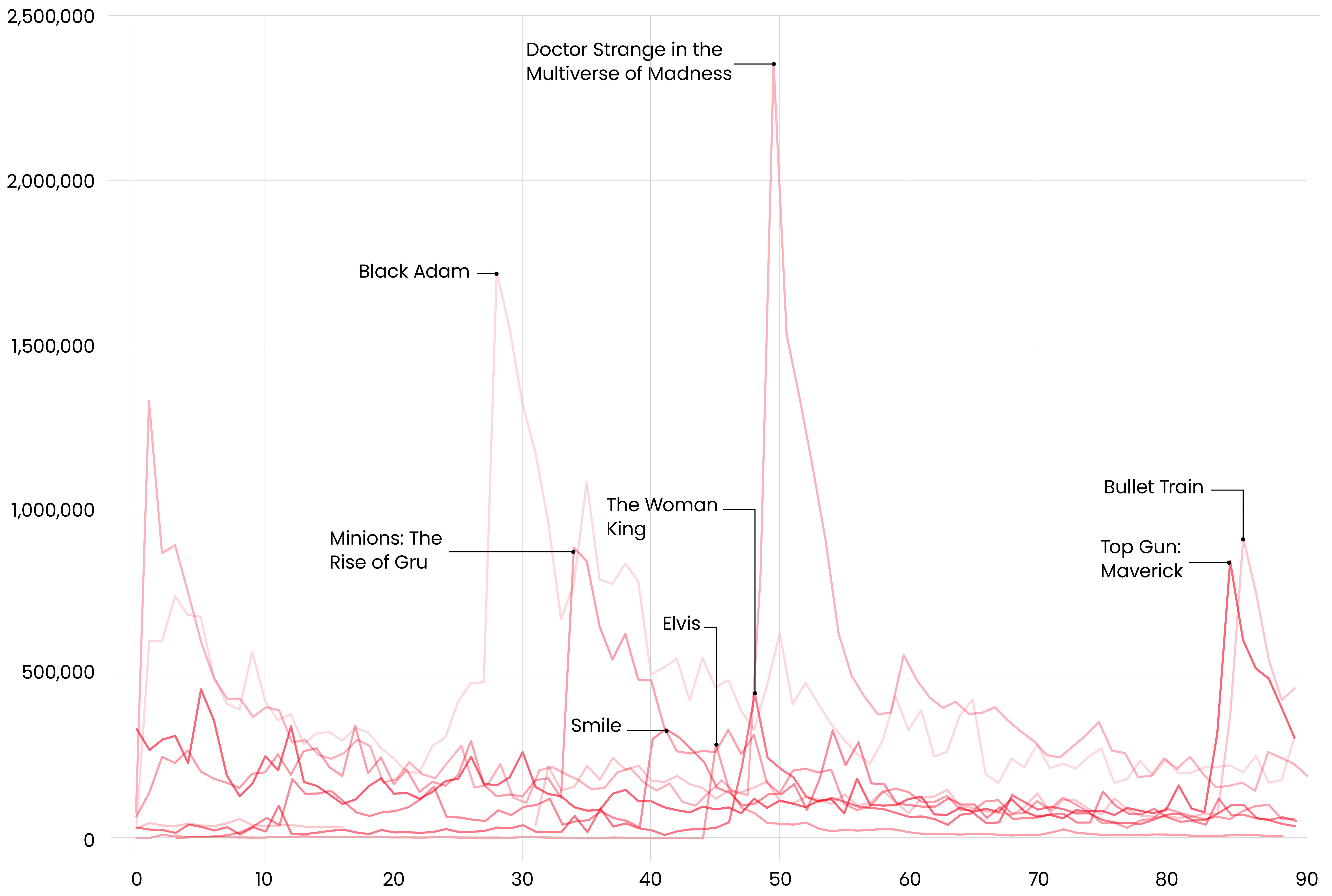
**“WHEN A MOVIE BECOMES AVAILABLE IN THE HOME, THERE IS A SPIKE IN PIRACY”**

# PIRACY DEMAND PROFILE: FIRST 90 DAYS AFTER THEATRICAL RELEASE

**This chart shows that piracy demand spikes when a film is released to the home.**

MUSO's Discover dashboard compares piracy across a selected time range from the first theatrical release date of film titles to gain insight into the effect of windowing strategies on piracy and vice versa.

The chart to the right shows the piracy profile across 90 days of a title's first theatrical/digital release and provides a detailed day-by-day measurement of piracy in relation to a release strategy.




Source: MUSO

# THE VALUE OF THEATRICAL

# THE VALUE OF THEATRICAL

**Jeffrey Cole, Director of the Center for the Digital Future at USC Annenberg**

**If movie theaters were ever going to disappear, it would have been during the pandemic when all cinemas were closed and when streaming newcomers became regular stay-at-home viewers.**

With theaters closed and no place to show their content as originally planned, the studios were able to freely experiment with new ways of releasing and distributing films. Shorter windows, selling directly to streamers with and without additional consumer fees and Day and Date were all tried and quickly failed during COVID.

Streaming is an important part of a film's distribution plan, but it does not replace theaters which remain primary in the film ecosystem. We learned there cannot be billion-dollar movies without movie theaters. Without billion-dollar movies there cannot be $200 million budgets. Films just are not as majestic or compelling if they have not opened in a movie theater. That is why, after the failure of day and date releases (which cannibalized both theatrical and streaming revenues), the studios, including those which sent their entire slates (Warner Bros.) into simultaneous release, quickly shifted and announced their films would open "only in theaters."

**The lesson is clear: movie theaters are here to stay.**

There still are significant problems that need to be addressed, particularly with the poor performance of major dramas late in 2022, but those problems will be addressed with theaters as a key part of the solution. An increase in supply of films (badly curtailed by COVID) should go a long way to dealing with some of the issues.

For 2023, theaters will, as always, drive the marketing and release of films. Even Netflix knew that just placing *Glass Onion* in theaters for one week sent a message of quality and premium value for the *Knives Out* sequel when it arrived on streaming. Streamers will continue to piggyback off the aura and magic of a major theater release. The windows will be shorter (the one victory studios gained), but the all-important theatrical release will now sit at the apex of movie marketing for generations to come.

# EXPERIMENTATION IN EXHIBITION

# EXPERIMENTATION IN EXHIBITION

One of the biggest takeaways from the research that The Cinema Foundation has conducted with The Quorum is that moviegoers are enticed by the idea of seeing more than just movies when they visit their local theaters. They are especially excited by the idea of seeing their favorite television shows and performances by their favorite musical artists on the big screen.

Movies will always be the core business of exhibition, but the communal experience that theaters provide is a great platform for other forms of entertainment.

> **“MOVIEGOERS ARE ENTICED BY THE IDEA OF SEEING MORE THAN JUST MOVIES WHEN THEY VISIT THEIR LOCAL THEATERS”**

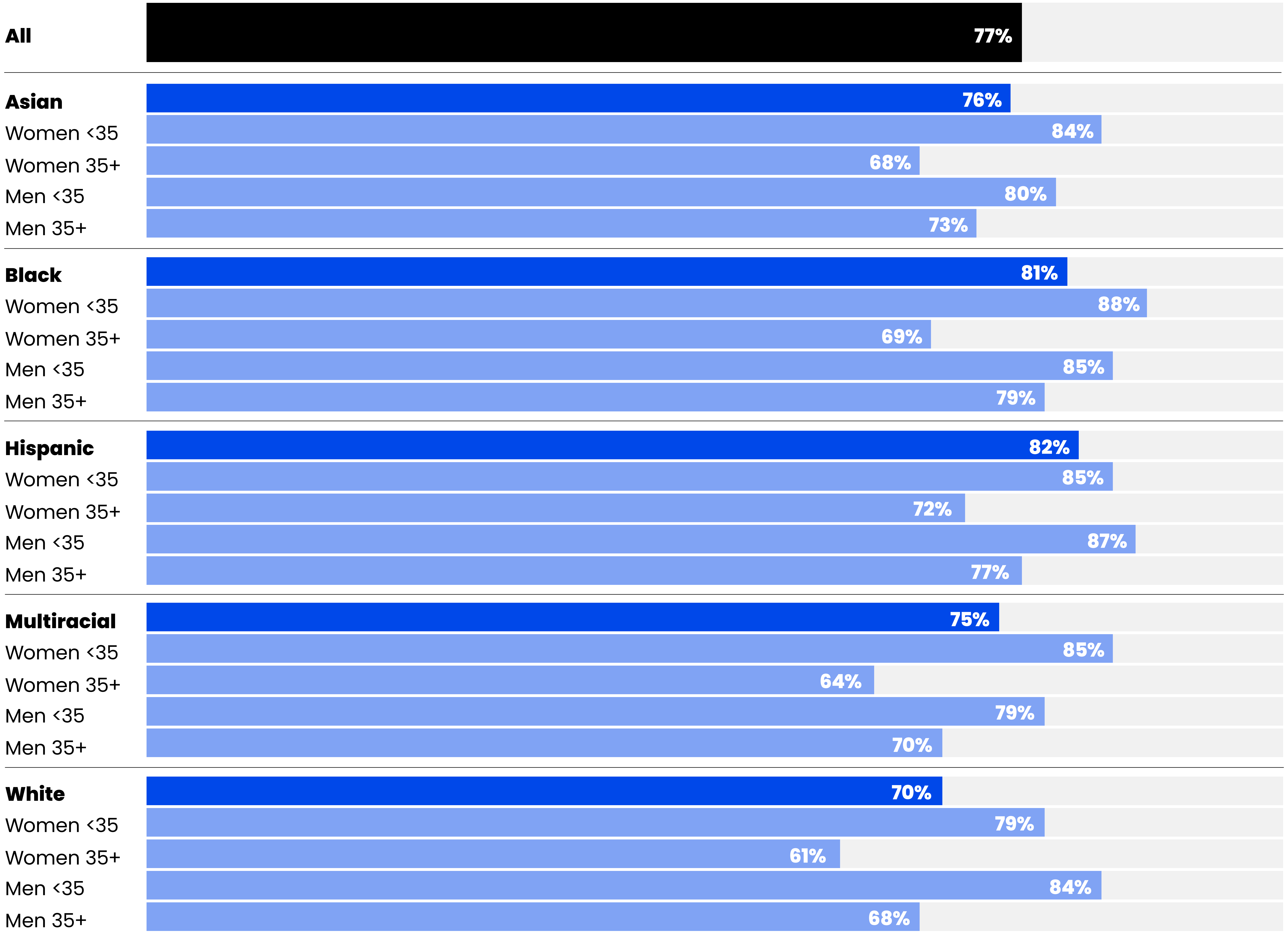
# TELEVISION ON THE BIG SCREEN

**Five strongest demographics:**
Black Women <35
Hispanic Men <35
Black Men <35
Hispanic Women <35
Multiracial Women <35

**Recent success story:** Three episodes of *The Chosen* have earned more than $20 million combined at the domestic box office.

**OVERALL INTEREST:**

**77%**




Source: The Quorum

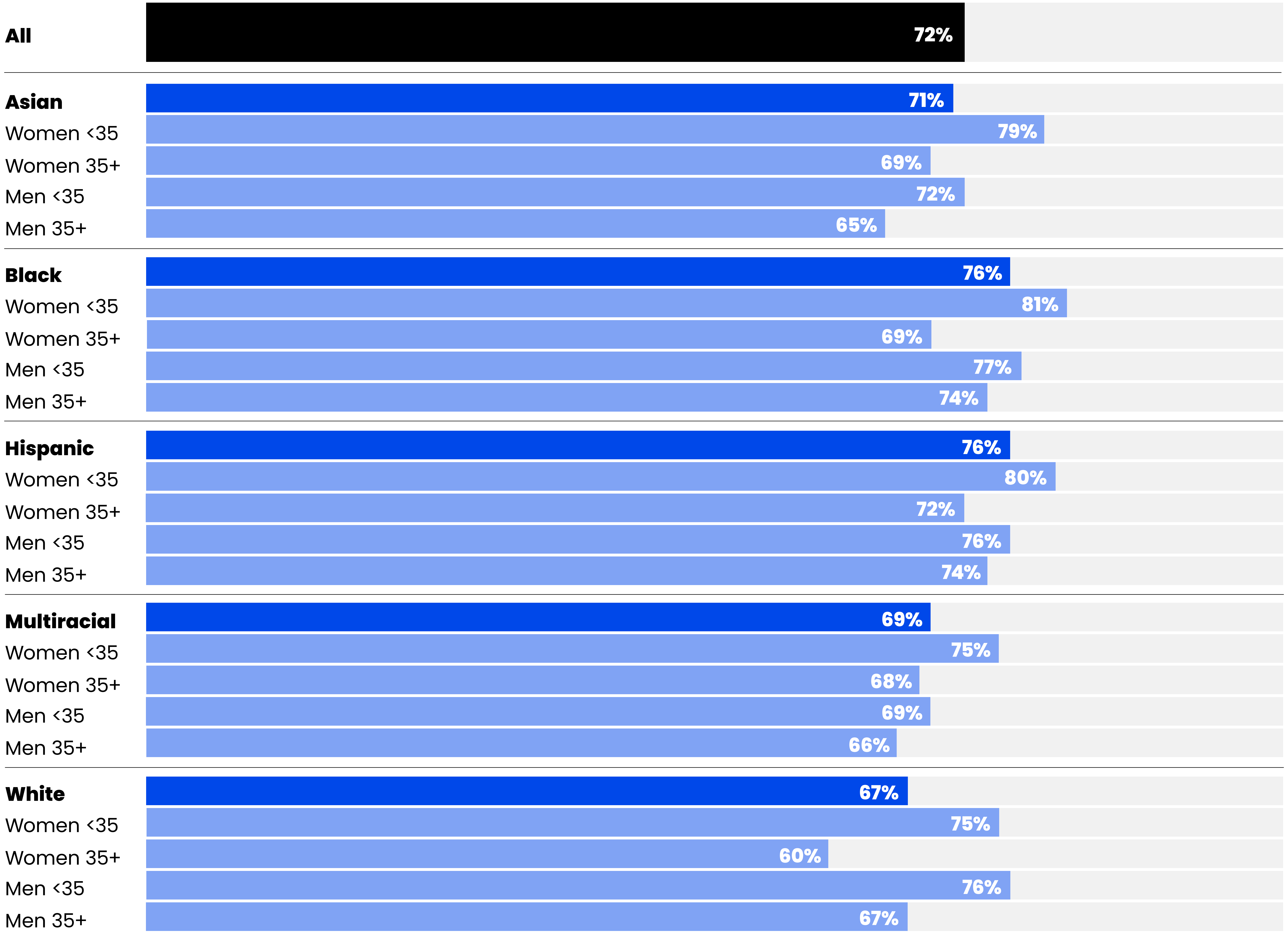
# CONCERTS ON THE BIG SCREEN

**Five strongest demographics:**
Black Women <35
Hispanic Women <35
Asian Women <35
Black Men <35
Hispanic Men <35
White Men <35

**Recent success story:** *BTS: Yet to Come in Cinemas* has earned more than $40 million at the global box office.

**OVERALL INTEREST:**

**72%**




Source: The Quorum

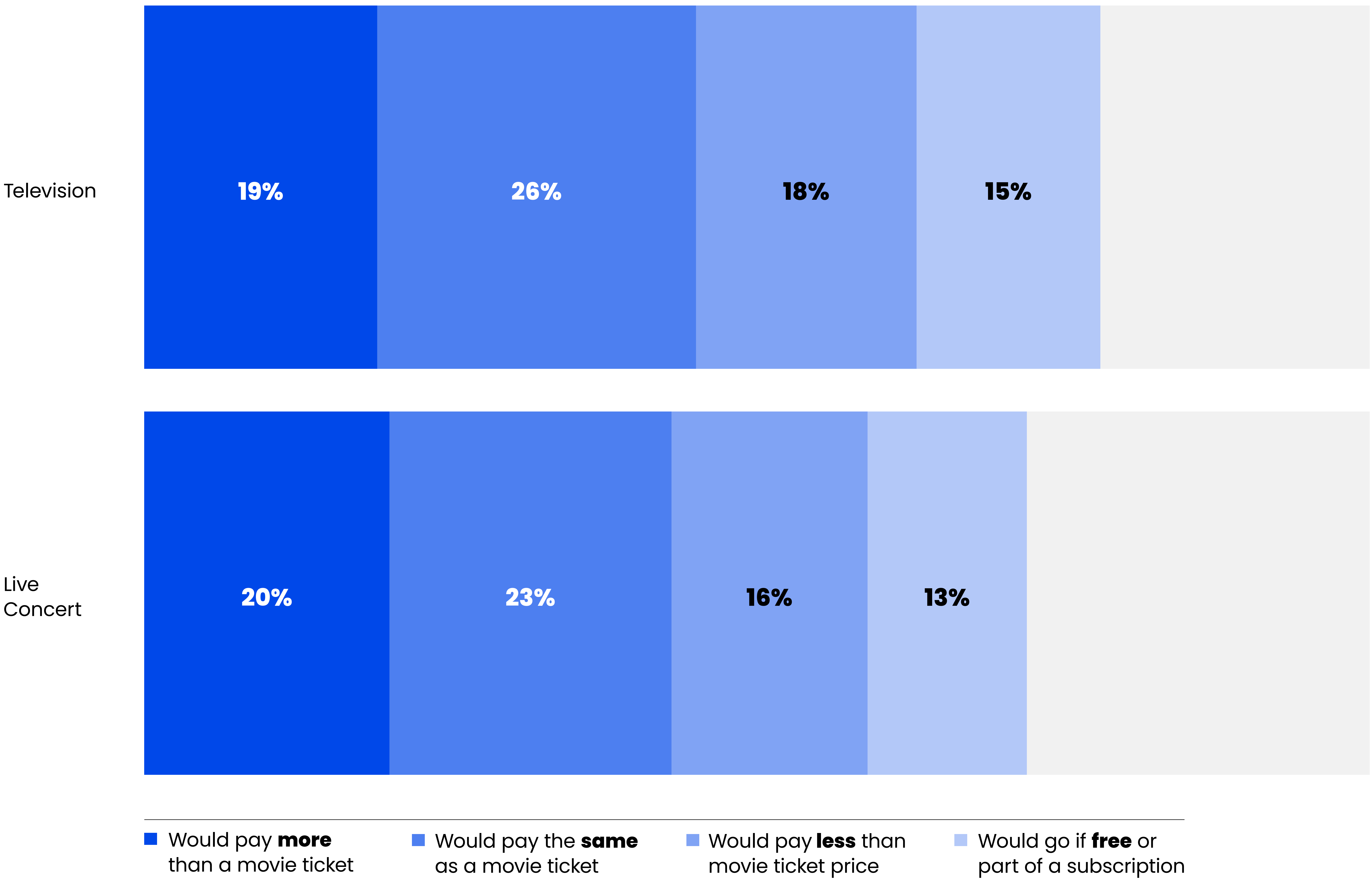
# TOPLINE INTEREST IN PAYING A PREMIUM

Not only is there strong interest in these theater experiences, but some people are willing to pay a premium.

For example, of the people who said they would watch a special episode of a TV show in a theater, 19% would pay more than the average movie ticket price to do so.

> **"NOT ONLY IS THERE STRONG INTEREST IN THESE THEATER EXPERIENCES, BUT SOME PEOPLE ARE WILLING TO PAY A PREMIUM."**

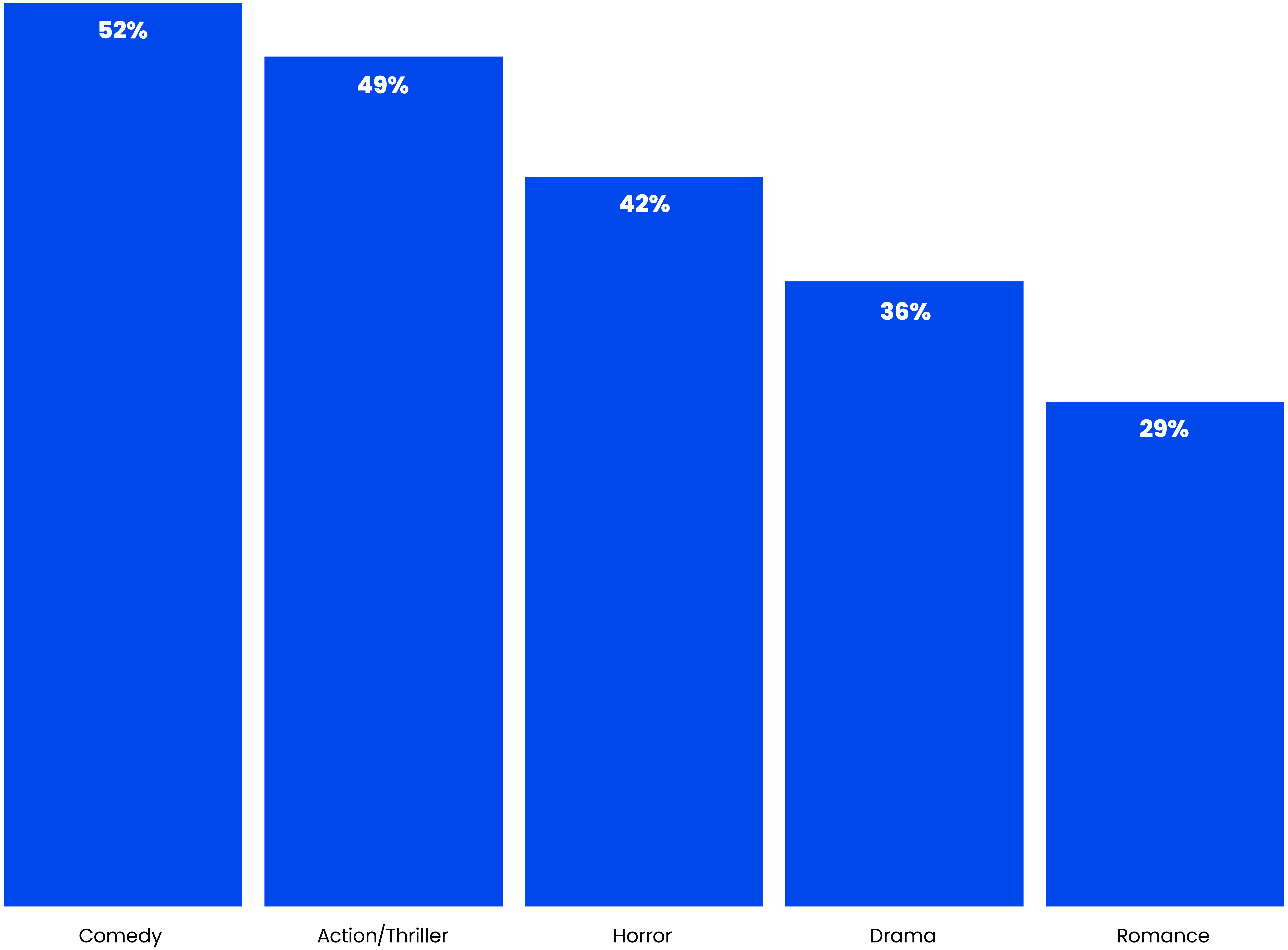
## WHAT WOULD YOU PAY A PREMIUM FOR?




Source: The Quorum

# WHICH GENRES DO YOU WANT TO SEE MORE OF IN THEATRES?

Research from The Quorum showed that moviegoers crave a diverse mix of genres to pick from: Comedy emerged as the one that moviegoers miss the most. While 2022 didn't offer as many comedies as in recent years, the success of romcoms like *The Lost City* and *Ticket to Paradise* point to a resurgence in the genre. 2023's slate boasts plenty of comedies with a lot of potential.




Source: The Quorum

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**Christopher Nolan,**
Director