

THE VALUE OF THEATRICAL

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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

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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
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VISIT THEIR LOCAL THEATERS”**

TELEVISION ON THE BIG SCREEN

Five strongest demographics:

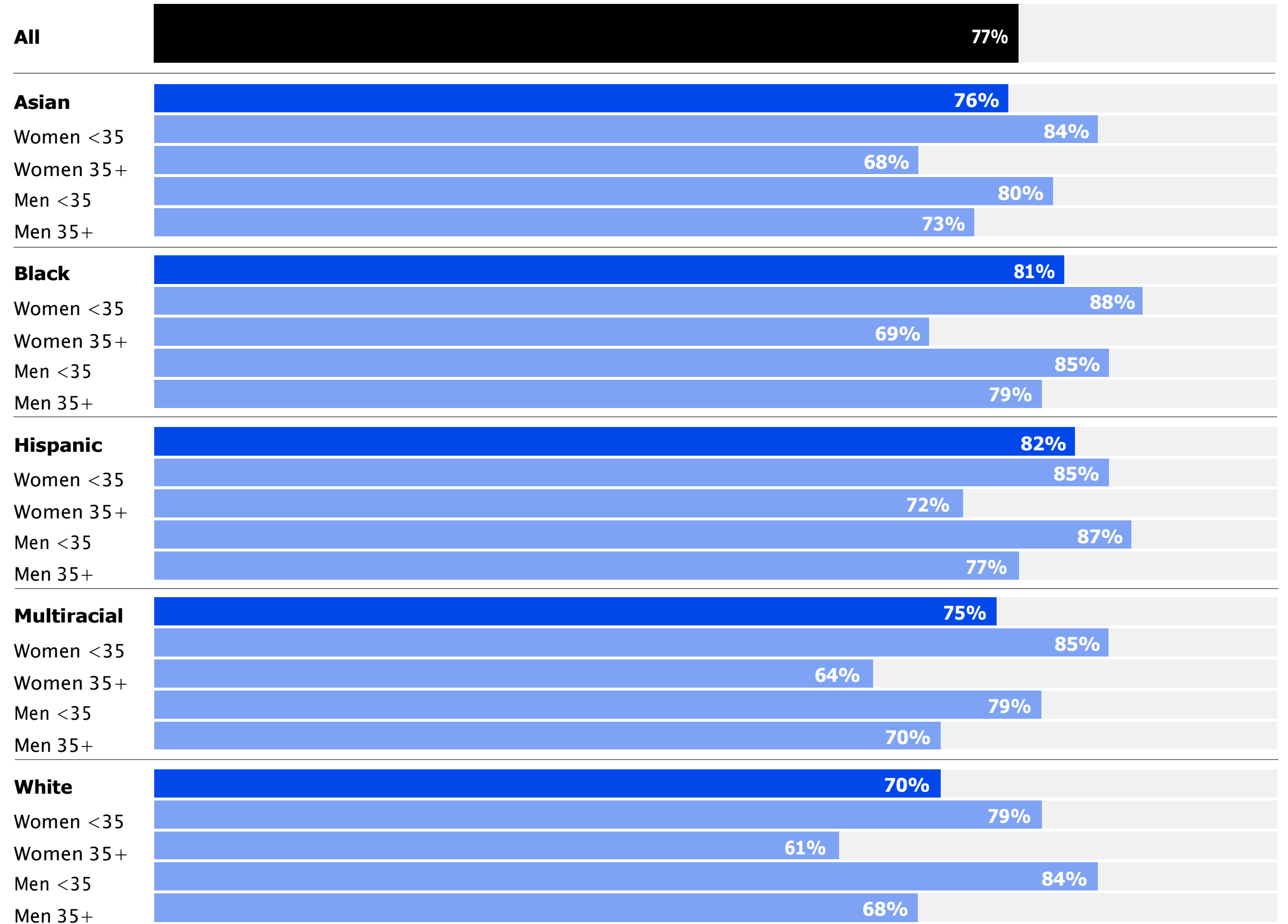
- Black Women <35
- Hispanic Men <35
- Black Men <35
- Hispanic Women <35
- Multiracial Women <35

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:

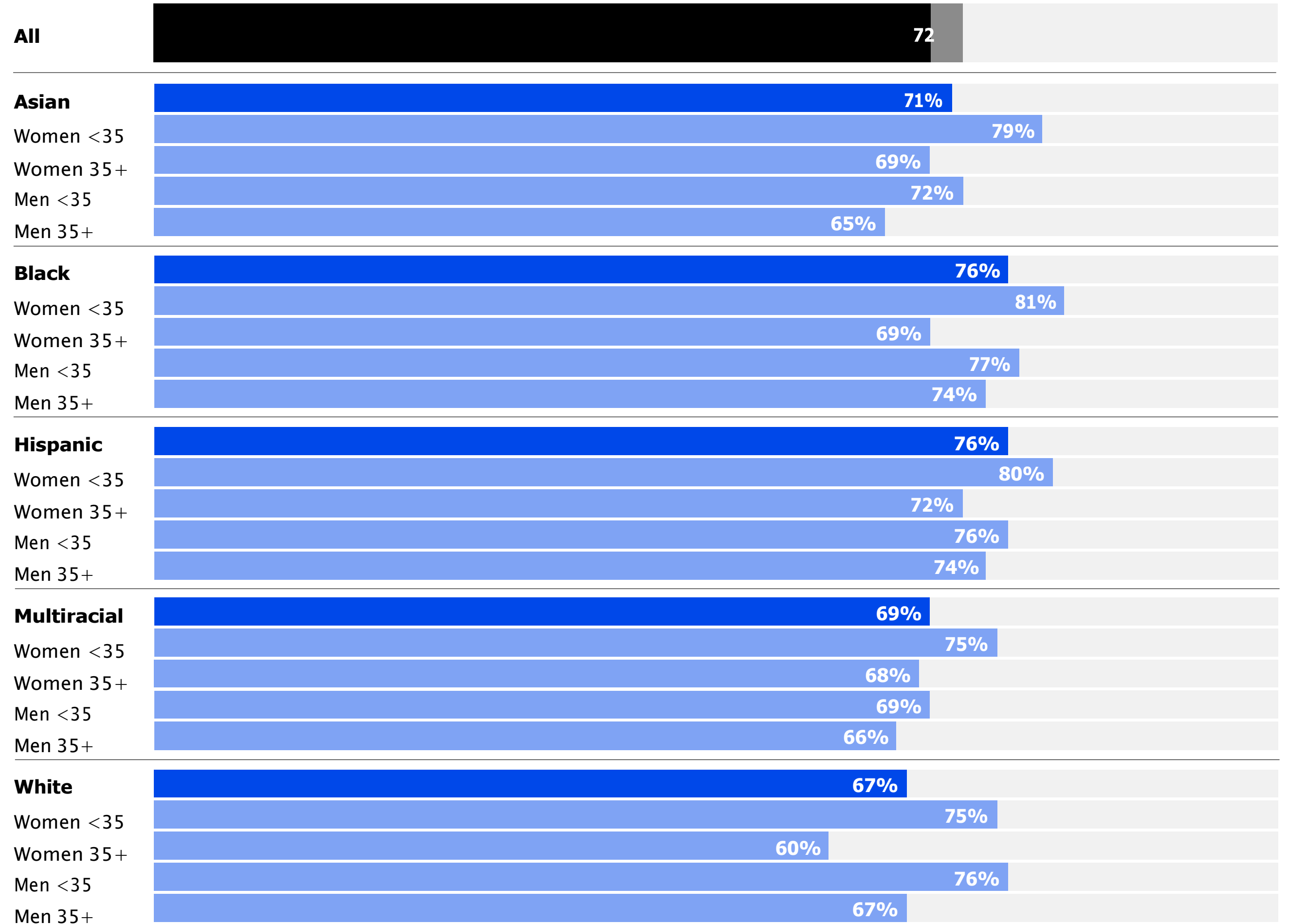
- Black Women <35
- Hispanic Women <35
- Asian Women <35
- Black Men <35
- Hispanic Men <35
- White Men <35

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



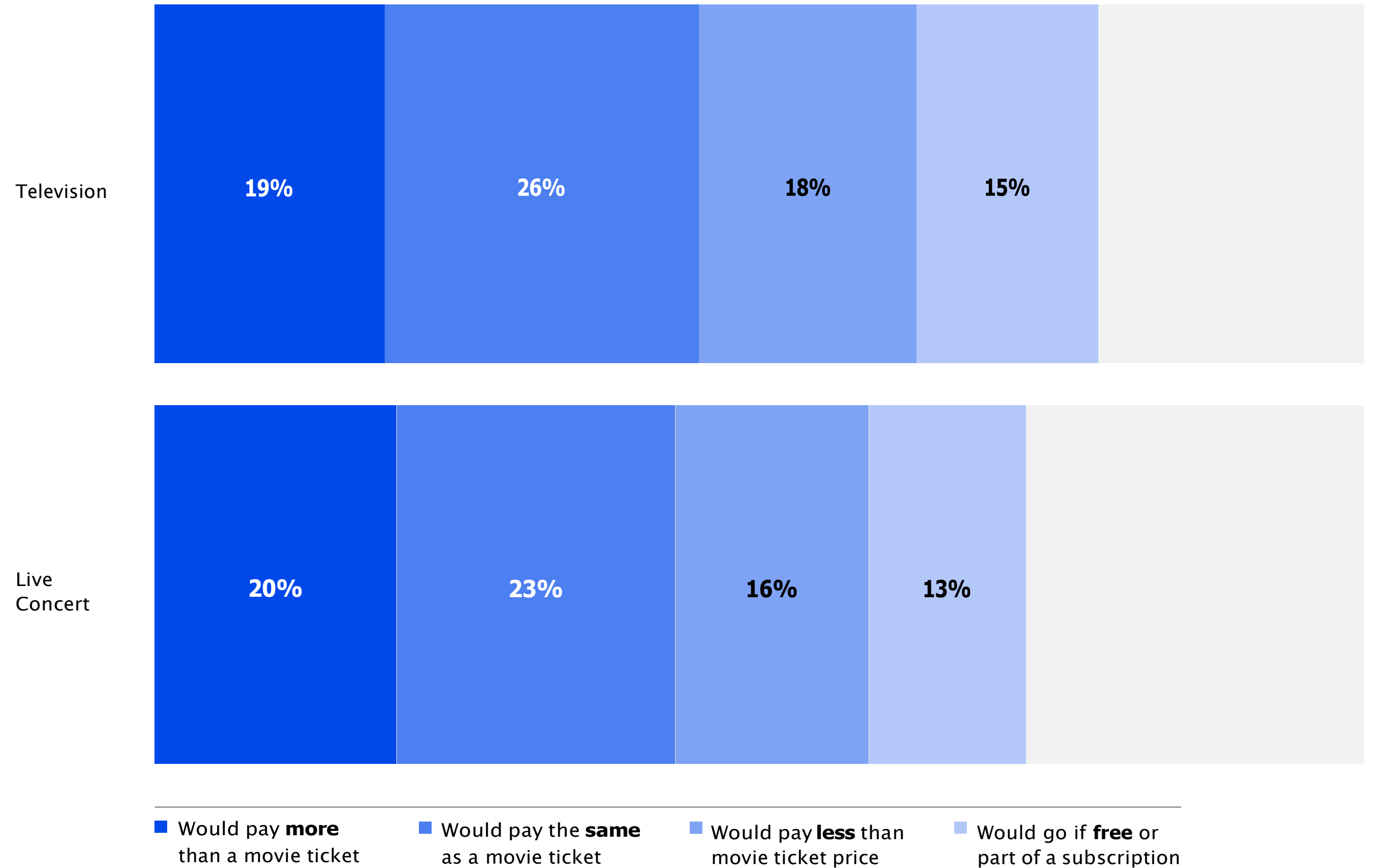
TOPLINE INTEREST IN PAYING A PREMIUM

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.

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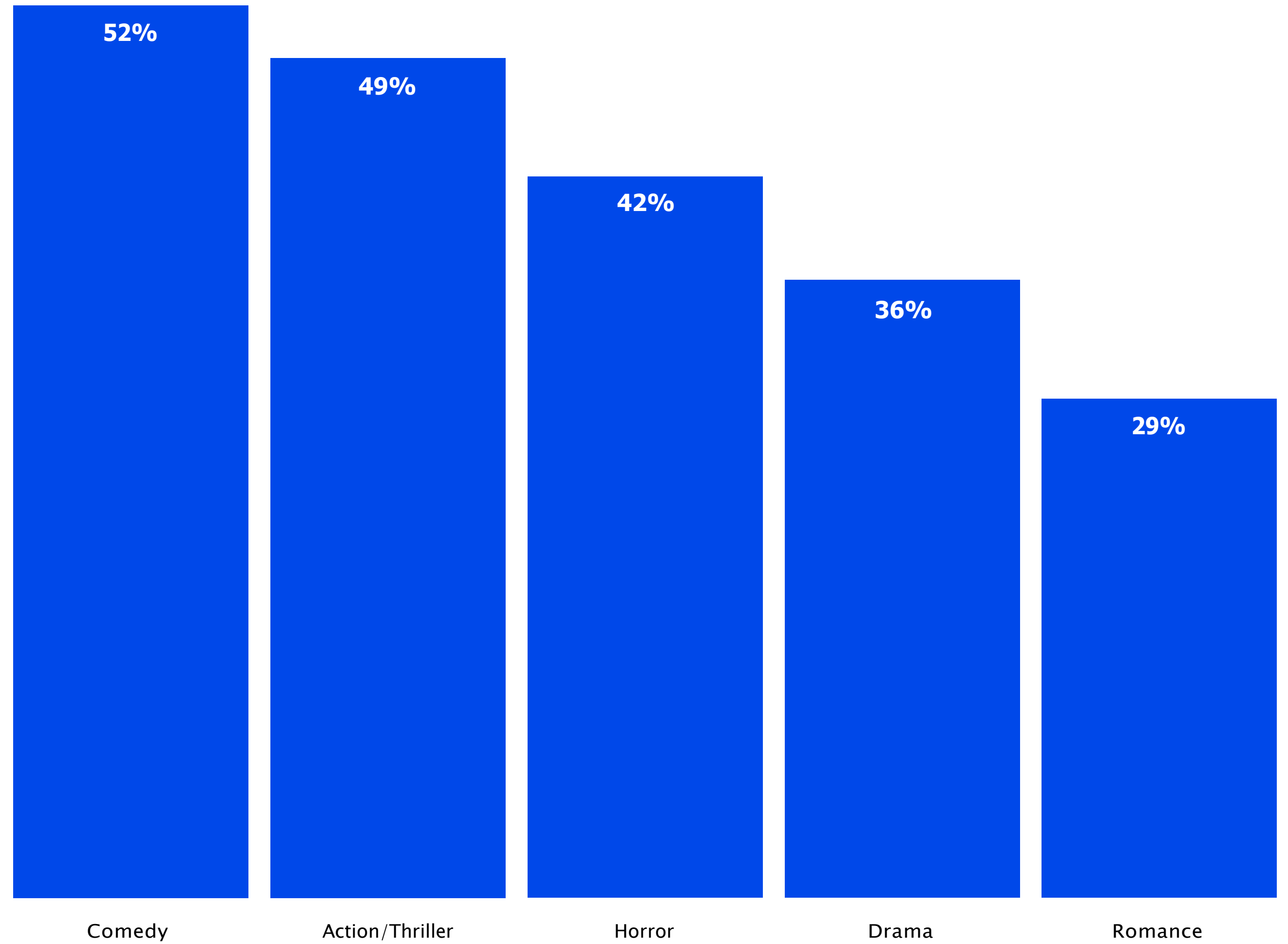
WHAT WOULD YOU PAY A PREMIUM FOR?



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

LEARN MORE:



I hope that people are seeing our exhibition community for what it really is: a vital part of social life, providing jobs for many and entertainment for all. These are places of joyful mingling where workers serve up stories and treats to the crowds that come to enjoy an evening out with friends and family. As a filmmaker, my work can never be complete without those workers and the audiences they welcome.



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