

The logo for ArtHouse Convergence. The word "ARTHOUSE" is in a large, orange, sans-serif font. The letter "O" is replaced by a cluster of small, orange and black dots of varying sizes, arranged in a roughly circular pattern. Below "ARTHOUSE", the word "CONVERGENCE" is written in a smaller, black, sans-serif font.

ARTHOUSE CONVERGENCE

National Data from Avenue ISR and
DataArts

January 16, 2018

Panelists

Woody Smith – President
and Founder of Avenue ISR



Juliet Goodfriend – Board Chair, Bryn Mawr Film
Institute: Retired President, Bryn Mawr Film Institute;
Founder, Strategic Marketing Corporation; Creator, AHC
Theater Operations Survey; Etc.



Nick Crosson – Senior
Research Associate, DataArts



Rebecca Johnson – Research Associate, DataArts



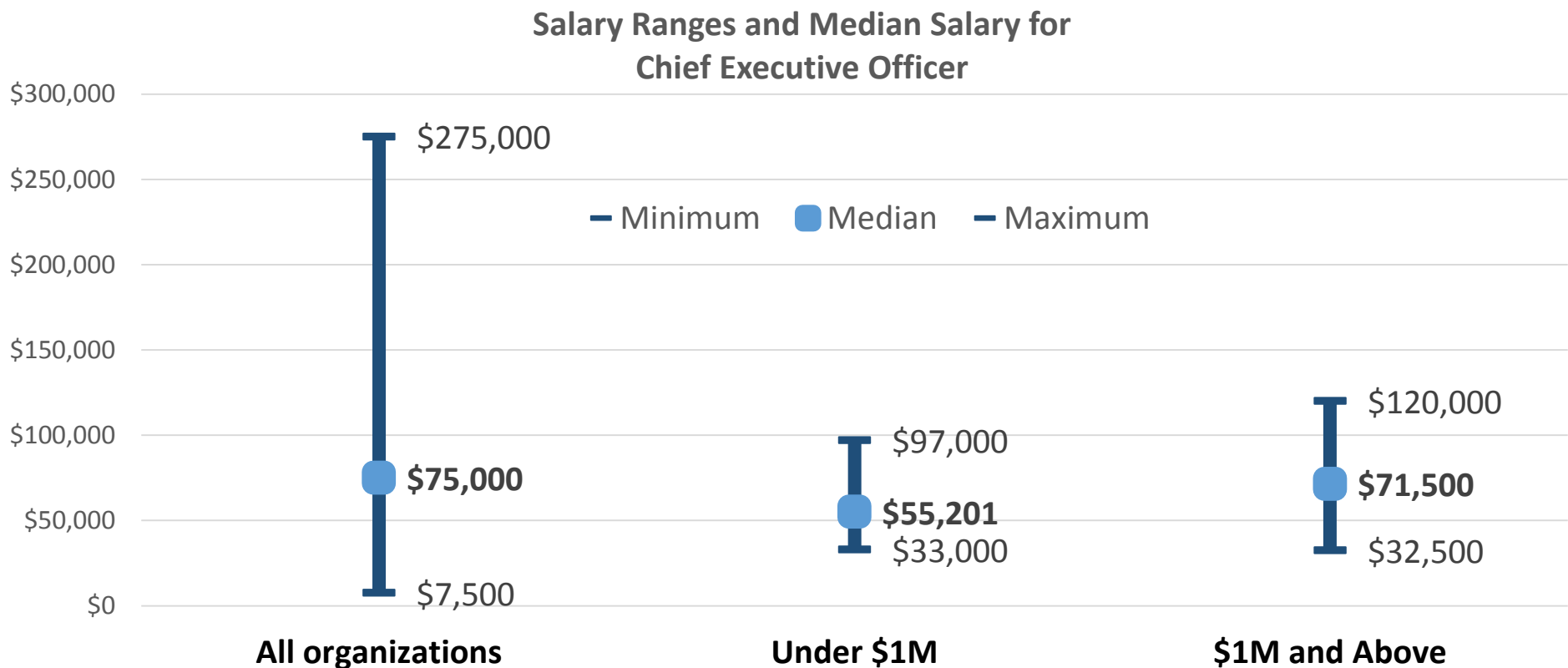
Goals of Session

- Review actionable insights on operations, patron engagement and the general State of the Art House from three data sets –
 - DataArts analysis of art houses and film festivals relative to other arts organizations
 - Theater Operations Survey of 101 leaders from art houses and other film organizations
 - National Audience Survey of more than 13,000 art house patrons
- Discuss implications of what this means for the whole art house sector as well as individual leaders
- Have a Q&A / Discussion with session participants
- Introduce some exciting Next Steps for 2018 and beyond
- Express gratitude to the art house leaders who have made all of this possible

Overview of Data Sets

	National Audience Survey	Theater Operations Survey	DataArts®
Respondent Type	<u>Patrons/Attendees</u> U.S. and Canadian attendees of art house movies (theaters, film festivals, film societies, other venues showing art house content)	<u>Art Houses and Film Organizations</u> U.S. and Canadian art houses and other organizations showing films at least weekly throughout the year	<u>Art Houses and Film Organizations</u> U.S. non-profit art houses, film festivals and other film organizations PLUS performing arts organizations for comparison
Sample Size	13,803 (32 participating organizations)	101	Cinemas: 132 Film Festivals: 65 Other Film Organizations: 37 Performing Arts: 600
Time Period	Data Collected: November/December, 2017	FY2016 Financial and Operations Data	FY2016 Financial and Operations Data

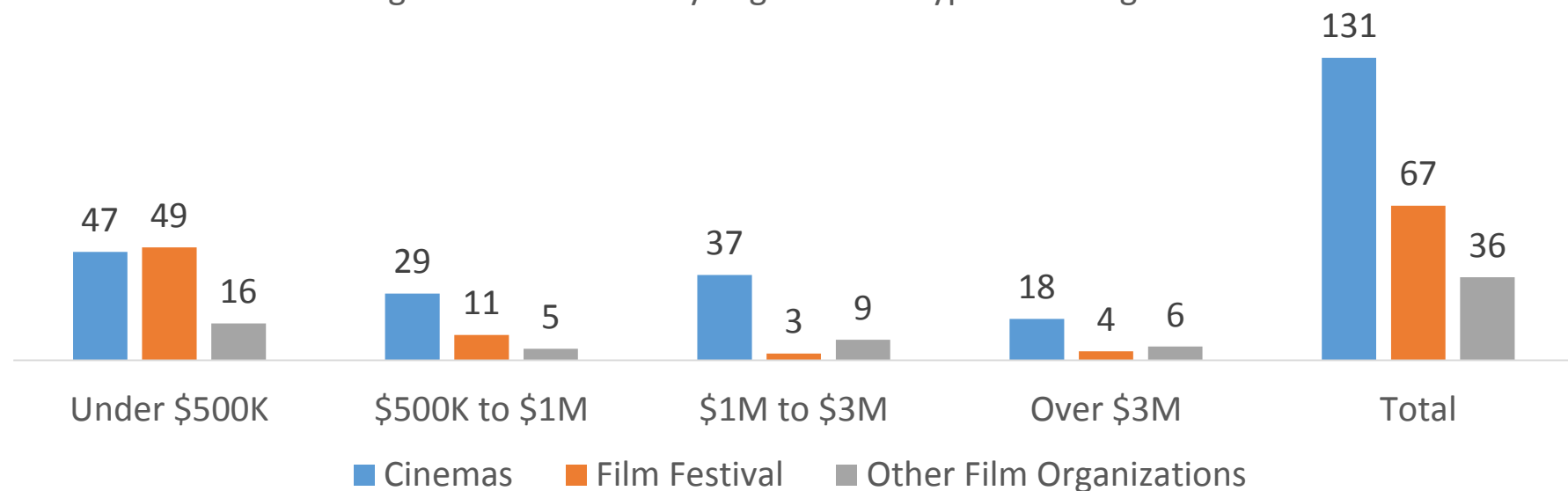
- The DataArts report includes incredibly detailed information that can be helpful in planning, budgeting, fund development and more



Note: for Salary Tables and Charts, we combine budget categories. Not all responding organizations provided salary data

- The DataArts data allows for benchmarks and comparisons against organizations of a similar size (based on revenue)
- This has already been made available through the Art House Convergence

Organization Counts by Organization Type and Budget Size



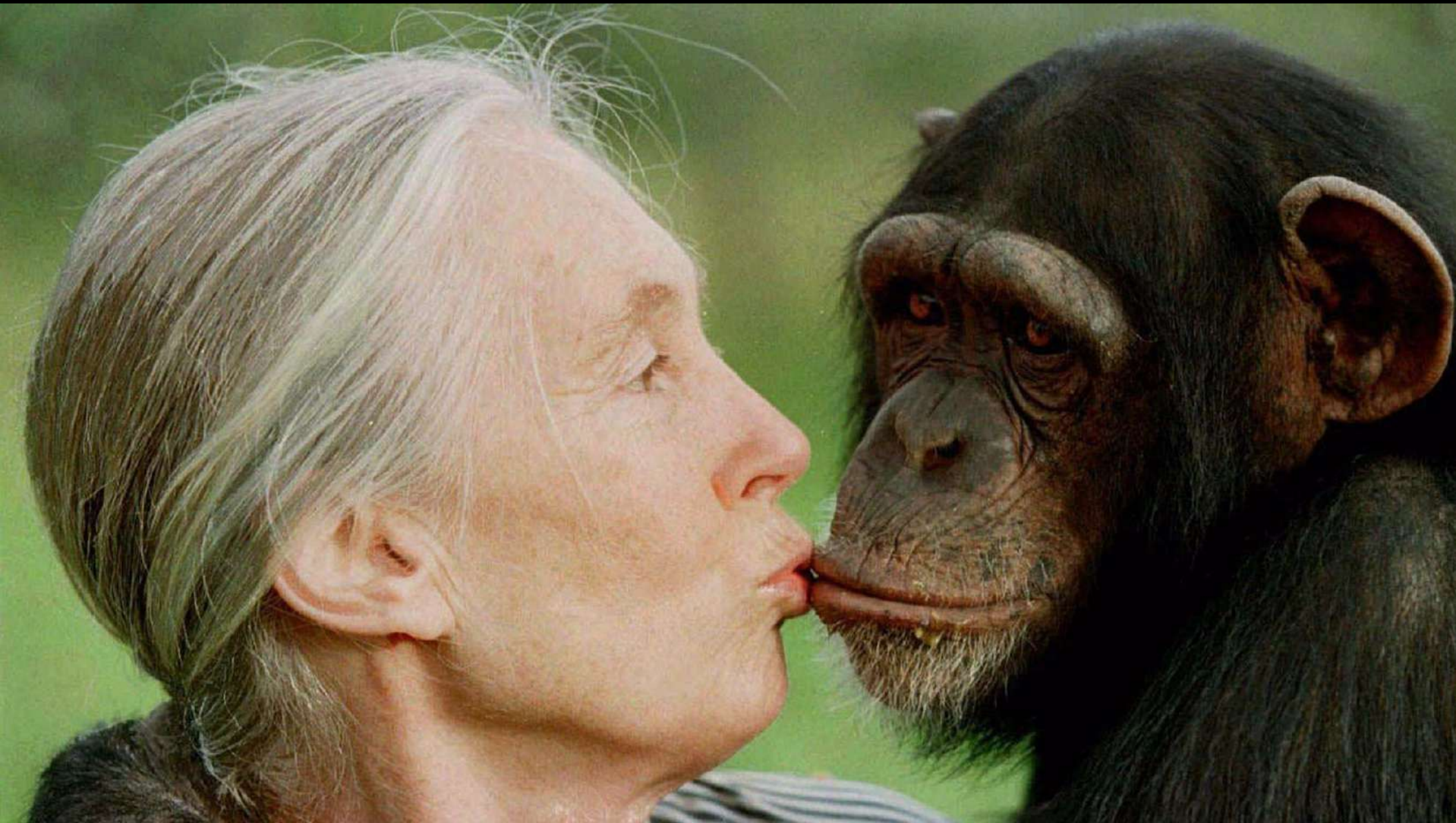
Four Key Themes

- I. Art House Theaters Are Strong and Vital**
- II. Go Deeper With Current Patrons**
- III. Promote Both Movies and Moviegoing**
- IV. Selectively Reach Out to New Audiences**

BUT FIRST, THE TOP 3 FILMS
THAT IN 2017 MADE PATRONS
APPRECIATE THEIR ART
HOUSE THEATER THE MOST

3...

JANE



2...

THE FLORIDA PROJECT



1

LOVING VINCENT



I. Art House Theaters Are Strong and Vital

II. Go Deeper With Current Patrons

III. Promote Both Movies and Moviegoing

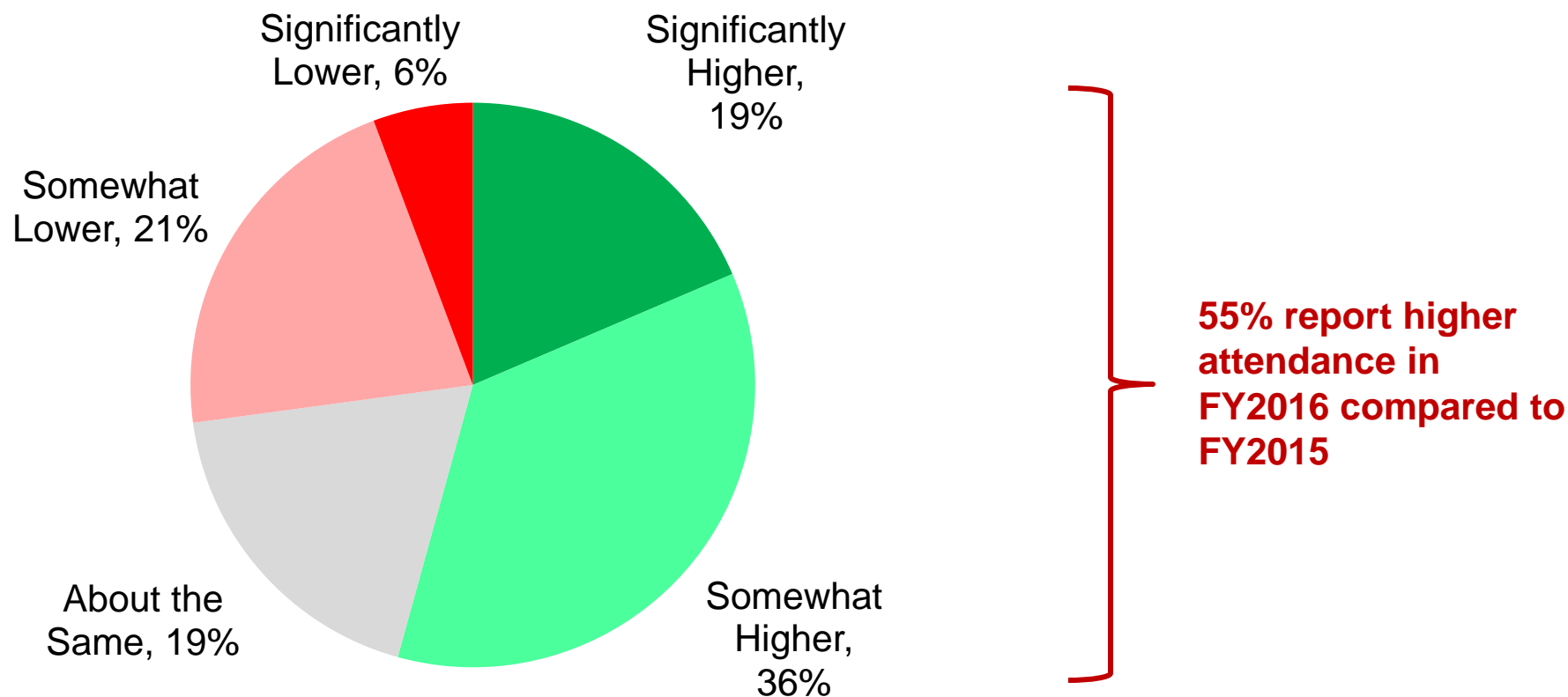
IV. Selectively Reach Out to New Audiences

Theater Operations Survey

The majority of art houses report improving attendance.

- 55% of art houses report higher attendance in FY2016 over FY2015.
- 27% saw lower attendance

FY2016 Attendance Compared to FY2015



q22: Which of the following best describes your FY2016 attendance, in comparison to the preceding year?

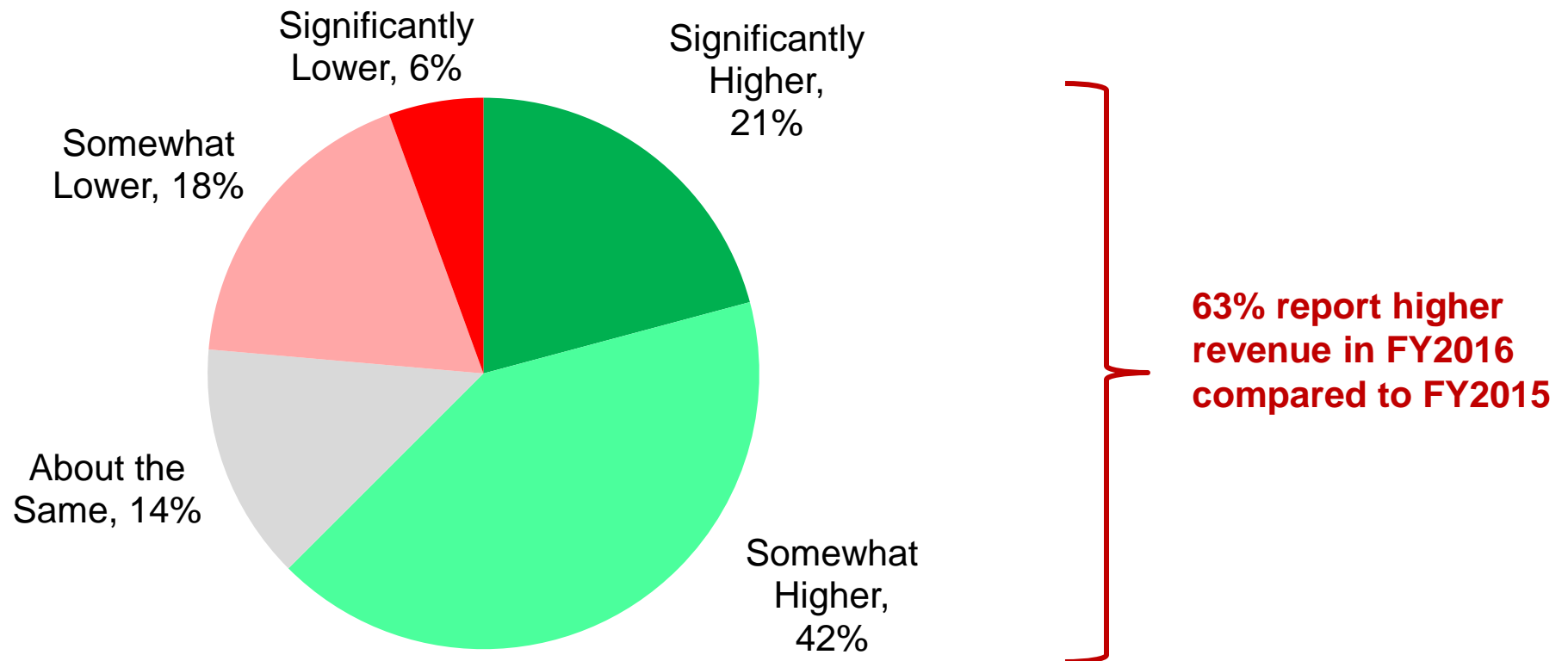
n=70

Theater Operations Survey

The majority of art houses also report improving revenue.

- 63% of art houses report higher attendance in FY2016 over FY2015.
- 24% saw lower revenue

FY2016 Revenue Compared to FY2015



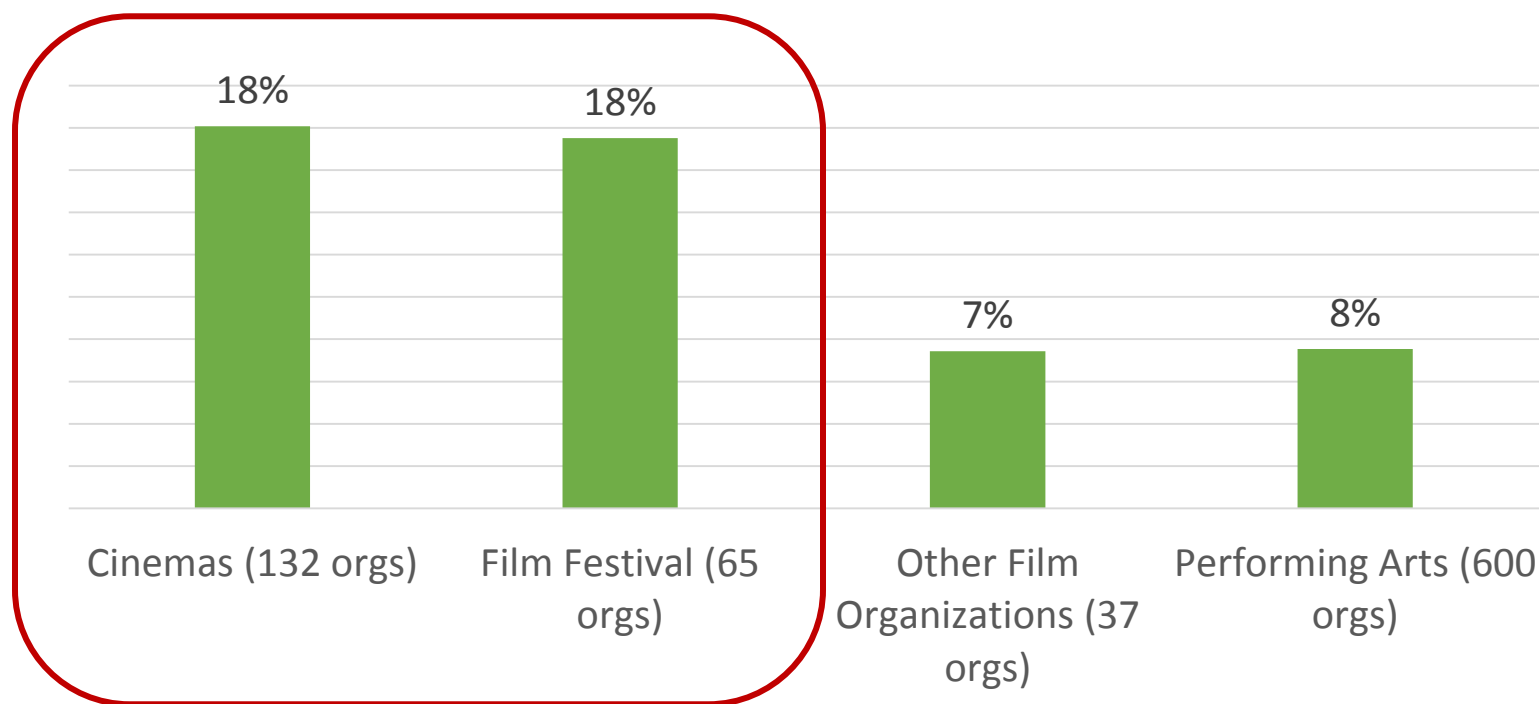
q24: Which of the following best describes your FY2016 total gross revenue, in comparison to the preceding year?

n=72

Art house cinemas and film festivals appear to manage expenses well.

- Operating margins tend to be much higher for art house cinemas and film festivals than for other performing arts organizations

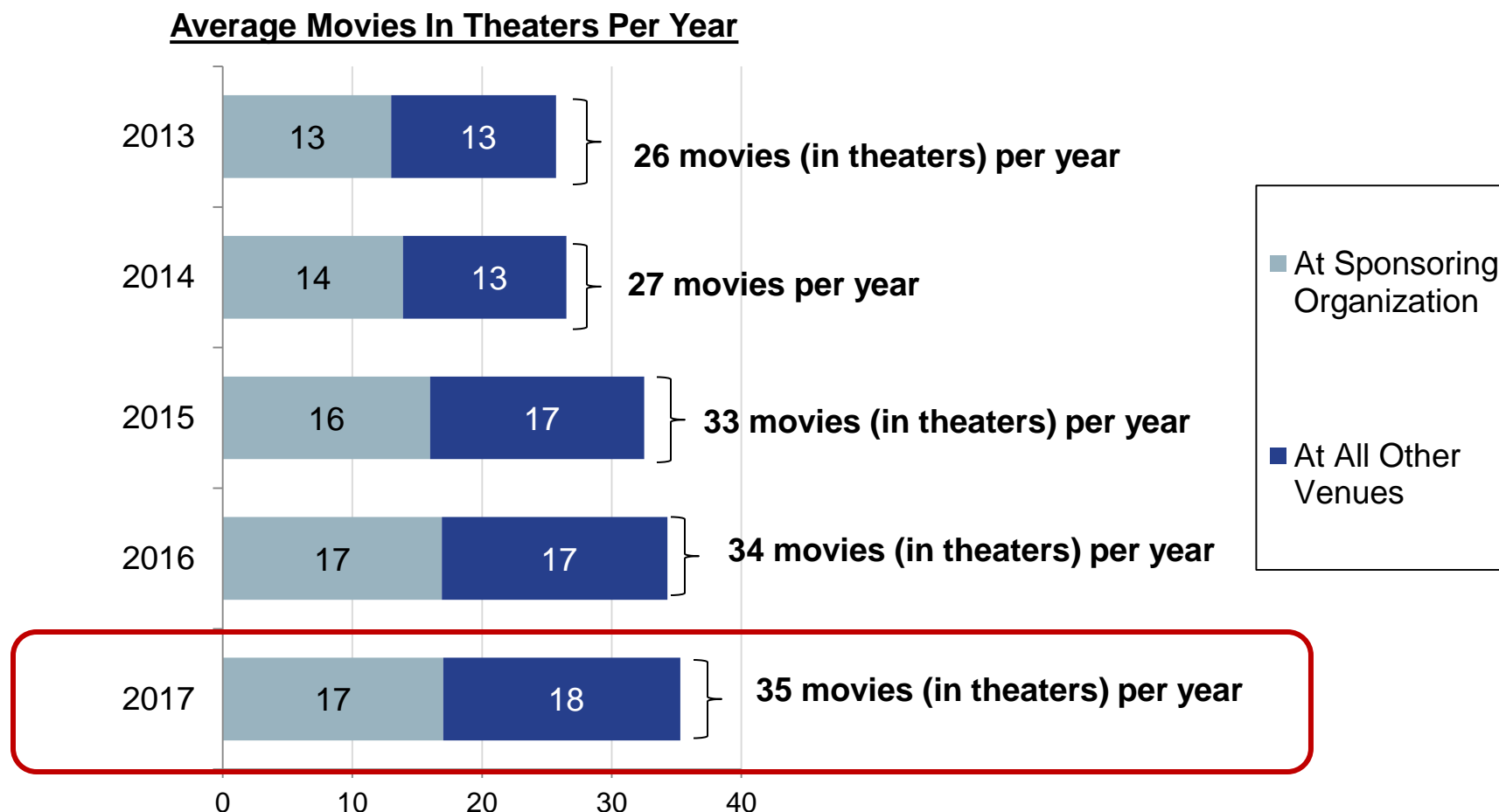
Operating Margin by Organization Type



National Audience Survey

Theater moviegoing continues to trend upward among this audience.

- Art house patrons see a lot of movies in their favored art house and other theaters
- Average movies seen per year has been trending upward every year since 2013



q8: How often do you typically see full length feature movies at [SPONSORING ORGANIZATION] compared to other places and formats?

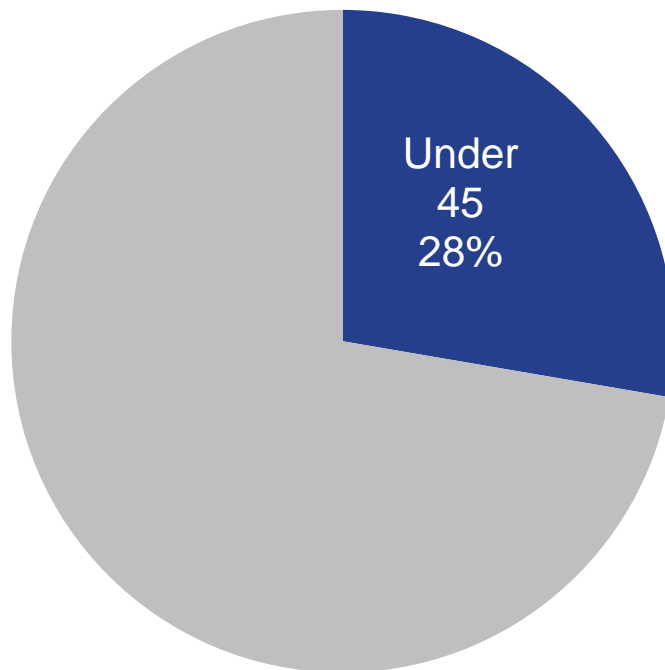
n=13,723 (2017)

National Audience Survey

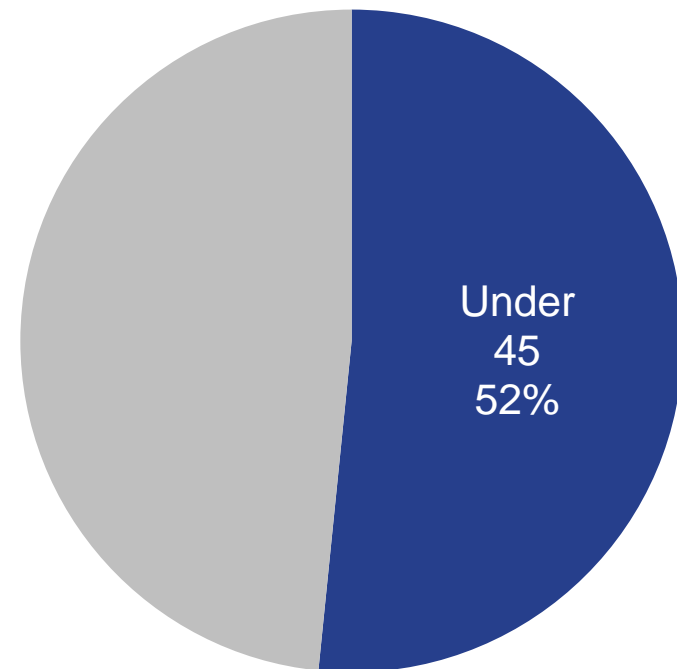
Newer audiences continue to be younger.

- Newer audiences are skewing younger
- The art house community appears to be effective at winning over younger audiences

% of Overall Audience Under 45



% of Recent Attendees (3 yrs or less) Under 45



q43: What is your age?

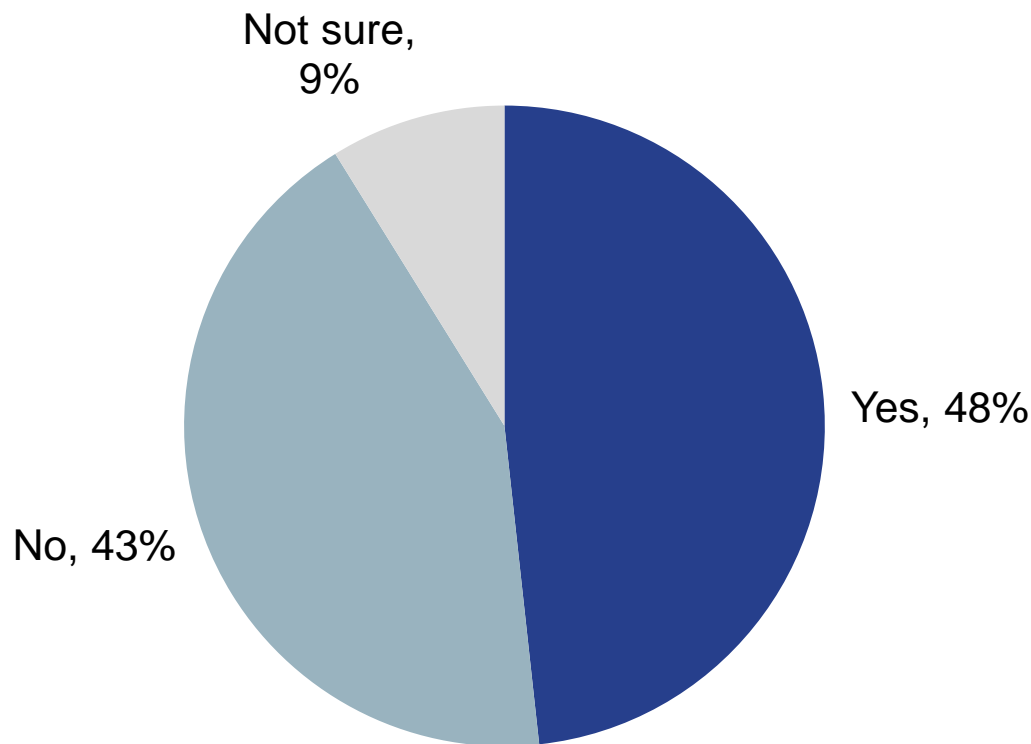
n=10,324

National Audience Survey

Even though many report watching streaming movies at home...

- Close to half (48%) of respondents have watched one or more full length movies in the last 3 months released by streaming sites like Netflix with no theatrical release

% Who Watched Full Length Feature Movies With
No Theatrical Release – Last 3 Months



48% report watching one or more full length feature movies that were released directly through a streaming site with no theatrical release

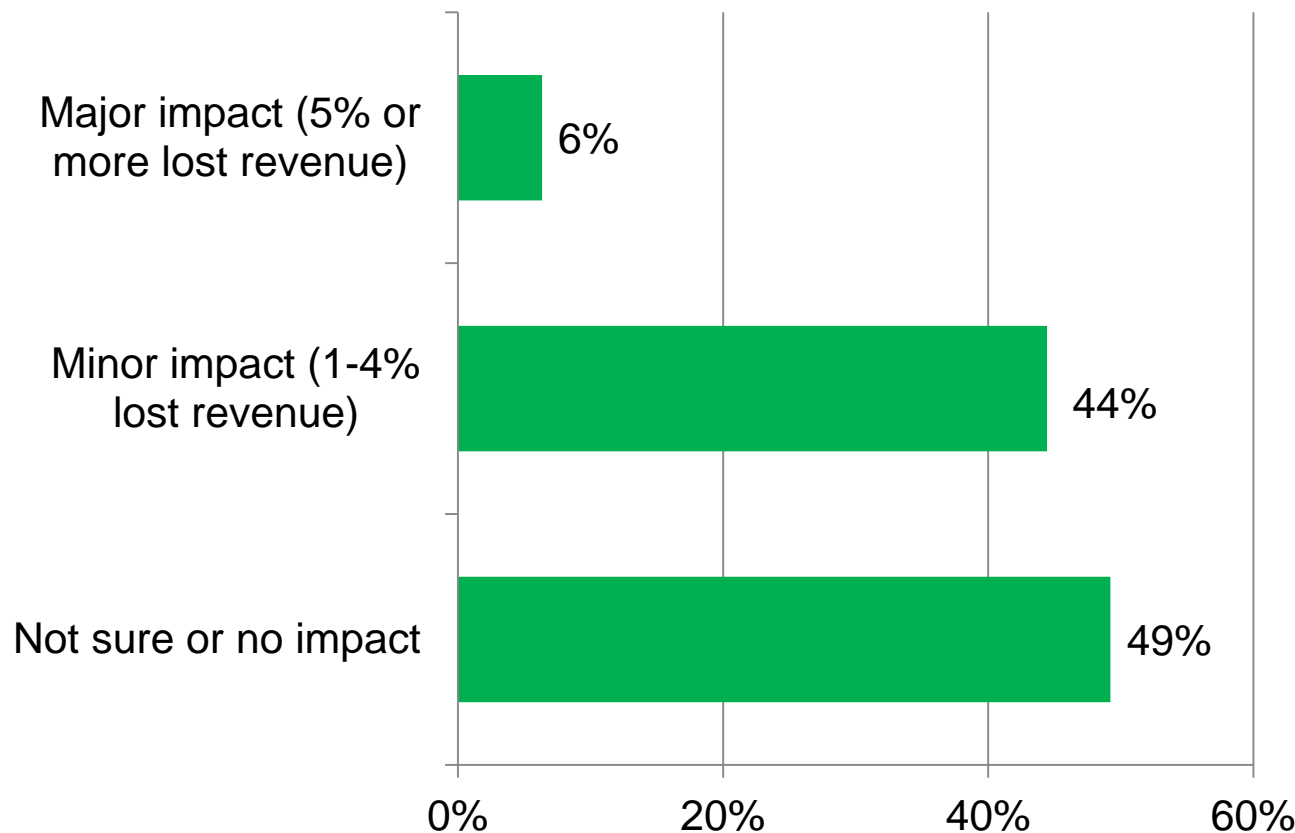
q9: In the past 3 months have you watched one or more full length feature movies that were released directly through a streaming site (e.g. Netflix) with no theatrical release?
n=13,723

Theater Operations Survey

...most art houses report seeing minor or no impact at this point.

- Although there are films that art houses would have liked to show that are going directly to streaming sites, the impact at this point is most likely to be minor, not clear or non existent

Impact of Having Films Go Straight to Video/Streaming



Only 6% of respondents report seeing major impact from films going straight to video/streaming

q34: What would you estimate has been the impact in terms of lost revenue of having films go straight to video/streaming?

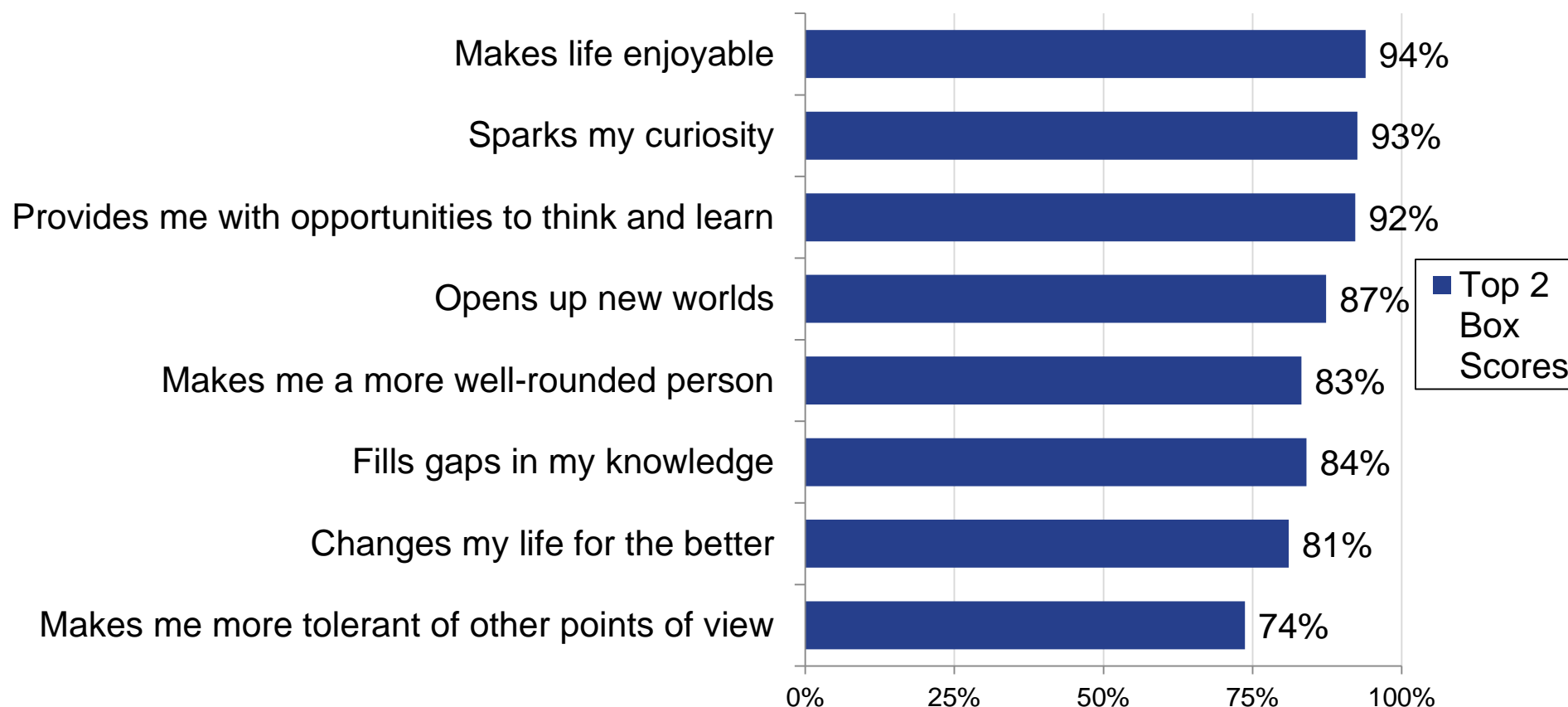
n=63

National Audience Survey

At a personal level, art houses are transformational.

- Even more than in years past, art house patrons see their preferred art houses as central to their knowledge, understanding and enjoyment

Top 2 Box Scores: Strongly or Somewhat Agree About SPONSORING ORGANIZATION



q26: To what extent do you agree with the following statements about [SPONSORING ORGANIZATION]?

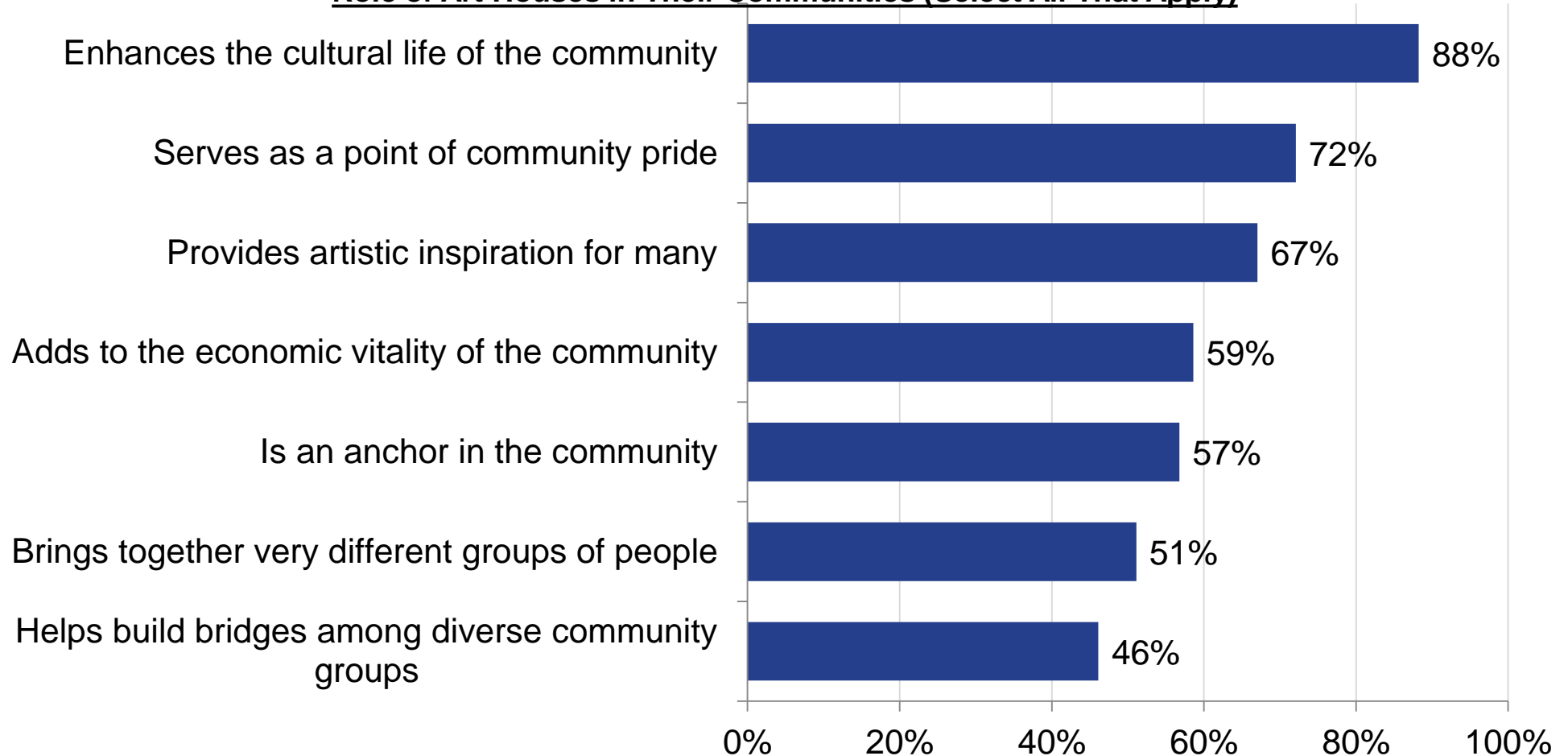
n=10,945

National Audience Survey

At a community level, art houses are tremendously important.

- Patrons recognize that art houses contribute substantially to community vitality at the artistic, social and economic levels

Role of Art Houses in Their Communities (Select All That Apply)



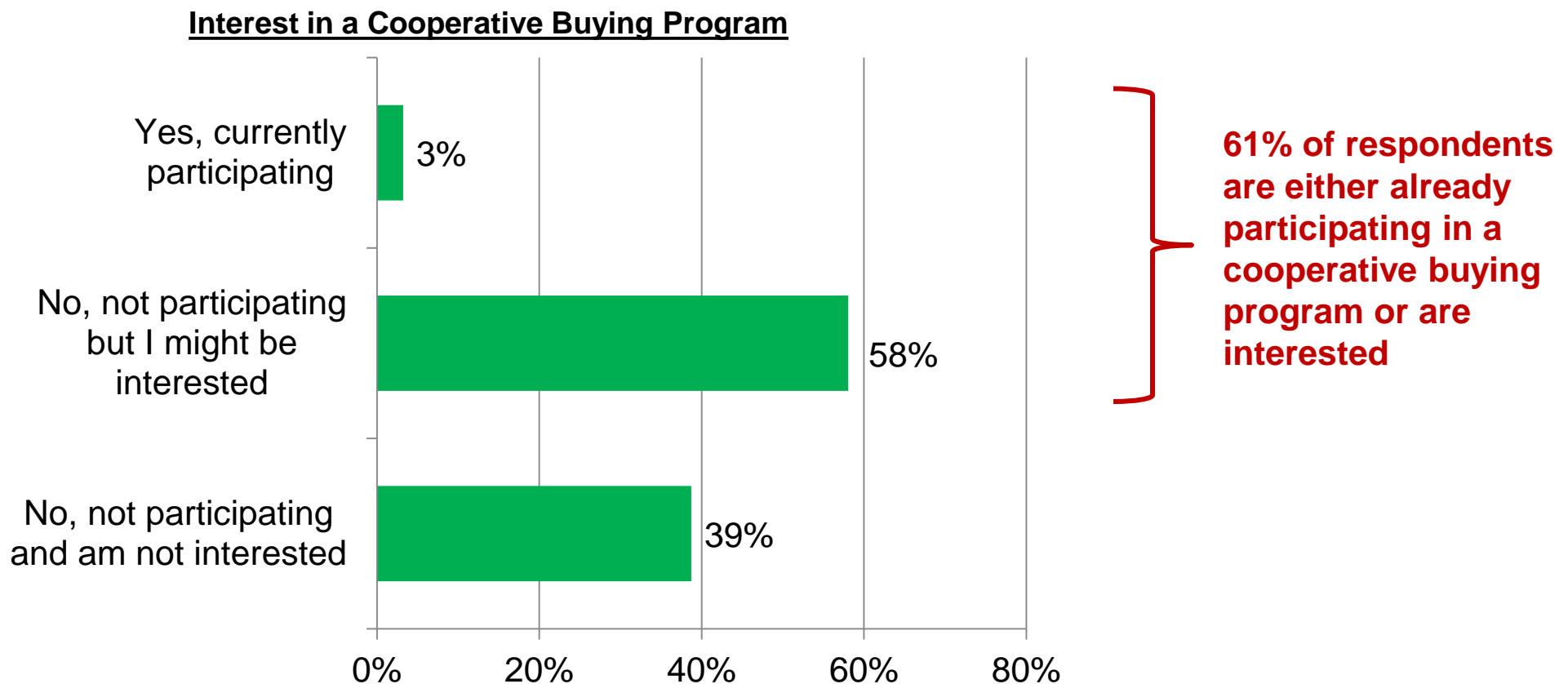
q27: What role would you say [SPONSORING ORGANIZATION] provides to its community? (select all that apply)

n=10,973

Theater Operations Survey

Theaters are interested in a cooperative buying program.

- A small number of respondents (3%) are already participating in a cooperative buying program with other theaters
- Many more (58%) are interested in such a program



q41: Do you currently participate in a cooperative buying program by which you pool resources with other theater owners to purchase concessions products and supplies?

n=62

What might you do with this information?

Conclusions & Implications

- Art house theaters are generally in a strong position
 - Attendance and revenue are trending upward for the majority
 - Operating margins are generally higher than comparable arts organizations
 - Patrons are engaged and are increasing their attendance
 - Theaters are winning over younger patrons
 - Patrons understand the value that art houses have for them and their communities

Potential Action Items



1. Tell this story of impact
 - Media release in local community
 - Develop a fact sheet or brochure of summary results to share with members, supporters and community members
 - Present to community groups and local government to enhance local support
2. Further explore cooperative purchasing

I. Art House Theaters Are Strong and Vital

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Go Deeper With Current Patrons

“Depending on which study you believe, and what industry you’re in, acquiring a new customer is anywhere from five to 25 times more expensive than retaining an existing one.” Amy Gallo, Harvard Business Review 2014

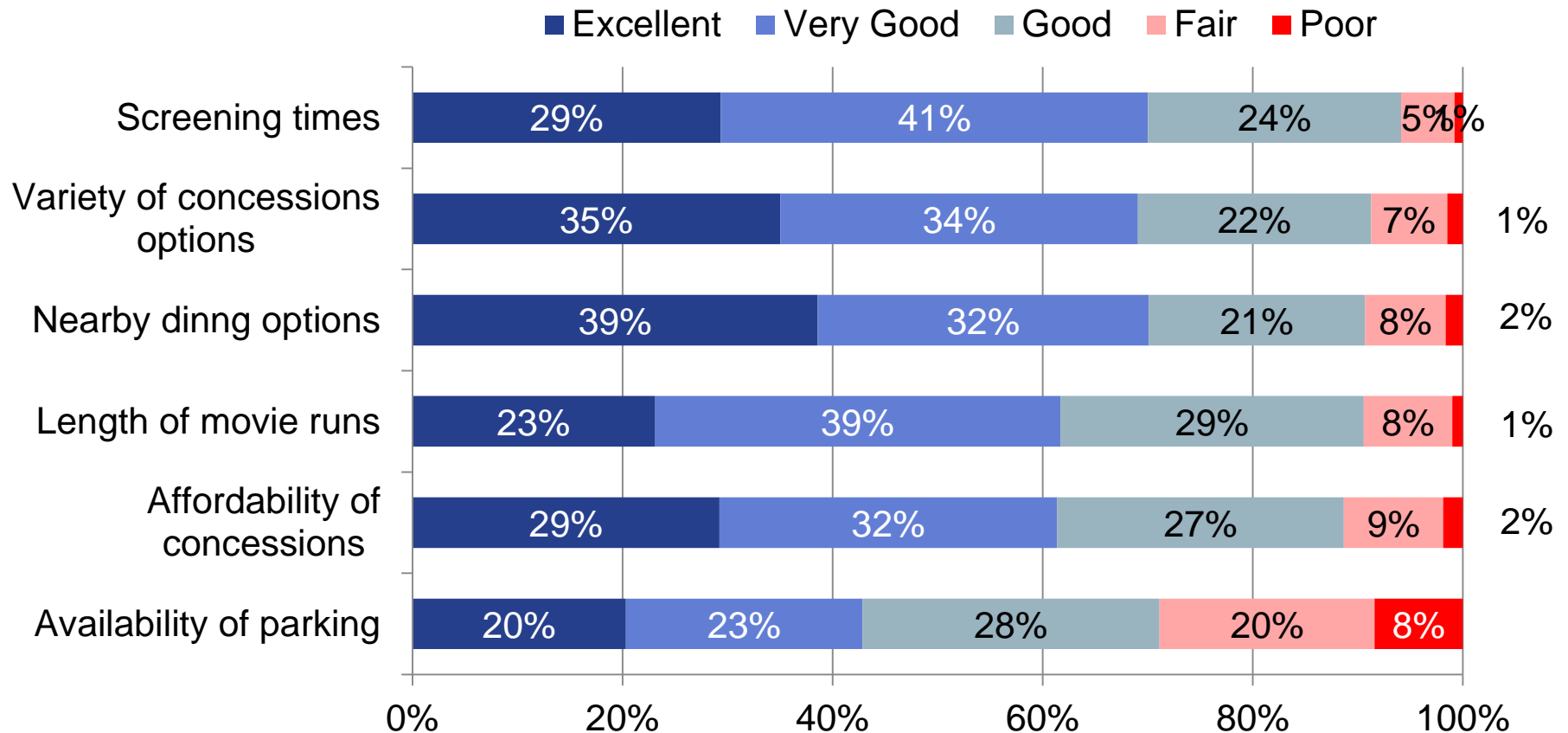
- Therefore, if you are seeking growth in revenue or margin, the first and best place to look is with your existing patrons
- Generically, there might be four approaches to going deeper with current patrons
 - Keep them delighted with a great audience experience
 - Suggest new occasions to bring them in the door
 - Enhance “average ring” with sales of concessions and merchandise
 - Transition ticket buyers to members, members to donors, etc.
- Any one of these might be its own presentation topic, so this section features some insights that may suggest some approaches for greater patron engagement

National Audience Survey

Patrons are generally very happy with the art house experience.

- Out of 21 attributes measured, there were only six areas where there seems to be room for improvement

Patron Ratings of Operations (6 Lowest Out of 21 Attributes)



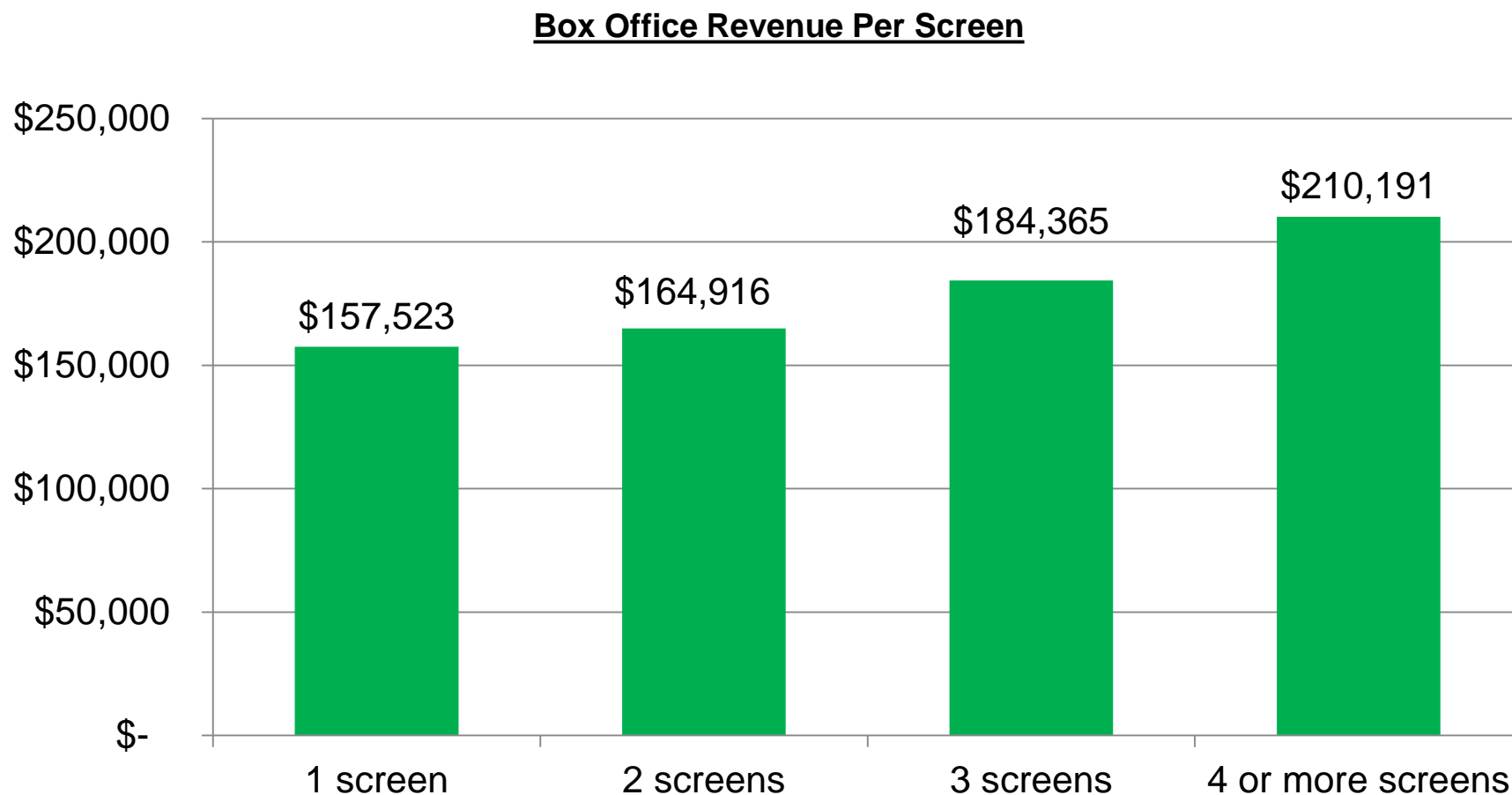
q24: Please rate [SPONSORING ORGANIZATION] on the following criteria

n=11,280

Theater Operations Survey

One way to address issues of movie runs/times is to add screens.

- Generally, more screens are correlated with higher box office revenue per screen



(TOTAL GROSS (topline) ART HOUSE THEATER REVENUE in your last fiscal year x % of Revenue from Box Office Sales) divided by Number of Screens

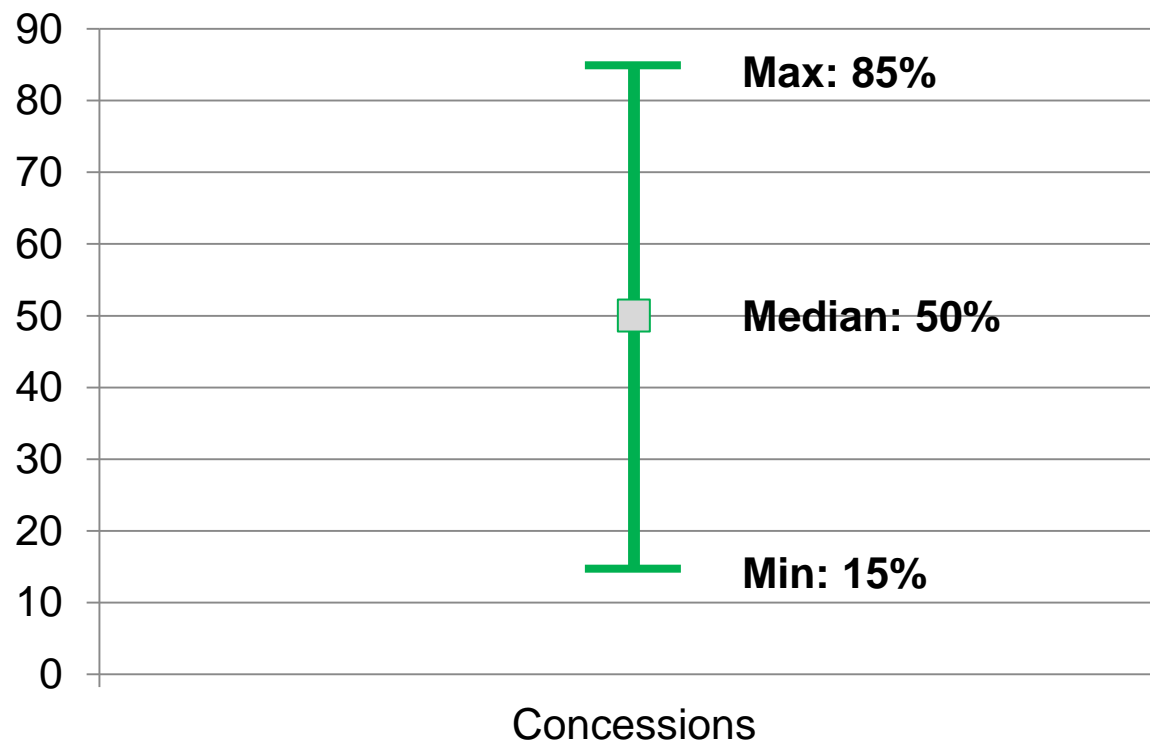
n=72

Theater Operations Survey

There exists a broad range of performance selling concessions.

- 85% of patrons of some art houses are purchasing concessions
- For those below the median of 50%, there may be opportunities to enhance offerings or experiment with pricing

Percentage of Patrons Buying ANY Concessions

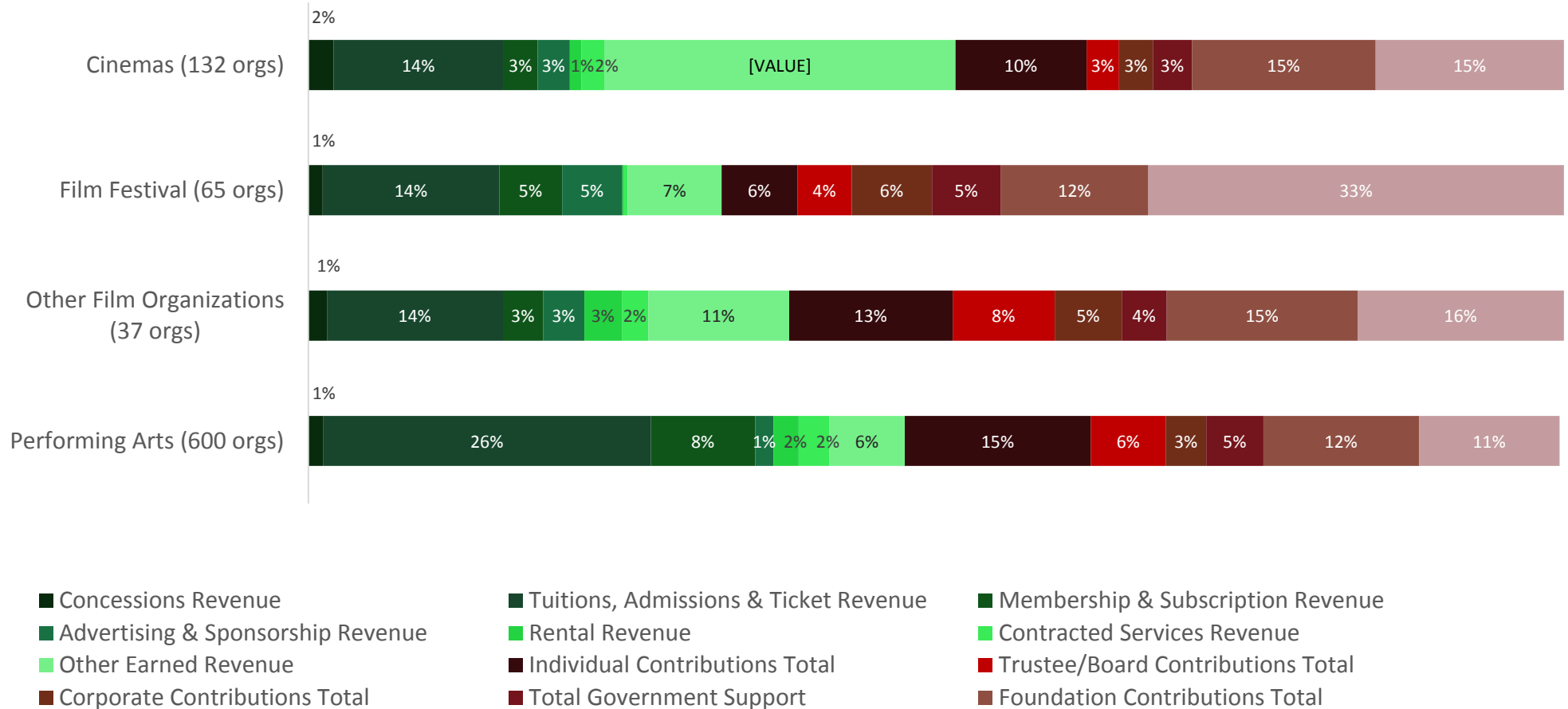


q28: About what percentage (%) of your art house patrons buy ANY concessions items?

n=62

Revenue Details by Organization Type

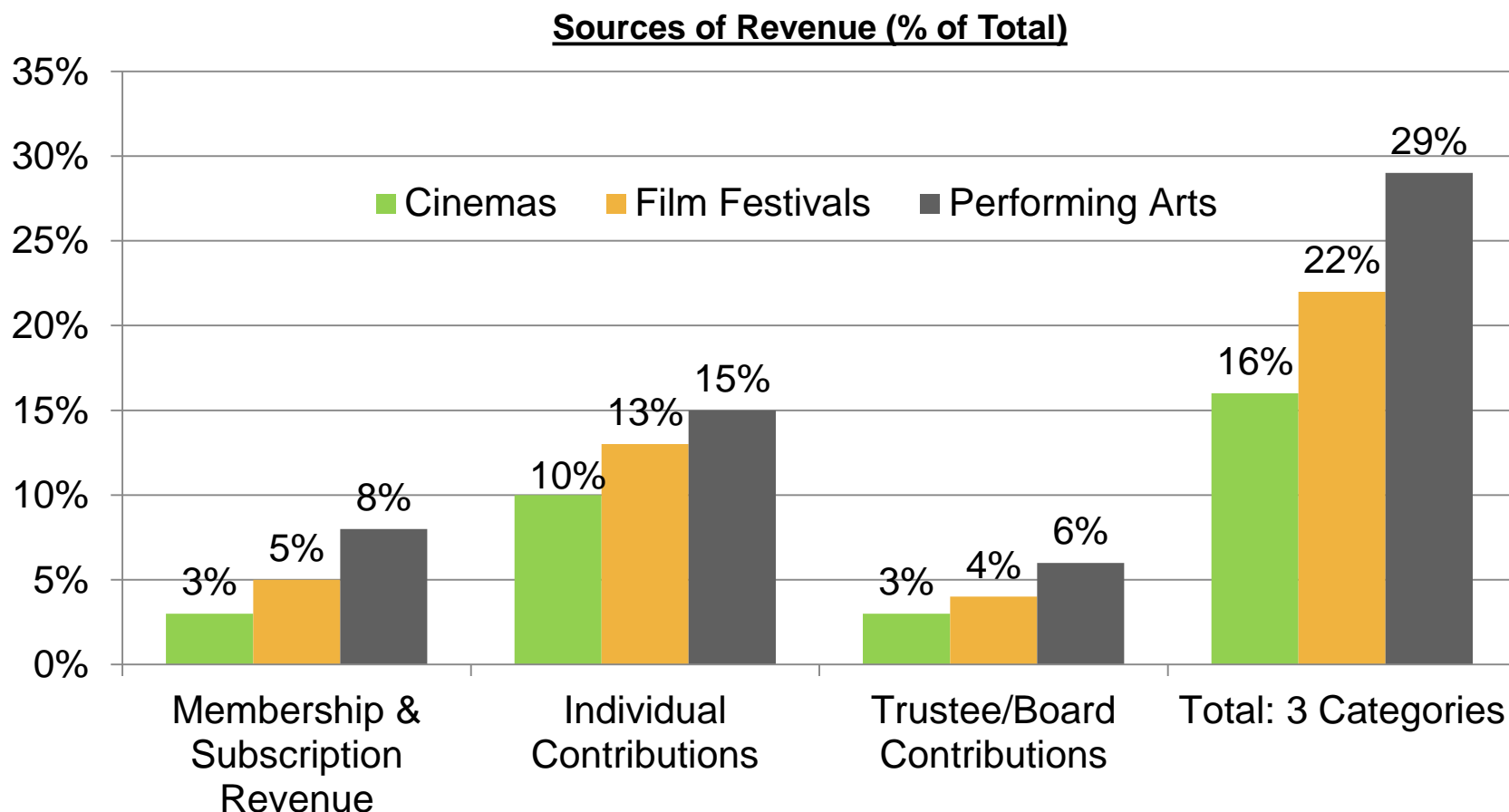
Detailed Revenue Breakdown by Organization Type (With Short Form Orgs)



Note: In 2016, organizations were invited to complete the CDP via our Short Form for the Americans for the Arts AEP5 Study. The Short Form only asks for total earned revenue, which is reflected in the "Other Earned Revenue" category. For all three film groups, nearly 20% of organizations filled out this Short Form version of the survey which is the reason for the inflated "other" revenue category.

Art house cinemas and film festivals may have additional revenue opportunities.

- Other types of performing arts organizations are able to generate a much bigger share of overall revenue from Membership/Subscriptions and Individual and Board Contributions, relative to art house cinemas and film festivals



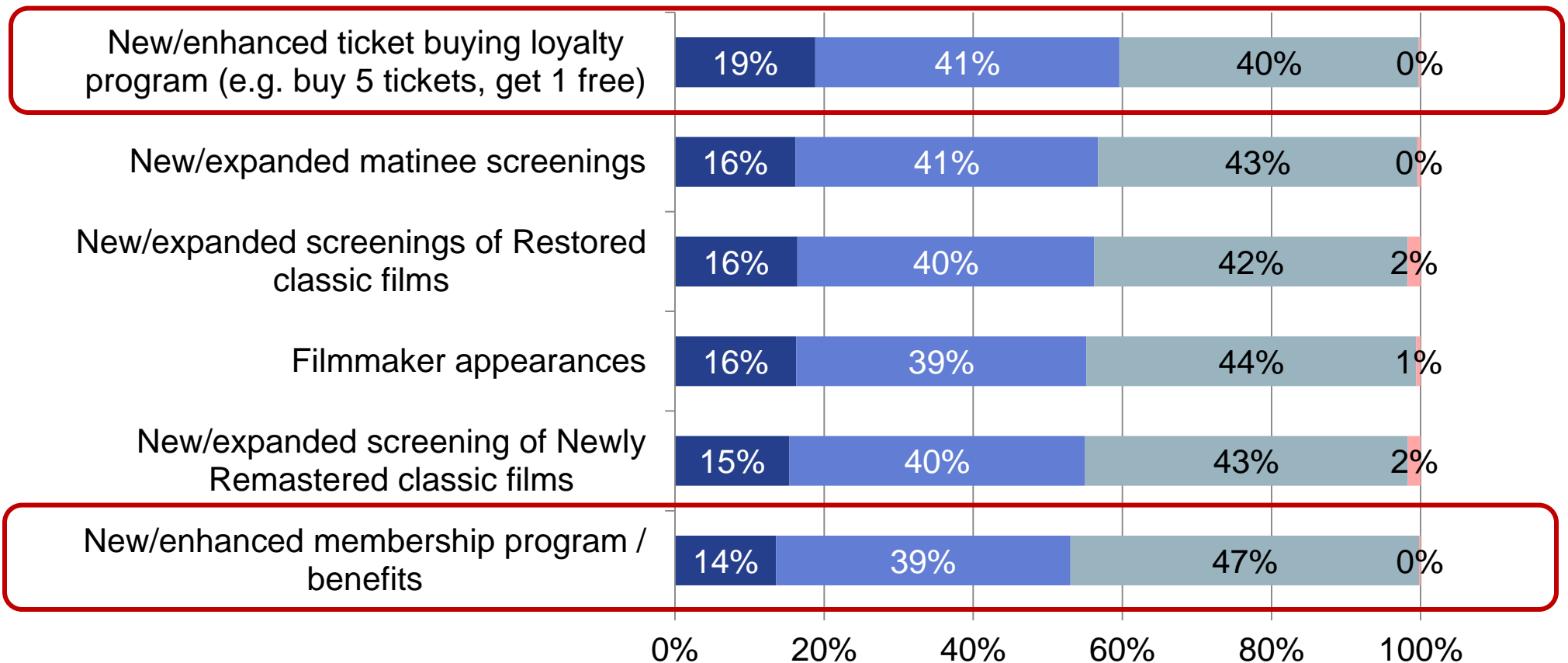
National Audience Survey

Upgrading membership and loyalty programs may enhance frequency.

- Among 18 potential changes which might influence frequency of attendance, 2 of the top 6 relate to potential changes to membership and loyalty programs

“Top 6” (of 18) Changes Patrons Report Would Make Them Attend More Often

■ Would attend much more often ■ Somewhat more often ■ No change ■ Less often



q28: Would any of the following changes cause you to attend [SPONSORING ORGANIZATION] more often?

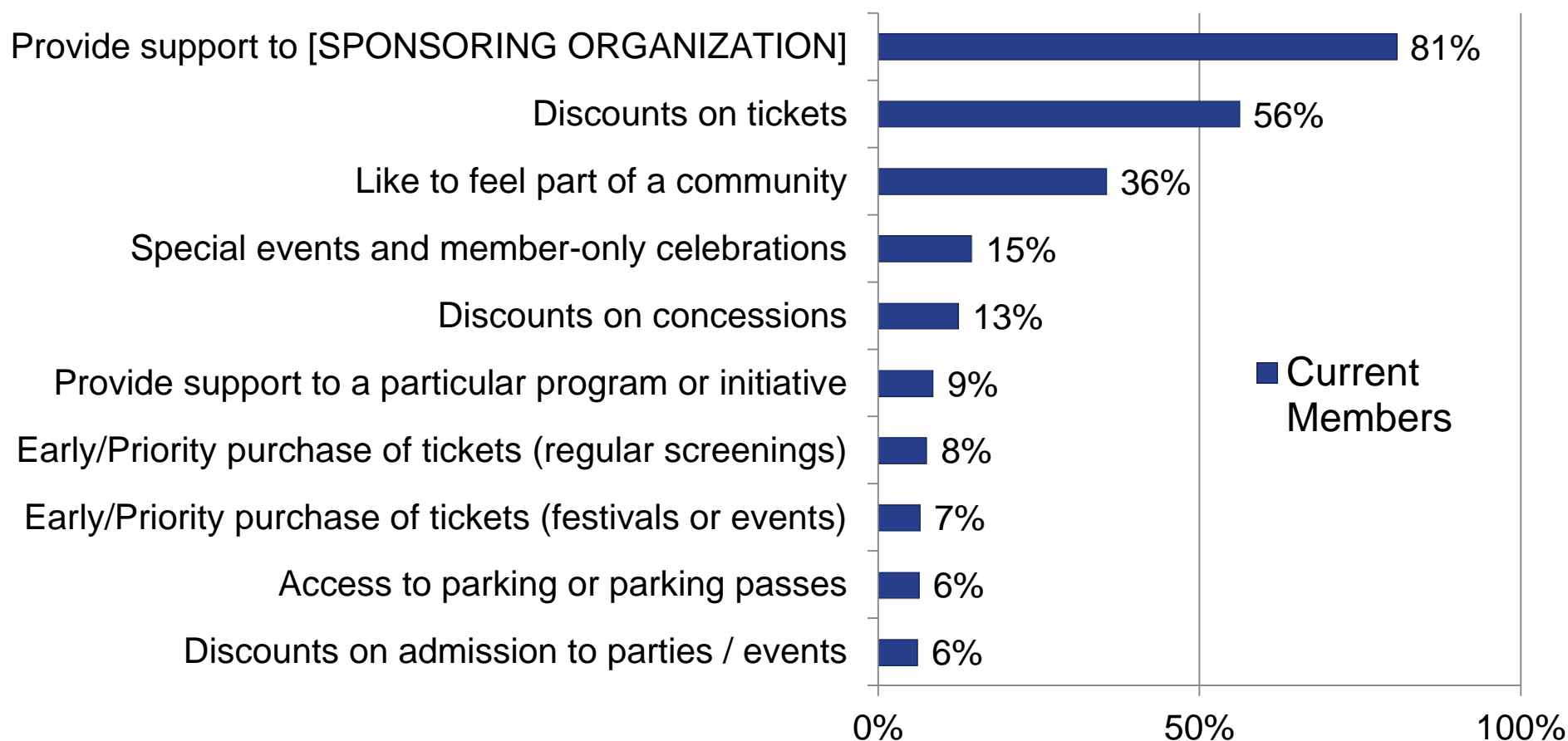
n=10,550

National Audience Survey

The membership decision is a mixture of philanthropy and perks..

- By implication, the membership ‘pitch’ needs to incorporate a blend of “community benefits” and discounts and special offers

Current Members: “Top 10” Reasons for Donating (out of 15)



q34: What are the most important reasons you are a member of [SPONSORING ORGANIZATION]? (select no more than 3)

n=5,376

Theater Operations Survey

Perspectives from the field.

- **Offering a professional membership program at all can help**
 - *“Our membership program has been huge. When we started in 3 years ago, we anticipated maybe 2-300 members; we're up to 3,000.” – Midtown Cinema*
 - *“Investment in membership materials expanded our Membership program greatly” - FilmScene*
- **Thoughtfully planned incentives can have a big impact**
 - *“We bring in nearly 1/3 of all of our membership revenue in one month because we give away two extra free passes and do a large push. This small extra incentive really speaks to people.” – The Loft Cinema*



q13. Please share with us short descriptions of special events, film series or other programs that your organization held within the past year that you consider very successful. (At Generating Revenue)
n=79

What might you do with this information?

Conclusions & Implications

- Art house theaters should prioritize strengthening engagement with existing audiences
 - Although the patron experience is generally positive today, this should be a continued area of focus
 - Art houses and film festivals appear to have a chance to boost membership revenue, as well as individual and board contributions
 - Discounts and other perks may produce outsized benefits in terms of revenue and contributions

Potential Action Items

1. Revisit membership benefits and membership tiers
2. Revise board expectations for charitable giving
3. If space and resources allow, expand the number of screens available
4. Revisit concessions options and pricing

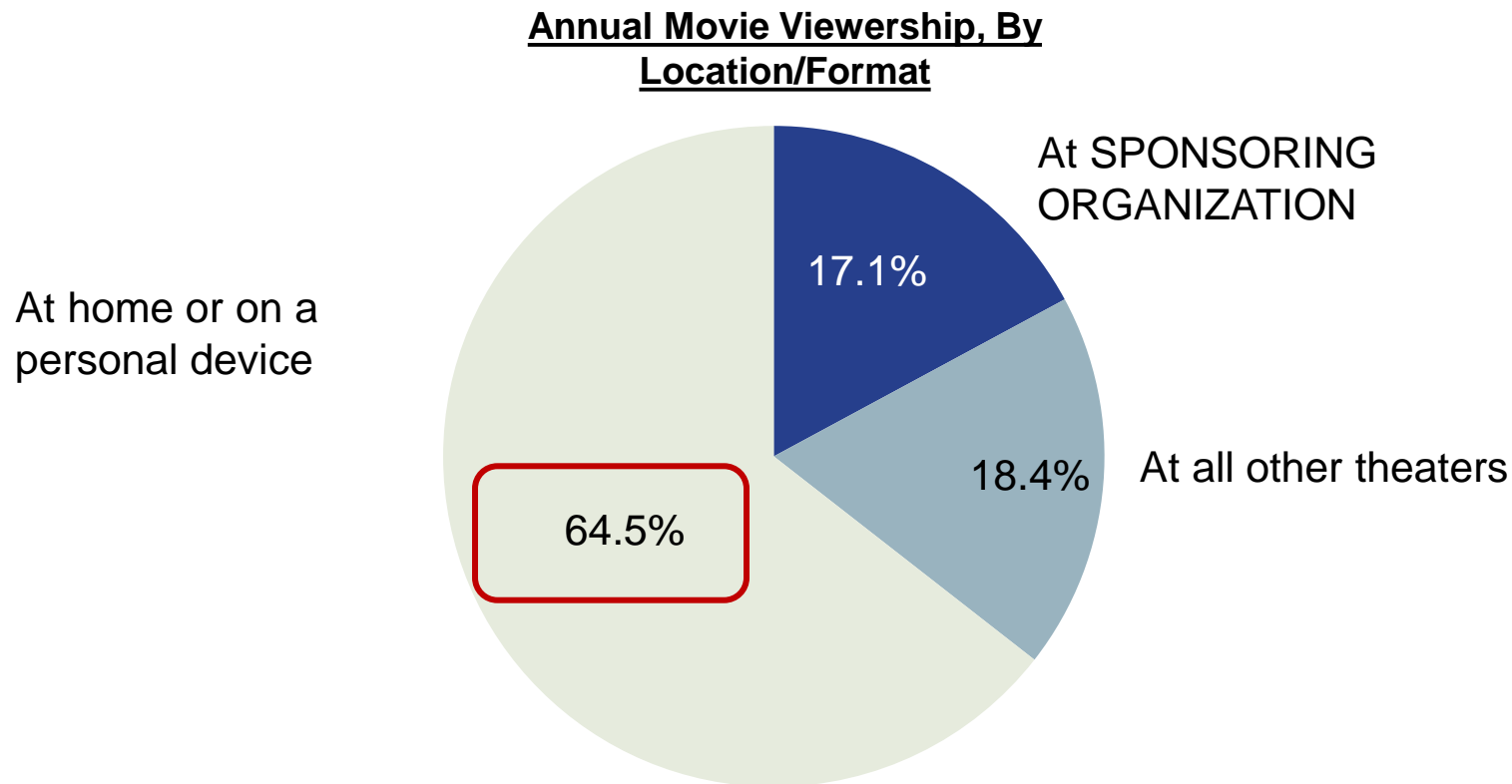


- I. Art House Theaters Are Strong and Vital**
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National Audience Survey

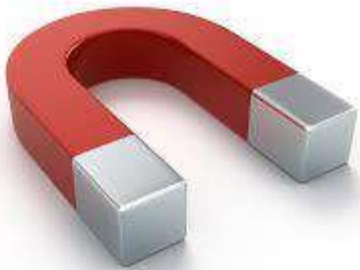
Most movies that patrons see are at home.

- Just about one out of every six movies that art house patrons see is at their primary art house
- 64.5% of movies they see are at home or on a personal device



q8: How often do you typically see full length feature movies at [SPONSORING ORGANIZATION] compared to other places and formats?
n=13,650

How do we override the comforts of home?

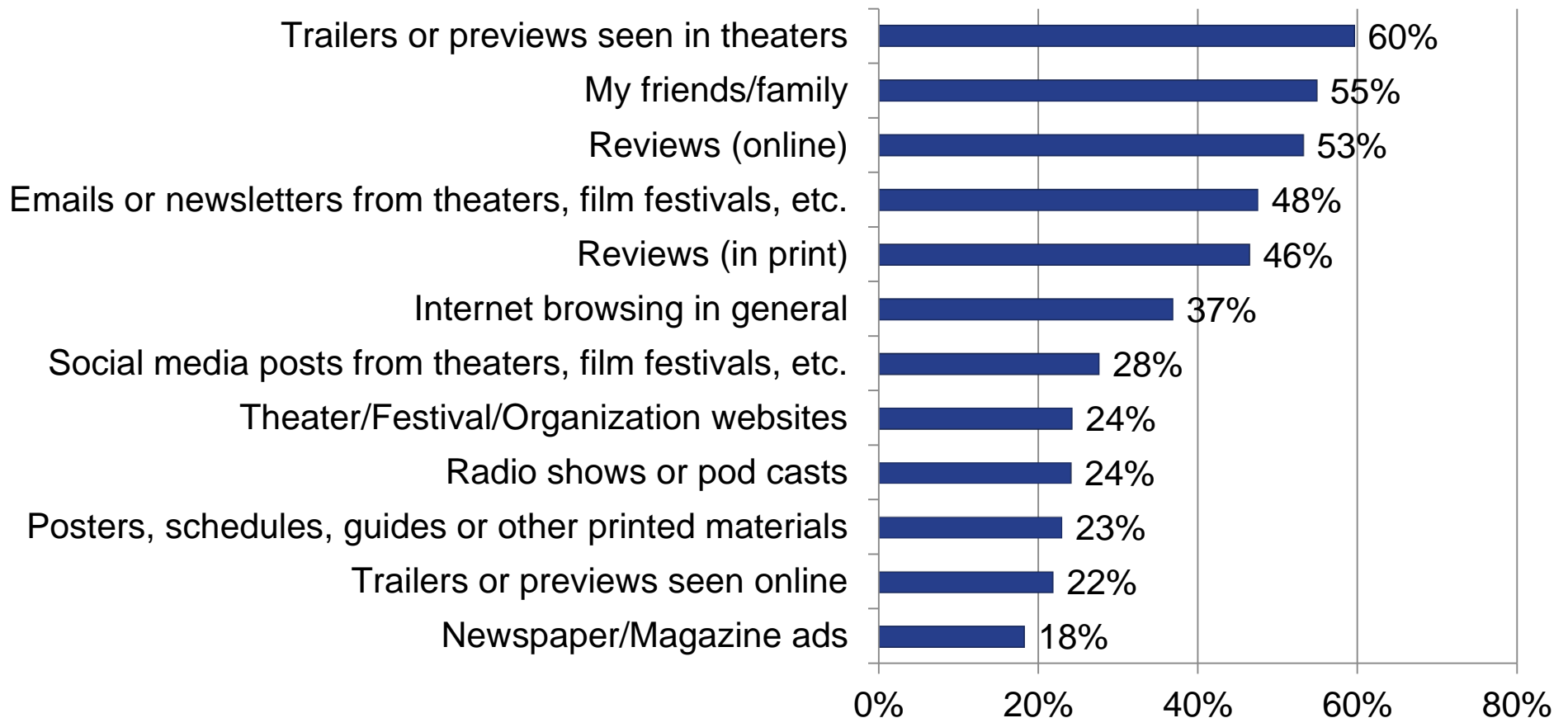


National Audience Survey

Audiences use many means to learn about movies.

- A mix of trailers, word of mouth, reviews (print and online), direct communications from art houses, social media and advertising all come into play

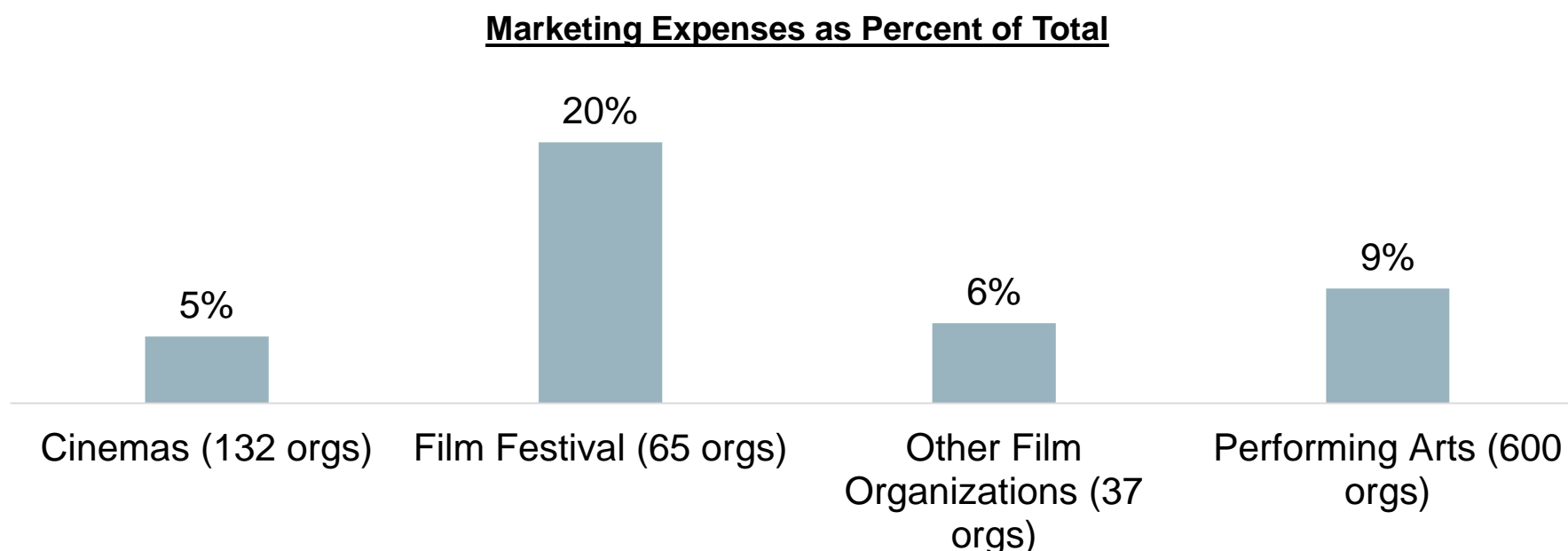
Top 12 (Out of 17) Means of Learning About Movies



q15: How do you typically learn about which movies you might be interested in seeing away from home (in theaters, at festivals, etc.)? (select all that apply)
n=12,015

Marketing Expenses as Percentage of Total Operating Expenses

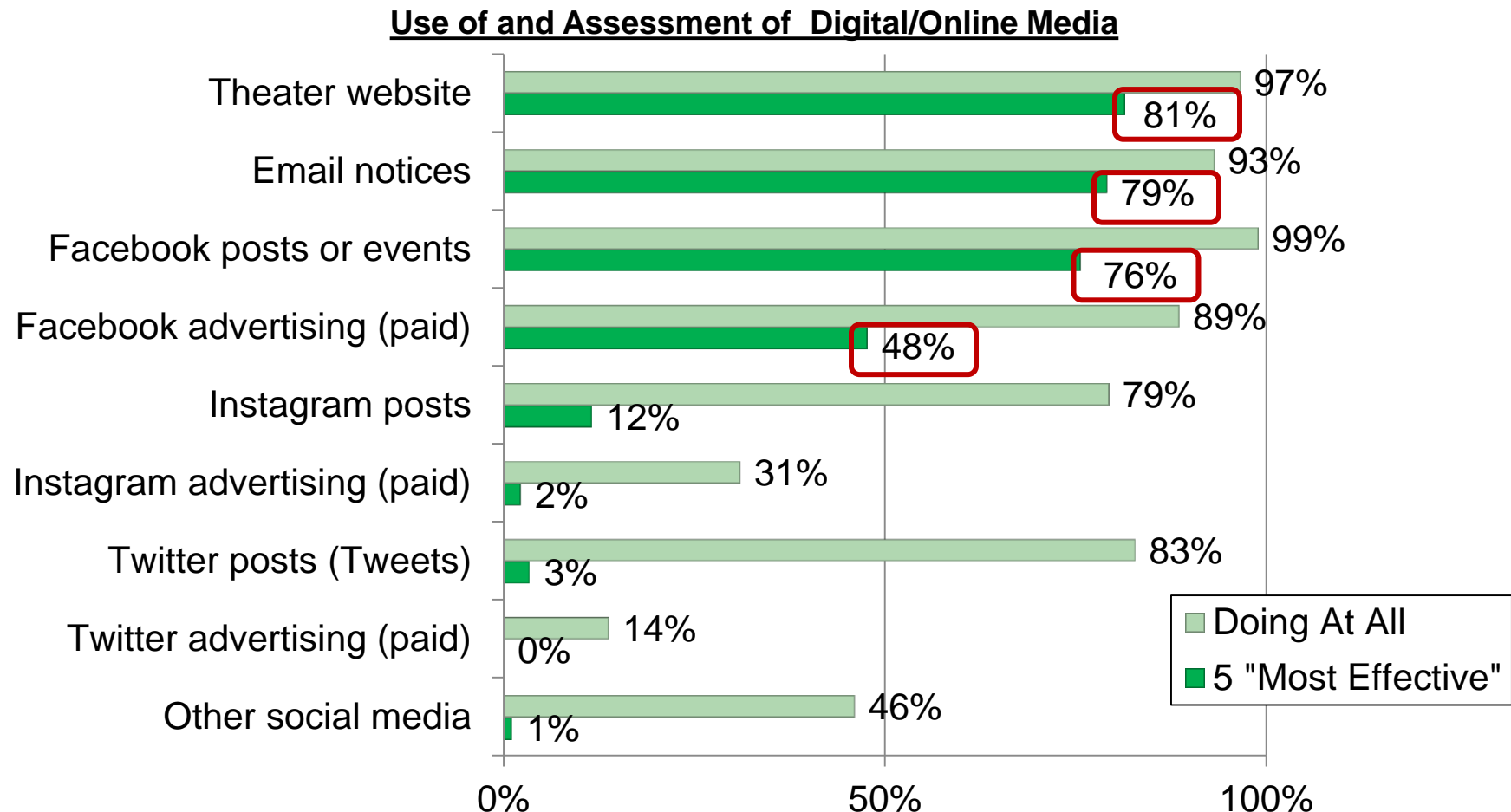
- Marketing expenditures as a percentage of total expenses are low for Film organizations (except film festivals) – 5% for cinemas, compared with 9% for performing arts organizations, for example.
 - Additional targeted marketing might help increase Ticket Sales, Individual Contributions, or income from Special Events



Theater Operations Survey (1 of 2 Related Slides)

A handful of digital marketing approaches produce good results.

- Theater websites, email notices, Facebook posts/events and Facebook advertising are all seen as highly effective
- Many are using Instagram and Twitter as well



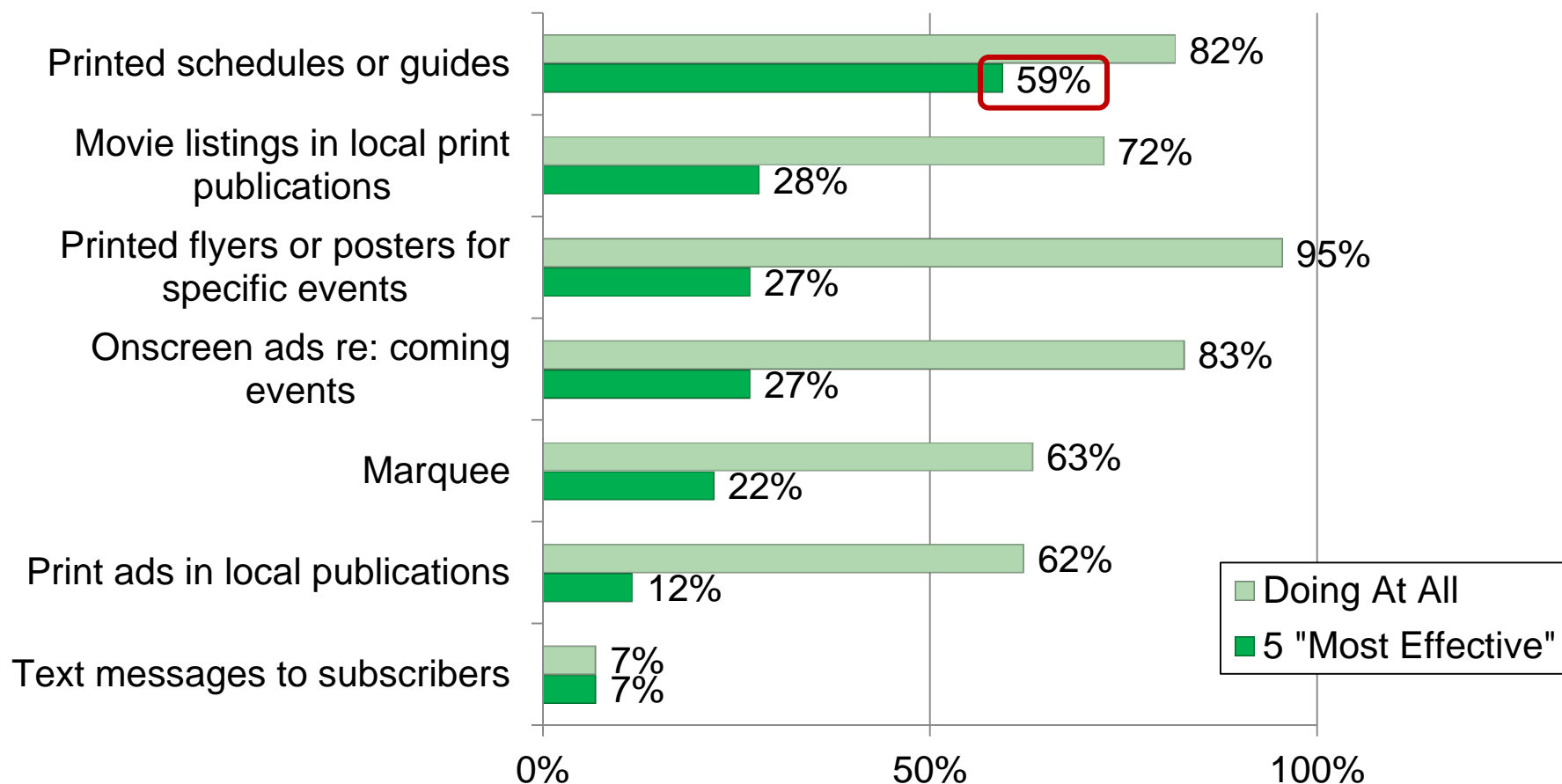
q18: Please check ALL types of media that your organization currently uses for marketing, communications and outreach. AND
q19: Please check the five media you have found the most effective for marketing, communications and outreach.
n=87

Theater Operations Survey (2 of 2 Related Slides)

Use of non-digital media is common, though seen as less effective.

- Art house leaders report good results from printed schedules and guides
- Other types of non-digital communication are less widely seen as effective

Use of and Assessment of Other Types of Marketing

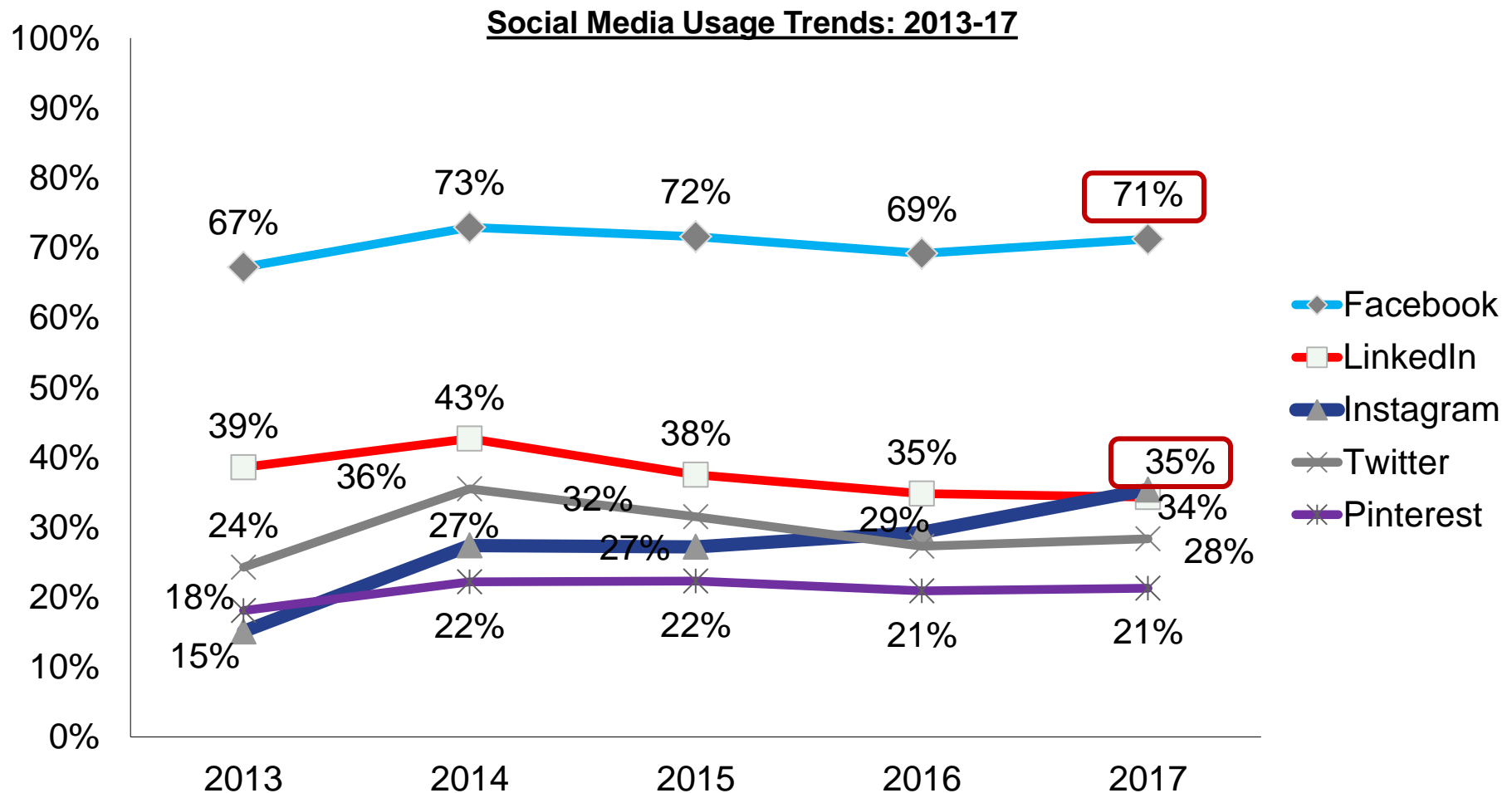


q18: Please check ALL types of media that your organization currently uses for marketing, communications and outreach. AND
q19: Please check the five media you have found the most effective for marketing, communications and outreach.
n=87

National Audience Survey

Participation in Instagram continues to climb.

- Facebook remains the most widely used social media at 71%
- Instagram usage has risen from 15% in 2013 to 35% in 2017



q22: To which, if any, social media sites have you subscribed? (select all that apply)

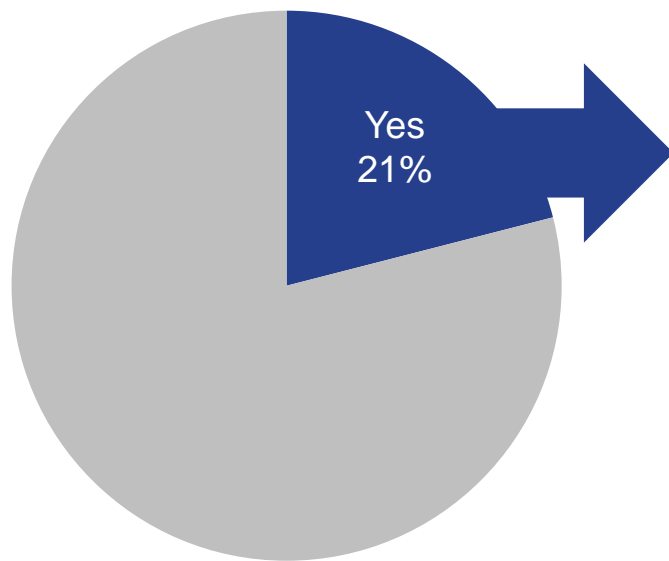
n=11,368

National Audience Survey

Individual films PLUS other efforts drive traffic.

- Although the majority of first time audience members come to see a specific film, many others are influenced by programs and messages about the theater itself

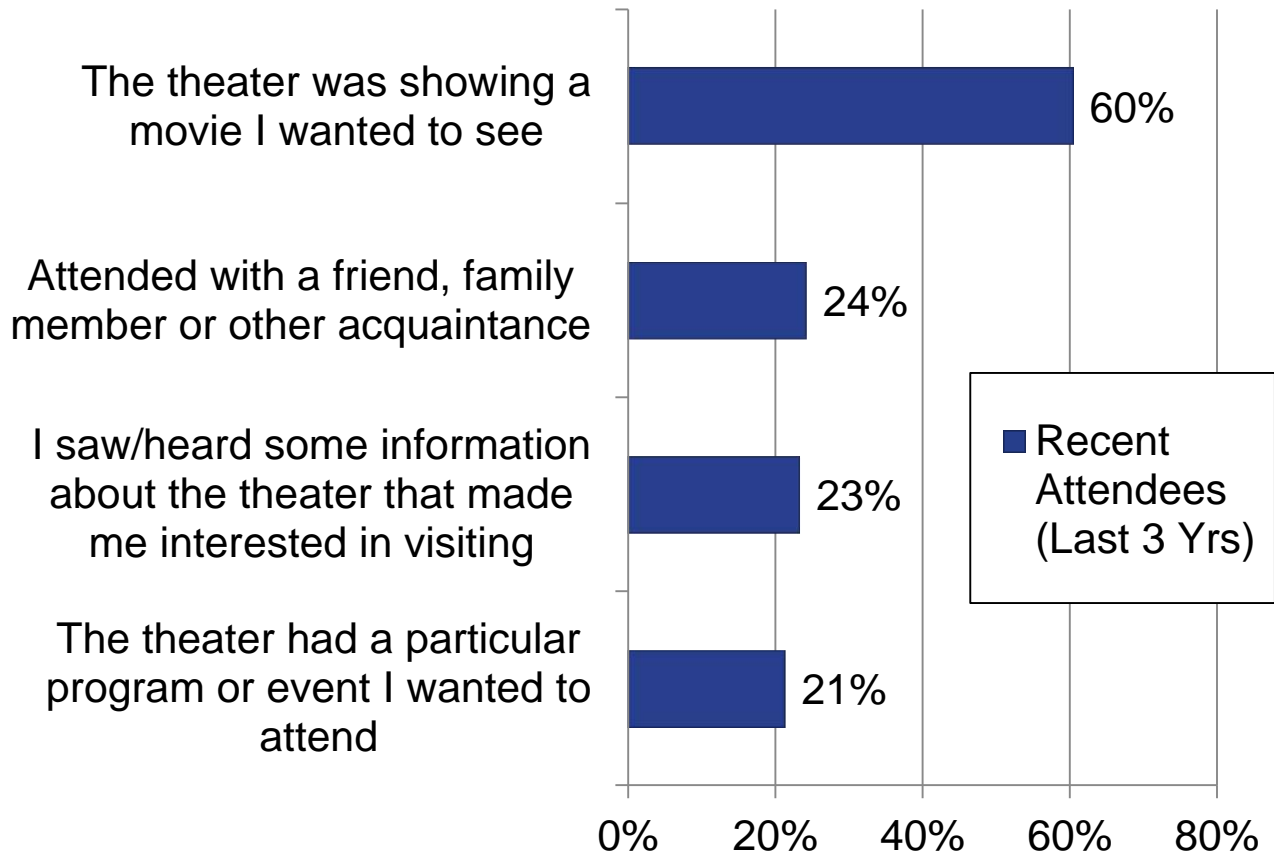
Recent Attendee: 3 Years of Less Seeing Movies at SPONSORING ORGANIZATION



q4: How long have you been attending movies at [SPONSORING ORGANIZATION]?

n=13,789

Reasons to Begin Attending SPONSORING ORGANIZATION



q5: What caused you to first attend a movie at [SPONSORING ORGANIZATION]? (select all that apply)

n=2,858

Theater Operations Survey

Creative programming and community outreach build audiences.

● Offering unique series, festivals, programming and concept events

- *“National Theatre Live screenings” (multiple)*
- *“Jewish Film Festival” – Rehoboth Beach Film Society*
- *“Mean Girls Day. Showed Mean Girls and attracted a large number of 30-40 something females, most of whom were non-members.” – Capri Theater*
- *“Music@MAC (live music series) - By offering a variety of artists/genres we have been able to pull from a broader demographic and create repeat customers.” – Maiden Alley Cinema*
- *“MSPIFF is a catalyst for artistic discovery and an essential Spring exhibition showcasing more than 350 new films from around the globe” – Film Society of Minneapolis St. Paul*

● Film + Other Experiences

- *“Movie + Beer Nights” – State Theatre and Bijou*
- *“Dinner & Movie - Pairing the best in independent cinema with delicious gourmet meals from Miami's top culinary destinations.” – O Cinema Wynwood*

● Partnerships with others in the community

- *“Midnites for Maniacs is a film series with a local guest curator who brings the Roxie monthly double feature programming emphasizing dismissed, underrated and forgotten films. Most screenings include a partnership with SpokeArt, a local gallery, that creates exclusive graphic posters based on the films presented. This crowd pleasing programming tends to reach 70-100% capacity every time.” – Roxie Theater*
- *“Reel Community Series - partner with other local non-profits organizations to show indie films that elevate their mission.” – Park City Film Series*

q13: Please share with us short descriptions of special events, film series or other programs that your organization held within the past year that you consider very successful. (reaching new audiences; generating revenue)

n=79

National Audience Survey and Theater Operations Survey

Patrons are art house leaders have a positive attitude to MoviePass.

- The minority of art house patrons using MoviePass are positive
- Theaters are having a generally positive experience as well

Patron Participation in 3rd Party Programs Like MoviePass

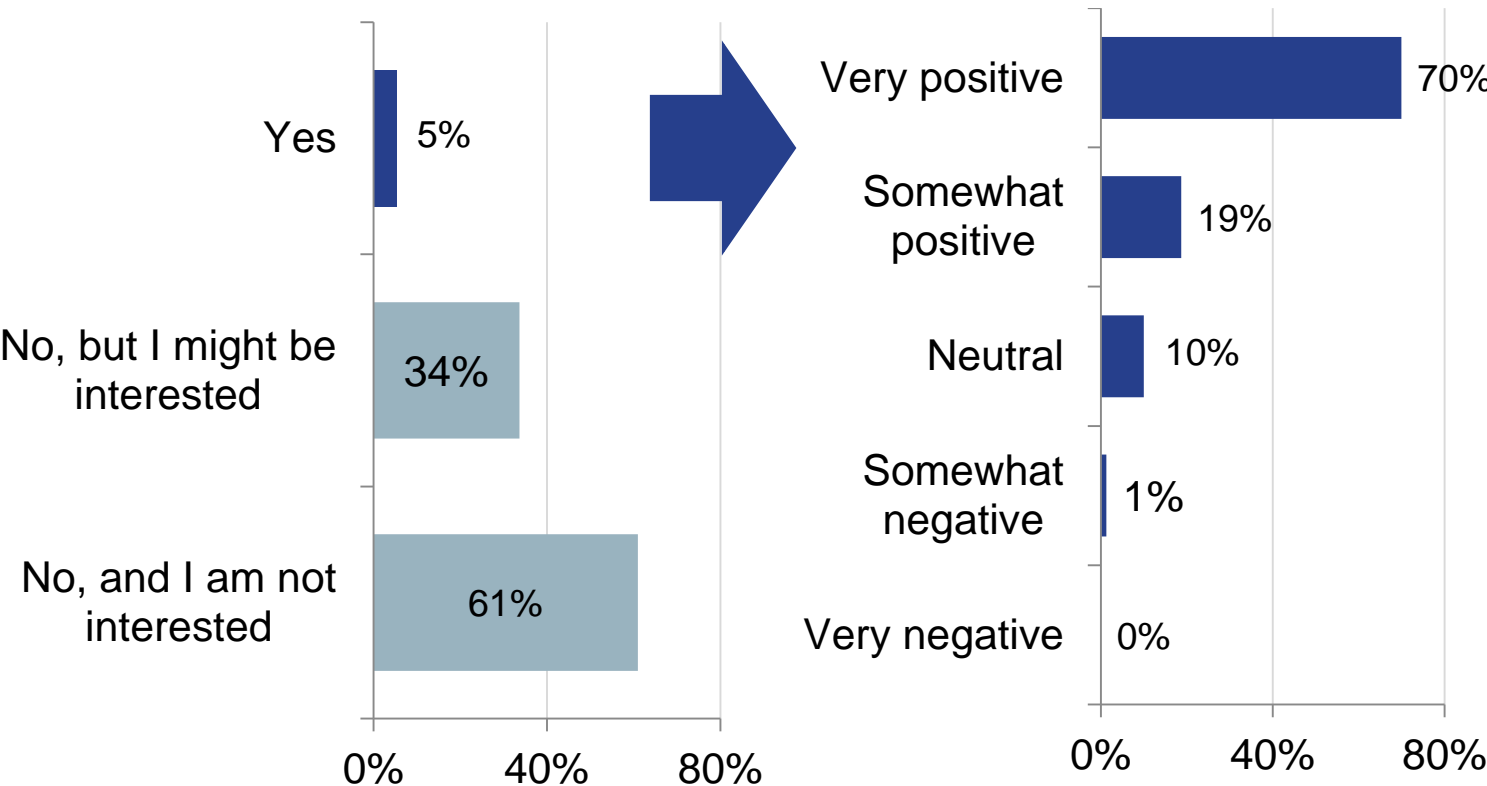
Patron Rating of Program

Art House Leader Impressions

Average Rating (0-10 Scale) = 7.3

Comments

- “We have had no issues and we get full payment for tickets. Customers seem to like it.”
- “We did not intentionally participate, and only a few patrons have used it. It went fine.”
- “The transaction is easy for our staff to process but customers often don't know how to do it .”



q36: Are you currently participating in any third party programs (e.g. MoviePass) that offer a monthly movie admission subscription service charged to a dedicated debit card?
n=10,429

q37: How has the experience been?
n=539

q40a: On a scale from 0 (terrible) to 10 (excellent), how would you rate the experience?
n=21

What might you do with this information?

Conclusions & Implications

- Art houses need to both market movies (individual titles) and moviegoing (their art house experience) to woo audiences away from the comforts of home
 - Overall marketing spending trails other performing arts organizations
 - Digital communications plus a handful of other approaches (e.g. printed program guides) are thought to be most effective
 - In addition to specific titles, art houses should motivate audiences with unique programming and promotions

Potential Action Items

1. Consolidate some marketing activity
2. Potentially rebalance social media activity and spending
3. Confer with colleagues and review other art house schedules for unique programming and event ideas
4. Potentially expand use of MoviePass



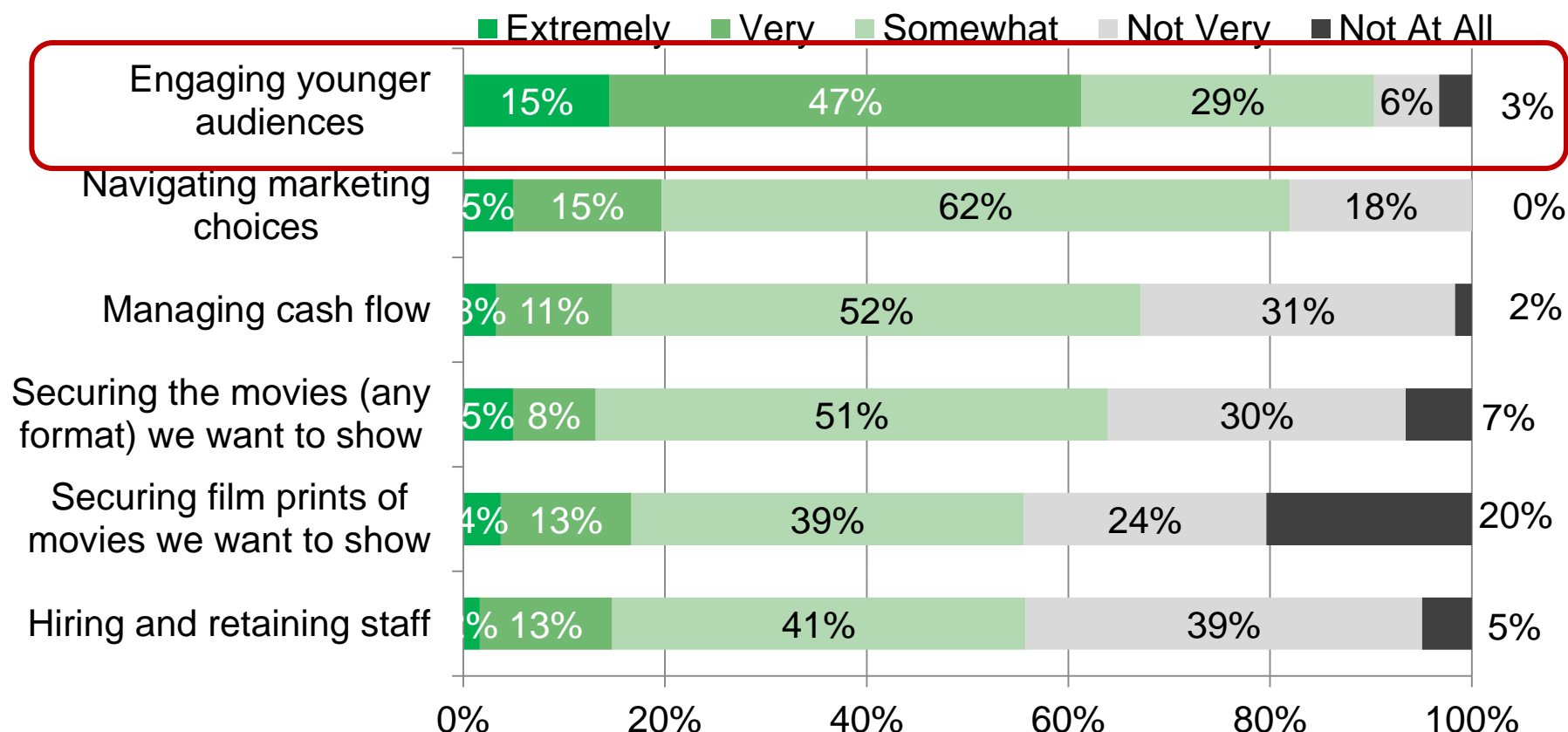
- I. Art House Theaters Are Strong and Vital**
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Theater Operations Survey

Engaging younger audiences is challenging.

- The majority of respondents (62%) find this Very Challenging or Extremely Challenging

How Challenging for Your Organization? (selected responses)



Q32: Which of the following do you consider to be most challenging for your organization today?

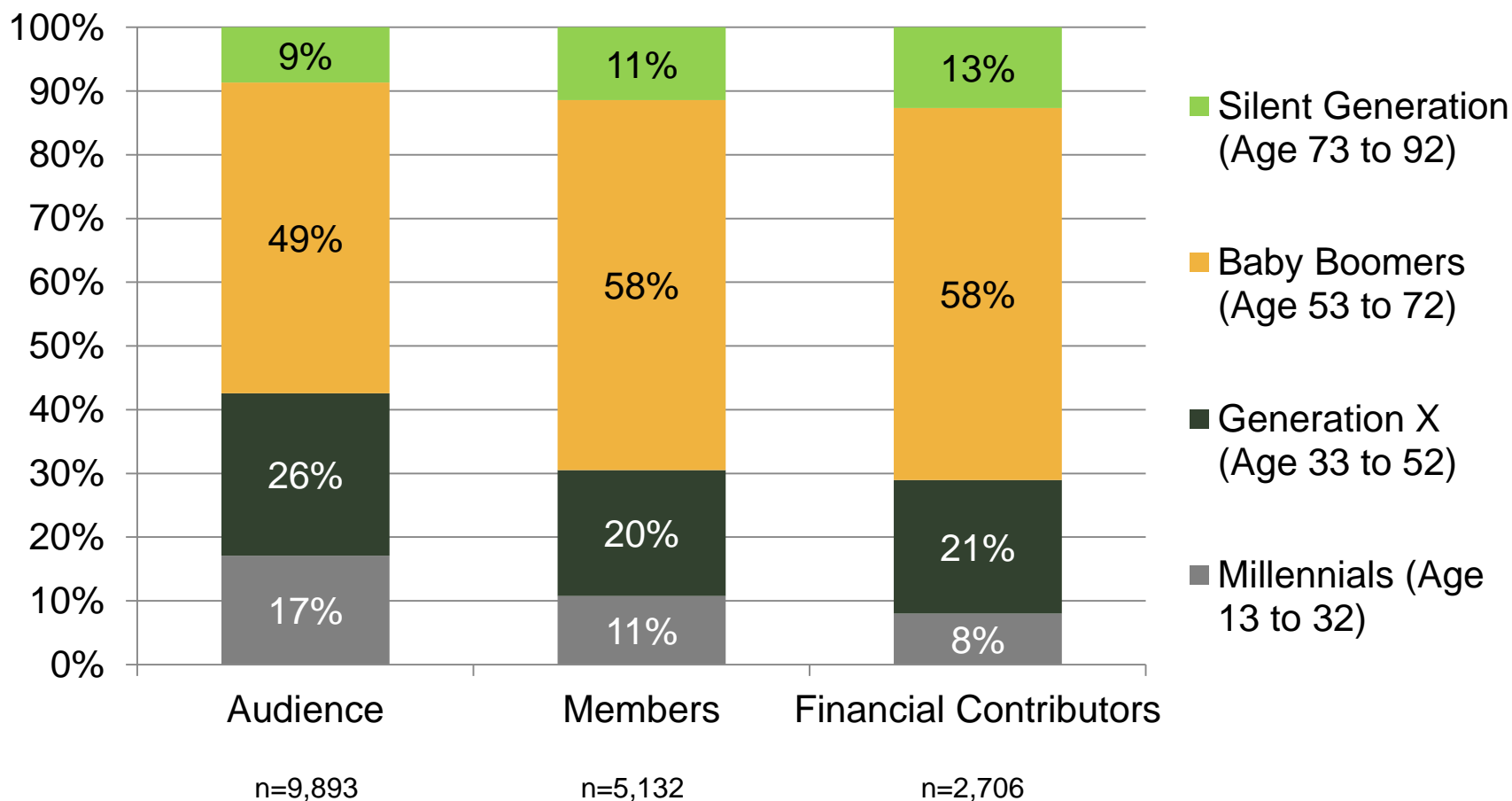
n=62

National Audience Survey

Older patrons are critical today.

- Patrons 53 years and older make up a considerable majority of members and financial contributors
- By implication, any efforts to cultivate younger audiences should not come at the expense of these current supporters

Audience, Members and Financial Contributors By Generation

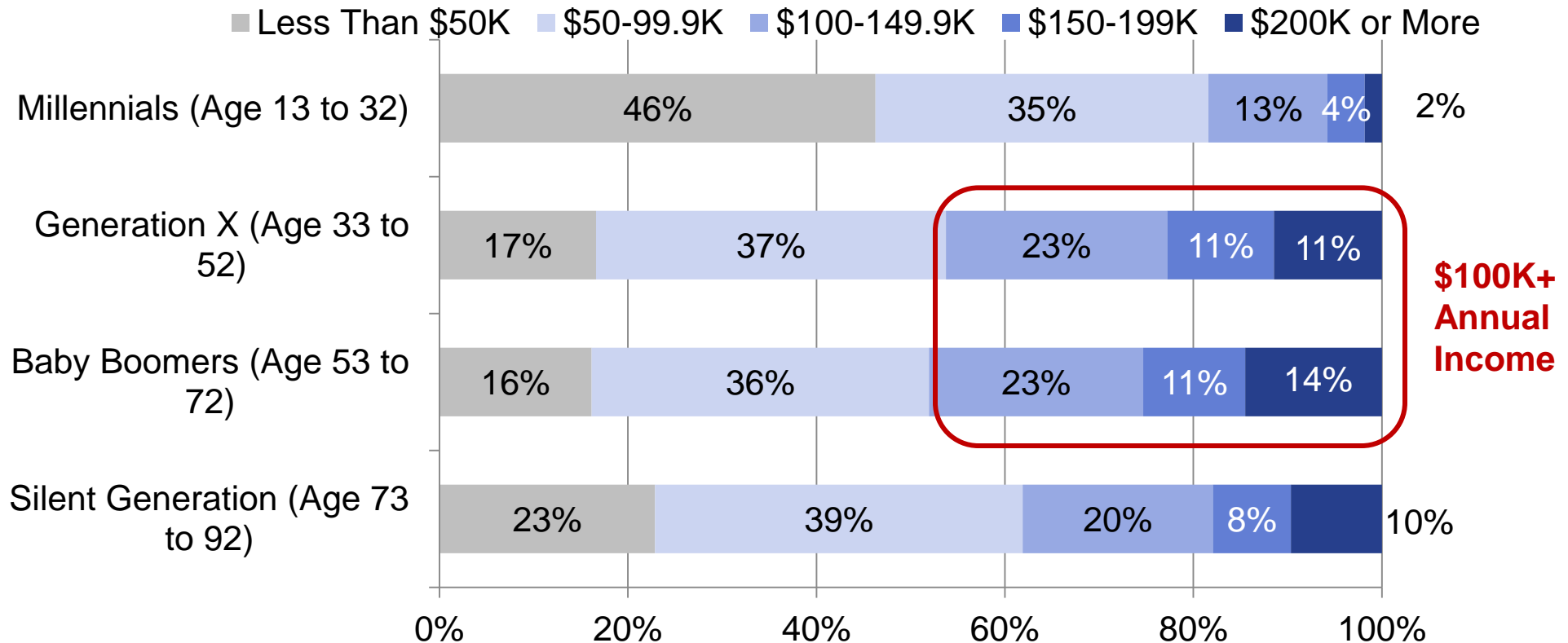


National Audience Survey

Generation X may be a priority to target.

- Baby Boomers remain a key group of current and potential supporters
- As Generation X members become empty nesters, their high earning potential and newly found leisure time may make them very attractive prospects patrons

Household Income By Generation



Q46: What is your total household income?

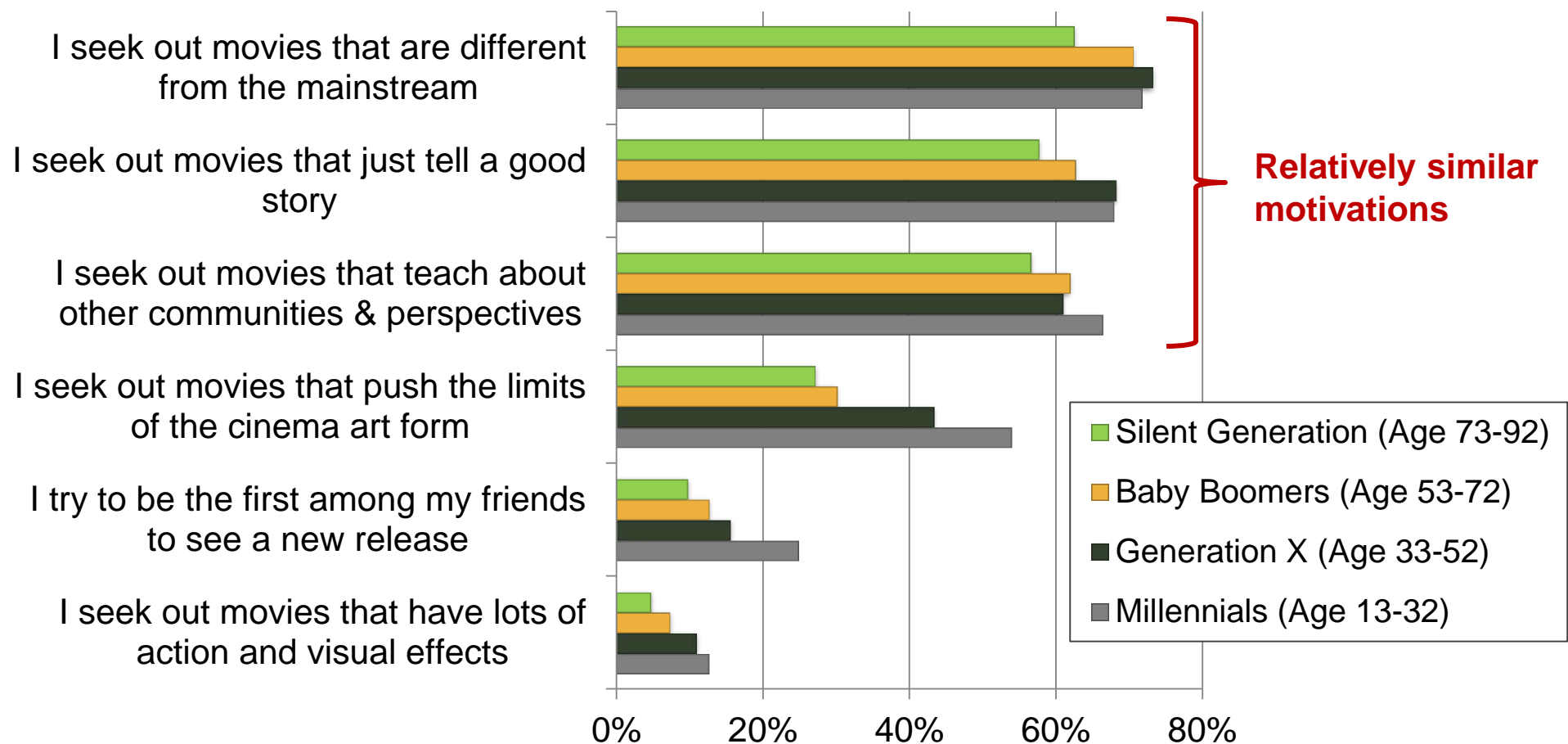
n=10,208

National Audience Survey

Art house moviegoers share most motivations, regardless of age.

- Patrons across the generations want good and enlightening stories that step out of the mainstream
- Younger audiences have more of an appetite for films that “push the limits)

Descriptions About You: Top 2 Box (Extremely Accurate or Very Accurate)



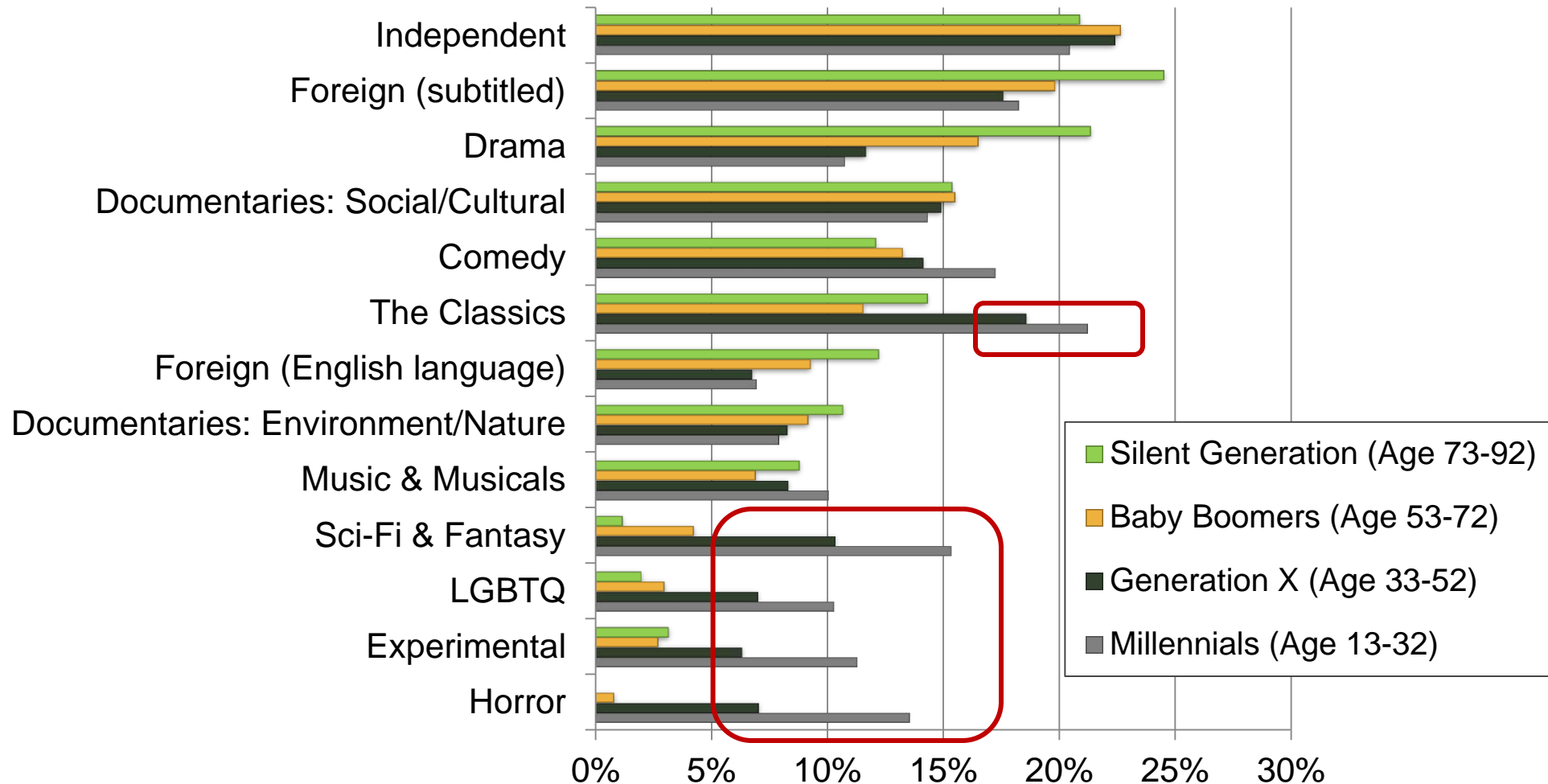
q3: To what extent do the following statements describe you?
n=13,723

National Audience Survey

Programming changes can win new audiences.

- Some enhanced programming appeals to all generational groups
- Classics Sci-Fi, Fantasy, LGBTQ, Experimental and Horror titles appeal to younger viewers

Genres Would Like to See “More Of” at Sponsoring Organization



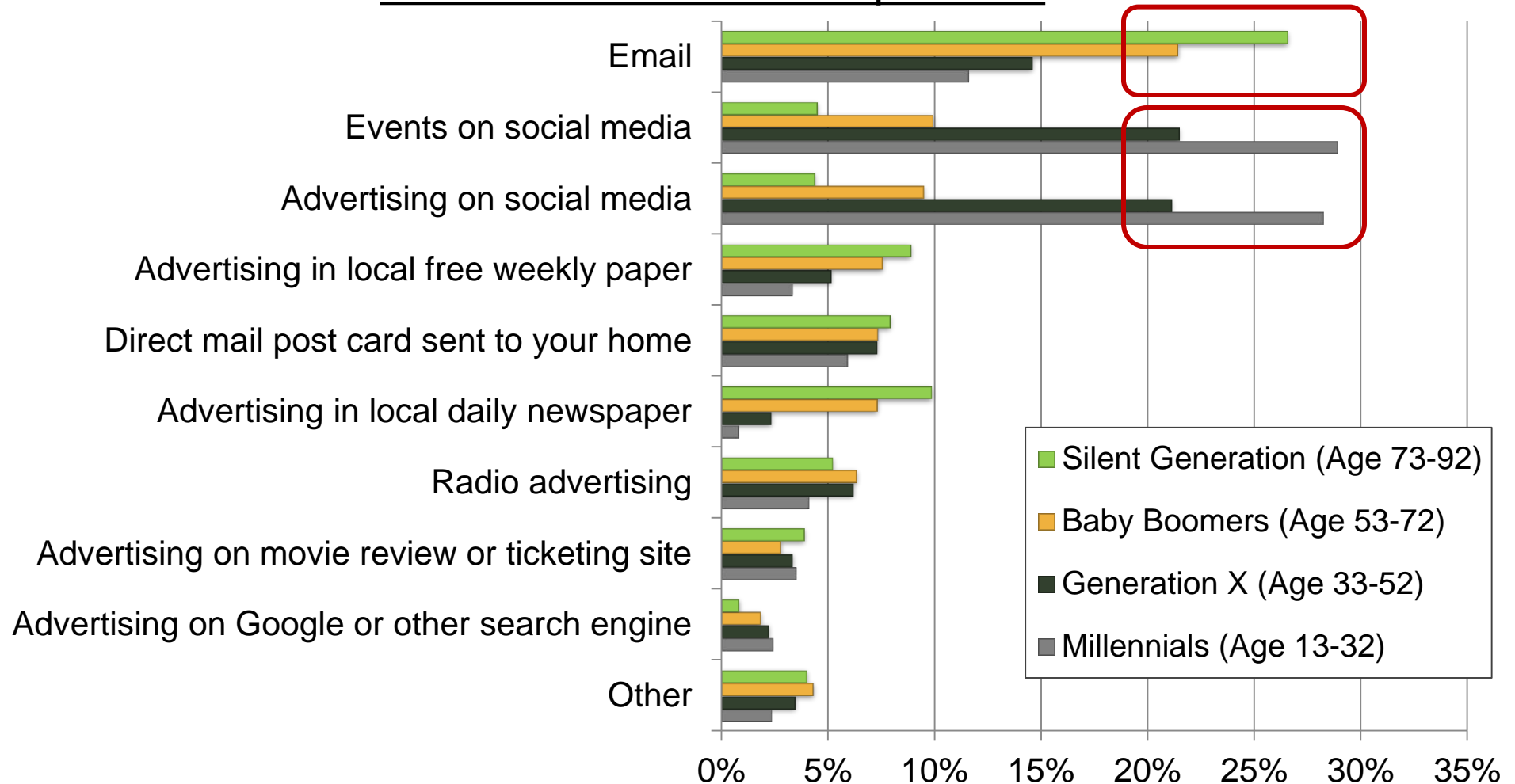
q12: Of these types or genres, which would you like to see more often at [SPONSORING ORGANIZATION]?
n=13,723

National Audience Survey

Reaching younger audiences depends on strength in social media.

- Older patrons indicate the best way to reach people like them is through email
- Gen-X and Millennial respondents believe social media event

Most Effective Means to Reach People Like You



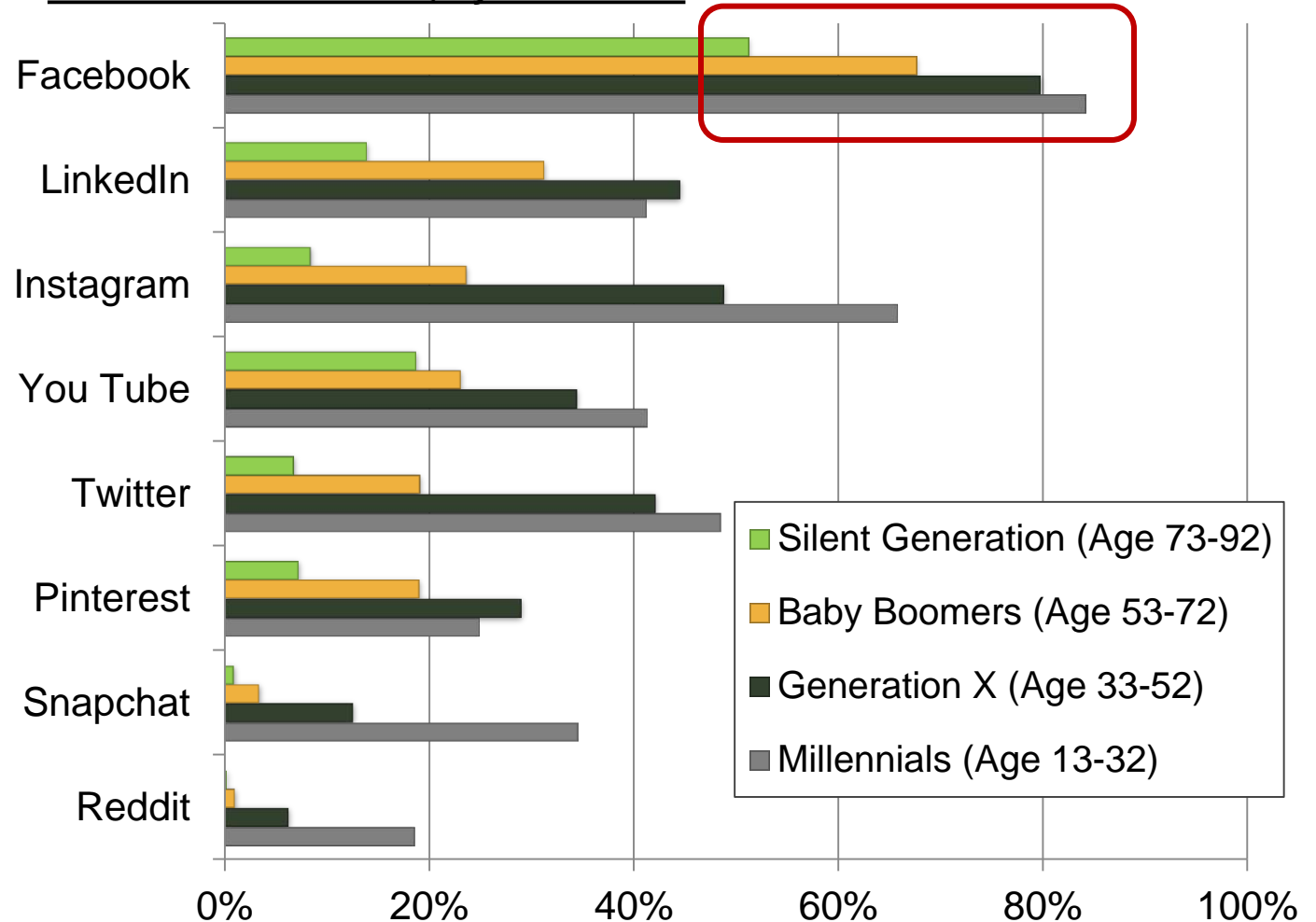
q32: Which of these might be most effective to reach new people who are somewhat like you? (select one only)
n=10,398

National Audience Survey

Social media penetration is higher with younger viewers.

- Facebook has reasonably high penetration among all generational groups
- Millennials and Gen X viewers favor many other social media as well

Social Media Platforms, By Generation



q22: To which, if any, social media sites have you subscribed? (select all that apply)
n=11,368

Theater Operations Survey

Many use “off-peak” times to build new audiences.

● Programming for youths and families

- *“For the past 8 years we have run SUMMER MORNING MATINEES; kids' movies of the past, Totoro, The Goonies, Dark Crystal. 3 showings a week all summer long. 11AM. Sponsored by local businesses. Admission \$2.” – Bijou Theater*
- *“Science on Screen” – many mentions, and obviously this appeals to many audiences*

● Programming for fans of more exotic genres

- *“David Lynch Series, Genre Offerings, New Wave Membership for audience under 35.” – Northwest Film Center*
- *“Wednesday Signature Series - rotating series of 7 programs on Wednesday nights. 4 are partnerships with foreign embassies in DC” – Avalon Theatre*
- *“Partnering with a cult film series looking for a screening venue” – The Cary Theater*
- *“REEL SCIENCE: A collaboration between the Digital Gym Cinema, Film Geeks SD, the San Diego Natural History Museum and scientists in the San Diego community for a month-long series that explores scientific themes in cult cinema and provides audiences with the science behind the fiction. – Media Arts Center San Diego*

● Other approaches to build younger audiences

- *“Dedicated and ongoing marketing in specific publication and through social media intended to reach diverse audiences on a constant basis, not just when we think we have a specific film that will be appealing to that specific audience.” – Belcourt Theatre*
- *Adventure film festivals (fly fishing, rock climbing, surfing, etc.) - Frontier*

Q13: Please share with us short descriptions of special events, film series or other programs that your organization held within the past year that you consider very successful. (reaching new audiences; generating revenue)

n= 79

What might you do with this information?

Conclusions & Implications

- While prioritizing current patrons, art houses can cultivate new and younger audiences
 - Older patrons make up the lion's share of current audiences, members & donors
 - Older Gen X “empty nesters” may be a very attractive audience to target
 - Younger audiences seek different genres and movies that “push the limits;” meeting their needs without undermining current audiences requires care
 - Reaching younger audiences will require diversified social media strength



Potential Action Items

1. Think about Gen X, not just Millennials, in targeting “younger audiences”
2. Identify separate screens, day parts, film series and events to target these audiences
3. Work to better understand the appetite for “the Classics” – poll patrons?
4. Seek community partners with good relationships with younger audiences

NEXT STEPS

- In August 2018, Art House Convergence and DataArts were awarded an NEA Artworks Research grant to better study Art House members.
- NEA Research grants are extremely competitive, with only 20-25% of proposals being accepted.
- Goals of the project include:
 - Collecting additional data from Art House members
 - Making research more accessible (e.g. through interactive web reporting)
 - Demonstrating economic and social impact on communities

You will hear more about this project during and after this conference, with data collection through mid-2018. We encourage you to contribute your data!