



National Theater Operations Survey 2012

Conducted and Presented by

BRYN MAWR **FILM INSTITUTE**

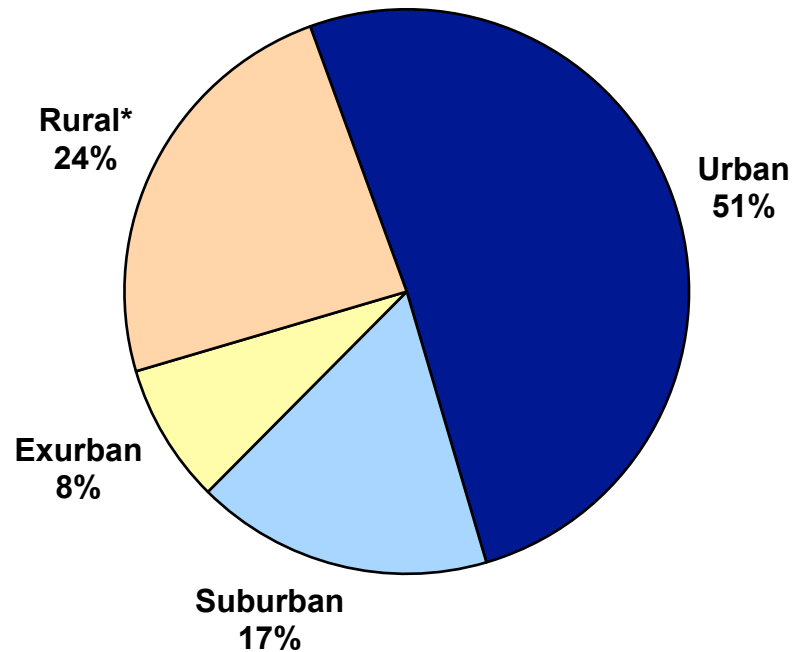
Introduction

- Online survey conducted November-December 2011
 - 126 respondents began the survey, and 63 completed it (50%)
 - Not all respondents answered all questions
 - 22 respondents (17%) also participated in last year's survey
 - Despite limited overlap between the two samples, results for most questions asked in both surveys are very consistent, with a few (key) exceptions noted in this presentation
- Respondents' theaters are in 29 different states, plus Canada

Who are we?

- 92% independent
 - 8% (10) in chain/group consisting of 6 theaters on average (range 2 to 18)
- 71% nonprofit (lower than last year's 86%)
- About half (48%) of respondents' organizations own their theater buildings
- Theaters are located mainly in metropolitan, relatively affluent areas with educated populations
- Audiences are primarily adults, including a sizable senior segment

Location of respondents' theaters



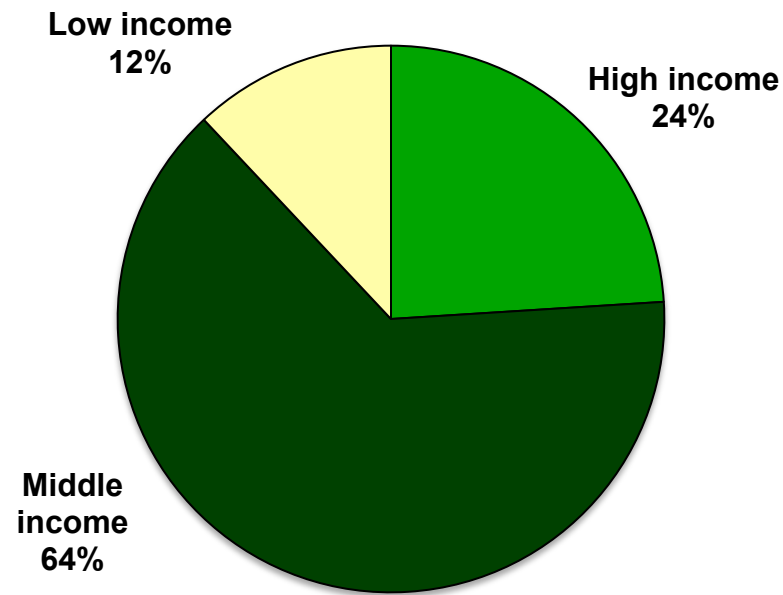
Percent of theaters

Q36: Which of the following BEST describes the area where your theater is located?

n=66

*Including small towns

Socioeconomic demographics of responding theaters' locations

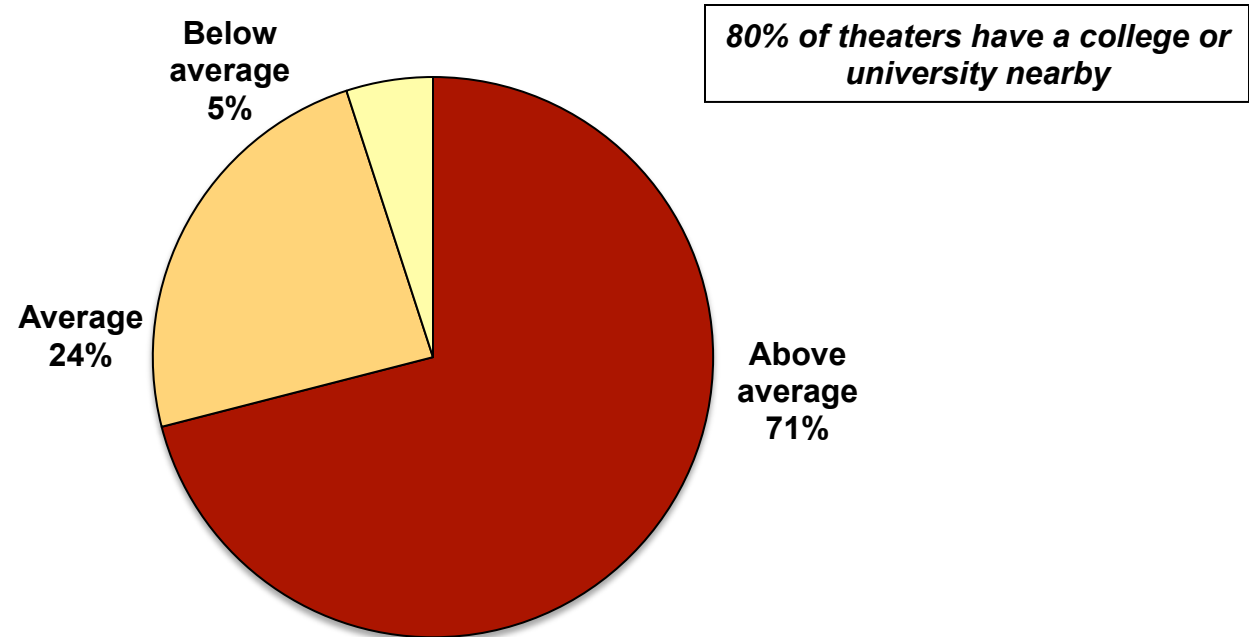


Percent of theaters

Q38: How would you describe the socioeconomic level of the area where your theater is located?

n=66

Educational demographics of responding theaters' locations

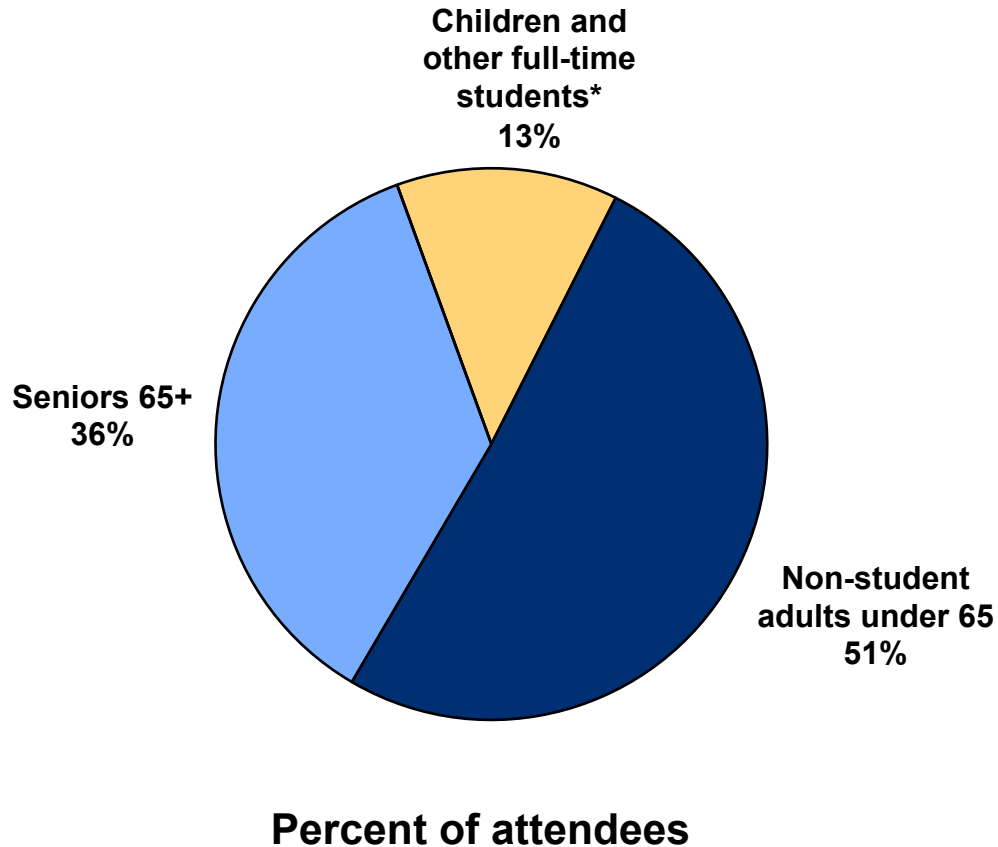


Percent of theaters

Q37/Q39: How would you describe the educational level of the area where your theater is located? Is there a college or university near your theater?

n=66

Age of theater attendees



Q40: Please estimate the percent of your attendees who fall into each category.

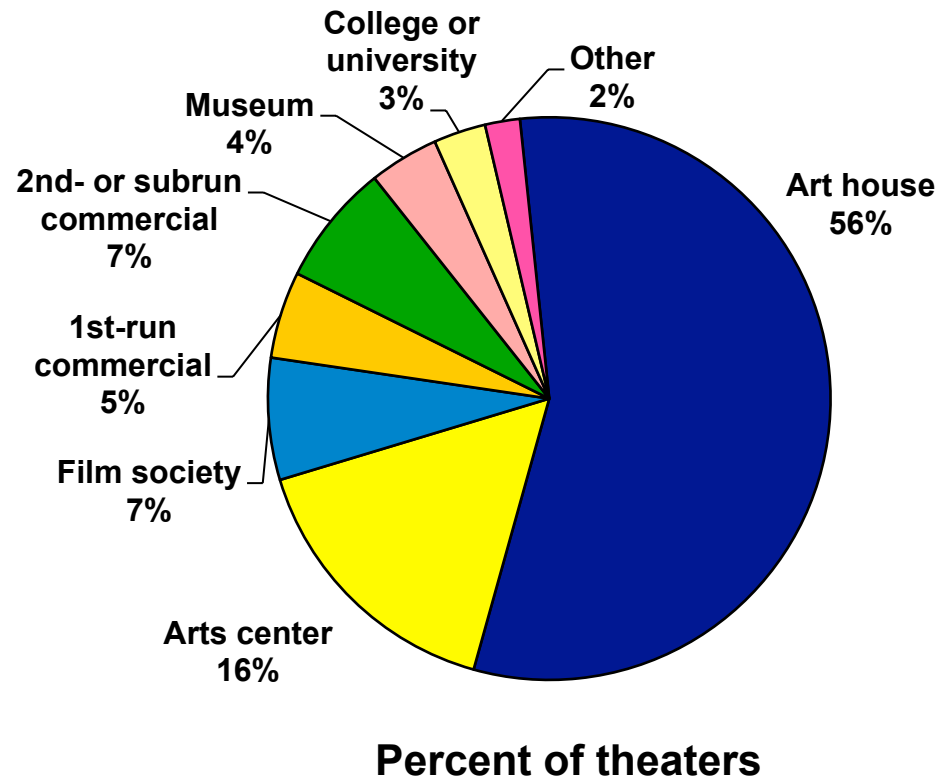
n=66

*High school or college

What do we show?

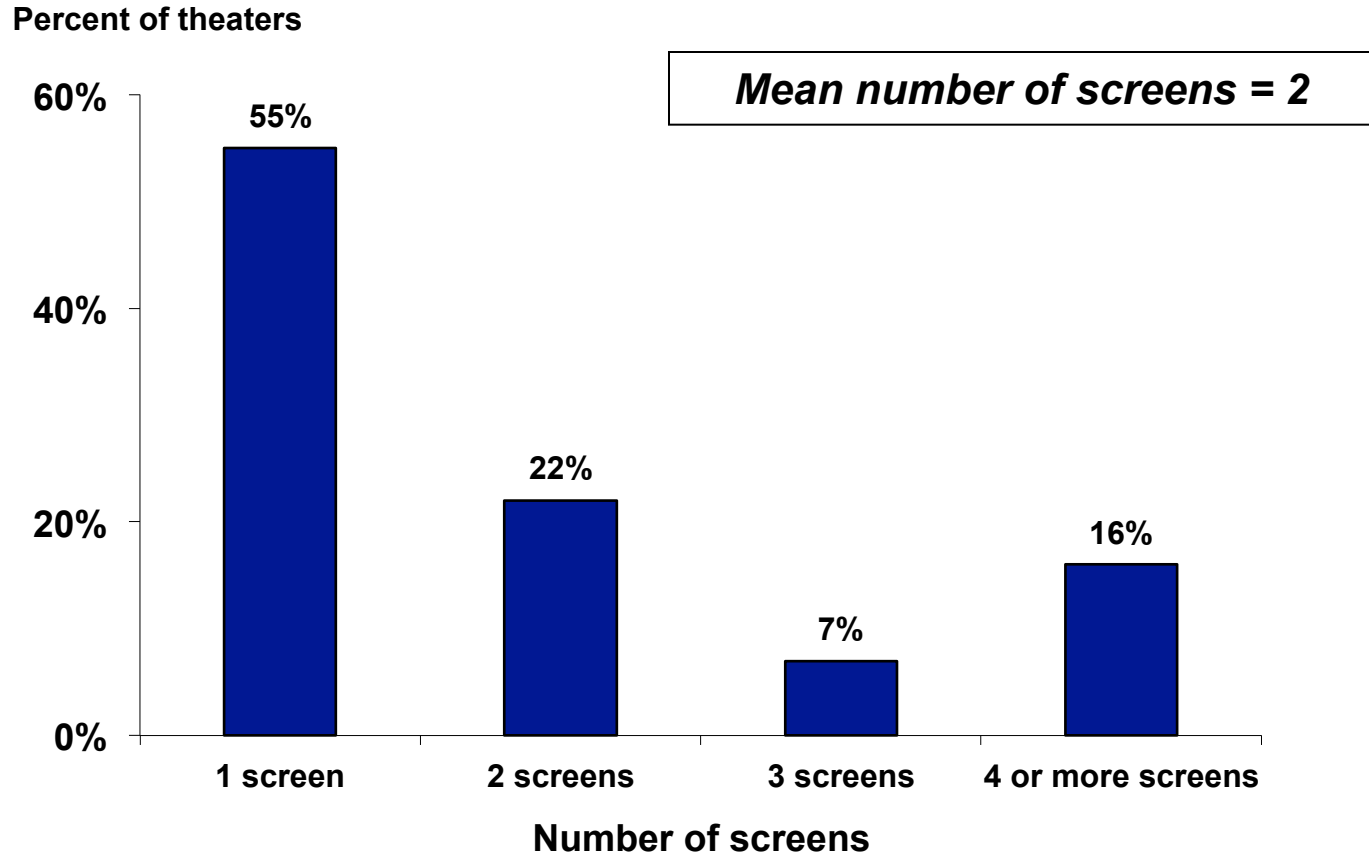
- Over half of respondents characterize their theaters as art-house cinemas
 - Arts centers and commercial cinemas constitute the next-largest segments
- 2 screens per theater with 557 total seats (on average) generated, in 2010:
 - About 52,000 in total attendance per theater, on average
 - Regular features account for nearly two-thirds of attendance, and a wide variety of special programming for over a third
 - Most theaters offer programs with an “educational” component, ranging from Q & As to formal classes

Type of theater



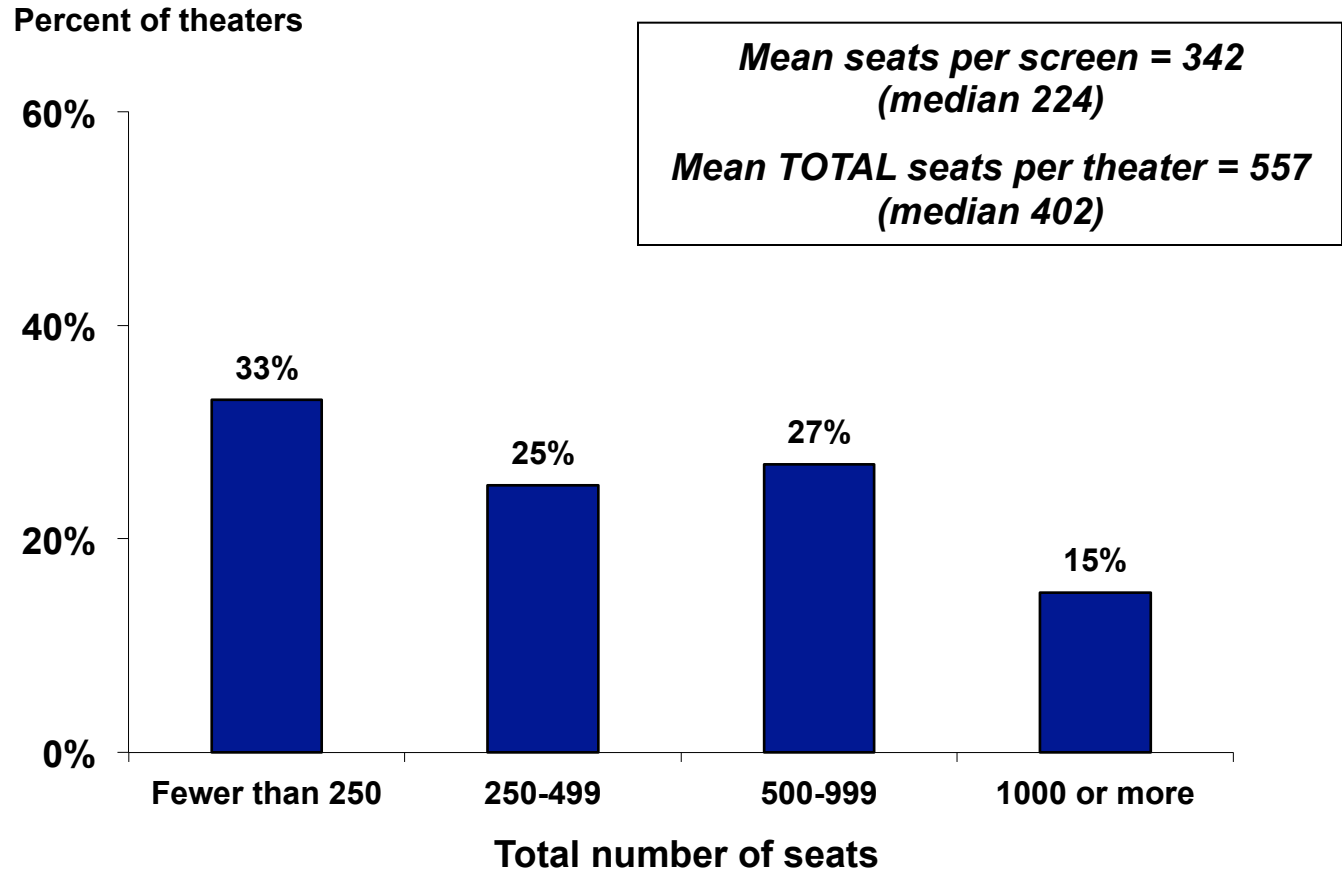
Q3: Which of the following BEST describes your theater?.
n=122

Number of screens



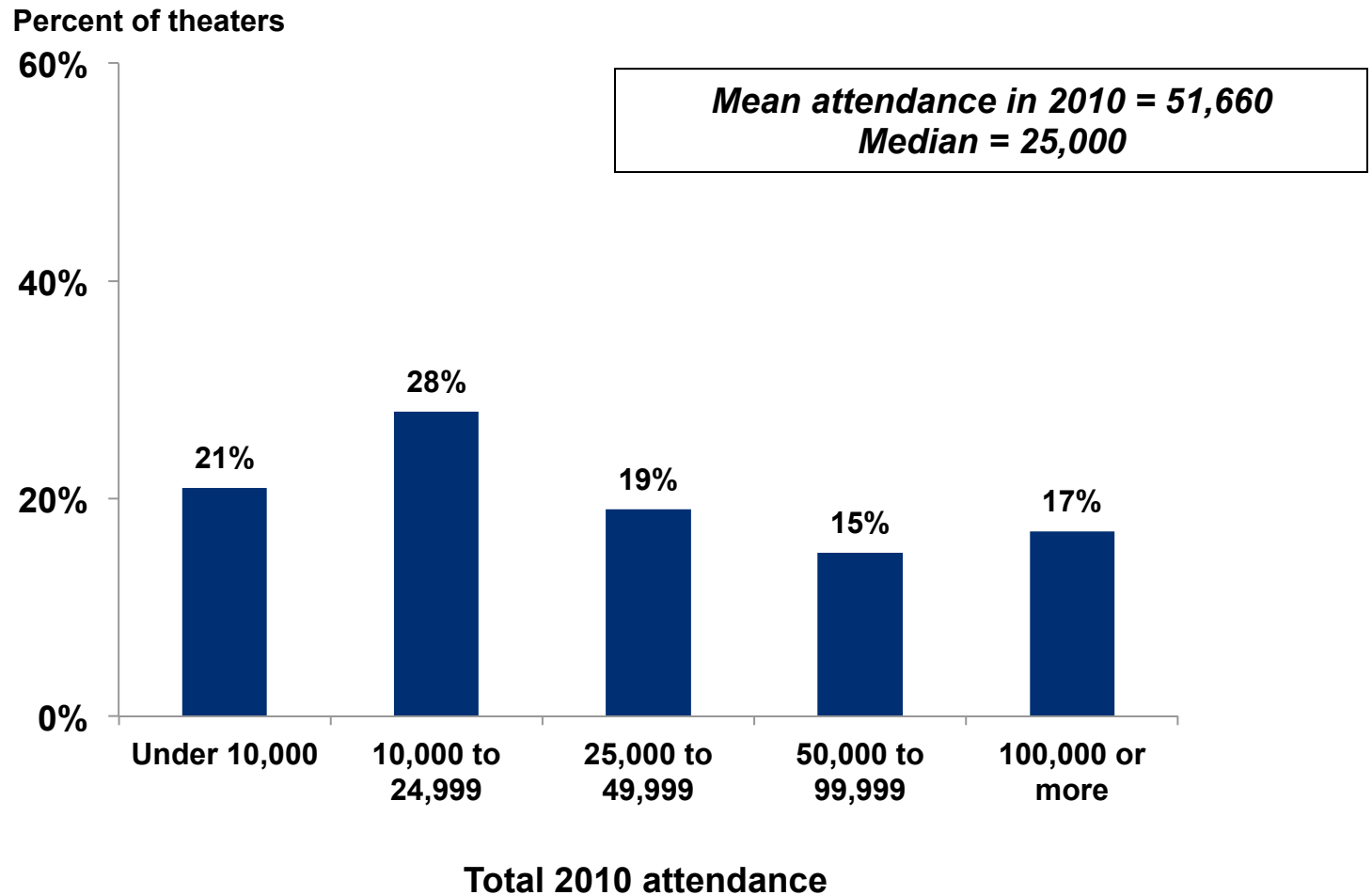
Q4: How many screens does your theater have?
n=119; 4 respondents represent organizations that have no screens.

Total number of seats (across all screens)

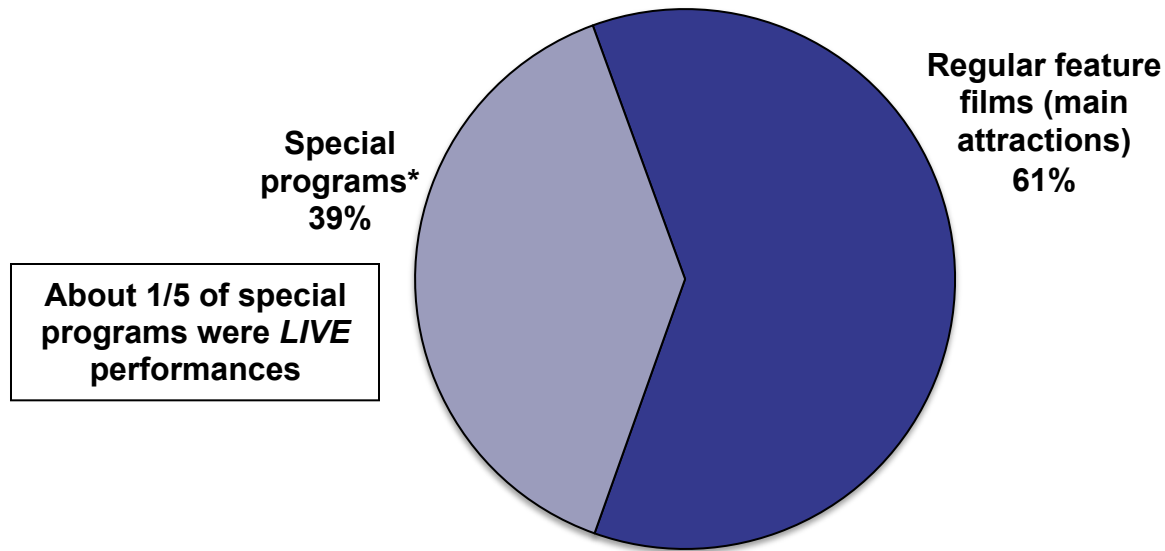


Q5: How many seats for each screen?
n=115

Total attendance in 2010 for all screenings and other programs



Types of programming offered in 2010



Percent of total 2010 attendance

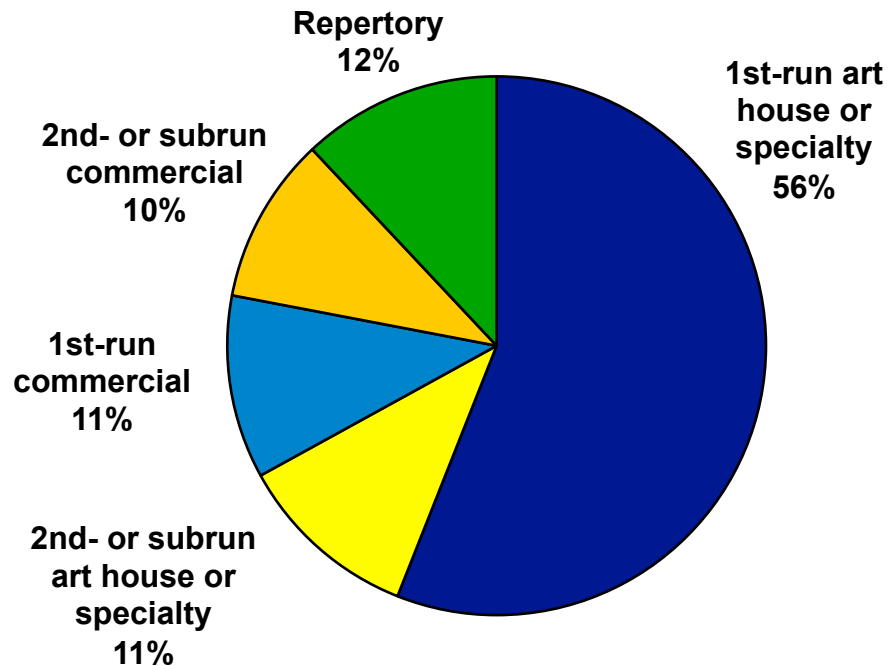
Q7/Q9: Of your total 2010 attendance, estimate the percent that was in

each category. Of all special programs in 2010, what percent were live performances?

n=83

*E.g., short runs, "one-night stands," live performances, etc.

Types of regular feature films (main attractions) shown in 2010



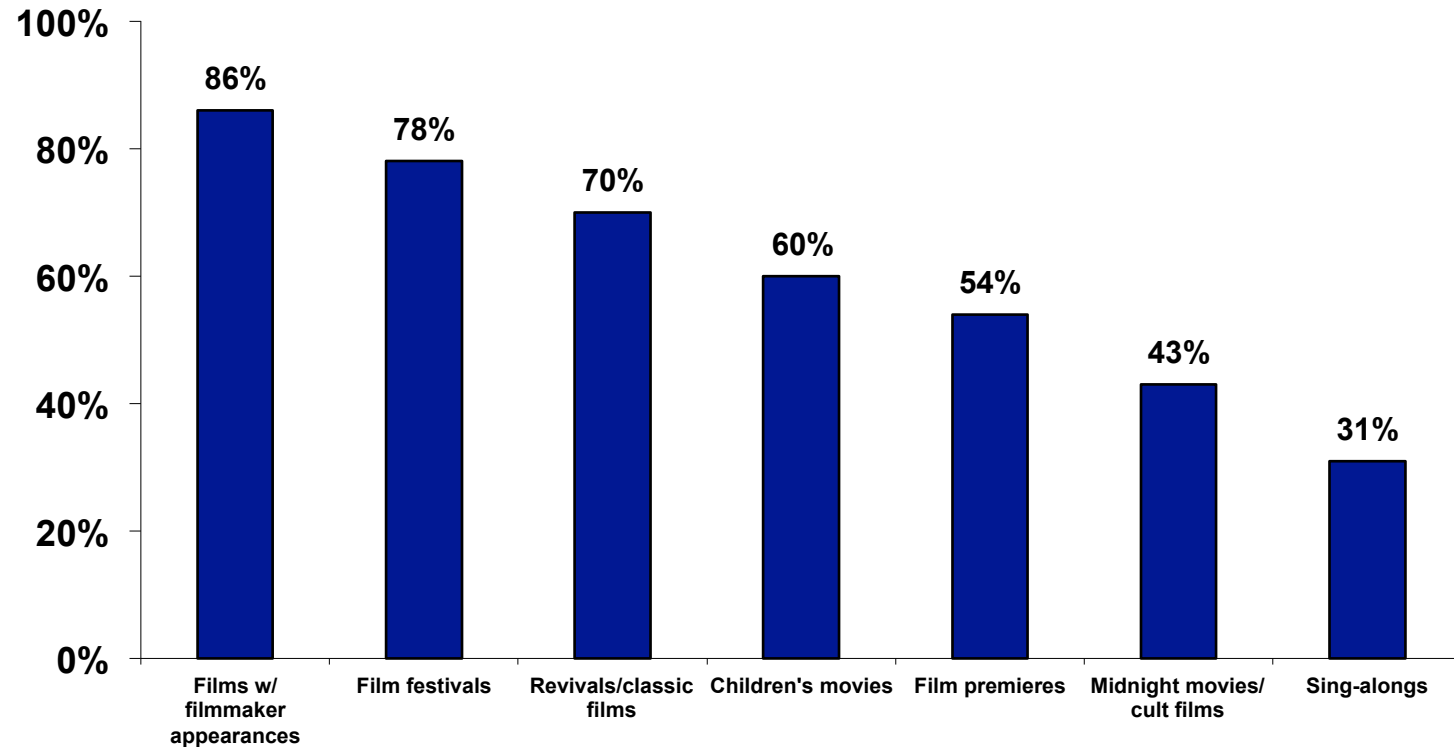
Percent of regular feature films
(main attractions)

Q8: Of all your regular feature films in 2010, what percent were in each category?

n=68

Types of *SCREENED* special programs offered

Percent of theaters

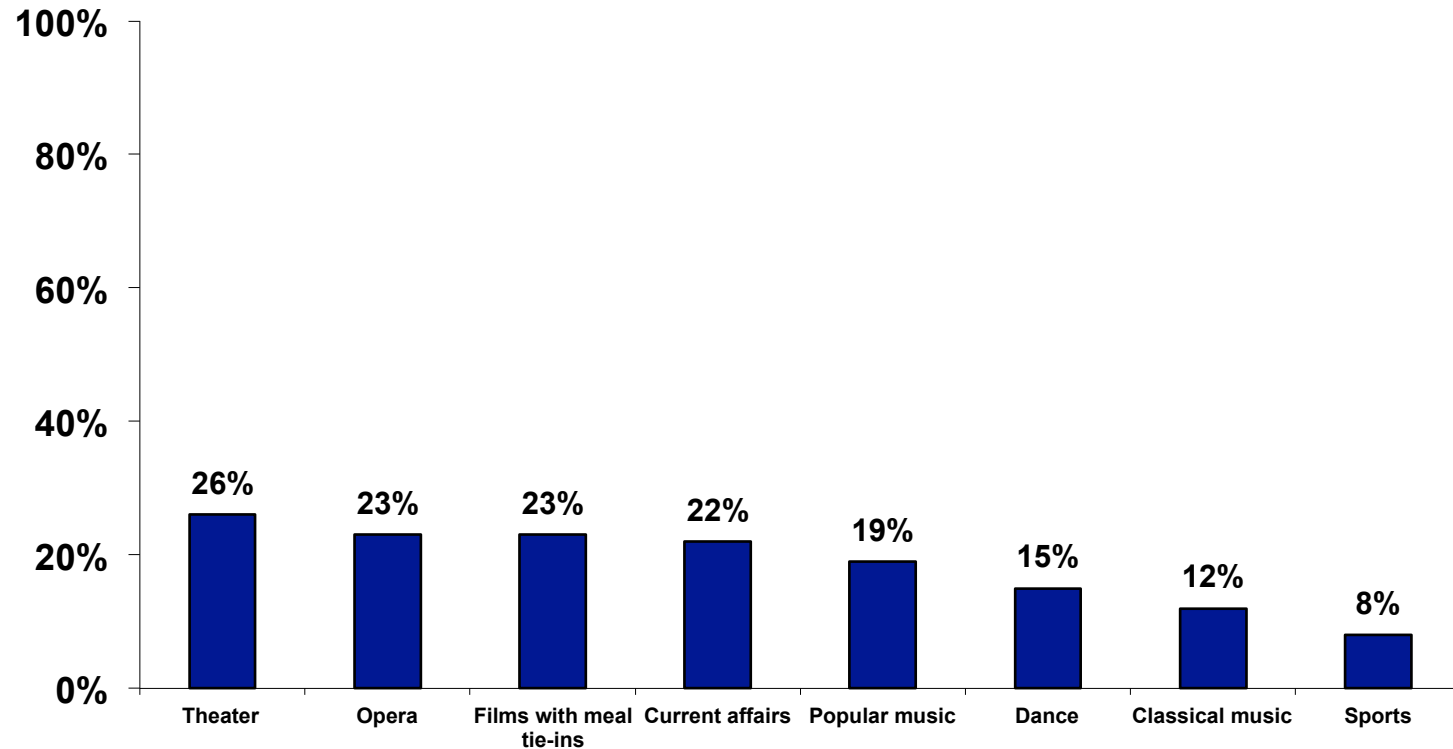


Q10: Which of the following kinds of *SCREENED* special programs does your theater offer?

n=74

Types of **SCREENED** special programs offered (cont'd.)

Percent of theaters



Q10: Which of the following kinds of SCREENED special programs does your theater offer?

n=74

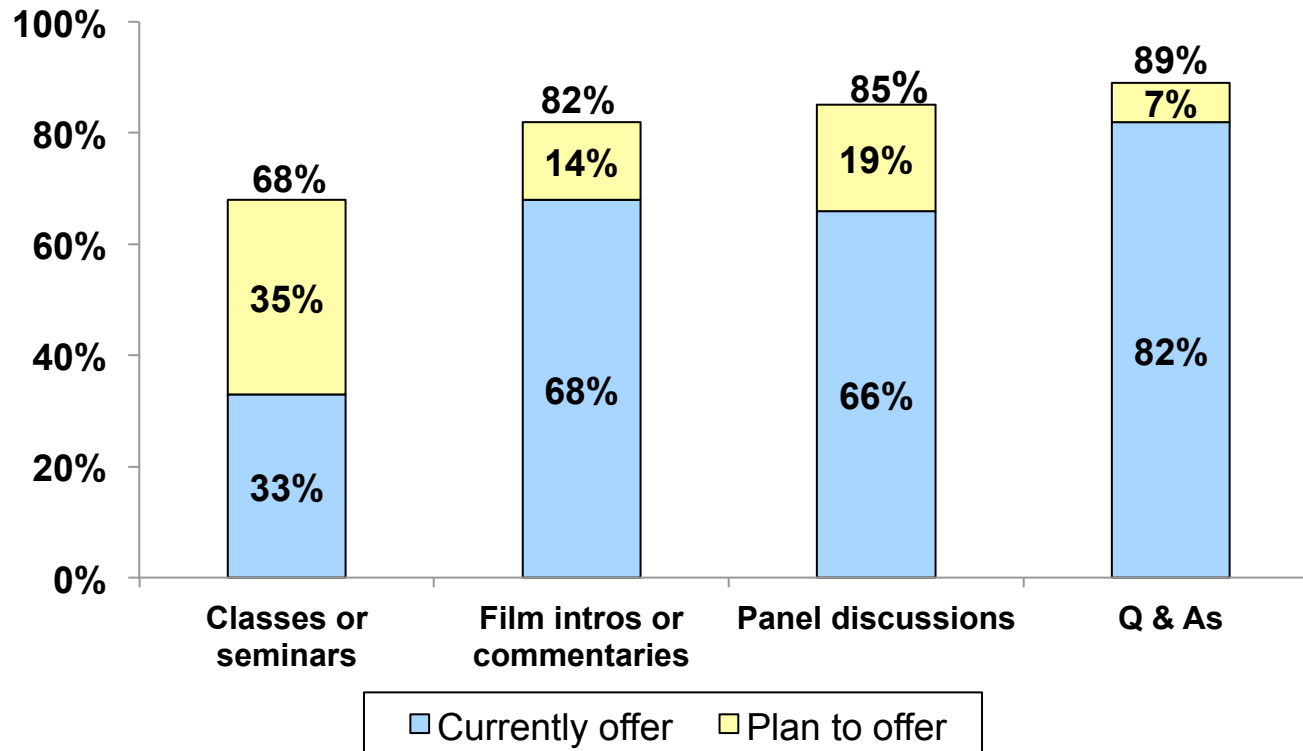
Other types of SCREENED special programs*

- Locally produced films
- Films (including classic silents) with live musical accompaniment
- Sneak previews
- Short films

*Open-ended

“Educational” programs offered

Percent of theaters



Other types of educational programs*

- Film classes for elementary, middle-school or high-school students
 - Film literacy
 - Classic films
- Film-making workshops
- Programs include:
 - School year or summer
 - One-day workshops or longer classes

*Open-ended

How much do we make?

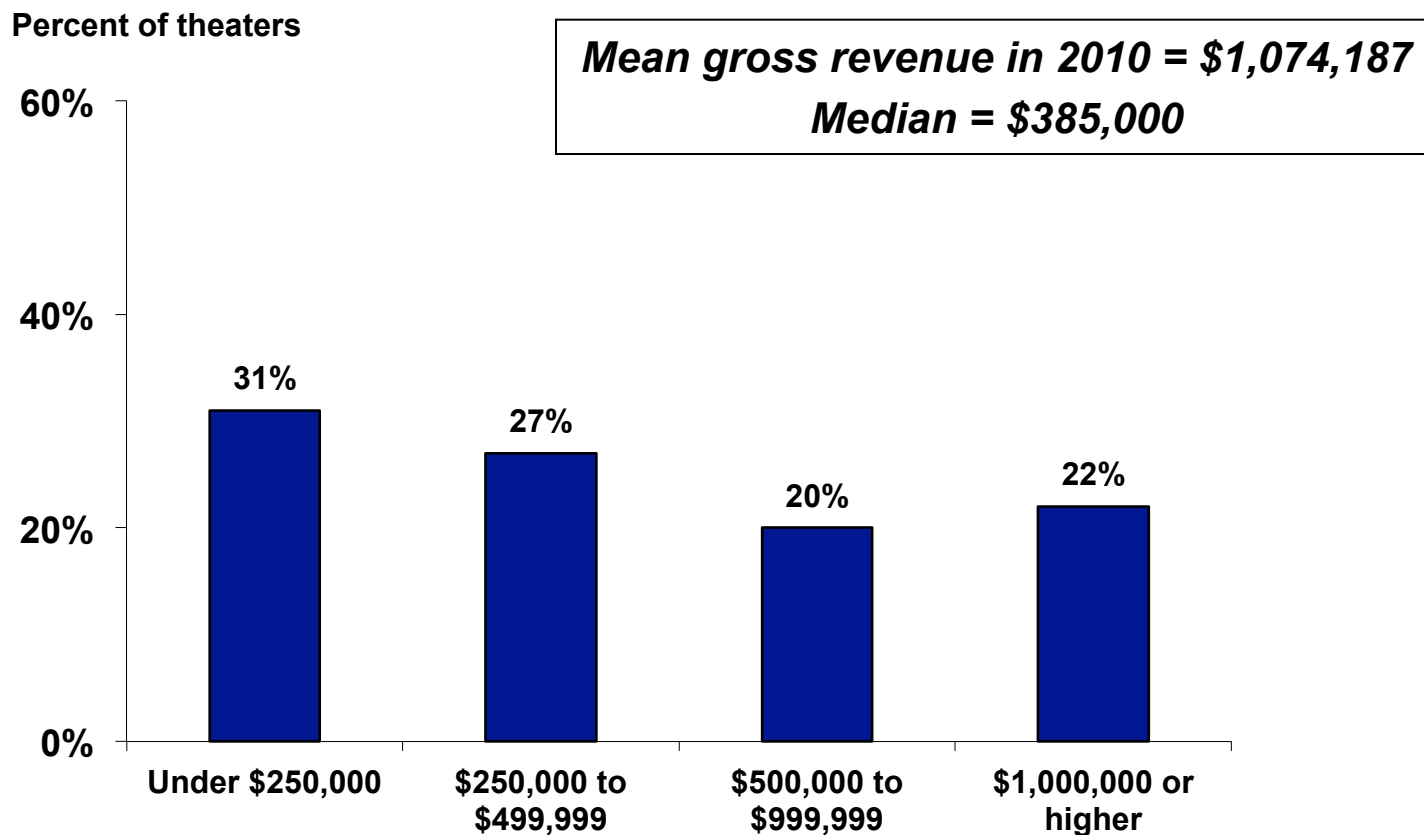
- \$1,074,187 mean total revenue per theater
 - 49% = box office (\$526K/theater or \$263K/screen)
 - Over \$69,000,000 grand **total** revenue for 64 responding theaters
- After a reported decline in 2009, revenue has rebounded nearly to 2008 levels, despite a drop in total attendance
 - Average number of screens and average theater capacity are essentially the same as last year – certainly not different enough to account for these changes
 - Thus, the increases in revenue may reflect higher ticket/concessions prices as well as additional revenue from non-box office sources
- Revenue for US/Canada industry as a whole was flat in 2010 vs. 2009

Screens, capacity, attendance, revenue

- 2010 vs. 2008/2009 -

	Average per theater			
	2010	2009	<i>Change from 2009</i>	2008
Mean # of screens	2	2	-	2
Mean total seats	557	503	+11%	512
Total attendance	51,660	56,416	-8%	72,281
Total gross revenue	\$1,074,187	\$857,112	+25%	\$1,174,633
Box office only	\$526,352	\$442,270	+19%	\$657,794

Total gross revenue in 2010

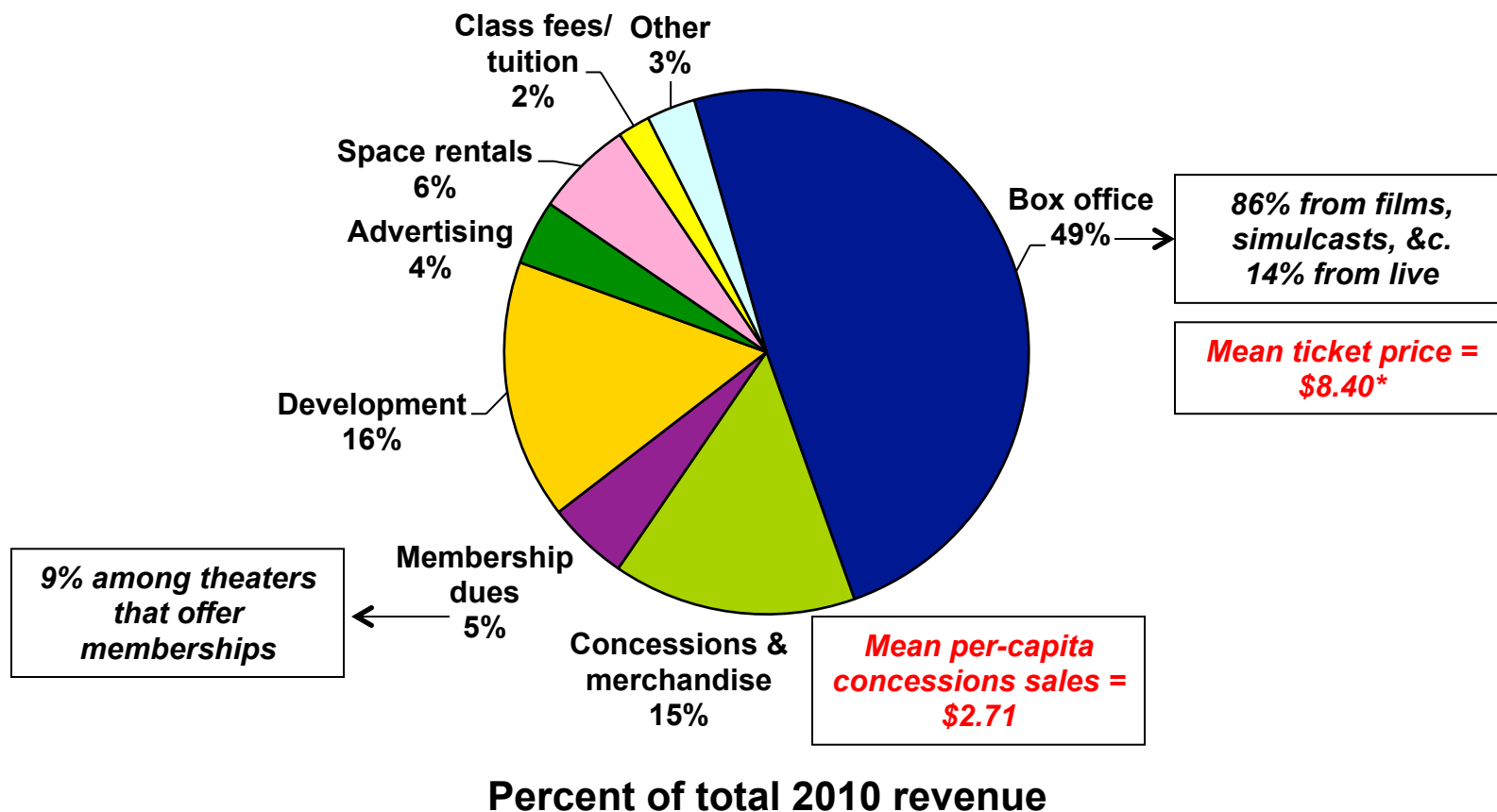


Q13: Please estimate your total gross revenue in 2010.
n=64

Where do we make money?

- Box office (49%) and concessions/merchandise (15%) account for nearly two-thirds of revenue
 - Mean adult (non-senior) evening general admission is \$8.40 (range \$3 to \$11; does not include special programs)
 - Mean per-capita concessions sales = \$2.71 (range \$1 to \$16)
- Development/fundraising is also an important revenue source (16%), with most donations coming from individuals
 - Government funding represents only 3% of all revenue, and comes (when it does) mainly from state and local agencies

Sources of revenue in 2010



Q14/Q15: What percent of all 2010 revenue came from each source?

What percent of 2010 BOX OFFICE revenue came from each source?

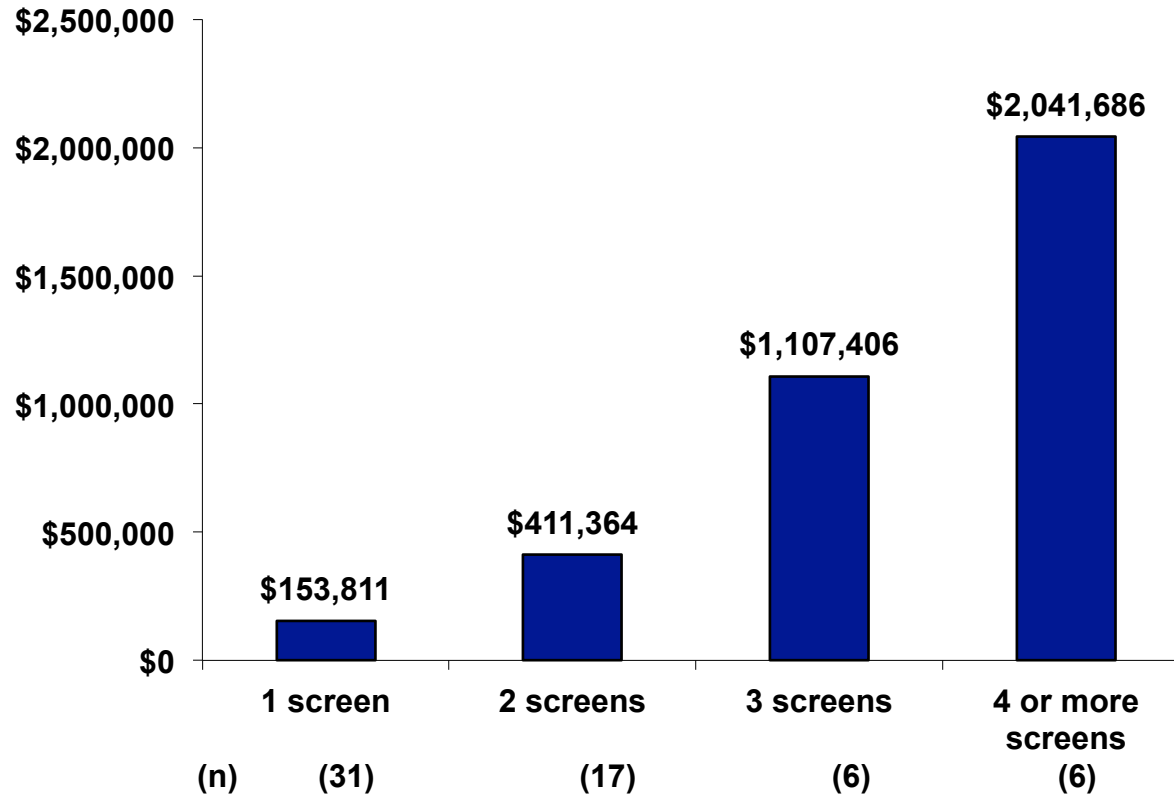
n=69

*Adult (non-senior) evening general admission

Gross revenue in 2010: Box office ONLY

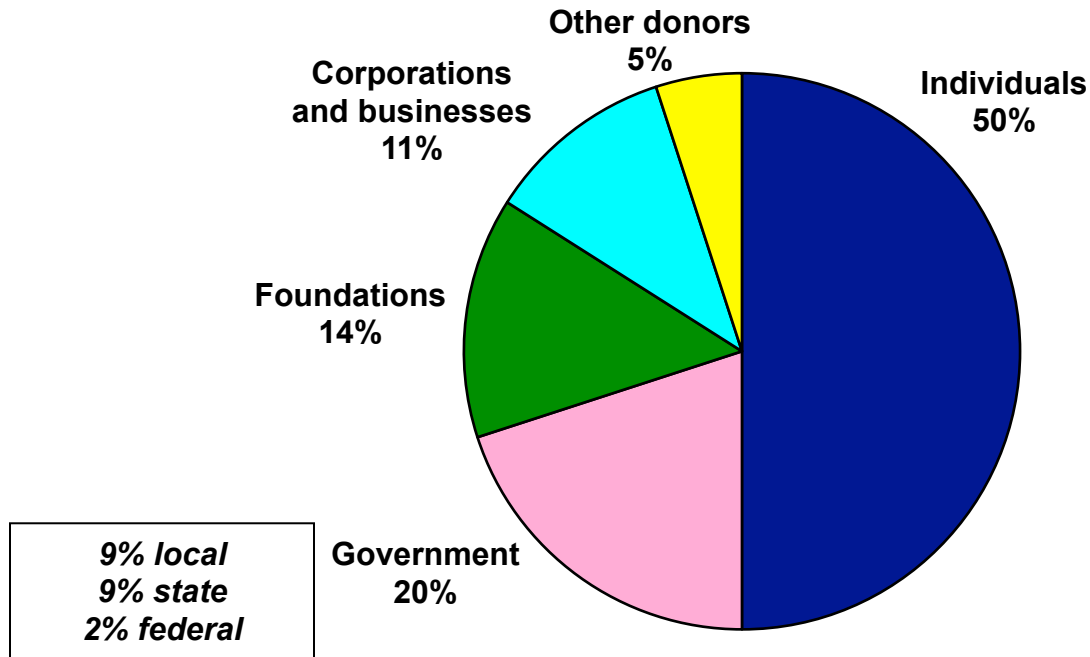
- By Number of Screens -

Mean box office revenue



Q13: Please estimate your total gross revenue in 2010.
Q14: What percent of all 2010 revenue came from each source?

Sources of development and fundraising revenue in 2010

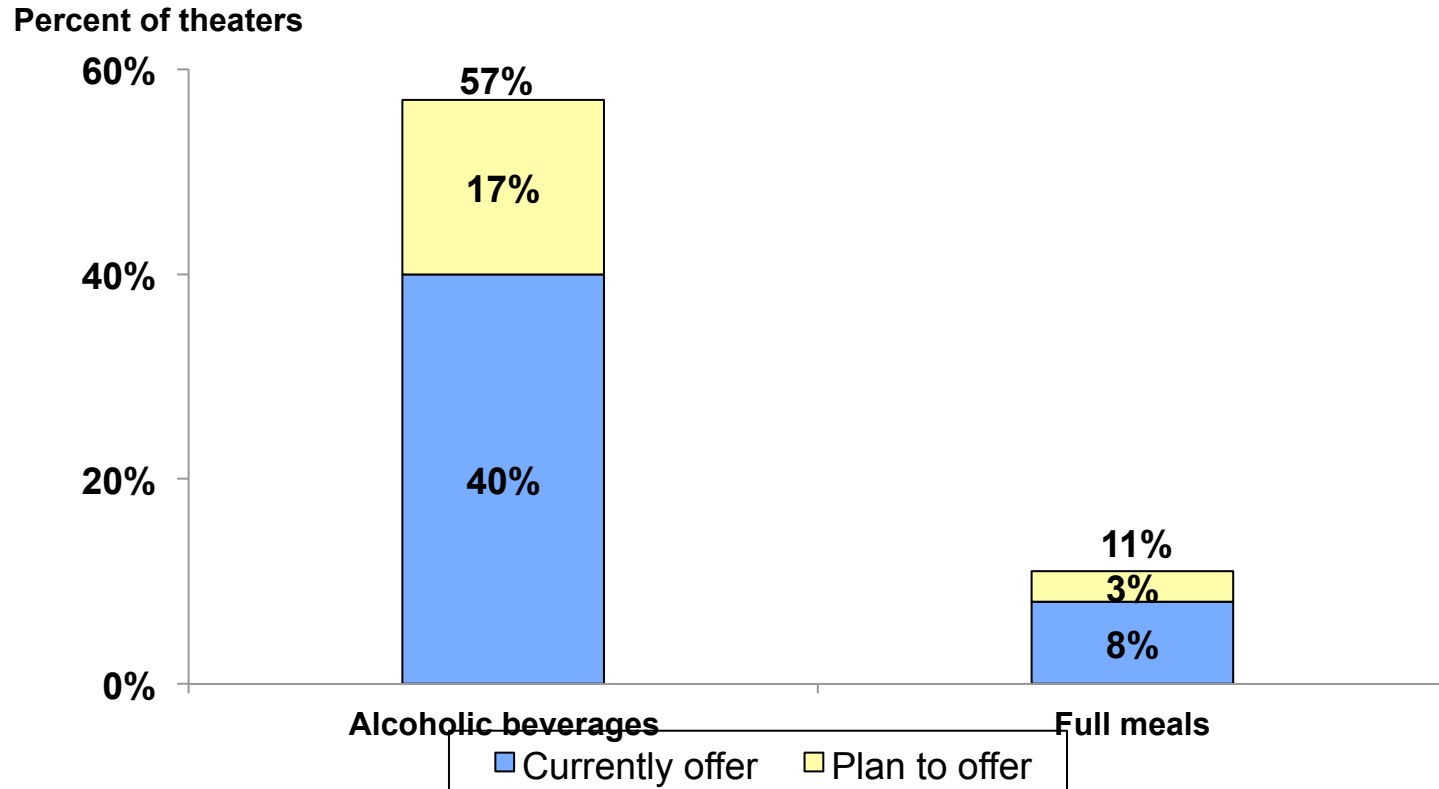


Percent of total 2010 development revenue

Q16/17: What percent of all 2010 development and fundraising revenue came from each source? What percent of government revenue came from each source?

n=40

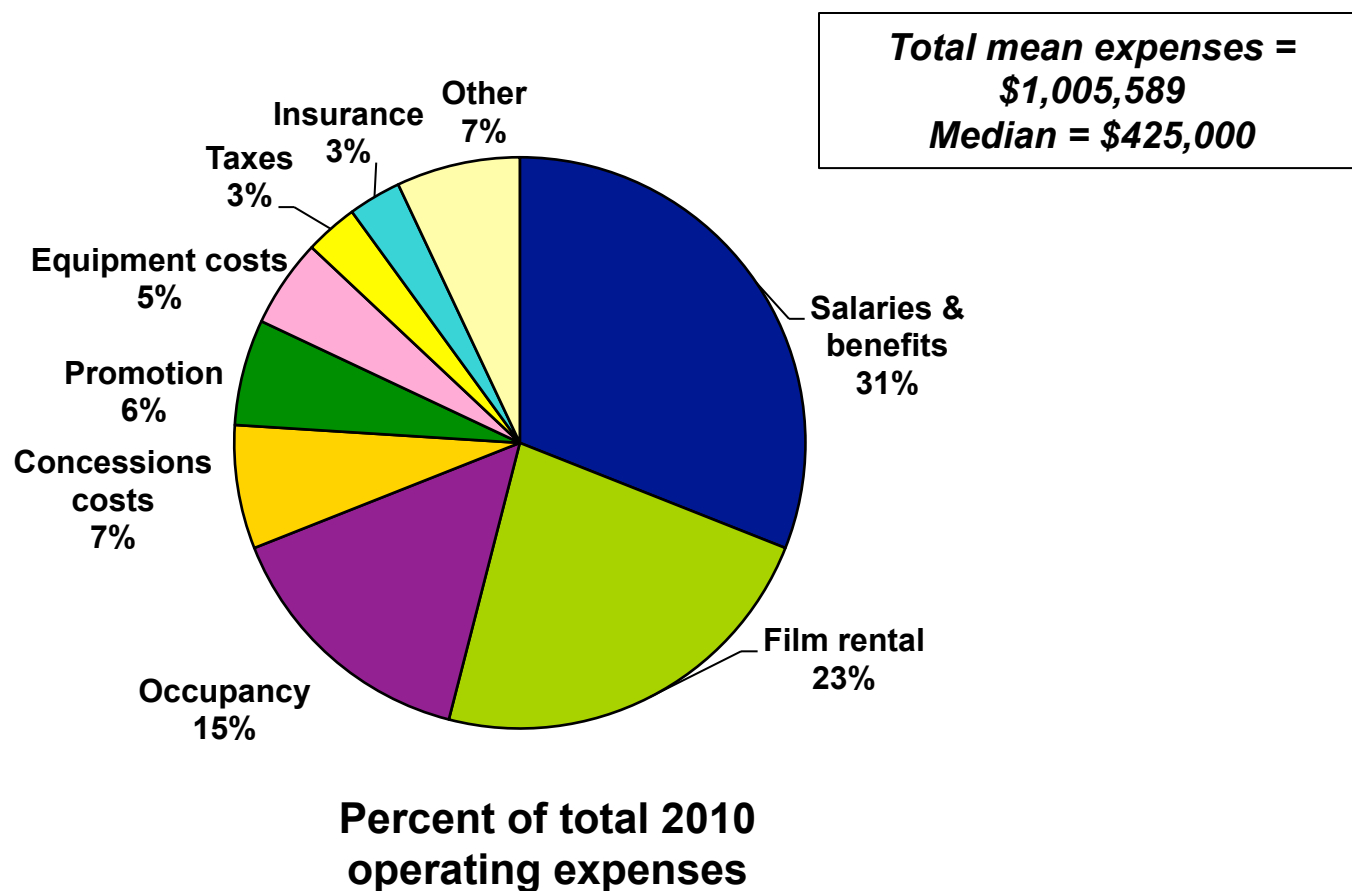
Current availability of full meals and alcoholic beverages



How do we spend money?

- Mean total operating expenses in 2010 = \$1,005,589
 - Salaries/benefits and film rentals account for just over half
 - Another 15% goes to occupancy costs (rent or mortgage, utilities, maintenance, etc.)
- When we compare revenue with expenses, we find that the average net profit in 2010 was 7%
 - Over half of responding theaters showed a profit in 2010, while about one-fifth ran a deficit

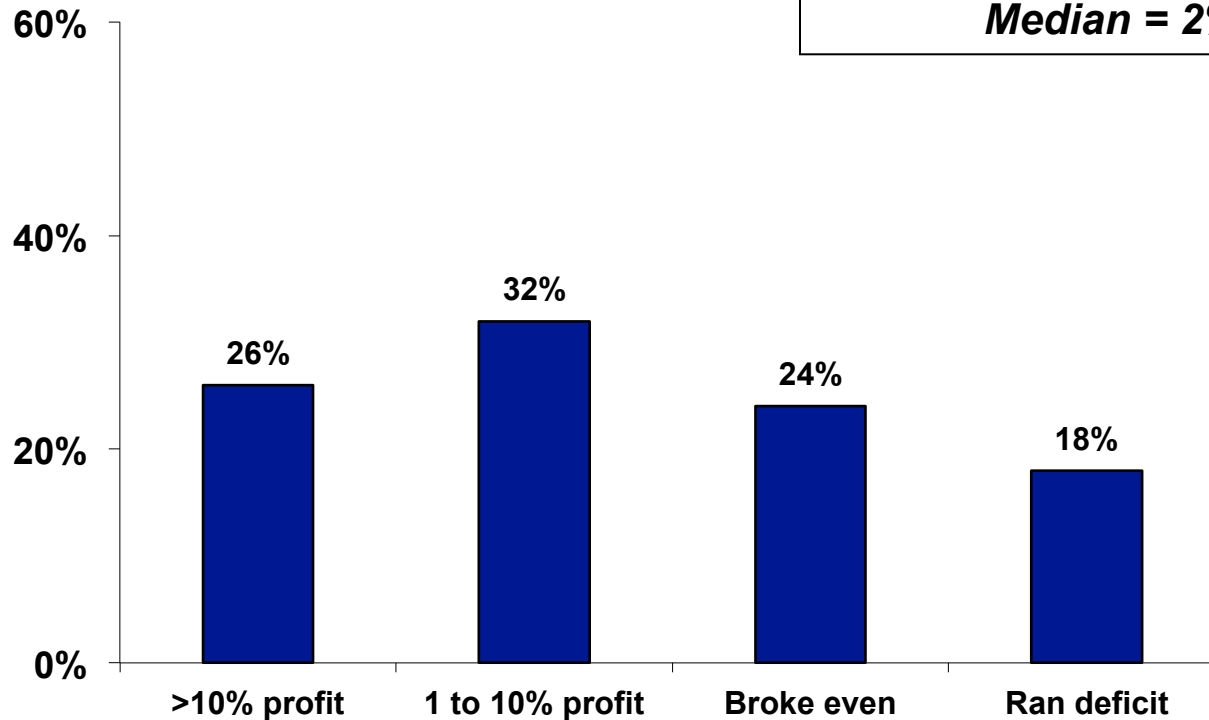
Operating expenses in 2010



Q22: What percent of all 2010 operating expenses went toward each?
n=56

Net profit or deficit in 2010

Percent of theaters



Mean profit = 6%
Median = 2%

Q13/Q21: Please estimate your total gross revenue in 2010.
Please estimate your total operating expenses in 2010.

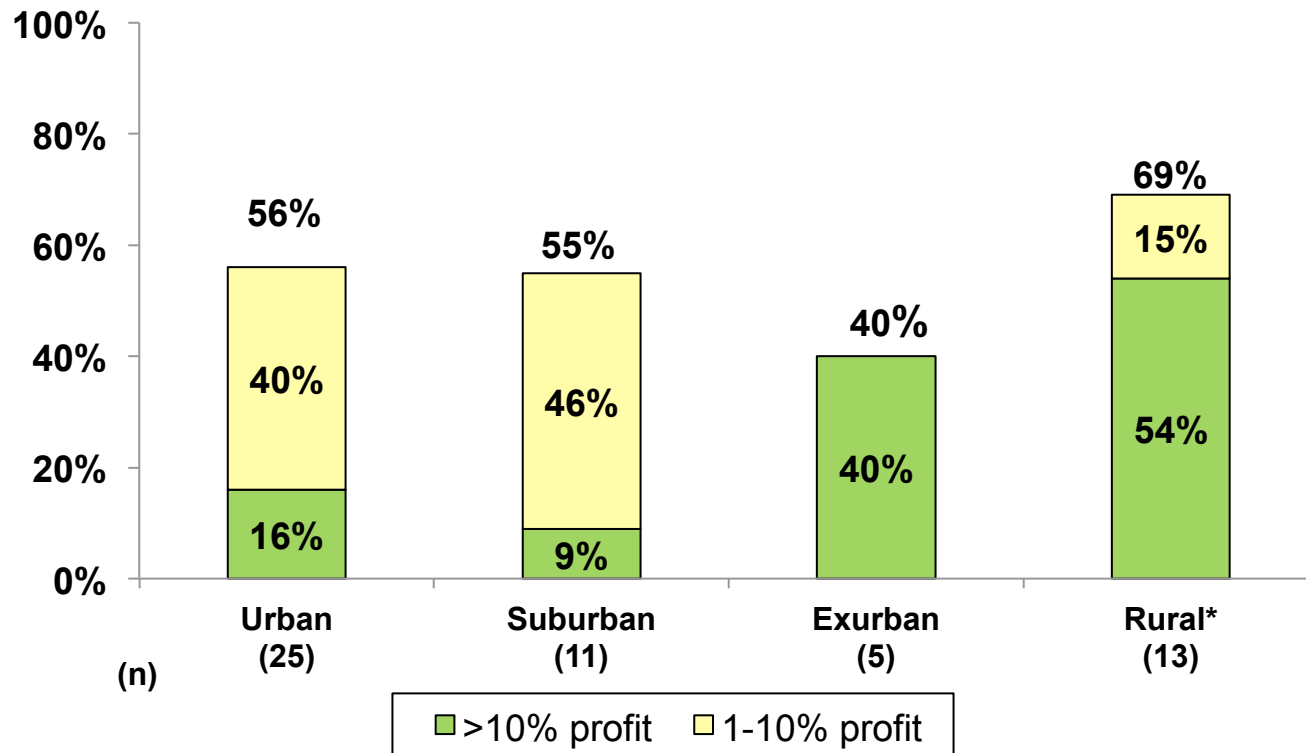
N=54

Profitability seems to be correlated with location, to some extent

- Of theaters that showed a profit of more than 10% in 2010, half are in “rural” areas (i.e., mainly small towns)
 - And fewer have nearby colleges or universities by comparison with less profitable organizations
 - Thus, less competition for art-house audiences than theaters in urban/suburban settings
- Indeed, “rural” cinemas in general, in this survey, are more profitable than their metropolitan counterparts, despite generally being smaller and having lower attendance

Profitability by theater location

Percent of theaters



Q13/Q21: Please estimate your total gross income in 2010.

Please estimate your total operating expenses in 2010

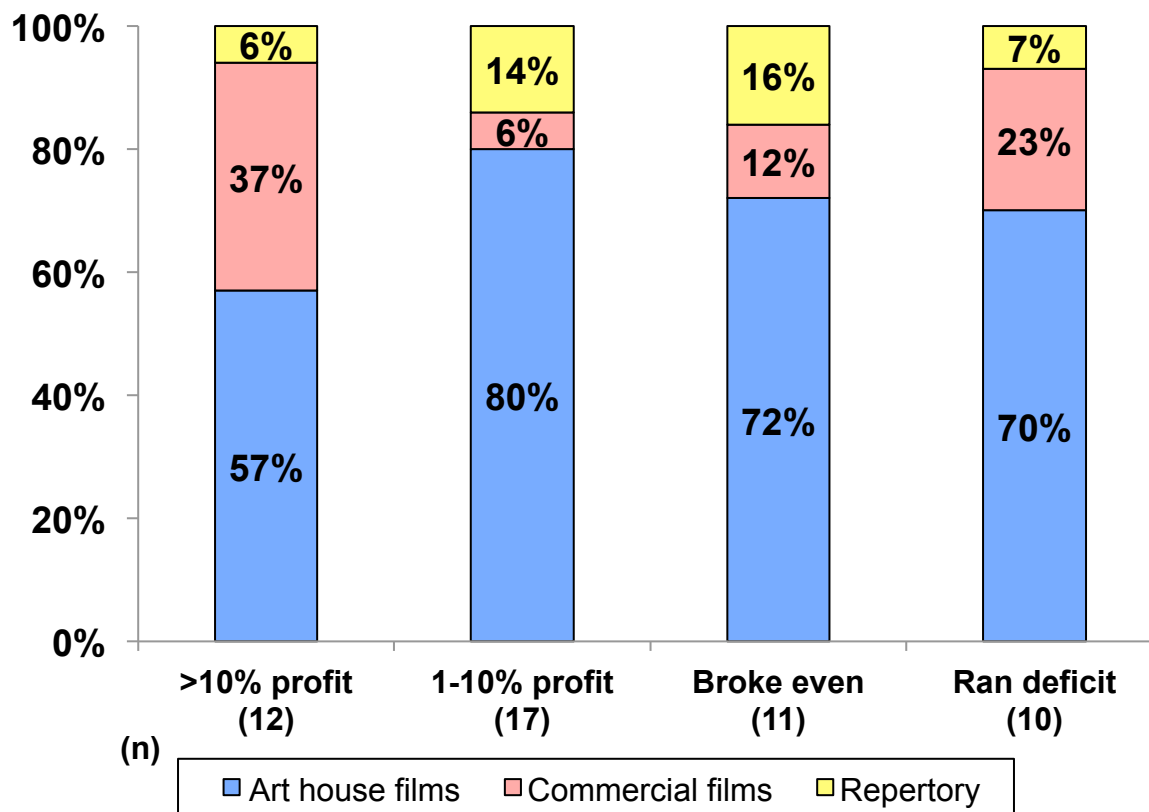
*Including small towns.

Other characteristics of most profitable theaters (>10% profit in 2010)

- Although 3/4 consider themselves primarily art-house cinemas, they nonetheless show more commercial films than other theaters in the survey do
- They also offer fewer “educational” activities

Types of main attractions shown, by profitability of theater

Percent of 2010 main attractions



Q8: Of all your regular feature films (main attractions) in 2010, what percent were in each category?

Other characteristics of most profitable theaters (>10% profit in 2010)

- Half are for-profit organizations
- Tend to be smaller (374 total seats on average), with correspondingly lower attendance and revenue
- But also report lower total operating costs, with a smaller proportion of expenses going to salaries and benefits (the greatest cost to most theaters)
 - This may in part reflect lower prices in general outside metro areas, as well as smaller theater size

- Somewhat lower ticket prices, but also far fewer discounts on admission
- Per-capita concessions sales about twice as high as at less profitable theaters
- Fewer have DCI-compliant video projectors, and more rely on professional-quality non-DCI, by comparison with less profitable venues
- Only about one-third have online ticketing, vs. over half of other organizations

Organizations operating at a deficit

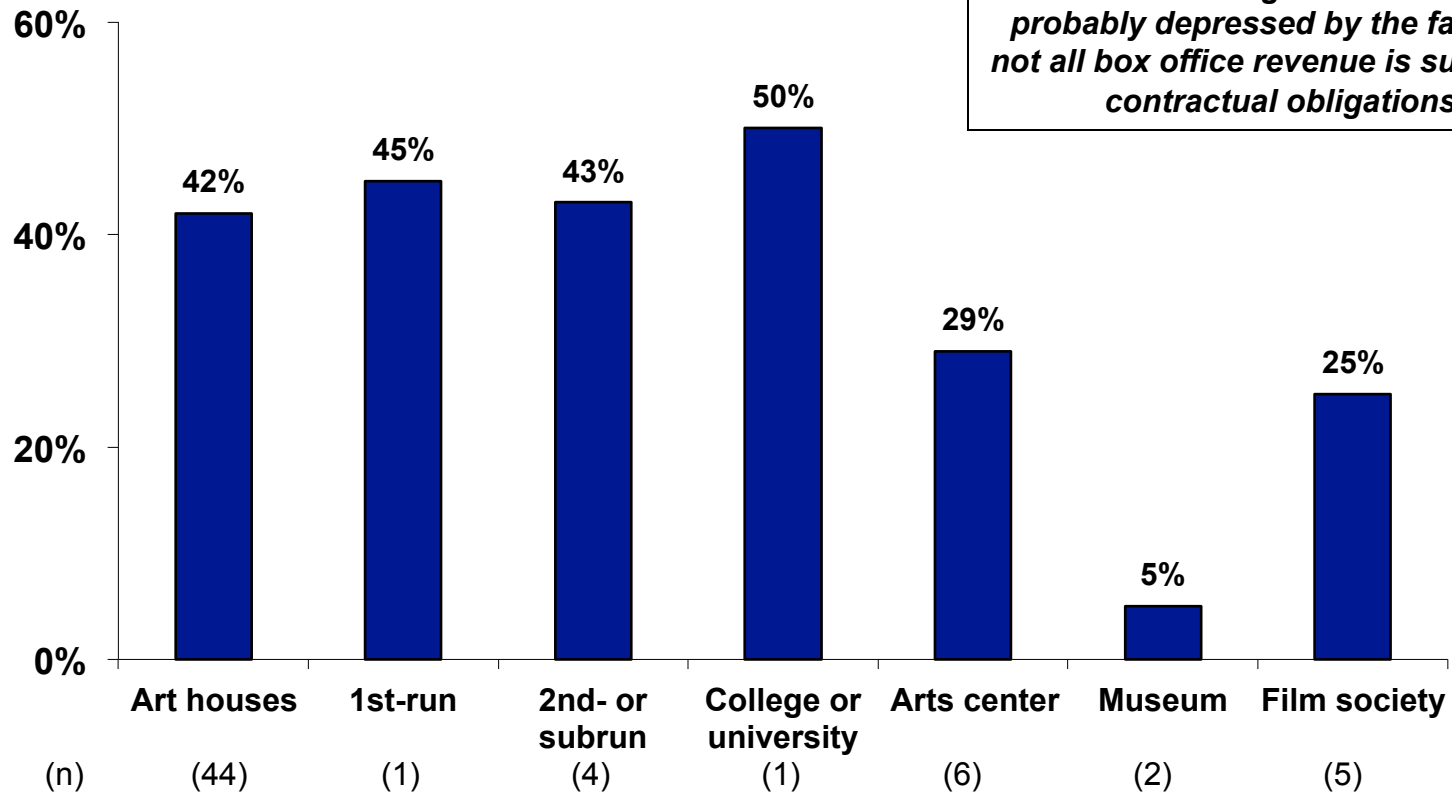
- Mainly in urban/suburban areas, with the great majority near a college or university (meaning more competition for art-house audiences)
- Have fewer attendees over age 65 (who tend to be loyal patrons at many other art houses)
- Great majority are nonprofit
- Average operating expenses are nearly three times higher than the most profitable theaters, while revenue is less than twice as high
- More have DCI-compliant video projectors by comparison with the most profitable

- Seem to be struggling with some issues that are less challenging to other theaters:
 - Getting the films they want (again, perhaps because there is more competition for them)
 - Attracting younger audiences
 - Marketing/promoting films
 - Competition from non-theater technologies
 - Winning community recognition of organization's value

Film rental costs in 2011

- By type of organization -

Mean % of gross box office revenue



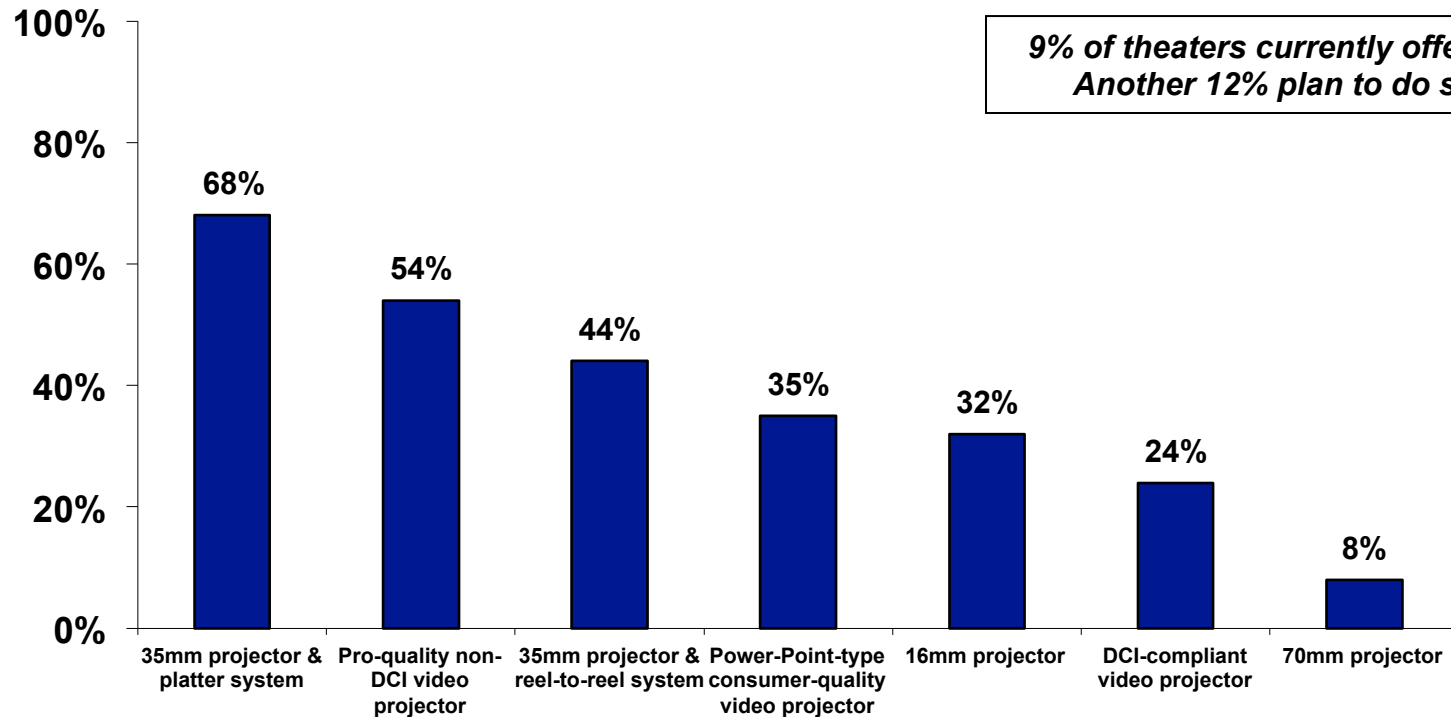
Q23: Of your gross box office revenue, about what percent did you pay out for film rental/acquisition?

How do we operate?

- Most commonly used equipment for projection:
 - 35mm projector/platter system
 - Professional-quality non-DCI video projector with better than 1K resolution
- Use of Power-Point-type, consumer-quality video projectors (1K or 1080 resolution or less) has declined significantly since last year, suggesting that theaters are upgrading
- 9% of theaters currently offer 3D programming and another 12% plan to do so in future
- Only 3% of theaters are members of digital purchasing groups such as Cinedigm

In-house projection equipment and capabilities

Percent of theaters

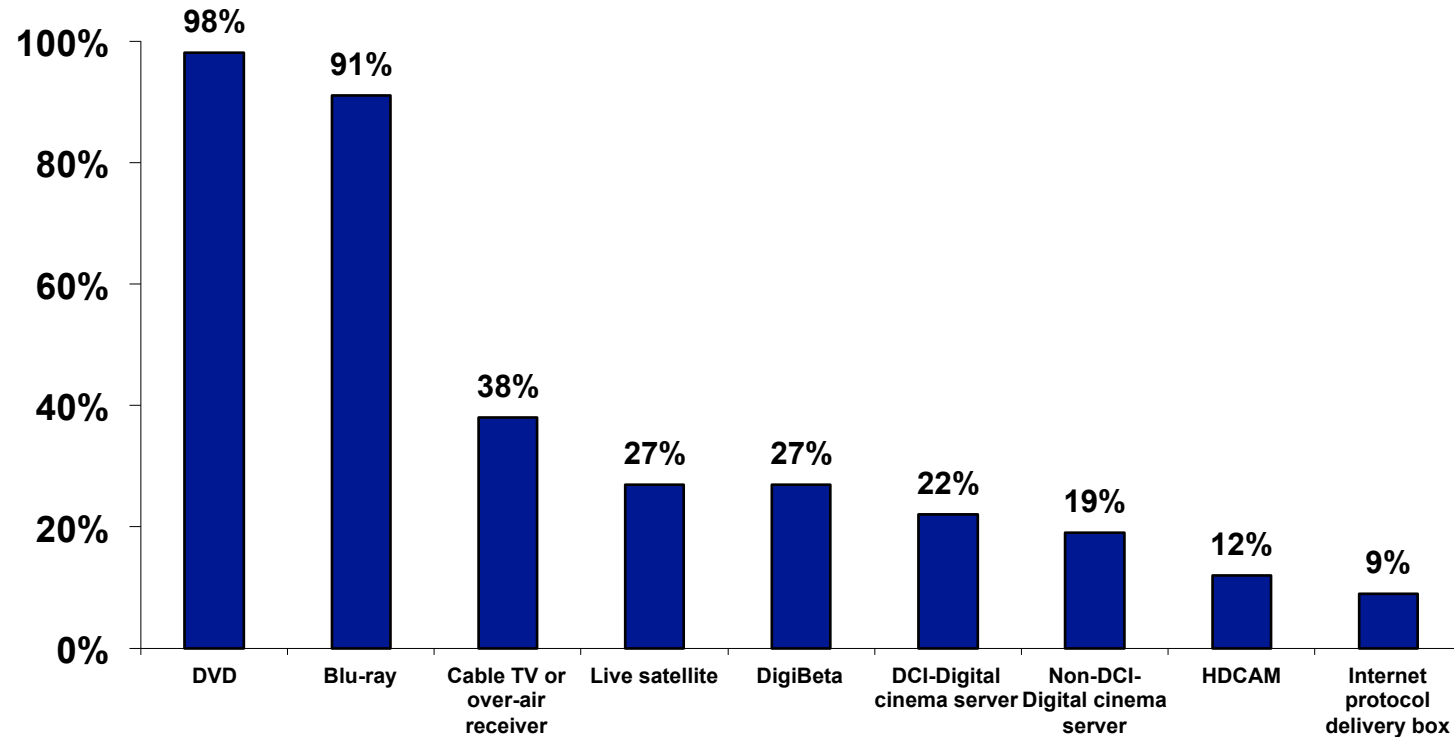


Q27: Which of the following projection equipment/capabilities do you have in house?
n=66

- Most commonly used equipment for video playback:
 - DVD
 - Blu-ray – use has increased from 79% of theaters in last year's survey to 91%
- Also increased since last year: DigiBeta
- Decreased since last year: use of cable TV and internet protocol delivery box

In-house video playback equipment

Percent of theaters



Q29: Which video playback equipment to you have in house?
n=64

58% of theaters use online ticketing

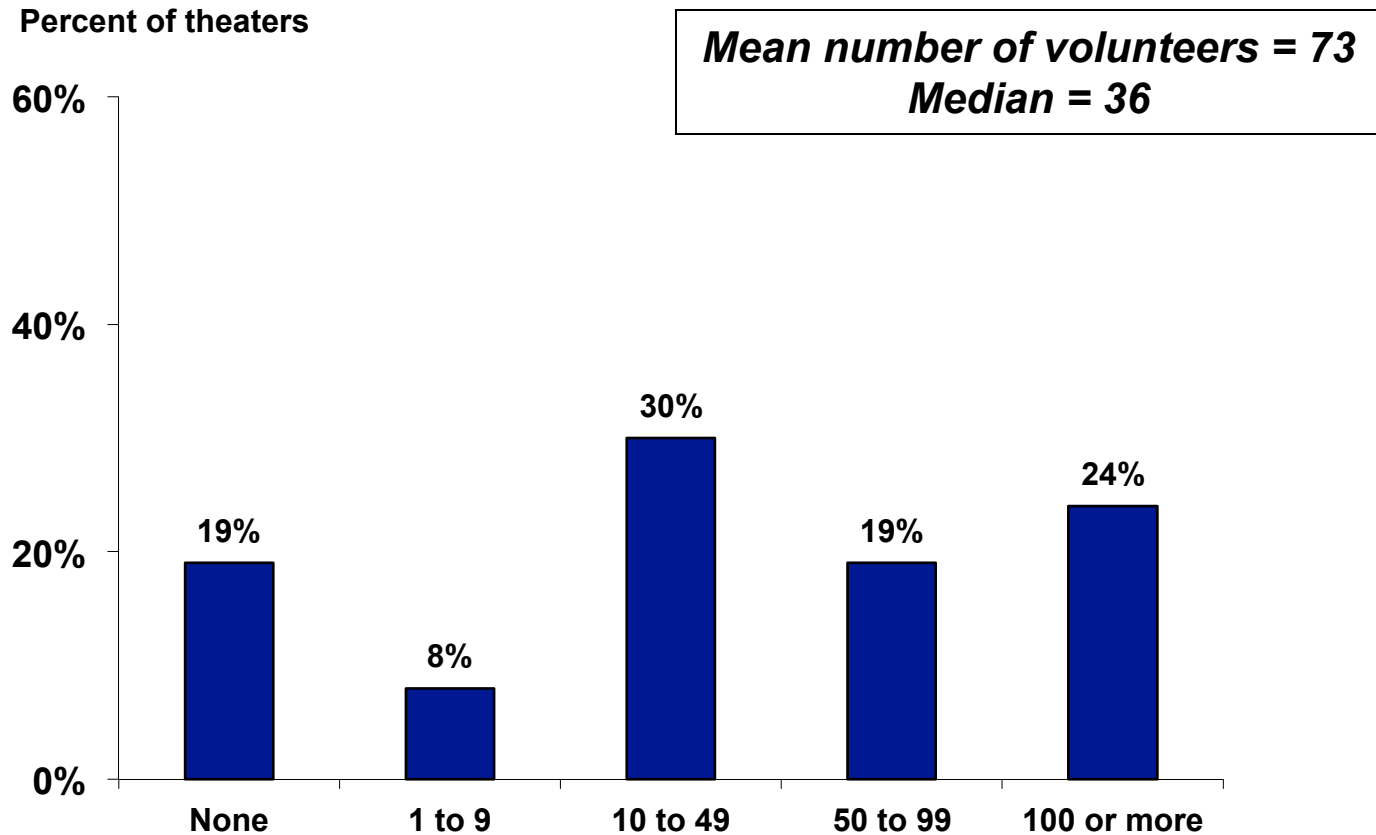
- Most common software for online ticketing:
 - MovieTickets
 - RTS
 - EventBrite
 - Proprietary systems
 - NOTE: No system is mentioned by more than one-sixth of responding theaters

- Most common software for **box-office** ticketing:
 - RTS
 - Radiant
 - Sensible Cinema
 - Proprietary systems
- Note: A sizable minority of theaters have no box-office ticketing software, but instead rely on “hand-pulled” paper tickets or automatic paper-ticket machines

Donor software varies widely – or is nonexistent

- Most commonly used programs:
 - GiftWorks
 - DonorPerfect
 - Raiser's Edge
- A considerable number of theaters use general database programs (e.g., Access, FileMaker, or even Excel)
- And 11 theaters currently have no computerized system for tracking donations
 - This may well reflect budgetary constraints, since most of these theaters report gross revenue under \$500,00 for 2010

Number of active volunteers

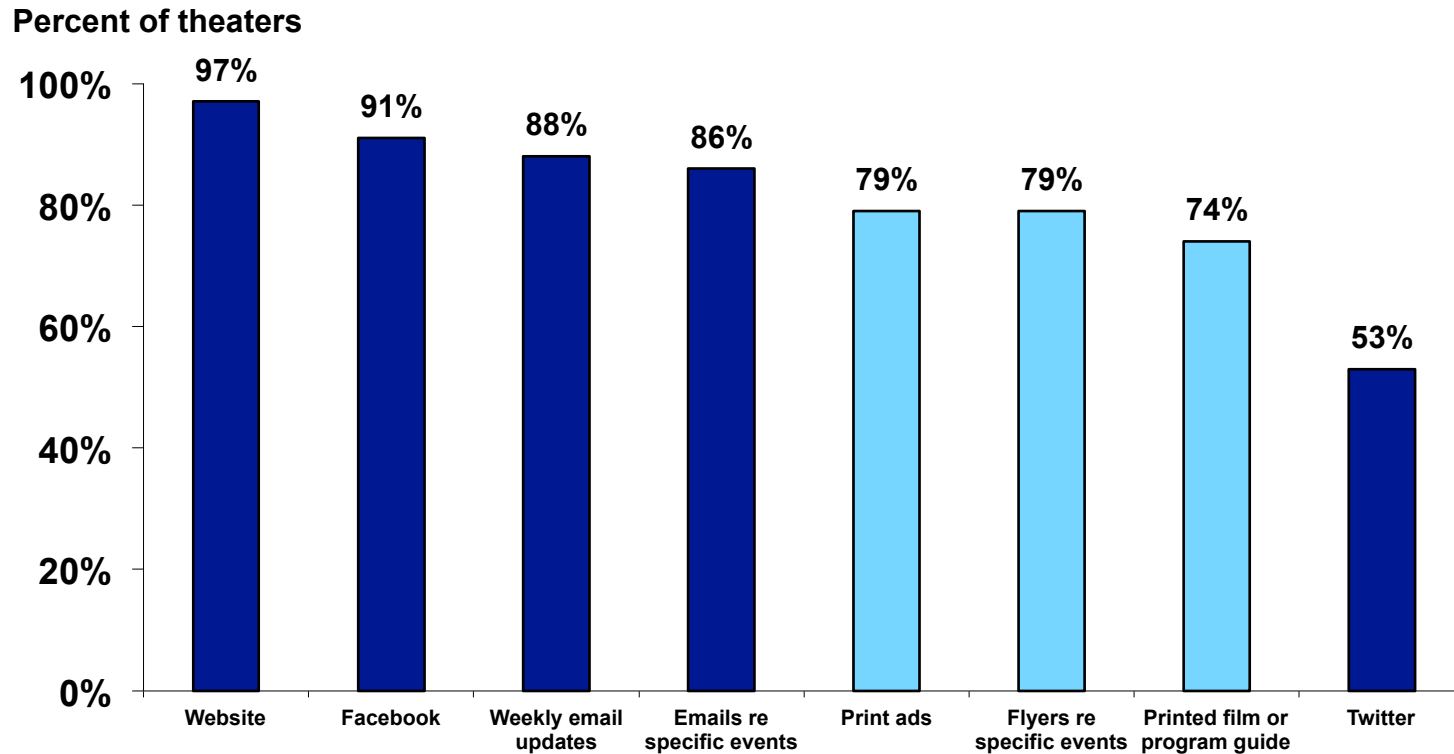


Q44: About how many active volunteers do you have?
n=59

How do we market films and attract audiences?

- Most important ways of reaching patrons:
 - Website
 - Facebook
 - Email (both general updates and “blasts” about specific events)
 - Twitter is used less and LinkedIn, hardly at all
- But print is by no means dead, as shown by continued high use of:
 - Newspaper/magazine ads
 - Flyers about upcoming events
 - Printed program guides
- Nonetheless, organizations’ email databases are nearly twice as large as their “snail-mail” lists
 - Indeed, by comparison with last year’s survey, email lists have grown by 4% while “snail mail” lists have decreased by 19%

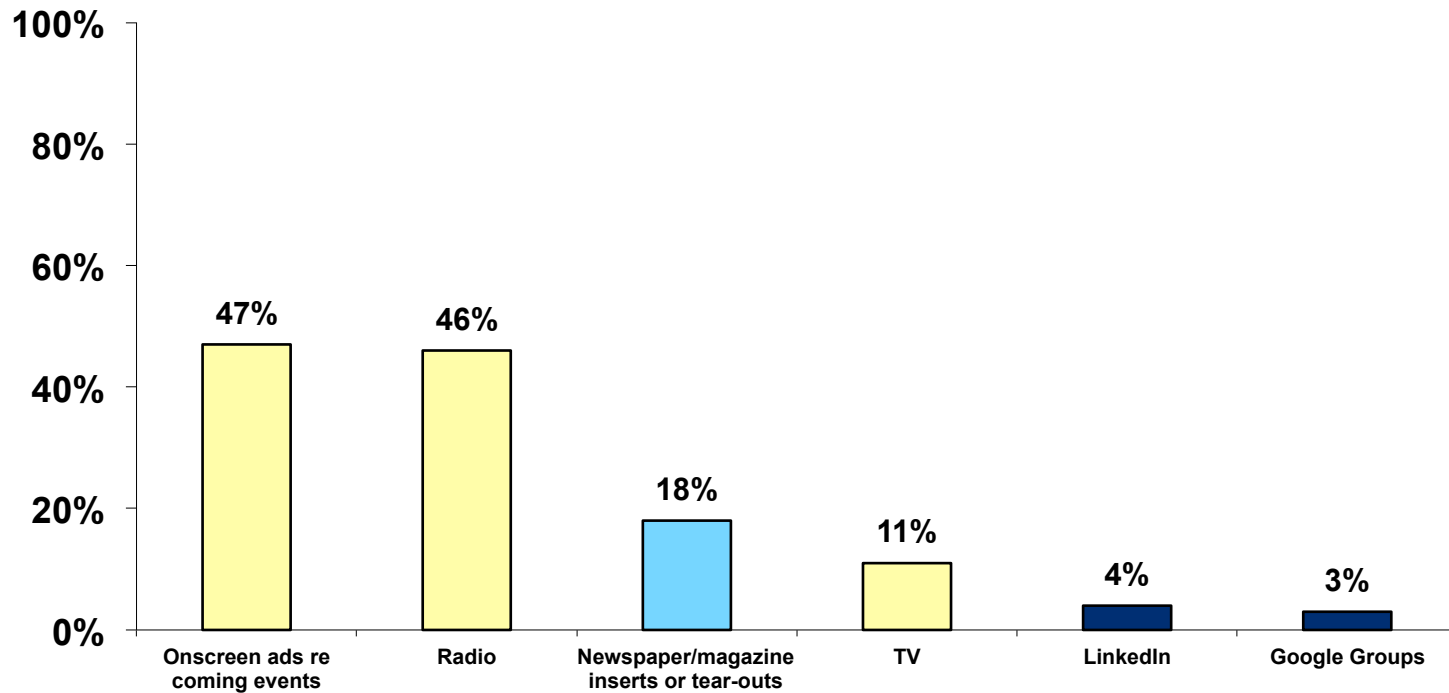
Publicity strategies and media



Q41: In which of the following ways do you publicize your theater and its programs?
n=66

Publicity strategies and media (cont'd.)

Percent of theaters



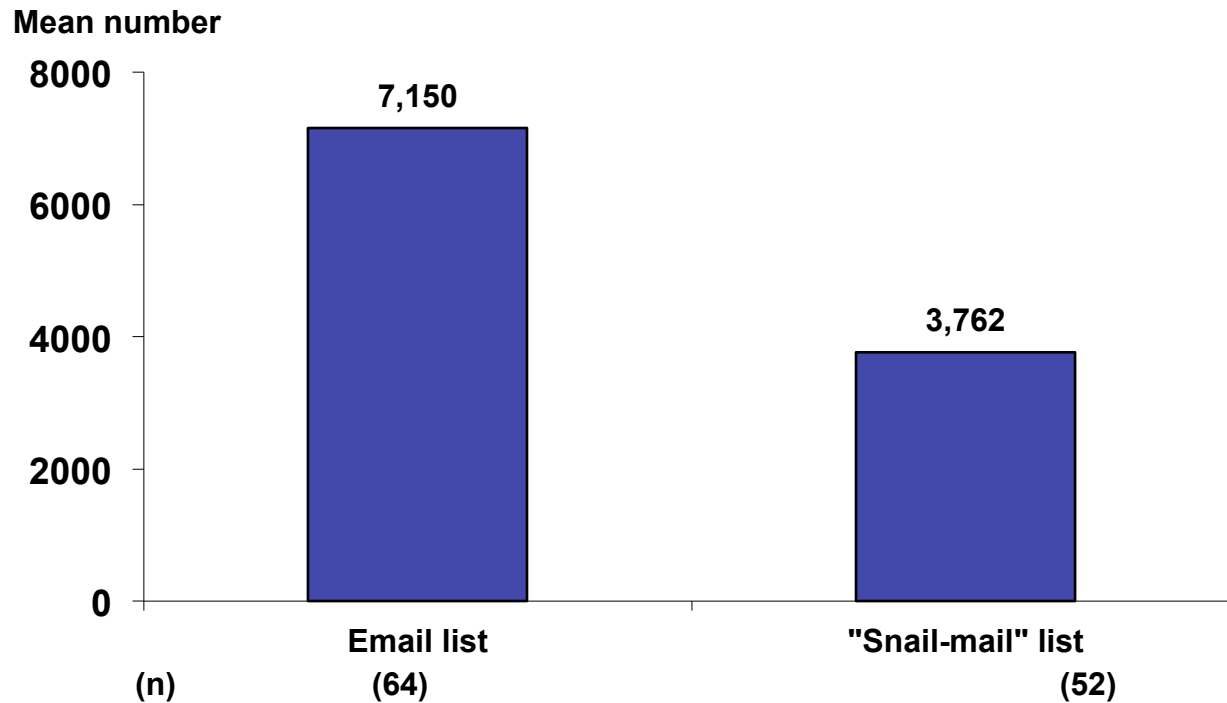
Q41: In which of the following ways do you publicize your theater and its programs?
n=66

Other promotional strategies*

- Links to websites of other nonprofits
- Cross-promotion with other organizations
- Guest appearances by staff on local radio

*Open-ended

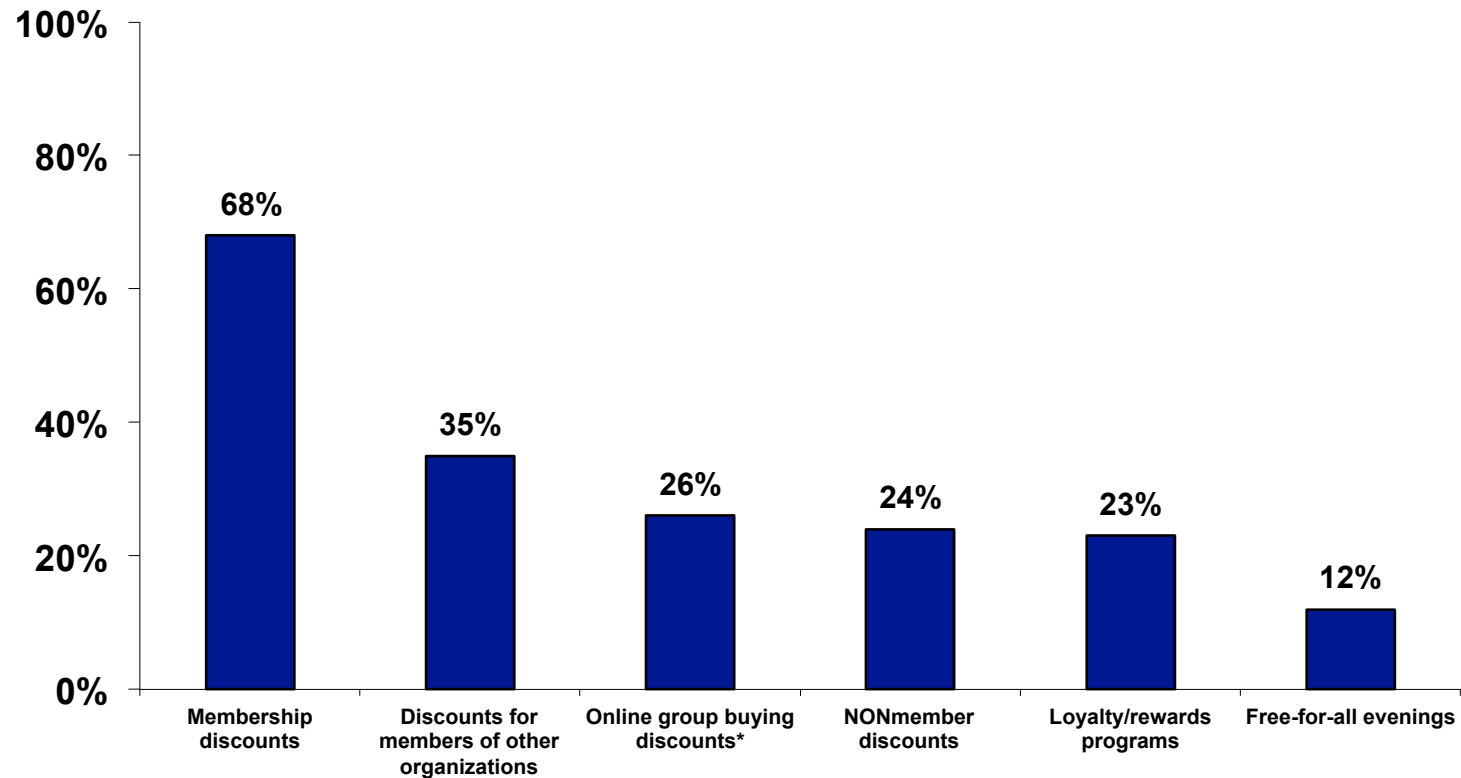
Size of mailing lists



Q42: About how many people do you have on each of the following types of mailing list (your best estimate)?

Special offers

Percent of theaters offering



Q45: Which of the following does your theater offer?

n=66

*E.g., Living Social, Groupon, etc.

Other special offers*

- Free or discounted student nights
- Multiple-purchase ticket discounts (e.g., punch cards, ticket coupon books)
- Discount days for local residents
- “\$5 Fridays”

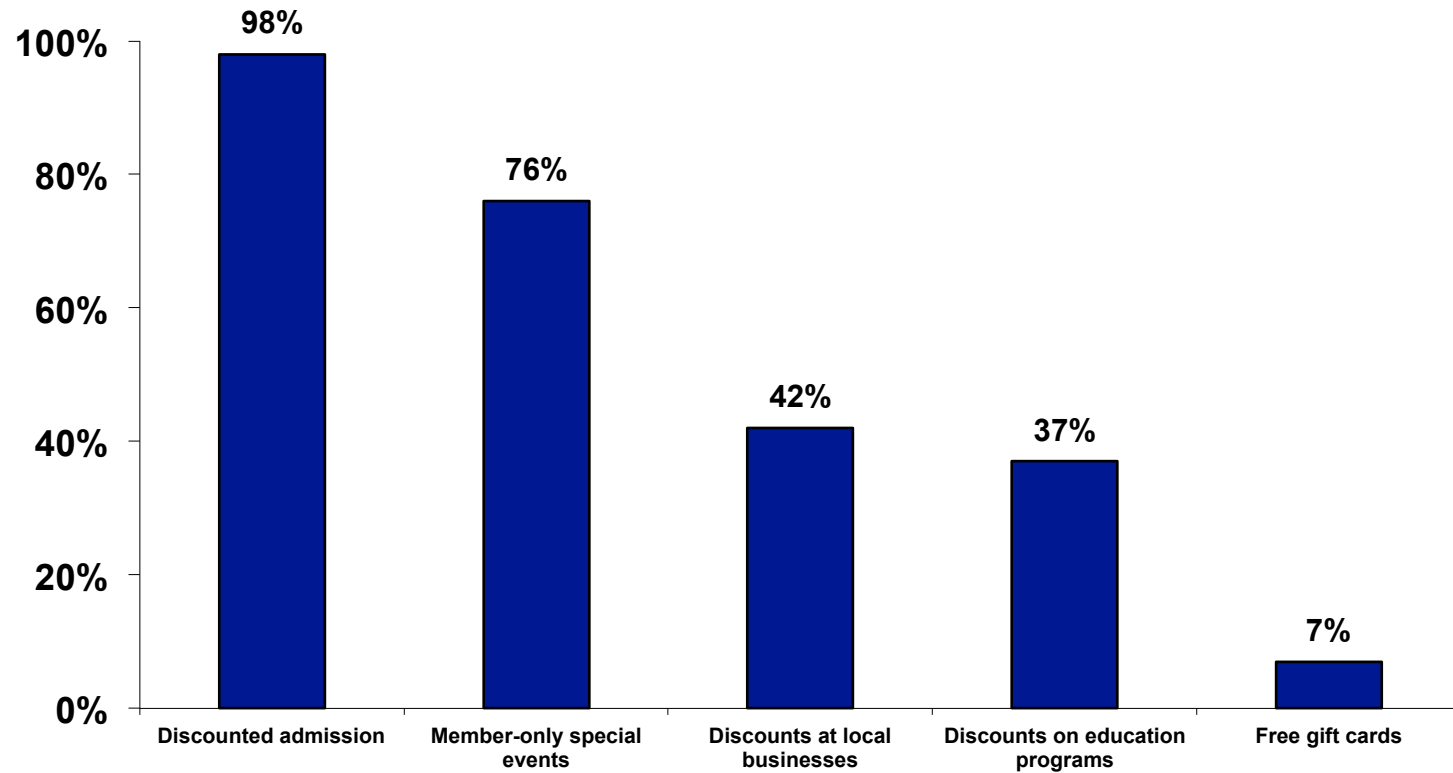
*Open-ended

About two-thirds of responding theaters offer memberships

- Mean number of members = 1,726 (range 20 to 10,000)
- Average annual dues:
 - Basic individual \$49 (range \$25 to \$100)
 - Basic couple or family \$88 (range \$50 to \$225)
- 62% of theaters with members offer **free** memberships to high donors
- Membership benefits nearly always include admission discounts, while three-fourths of theaters provide special events just for members

Membership benefits

Percent of theaters with members



Q49: Which of the following membership benefits do you offer?
n=41

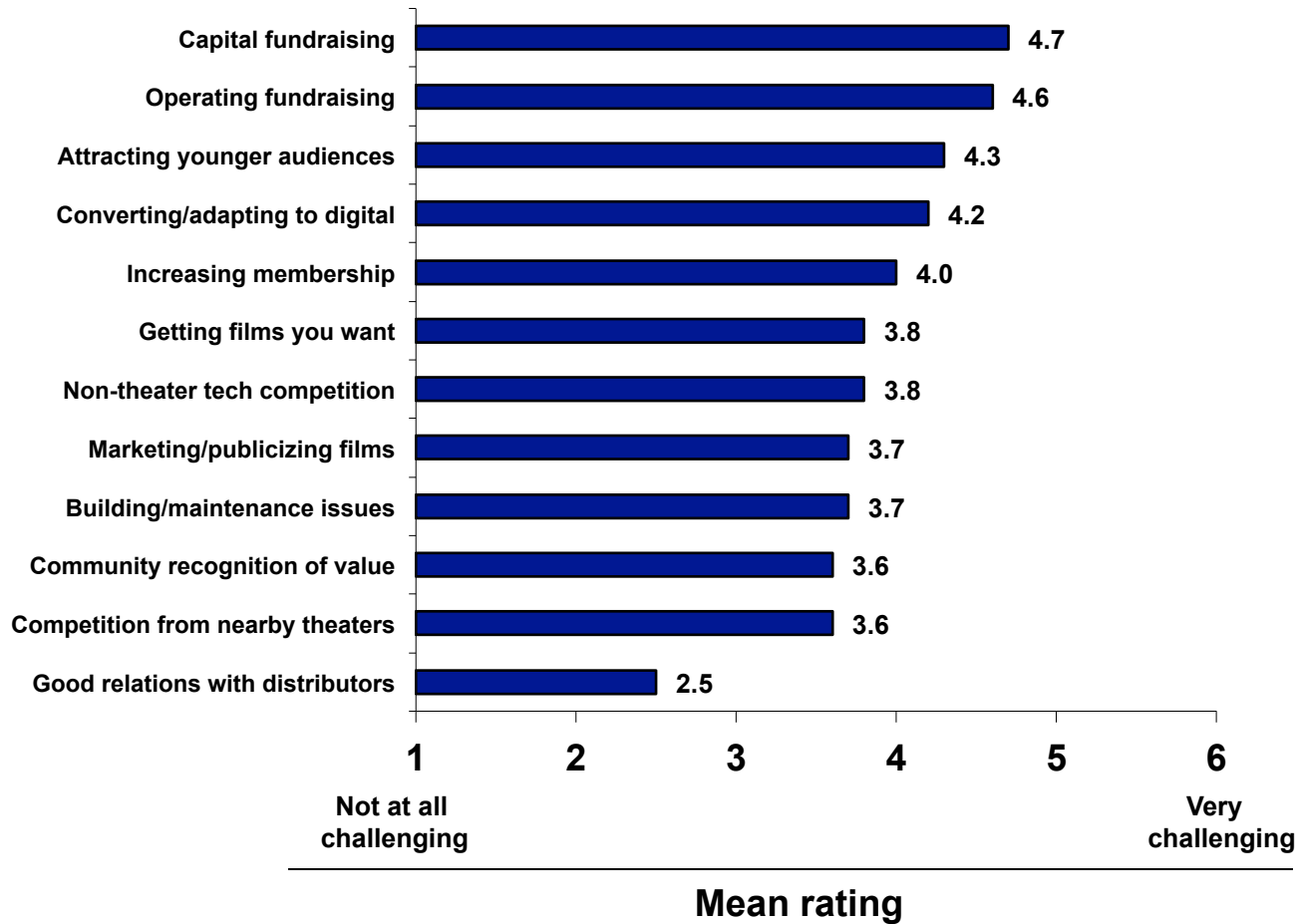
Other membership benefits*

- Free or discounted concessions
 - Set number of free popcorns or small drinks per year
 - Free-popcorn or free-beverage days
 - Free refills
- Free movie passes – including free admission on member's birthday
- Less common:
 - Dinner/movie discount tie-ins
 - “Member of the Month” drawing (get free admission to main attractions for 1 month)

What challenges keep us awake at night?

- Fundraising, for both capital and operating expenses
- Would also like to attract younger audiences and build membership
- Technical issues – Converting or adapting to digital projection
- Concern about competition from non-theater-based technologies or platforms is not much greater than about competition from other theaters
- We are **not** worried about our relations with film distributors, though getting the films we want can sometimes be difficult

Challenges faced by respondents' theaters

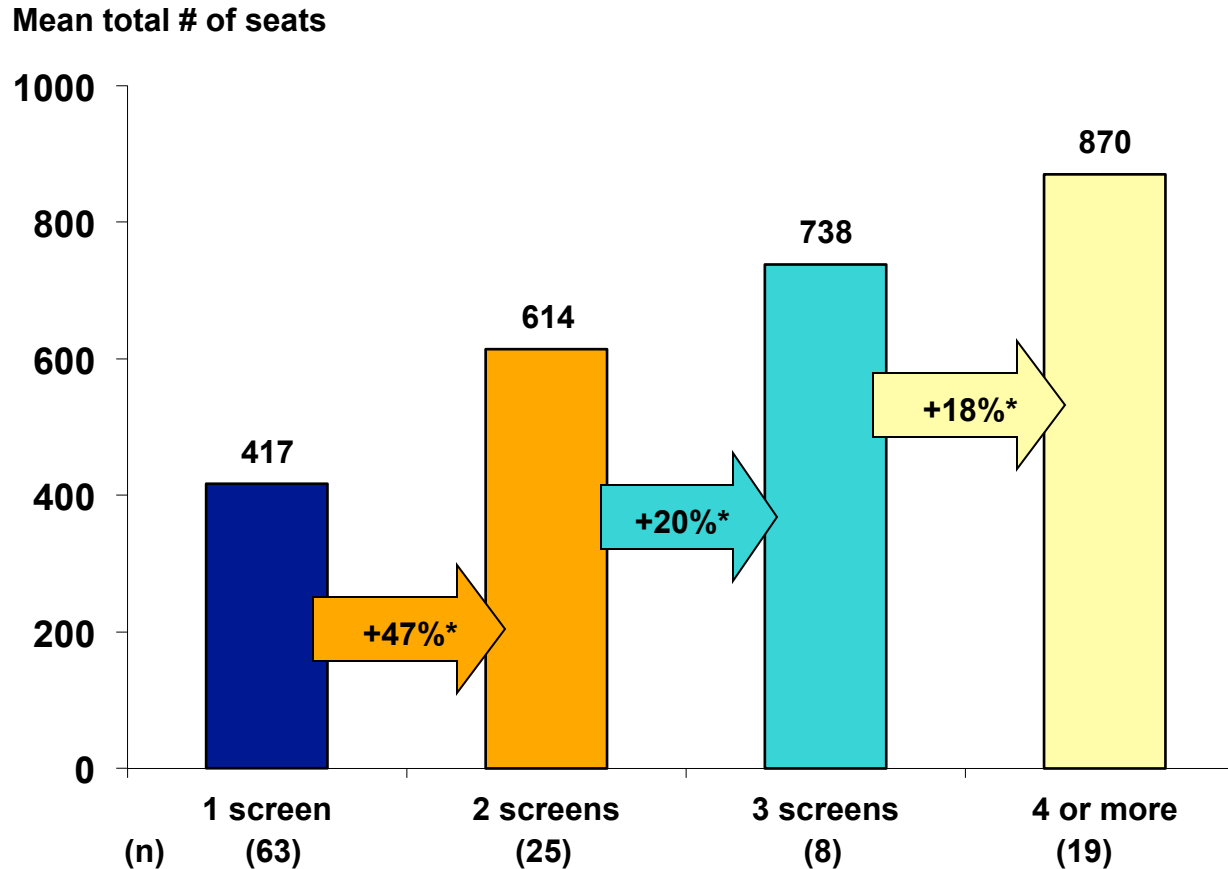


Q25: Rate how much of a challenge each issue is for your theater.
n=65

Additional slides

Total number of seats (across all screens)

- By Number of Screens -



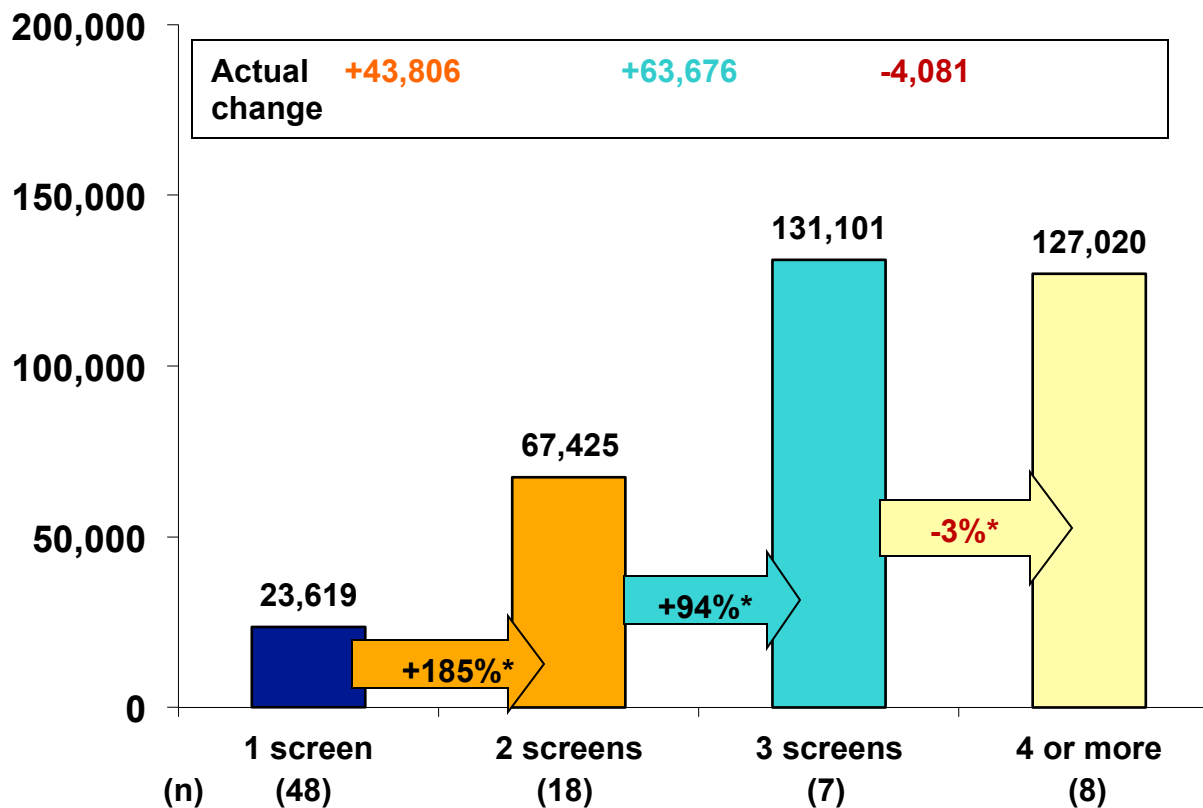
***Percent difference with additional screen.**

Q5: How many seats for each screen? (TOTAL for all screens)

Total 2010 attendance

- By Number of Screens -

Mean attendance



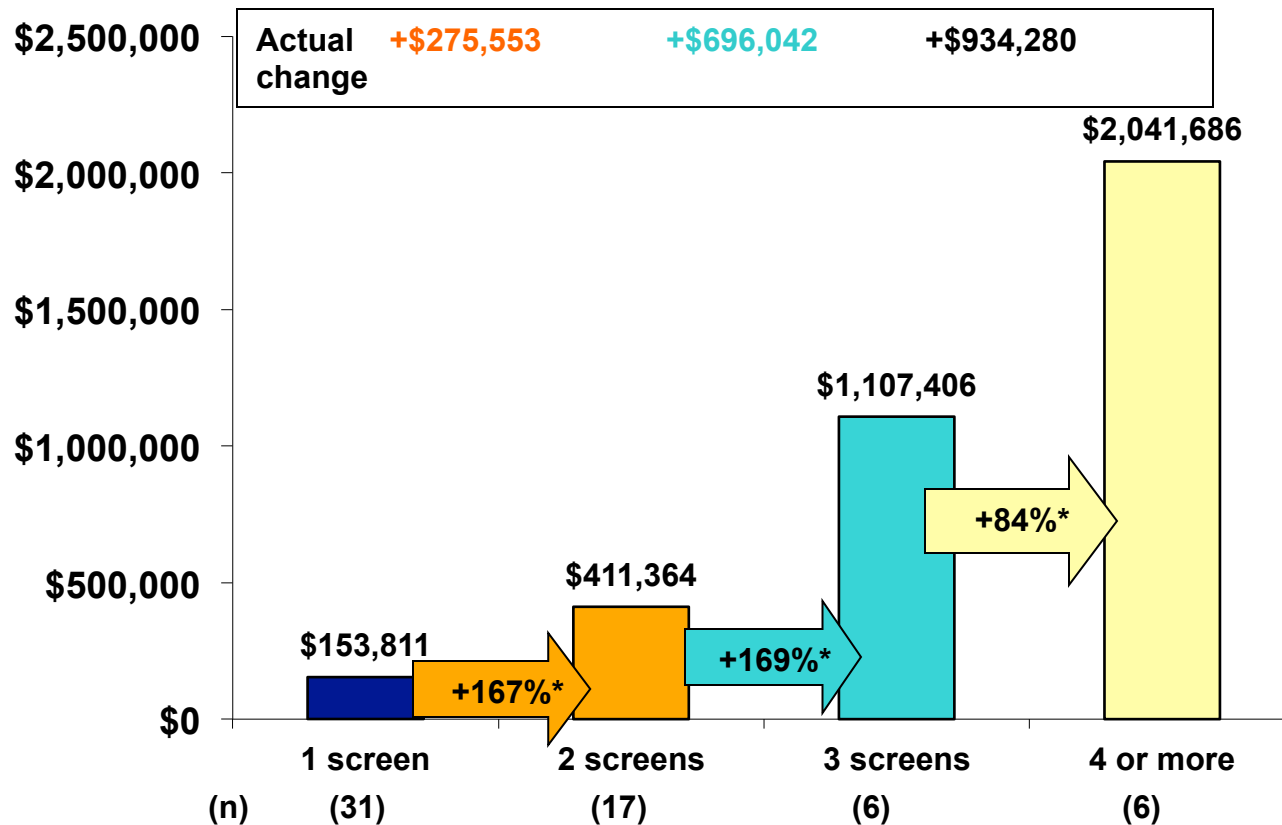
***Percent difference with additional screen.**

Q6: Please estimate your total attendance in 2010.

Total *BOX OFFICE* revenue in 2010

- By Number of Screens -

Total 2010 box office gross



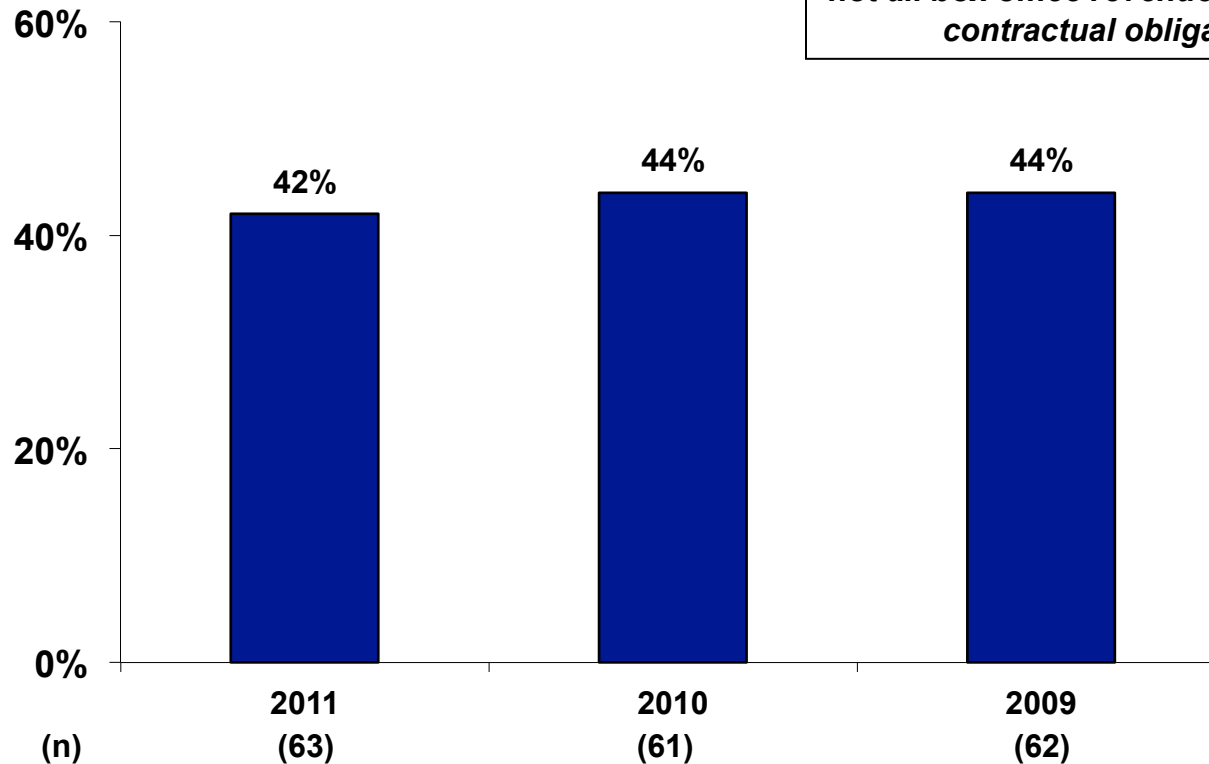
***Percent difference with additional screen.**

Q13/Q14: Please estimate your total gross revenue in 2010.

What percent of all 2010 revenue came from box office?

Film rental costs

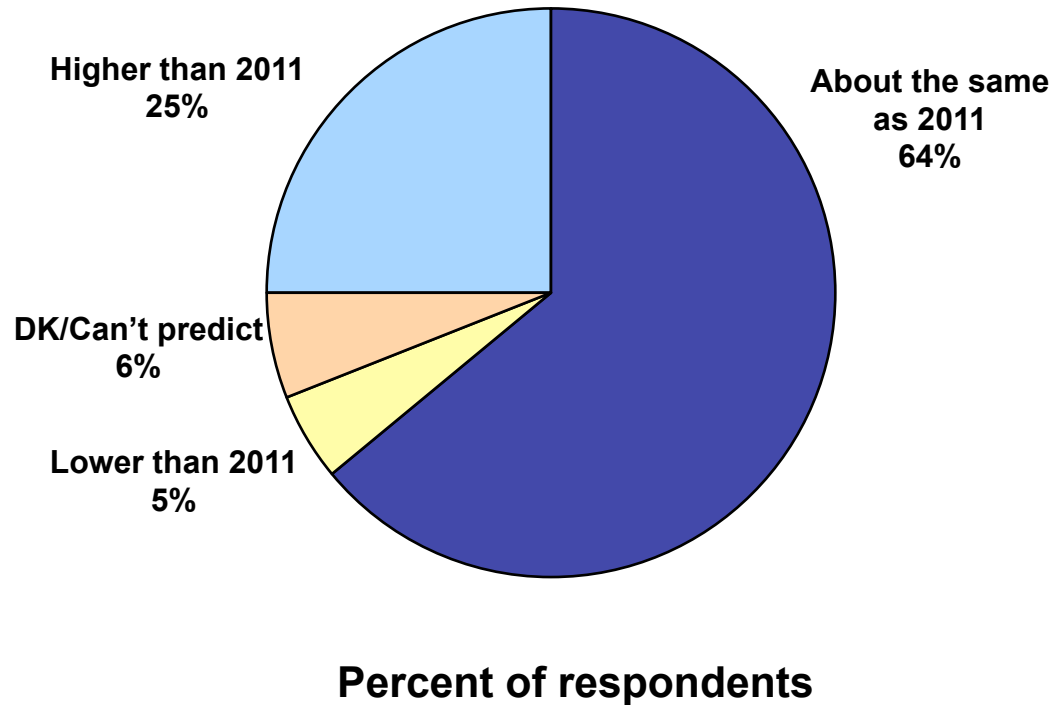
Mean % of gross box office revenue



NOTE: Average rental cost is probably depressed by the fact that not all box office revenue is subject to contractual obligations

Q23: Of your gross box office revenue, about what percent did you pay out for film rental/acquisition?

Expectations for film rental costs in 2012



Q24: For 2012, do you expect the percent of gross box office revenue paid out for film rental to be:

n=65