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

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

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

n=66

Percent of theaters

- High income: 24%
- Middle income: 64%
- Low income: 12%
Educational demographics of responding theaters’ locations

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?

80% of theaters have a college or university nearby

- Above average: 71%
- Average: 24%
- Below average: 5%

n=66
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
Q3: Which of the following BEST describes your theater?.

n=122

- **Art house**: 56%
- **Arts center**: 16%
- **Film society**: 7%
- **1st-run commercial**: 5%
- **2nd- or subrun commercial**: 7%
- **Museum**: 4%
- **College or university**: 3%
- **Other**: 2%
- **Other**: 2%

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

Number of screens

<table>
<thead>
<tr>
<th>Number of screens</th>
<th>Percent of theaters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 screen</td>
<td>55%</td>
</tr>
<tr>
<td>2 screens</td>
<td>22%</td>
</tr>
<tr>
<td>3 screens</td>
<td>7%</td>
</tr>
<tr>
<td>4 or more screens</td>
<td>16%</td>
</tr>
</tbody>
</table>

Mean number of screens = 2
Q5: How many seats for each screen?

n=115

Mean seats per screen = 342
(median 224)

Mean TOTAL seats per theater = 557
(median 402)
Total attendance in 2010 for all screenings and other programs

Q6: Please estimate your total attendance in 2010.

n=87

Mean attendance in 2010 = 51,660
Median = 25,000
Types of programming offered in 2010

Regular feature films (main attractions) 61%
Special programs* 39%

About 1/5 of special programs were LIVE performances

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

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

n=68
Q10: Which of the following kinds of SCREENED special programs does your theater offer?

n=74
Types of SCREENED special programs offered (cont’d.)

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

<table>
<thead>
<tr>
<th>Programs</th>
<th>Percent of Theaters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theater</td>
<td>26%</td>
</tr>
<tr>
<td>Opera</td>
<td>23%</td>
</tr>
<tr>
<td>Films with meal tie-ins</td>
<td>23%</td>
</tr>
<tr>
<td>Current affairs</td>
<td>22%</td>
</tr>
<tr>
<td>Popular music</td>
<td>19%</td>
</tr>
<tr>
<td>Dance</td>
<td>15%</td>
</tr>
<tr>
<td>Classical music</td>
<td>12%</td>
</tr>
<tr>
<td>Sports</td>
<td>8%</td>
</tr>
</tbody>
</table>

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

Q11: Which of the following does your theater offer?

n=80
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 -

<table>
<thead>
<tr>
<th></th>
<th>Average per theater</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Mean # of screens</td>
<td>2</td>
</tr>
<tr>
<td>Mean total seats</td>
<td>557</td>
</tr>
<tr>
<td>Total attendance</td>
<td>51,660</td>
</tr>
<tr>
<td>Total gross revenue</td>
<td>$1,074,187</td>
</tr>
<tr>
<td>Box office only</td>
<td>$526,352</td>
</tr>
</tbody>
</table>
Total gross revenue in 2010

Q13: Please estimate your total gross revenue in 2010.

n=64

Mean gross revenue in 2010 = $1,074,187
Median = $385,000
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
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
Q20: Does your theater offer each of the following?

n=72
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
Q22: What percent of all 2010 operating expenses went toward each?
n=56
Net profit or deficit in 2010

Mean profit = 6%
Median = 2%

Percent of theaters

- >10% profit: 26%
- 1 to 10% profit: 32%
- Broke even: 24%
- Ran deficit: 18%

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

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.
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

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>Mean %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art houses</td>
<td>42%</td>
</tr>
<tr>
<td>1st-run</td>
<td>45%</td>
</tr>
<tr>
<td>2nd- or subrun</td>
<td>43%</td>
</tr>
<tr>
<td>College or university</td>
<td>50%</td>
</tr>
<tr>
<td>Arts center</td>
<td>29%</td>
</tr>
<tr>
<td>Museum</td>
<td>5%</td>
</tr>
<tr>
<td>Film society</td>
<td>25%</td>
</tr>
</tbody>
</table>

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

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

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

n=66

- 35mm projector & platter system: 68%
- Pro-quality non-DCI video projector: 54%
- 35mm projector & reel-to-reel system: 44%
- Power-Point-type consumer-quality video projector: 35%
- 16mm projector: 32%
- DCI-compliant video projector: 24%
- 70mm projector: 8%

9% of theaters currently offer 3D
Another 12% plan to do so
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
Q29: Which video playback equipment do 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

Percent of theaters

- None: 19%  
- 1 to 9: 8%  
- 10 to 49: 30%  
- 50 to 99: 19%  
- 100 or more: 24%

Mean number of volunteers = 73  
Median = 36
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%
Q41: In which of the following ways do you publicize your theater and its programs?

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Percent of Theaters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>97%</td>
</tr>
<tr>
<td>Facebook</td>
<td>91%</td>
</tr>
<tr>
<td>Weekly email updates</td>
<td>88%</td>
</tr>
<tr>
<td>Emails re specific events</td>
<td>86%</td>
</tr>
<tr>
<td>Print ads</td>
<td>79%</td>
</tr>
<tr>
<td>Flyers re specific events</td>
<td>79%</td>
</tr>
<tr>
<td>Printed film or program guide</td>
<td>74%</td>
</tr>
<tr>
<td>Twitter</td>
<td>53%</td>
</tr>
</tbody>
</table>

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

n=66

- Onscreen ads re coming events: 47%
- Radio: 46%
- Newspaper/magazine inserts or tear-outs: 18%
- TV: 11%
- LinkedIn: 4%
- Google Groups: 3%
Other promotional strategies*

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

*Open-ended
Q42: About how many people do you have on each of the following types of mailing list (your best estimate)?
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
Q49: Which of the following membership benefits do you offer?

- Discounted admission: 98%
- Member-only special events: 76%
- Discounts at local businesses: 42%
- Discounts on education programs: 37%
- Free gift cards: 7%

n=41
Other membership benefits*

- Free or discounted concessions
  - Set number of free popcorons 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)

*Open-ended
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
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

<table>
<thead>
<tr>
<th>Screens</th>
<th>Actual attendance</th>
<th>Change</th>
<th>Percent difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 screen</td>
<td>23,619 (48)</td>
<td>+43,806</td>
<td>+185%*</td>
</tr>
<tr>
<td>2 screens</td>
<td>67,425 (18)</td>
<td>+63,676</td>
<td>+94%*</td>
</tr>
<tr>
<td>3 screens</td>
<td>131,101 (7)</td>
<td>-4,081</td>
<td>-3%*</td>
</tr>
<tr>
<td>4 or more screens</td>
<td>127,020 (8)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Percent difference with additional screen.

Q6: Please estimate your total attendance in 2010.
Total **BOX OFFICE** revenue in 2010

- By Number of Screens -

<table>
<thead>
<tr>
<th>Screens</th>
<th>Actual</th>
<th>Change</th>
<th>Percent Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 screen</td>
<td>$153,811</td>
<td>+167%*</td>
<td></td>
</tr>
<tr>
<td>2 screens</td>
<td>$411,364</td>
<td>+169%*</td>
<td></td>
</tr>
<tr>
<td>3 screens</td>
<td>$1,107,406</td>
<td>+84%*</td>
<td></td>
</tr>
<tr>
<td>4 or more</td>
<td>$2,041,686</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Film rental costs**

Mean % of gross box office revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>42%</td>
</tr>
<tr>
<td>2010</td>
<td>44%</td>
</tr>
<tr>
<td>2009</td>
<td>44%</td>
</tr>
</tbody>
</table>

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

- Higher than 2011: 25%
- About the same as 2011: 64%
- Lower than 2011: 5%
- DK/Can’t predict: 6%

n=65