



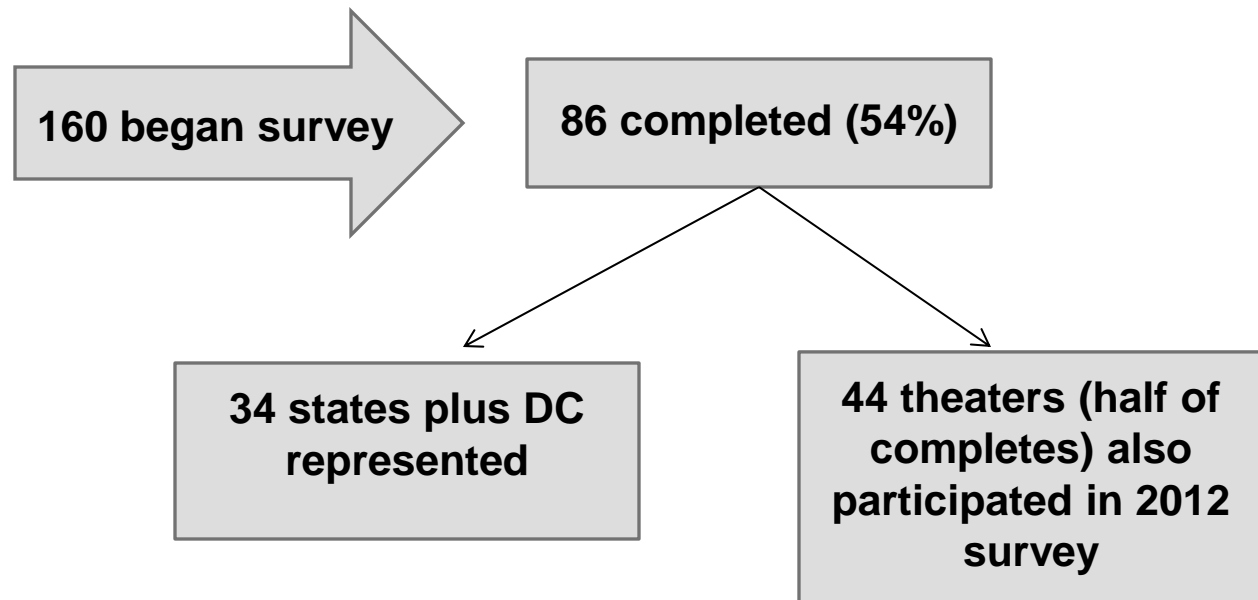
National Art House Theater Operations Survey - 2014

Conducted and Presented by

BRYN MAWR FILM INSTITUTE

Introduction

- Fifth annual online survey, conducted October-November 2013

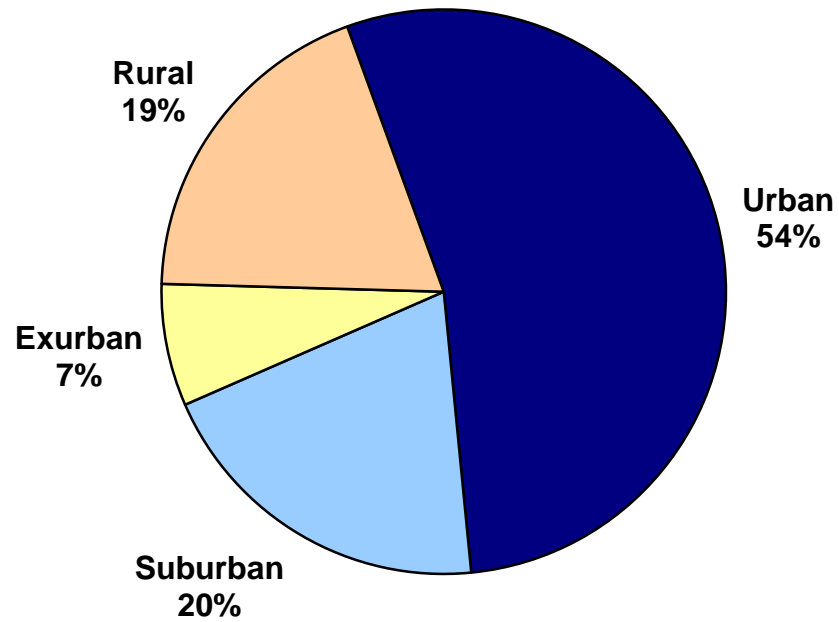


Who are we?

- 89% independent
 - 11% in chain/group consisting of 6 theaters on average
 - Single-screen theaters are least likely to be in a group (only 3%)
- 74% nonprofit (vs. 78% in last year's survey)
- Just under half (47%) own their theater buildings

- As in previous surveys, most theaters are located in metropolitan, relatively affluent areas
 - This year's sample is slightly less urban, slightly more rural, vs. 2012
 - Also, fewer theaters than last year located in areas they characterize as having a "high" educational level
- As in past, audiences are primarily adults (including many seniors)

Location of respondents' theaters

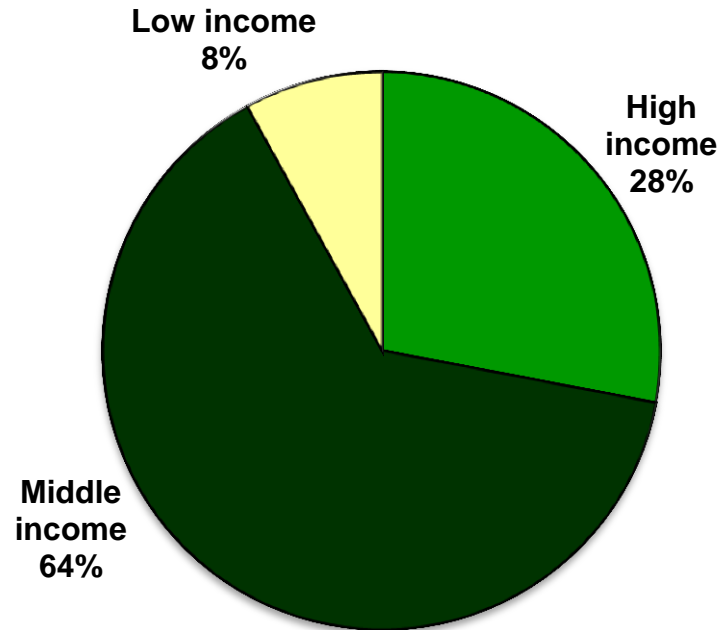


Percent of theaters

Q42: Which of the following BEST describes the area where your theater is located?

n=90

Socioeconomic demographics of responding theaters' locations

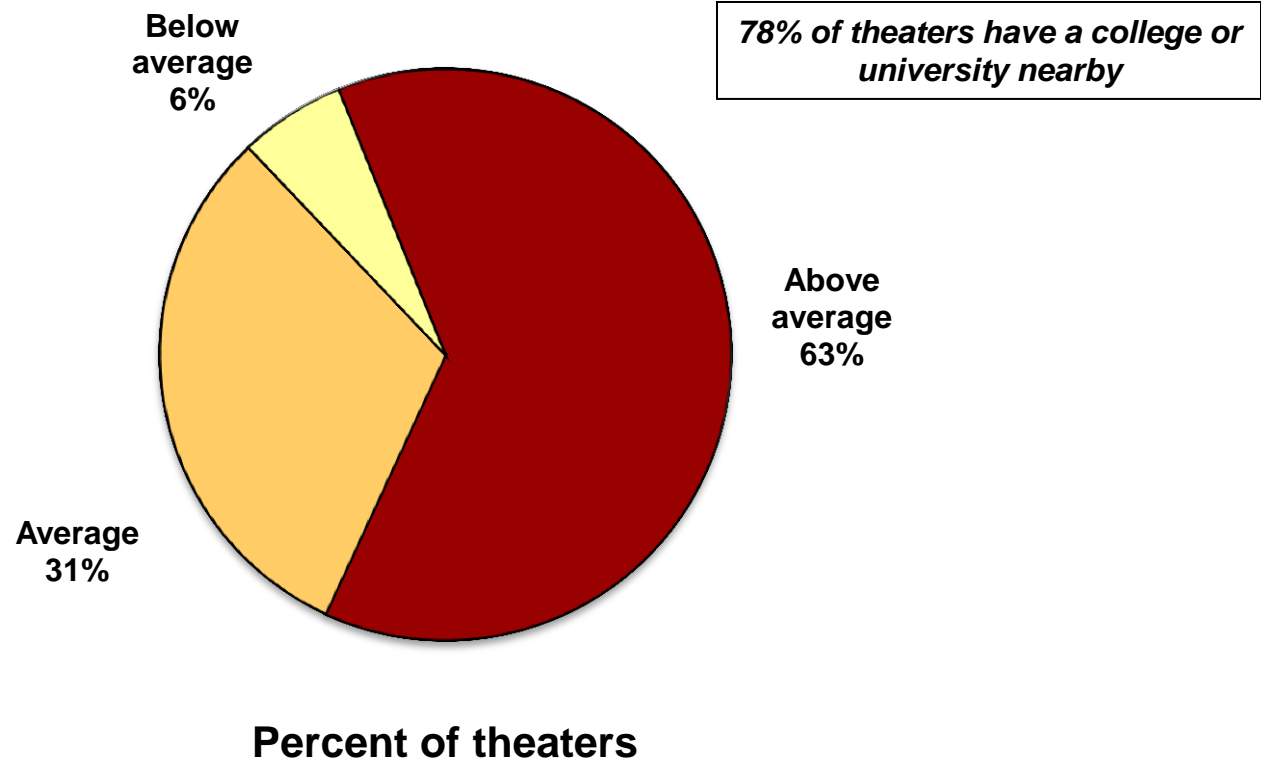


Percent of theaters

Q44: How would you describe the socioeconomic level of the area where your theater is located?

n=90

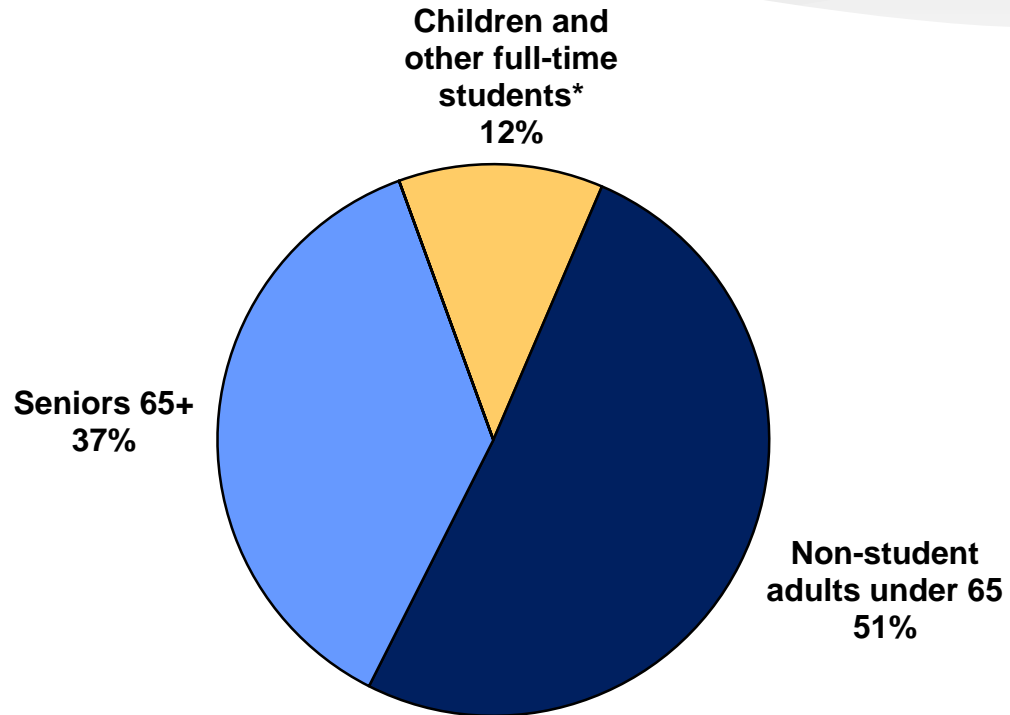
Educational demographics of responding theaters' locations



Q43/Q45: Is there a college or university near your theater?
How would you describe the educational level of the area
where your theater is located?

n=90/89

Age of theater attendees



Percent of attendees

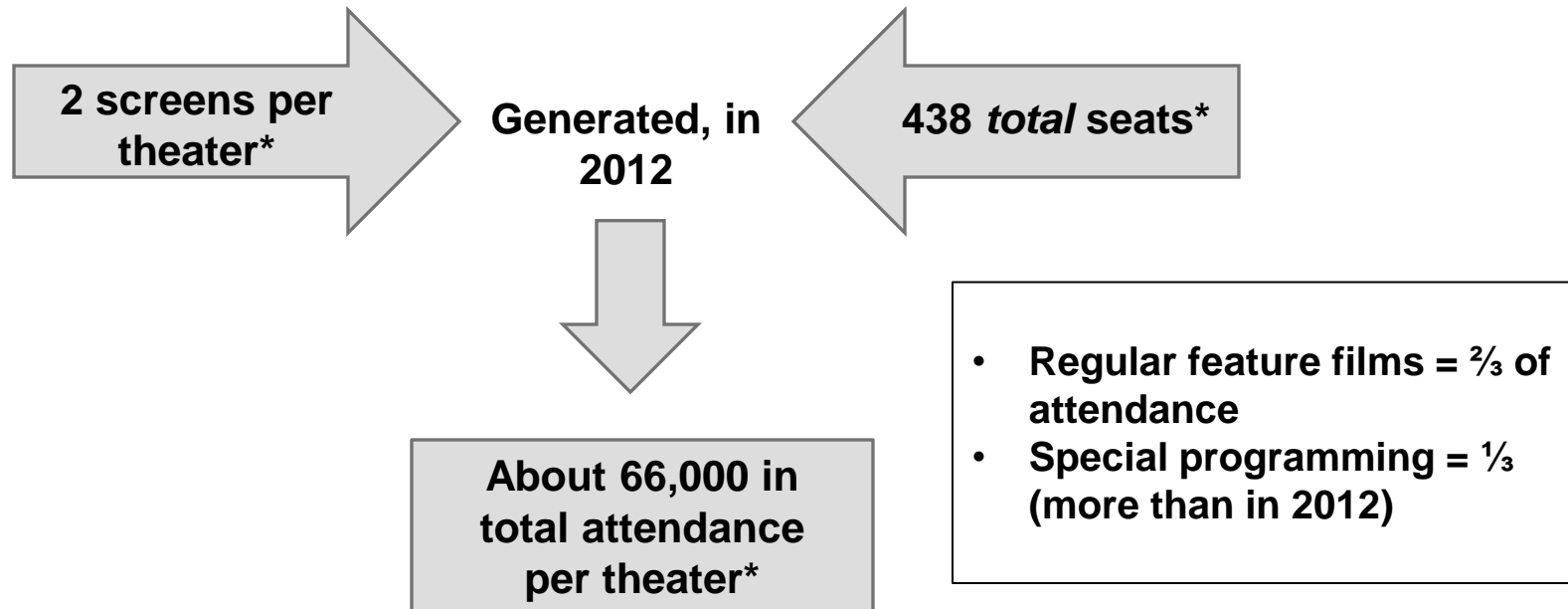
Q46: Please estimate the percent of your attendees who fall into each category.

n=89

*High school or college

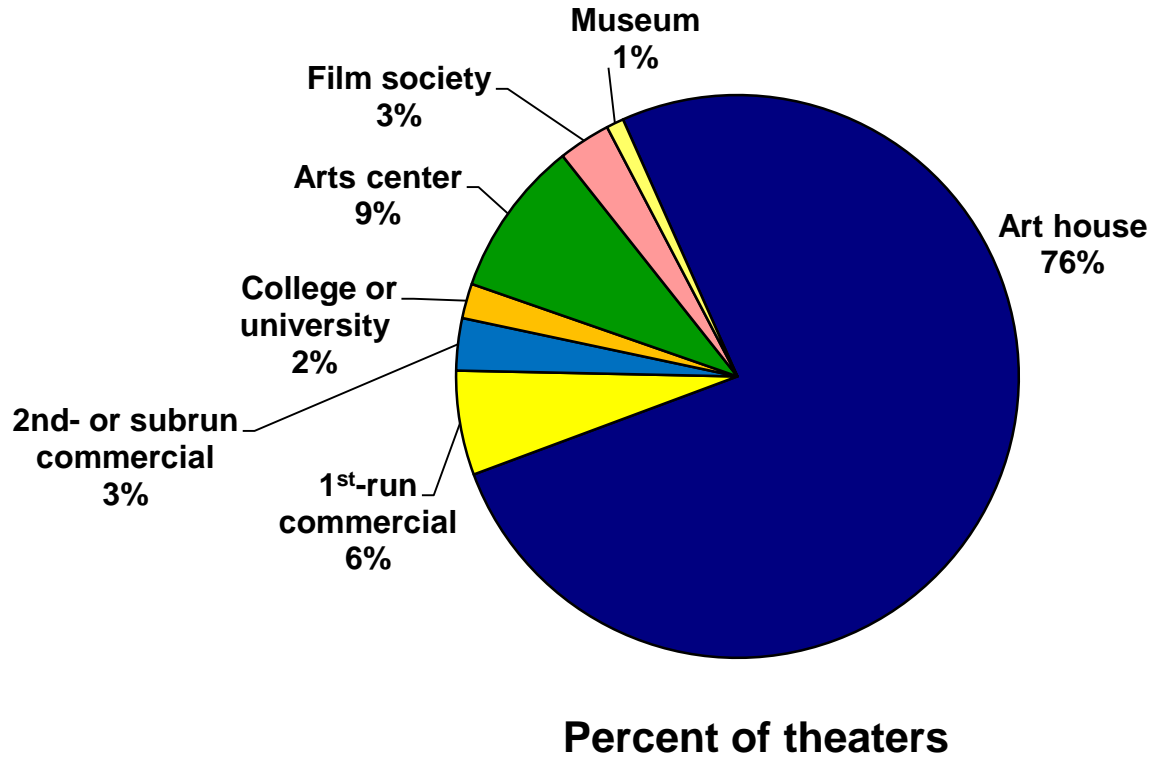
What kinds of programs do we offer?

- Three-fourths characterize their theaters as art-house cinemas (vs. 81% in 2012; more arts centers than last year)



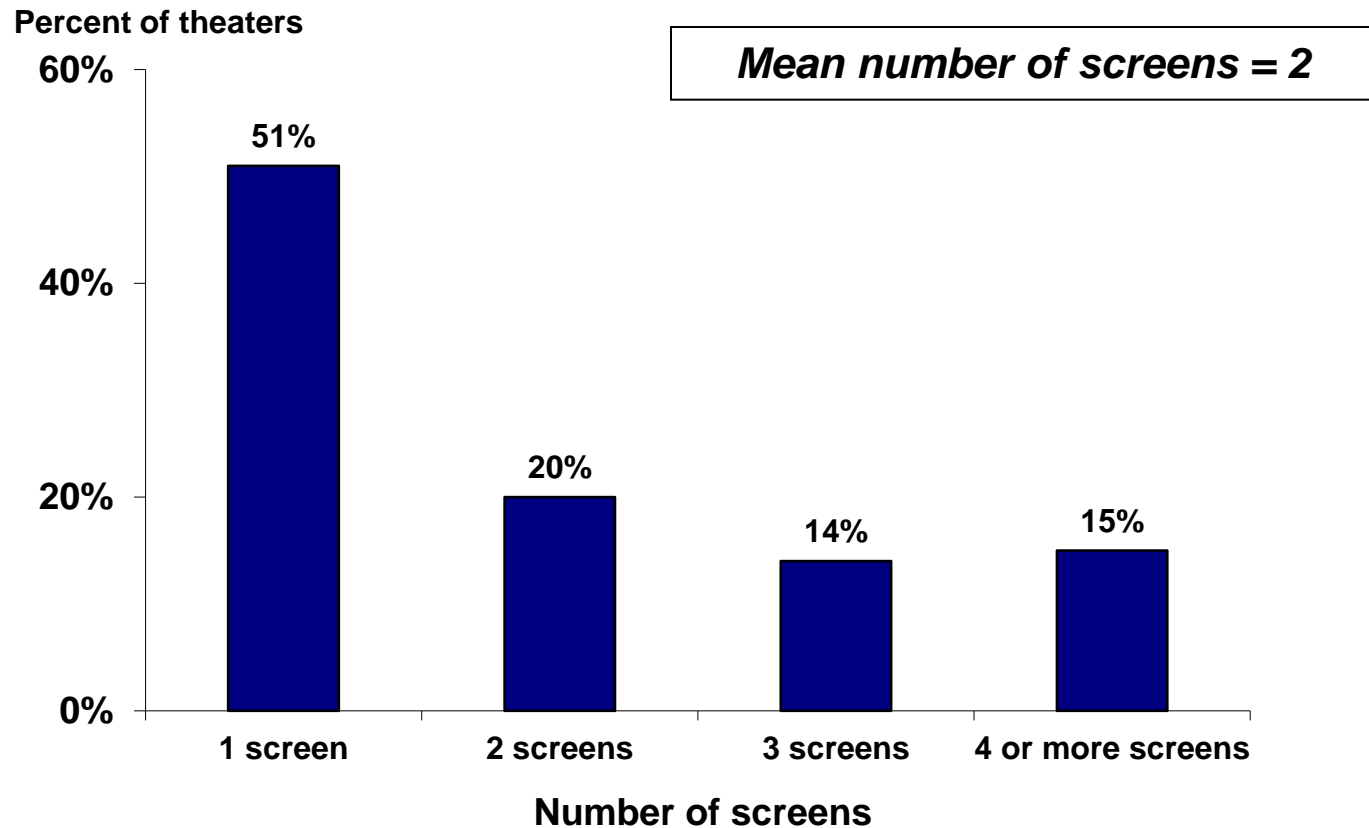
*On average

Type of theater



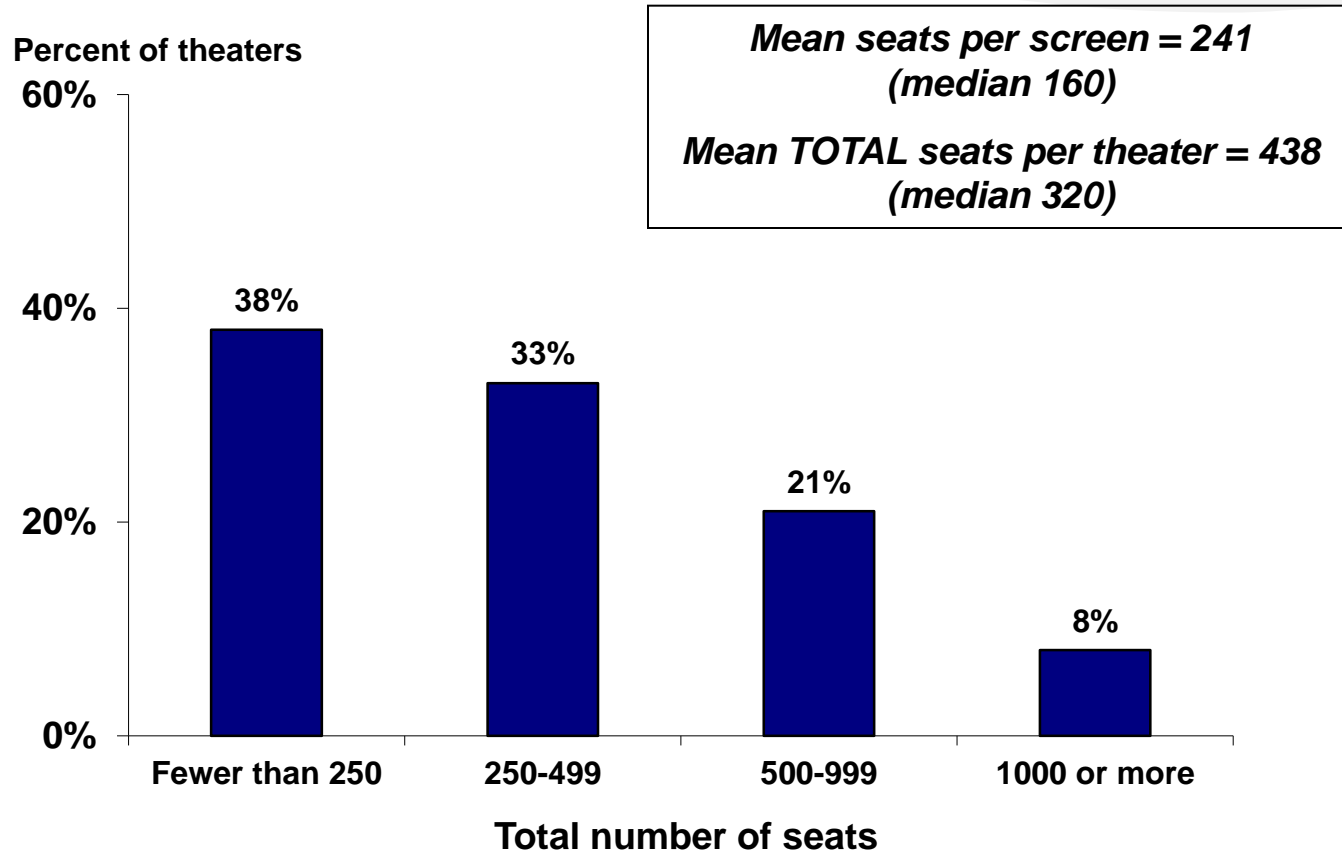
Q3: Which of the following BEST describes your theater?
n=150

Number of screens



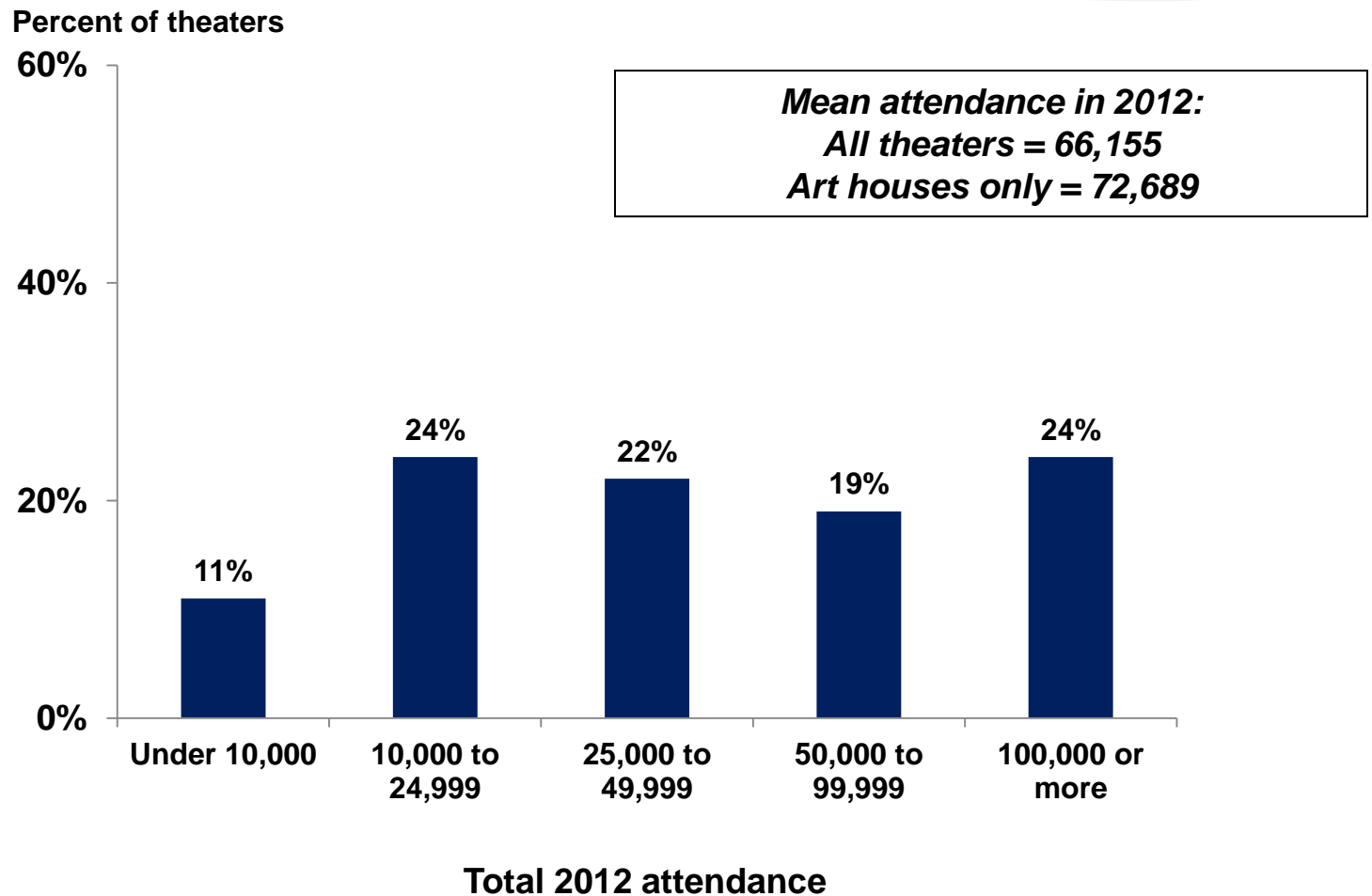
Q4: How many screens does your theater have?
n=147

Total number of seats (across all screens)

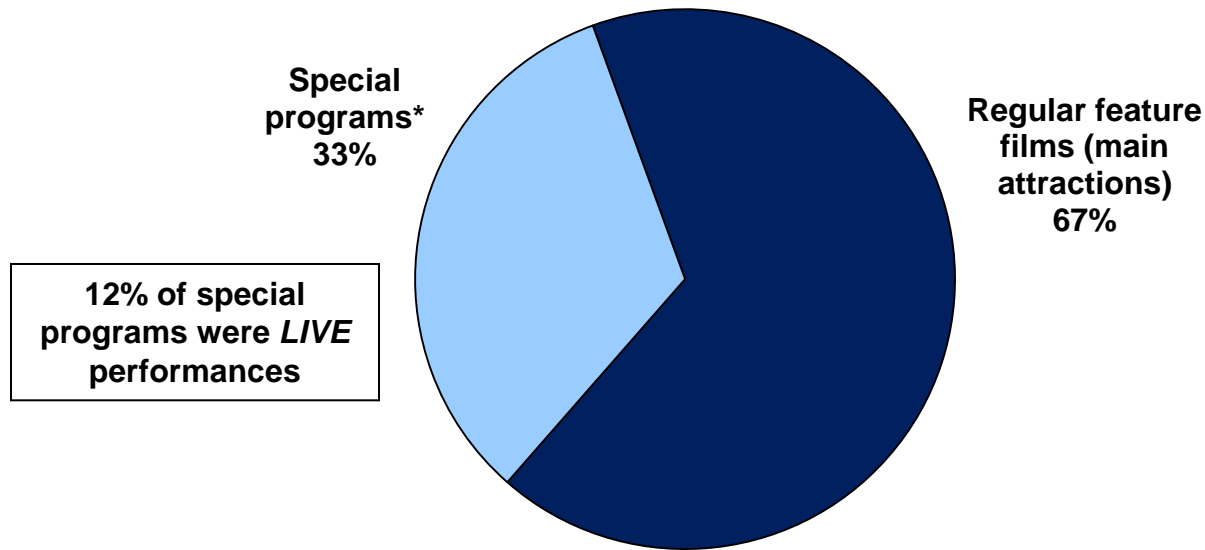


Q5: How many seats for each screen?
n=145

Total attendance in 2012 for all screenings and other programs



Types of programming offered in 2012



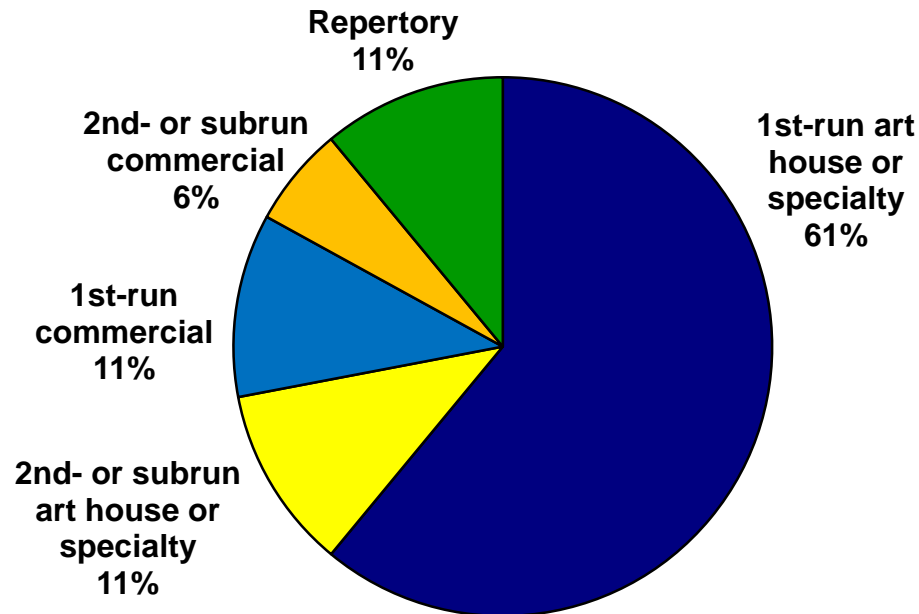
Percent of total 2012 attendance

Q7/Q9: Of your total 2012 attendance, estimate the percent that was in each category. Of all special programs in 2012, what percent were live performances?

n=112/111

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

Types of regular feature films (main attractions) shown in 2012



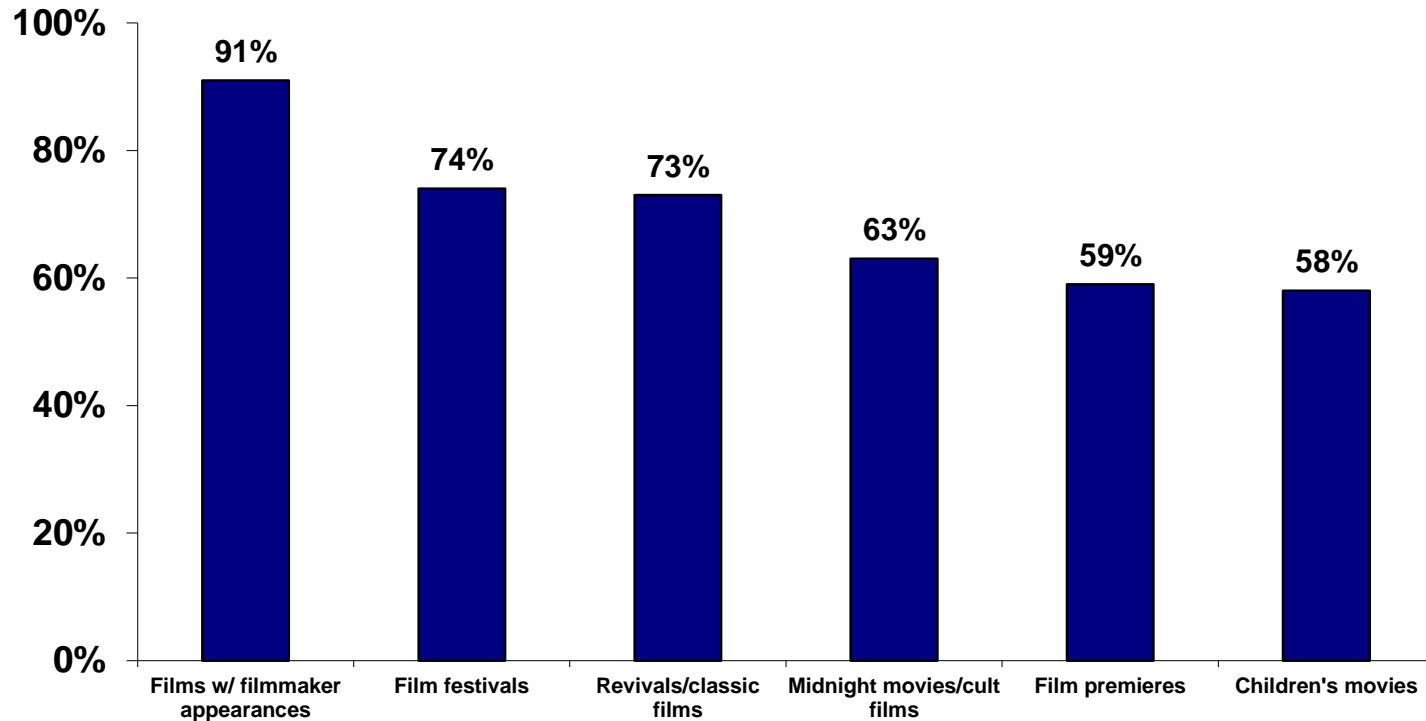
Percent of regular feature films
(main attractions)

Q8: Of all your regular feature films in 2012, what percent were in each category?

n=104

Types of *SCREENED* special programs offered

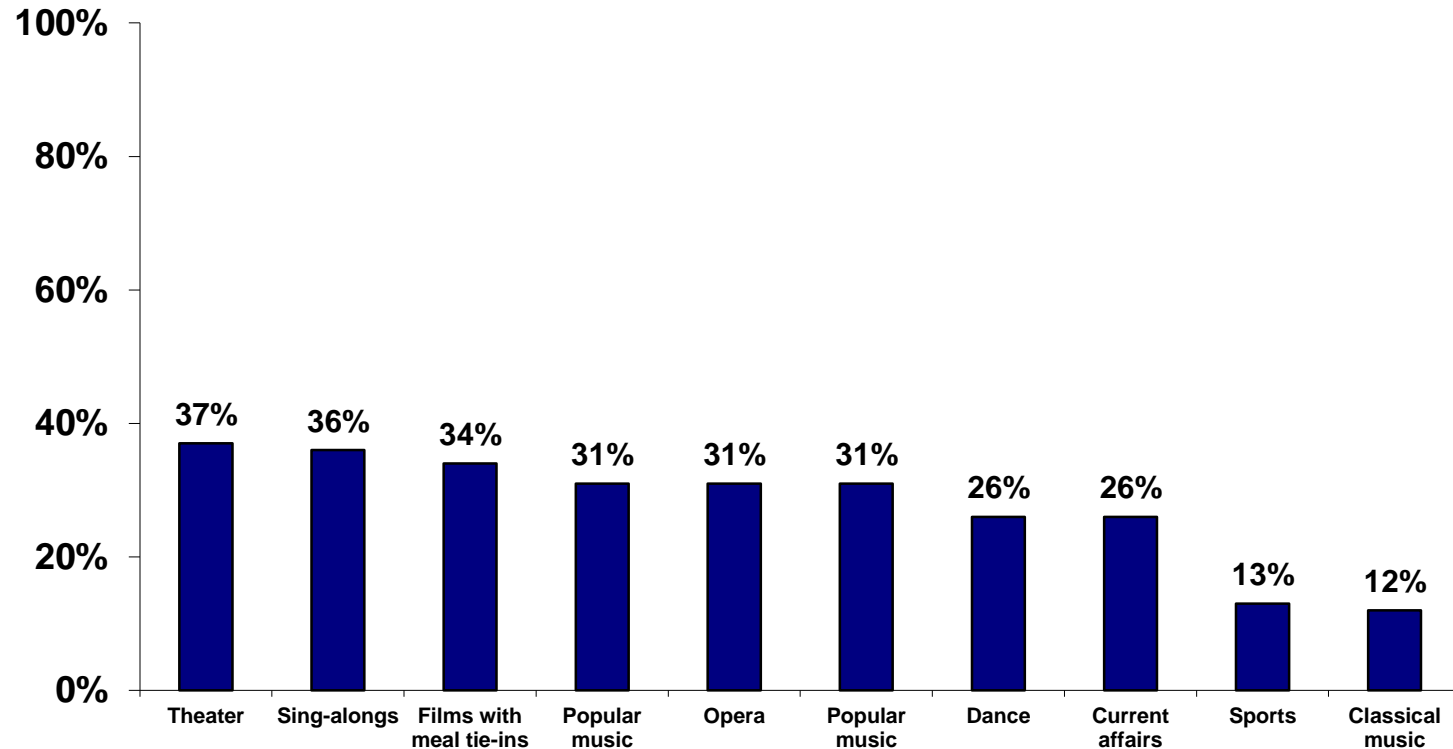
Percent of theaters



Q10: Which of the following kinds of *SCREENED* special programs does your theater offer?
n=110

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?

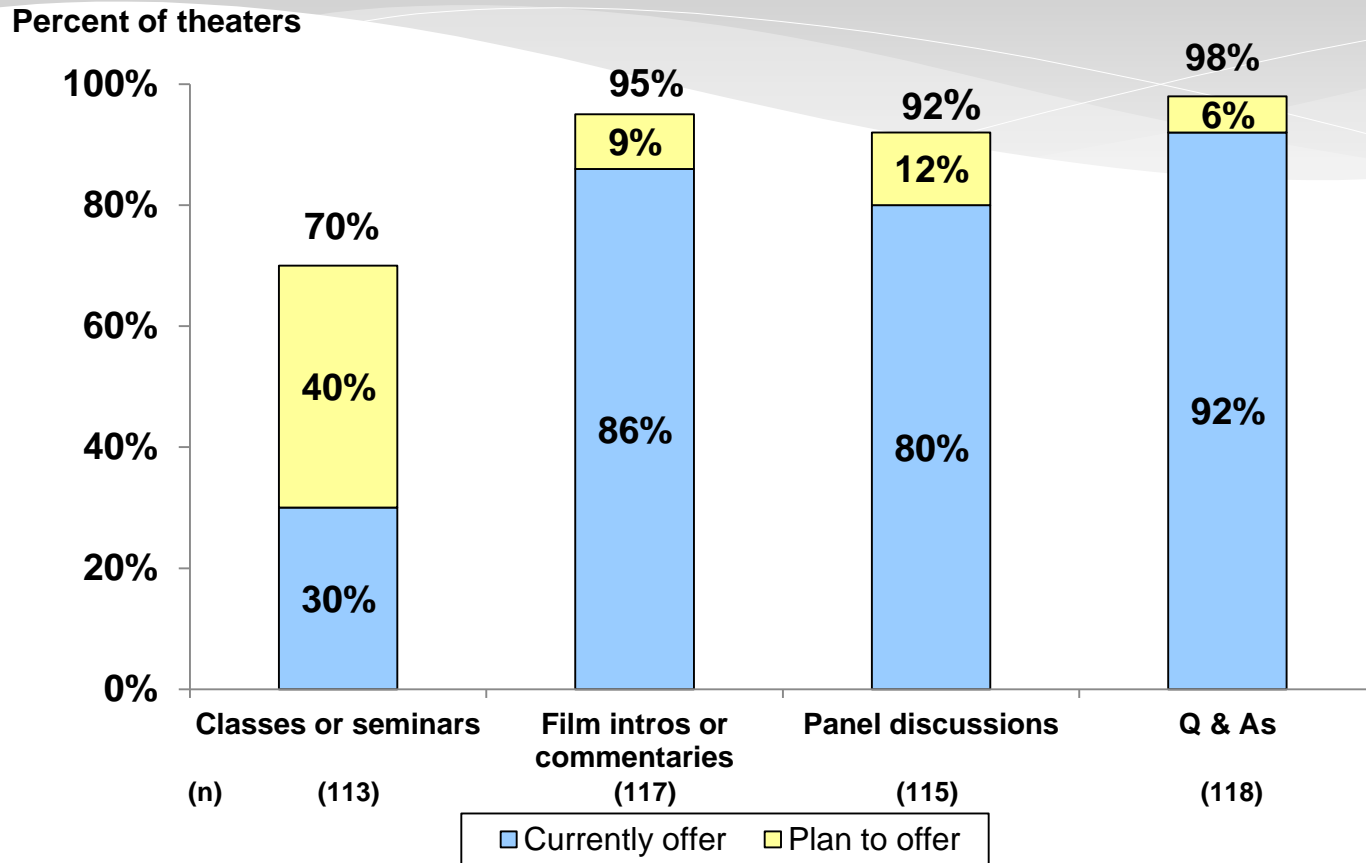
n=110

Other programming characteristics

- Arts centers and film societies have more “special” programming
 - Accounted for more than half of 2012 attendance
 - First-run “commercial” theaters had the least “special” programming (12% of attendance)
- Arts centers and film societies also show more revivals/repertory than other types of venue
- Nearly two-thirds of “special” programs at arts centers were live performances (vs. less than 15% elsewhere)

- The more screens, the more varied the programming
- More venues with 3+ screens show films of:
 - Opera
 - Theater
 - Classical music
 - Dance
 - Current affairs

Most theaters offer some type of “educational” programs



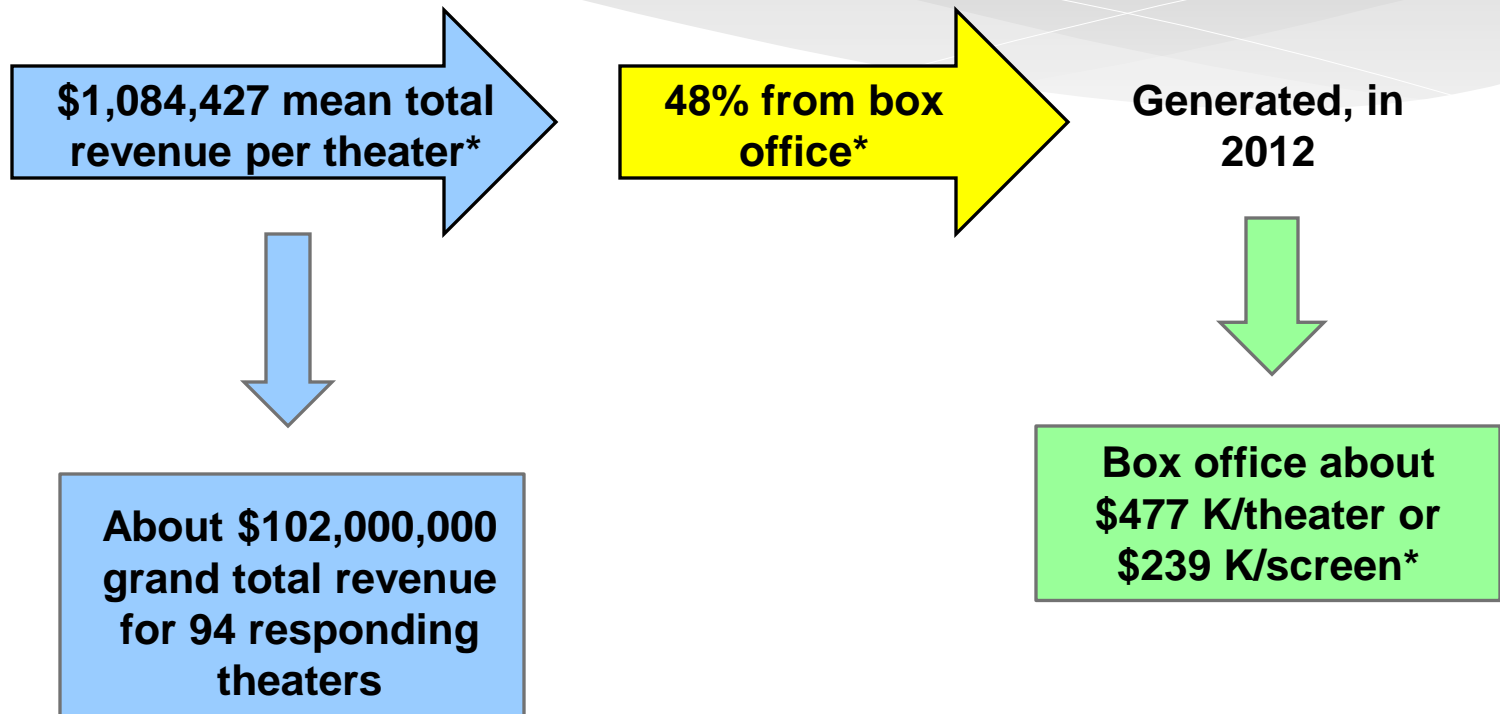
Q11: Which of the following does your theater offer?

Other types of educational programs*

- Film classes for local students (K-12)
 - Film literacy
 - Master classes or public lectures with filmmakers
- Special screenings for area schools; e.g.:
 - Documentaries
 - Films related to curricula
 - “Science on Screen”
- Theater staff attend local school film clubs
- Filmmaking workshops and summer camps

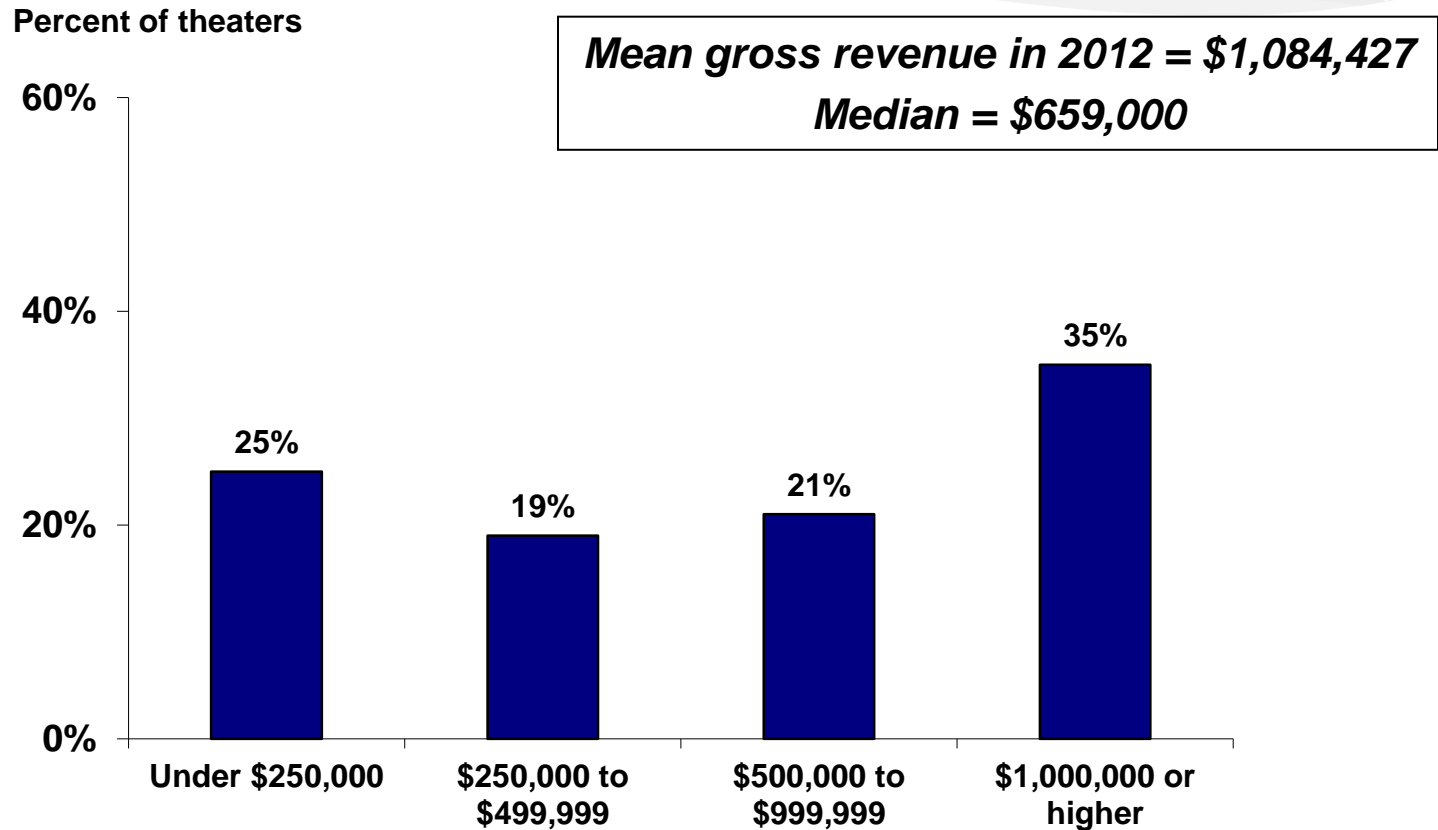
*Open-ended

How much do we make?



*On average

Total gross revenue in 2012

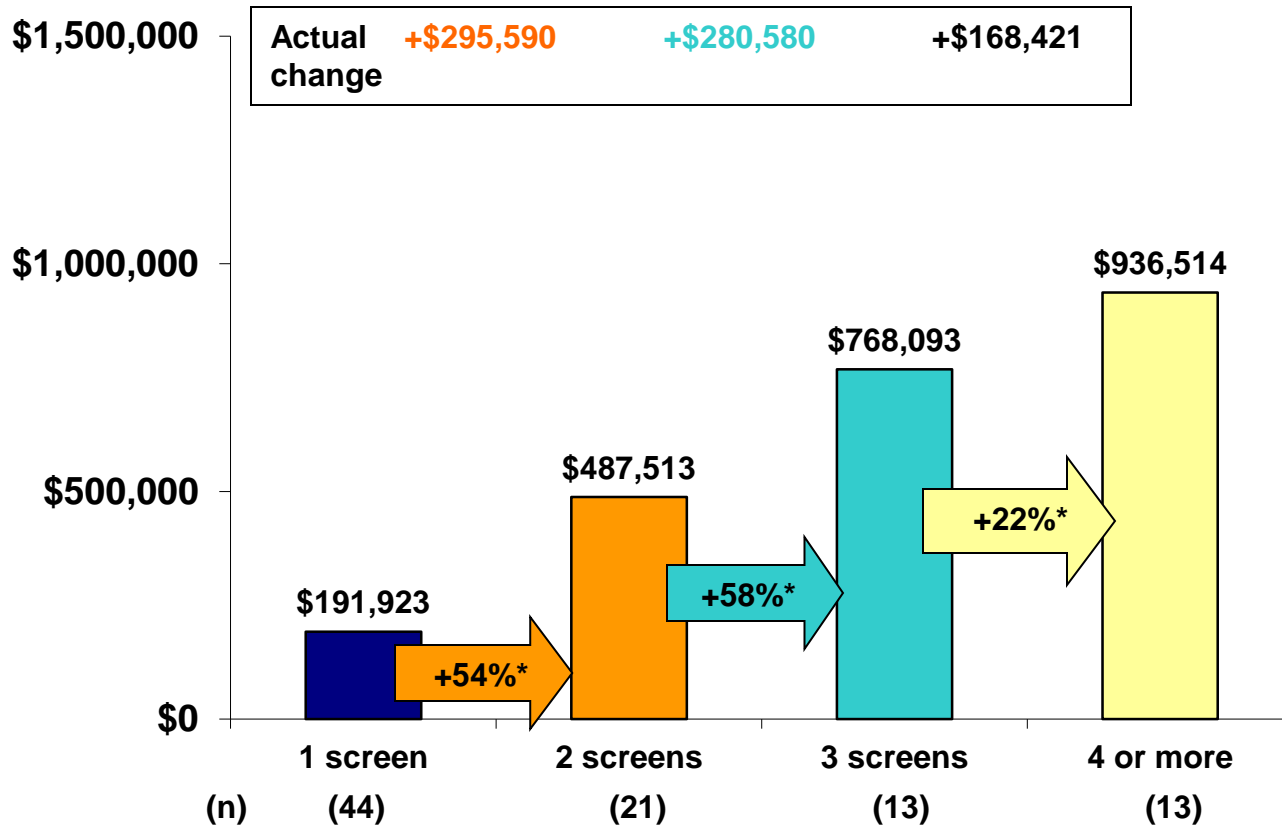


Q13: Please estimate your total gross income in 2012.
n=94

Total *BOX OFFICE* revenue in 2012

- By Number of Screens -

Total 2012 box office

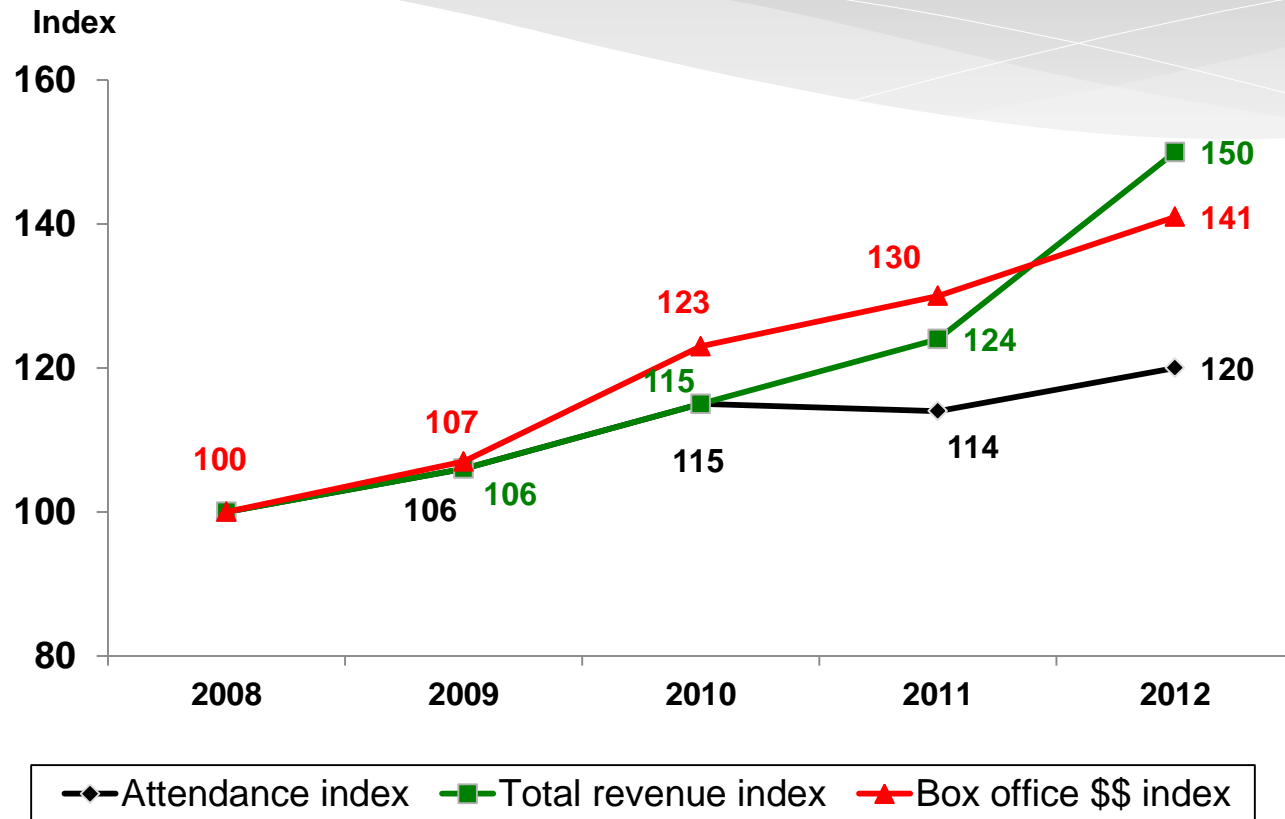


***Percent difference with additional screen.**

Q13/Q14: Please estimate your total gross income in 2012.
 What percent of all 2012 income came from box office?

Attendance and revenue

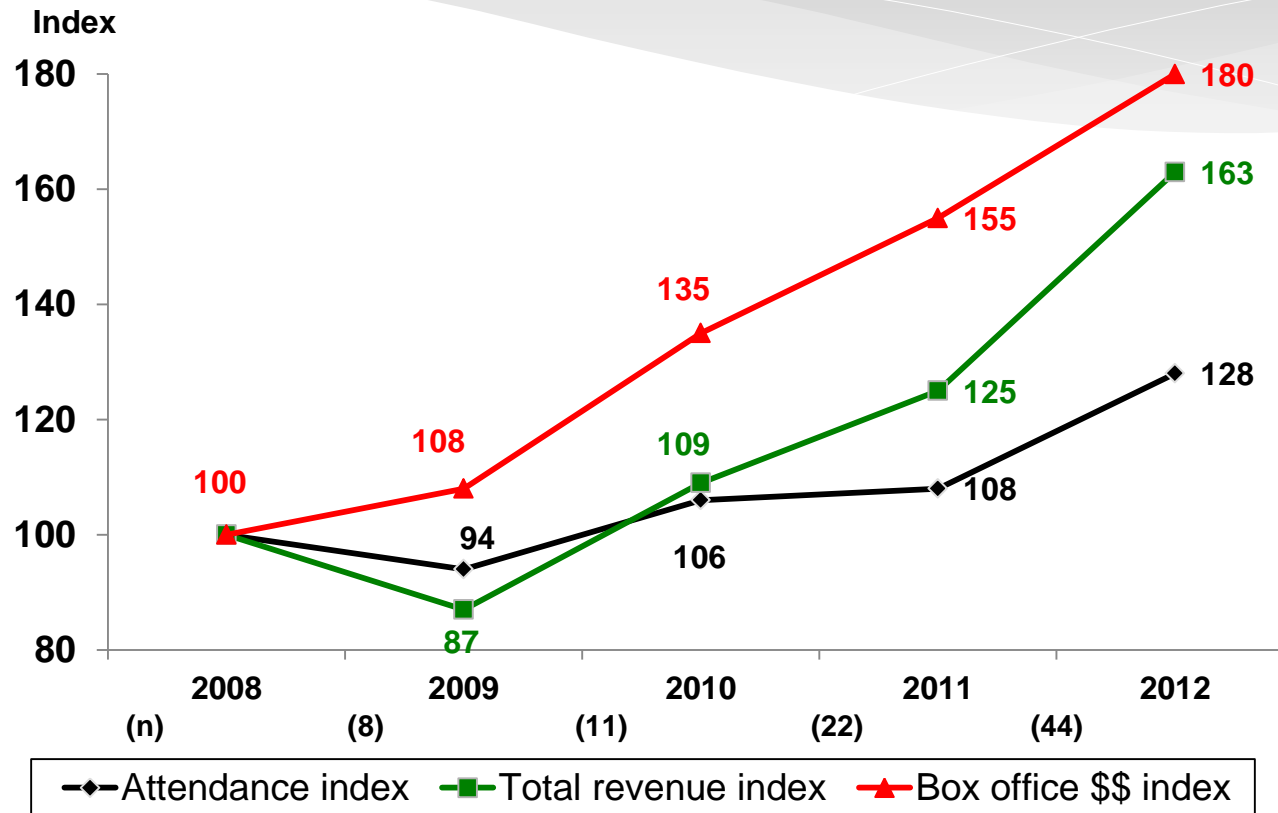
- 2008-2012 (theaters that participated in all five surveys) -



Q6: Please estimate your total attendance in 2012.
Q13: Please estimate your total gross income in 2012.
Q14: What percent of all 2012 income came from each source?
n=6

Attendance and revenue

- 2008-2012 (theaters participating in consecutive years' surveys) -



Q6: Please estimate your total attendance in 2012.
 Q13: Please estimate your total gross income in 2012.
 Q14: What percent of all 2012 income came from each source?

“High” vs. “low” revenue theaters

High 2012 gross (> \$650,000)

- Mean 2012 gross = \$1.9 million
- Most have 3+ screens, and thus have more total seats and much higher attendance
- 85% are art houses
- Show more first-run art-house films than low-income theaters
- Have more varied “special” screenings

Low 2012 gross (\$250,000 or less)

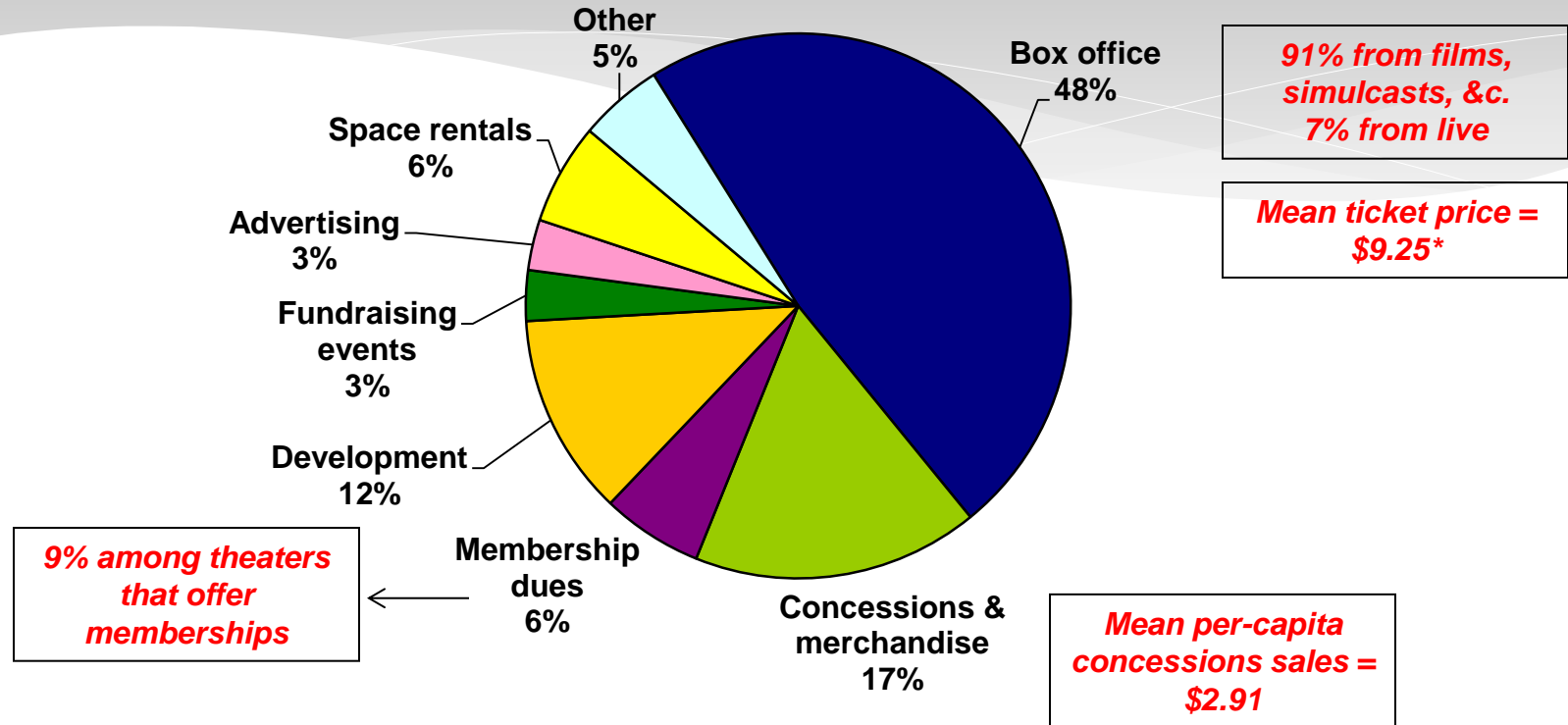
- Mean 2012 gross = \$132,000
- Most have only one screen
- 62% are art houses
- Show more second-run/subrun films than higher income theaters
- Least likely to offer film intros and commentaries, panel discussions, Q&As

Where does our revenue come from?

- 48% box office
 - Mean adult (non-senior) evening admission = \$9.25 (range \$2 to \$20; lowest at second-run theaters)
- 17% concessions
 - Mean per-capita concessions sales = \$2.91 (range less than \$1 to \$15)

- 12% development and donations
 - Over half of donations come from individuals (higher than 2011)
 - Meanwhile, funding from government and foundations has decreased since last year
- The great majority of theaters still do not have an endowment or a planned giving program

Sources of revenue in 2012



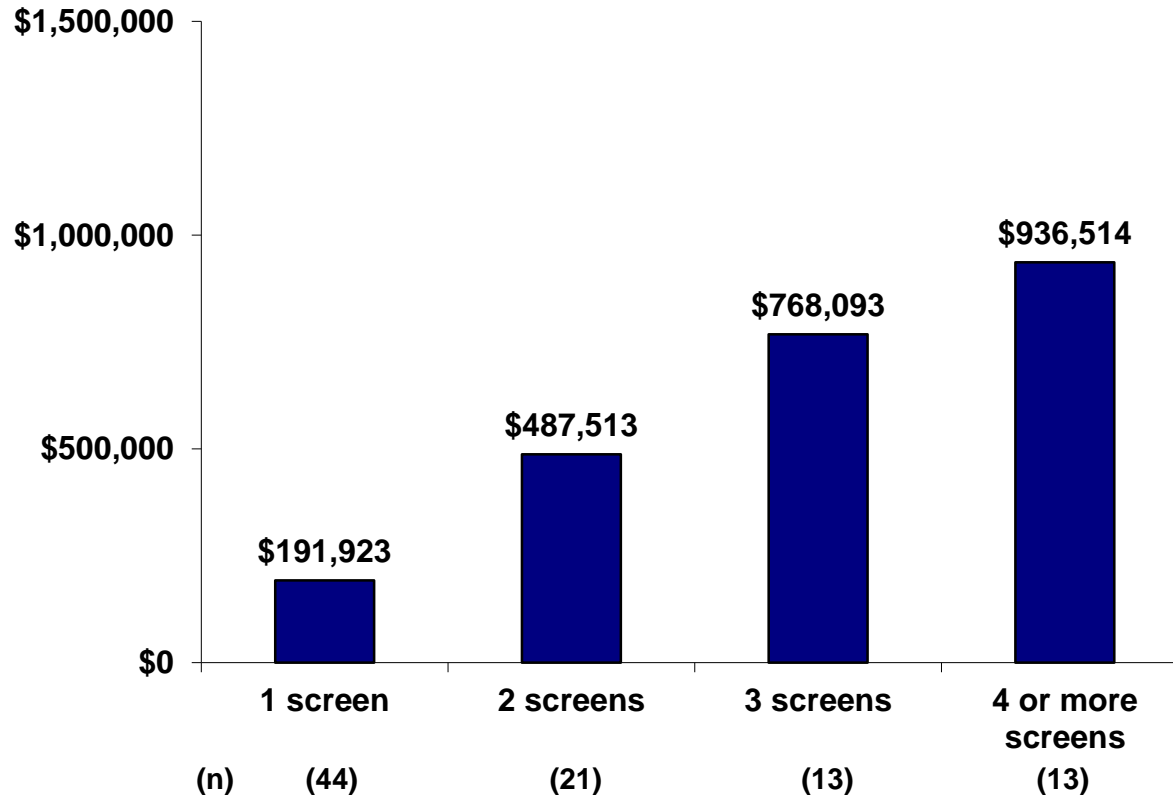
Percent of total 2012 income

Q14/Q15: What percent of all 2012 income came from each source?
 What percent of 2012 BOX OFFICE income came from each source?
 n=94/97
 *Adult (non-senior) evening general admission

Gross revenue in 2012: Box office ONLY

- By Number of Screens -

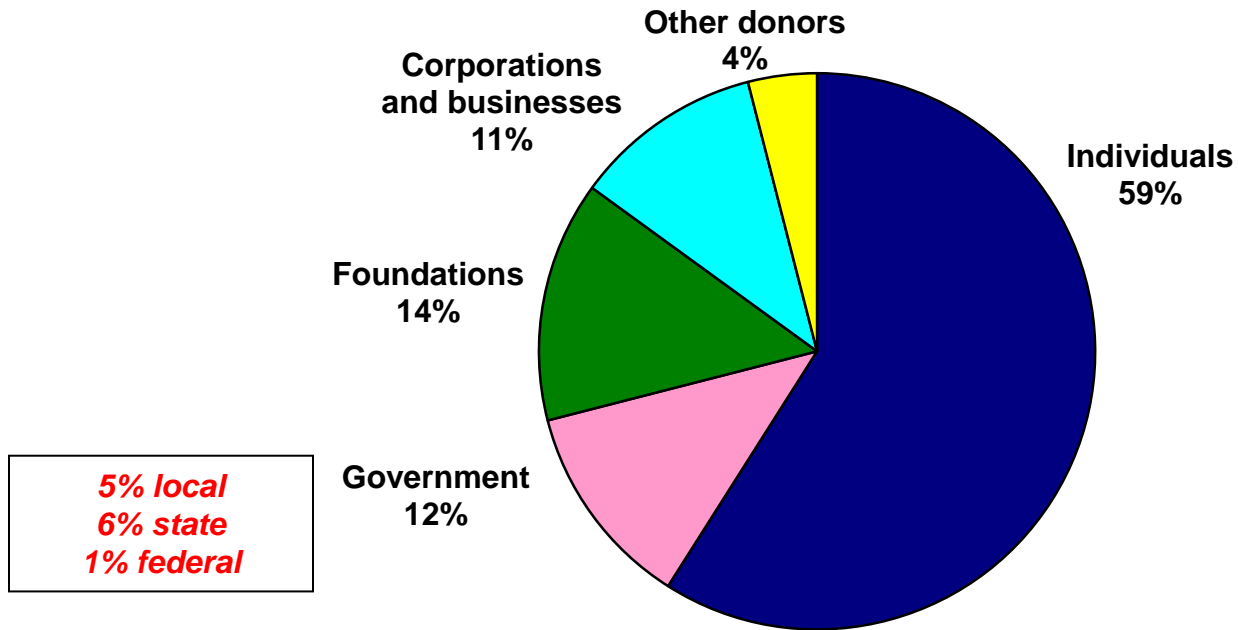
Mean box office revenue



Q13: Please estimate your total gross income in 2012.

Q14: What percent of all 2012 income came from each source?

Sources of development/fundraising income in 2012



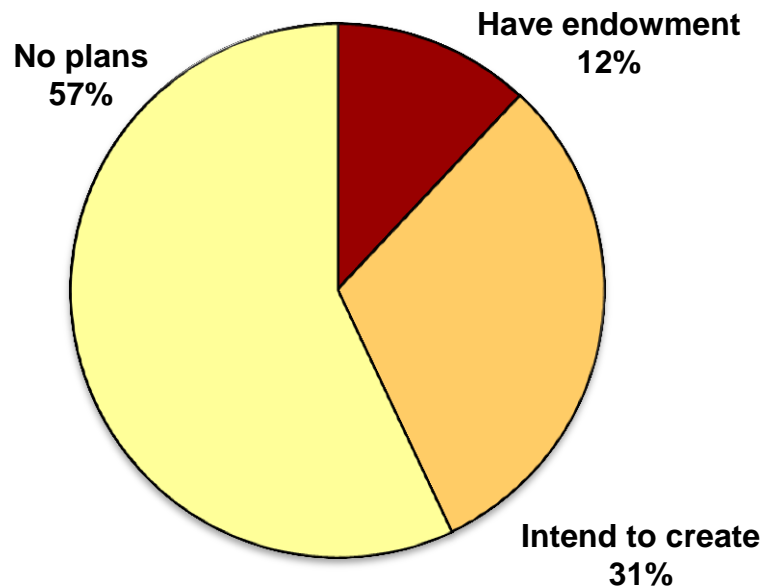
Percent of total 2012 development income

Q16/17: What percent of all 2012 development and fundraising income came from each source? What percent of government income came from each source?

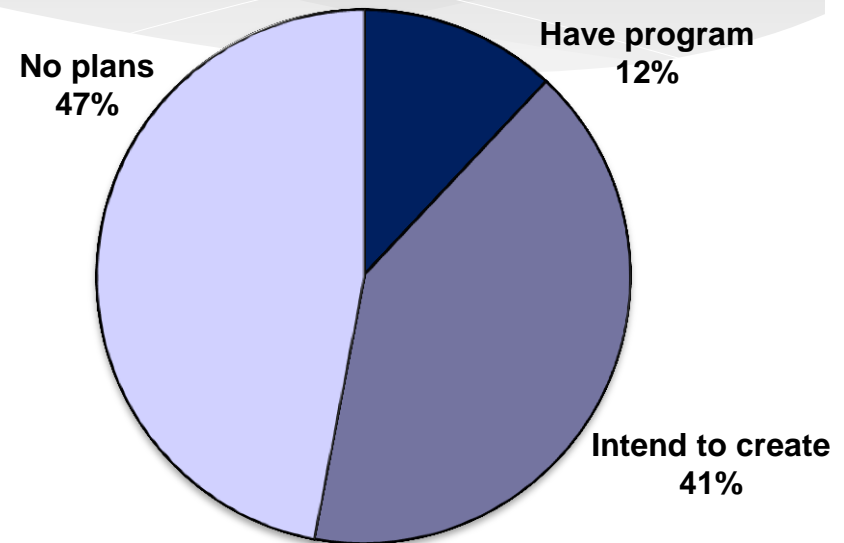
n=64/40

Endowments and planned giving - Percent of theaters -

Mean value = \$816 K



Endowment Plan



Planned giving program

Q18/19: Do you have an endowment? What is its approximate value?
n=101/12
Q20: Do you have a planned giving program?
n=100

Other aspects of endowments and planned giving programs

- Over 40% of arts centers have endowments, vs. one-eighth or less of other types of venues
- The higher the revenue of a theater, the greater the value of the endowment if the organization has one
- One-third of film societies have planned giving programs (vs. one-sixth or less elsewhere)

“High” vs. “low” revenue theaters

- Sources of revenue -

High 2012 gross (> \$650,000)

- Have more varied sources of revenue (e.g., get more from membership dues and development than low-revenue theaters)
- Of development revenue, get more from government, corporations or businesses, and foundations vs. other theaters
 - Less than $\frac{1}{2}$ of development income comes from individuals
- More likely to have endowments and planned giving programs (though most do not)

Low 2012 gross (\$250,000 or less)

- Over $\frac{2}{3}$ of development revenue comes from individual donors
- Very unlikely to have endowments or planned giving programs

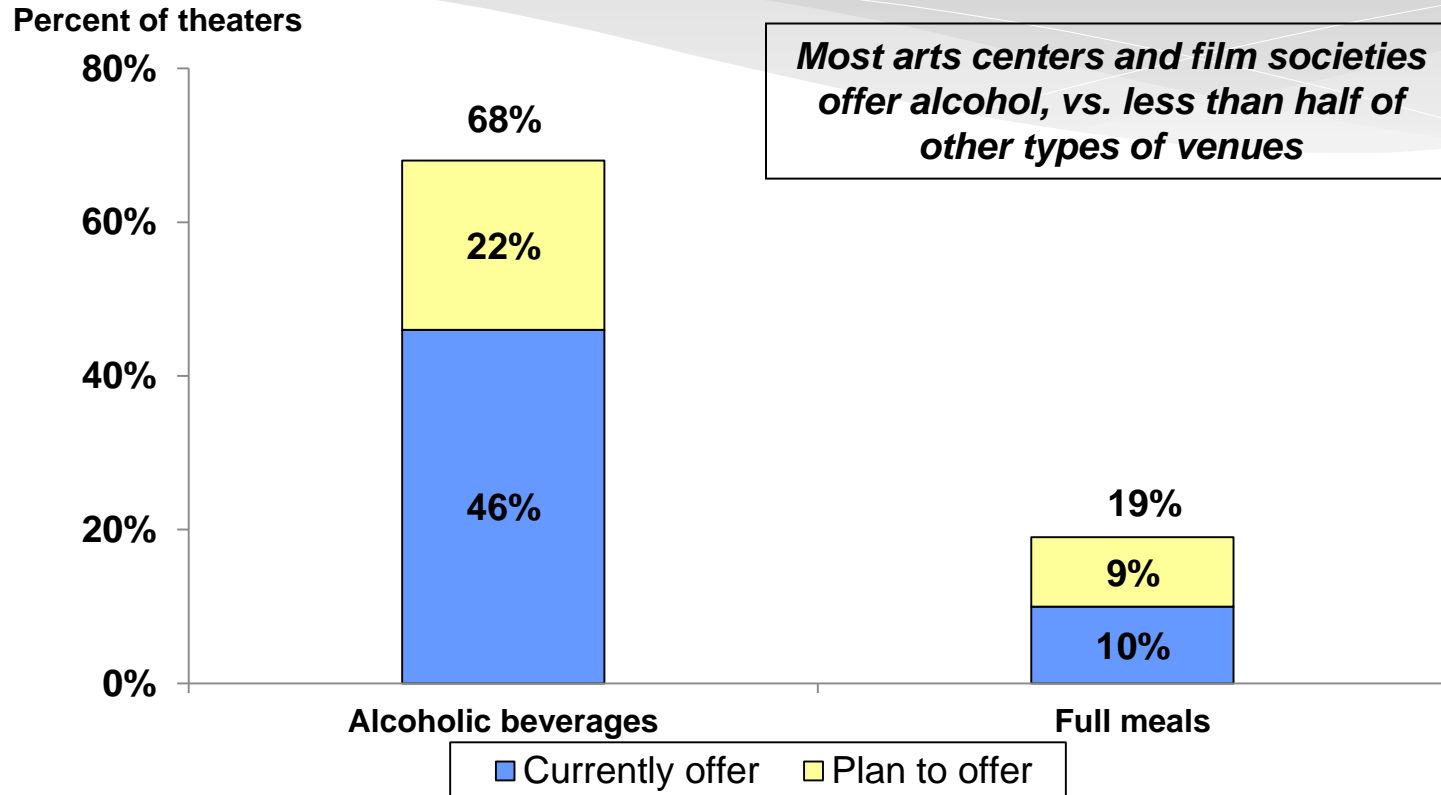
“High” vs. “low” revenue theaters

- Ticket prices and 2012 concessions sales -

High 2012 gross (> \$650,000)	
Ticket price	\$10.21
Per-cap concessions sales	<u>\$ 3.18</u>
Total cost of “a night at the movies	\$13.39

Low 2012 gross (\$250,000 or less)	
Ticket price	\$ 7.68
Per-cap concessions sales	<u>\$ 2.80</u>
Total cost of “a night at the movies	\$10.48

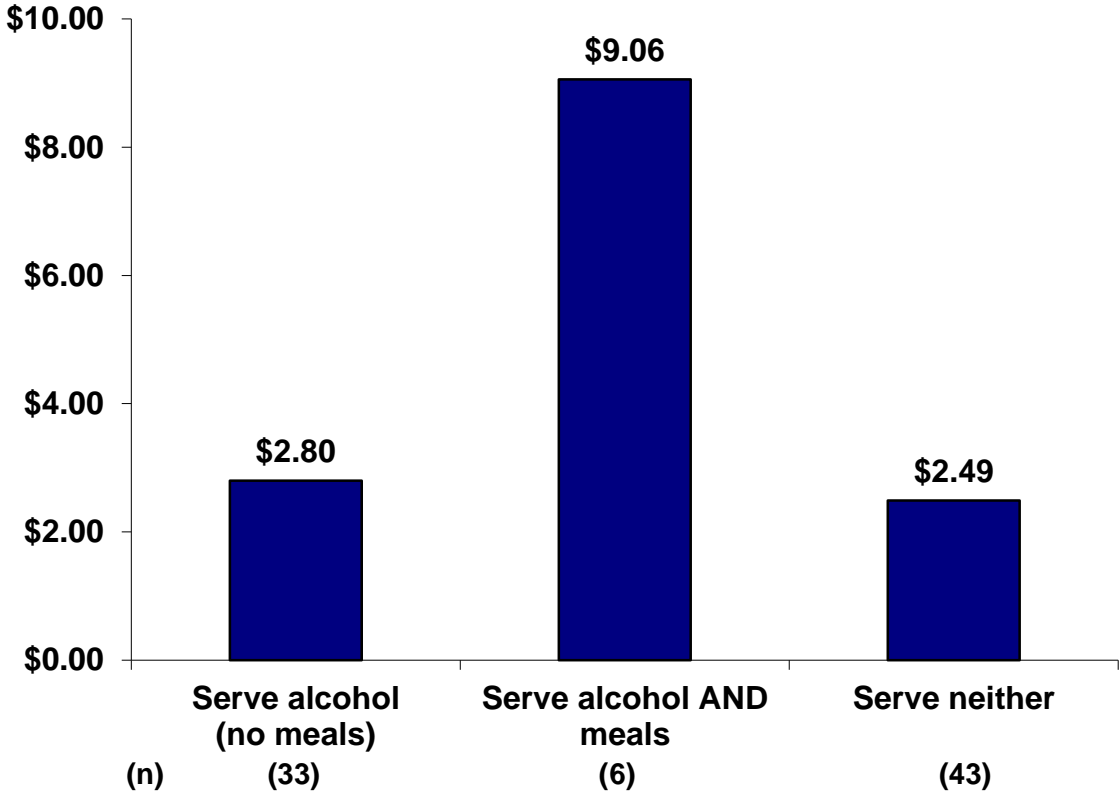
Current availability of full meals and alcoholic beverages



Mean per capita 2012 concessions sales

- By availability of alcohol and meals -

Mean 2012
concessions sales



Q22: Please estimate your per capita concessions sales in 2012.
Q23: Does your theater offer each of the following?

How do we track donations?

- Theaters use a wide variety of software for tracking donations and membership dues
 - Specific donor programs
 - General database programs
- But over one-fourth of theaters still do not track this information at all

Use of software for tracking donations and membership dues

Specific donor programs	% of theaters
Raiser's Edge	11
DonorPerfect	8
GiftWorks	8
Agile	6
Proprietary software	6
Other*	14
General database programs	
Excel	18
FileMaker	10
Access	1
NO tracking software	29

Q40: What type of software do you use to track donations (including membership dues)?

n=90

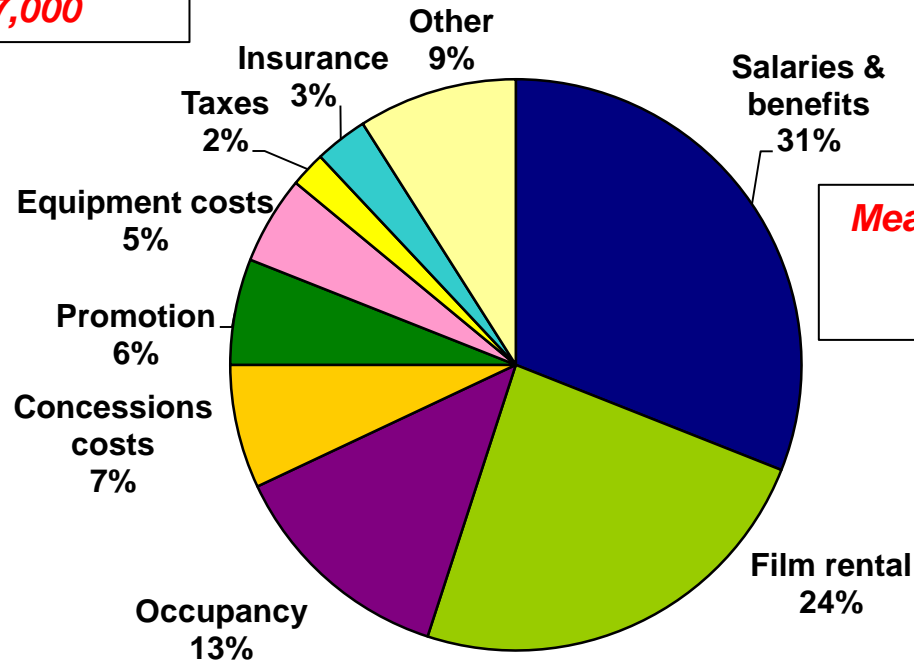
*Each mentioned by 2% or less

How do we spend money?

- Mean total operating expenses in 2012 = \$933,256
 - Salaries/benefits and film rentals together account for over half
 - Another 13% goes to occupancy costs (rent or mortgage, utilities, maintenance, etc.)

Operating expenses in 2012

**Total mean expenses =
\$933,256
Median = \$507,000**



**Mean # of employees:
6 full-time
12 part-time**

**Percent of total 2012
operating expenses**

Q25/Q26: What percent of all 2012 operating expenses went toward each?
How many paid employees do you currently have?

n=78/87

How profitable are we?

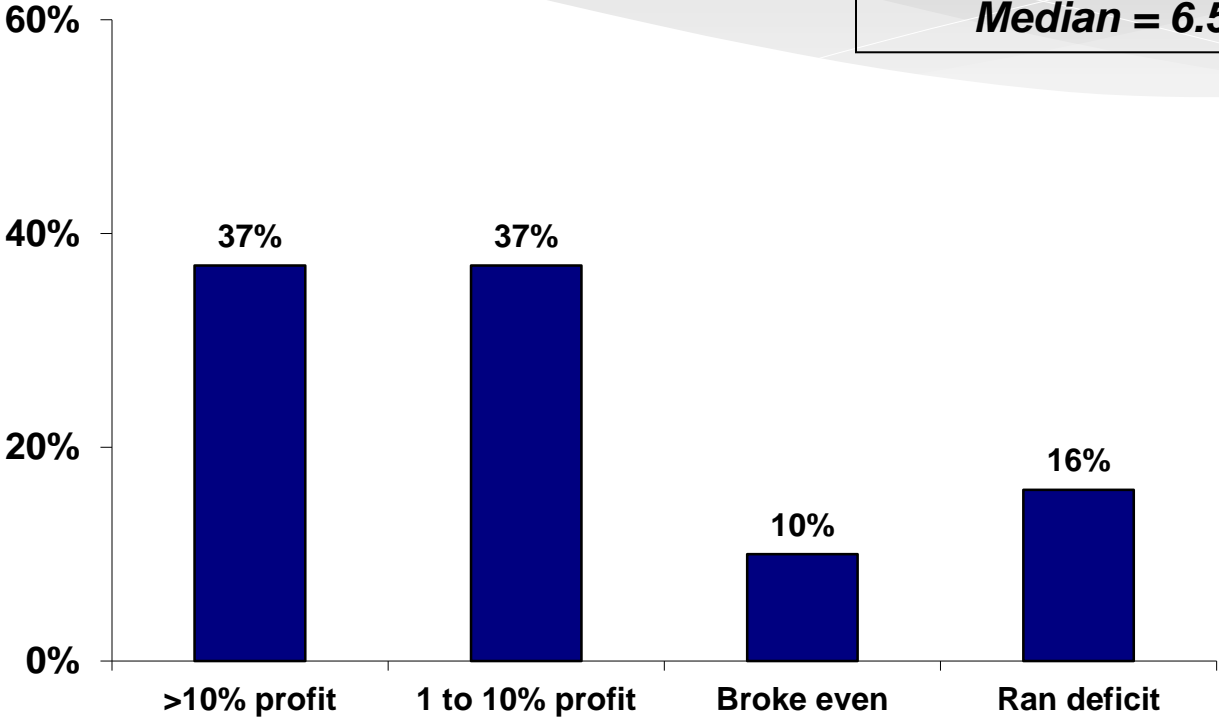
- Average net profit in 2012 was 10%
 - Three-fourths of responding theaters showed a profit, while 16% ran a deficit (improvement over 2012, when $\frac{1}{4}$ ran a deficit)
- “Commercial” theaters and museums are most profitable (14-16% profit margin)

- In general, the more screens, the higher the costs
 - Thus, even though theaters with 3+ screens have more revenue than single-screen theaters, they are no more profitable
 - This is probably due to need for more staff: salaries/benefits account for over $\frac{1}{3}$ of expenses at theaters with 3+ screens, vs. about $\frac{1}{4}$ at smaller theaters

Net profit or deficit in 2012

Percent of theaters

Mean profit = 10%
Median = 6.5%

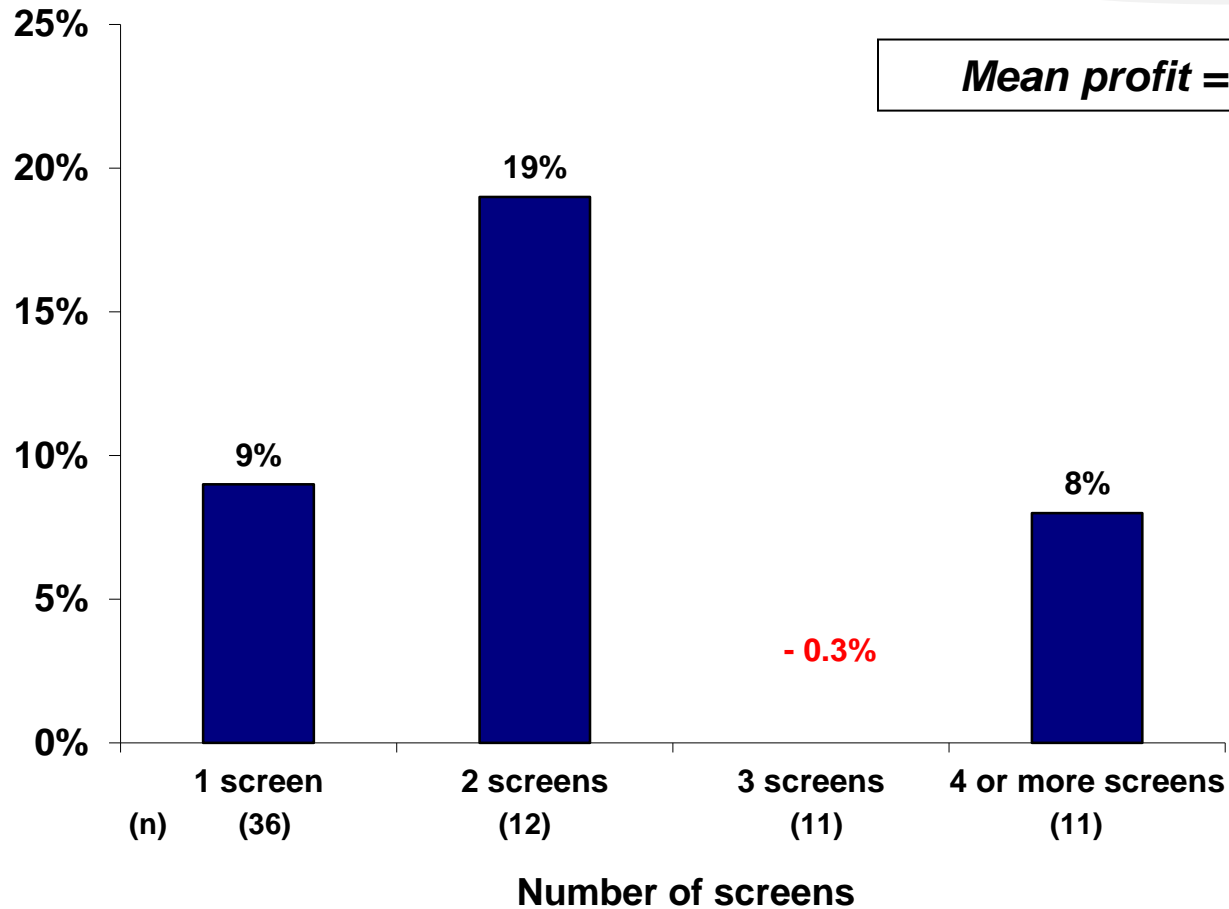


Q13/Q24: Please estimate your total gross income in 2012.
Please estimate your total operating expenses in 2012.

n=76

Profitability by number of screens

Mean profit in 2012



Q13: Please estimate your organization's total gross income in 2012.

Q24: Please estimate your organization's total operating expenses in 2012.

Theater characteristics by 2012 profitability

Characteristic	>10% profit in 2012	Broke even in 2012	Ran deficit in 2012
2012 gross revenue	\$738 K	\$1,682 K	\$533 K
% of 2012 revenue from box office	48%	41%	54%
2012 box office revenue	\$296 K	\$605 K	\$ 305 K
2012 total expenses	\$511 K	\$1,682 K	\$592 K
Mean profit margin in 2012	+30%	0	-20%
Per-capita concessions sales	\$2.63	\$1.86	\$2.31
Have endowment	7%	50%	0%
Mean value of endowment	\$13 K	\$870 K	N/A
Own building	48%	75%	54%

Profile of theaters that showed >10% profit in 2012

- Over half are in urban or suburban areas
- About half own their buildings
- Half have more than 1 screen
- Nearly all (>90%) offer film intros/commentaries and Q&As
- More varied sources of revenue
 - Somewhat less dependent on operating income than unprofitable theaters, and get twice as much of their income from development
 - Few have endowments (and value is low) or planned giving programs

Profile of theaters that showed >10% profit in 2012 (cont'd.)

- Have the lowest average operating expenses of any of these three segments
- Most have dedicated staff for programming, projection and theater management, and bookkeeping
- Less challenged than other theaters by issues such as capital fundraising, building maintenance, getting community recognition, and competition from local theaters

Profile of theaters that broke even in 2012

- Half are located in “rural” areas, and another one-third in urban areas
- Two-thirds have only one screen – but these theaters have more total seats, on average, than other segments
- Most own their buildings
- More varied sources of revenue than other segments:
 - Less revenue from box office
 - Have been more successful in attracting donations from corporations and businesses
 - As a result, only 41% of development revenue comes from individual donors
 - Half have an endowment, and over one-third have planned giving

Profile of theaters that broke even in 2012 (cont'd.)

- Mean gross revenue is actually about twice that of the most profitable theaters – but expenses are three times higher
- One reason may be that “break-even” theaters average three times as many employees as other theaters!
 - Most have dedicated staff for development/fundraising, membership, programming, and bookkeeping, as well as for projection and theater management
- Have plenty of volunteers (mean >100)

Profile of theaters that ran a deficit in 2012

- Not usually located in the most affluent areas
- The great majority are near a college or university (= built-in competition, as well as a younger population less attracted to art houses)
- Fewer than half own their buildings
- Two-thirds have only one screen
- Few offer classes or seminars
- Rely mainly on box office revenue
 - Over half of revenue comes from box office, and less than 10% from development/donations (mostly from individual donors)
 - None have endowments or planned giving programs
- Total revenue was less than $\frac{3}{4}$ that of the most profitable theaters, but expenses were 16% **higher**

Profile of theaters that ran a deficit in 2012 (cont'd.)

- Not many dedicated staff members, except for theater management and projection
- Have relatively few volunteers on whose services they can draw
- Those that offer memberships have relatively low dues
- Seem to be struggling with many issues that are less challenging for more profitable theaters:
 - Getting films they want, and marketing them
 - Maintaining good relationships with distributors
 - Competition from both local theaters and other technologies
 - Capital fundraising
 - Increasing membership
 - Attracting younger audiences

How do we handle specific job functions?

Functions usually handled by DEDICATED staff

	<u>% of theaters</u>
• Theater management	79
• Projection	72
• Bookkeeping	64
• Membership	63*
• Programming for main attractions	61
• Marketing	52
• Concessions management	51
• Development/fundraising	45

Functions usually handled by staff who also have other responsibilities

	<u>% of theaters</u>
• Social media	67
• Film traffic	63
• Space rentals	56
• Programming for special screenings	50
• IT	47
• Education programming	38

NOTE: Functions shown in red are usually handled by FULL-time employees

Q27-30: In terms of staffing, how do you handle each function?

n=82

*Of theaters that offer memberships

How do we show films?

Projection capabilities

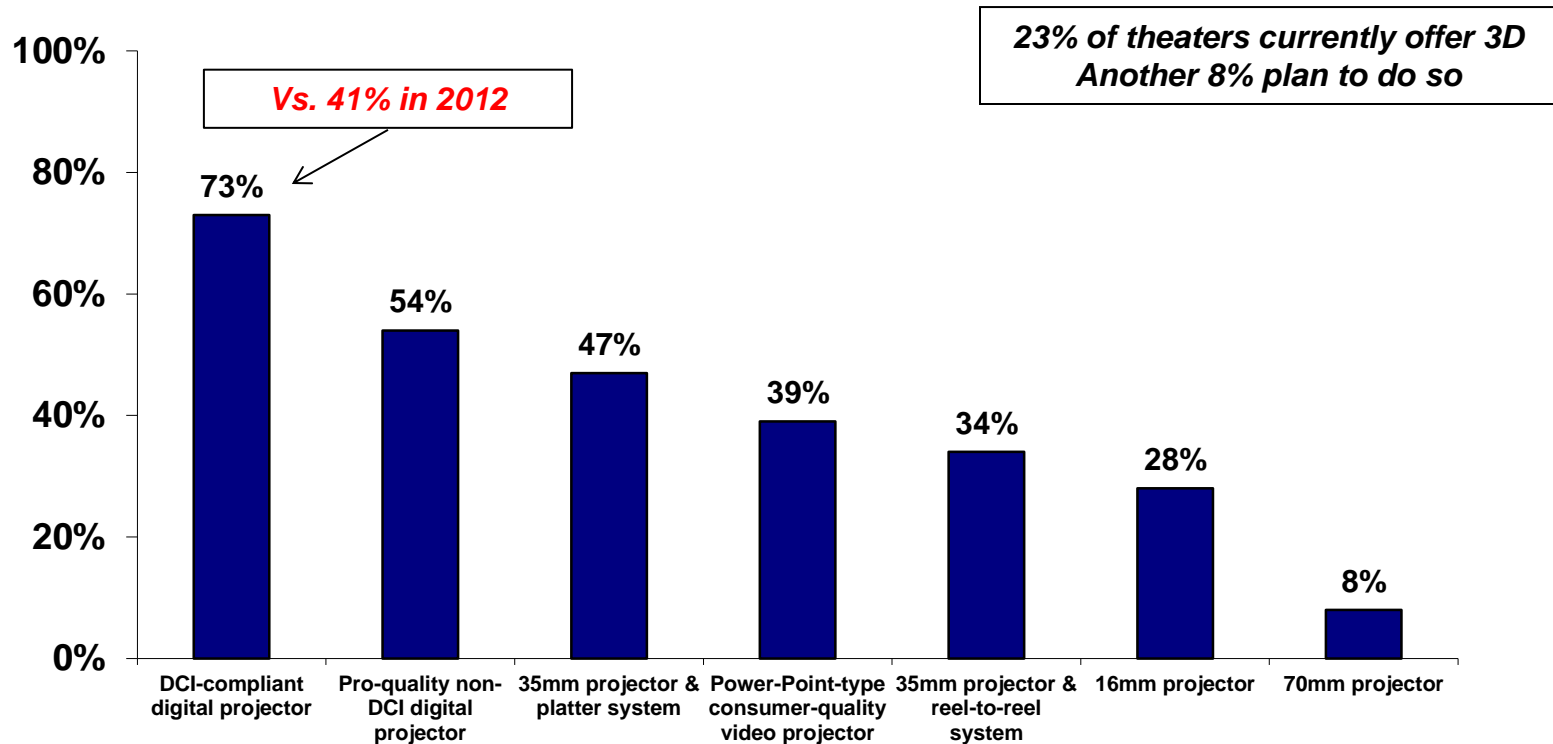
- Most common:
 - DCI-compliant digital projection (has far outstripped all other equipment)
 - Professional-quality non-DCI digital projector
 - 35mm (platter or reel-to-reel)

3D and digital

- One-fourth of theaters currently offer 3D and another 8% plan to do so in future
- Nearly $\frac{3}{4}$ have converted all screens to digital – but $\frac{1}{4}$ have not yet converted any screens
- Two-thirds plan to retain 35mm after completion of DCI conversion

In-house projection equipment and capabilities as of 2013

Percent of theaters

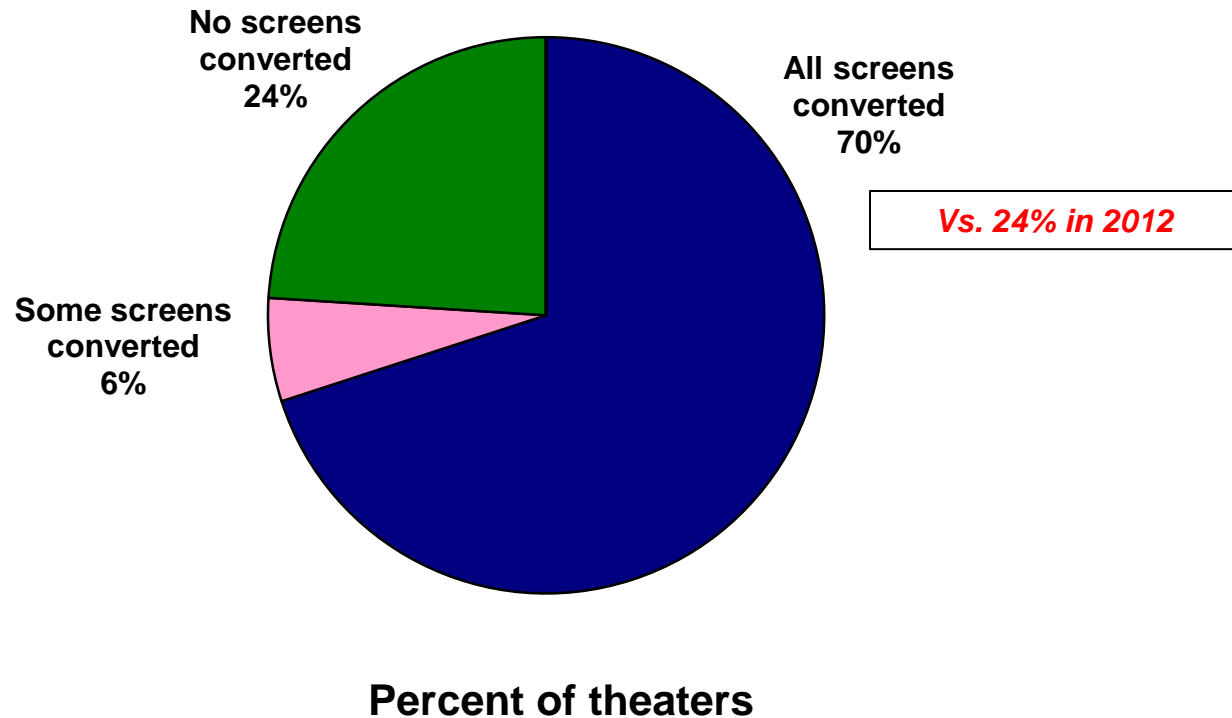


Q33/Q38: Which of the following projection equipment/capabilities do you have in house?

What is your status regarding 3D programming?

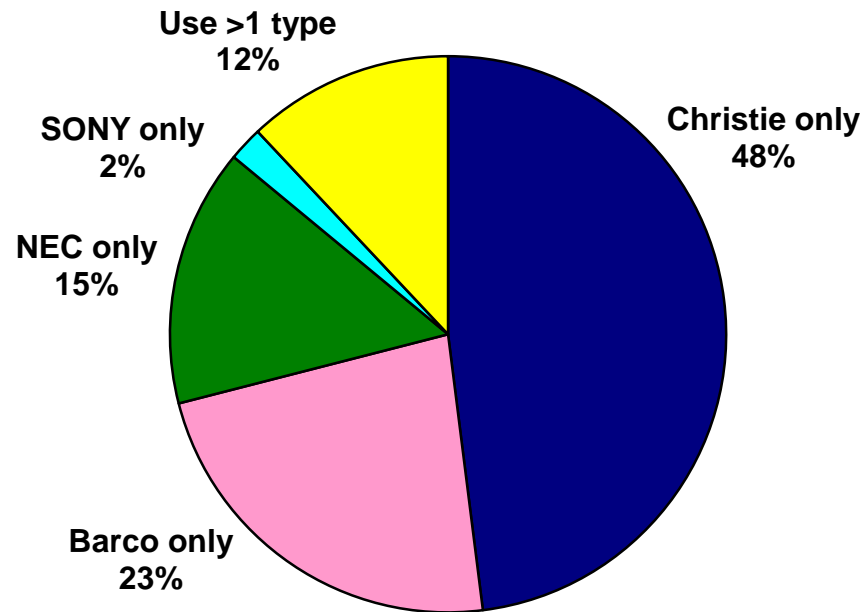
n=100/90

Current digital conversion status



Q35: Which best describes your theater's status regarding DCI conversion?
n=89

Use of specific types of DCI-compliant projector

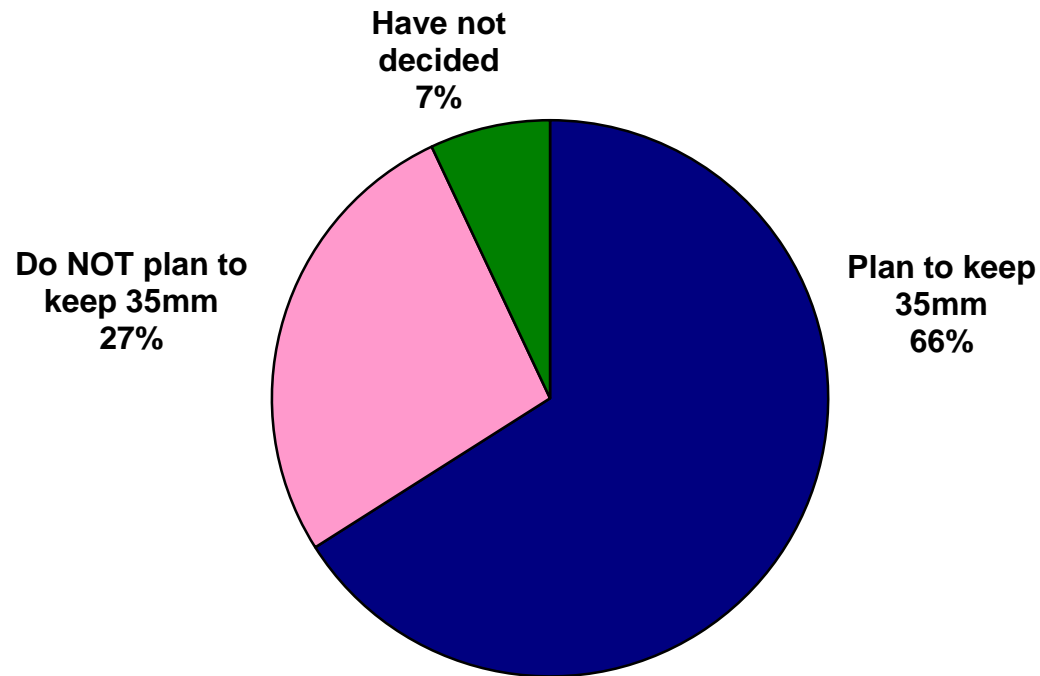


Percent of theaters that have a DCI-compliant projector

Q34: For how many screens do you use each type of DCI-compliant projector?

n=65

Plans for 35mm projection after digital conversion



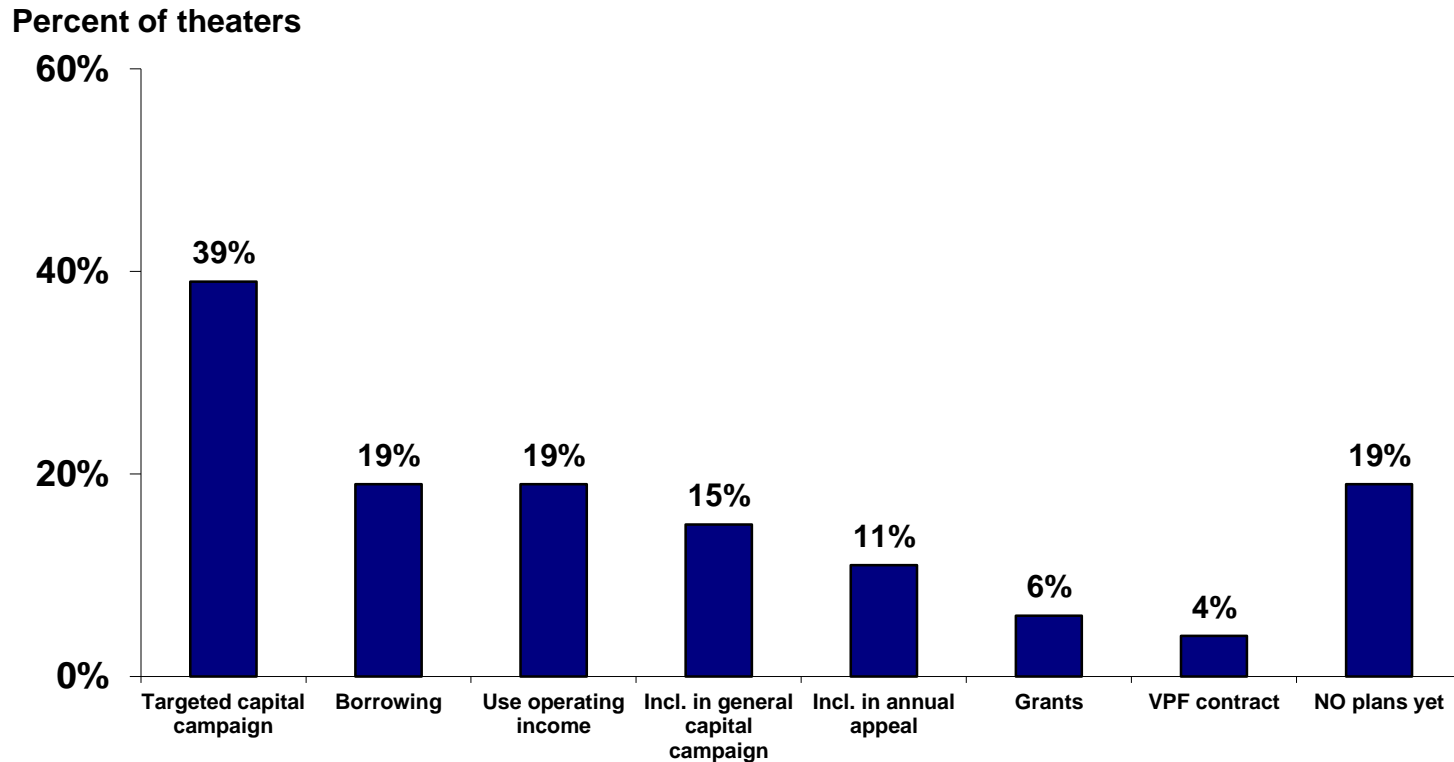
**Percent of theaters with 35mm
Projection capabilities***

Q34: Do you plan to retain your 35mm projection capabilities after completion of DCI conversion?

n=75

*14 theaters have no 35mm capabilities

Fundraising/financing for DCI conversion



Q37: How are you handling/planning to handle fundraising/financing for DCI conversion?

n=80

Other aspects of how we show films

- Small theaters have less varied equipment
 - Most do not have 35mm, compared with about half of larger theaters
 - And larger theaters are more likely to retain 35mm capabilities
- 44% of single-screen theaters had not converted to digital at the time of the survey (vs. 10% or less of multiscreen theaters)
 - This probably reflects the fact that single-screen theaters also have less income
- Over half of theaters with 4+ screens have 3D

Other aspects of our operations

How do we sell tickets?

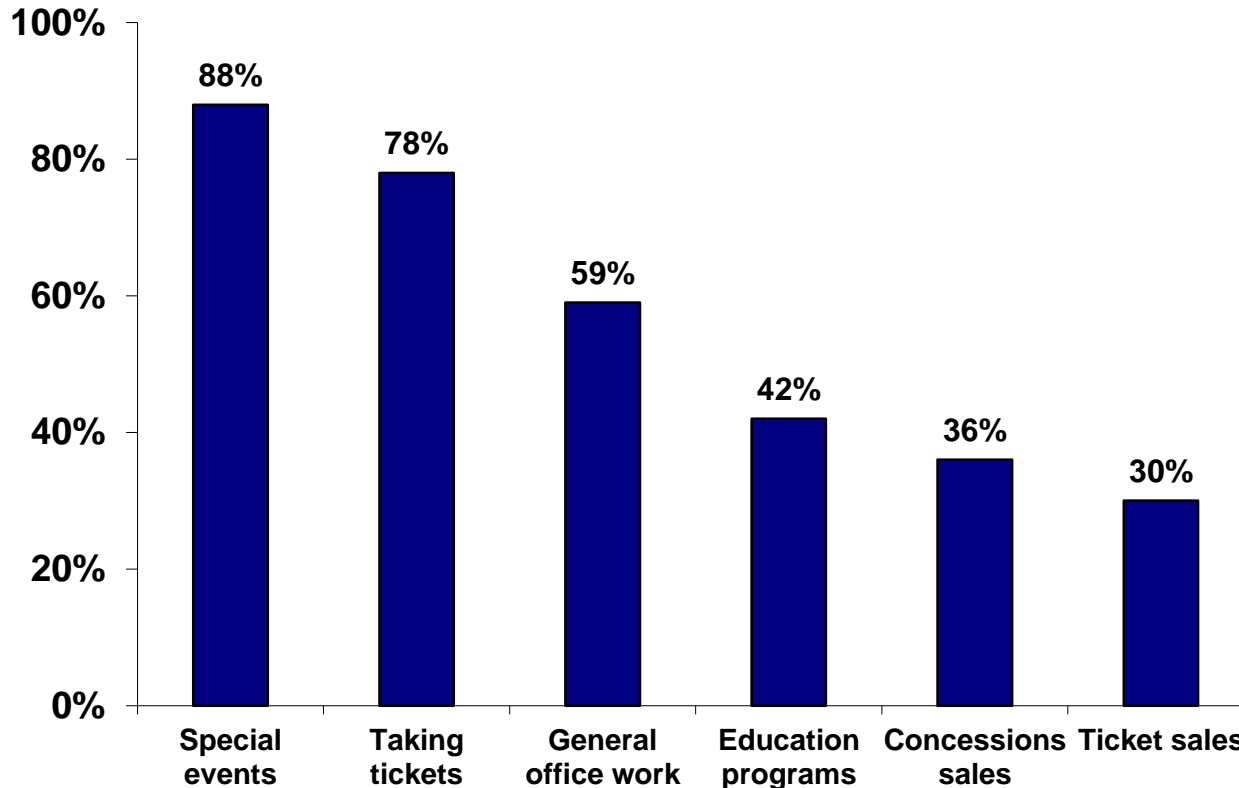
- 78% of theaters use online ticketing
 - Up slightly (4%) from last year (fastest growth was between 2011 and 2012)

How do we use volunteers?

- 74% of theaters have volunteers
- Mean # of active volunteers = 57
- Most commonly deployed at special events, as well as for ticket taking and general office work

Use of volunteers

Percent of theaters with volunteers



Mean # of volunteers = 57
Median = 15

Q51/Q52: About how many active volunteers do you have? How do you use your volunteers?

n=87/64

Other ways in which we use volunteers*

- Building maintenance
- Introducing films
- Programming/film selection
- Website design and maintenance
- Board of directors

*Open-ended

How do we communicate with our audiences?

How do we market ourselves?

- For marketing and publicity, theaters rely mainly on websites, weekly email “blasts,” and Facebook
- But the few theaters that use such media as TV, LinkedIn, Google Groups, and Twitter consider them highly effective

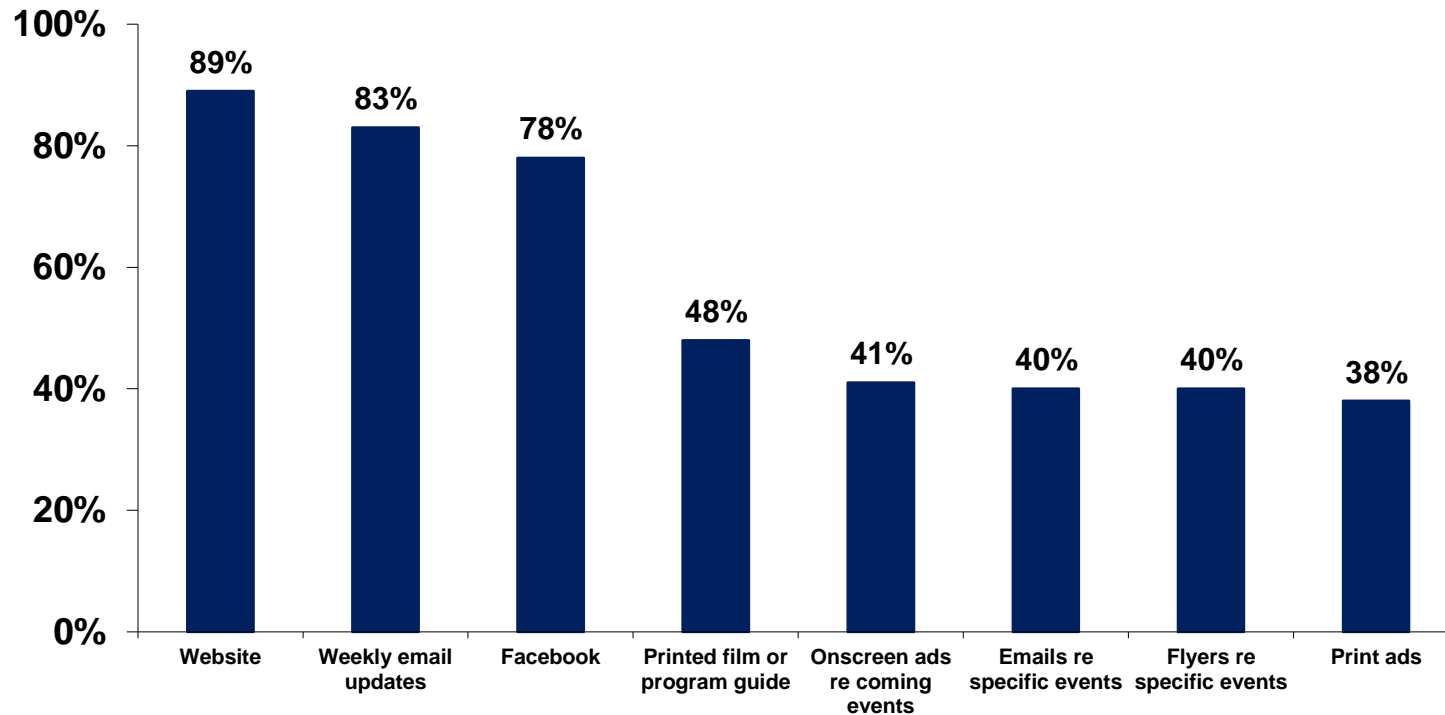
How do we keep in touch with patrons?

- Email continues to reach about twice as many people as “snail mail” does (and is used by more theaters)
- Three-fourths of theaters have conducted surveys with their patrons at some time (e.g., customer satisfaction, demographics, etc.)

Most effective marketing and communications media

- Percent including in “Top 5” -

Percent of theaters

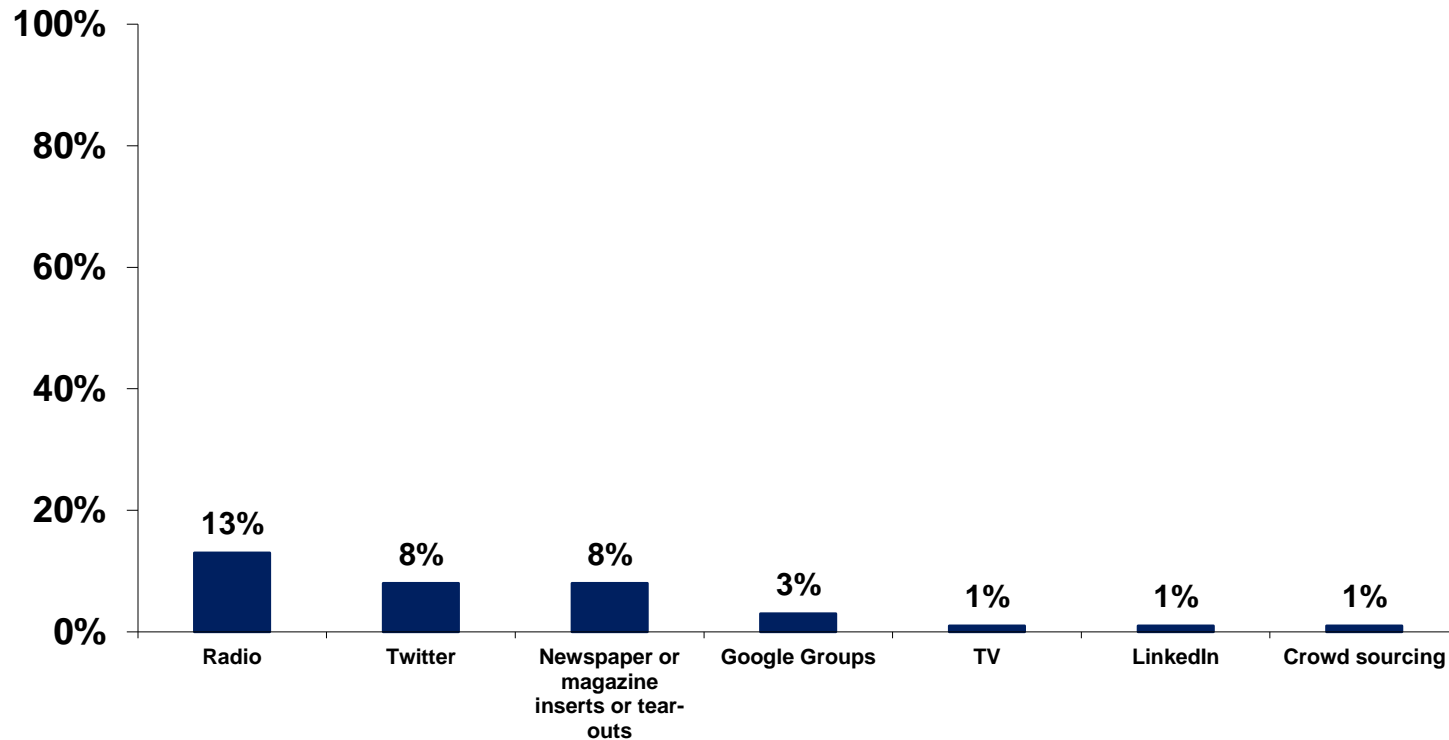


Q47: Choose and rank the FIVE media that you have found most effective in publicizing your programs and activities..

n=90

Most effective marketing and communications media (cont'd.)

Percent of theaters



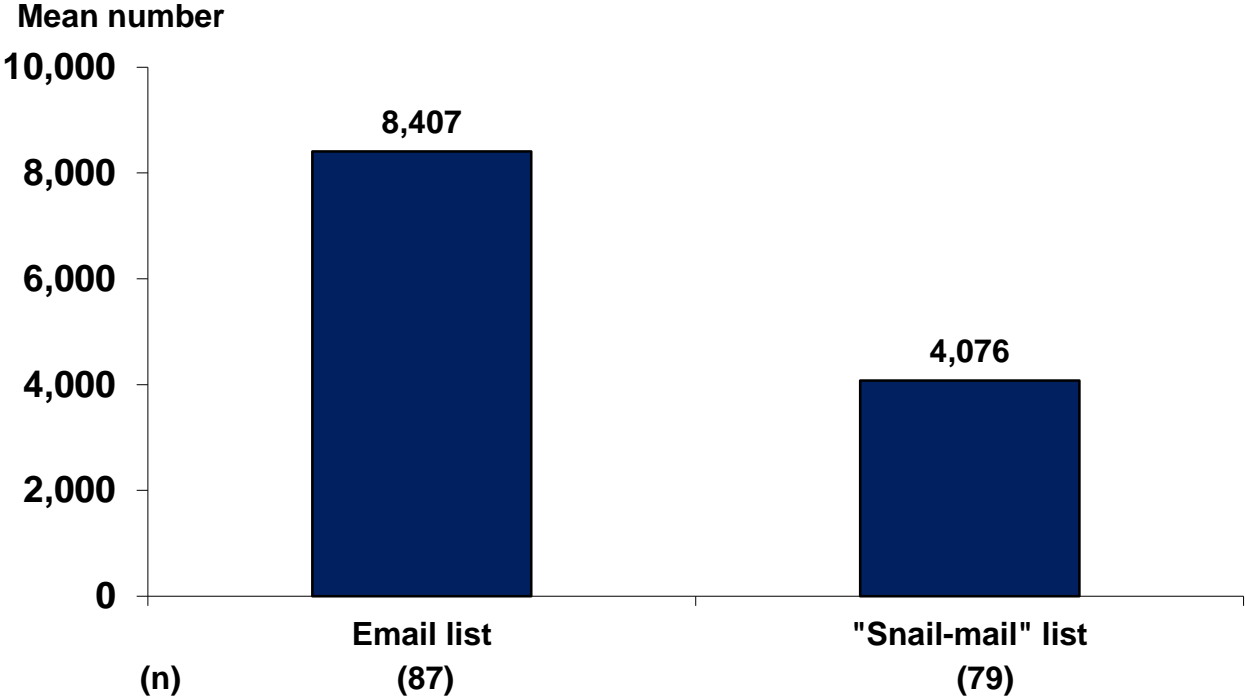
Q47: Choose and rank the FIVE media that you have found most effective in publicizing your programs and activities..

n=90

Rankings of effectiveness of media

Type of media	% including in top 5	Mean ranking (5 = highest)
TV	1%	5.0
LinkedIn	1%	5.0
Google Groups	3%	4.7
Twitter	8%	4.4
Onscreen ads re coming events	41%	3.9
Flyers re specific events	40%	3.8
Facebook	78%	3.6
Print ads	38%	3.5
Radio	13%	3.4
Emails re specific events	40%	3.3
Crowd sourcing	1%	3.0
Printed film or program guide	48%	2.8
Newspaper/magazine inserts or tear-outs	8%	2.7
Website	89%	2.1
Weekly email updates	83%	2.0

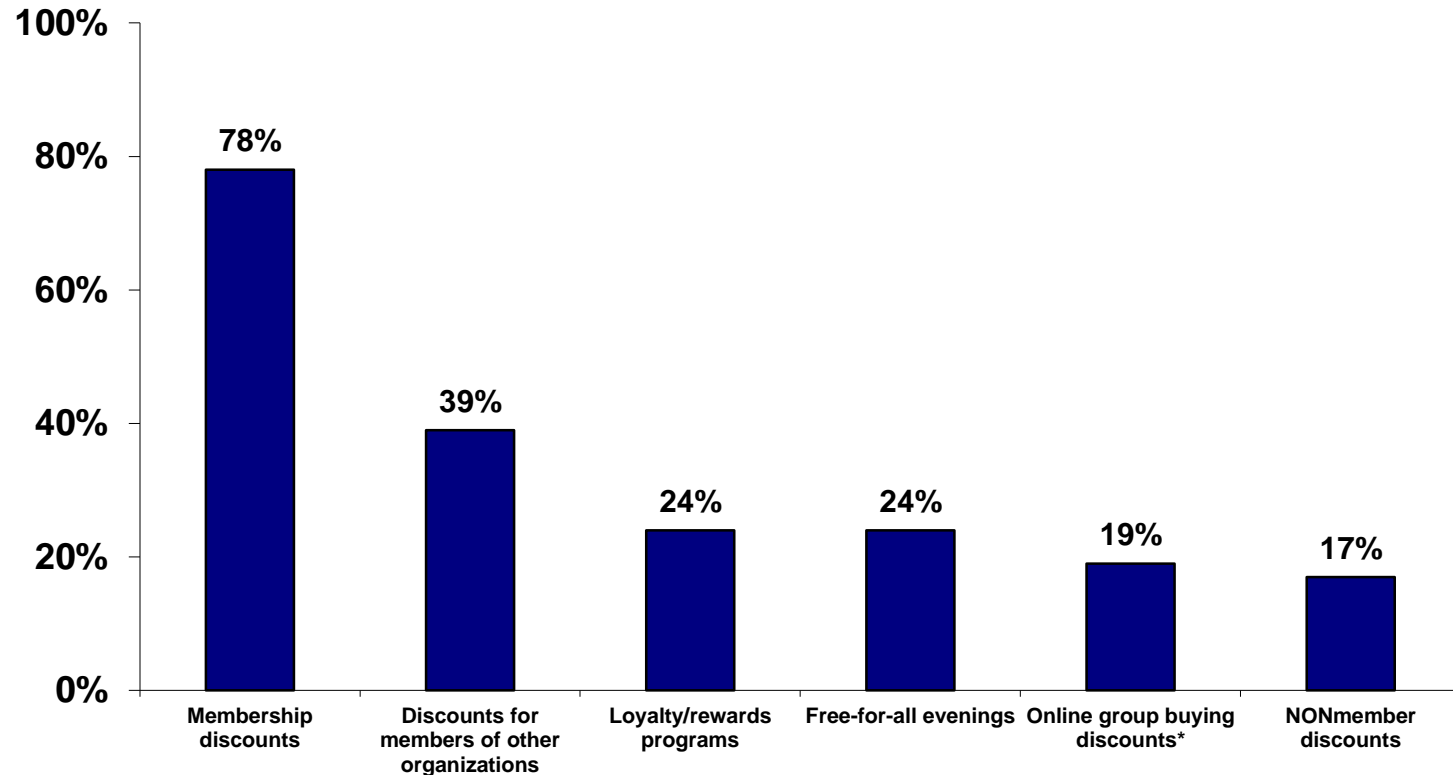
Size of mailing lists



Q48: About how many people do you have on each of the following types of mailing list (your best estimate)?

We provide a variety of special offers, usually involving discounts

Percent of theaters offering



Q53: Which of the following does your theater offer?

n=89

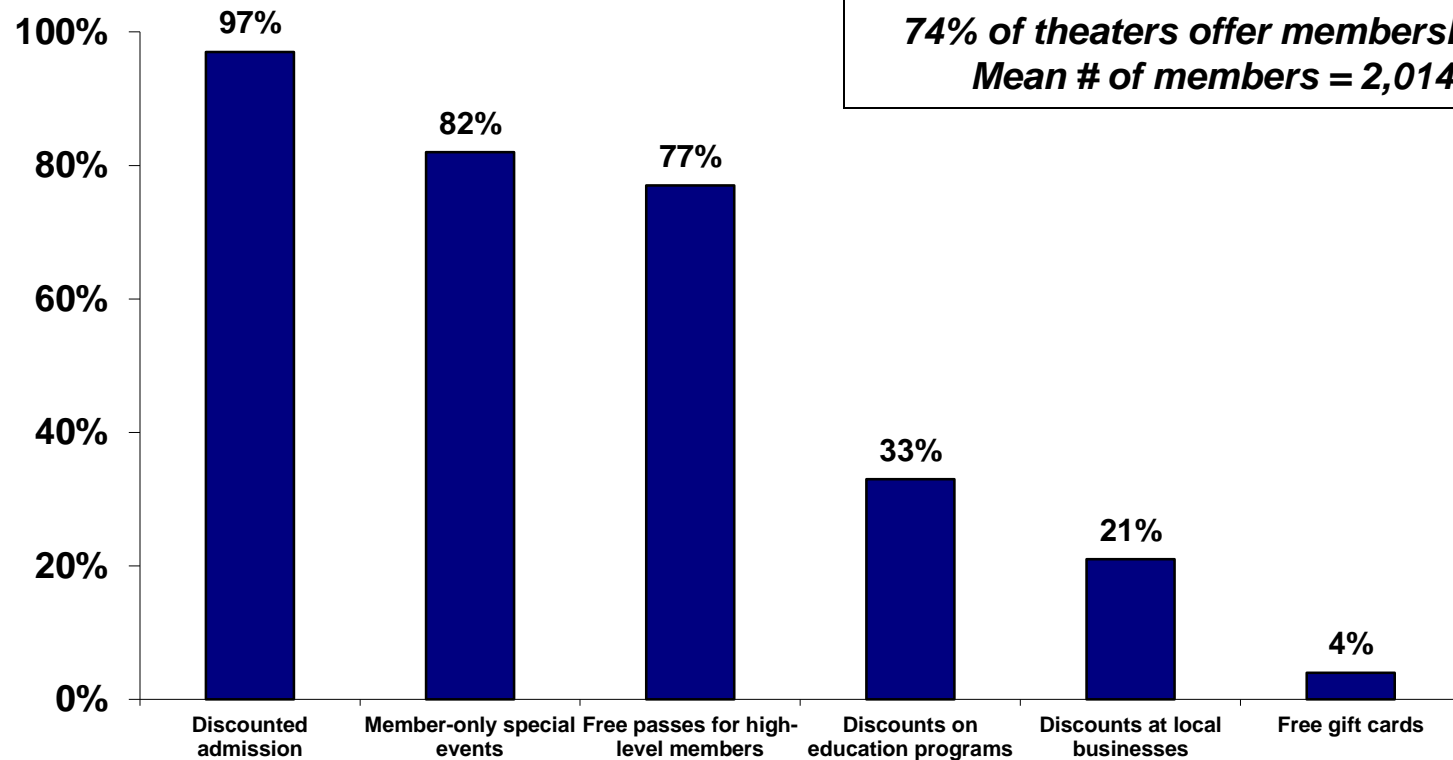
*E.g., Living Social, Groupon, etc.

Three-fourths of us offer memberships

- Slightly higher than last year (74% vs. 71%)
- Mean number of members = 2,014 (up from 1,718 in 2012; range 30 to 10,000)
- Average annual dues (15-20% higher than last year):
 - Basic individual -- \$70 (range \$10 to \$300)
 - Basic couple/family -- \$127 (range \$25 to \$550)
- Two-thirds of theaters with members offer **free** memberships to high donors – a considerable increase from last year's 47%
- Standard benefits are admission discounts and special events just for members

Membership benefits

Percent of theaters with members



Q58: Which of the following membership benefits do you offer?
n=66

Other membership benefits*

- Concessions specials (the most frequently mentioned)
 - Free or discounted popcorn
 - Discounts on other concessions items
- Onscreen recognition
- Advance members-only ticket sale period for some films and events
- Free admission on birthday
- Members get in free on a specific weeknight (e.g., “free member Mondays”)
- “Member of the month” drawings (winner gets in free for 1 month)
- Merchandise discounts

What challenges keep us awake at night?

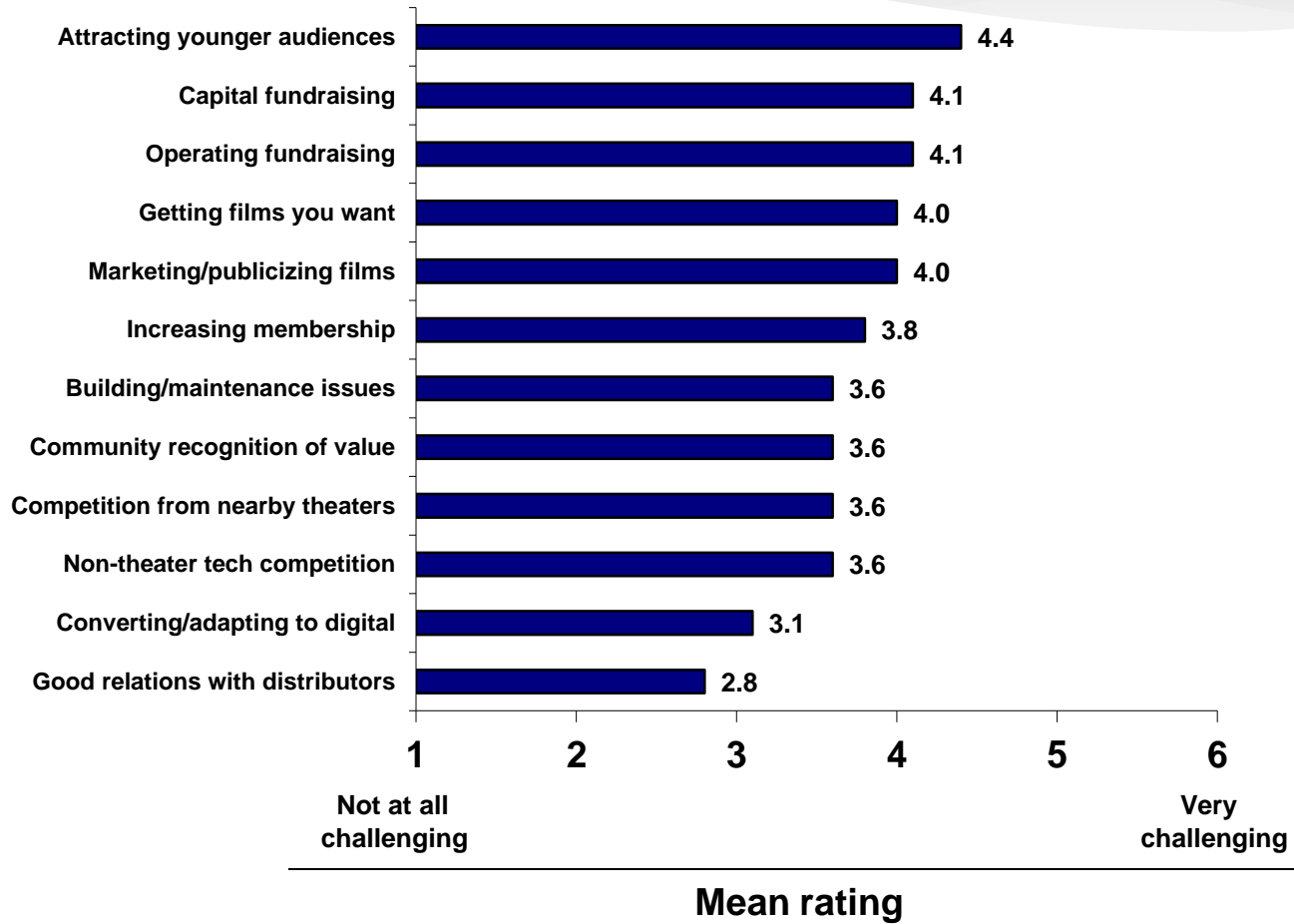
Most challenging

- Attracting younger audiences
- Fundraising (both capital and for operations)
- Getting films we want (more of a challenge for smaller theaters)
- Marketing and publicizing films

Least challenging

- Maintaining good relationships with film distributors
- NOTE: Converting to digital – ranked fourth most challenging last year – is by now a minor issue

Challenges faced by respondents' theaters



Q31: Rate how much of a challenge each issue is for your theater.
n=88

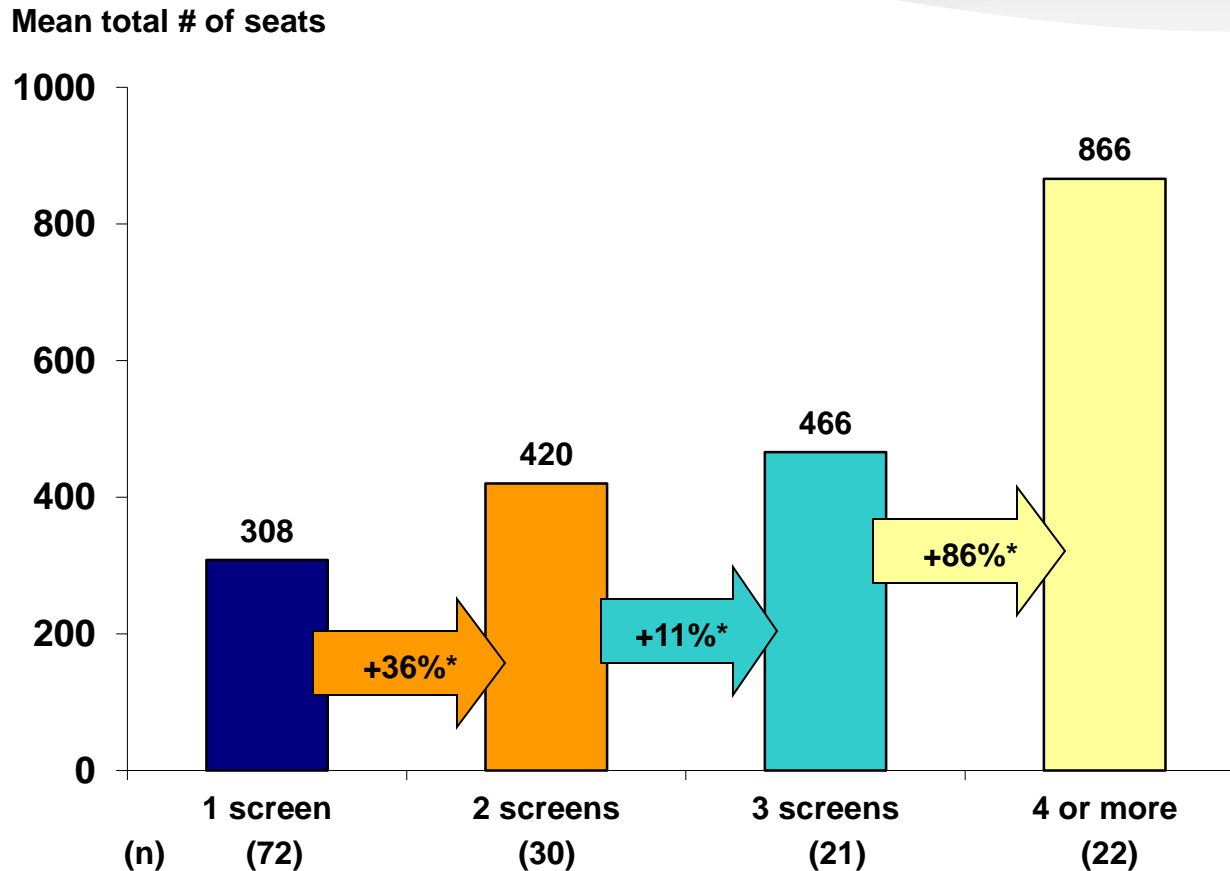
Other challenges*

- As always – parking!
- Learning curve for digital equipment (use and maintenance)
- Staffing shortages/staff retention
- Limitations of having only a single screen
- Diversifying programming
- Finding new sources of grants/donations

Additional slides

Total number of seats (across all screens)

- By Number of Screens -

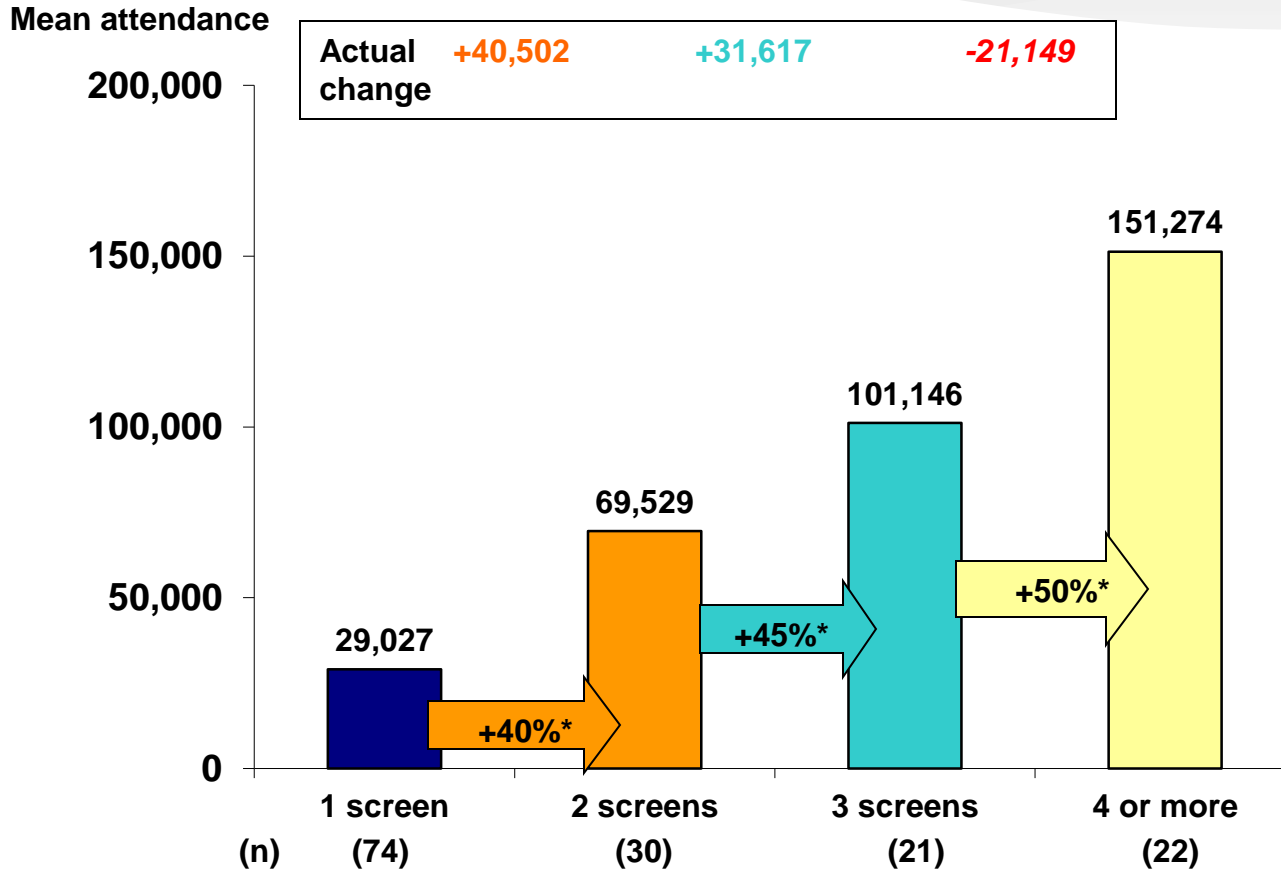


***Percent difference with additional screen.**

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

Total 2012 attendance

- By Number of Screens -



*Percent difference with additional screen.

Q6: Please estimate your total attendance in 2012.