



THE NATIONAL ASSOCIATION  
OF THEATRE OWNERS  
750 First Street, N.E., Suite 1130  
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*For Immediate Release*

## **The Real “Story”: It’s the Movies!**

### **No Seismic Shift in Consumer Preferences Compels Unwise Simultaneous Release**

*National Association of Theatre Owners President John Fithian Responds to  
Disney Chairman Robert Iger on the Alleged Demand for Simultaneous Release*

Washington, D.C. (August 18, 2005) – National Association of Theatre Owners (NATO) President, John Fithian, issued the following statement in response to comments by Walt Disney Chairman Robert Iger during a conference call with Wall Street analysts last Tuesday, August 9.

“Walt Disney’s Robert Iger says American consumers demand it all and demand it now. To placate this instant-everywhere appetite, Iger suggests it may be necessary to release movies in theatres, on DVDs, and everywhere, at the same time.

“Mr. Iger knows better than to tell consumers – or Wall Street analysts – that they can have it all, everywhere, at the same time. He knows there would be no viable movie theatre industry in that new world – at least not a theatre industry devoted to the entertainment products of Hollywood. And he should know that Hollywood studios would be merely one shriveled vendor among many in that new world of movies-as-commodities-only.

“Iger considers the slowdown in theatre box office and DVD growth a ‘wake-up call’ for the industry. I’m not sure who was asleep, but it wasn’t the exhibition industry. Here’s what we know about 2005 – the movies are not as good. They’re not terrible. They’re just not as good. And so the industry has experienced a temporary drop-off compared to 2004 – the biggest box office year in movie history.

“Further, factor out last year’s big grossing specialty surprises – ‘Passion of the Christ’ and ‘Fahrenheit 911’ – and add in the fact that there are fewer wide general releases this year, and the alleged industry ‘slump’ disappears.

“Just to reinforce the point that our industry cycles are driven by movie quality, it is interesting to note that DVD slow-down has roughly tracked the theatrical window. That is, movies that have done poorly at the box office have tended to fare poorly when released on DVD.

“On the other hand, DVDs that sell well benefit enormously from the advertising platform and national conversation generated by theatrical release. Does it really make good business sense to

plunder that \$25-billion-plus worldwide theatrical window without a very solid assurance that even more DVD sales will make up for the lost theatrical revenues? And if you answer that question based on number-crunching in your home entertainment division, are you really willing to bet the farm on the proposition that consumers will rush to watch even more movies at home after you've whacked the advertising platform of theatrical release? And have your number-crunchers accounted for the possibility that consumers have basically bought their DVD libraries, and will hereafter be increasingly conservative about their purchases?

“It's a product-driven industry. When the movies are really good, the industry does really well. And vice versa. New gizmos and conveniences regularly influence consumer patterns – but there is no seismic shift in the simple fact that good movies make people want to go see movies. Consumers are smart that way. Analysts can get that.”

The National Association of Theatre Owners is the largest exhibition trade organization in the world, representing movie theatres in all 50 states and in more than 40 countries. NATO represents all of the ten largest movie theatre operators in the country, as well as over 500 smaller exhibition companies, for a combined total of more than 29,000 U.S. movie screens. NATO is headquartered in Washington, D.C., with a second office in North Hollywood, California. The association has a website at [www.natoonline.org](http://www.natoonline.org).

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