



ShoWest 2009 Talking Points & Fact Sheet

State of the domestic industry/box office and admissions/short term versus long term

- Third strong box office year in a row
- **2008 a record year for box office** following a record 2007
- **4 decade upward trend** in box office and admissions.
- **2009 off to a strong start**

	2008 (through 3/23)	2009 (through 3/22)	% Change
Box Office	\$2,051,186,115	\$2,232,177,939	+8.8%
Admissions (est)	289,715,552.97	306,197,248.15	+5.6%

Year	Box Office (\$ in billions)	Admissions (in billions)
2008	9.788	1.363
2007	9.629	1.400
2006	9.138	1.395

Decade	Average Annual Admissions
1971-80	995 million/year
1981-90	1.13 billion/year
1991-00	1.28 billion/year
2001-08	1.447 billion/year

Recession-resistant

5 of last 7 recession years box office and admissions went up. Last year we split, with box office up slightly and admissions down slightly. So far this year – as the recession and unemployment deepen – box office and attendance are both ahead of 2008.

In good times or bad, **it's the movies that matter**. A movie you don't want to see isn't a bargain, no matter the price.

Movie theaters continue to be the least expensive form of out-of-home entertainment

Since 1978, ticket prices have increased, on average, less than the rate of inflation.

The average ticket price in 1978 was \$2.34 . That same ticket would cost **\$7.73** in 2008 dollars.

2008 average ticket price was **\$7.18**.

Even today, with the CPI in free fall, that ticket would cost \$7.62.

2008 Ave Ticket Prices, Other Out of Home Entertainment

Event	Ticket Price	% Change	Ave Premium Ticket
Broadway Theater (08)²	\$76.37	0.6	-
NFL (08)¹	\$72.20	7.9	\$212.56
Concerts (08)⁴	\$67.33	8.5	-
Touring Broadway Theater (07/08)²	\$62.48	9.8	-
NHL (08/09)¹	\$49.66	5.1	\$113.44
NBA (07/08)¹	\$48.83	3.6	-
MLB (08)¹	\$25.43	10.1	\$76.26
Movies (08)³	\$7.18	4.3	-

Source: ¹Team Marketing Report
Source: ²The Broadway League

Source: ³NATO
Source: ⁴Pollstar

Event	Price Per Game	Length of Ave. Game	Price Per 103.4 Minutes Per Person
Laser Tag ¹	\$7.00	12 – 15 min	\$53.61
Bowling ²	Weekday: \$3.00 Weekend: \$3.74 Average: \$3.37	45 min. (3 players, 1 game)	\$7.74
Movie ³	\$7.18	103.4 minutes	\$7.18

Source: ¹Intl' Laser Tag Assn.

Source: ²United States Bowling Congress / Mischel & Co. (ave. price/open game)

Source: ³NATO

Movie theaters and the home market are different, and consumers treat them differently

DVDs were down 8.4% in 2008; top-grossing films returning a smaller percentage of the box office gross on DVD. Rentals are up. Netflix subscribers are up; more Netflix customers are streaming videos at no extra cost.

Consumers are economizing at home by making use of fixed cost and lower cost home entertainment options.

They economize on their out-of-home entertainment expenses by going to movies.

Health of ancillary markets a concern

We need strong ancillary markets to ensure a strong flow of product, to continue to engage movie-goers (like it on DVD, see next installment, the star's next film in theaters).

The strong relation between box office gross and DVD revenue is becoming decoupled.

- Top 10 movies took in 2.8% more at the box office in 2008; DVD revenues on the top 10 declined 15%.
- Out of the \$21.7 billion home video market, only a third of it is new release theatrical (\$7.2 billion).

Distributors, faced with declining DVD revenues, must resist the impulse to trim marketing budgets by shrinking the theatrical release window. In doing so, they only endanger the healthiest and largest revenue producing segment of the industry.

Movies are as close to a necessity as entertainment can be

As a tough economy puts the value of every dollar in stark relief, consumers are revealing their careful spending priorities in a way that bodes very well for the cinema industry.

A second chance to make a first impression

Audiences are returning to the movie theater in record numbers this year – but movie theaters must not get complacent. Theater owners need to redouble their efforts to make movie-going a comfortable, pleasant, stress-free place to enjoy movies with the best presentation and the latest technology to ensure the larger audiences keep coming back to the movie theater when the economy turns around.

The sudden surge in movie-going presents theater owners with the opportunity to reacquaint audiences with the pleasures of the movie-going experience.

Digital/3D

Broad rollout must wait for credit markets to loosen up. Self-financing may be useful for some companies. Incremental increase in number of screens to take advantage of near-term 3D opportunities.

	Today	2007
U.S. Screens	38,939	38,803
Digital screens:	5,837	4,702
3D screens:	2,000 (est.)	600 (est)

Theatrical Release Window

Has achieved a measure of stability. After a steady downward trend, windows averages have settled into a narrow range over the last four years.

Average for 2008 = 4 months 13 days
Average for 2007 = 4 months 19 days
Average for 2006 = 4 months 11 days
Average for 2005 = 4 months 18 days

12-month release schedule

First \$1 billion January ever.

A mix of appealing films have performed especially well. At this time last year only one \$100 million-grossing film had opened – *Horton Hears a Who*. This year, three – *Paul Blart: Mall Cop*, *Taken*, and *Watchmen*. **Holdovers from 2008 continued to gross well in 2009.** *Gran Torino* took in more than \$100 million in January alone. *Slumdog Millionaire* took in more than \$100 million of its gross in 2009 and continued to gross in the top ten 18 weeks into its run.

5 wide releases every weekend is too much. A little cutback in the number of films won't hurt. Spreading them out is even better.

The less crowded, but more diverse schedule this year has led to longer, more lucrative runs. The expected second weekend decline of 50% has not been happening as frequently. **Five 2009 wide releases had second weekend drops of 30% or less compared to zero in the same time period in 2008.** This is another reason why a shortened theatrical release window can harm the entire industry.