

Economic Downturns

- No one wishes tough economic times on anyone. It is a fact, however, that **movie theaters do especially well during economic downturns**.
- During the **last eight recession years** since 1965, movie theaters' box office and admissions increased in **six** of them.
- The greatest increase in box office during a recession year was \$860 million; the greatest decrease was \$170 million.
- In 2009, global box office reached an all-time high of \$30 billion. In the United States and Canada, the domestic market increased more than 10% to reach \$10.6 billion. That's the **fourth straight annual increase**.
- Equally important, admissions grew more than 5% as we closed out the fourth consecutive decade of growth in ticket sales. Even per capita ticket purchases grew by 4.6%. The trends have continued so far in 2010. First Quarter box office was up 8.6% over the same period in 2009, and estimated admissions were up .5%.
- Consumers **cut back on higher-priced items** first during recessions.
- **People still seek out-of-home entertainment**—perhaps even more so—during economic hard times.
- Movie theaters remain **the least expensive** form of out-of-home entertainment.
- Adjusted for inflation, **the average movie ticket today costs less than it did in 1969**. The \$1.42 average movie ticket then would cost \$8.42 today. The average ticket price for 2009 was \$7.50.
- Matinees, children's pricing, student and senior discounts offer a variety of inexpensive entertainment options.
- Movie theaters and the home market are different, and consumers treat them differently:
 - DVDs were down 12.1% in 2009; top-grossing films are returning a smaller percentage of the box office gross on DVD. Rentals are up. \$1/night rental kiosks are driving prices down. 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**.