

# Economic Downturns and the Box Office

Talking Points ...

- 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 seven recession years**, movie theaters' box office and admissions increased in **five** of them.
- The greatest increase in box office during a recession year was \$670 million; the greatest decrease was \$170 million.
- Box office through the first quarter of 2009 was up more than 12%; **admissions increased more than 9%.**
- 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 1978.** The \$2.34 average movie ticket then would cost \$7.62 today. The average ticket price for 2008 was \$7.18.
- 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 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.**