

# Exhibition At A Crossroads:

For Exhibition to thrive, it has to win back those who used to, but no longer go to the theater. This study looks at who those people are and what would get them to return.

By The Quorum, Cultique, Fanthropology

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## Executive Summary

Theatrical has made an admirable recovery from the pandemic. Box office grosses are up, though they have yet to return to pre-pandemic levels. That's because a sizable number of people have stopped going to the theaters.

In a first-of-its-kind study done in partnership between The Quorum, Cultique and Fanthropology, over 2,500 pre-pandemic theater-goers were polled to see if they have returned to the big screen or not. As this study will show, three driving factors have kept former theater-goers from returning: concerns over safety, price sensitivity, and the feeling that going to the theater doesn't provide a great experience.

Theatrical is at a crossroads. Just as the studios are re-evaluating their marketing and distribution strategies in the wake of the disruption caused by the pandemic, theaters need to do the same.

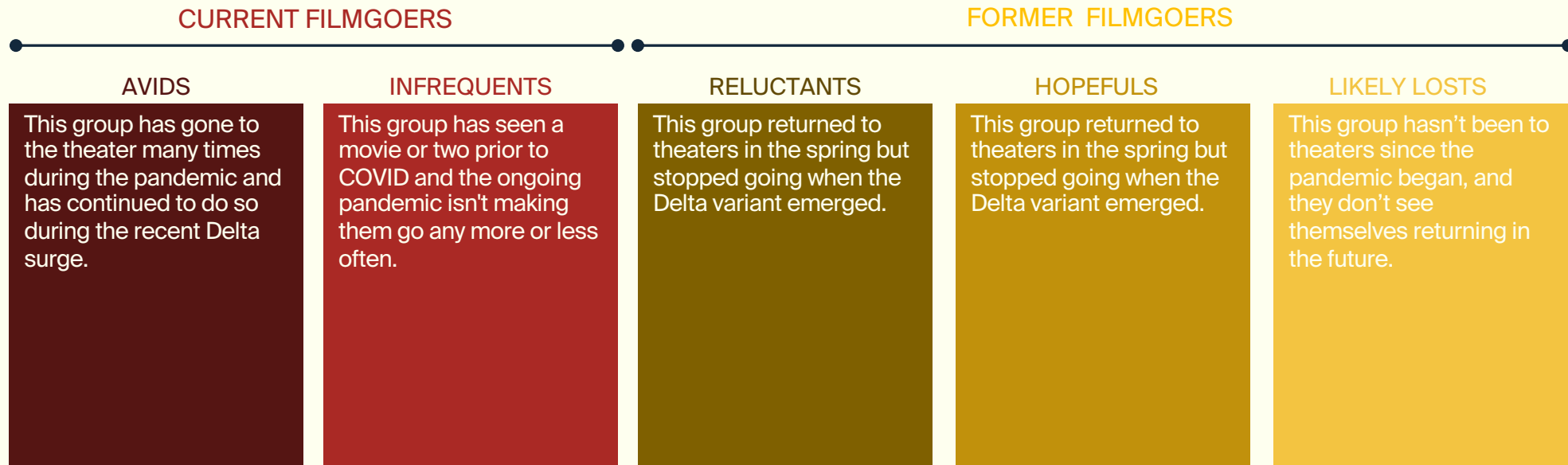
The good news is that 70% of all respondents, including those who aren't currently going to the movies, would be upset if theaters went away. At the same time, it is clear from the data that going to the theater needs to provide greater value if exhibition hopes to win fans back.

The clock is ticking. The longer exhibition takes to address these issues, the more likely it is that non-theater-going behavior will be set.

# Executive Summary

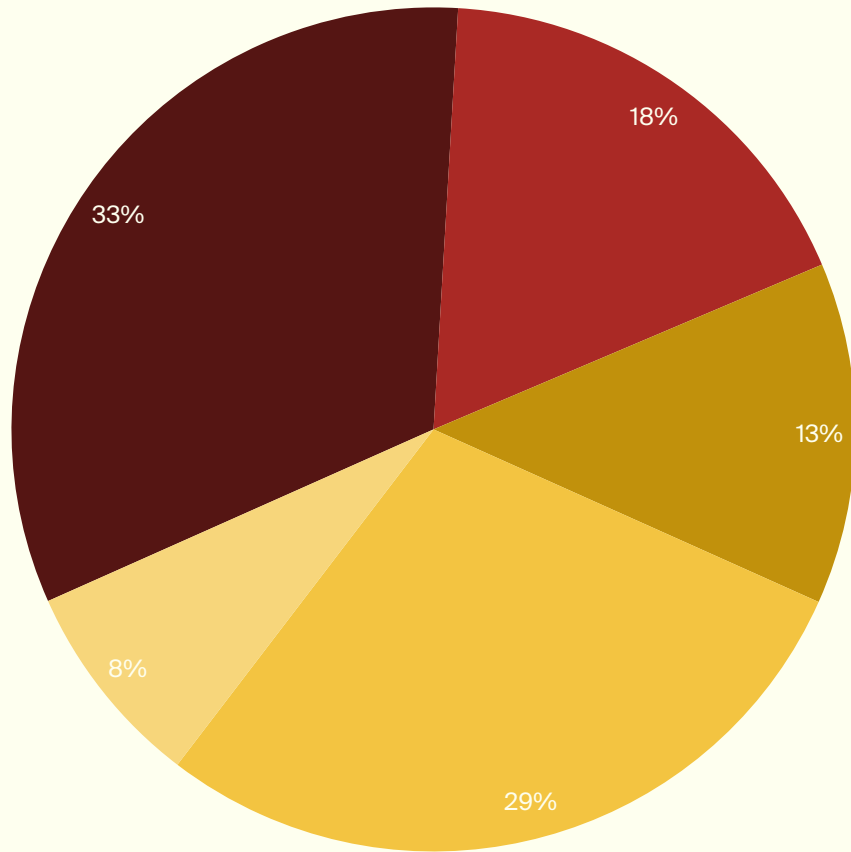
All respondents were asked to self-identify into one of five groups. The first two (in red) represent people who are currently going to the theater. The final three (in yellow) represent those who have stopped going -- either temporarily or for good. Bringing the Reluctants, Hopefuls, and Likely Losts back into the fold is the key to a thriving box office.

These groups, however, have their own unique properties. The first step in winning them back is to understand who they are and their attitudes toward theatrical.

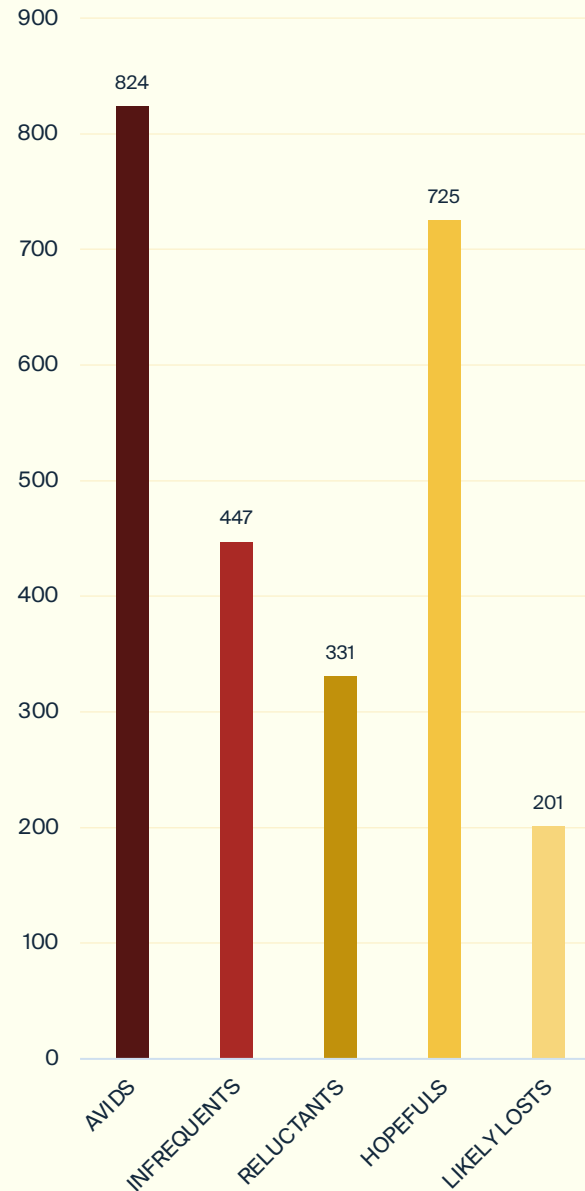


# Group Breakdown

N: 2528



■ AVIDS ■ INFREQUENTS ■ RELUCTANTS ■ HOPEFULS ■ LIKELY LOSTS



Among the 2,528 people surveyed, just over half are active filmgoers (in red), with the majority being Avids.

The other half is made up of Reluctants, Hopefuls, and Likely Losts, with Hopefuls being the largest group among the non-filmgoers.

## Conclusion #1: Women are more likely to be former filmgoers.

One look at the box office grosses, and it's easy to see that women have returned to theaters in lower numbers than men.

We can see that in softer-than-expected grosses for female-leaning films like SPENCER, IN THE HEIGHTS, and DEAR EVAN HANSEN.

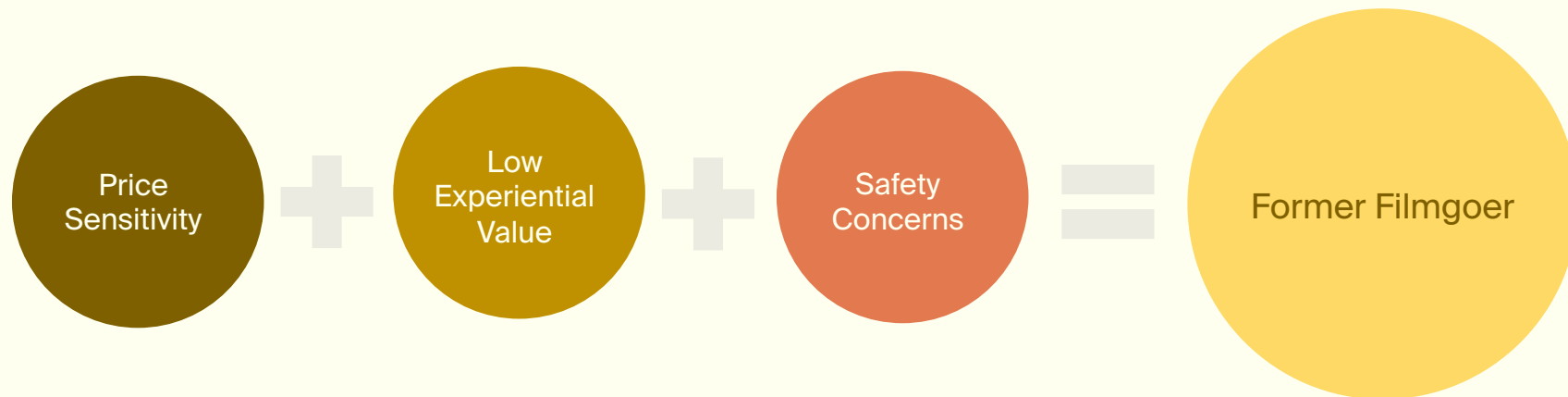
As we approach the holidays and the arrival of more female-driven tentpoles like WEST SIDE STORY, HOUSE OF GUCCI and A JOURNAL FOR JORDAN, there is an enhanced urgency in attracting women back to the theater.

But this is a blanket truth that requires more nuance. As the following pages show, the profiles for Reluctants, Hopefuls and Likely Losts are very different. Exhibition would be wise to carefully craft unique messaging for each group.

## Conclusion #2: Safety concerns have amplified pre-pandemic pain points

Price sensitivity combined with perceived low value have always been pain points. High ticket and concession prices can make it feel as though theater-going provides low experiential value.

The addition of safety concerns from the pandemic has exacerbated those pain points resulting in an increase in the number of former filmgoers. Now, more than ever, theatrical has to address price sensitivity, the low experiential value, and the safety concerns if it hopes to reduce the number of former filmgoers and bring people back into the theater.

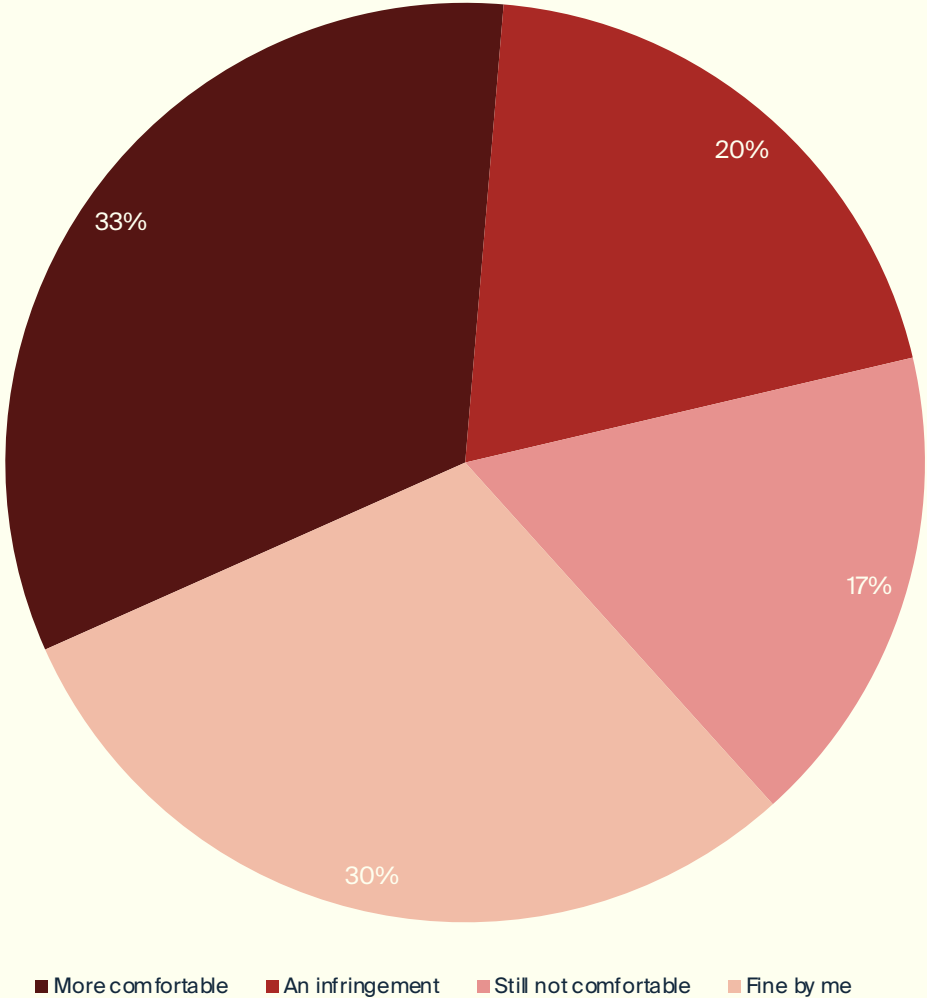


### Conclusion #3: Vaccine mandates would be a net positive for theaters.

Vaccine mandates would go a long way towards making the former filmgoers feel more comfortable going back to the theater.

However, mandates pose a risk. Requiring proof of vaccination runs the risk of alienating some fans who feel that it would be an infringement on their rights that would make them go to the theater less often.

Still, the data shows that it would be a net positive, with the gains in comfort outweighing those who feel it's an infringement. Another 30% say they would be OK with vaccine mandates and have no issue showing proof of vaccination.

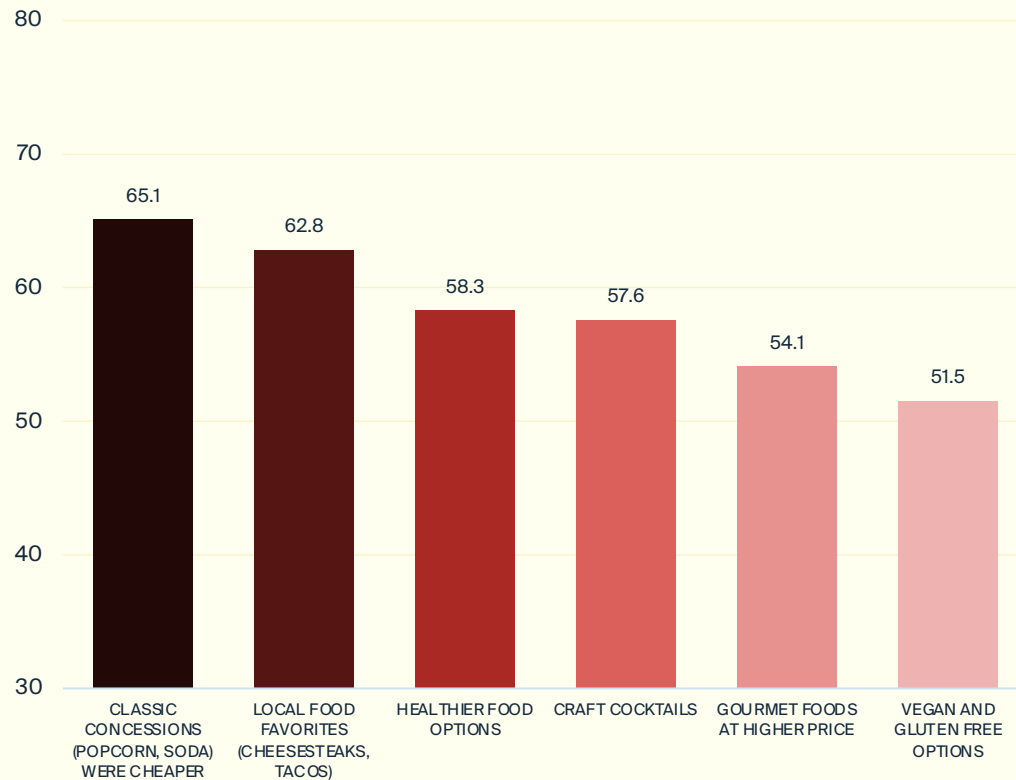


## Conclusion #4: Upgrades to the theatrical experience would bring people back

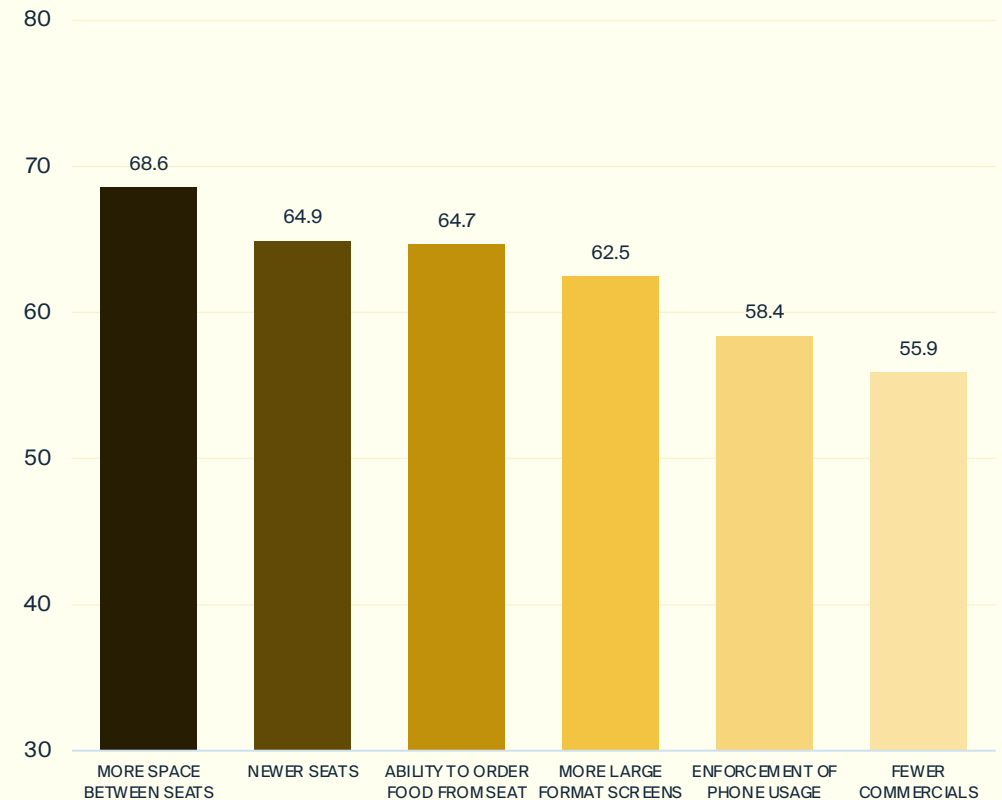
We asked Reluctants, Hopefuls, and Likely Losts if the following concession and in-theater changes would result in them going to the theater more often. They were asked to rate each option on a scale from 1 to 100. On the concession side, the largest drivers are lower prices for concession classics like popcorn, candy, and soda. Behind that, respondents chose the addition of local food favorites to the menu.

The in-theater choices performed better, with four options scoring above 60. More space between seats and new, upgraded seats scored best, followed by the ability to order food and beverages from your seat and more large-format screens.

### Concessions



### In-Theater

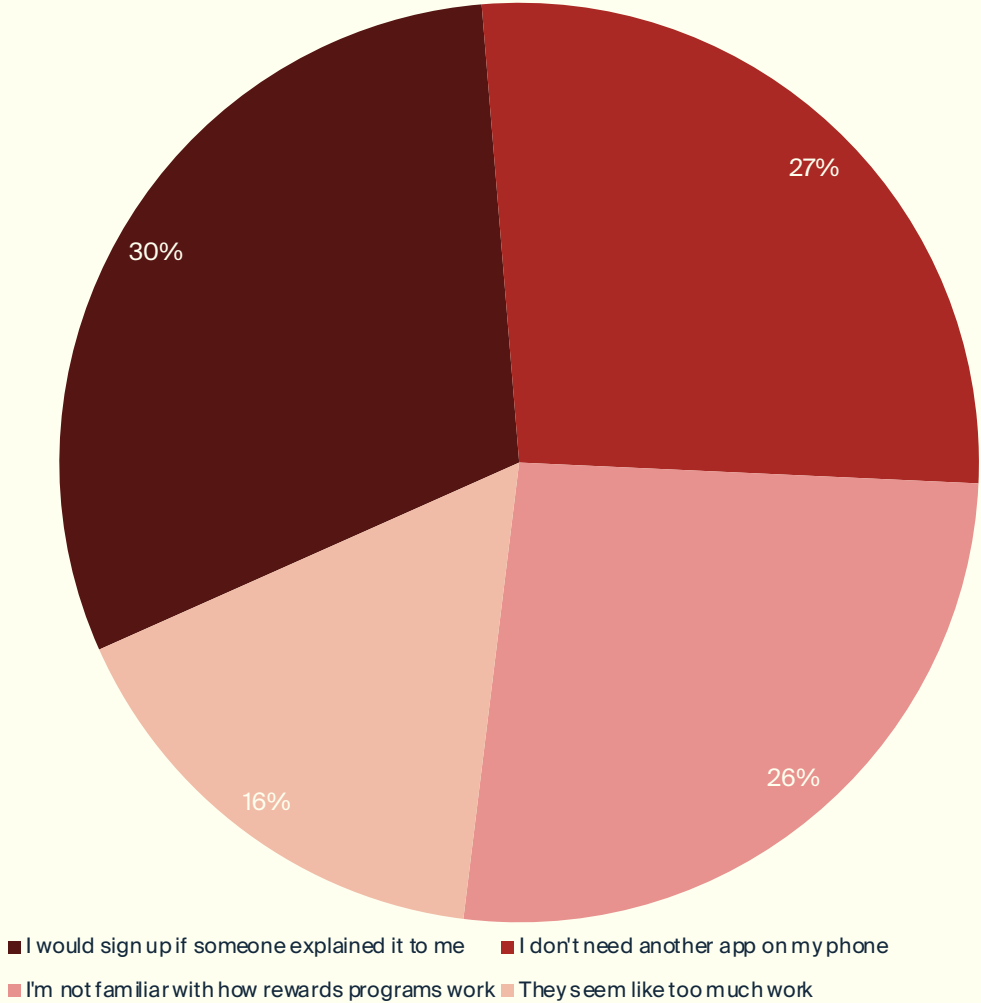




# Conclusion #5: Outreach about rewards programs would be beneficial

Among the Reluctants, Hopefuls, and Likely Losts who do not belong to a rewards program, 30% say they would sign up if someone would explain how they work. Similarly, another 26% say they're not familiar with how they work, and 16% say they seem like too much work.

There is an opportunity for greater adoption with an educational outreach campaign. Price sensitivity among former filmgoers could be relieved if the rewards program were easier and frictionless.

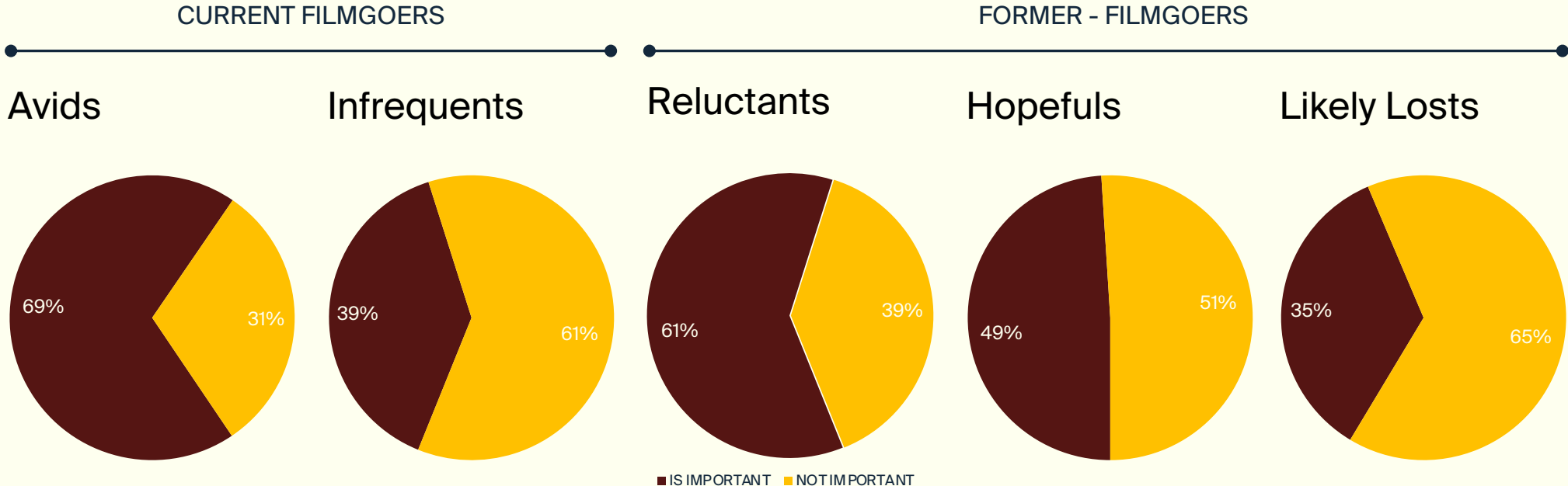


# Conclusion #6: Large-format screens provides growth opportunity

Avids and Reluctants know the value of large-format screens, but that's not the case for Hopefuls and Likely Losts. Outreach to these groups about the enhanced experience of large-format could create a greater sense of value for these groups.

It's also worth noting that Infrequents give low importance to large-format. There is also an opportunity to introduce these casual filmgoers to premium screens.

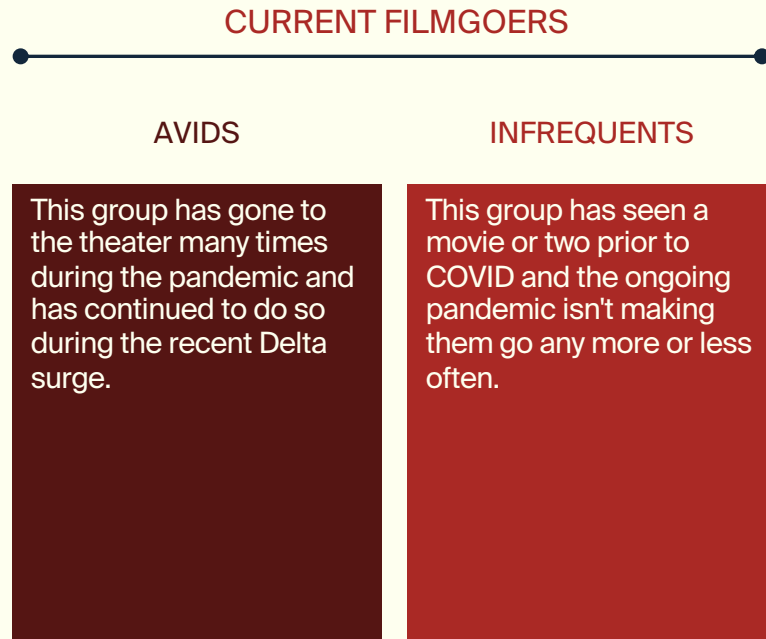
How important are large-format screens in your decision to go to the movie?



# Existing Theatergoers

Just over half of the respondents polled belong to these two groups, with Avids having almost twice as many members as Infrequents.

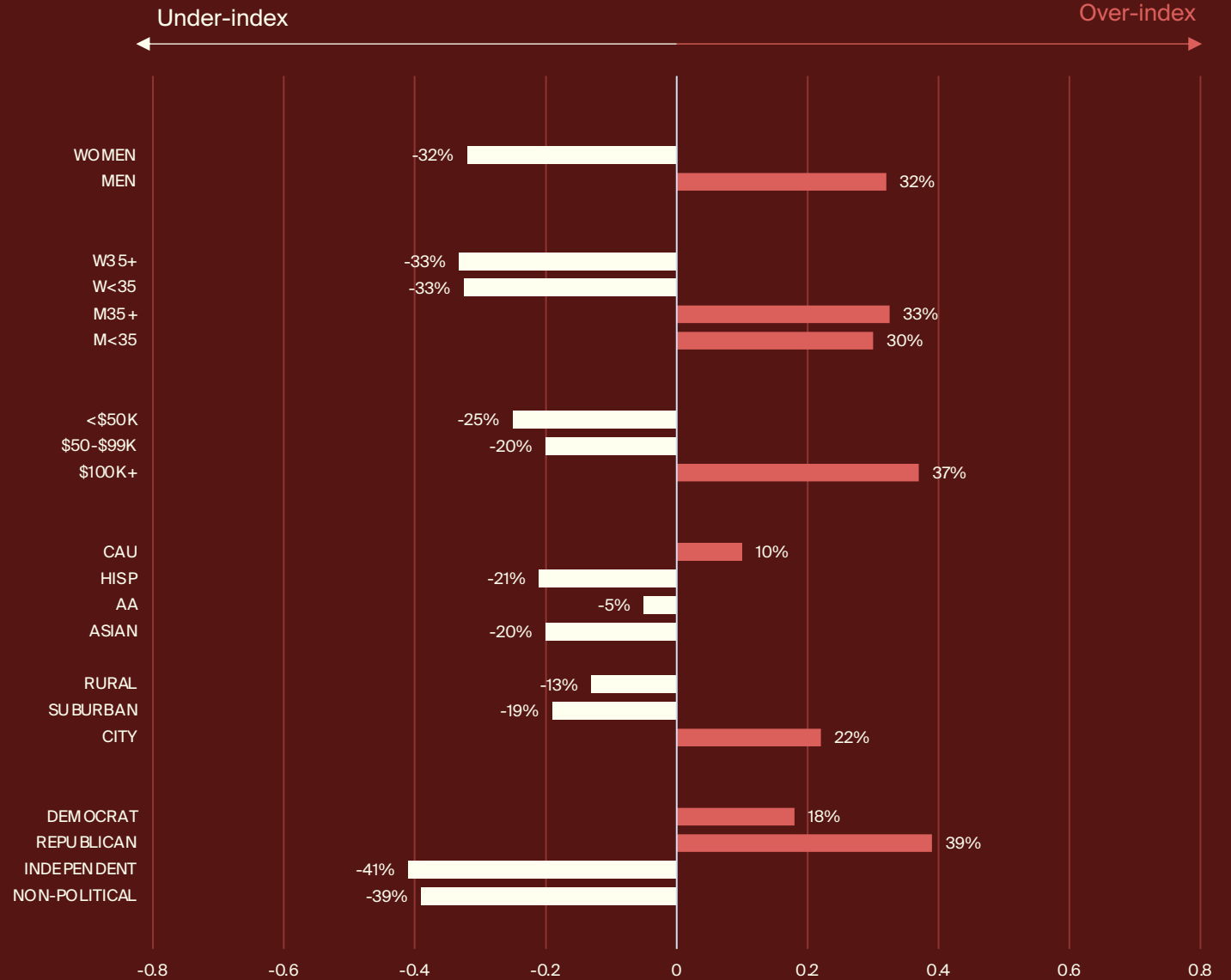
While the primary goal is to bring former theatergoers back to the big screen, it's also essential to understand who's currently buying tickets to ensure that they continue to do so.



# Avids - Demographics

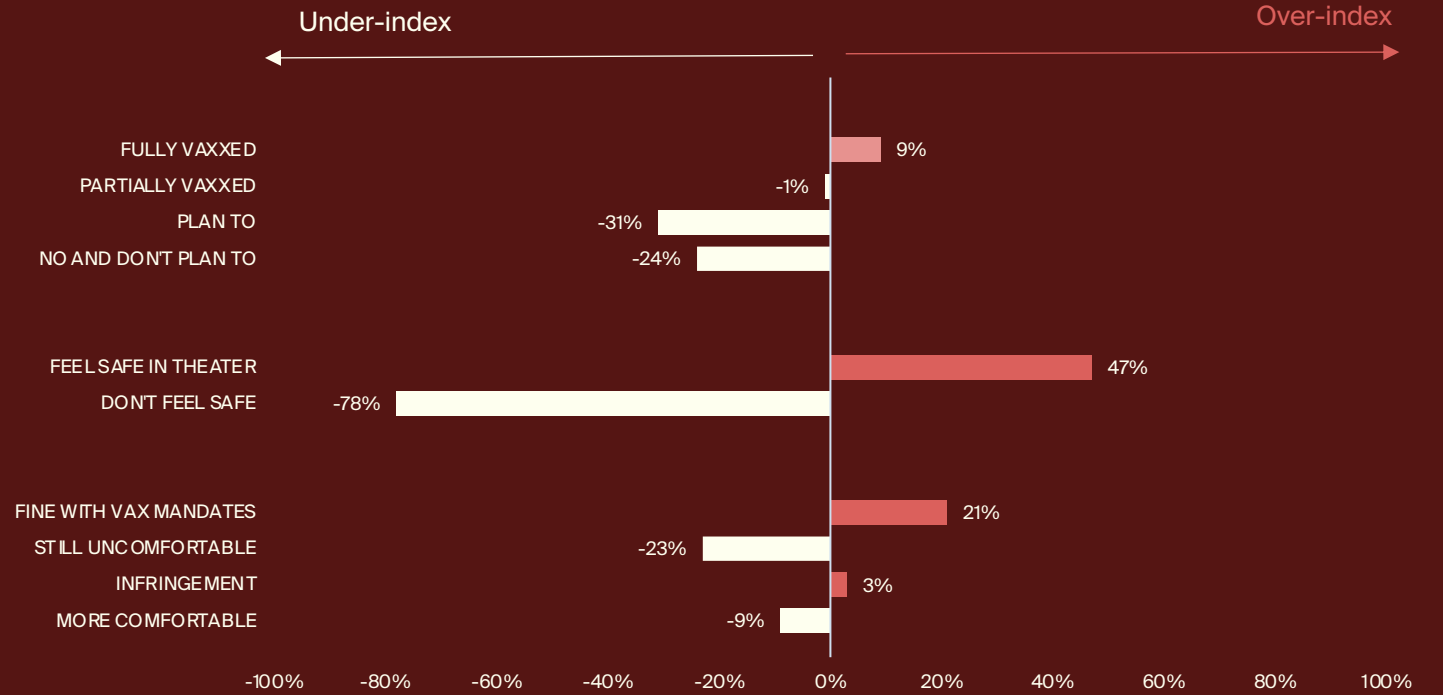
This group has gone to the theater many times during the pandemic and has continued to do so during the recent Delta surge.

This group has twice as many men as women. They are affluent, white, city dwellers with a skew towards being Republican.



# Avids - Attitudes

Avids are vaccinated, they feel safe in a theater, and they are fine with showing proof of vaccination if mandates were in place.

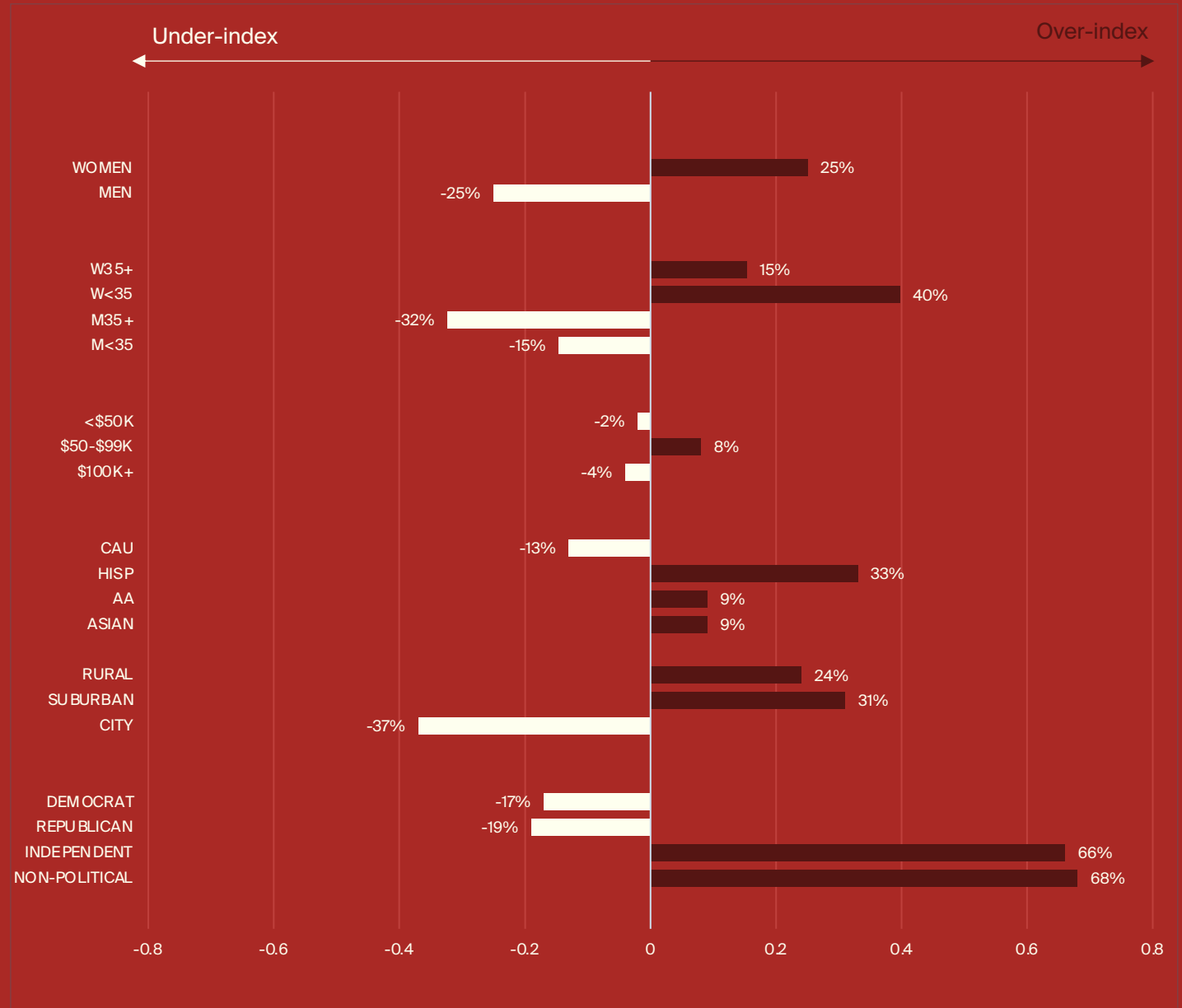


# Infrequents - Demographics

This group had seen a movie or two before COVID, and the ongoing pandemic isn't making them go any more or less often.

This group skews heavily towards younger women.

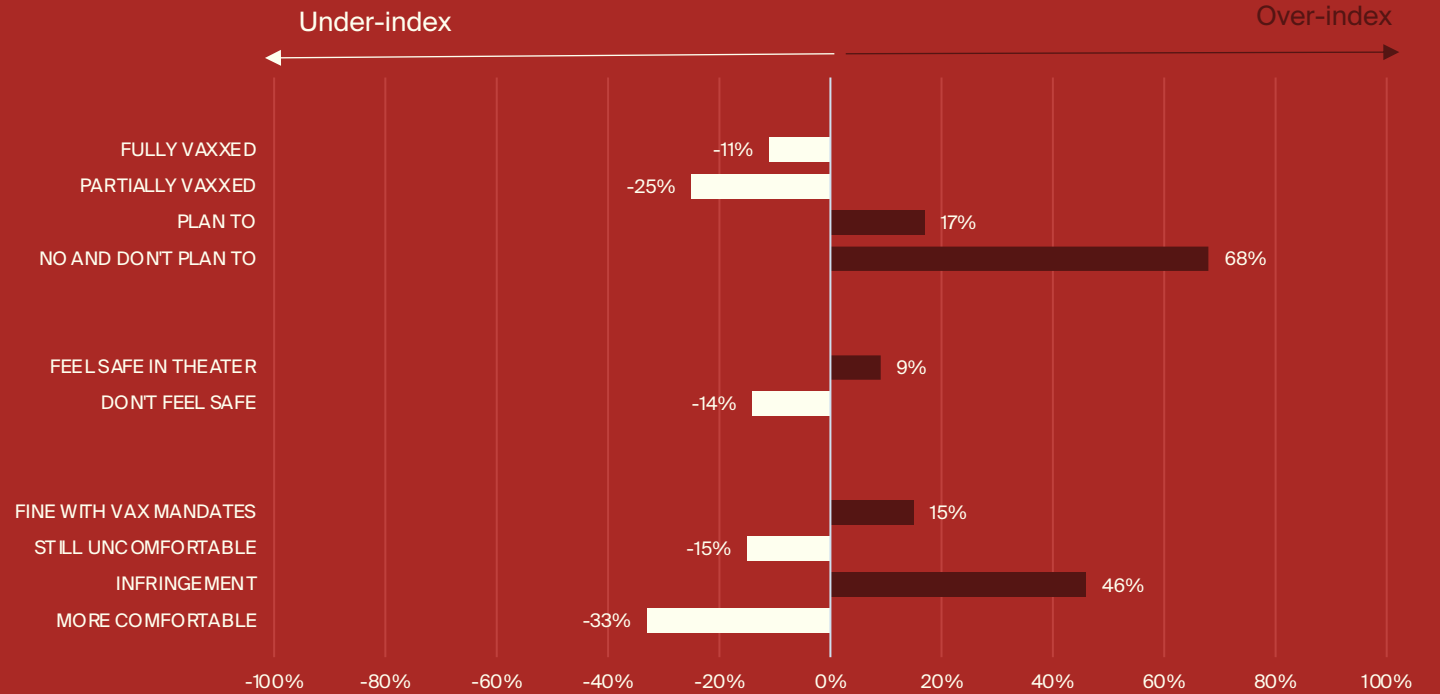
They are evenly spread across income levels and more likely to live in the city. Hispanic over-index for to this group. They are also independent or non-political.



# Infrequents - Attitudes

Infrequents are more likely than any of the groups to be unvaccinated. Despite being unvaccinated, they fall along the average in terms of feeling safe in a theater.

The Infrequent group is more likely to view a vaccine mandate as an infringement on their rights.



# Primary Targets

While it would be great to win back all three of the former filmgoer groups, it's the Reluctants and the Hopefuls that offer the best opportunity.

Here's a closer look at the three groups.

## FORMER - FILMGOERS

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### RELUCTANTS

This group returned to theaters in the spring but stopped going when the Delta variant emerged.

### HOPEFULS

This group returned to theaters in the spring but stopped going when the Delta variant emerged.

### LIKELY LOSTS

This group hasn't been to theaters since the pandemic began, and they don't see themselves returning in the future.



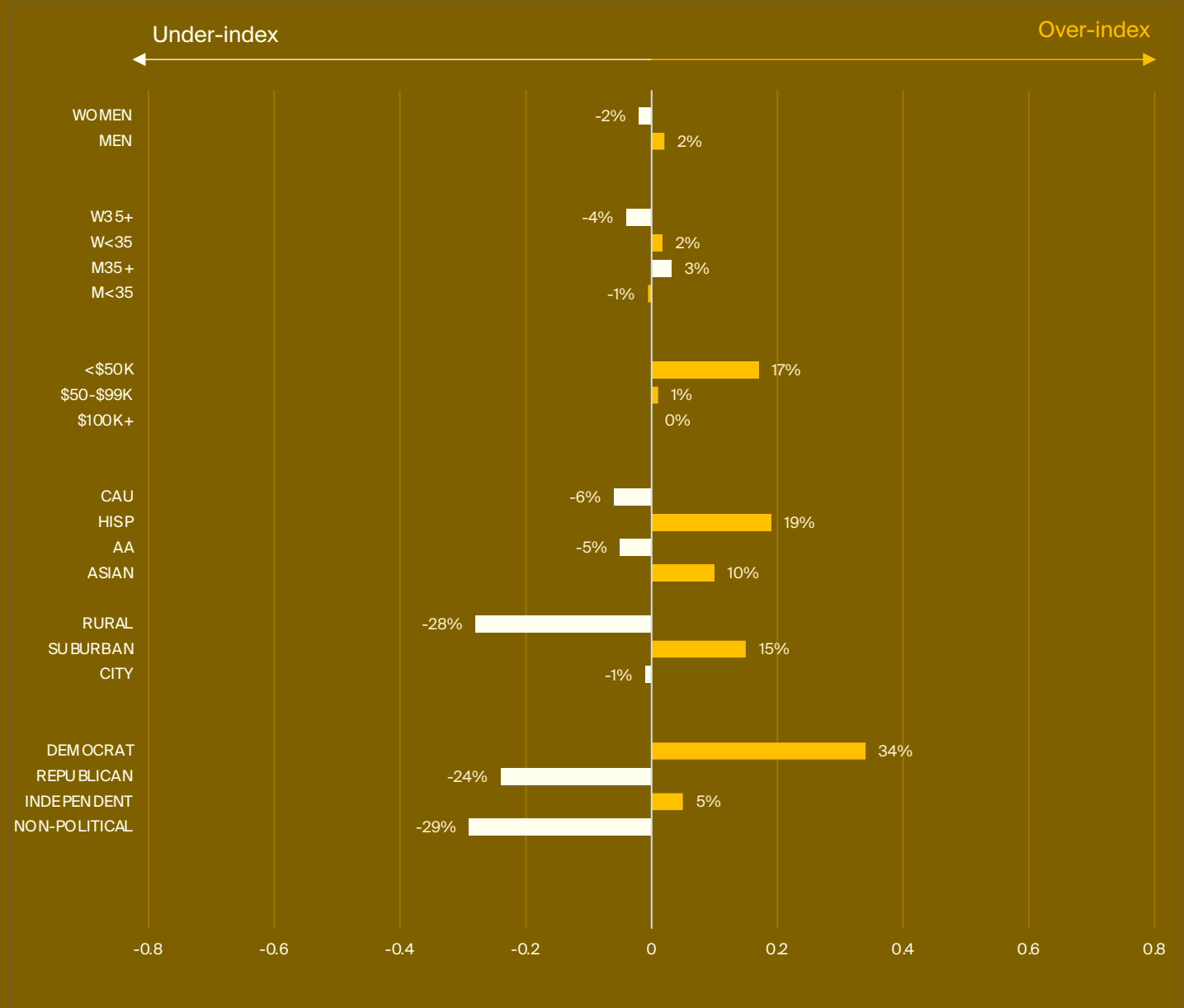
# Reluctants - Demographics

This group returned to theaters in the spring but stopped going when the Delta variant emerged.

### Profile:

This group does not skew toward one particular gender. It skews younger with a big drop-off over the age of 45.

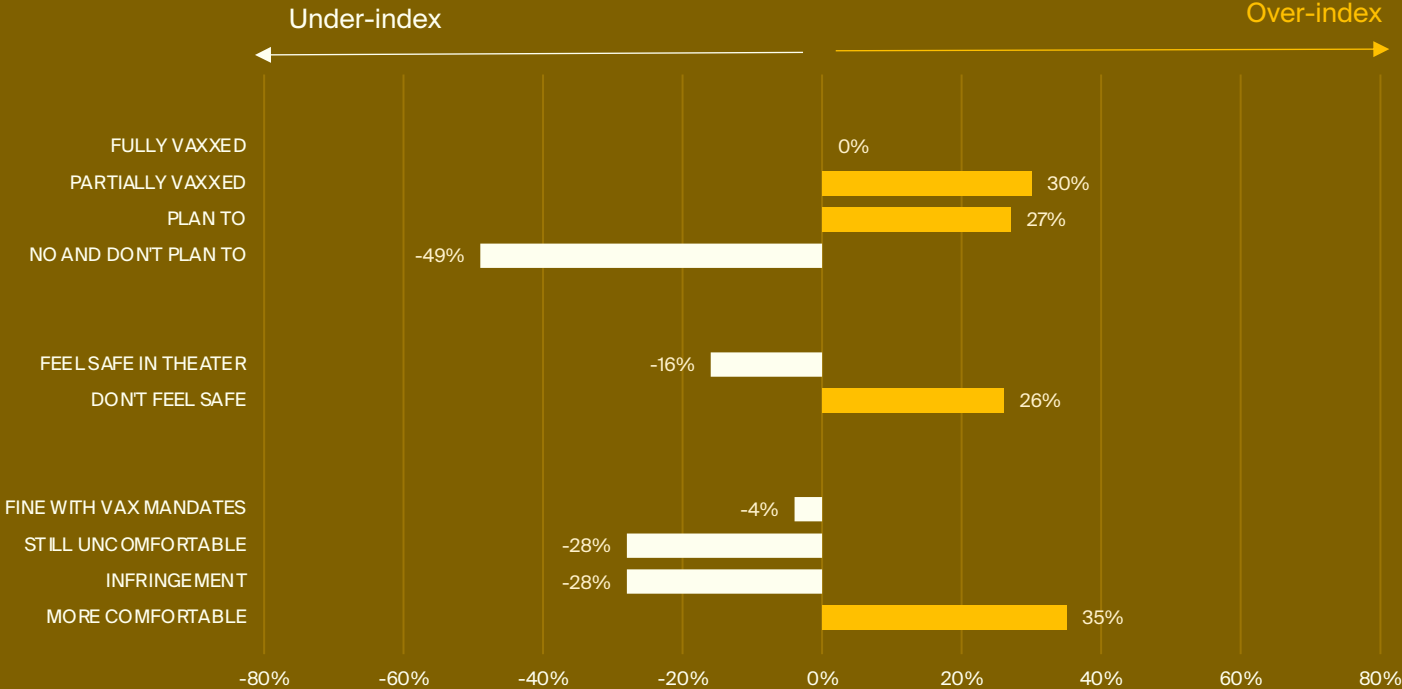
Reluctants slightly over-index among Hispanics and Asians. They are largely suburban.



# Reluctants - Attitudes

Reluctants are mostly vaccinated or they plan to, and yet they do not feel safe in a movie theater.

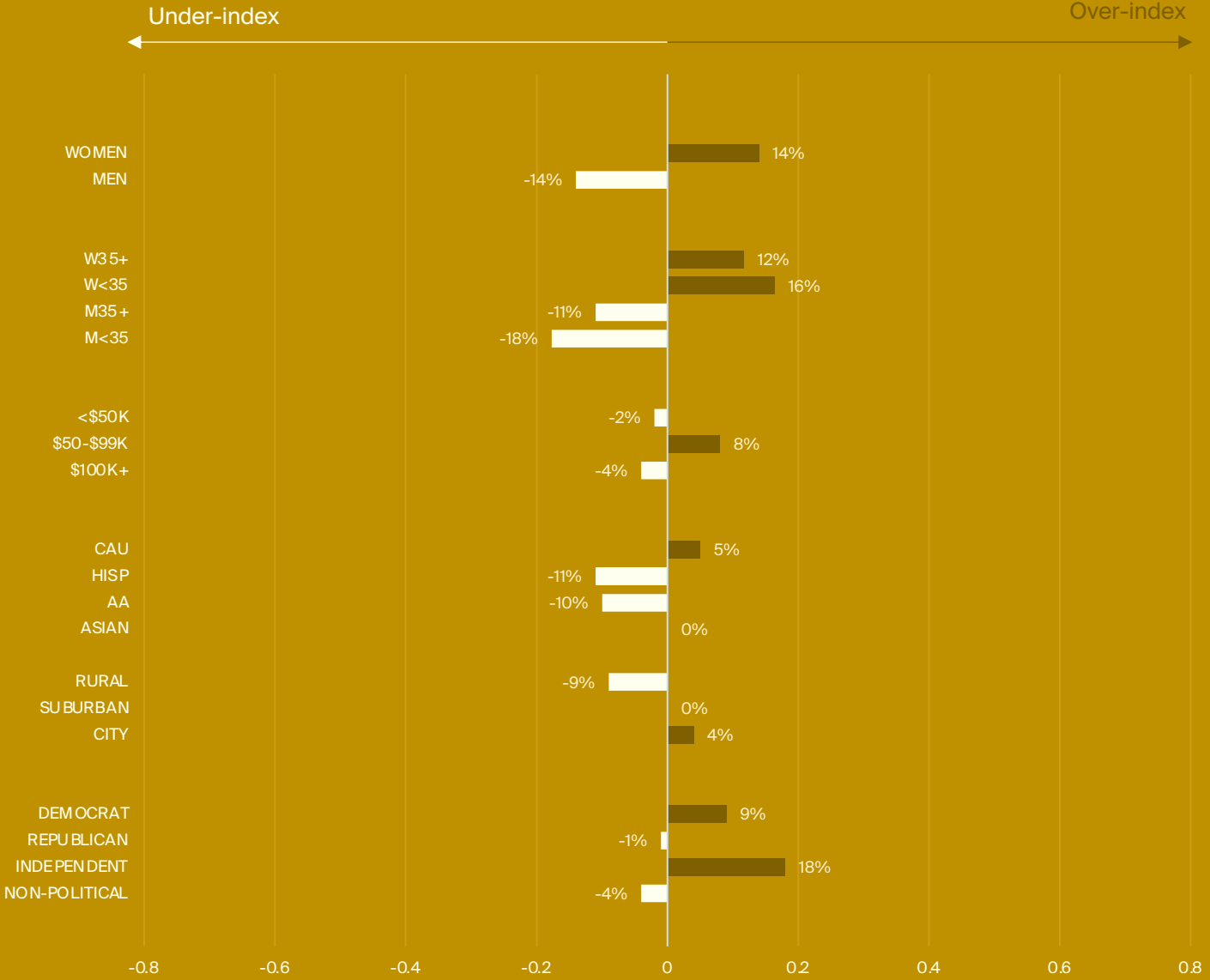
At the same time, vaccination mandates would make them feel more comfortable about going to the theater.



# Hopefuls - Demographics

This group hasn't been to theaters since the pandemic began, but they are hopeful to return in the future.

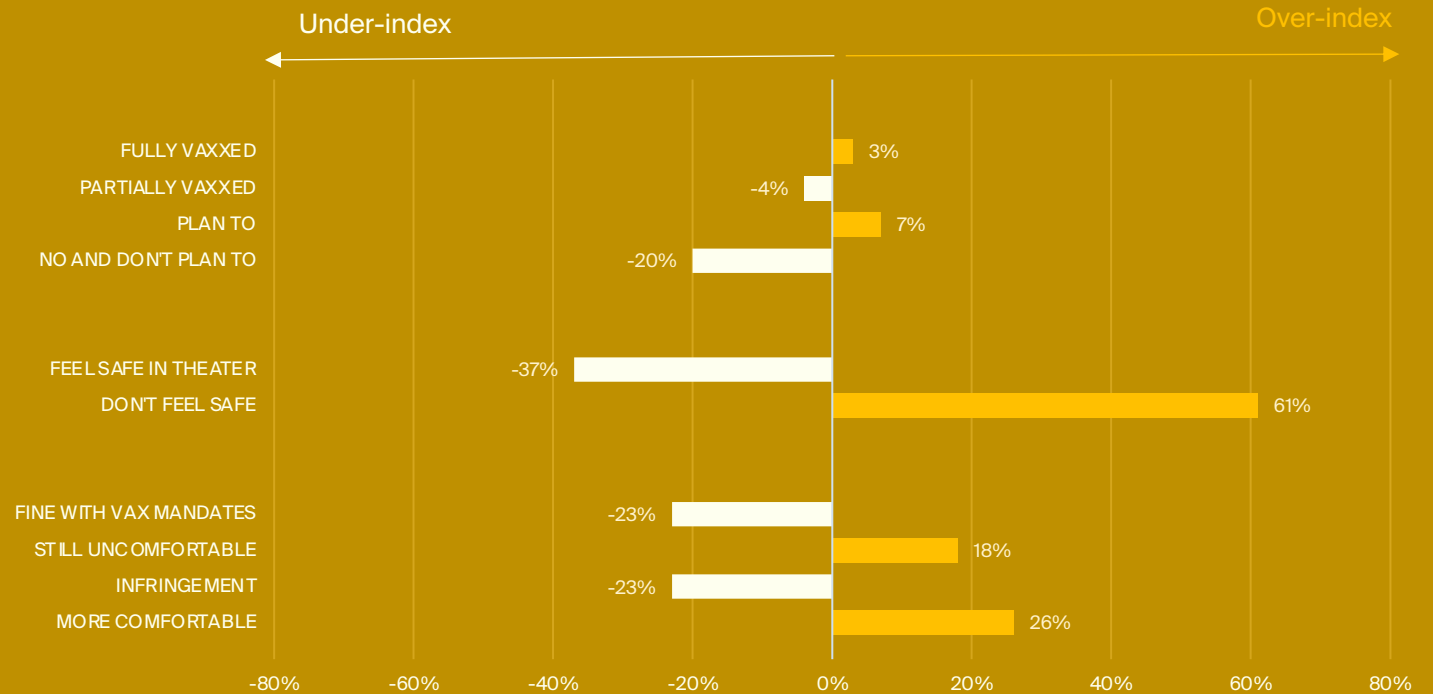
Hopefuls skew heavily female and slightly on the young side (under 35). They are middle-income earners (between \$50K and \$90K), and they lean Democratic and Independent.



# Hopefuls - Attitudes

Vaccination rates are in-line with the average; however, Hopefuls overwhelmingly do not feel safe in a theater right now. Their discomfort is greater than the Reluctant group.

Like Reluctants, Hopefuls feel that vaccine mandates would make them more comfortable about returning to a theater. However, unlike Reluctants, a good number say that even with mandates, they would still be uncomfortable about going to a theater.

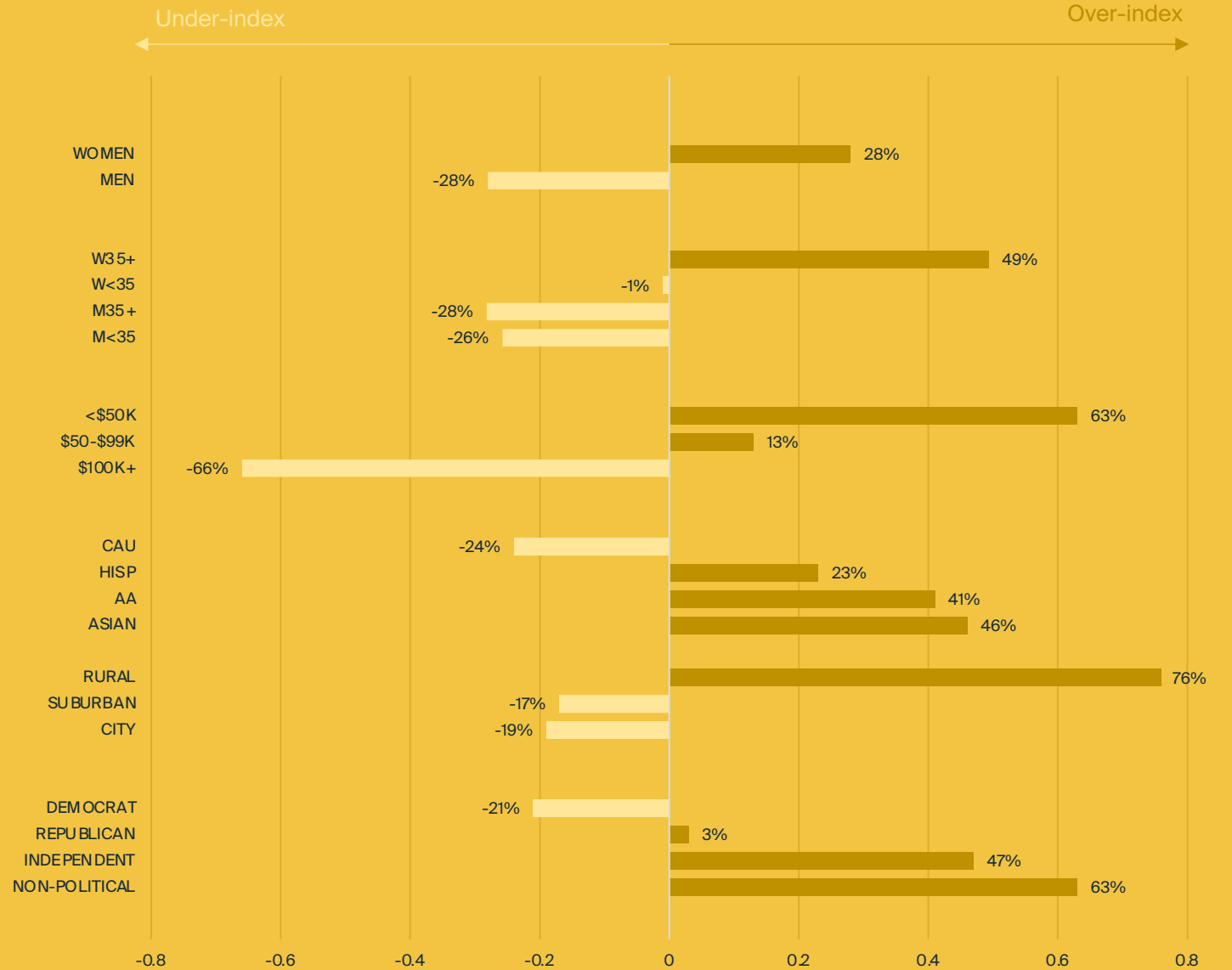


# Likely Losts - Demographics

This group hasn't been to theaters since the pandemic began and doesn't see themselves returning in the future.

The profile of a Likely Lost is female, over 35-years-old, and a lower-income earner. It over-indexes among Hispanics, Blacks, and Asians making it the most diverse of the five groups.

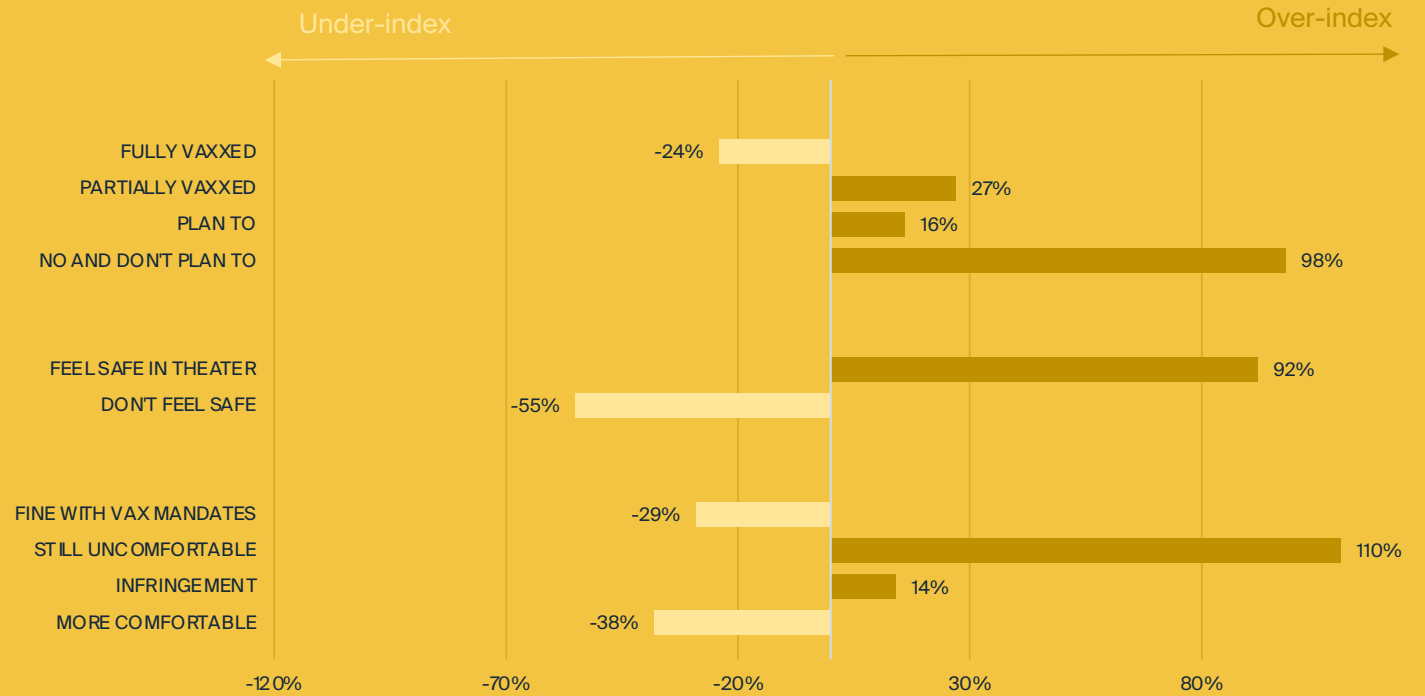
Likely Losts are much more rural and disengaged from politics.



## Likely Losts - Attitudes

Likely Losts under-index for vaccination. Only 51% are fully vaccinated versus the average of 67%.

They do not feel safe in a theater right now, nor would a vaccine mandate make them more comfortable. A sizeable number say that they would view a vaccine mandate as an infringement on their rights.



# The Experience

Except for Likely Losts, the majority of respondents say they would be upset if theaters disappeared. At the same time, price is a pain point, with most people saying they would go to the theater more often if it were less expensive. Hand-in-hand with price sensitivity is the feeling that theater-going is not a good value. People would go more often if the experience felt more special.

Avids and Reluctants are the most likely to know what theater chain they most frequently visit, and they are more likely to be part of a rewards program. Outreach to Hopefuls and Likely Losts about the benefits of the rewards programs might entice these groups to go back to the theater.

	AVIDS	INFREQUENTS	RELUCTANTS	HOPEFULS	LIKELY LOSTS
	<p>This group has gone to the theater many times during the pandemic and has continued to do so during the recent Delta surge.</p> <p><i>Top-Line Profile: This group is largely white, affluent men who live in the city. They lean heavily Republican and have no issues with vaccination mandates.</i></p>	<p>This group has seen a movie or two prior to COVID and the ongoing pandemic isn't making them go any more or less often.</p> <p><i>Top-Line Profile : Younger women who live in the city. This group skews Hispanic. They are the least likely to be vaccinated, and they are more likely to object to vaccination mandates.</i></p>	<p>This group returned to theaters in the spring but stopped going when the Delta variant emerged.</p> <p><i>Top-Line Profile : Even gender mix, mostly under 45-years-old and suburban. They don't feel safe in a theater, but vaccine mandates would make them more comfortable.</i></p>	<p>This group hasn't been to theaters since the pandemic began, and they don't see themselves returning in the future.</p> <p><i>Top-Line Profile: Skews female, democratic and politically independent. They are vaxxed but don't feel safe in a theater. Mandates would make some feel comfortable, but it wouldn't be enough to make many of them return to theaters.</i></p>	<p>This group hasn't been to theaters since the pandemic began and don't see themselves returning in the future.</p> <p><i>Top-Line Profile: Strongly female, lower-income and more ethnically diverse. They are largely rural and disengaged from politics. They have a relatively low vaccination rate. Mandates would not make them feel more comfortable about going to a theater.</i></p>
I would be upset if theaters disappeared.	79%	60%	76%	73%	36%
I would go more often if it was less expensive.	70%	66%	74%	69%	46%
I would go more often if it felt more special.	68%	45%	64%	58%	35%
I buy tickets in advance.	66%	45%	63%	53%	41%
I belong to a rewards programs.	80%	35%	70%	48%	30%
"I know what chain my local theatre belongs to"	97%	88%	98%	90%	81%
My local theater is a...	AMC: 44% Cinemark: 23% Regal: 10%	AMC: 42% Regal: 14% Cinemark: 14%	AMC: 30% Cinemark: 27% Regal: 14%	AMC: 38% Cinemark: 17% Regal: 16%	AMC: 27% "I don't know": 19% Cinemark: 12%