

Cinema Recession Briefing

David Hancock



Cinema remains the primary place to watch a movie, for filmmakers and the audience alike, and the movie remains the primary driver for going to the movies, and for that reason we consider cinema to be recession resistant (although not recession proof) as long as the movie quality remains high. Cinema is a relatively inexpensive form of

'going out' entertainment, providing good value escapism at significantly lower cost than most other forms. The theatrical experience coupled with the exclusivity of the movie in the cinema window maintains the demand for cinema, and its place as the marketing platform for a movie into other windows. The limited data that there is also suggests that cinema does not suffer unduly during recession, with no identifiable link between the two. Anecdotally, in times of economic hardship, it is more likely that cinema audiences will reduce the overall budget envelope for their night out, cutting down on travel options or concessions expenditure, but the cinema ticket will still be bought if the film is good enough to warrant a trip to the cinema.

The current challenge confronting the film industry is the conversion from 35mm to digital distribution and projection technology without suffering collateral damage in the form of cinema closures". Screen Digest estimates there are 8,000 single-screen cinemas in Europe (one quarter of screens) that could be at risk if a business model cannot be found or public funding provided. David Hancock, Head of Film and Cinema at Screen Digest, notes "Digital is not just a replacement technology, it is a refreshment technology for cinema. In the same way that multiplex cinemas breathed new life into cinema attendance, digital will bring cinema into the digital media landscape. However, the financial climate is not making the conversion any easier, with the funds needed to convert 110,00 modern screens worldwide (around \$8bn) now harder and more expensive to come by". The positive news is that digital

technology is the platform for digital 3D in the cinema, a more immersive cinemagoing experience, which has given a viable economic incentive to exhibitors to convert to digital.

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About Screen Digest

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