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STATE OF MOVIEGOING 2022

June 13, 2022

MTAC TELEFILM CANADA PARTNER OF CHOICE

Introduction

For Show Canada 2022, ERm Research was commissioned to collect insights on the current state of moviegoing to spark conversation at an industry panel discussion held on Thursday, June 2, 2022, during the convention in Québec City.

Employing an online study among a nationally representative sample in both English and French, ERm set out to provide a snapshot of the state of moviegoing. This included understanding changes in moviegoing habits, the value of seeing a movie at home versus in a theatre, the factors that determine theatre-worthiness, the importance of movie theatre amenities and interest in subscription models.

Any opinions, findings, conclusions or recommendations expressed in this material are those of the author and do not necessarily reflect the views of Telefilm Canada, or the Government of Canada. Telefilm is in no way bound by any recommendations that may be contained in this document.

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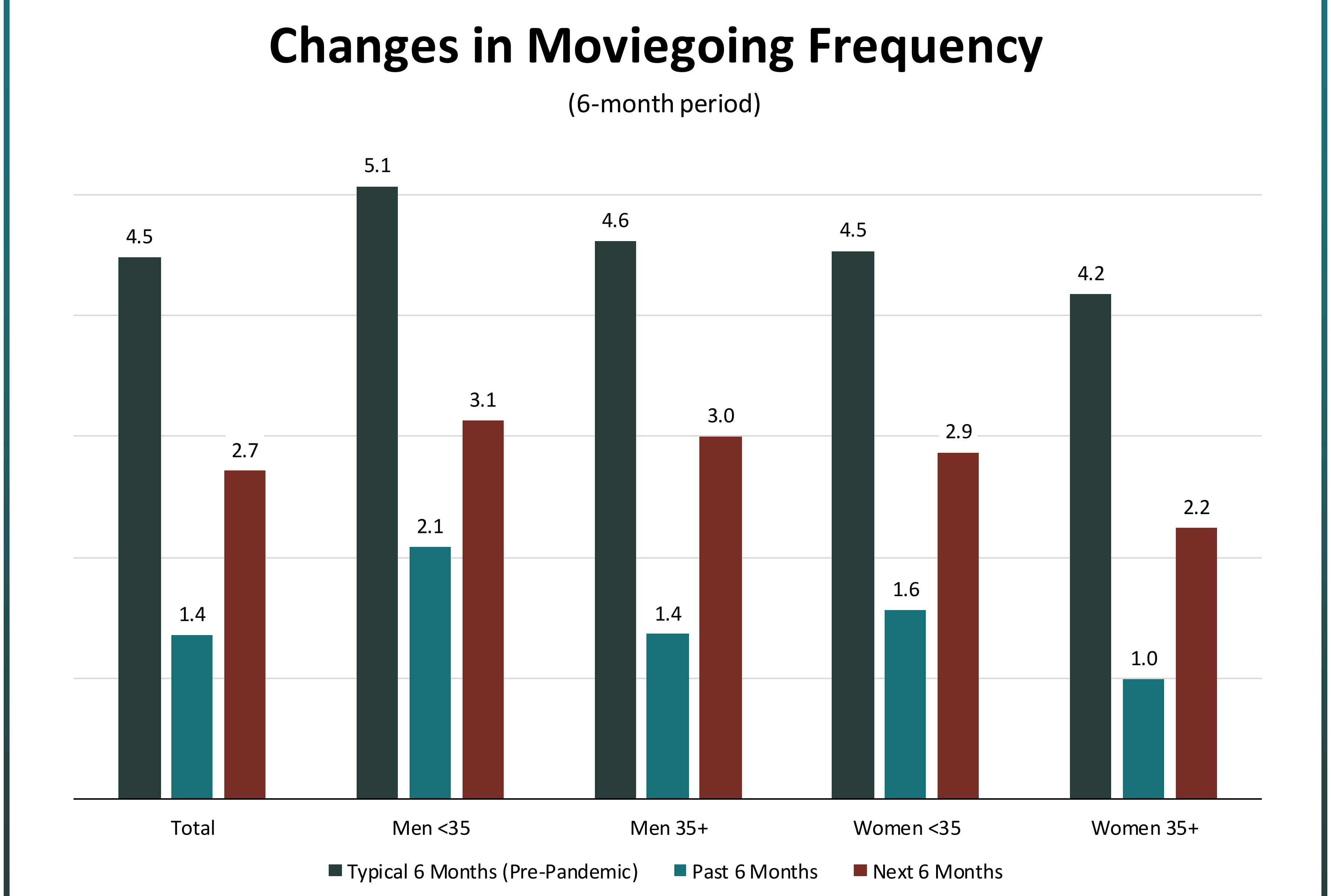
Moviegoing Patterns

The typical moviegoer (qualified by seeing at least one film theatrically in a typical 6-month period, pre-pandemic) shows less appetite for returning to theatres over the next six months than they did prior to the pandemic, but interest is clearly on the rise—moviegoers are self-reporting that they expect to see roughly twice as many movies in theatres within the next six months than they did in the past six months (2.7 vs. 1.4).

However, even with these increases, predicted attendance is down around 40% compared to self-reported attendance prior to the pandemic. Men and those under 35 continue to attend at the highest levels, albeit much lower than before.



Q. How many movies have you seen in a theatre in the…

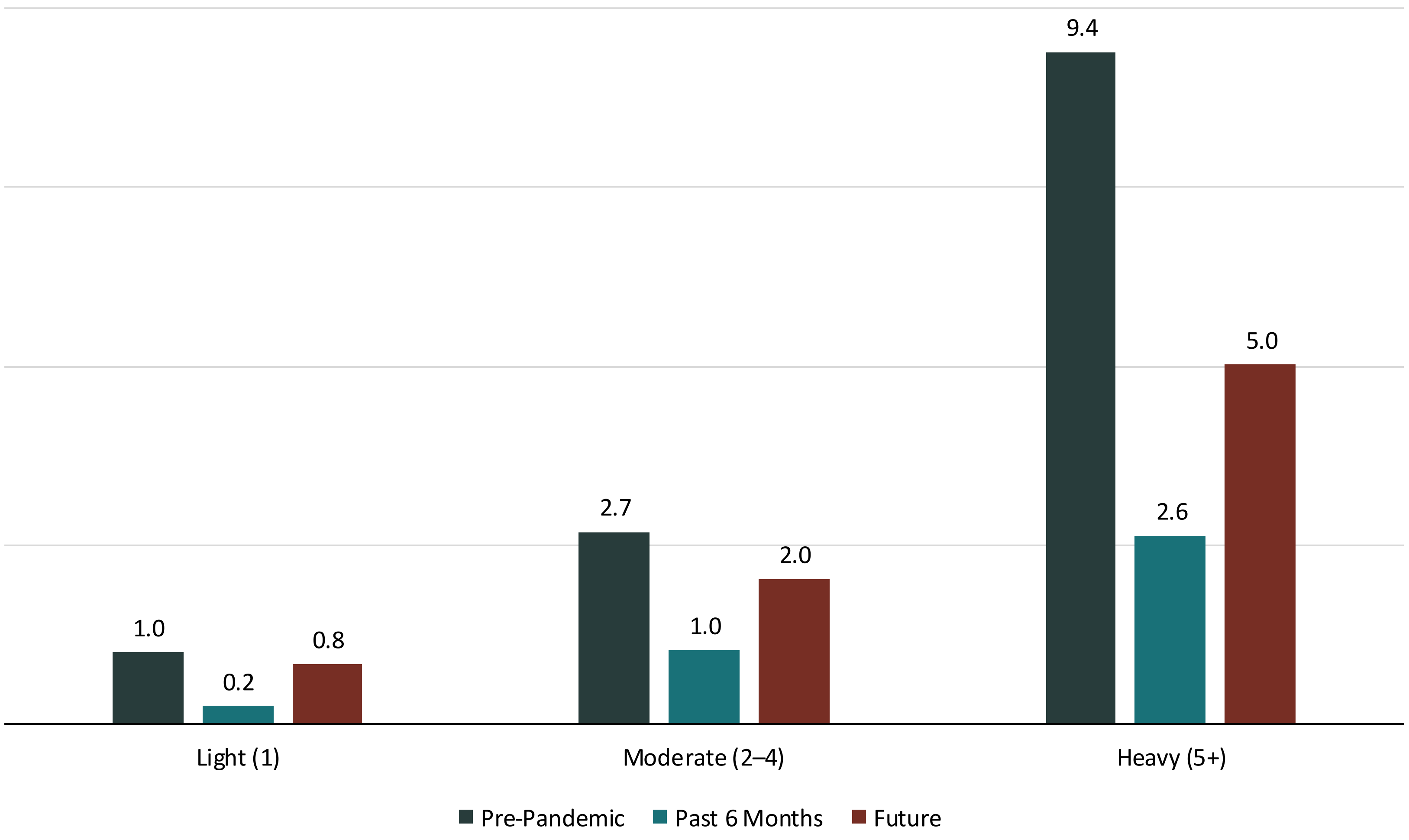
While light and moderate moviegoers self-report that their moviegoing will return close to pre-pandemic levels in the next six months, the same can not be said of heavy moviegoers. Prior to the pandemic, heavy moviegoers self-reported that they were seeing an average of 9.4 movies in a typical six-month period, yet their anticipated consumption is half of what it was, at an average of 5.0 over the next six-month period.

These metrics suggest that the clearest path to further growth in theatrical moviegoing entails luring heavy moviegoers back to theatres at a higher frequency, which will likely be contingent on providing them with enough content that they want to see theatrically.

Heavy moviegoers are defined as those who saw five or more movies over a typical six-month period, pre-pandemic. Moderate moviegoers typically saw between two and four movies, while light moviegoers saw one movie in a typical six-month period.

Changes in Moviegoing Frequency

By Pre-Pandemic Moviegoer Avidity (6-month period)



Q. How many movies have you seen in a theatre in the…

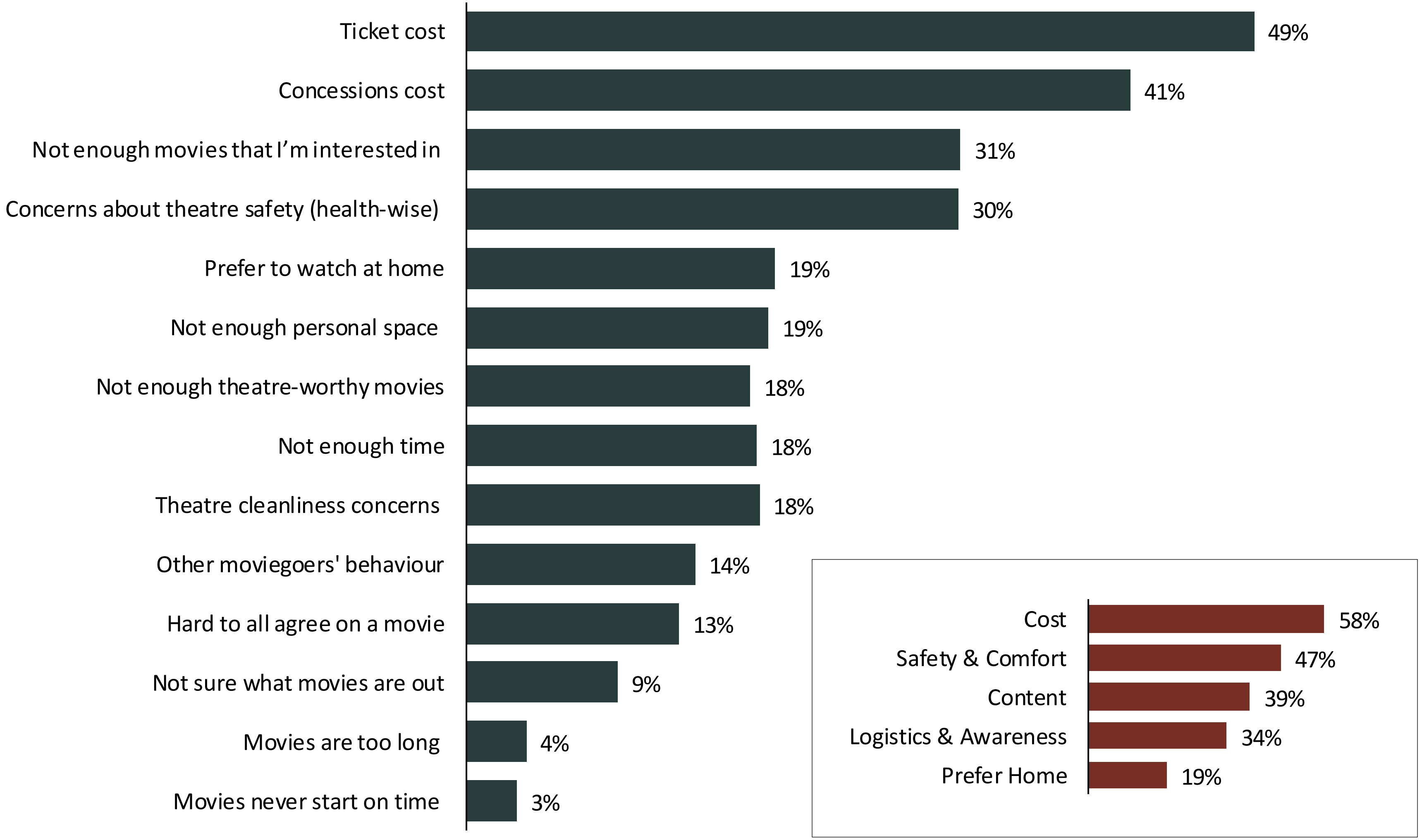
The cost of a trip to the cinema, including tickets and concessions, continues to be a substantial barrier to increased moviegoing. Barriers revolving around **safety, cleanliness or a lack of personal space** in the theatre environment were also top-of-mind for close to half of moviegoers.

Around four in ten moviegoers cite **issues with content,** saying there is a lack of compelling/theatre-worthy movies to draw them out of their homes.

To a lesser degree, some moviegoers note that there are logistical reasons for not attending—either too little time, difficulty in picking a movie that pleases everyone in their party or a general lack of awareness.

Two in ten moviegoers say the comfort and low-cost of watching movies at home prevent them going to the theatre more.

Barriers to Moviegoing



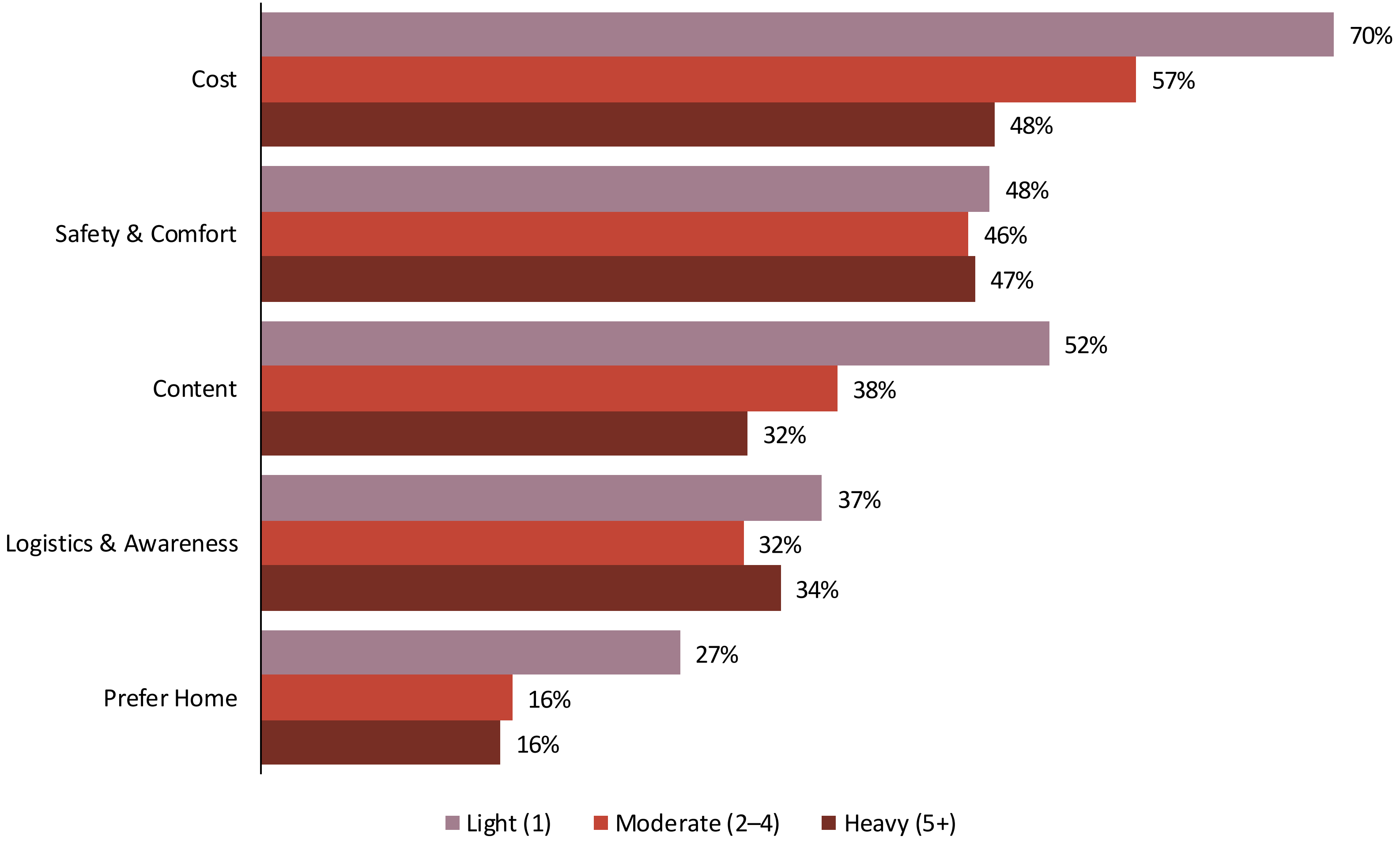
Q. Below are some reasons others have given as to why they do not see more movies in theatres. Please select which, if any, apply to you?

Concerns about cost, comfort and content are the biggest barriers to attendance regardless of moviegoing avidity, with concerns about cost and content skewing dramatically to light moviegoers.

Safety and comfort considerations are of nearly equal concern for each avidity group.

Barriers to Moviegoing

By Pre-Pandemic Moviegoer Avidity (6-month period)



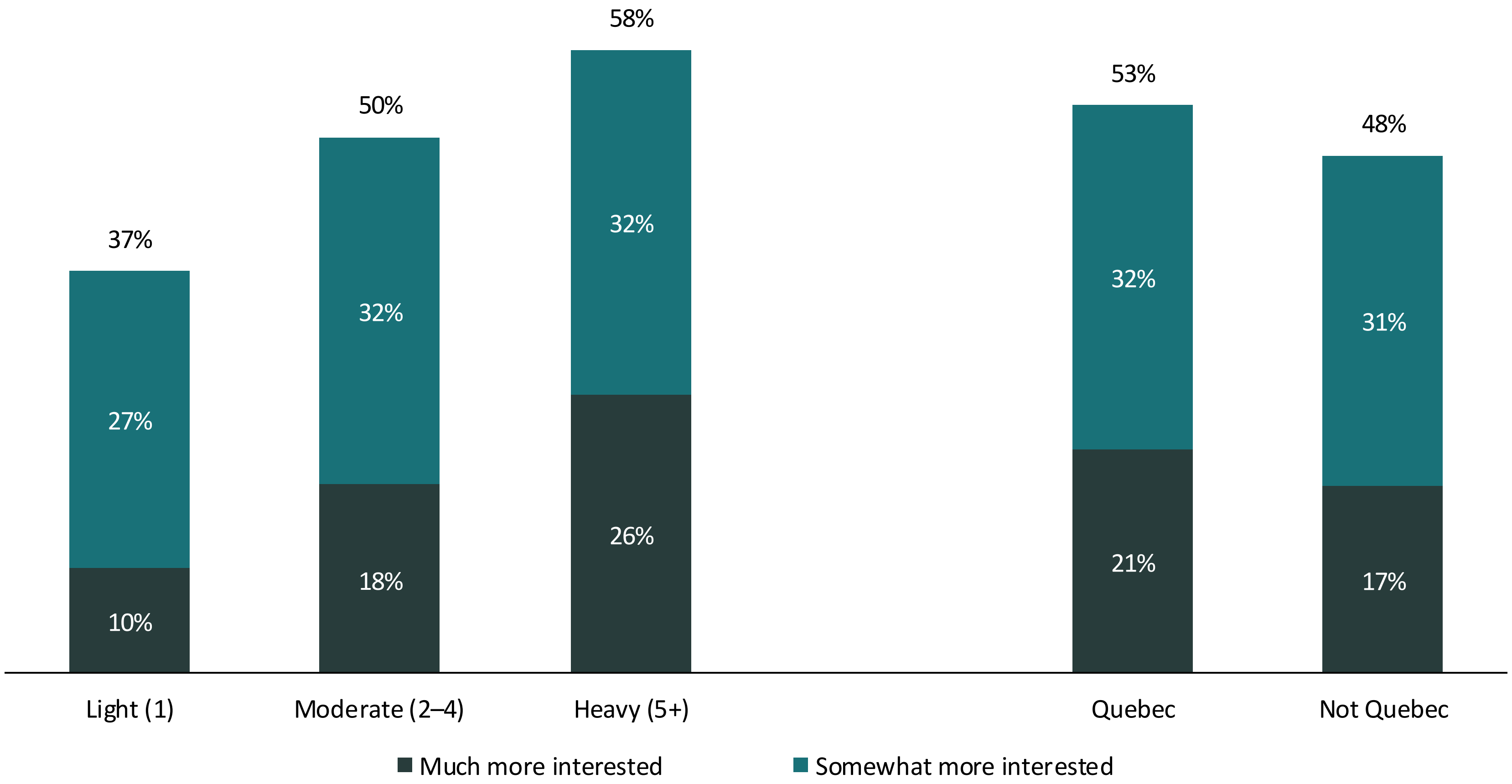
Q. Below are some reasons others have given as to why they do not see more movies in theatres. Please select which, if any, apply to you?

Interest in movies made in Canada or featuring Canadian stories or actors is of most interest to heavy moviegoers, with 58% saying that the fact that a movie is Canadian makes them more interested in seeing that movie in theatres. Next, half of moderate moviegoers and around four in ten light moviegoers show increased interest in seeing homegrown Canadian talent/content.

Comparing Québec with the rest of Canada, moviegoers in Québec are slightly more influenced by local content than those in other regions.

Interest in Homegrown Talent & Content

By Pre-Pandemic Moviegoer Type (6-month period) & Region (Québec vs. Not Québec)



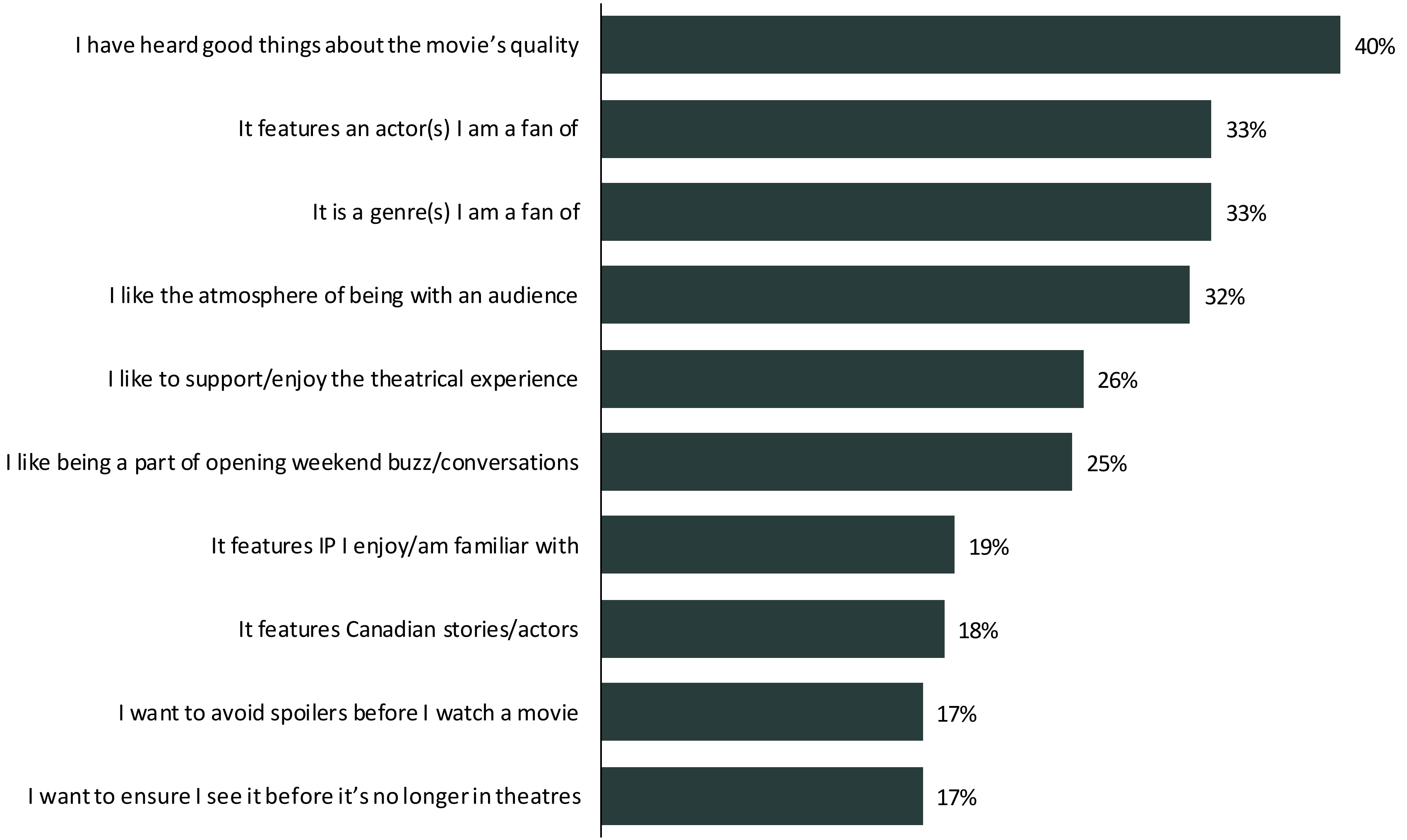
Q. How does knowing a film was made in Canada or features Canadian stories/actors affect your interest in seeing that movie in theatres?

The Theatrical Experience

Among those who see movies in theatres on opening weekend, the top reason for attending is the film's quality. A third of these moviegoers may also attend opening weekend if the film is of a certain genre or features a particular actor, while a similar proportion like the opening weekend atmosphere of being with an audience.

While avoiding spoilers is not necessarily a top-of-mind concern, a quarter of moviegoers say they like to attend opening weekend so they can be a part of the timely cultural conversations that often surround a film's release.

Reasons to See a Film on Opening Weekend



Q. Below are several factors that make others interested in seeing a film in theatres on opening weekend. Which, if any, apply to you?

Increasing Theatrical Attendance

INCREASE THE VALUE PROPOSITION

The biggest barrier to increased theatre attendance is perceived value, with moviegoers struggling to reconcile the cost of a night out at the movie theatre. When factoring in travel, tickets and concessions, many noted that a trip to the theatre sometimes doesn't feel worthwhile. Some mentioned that they might be enticed by different deals (like family bundles) as well as theatre subscriptions and cheaper snack options.

"Lowering price of tickets or having deals. Taking the whole family can cost almost $100 with concessions. It's not very affordable."
—Woman, 30

PROMISE A SAFE & CLEAN ENVIRONMENT

Some moviegoers remained wary of returning to theatres due to lingering safety concerns, including theatre cleanliness. While some are reluctant to return to such crowded indoor spaces until case numbers are lower, others could be encouraged to return if they feel confident that stringent safety precautions are in place, including spaced out seating, thorough cleanings between showtimes, optimal air filtration and mask mandates.

"Ensure more COVID precautions, especially for high-risk patrons. Increasing health measures like cleaning and air filtration is key for me."
—Woman, 36

PROVIDE EXCITING & ALLURING CONTENT

Content is another powerful driver of interest when it comes to returning to theatres, with many saying their return hinges on more quality content. Though some moviegoers are craving a deeper and more artistic selection of indie films, others say they lack the motivation to trek to the theatre unless they're presented with a grandiose blockbuster, including spectacle and special effects, and the option for 3D-viewing.

"We like going to the theatres to see big budget blockbusters with lots of fantastic spectacle and big visual impact (action/fantasy/sci-fi)."
—Man, 34

ENHANCE WITH LUXURIOUS AMENITIES

Some moviegoers are seeking a theatrical experience that can't be replicated at home, and feel as though they can be tempted into a trip to the theatre with the promise of unmatched comfort and exclusivity. While a select few specifically mentioned requiring certain VIP offerings that they can't find anywhere else, others would settle for more comfortable seating, fewer ads and the opportunity to enjoy a margarita with their movie!

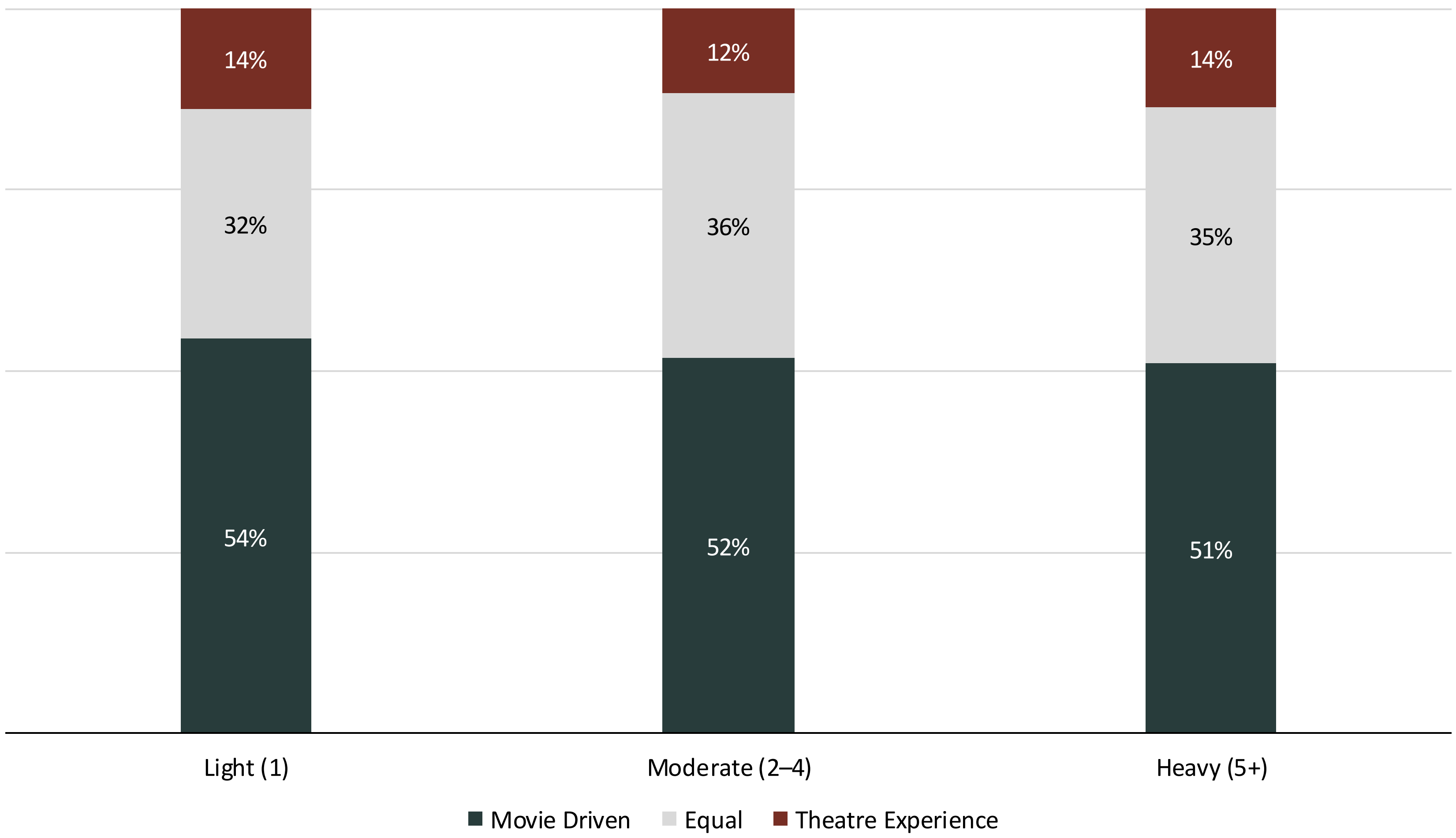
"I want a more luxurious moviegoing experience—something I can't replicate at home. I want to feel like royalty! Less commercials, more alcohol!"
—Man, 46

Q. What can be done to entice you to see more movies in theatres as opposed to seeing them at home?

Regardless of moviegoing frequency, the decision to see a movie theatrically is more heavily influenced by the actual movie they want to see (~86%) rather than the overall theatrical experience (~50%).

Importance of Theatrical Experience

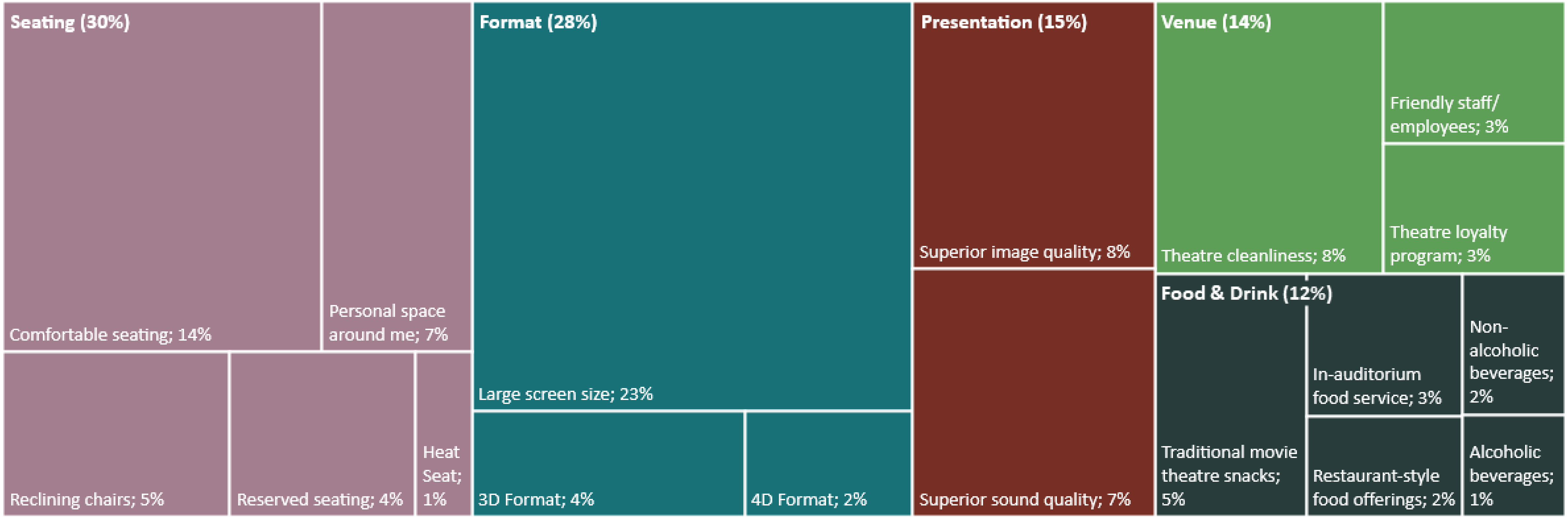
By Pre-Pandemic Moviegoer Type & Age



Q. When deciding on seeing a movie in theatres, how much of the decision is based on the actual movie, and how much is based on wanting the experience of seeing it in a theatre?

Importance of Theatre Amenities

When considering the most impactful theatre amenities, moviegoers place the most importance on seating, format and presentation; they want comfortable seating and, to a lesser extent, adequate spacing along with options for reserved seating or reclining chairs. They assign equal importance to format, specifically large screen size more than 3D or 4D formats. Presentation is also key, with moviegoers expecting superior image and sound quality. At equal levels, the venue itself, including the theatre staff, cleanliness and loyalty program offerings are important. Finally, food and beverage options overall are almost as important as the venue itself.



Q. Below is a list of various movie theatre amenities. To understand how important each of the following are to you, we are going to give you 100 importance points. Please take a moment to assign a value to the amenities that are most important to you.

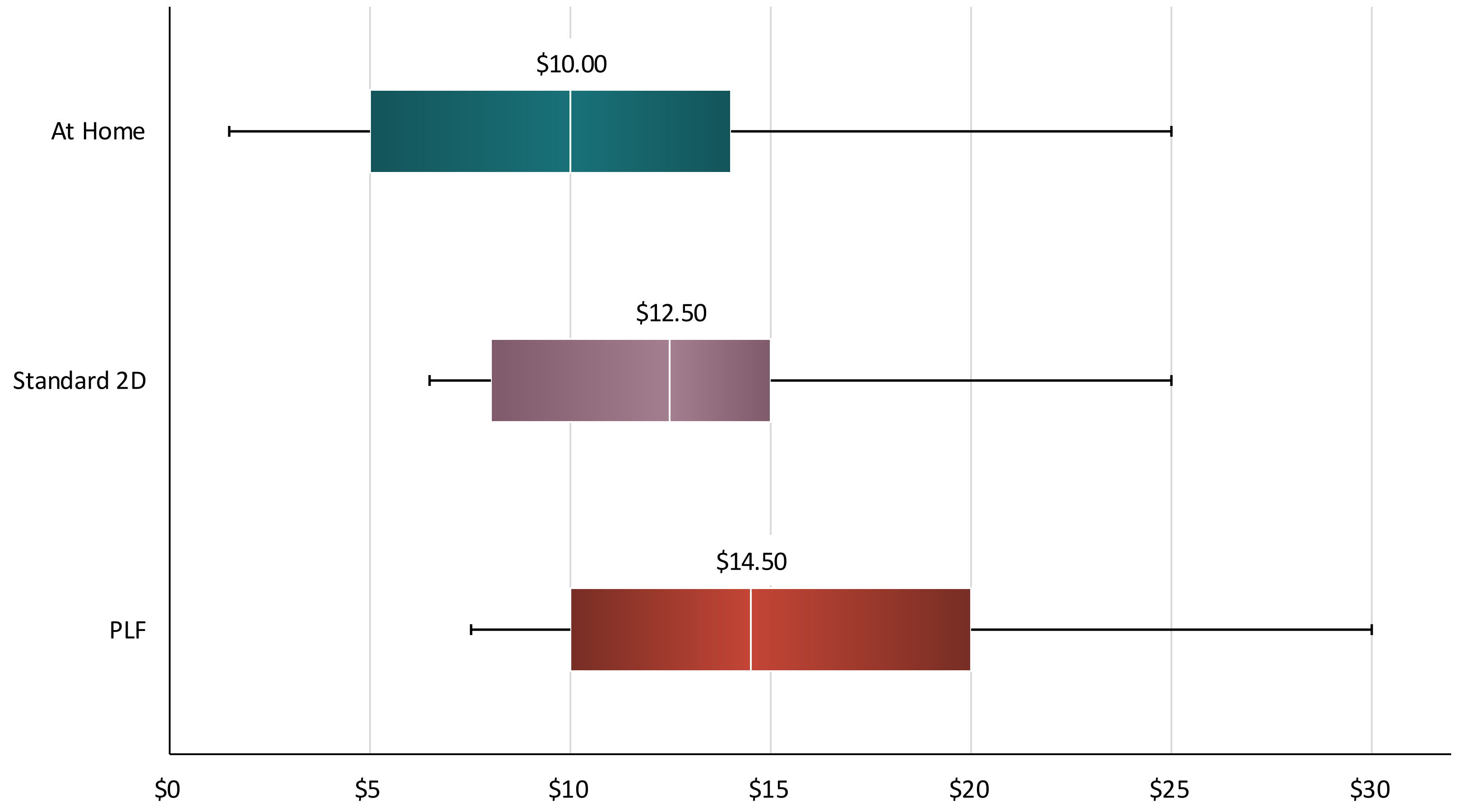
Theatrical Value Perceptions

When asked to name the prices at which they'd consider a movie to be of great value and too expensive, some interesting trends emerged regarding moviegoers' value perceptions. **Moviegoers see a standard 2D ticket as being $2.50 more valuable than an at-home movie on average, with the point at which either option is considered too expensive falling between $14 and $15.** However, for premium large formats, the average moviegoer says $20 is the price at which a ticket feels too expensive, whereas $10 for this format is considered a great value, illustrating the perceived value-add of PLF.

Left edge of the box illustrates the median of "great value," right edge shows the median of "too expensive" and the white line is the median of the average of these metrics. Whiskers show the 5th and 95th percentile of that average.

Theatrical vs. At-Home Perceived Value

Single Film Viewing (Not SVOD)



Q. At what price would you consider the movie to be a great buy for the money?

Q. At what price would you consider the movie to be so expensive that you would not consider buying it?

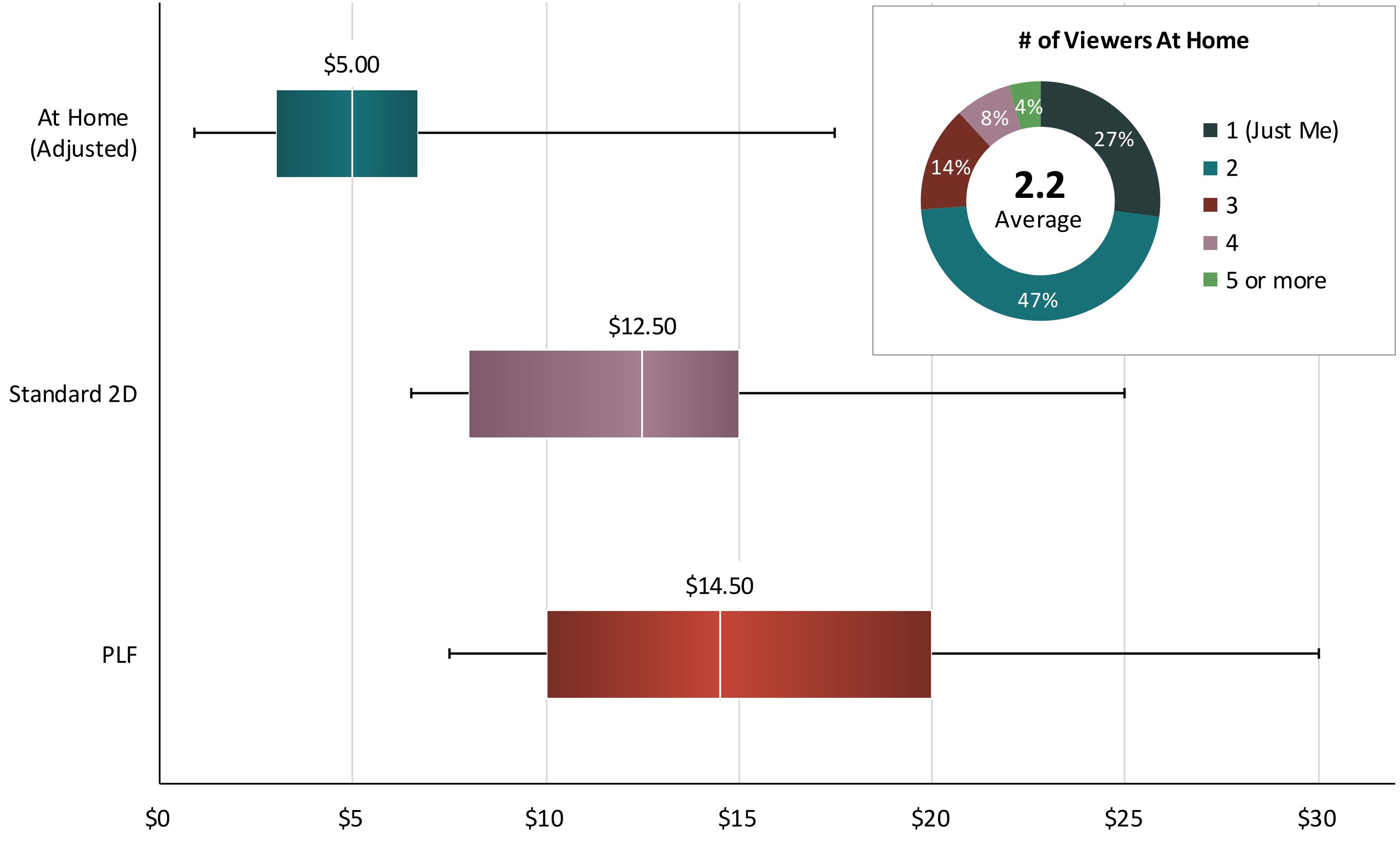
Notably, the prices on the previous page were based on individual ticket prices for theatrical films, but a single lump sum for home viewing. When watching a movie at home, the typical party size is 2.2 people, with less than a third watching alone. Adjusting the price perceptions to account for the per-viewer cost, the median is $5, indicating that moviegoer value perceptions around at-home movies are halved (from $10 on the previous page to $5 here) when party size is considered.

Accounting for party size-adjusted at-home price perceptions, there is a bigger gap between at-home price perceptions and theatrical viewing. Only a small subset of moviegoers are willing to pay as much per head as they would for a ticket in theatres.

Left edge of the box illustrates the median of "great value," right edge shows the median of "too expensive" and the white line is the median of the average of these metrics. Whiskers show the 5th and 95th percentile of that average.

Theatrical vs. Adjusted At-Home Perceived Value

Single Film Viewing (Not SVOD)



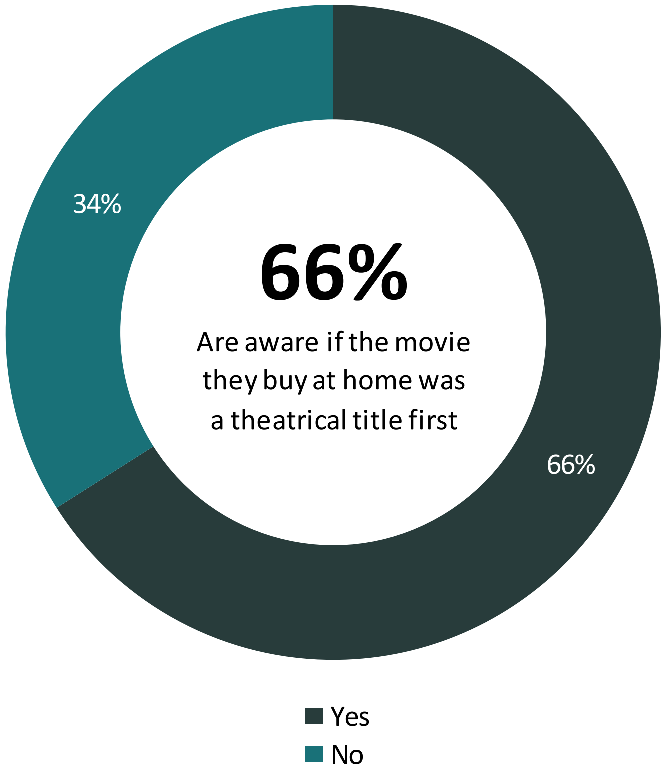
Q. At what price would you consider the movie to be a great buy for the money?
Q. At what price would you consider the movie to be so expensive that you would not consider buying it?
Q. When watching a movie at home, how many people do you typically watch it with?

Two-thirds of moviegoers say they are typically aware of whether or not the film they are choosing to see at home has previously played in theatres.

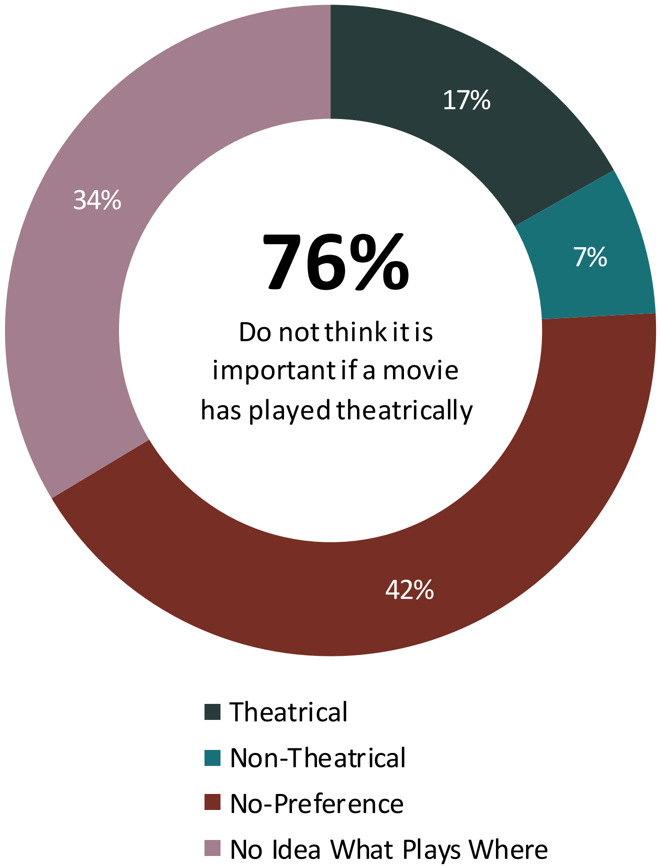
Among that group of moviegoers, most don't place much importance on whether a film was a theatrical title or not. However, looking at those who do have a preference, more than twice as many moviegoers say they prefer theatrical films to non-theatrical.

Impact of Theatrical Films on Quality Perceptions

Awareness of Theatrical Titles



Types of Movies Preferred at Home



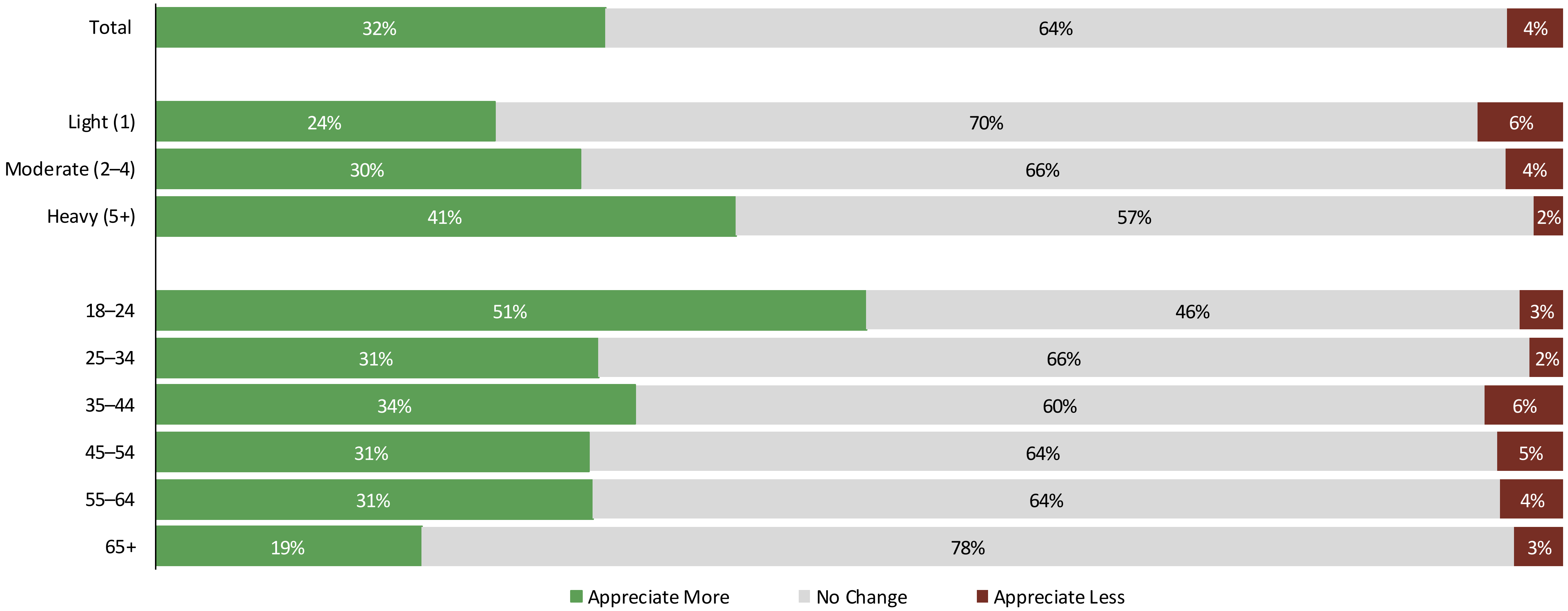
Q. When you choose to see a movie at home, are you typically aware of if it has previously played in theatres or not?

Q. When watching a movie at home, how important is it that you select a movie to watch that has played in a theatre first?

At-Home Viewing

Effect of In-Home Movies on Movie Appreciation

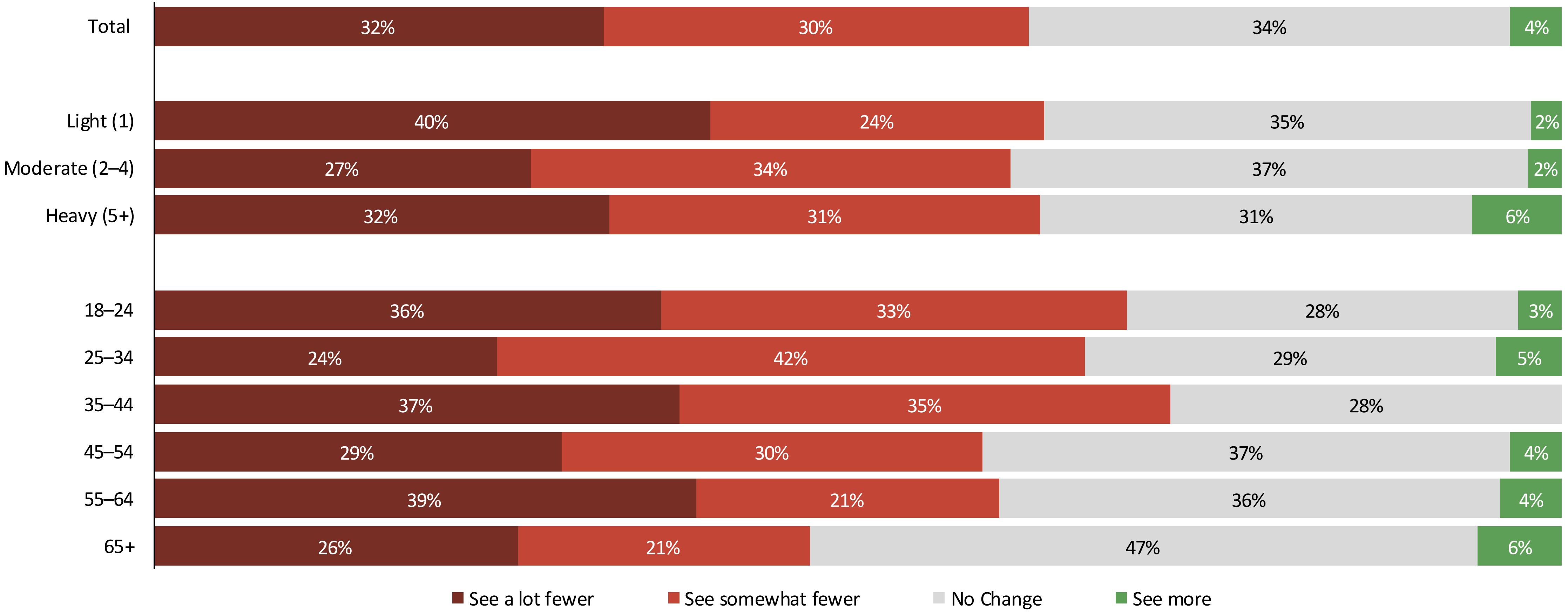
A third of moviegoers say that having access to great quantities of films at home has increased their appreciation of movies in general. Moviegoers of all ages say that access to a limitless library of in-home titles has increased their appreciation of the artform, but 18- to 24-year-old moviegoers are most likely to feel this way, followed by heavy moviegoers. Light moviegoers and those aged 65 and over were the least likely to say that their appreciation for movies has increased. Under 6% of moviegoers report appreciating movies less than they did before.



Q. How has having access to a significant number of movies at home affected your appreciation of movies in general?

Effect of In-Home Movies on Moviegoing

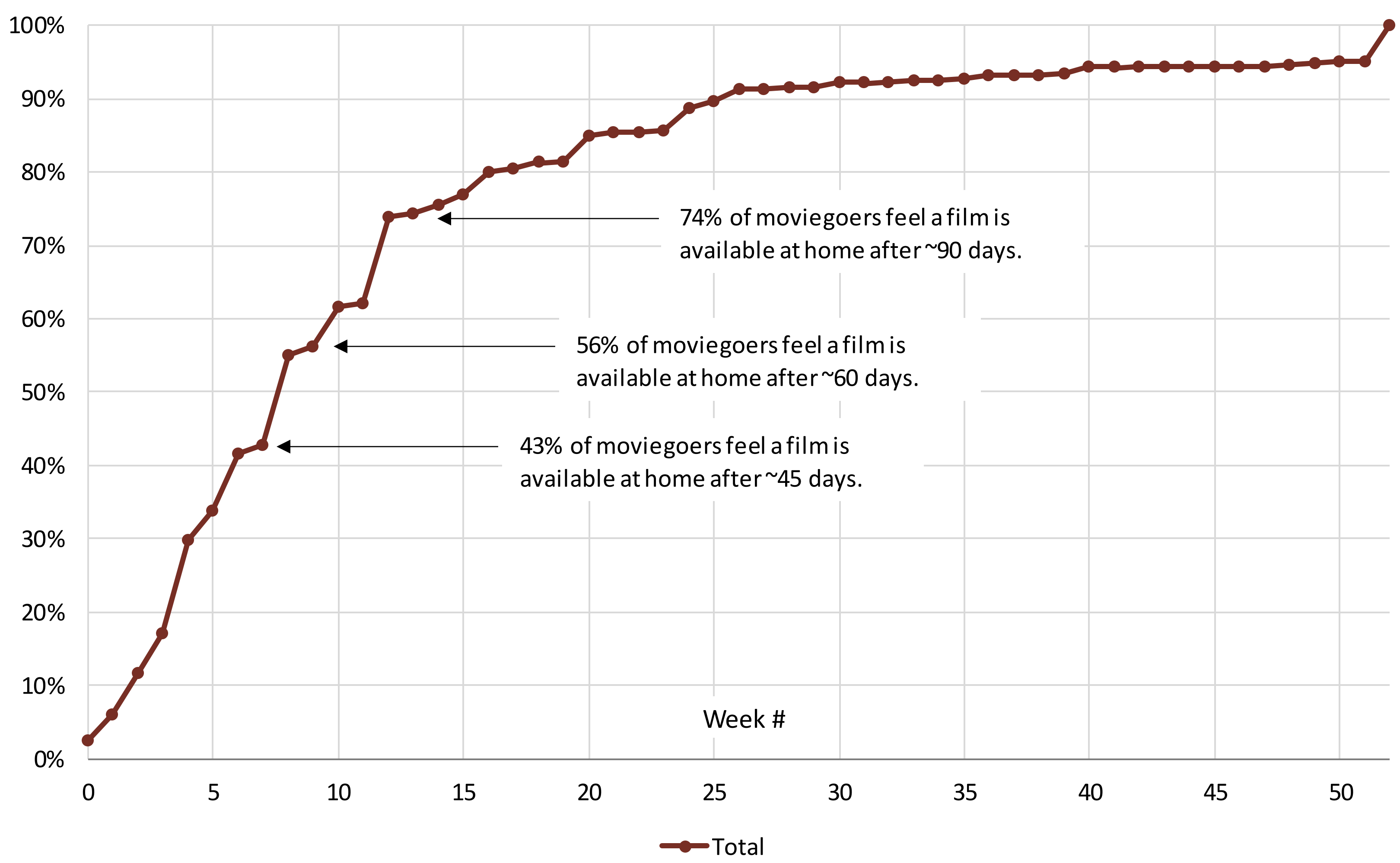
Overall, most moviegoers report seeing fewer movies in theatres due to the abundance of at-home offerings, with a third saying they see a lot fewer movies in theatres as a result of at-home access. Though there are only minor variations on this trend by moviegoer segment (with light moviegoers more likely to see a lot fewer movies in theatres), variations by age show theatrical attendance is eroding interest more among younger moviegoers, while older moviegoers are less likely to have changed their theatrical movie consumption. That said, half or more moviegoers in each age segment still report lower theatrical attendance as a result of at-home options.



Q. How has having access to a significant number of movies at home affect your attendance at movie theatres?

Regardless of whether they are typically aware if the film they are choosing to see at home has previously played in theatres, **most moviegoers are generally aware of current windowing time frames—43% believe that a film will be available to see at home within ~45 days of its theatrical release, with just over half (56%) saying it is usually available after 60 or so days**. Around three-quarters believe that a movie will be available at home ~90 days after it premieres in theatres.

Perceived Date of In-Home Availability



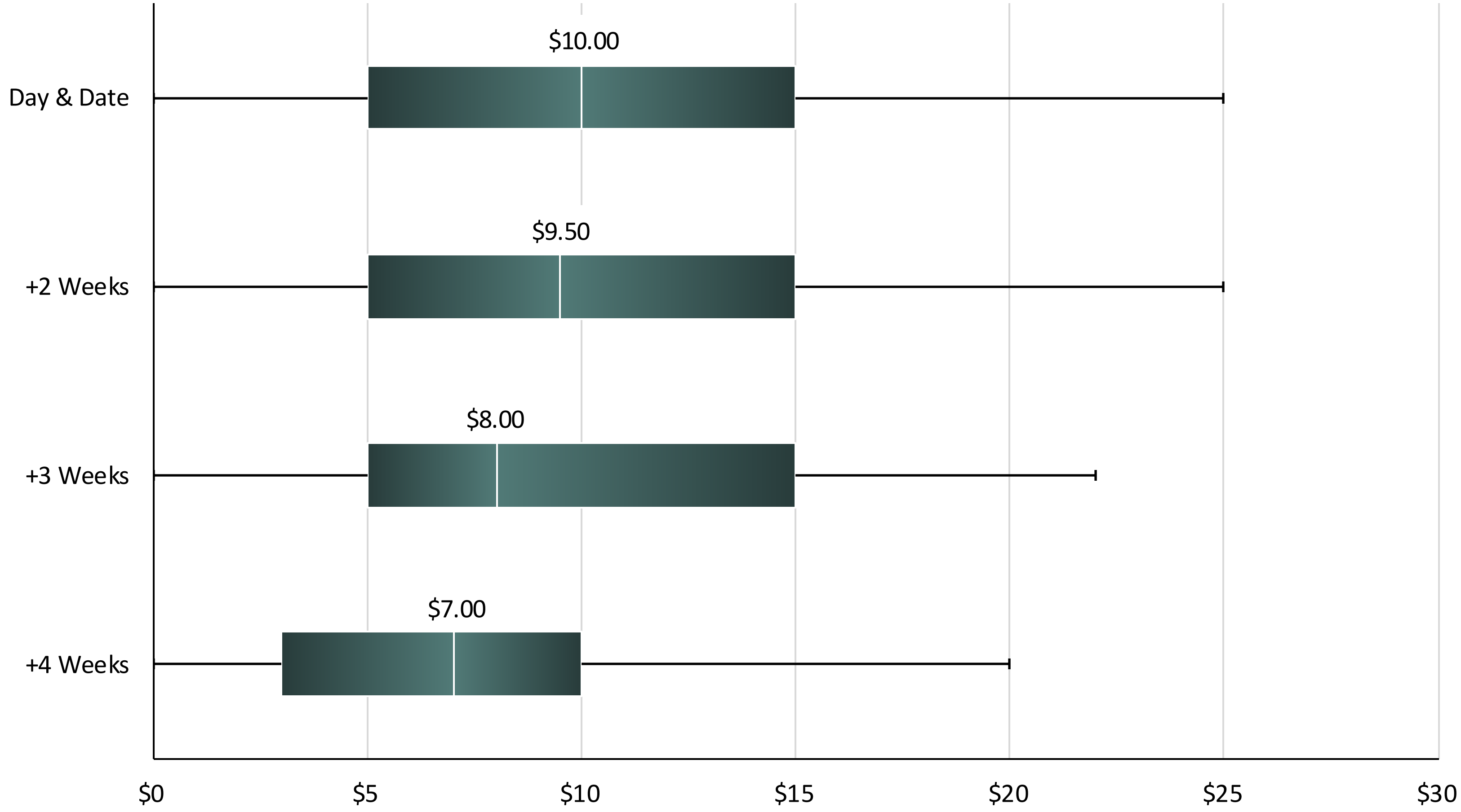
Q. To the best of your knowledge, how long after a movie premieres in theatres is it typically available to see at home (on DVD, pay-per-view or streaming)?

Moviegoers were asked to report the maximum they would be willing to pay to see a movie at home, either at the same time as or a specific number of weeks following its release in theatres.[1] **For those asked about seeing a movie at home the same week it is released in theatres, $10 was seen as the most they'd be willing to pay.** Paying for a movie two weeks after it is released in theatres lowers the perceived value only slightly (to $9.50 on average), while waiting three or four weeks drops the mean price moviegoers would be willing to pay to $8 and $7, respectively.

Left edge of the box illustrates the 25th percentile, the right edge shows the 75th percentile and the white line is the median of these metrics. Whiskers show the 5th and 95th percentiles.

At-Home Value by Release Window

Single Film Viewing (Not SVOD)



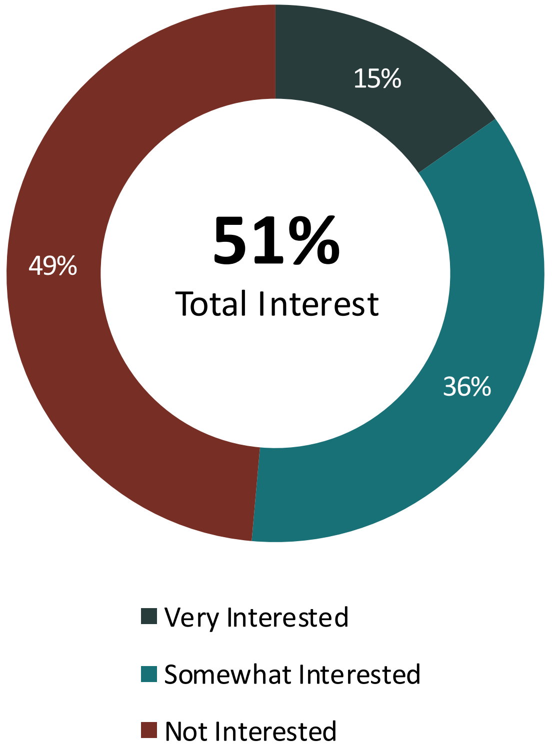
Q. What is the maximum you'd be willing to pay to see a movie at home [time] after it comes out in theatres?

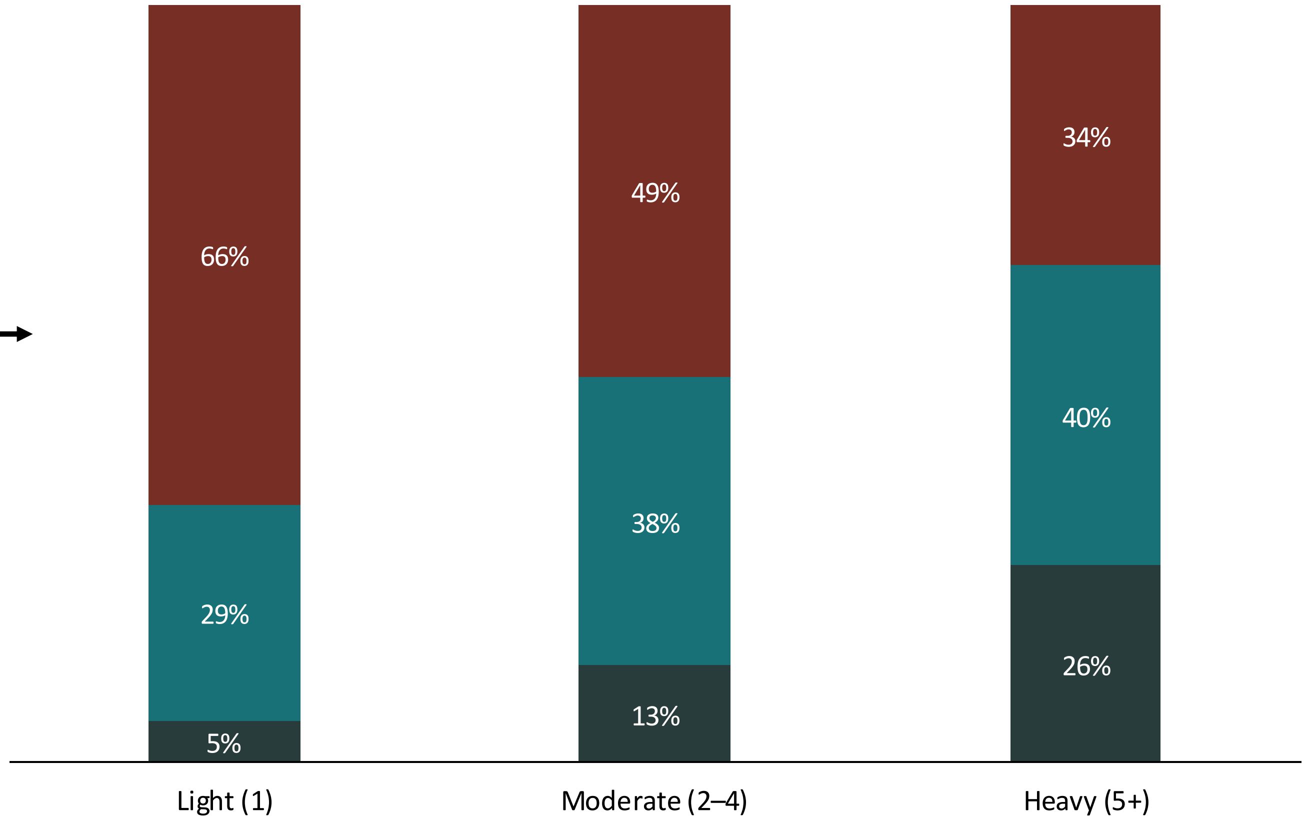
1. This question was asked as an A/B/C/D test, with each respondent only answering for one of the four time periods shown.

Subscription Interest

Monthly Movie Theatre Subscription Interest

Half of moviegoers reported they are at least somewhat interested in a monthly subscription that allows them to see a certain number of movies at their local theatre, with only 15% saying they are very interested in that prospect. The heaviest moviegoers showed the most positive interest (a quarter said they were very interested) while those who attend less frequently were considerably less enthusiastic.





Q. How interested are you in paying one monthly fee to see a certain number of movies a month at your local theatre?

Among those at least somewhat interested in a movie subscription to their local theatre, moviegoers were asked what price they would be willing to pay to see one (or more) movies per month. **At just one movie per month, $10 was seen as a fair price (a 20% discount from a standard movie ticket), while the average price to see two movies per month jumped to just $15, doubling the discount on tickets.** At the highest option of seeing four movies per month for a flat fee, moviegoers felt that $25 would be a fair price, raising the discount needed to 50%.

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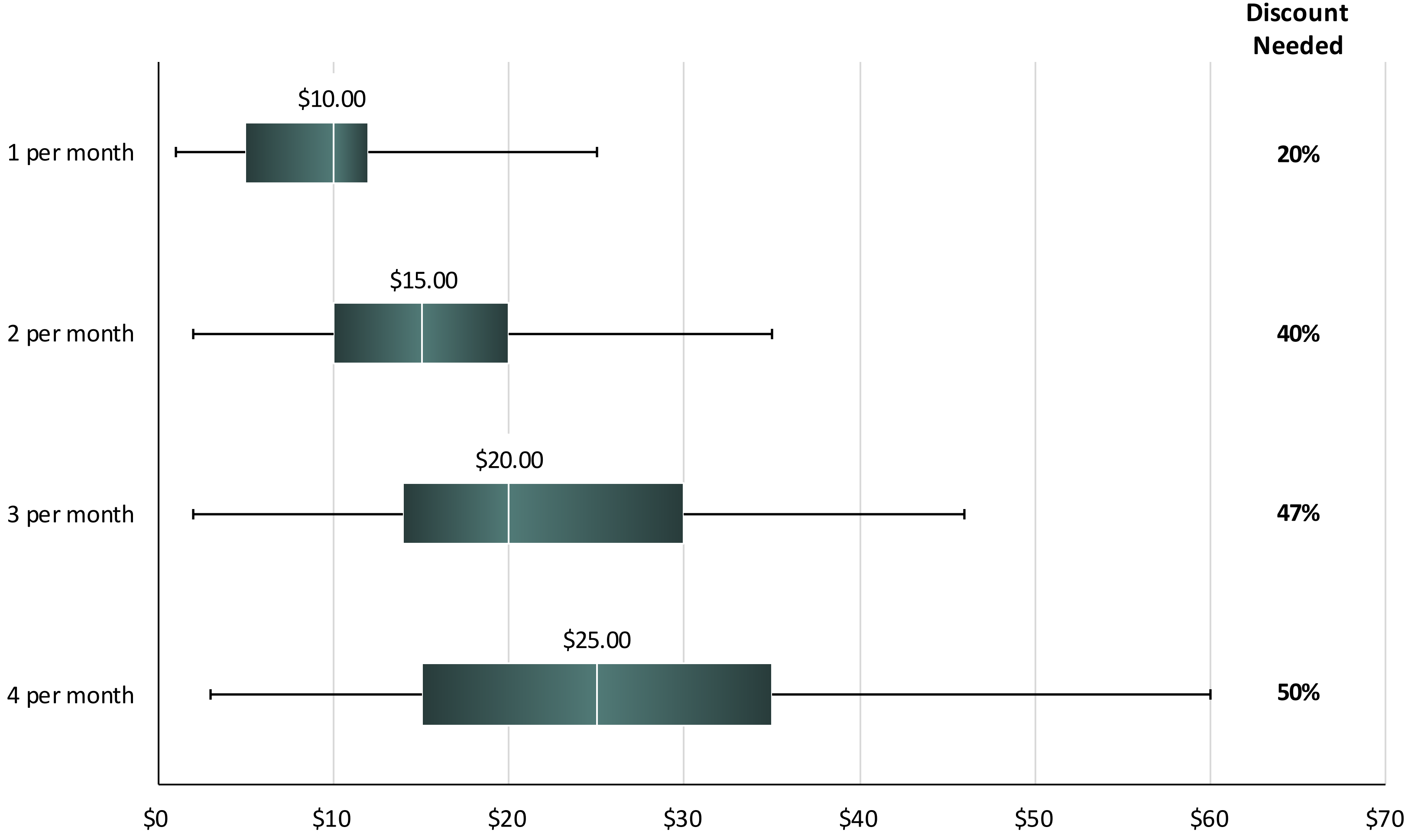
Subscription Willingness

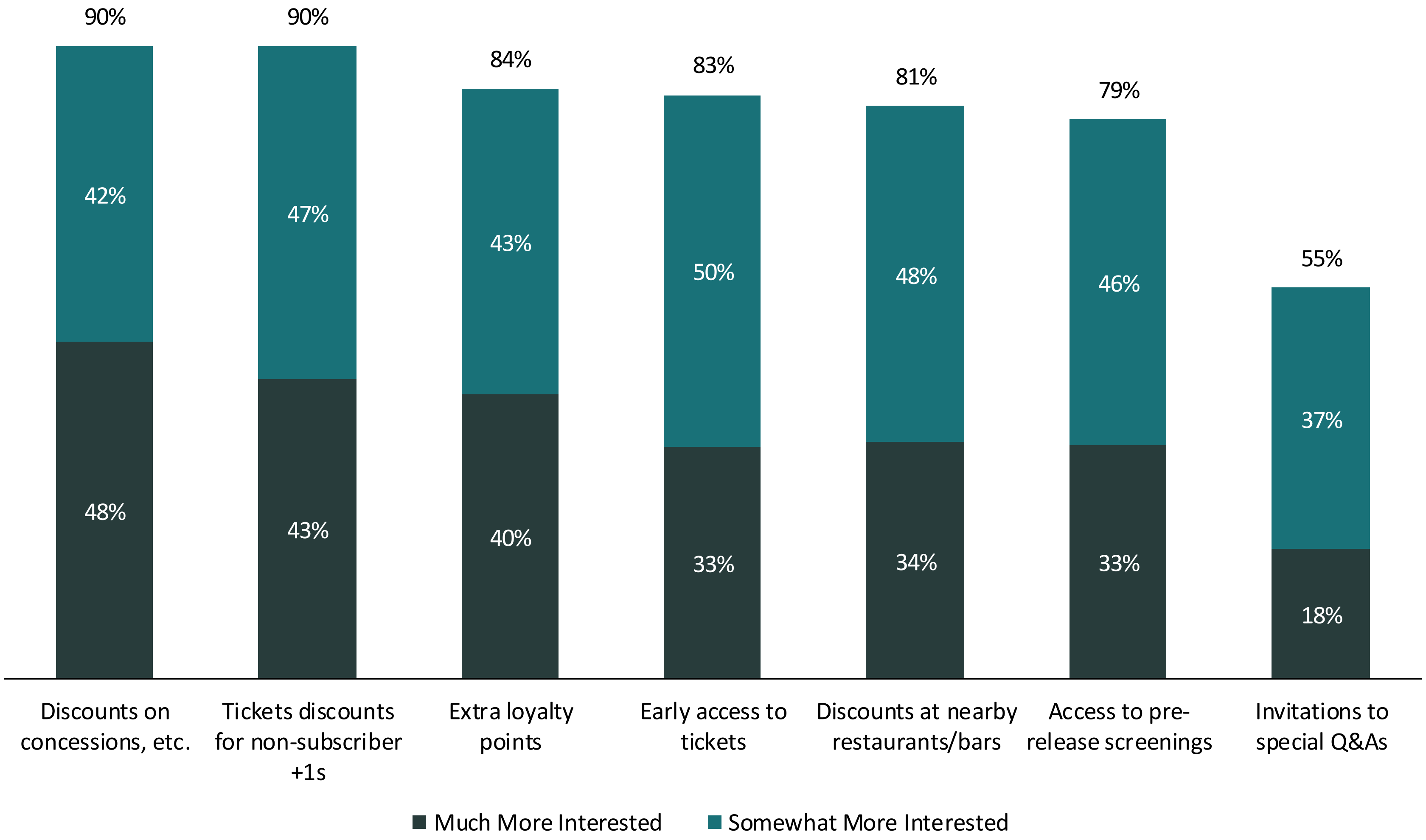
No Format Limits



Q. What is the maximum amount you would be willing to pay per month for [number] movies per month, with no limits on format?

Thinking about potential bonuses that might impact interest in a monthly movie theatre subscription, discounts on concessions and tickets for non-subscribers surfaced as the most appealing perks, followed by earning extra loyalty points. A third of moviegoers said they would be much more interested in a subscription if early access to tickets, discounts at nearby establishments or access to early screenings were involved. Invitations to exclusive Q&As, while the least popular option presented, was still of interest for more than half of moviegoers.

Monthly Movie Theatre Subscription Interest



Q. How would each of the following potential bonuses impact your interest in paying for a subscription to see a certain number of movies at your local theatre?

Appendix

Methodology

The study was conducted from April 30 to May 10, 2022, among an online sample of 708 moviegoers aged 18+ who reside in Canada, qualified as seeing at least one movie in theatres in a typical, pre-pandemic six-month period. Quotas were employed to reach a nationally representative sample. Margins of error by segment (at 95% confidence) are below.

REPORT SEGMENTS	Sample Size	Margin of Error
Total Moviegoers	708	+/- 3.7
Light (1 movie per six-month period)	182	+/- 7.3
Moderate (2–4 movies per six-month period)	291	+/- 5.7
Heavy (5+ movies per six-month period)	235	+/- 6.4
Age		
18–24	97	+/- 10.0
25–34	127	+/- 8.7
35–44	126	+/- 8.7
45–54	107	+/- 9.5
55–64	135	+/- 8.4
65+	116	+/- 9.1
Region		
Québec	182	+/- 7.3
Non-Québec	526	+/- 4.3