Information • 51213

Movie Theaters in the US

Extra butter: Revamped theater amenities will encourage consumers to spend more money at the movies

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About

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About This Industry

Definition

This industry comprises businesses that primarily show movies. It includes cinemas, drive-in and outdoor movie theaters and film festival exhibitors.

Codes

2022	51213-Motion Picture and Video Exhibition
2022	512131-Motion Picture Theaters (except Drive-Ins)
2022	512132-Drive-In Motion Picture Theaters
2017	51213-Motion Picture and Video Exhibition
2017	512131-Motion Picture Theaters (except Drive-Ins
2017	512132-Drive-In Motion Picture Theaters

What's Included

- Admissions to feature films
- Food and beverage sales
- Advertising revenue
- Other sales including arcade, events, loyalty programs, gift cards

Companies

- Amc Entertainment Holdings, inc.
- Cinemark Holdings, Inc.
- Cineworld Group Plc

Related Industries

Domestic industries

Competitors

- DVD, Game & Video Rental in the US
- Cable Providers in the US
- Satellite TV Providers in the US

Complementors

- Movie & Video Distribution in the US

International industries

- Movie Theatres in Canada
- Cinemas in Australia
- Cinemas in the UK
- Cinemas in Germany
- Cinemas in China

Related Terms

BOX OFFICE

The physical point of sale for tickets at a theater, which is used less frequently with the expansion of e-commerce ticketing; also the same term for the total sales of admissions for a specific movie or for a year.

CONCESSIONS

Food or drink sales.

BLOCKBUSTER

A highly successful movie.

VIDEO-ON-DEMAND (VOD)

An internet-based technology that permits subscribers to watch programming in real-time or download programs and view them later.

Additional Resources

- Motion Picture Association of America
- Variety
- National Association of Theatre Owners
- BOXOFFICE Pro
- The Classification & Rating Administration
- US Census Bureau

At a Glance

		'20-'25	'25-'30
Revenue	$16.0bn	↑ 22.7 %	↑ 1.6 %
Employees	127k	↓ 1.9 %	↑ 2.4 %
Businesses	2,011	↑ 0.1 %	↑ 0.4 %
Profit	$1.0bn		
Profit Margin	6.4%	↑ 46.8 pp	
Wages	$2.5bn	↑ 15.1 %	↑ 2.3 %

Five-year growth rates display historic and forecast CAGRs

Major Players

Company	Revenue	Market Share
Amc Entertainment Holdings, inc.	$3.2bn	19.9%
Cinemark Holdings, Inc.	$2.2bn	13.6%
Cineworld Group Plc	$1.3bn	8.3%
Other Companies	$9.3bn	58.2%

Products and Services

Item	Revenue	Market Share
Admissions to feature films	$8.5bn	52.9%
Food and beverage sales	$6.8bn	42.6%
Advertising revenue	$256.0m	1.6%
All other	$464.0m	2.9%

Key External Drivers

Key External Drivers	Impact
Per capita disposable income	Positive
Number of K-12 students	Positive
Number of broadband connections	Negative
Consumer spending	Positive

Key Takeaways

Performance

- Theaters face stiff competition from streaming platforms, driving them to adapt business models. They're offering varied content and investing in subscription models to remain competitive with home viewing options.
- Shorter theatrical release windows will damage revenue. Vertically integrated production studios increasingly turn to streaming to avoid piracy and boost revenue for other businesses under their ownership.
- Movie theaters are evolving to offer more than just films. From luxury seating to live events and in-theater dining, cinemas are transforming into multi-experience venues to entice audiences and draw them away from their couches and back to the big screen.

Products and Markets

- Tariffs on upstream suppliers of goods such as raw materials and electronics, particularly from countries like China, would significantly affect movie theaters. Ticket prices will likely increase. New tariffs on imported projection and sound equipment, much of which comes from overseas, could raise operational costs.
- A higher cost of goods could impact everything from construction materials used in theater renovations to the electronic components in sound systems. This could potentially delay or scale back planned improvements. Due to tariffs, the cost of upgrading theaters with premium seating and enhanced audio-visual systems could increase.
- Ticket sales account for more than half of total revenue. Obtaining the rights to major blockbusters is key since a popular film is more likely to sell out. Online box office ticket sales have surged alongside an increase in ticket prices.
- Concessions are a high-profit product. Many moviegoers see snacks as essential, enabling theaters to charge premium prices, while new dining options and branded merchandise are boosting profit.

SWOT

Strengths	High & Increasing Barriers to Entry
	Low Imports
	Low Customer Class Concentration
Weaknesses	Low & Steady Level of Assistance
	High Competition
	Very High Volatility
	Low Profit vs. Sector Average
	High Product/Service Concentration
	Low Revenue per Employee
	High Capital Requirements
Opportunities	High Revenue Growth (2020-2025)
	High Performance Drivers
	Consumer spending
Threats	Very Low Revenue Growth (2005-2025)
	Low Outlier Growth
	Low Revenue Growth (2025-2030)
	Number of broadband connections

Industry Structure

Characteristic	Level	Trend
Concentration	Moderate	
Barriers To Entry	High	Increasing
Regulation and Policy	Low	Steady
Life Cycle	Mature	
Revenue Volatility	Very High	
Assistance	Low	Steady
Competition	High	Steady
Innovation	Moderate	

Executive Summary

Extra butter: Revamped theater amenities will encourage consumers to spend more money at the movies

Demand for movie theaters has been threatened by intense competition from online streaming platforms. The industry experienced its most significant drop in performance amid the outbreak of COVID-19, which fueled at-home viewership. While there's been a commendable rebound, with the US box office netting over $9 billion in 2024 – a 20% increase from the previous year – it remains $2 billion shy of its pre-2020 heyday. The ever-growing popularity of streaming services imposed fierce competition as studios increasingly chose to release blockbusters through hybrid models or direct-to-streaming options. Revenue has mounted at a CAGR of 22.7% to $15.9 billion through the end of 2025. Following a meteoric start to the period, as the industry rebounded from pandemic lows, growth has since returned to typical marginal rates in 2025, when revenue will hike 1.6%. Profitability has returned following pandemic lows thanks to theaters implementing monthly subscription programs and offering premium concessions, but overall profit remains depressed from where it was in 2019.

In the face of these pressures, theaters have innovated to draw audiences back. Chains such as AMC have expanded their offerings, embracing subscription-based models and diversifying content to include sports broadcasts and live events. Enhancements to the moviegoing experience, like introducing state-of-the-art projection systems and luxury seating options, have aimed to deliver a compelling night out that rivals home watching. The rise of experiential offerings, from IMAX screenings to in-theater dining, underscores the industry's pivot toward creating a unique value proposition that cannot be replicated by streaming services, emphasizing the theater's role as an experiential destination. Rising ticket prices and focusing on a quality theater experience have supported revenue while increasing premium screening ticket sales and promoting higher-value concession items. Concessions have become crucial revenue sources, with expanded options like gourmet meals and personalized in-theater services drawing patrons back to the big screen. These efforts, however, have yet to fully offset the financial impacts of reduced ticket sales.

The next five years promise ongoing innovation and adaptation for US movie theaters. Theaters are set to embrace a more hybrid business model, with subscriptions and partnerships at the forefront. Investment in technology, such as immersive projection and sound systems, is poised to bolster the cinematic experience and entice audiences seeking more than what streaming offers. Despite this, the prominence of streaming services will contribute to a shrinking theatrical release window, detracting from the value of attending a movie at the theater. Challenges will remain, but as theaters become more multifaceted entertainment options, sustained demand will enable movie theaters' revenue to climb at a CAGR of 1.6% to $17.3 billion through the end of 2030.

Performance

Key Takeaways

Theaters face stiff competition from streaming platforms, driving them to adapt business models. They're offering varied content and investing in subscription models to remain competitive with home viewing options.

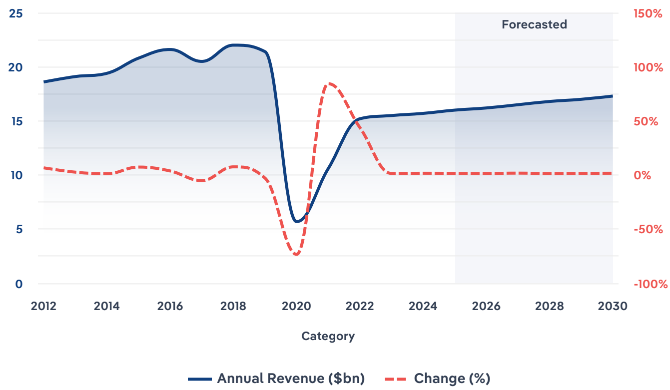
Shorter theatrical release windows will damage revenue. Vertically integrated production studios increasingly turn to streaming to avoid piracy and boost revenue for other businesses under their ownership.

Movie theaters are evolving to offer more than just films. From luxury seating to live events and in-theater dining, cinemas are transforming into multi-experience venues to entice audiences and draw them away from their couches and back to the big screen.

Performance Snapshot

Revenue

Total value ($) and annual change from 2012 – 2030. Includes 5-year outlook.



Revenue

$16.0bn

'20-'25 ↑ 22.7 %

'25-'30 ↑ 1.6 %

2025 Revenue Growth

1.6 % Increasing

Revenue Volatility

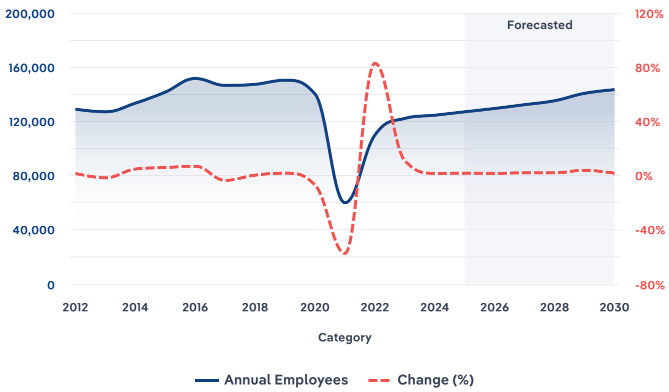
Very High

IBISWorld

Source: IBISWorld

Employees

Total number of employees and annual change from 2012 – 2030. Includes 5-year outlook.



IBISWorld

Source: IBISWorld

Employees

127k

'20-'25 ↓ 1.9 %

'25-'30 ↑ 2.4 %

Employees per Business

63

'20-'25 ↓ 2.0 %

'25-'30 ↑ 2.1 %

Revenue per Employee

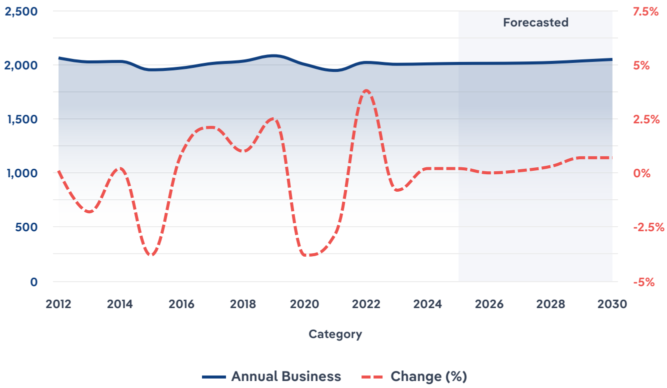
$126k

'20-'25 ↑ 25.2 %

'25-'30 ↓ 0.8 %

Business

Total number of businesses and annual change from 2012 – 2030. Includes 5-year outlook.



IBISWorld

Source: IBISWorld

Businesses

2,011

'20-'25 ↑ 0.1 %

'25-'30 ↑ 0.4 %

Employees per Business

63

'20-'25 ↓ 2.0 %

'25-'30 ↑ 2.1 %

Revenue per Business

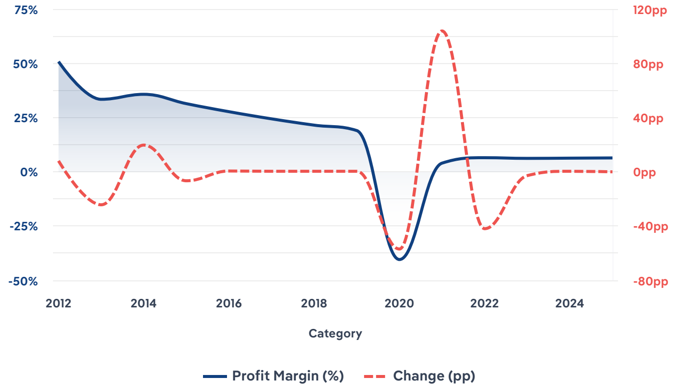
$8.0m

'20-'25 ↑ 22.6 %

'25-'30 ↑ 1.2 %

Profit Margin

Total profit margin (%) and annual change from 2012 – 2030



IBISWorld

Source: IBISWorld

Total Profit

$1.0bn

Profit Margin

6.4% '20-'25 ↑ 46.8 pp

Profit per Business

$509.2k

Current Performance

↑ 2020-25 Revenue CAGR +22.7%

What's driving current industry performance?

Theaters embrace innovative strategies and partnerships to boost post-pandemic recovery

- Although theaters have made significant strides in recovering from the pandemic's impact, their financial performance remains below pre-pandemic levels. Prior to the pandemic, the industry consistently generated around $17 billion in 2018 and 2019. Current recovery efforts, while positive, have yet to offset the impacts of pandemic-induced theater closures and restore box office revenue to those high marks before 2020, prompting theaters to continue exploring new strategies and content offerings to bridge this financial gap.
- The US box office is experiencing a partial recovery post-pandemic, generating over $9 billion this year, marking a 20% increase from the previous year, yet still lagging by $2 billion compared to pre-pandemic figures. May 2024 saw a notably weak start to the summer blockbuster season, with box office earnings at $520 million, a record low not seen since May 1998's $510 million, highlighting ongoing challenges in reaching pre-pandemic success.
- Individual hits like the "Barbenheimer" phenomenon of 2023, which amassed nearly $2.5 billion in ticket sales, showcase the potential for high earnings, though such success remains sporadic rather than industry-wide. Theaters are capitalizing on these sporadic hits by extending theatrical runs and maximizing merchandising opportunities to bolster revenue streams during high-performing periods.
- Innovative strategies, such as Taylor Swift and Beyoncé's collaborations with AMC Theaters to release concert films, with "Taylor Swift: The Eras Tour" grossing over $260 million globally, demonstrate novel pathways to revenue beyond traditional studio models. In response to innovative film distribution methods, cinemas are exploring partnerships and alternative content offerings beyond traditional films. Movie theaters have expanded their offerings to include alternative content such as live events, sports broadcasts and gaming competitions to attract a wider audience. The success of the Taylor Swift: The Eras Tour concert movie has motivated AMC to commit to developing more concert films. By doing so, theaters aim to attract diverse audiences, fill more seats and strengthen concession sales, thereby boosting their financial performance.
- To further invigorate audience turnout, theaters are embracing dynamic pricing models and premium experiences, mirroring tactics that have proven successful in other entertainment sectors. AMC Theatres piloted variable ticket pricing for high-demand showtimes, notably charging $1 to $2 extra for seats at prime-viewing locations during the release of "The Batman" in 2022. Cineworld's Regal Cinemas has followed suit, experimenting with flexible pricing and loyalty programs to encourage frequent visits.
- The rise of "event cinema", including live opera or sporting events, has attracted diverse demographics. Fathom Events, a leader in this niche, reported screening over 1,100 special events to 10 million attendees in 2023, marking a 25% jump from the previous year.

Mounting external competition has pressured theaters

- The prominence of streaming has profoundly affected traditional movie theaters, with many audiences opting for the convenience of watching new releases at home. Theaters have been partially left out of the loop as production companies increasingly send their films directly to their streaming services at a premium upcharge. Warner Bros. made headlines in 2021 when it announced that its entire film slate, including major releases like "Dune" and "The Matrix Resurrections," would debut simultaneously in theaters and on HBO Max. Disney has pursued a similar path, premiering blockbusters such as “Black Widow” on Disney+ for a $30 ‘Premier Access’ fee during its theatrical run.

- According to a 2023 report by the National Association of Theatre Owners (NATO), box office revenue declined by around 14% compared to pre-pandemic figures. This shift has prompted theaters to explore innovative ways to draw audiences back, recognizing that the big screen's allure must compete with convenience and premium content available at home.
- In a bid to adapt to changing industry dynamics, AMC and Universal Pictures struck a deal to shorten the theatrical release window to just 17 days, after which films can transition to streaming platforms. This agreement, initiated in 2020, allowed AMC to secure a portion of the streaming revenue, illustrating a shift in traditional business models. By 2023, this approach will set a precedent for other theaters and studios looking to balance theatrical and digital releases and maximize profitability in a changing landscape.
- As theaters face the dual pressures of declining attendance and the need to remain competitive with streaming services, one noticeable trend has been the fluctuation in ticket prices. Many theaters have opted to implement dynamic pricing models, adjusting ticket costs based on demand, time of day or type of film (e.g., blockbuster vs. independent).
- A report from the Motion Picture Association indicated that average ticket prices in 2023 varied significantly, with premium formats such as IMAX and 3D often fetching higher prices to capitalize on the immersive experience they offer. At the same time, many theaters offer discounted ticket days or tiered pricing models to make movie-going more accessible and appealing to a broader audience, attempting to strike a balance between covering operational costs and attracting more patrons.
- Movie theater chains increasingly embrace subscription-based models to encourage regular cinema visits and build customer loyalty. AMC's Stubs A-List, for example, allows members to watch multiple movies per week for a fixed monthly fee while enjoying benefits like concession discounts. Similarly, Cinemark Movie Club provides members with monthly movie tickets and discounts. These programs aim to mimic the subscription success seen in streaming services and provide consistent revenue for theater chains facing fluctuating ticket sales.

The experience has become critical to success

- In response to the evolving expectations of moviegoers and to justify the cost of movie tickets, movie theaters are expanding their concessions to include alcohol, more dining options and personalized in-theater services. This shift has become essential for generating additional revenue, as traditional ticket sales alone are insufficient to cover operational costs. Major cinema chains like AMC have taken an innovative approach by launching their own lines of branded snacks and collectible items, such as special edition popcorn buckets, to engage audiences and enhance their concession revenue. These moves are part of a broader trend where concessions are not only about selling snacks but about creating a unique, memorable cinema experience.
- Concession sales have become a significant revenue driver for theaters as they diversify offerings to include premium food and beverage options. Alamo Drafthouse exemplifies this strategy by offering a full dining experience with gourmet menu items and specialty cocktails delivered directly to patrons’ seats. This approach has effectively increased revenue per attendee, as demonstrated by the chain's robust performance. Sony's acquisition of Alamo Drafthouse in 2024 underscores the effectiveness of this strategy, recognizing the potential of combining cinema with elevated dining experiences to attract and retain moviegoers.
- To entice audiences and provide an experience that cannot be replicated at home, movie theaters have significantly invested in cutting-edge projection systems, immersive sound technology and specialized seating. These premium experiences offer more than just a movie; they provide an event, a night out that justifies the outing and a higher price relative to streaming. The 4DX format, popularized by CJ 4DPLEX, is available in over 800 screens worldwide as of 2023 and integrates seat movement, wind, rain, scents and strobes synchronized with on-screen action, turning blockbuster films into multi-sensory experiences. Meanwhile, ScreenX technology leverages multi-projection systems to extend the image onto auditorium side walls, creating a 270-degree panoramic view exclusive to theaters.
- Chains like AMC and Cinemark have doubled down on their loyalty programs and subscription services, aiming to cultivate a more engaged and regular audience base. By offering enhanced audio-visual experiences, theaters differentiate themselves from home streaming services, positioning visits to the cinema as an exclusive event.
- Major theater chains like AMC, Cineworld and Cinemark are investing in state-of-the-art screen technologies to enhance visual experiences. In 2023, AMC announced a multimillion-dollar deal with Cinionic, an advanced laser projection technology provider. This investment is aimed at upgrading nearly 3,500 of its auditoriums with laser projectors by 2026, representing a significant financial commitment to enhancing their visual presentation.
- Cineworld previously announced a $200 million investment plan in 2022 to enhance its offerings, part of which focused on upgrading its RPX auditoriums with premium large-format screens and improved projection technology. In 2023, Cinemark continued its investment in XD screen technology, which aligns with its 2021 announcement of over $250 million allocated for technology upgrades across its network, including the transition to laser projection for enhanced viewing experiences.

The industry yearns for a return to pre-pandemic highs

- The financial health of movie theaters is closely tied to the consistent release of new films, which drive foot traffic and revenue. However, labor disputes, such as the Writers Guild of America and Screen Actors Guild strikes that occurred in 2023, have led to significant production delays. These stoppages have made fewer new films available for theatrical release, causing disruptions in the movie release calendar.

- When major studios alter their release schedules due to these delays, theaters face a shortage of blockbuster content, which is crucial for drawing large audiences. This, in turn, can lead to reduced attendance levels, affecting box office sales during crucial periods like summer and holiday seasons, traditionally the peak times for movie-going.
- Fewer new releases impact ticket sales but also ancillary revenue from concessions and special event screenings. Independent and smaller theaters, which disproportionately rely on high-performing releases to remain profitable, can be particularly vulnerable to these disruptions. To mitigate these risks, some theaters have sought to diversify their offerings by screening classic films, hosting live events or enabling streaming concerts and sports. While these strategies can help offset some losses, they may not fully compensate for the revenue shortfall caused by the lack of new, high-demand films.
- Theatrical revenue is highly seasonal, with peaks during the summer, Thanksgiving and Christmas periods when major blockbusters are typically released. This seasonality creates vulnerabilities, as theaters depend heavily on big-budget films to drive significant portions of their annual revenue. For example, in 2019, Disney's releases accounted for about 38% of the annual US box office, underscoring the industry's reliance on blockbusters from major studios to draw large audiences and generate income. This dependency can lead to financial instability if anticipated hits underperform or if unexpected events disrupt key release periods.
- The subdued performance of the domestic box office, with earnings still not fully recovered to pre-pandemic levels, has led to increased financial strain on theaters. For instance, in 2022, box office revenue in the US was approximately 35% lower than in 2019. As a result, many theater chains have experienced higher cash burn rates and have had to seek additional financing to maintain operations and service debt. Companies like AMC have issued new stock and explored potential mergers and acquisitions to improve liquidity and stabilize their financial positions amid ongoing challenges.
- To combat ongoing box office declines, like the 21% year-over-year drop in summer 2023 as reported by Comscore, theaters are turning to dynamic pricing, event screenings and premium experiences. Major chains like Cinemark offer discounted “Movie Tuesday” tickets and premium IMAX surcharges, while independents such as Alamo Drafthouse focus on community events and in-theater dining. Despite these efforts, a thin slate of new releases and shifting audience habits continue to challenge the sector’s financial stability.

Volatility

Very High

What influences industry volatility?

2020 was the exception to the rule

- Movie theaters typically experience low revenue volatility, but restrictions rolled out during the COVID-19 pandemic dropped revenue by nearly three-quarters in 2020. Ticket sales have rebounded with the dissipation of concerns surrounding the virus, leading to solid growth in 2021 and 2022. Despite this growth, revenue has remained dramatically low, and some theaters may never reach pre-pandemic sales.
- When the economy is booming and consumer confidence is high, people are more willing to spend on discretionary activities like moviegoing. Conversely, in economic downturns, disposable income tightens and consumers prioritize essential spending over entertainment, causing a hit to theater revenue. Rising costs of living, including increased prices for food, gas and other necessities, can lead to reduced discretionary spending on entertainment. Attendance can drop when ticket prices and concessions become less affordable, adding to revenue unpredictability.
- Higher interest rates can make borrowing more expensive for theater businesses looking to expand or upgrade facilities. This can impact their ability to invest in improvements that draw in crowds, affecting long-term profitability and competitive positioning.
- Going to a movie theater has become increasingly expensive. Over the last decade, ticket prices have climbed steadily, making regular outings less accessible to a broad audience. Concession costs have also risen, further discouraging families and budget-conscious consumers. The National Association of Theatre Owners reported that higher prices have particularly impacted attendance among younger audiences, traditionally a key theater demographic.

Mounting external competition pressures revenue

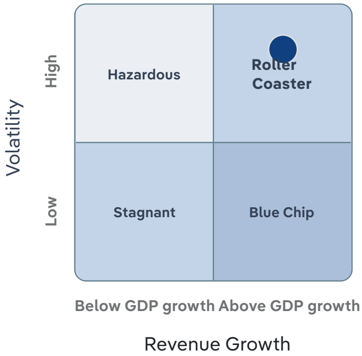
- Entertainment industries follow changes in per capita disposable income, consumer confidence and consumer spending as the public can spend more money on events. A movie ticket is considerably cheaper than a ticket to a sporting event or concert, decreasing the threshold of spending money needed to attend and lessening the losses experienced by other industries when disposable income is low.
- Streaming platforms offer a vast library of movies and TV shows at users' fingertips, 24/7. This eliminates the need to visit theaters, causing people to choose the comfort of their homes over a trip to the cinema. Services like Netflix regularly release new content, with shrinking theatrical windows making waiting for a film to hit streaming a more viable option. Subscriptions offer an all-you-can-watch buffet at a fixed monthly rate. This is often more economical than buying individual movie tickets, especially for families or frequent watchers, pulling audience attention (and wallets) away from theaters. To compete more effectively on price, theaters have also begun to embrace subscription-based monetization models.
- Streaming platforms have dramatically changed how consumers access films. With services like Disney+ and Max releasing major titles online, sometimes on the same day as theatrical releases, audiences have less incentive to visit theaters. This shift isn't just about convenience; it's about the immediate gratification that consumers prefer. For instance, when Disney released "Black Widow" on Disney+ simultaneously with its theatrical release, a significant portion of its revenue came from streaming subscriptions rather than box office sales.
- Despite efforts to curb piracy, illegal downloads and streams of new releases remain a widespread issue. This impacts revenue as potential theatergoers can access films online illegally, reducing the audience size and contributing to financial unpredictability for theaters. According to the Motion Picture Association, piracy costs theaters more than $1 billion at the box office.

Revenue flows with the hype for new movies

- Theaters get most of their revenue from admissions, and most moviegoers only go to the theater when there's a specific film they're interested in seeing. Summer blockbusters and holiday releases typically draw massive crowds, while other periods can be almost deserted. This inconsistency makes revenue highly unpredictable month-to-month.
- Successful marketing strategies for big-name and high-budget sequels to successful movies bring in more admissions sales, but this has become less common as more and more movies go directly to streaming services. Even blockbuster releases may underperform if consumer confidence is low, increasing revenue unpredictability. The disappointing summer box office performance in 2022, driven by a few underwhelming high-profile releases, illustrates this vulnerability.
- The industry's financial health is often tied to the success of major tentpole films. If expected blockbusters underperform or fail, it significantly depletes overall earnings, making the financial landscape unpredictable. Shifts in what genres or types of films are popular can happen swiftly. What drew crowds last year might flop this time around, leading to an unreliable forecast for success and revenue.
- Digital distribution has shortened the exclusive theatrical release windows that once provided steady income for theaters. Movies are often available for home purchase or streaming within weeks of their cinema debut, leading to accelerated revenue attrition after initial opening weekends.

Roller Coaster

Industry volatility vs. revenue growth (2020-2025 CAGR)



IBISWorld

Source: IBISWorld

Key Success Factors

How do successful businesses overcome volatility?

Access to multiskilled and flexible workforce

Theaters must have access to a steady stream of casual employees to cover demand peaks on a daily, weekly and annual basis. A versatile team that can adapt to various roles will ensure seamless operations and help theaters maintain service standards and efficiency.

Develop a loyal customer base

A loyal customer base helps sustain consistent attendance and revenue, making fluctuations in box office performance surmountable. Positive word-of-mouth, rewards programs and good customer service encourage repeat visits that support long-term viability.

Outlook

↑ 2025-30 Revenue CAGR +1.6%

What's driving the industry outlook?

Renewed investment activity boosts industry services and innovations

- The National Association of Theatre Owners has revealed that eight of North America's biggest movie theater chains are gearing up to invest over $2.2 billion within the next three years. This ambitious initiative aims to elevate entertainment experiences by modernizing and upgrading more than 21,000 screens, accounting for nearly 70% of the North American box office. Companies such as AMC, Regal Cinemas, Cinemark and Cineplex are leading this transformation, a strategic move essential for revitalizing the industry amid challenges posed by streaming services and the COVID-19 pandemic.
- These theater chains are tackling the intensifying competition from luxury cinema experiences, such as IPIC Theaters and Alamo Drafthouse, which was recently purchased by Sony, by investing in technological and experiential enhancements. Their projects include the installation of cutting-edge laser projection and immersive sound systems, introducing more comfortable seating and developing family-friendly entertainment options like arcades and bowling alleys. This modernization is critical to maintaining relevance and drawing audiences back to physical cinemas.
- Recovering profitability and a new capital influx will fund these expansive upgrades. For instance, Regal has committed to a $250 million refurbishment of its 400 locations following its parent company's recent emergence from bankruptcy. Such investments signify optimism for the future and reflect a concerted effort to redefine the movie-going experience in an ever-evolving entertainment landscape, positioning theaters as dynamic venues that offer more than just film screenings.

- As moviegoers increasingly gravitate toward premium large-format experiences, AMC is developing a new strategy. The entertainment giant plans to invest between $1 billion and $1.5 billion over the next four to seven years to significantly enhance its offerings in this sector. Central to AMC's Go Plan is a major expansion of its premium large format (PLF) and extra-large format (XLF) theaters, alongside an increase in Laser at AMC auditoriums. This strategic move reflects a broader trend within the cinema industry, where theaters focus on providing distinctive experiences that cannot be replicated in home viewing setups.
- Several exhibitors are collaborating with streaming platforms and studios for exclusive theatrical windows and event-style programming. For example, Cinemark has teamed up with Netflix to host limited-engagement runs for select high-profile releases, leveraging the draw of hotly anticipated movies to fill seats and generate buzz. Also, theaters are hosting live broadcasts of concerts, sports events and even interactive gaming tournaments to diversify revenue streams, a move that has already shown promise. According to Comscore, live event cinema revenue in North America soared by 25% in 2023, reaching $42 million. By embracing these alternative programming strategies and pursuing synergistic partnerships, operators aim not only to bolster attendance but also to redefine the cinema to extend beyond traditional film exhibition.

Streaming service subscriptions will constrain growth

- Rising global internet connectivity threatens the movie theater industry. The surge in affordable, high-quality streaming services like Netflix and Disney+ shifts consumer preferences toward home viewing, offering vast content libraries and exclusive releases. Platforms are heavily investing in original content, further drawing viewers away. Enhanced home theater technology provides a cinematic experience without leaving home. Economic pressures encourage this shift as streaming remains a cost-effective entertainment option, challenging theaters to adapt rapidly or face obsolescence.
- The movie theater industry faces threats from rising mobile connectivity and shifts toward small screens and short-form content. With 4.9 billion mobile users globally, consumers find streaming more accessible and convenient. Younger audiences, notably Gen Z, prefer platforms like TikTok and YouTube, where 70% spend over three hours daily.
- According to the Motion Picture Association's 2023 THEME Report, global subscriptions to online streaming services surged past 1.7 billion, marking a 17% gain from the previous year. This contrasts sharply with cinema attendance, which in the US remains down from pre-pandemic levels. Major releases like Netflix's "Glass Onion: A Knives Out Mystery" and Disney+'s "Turning Red" exemplify studios' willingness to skip or shorten traditional theatrical windows entirely, prioritizing streaming premieres that attract millions of global viewers within days. These seismic shifts underscore the urgent need for theaters to innovate.
- Movie theaters must adapt their business models and collaborate with studios to create mutually beneficial strategies that maintain the theatrical experience while accommodating streaming platforms. However, production companies are gaining heavy bargaining power, and movie theaters are losing their position to make demands when signing contracts regarding release windows.
- The industry may witness more partnerships between theaters, studios, streaming platforms and content creators to co-produce, co-distribute or cross-promote content, enabling greater consumer flexibility and access.

Participants must navigate a shrinking theatrical window

- Theatrical release windows still give movie theaters a few months of protection, but a shrinking time window will damage box office sales even more. Production companies can mitigate losses from piracy by going to streaming sooner rather than later, encouraging them to negotiate for shorter windows. The move to streaming means studios can capitalize on digital rentals and subscriptions sooner, often diverting potential ticket sales. This shift can significantly undermine theater revenue, as seen with WarnerMedia's 2021 simultaneous releases: while expanding Max's subscription base, the approach is projected to have undercut theatrical sales by approximately $1.2 billion, based on historical box office data comparisons.
- Many production studios, especially those under Disney, have turned projects initially slated for feature films into television series. Considering the size of a typical audience for a Marvel Studio film in the last decade, the loss of these potential customers is significant. This shift will continue to cut the supply of productions that movie theaters can use to bring in consumers, challenging growth.
- There's a renewed emphasis on theatrical exclusivity for major blockbusters to capture the full box-office potential. Cinemas struggling to fill seats may prioritize larger blockbusters with established audiences and marketing support, while independent and mid-budget films could receive less theatrical exposure. Trends already indicate a shift; in 2022, the top 10 films accounted for over 60% of total box office revenue, a stark concentration of earnings on fewer titles than in previous years.
- In response to the shrinking theatrical window, both theaters and studios are increasingly turning to strategic partnerships and eventization to sustain audience interest. For instance, studios like Universal Pictures have embraced premium video-on-demand (PVOD) deals that allow select titles to hit streaming platforms just 17 days after theatrical release.
- Meanwhile, exhibitors such as Alamo Drafthouse and IMAX are differentiating their in-person experiences by hosting filmmaker Q&As, anniversary screenings and live broadcasts of major cultural or sporting events. According to the National Association of Theatre Owners, specialty events have been shown to boost per-capita spending by over 20% compared to typical moviegoers.
- As revenue from ticket sales dwindles, secondary income sources, like concessions, which historically contribute significantly to profit, become even more critical. The concessions model might be threatened if foot traffic doesn't recover. The push for diversification in theater offerings, as seen with companies like Cineworld experimenting with 4DX and ScreenX formats, requires significant investment, which is financially straining in a period of decreased overall revenue. AMC has piloted programs that merge movie nights with interactive fan events,

yielding higher customer engagement and ticket price premiums.

Theaters make adjustments to adapt to new conditions

- Theaters will raise ticket and concession prices to compensate for dampened attendance. Ticket and concession prices have significantly increased in recent years, testing the loyalty of even the most dedicated moviegoers. Data from the National Association of Theatre Owners reveals that the average US movie ticket price rose from $9.16 in 2019 to $10.53 in 2023, marking a 15% climb in just four years.
- These price surges have outpaced inflation, prompting backlash from consumers and fueling the appeal of home-viewing alternatives. In response, some theaters have invested in dynamic seating strategies to maximize every screening's yield. Cineplex, for instance, introduced a tiered pricing model in 2023, charging a premium for so-called "prime seats" in the middle rows and offering discounts for less desirable locations.
- Indie films, documentaries and international movies are gaining more screen time as audiences diversify their tastes. Smaller, specialized theaters are popping up, catering to niche markets and fostering a more personalized viewing experience. Theaters are hosting special events like director Q&As, classic movie nights and early releases that can't be found on streaming platforms. For example, Fathom Events has partnered with various theaters to bring live performances, operas and exclusive content to the big screen.
- As the trend of creating theater-like experiences at home grows, ultra-large TV sales surge, challenging traditional cinemas in the US. Sound and Vision magazine reports a 1200% rise in 85-inch TV sales over the past year. Retailers like Sam's Club, Costco and Best Buy offer televisions that are over 80 inches in size at affordable prices, with financing options available. The 2024 Consumer Electronics Show showcased TVs over 100 inches, enhancing the home cinema allure. With the theater industry grappling with high ticket prices, it must innovate to offer experiences beyond what these home advancements can deliver.
- Movie theaters will continue focusing on providing unique and immersive experiences to attract audiences. This could involve the further integration of new technologies. The adoption of technologies like Dolby Atmos, Barco Escape and IMAX with Laser has enhanced the audiovisual experience in theaters, offering viewers immersive soundscapes and stunning visuals that go beyond traditional setups. Laser projectors have gained popularity in theaters due to their superior image quality, brightness and energy efficiency compared to traditional lamp-based projectors. The development of LED cinema screens also offers theaters greater screen size and aspect ratio flexibility.

Theaters will incorporate AI to boost profit and operational efficiency

- The future of movie theaters lies in hyper-targeted advertising campaigns. In collaboration with Movio, AMC Theatres is leading this charge by leveraging data from social media and loyalty programs. This approach allows for creating personalized content tailored to individual film interests, particularly benefiting the independent film sector. By addressing content overload and zeroing in on niche audiences, AMC aims to amplify visibility for independent films.
- The integration of AI in ticket pricing is set to redefine cinemas' revenue strategies. Regal Cinemas exemplifies this by employing AI to adjust ticket prices based on real-time factors such as demand, show timings and seating choices. This dynamic pricing model not only maximizes revenue but also improves occupancy rates.
- AI is transforming customer service models, aiming for seamless and efficient interactions. Cinemark Theaters use chatbots to assist with ticket bookings, showtime queries and complaint management. This automation streamlines processes and enhances customer experiences. As audiences demand quicker solutions, movie theaters must embrace AI-powered tools to meet these expectations and maintain high customer satisfaction levels.
- Predictive maintenance is emerging as a game-changer for theater operations, minimizing equipment downtime and disruptions. By analyzing projector and sound system performance data, theaters can anticipate maintenance needs before breakdowns occur. This proactive approach ensures uninterrupted high-quality viewing experiences, fostering customer loyalty.

Life Cycle Mature

Why is the industry mature?

Contribution to GDP

The industry's contribution to GDP remains steady, highlighting its importance. This reflects the broader shift in entertainment consumption, as much of the economic activity once generated by theaters is redirected to home entertainment and streaming services. Theaters endeavor to maintain their economic relevance by enhancing value and diversifying offerings.

Market Saturation

Movie theaters are widely accepted and present in nearly every town across the US, and the industry's localized regional nature prevents the market from experiencing heavy concentration. Still, the once-expanding network of theaters has reached market saturation, especially in metropolitan areas. This saturation results in cutthroat competition as theaters vie for the same pool of customers. With high screen numbers relative to demand, the challenge becomes differentiating the cinematic experience to draw in viewers.

Innovation

Digital projection has emerged as the latest industry innovation. Compared with traditional analog film, digital films are recorded and stored as computer files and can be distributed as hard drives or via satellite or broadband internet connection. Introducing technologies such as 4D seating, laser projection and immersive sound systems seeks to create a value proposition that cannot be matched by at-home viewing. Theaters are also exploring content diversification, hosting events like live sports broadcasts and performances to attract a broader audience.

Consolidation

Nearly half the market is controlled by three corporations that continue to buy out smaller theaters and absorb the competition. This trend reflects the competitive pressure to streamline operations and fortify their position against digital competition. Reducing redundancies offers these conglomerates competitive leverage in a financially challenging landscape.

Technology & Systems

Enhanced technology and systems, such as online ticketing, dynamic pricing models and advanced sound and projection technologies, continue to evolve. Theaters and distributors have greatly reduced costs by eliminating the physical storage and transportation of films. Adapting to digital trends is crucial as consumer interaction increasingly shifts to mobile and online platforms.

Life Cycle

Indication of the industry's stage in its life cycle compared to similar industries

*Growth is based on change in share of economy combined with change in establishment numbers

IBISWorld

Source: IBISWorld

Products and Markets

Key Takeaways

Tariffs on upstream suppliers of goods such as raw materials and electronics, particularly from countries like China, would significantly affect movie theaters. Ticket prices will likely increase. New tariffs on imported projection and sound equipment, much of which comes from overseas, could raise operational costs.

A higher cost of goods could impact everything from construction materials used in theater renovations to the electronic components in sound systems. This could potentially delay or scale back planned improvements. Due to tariffs, the cost of upgrading theaters with premium seating and enhanced audio-visual systems could increase.

Ticket sales account for more than half of total revenue. Obtaining the rights to major blockbusters is key since a popular film is more likely to sell out. Online box office ticket sales have surged alongside an increase in ticket prices.

Concessions are a high-profit product. Many moviegoers see snacks as essential, enabling theaters to charge premium prices, while new dining options and branded merchandise are boosting profit.

Largest Market
$8.5bn Admissions to feature films

Product Innovation
Moderate

Products and Services

How are the industry's products and services performing?

Most revenue is made from admissions

- This segment includes admissions to 3D, drive-in and IMAX movie showings of domestic and foreign films. Box office ticket sales involve the revenue generated from movie viewings at theaters and ticket sales from physical and online platforms. While physical ticket sales still comprise most of this segment, online sales have surged following the pandemic and increasingly account for a larger share of theater revenue.
- Though attendance does fluctuate with changes in disposable income, revenue from this segment is generally stable. As ticket prices grow more expensive, the revenue generated from this segment has expanded. Recent trends show recovering demand post-pandemic, encouraging theaters to focus on offering premium experiences like IMAX and Dolby Atmos to enhance audience appeal and justify ticket prices.
- Most theaters are first-run film exhibitions, though some host budget-friendly showings after films have debuted; these theaters rely more on concessions for revenue. Shifts in business models, with most major players implementing monthly subscription services, such as AMC A-list, have altered the landscape of this segment.
- Chains like AMC and Regal have introduced monthly subscription services and loyalty programs, such as AMC Stubs A-List and Regal Unlimited, to incentivize repeat visits, boost audience retention and offer additional value through perks like free tickets and discounts. These initiatives aim to create a stable revenue stream by encouraging frequent attendance and increasing ancillary sales from concessions.
- While admissions revenue drives foot traffic, theaters must share a substantial portion (often around 48%) of ticket sales with film distributors, limiting profitability. Recent US box office revenue remains below pre-pandemic levels, with $8.9 billion in revenue in 2024 compared to $10.8 billion in 2018. This highlights ongoing challenges from shifts in entertainment consumption and fewer high-profile film releases.

Food and drink sales provide high-profit income

- Candy, popcorn, soda and other snack item sales through concession stands and vending machines account for over one-quarter of revenue. Many theaters have rolled out full-service, dine-in options that serve a variety of entrees, and the sale of alcoholic beverages has become increasingly popular.
- For many moviegoers, snacks from the concessions are a must-have to complete the experience. The convenience of lobby snack services allows movie theaters to charge much higher prices for food products and strengthen profit. Industry major player AMC has recently implemented its own branded concession items, merchandise and collectible popcorn buckets.
- There is an increasing demand for high-quality offerings, prompting theaters to diversify menus, enhancing customer satisfaction and repeat visits. An increasing number of theaters are incorporating dining and alcoholic beverage options, following the Alamo Drafthouse model, to attract diverse clientele and enhance the overall movie-going experience.
- These items deliver better margins than ticket sales, with gross profit on concessions regularly exceeding 80%, far outstripping the profitability of ticket revenue. On average, theaters make more from concessions per customer than from admissions, using strategies

like combo deals and premium offerings to boost spending.

Theaters look to monetize a captive audience

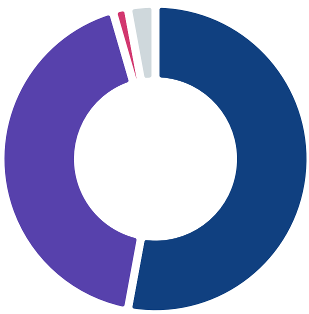
- Advertising revenue is sourced from ads shown before films and sponsored promotions within theaters. It offers a supplementary income stream with opportunities for high returns when attendance numbers are strong. Major brands seek this platform to capture the attention of millions of engaged moviegoers, utilizing targeted advertising based on film demographics. As theater attendance grows, operators are leveraging advanced data analytics to offer tailored ad packages, thus maximizing ad revenue potential amid an increasingly competitive marketing landscape.
- Advertising revenue, while not as large as ticket or food sales, taps into a lucrative model, as brands vie for exposure to captive audiences. In recent years, with the resurgence of theater attendance, advertisers see increased value in targeting audiences during peak movie releases like summer blockbusters or holiday films.
- Theaters collaborate with brands to create custom content that aligns with movie themes or genres. This could include branded short films or interactive ads that play before the main feature, seamlessly integrating brand messages into the movie-going experience.
- While advertising currently makes up a minuscule portion of industry income relative to concessions and admissions, it has risen since 2020 as theaters look to diversify revenue streams. Though this segment is smaller, it provides steady, high-margin income independent of box office performance.
- AMC, the largest US theater chain, implemented a new policy as of July 1, 2025, adding additional commercials before film screenings. This move has frustrated some moviegoers but reflects theaters' search for new revenue streams.

Theaters turn toward other sources to diversify income streams

- Arcade games, theater rentals, parking lots for special events, fees from customer loyalty programs and gift card sales also make up a small share of revenue. As theaters attempt to recoup business losses incurred during the pandemic, many have sought creative avenues to diversify business, leading to this segment's growth.
- This category includes revenue from non-traditional sources such as private event rentals, merchandise and interactive experiences. While offering a smaller piece of the revenue pie, these segments enhance overall profitability and customer retention. Events like theater rental offers and special live broadcasts create unique value propositions. Private screenings and event rentals have gained popularity, especially for corporate events and private celebrations, which use theater space during off-peak hours, optimizing venue utilization and income.
- Growing consumer interest in interactive and personalized experiences is driving theaters to invest in these areas, providing diverse entertainment options beyond the silver screen, thereby building a loyal patron base. Interactive experiences, such as gaming areas and virtual reality pods, cater to younger audiences and technology enthusiasts, creating additional attractions that encourage longer visits and increased spending per customer.
- The pursuit of alternative revenue reflects the industry's adaptation to changing consumer habits and the need to supplement core business segments as streaming and home entertainment continue to disrupt the market.

Products & Services Segmentation

Industry revenue in 2025 broken down by key product and service lines.



- **Admissions to feature films ($8.5bn)** 52.9%
- **Food and beverage sales ($6.8bn)** 42.6%
- **Advertising revenue ($256.0m)** 1.6%
- **All other ($464.0m)** 2.9%

IBISWorld

Source: IBISWorld

What are innovations in industry products and services? Moderate

New projector tech cuts costs

- Film used to be the standard for showing motion pictures, but has largely been replaced by digital projectors as significantly less expensive transportation costs and easier usage have boosted profit. Using laser technology as a replacement for lamp projection has decreased energy costs and provided brighter and more color-accurate movie screenings. However, these expensive projectors have yet to be implemented in most theaters.
- Digital projection has enabled the creation of 3D viewing technologies, which have become more prevalent in recent years. Movie theaters want to provide viewers with an experience that's as immersive as possible, and 3D technologies and IMAX theaters offer this. These technologies generate higher revenue and further differentiate movie theaters from other forms of home entertainment, such as online streaming and DVDs.
- Theaters have integrated advanced technologies like IMAX, 4DX and Dolby Atmos to enhance cinematic experiences with high-quality sound and immersive visuals. IMAX screens provide larger-than-life images, while 4DX adds motion seats and sensory effects, creating an engaging, multi-sensory environment. These enhancements attract tech-savvy audiences and justify higher ticket prices, helping boost

revenue as standard ticket sales decline. Cinemark, for instance, reported increased attendance in locations offering these technologies, emphasizing their role in the industry's strategic shift.

Monthly subscription models ensure customer loyalty

- Monthly subscription models make moviegoing more accessible by offering unlimited screenings for a fixed monthly fee. They entice frequent movie lovers and directly compete with streaming service monetization models. Subscribers tend to visit theaters more regularly, increasing customer loyalty and potentially creating a steadier revenue stream for cinemas.
- AMC, the most prominent player in this industry, has found success with its subscription-based AMC A-list program and more theaters are expected to follow suit. AMC's Stubs A-List, launched in 2018, quickly surpassed 900,000 subscribers within its first year, contributing significantly to a 10% rise in overall attendance for the chain.
- These programs aim to combat declining ticket sales by offering an attractive alternative to traditional ticket purchasing, enhancing customer value and fostering brand loyalty among frequent moviegoers. The predictable pricing structure appeals to budget-conscious consumers, encourages more visits and increases concession sales, ultimately boosting overall theater revenue amid a competitive entertainment landscape.

Luxury seating and enhanced viewing experiences elevate audience engagement

- Movie theaters across the US have heavily invested in upgrading their seating to provide reclining chairs and spacious seating arrangements. This trend aims to offer a more comfortable and personal viewing experience, enticing viewers to choose cinemas over home streaming services.
- AMC Theatres and Regal Cinemas are at the forefront, installing luxury seating in many of their locations. According to data from the National Association of Theatre Owners, theaters that incorporate luxury seating see a significant increase of approximately 15% in ticket sales compared to those sticking with traditional arrangements. This increase highlights the growing demand for an upscale movie-viewing environment.
- Many theaters now offer gourmet food options and alcoholic beverages, transforming movie nights into an all-inclusive experience. Chains like Alamo Drafthouse and Studio Movie Grill have popularized this model, drawing in audiences who enjoy dining while watching their favorite films. This additional revenue stream complements ticket sales and provides a unique differentiation from at-home viewing.
- By offering a premium experience, theaters can better compete with at-home streaming services. Luxury seating and more dining options transform a simple movie outing into a high-value experience that justifies higher ticket prices and encourages patrons to return for repeated visits.

Key Success Factors

What products or services do successful businesses offer?

Ability to quickly adopt new technology

Movie theaters must adopt LED and laser projection systems to take advantage of lower energy costs and higher-quality audio and video. In addition, upgrading screens to 3D or IMAX capability permits companies to justify higher ticket prices and distinguishes theaters from at-home streaming options.

Proximity to key markets

Locating near urban centers or popular shopping areas ensures high foot traffic and increases convenience for consumers, enabling moviegoers to choose theaters over other entertainment options.

Major Markets

What's influencing demand from the industry's markets?

Animated films targeted at kids dominate the box office

- Consumers aged 17 and younger account for a similar share of revenue proportional to their share of the population. This group has more leisure time to indulge in movies, and blockbusters usually target them. Younger demographics have displayed significant interest in 3D movies in recent years.
- Movie theaters are increasingly adopting an “experiential” approach to enhance viewing events, hoping to entice young moviegoers beyond passive viewing. Chains like AMC and Regal have introduced sensory elements, such as vibrating seats and scent emitters, to complement on-screen action, especially for superhero films and animated features. This effort to create immersive experiences aims to compete with the at-home streaming environment.

- Seeing a movie is a popular pastime for parents and children, and many movies are made specifically to target an audience of kids. This age group includes early high schoolers who are first getting their driver's licenses, which enables them to hang out with friends at the movies. Young adults within this bracket view movies as an affordable form of entertainment and a social event, but are increasingly turning to streaming services due to their convenience.
- Recent trends show a strong rebound in demand for family films as parents seek shared entertainment experiences post-pandemic, with theaters increasingly scheduling family-focused programming during school holidays and weekends. Movie theater operators are capitalizing on platforms like TikTok and Instagram to reach younger audiences through targeted marketing campaigns. Trailers, behind-the-scenes content and influencer partnerships are employed to create buzz around new releases.
- Families flock to theaters for animated blockbusters like Disney and Pixar films, which consistently drive significant box office sales through group ticket purchases and concessions. The industry relies on this group for high attendance during school holidays and weekends, with studios timing releases like "Frozen II" or "Minions" to coincide with school breaks for maximum impact. Although ticket prices for children are typically lower, add-on sales such as kids' snack packs and birthday party bookings strengthen revenue, especially for PG and G-rated showings.
- Animated films and family-friendly blockbusters continued to draw large crowds, underscoring their perennial popularity among younger audiences. In 2024, the animated and family-friendly film sector retained its stronghold on the US box office, with "Inside Out 2" and "Moana 2" emerging as two of the top three highest-grossing movies of the year, according to data from Box Office Mojo.

Theaters modernize to appeal to the 18 to 24-year-old market

- Young adults often see movies as a social event, rather than a family one, which brings them to the theater more often. Consumers in this age range have grown up with technology and are often more interested in pop culture than older folks.
- As frequent moviegoers, college-age consumers represent a robust source of repeat revenue. They commonly attend premieres, late-night showings and group outings, sharply boosting opening weekend sales for films like those in the Marvel Cinematic Universe. College-age consumers are price-sensitive but receptive to loyalty programs, student discounts and limited-event screenings – strategies that theaters leverage to fill seats.
- To attract this segment, theaters emphasize loyalty programs, offer midnight premieres and engage on digital platforms like Instagram and TikTok to create buzz and community. Seamless integration with digital platforms is also vital. Recognizing the digital-savvy nature of Gen Z, theaters are enhancing their online presence and providing seamless ticket purchasing experiences via apps and social media. AMC Theatres, for example, effectively uses its digital channels to engage younger audiences with promotions, exclusive content and interactive campaigns, such as virtual reality previews of upcoming films.
- Advancements in technology are also reshaping the theater experience for young adults. IMAX and 4DX formats have seen a resurgence, offering highly immersive and sensory-rich experiences that cannot be replicated at home. Dolby Cinema, with its enhanced audio and visual technology, reports a growing preference among younger audiences for premium experiences. A Gallup poll from 2023 reveals that 68% of moviegoers aged 18 to 24 prefer theaters with advanced technological enhancements, suggesting that investment in these formats can be a draw for this age group.
- Post-pandemic, theaters have observed a resurgence in attendance from this demographic, driven by a hunger for in-person group experiences and blockbuster events, signaling a healthy recovery in mainstream cinema outings. Theaters have appealed to this segment's combination of disposable income and robust demand by adjusting their business models to include monthly subscriptions, looking to capitalize on young adults' fervor for moviegoing.
- One of the most significant trends is the increasing popularity of event cinema and interactive experiences. The traditional movie-going experience has evolved, as theaters transform into multifaceted entertainment venues. According to a 2023 report by the National Association of Theatre Owners (NATO), there is a marked rise in theaters offering special events like interactive screenings, live-streamed concerts and gaming events. Alamo Drafthouse, for example, has successfully attracted younger audiences by hosting themed movie nights, where attendees dress as characters from the film and participate in related activities before and after the screening. This experiential approach is crucial for attracting Gen Z moviegoers, who value unique and engaging experiences over passive viewing.

Consumers aged 25 to 39 are a core market for movie theaters

- Consumers in this age group often have more disposable income, which better enables them to see a new movie. This segment tends to initiate family-related movie-going. They are frequent moviegoers, often seeing a movie once a month or more. This market is increasingly seeking more than just a film; they crave a fully immersive experience. This shift has been evident in the rise of luxury theaters such as AMC's Dolby Cinema and Cinemark's XD. These venues offer superior sound, video quality and comfort, creating an environment that justifies premium ticket prices. The financial success of these formats is notable; AMC Theatres has reported that, despite having fewer seats, these premium screens contribute disproportionately to box office revenue.
- Adults between the ages of 25 and 39 generate slightly more revenue than their share of the population. At this age, adults often start families and bring their kids to the theater as a fun family outing. Culinary offerings have become a cornerstone of the theater experience. Beyond the traditional popcorn and soda, theaters are expanding menus to include gourmet food and craft beverages. Chains like Alamo Drafthouse and iPic Theaters offer full-service dining with a focus on locally sourced and seasonal ingredients.
- Theaters target this lucrative segment by showcasing a blend of mainstream hits and indie releases, complemented by luxury seating and dining options to elevate the viewing experience. Nostalgia remains a powerful draw for this demographic. Special screenings of classic films, often tied to anniversaries or significant cultural events, attract significant interest.
- Their interest in adult-oriented films, such as Oscar contenders and auteur-driven projects, sustains box office outside of family and franchise fare. For example, "Oppenheimer" thrived with this cohort, becoming the third highest-grossing film of 2023, based on data from Box Office Mojo.

Ticket sales fall as consumers age

- A lack of pressure to keep up with new movies and pop culture decreases the frequency at which older adults go to the movies. The elderly haven't grown up with technology and are less connected to the primary marketing strategies for movies, so they're often unaware of new films.
- Consumers 40 and older account for less revenue than their share of the population. Elderly demographics use movie theater substitutes, like streaming services, less frequently. However, the pandemic has increased this sector's digital technology adoption rate.
- The pandemic has left its mark on the older patrons' psyche, prompting theaters to maintain rigorous cleanliness standards and flexible refund policies. Initiatives like AMC Safe & Clean have been instrumental in reassuring health-conscious moviegoers. The National Research Group found that 73% of frequent moviegoers over the age of 40 value these efforts when choosing their cinema destination.
- To appeal to this group, movie theaters host retro screenings, offer gourmet concessions and invest in plush, comfortable seating and intimate screening rooms. Promotions such as senior discounts, matinee showings and specialized programming like film clubs draw in this budget-conscious yet high-value segment.
- This segment drives sales for films with star power or prestige, like biopics and award contenders, contributing to the consistent revenue of movies such as "Top Gun: Maverick", the second-highest-grossing movie in 2022, as reported by Box Office Mojo.
- Comfort and amenities take center stage for the 40+ demographic. Operators like AMC Theatres and Regal Cinemas are responding by upgrading seating arrangements to offer reclining chairs and ample legroom. The addition of enhanced food and beverage services, including alcohol offerings, also significantly attracts this audience, aligning with trends toward a more upscale viewing experience.

Major Markets Segmentation

Industry revenue in 2025 broken down by key markets

- Consumers aged 40 and older ($6.7bn) 41.8%
- Consumers aged 25 to 39 ($4.1bn) 25.9%
- Consumers aged 17 and younger ($3.6bn) 22.6%
- Consumers aged 18 to 24 ($1.6bn) 9.7%

IBISWorld Source: IBISWorld

International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Geographic Breakdown

Key Takeaways

Movie theater distribution follows population distribution. The region with the largest population, the Southeast, has the most movie theaters. Regions with dense cities have fewer locations due to high real estate costs, limited space and high competition for prime locations.

The West, especially California, has the second-highest number of theaters thanks to its film industry roots. Hollywood's influence and higher disposable incomes make the region a hub for moviegoers and industry professionals alike.

Regions with larger cities, like the Mid-Atlantic, have fewer but bigger theaters to serve concentrated populations. Conversely, sparsely populated areas like the Rocky Mountains need more theaters to meet the needs of geographically dispersed moviegoers.

Business Locations

State	Estab. Units	Estab. %	Revenue $m	Revenue %	Wages $m	Wages %	Employment Units	Employment %	Population %
California	510	11.7	2,803.0	17.5	478.7	19.2	15,555	12.2	11.5
Texas	343	7.9	1,997.5	12.5	290.5	11.6	13,463	10.6	9.3
Florida	207	4.7	1,048.1	6.6	136.6	5.5	6,901	5.4	7.0
New York	260	6.0	835.1	5.2	149.5	6.0	5,521	4.3	5.8
Illinois	151	3.5	594.4	3.7	102.5	4.1	4,641	3.6	3.7
Ohio	151	3.5	406.5	2.5	61.6	2.5	3,328	2.6	3.5
Arizona	88	2.0	468.6	2.9	81.0	3.2	3,543	2.8	2.2
Michigan	141	3.2	407.3	2.5	64.3	2.6	3,610	2.8	3.0
Pennsylvania	143	3.3	447.4	2.8	63.9	2.6	3,076	2.4	3.8
Washington	130	3.0	415.1	2.6	69.8	2.8	2,857	2.2	2.3
New Jersey	94	2.2	415.9	2.6	63.1	2.5	2,813	2.2	2.8
Georgia	117	2.7	407.7	2.5	59.1	2.4	3,263	2.6	3.3
North Carolina	123	2.8	391.6	2.4	43.1	1.7	2,842	2.2	3.3
Virginia	100	2.3	389.9	2.4	58.5	2.3	3,194	2.5	2.6
Minnesota	106	2.4	209.4	1.3	38.0	1.5	2,069	1.6	1.7
Indiana	100	2.3	218.6	1.4	36.4	1.5	2,358	1.9	2.0
Massachusetts	80	1.8	294.5	1.8	59.0	2.4	2,134	1.7	2.1
Colorado	98	2.2	343.3	2.1	56.8	2.3	2,630	2.1	1.8
Tennessee	98	2.2	273.4	1.7	38.3	1.5	2,216	1.7	2.1
Utah	69	1.6	241.9	1.5	41.1	1.6	2,444	1.9	1.0
Maryland	68	1.6	269.5	1.7	41.3	1.7	1,920	1.5	1.8
Missouri	93	2.1	235.3	1.5	30.6	1.2	1,782	1.4	1.8
Iowa	93	2.1	120.9	0.8	17.9	0.7	1,405	1.1	1.0
Oregon	88	2.0	197.8	1.2	31.3	1.3	1,424	1.1	1.2
Wisconsin	82	1.9	214.1	1.3	34.6	1.4	2,085	1.6	1.7

State	Estab. Units	Estab. %	Revenue $m	Revenue %	Wages $m	Wages %	Employment Units	Employment %	Population %
Nevada	51	1.2	221.6	1.4	30.8	1.2	1,532	1.2	1.0
Kansas	62	1.4	184.6	1.2	25.0	1.0	1,618	1.3	0.9
Oklahoma	57	1.3	165.7	1.0	18.4	0.7	1,418	1.1	1.2
Connecticut	53	1.2	139.5	0.9	24.9	1.0	978	0.8	1.1
South Carolina	42	1.0	144.7	0.9	16.3	0.7	983	0.8	1.6
Louisiana	41	0.9	119.6	0.7	18.6	0.7	1,094	0.9	1.3
Kentucky	50	1.1	138.1	0.9	17.7	0.7	1,177	0.9	1.3
Alabama	41	0.9	119.7	0.7	18.4	0.7	999	0.8	1.5
Nebraska	43	1.0	68.3	0.4	9.1	0.4	692	0.5	0.6
Arkansas	41	0.9	85.2	0.5	10.8	0.4	740	0.6	0.9
New Mexico	30	0.7	116.9	0.7	11.3	0.5	710	0.6	0.6
Alaska	16	0.4	48.5	0.3	12.1	0.5	524	0.4	0.2
Hawaii	23	0.5	100.2	0.6	10.4	0.4	637	0.5	0.4
Montana	38	0.9	52.3	0.3	5.2	0.2	424	0.3	0.3
Idaho	29	0.7	70.1	0.4	8.7	0.3	620	0.5	0.6
Wyoming	34	0.8	21.0	0.1	3.5	0.1	265	0.2	0.2
South Dakota	33	0.8	35.6	0.2	5.4	0.2	454	0.4	0.3
Mississippi	29	0.7	68.0	0.4	7.6	0.3	516	0.4	0.9
Maine	30	0.7	37.0	0.2	7.1	0.3	432	0.3	0.4
Delaware	14	0.3	53.8	0.3	7.8	0.3	396	0.3	0.3
New Hampshire	24	0.6	38.7	0.2	7.8	0.3	374	0.3	0.4
West Virginia	27	0.6	41.7	0.3	5.5	0.2	421	0.3	0.5
North Dakota	26	0.6	22.6	0.1	4.6	0.2	303	0.2	0.2
Rhode Island	13	0.3	30.2	0.2	4.7	0.2	257	0.2	0.3
Vermont	19	0.4	12.2	0.1	2.4	0.1	152	0.1	0.2

You can access and download additional years of data, including district-level data, at my.ibisworld.com.

Where are industry businesses located?

The Southeast ranks highest with the most movie theaters

- Movie theater distribution is tied to population, and the Southeast is the most populous region in the US. It contains the highest amount of movie theaters in the country, corresponding to its share of the total population. A higher population density equates to a broader audience base for movie theatres, providing a consistent stream of patrons. For example, Atlanta's metropolitan area houses over six million people, ensuring a robust market for cinema. Urban centers provide ample opportunities for movie theatres to thrive due to concentrated populations who seek entertainment options easily accessible and within proximity.
- Given that movie theaters operate largely on a regional basis, consumers can expect to find a theater in their locality, depending on area population size. More people means more moviegoers. The region's warm climate encourages year-round tourism, with visitors often looking for additional entertainment and leisure activity options like movie theaters.
- Cultural diversity in the densely populated Southeast makes it a prime area for theater establishments to thrive with the ability to serve multiple audiences. The Southeast's major cities like Atlanta,

Miami and Orlando fuel demand for a wide range of films.

- Southern states regularly top lists for business climate, offering lower corporate taxes, less regulation and attractive incentives for new development. Georgia, for example, has built a national reputation as a film-friendly state, largely thanks to tax credits that have helped Atlanta become the "Hollywood of the South." These incentives not only support film production but also encourage related businesses, including theaters, to set up shop.
- Real estate and labor costs in the Southeast tend to be significantly lower than in the Northeast, West Coast, or even the Midwest. According to data from CBRE, average retail rents in Atlanta and Charlotte are about half those in New York or Los Angeles. Lower rents and operating expenses directly improve profit for theater chains.
- Unlike the densely populated Northeast or highly urbanized West Coast, much of the Southeast remains relatively underserved by premium and boutique movie theater experiences. This leaves ample room for new investment. The rise of luxury concepts like Alamo Drafthouse and Cinebistro in Florida and Texas demonstrates a growing appetite for enhanced moviegoing experiences. Marcus Theatres and Regal Cinemas have both expanded aggressively in mid-sized Southeast markets where attendance often outpaces national averages.

The West is a staple for the film industry

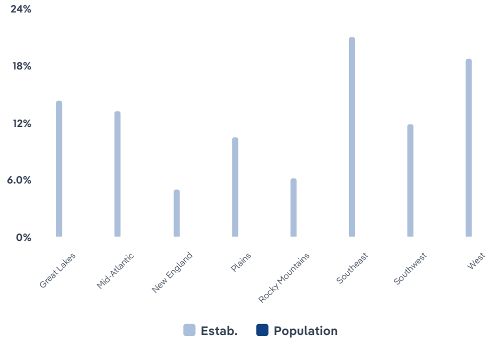
- The West Coast, especially California, is the heart of the entertainment industry in the US – with Hollywood being the epicenter of film production. California's historical connection to the film industry contributes to the prominence of movie theaters in the region. For example, premieres and exclusive screenings often take place in Los Angeles, driving up the interest and need for more movie theaters that can accommodate these events.
- Higher disposable income in this region enables more consumers to take part in leisure activities like movies. This, along with the West's film culture, naturally leads to a higher density of movie theaters to cater to movie enthusiasts.
- The Western US is home to some of the most densely populated and urban cities, such as Los Angeles, San Francisco and Seattle. These urban hubs not only have large populations but also serve as cultural and entertainment centers that attract audiences in search of leisure activities such as moviegoing.
- The Western US hosts several prestigious film festivals that showcase independent films and act as cultural hubs for filmmakers and audiences alike. For instance, the Sundance Film Festival in Utah is one of the largest and most influential festivals for independent films, drawing thousands of attendees and industry professionals every year.
- The West's sprawling metro areas, like Phoenix and Los Angeles, often enable the construction of larger, more luxurious multiplexes. AMC's high-end theaters (with recliners, bars and restaurant-quality food service) are especially prevalent here, taking advantage of expansive real estate and car-centric living.

Other regions vary by population density in terms of movie theater establishments

- Regions with large cities have a more concentrated population, leading these areas to have fewer but larger theaters, such as the Mid-Atlantic. More sparse regions, such as the Rocky Mountains, require more movie theaters to service the moviegoing needs of the area's geographically dispersed consumers. Unlike suburban or rural regions where access can be limited, the mid-Atlantic's extensive public transit network (notably NYC's MTA, NJ Transit and SEPTA in Philadelphia) makes theaters accessible to millions without the need for personal vehicles. High walkability scores in cities further support steady foot traffic, essential for theaters operating in competitive urban real estate environments.
- New York City, the largest metropolitan area in the United States, provides a vast audience base for cinematic experiences. With millions of residents and tourists seeking entertainment options, movie theaters can operate with a steady stream of patrons, thereby justifying a larger number of establishments.
- The Mid-Atlantic region is a cultural and economic powerhouse, hosting a vibrant arts scene that naturally supports an extensive network of movie theaters. Cities like New York are global centers of culture, offering diverse film festivals such as the Tribeca Film Festival, which enhance public interest in cinema. Moreover, the region's affluence means that consumers have discretionary income to spend on leisure activities, including movie-going, which supports both independent theaters and large cinema chains.
- Households in the mid-Atlantic region rank among the highest in median income nationwide. According to the US Census Bureau, Maryland, for instance, leads with a median household income of over $87,000. Higher disposable income often correlates with greater spending on entertainment. AMC and Regal have long favored the region for their premium cinema experiences, including luxury recliners and dine-in theaters, because local moviegoers are willing to pay a premium price.
- Theater chains regularly leverage the region's media infrastructure. For instance, AMC Lincoln Square and Alamo Drafthouse Brooklyn are popular venues for major movie premieres, cast Q&As and influencer events, a level of exposure that smaller cities can't match. The concentration of press and industry insiders in the mid-Atlantic amplifies word-of-mouth promotions.
- One major factor contributing to the low number of movie theater establishments in the Rocky Mountain and Plains regions is the sparse population density. States like Wyoming, Montana and the Dakotas feature vast expanses of land with relatively few residents. For example, according to the US Census Bureau in 2020, Wyoming has a population density of about six people per square mile. This low density makes it economically challenging to sustain multiple theaters, as the potential audience size is not large enough to support frequent showings and the operational costs involved.

Plains has the largest spread of businesses compared to its population

Share of Estab. (%) vs. share of population (%)



IBISWorld Source: IBISWorld

Key Success Factors

How do businesses use location to their advantage?

Carry out all necessary maintenance to keep facilities in good condition

Well-maintained facilities ensure a positive and safe customer experience, making theaters inviting and comfortable, attracting repeat customers and generating positive word-of-mouth. Neglecting maintenance can result in costly repairs and potential safety issues.

Operate in a highly visible location

Movie theaters thrive in locations that are accessible and easy to spot. A prime location in a bustling area draws foot traffic and makes it convenient for moviegoers to stop by.

Ensure car parking availability

Convenient parking is crucial for attracting audiences. Ample parking reduces the hassle for customers, making their moviegoing experience more enjoyable and encouraging repeat visits.

Competitive Forces

Key Takeaways

Popular films attract audiences, so movie theaters must ensure they have the rights to the season's biggest hits. Movie theaters must also compete with projects released directly to streaming, which has become more prestigious than before and popular with general audiences.

Streaming services have removed the exclusivity of movie theaters. Many consumers are happy to wait a few months for a popular film to come out on Netflix or Max, so they can watch it from the comfort and convenience of their homes.

Major chains control much of the market, but small theaters find their niche. While AMC, Cinemark and Cineworld dominate more than half of the market, independent theaters thrive by offering unique experiences and catering to community interests.

Concentration **Moderate**	Competition **High** Steady	Barriers to Entry **High** Increasing
Substitutes **High** Increasing	Buyer Power **High** Steady	Supplier Power **Moderate** Increasing

Concentration Moderate

What impacts the industry's market share concentration?

Acquisition activity has persisted even amid economic woes

- Massive revenue drops due to COVID-19 paused acquisitions as major players ensured their own success first and foremost. Acquiring smaller competitors has resumed, with three corporations – AMC, Cinemark and Cineworld – currently controlling more than half of the market. In a move to expand its footprint, AMC Theatres acquired several locations from Bow Tie Cinemas in late 2022. This acquisition marked AMC's continued strategy to capitalize on opportunities arising from pandemic-related disruptions, allowing it to enhance its presence on the East Coast.
- Struggling with financial difficulties, Cineworld, the parent company of Regal Cinemas, explored restructuring options in 2023. This involved discussions about potential mergers or acquisitions that could help stabilize the company. The situation drew interest from potential buyers and highlighted ongoing volatility within the industry.
- Major chains like AMC and Regal, a subsidiary of Cineworld, dominate significant portions of the market. They own many screens and secure exclusive deals with big studios. Despite their strong presence, these chains don't entirely blanket the industry. Smaller, independent theaters manage to carve out niches, particularly in regions offering unique viewing experiences or catering to specific community interests.
- Many regional theater chains operate successfully in specific areas, focusing on local consumer preferences and cultural nuances. This regional focus prevents national chains from establishing dominant control across the country. Independent and regional theaters often provide unique experiences, such as film festivals, arthouse films and special events, differentiating themselves from mainstream theaters. This eclectic mix attracts diverse audiences, sustaining a fragmented market.
- According to Variety, North America has lost over 5,600 screens relative to 2019 as underperforming locations have closed and some major chains have filed for or emerged from bankruptcy.

Quality and variety keep competition alive

- Diverse consumer preferences drive the market, allowing independent theaters and smaller chains to thrive by offering unique amenities such as luxury seating, dine-in options or specialized film selections. The variety of cinema experiences offered, from luxury theaters providing gourmet dining to traditional movie houses with bargain prices, ensures that theaters compete not just on pricing but on the overall experience.
- Moviegoers appreciate both the blockbuster experiences provided by the big chains and the personalized touch and atmosphere often found in smaller, local theaters. This balance helps maintain a competitive yet collaborative market structure. Various theaters adopt specialized models to attract specific consumer demographics. Alamo Drafthouse offers a unique cinema experience with dining services and themed screenings, while Landmark Theatres focuses on independent and foreign films, appealing to cinephiles and niche audiences. These unique offerings ensure a broad market share distribution across different theater models.

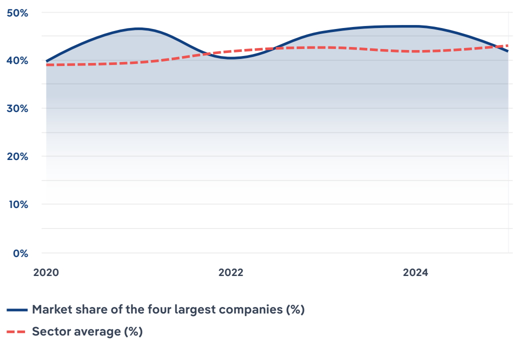
- With the prominence of platforms like Netflix, Disney+ and Amazon Prime Video, audiences have shifted to on-demand home viewing. This has lessened the dominance of traditional cinemas, making it harder for any theater chain to capture a large audience share.
- Consumers increasingly seek movie-going experiences that offer more than just the film itself, such as IMAX, dine-in cinemas, retro screenings and community events. Smaller theaters can quickly adapt to these trends, keeping the market decentralized. The proliferation of affordable, high-quality home entertainment systems has led many to opt for the comfort of watching movies at home. This preference has eroded the market power of theaters, leading to less concentration among the biggest players.

Film licensing practices discourage concentration

- North American film distributors establish geographic film licensing zones and license on a film-by-film basis to one theater in each zone. In zones with higher competition, distributors generally allocate their films to the exhibitors based on screen capacity, grossing potential and licensing terms. Geographic film licensing zones provide a strong advantage to large establishments within the zones that have many screens and higher ticket sales, but they can also be quite damaging for small and independent theater operators.
- Film studios aim to generate as much box office revenue as possible from their releases. To achieve this, they adopt broad licensing agreements that distribute films across a wide range of theaters, from large national chains to small independent cinemas. This approach ensures that their movies are accessible to a broad audience, thereby increasing the total number of ticket sales. Studios generally don't limit their film releases to specific theater chains. Unlike some industries where exclusivity can drive concentration, non-exclusive licensing in film distribution allows multiple operators to screen the same movie. For instance, a blockbuster release from a major studio might simultaneously premiere in AMC, Regal and Cinemark theaters, as well as in numerous independent venues across the country.
- Independent theaters often have the flexibility to negotiate directly with distributors, especially for films that cater to niche or specialized audiences. This position allows them to differentiate themselves from larger chains by offering unique, curated content, which in turn supports their market share by attracting patrons interested in independent or foreign films.
- By distributing films across a multitude of theater types and locations, studios encourage a competitive market environment. The diversity of available content helps maintain a dynamic industry where no single provider dominates, allowing for healthy competition among both large and small theater operators.

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld Source: IBISWorld

Key Success Factors

How do successful businesses handle concentration?

Generate repeat customers

Movie theaters rely on returning patrons for sustainable revenue. Offering loyalty programs, amenities, exclusive screenings and excellent customer service helps sustain attendance during slower periods. Customer retention can lead to increased long-term profitability by reducing the need for costly customer acquisition efforts.

Provide a related range of goods and/or services

A range of product offerings creates a more engaging and profitable entertainment experience. Providing more than just movies, special events and private screenings – like gourmet snacks, arcade games and rentable event spaces – caters to diverse customer needs and boosts overall revenue.

Barriers to Entry High Increasing

What challenges do potential industry entrants face?

Legal

- Movie theater start-ups need legal licensing to show a movie, which is especially expensive for popular films. Major studios often wield substantial power, dictating strict terms that favor established theater chains. These agreements sometimes include stipulations such as guaranteeing weeks of screening time or adhering to strict pricing strategies, making it difficult for new entrants to secure sought-after releases. In addition, stringent zoning laws make it challenging for new entrants to find permissible locations and obtain necessary permits.

Start-up Costs

- For new entrants, purchasing screens, digital projectors and audio systems can be prohibitively expensive, as can leasing the massive buildings needed to house them. The need for a significant upfront investment can discourage potential entrepreneurs, especially those without substantial capital or access to financing.

Differentiation

- Differentiation is a minor factor for movie theaters since they provide the same service at a similar cost. Differences in individual movies shown, may influence a consumer's choice of one theater over another. Established chains like AMC and Cinemark offer a variety of experiences, including IMAX, 3D screenings, and luxury seating. New entries face the challenge of finding unique selling points that resonate with audiences. For example, Alamo Drafthouse carved out a niche by combining film screenings with dining services, thus differentiating itself from traditional theaters and capturing a distinct audience.

Capital Expenses

- Capital investments include screens and projection systems, audio systems, licenses and studio renovations. Capital expenditures have been focused on upgrading projection systems to be IMAX—and 3D-capable. In addition, the proliferation of dine-in theaters and the popularity of reclined seating have prompted some movie theaters to perform significant renovations to their establishments. Large chains can spread these costs over multiple locations, while single-site operations face higher per-unit costs, reducing their profitability.

☆ Key Success Factors

How can potential entrants overcome barriers to entry?

Attract local support

Engaging with the community through local group sponsorships, events and outreach fosters goodwill and helps theaters stay integrated into the fabric of the neighborhood. Positive relationships with local residents lead to increased attendance and a loyal customer base.

Develop effective cost controls

Effective expense management, including operational, staffing and marketing costs, ensures financial stability. By optimizing spending, theaters can maintain profitability, invest in improving the customer experience and offer competitive pricing.

Substitutes High Increasing

What are substitutes for industry services?

Consumers have new ways to watch movies

- The prominence of platforms like Netflix, Amazon Prime Video and Disney+ has transformed how audiences consume movies. These services offer subscribers a massive catalog of films, high-quality original series and documentaries, often at a fraction of the cost of regular theater visits. This model allows for binge-watching and instant access to new releases shortly after theatrical runs, making them popular among consumers.
- Streaming services that boast expansive catalogs of new and old movies alike have lessened demand for movie theaters. Studios make many blockbuster films with their own streaming service, so big-name movies that used to be exclusive to theatrical releases and eventually DVD purchases are now often available on-demand a short time later.
- The subscription model of streaming services is very successful at retaining consumers and some movie theaters, such as AMC's A-list, have experimented with similar programs. Monthly subscriptions for streaming services are often less than the price of two cinema tickets. Consumers appreciate the ability to choose from different subscription tiers; for example, Disney+ offers a variety of pricing plans to cater to different viewing habits and budgets, which entices cost-conscious consumers away from theaters.
- Studios are increasingly allowing consumers to rent or purchase newly released films via digital platforms like Apple iTunes, Google Play and Amazon, sometimes even on the day of their theatrical release. This offers an option for viewers who prefer the comfort of watching the latest releases at home without the need to visit a cinema.
- Streaming services are not only platforms for existing movies but also significant producers of original content. Netflix, for instance, released over 70 original movies in 2022, and several premier film projects debuted on these platforms rather than in theaters. This shift has redefined audience expectations for first-run movie viewing.

Other forms of entertainment are popular

- Consumers have a variety of non-moviegoing ways to spend their free time and disposable income, including sports events, concerts and video games. The emergence of video streaming has created a viable alternative for consumers looking for film entertainment. TV networks and streaming services invest heavily in high-quality series that capture audience attention.
- The COVID-19 pandemic pulled interest away from movie theaters, forcing consumers to find at-home entertainment alternatives. Stay-at-home orders exacerbated this, propelling video streaming into prominence while theatrical releases experienced delays amid shutdowns and social distancing.
- Apps like TikTok and Instagram have popularized short-form content, keeping users engaged with brief, creative videos that offer quick entertainment hits throughout the day. The ephemeral nature of such content means users frequently return to these platforms, possibly offsetting the time spent on more extended media like movies.

Key Success Factors

How do successful businesses compete with substitutes?

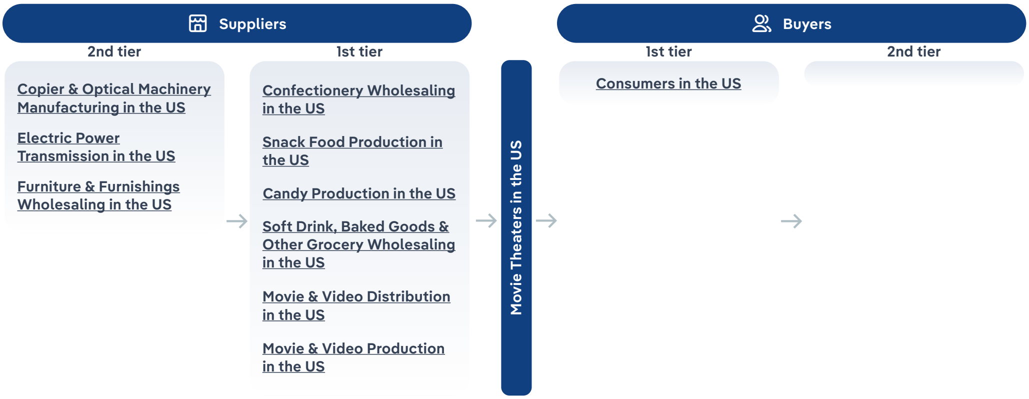
Provide superior after-sales service

Offering perks like membership rewards or advanced booking options for future visits based on activity makes the theater experience unique compared to streaming services. Attendance benefits create ongoing engagement that will have a cyclical effect in building the customer relationship, resulting in customer loyalty.

Promote products effectively

Highlighting the unique aspects of the theater experience – such as gourmet concessions, IMAX screenings or special events – can draw audiences away from substitute entertainment options like streaming and gaming.

Buyer & Supplier Power



Source: IBISWorld

What power do buyers and suppliers have over the industry?

High Steady

Buyers: attendance is everything

- Moviegoers wield considerable power due to the myriad entertainment options at their disposal. Streaming giants like Netflix offer a vast library of on-demand content, urging theaters to differentiate themselves. As consumers increasingly favor the comfort and convenience of home viewing, theaters strive to compete by enhancing the in-cinema experience with exclusive releases and immersive technologies.
- Consumers' sensitivity to ticket prices and concession costs gives them leverage over theaters. During economic downturns, moviegoers become even more price-conscious when discretionary spending tightens. This compels theaters to employ aggressive pricing strategies such as discounts, loyalty rewards and family packages to draw audiences.
- Modern audiences are gravitating towards enriched viewing experiences that streaming cannot replicate. As a result, theaters are investing in advancements like reclining leather seats, luxury dine-in services, and sensory technologies like 4DX. For example, chains such as Alamo Drafthouse provide a dining and viewing experience that differentiates them from home viewing, catering to a niche market that values atmosphere and immersion. These enhancements have become a crucial tactic for theaters striving to retain patronage.

Moderate Increasing

Suppliers: marketing failures

- Major film studios, including Disney and Warner Bros., hold substantial sway over movie theaters. These studios control the release of blockbuster films, often setting stringent terms that impact theater revenues. Theaters must agree to specific screening conditions and revenue splits, sometimes relinquishing significant box office shares to secure top-tier content.
- Film studios control release schedules and dictate exclusive first-run windows, forcing theaters to rely heavily on their blockbuster slate. By managing when and where new films are released, studios effectively control the flow of content, placing theaters in a position where they must adapt to studio-driven timelines to maintain audiences and ensure access to lucrative film offerings.
- Theaters rely on specialized technology providers for high-quality projection and sound systems, creating a dependency on suppliers like IMAX and Dolby Laboratories. These companies have the power to set terms that theaters must adhere to in order to provide cutting-edge experiences. The physical locations of theaters often fall under high real estate costs, especially in urban areas, giving landlords leverage over lease agreements. The balance between operational costs and profitability is thus partially dictated by these supplier arrangements.

Key Success Factors

How do successful businesses manage buyer & supplier power?

Being part of a group buying, promotion and marketing scheme

Theaters can obtain bulk discounts using group buying and coordinated marketing plans, reducing costs and increasing bargaining power against suppliers to ensure better profitability.

Offer a competitively priced product

Competitive pricing keeps customers coming back, lessening the impact of high supplier costs for new movie releases and helping sustain a theater's profitability.

Companies

Key Takeaways

Three companies control more than half the market. AMC, Cinemark and Cineworld dominate the industry and have been able to do so through acquisitions.

Many small theaters have updated their amenities, such as full bars and reclining seats, to attract more moviegoers and revenue. Smaller, independent theaters tend to generate a loyal, localized customer base.

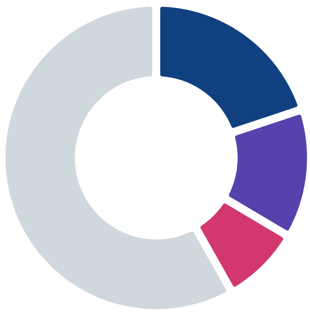
Major Players

Company	Revenue	Market Share
Amc Entertainment Holdings, inc.	$3.2bn	19.9%
Cinemark Holdings, Inc.	$2.2bn	13.6%
Cineworld Group Plc	$1.3bn	8.3%
Other Companies	$9.3bn	58.2%

Market Share

Industry Market Share by Company

Industry-specific company revenue as a share of total industry revenue



IBISWorld

Source: IBISWorld

Companies

Company	Market Share (%) 2025	Revenue ($m) 2025	Profit ($m) 2025	Profit Margin (%) 2025
Amc Entertainment Holdings, inc.	19.9	3,181.0	-80.8	-2.5
Cinemark Holdings, Inc.	13.6	2,176.9	-270.3	-12.4
Cineworld Group Plc	8.3	1,331.6	77.9	5.9

Amc Entertainment Holdings, inc.

Company Details

Industry Specific Revenue (2025)	$3.2bn
Industry Profit (2025)	-$80.8m
Company Employees (2025)	33,694
Market Share (2025)	19.9%

Description

Amc Entertainment Holdings, inc. is a public company headquartered in Kansas with an estimated 33,694 employees. In the US, the company has a notable market share in at least one industry: Movie Theaters, where they account for an estimated 19.9% of total industry revenue.

Brands & Trading Names

- AMC
- AMC CLASSIC
- AMC DINE-IN
- Carmike Cinemas
- Cinemas Group
- Nordic Cinema Group
- Odeon & UCI
- Starplex Cinemas

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)	Profit ($m)	Profit Margin (%)
2008	18.8	2,372.8	151.6	6.4
2009	18.9	2,434.3	155.6	6.4
2010	18.9	2,427.0	155.1	6.4
2011	18.9	2,349.6	150.2	6.4
2012	18.9	2,554.3	163.2	6.4
2013	18.9	2,667.0	170.4	6.4
2014	18.9	2,745.7	175.5	6.4
2015	18.9	2,975.6	190.2	6.4
2016	18.9	3,117.0	199.2	6.4
2017	23.3	3,723.5	37.7	1.0
2018	22.8	4,013.2	231.8	5.8
2019	21.6	3,747.3	931.5	24.9
2020	15.7	742.1	-2,450.6	-330.2
2021	18.8	1,715.5	-631.1	-36.8
2022	18.7	2,620.7	-349.9	-13.4
2023	21.6	3,192.6	-49.3	-1.5
2024	23.0	3,544.2	-60.6	-1.7
2025	19.9	3,181.0	-80.8	-2.5

What's impacting Amc Entertainment Holdings, inc.'s performance?

AMC expands into concert films

- In 2023, AMC ventured into concert films, most notably with Taylor Swift's Eras Tour film. This marked a strategic move to diversify its content and attract large, diverse audiences to theaters. The Taylor Swift concert film generated significant box office sales during its opening weekend, contributing to substantial foot traffic in AMC theaters. This illustrated the potential of concert films to boost theater attendance. Collaborating directly with artists and music promoters, AMC positioned itself as a key player in distributing and showcasing unique content like concert films, thus broadening its appeal beyond traditional moviegoers. This effort also tapped into the fanbase dynamics that drive high engagement and repeated visits, leveraging fan enthusiasm.

AMC's financial performance shows improvement amid continued challenges

- Following challenges in 2020, AMC's financial performance has shown signs of recovery, with increased revenue driven by the rebound in theater attendance as pandemic restrictions eased. For instance, 2023 saw significant revenue growth as major blockbusters returned to screens. Despite revenue gains, AMC grapples with a substantial debt load, incurred largely to survive pandemic-related shutdowns. The company has been working to restructure its debt, aiming to extend maturities and reduce interest expenses to improve financial stability. While revenue has increased, profitability remains challenging with ongoing operational costs and the pressure to invest in theater upgrades and new content formats. AMC has posted both profitable quarters and losses, reflecting the volatility in attendance and operational costs. To bolster its financial position, AMC has implemented aggressive cost-cutting measures, such as reducing overhead and exploring alternative revenue streams like concessions expansions and premium formats, to balance the impacts of fluctuating box office performance.

Memes leads to short squeezes of the company

- AMC Entertainment Holdings Inc. (AMC) received significant media attention in early 2021 thanks to a short squeeze orchestrated by a social media forum that sent the company's stock prices skyrocketing through a period of intense volatility. Aside from a boost to the company's brand recognition, these events are expected to have relatively little impact on or relation to AMC's long-term financial outlook. The ailments of the movie industry, especially amid the COVID-19 (coronavirus) pandemic, are so strong that it will take more than significant media attention to alleviate. AMC Investor Connect (AIC) was launched in June 2021. AIC is a means for the company to engage with all new retail shareholders directly and persuade them to become AMC customers. Retail shareholders who sign up for AIC receive special offers and company updates. As of February 24, 2022, the company reports that were 613,807 shareholders are members of AIC.

Cinemark Holdings, Inc.

Company Details

Industry Specific Revenue (2025)	$2.2bn
Industry Profit (2025)	-$270.3m
Company Employees (2025)	20,000
Market Share (2025)	13.6%

Description

Cinemark Holdings is a public company headquartered in Texas with an estimated 20,000 employees. In the US, the company has a notable market share in at least one industry: Movie Theaters, where they account for an estimated 13.6% of total industry revenue.

Brands & Trading Names

- Flix Media
- Noovie

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)	Profit ($m)	Profit Margin (%)
2008	13.5	1,698.1	246.0	14.5
2009	13.5	1,742.1	252.4	14.5
2010	13.5	1,736.9	251.6	14.5
2011	13.5	1,681.5	243.6	14.5
2012	13.5	1,828.0	264.8	14.5
2013	13.5	1,908.7	276.5	14.5
2014	13.5	1,965.0	284.7	14.5
2015	13.5	2,129.5	308.5	14.5
2016	13.5	2,230.7	323.2	14.5
2017	14.0	2,236.2	293.2	13.1
2018	14.5	2,551.7	307.6	12.1
2019	14.9	2,580.9	265.9	10.3
2020	11.8	556.9	-612.6	-110.0
2021	14.2	1,293.6	310.8	24.0
2022	14.0	1,970.2	-72.1	-3.7
2023	16.4	2,415.3	-198.9	-8.2
2024	15.8	2,436.8	287.1	11.8
2025	13.6	2,176.9	-270.3	-12.4

What's impacting Cinemark Holdings, Inc.'s performance?

Emphasis on enhancing customer experience and loyalty programs

- Cinemark has focused on enriching the moviegoing experience by investing in premium auditorium upgrades and state-of-the-art audiovisual technology, catering to consumers' desire for quality experiences. Through Cinemark Movie Club, the company has enhanced its loyalty program, offering incentives like discounts, free tickets and exclusive member screenings to foster customer loyalty and repeat patronage. The strategic enhancement of concession offerings with more variety and premium options aims to strengthen per-customer spending, leveraging existing customer interactions to drive ancillary revenue growth.

Cinemark to show Netflix releases

- During the COVID-19 pandemic, Cinemark experimented with theatrical releases of streaming-only titles via a deal with Netflix. Now, as demand for theatrical movie showings rises from the depths of the pandemic, Cinemark is exploring continuing this relationship with Netflix regarding its latest release, Top Gun: Maverick. Furthermore, Cinemark has announced that they will experiment with dynamic pricing for these types of showings, but details have remained slim.

Accelerated push into digital and alternative content

- As consumer behaviors shifted towards digital and on-demand services, Cinemark ramped up its digital presence. Investments have been made in enhancing the Cinemark mobile app and online ticketing capabilities to streamline the purchase process and improve user experience. Cinemark has tapped into non-traditional content, such as streaming sports events, live concerts, and gaming, using its theaters as venues to attract non-traditional moviegoers and strengthen theater utilization. This push into alternative content aims to diversify the company's offerings and create new revenue streams, serving as a buffer against fluctuating film release schedules and consumer preferences.

Cineworld Group Plc

Company Details

Industry Specific Revenue (2025)	$1.3bn
Industry Profit (2025)	$77.9m
Company Employees (2025)	28,000
Market Share (2025)	8.3%

Description

Cineworld is a private company headquartered in United Kingdom with an estimated 28,000 employees. In the US, the company has a notable market share in at least one industry: Movie Theaters, where they account for an estimated 8.3% of total industry revenue.

Brands & Trading Names

- Cinema City
- Cineworld Cinema
- MORR Gear
- MORR Gear XP
- Picture House
- Regal Cinemas
- Regmovies
- SFTI
- XP Eyewear
- XP MAX
- Yes Planet

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue ($m)	Profit ($m)	Profit Margin (%)
2008	19.3	2,433.8	258.4	10.6
2009	19.3	2,496.9	265.1	10.6
2010	19.3	2,489.3	264.3	10.6
2011	19.3	2,410.0	255.8	10.6
2012	19.3	2,619.9	278.1	10.6
2013	19.3	2,735.6	290.4	10.6
2014	19.3	2,816.2	299.0	10.6
2015	19.3	3,052.0	324.0	10.6
2016	19.3	3,197.1	339.4	10.6
2017	19.8	3,163.0	271.7	8.6
2018	16.7	2,933.1	415.4	14.2
2019	18.5	3,209.6	532.3	16.6
2020	12.2	575.9	-152.6	-26.5
2021	13.4	1,220.3	10.7	0.9
2022	7.7	1,079.4	216.8	20.1
2023	7.8	1,151.0	36.0	3.1
2024	8.1	1,250.6	73.4	5.9
2025	8.3	1,331.6	77.9	5.9

What's impacting Cineworld Group Plc's performance?

Regal Cinemas moves to exit bankruptcy with strategic reopening and investment plan

- Regal Cinemas, owned by Cineworld, is taking decisive steps to stabilize its operations after filing for Chapter 11 bankruptcy protection last year due to pandemic-induced financial strain. Regal plans to emerge from bankruptcy by the end of 2023 as part of its recovery strategy, backed by a comprehensive financial restructuring deal that reduces its debt and injects fresh capital into the company. This plan includes selective reopening of theaters that promise high foot traffic, aligning with recent blockbuster releases to reignite movie-going enthusiasm. Regal is prioritizing investment in state-of-the-art projection technology and premium auditorium enhancements. By realigning its business model and focusing on strategic growth areas, Regal aims to capture a larger share of the post-pandemic audience and regain its position in the highly competitive cinema market.

Cineworld faced severe financial strain and bankruptcy

- Over the past three years, Cineworld Group Plc has been severely impacted by the financial repercussions of the COVID-19 pandemic, eventually leading to their filing for Chapter 11 bankruptcy protection in September 2022. This was a move to restructure debt and seek survival mechanisms amidst financial disarray. Closing cinemas during lockdowns resulted in significant revenue declines, leading to an accumulated debt of approximately $8.9 billion. Cineworld attempted to renegotiate lease agreements and sought additional liquidity, but these measures were insufficient to counter the mounting operational costs and debt obligations. Amid these financial challenges, the company considered asset sales, including operations in Russia and Eastern Europe, as potential paths to raise necessary funds and streamline operations.

Cinewood subsidiary Regal Cinemas sues insurers for COVID-19 losses

- In March 2020, Regal closed all 543 of its theaters in the US due to the spread of the COVID-19 (coronavirus) pandemic. While it began re-opening locations starting in August, it announced it would close most locations again in October 2020. Cinewood CEO Mooky Greidinger stated this was due to New York state's reluctance to open cinemas, which delayed many anticipated films. By November 2020, every Regal location was shutting down indefinitely once again. Regal began to re-open locations in April 2021, as New York and California state governments announced they gave the green light for cinemas to re-open. Regal Cinemas (Regal), the US subsidiary of Cinewood Group PLC (Cinewood), reported that it is suing three insurers for failing to honor policy obligations to compensate the theater for losses suffered during the COVID-19 (coronavirus) pandemic due to the government shutdowns. The three insurers listed in the report are Allianz Global Risks US Insurance Co., Liberty Mutual Fire Insurance Co. and Zurich American Insurance Co.

You can view and download more company details on my.ibisworld.com.

External Environment

Key Takeaways

Alcohol sales boost theater revenue. Due to new laws, many theaters can now serve beer, wine and spirits. This change gives moviegoers another reason to step out and catch a film and results in a significant hike in revenue from concessions.

Government grants and tax incentives help movie theaters cover costs and upgrade facilities. These support programs allow theaters to enhance their offerings and maintain local cinema culture despite financial challenges.

Industry trade organizations help film exhibitors by researching and lobbying for pro-business laws. They advocate for the film industry's interests, addressing piracy issues and promoting policies that benefit theaters.

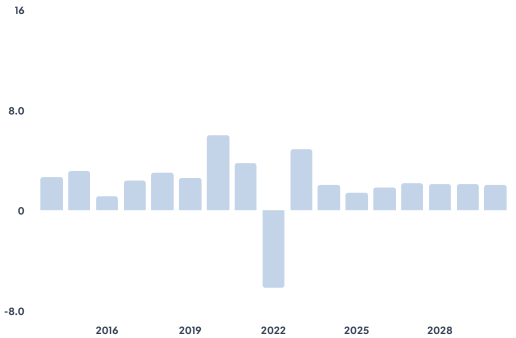
Regulation & Policy
Low Steady

Assistance
Low Steady

External Drivers

What demographic and macroeconomic factors impact the industry?

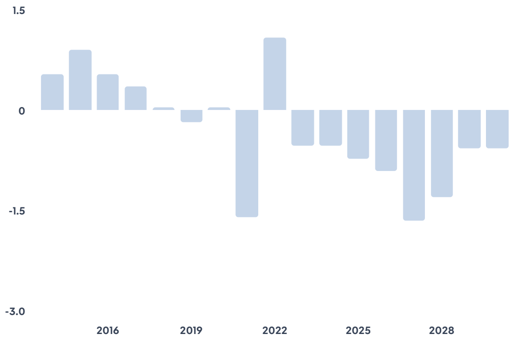
Per capita disposable income
Growth



IBISWorld Source: IBISWorld

As a leisure activity, movie attendance relies on household disposable income levels, which, in turn, are affected by the employment rate, tax rates and the general state of the economy. When disposable income levels rise, people are more able and willing to spend on discretionary items, driving up ticket and concession sales. Trips to the movies are reduced when disposable income falls.

Number of K-12 students
Growth

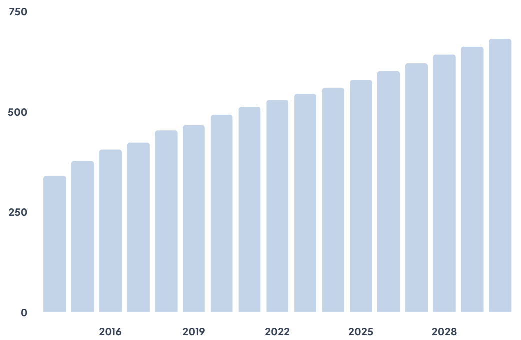


IBISWorld Source: IBISWorld

The number of K-12 students represents the total enrollment in public and private kindergarten, elementary and secondary schools. Adolescents aged 17 and younger contribute an estimated one-quarter of industry revenue, as many successful movies are geared toward younger audiences. As the number of primary and secondary school-aged children rises, demand for movie tickets also grows, increasing industry revenue.

Number of broadband connections

Million

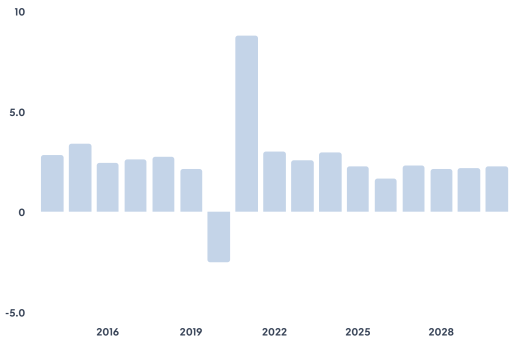


IBISWorld Source: IBISWorld

The number of broadband connections indicates how consumers use high-speed internet for various purposes, including accessing competing streaming platforms. With rapidly rising broadband connection numbers, more consumers are using the internet to download or stream movies, which directly reduces demand for movie theaters and contributes to technological disruption. A climb in the number of broadband connections poses a potential threat to movie theaters.

Consumer spending

Growth



IBISWorld Source: IBISWorld

Consumer spending measures the total amount US consumers spend on services, new goods and net purchases of used goods. Increased consumer spending coincides with increases in spending on discretionary entertainment, such as theater-going experiences. Growth in consumer spending represents a potential opportunity for movie theaters. Despite high interest rates, consumer spending remains resilient thanks to a healthy labor market.

Regulation & Policy Low Steady

What regulations impact the industry?

The Americans with Disabilities Act

The ADA prohibits discrimination against individuals with disabilities in public accommodations, including movie theaters. Theaters must ensure physical accessibility, which includes features such as wheelchair-accessible entries and seating areas. With recent advancements, theaters are equipped with technology that offers closed captioning and audio descriptions, helping to satisfy the needs of patrons with hearing and vision impairments. For instance, major theater chains have integrated captioning devices and descriptive audio services, ensuring compliance and enhancing the viewing experience for all audiences.

The Motion Picture Association's film rating system

Theaters must display and adhere to the Motion Picture Association's film rating system and ensure that underage moviegoers don't view content for more mature audiences. Staff are trained to enforce restrictions, such as barring underage entry into NC-17 or R-rated films unless accompanied by an adult. The movie rating system is intended to inform the public about what is and isn't suitable for children and prevent minors from being exposed to content geared toward older viewers. By adhering to these guidelines, theaters help ensure appropriate audience viewing and avoid legal liability. This system plays a crucial role in content regulation and is widely recognized and followed by theaters nationwide.

Film licensing and copyright laws

Movie theaters must obtain proper licensing to publicly screen films. This involves negotiating rights and length of time to show the film, with the movie theater company paying fees to the film's distributor(s) and the studio(s) that own(s) the rights to the film. Unauthorized public screenings can lead to substantial fines and legal issues for movie theater owners. Licensing and copyright laws are meant to ensure that content creators and distributors are fairly compensated for their work and that possession of copyright is honored, which contributes to maintaining a sustainable industry. For example, theaters typically earn a percentage of ticket sales, with varying percentages often contingent upon the film's release duration and popularity. These agreements can include stipulations for promotional activities and the scheduling of screenings, impacting a theater’s operations and revenue strategies.

Food and beverage licensing

Theaters that sell concessions must comply with local and state licensing laws, including obtaining the necessary permits to sell food and beverages. Food service areas must meet health and safety standards, such as safe food storage and handling practices. Theaters offering alcohol face strict licensing regulations from state liquor control boards. These laws govern where and when alcohol can be sold and consumed within theater premises. Theaters must implement robust age-verification processes and train staff in responsible service protocols. Violating these laws can result in significant fines or loss of alcohol-selling privileges, so understanding and adhering to local liquor regulations is imperative for theaters wishing to offer this amenity.

The US Department of Justice antitrust division and the Paramount decrees

A federal judge's decision in 2020 reversed the long-held industry standard separating movie studios and screening theaters, allowing film studios to own and operate movie theaters and vice versa. While some are concerned that studio-run movie theaters will squeeze out viewership for smaller-scale movies, production companies' sharper focus on streaming services in the last few years may indicate a lack of interest that offsets this concern for now. As the industry evolves, the DOJ Antitrust Division continues to monitor these outcomes to ensure competitive fairness and to address emerging antitrust challenges.

Assistance Low Steady

What assistance is available to this industry?

Government
Tax incentives

Tax incentives, such as deductions or credits, can significantly lower movie theaters' operational costs. For example, governments may offer tax breaks for theaters that upgrade to energy-efficient projection systems or improve accessibility. These incentives offset expenses, allowing theaters to reinvest savings into better facilities and services that enhance the cinema experience. States like Georgia and New York offer film production tax credits to expand television and movie production, which indirectly benefits theaters by bringing more films and economic activity to their locales. These incentives help theaters remain competitive by allowing them to allocate resources to upgrade their facilities, such as installing advanced digital projection and sound systems, which enhances the viewing experience. These improvements boost audience numbers and generate revenue, sustaining the industry's growth and modernization.

Government
Local legislation regarding alcohol sales

New legislation has permitted movie theaters in many states to serve beer, wine and spirits. These new product offerings generate higher revenue and give customers a new reason to leave the house and go to a movie theater. For example, in Texas, legislation permits establishments like the Alamo Drafthouse to serve drinks to patrons while they watch films, creating a unique and competitive edge in the market. Concessions account for nearly one-third of revenue and the rollout of products that cater to more markets will boost this segment over the next few years.

Government
National Endowment for the Arts and other grant programs

Governments often provide grant programs to support the arts and entertainment sectors. These grants can help movie theaters cover operational costs, upgrade equipment or host special events. By easing financial burdens, grants allow theaters to improve their offerings and reach wider audiences, helping to sustain the local cinema culture. For example, the National Endowment for the Arts offers grants to support arts organizations, including movie theaters. In addition to the NEA, other grant programs, such as those offered by regional arts councils and private foundations, contribute to the sustainability of the movie theater industry. These grants often prioritize projects that enhance public access to the arts, support local filmmakers and preserve historic theaters. Programs like the Federal Historic Preservation Tax Incentives, managed by the National Park Service, provide financial incentives for rehabilitating historic movie theaters, ensuring these landmarks remain operational and accessible.

Government
Shuttered Venue Operators Grant (SVOG)

The SVOG was created specifically to aid live venues, museums and movie theaters that were financially affected by the pandemic. This grant provided significant aid, with money earmarked for maintaining payroll, paying rent and covering critical operational costs. Theaters could apply for grants that matched up to 45% of their 2019 gross earned revenue, with some receiving up to $10 million. This assistance allowed many cinemas to stay afloat during the prolonged closure periods. The SVOG's focus on venues like the historic Oriental Theatre in Milwaukee helped preserve cultural heritage sites central to community identity and arts engagement.

Government

State and Local Grants

Many states recognize the significance of movie theaters for cultural and economic reasons and offer dedicated grants to support them. For example, the Michigan Economic Development Corporation provides funding to refurbish historic theaters, helping to preserve unique architectural sites while revitalizing downtown areas. These grants often prioritize theaters that hold community events or showcase independent films, fostering an environment of artistic and cultural exchange. By financially aiding these theaters, grants help maintain diverse entertainment options for communities and sustain the theater industry as a vital part of the local economy.

Non-government
The Motion Picture Association of America

The Motion Picture Association of America (MPAA) is composed of some of the largest studios in US filmmaking, including Disney, Warner Bros., Sony Pictures, 20th Century Studios, Paramount and Universal City Studios. The organization fights online piracy, which sometimes directly threatens theater attendance and protects intellectual property by providing the public with new research and data. The MPA collaborates with government bodies to create favorable policy environments that support the broader industry. By maintaining content and distribution standards, the MPA contributes to movie theaters' business viability and profitability.

Non-government
The National Association of Theatre Owners

The National Association of Theatre Owners (NATO) is the largest exhibition trade organization in the world and represents more than 35,000 screens in all 50 states. NATO works on behalf of its members to influence federal policymaking and promote pro-business marketing, free speech and intellectual property protection legislation. NATO also offers resources and data for current exhibitors and parties interested in opening a new theater business. During the pandemic, NATO advocated for legislation that benefited theaters, such as relief measures in the CARES Act. By acting as an industry liaison, NATO helps protect and promote the interests of theater owners, enabling them to tackle challenges collectively.

Non-government
Corporate sponsorship

Companies often sponsor movie theaters or specific events like film festivals. In return, theaters provide advertising opportunities for brand recognition. Corporate partnerships also supply theaters with additional funds to improve amenities or host exclusive screenings. For corporate sponsors, it’s an opportunity to align their brand with entertainment and culture, thereby boosting their image among consumers. Companies like Coca-Cola and Pepsi have longstanding relationships with theater chains, offering incentives and funds for marketing campaigns and sponsorships of screenings or events.

Non-government
Film distributors' revenue-sharing models

Some distributors have adjusted their revenue-sharing agreements to support theaters with limited attendance or facing financial pressures. By offering more favorable terms, such as a higher percentage of box office sales retained by theaters, distributors help alleviate some financial stress. These modified terms make it more sustainable for theaters to keep screening films and draw audiences despite challenging economic conditions. This model enables theaters to align their operations with lucrative film release patterns while distributors are motivated to supply theaters with content that attracts audiences. Such models underpin the economic cooperation essential for sustaining both sectors.

Non-government
Private equity and investment

Private equity firms often view movie theaters as growth opportunities, especially when theaters are in distress or show potential for modernization. Firms like Silver Lake have invested heavily in chains such as AMC Theatres, providing the capital needed for digital transformation and expansion plans. These firms provide capital to theaters to revamp their offerings, such as installing luxury seating, expanding concession choices, or enhancing digital projection capabilities. While these investments typically seek profitable returns, they also support theaters' long-term sustainability by allowing them to modernize and adapt to changing market dynamics.

Financial Benchmarks

Key Takeaways

The industry is labor-intensive; wage expenses exceed purchase costs. A moderately sized labor force is required since employees are needed to clean theaters and run concession stands. Rising wages are squeezing theater profit.

Theaters are bouncing back from pandemic losses, albeit at a slow pace. Major chains like AMC benefit from economies of scale, but overall profit growth remains sluggish due to 2020's lingering impact.

Licensing fees are a big expense for theaters. They take up a significant chunk of revenue and are often higher for blockbuster films, forcing theaters to depend more on concession sales.

Profit Margin
6.4 % Lower than sector

Average Wage
$19,650 Lower than sector

Largest Cost
Rent 23.7% of Revenue

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2025

IBISWorld
Source: IBISWorld

Cost Structure Benchmarks

Operating costs	Industry (%)	Sector (%)
Rent	23.7	2.34
Machinery and equipment	11.5	-
Land, Building and Structure	81.9	-
Other	6.6	-
Wages	15.6	27.47
Other	100	-
Profit	6.4	17.65
Depreciation	5.9	5.46

Operating costs	Industry (%)	Sector (%)
Utilities	3.1	1.63
Purchases	1.9	12.74
Other	100	-
Marketing	1.3	3.99
Other Costs	42.1	28.72
Taxes	9.8	-
Repair and Maintenance	7.5	-
IT services and related spend	0.9	-
Research and Development	33.6	-
Professional Services	4.3	-
Temporary employees	1.1	-
Telecommunications	2.3	-
Other	40.5	-

What trends impact industry costs?

Profit slowly recovers from the pandemic

- Severe losses from stay-at-home orders in 2020 nearly bankrupted several prominent chains, such as AMC. Returning foot traffic and movie attendance have allowed movie theaters to meet their fixed costs and brought back profit growth, albeit sluggishly. In 2025, industry profit nearly doubled from its doldrums in 2020 but has yet to return to its pre-pandemic highs.
- Typically, larger movie theater chains like AMC and Cinemark benefit from economies of scale and vertical integration, which materialize through higher profit. These theaters have increasingly adopted premium formats like IMAX, 4DX and Dolby Cinema, which offer superior audiovisual experiences. For instance, IMAX alone grossed over $1 billion globally in 2022. These high-ticket offerings attract cinephiles seeking an immersive experience, elevating per-ticket revenue.
- Theaters have also integrated in-house dining and luxury seating, creating a more enticing environment. AMC's dine-in cinemas, for example, reported a 15% gain in profitability. This trend increases ticket and concession sales as patrons indulge in full-service dining while watching movies.
- Subscription models like Regal's Unlimited Pass are redefining consumer engagement. Since their launch, these programs have encouraged frequent visitation, and membership numbers have grown by approximately 25% annually. This steady patronage ensures a consistent revenue stream, irrespective of individual movie performance.

Premium experiences and expanding spaces drive up rent costs

- Many US theaters have embraced the luxury cinema trend in response to a shifting market and evolving consumer expectations. Chains like AMC have heavily invested in Dolby Cinema technology, which enhances sound and visual experiences significantly. Cinemark has expanded its XD theaters, featuring upgraded screens and audio systems. Providing such high-quality experiences often entails renovating current spaces or acquiring new properties that can handle these complex installations, leading to increased rental expenditures. For instance, recliner seats, which are now a staple in many modern theaters, require more space than standard seating, pushing theaters to lease larger areas.
- Boutique chains such as Alamo Drafthouse Cinema and IPIC have set a high bar by combining cinematic and dining experiences, pushing major theater chains to follow suit to stay competitive. This pivot to luxury experiences necessitates theaters to seek high-amenity locations, often in premium retail areas or sought-after urban locales, contributing to a surge in rental prices as competition for these spaces grows.
- To counteract the slump in attendance caused by the COVID-19 pandemic, theaters have prioritized creating enticing environments to lure audiences back. AMC's investment plan to enhance 650 locations exemplifies the industry's commitment to reinvention. These efforts to retrofit theaters with state-of-the-art technology have resulted in heightened operational and capital costs, which are reflected in the rising rents theater operators are willing to pay to secure well-located and well-equipped venues.
- The movie theater experience is increasingly being integrated with broader entertainment and leisure activities. Modern theater designs often incorporate dining, bars and gaming zones, transforming them into multi-faceted entertainment destinations. This trend not only expands the physical footprint of theaters but also places them in more mixed-use developments that command higher rent. As theaters vie for spots in popular lifestyle centers, rental costs naturally escalate, driven by demand for these high-traffic, high-visibility locations that promise higher returns.

Even amid shifts in service, theaters still rely on labor

- Labor is a key operational cost within the industry, with duties ranging from ticketing and concessions sales to cleaning and maintenance. Rising wages nationwide have pressured theater operators to pay their employees more, constraining profit growth.

- Paid labor is necessary to run concession stands and maintain tidy theaters, especially amid heightened cleaning protocols during COVID-19. As theaters look for ways to expand their offerings, incorporating more premium services such as gourmet food and alcohol offerings, customer service has become a greater point of differentiation.
- Although automated ticketing and online purchases have gained popularity, pressuring wage costs, a growing focus on concessions and other activities has sustained growth in overall wages. National Association of Theatre Owners data shows a 12% climb in average wages from improved service offerings and technical advancements, reflecting a need for more specialized skills.
- Employees are often required to multitask, combining customer service roles with technical and maintenance tasks, such as ensuring the functionality of high-end seating and equipment. This dual capability is compensated with higher wages due to the breadth of knowledge and flexibility demanded of staff. The prominence of specialized screenings such as IMAX and Dolby Cinema necessitates staff trained in complex projection and sound systems. Cinemas have invested in technical staff who understand and operate these advanced systems, leading to higher compensation due to the specialized skill set required.
- The push for enhanced in-theater experiences aligns with broader economic and legislative shifts, such as increasing minimum wage in many states, contributing to overall wage growth. These factors work together to ensure that cinema staff are both skilled and compensated accordingly, reflecting their role in executing these enhanced customer experiences.

Luxury renovations inflate depreciation costs

- Over the past five years, the US movie theater industry has witnessed a substantial climb in depreciation costs due to a widespread trend of luxury renovations. These renovations include installing plush reclining seats, advanced projection systems like IMAX and cutting-edge sound technologies such as Dolby Atmos, significantly raising the value and complexity of theater assets.
- Major theater chains, including AMC Theatres and Regal, have invested heavily in these upgrades. AMC, for instance, embarked on a $600 million upgrade initiative aiming to counteract the rising competition from streaming services and small boutique theaters trying to create a more immersive viewing experience for audiences.
- While these luxury upgrades have the potential to boost ticket sales and customer satisfaction, they also come with a high price. The gain in tangible asset values means that theaters now incur higher depreciation costs. The National Association of Theatre Owners has reported a steady rise in these costs, growing approximately 2.5% annually, as the new assets entail significant and ongoing depreciation charges.

Premium formats come at the cost of higher utility expenses

- Utility costs have soared among movie theaters as they grow more technologically demanding. The adoption of premium format screens, such as IMAX and Dolby Cinema, has significantly impacted utility costs over the past five years. These formats provide superior audiovisual experiences, which require advanced technical infrastructure and thus consume more energy.
- The architectural demands of larger screens and specialized seating increase the square footage of cinema spaces. This expansion necessitates more intensive heating, ventilation and air conditioning (HVAC) systems to maintain comfort, particularly when these technologies produce additional heat.
- As movie theaters increasingly embrace these formats to enhance viewing experiences and boost ticket sales, they face the challenge of managing the resultant spike in operational costs, particularly utilities. This trend reflects the industry's effort to balance evolving consumer preferences with financial sustainability.

Technological investments elevate costs for movie theaters

- Purchase costs have risen to exceed their pre-pandemic proportion of revenue as theaters invest in their screens and other service offerings, hoping to lure consumers back. The industry has seen a marked shift toward offering premium movie formats such as IMAX and 4DX, which provide enhanced visual and sensory experiences. According to a National Association of Theatre Owners report, premium format screens have increased by approximately 30% over the last five years. This proliferation allows theaters to charge significantly higher prices for these enhanced viewing options, contributing to increased revenue and ticket costs overall.
- Major capital has been allocated toward upgrading theaters with cutting-edge technology, such as laser projection systems and immersive sound experiences like Dolby Atmos. These advancements improve picture and audio quality and create a more engaging audience experience. Such technology requires significant upfront investment, which theaters balance out by incrementally raising ticket prices, thereby impacting the purchase cost structure.
- As competition from streaming services increases, theaters have pivoted to offering more luxurious experiences. Chains like AMC and Cinemark have invested heavily in redesigning theaters to include features such as recliner seating, expanded concession offerings and dine-in services. AMC's recliner renovations reportedly increased ticket sales by an average of 60% at renovated locations. This indicates that consumers are willing to pay more for these added comforts, allowing theaters to offset renovation expenses through higher ticket prices.
- There is a discernible trend of moviegoers valuing the premium experience enough to justify increased expenditure. Industry surveys have highlighted that a growing segment prefers the quality and novelty of high-tech cinematic environments over standard options, leading theaters to prioritize and charge for these premium experiences. This shift is reflected in higher average ticket prices, which have increased by approximately 6% over the last five years – a statistic supported by the MPAA's annual reports on cinema economics.

Theaters use marketing as a tool for differentiation

- The introduction of premium formats like IMAX, 4DX and Dolby Cinema has revolutionized the movie-going experience. Marketing strategies have shifted to emphasize the superior sensory experiences these formats provide. This involves costly, targeted advertising efforts focusing on digital media and social platforms to engage specific audience segments who are more likely to value high-quality, immersive viewing.
- Movie theaters have increasingly partnered with film studios to co-promote content specifically produced for or converted into premium formats. For instance, films like "Oppenheimer" and

"Dune" have featured prominently in IMAX promotions, with joint marketing campaigns leveraging enhanced viewing technology to draw audiences. This collaboration elevates marketing budgets as both theaters and studios invest in massive promotional efforts to highlight their technological advancements, focusing on visually stunning films that benefit from these formats.

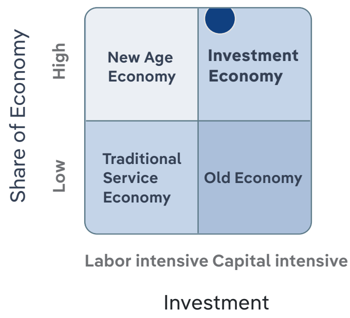
- Theaters like AMC, Regal and Cinemark have invested heavily in promoting subscription services such as AMC Stubs A-List, Regal Unlimited and Cinemark Movie Club. These services are designed to entice frequent moviegoers with the promise of reduced ticket prices and other perks. To attract and retain subscribers, theater chains allocate substantial marketing resources highlighting the convenience and cost savings these programs offer. This includes digital marketing strategies, email campaigns and in-app promotions to effectively target potential subscribers.
- Marketing efforts now often bundle unique concessions, such as specialty or gourmet snacks, with subscription offers. These strategies aim to enhance the value proposition for customers. For example, theaters might offer exclusive discounts on concession items to subscribers, increasing the marketing budget to communicate these added incentives clearly and enticingly. AMC and other theater chains have tapped into the allure of exclusive merchandise to enhance the theater-going experience, such as AMC's collectible popcorn buckets themed around major film releases.

Licensing fees pose a challenge to theaters

- A significant part of a movie theater's expenditure is the licensing or renting of a film from distributors such as Warner Media LLC or Disney. Revenue from admissions is shared among both parties following a stipulated contract.
- The proportion of revenue shared can either be fixed throughout the film's first run or change during its run. Typically, prominent distributors negotiate a greater proportion of opening-week ticket sales, causing many theaters to rely more on concession sales.
- On average, license fees distributed according to these agreements account for a third of the industry's overall revenue. This cost, however, is likely to be lower for smaller theaters that don't primarily focus on showcasing blockbuster films.
- Data from the National Association of Theatre Owners indicates that licensing fees for blockbuster films have increased by approximately 30% over the past five years. This trend reflects theaters' willingness to invest more in order to secure high-grossing films that promise increased foot traffic and higher concession sales, offsetting the rising costs.

Investment Economy

Share of economy vs. Investment



IBISWorld Source: IBISWorld

Financial Ratios

Days' Receivables	Interest Coverage	Debt/Net Worth
84.0 Higher than sector	2.4 Higher than sector	2.6 Higher than sector

Earnings Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
EBIT/Revenue	18.5	20.4	26.6	20.4	28.2	24.3	23.9	30.8
EBITDA/Revenue	24.3	28.6	32.0	24.3	40.5	32.4	31.3	35.6
Leverage Ratio	7.7	8.6	6.1	7.4	4.4	5.9	6.6	5.6

Industry Tax Structure

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Taxes Paid/Revenue	7.6	7.8	8.3	4.0	3.0	3.5	5.8	4.0

Income Statement

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Business receipts	93.8	78.3	73.4	81.3	94.0	87.6	81.7	86.1
Cost of goods	31.2	33.9	31.9	29.5	19.5	24.5	28.7	25.8
Gross Profit	68.8	66.1	68.1	70.5	80.5	75.5	71.3	74.2
Expenses								
Salaries and wages	6.5	3.1	4.9	5.9	4.2	5.1	4.5	5.8
Advertising	3.5	2.4	2.5	1.9	1.5	1.7	2.0	1.6
Depreciation	4.2	6.4	4.4	3.6	2.3	3.0	4.2	2.8
Depletion	0.0	1.0	0.0	0.0	1.2	0.6	0.6	0.3
Amortization	1.6	0.7	1.0	0.4	8.7	4.5	2.7	1.8
Rent paid	1.3	1.1	0.9	1.6	1.1	1.3	1.1	1.2
Repairs	0.6	1.5	1.4	2.8	1.0	1.9	1.6	0.9
Bad debts	0.6	0.1	0.6	4.3	1.5	2.9	1.6	2.3
Employee benefit programs	2.0	1.5	0.5	3.3	1.2	2.2	1.6	1.4
Compensation of officers	1.2	2.1	1.3	0.6	7.8	4.2	3.0	1.9
Taxes paid	7.6	7.8	8.3	4.0	3.0	3.5	5.8	4.0
Interest Income	1.3	1.1	1.1	0.4	0.3	0.3	0.7	0.9
Other Income								
Royalties	1.4	8.6	6.7	0.4	2.4	1.4	4.5	2.5
Rent Income	0.0	2.6	0.5	4.4	0.4	2.4	2.0	1.0
Net Income	5.3	6.8	13.1	14.5	13.5	14.0	12.0	23.2
Charitable contributions	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Dividends	0.1	0.2	0.9	2.2	0.2	1.2	0.9	1.3
Interest paid	5.7	5.9	5.3	2.0	11.6	6.8	6.2	3.7
Net gain, noncapital assets	0.3	1.6	9.6	6.1	0.5	3.3	4.4	2.3
Net long-term capital gain less net short-term loss	0.5	2.9	3.1	0.3	1.7	1.0	2.0	2.1
Net loss, noncapital assets	4.2	1.3	4.4	0.9	1.0	1.0	1.9	1.7
Net short-term capital gain less net long-term loss	0.4	0.1	0.0	2.1	0.2	1.1	0.6	1.1
Other deductions	23.1	20.6	19.4	20.8	17.7	19.2	19.6	19.3
Other receipts	2.2	4.6	4.6	2.8	0.5	1.6	3.1	2.7
Pension, profit-sharing, etc., plans	0.6	1.0	0.2	0.9	1.4	1.2	0.9	0.6

Balance Sheet

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Assets								
Cash and Equivalents	3.4	6.1	14.2	8.7	8.1	8.4	9.3	7.5
Notes and accounts receivable	17.7	4.8	17.6	7.3	12.8	10.1	10.6	10.6
Allowance for bad debts	1.9	0.2	4.2	0.8	0.9	0.8	1.5	1.4
Inventories	11.3	0.7	1.3	9.9	10.3	10.1	5.5	5.8
Other current assets	4.2	4.9	9.1	2.5	4.0	3.3	5.1	5.0
Other investments	20.6	27.5	19.2	33.1	29.2	31.1	27.2	27.7
Property, Plant and Equipment	11.5	26.9	12.7	9.7	11.5	10.6	15.2	13.8
Accumulated depreciation	5.7	15.9	6.2	4.5	6.9	5.7	8.4	7.8
Intangible assets (Amortizable)	24.3	29.2	17.5	16.5	10.9	13.7	18.5	19.5
Accumulated amortization	13.7	15.1	14.9	6.6	4.2	5.4	10.2	10.5
Other assets	12.9	14.6	11.2	5.3	5.7	5.5	9.2	9.5
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounts payable	3.5	4.3	4.3	5.3	9.1	7.2	5.8	3.9
Liabilities and Net Worth								
Mort, notes, and bonds under 1 yr	9.3	1.9	2.2	6.9	7.8	7.4	4.7	4.8
Other current liabilities	8.3	7.3	18.5	12.0	10.9	11.5	12.2	10.8
Loans from shareholders	7.3	9.7	7.7	14.8	9.9	12.3	10.5	9.9
Mort, notes, bonds, 1 yr or more	30.4	27.0	30.3	15.1	18.4	16.7	22.7	26.1
Other liabilities	12.9	14.7	17.2	2.1	5.4	3.7	9.8	11.6
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital stock	4.2	-0.5	7.3	68.9	12.4	40.6	22.0	12.6
Additional paid-in capital	22.3	31.4	19.0	18.5	49.8	34.1	29.7	31.0
Retained earnings, appropriated	-4.2	-3.6	-7.8	-10.9	-10.6	-10.7	-8.2	-7.6
Retained earnings-unappropriated	11.1	11.1	8.7	-21.6	-5.4	-13.5	-1.8	3.4
Cost of treasury stock	5.0	3.2	7.4	11.0	7.7	9.3	7.3	6.4
Net worth	28.3	35.1	19.9	43.9	38.5	41.2	34.3	33.0
Accumulated depletion	0.4	0.4	0.5	1.8	1.6	1.7	1.1	0.7
Depletable assets	1.1	1.0	1.2	6.2	5.4	5.8	3.5	2.2
Government Obligations	2.7	2.3	2.9	2.4	2.0	2.2	2.4	3.5
Land	7.7	8.8	11.1	6.4	8.1	7.3	8.6	9.2
Loans to shareholders	2.7	1.0	3.0	2.3	2.1	2.2	2.1	1.6
Mortgage and real estate loans	0.0	0.0	0.0	0.0	1.0	0.5	0.2	0.1
Tax Exempt Securities	1.6	3.7	4.5	3.3	2.5	2.9	3.5	4.5

Liquidity Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Current Ratio	2.0	1.7	2.2	1.4	1.5	1.5	1.7	2.1
Quick Ratio	1.5	1.6	2.1	1.0	1.1	1.1	1.5	1.8
Sales/Receivables	3.0	8.5	2.9	7.5	4.3	5.9	5.8	6.0
Days' Receivables	120.3	43.2	124.6	48.5	84.0	66.2	75.1	71.4
Days' Inventory	247.0	17.5	29.2	222.5	343.5	283.0	153.2	169.1
Inventory Turnover	1.5	20.8	12.5	1.6	1.1	1.4	9.0	6.4
Payables Turnover	4.8	3.2	3.8	3.1	1.2	2.1	2.8	4.8
Days' Payables	76.7	113.2	96.4	118.3	305.9	212.1	158.4	109.9
Sales/Working Capital	2.3	3.5	1.3	4.1	4.1	4.1	3.3	3.0

Coverage Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Interest Coverage	3.3	3.5	5.0	10.3	2.4	6.4	5.3	33.9
Debt Service Coverage Ratio	1.4	6.0	7.6	1.9	2.9	2.4	4.6	7.8

Leverage Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Fixed Assets/Net Worth	2.3	2.8	3.2	1.2	1.3	1.2	2.1	2.1
Debt/Net Worth	3.5	2.8	5.0	2.3	2.6	2.4	3.2	3.3
Tangible Net Worth	28.3	35.1	19.9	43.9	38.5	41.2	34.3	33.0

Operating Ratios

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Return on Net Worth, %	35.1	23.7	69.0	25.7	40.9	33.3	39.8	61.4
Return on Assets, %	9.9	8.3	13.7	11.3	15.7	13.5	12.2	17.5
Sales/Total Assets	0.5	0.4	0.5	0.6	0.6	0.6	0.5	0.6
EBITDA/Revenue	24.3	28.6	32.0	24.3	40.5	32.4	31.3	35.6
EBIT/Revenue	18.5	20.4	26.6	20.4	28.2	24.3	23.9	30.8

Cash Flow & Debt Service Ratios (% of sales)

Ratio	2019	2020	2021	2022	2023	3-Year	5-Year	10-Year
Cash from Trading	61.6	54.7	91.5	34.2	82.8	58.5	65.8	71.2
Cash after Operations	47.1	34.8	94.9	21.4	62.7	42.0	53.4	59.9
Net Cash after Operations	45.0	45.7	66.9	31.3	72.9	52.1	54.2	59.7
Debt Service P&I Coverage	1.8	3.9	6.4	2.0	2.7	2.3	3.8	6.8
Interest Coverage (Operating Cash)	7.9	7.8	12.6	15.9	6.3	11.1	10.6	57.6

Key Ratios

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2005	136,743	8.7	26.1	63.5	15,108	11.0	2.4	51.7
2006	139,741	8.9	26.6	63.5	14,544	10.4	2.4	57.7
2007	144,285	8.4	25.6	58.3	15,340	10.6	2.3	64.1
2008	136,127	8.2	26.2	60.5	15,194	11.2	2.3	50.6
2009	136,591	8.9	27.7	65.4	15,151	11.1	2.4	50.2
2010	136,780	9.0	27.7	65.5	15,168	11.1	2.4	63.1
2011	137,678	8.5	26.3	61.6	15,677	11.4	2.3	64.1
2012	144,333	9.0	27.1	62.6	15,215	10.5	2.3	67.5
2013	150,425	9.4	27.1	62.8	16,112	10.7	2.3	48.3
2014	144,982	9.5	28.6	65.8	15,909	11.0	2.3	55.1
2015	146,707	10.7	30.7	72.6	15,726	10.7	2.4	46.1
2016	142,226	11.0	32.8	77.1	16,396	11.5	2.3	43.7
2017	139,567	10.2	31.9	72.9	16,679	12.0	2.3	46.0
2018	149,404	10.8	31.8	72.6	18,447	12.3	2.3	35.8
2019	142,419	10.3	32.2	72.3	18,028	12.7	2.2	39.0
2020	40,969	2.9	31.0	70.1	8,814	21.5	2.3	-11.7
2021	175,973	5.4	13.9	30.9	25,058	14.2	2.2	23.4
2022	138,443	7.5	25.1	54.5	19,772	14.3	2.2	28.0
2023	126,481	7.7	28.1	61.1	19,671	15.6	2.2	27.9
2024	126,257	7.8	28.6	62.1	19,664	15.6	2.2	28.2
2025	125,794	8.0	29.2	63.2	19,650	15.6	2.2	27.9
2026	125,229	8.1	29.7	64.4	19,632	15.7	2.2	28.6
2027	124,819	8.2	30.3	65.8	19,619	15.7	2.2	28.6
2028	123,878	8.3	30.9	67.0	19,590	15.8	2.2	28.6
2029	120,898	8.4	31.9	69.2	19,495	16.1	2.2	29.1
2030	120,671	8.5	32.2	70.1	19,488	16.1	2.2	29.1
2031	120,737	8.5	32.5	70.7	19,490	16.1	2.2	29.2

Key Statistics

Industry Data

Values

Year	Revenue ($ Million)	IVA ($ Million)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Wages ($ Million)
2005	18,321.0	9,472.3	5,129	2,111	133,981	2,024.2
2006	18,798.2	10,852.5	5,049	2,120	134,522	1,956.5
2007	18,864.1	12,096.7	5,104	2,241	130,742	2,005.6
2008	18,337.9	9,283.3	5,140	2,226	134,712	2,046.8
2009	18,688.3	9,384.2	4,947	2,093	136,819	2,073.0
2010	18,408.0	11,607.8	4,865	2,054	134,581	2,041.3
2011	17,461.8	11,187.5	4,819	2,060	126,831	1,988.4
2012	18,635.1	12,573.7	4,765	2,062	129,112	1,964.5
2013	19,132.8	9,240.5	4,690	2,025	127,192	2,049.4
2014	19,363.0	10,675.4	4,668	2,029	133,555	2,124.7
2015	20,789.1	9,580.4	4,620	1,952	141,705	2,228.4
2016	21,577.7	9,439.8	4,620	1,969	151,714	2,487.5
2017	20,470.5	9,407.6	4,603	2,011	146,672	2,446.4
2018	22,031.8	7,892.3	4,630	2,032	147,465	2,720.4
2019	21,424.2	8,359.7	4,668	2,082	150,431	2,712.0
2020	5,746.6	-674.0	4,532	2,002	140,269	1,236.3
2021	10,594.8	2,481.3	4,335	1,946	60,207	1,508.7
2022	15,245.0	4,268.7	4,390	2,020	110,117	2,177.2
2023	15,473.5	4,314.7	4,347	2,003	122,339	2,406.5
2024	15,743.0	4,443.8	4,355	2,007	124,690	2,451.9
2025	15,999.7	4,464.1	4,363	2,011	127,190	2,499.3
2026	16,236.9	4,643.4	4,368	2,012	129,658	2,545.5
2027	16,533.3	4,727.8	4,375	2,014	132,458	2,598.7
2028	16,768.2	4,803.9	4,387	2,020	135,361	2,651.7
2029	17,028.4	4,962.9	4,419	2,034	140,849	2,745.9
2030	17,318.0	5,045.8	4,452	2,048	143,514	2,796.8
2031	17,620.3	5,153.3	4,492	2,065	145,940	2,844.4

Note

Figures are inflation adjusted to 2025

Industry Data

Annual Change

Year	Revenue %	IVA %	Estab. %	Enterprises %	Employment %	Wages %
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	2.6	14.6	-1.6	0.4	0.4	-3.3
2007	0.4	11.5	1.1	5.7	-2.8	2.5
2008	-2.8	-23.3	0.7	-0.7	3.0	2.1
2009	1.9	1.1	-3.8	-6.0	1.6	1.3
2010	-1.5	23.7	-1.7	-1.9	-1.6	-1.5
2011	-5.1	-3.6	-0.9	0.3	-5.8	-2.6
2012	6.7	12.4	-1.1	0.1	1.8	-1.2
2013	2.7	-26.5	-1.6	-1.8	-1.5	4.3
2014	1.2	15.5	-0.5	0.2	5.0	3.7
2015	7.4	-10.3	-1.0	-3.8	6.1	4.9
2016	3.8	-1.5	0.0	0.9	7.1	11.6
2017	-5.1	-0.3	-0.4	2.1	-3.3	-1.7
2018	7.6	-16.1	0.6	1.0	0.5	11.2
2019	-2.8	5.9	0.8	2.5	2.0	-0.3
2020	-73.2	-108.1	-2.9	-3.8	-6.8	-54.4
2021	84.4	-468.2	-4.3	-2.8	-57.1	22.0
2022	43.9	72.0	1.3	3.8	82.9	44.3
2023	1.5	1.1	-1.0	-0.8	11.1	10.5
2024	1.7	3.0	0.2	0.2	1.9	1.9
2025	1.6	0.5	0.2	0.2	2.0	1.9
2026	1.5	4.0	0.1	0.0	1.9	1.8
2027	1.8	1.8	0.2	0.1	2.2	2.1
2028	1.4	1.6	0.3	0.3	2.2	2.0
2029	1.6	3.3	0.7	0.7	4.1	3.6
2030	1.7	1.7	0.7	0.7	1.9	1.9
2031	1.7	2.1	0.9	0.8	1.7	1.7

Note

Figures are inflation adjusted to 2025

Key Success Factors

How do successful businesses overcome volatility?

Access to multiskilled and flexible workforce

Theaters must have access to a steady stream of casual employees to cover demand peaks on a daily, weekly and annual basis. A versatile team that can adapt to various roles will ensure seamless operations and help theaters maintain service standards and efficiency.

Develop a loyal customer base

A loyal customer base helps sustain consistent attendance and revenue, making fluctuations in box office performance surmountable. Positive word-of-mouth, rewards programs and good customer service encourage repeat visits that support long-term viability.

What products or services do successful businesses offer?

Ability to quickly adopt new technology

Movie theaters must adopt LED and laser projection systems to take advantage of lower energy costs and higher-quality audio and video. In addition, upgrading screens to 3D or IMAX capability permits companies to justify higher ticket prices and distinguishes theaters from at-home streaming options.

Proximity to key markets

Locating near urban centers or popular shopping areas ensures high foot traffic and increases convenience for consumers, enabling moviegoers to choose theaters over other entertainment options.

How do businesses use location to their advantage?

Carry out all necessary maintenance to keep facilities in good condition

Well-maintained facilities ensure a positive and safe customer experience, making theaters inviting and comfortable, attracting repeat customers and generating positive word-of-mouth. Neglecting maintenance can result in costly repairs and potential safety issues.

Operate in a highly visible location

Movie theaters thrive in locations that are accessible and easy to spot. A prime location in a bustling area draws foot traffic and makes it convenient for moviegoers to stop by.

Ensure car parking availability

Convenient parking is crucial for attracting audiences. Ample parking reduces the hassle for customers, making their moviegoing experience more enjoyable and encouraging repeat visits.

How do successful businesses handle concentration?

Generate repeat customers

Movie theaters rely on returning patrons for sustainable revenue. Offering loyalty programs, amenities, exclusive screenings and excellent customer service helps sustain attendance during slower periods. Customer retention can lead to increased long-term profitability by reducing the need for costly customer acquisition efforts.

Provide a related range of goods and/or services

A range of product offerings creates a more engaging and profitable entertainment experience. Providing more than just movies, special events and private screenings – like gourmet snacks, arcade games and rentable event spaces – caters to diverse customer needs and boosts overall revenue.

How can potential entrants overcome barriers to entry?

Attract local support

Engaging with the community through local group sponsorships, events and outreach fosters goodwill and helps theaters stay integrated into the fabric of the neighborhood. Positive relationships with local residents lead to increased attendance and a loyal customer base.

Develop effective cost controls

Effective expense management, including operational, staffing and marketing costs, ensures financial stability. By optimizing spending, theaters can maintain profitability, invest in improving the customer experience and offer competitive pricing.

How do successful businesses compete with substitutes?

Provide superior after-sales service

Offering perks like membership rewards or advanced booking options for future visits based on activity makes the theater experience unique compared to streaming services. Attendance benefits create ongoing engagement that will have a cyclical effect in building the customer relationship, resulting in customer loyalty.

Promote products effectively

Highlighting the unique aspects of the theater experience – such as gourmet concessions, IMAX screenings or special events – can draw audiences away from substitute entertainment options like streaming and gaming.

How do successful businesses manage buyer & supplier power?

Being part of a group buying, promotion and marketing scheme

Theaters can obtain bulk discounts using group buying and coordinated marketing plans, reducing costs and increasing bargaining power against suppliers to ensure better profitability.

Offer a competitively priced product

Competitive pricing keeps customers coming back, lessening the impact of high supplier costs for new movie releases and helping sustain a theater's profitability.

Call Prep Questions

Role Specific Questions

Sales & Marketing

How have changes in consumers' electronic usage habits changed your operations?

- As more people use a variety of electronic devices to view movies, admissions have declined.

How does your company promote its movies and offerings?

- Industry operators rely significantly on the hype surrounding new movie releases, much of which is created through the studios' advertising. Industry operators may also engage in advertising to communicate their offerings to consumers.

Strategy & Operations

Has your company been exposed to rising wages in recent years? Has it had a noticeable effect on your bottom line?

- Several states have increased their minimum wage during the period and most industry employees are part-time, minimum wage earners. This increases wage costs for industry operators.

Is your company strategically located in a beneficial region?

- Establishments located in urban areas typically generate higher revenue since they serve a larger population. These are sought-after locations, particularly in New York and Los Angeles.

Technology

Does your company plan to invest or increase investments in 3D movie technology over the next several years?

- Industry operators have been able to capitalize on the growing popularity of 3D movies by investing in more 3D-capable theaters. This has created an opportunity for theaters to differentiate the theater-viewing experience from the home-viewing experience, allowing them to better compete with streaming services.

How is your company leveraging new technology, particularly as it pertains to data storage, computing power and other factors?

- Operators have been investing in 3D theaters, seating upgrades, and full-service dining operations. Revenue struggles have restricted theaters' ability to invest in the technologies that have been keeping them afloat and in competition with their highest sources of external competition.

Compliance

How does your company stay ahead of new regulations like FCC policy changes?

- Industry operators can look to industry organizations such as the Motion Picture Association of America and the National Association of Theater Owners for industry news, such as upcoming policy changes.

Are there any regulations in place that currently benefit your company? Are you concerned about the possibility of a shortening theatrical release window?

- The theatrical release window benefits industry operators by giving them a period of exclusivity to show new releases before movies are released to streaming or DVD. This window is under constant downward pressure from studios, streaming providers and even other theaters (AMC recently reduced its window in exchange for a share of Universal's streaming revenue).

Finance

How does your company's profit compare with your main competitors' profit?

- Profit can vary between operators depending on the level of concessions and admissions sales or the film rental rate set by a distributor. Concessions, 3D tickets, and full-service dining services all command higher margins.

Do you have any big projects on the horizon that will require capital financing?

- Many theaters are engaging in upgrades to projection systems and seating areas that are usually capitalized expenditures. Motion seats and full-service dine-in theaters are some examples of upgrades that major players have undertaken during the period.

External Impacts Questions

Number of broadband connections

What strategies does your company have in place that aim to compete with streaming services? Do you expected this kind of competition to ramp up?

- With the rapid rise in broadband connection numbers, more consumers are using the internet to download or stream movies, which directly reduces demand for the Movie Theaters industry.

Technological change for Television Networks and Providers

What technological investments has your company made lately? What technological priorities do you have moving forward?

- As movie theaters continue to switch to digital and 3D projection systems, ticket prices typically rise, enabling industry revenue gains. Advances in movie-making and projection technologies have helped to stimulate demand for cinematic screenings.

Consumer spending

Do you track fluctuations in consumer spending? When consumer spending declines, what promotions or campaigns have you used to promote movie theater attendance?

- Movie theaters experience higher attendance and revenues during periods of higher consumer spending. Industry enterprises can run promotions to incentivize consumers during times of economic uncertainty.

Internal Issues Questions

Ability to quickly adopt new technology

How quickly can new technology be adopted? Does your company keep up to date with the latest technology?

- Industry operators need to adopt digital projection systems to take advantage of lower distribution costs and higher-quality audio and video. Upgrading screens to 3D capability permits companies to justify higher ticket prices for some films, offsetting declining attendance.

Access to multiskilled and flexible workforce

What portion of your staff are part-time? What advantages are gained by maintaining a large share of part-time staff?

- Movie theaters must have access to a steady stream of young casual employees to cover daily, weekly and annual demand peaks and for cost considerations. Generally, having more part-time staff enables companies to more adeptly and flexibly adjust staffing in line with demand and revenue.

Proximity to key markets

Is your company dominant in any particular regional markets? What are your primary considerations when choosing to expand into new locations? What factors might play into a decision to leave a market or close a location?

- It is important to identify key local market segments for movies to drive audience growth, and operators need to offer easy access to auditoriums, including access to parking.

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