IBISWorld

INDUSTRY REPORT

Movie Theaters in the US

Apr 2024

About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions.

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About

A quick definition of the industry, its products and services, major companies and other key identifiers help you confirm you're in the right place.

1. About

https://my.ibisworld.com/us/en/industry/51213/about

Codes

NAICS 2017 - USA	51213
NAICS 2017 - USA	512131
NAICS 2017 - USA	512132
NAICS 2022 - USA	51213
NAICS 2022 - USA	512131
NAICS 2022 - USA	512132

Definition

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

Related Terms

BOX OFFICE

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.

What's Included

- Operating movie theaters
- Operating drive-in movie theaters
- Film festival exhibition
- Motion picture exhibition for airlines

Companies

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

Related Industries

Industries in the Same Sector

- **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 China

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

Evaluate key industry data and trends and get an overview of important report sections to use in meetings and presentations.

2. At a Glance

https://my.ibisworld.com/us/en/industry/51213/at-a-glance

Revenue	Employees	Businesses
$15.3bn	**77,582**	**2,315**
'19-'24 ↓ 6.1 %	'19-'24 ↓ 12.4 %	'19-'24 ↑ 2.1 %
'24-'29 ↑ 1.4 %	'24-'29 ↑ 0.7 %	'24-'29 ↑ 2.2 %

Profit	Profit Margin	Wages
$900.7m	**5.9%**	**$1.9bn**
'19-'24 ↓ 19.2 %	'19-'24 ↓ 6.6 pp	'19-'24 ↓ 5.9 %
		'24-'29 ↑ 0.9 %

Key Takeaways

Performance

- The COVID-19 pandemic severely damaged industry revenue as lockdown orders pushed consumers to online streaming. Post-pandemic revenue gains have been sluggish as disposable income growth wavered and reliance on online streaming has stayed strong.
- 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.

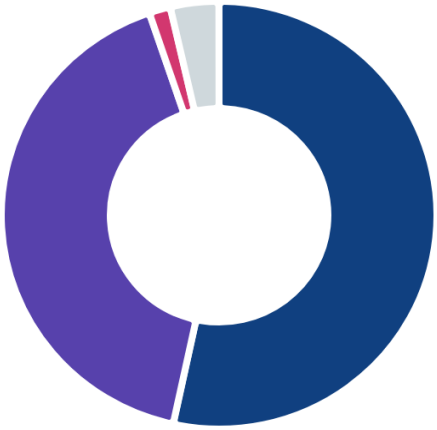
External Environment

- Recent laws have allowed new revenue sources. In some states, movie theaters have been able to begin serving alcohol.
- MPAA and NATO help film exhibitors by conducting research and lobbying for pro-business laws. They advocate for the film industry's interests, addressing piracy issues and promoting policies that benefit theaters.

Products and Services

Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



- Admissions to feature films ($8.2bn) 53.4%
- Food and beverage sales ($6.3bn) 41.4%
- Advertising revenue ($244.3m) 1.6%
- All other ($549.6m) 3.6%

IBISWorld

Source: IBISWorld

Major Players

Major Players

- Amc Entertainment Holdings, inc. ($3.5bn) 23.2%
- Cinemark Holdings, Inc. ($2.5bn) 16.3%
- Cineworld Group Plc ($1.9bn) 12.5%
- Other Companies ($7.3bn) 48.0%

IBISWorld

Source: IBISWorld

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

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	

SWOT

S

Strengths
High & Increasing Barriers to Entry
Low Imports
Low Customer Class Concentration

W

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

O

Opportunities
High Revenue Growth (2018-2023)
High Revenue Growth (2023-2028)
High Performance Drivers
Consumer spending

T

Threats
Number of broadband connections

Executive Summary

Demand for movie theaters has been on a consistent dip thanks to 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. The pandemic created substantial disruptions for the industry as theatres temporarily closed and audiences stayed home, which resulted in industry revenue plummeting 73.2% in 2020. Although the industry experienced robust growth in 2021 and 2022 as restrictions eased and audiences returned, revenue has yet to return to its pre-pandemic total. Revenue has fallen at a CAGR of 6.1% to $15.3 billion through the end of 2024. Profitability has returned following pandemic lows thanks to theatres implementing monthly subscription programs and offering premium concessions, but overall profit remains depressed from where it was in 2019.

In 2020, social distancing restrictions aimed at curbing the spread of COVID-19 forced movie theaters to close during their busiest time, the summer blockbuster season. Even when movie theaters were eventually allowed to reopen, limited-capacity seating prevented revenue growth that year. Pent-up demand brought moviegoers back to the theater in 2021, contributing to a massive period of growth that extended into 2022. Growth has since returned to typical marginal rates in 2024, when revenue will hike 1.3%. Despite intense competition from streaming services, resumed economic activity and lifted travel restrictions fueled moviegoing as more people engaged in out-of-the-house activities. Rising ticket prices and focusing on a quality theater experience have supported revenue while increasing 3D ticket sales and promoting higher-value concession items.

Movie theaters will continue to struggle with difficulties brought on by the pandemic through the end of 2029. The emergence of streaming services will contribute to a shrinking theatrical release window which in turn will detract from the value of attending a movie at the theater. Still, recovering employment and consumer spending will help movie theaters move forward, encouraging consumers to spend disposable income on entertainment. Favorable economic conditions will enable Movie Theaters industry revenue to recover, mounting at a CAGR of 1.4% to $16.4 billion through the end of 2029.

Performance

Track historical, current and forward-looking trends in revenue, profit and other performance indicators that make or break an industry.

3. Performance

https://my.ibisworld.com/us/en/industry/51213/performance

Highlights

Revenue	Employees	Businesses
$15.3bn	**77,582**	**2,315**
2019-24 CAGR ↓ 6.1 %	2019-24 CAGR ↓ 12.4 %	2019-24 CAGR ↑ 2.1 %
2024-29 CAGR ↑ 1.4 %	2024-29 CAGR ↑ 0.7 %	2024-29 CAGR ↑ 2.2 %

Profit	Profit Margin
$900.7m	**5.9%**
2019-24 CAGR ↓ 19.2 %	2019-24 CAGR ↓ 6.6 pp

Key Takeaways

- **The COVID-19 pandemic severely damaged industry revenue as lockdown orders pushed consumers to online streaming.** Post-pandemic revenue gains have been sluggish as disposable income growth wavered and reliance on online streaming has stayed strong.
- **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.

Performance Snapshot

Revenue: ↓ 2019-24 Revenue CAGR -6.1%

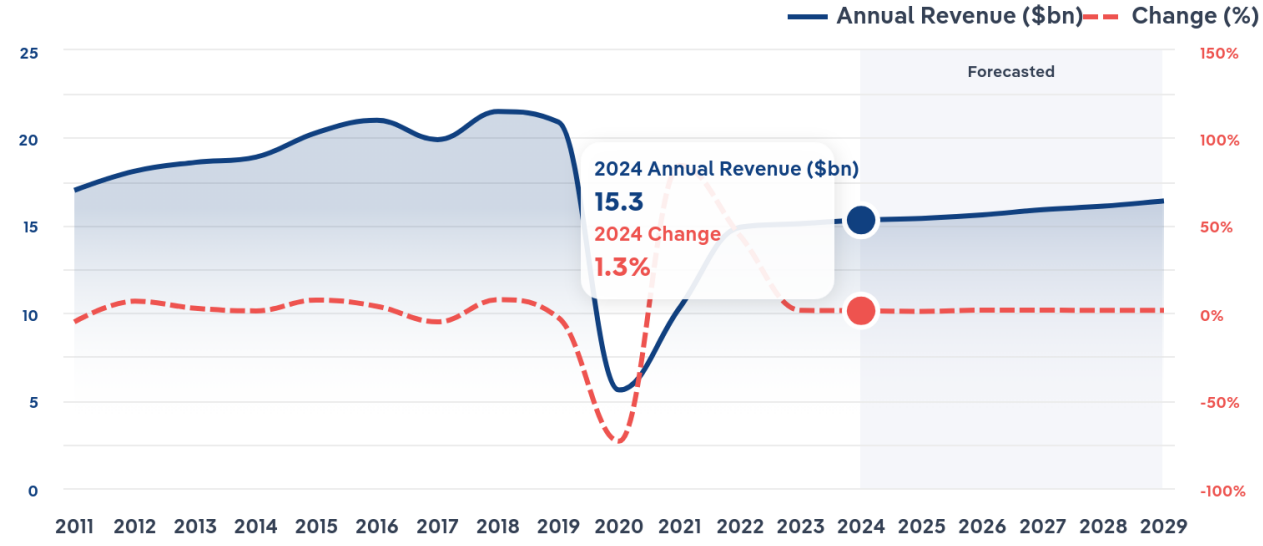
Revenue
$15.3bn
'19-'24 ↓ 6.1 %
'24-'29 ↑ 1.4 %

2024 Revenue CAGR
↑ 1.3 %

Revenue Volatility
Very High

Revenue

Total value ($) and annual change from 2011 – 2029. Includes 5-year outlook.



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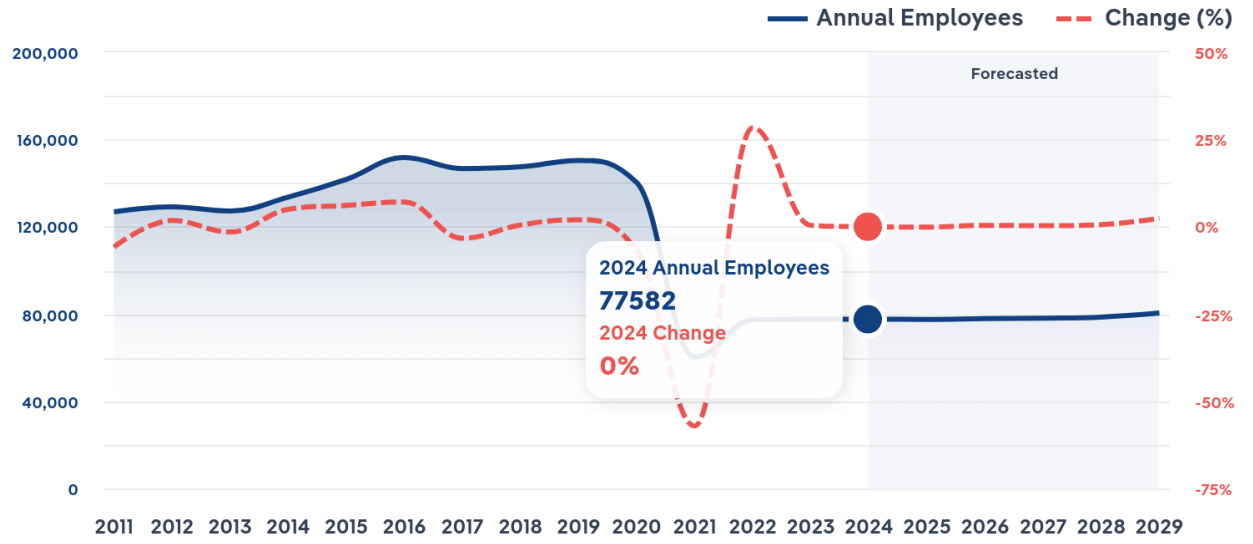
Source: IBISWorld

Employees: ↓ 2019-24 Employees CAGR -12.4%

Employees	Employees per Business	Revenue per Employee
77,582	**34**	**$197k**
'19-'24 ↓ 12.4 %	'19-'24 ↓ 14.2 %	'19-'24 ↑ 7.2 %
'24-'29 ↑ 0.7 %	'24-'29 ↓ 1.5 %	'24-'29 ↑ 0.7 %

Employees

Total number of employees and annual change from 2011 – 2029. Includes 5-year outlook.



IBISWorld

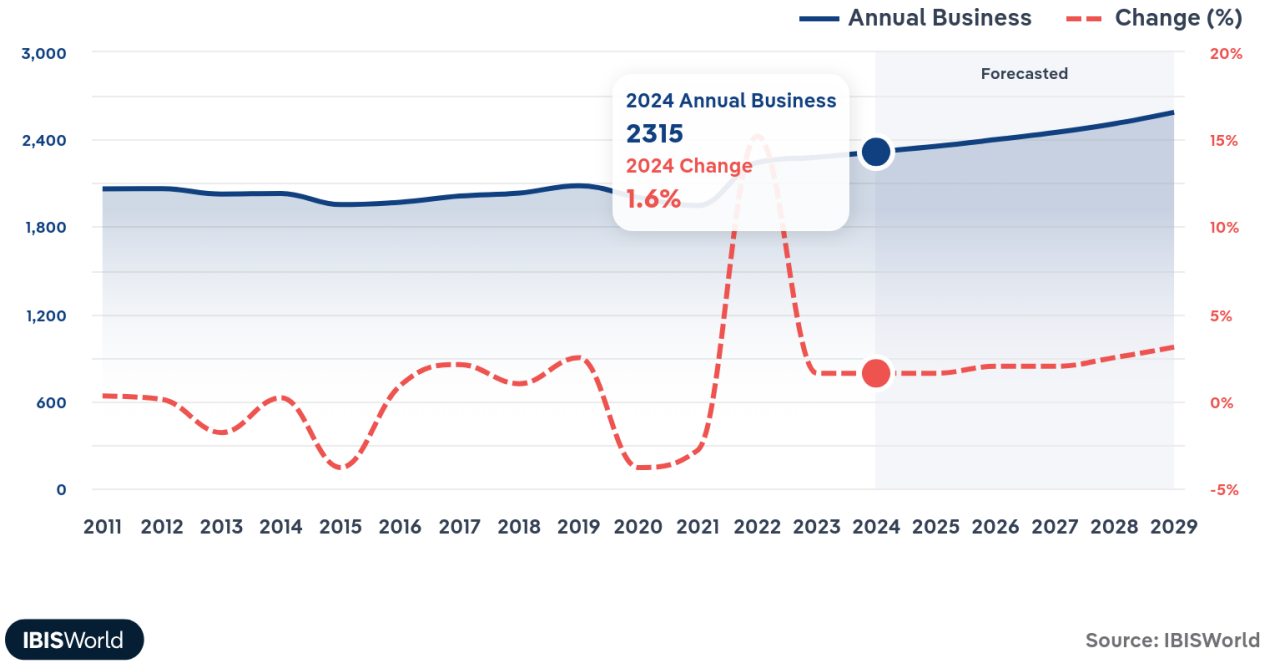
Source: IBISWorld

Businesses: ↑ 2019-24 Business CAGR +2.1%

Businesses	Employees per Business	Revenue per Business
2,315	**34**	**$6.6m**
'19-'24 ↑ 2.1 %	'19-'24 ↓ 14.2 %	'19-'24 ↓ 8.0 %
'24-'29 ↑ 2.2 %	'24-'29 ↓ 1.5 %	'24-'29 ↓ 0.8 %

Business

Total number of businesses and annual change from 2011 – 2029. Includes 5-year outlook.



IBISWorld

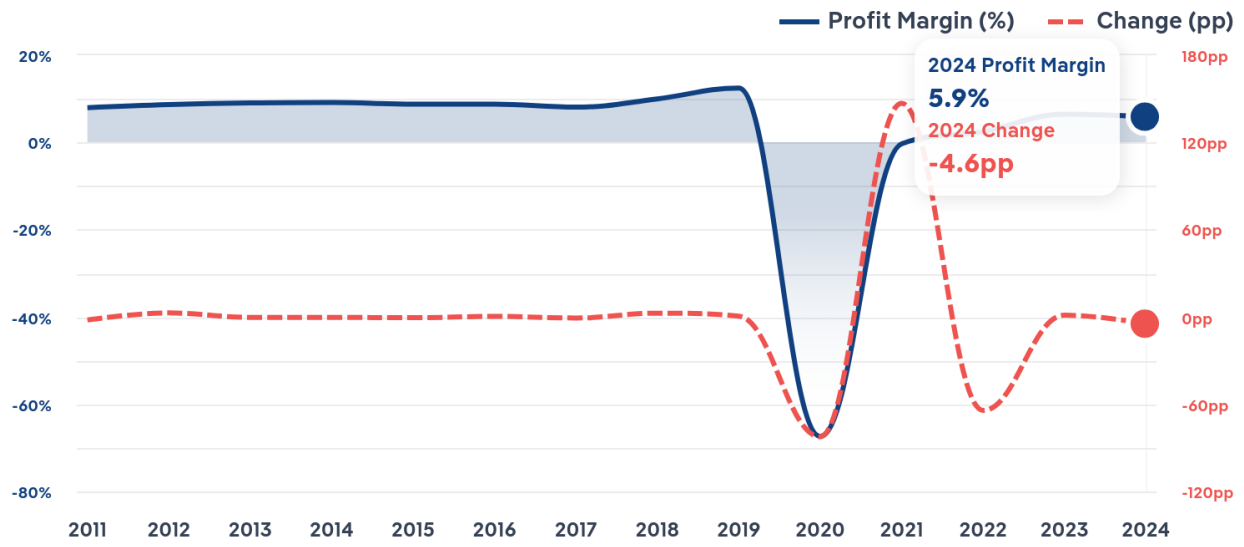
Source: IBISWorld

Profit: ↓ 2019-24 Profit CAGR -19.2%

Total Profit	Profit Margin	Profit per Business
$900.7m	**5.9%**	**$389.1k**
'19-'24 ↓ 19.2 %	'19-'24 ↓ 6.6 pp	

Profit Margin

Total profit margin (%) and annual change from 2011 – 2024



IBISWorld

Source: IBISWorld

Current Performance

What's driving current industry performance?

Movie theaters were devastated by COVID-19

- As lockdown orders and social distancing guidelines rolled out at the start of the outbreak of COVID-19, attendance at movie theaters nearly evaporated.
- The industry lost nearly three-quarters of its revenue in 2020, thanks to a dramatic drop in demand. This led to many employment terminations as some theatre owners attempted to reduce costs while other movie theatres were forced into closing.
- The following years brought consumers back to the theaters at a lower capacity. Though competition from the emergence of streaming has been fierce, pent-up demand during the pandemic led to a boom in revenue in 2021.
- The COVID-19 pandemic accelerated the adoption of shorter release cycles and hybrid release models, where movies are simultaneously released in theaters and on streaming platforms. This trend has challenged the traditional theatrical window and hindered movie theater revenue performance.

Tough competition has pummeled movie theaters

- A growing reliance on streaming services to see popular movies has dramatically reduced demand for box office tickets. 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.
- Marvel Studios is a great example of a decade-long trend across the movie industry toward interconnected universes that encourage audiences to return to the theaters regularly, but the popularity of Disney+, Max, Amazon Prime and other services have made these releases accessible outside of the theater.
- AMC entered a never-before-seen agreement with Universal in the summer of 2020 to permit a theatrical release window of a mere 17 days in exchange for a share of Universal's streaming revenue.
- Movie theater chains have introduced subscription-based models that offer customers unlimited access to movies for a monthly fee. These subscription services often include additional perks, such as discounts on concessions.

The experience has become critical to success

- In part because of the prevalence of streaming, movie theaters have looked to revolutionize the experience of attending a movie screening. Movie theaters have expanded their offerings beyond traditional films 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.
- The sale of alcohol and in-theater service has become increasingly common as movie theaters aim to justify the price of admission. Concessions are also a key source of additional revenue, with alcohol sales providing a much-needed boost to movie theatre sales. Major player AMC has begun to launch its own branded concession stand snacks and merchandise, including collectible popcorn

buckets.

- Movie theaters have invested in state-of-the-art projection systems, immersive sound technology and specialized seating to provide a more captivating and immersive movie-watching experience. IMAX and 3D movie screenings offer a more immersive experience, command higher ticket prices and have grown more popular, especially with younger kids.
- In response to the pandemic and social distancing measures, drive-in theaters experienced a resurgence in popularity, offering a safe and nostalgic alternative to traditional indoor cinemas.

Drop in disposable income amid inflation

- Movie theaters rely on consumers having enough extra spending money to justify going out and making discretionary purchases, like movie theater tickets and concessions.
- Following the height of the pandemic, disposable income rose in unison with improving macroeconomic conditions. As social distancing guidelines eased in 2021, pent-up demand for entertainment and increased disposable income contributed to the substantial recovery period.
- Widespread inflation in 2022 pushed grocery store and energy bills upwards dramatically, leading disposable income to drop. Dropping per capita disposable income puts pressure on movie theaters to keep their prices low, but many movie theaters can't drop their prices because of their current challenges.

Volatility Very High

What influences industry volatility?

2020: 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 COVID-19 vaccine rollout and 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.

Inexpensive admissions stabilize 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.

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.
- Successful marketing strategies for big-name and high-budget sequels to successful movies bring in more admission sales, but this has become less common as more and more movies go directly to streaming services.

On thin ice

Industry volatility vs. revenue growth (2018-24 CAGR)

IBISWorld

Source: IBISWorld

Key Success Factor

How do successful businesses overcome volatility?

Access to multiskilled and flexible workforce

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.

Develop a loyal customer base

A loyal customer base ensures consistent attendance and revenue, making weather fluctuations in box office performance easier. Positive word-of-mouth encourages repeat visits and facilitates marketing efforts, ensuring long-term viability.

Outlook ↑ 2024-29 Revenue CAGR +1.4%

What's driving the industry outlook?

Revenue will finally return to growth

- As the industry recovers from the setback of COVID-19, and inflationary pressure begins to ease, revenue will climb as more and more people who stopped attending movies return to the box office.
- Rising per capita disposable income is poised to help drive consumer spending on movie theater admissions, especially for premium-priced tickets, like IMAX and 3D, along with concessions items. Consumer confidence will also rebound from previous drops, encouraging consumers to spend more time on recreational activities and make more discretionary purchases, like tickets to a new movie.
- Film production has resumed, and a steady flow of blockbuster movies will ensure theaters have new releases that entice audiences. However, many of these flicks will go to streaming services.
- Studios and theaters may explore more flexible release strategies, including dynamic pricing models, staggered releases, and hybrid distribution approaches that cater to diverse audience preferences and optimize revenue streams.

Streaming service subscriptions will constrain growth

- The trend toward streaming services and on-demand at-home entertainment has been rapidly accelerated by COVID-19, and a lessened reliance on movie theaters to see the current big movie will continue to subdue revenue growth.
- Many production companies, like Apple, have their own streaming services and are creating highly anticipated films that won't see the inside of a movie theater.
- 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.

Shrinking theater-only windows will bring down revenue

- 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, which encourages them to negotiate for shorter windows.
- Movie theaters are competing more with the success of popular television series on streaming services, like Succession and The Last of Us, which take up more of viewers' free time. Limited series have been a popular trend in streaming, with stories typically told over 2 hours instead being told throughout about 10-hour-long episodes.

- 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.

Theaters make adjustments to adapt to new conditions

- Theaters will raise the ticket and concession prices to compensate for dampened attendance. Still, the elasticity of demand for the industry will make this a more than imperfect solution to the industry's challenges. Some theaters are exploring dynamic seating arrangements that adjust based on factors like ticket sales, seat preferences, and group sizes, optimizing the seating layout to maximize occupancy and revenue while ensuring a comfortable viewing experience for patrons.
- As streaming platforms dominate mainstream content, theaters may increasingly cater to niche audiences by showcasing independent films, foreign cinema, classic movies, and cult favorites that offer unique and diverse viewing experiences.
- 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. Additionally, the development of LED cinema screens offers theaters greater screen size and aspect ratio flexibility.

Life Cycle Mature

Why is the industry mature?

Contribution to GDP

Industry value added (IVA) measures an industry's contribution to the overall economy. It is set to decline annually through the end of 2029, indicating the hardships currently facing this mature industry. The industry was hit particularly hard by the pandemic in 2020 and has yet to recover, leading it to lag behind overall GDP growth.

Market Saturation

Movie theaters are widely accepted and present in nearly every town across the United States, and the industry's localized regional nature prevents the market from experiencing heavy concentration.

Innovation

Innovations in streaming service libraries have challenged movie theaters to innovate by providing a higher-quality experience complete with full-service bars and kitchens. Digital projection has emerged as the latest industry innovation. Compared with traditional analog film, digital films are both recorded and stored as computer files, and they can be distributed as hard drives or via satellite or broadband internet connection.

Consolidation

More than half the market is controlled by three corporations that continue to buy out smaller theaters and absorb the competition.

Technology & Systems

Movie theaters are subject to some technological change, as theaters are constantly seeking the latest technologies to produce the brightest, most colorful pictures in 2D and 3D. Theaters and distributors have greatly reduced costs by eliminating the physical storage and transportation of films.

Products and Markets

Find out what the industry offers, where trade is most concentrated and which markets are buying and why.

4. Products and Markets

https://my.ibisworld.com/us/en/industry/51213/products-and-markets

Largest Market
$8.2bn
Admissions to feature films

Product Innovation
Moderate

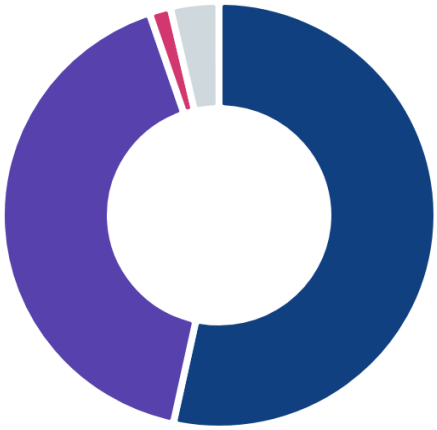
Key Takeaways

- **Ticket sales account for over half of total revenue.** Obtaining the rights to major blockbusters is key, since a popular film is more likely to sell out.
- **Ticket sales fall off as consumers age.** This is largely as a result of being less familiar with technology and integrated with pop culture.

Products and Services

Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



Admissions to feature films ($8.2bn) 53.4%
Food and beverage sales ($6.3bn) 41.4%
Advertising revenue ($244.3m) 1.6%
All other ($549.6m) 3.6%

IBISWorld

Source: IBISWorld

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 both domestic and foreign films. Box office ticket sales involve the revenue generated from movie viewings at theatres and ticket sales from physical and online platforms. While physical ticket sales still make up most of this segment, online sales have surged following the pandemic and increasingly accounted for a larger share of theatre 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.
- 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.

Food and drink sales provide high-margin income

- Candy, popcorn, soda and other snack item sales through concession stands and vending machines account for more than 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, and the convenience of lobby snack services allows movie theaters to charge much higher prices for food products and bring in elevated profit. Industry major player AMC has recently implemented its own branded concession items, merchandise and collectible popcorn buckets.

Other sources make up little revenue

- Advertising, including on-screen previews and physical displays, generates a small share of revenue. Movies aimed at a younger audience rely, especially, on advertising.
- Arcade games, theater rentals, and parking lots for special events, as well as fees from customer loyalty programs and gift card sales, also make up a small share of revenue. As theaters attempt to recoup business losses during the pandemic, many have sought creative avenues to diversify business, leading to this segment's growth.

What are innovations in industry products and services?

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 is as immersive as possible, and 3D technologies and IMAX theaters offer this ability. These technologies generate higher revenue and further differentiate movie theaters from other forms of home entertainment, such as online streaming and DVDs.

Monthly subscription models ensure customer loyalty

- Monthly subscription models make moviegoing more accessible by offering unlimited screenings for a fixed monthly fee, enticing frequent movie lovers. 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 theatres are expected to follow suit.

Key Success Factor

What products or services do successful businesses offer?

Ability to quickly adopt new technology

Movie theaters must 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.

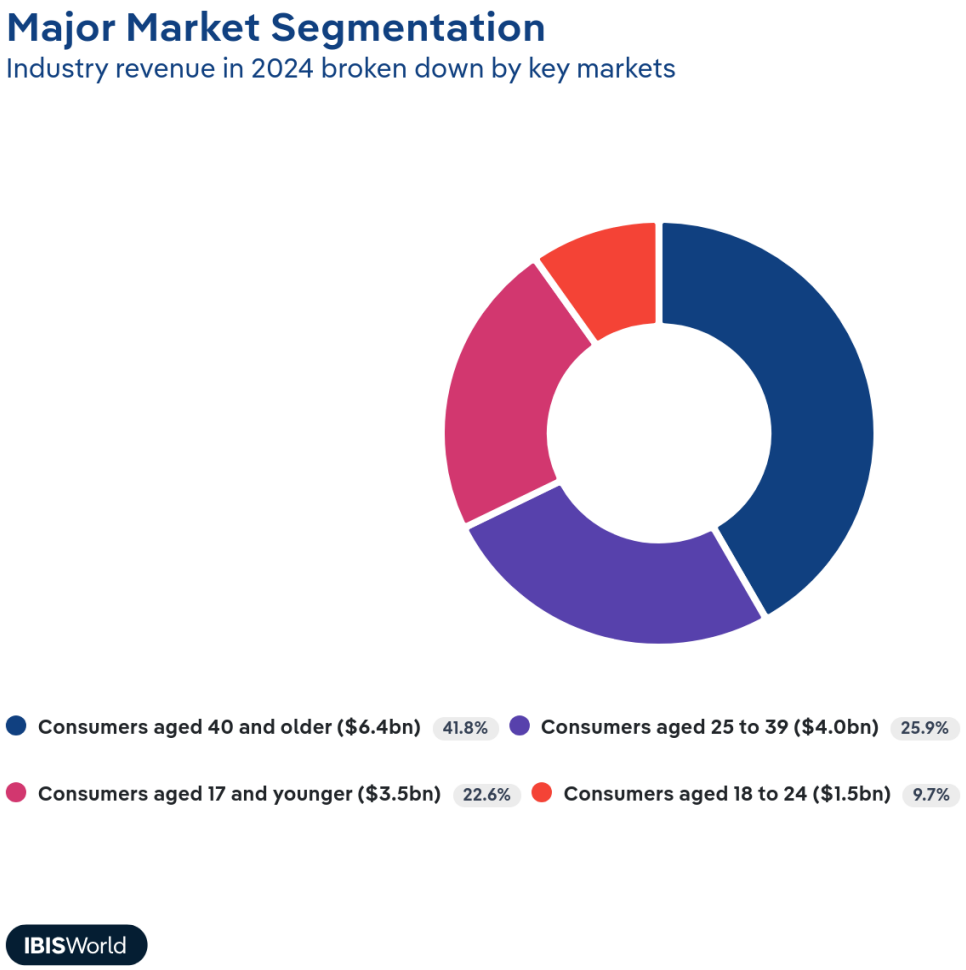
Access to multiskilled and flexible workforce

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.

Proximity to key markets

To drive audience growth, it is crucial to identify key local market segments for movies, and theaters must offer easy access to auditoriums, including parking.

Major Markets



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

Kids and teenagers buy tickets at higher proportions

- Consumers aged 17 and younger account for a similar share of revenue proportional with 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.
- Seeing a movie is a popular pastime for parents and children, and many movies are made specifically for 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.

Young adults watch a lot of movies

- 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.
- Theaters have appealed to this segment's combination of disposable income and robust demand, by adjusting businesses models to include monthly subscriptions, looking to capitalize on young adults fervor for moviegoing.

Adults still find time to go to the movie theater

- 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.
- 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.
- Making time to stay connected with friends is still important at this age, and seeing a new film is a popular way to do so.

Ticket sales fall off 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.
- Older adults have not grown up with technology and are less connected to the primary marketing strategies for movies, making them oftentimes unaware of new films coming out.
- Consumers 40 and older account for less revenue than their share of the population. Older demographics use movie theatre substitutes, like streaming services, less frequently. However, the pandemic has increased this sector's digital technology adoption rate.

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

Discover where business activity is most concentrated in this industry and what's driving these trends.

5. Geographic Breakdown

https://my.ibisworld.com/us/en/industry/51213/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 as a result of high real estate costs, limited space and high competition for prime locations.** These areas are best served by a smaller number of larger theatres.

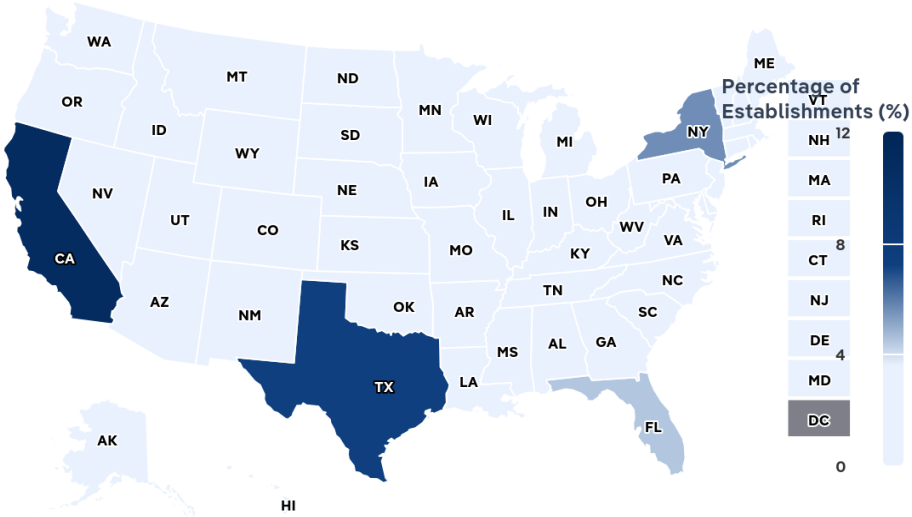
Business Locations

Movie Theaters in the US

Business Concentration

Percentage of total industry Establishments in each region

Establishments



IBISWorld

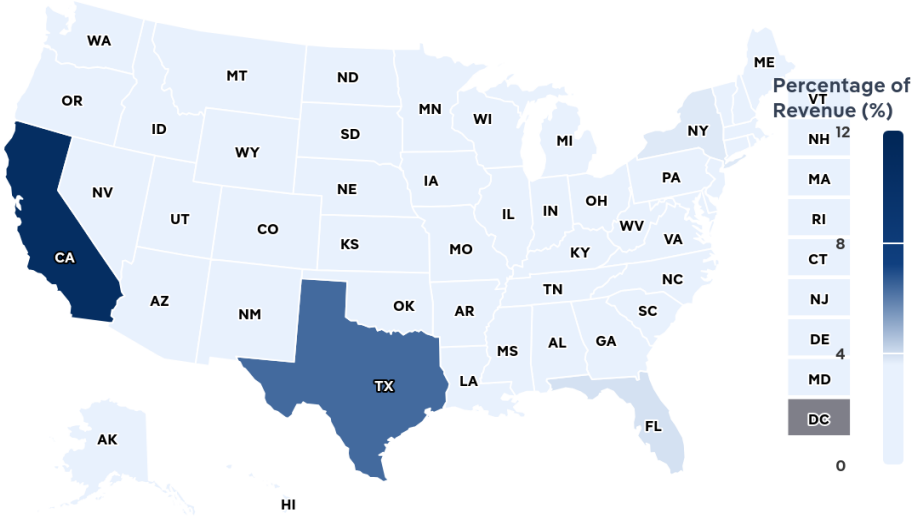
Source: IBISWorld

Movie Theaters in the US

Business Concentration

Percentage of total industry Revenue in each region

Revenue



IBISWorld

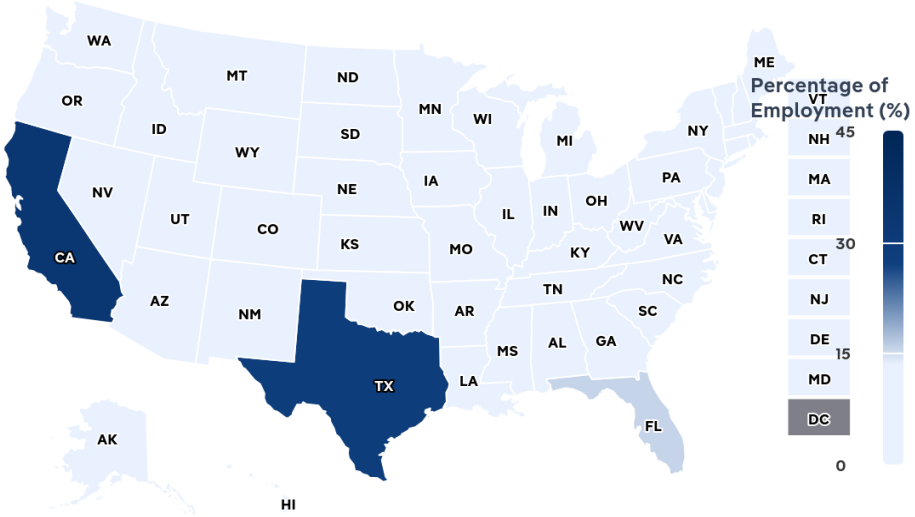
Source: IBISWorld

Movie Theaters in the US

Business Concentration

Percentage of total industry Employment in each region

Employment



IBISWorld

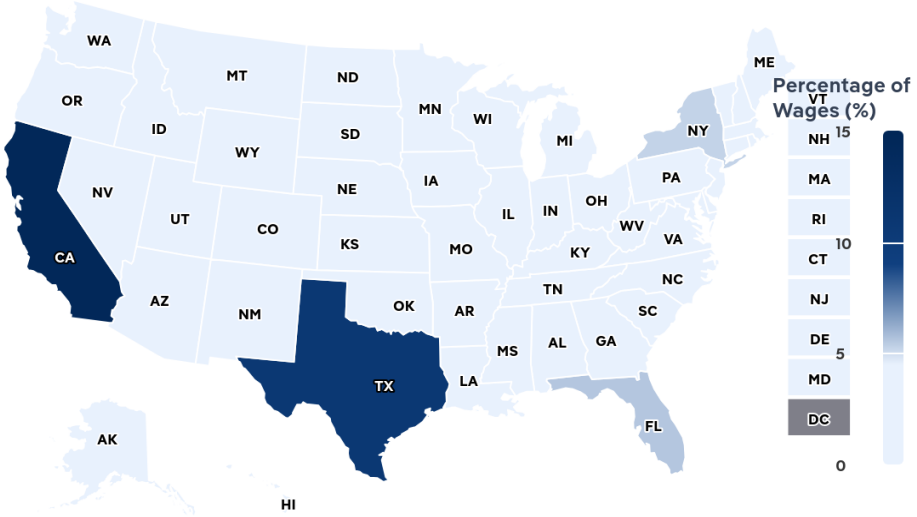
Source: IBISWorld

Movie Theaters in the US

Business Concentration

Percentage of total industry Wages in each region

Wages



IBISWorld

Source: IBISWorld

Percentage of total industry Establishments,Revenue,Wages,Employment in each region

State	Establishments Units	Establishments %	Revenue $	Revenue %	Wages $	Wages %	Employment Units	Employment %
California	566	10.8	1,615,115,904.0	10.6	284,305,760.0	14.6	26,083	33.6
Texas	387	7.4	968,901,952.0	6.3	212,868,144.0	10.9	22,522	29.0
Florida	234	4.5	599,138,112.0	3.9	108,777,080.0	5.6	12,162	15.7

New York	294	5.6	574,768,960.0	3.8	102,598,600.0	5.3	9,527	12.3
Illinois	170	3.3	315,893,376.0	2.1	70,580,168.0	3.6	7,658	9.9
Pennsylvania	174	3.3	261,549,168.0	1.7	50,487,544.0	2.6	5,840	7.5
Ohio	171	3.3	207,119,264.0	1.4	42,827,552.0	2.2	5,516	7.1
Michigan	156	3.0	239,860,768.0	1.6	50,454,584.0	2.6	6,416	8.3
Arizona	101	1.9	237,081,168.0	1.6	63,311,068.0	3.3	6,062	7.8
Washington	145	2.8	254,735,488.0	1.7	48,004,212.0	2.5	5,099	6.6
New Jersey	106	2.0	238,720,736.0	1.6	42,337,720.0	2.2	4,868	6.3
Virginia	121	2.3	236,925,984.0	1.6	46,833,612.0	2.4	5,705	7.4
North Carolina	137	2.6	196,782,096.0	1.3	36,160,860.0	1.9	5,021	6.5
Georgia	128	2.4	218,980,080.0	1.4	45,557,628.0	2.3	5,487	7.1
Colorado	111	2.1	221,995,184.0	1.5	39,169,028.0	2.0	3,741	4.8
Indiana	119	2.3	137,987,792.0	0.9	28,912,040.0	1.5	3,554	4.6
Minnesota	119	2.3	94,031,608.0	0.6	26,987,042.0	1.4	3,668	4.7
Utah	83	1.6	148,850,208.0	1.0	31,828,916.0	1.6	4,110	5.3
Massachusetts	91	1.7	193,401,808.0	1.3	36,430,040.0	1.9	3,548	4.6
Iowa	108	2.1	57,237,248.0	0.4	20,313,826.0	1.0	2,263	2.9
Tennessee	107	2.0	129,934,200.0	0.9	32,620,636.0	1.7	3,863	5.0
Maryland	73	1.4	146,166,320.0	1.0	28,554,798.0	1.5	3,226	4.2
Missouri	104	2.0	106,262,560.0	0.7	27,103,528.0	1.4	3,465	4.5
Wisconsin	89	1.7	132,716,736.0	0.9	27,026,222.0	1.4	3,373	4.3
Oregon	101	1.9	114,241,080.0	0.7	22,060,814.0	1.1	2,557	3.3
Nevada	53	1.0	108,525,288.0	0.7	17,663,100.0	0.9	1,909	2.5
Kansas	71	1.4	85,348,152.0	0.6	22,343,216.0	1.1	2,594	3.3
Oklahoma	62	1.2	100,735,600.0	0.7	17,327,592.0	0.9	2,571	3.3
Kentucky	57	1.1	60,587,216.0	0.4	15,213,803.0	0.8	2,278	2.9
Alabama	46	0.9	64,648,560.0	0.4	18,806,678.0	1.0	1,845	2.4
Connecticut	57	1.1	84,683,168.0	0.6	15,010,114.0	0.8	1,664	2.1
South Carolina	54	1.0	83,834,792.0	0.5	15,064,396.0	0.8	1,927	2.5
Louisiana	46	0.9	68,330,704.0	0.4	15,911,442.0	0.8	1,938	2.5

Nebraska	53	1.0	43,057,496.0	0.3	10,535,144.0	0.5	1,362	1.8
New Mexico	36	0.7	62,973,164.0	0.4	10,876,069.0	0.6	706	0.9
Idaho	39	0.7	37,934,496.0	0.2	7,817,649.0	0.4	1,419	1.8
Alaska	19	0.4	29,673,830.0	0.2	12,045,409.0	0.6	1,126	1.5
Arkansas	45	0.9	46,863,224.0	0.3	10,394,067.0	0.5	1,203	1.6
Hawaii	23	0.4	46,252,168.0	0.3	9,613,144.0	0.5	1,120	1.4
Montana	43	0.8	18,091,398.0	0.1	5,749,241.0	0.3	749	1.0
Rhode Island	18	0.3	39,430,300.0	0.3	6,157,833.0	0.3	467	0.6
Maine	36	0.7	29,930,064.0	0.2	8,601,923.0	0.4	814	1.0
Mississippi	36	0.7	36,069,824.0	0.2	4,652,278.0	0.2	880	1.1
New Hampshire	34	0.7	29,057,706.0	0.2	6,682,106.0	0.3	826	1.1
Delaware	18	0.3	30,017,244.0	0.2	4,810,384.5	0.2	519	0.7
South Dakota	35	0.7	14,743,248.0	0.1	5,510,846.5	0.3	777	1.0
Wyoming	33	0.6	13,671,296.0	0.1	5,098,914.5	0.3	618	0.8
West Virginia	32	0.6	18,718,786.0	0.1	5,410,098.5	0.3	757	1.0
North Dakota	28	0.5	14,789,343.0	0.1	4,982,649.5	0.3	609	0.8
Vermont	21	0.4	6,835,889.5	0.0	3,215,090.8	0.2	306	0.4

Where are industry businesses located?

Movie theater distribution is tied to population, bringing the Southeast to the top

- More people mean more moviegoers, and the Southeast is the most populous region of the US. The Southeast contains the most movie theaters, corresponding to its share of the total population.
- Given that movie theaters operate largely on a regional basis, consumers can expect to find a theater in their locality, with more people creating demand for more theaters.

The West has the second-highest amount of movie theaters

- Higher disposable income and leisure time in this region have permitted more consumers to see movies. The historical connection to film in California contributes greatly to the prominence of movie theaters in the region.
- The West is a hotbed for film culture and movie critics, with Hollywood epitomizing this, promoting movie theaters.

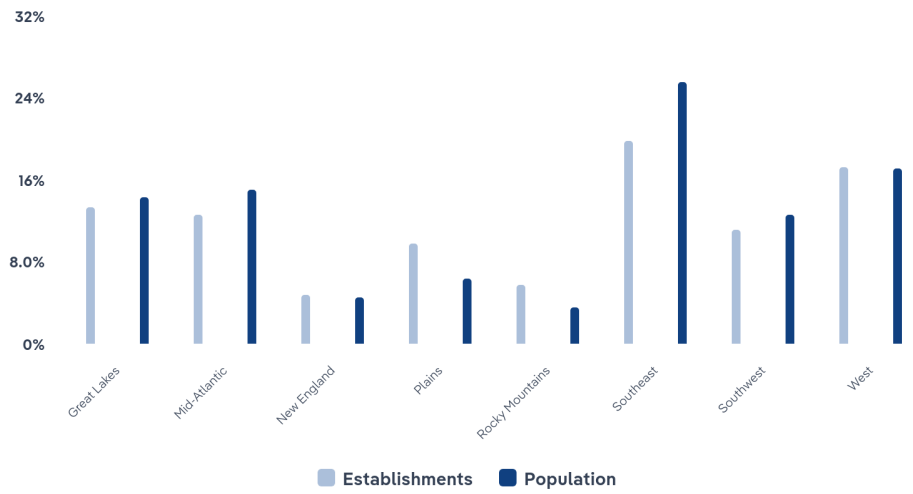
Other regions vary by breadth

- Regions with large cities have a more concentrated population that is better served by fewer big movie theaters, leading to areas such as the Mid-Atlantic having fewer, but larger theaters.
- More sparse regions, such as the Rocky Mountains, require more movie theaters to service the moviegoing needs of the region's consumers.

Movie Theaters in the US

Plains has the largest spread of businesses compared to its population

Share of Establishments (%) vs. share of population (%):



IBISWorld

Source: IBISWorld

Key Success Factor

How do businesses use location to their advantage?

Proximity to key markets

To drive audience growth, it is crucial to identify key local market segments for movies, and theaters must offer easy access to auditoriums, including parking.

Carry out all necessary maintenance to keep facilities in good condition

Well-maintained facilities ensure a positive and safe customer experience, which leads to repeat business and positive reviews. Neglecting maintenance can result in costly repairs and potentially safety issues.

Competitive Forces

Uncover challenges and benefits in the operating environment, digging into market share, buyer and supplier power and key success factors for operators.

6. Competitive Forces

https://my.ibisworld.com/us/en/industry/51213/competitive-forces

Concentration	Competition	Barriers to Entry
Moderate	High Steady	High Increasing

Substitutes	Buyer Power	Supplier Power
High Increasing	High Steady	Moderate Increasing

Key Takeaways

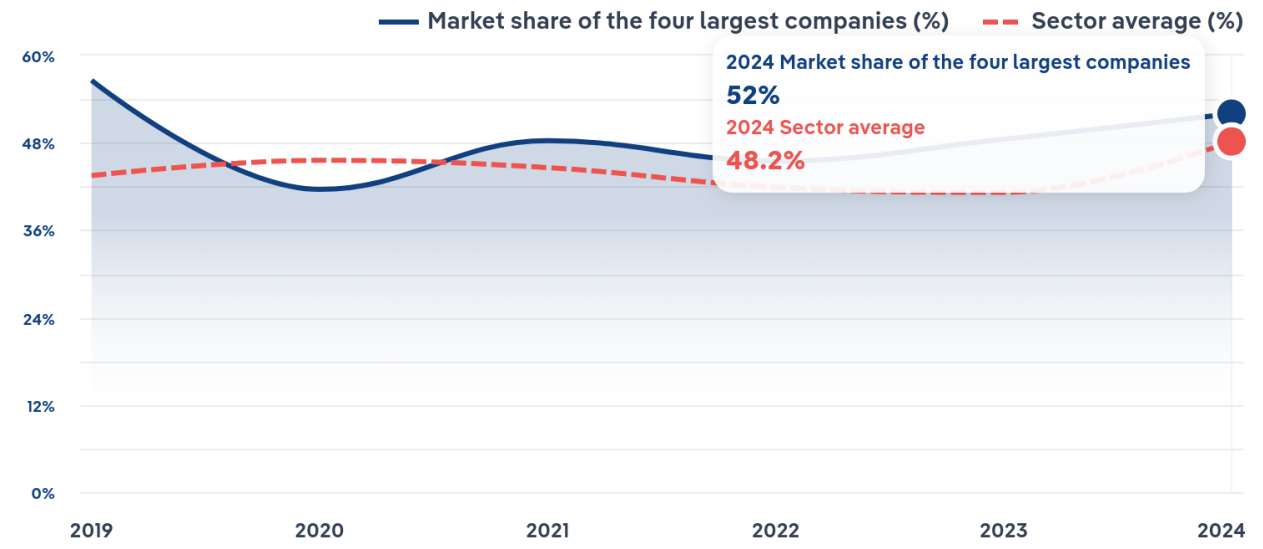
- **Popular films attract audience members, so movie theaters must ensure they have the rights to the season's biggest hit.** Movie theaters must also compete with projects being released directly to streaming, which has become more prestigious and popular with general audiences.
- **Streaming services have taken away the exclusivity of movie theaters.** Many consumers are happy to wait a few months for a popular film to come out on Netflix or HBO Max.

Concentration

Moderate

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld

Source: IBISWorld

What impacts the industry's market share concentration?

Acquisition activity has persisted through the pandemic

- AMC acquired Carmike in late 2017, continuing a trend of merger activity.
- 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 more than half of the market being currently controlled by three corporations: AMC, Cinemark and Cineworld.

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.
- This provides a strong advantage to large establishments within the zones that have many screens and higher ticket sales and can be quite damaging for small and independent operators.

Key Success Factor

How do successful businesses handle concentration?

Generate repeat customers

Building a loyal customer base fosters positive word-of-mouth, helps sustain attendance during slower periods and 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

The industry's products and services can include concessions, special events and private screenings. These not only enhance the overall customer experience but also generate additional revenue streams.

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 that bring in crowds.

Start-up Costs

- It's incredibly expensive to purchase screens, digital projectors and audio systems and to lease the massive buildings that house them.

Differentiation

- Differentiation is a minor factor for movie theaters since most operate based on locality. Still, new movie theaters can get an edge by providing a high-quality experience that may include a full kitchen and bar or in-theater service.

Labor Expenses

- Low-wage employees are a necessity for cleaning the theatres and operating concession stands, but much of the ticket-buying process has been automated by online purchases and self-checkouts.

Capital Expenses

- Capital investments include screens and projection systems, audio systems and studio renovations. Capital expenditures have been focused on upgrading projection systems to be IMAX- and 3D-

capable. In addition, the development of dine-in theaters has meant that movie theaters must perform significant renovations to their establishments, which are considered capital expenditures.

Key Success Factor

How can potential entrants overcome barriers to entry?

Attract local support

Engaging with the community through 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 and invest in improving customer experiences.

Substitutes

High | Increasing

What are substitutes for industry services?

Consumers have new ways to watch movies

- Streaming services that boast expansive catalogs of new and old movies alike have lessened demand for movie theaters. Many blockbuster films are made by studios 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 have experimented with similar programs, such as AMC's A-list.

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.
- The COVID-19 pandemic pulled interest away from movie theaters as consumers were forced to find at-home entertainment alternatives. This was exacerbated by stay-at-home orders propelling video streaming into prominence while theatrical releases experienced delays amid shutdowns and social distancing.

Key Success Factor

How do successful businesses compete with substitutes?

Ability to quickly adopt new technology

Movie theaters must 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.

Access to multiskilled and flexible workforce

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.

Being part of a group buying, promotion and marketing scheme

Chain theaters benefit from lower managerial and overhead costs, including promotional advantages, and improved profit. Due to the number of screens and audience numbers, access to movies at lower costs can also be negotiated.

Buyer & Supplier Power

Supply Chain

Direct and indirect supplier and buyer industries related to this industry

What power do buyers and suppliers have over the industry?

Buyers: Attendance is everything

High | Steady

- Consumers choose whether or not to spend their extra money on a movie ticket, which makes them ultimately responsible for theaters' success. Theatre-goers can choose to stay at home and stream movies and television shows. Video streaming and other forms of digital entertainment have also

risen in popularity and compete with movie theatres over consumers' leisure time.

- Relatively high ticket prices may discourage regular attendance at theatres. While membership discounts may help partially offset this effect, the low cost of streaming films in the convenience of one's home will continue to threaten the industry.

Suppliers: Marketing failures

Moderate | Increasing

- Studios and distributors control access to major motion pictures. Revenue-sharing between theaters and the studios may affect the profitability of theatres if terms change.
- Movie theaters enter an agreement with a filmmaker or studio to show their movie, but bad marketing campaigns can fail to attract an audience. Many studios also have their own streaming service for the film to be released shortly after its theatrical debut, decreasing the exclusivity and appeal of movie theaters.

Key Success Factor

How do successful businesses manage buyer & supplier power?

Being part of a group buying, promotion and marketing scheme

Chain theaters benefit from lower managerial and overhead costs, including promotional advantages, and improved profit. Due to the number of screens and audience numbers, access to movies at lower costs can also be negotiated.

Develop a loyal customer base

A loyal customer base ensures consistent attendance and revenue, making fluctuations in box office performance easier to overcome. Positive word-of-mouth encourages repeat visits and facilitates marketing efforts, ensuring long-term viability.

Companies

Find out which companies hold the most market share and how revenue, profit and market share have shifted over time for these leaders.

7. Companies

https://my.ibisworld.com/us/en/industry/51213/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 audience members and revenue.** Smaller, independent theatres tend to generate a loyal, localized customer base.

Market Share

Industry Market Share by Company

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

IBISWorld

Source: IBISWorld

Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

Companies

Company	Market Share (%) 2024	Revenue ($m) 2024	Profit ($m) 2024	Profit Margin (%) 2024
Amc Entertainment Holdings, inc.	23.2	3,535.5	-62.7	-1.8
Cinemark Holdings, Inc.	16.3	2,493.5	238.2	9.6
Cineworld Group Plc	12.5	1,910.8	424.0	22.2

Amc Entertainment Holdings, inc.

Company Details

Industry Revenue (2024)	$3.5bn
Industry Profit (2024)	-$62.7m
Total Employees (2024)	33,694
Industry Market Share (2024)	23.2%

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 31.5% of total industry revenue.

Brands and 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	Industry Revenue ($ million)	Market Share (%)	Profit Margin (%)
2008	2373	20.7	6.4
2009	2434	18.9	6.4
2010	2427	18.9	6.4
2011	2350	18.9	6.4
2012	2554	18.9	6.4
2013	2667	18.9	6.4
2014	2746	18.9	6.4
2015	2976	18.9	6.4
2016	3117	18.9	6.4
2017	3724	23.3	1.0

2018	4013	22.8	5.8
2019	4023	23.2	2.5
2020	827	17.5	-330.2
2021	1876	20.6	-36.8
2022	2962	21.1	-13.4
2023	3222	21.8	-4.2
2024	3535	23.2	-1.8

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

Company response to the global COVID-19 (coronavirus) pandemic

- AMC, in response to the coronavirus pandemic, closed down theatre operations on March 17, 2020, in compliance with government restrictions and recommendations. By the end of the second quarter of 2021, thanks to the easing of government restrictions and the rollout of the vaccines, AMC began reopening its theaters. Due to the pandemic, AMC experienced lower revenue for the year ending in December 2021 compared to the year ending in December 2019. Despite the number of cases decreasing, there is still uncertainty about the future.

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 too strong that it will take more than significant media attention to alleviate.

Optimizing boom in recent popularity with retail shareholders

- 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. If retail shareholders sign up for AIC, they receive special offers and company updates. As of February 24, 2022, the company reports that were 613,807 shareholders who are members of AIC. This new initiative is a means to capitalize on the retail investors that were brought on due to the significant media attention the company received in early 2021.

Cinemark Holdings, Inc.

Company Details

Industry Revenue (2024)	$2.5bn
Industry Profit (2024)	$238.2m
Total Employees (2024)	20,000
Industry Market Share (2024)	16.3%

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 22.4% of total industry revenue.

Brands and Trading Names

- Flix Media
- Noovie

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

Year	Industry Revenue ($ million)	Market Share (%)	Profit Margin (%)
2008	1698	14.8	14.5
2009	1742	13.5	14.5
2010	1737	13.5	14.5
2011	1682	13.5	14.5
2012	1828	13.5	14.5
2013	1909	13.5	14.5
2014	1965	13.5	14.5
2015	2129	13.5	14.5
2016	2231	13.5	14.5
2017	2236	14.0	13.1
2018	2552	14.5	12.1
2019	2594	14.9	10.3
2020	559	11.8	-110.0
2021	1296	14.2	-16.7
2022	1978	14.1	-3.7

2023	2290	15.5	7.3
2024	2494	16.3	9.6

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

Cinemark announces Q4 and year-end 2021 results

- During the three-month period ending December 31, 2021, Cinemark Holdings announced Q4 revenue of $666.7 million, an increase of 579.0% over Q3 2020 revenue of $98.2 million. Total revenue for fiscal reach $1.5 billion, an increase of 120.1% over the $686.3 million reported in fiscal 2020. The company, however did still report a net loss of $422.8 million, though losses are improving from the net loss of $616.8 million loss reported in 2020.

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 be experimenting with dynamic pricing for these types of showings, but details have remained slim so far.

Cineworld Group Plc

Company Details

Industry Revenue (2024)	$1.9bn
Industry Profit (2024)	$424.0m
Total Employees (2024)	28,000
Industry Market Share (2024)	12.5%

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 16.1% of total industry revenue.

Brands and Trading Names

- Cinema City
- Cineworld Cinema
- MORR Gear
- MORR Gear XP
- Picture House
- Regal Cinemas
- Regmovies
- SFT1
- XP Eyewear
- XP MAX
- Yes Planet

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

Year	Industry Revenue ($ million)	Market Share (%)	Profit Margin (%)
2008	2434	21.3	10.6
2009	2497	19.3	10.6
2010	2489	19.3	10.6
2011	2410	19.3	10.6
2012	2620	19.3	10.6
2013	2736	19.3	10.6
2014	2816	19.3	10.6
2015	3052	19.3	10.6

2016	3197	19.3	10.6
2017	3163	19.8	8.6
2018	2933	16.7	14.2
2019	3210	18.5	37.1
2020	576	12.2	-4.2
2021	1220	13.4	30.0
2022	1451	10.3	21.0
2023	1647	11.2	15.6
2024	1911	12.5	22.2

What's impacting Cineworld Group Plc's performance?

COVID-19 mandates hinder Regal's opening plans

- 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 to re-open 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.

Cinewood subsidiary Regal Cinemas sues insurers for COVID-19 losses

- 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 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 company details on my.ibisworld.com.

External Environment

Understand the demographic, economic and regulatory factors positively and negatively affecting the industry.

8. External Environment

https://my.ibisworld.com/us/en/industry/51213/external-environment

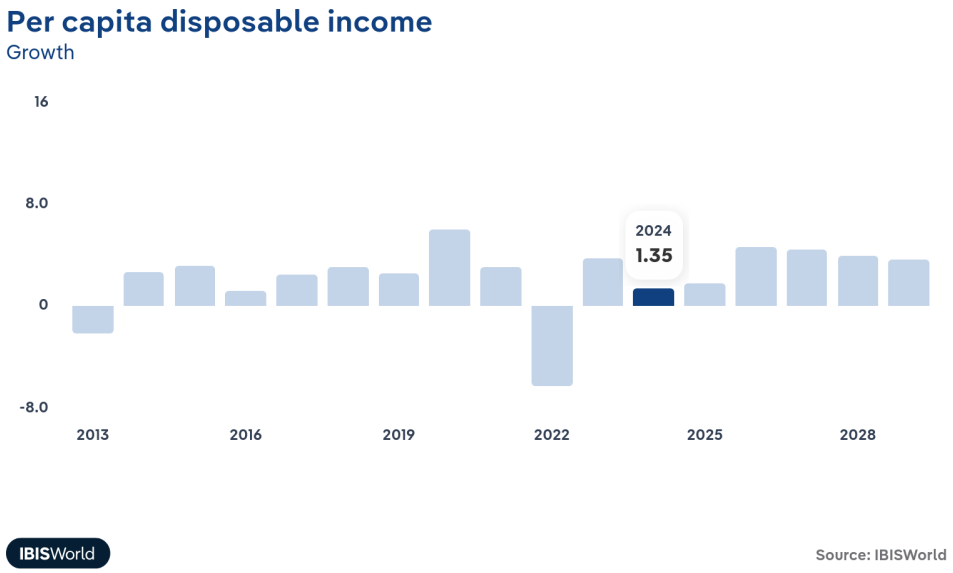
Regulation & Policy	Assistance
Low Steady	Low Steady

Key Takeaways

- **Recent laws have allowed new revenue sources.** In some states, movie theaters have been able to begin serving alcohol.
- **MPAA and NATO help film exhibitors by conducting research and lobbying for pro-business laws.** They advocate for the film industry's interests, addressing piracy issues and promoting policies that benefit theaters.

External Drivers

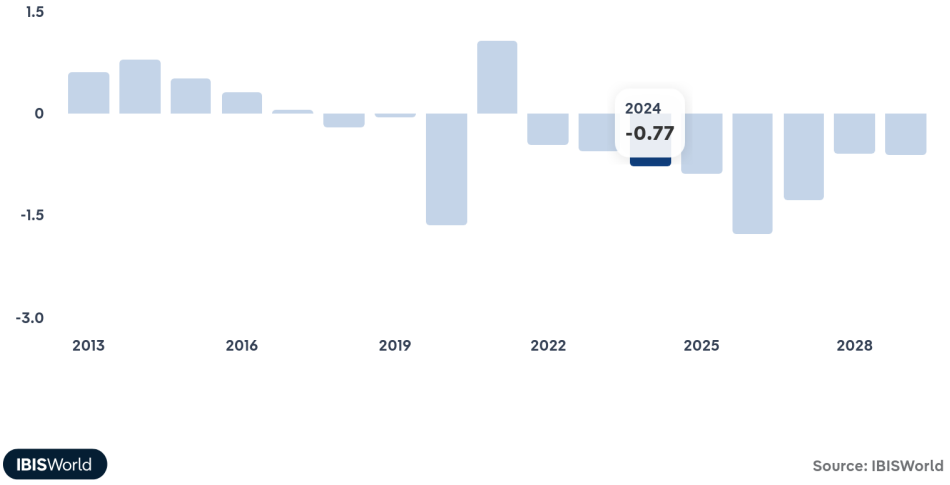
What demographic and macroeconomic factors impact the industry?



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

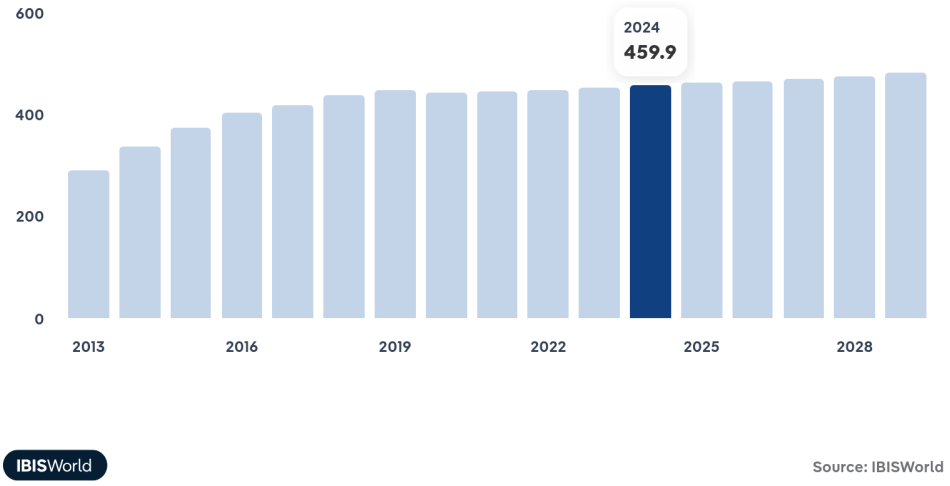
Growth



The number of K-12 students represents the total student enrollment in both 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

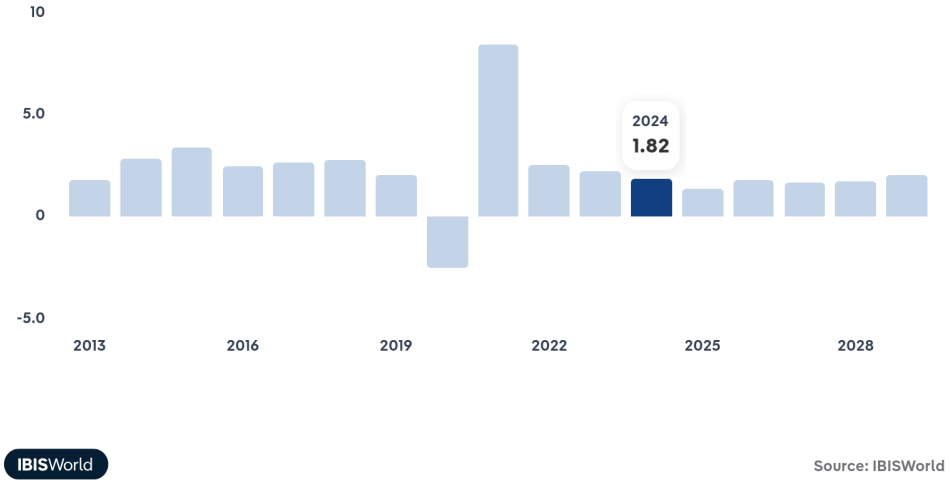
Million



The number of broadband connections indicates the extent to which consumers use high-speed internet for a variety of 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 rise in the number of broadband connections poses a potential threat to movie theaters.

Consumer spending

Growth



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?

COVID-19 shutdowns devastated movie theaters

Like many entertainment industries, movie theaters experienced severe revenue drops during the onset of COVID-19 in 2020. Stay-at-home orders and mandatory shutdowns closed operations on a massive scale to uphold social distancing measures. Heightened cleaning protocols and reduced seating capacity allowed some theaters to reopen the ticket booth, but reduced admissions sales were brutal for movie theaters' profit.

Theaters must be accessible

The Americans with Disabilities Act (ADA) of 1990 requires movie theaters to operate facilities that cater to those with disabilities. This often means installing wheelchair-accessible theater seating and/or assistive listening systems. New theaters are built with compliance in mind, but older theaters may need to spend extra money on renovations.

Theaters can now be vertically integrated

A federal judge's decision in 2020 reversed the long-held industry standard and allowed film studios to own and operate movie theaters and vice versa. While some have concerns that studio-run movie theaters will choke out viewership for smaller movies, production companies sharper focus on streaming services may indicate a lack of interest for now.

Assistance

Low Steady

What assistance is available to this industry?

Recent laws have brought on a new revenue source

New legislation has permitted movie theaters in many states to serve beer, wine and spirits. These new product offerings bring higher revenue and a new reason to get out of the house and to a movie theater. 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.

MPAA conducts intercompany research

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 and protects intellectual property by providing the public with new research and data.

NATO lobbies in DC on movie theaters' behalf

The National Association of Theatre Owners (NATO) is the largest exhibition trade organization in the world and represents more than 30,000 screens in all 50 states. NATO works on behalf of its members to influence policy-making in the federal government and promote pro-business marketing, free speech and intellectual property legislation. NATO also offers resources and data for current exhibitors and parties interested in opening a new theater business.

Financial Benchmarks

Understand average costs for industry operators and compare financial data against key ratios and financial benchmarks broken down by business size.

9. Financial Benchmarks

https://my.ibisworld.com/us/en/industry/51213/financial-benchmarks

Profit Margin	Average Wage	Largest Cost
5.9 %	**$25,108**	**Rent**
↓ Lower than sector	↓ Lower than sector	25.1% of Revenue

Key Takeaways

- **The industry is labor intense as wage expenses exceed purchase costs.** A moderately sized labor-force is required as employees are needed to clean theaters and run concession stands.
- **Profit has returned to growth following a downward spiral in 2020.** As admissions restored revenue, albeit at a lower capacity, profit was able to rise.

Cost Structure

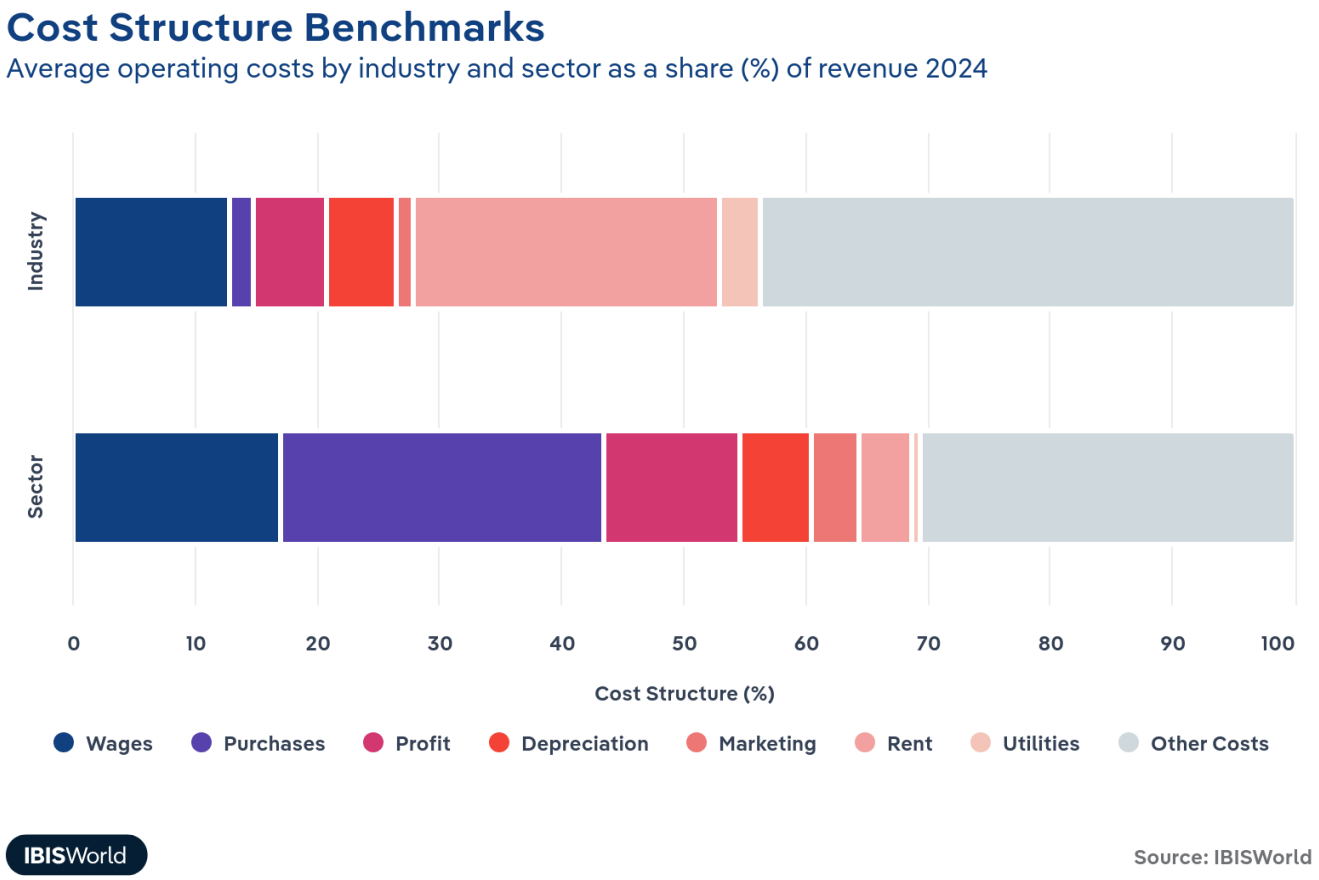


Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

What trends impact industry costs?

Licensing fees pose a challenge to theaters

- A significant part of a movie theatre's expenditure is the licensing or renting 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 a fixed rate throughout the film's first run or change during the film's run. Typically, prominent distributors will 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 theatres that do not primarily focus on showcasing blockbuster films.

Profit slowly recovers from the pandemic

- Severe losses brought on by stay-at-home orders in 2020 nearly bankrupted several prominent chains, such as AMC. Returning foot traffic and movie attendance has allowed movie theaters to meet their fixed costs and brought back profit growth, albeit sluggishly.
- Typically, larger movie theatre chains like AMC and Cinemark, benefit from economies of scale and vertical integration, which materialize through higher profits.

Theaters rely on labor

- Labour 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 a necessity to run concession stands and maintain tidy theaters, especially amid heightened cleaning protocols through COVID-19. As theaters look for ways to expand their offerings, incorporating more premium service 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 will lead wages to grow moving forward

No productivity gains from reliance on labor

Share of economy vs. Investment

IBISWorld

Source: IBISWorld

Financial Ratios

Industry Multiples

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
EBIT/Revenue	40.8	38.1	42.1	32.8	33.3	36.1	37.4	40.6
EBITDA/Revenue	42.8	44.8	50.3	39.9	40.5	43.6	43.7	48.4
Leverage Ratio	2.6	4.2	4.9	6.3	6.7	6.0	4.9	4.4

Industry Tax Structure

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Taxes Paid/Revenue	3.9	5.8	7.8	8.8	9.0	8.5	7.0	5.4

Income Statement

Ratio	2018	2019	2020	2021	2022	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	75.0	95.7	94.3	105.8	129.8	110.0	100.1	95.6
Cost of goods	38.8	56.7	33.9	40.5	41.3	38.6	42.2	48.0
Gross Profit	61.2	43.3	66.1	59.5	58.7	61.4	57.8	52.0
Expenses								
Salaries and wages	15.0	9.0	3.1	3.4	3.4	3.3	6.8	7.8
Advertising	4.0	4.9	2.4	2.2	2.3	2.3	3.1	2.1
Depreciation	1.1	5.8	6.4	6.3	6.4	6.4	5.2	4.6
Depletion	0.0	0.0	1.0	0.2	0.3	0.5	0.3	0.1
Amortization	0.8	1.0	0.7	0.8	0.9	0.8	0.8	1.5
Rent paid	1.2	1.8	1.1	1.4	1.4	1.3	1.4	2.4
Repairs	0.9	0.8	1.5	1.3	0.7	1.2	1.0	0.8
Bad debts	4.0	0.8	0.1	0.1	0.0	0.1	1.0	4.2
Employee benefit programs	1.6	2.8	1.5	1.5	2.2	1.7	1.9	1.4
Compensation of officers	1.3	1.7	2.1	2.1	6.5	3.6	2.7	3.4
Taxes paid	3.9	5.8	7.8	8.8	9.0	8.5	7.0	5.4
Interest Income	0.2	1.3	0.5	1.1	0.6	0.8	0.7	0.9
Other Income								
Royalties	1.0	1.4	4.1	1.4	1.7	2.4	1.9	1.1
Rent Income	0.1	0.0	1.2	0.8	0.4	0.8	0.5	0.5
Net Income	35.9	24.4	28.5	14.1	14.2	18.9	23.4	30.7

Balance Sheet

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Assets								
Cash and Equivalents	5.3	4.7	9.1	8.9	7.6	8.5	7.1	6.1
Notes and accounts receivable	7.4	8.0	7.2	7.7	7.1	7.3	7.5	9.1
Allowance for bad debts	3.5	1.9	0.2	0.6	0.7	0.5	1.4	1.5
Inventories	2.1	15.7	1.0	2.0	2.3	1.7	4.6	5.1
Other current assets	5.3	5.5	7.3	9.9	9.3	8.9	7.5	5.9
Other investments	36.9	31.4	43.5	40.9	39.1	41.2	38.4	40.0
Property, Plant and Equipment	14.8	14.3	14.8	13.2	10.9	13.0	13.6	14.8
Accumulated depreciation	31.5	31.5	23.7	22.9	18.2	21.6	25.6	17.8
Intangible assets (Amortizable)	22.8	26.1	21.4	23.5	23.7	22.9	23.5	28.3
Accumulated amortization	10.9	10.9	10.1	11.6	10.7	10.8	10.8	10.6
Other assets	22.3	18.4	21.8	19.6	19.1	20.2	20.2	15.0
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Accounts payable	3.1	4.3	6.0	8.5	8.1	7.5	6.0	4.9
Liabilities and Net Worth								
Mort, notes, and bonds under 1 yr	1.4	11.9	2.7	4.7	4.7	4.0	5.1	4.6
Other current liabilities	10.3	10.1	10.2	15.7	13.1	13.0	11.9	11.4
Loans from shareholders	9.6	8.9	13.7	9.3	10.9	11.3	10.5	8.5
Mort, notes, bonds, 1 yr or more	27.0	29.9	37.6	35.6	34.2	35.8	32.9	35.2
Other liabilities	15.3	15.8	20.5	26.2	24.8	23.8	20.5	17.7
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital stock	42.9	37.2	43.8	31.8	59.5	45.1	43.1	41.7
Additional paid-in capital	27.7	35.3	42.1	48.7	46.4	45.7	40.0	49.1
Retained earnings, appropriated	5.4	5.4	5.8	17.8	19.9	14.5	10.8	8.4
Retained earnings-unappropriated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost of treasury stock	6.7	6.7	3.2	2.9	2.6	2.9	4.4	16.1
Net worth	31.2	34.7	52.5	70.0	66.8	63.1	51.0	47.4

Liquidity Ratios

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Current Ratio	2.3	1.8	2.1	2.1	2.2	2.1	2.1	2.2
Quick Ratio	2.2	1.2	2.1	1.8	1.9	1.9	1.8	1.9
Sales/Receivables	12.2	6.7	5.7	5.2	5.2	5.3	7.0	6.3
Days' Receivables	30.0	54.4	64.4	70.4	70.5	68.4	57.9	69.0
Days' Inventory	21.8	188.7	26.2	45.4	54.2	41.9	67.3	90.6
Inventory Turnover	16.7	1.9	14.0	8.0	6.7	9.6	9.5	7.5
Payables Turnover	11.5	7.1	2.3	1.9	1.9	2.0	4.9	6.7
Days' Payables	31.8	51.7	157.9	194.4	193.7	182.0	125.9	95.9
Sales/Working Capital	6.8	2.4	15.8	24.2	23.6	21.2	14.6	9.0

Coverage Ratios

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Interest Coverage	375.6	254.3	133.9	19.6	-33.5	40.0	150.0	681.5
Debt Service Coverage Ratio	1.3	1.8	0.9	0.3	0.2	0.5	0.9	1.7

Leverage Ratios

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Fixed Assets/Net Worth	3.3	2.7	1.6	4.7	3.8	3.4	3.2	2.6
Debt/Net Worth	3.2	2.9	1.9	1.4	1.5	1.6	2.2	2.2
Tangible Net Worth	0.3	0.3	0.5	0.7	0.7	0.6	0.5	0.5

Operating Ratios

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Return on Net Worth, %	118.5	58.8	32.6	18.6	18.4	23.2	49.4	51.3
Return on Assets, %	37.0	20.4	17.1	13.0	12.3	14.1	19.9	21.5
Sales/Total Assets	0.9	0.5	0.4	0.4	0.4	0.4	0.5	0.5
EBITDA/Revenue	42.8	44.8	50.3	39.9	40.5	43.6	43.7	48.4
EBIT/Revenue	40.8	38.1	42.1	32.8	33.3	36.1	37.4	40.6

Cash Flow & Debt Service Ratios (% of sales)

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Cash from Trading	64.8	16.6	113.2	51.7	57.8	74.2	60.8	51.9
Cash after Operations	36.1	-2.3	92.2	48.3	38.2	59.6	42.5	33.6
Net Cash after Operations	49.3	-1.2	103.9	35.9	45.6	61.8	46.7	33.9
Debt Service P&I Coverage	12.8	0.0	7.7	1.6	1.9	3.7	4.8	3.9

Interest Coverage (Operating Cash)	44.3	-0.2	17.7	3.6	4.5	8.6	14.0	14.8

Key Ratios

Year	Revenue per Employee ($)	Revenue per Enterprise ($ Million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage ($)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2005	123,299	7.8	26.1	63.5	14,715	11.9	2.4	25.5
2006	123,491	7.8	26.6	63.5	14,164	11.5	2.4	24.8
2007	125,232	7.3	25.6	58.3	14,941	11.9	2.3	25.2
2008	120,611	7.3	26.2	60.5	14,797	12.3	2.3	26.5
2009	133,028	8.7	27.7	65.4	14,756	11.1	2.4	25.5
2010	133,216	8.7	27.7	65.5	14,773	11.1	2.4	25.8
2011	134,088	8.3	26.3	61.6	15,269	11.4	2.3	22.9
2012	140,562	8.8	27.1	62.6	14,818	10.5	2.3	22.6
2013	146,520	9.2	27.1	62.8	15,694	10.7	2.3	23.2
2014	141,189	9.3	28.6	65.8	15,493	11.0	2.3	25.8
2015	142,904	10.4	30.7	72.6	15,318	10.7	2.4	25.1
2016	138,538	10.7	32.8	77.1	15,971	11.5	2.3	26.7
2017	135,941	9.9	31.9	72.9	16,246	12.0	2.3	26.0
2018	145,501	10.6	31.8	72.6	17,966	12.3	2.3	28.1
2019	138,674	10.0	32.2	72.3	17,554	12.7	2.2	31.0
2020	39,896	2.8	31.0	70.1	8,583	21.5	2.3	-40.4
2021	171,326	5.3	13.9	30.9	24,396	14.2	2.2	19.7
2022	192,256	6.6	15.2	34.5	24,993	13.0	2.3	21.3
2023	194,411	6.6	15.1	34.0	25,047	12.9	2.3	25.2
2024	196,770	6.6	14.8	33.5	25,108	12.8	2.3	24.4
2025	198,697	6.5	14.6	33.0	25,157	12.7	2.3	24.3
2026	201,059	6.5	14.4	32.4	25,216	12.5	2.3	24.3
2027	203,480	6.5	14.1	31.9	25,278	12.4	2.3	24.2
2028	205,342	6.4	13.9	31.3	25,324	12.3	2.3	24.2
2029	203,618	6.3	13.8	31.1	25,281	12.4	2.3	24.2
2030	203,892	6.3	13.7	31.0	25,289	12.4	2.3	24.2

*Figures are inflation adjusted to 2023

Key Statistics

Discover 14 years of historical, current and forward-looking industry performance data in table format.

10. Key Statistics

https://my.ibisworld.com/us/en/industry/51213/key-statistics

Industry Data

Values

Year	Revenue ($ Million)	IVA ($ Million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages ($ Million)
2005	16,519.7	4,216.8	5,129	2,111	133,981	1,971.5
2006	16,612.2	4,127.6	5,049	2,120	134,522	1,905.4
2007	16,373.1	4,122.6	5,104	2,241	130,742	1,953.4
2008	16,247.7	4,306.4	5,140	2,226	134,712	1,993.3
2009	18,200.8	4,647.5	4,947	2,093	136,819	2,018.9
2010	17,928.4	4,629.4	4,865	2,054	134,581	1,988.2
2011	17,006.6	3,894.6	4,819	2,060	126,831	1,936.5
2012	18,148.2	4,107.2	4,765	2,062	129,112	1,913.2
2013	18,636.2	4,321.3	4,690	2,025	127,192	1,996.2
2014	18,856.5	4,864.2	4,668	2,029	133,555	2,069.2
2015	20,250.2	5,084.0	4,620	1,952	141,705	2,170.7
2016	21,018.2	5,615.1	4,620	1,969	151,714	2,423.0
2017	19,938.8	5,175.3	4,603	2,011	146,672	2,382.9
2018	21,456.3	6,024.4	4,630	2,032	147,465	2,649.3
2019	20,860.8	6,465.0	4,668	2,082	150,431	2,640.7
2020	5,596.1	-2,260.1	4,532	2,002	140,269	1,204.0
2021	10,315.0	2,031.3	4,335	1,946	60,207	1,468.8
2022	14,854.5	3,160.4	5,071	2,242	77,264	1,931.1
2023	15,077.3	3,806.4	5,149	2,278	77,554	1,942.5
2024	15,265.8	3,723.1	5,228	2,315	77,582	1,947.9
2025	15,405.6	3,745.9	5,311	2,353	77,533	1,950.5
2026	15,649.2	3,796.3	5,414	2,399	77,834	1,962.7
2027	15,891.8	3,844.1	5,523	2,448	78,100	1,974.2
2028	16,137.0	3,901.8	5,658	2,509	78,586	1,990.1
2029	16,379.0	3,967.0	5,828	2,587	80,440	2,033.6
2030	16,631.5	4,026.1	5,934	2,635	81,570	2,062.8

Annual Change

Year	Revenue %	IVA %	Establishments %	Enterprises %	Employment %	Wages %
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	0.6	-2.1	-1.6	0.4	0.4	-3.4
2007	-1.4	-0.1	1.1	5.7	-2.8	2.5
2008	-0.8	4.5	0.7	-0.7	3.0	2.0
2009	12.0	7.9	-3.8	-6.0	1.6	1.3
2010	-1.5	-0.4	-1.7	-1.9	-1.6	-1.5
2011	-5.1	-15.9	-0.9	0.3	-5.8	-2.6
2012	6.7	5.5	-1.1	0.1	1.8	-1.2
2013	2.7	5.2	-1.6	-1.8	-1.5	4.3
2014	1.2	12.6	-0.5	0.2	5.0	3.7
2015	7.4	4.5	-1.0	-3.8	6.1	4.9
2016	3.8	10.4	0.0	0.9	7.1	11.6
2017	-5.1	-7.8	-0.4	2.1	-3.3	-1.7
2018	7.6	16.4	0.6	1.0	0.5	11.2
2019	-2.8	7.3	0.8	2.5	2.0	-0.3
2020	-73.2	-135.0	-2.9	-3.8	-6.8	-54.4
2021	84.3	-189.9	-4.3	-2.8	-57.1	22.0
2022	44.0	55.6	17.0	15.2	28.3	31.5
2023	1.5	20.4	1.5	1.6	0.4	0.6
2024	1.3	-2.2	1.5	1.6	0.0	0.3
2025	0.9	0.6	1.6	1.6	-0.1	0.1
2026	1.6	1.3	1.9	2.0	0.4	0.6
2027	1.6	1.3	2.0	2.0	0.3	0.6
2028	1.5	1.5	2.4	2.5	0.6	0.8
2029	1.5	1.7	3.0	3.1	2.4	2.2
2030	1.5	1.5	1.8	1.9	1.4	1.4

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