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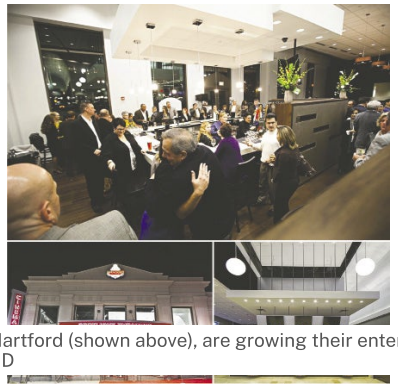
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CT movie theaters reinvent business model to lure patrons

BY NATALIE MISSAKIAN SPECIAL TO THE HARTFORD BUSINESS JOURNAL
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Movie theaters, like Spotlight Theatres in Hartford (shown above), are growing their entertainment options with bars, food and networking space. PHOTOS | CONTRIBUTED

Ahmad Ali Davis, owner of the six-screen Parkade Cinemas in Manchester, knew his small 1950s-era movie house needed to change with the times to draw movie-watchers away from Netflix and the comforts of their own home theaters.

Within the last year, he's started showing first-run films, brought in mobile caterers for dinner-and-movie nights, and has nearly finished remodeling two auditoriums, which he is converting to recliner seats. He's also applied for a full liquor license to give patrons the option of a beer, wine or cocktail with their show.

"We're trying to bring more of a complete movie-going experience to the theater," said Davis, owner of the cinema since 2006.

Growing competition from online streaming sources like Netflix and Hulu, along with easier ways to access them at home or on mobile devices, has shifted movie consumption away from theaters in the last five years, according to a recent IBISWorld report on the industry.

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While gross box office sales are up in the U.S. and Canada — from $10.2 billion in 2011 to $11.4 billion in 2016 — the report attributes most of that growth to higher ticket prices, stepped up concession sales and the trend toward 3D movies, which command a premium. The release of Hollywood blockbusters like "Star Wars: The Force Awakens," in 2015 also bolstered sales.

But growth of movie audiences overall has stagnated, the report said.

The number of movie tickets sold in the U.S. and Canada remained flat in 2016 compared to the previous year, at 1.32 billion, according to Motion Picture Association of America figures. That's down from a high of 1.6 billion in the pre-streaming years of the early 2000s.

Movie theaters throughout Connecticut and nationwide have responded by changing their business models to attract bigger audiences, offering more high-end amenities like recliner seats, bigger screens, better 3D and sound technology, and concessions that go well beyond the standard popcorn, candy and soda.

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Some have bars, cafes or full-service restaurants on-site, so customers can grab dinner-and-a-movie in a single stop. Others are marketing their auditoriums, projection and sound systems for other purposes, like conferences, lectures and even church services.

"The theater industry as a whole tends to reinvent itself every few years as most industries need to," said Joe Paletta, owner of Spotlight Theatres' Front Street Stadium 4 in Hartford. "The trend right now is to provide more of a unique experience."

Spotlight, part of a Georgia-based chain of boutique theaters, was the first movie theater in Greater Hartford to offer a high-end experience when it opened in the Front Street Entertainment District in 2013, Paletta said. It was also the first in the chain to sell alcohol.

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food these days (national theater-chain giant AMC is rolling out a new menu at its Plainville 20 theater this summer, featuring flatbread pizzas, cheeseburger sliders, all-beef hot dogs and chicken and waffle sandwiches), Paletta maintains none match the menu items at Spotlight.

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"Some have tried but typically it's not a full kitchen like we have," he said. "People can eat in the restaurant and take their food into the auditorium as well."

He said the theater also hosts between 60 and 100 corporate events a year, and is looking to offer space to UConn for classes when it opens its Hartford campus this fall.

"It's a perfect environment. You've got plenty of seats, digital and sound equipment, and food as well," he said.

At Parkade, Davis is trying to create buzz with special events like karaoke nights, paint nights, classic movie days and sing-a-long screenings of "Grease" and the "Rocky Horror Picture Show." Like Spotlight, Parkade also rents its auditoriums for private events.

"We're more than just a movie theater," he said. "We're making it more of an entertainment facility all around."

Deeper pockets, bigger upgrades

While small theaters like Spotlight and Parkade are diversifying, large chains like AMC and Cinemark, with deeper pockets, are pouring millions of dollars into physical and technical upgrades.

AMC Plainville 20 underwent a major renovation and converted to reclining seats in late 2015, and Cinemark's Buckland Hills 18 in Manchester will convert to recliners later this year, Cinemark spokesman James Meredith said via email.

Picture Show at Berlin in Kensington, a former Starplex theater now owned by Picture Show Entertainment, began a renovation of its 12 auditoriums in April, which includes a conversion to recliners, according to the theater's website.

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including Plainville, have undergone "like-new" renovations, which include recliners, he said.

"There were a lot of folks in the industry who didn't think it would work. Forever the industry was focused on getting as many people (into a theater) as you can, as opposed to focusing on the guest experience itself," he said.

Although recliner seating often means losing 50 to 60 percent of seats in a building, Noonan said attendance typically increases by 40 to 60 percent.

"Guest reception was so amazing that the industry had no choice but to take notice," he said. "You can go into any market in America now and you're going to find at least one movie theater with recliners."

According to the IBISWorld report, consumers were willing to pay for an upgraded experience thanks to an increase in disposable income over the last five years. It predicts that trend will continue through 2022, although the advantage will be partially offset by fiercer competition from online streaming.

Noonan said ticket prices at AMC theaters tend to rise by $1 to $2 after a renovation, due to increased demand. At Cinemark's new top-of-the-line NextGen theater in North Haven, an adult weekend ticket to a 3D XD movie, which includes enhanced digital surround sound, an oversized, wall-to-wall screen, and luxury recliners, is $15.25.

Spotlight's Paletta said people have predicted the demise of movie theaters every time a new technology is released, from VCRs to Blue-Ray players, and yet the industry survives.

"You'll never get that same experience at home that you get in a multimillion-dollar facility," Paletta said. "Sitting in an auditorium with 200 people being scared or startled or laughing all at the same time — you just don't get that anywhere else."

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