

For theaters, rise of streaming is a movie they've seen before

2 November 2019, by John Biers



Movie theaters view streaming as a challenger, but are skeptical it will prove to be any more of a game-changer than earlier home-based offerings

In his 60 years in the movie theater business in rural South Dakota, Jeff Logan has heard his share of gloomy predictions before, some of them long before the streaming era.

Back in the 1970s, the arrival of cable network HBO was seen as a potential death knell, hitting ticket sales as subscribers paid to get a full menu of blockbusters soon after their theatrical release.

But once competitors emerged and HBO no longer was able to offer as many movies, film buffs came back to theaters, Logan recalled.

The experience with cable, and with various home viewing gadgets—some now obsolete—explains in part why Logan and other theater owners remain relatively sanguine even as entertainment giants invest heavily in streaming.

Logan thinks theaters will survive as long as they provide an appealing experience—and as long as

[movie studios](#) ensure that new releases end up on the big screen.

"People want to go out, but the theater has to be good," said Logan, who took over the business from his father.

"If it's not special, then you won't go."

Logan, 69, expects to add beer and wine at his three theaters as well as more food offerings, even if meals require more preparation and won't be as profitable as the more traditional popcorn.

B&B Theatres has spent heavily to upgrade its auditoriums. It also has added special "4D" productions and family screenings with play time for toddlers.

The objective is the "eventizing" of cinema, said executive vice president Brock Bagby, whose great-grandfather was a founder of the Missouri-based chain.

"It's been invest or die," Bagby said. "We believe in the industry and we're investing millions and millions of dollars."

Resilient format

In the popular conscience, [movie theaters](#) are sometimes lumped in with department stores and newspapers as examples of traditional businesses that have struggled in the Internet era.



Movie theaters think they will survive the streaming era as long as movie studios don't cut or eliminate the window of exclusivity for theaters before blockbusters can be streamed

But while many single-screen venues have shut down as multiplexes have been built, the numbers overall do not show a dying industry.

Since 1987, the total number of movie screens in the United States has risen by more than 80 percent, while overall [ticket sales](#) have more than doubled to nearly \$12 billion in 2018, according to data from the National Association of Theatre Owners.

During that period, cable offerings significantly expanded, while VHS and DVD systems came and went.

Many in the theater industry don't see streaming as any more of a game-changer than other home-based offerings were in their heyday.

"It's really broadcast," said Charles Cohen, who owns Landmark Theatres, an art-house chain.

"You were watching through rabbit ears and then cable and now you're getting it through the telephone line. Is it really any different?"

Champions of the industry attribute the resilience of cinemas to the fact that going to the movies is still a relatively affordable outing for families and provides a communal experience distinct from watching at

home.

And for young adults and others, "going to the movie makes a good first or second date," said Gabriel Rossman, a sociologist at the University of California Los Angeles.

"You invite someone over for Netflix and it's a hook-up."

Protecting the 'window'

The number of theaters fell sharply in the 1950s with the creation of television. But since then, new technologies have actually bolstered the business, according to owners' association spokesman Patrick Corcoran.

Corcoran thinks streaming could also boost theaters as online giants seek the big-screen experience to showcase their original content, including Oscar contenders.

Some reports suggest that companies like Netflix are seeking to own theaters to control the process, but Corcoran doubts that they would move in that direction on any meaningful scale.



US box office sales have risen steadily over the last 30 years as more multiplexes have been built

"It's a strange mix of retail and entertainment and media. It's tough to get right," Corcoran said.

One challenge for theater owners has been the

higher costs associated with [digital technology](#), which over the last decade has replaced conventional film at movie houses.

Logan recently pushed back a stadium seating upgrade due to the increased budget needed to maintain and replace the equipment.

Compared with projectors, digital technology is more vulnerable to electrical surges and must be kept at lower temperatures, requiring new air conditioners in the projection room.

Logan's biggest fear is that filmmakers will try to reduce or eliminate the "window" between a traditional theatrical release and a streaming debut—something Disney Chief Executive Bob Iger has vowed to defend.

"What you could see is the smaller market disappear," Logan said.

Bagby cited similar concerns.

Adding comfortable reclining seats to a midsize [theater](#) can cost \$300,000 and removes about half the capacity because they are bigger than conventional seats.

But Bagby said the new seats vastly improve the quality of the viewing experience from the front rows and are a good investment overall.

Bagby, 30, thinks the industry will be okay as long as there is a healthy gap between theatrical release and streaming.

Theater owners have sharply criticized Netflix over its plan for Martin Scorsese's "The Irishman," which opened Friday in theaters in selected markets but will begin streaming on November 27, a "window" of less than half the normal period of around 70 days.

"The millennials want to go out," Bagby said. "But if the window collapses, then it's a whole different story."

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